

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LAPEER COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2013

BOARD OF COMMISSIONERS

**Gary Roy, Chairperson
Cheryl Clark, Vice Chairperson
Dyle Henning
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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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MICHIGAN'S OLDEST COURTHOUSE

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June 24, 2014,

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, 2013, is submitted herewith. The administration of Lapeer County is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and the County as a whole. The report is prepared for the purpose of disclosing the County's financial condition to our community, elected officials, and other interested parties.

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

Lapeer County's financial statements have been audited by Stewart, Beauvais & Whipple PC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lapeer County, for the fiscal year ended December 31, 2013, 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, 2013, 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. 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, along with ample hunting and fishing opportunities, are 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 in FY 12 was \$2,603,370,271 compared to \$2,604,828,481 in 2013, an increase of approximately .056%. During the same period, S.E.V. decreased from \$2,910,657,961 to \$2,905,176,552 down approximately .188%. 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 as part of the Detroit Metropolitan Statistical Area, the County population in 2010 was 88,319 compared to the 2000 Census total of 87,904. The Census Bureau estimated the 2013 population at 88,339.

The real estate market throughout the County continued to reflect the effects of the economic downturn. The average residential selling price in 2012 was \$111,023 increasing to \$112,705 in 2013, based on data from Realcomp II Ltd., but still below the 2008 average of \$127,403.

With over 250 lakes, two County, two State, and a number of local parks, abundant 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 2013, LDC assisted in the creation/retention of 160 jobs, and \$30 million of investment value. Since its inception in 1981, the LDC has brought a private sector investment of over \$655 million into the County and has assisted with the creation/retention of 7,985 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.

A major economic initiative focused on jobs and investment with the establishment of the I-69 International Trade Corridor Next Michigan Corporation. A partnership involving 35 local communities in St. Clair, Lapeer, Genesee and Shiawassee counties located along the I-69 corridor, allows regions to use tax incentives to attract new businesses. The partnership includes agencies authorities, municipalities, and businesses.

McLaren-Lapeer Region, an acute care facility serves the County and is affiliated with McLaren Health Care Corporation. Located in the City of Lapeer, the Hospital has 222 beds with a staff of 350 doctors and more than 500 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. The Hospital has also been verified as a Level Two Trauma Center, the only facility in the Thumb with that prestigious designation.

In addition to private nursing home facilities throughout the County, the County Medical Care Facility provides 202 beds with a staff of 3 doctors and approximately 350 employees.

The Lapeer Community Foundation continues to perform a vital role in supporting various projects and initiatives in the community. Since beginning as a fund of the Community Foundation of Flint in 1996, the Foundation's assets have grown to \$8,998,181 with approximately \$289,378 awarded in scholarships and grants to non-profit groups, educational and government institutions in 2013. The Foundation, which became independent in 2005, also manages 60 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 improvements have 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 eight branches, an automated circulation system and an on line catalog, offers ready access to residents within the District. The Library also operates the Lapeer Information Depot, a web site that offers links to many sites in the County and a community calendar that notes a wide range of local activities and events. The Almont area is served by a District Library, as is the Imlay City community. Both Dryden and North Branch Townships maintain a local library.

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. The County Court system saw a major change during the year with the elimination of one of two District Judges in the 71-A District Court. The reduction was the result of a state wide review by the Supreme Court that recommended staffing changes in many courts across the State. The District Judge serves for a six-year term and is elected at large, 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, 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 2013, State Revenue Sharing posted by the County was \$1,294,384 up from the 2012 amount of \$1,277,462, and \$480,287 lower than the total booked in 2001.

Fiscal year 2012 also resulted in new requirements from the State in order to receive full revenue sharing payments. With the adoption of the "County Incentive Program," (CIP) each County was required to implement the following; 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. Lapeer County complied with these new mandates in 2013.

Growth in the tax base through 2008 had historically 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 confirmed the continued reduction in the growth of the property tax base and consequently, tax revenue. Significantly though, 2013 saw a slight modification in the downward trend. For the first time since 2008, property tax revenues were slightly higher than the prior year. In 2012, \$9,211,869 was received in property tax as compared to \$9,216,360 in 2013. While one year does not constitute a trend, nor suggest that the spending restraints established with reduced revenue should be relaxed, the modest increase may warrant adjustment, (in conjunction with other indicators), in the fiscal forecasting tools. As a point of reference, in 2008, Lapeer County received \$11,016,896 in property tax revenue.

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 revenue produced for the general fund by multiplying the taxable value of property by the adopted tax rate was reduced by approximately \$566,000 that was "captured" by local government TIFA's and DDA's in 2013. It should be noted that \$214,622 that was considered "excess revenue" was returned to the County in FY 2013 from the City of Lapeer. These funds were treated as a one time revenue, since there is no assurance of similar events of "excess revenue" reoccurring, and placed in 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 State funding for court equity, diverted felon, community corrections, revenue sharing, public health programs, and other functions supported by restricted revenue, in addition to substantial year end receivables for grant programs, vigilance regarding decisions in Lansing that may have a direct effect on county government operation remains 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 2013. 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 successful 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 continued 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.

The City of Lapeer and the County continued 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 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 2013. 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.

Although the County continues on the path of digital records, the storage of historical and current paper remains an issue. In the context, with the relocation of the Register of Deeds office, the vacated facility was converted into a records storage center. The close proximity to the County Building made it somewhat more convenient to relocate old files stored off site. A new roof was also installed on the storage facility.

AWARDS AND ACKNOWLEDGEMENTS:

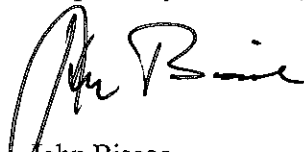
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lapeer County for its CAFR for the fiscal year ending December 31, 2012. The Certificate of Achievement is a prestigious national award that 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.

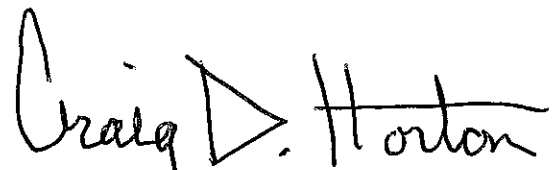
The Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to Certificate of Achievement Program requirements, and are submitting it to the GFOA to determine eligibility for recognition for FY 2013.

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



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

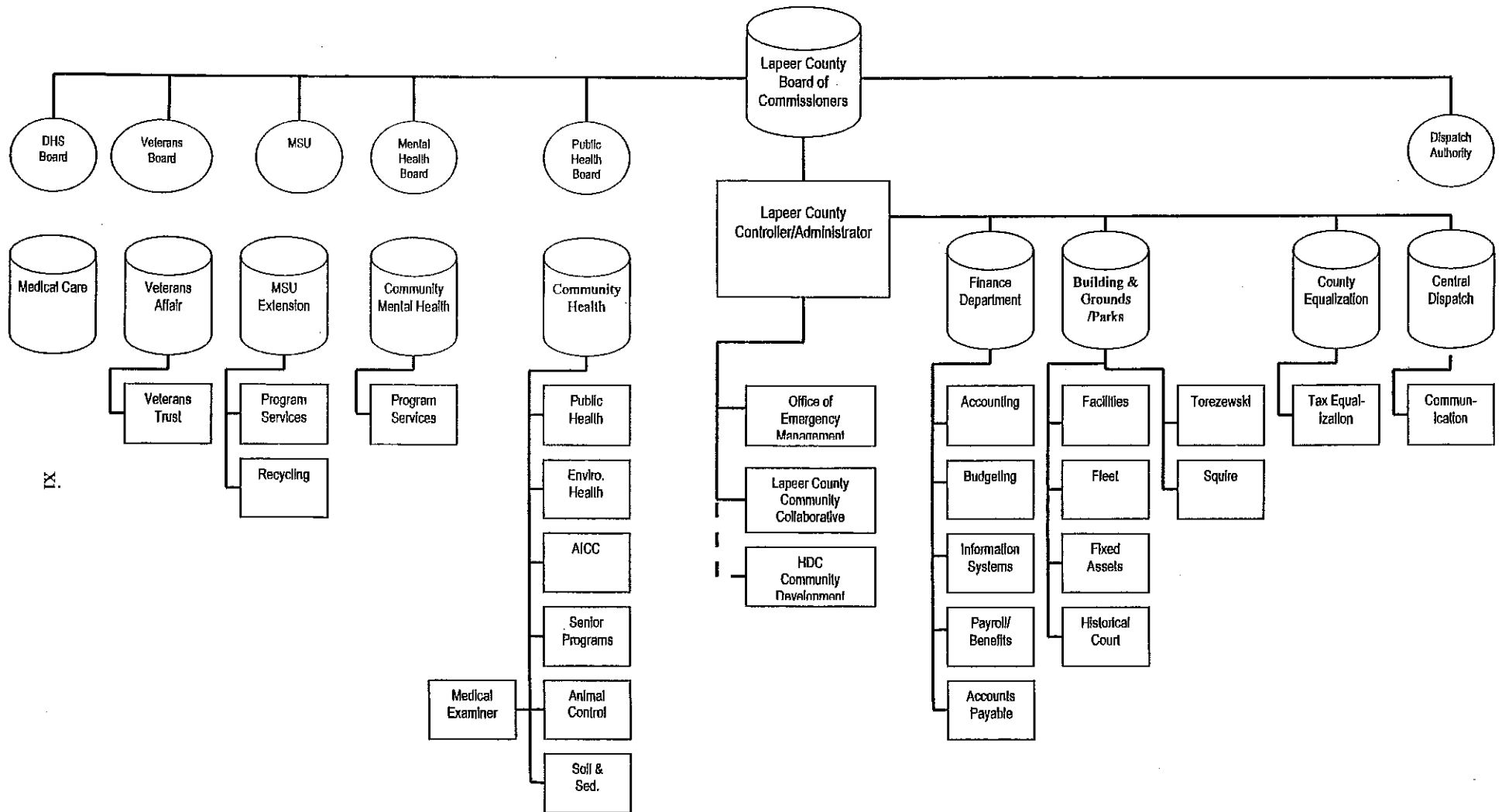
**Lapeer County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

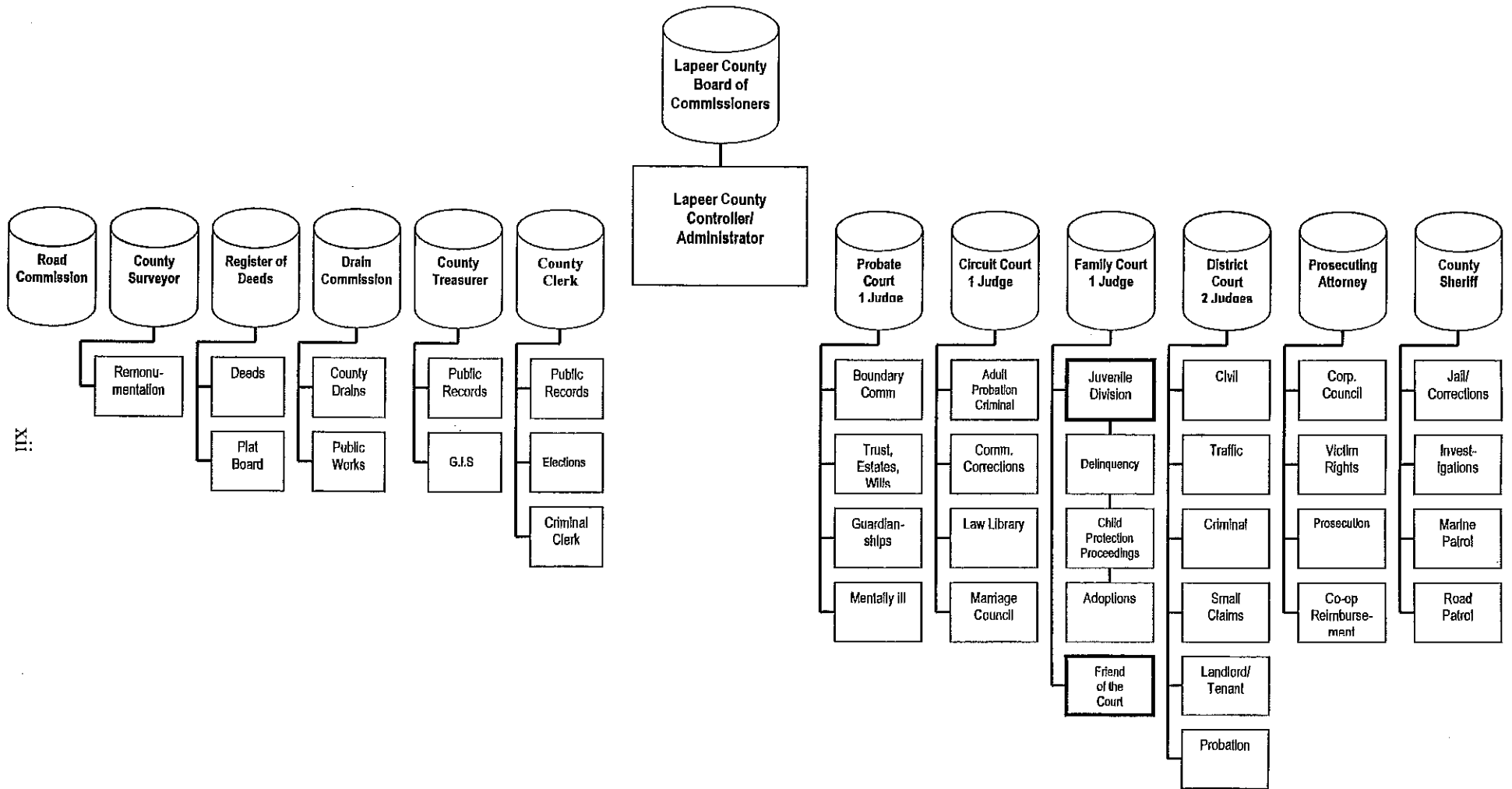
December 31, 2012

Executive Director/CEO

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

Nick O. Holowka
Family Court

Justus Scott
Family Court

Bryon Konschuh
Family/District Court

Laura Chegar Barnard
District Court

COUNTY ELECTED OFFICIALS

Dana M. Miller
Treasurer

Ronald J. Kalanquin
Sheriff

Joseph Suma
Drain Commissioner

Theresa Spencer
Clerk

Timothy Turkelson
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 ("County"), Michigan as of and for the year ended December 31, 2013, 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 financial statements of the Lapeer County Land Bank Authority, which represents .01 percent, .01 percent, and .02 percent, respectively of the assets, net position, and revenues of the aggregate discretely presented component units. Those 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, 2013, 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.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, in 2013 Lapeer County adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. As a result certain items that were previously reported as assets and liabilities are now classified as deferred outflows of resources and deferred inflows of resources and debt issuance costs previously reported as assets are now considered outflows of resources. Our opinion is not modified with respect to this matter.

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 4-14 and 71-74 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, schedules of capital assets used in the operation of governmental funds, combining and individual fund financial statements of the Board of Public Works and Drainage Districts discretely presented component units, and introductory and statistical sections 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 75-127 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 supplementary 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 75-127 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 20, 2014 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 20, 2014

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, 2013. 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 and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$84,093,666 (net position) at December 31, 2013. Of this amount \$43,095,811 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. Also included is \$9,569,486 of restricted net position restricted for specific purposes (specific millage funds, debt service, E-911, etc.) and \$31,428,369 represents investment in capital assets, net of related liabilities.
- The total net position increased \$3,774,925 (\$1,066,425 governmental activities and \$2,708,500 business-type activities). This was primarily due to reductions to expenditures and an increase of transfers for the governmental activities and for the business-type activities primarily due to increased charges for services.
- At December 31, 2013 the County's governmental funds reported a combined ending fund balance of \$22,878,128, an increase of \$654,062. Approximately 24% of this amount (\$5,531,941) is available for spending at the government's discretion (unassigned fund balance).
- Capital assets of the primary government (carrying value net of accumulated depreciation) decreased by \$2,014,779 over the previous year due to annual depreciation costs exceeding net capital additions. Long-term debt of the primary government decreased \$1,680,910 due to scheduled bond payments and net reductions to accrued claims and compensated absences liabilities.

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 Independent 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 special revenue fund), additional Supplementary Information for combining general fund and all non-major governmental, proprietary 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, liabilities, deferred inflows of resources, and deferred outflows of resources with the difference between them reported as net position. This statement format combines and consolidates the governmental funds current financial resources with capital assets and long-term obligations including internal service funds. 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.)

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. The business-type activities of the County include Medical Care Facility and Delinquent Tax functions.

The government-wide financial statements include not only the County itself (known as the primary government) but also the legally separate component units consisting of the Road Commission, Board of Public Works, Drainage Districts and Land Bank Authority for which the County is financially accountable. Financial information for these components is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 - 17 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, the Special Revenue funds, the Debt Service funds, and the Capital Project funds.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-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, and E-911 Debt, all of which are considered major funds. Schedules for the combining General Fund – non-GAAP budgetary to GAAP basis presentation and data for the other 30 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 elsewhere in this report.

As required by State law, the County adopts an annual 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 18-21 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 different 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 funds.

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 22-26 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 a Retiree Health Care 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 27 and 28 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-70 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on budgetary comparisons for two major governmental funds. This required supplementary information can be found on pages 71-74 of this report.

The combining statements referred to earlier in connection with the combining non-GAAP budgetary basis 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 75-110 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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$84,093,666 at December 31, 2013.

Approximately 51%, or \$43,095,811 of the County's net position, is unrestricted and available for future obligations. Approximately 11%, or \$9,569,486, of the County's net position is restricted for specific purposes by external parties, constitutional provision or enabling legislation. Approximately 38%, or \$31,428,369, of net position represents our investment in capital assets (e.g., land, buildings, machinery and equipment net of any related debt used to acquire those assets). 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

	Governmental Activities		Business-type Activities		Total	
	2013	Restated 2012	2013	2012	2013	Restated 2012
Current and Other Assets	\$ 38,191,383	\$ 35,960,417	\$ 27,942,911	\$ 24,533,401	\$ 66,134,294	\$ 60,493,818
Capital Assets, net	25,231,766	26,549,706	14,769,275	15,466,114	40,001,041	42,015,820
Total Assets	63,423,149	62,510,123	42,712,186	39,999,515	106,135,335	102,509,638
Deferred Inflows of Resources						
Refunding loss	13,930	27,861	-	-	13,930	27,861
Long-term Liabilities	12,009,727	13,684,440	737,912	749,683	12,747,639	14,434,123
Other Liabilities	5,026,869	3,531,078	1,420,830	1,404,888	6,447,699	4,935,966
Total Liabilities	17,036,596	17,215,518	2,158,742	2,154,571	19,195,338	19,370,089
Deferred Outflows of Resources						
Taxes levied for a subsequent year	2,860,261	2,848,669	-	-	2,860,261	2,848,669
Net Position:						
Net investment in Capital Assets	16,659,094	16,505,966	14,769,275	15,466,114	31,428,369	31,972,080
Restricted	7,325,294	9,284,737	2,244,192	2,087,594	9,569,486	11,372,331
Unrestricted	19,555,834	16,683,094	23,539,977	20,291,236	43,095,811	36,974,330
Total Net Position	\$ 43,540,222	\$ 42,473,797	\$ 40,553,444	\$ 37,844,944	\$ 84,093,666	\$ 80,318,741

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 \$80,318,741 to \$84,093,666 for a net change of Governmental and Business-type activities of \$3,774,925 from the prior year.

The 2012 columns have been restated to reflect the change in accounting principle 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 2013 and 2012.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenue:						
Program Revenue:						
Charges for services	\$ 24,130,779	\$ 25,410,710	\$ 24,617,590	\$ 24,177,161	\$ 48,748,369	\$ 49,587,871
Operating grants and contributions	7,208,391	7,542,063	-	-	7,208,391	7,542,063
Capital Grants and contributions	-	122,323	-	-	-	122,323
General Revenue:						
Property taxes	12,256,788	12,086,201	876,530	863,590	13,133,318	12,949,791
Grants and contributions not restricted to specific programs	1,304,881	1,281,637	19,434	9,274	1,324,315	1,290,911
Other	<u>51,699</u>	<u>213,681</u>	<u>18,455</u>	<u>20,040</u>	<u>70,154</u>	<u>233,721</u>
Total Revenue	<u>44,952,538</u>	<u>46,656,615</u>	<u>25,532,009</u>	<u>25,070,065</u>	<u>70,484,547</u>	<u>71,726,680</u>
Expenses:						
Legislative	272,414	267,547	-	-	272,414	267,547
Judicial	4,757,337	4,858,563	-	-	4,757,337	4,858,563
General Government	5,406,198	5,651,341	-	-	5,406,198	5,651,341
Public Safety	10,516,750	10,312,058	-	-	10,516,750	10,312,058
Public Works	370,012	292,231	-	-	370,012	292,231
Health and Welfare	22,094,300	22,340,301	-	-	22,094,300	22,340,301
Recreation and Culture	449,245	426,620	-	-	449,245	426,620
Interest on Long-Term Debt	405,496	391,699	-	-	405,496	391,699
Medical Care Facility	-	-	22,240,772	21,664,598	22,240,772	21,664,598
Delinquent Tax	<u>-</u>	<u>-</u>	<u>267,737</u>	<u>490,112</u>	<u>267,737</u>	<u>490,112</u>
Total Expenses	<u>44,271,752</u>	<u>44,540,360</u>	<u>22,508,509</u>	<u>22,154,710</u>	<u>66,780,261</u>	<u>66,695,070</u>
Change in net position before transfers	680,786	2,116,255	3,023,500	2,915,355	3,704,286	5,031,610
Transfers	<u>385,639</u>	<u>4,021</u>	<u>(315,000)</u>	<u>-</u>	<u>70,639</u>	<u>4,021</u>
Change in net position	1,066,425	2,120,276	2,708,500	2,915,355	3,774,925	5,035,631
Net position at beginning of year, restated	<u>42,473,797</u>	<u>40,353,521</u>	<u>37,844,944</u>	<u>34,929,589</u>	<u>80,318,741</u>	<u>75,283,110</u>
Net position at end of year	<u>\$ 43,540,222</u>	<u>\$ 42,473,797</u>	<u>\$ 40,553,444</u>	<u>\$ 37,844,944</u>	<u>\$ 84,093,666</u>	<u>\$ 80,318,741</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 discontinued 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 2013 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 increased from \$2,603,187,846 in 2012 to \$2,604,646,056 in 2013 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 \$1,294,384 and \$1,277,462 in 2013 and 2012, respectively.

Revenue by Source – Governmental Activities

	<u>2013</u>	<u>2012</u>
Charges for services	\$ 24,130,779	\$ 25,410,710
Operating grants and contributions	7,208,391	7,542,063
Capital grants and contributions	-	122,323
Property taxes	12,256,788	12,086,201
Other general revenue sources	<u>1,356,580</u>	<u>1,495,318</u>
	<u>\$ 44,952,538</u>	<u>\$ 46,656,615</u>

In total, fiscal year 2013 governmental activity revenue decreased by \$1,704,077, charges for services decreased by \$1,279,931, and operating/capital grants and contributions combined decreased by \$455,995. A significant portion of the decrease to charges for services was attributable to an approximate \$650,000 change to the estimate of allowance for doubtful loan receivables, approximately \$200,000 in mental health charges due to decrease in services provided, decrease due to a liability insurance refund of approximately \$130,000.

Business-type Activities:

Business-type activities increased the County's net position by \$2,708,500.

Revenue by Source - Business-Type Activities

	<u>2013</u>	<u>2012</u>
Charges for services	\$ 24,617,590	\$ 24,177,161
Property taxes	876,530	863,590
Donations	19,434	9,274
Interest on investments	<u>18,455</u>	<u>20,040</u>
	<u>\$ 25,532,009</u>	<u>\$ 25,070,065</u>

In total, fiscal year 2013 business-type activity revenue increased by \$461,944. The increase was due primarily to an increase in charges for services.

Financial Analysis of the County's Major Funds

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

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of 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, 2013, the County's governmental funds reported combined ending fund balances of \$22,878,128, an increase of \$654,062 in comparison to the prior year. Nonspendable fund balance is \$383,662 consisting of inventory, advances and prepayments. Restricted fund balance is \$10,035,139. Committed fund balance is \$6,927,386 and unassigned fund balance is \$5,531,941.

The General Fund is the chief operating fund of the County. At December 31, 2013 the General Fund reported an ending fund balance of \$12,186,415 with \$5,531,941 of that amount unassigned. As a measure of the general fund's liquidity, the unassigned fund balance represents approximately 32% of the total general fund expenditures and transfers, while total fund balance represents 70% of total general fund expenditures and transfers.

During the fiscal year 2013, two significant budget amendments were approved for the general fund. The original budget was amended by reducing transfers from the Local Reserve Fund in the amount of approximately \$1.6 million due to conservative budgeting of revenue and lower actual expenditures providing better than anticipated results. The other significant budget amendment involved the contingency line item increasing this budget from \$364,707 to \$714,211 in anticipation of additional expenditures over appropriated amounts in other budgeted functions of the general fund that didn't materialize. The 2013 final budget of the general fund had projected revenues of \$17,184,842 and transfers in of \$7,000 with expenditures of \$16,629,890 and transfers out of \$2,087,552. The final budget anticipated expenditures and transfers out over revenues and transfers in of \$1,525,600 or approximately 8% of combined expenditures and transfers out. There were no significant budget variances for general fund revenues or expenditures, except for certain revenues due to the conservative budgeting as indicated previously and bonds and insurance and the contingency expenditure line items, which were budgeted for higher amounts that didn't materialize.

The second major governmental fund is the Community Mental Health. At December 31, 2013 Community Mental Health reported a fund balance of \$1,942,912. Fund balance increased \$243,986 over the prior year. The increase was primarily due to the decrease in expenditures of providing mental health services.

The third major governmental fund is the E-911 Debt. At December 31, 2013 the E-911 Debt reported a fund balance of \$1,462,125. Fund balance increased by \$58,982 over the prior fiscal year. The increase was due to the property tax collections and interest exceeding the principal and interest payments on the debt.

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, 2013.

The Delinquent Tax fund reported an increase in net position of \$593,614 to \$20,083,132. This increase is due to interest and penalties on delinquent taxes and charges and fees on foreclosed properties exceeding costs. The Medical Care Facility Fund reported an increase of \$2,114,886 to \$20,470,312. 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, 2013 amounted to \$40,001,041. This investment in capital assets includes land, land improvements, building and building improvements, machinery and equipment, and vehicles.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Governmental	
	2013	2012	2013	2012	2013	2012
Land	\$ 958,833	\$ 1,086,863	\$ -	\$ -	\$ 958,833	\$ 1,086,863
Land improvement	536,463	362,868	-	-	536,463	362,868
Buildings and improvements	11,842,078	12,634,456	14,412,565	15,128,221	26,254,643	27,762,677
Machinery and equipment	11,502,413	12,109,160	356,710	337,893	11,859,123	12,447,053
Vehicles	<u>391,979</u>	<u>356,359</u>	<u>-</u>	<u>-</u>	<u>391,979</u>	<u>356,359</u>
Totals	<u>\$ 25,231,766</u>	<u>\$ 26,549,706</u>	<u>\$ 14,769,275</u>	<u>\$ 15,466,114</u>	<u>\$ 40,001,041</u>	<u>\$ 42,015,820</u>

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

Outstanding Debt

Long-term Debt: At December 31, 2013, the County had a total debt outstanding of \$12,531,750 declining from the 2012 debt of \$14,262,660. There was no new debt issued for 2013.

	Governmental Activities		Business-type Activities		Total Governmental	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 11,160,000	\$ 12,825,000	\$ -	\$ -	\$ 11,160,000	\$ 12,825,000
Accrued Vacation and Sick	482,614	480,977	320,912	309,001	803,526	789,978
Accrued Claim Liability	<u>201,224</u>	<u>207,000</u>	<u>417,000</u>	<u>440,682</u>	<u>618,224</u>	<u>647,682</u>
Totals (1)	<u>\$ 11,843,838</u>	<u>\$ 13,512,977</u>	<u>\$ 737,912</u>	<u>\$ 749,683</u>	<u>\$ 12,581,750</u>	<u>\$ 14,262,660</u>

- (1) Total does not include deferred amounts of \$165,889 for 2013 and \$199,324 for 2012. See Note 8 to the financial statements for additional information regarding long-term debt.

Economic Outlook

With the easing of the economic downturn of 2008-2012 and its major impact at all levels of local government, the value of multi-year budgeting and long term fiscal forecasting became even more apparent. Coupled with spending reductions and restrictions, the County reached expenditure and revenue benchmarks, avoiding deficit spending during this difficult period of time. Legacy cost obligations were met and necessary capital projects were also not postponed.

A number of indicators suggest that the economy is slowly recovering. Within the County, the population reflected a slight upward trend, the rate of home foreclosures has declined, and property values after years of reduction are reflecting modest increase. A slight raise of State revenue sharing is another favorable factor in the stabilizing the budget process.

While there is reason for optimism in a more favorable fiscal environment, the lessons of the past five years have ingrained a new normal in our budgeting process. Even greater reliance on multi-year budgeting and forecasting tools that the continually adjusted based on the most current information has become standard practice. A reinforced recognition that the property tax base can undergo a major downturn is a principle factor in forecasting revenues. The impact of Proposal A and the Headlee Amendment has become even more apparent following the perceptible drop in property values and the limitations imposed on any subsequent increase.

Fiscal pressures will remain for the foreseeable future and the County will continue to monitor the new economic realities that relate to financial challenges not perceived in the past. Focus on data and sound forecasting methodology that has served well in the past will remain in the forefront of budget practice and philosophy.

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, 2013

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 14,380,067	\$ 19,559,169	\$ 33,939,236	\$ 5,616,939
Investments	14,603,358	-	14,603,358	1,180,825
Receivables (net of allowance)	6,163,606	8,071,921	14,235,527	4,936,987
Prepaid items/deposits	313,237	169,979	483,216	289,392
Internal balances	(8,485)	(84)	(8,569)	-
Inventory	381	104,372	104,753	807,761
Advance to component units	90,000	-	90,000	-
Other assets	19,075	-	19,075	-
Net pension asset	2,501,742	-	2,501,742	-
Restricted assets -				
Cash and cash equivalents	128,402	37,554	165,956	-
Contracts receivable	-	-	-	3,603,078
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	958,833	-	958,833	48,639,778
Assets being depreciated	24,272,933	14,769,275	39,042,208	41,701,366
Total Assets	<u>63,423,149</u>	<u>42,712,186</u>	<u>106,135,335</u>	<u>106,776,126</u>
Deferred Outflows of Resources:				
Refunding loss	<u>13,930</u>	<u>-</u>	<u>13,930</u>	<u>-</u>
Liabilities:				
Payables and accrued liabilities	4,851,894	1,383,276	6,235,170	1,462,111
Advances and deposits	-	-	-	263,671
Due to other governmental units	-	-	-	253,800
Advances from primary government	-	-	-	90,000
Unearned revenue	174,975	-	174,975	-
Liabilities payable from restricted assets	-	37,554	37,554	-
Non-current liabilities -				
Net OPEB obligation	-	-	-	4,366,333
Due within one year	2,240,049	310,456	2,550,505	872,529
Due in more than one year	9,769,678	427,456	10,197,134	5,780,196
Total Liabilities	<u>17,036,596</u>	<u>2,158,742</u>	<u>19,195,338</u>	<u>13,088,640</u>
Deferred Inflows of Resources:				
Taxes levied for a subsequent period	<u>2,860,261</u>	<u>-</u>	<u>2,860,261</u>	<u>-</u>
Net Position:				
Net investment in capital assets	16,659,094	14,769,275	31,428,369	87,477,087
Restricted	7,325,294	2,244,192	9,569,486	6,156,451
Unrestricted	19,555,834	23,539,977	43,095,811	53,948
Total Net Position	<u>\$ 43,540,222</u>	<u>\$ 40,553,444</u>	<u>\$ 84,093,666</u>	<u>\$ 93,687,486</u>

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 272,414	\$ -	\$ -	\$ -
Judicial	4,757,337	1,311,455	1,263,880	-
General Government	5,406,198	3,991,391	1,011,550	-
Public Safety	10,516,750	3,750,022	613,819	-
Public Works	370,012	-	-	-
Health and Welfare	22,094,300	14,939,287	4,312,569	-
Recreation and Culture	449,245	138,624	6,573	-
Interest on Long Term Debt	405,496	-	-	-
Total governmental activities	<u>44,271,752</u>	<u>24,130,779</u>	<u>7,208,391</u>	<u>-</u>
Business type activities:				
Medical Care Facility	22,240,772	23,451,325	-	-
Delinquent Tax	267,737	1,166,265	-	-
Total business type activities	<u>22,508,509</u>	<u>24,617,590</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 66,780,261</u>	<u>\$ 48,748,369</u>	<u>\$ 7,208,391</u>	<u>\$ -</u>
Component Units				
Road Commission	\$ 10,590,831	\$ 1,699,364	\$ 8,245,686	\$ 1,580,068
Board of Public Works	103,263	103,236	-	-
Drainage Districts	1,318,827	1,300,284	-	-
Land Bank Authority	29,727	32,350	-	-
Total Component Units	<u>\$ 12,042,648</u>	<u>\$ 3,135,234</u>	<u>\$ 8,245,686</u>	<u>\$ 1,580,068</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				
Change in accounting principle (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

<u>Primary Government</u>		<u>Total</u>	<u>Component Units</u>
<u>Governmental Activities</u>	<u>Business Type Activities</u>		
\$(272,414)	\$ -	\$(272,414)	\$ -
(2,182,002)	-	(2,182,002)	-
(403,257)	-	(403,257)	-
(6,152,909)	-	(6,152,909)	-
(370,012)	-	(370,012)	-
(2,842,444)	-	(2,842,444)	-
(304,048)	-	(304,048)	-
(405,496)	-	(405,496)	-
<u>(12,932,582)</u>	<u>-</u>	<u>(12,932,582)</u>	<u>-</u>
-	1,210,553	1,210,553	-
-	898,528	898,528	-
-	2,109,081	2,109,081	-
<u>(12,932,582)</u>	<u>2,109,081</u>	<u>(10,823,501)</u>	<u>-</u>
-	-	-	934,287
-	-	-	(27)
-	-	-	(18,543)
-	-	-	2,623
-	-	-	<u>918,340</u>
12,256,788	876,530	13,133,318	-
1,304,881	19,434	1,324,315	-
51,699	18,455	70,154	20,954
-	-	-	919
385,639	(315,000)	70,639	-
<u>13,999,007</u>	<u>599,419</u>	<u>14,598,426</u>	<u>21,873</u>
1,066,425	2,708,500	3,774,925	940,213
42,546,620	37,844,944	80,391,564	92,878,577
(72,823)	-	(72,823)	(131,304)
<u>42,473,797</u>	<u>37,844,944</u>	<u>80,318,741</u>	<u>92,747,273</u>
<u>\$ 43,540,222</u>	<u>\$ 40,553,444</u>	<u>\$ 84,093,666</u>	<u>\$ 93,687,486</u>

LAPEER COUNTY, MICHIGAN

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	General	Community Mental Health	E-911 Debt	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 1,724	\$ 1,384,667	\$ 1,609,578	\$ 6,817,337	\$ 9,813,306
Investments	14,603,358	-	-	-	14,603,358
Receivables (net of allowance) -					
Property taxes	1,094,434	-	1,807,665	839,767	3,741,866
Accounts and interest	33,859	250,782	-	975,610	1,260,251
Due from other governmental units	247,695	127,171	-	786,623	1,161,489
Due from other funds	110	-	-	-	110
Interfund receivables	-	3,331,389	-	-	3,331,389
Inventory	-	-	-	381	381
Advances to other funds	-	7,500	-	-	7,500
Advances to component units	90,000	-	-	-	90,000
Prepaid items	203,351	45,592	-	36,838	285,781
Restricted assets - Cash	-	128,402	-	-	128,402
Total Assets	\$ 16,274,531	\$ 5,275,503	\$ 3,417,243	\$ 9,456,556	\$ 34,423,833
Liabilities:					
Accounts payable	\$ 149,379	\$ 1,545,783	\$ -	\$ 184,970	\$ 1,880,132
Accrued liabilities	196,971	151,175	-	208,608	556,754
Due to other governmental units	533,122	1,543,979	-	13,161	2,090,262
Due to other funds	18,644	-	-	17,798	36,442
Interfund payables	3,190,000	-	-	141,389	3,331,389
Advances from other funds	-	-	-	7,500	7,500
Unearned revenue	-	91,654	-	83,321	174,975
Total Liabilities	4,088,116	3,332,591	-	656,747	8,077,454
Deferred Inflows of Resources:					
Unavailable revenues - revolving loans	-	-	-	607,990	607,990
Taxes levied for a subsequent period	-	-	1,955,118	905,143	2,860,261
Total Deferred Inflows of Resources	-	-	1,955,118	1,513,133	3,468,251
Fund Balances:					
Nonspendable -					
Inventory/Advances/Prepays	293,351	53,092	-	37,219	383,662
Restricted	2,547,799	128,402	1,462,125	5,896,813	10,035,139
Committed	3,813,324	1,761,418	-	1,352,644	6,927,386
Unassigned	5,531,941	-	-	-	5,531,941
Total Fund Balances	12,186,415	1,942,912	1,462,125	7,286,676	22,878,128
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 16,274,531	\$ 5,275,503	\$ 3,417,243	\$ 9,456,556	\$ 34,423,833

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

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, 2013

Fund Balances - total governmental funds	\$ 22,878,128
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	44,026,711
Accumulated depreciation	(21,171,464)
Pension assets do not represent current financial resources and therefore are not reported in the funds.	2,501,742
Other long-term assets are not available to pay for current period expenditures and, therefore, are a deferred inflow of resources in the governmental funds.	
Housing revolving loans	607,990
Premiums on bonds are reported as other financing sources in the governmental funds, whereas they are capitalized and amortized from net position (and netted against bonds payable).	
Bond premiums	(165,889)
Internal Service Funds used by management to charge cost of health, unemployment, and workers' compensation expenses and claims, 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.	6,744,829
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized from net position.	13,930
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	(482,614)
Bonds payable	(11,160,000)
Insurance claims payable	(151,224)
Accrued interest on bonds/notes payable	(101,917)
Net Position of governmental activities	<u><u>\$ 43,540,222</u></u>

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Community Mental Health	E-911 Debt	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 9,359,926	\$ -	\$ 1,981,189	\$ 915,673	\$ 12,256,788
Licenses and permits	40,608	-	-	468,332	508,940
Intergovernmental	2,642,041	2,109,210	-	3,842,219	8,593,470
Charges for services	2,350,542	14,272,613	-	3,663,681	20,286,836
Fines and forfeits	205,975	-	-	164,556	370,531
Rents	178,854	-	-	181,387	360,241
Interest	40,359	2,437	2,043	6,860	51,699
Other	2,742,557	364,456	-	315,496	3,422,509
Total Revenues	<u>17,560,862</u>	<u>16,748,716</u>	<u>1,983,232</u>	<u>9,558,204</u>	<u>45,851,014</u>
Expenditures:					
Current -					
Legislative	272,414	-	-	-	272,414
Judicial	3,456,771	-	-	1,300,566	4,757,337
General Government	4,897,991	-	-	94,554	4,992,545
Public Safety	5,840,850	-	-	3,931,195	9,772,045
Public Works	369,412	-	-	-	369,412
Health and Welfare	98,335	16,707,630	-	5,277,932	22,083,897
Recreation and Cultural	215,473	-	-	165,207	380,680
Other Activities	231,067	-	-	-	231,067
Capital Outlay	-	-	-	236,100	236,100
Debt Service -					
Principal	-	-	1,500,000	165,000	1,665,000
Interest	-	-	424,250	13,375	437,625
Total Expenditures	<u>15,382,313</u>	<u>16,707,630</u>	<u>1,924,250</u>	<u>11,183,929</u>	<u>45,198,122</u>
Revenues over (under) expenditures	<u>2,178,549</u>	<u>41,086</u>	<u>58,982</u>	<u>(1,625,725)</u>	<u>652,892</u>
Other Financing Sources (Uses):					
Transfers In	-	202,900	-	2,373,000	2,575,900
Transfers Out	(1,934,176)	-	-	(640,554)	(2,574,730)
Total Other Financing Sources (Uses)	<u>(1,934,176)</u>	<u>202,900</u>	<u>-</u>	<u>1,732,446</u>	<u>1,170</u>
Net Change in Fund Balances	244,373	243,986	58,982	106,721	654,062
Fund Balances at beginning of year	<u>11,942,042</u>	<u>1,698,926</u>	<u>1,403,143</u>	<u>7,179,955</u>	<u>22,224,066</u>
Fund Balances at end of year	<u>\$ 12,186,415</u>	<u>\$ 1,942,912</u>	<u>\$ 1,462,125</u>	<u>\$ 7,286,676</u>	<u>\$ 22,878,128</u>

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

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, 2013

Net change in fund balances - total governmental funds	\$	654,062
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		245,237
Depreciation expense	(	1,594,727)
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.		
		78,964
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	(	736,973)
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		1,665,000
Accrued interest expense on bonds and the amortization of bond 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:		
Decrease accrued interest payable		12,625
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 workers' 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.		
		808,594
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.		
Increase in compensated absences	(	1,637)
Increase in accrued insurance claims payable	(	84,224)
Change in net position of governmental activities	\$	<u>1,066,425</u>

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2013

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 4,761,121	\$ 14,798,048	\$ 19,559,169	\$ 4,566,761
Receivables (net of allowance) -				
Current and delinquent taxes	792,795	3,902,117	4,694,912	-
Accounts	2,012,779	-	2,012,779	-
Accrued interest	-	714,868	714,868	-
Due from other governmental units	-	139,362	139,362	-
Note receivable - current portion	-	124,648	124,648	-
Deposit with agent	-	-	-	19,075
Inventories	104,372	-	104,372	-
Prepaid items	169,979	-	169,979	27,456
Due from other funds	-	-	-	27,847
Restricted assets - Cash	37,554	-	37,554	-
Total Current Assets	<u>7,878,600</u>	<u>19,679,043</u>	<u>27,557,643</u>	<u>4,641,139</u>
Noncurrent Assets:				
Capital assets, net	14,716,410	52,865	14,769,275	2,376,519
Note receivable	-	385,352	385,352	-
Total Noncurrent assets	<u>14,716,410</u>	<u>438,217</u>	<u>15,154,627</u>	<u>2,376,519</u>
Total Assets	<u>22,595,010</u>	<u>20,117,260</u>	<u>42,712,270</u>	<u>7,017,658</u>

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2013

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 569,085	\$ 8,561	\$ 577,646	\$ 222,829
Accrued liabilities	648,634	1,391	650,025	-
Due to other governmental units	131,513	24,092	155,605	-
Due to other funds	-	84	84	-
Current portion of-				
Workers' compensation claims	150,000	-	150,000	14,000
Accrued vacation and sick	160,456	-	160,456	-
Liabilities payable from restricted assets -				
Patient deposits	37,554	-	37,554	-
Total Current Liabilities	<u>1,697,242</u>	<u>34,128</u>	<u>1,731,370</u>	<u>236,829</u>
Long-Term Liabilities (less current portions):				
Accrued vacation and sick	160,456	-	160,456	-
Accrued workers' compensation claims	267,000	-	267,000	36,000
Total Long-Term Liabilities	<u>427,456</u>	<u>-</u>	<u>427,456</u>	<u>36,000</u>
Total Liabilities	<u>2,124,698</u>	<u>34,128</u>	<u>2,158,826</u>	<u>272,829</u>
Net Position:				
Net investment in capital assets	14,716,410	52,865	14,769,275	2,376,519
Restricted - Foreclosures sales	-	2,244,192	2,244,192	-
Unrestricted	5,753,902	17,786,075	23,539,977	4,368,310
Total Net Position	<u>\$ 20,470,312</u>	<u>\$ 20,083,132</u>	<u>\$ 40,553,444</u>	<u>\$ 6,744,829</u>

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, 2013

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Operating Revenues:				
Charges for services	\$ 23,400,089	\$ 380,349	\$ 23,780,438	\$ 6,396,868
Interest on taxes	-	560,307	560,307	-
Fees and penalties on delinquent taxes	-	225,609	225,609	-
Other	51,236	-	51,236	-
Total Operating Revenues	<u>23,451,325</u>	<u>1,166,265</u>	<u>24,617,590</u>	<u>6,396,868</u>
Operating Expenses:				
Administrative and general	3,919,680	123,056	4,042,736	446,684
Maintenance	1,609,024	-	1,609,024	-
Nursing	9,262,306	-	9,262,306	-
Daycare	329,581	-	329,581	-
Other services	5,676,235	137,791	5,814,026	-
Insurance and claims	-	-	-	3,625,642
Retirement and health care savings contributions	-	-	-	1,499,431
Depreciation	870,990	6,890	877,880	429,586
Total Operating Expenses	<u>21,667,816</u>	<u>267,737</u>	<u>21,935,553</u>	<u>6,001,343</u>
Operating Income	<u>1,783,509</u>	<u>898,528</u>	<u>2,682,037</u>	<u>395,525</u>
Non-Operating Revenues (Expenses):				
Donations	19,434	-	19,434	-
Property taxes	876,530	-	876,530	-
Interest on investments	8,369	10,086	18,455	-
Maintenance of effort	(572,956)	-	(572,956)	-
Gain on sale of assets	-	-	-	28,600
Total Non-Operating Revenues (Expenses)	<u>331,377</u>	<u>10,086</u>	<u>341,463</u>	<u>28,600</u>
Net Income Before Transfers	<u>2,114,886</u>	<u>908,614</u>	<u>3,023,500</u>	<u>424,125</u>
Transfers:				
Transfers in	-	-	-	384,469
Transfers out	-	(315,000)	(315,000)	-
Total Transfers	<u>-</u>	<u>(315,000)</u>	<u>(315,000)</u>	<u>384,469</u>
Change in Net Position	2,114,886	593,614	2,708,500	808,594
Net Position at beginning of year	<u>18,355,426</u>	<u>19,489,518</u>	<u>37,844,944</u>	<u>5,936,235</u>
Net Position end of year	<u>\$ 20,470,312</u>	<u>\$ 20,083,132</u>	<u>\$ 40,553,444</u>	<u>\$ 6,744,829</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, 2013

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Cash Flows From Operating Activities:				
Cash receipts from customers	\$ 23,206,800	\$ 9,027,575	\$ 32,234,375	\$ -
Cash receipts from interfund services	-	-	-	6,424,565
Cash payments to employees	(11,706,322)	-	(11,706,322)	-
Cash payments to suppliers	(9,632,735)	(7,267,938)	(16,900,673)	(5,606,753)
Other cash receipts	51,236	-	51,236	-
Net Cash Provided by Operating Activities	1,918,979	1,759,637	3,678,616	817,812
Cash Flows From Noncapital Financing Activities:				
Patient trust deposits	(45,986)	-	(45,986)	-
Property taxes and contributions	898,100	-	898,100	-
Interfund transfers	-	(315,000)	(315,000)	384,469
Net Cash Provided by (Used in) Noncapital Financing Activities	852,114	(315,000)	537,114	384,469
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	(161,791)	(19,250)	(181,041)	(461,136)
Proceeds from sale of capital assets	-	-	-	28,600
Net Cash Used in Capital and Related Financing Activities	(161,791)	(19,250)	(181,041)	(432,536)
Cash Flows From Investing Activities:				
Promissory note issued	-	(510,000)	(510,000)	-
Interest received	8,369	10,086	18,455	-
Net Cash Provided by (Used in) Investing Activities	8,369	(499,914)	(491,545)	-
Net Increase in cash and cash equivalents	2,617,671	925,473	3,543,144	769,745
Cash and cash equivalents at beginning of year	2,181,004	13,872,575	16,053,579	3,797,016
Cash and cash equivalents at end of year	<u>\$ 4,798,675</u>	<u>\$ 14,798,048</u>	<u>\$ 19,596,723</u>	<u>\$ 4,566,761</u>
Statement of Net Position -				
Cash and Cash Equivalents -				
Cash and cash equivalents	\$ 4,761,121	\$ 14,798,048	\$ 19,559,169	\$ 4,566,761
Restricted assets - cash	37,554	-	37,554	-
Cash and cash equivalents at end of year	<u>\$ 4,798,675</u>	<u>\$ 14,798,048</u>	<u>\$ 19,596,723</u>	<u>\$ 4,566,761</u>

Continued

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, 2013**

	<u>Business Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Medical Care Facility</u>	<u>Delinquent Tax</u>	<u>Total</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income to				
Net Cash Provided by Operating Activities:				
Operating income for the year	\$ 1,783,509	\$ 898,528	\$ 2,682,037	\$ 395,525
Adjustments to reconcile operating income to net cash provided by operating activities -				
Depreciation	870,990	6,890	877,880	429,586
Maintenance of effort	(572,956)	-	(572,956)	-
Change in assets and liabilities-				
(Increase) decrease in -				
Receivables	(430,099)	395,065	(35,034)	-
Due from other governmental units	236,810	394,502	631,312	-
Due from other funds	-	82,372	82,372	27,697
Prepaid items	(48,057)	-	(48,057)	13,206
Inventories	10,916	-	10,916	-
Increase (decrease) in-				
Accounts payable	(43,183)	2,981	(40,202)	41,798
Accrued liabilities	25,138	294	25,432	(90,000)
Due to other funds	-	(11)	(11)	-
Due to other governmental units	85,911	(20,984)	64,927	-
Net Cash Provided By Operating Activities	<u>\$ 1,918,979</u>	<u>\$ 1,759,637</u>	<u>\$ 3,678,616</u>	<u>\$ 817,812</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, 2013**

	<u>Retiree Health Care</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ -	\$ 942,178
Interest in pooled investment	651,381	-
Due from other governmental units	<u>-</u>	<u>33,936</u>
Total Assets	<u>651,381</u>	<u>\$ 976,114</u>
 Liabilities:		
Due to individuals and agencies	-	\$ 466,005
Due to other governmental units	<u>-</u>	<u>510,109</u>
Total Liabilities	<u>-</u>	<u>\$ 976,114</u>
 Net Position:		
Restricted for retiree health care benefits	<u>\$ 651,381</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, 2013**

	<u>Retiree Health Care</u>
Additions:	
Employer contributions	\$ 65,280
Forfeitures	14,965
Investment income	<u>96,584</u>
Total Additions	176,829
Deductions:	
Contributions to participant accounts	<u>377,301</u>
Net decrease	(200,472)
Net Position -	
Beginning of year	<u>851,853</u>
End of year	<u><u>\$ 651,381</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, 2013

	Road Commission	Board of Public Works	Drainage Districts	Land Bank Authority	Totals
Assets:					
Cash and cash equivalents	\$ 2,633,964	\$ 38,679	\$ 2,820,247	\$ 124,049	\$ 5,616,939
Investments	-	-	1,180,825	-	1,180,825
Receivables	2,008,884	-	2,928,103	-	4,936,987
Inventories	807,761	-	-	-	807,761
Prepaid items/deposits	118,775	-	170,617	-	289,392
Contracts receivables	-	3,603,078	-	-	3,603,078
Capital Assets (net of accumulated depreciation)					
Assets not being depreciated	44,586,293	-	4,053,485	-	48,639,778
Assets being depreciated	30,882,076	-	10,819,290	-	41,701,366
Total Assets	81,037,753	3,641,757	21,972,567	124,049	106,776,126
Liabilities:					
Payables and accrued liabilities	1,335,458	-	91,777	-	1,427,235
Accrued interest	-	17,723	17,153	-	34,876
Advances and deposits	263,671	-	-	-	263,671
Due to other governmental units	253,800	-	-	-	253,800
Advance from primary government	-	-	90,000	-	90,000
Non-current liabilities -					
Net OPEB obligation	4,366,333	-	-	-	4,366,333
Due within one year	-	448,120	424,409	-	872,529
Due in more than one year	154,676	3,175,914	2,449,606	-	5,780,196
Total Liabilities	6,373,938	3,641,757	3,072,945	-	13,088,640
Net Position:					
Net investment in capital assets	75,468,369	-	12,008,718	-	87,477,087
Restricted -					
Debt service	-	-	4,105,148	-	4,105,148
Capital projects	-	-	2,051,303	-	2,051,303
Unrestricted	(804,554)	-	734,453	124,049	53,948
Total Net Position	\$ 74,663,815	\$ -	\$ 18,899,622	\$ 124,049	\$ 93,687,486

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, 2013

	Road Commission	Board of Public Works	Drainage Districts	Land Bank Authority	Total
Expenses:					
General Government	\$ -	\$ -	\$ -	\$ 29,727	\$ 29,727
Public Works	-	103,263	1,318,827	-	1,422,090
Highways and Streets	10,590,831	-	-	-	10,590,831
Total Expenses	<u>10,590,831</u>	<u>103,263</u>	<u>1,318,827</u>	<u>29,727</u>	<u>12,042,648</u>
Program Revenues:					
Charges for services	1,699,364	103,236	1,300,284	32,350	3,135,234
Operating grants and contributions	8,245,686	-	-	-	8,245,686
Capital grants and contributions	1,580,068	-	-	-	1,580,068
Total Program Revenues	<u>11,525,118</u>	<u>103,236</u>	<u>1,300,284</u>	<u>32,350</u>	<u>12,960,988</u>
Net program revenue (expense)	<u>934,287</u>	<u>(27)</u>	<u>(18,543)</u>	<u>2,623</u>	<u>918,340</u>
General Revenues:					
Unrestricted investment income	13,041	27	7,866	20	20,954
Gain on sale of capital assets	919	-	-	-	919
Total General Revenues	<u>13,960</u>	<u>27</u>	<u>7,866</u>	<u>20</u>	<u>21,873</u>
Change in Net Position	<u>948,247</u>	<u>-</u>	<u>(10,677)</u>	<u>2,643</u>	<u>940,213</u>
Net Position at the beginning of year	73,715,568	-	19,041,603	121,406	92,878,577
Change in accounting principle (Note 16)	<u>-</u>	<u>-</u>	<u>(131,304)</u>	<u>-</u>	<u>(131,304)</u>
Net Position at the beginning of year, as restated	<u>73,715,568</u>	<u>-</u>	<u>18,910,299</u>	<u>121,406</u>	<u>92,747,273</u>
Net Position at the end of year	<u>\$ 74,663,815</u>	<u>\$ -</u>	<u>\$ 18,899,622</u>	<u>\$ 124,049</u>	<u>\$ 93,687,486</u>

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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, 2013

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 3rd Floor Room 302
Lapeer, Michigan 48446

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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, 2013

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.

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 construction of E-911 Central Dispatch System.

The County reports the following major proprietary funds:

Medical Care Facility - is used to account for the operations of the County-owned long-term care facility.

Delinquent Tax - 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, 2013

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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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, Deferred Inflows/Outflows of Resources, and Net Position or Fund Balance -

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 and time deposits, money markets, 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).

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

Receivables and Payables -

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

Advances 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 inventories of the Road Commission and Medical Care Facility are recognized using the consumption method (recorded as an expense 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 a deferred inflow of resources since they are levied for the subsequent year operations. For the 2013 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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.

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	-
Machinery/Equipment/Vehicles	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 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources -

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses) until then. The County has one item that qualified for reporting in this category. A deferred loss on refunding reported on the government-wide statement of net position. The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position/balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The County had two items, one reported on both the government-wide statement of net position (accrual basis of accounting) and the governmental fund balance sheet (modified accrual basis of accounting) for taxes levied for a subsequent period and another item on the governmental fund balance sheet for unavailable revenues that are not collected within the 60 day period. The County had unavailable revenues primarily from long-term contracts paid by individuals. The former amounts are recognized as an inflow of resources in the period for which the tax is levied and the period that the amounts become available.

Fund Balance -

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.

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.

Assigned – The portion of fund balance that reflects the County's intended use of resources. Currently the Controller has authority to set aside funds pursuant to board resolution.

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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, 2013, the accumulation within the Budget Stabilization Fund was \$2,547,799 and is reported within the General Fund as restricted fund balance for the stabilization arrangement.

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, 2014, under separate cover as supplementary information to the Annual Financial Report.

Upcoming Accounting Pronouncements -

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expenses.

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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

Similar procedures are followed in the case of the Component Units included in the Reporting Entity of Lapeer County, except that the respective Administrator/Director of each performs the function described above rather than the County Administrator. Budgetary comparisons have not been 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.

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, 2013, 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 -

PRIMARY GOVERNMENT -

<u>Fund Type/Function/Activity/Account</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
General Fund -			
Public Safety			
Sheriff	\$ 2,804,171	\$ 2,827,573	\$ 23,402
Jail/Feeding Prisoners	2,993,591	3,004,915	11,324
Health and Welfare			
Medical Examiner	85,620	86,335	715
Transfers Out			
Park Department	20,000	20,384	384
Equipment Acquisition & Replacement	-	60,915	60,915
Nonmajor Special Revenue Funds -			
Parks Department			
Recreation and Cultural	158,140	159,008	868
Health Department			
Health and Welfare	2,503,047	2,635,265	132,218
Animal Control			
Transfers Out	-	8,554	8,554
Law Enforcement - Other			
Public Safety	42,350	43,081	731
Community Development			
Health and Welfare	98,847	201,443	102,596
Department of Human Services			
Health and Welfare	21,135	42,128	20,993
Veterans Trust			
Health and Welfare	6,092	28,513	22,421

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, 2013

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	\$ 12,301	\$ 350	\$ 300	\$ 12,951
Deposits with Financial Institutions	<u>34,749,001</u>	<u>5,888,322</u>	<u>941,878</u>	<u>41,579,201</u>
Investments				
Corporate Bonds	-	252,618	-	252,618
Municipal Bonds	3,100,757	53,056	-	3,153,813
U.S. Government Securities	9,748,198	398,841	-	10,147,039
Mutual Funds	1,073,978	204,577	-	1,278,555
Interest in Pooled Investments	-	-	651,381	651,381
Investment Trust Funds	<u>24,315</u>	<u>-</u>	<u>-</u>	<u>24,315</u>
Total Investments	<u>13,947,248</u>	<u>909,092</u>	<u>651,381</u>	<u>15,507,721</u>
Grand Total	<u>\$ 48,708,550</u>	<u>\$ 6,797,764</u>	<u>\$ 1,593,559</u>	<u>\$ 57,099,873</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

Reconciliation to Statements of Net Position

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Reported as Cash and Cash Equivalents -				
Cash on Hand	\$ 12,301	\$ 350	\$ 300	\$ 12,951
Cash in Checking/Money Market/Savings	34,068,576	5,616,589	941,878	40,627,043
Investment Trust Funds	<u>24,315</u>	<u>-</u>	<u>-</u>	<u>24,315</u>
Total Cash and Cash Equivalents Reported on Statements of Net Position	<u>34,105,192</u>	<u>5,616,939</u>	<u>942,178</u>	<u>40,664,309</u>
Reported as Investments -				
Corporate Bonds	-	252,618	-	252,618
Municipal Bonds	3,100,757	53,056	-	3,153,813
U.S. Government Securities	9,748,198	398,841	-	10,147,039
Certificates of Deposit	680,425	271,733	-	952,158
Mutual Funds	1,073,978	204,577	-	1,278,555
Interest in Pooled Investments	<u>-</u>	<u>-</u>	<u>651,381</u>	<u>651,381</u>
Total Investments Reported on Statements of Net Position	<u>14,603,358</u>	<u>1,180,825</u>	<u>651,381</u>	<u>16,435,564</u>
Grand Total – Statements of Net Position	<u>\$ 48,708,550</u>	<u>\$ 6,797,764</u>	<u>\$ 1,593,559</u>	<u>\$ 57,099,873</u>

Deposits with Financial Institutions -

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

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

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, 2013, the book value of the County's deposits was \$41,579,201 with a corresponding bank balance of \$41,844,083. Insured deposits were \$2,379,049, and the remaining \$39,465,034 was uninsured and 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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.

Investments (excluding Retiree Health Care) -

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	\$ 10,147,039	68.3 %
Investment Trust Funds	24,315	0.2
Municipal Bonds	3,153,813	21.2
Mutual Funds	1,278,555	8.6
Corporate Bonds	<u>252,618</u>	<u>1.7</u>
Total	<u>\$ 14,856,340</u>	<u>100.00 %</u>

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	\$ 24,315	AAAm	Standard & Poors	54

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, 2013, 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>
\$ 252,618	AAA
199,586	AA+
351,872	AA
1,907,349	AA-
128,951	AA1
199,293	AA2
<u>366,762</u>	<u>A+</u>
<u>\$ 3,406,431</u>	

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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, 2013, \$13,553,470 of investments was held in third-party safekeeping not in the County's name, however, evidenced by safekeeping receipts.

Concentration of Credit Risk - Investments - is the risk of loss attributed to the magnitude of the County's investment in a single issuer. The County's investment policy 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	\$ 3,153,813	\$ 857,197	\$ 2,296,616	\$	\$ -
Corporate Bonds	252,618	-	252,618	-	-
Total Investments	<u>\$ 3,406,431</u>	<u>\$ 857,197</u>	<u>\$ 2,549,234</u>	<u>\$ -</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 Lapeer County 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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, 2013:

<u>Fair Value</u>	<u>Rating</u>
\$ 129,885	AAA/Aaa
39,148	AA+/Aa1
10,813	AA/Aa2
12,246	AA-/Aa3
14,461	A+/A1
25,339	A/A2
33,286	A-/A3
28,791	BBB+/Baa1
36,608	BBB/Baa2
48,332	BBB-/Baa3
17,392	BB+/Ba1
15,959	BB/Ba2
12,181	BB-/Ba3
10,292	B+/B1
7,947	B/B2
6,514	B-/B3
23,515	CCC/Caa1 and below
<u>178,672</u>	Not rated
<u>\$ 651,381</u>	

NOTE 4 - RECEIVABLES:

Receivables as of December 31, 2013 in the governmental and business-type activities are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Property taxes	\$ 3,741,866	\$ 4,694,912
Interest, accounts and note	2,015,281	3,437,647
Intergovernmental	<u>1,161,489</u>	<u>139,362</u>
	6,918,636	8,271,921
Less - allowance for uncollectible	(755,030)	(200,000)
	<u>\$ 6,163,606</u>	<u>\$ 8,071,921</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2013 was as follows:

	Balance January 1, 2013	Additions	Adjustments/ Disposals	Balance December 31, 2013
Governmental activities:				
Capital Assets, not being depreciated:				
Land	\$ 1,086,863	\$ -	\$ 128,030	\$ 958,833
Capital Assets, being depreciated:				
Buildings	25,293,941	19,788	(128,030)	25,313,729
Improvements other than Buildings	1,671,664	90,333	-	1,890,027
Machinery and Equipment	19,698,701	325,334	-	20,024,035
Vehicles	2,071,072	270,918	207,515	2,134,475
Total Capital Assets being depreciated	<u>48,735,378</u>	<u>706,373</u>	<u>79,485</u>	<u>49,362,266</u>
Less Accumulated Depreciation for:				
Buildings	12,659,485	812,166	-	13,471,651
Improvements other than Buildings	1,308,796	44,768	-	1,353,564
Machinery and Equipment	7,589,541	932,081	-	8,521,622
Vehicles	1,714,713	235,298	207,515	1,742,496
Total Accumulated Depreciation	<u>23,272,535</u>	<u>2,024,313</u>	<u>207,515</u>	<u>25,089,333</u>
Total Capital Assets Being Depreciated, net	<u>25,462,843</u>	<u>(1,317,940)</u>	<u>(128,030)</u>	<u>24,272,933</u>
Governmental Activities Capital Assets, net	<u>\$ 26,549,706</u>	<u>\$(1,317,940)</u>	<u>\$ -</u>	<u>\$ 25,231,766</u>
Business-type Activities:				
Capital Assets, being depreciated:				
Buildings	\$ 22,969,530	\$ 84,759	\$ -	\$ 23,054,289
Improvements other than Buildings	6,750	-	-	6,750
Machinery and Equipment	3,386,618	96,282	-	3,482,900
Total Capital Assets, being depreciated	<u>26,362,898</u>	<u>181,041</u>	<u>-</u>	<u>26,543,939</u>
Less Accumulated Depreciation for:				
Buildings	7,841,309	800,415	-	8,641,724
Improvements other than Buildings	6,750	-	-	6,750
Machinery and Equipment	3,048,725	77,465	-	3,126,190
Total Accumulated Depreciation	<u>10,896,784</u>	<u>877,880</u>	<u>-</u>	<u>11,774,664</u>
Business-type Activities Capital Assets, net	<u>\$ 15,466,114</u>	<u>\$(696,839)</u>	<u>\$ -</u>	<u>\$ 14,769,275</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

Depreciation expense for 2013 was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 334,883
Public Safety	1,009,636
Public Works	600
Health and Welfare	171,906
Recreation and Cultural	<u>77,702</u>
Depreciation Expense-Governmental Activities	1,594,727
Depreciation in the Internal Service Funds	<u>429,586</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,024,313</u>
Business-type Activities:	
Medical Care Facility	\$ 870,990
Delinquent Tax Revolving	<u>6,890</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 877,880</u>

Discretely Presented Component Units:

Drainage Districts: Capital asset activity for the Drainage Districts for the year ended December 31, 2013, was as follows:

	Balance January 1, 2013	Additions	Adjustments/ Disposals	Balance December 31, 2013
Capital Assets, not being Depreciated:				
Land Improvements	\$ 2,809,103	\$ 50,004	\$ -	\$ 2,859,107
Construction in Progress	<u>1,194,378</u>	<u>-</u>	<u>-</u>	<u>1,194,378</u>
Total Capital Assets, not being depreciated	<u>4,003,481</u>	<u>50,004</u>	<u>-</u>	<u>4,053,485</u>
Capital Assets, being depreciated:				
Equipment	743,522	-	-	743,522
Infrastructure	<u>25,041,791</u>	<u>450,038</u>	<u>-</u>	<u>25,491,829</u>
Total Capital Assets Being Depreciated	<u>25,785,313</u>	<u>450,038</u>	<u>-</u>	<u>26,235,351</u>
Less Accumulated Depreciation for:				
Equipment	734,765	2,919	-	737,684
Infrastructure	<u>14,149,088</u>	<u>529,289</u>	<u>-</u>	<u>14,678,377</u>
Total Depreciation	<u>14,883,853</u>	<u>532,208</u>	<u>-</u>	<u>15,416,061</u>
Total Capital Assets Being Depreciated, net	<u>10,901,460</u>	<u>(82,170)</u>	<u>-</u>	<u>10,819,290</u>
Drainage Districts Capital Assets, net	<u>\$ 14,904,941</u>	<u>\$ (32,166)</u>	<u>\$ -</u>	<u>\$ 14,872,775</u>

Depreciation expense was \$532,208 for 2013.

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

Road Commission: Capital asset activity for the Road Commission for the year ended September 30, 2013 was as follows:

	Balance October 1, 2012	Additions	Adjustments/ Disposals	Balance September 30, 2013
Capital Assets, not being depreciated:				
Land	\$ 159,507	\$ -	\$ -	\$ 159,507
Land Improvements	42,384,094	1,862,646	-	44,246,740
Right of Ways	<u>180,046</u>	<u>-</u>	<u>-</u>	<u>180,046</u>
Total capital assets, not being depreciated	<u>42,723,647</u>	<u>1,862,646</u>	<u>-</u>	<u>44,586,293</u>
Capital Assets, being depreciated:				
Building and Improvements	1,932,201	7,200	-	1,939,401
Road Equipment	7,427,642	206,754	9,553	7,624,843
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	40,684,187	2,793,970	900,866	42,577,291
Bridges	14,985,237	155,623	-	15,140,860
Traffic Signals	83,723	-	-	83,723
Depletable Assets	<u>205,130</u>	<u>-</u>	<u>-</u>	<u>205,130</u>
	<u>66,050,506</u>	<u>3,163,547</u>	<u>910,419</u>	<u>68,303,634</u>
Less - accumulated depreciation for:				
Buildings and Improvements	\$ 1,575,875	\$ 47,566	\$ -	\$ 1,623,441
Road Equipment	6,235,697	440,392	9,542	6,666,547
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	21,185,986	2,388,338	900,866	22,673,458
Bridges	5,216,432	300,217	-	5,516,649
Traffic Signals	41,404	33,390	-	74,794
Depletable Assets	<u>134,283</u>	<u>-</u>	<u>-</u>	<u>134,283</u>
	<u>35,122,063</u>	<u>3,209,903</u>	<u>910,408</u>	<u>37,421,558</u>
Total capital assets, being depreciated, net	<u>30,928,443</u>	<u>(46,356)</u>	<u>11</u>	<u>30,882,076</u>
Total capital assets, net	<u>\$ 73,652,090</u>	<u>\$ 1,816,290</u>	<u>\$ 11</u>	<u>\$ 75,468,369</u>

Total depreciation for the year ended September 30, 2013 was \$3,209,903.

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6 - PAYABLES:

Payables as of December 31, 2013 in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable/accrued liabilities	\$ 2,102,961	\$ 577,646
Wages and fringe benefits	556,754	650,025
Accrued interest	101,917	-
Intergovernmental	<u>2,090,262</u>	<u>155,605</u>
	<u>\$ 4,851,894</u>	<u>\$ 1,383,276</u>
Payables from Restricted Assets -		
Patient Deposits	<u>\$ -</u>	<u>\$ 37,554</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of December 31, 2013 is as follows:

Due To/From Other Funds -

	Receivable	Payable
Governmental Funds -		
General Fund	\$ 110	\$ 18,644
Nonmajor Special Revenue Funds -		
E-911	-	3,488
Friend of the Court	-	1,585
Health Department	-	5,240
Personal Care Aid Program	-	1,388
Animal Control	-	256
Emergency Management	-	88
Community Grants	-	430
Police Service Contracts	-	3,484
Law Enforcement	-	562
Community Development	-	70
Child Care	-	317
Soldiers' Relief Fund	-	148
Multi-Purpose Collaborative Body	<u>-</u>	<u>742</u>
Total per Financial Statements	<u>-</u>	<u>17,798</u>
Internal Service Funds -		
Retirement	<u>27,847</u>	<u>-</u>
Proprietary Fund -		
Delinquent Tax	<u>-</u>	<u>84</u>
Total per Financial Statements	27,957	36,526
Reconciling item for September 30, year-end funds	<u>8,569</u>	<u>-</u>
Total	<u>\$ 36,526</u>	<u>\$ 36,526</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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

Total due to primary government funds, as shown on the accompanying financial statements, reporting more than due from primary government funds by \$8,569, was attributable to transactions with funds reported on a September 30 year-end.

Advances From/To Other Funds -

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

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

Advances From/To Primary Government & Component Units -

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

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

Interfund Receivable/Payable -

	<u>Receivable</u>	<u>Payable</u>
Primary Government -		
Governmental Funds -		
General Fund	\$ -	\$ 3,190,000
Community Mental Health	3,331,389	-
Polly Ann Trail	-	2,429
Friend of the Court	-	85,384
County Surveyor	-	16,106
Community Grants	-	32,716
Police Service Contracts	-	4,754
	<u>\$ 3,331,389</u>	<u>\$ 3,331,389</u>

The interfund receivable/payable balances at December 31, 2013 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.

LAPEER COUNTY, MICHIGAN
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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

Transfers In and Out -

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Parks Department	General Fund	\$ 20,384 (1)
Friend of Court		280,000 (1)
Community Mental Health		202,900 (1)
Health Department		523,722 (1)
Animal Control		15,000 (1)
Emergency Management		49,000 (1)
Community Grants		15,000 (1)
Police Service Contracts		315,394 (1)
Law Enforcement Programs		3,166 (1)
Law Enforcement		63,782 (1)
Law Library		4,500 (1)
Community Development		15,413 (1)
Child Care		346,500 (1)
Multi-Purpose Collaborative Body		18,500 (1)
Equipment Acquisition and Replacement		<u>60,915 (3)</u>
		1,934,176
Equipment Acquisition & Replacement	Animal Control	8,554 (3)
	Delinquent Tax	315,000 (3)
Personal Care Aide Program	Senior Millage	<u>632,000 (2)</u>
Total Transfers Out Per Fund Financial Statements		2,889,730
Reconciling item for September 30, year-end funds		<u>70,639</u>
Total Transfers In		<u>\$ 2,960,369</u>

Transfers represent:

- (1) the movement of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations (annual appropriations).
- (2) the movement of tax revenue from the collecting fund to the fund that is budgeted to expend the tax collections.
- (3) the transfer of funds to finance capital acquisition.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

Total transfers in for the primary government funds as reported in the accompanying financial statements were \$2,960,369 and total transfers out were \$2,889,730. The difference between these amounts, \$70,639, 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, 2013:

	Restated Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<u>Governmental Activities:</u>					
Governmental Funds -					
2011 Capital Improvement Bonds	\$12,475,000	\$ -	\$ 1,500,000	\$ 10,975,000	\$ 1,500,000
2004 Building Authority					
Refunding Bonds	350,000	-	165,000	185,000	185,000
Accrued Claims Liability	67,000	108,788	24,564	151,224	25,000
Accrued Vacation	480,977	482,614	480,977	482,614	482,614
Add Deferred Amounts For -					
Issuance Premium	<u>199,324</u>	<u>-</u>	<u>33,435</u>	<u>165,889</u>	<u>33,435</u>
Total Governmental Funds	13,572,301	591,402	2,203,976	11,959,727	2,226,049
Internal Service Funds -					
Workers' Compensation					
Accrued Claims Liabilities	<u>140,000</u>	<u>448,101</u>	<u>538,101</u>	<u>50,000</u>	<u>14,000</u>
Total Governmental Activities	<u>13,712,301</u>	<u>1,039,503</u>	<u>2,742,077</u>	<u>12,009,727</u>	<u>2,240,049</u>
<u>Business-type Activities:</u>					
Medical Care Facility -					
Accrued Claims Liabilities	440,682	1,066,313	1,089,995	417,000	150,000
Accrued Vacation and Sick	<u>309,001</u>	<u>947,292</u>	<u>935,381</u>	<u>320,912</u>	<u>160,456</u>
Total Business-type Activities	<u>749,683</u>	<u>2,013,605</u>	<u>2,025,376</u>	<u>737,912</u>	<u>310,456</u>
Total Primary Government	<u>\$14,461,984</u>	<u>\$ 3,053,108</u>	<u>\$ 4,767,453</u>	<u>\$12,747,639</u>	<u>\$ 2,550,505</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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

2011 Capital Improvement -

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.

\$ 10,975,000

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 final payment is due on May 1, 2014 of \$185,000 with an interest rate of 5.00%.

\$ 185,000

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, 2013, the defeased bonds outstanding were \$195,000 for the 1994 issue and \$200,000 for the 1989 issue.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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 \$151,224 at December 31, 2013.

The County has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2013. The dollar amount of these claims reported as a liability on the statement of net position of the Workers' Compensation Fund is \$50,000 at December 31, 2013.

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, 2013. The dollar amount of these claims reported as a liability on the statement of net position of the Medical Care Facility (Enterprise) Fund is \$417,000 at December 31, 2013.

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 \$320,912 has been recorded as a long-term liability in the Medical Care Facility (Enterprise) Fund. The governmental funds' portion of \$482,614 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, 2013, 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, _____	Bonds	
	Principal	Interest
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	1,500,000	169,000
2019-2020	<u>3,475,000</u>	<u>148,500</u>
	<u>\$ 11,160,000</u>	<u>\$ 1,547,501</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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, 2013 and Board of Public Works and Drainage Districts for the year ended December 31, 2013:

	Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013	Due Within One Year
Road Commission -					
Accrued Vacation	\$ 158,286	\$ 154,676	\$ 158,286	\$ 154,676	\$ -
Other Postemployment Benefits	<u>3,687,771</u>	<u>1,000,950</u>	<u>322,388</u>	<u>4,366,333</u>	<u>-</u>
Total Road Commission	<u>3,846,057</u>	<u>1,155,626</u>	<u>480,674</u>	<u>4,521,009</u>	<u>-</u>
	Restated Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013	Due Within One Year
Board of Public Works -					
General Obligation Bonds	1,355,000	-	225,000	1,130,000	270,000
State of Michigan Revolving Loan	2,654,069	-	175,000	2,479,069	175,000
Less Deferred Amount for:					
Bond Discount	(3,510)	-	(3,510)	-	-
Bond Premium	<u>18,085</u>	<u>-</u>	<u>3,120</u>	<u>14,965</u>	<u>3,120</u>
Total Board of Public Works	<u>4,023,644</u>	<u>-</u>	<u>399,610</u>	<u>3,624,034</u>	<u>448,120</u>
Drainage Districts -					
Drainage Bonds	2,663,782	-	299,767	2,364,015	299,761
Note payable	<u>-</u>	<u>510,000</u>	<u>-</u>	<u>510,000</u>	<u>124,648</u>
Total Drainage District	<u>2,663,782</u>	<u>510,000</u>	<u>299,767</u>	<u>2,874,015</u>	<u>424,409</u>
Total Component Units	<u>\$ 10,533,483</u>	<u>\$ 1,665,626</u>	<u>\$ 1,180,051</u>	<u>\$11,019,058</u>	<u>\$ 872,529</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 \$154,676 at September 30, 2013.

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, 2013

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 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, 2013, the bond outstanding of \$310,000 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, 2013 is \$995,000.

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, 2013 is \$135,000.

General Obligation Bonds currently outstanding are as follows:

	<u>Interest Rate</u>	
Sewage Disposal Systems Refunding		
Bonds - Series 2011 (Village of Almont)	2.00 - 4.00 %	\$ 995,000
Wastewater Treatment System Refunding		
Bonds – Series 2006 (Village of Dryden)	4.00	<u>135,000</u>
		<u>\$ 1,130,000</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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 through April 1, 2019, in amounts ranging from \$55,000 to \$65,000 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, 2013, Lapeer County Board of Public Works has drawn \$2,017,030 from the authorized amount. The principal payments are due in annual installments through October 1, 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 through October 1, 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, 2013 are as follows:

Governmental Activities (Revolving Loans) -	Interest Rate	
1998 Water System (Village of Dryden)	2.50 %	\$ 361,507
2007 Water System (Village of Almont)	2.125	1,602,694
2007 Water System (Village of Dryden)	2.125	514,868
		<u>\$ 2,479,069</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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
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	110,000	22,369	200,000	36,617
2019-2023	485,000	44,856	776,507	128,541
2024-2028	-	-	762,562	47,343
	<u>\$ 1,130,000</u>	<u>\$ 189,851</u>	<u>\$ 2,479,069</u>	<u>\$ 401,607</u>

Drainage Districts:

Drainage Bonds

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 5.10-5.60% due on May 1 and November 1 of each year. The balance at December 31, 2013 was \$235,000.

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, 2013 was \$1,630,000.

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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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

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, 2013 was \$499,015.

The balances of outstanding Drainage Bonds at December 31, 2013 are as follows:

	<u>Interest Rate</u>	
Governmental Activities -		
Drain Bonds -		
Winn Lake District	5.10 - 5.60	\$ 235,000
Imlay-Bigelow and Branches Drainage District	4.25 - 4.70	1,630,000
South Branch of Mill Creek Inter-County Drain	5.00 - 6.00	<u>499,015</u>
		<u>\$ 2,364,015</u>

Note Payable

The Talmage Drain Drainage District entered into a promissory note with the Delinquent Tax Fund of the primary government in accordance with provisions of Act No. 40 of the Michigan Public Acts of 1956 as amended by Act No. 71 of the Public Acts of 1976 to finance improvements to the drain. Repayment of the promissory note will be made from special assessments against property owners and public corporations within the Drainage District. The balance at December 31, 2013 was \$510,000 with interest at a 5% annual rate.

Annual debt service requirements to maturities are as follows:

<u>Year Ended December 31,</u>	<u>Note Payable</u>		<u>Drainage Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 124,648	\$ 6,795	\$ 299,761	\$ 95,257
2015	126,530	4,913	304,762	83,018
2016	128,441	3,002	304,762	71,188
2017	130,381	1,062	304,730	60,483
2018	-	-	180,000	48,685
2019-2023	-	-	720,000	135,913
2024-2025	-	-	<u>250,000</u>	<u>11,688</u>
	<u>\$ 510,000</u>	<u>\$ 15,772</u>	<u>\$ 2,364,015</u>	<u>\$ 506,232</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, 2013

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 actuarially determined rates, which for 2013 were 12.05% for sheriff's department employees, 7.75% for former Medical Care Facility union employees and 13.32% for non-union employees at the Medical Care Facility, 8.62% for Department of Senior Activities and Health Department employees, 6.39% for general non-union employees, 11.21% for Central Dispatch employees, 5.09% for elected commissioners, 8.57% for union Community Mental Health employees, 8.23% for non-union Community Mental Health employees, and 8.17% for General Teamsters. The County elected to charge higher rates for certain employee groups to improve their funding levels. During 2013, the actual contribution rates utilized were as follows for the employee groups under this election: 13.00% for sheriff's department employees, 9.00% for Department of Senior Activities and Health Department employees, 6.50% for general non-union employees, 13.00% for Central Dispatch employees, 6.50% for elected commissioners, 9.00% for union Community Mental Health employees, 9.00% for non-union Community Mental Health employees, and 9.00% for General Teamsters. The contribution requirements of plan members and the County is established and may be amended by the County, depending on the MERS contribution program adopted by the County.

For the year ended December 31, 2013, the County's annual pension cost was \$2,532,923. The County's required and actual contributions were \$2,507,511 and \$2,611,887, respectively. The required contribution was determined as part of the December 31, 2011 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 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	\$ 2,507,511
Interest on net pension asset	(193,823)
ARC adjustment	<u>219,235</u>
Annual pension cost	2,532,923
Contributions made	(2,611,887)
Increase in net pension asset	(78,964)
Net pension asset – beginning of year	(2,422,778)
Net pension asset – end of year	<u><u>\$ (2,501,742)</u></u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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]
12/31/10	\$ 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
12/31/12	81,065,887	89,282,225	8,216,338	91	25,902,816	32

Schedule of Employer Contributions -

Primary Government

Year Ended December 31,	Annual Pension Cost	Percentage Contributed	Change in Net Pension Asset	Net Pension Asset
2011	\$ 2,346,870	185 %	\$ 1,122,451	\$ 2,424,773
2012	2,484,412	100	(1,995)	2,422,778
2013	2,532,923	103	78,964	2,501,742

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, 2013, employer contributions totaling \$436,033 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2011. 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 included in the County MERS plan and salaries and benefits for the employees of 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 to participant accounts of \$489,411 were made for the year ended December 31, 2013. The Medical Care Facility made a separate contribution to the Plan of \$183,250 for the year ended December 31, 2013.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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' collective bargaining units.

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, 2013, employer contributions of \$322,388 were made by the Road Commission. The alternative measurement method dated September 30, 2011 determined an annual required 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 over 30 years on an open period.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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	258,144
Adjustment to annual required contribution	(234,453)
Annual OPEB cost (expense)	1,000,950
Contributions made	(322,388)
Increase in net OPEB obligation	678,562
NET OPEB obligation – beginning of year	<u>3,687,771</u>
NET OPEB obligation – end of year	<u>\$ 4,366,333</u>

Schedule of Employer Contributions -

Year Ended September 30,	Annual OPEB Cost	Percentage Contributed	Change in Net OPEB Obligation	Net OPEB Obligation
2011	\$ 991,923	26.02 %	\$ 733,756	\$ 3,016,308
2012	996,636	32.63	671,463	3,687,771
2013	1,000,950	32.20	678,562	4,366,333

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	0.00 %	\$ 2,776,247	400 %
2011	10,084	12,287,321	12,277,237	0.08	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, 2013

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 workers' 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 \$450,000 per occurrence. 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, 2013

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 2013, 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>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$ 67,000	\$ 77,000	\$ 140,000	\$ 106,000	\$ 440,682	\$ 380,623
Incurred claims (including IBNR's)	108,788	61,881	448,101	459,745	1,066,313	789,027
Claims Paid	(24,564)	(71,881)	(538,101)	(425,745)	(1,089,995)	(728,968)
Unpaid claims, end of year	151,224	67,000	50,000	140,000	417,000	440,682
Less current portion	(25,000)	(10,000)	(14,000)	(90,000)	(150,000)	(150,000)
Long-term Liabilities	<u>\$ 126,224</u>	<u>\$ 57,000</u>	<u>\$ 36,000</u>	<u>\$ 50,000</u>	<u>\$ 267,000</u>	<u>\$ 290,682</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

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 and 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 System. At December 31, 2013, the County had committed \$12,988,883 for a construction contract and had spent \$11,453,900 through the end of the year leaving \$1,534,983 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, these 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 - NET POSITION/FUND BALANCE:

NET INVESTMENT IN CAPITAL ASSETS -

Governmental Activities:

Capital Assets		\$ 25,231,766
Less related debt -		
2004 Building Authority Refunding Bonds	(	185,000)
2011 G.O. Bonds	\$(10,975,000)	
Unspent portion of 2011 G.O. Bonds	<u>2,739,287</u>	(8,235,713)
Bond premium		(165,889)
Add - Refunding loss		<u>13,930</u>
		<u>\$ 16,659,094</u>

Business-type Activities:

Capital Assets		<u>\$ 14,769,275</u>
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LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

NOTE 15 - NET POSITION/FUND BALANCE - (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, 2013:

	Enabling Legislation	Other	Total
Acquisition/construction of capital assets:			
E-911 Construction	\$ -	\$ 2,739,287	\$ 2,739,287
Jail	-	629,558	629,558
Capital Construction/Improvement	-	30,000	30,000
Old Courthouse	-	6,319	6,319
			<u>3,405,164</u>
Debt Service:			
E-911	1,462,125	-	1,462,125
Community Mental Health	-	3,547	3,547
			<u>1,465,672</u>
Health and Welfare:			
Community Mental Health	-	128,402	128,402
Community Development	-	15,249	15,249
Senior Millage	204,007	-	204,007
Soldiers' Relief	96,982	-	96,982
Veterans' Trust	-	6,359	6,359
			<u>450,999</u>
Public Safety:			
E-911	1,246,651	-	1,246,651
Thumb Narcotics Unit	-	166,177	166,177
Law Enforcement - Other	-	92,743	92,743
			<u>1,505,571</u>
General Government:			
Budget Stabilization	2,547,799	-	2,547,799
Register of Deeds	544,859	-	544,859
			<u>3,092,658</u>
Other:			
Polly Ann Trail	-	871	871
Friend of Court	-	37,434	37,434
Family Marriage Counseling	62,130	-	62,130
County Surveyor	-	14,640	14,640
			<u>115,075</u>
Total Restricted Fund Balance - Governmental Funds			10,035,139
Unspent Bond Proceeds	-	(2,739,287)	(2,739,287)
Nonspendable -			
E-911	29,442	-	29,442
Total Restricted Net Position - Governmental Activities			<u>\$ 7,325,294</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2013

NOTE 15 - NET POSITION/FUND BALANCE - (cont'd):

	Enabling Legislation	Other	Total
Business-type Activities			
Other:			
Foreclosure sales	\$ 2,244,192	-	<u>\$ 2,244,192</u>

COMMITTED FUND BALANCES -

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

Major Funds -		
General Fund -		
General Government -		
Local Reserve		\$ 3,763,137
Emergency Disaster		34,100
Rental Property		16,087
Community Mental Health -		
Health and Welfare		1,761,418
Nonmajor Funds -		
Special Revenue Funds -		
Judicial -		
Law Library		28,856
Public Safety -		
Animal Control		116,052
Emergency Management		41,504
Community Grants		1,601
Police Service Contracts		109,943
Law Enforcement Programs		210,713
Law Enforcement		108,711
Health and Welfare -		
Health Department		79,489
Department of Human Services		32,418
Child Care		618,541
Multi-Purpose Collaborative Body		1,273
Recreation and Cultural -		
Parks Department		<u>3,543</u>
Total Committed Fund Balance		<u>\$ 6,927,386</u>

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE:

During the year the County adopted GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*. The effect of implementing this statement decreased net position in the Governmental Activities by \$72,823 and component units by \$131,304 as a result of reporting bond issuance costs as an outflow of resources, which under the preceded guidance required deferral and amortization of these amounts over the life of the debt issue.

An additional effect on the County of adopting this standard is the reclassification of deferred revenue (liability category used prior to 2013) on the governmental funds balance sheet for property taxes that were levied for a subsequent year and for the unavailable revenue from revolving loans, to deferred inflows of resources (a separate category) as of December 31, 2013. The adoption of this standard has no effect on the change in fund balances for the year ended December 31, 2013.

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, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 8,929,000	\$ 9,282,896	\$ 9,359,926	\$ 77,030
Licenses and permits	22,030	22,030	40,608	18,578
Intergovernmental	2,359,762	2,420,300	2,642,041	221,741
Charges for services	2,013,840	2,102,615	2,350,542	247,927
Fines and forfeits	218,350	218,350	205,975	(12,375)
Interest and rent	360,712	360,712	183,098	(177,614)
Other	2,756,642	2,777,939	2,742,557	(35,382)
Total Revenues	16,660,336	17,184,842	17,524,747	339,905
Expenditures:				
Legislative:				
Board of Commissioners	277,739	277,739	272,414	5,325
Judicial:				
Circuit Court	1,076,167	1,076,167	1,030,239	45,928
District Court	1,491,320	1,491,320	1,406,067	85,253
Jury Board	4,404	4,684	4,581	103
Indigent Counsel	421,487	521,009	519,221	1,788
Probate Court	556,880	502,089	471,606	30,483
Adult Probation	25,334	25,334	25,057	277
	3,575,592	3,620,603	3,456,771	163,832
General Government:				
Administrative	227,150	227,150	217,498	9,652
Elections	38,420	37,920	30,996	6,924
Professional Services	249,157	249,157	154,618	94,539
County Clerk	570,714	577,176	575,711	1,465
Tax Equalization	242,438	242,438	242,006	432
Prosecuting Attorney	1,126,506	1,128,319	1,122,747	5,572
Register of Deeds	283,208	283,208	280,843	2,365
County Treasurer	366,734	366,734	361,700	5,034
Computer Operations	193,935	207,067	206,782	285
Accounting	305,492	305,492	302,098	3,394
Building Operations	405,500	379,071	377,360	1,711
Building and Grounds	675,080	701,509	701,331	178
Drain Commissioner	318,785	318,785	314,919	3,866
Boundary Commission	400	400	-	400
	5,003,519	5,024,426	4,888,609	135,817

Continued

LAPEER COUNTY, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	\$ 2,801,171	\$ 2,804,171	\$ 2,827,573	\$(23,402)
Criminal Justice Training	9,500	9,500	8,217	1,283
Jail/Feeding Prisoners	2,955,789	2,993,591	3,004,915	(11,324)
Livestock Claims	1,000	1,000	-	1,000
Planning Commission	2,145	2,145	145	2,000
PLAT Board	607	607	-	607
	<u>5,770,212</u>	<u>5,811,014</u>	<u>5,840,850</u>	<u>(29,836)</u>
Public Works:				
Road Commission	212,165	226,061	226,060	1
Drains - County at Large	140,000	143,352	143,352	-
	<u>352,165</u>	<u>369,413</u>	<u>369,412</u>	<u>1</u>
Health and Welfare:				
Medical Examiner	64,831	85,620	86,335	(715)
Veterans' Burial	8,969	-	-	-
Veterans' Affairs	117,180	-	-	-
Veterans' Relief	1,000	-	-	-
Lapeer Development Corporation	7,000	12,000	12,000	-
	<u>198,980</u>	<u>97,620</u>	<u>98,335</u>	<u>(715)</u>
Recreation and Cultural:				
Cooperative Extension	221,029	221,029	215,473	5,556
Other:				
Bonds and Insurance	479,035	479,035	216,798	262,237
Memberships and Dues	14,800	14,800	14,269	531
Contingency	364,707	714,211	-	714,211
	<u>858,542</u>	<u>1,208,046</u>	<u>231,067</u>	<u>976,979</u>
 Total Expenditures	 <u>16,257,778</u>	 <u>16,629,890</u>	 <u>15,372,931</u>	 <u>1,256,959</u>
 Revenues over expenditures	 <u>402,558</u>	 <u>554,952</u>	 <u>2,151,816</u>	 <u>1,596,864</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, 2013**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Transfer In	\$ 1,671,272	\$ 7,000	\$ -	\$(7,000)
Transfers Out				
Special Revenue Funds -				
Parks Department	(20,000)	(20,000)	(20,384)	(384)
Friend of the Court	(280,000)	(280,000)	(280,000)	-
Health Department -				
Operations	(370,000)	(370,000)	(370,000)	-
Liquor tax	(140,000)	(153,722)	(153,722)	-
Mental Health	(202,900)	(202,900)	(202,900)	-
Animal Control	(30,000)	(30,000)	(15,000)	15,000
Emergency Management	(49,000)	(49,000)	(49,000)	-
Community Corrections	(47,145)	(47,145)	(15,000)	32,145
Police Service Contracts	(327,778)	(327,778)	(315,394)	12,384
Law Enforcement Programs	(4,573)	(4,573)	(3,166)	1,407
Law Enforcement	(72,499)	(72,499)	(63,782)	8,717
Law Library	(4,500)	(4,500)	(4,500)	-
Community Development	(23,847)	(23,847)	(15,413)	8,434
Department of Human Services	(21,135)	(21,135)	-	21,135
Child Care	(461,953)	(461,953)	(346,500)	115,453
Multi Purpose Collaborative Body	(18,500)	(18,500)	(18,500)	-
Internal Service Funds -				
Equipment Acquisition & Replacement	-	-	(60,915)	(60,915)
Total Transfers Out	(2,073,830)	(2,087,552)	(1,934,176)	153,376
Total Other Financing Sources (Uses)	(402,558)	(2,080,552)	(1,934,176)	146,376
Net Change in Fund Balance	-	(1,525,600)	217,640	1,743,240
Fund Balance at beginning of year	5,607,652	5,607,652	5,607,652	-
Fund Balance at end of year	\$ 5,607,652	\$ 4,082,052	\$ 5,825,292	\$ 1,743,240

Reconciliation of Budget-Basis to GAAP-Basis Reporting:

Net Change in General Fund Fund Balance - Budgetary Basis	\$ 217,640
Perspective difference -	
Other Budgeted Funds Net Change Allocated to the General Fund for GAAP-Basis General Fund	
Local Reserve	3,972
Budget Stabilization	14,003
Emergency Disaster	-
Rental Property	8,758
Net Change in General Fund Fund Balance - GAAP-Basis	\$ 244,373

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, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,209,937	\$ 2,360,233	\$ 2,109,210	\$(251,023)
Charges for services	15,043,067	15,116,067	14,272,613	(843,454)
Interest	2,750	2,750	2,437	(313)
Other	238,980	244,980	364,456	119,476
Total Revenues	17,494,734	17,724,030	16,748,716	(975,314)
Expenditures:				
Health and Welfare	17,697,634	17,926,930	16,707,630	1,219,300
Revenues over (under) expenditures	(202,900)	(202,900)	41,086	243,986
Other Financing Sources:				
Transfers in	202,900	202,900	202,900	-
Net Change in Fund Balance	-	-	243,986	243,986
Fund Balance at beginning of year	1,698,926	1,698,926	1,698,926	-
Fund Balance at end of year	<u>\$ 1,698,926</u>	<u>\$ 1,698,926</u>	<u>\$ 1,942,912</u>	<u>\$ 243,986</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The General Fund budgetary comparison schedule (non-GAAP budgetary basis) on pages 71-73 is presented on the same basis of accounting as that used in preparing the adopted budget. The County budgets the activities of the Local Reserve Fund, Budget Stabilization Fund, Emergency Disaster Fund and Rental Property Fund separately from the General Fund. However, the activities of the above mentioned funds are combined with the General Fund non-GAAP budgetary basis presentation to establish for financial reporting purposes the GAAP basis General Fund basic financial statement as required by GASB No. 54.
2. The budget for the Community Mental Health Fund (major special revenue fund) shown above as required supplementary information was prepared on a basis consistent with accounting principles generally accepted in the United States of America and on the same modified accrual basis used to reflect actual results.

SUPPLEMENTARY INFORMATION

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET GENERAL FUND DECEMBER 31, 2013

	General Fund (Budgetary Basis)	Local Reserve	Budget Stabilization	Emergency Disaster
Assets:				
Cash and cash equivalents	\$(2,307,970)	\$ 1,749,425	\$ 510,020	\$ 34,100
Investments	10,482,513	2,011,379	2,109,466	-
Receivables -				
Property taxes	1,094,434	-	-	-
Accounts and interest	23,508	2,333	8,018	-
Due from other governmental units	247,695	-	-	-
Due from other funds	110	-	-	-
Intrafund receivables	79,705	-	(79,705)	-
Advances to component units	90,000	-	-	-
Prepaid items	203,351	-	-	-
	<u>\$ 9,913,346</u>	<u>\$ 3,763,137</u>	<u>\$ 2,547,799</u>	<u>\$ 34,100</u>
Total Assets				
	<u>\$ 9,913,346</u>	<u>\$ 3,763,137</u>	<u>\$ 2,547,799</u>	<u>\$ 34,100</u>
Liabilities:				
Accounts payable	\$ 149,317	\$ -	\$ -	\$ -
Accrued liabilities	196,971	-	-	-
Due to other governmental units	533,122	-	-	-
Due to other funds	18,644	-	-	-
Interfund payables	3,190,000	-	-	-
Total Liabilities	<u>4,088,054</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable - advances/prepays	293,351	-	-	-
Restricted	-	-	2,547,799	-
Committed	-	3,763,137	-	34,100
Unassigned	5,531,941	-	-	-
Total Fund Balance	<u>5,825,292</u>	<u>3,763,137</u>	<u>2,547,799</u>	<u>34,100</u>
	<u>\$ 9,913,346</u>	<u>\$ 3,763,137</u>	<u>\$ 2,547,799</u>	<u>\$ 34,100</u>
Total Liabilities and Fund Balance				
	<u>\$ 9,913,346</u>	<u>\$ 3,763,137</u>	<u>\$ 2,547,799</u>	<u>\$ 34,100</u>

Rental Property	General Fund (GAAP-Basis)
\$ 16,149	\$ 1,724
-	14,603,358
-	1,094,434
-	33,859
-	247,695
-	110
-	-
-	90,000
-	203,351
<u>\$ 16,149</u>	<u>\$ 16,274,531</u>

\$ 62	\$ 149,379
-	196,971
-	533,122
-	18,644
-	3,190,000
<u>62</u>	<u>4,088,116</u>

-	293,351
-	2,547,799
16,087	3,813,324
-	5,531,941
<u>16,087</u>	<u>12,186,415</u>
<u>\$ 16,149</u>	<u>\$ 16,274,531</u>

LAPEER COUNTY, MICHIGAN

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

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund Budgetary - Basis	Local Reserve	Budget Stabilization	Emergency Disaster
Revenues:				
Taxes	\$ 9,359,926	\$ -	\$ -	\$ -
Licenses and permits	40,608	-	-	-
Intergovernmental	2,642,041	-	-	-
Charges for services	2,350,542	-	-	-
Fines and forfeits	205,975	-	-	-
Rents	160,714	-	-	-
Interest	22,384	3,972	14,003	-
Other	2,742,557	-	-	-
Total Revenues	<u>17,524,747</u>	<u>3,972</u>	<u>14,003</u>	<u>-</u>
Expenditures:				
Current -				
Legislative	272,414	-	-	-
Judicial	3,456,771	-	-	-
General Government	4,888,609	-	-	-
Public Safety	5,840,850	-	-	-
Public Works	369,412	-	-	-
Health and Welfare	98,335	-	-	-
Recreation and Cultural	215,473	-	-	-
Other Activities	231,067	-	-	-
Total Expenditures	<u>15,372,931</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	2,151,816	3,972	14,003	-
Other Financing Uses:				
Transfers out	<u>(1,934,176)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	217,640	3,972	14,003	-
Fund Balances at beginning of year	<u>5,607,652</u>	<u>3,759,165</u>	<u>2,533,796</u>	<u>34,100</u>
Fund Balances at end of year	<u>\$ 5,825,292</u>	<u>\$ 3,763,137</u>	<u>\$ 2,547,799</u>	<u>\$ 34,100</u>

<u>Rental Property</u>	<u>General Fund (GAAP-Basis)</u>
\$ -	\$ 9,359,926
-	40,608
-	2,642,041
-	2,350,542
-	205,975
18,140	178,854
-	40,359
-	2,742,557
<u>18,140</u>	<u>17,560,862</u>

-	272,414
-	3,456,771
9,382	4,897,991
-	5,840,850
-	369,412
-	98,335
-	215,473
-	231,067
<u>9,382</u>	<u>15,382,313</u>

8,758	2,178,549
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<u>-</u>	<u>(1,934,176)</u>
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8,758	244,373
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<u>7,329</u>	<u>11,942,042</u>
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<u>\$ 16,087</u>	<u>\$ 12,186,415</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, 2013

	Original/Final Budget	Actual	Variance Positive (Negative)
LOCAL RESERVE			
Revenues:			
Interest	\$ -	\$ 3,972	\$ 3,972
Fund Balance at beginning of year	<u>3,759,165</u>	<u>3,759,165</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 3,759,165</u></u>	<u><u>\$ 3,763,137</u></u>	<u><u>\$ 3,972</u></u>
BUDGET STABILIZATION			
Revenues:			
Interest	\$ -	\$ 14,003	\$ 14,003
Fund Balance at beginning of year	<u>2,533,796</u>	<u>2,533,796</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 2,533,796</u></u>	<u><u>\$ 2,547,799</u></u>	<u><u>\$ 14,003</u></u>
EMERGENCY DISASTER			
Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance at beginning of year	<u>34,100</u>	<u>34,100</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 34,100</u></u>	<u><u>\$ 34,100</u></u>	<u><u>\$ -</u></u>
RENTAL PROPERTY			
Revenues:			
Rent	\$ 17,700	\$ 18,140	\$ 440
Expenditures:			
General Government	<u>17,700</u>	<u>9,382</u>	<u>8,318</u>
Net Change in Fund Balance	-	8,758	8,758
Fund Balance at beginning of year	<u>7,329</u>	<u>7,329</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 7,329</u></u>	<u><u>\$ 16,087</u></u>	<u><u>\$ 8,758</u></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 or committed 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 charges for services. 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 licenses 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, licenses and permits 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. Other sources of support are provided by a transfer from the Senior Millage Fund.

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 and is funded primarily by charges for services.

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.

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

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

Child Care - is used to account for court-ordered expenses for the health and welfare of minor children. Financing is provided by 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 voted property tax millage to provide programs for veterans.

Senior Millage - is used to account for an ad valorem voted 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 and charges for services.

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:

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

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, 2013

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Assets:					
Cash and cash equivalents	\$ 4,683	\$ -	\$ 895,752	\$ -	\$ 62,130
Receivables (net of allowance) -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	339,660	-	-
Due from other governmental units	-	3,300	57,266	148,761	-
Inventory	-	-	-	-	-
Prepaid items	-	-	29,442	-	-
	<u>-</u>	<u>-</u>	<u>29,442</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 4,683</u>	<u>\$ 3,300</u>	<u>\$ 1,322,120</u>	<u>\$ 148,761</u>	<u>\$ 62,130</u>
Liabilities:					
Accounts payable	\$ 1,140	\$ -	\$ 8,491	\$ 3,400	\$ -
Accrued liabilities	-	-	34,048	20,958	-
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	3,488	1,585	-
Interfund payables	-	2,429	-	85,384	-
Advances from other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total Liabilities	<u>1,140</u>	<u>2,429</u>	<u>46,027</u>	<u>111,327</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue - revolving loans	-	-	-	-	-
Taxes levied for subsequent period	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable - inventory/prepays	-	-	29,442	-	-
Restricted	-	871	1,246,651	37,434	62,130
Committed	3,543	-	-	-	-
Total Fund Balance	<u>3,543</u>	<u>871</u>	<u>1,276,093</u>	<u>37,434</u>	<u>62,130</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 4,683</u>	<u>\$ 3,300</u>	<u>\$ 1,322,120</u>	<u>\$ 148,761</u>	<u>\$ 62,130</u>

Special Revenue Funds

<u>Health Department</u>	<u>Personal Care Aide Program</u>	<u>Animal Control</u>	<u>County Surveyor</u>	<u>Register of Deeds Automation</u>	<u>Emergency Management</u>	<u>Community Grants</u>
\$ 73,445	\$ 26,037	\$ 204,534	\$ -	\$ 547,570	\$ 7,874	\$ -
-	-	-	-	-	-	-
27,960	-	-	-	-	-	-
83,170	44,256	-	30,746	-	35,138	46,970
-	381	-	-	-	-	-
7,396	-	-	-	-	-	-
<u>\$ 191,971</u>	<u>\$ 70,674</u>	<u>\$ 204,534</u>	<u>\$ 30,746</u>	<u>\$ 547,570</u>	<u>\$ 43,012</u>	<u>\$ 46,970</u>
\$ 19,048	\$ 46,402	\$ 1,523	\$ -	\$ 2,711	\$ 109	\$ 4,048
67,637	22,503	3,382	-	-	1,311	8,175
13,161	-	-	-	-	-	-
5,240	1,388	256	-	-	88	430
-	-	-	16,106	-	-	32,716
-	-	-	-	-	-	-
-	-	83,321	-	-	-	-
<u>105,086</u>	<u>70,293</u>	<u>88,482</u>	<u>16,106</u>	<u>2,711</u>	<u>1,508</u>	<u>45,369</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
7,396	381	-	-	-	-	-
-	-	-	14,640	544,859	-	-
79,489	-	116,052	-	-	41,504	1,601
<u>86,885</u>	<u>381</u>	<u>116,052</u>	<u>14,640</u>	<u>544,859</u>	<u>41,504</u>	<u>1,601</u>
<u>\$ 191,971</u>	<u>\$ 70,674</u>	<u>\$ 204,534</u>	<u>\$ 30,746</u>	<u>\$ 547,570</u>	<u>\$ 43,012</u>	<u>\$ 46,970</u>

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2013

Special Revenue Funds

	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Law Enforcement	Law Enforcement - Other
Assets:					
Cash and cash equivalents	\$ 171,355	\$ -	\$ 210,880	\$ 115,330	\$ 97,448
Receivables -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units	14,085	147,624	-	-	-
Inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	\$ 185,440	\$ 147,624	\$ 210,880	\$ 115,330	\$ 97,448
Liabilities:					
Accounts payable	\$ 19,263	\$ -	\$ 167	\$ 1,887	\$ 4,705
Accrued liabilities	-	29,443	-	4,170	-
Due to other governmental units	-	-	-	-	-
Due to other funds	-	3,484	-	562	-
Interfund payables	-	4,754	-	-	-
Advances from other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	19,263	37,681	167	6,619	4,705
Deferred Inflows of Resources:					
Unavailable revenue - revolving loans	-	-	-	-	-
Taxes levied for subsequent period	-	-	-	-	-
	-	-	-	-	-
Fund Balance:					
Nonspendable - inventory/prepays	-	-	-	-	-
Restricted	166,177	-	-	-	92,743
Committed	-	109,943	210,713	108,711	-
Total Fund Balance	166,177	109,943	210,713	108,711	92,743
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 185,440	\$ 147,624	\$ 210,880	\$ 115,330	\$ 97,448

Special Revenue Funds

<u>Law Library</u>	<u>Community Development</u>	<u>Department of Human Services</u>	<u>Child Care</u>	<u>Veterans' Trust</u>	<u>Soldiers' Relief</u>	<u>Multi Purpose Collaborative Body</u>	<u>Senior Millage</u>
\$ 29,453	\$ 44,585	\$ 32,522	\$ 507,070	\$ 5,870	\$ 116,153	\$ 1,232	\$ 253,183
-	-	-	-	-	244,224	-	595,543
-	607,990	-	-	-	-	-	-
-	-	-	155,334	506	-	19,467	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 29,453</u>	<u>\$ 652,575</u>	<u>\$ 32,522</u>	<u>\$ 662,404</u>	<u>\$ 6,376</u>	<u>\$ 360,377</u>	<u>\$ 20,699</u>	<u>\$ 848,726</u>
\$ 597	\$ 28,441	\$ 104	\$ 39,281	\$ 17	\$ 939	\$ 1,142	\$ 35
-	825	-	4,265	-	1,849	10,042	-
-	-	-	-	-	-	-	-
-	70	-	317	-	148	742	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,500	-
-	-	-	-	-	-	-	-
<u>597</u>	<u>29,336</u>	<u>104</u>	<u>43,863</u>	<u>17</u>	<u>2,936</u>	<u>19,426</u>	<u>35</u>
-	607,990	-	-	-	-	-	-
-	-	-	-	-	260,459	-	644,684
-	607,990	-	-	-	260,459	-	644,684
-	-	-	-	-	-	-	-
-	15,249	-	-	6,359	96,982	-	204,007
28,856	-	32,418	618,541	-	-	1,273	-
<u>28,856</u>	<u>15,249</u>	<u>32,418</u>	<u>618,541</u>	<u>6,359</u>	<u>96,982</u>	<u>1,273</u>	<u>204,007</u>
<u>\$ 29,453</u>	<u>\$ 652,575</u>	<u>\$ 32,522</u>	<u>\$ 662,404</u>	<u>\$ 6,376</u>	<u>\$ 360,377</u>	<u>\$ 20,699</u>	<u>\$ 848,726</u>

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2013

	Debt Service Fund		Capital Project Funds				
	Community Mental Health	E-911 Construction	Jail	Capital Construction/ Improvement	Old Courthouse	Total	
Assets:							
Cash and cash equivalents	\$ 3,547	\$ 2,740,807	\$ 629,558	\$ 30,000	\$ 6,319	\$6,817,337	
Receivables -							
Property taxes	-	-	-	-	-	839,767	
Accounts and interest	-	-	-	-	-	975,610	
Due from other governmental units	-	-	-	-	-	786,623	
Inventory	-	-	-	-	-	381	
Prepaid items	-	-	-	-	-	36,838	
Total Assets	<u>\$ 3,547</u>	<u>\$ 2,740,807</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 6,319</u>	<u>\$9,456,556</u>	
Liabilities:							
Accounts payable	\$ -	\$ 1,520	\$ -	\$ -	\$ -	\$ 184,970	
Accrued liabilities	-	-	-	-	-	208,608	
Due to other governmental units	-	-	-	-	-	13,161	
Due to other funds	-	-	-	-	-	17,798	
Interfund payables	-	-	-	-	-	141,389	
Advances from other funds	-	-	-	-	-	7,500	
Unearned revenues	-	-	-	-	-	83,321	
Total Liabilities	<u>-</u>	<u>1,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>656,747</u>	
Deferred Inflows of Resources:							
Unavailable revenue - revolving loans	-	-	-	-	-	607,990	
Taxes levied for subsequent period	-	-	-	-	-	905,143	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,513,133</u>	
Fund Balance:							
Nonspendable - inventory/prepays	-	-	-	-	-	37,219	
Restricted	3,547	2,739,287	629,558	30,000	6,319	5,896,813	
Committed	-	-	-	-	-	1,352,644	
Total Fund Balance	<u>3,547</u>	<u>2,739,287</u>	<u>629,558</u>	<u>30,000</u>	<u>6,319</u>	<u>7,286,676</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,547</u>	<u>\$ 2,740,807</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 6,319</u>	<u>\$9,456,556</u>	

Concluded

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	8,085
Intergovernmental	-	6,573	-	884,569	-
Charges for services	133,930	-	1,755,912	109,254	-
Fines and forfeits	-	-	-	-	-
Rents	3,800	-	16,084	-	-
Interest	-	-	851	-	-
Other	894	-	1,053	124	-
Total Revenues	<u>138,624</u>	<u>6,573</u>	<u>1,773,900</u>	<u>993,947</u>	<u>8,085</u>
Expenditures:					
Current -					
Judicial	-	-	-	1,289,131	2,481
General Government	-	-	-	-	-
Public Safety	-	-	1,580,228	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	159,008	6,199	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>159,008</u>	<u>6,199</u>	<u>1,580,228</u>	<u>1,289,131</u>	<u>2,481</u>
Revenues over (under) expenditures	<u>(20,384)</u>	<u>374</u>	<u>193,672</u>	<u>(295,184)</u>	<u>5,604</u>
Other Financing Sources (Uses):					
Transfer In	20,384	-	-	280,000	-
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>20,384</u>	<u>-</u>	<u>-</u>	<u>280,000</u>	<u>-</u>
Net Change in Fund Balances	-	374	193,672	(15,184)	5,604
Fund Balances at beginning of year	<u>3,543</u>	<u>497</u>	<u>1,082,421</u>	<u>52,618</u>	<u>56,526</u>
Fund Balances at end of year	<u>\$ 3,543</u>	<u>\$ 871</u>	<u>\$ 1,276,093</u>	<u>\$ 37,434</u>	<u>\$ 62,130</u>

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	County Surveyor	Register of Deeds Automation	Emergency Management	Community Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
223,271	-	176,326	-	-	-	-
1,328,662	408,682	-	51,421	-	94,695	233,310
307,696	-	55,704	-	93,505	777	88,765
-	-	9,780	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	778	-	-
115,191	33,489	12,262	-	-	-	5,400
<u>1,974,820</u>	<u>442,171</u>	<u>254,072</u>	<u>51,421</u>	<u>94,283</u>	<u>95,472</u>	<u>327,475</u>
-	-	-	-	-	-	-
-	-	-	51,197	43,092	-	-
-	-	251,577	-	-	134,859	359,320
2,635,265	1,074,400	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,635,265</u>	<u>1,074,400</u>	<u>251,577</u>	<u>51,197</u>	<u>43,092</u>	<u>134,859</u>	<u>359,320</u>
(660,445)	(632,229)	2,495	224	51,191	(39,387)	(31,845)
594,361	632,000	15,000	-	-	49,000	15,000
-	-	(8,554)	-	-	-	-
<u>594,361</u>	<u>632,000</u>	<u>6,446</u>	<u>-</u>	<u>-</u>	<u>49,000</u>	<u>15,000</u>
(66,084)	(229)	8,941	224	51,191	9,613	(16,845)
<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>\$ 86,885</u>	<u>\$ 381</u>	<u>\$ 116,052</u>	<u>\$ 14,640</u>	<u>\$ 544,859</u>	<u>\$ 41,504</u>	<u>\$ 1,601</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Special Revenue Funds				
	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Law Enforcement	Law Enforcement - Other
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	55,906	-	20,929	83,250	-
Charges for services	-	938,484	9,661	20,780	-
Fines and forfeits	82,382	-	-	-	55,036
Rents	-	-	-	-	-
Interest	14	-	-	-	-
Other	27,429	-	1,420	50	-
Total Revenues	<u>165,731</u>	<u>938,484</u>	<u>32,010</u>	<u>104,080</u>	<u>55,036</u>
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	103,377	1,261,577	37,074	160,102	43,081
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	<u>103,377</u>	<u>1,261,577</u>	<u>37,074</u>	<u>160,102</u>	<u>43,081</u>
Revenues over (under) expenditures	<u>62,354</u>	<u>(323,093)</u>	<u>(5,064)</u>	<u>(56,022)</u>	<u>11,955</u>
Other Financing Sources (Uses):					
Transfers In	-	315,394	3,166	63,782	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>315,394</u>	<u>3,166</u>	<u>63,782</u>	<u>-</u>
Net Change in Fund Balances	62,354	(7,699)	(1,898)	7,760	11,955
Fund Balances at beginning of year	<u>103,823</u>	<u>117,642</u>	<u>212,611</u>	<u>100,951</u>	<u>80,788</u>
Fund Balances at end of year	<u>\$ 166,177</u>	<u>\$ 109,943</u>	<u>\$ 210,713</u>	<u>\$ 108,711</u>	<u>\$ 92,743</u>

Special Revenue Funds

Law Library	Community Development	Department of Human Services	Child Care	Veterans' Trust	Soliders' Relief	Multi Purpose Collaborative Body	Senior Millage
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,998	\$ -	\$ 651,675
-	60,650	-	-	-	-	-	-
-	117,512	40,097	396,812	34,872	500	84,429	-
-	-	-	125,855	-	-	23,358	-
6,500	7,868	-	2,990	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	114	-	-
-	-	-	54,582	-	-	53,105	-
<u>6,500</u>	<u>186,030</u>	<u>40,097</u>	<u>580,239</u>	<u>34,872</u>	<u>264,612</u>	<u>160,892</u>	<u>651,675</u>
8,954	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	201,443	42,128	923,745	28,513	167,914	183,352	21,172
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>8,954</u>	<u>201,443</u>	<u>42,128</u>	<u>923,745</u>	<u>28,513</u>	<u>167,914</u>	<u>183,352</u>	<u>21,172</u>
<u>(2,454)</u>	<u>(15,413)</u>	<u>(2,031)</u>	<u>(343,506)</u>	<u>6,359</u>	<u>96,698</u>	<u>(22,460)</u>	<u>630,503</u>
4,500	15,413	-	346,500	-	-	18,500	-
-	-	-	-	-	-	-	(632,000)
<u>4,500</u>	<u>15,413</u>	<u>-</u>	<u>346,500</u>	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>(632,000)</u>
2,046	-	(2,031)	2,994	6,359	96,698	(3,960)	(1,497)
<u>26,810</u>	<u>15,249</u>	<u>34,449</u>	<u>615,547</u>	<u>-</u>	<u>284</u>	<u>5,233</u>	<u>205,504</u>
<u>\$ 28,856</u>	<u>\$ 15,249</u>	<u>\$ 32,418</u>	<u>\$ 618,541</u>	<u>\$ 6,359</u>	<u>\$ 96,982</u>	<u>\$ 1,273</u>	<u>\$ 204,007</u>

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

	Debt Service Fund	Capital Project Funds				
	Community Mental Health	E-911 Construction	Jail	Capital Construction/ Improvement	Old Courthouse	Total
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 915,673
Licenses and permits	-	-	-	-	-	468,332
Intergovernmental	-	-	-	-	-	3,842,219
Charges for services	-	-	-	-	-	3,663,681
Fines and forfeits	-	-	-	-	-	164,556
Rents	161,503	-	-	-	-	181,387
Interest	67	5,036	-	-	-	6,860
Other	-	6,977	-	-	3,520	315,496
Total Revenues	<u>161,570</u>	<u>12,013</u>	<u>-</u>	<u>-</u>	<u>3,520</u>	<u>9,558,204</u>
Expenditures:						
Current -						
Judicial	-	-	-	-	-	1,300,566
General Government	-	-	-	-	265	94,554
Public Safety	-	-	-	-	-	3,931,195
Health and Welfare	-	-	-	-	-	5,277,932
Recreation and Cultural	-	-	-	-	-	165,207
Capital Outlay	-	225,449	-	-	10,651	236,100
Debt Service -						
Principal	165,000	-	-	-	-	165,000
Interest and charges	13,375	-	-	-	-	13,375
Total Expenditures	<u>178,375</u>	<u>225,449</u>	<u>-</u>	<u>-</u>	<u>10,916</u>	<u>11,183,929</u>
Revenues under expenditures	<u>(16,805)</u>	<u>(213,436)</u>	<u>-</u>	<u>-</u>	<u>(7,396)</u>	<u>(1,625,725)</u>
Other Financing Sources (Uses):						
Transfer In	-	-	-	-	-	2,373,000
Transfer Out	-	-	-	-	-	(640,554)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,732,446</u>
Net Change in Fund Balances	<u>(16,805)</u>	<u>(213,436)</u>	<u>-</u>	<u>-</u>	<u>(7,396)</u>	<u>106,721</u>
Fund Balances at beginning of year	<u>20,352</u>	<u>2,952,723</u>	<u>629,558</u>	<u>30,000</u>	<u>13,715</u>	<u>7,179,955</u>
Fund Balances at end of year	<u>\$ 3,547</u>	<u>\$ 2,739,287</u>	<u>\$ 629,558</u>	<u>\$ 30,000</u>	<u>\$ 6,319</u>	<u>\$ 7,286,676</u>

Concluded

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

	Amended Budget	Actual	Variance Positive (Negative)
PARKS DEPARTMENT			
Revenues:			
Charges for services	\$ 152,140	\$ 133,930	\$(18,210)
Rent	6,000	3,800	(2,200)
Other	-	894	894
Total Revenues	<u>158,140</u>	<u>138,624</u>	<u>(19,516)</u>
Expenditures:			
Recreation and Cultural	<u>158,140</u>	<u>159,008</u>	<u>(868)</u>
Revenues under expenditures	-	(20,384)	(20,384)
Other Financing Sources:			
Transfers in	<u>-</u>	<u>20,384</u>	<u>20,384</u>
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	<u>3,543</u>	<u>3,543</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 3,543</u></u>	<u><u>\$ 3,543</u></u>	<u><u>\$ -</u></u>

POLLY ANN TRAIL

Revenues:			
Intergovernmental	\$ 12,000	\$ 6,573	\$(5,427)
Expenditures:			
Recreation and Cultural	<u>12,000</u>	<u>6,199</u>	<u>5,801</u>
Net Change in Fund Balance	-	374	374
Fund Balance at beginning of year	<u>497</u>	<u>497</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 497</u></u>	<u><u>\$ 871</u></u>	<u><u>\$ 374</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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
E - 911			
Revenues:			
Charges for services	\$ 1,715,000	\$ 1,755,912	\$ 40,912
Interest	1,200	851	(349)
Rent	20,000	16,084	(3,916)
Other	-	1,053	1,053
Total Revenues	<u>1,736,200</u>	<u>1,773,900</u>	<u>37,700</u>
Expenditures:			
Public Safety	<u>1,736,200</u>	<u>1,580,228</u>	<u>155,972</u>
Net Change in Fund Balance	-	193,672	193,672
Fund Balance at beginning of year	<u>1,082,421</u>	<u>1,082,421</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,082,421</u></u>	<u><u>\$ 1,276,093</u></u>	<u><u>\$ 193,672</u></u>

FRIEND OF THE COURT

Revenues:			
Intergovernmental	\$ 916,067	\$ 884,569	\$(31,498)
Charges for services	116,200	109,254	(6,946)
Other	<u>37,000</u>	<u>124</u>	<u>(36,876)</u>
Total Revenues	1,069,267	993,947	(75,320)
Expenditures:			
Judicial	<u>1,349,267</u>	<u>1,289,131</u>	<u>60,136</u>
Revenues under expenditures	(280,000)	(295,184)	(15,184)
Other Financing Sources:			
Transfers in	<u>280,000</u>	<u>280,000</u>	<u>-</u>
Net Change in Fund Balance	-	(15,184)	(15,184)
Fund Balance at beginning of year	<u>52,618</u>	<u>52,618</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 52,618</u></u>	<u><u>\$ 37,434</u></u>	<u><u>\$(15,184)</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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
FAMILY MARRIAGE COUNSELING			
Revenues:			
Licenses and permits	\$ 7,500	\$ 8,085	\$ 585
Expenditures:			
Judicial	<u>7,500</u>	<u>2,481</u>	<u>5,019</u>
Net Change in Fund Balance	-	5,604	5,604
Fund Balance at beginning of year	<u>56,526</u>	<u>56,526</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 56,526</u></u>	<u><u>\$ 62,130</u></u>	<u><u>\$ 5,604</u></u>

HEALTH DEPARTMENT

Revenues:			
Licenses and permits	\$ 219,450	\$ 223,271	\$ 3,821
Intergovernmental	1,247,740	1,328,662	80,922
Charges for services	363,757	307,696	(56,061)
Other	<u>162,100</u>	<u>115,191</u>	<u>(46,909)</u>
Total Revenues	1,993,047	1,974,820	(18,227)
Expenditures:			
Health and Welfare	<u>2,503,047</u>	<u>2,635,265</u>	<u>(132,218)</u>
Revenues under expenditures	(510,000)	(660,445)	(150,445)
Other Financing Sources:			
Transfers in	<u>510,000</u>	<u>594,361</u>	<u>84,361</u>
Net Change in Fund Balance	-	(66,084)	(66,084)
Fund Balance at beginning of year	<u>152,969</u>	<u>152,969</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 152,969</u></u>	<u><u>\$ 86,885</u></u>	<u><u>\$(66,084)</u></u>

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

	Amended Budget	Actual	Variance Positive (Negative)
PERSONAL CARE AIDE PROGRAM			
Revenues:			
Intergovernmental	\$ 399,427	\$ 408,682	\$ 9,255
Other	43,126	33,489	(9,637)
Total Revenues	442,553	442,171	(382)
Expenditures:			
Health and Welfare	1,074,553	1,074,400	153
Revenues under expenditures	(632,000)	(632,229)	(229)
Other Financing Sources:			
Transfers in	632,000	632,000	-
Net Change in Fund Balance	-	(229)	(229)
Fund Balance at beginning of year	610	610	-
Fund Balance at end of year	\$ 610	\$ 381	\$(229)

ANIMAL CONTROL

Revenues:			
Licenses and permits	\$ 188,000	\$ 176,326	\$(11,674)
Charges for services	42,692	55,704	13,012
Fines and forfeits	7,500	9,780	2,280
Other	5,575	12,262	6,687
Total Revenues	243,767	254,072	10,305
Expenditures:			
Public Safety	273,767	251,577	22,190
Revenues over (under) expenditures	(30,000)	2,495	32,495
Other Financing Sources (Uses):			
Transfers in	30,000	15,000	(15,000)
Transfers out	-	(8,554)	(8,554)
Total Other Financing Sources (Uses)	30,000	6,446	(23,554)
Net Change in Fund Balance	-	8,941	8,941
Fund Balance at beginning of year	107,111	107,111	-
Fund Balance at end of year	\$ 107,111	\$ 116,052	\$ 8,941

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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
COUNTY SURVEYOR			
Revenues:			
Intergovernmental	\$ 51,686	\$ 51,421	\$(265)
Expenditures:			
General Government	51,686	51,197	489
Net Change in Fund Balance	-	224	224
Fund Balance at beginning of year	14,416	14,416	-
Fund Balance at end of year	<u>\$ 14,416</u>	<u>\$ 14,640</u>	<u>\$ 224</u>

REGISTER OF DEEDS AUTOMATION

Revenues:			
Charges for services	\$ 91,500	\$ 93,505	\$ 2,005
Interest	2,000	778	(1,222)
Total Revenues	93,500	94,283	783
Expenditures:			
General Government	93,500	43,092	50,408
Net Change in Fund Balance	-	51,191	51,191
Fund Balance at beginning of year	493,668	493,668	-
Fund Balance at end of year	<u>\$ 493,668</u>	<u>\$ 544,859</u>	<u>\$ 51,191</u>

EMERGENCY MANAGEMENT

Revenues:			
Intergovernmental	\$ 222,691	\$ 94,695	\$(127,996)
Charges for services	200	777	577
Other	2,480	-	(2,480)
Total Revenues	225,371	95,472	(129,899)
Expenditures:			
Public Safety	281,816	134,859	146,957
Revenues under expenditures	(56,445)	(39,387)	17,058
Other Financing Sources:			
Transfers in	49,000	49,000	-
Net Change in Fund Balance	(7,445)	9,613	17,058
Fund Balance at beginning of year	31,891	31,891	-
Fund Balance at end of year	<u>\$ 24,446</u>	<u>\$ 41,504</u>	<u>\$ 17,058</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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
COMMUNITY GRANTS			
Revenues:			
Intergovernmental	\$ 308,662	\$ 233,310	\$(75,352)
Charges for services	74,000	88,765	14,765
Other	6,000	5,400	(600)
Total Revenues	<u>388,662</u>	<u>327,475</u>	<u>(61,187)</u>
Expenditures:			
Public Safety	<u>435,807</u>	<u>359,320</u>	<u>76,487</u>
Revenues under expenditures	(47,145)	(31,845)	15,300
Other Financing Sources:			
Transfers in	<u>47,145</u>	<u>15,000</u>	<u>(32,145)</u>
Net Change in Fund Balance	-	(16,845)	(16,845)
Fund Balance at beginning of year	<u>18,446</u>	<u>18,446</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 18,446</u></u>	<u><u>\$ 1,601</u></u>	<u><u>\$(16,845)</u></u>

THUMB NARCOTICS UNIT

Revenues:			
Intergovernmental	\$ 80,000	\$ 55,906	\$(24,094)
Fines and forfeits	49,704	82,382	32,678
Interest	-	14	14
Other	20,000	27,429	7,429
Total Revenues	<u>149,704</u>	<u>165,731</u>	<u>16,027</u>
Expenditures:			
Public Safety	<u>149,704</u>	<u>103,377</u>	<u>46,327</u>
Net Change in Fund Balance	-	62,354	62,354
Fund Balance at beginning of year	<u>103,823</u>	<u>103,823</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 103,823</u></u>	<u><u>\$ 166,177</u></u>	<u><u>\$ 62,354</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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
POLICE SERVICE CONTRACTS			
Revenues:			
Charges for services	\$ 983,334	\$ 938,484	\$(44,850)
Expenditures:			
Public Safety	<u>1,311,112</u>	<u>1,261,577</u>	<u>49,535</u>
Revenues under expenditures	(327,778)	(323,093)	4,685
Other Financing Sources:			
Transfers in	<u>327,778</u>	<u>315,394</u>	<u>(12,384)</u>
Net Change in Fund Balance	-	(7,699)	(7,699)
Fund Balance at beginning of year	<u>117,642</u>	<u>117,642</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 117,642</u></u>	<u><u>\$ 109,943</u></u>	<u><u>\$(7,699)</u></u>

LAW ENFORCEMENT PROGRAMS

Revenues:			
Intergovernmental	\$ 81,945	\$ 20,929	\$(61,016)
Charges for services	10,000	9,661	(339)
Other	<u>5,465</u>	<u>1,420</u>	<u>(4,045)</u>
Total Revenues	97,410	32,010	(65,400)
Expenditures:			
Public Safety	<u>101,983</u>	<u>37,074</u>	<u>64,909</u>
Revenues under expenditures	(4,573)	(5,064)	(491)
Other Financing Sources:			
Transfers in	<u>4,573</u>	<u>3,166</u>	<u>(1,407)</u>
Net Change in Fund Balance	-	(1,898)	(1,898)
Fund Balance at beginning of year	<u>212,611</u>	<u>212,611</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 212,611</u></u>	<u><u>\$ 210,713</u></u>	<u><u>\$(1,898)</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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
LAW ENFORCEMENT			
Revenues:			
Intergovernmental	\$ 77,700	\$ 83,250	\$ 5,550
Charges for services	20,000	20,780	780
Other	-	50	50
Total Revenues	<u>97,700</u>	<u>104,080</u>	<u>6,380</u>
Expenditures:			
Public Safety	<u>180,199</u>	<u>160,102</u>	<u>20,097</u>
Revenues under expenditures	(82,499)	(56,022)	26,477
Other Financing Sources:			
Transfers in	<u>72,499</u>	<u>63,782</u>	(8,717)
Net Change in Fund Balance	(10,000)	7,760	17,760
Fund Balance at beginning of year	<u>100,951</u>	<u>100,951</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 90,951</u></u>	<u><u>\$ 108,711</u></u>	<u><u>\$ 17,760</u></u>

LAW ENFORCEMENT - OTHER

Revenues:			
Fines and forfeits	\$ 39,600	\$ 55,036	\$ 15,436
Expenditures:			
Public Safety	<u>42,350</u>	<u>43,081</u>	(731)
Net Change in Fund Balance	(2,750)	11,955	14,705
Fund Balance at beginning of year	<u>80,788</u>	<u>80,788</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 78,038</u></u>	<u><u>\$ 92,743</u></u>	<u><u>\$ 14,705</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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
LAW LIBRARY			
Revenues:			
Fines and forfeits	\$ 6,500	\$ 6,500	\$ -
Expenditures:			
Judicial	11,000	8,954	2,046
Revenues under expenditures	(4,500)	(2,454)	2,046
Other Financing Sources:			
Transfers in	4,500	4,500	-
Net Change in Fund Balance	-	2,046	2,046
Fund Balance at beginning of year	26,810	26,810	-
Fund Balance at end of year	<u>\$ 26,810</u>	<u>\$ 28,856</u>	<u>\$ 2,046</u>

COMMUNITY DEVELOPMENT

Revenues:			
License and permits	\$ 70,000	\$ 60,650	\$(9,350)
Intergovernmental	-	117,512	117,512
Fines and forfeits	5,000	7,868	2,868
Total Revenues	<u>75,000</u>	<u>186,030</u>	<u>111,030</u>
Expenditures:			
Health and Welfare	98,847	201,443	(102,596)
Revenues under expenditures	(23,847)	(15,413)	8,434
Other Financing Sources:			
Transfers in	23,847	15,413	(8,434)
Net change in Fund Balance	-	-	-
Fund Balance at beginning of year	15,249	15,249	-
Fund Balance at end of year	<u>\$ 15,249</u>	<u>\$ 15,249</u>	<u>\$ -</u>

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

	Amended Budget	Actual	Variance Positive (Negative)
DEPARTMENT OF HUMAN SERVICES			
Revenues:			
Intergovernmental	\$ -	\$ 40,097	\$ 40,097
Expenditures:			
Health and Welfare	21,135	42,128	(20,993)
Revenues under expenditures	(21,135)	(2,031)	19,104
Other Financing Sources:			
Transfers in	21,135	-	(21,135)
Net Change in Fund Balance	-	(2,031)	(2,031)
Fund Balance at beginning of year	34,449	34,449	-
Fund Balance at end of year	<u>\$ 34,449</u>	<u>\$ 32,418</u>	<u>\$(2,031)</u>

CHILD CARE

Revenues:			
Intergovernmental	\$ 712,485	\$ 396,812	\$(315,673)
Charges for services	161,500	125,855	(35,645)
Fines and forfeitures	16,256	2,990	(13,266)
Other	47,000	54,582	7,582
Total Revenues	937,241	580,239	(357,002)
Expenditures:			
Health and Welfare	1,484,816	923,745	561,071
Revenues under expenditures	(547,575)	(343,506)	204,069
Other Financing Sources:			
Transfers in	461,953	346,500	(115,453)
Net Change in Fund Balance	(85,622)	2,994	88,616
Fund Balance at beginning of year	615,547	615,547	-
Fund Balance at end of year	<u>\$ 529,925</u>	<u>\$ 618,541</u>	<u>\$ 88,616</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, 2013

	Amended Budget	Actual	Variance Positive (Negative)
VETERANS' TRUST			
Revenues:			
Intergovernmental	\$ 6,092	\$ 34,872	\$ 28,780
Expenditures:			
Health and Welfare	6,092	28,513	(22,421)
Net Change in Fund Balance	-	6,359	6,359
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	\$ -	\$ 6,359	\$ 6,359
SOLIDERS' RELIEF FUND			
Revenues:			
Taxes	\$ 263,647	\$ 263,998	\$ 351
Intergovernmental	-	500	500
Interest	-	114	114
Total Revenues	263,647	264,612	965
Expenditures:			
Health and Welfare	263,647	167,914	95,733
Net Change in Fund Balance	-	96,698	96,698
Fund Balance at beginning of year	284	284	-
Fund Balance at end of year	\$ 284	\$ 96,982	\$ 96,698
MULTI PURPOSE COLLABORATIVE BODY			
Revenues:			
Intergovernmental	\$ 103,509	\$ 84,429	\$(19,080)
Charges for services	45,416	23,358	(22,058)
Other	53,935	53,105	(830)
Total Revenues	202,860	160,892	(41,968)
Expenditures:			
Health and Welfare	233,091	183,352	49,739
Revenues under expenditures	(30,231)	(22,460)	7,771
Other Financing Sources:			
Transfers in	25,000	18,500	(6,500)
Net Change in Fund Balance	(5,231)	(3,960)	1,271
Fund Balance at beginning of year	5,233	5,233	-
Fund Balance at end of year	\$ 2	\$ 1,273	\$ 1,271

Continued

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 951,232	\$ 146,912	\$ 1,284,163	\$ 6,009
Deposits with agent	3,075	-	16,000	-
Due from other funds	-	-	-	-
Prepaid items	19,281	-	-	-
Total Current Assets	973,588	146,912	1,300,163	6,009
Property, Plant, and Equipment, Net	-	-	-	-
Total Assets	973,588	146,912	1,300,163	6,009
Liabilities:				
Current Liabilities:				
Accounts payable	-	30,593	2,810	-
Accrued claims - current portion	-	-	14,000	-
Total Current Liabilities	-	30,593	16,810	-
Long-Term Liabilities:				
Accrued claims liabilities	-	-	36,000	-
Total Liabilities	-	30,593	52,810	-
Net Position:				
Net investment in capital assets	-	-	-	-
Unrestricted	973,588	116,319	1,247,353	6,009
Total Net Position	\$ 973,588	\$ 116,319	\$ 1,247,353	\$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
\$ 143,839	\$ 1,705,931	\$ 323,628	\$ 5,047	\$ 4,566,761
-	-	-	-	19,075
-	-	27,847	-	27,847
-	8,175	-	-	27,456
143,839	1,714,106	351,475	5,047	4,641,139
394,739	1,981,780	-	-	2,376,519
538,578	3,695,886	351,475	5,047	7,017,658
-	59,063	130,363	-	222,829
-	-	-	-	14,000
-	59,063	130,363	-	236,829
-	-	-	-	36,000
-	59,063	130,363	-	272,829
394,739	1,981,780	-	-	2,376,519
143,839	1,655,043	221,112	5,047	4,368,310
\$ 538,578	\$ 3,636,823	\$ 221,112	\$ 5,047	\$ 6,744,829

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Health Insurance</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Centralized Purchasing</u>
Operating Revenues:				
Charges for services	\$ 3,761,552	\$ 121,288	\$ 128,103	\$ -
Operating Expenses:				
Administrative and operating	15,877	178	387	-
Retirement and health care savings contributions	-	-	-	-
Insurance and claims	3,636,657	30,593	(41,608)	-
Depreciation	-	-	-	-
Total Operating Expenses	<u>3,652,534</u>	<u>30,771</u>	<u>(41,221)</u>	<u>-</u>
Operating Income (Loss)	109,018	90,517	169,324	-
Non-Operating Revenues:				
Gain on sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss) before Transfers	<u>109,018</u>	<u>90,517</u>	<u>169,324</u>	<u>-</u>
Transfers:				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	109,018	90,517	169,324	-
Net Position at beginning of year	<u>864,570</u>	<u>25,802</u>	<u>1,078,029</u>	<u>6,009</u>
Net Position at end of year	<u><u>\$ 973,588</u></u>	<u><u>\$ 116,319</u></u>	<u><u>\$ 1,247,353</u></u>	<u><u>\$ 6,009</u></u>

<u>CMH Equipment Acquisition & Replacement</u>	<u>Equipment Acquisition & Replacement</u>	<u>Retirement</u>	<u>Public Employee Health Care</u>	<u>Total</u>
<u>\$ 76,620</u>	<u>\$ 799,533</u>	<u>\$ 1,392,472</u>	<u>\$ 117,300</u>	<u>\$ 6,396,868</u>
295	429,466	246	235	446,684
-	-	1,387,321	112,110	1,499,431
-	-	-	-	3,625,642
<u>77,509</u>	<u>352,077</u>	<u>-</u>	<u>-</u>	<u>429,586</u>
<u>77,804</u>	<u>781,543</u>	<u>1,387,567</u>	<u>112,345</u>	<u>6,001,343</u>
(1,184)	17,990	4,905	4,955	395,525
<u>-</u>	<u>28,600</u>	<u>-</u>	<u>-</u>	<u>28,600</u>
(1,184)	46,590	4,905	4,955	424,125
<u>-</u>	<u>384,469</u>	<u>-</u>	<u>-</u>	<u>384,469</u>
(1,184)	431,059	4,905	4,955	808,594
<u>539,762</u>	<u>3,205,764</u>	<u>216,207</u>	<u>92</u>	<u>5,936,235</u>
<u>\$ 538,578</u>	<u>\$ 3,636,823</u>	<u>\$ 221,112</u>	<u>\$ 5,047</u>	<u>\$ 6,744,829</u>

LAPEER COUNTY, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Health Insurance</u>	<u>Unemployment Insurance</u>	<u>Workers' Compensation</u>	<u>Centralized Purchasing</u>
Cash Flows From Operating Activities:				
Cash receipts for interfund services	\$ 3,761,552	\$ 123,646	\$ 130,461	\$ -
Cash payments to suppliers	(3,631,153)	(13,715)	(46,654)	-
Net Cash Provided by (Used in) Operating Activities	<u>130,399</u>	<u>109,931</u>	<u>83,807</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities:				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	-	-	-	-
Proceeds from sale of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	130,399	109,931	83,807	-
Cash and Cash Equivalents at beginning of year	<u>820,833</u>	<u>36,981</u>	<u>1,200,356</u>	<u>6,009</u>
Cash and Cash Equivalents at end of year	<u><u>\$ 951,232</u></u>	<u><u>\$ 146,912</u></u>	<u><u>\$ 1,284,163</u></u>	<u><u>\$ 6,009</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating Income (Loss)	\$ 109,018	\$ 90,517	\$ 169,324	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -				
Depreciation	-	-	-	-
Change in assets and liabilities:				
Due to/from other funds	-	2,358	2,358	-
Prepaid expenses/deposits	21,381	-	-	-
Accounts payable	-	17,056	2,125	-
Accrued claims	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 130,399</u></u>	<u><u>\$ 109,931</u></u>	<u><u>\$ 83,807</u></u>	<u><u>\$ -</u></u>

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
\$ 76,620	\$ 827,015	\$ 1,387,971	\$ 117,300	\$ 6,424,565
(295)	(406,454)	(1,396,137)	(112,345)	(5,606,753)
<u>76,325</u>	<u>420,561</u>	<u>(8,166)</u>	<u>4,955</u>	<u>817,812</u>
-	384,469	-	-	384,469
(66,063)	(395,073)	-	-	(461,136)
-	28,600	-	-	28,600
<u>(66,063)</u>	<u>(366,473)</u>	<u>-</u>	<u>-</u>	<u>(432,536)</u>
10,262	438,557	(8,166)	4,955	769,745
<u>133,577</u>	<u>1,267,374</u>	<u>331,794</u>	<u>92</u>	<u>3,797,016</u>
<u>\$ 143,839</u>	<u>\$ 1,705,931</u>	<u>\$ 323,628</u>	<u>\$ 5,047</u>	<u>\$ 4,566,761</u>
\$(1,184)	\$ 17,990	\$ 4,905	\$ 4,955	\$ 395,525
77,509	352,077	-	-	429,586
-	27,482	(4,501)	-	27,697
-	(8,175)	-	-	13,206
-	31,187	(8,570)	-	41,798
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>
<u>\$ 76,325</u>	<u>\$ 420,561</u>	<u>\$(8,166)</u>	<u>\$ 4,955</u>	<u>\$ 817,812</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, 2013

	<u>General Agency</u>	<u>Library Penal Fines</u>	<u>District Court</u>	<u>Common Banking</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 761,412	\$ 26,131	\$ 88,118	\$ 66,517	\$ 942,178
Due from other governmental units	<u>33,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,936</u>
Total Assets	<u><u>\$ 795,348</u></u>	<u><u>\$ 26,131</u></u>	<u><u>\$ 88,118</u></u>	<u><u>\$ 66,517</u></u>	<u><u>\$ 976,114</u></u>
Liabilities:					
Due to other governmental units	\$ 389,376	\$ -	\$ 58,107	\$ 62,626	\$ 510,109
Due to individuals and agencies	<u>405,972</u>	<u>26,131</u>	<u>30,011</u>	<u>3,891</u>	<u>466,005</u>
Total Liabilities	<u><u>\$ 795,348</u></u>	<u><u>\$ 26,131</u></u>	<u><u>\$ 88,118</u></u>	<u><u>\$ 66,517</u></u>	<u><u>\$ 976,114</u></u>

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 1,562,720	\$ 79,404,754	\$ 80,025,296	\$ 942,178
Due from other governmental units	-	33,936	-	33,936
	<u>1,562,720</u>	<u>79,438,690</u>	<u>80,025,296</u>	<u>976,114</u>
Total Assets	<u>\$ 1,562,720</u>	<u>\$ 79,438,690</u>	<u>\$ 80,025,296</u>	<u>\$ 976,114</u>

Liabilities:				
Due to other governmental units	\$ 926,714	\$ 58,300,906	\$ 58,717,511	\$ 510,109
Due to individuals and agencies	636,006	2,032,498	2,202,499	466,005
	<u>1,562,720</u>	<u>60,333,404</u>	<u>60,920,010</u>	<u>976,114</u>
Total Liabilities	<u>\$ 1,562,720</u>	<u>\$ 60,333,404</u>	<u>\$ 60,920,010</u>	<u>\$ 976,114</u>

GENERAL AGENCY FUND

Assets:				
Cash and cash equivalents	\$ 1,376,876	\$ 49,473,817	\$ 50,089,281	\$ 761,412
Due from other governmental units	-	33,936	-	33,936
	<u>1,376,876</u>	<u>49,507,753</u>	<u>50,089,281</u>	<u>795,348</u>
Total Assets	<u>\$ 1,376,876</u>	<u>\$ 49,507,753</u>	<u>\$ 50,089,281</u>	<u>\$ 795,348</u>
Liabilities:				
Due to other governmental units	\$ 818,985	\$ 49,316,697	\$ 49,746,306	\$ 389,376
Due to individuals and agencies	557,891	348,340	500,259	405,972
	<u>1,376,876</u>	<u>49,665,037</u>	<u>50,246,565</u>	<u>795,348</u>
Total Liabilities	<u>\$ 1,376,876</u>	<u>\$ 49,665,037</u>	<u>\$ 50,246,565</u>	<u>\$ 795,348</u>

LIBRARY PENAL FINES

Assets:				
Cash and cash equivalents	\$ 22,196	\$ 322,148	\$ 318,213	\$ 26,131
	<u>22,196</u>	<u>322,148</u>	<u>318,213</u>	<u>26,131</u>
Liabilities:				
Due to individuals and agencies	\$ 22,196	\$ 633,861	\$ 629,926	\$ 26,131
	<u>22,196</u>	<u>633,861</u>	<u>629,926</u>	<u>26,131</u>

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1, 2013	Additions	Reductions	Balance December 31, 2013
DISTRICT COURT				
Assets:				
Cash and cash equivalents	\$ 92,150	\$ 2,160,295	\$ 2,164,327	\$ 88,118
Liabilities:				
Due to other governmental units	\$ 40,122	\$ 3,161,321	\$ 3,143,336	\$ 58,107
Due to individuals and agencies	52,028	182,311	204,328	30,011
Total Liabilities	\$ 92,150	\$ 3,343,632	\$ 3,347,664	\$ 88,118
COMMON BANKING				
Assets:				
Cash and cash equivalents	\$ 71,498	\$ 27,448,494	\$ 27,453,475	\$ 66,517
Liabilities:				
Due to other governmental units	\$ 67,607	\$ 5,822,888	\$ 5,827,869	\$ 62,626
Due to individuals and agencies	3,891	867,986	867,986	3,891
Total Liabilities	\$ 71,498	\$ 6,690,874	\$ 6,695,855	\$ 66,517

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, 2013**

	Balance January 1, 2013	Additions	Disposals/ Adjustments	Balance December 31, 2013
General County:				
Land	\$ 768,833	\$ -	\$ -	\$ 768,833
Land improvements	1,668,381	-	-	1,668,381
Buildings	22,445,628	19,788	-	22,465,416
Equipment	18,646,966	225,449	-	18,872,415
Vehicles	251,666	-	-	251,666
	<u>43,781,474</u>	<u>245,237</u>	<u>-</u>	<u>44,026,711</u>
Less - accumulated depreciation	<u>(19,576,737)</u>	<u>(1,594,727)</u>	<u>-</u>	<u>(21,171,464)</u>
Total Investment in Capital Assets, Net	<u><u>\$ 24,204,737</u></u>	<u><u>\$(1,349,490)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 22,855,247</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, 2013

	<u>Total</u>	<u>Land and Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Vehicles</u>
General Government:					
Legislative	\$ 678,772	\$ 225,000	\$ 453,772	\$ -	\$ -
Judicial	3,368,189	85,861	3,193,214	59,169	29,945
General Services	6,132,543	212,129	5,702,051	212,816	5,547
	<u>10,179,504</u>	<u>522,990</u>	<u>9,349,037</u>	<u>271,985</u>	<u>35,492</u>
Public Works:					
Environmental/Recycling	30,000	-	30,000	-	-
Drain Commission	194,674	-	-	-	194,674
	<u>224,674</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>194,674</u>
Public Safety:					
Animal Shelter	274,324	25,302	221,800	27,222	-
Emergency Preparedness	143,999	-	-	143,999	-
Marine Safety	21,500	-	-	-	21,500
911 Communications Center	18,667,539	75,926	990,938	17,600,675	-
Community Corrections	5,535	-	-	5,535	-
Sheriff	6,115,450	498,389	5,486,924	130,137	-
	<u>25,228,347</u>	<u>599,617</u>	<u>6,699,662</u>	<u>17,907,568</u>	<u>21,500</u>
Health and Welfare:					
Health Department	714,045	37,221	238,782	438,042	-
Mental Health	3,111,154	180,894	2,761,706	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>5,771,619</u>	<u>361,595</u>	<u>4,759,212</u>	<u>650,812</u>	<u>-</u>
Recreation and Cultural:					
Parks and Recreation	2,482,770	911,415	1,529,305	42,050	-
Libraries	139,797	41,597	98,200	-	-
	<u>2,622,567</u>	<u>953,012</u>	<u>1,627,505</u>	<u>42,050</u>	<u>-</u>
Total Capital Assets	44,026,711	2,437,214	22,465,416	18,872,415	251,666
Less: accumulated depreciation	(21,171,464)	(1,345,318)	(12,014,529)	(7,559,951)	(251,666)
Total Capital Assets - (Net of Accumulated Depreciation)	<u>\$ 22,855,247</u>	<u>\$ 1,091,896</u>	<u>\$ 10,450,887</u>	<u>\$ 11,312,464</u>	<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 CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2013

	Balance January 1, 2013	Additions	Disposals	Balance December 31, 2013
General Government:				
Legislative	\$ 678,772	\$ -	\$ -	\$ 678,772
Judicial	3,368,189	-	-	3,368,189
General Services	6,132,543	-	-	6,132,543
Total General Government	<u>10,179,504</u>	<u>-</u>	<u>-</u>	<u>10,179,504</u>
Public Works:				
Environmental/Recycling	30,000	-	-	30,000
Drain Commission	194,674	-	-	194,674
Total Public Works	<u>224,674</u>	<u>-</u>	<u>-</u>	<u>224,674</u>
Public Safety:				
Animal Shelter	274,324	-	-	274,324
Emergency Preparedness	143,999	-	-	143,999
Marine Safety	21,500	-	-	21,500
911 Center	18,442,091	225,448	-	18,667,539
Community Corrections	5,535	-	-	5,535
Sheriff	6,115,450	-	-	6,115,450
Total Public Safety	<u>25,002,899</u>	<u>225,448</u>	<u>-</u>	<u>25,228,347</u>
Health and Welfare:				
Health Department	714,045	-	-	714,045
Mental Health	3,102,016	9,138	-	3,111,154
D.O.S.A.	32,686	-	-	32,686
Family Independence Agency	1,913,734	-	-	1,913,734
Total Health and Welfare	<u>5,762,481</u>	<u>9,138</u>	<u>-</u>	<u>5,771,619</u>
Recreation and Cultural:				
Parks and Recreation	2,472,119	10,651	-	2,482,770
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	<u>2,611,916</u>	<u>10,651</u>	<u>-</u>	<u>2,622,567</u>
 Total Capital Assets	 <u>\$ 43,781,474</u>	 <u>\$ 245,237</u>	 <u>\$ -</u>	 <u>\$ 44,026,711</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, 2013**

	Major Funds				
	Debt Service Funds				
	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSS 2007	Almont Sewage Disposal 2002
Assets:					
Cash and cash equivalents	\$ 4,439	\$ 766	\$ 877	\$ 5,915	\$ 9,427
Contracts receivable	135,000	-	361,507	1,602,694	995,000
	<u>135,000</u>	<u>-</u>	<u>361,507</u>	<u>1,602,694</u>	<u>995,000</u>
Total Assets	<u>\$ 139,439</u>	<u>\$ 766</u>	<u>\$ 362,384</u>	<u>\$ 1,608,609</u>	<u>\$ 1,004,427</u>
Deferred Inflows of Resources:					
Unavailable revenue - special assessments	\$ 135,000	\$ -	\$ 361,507	\$ 1,602,694	\$ 995,000
	<u>135,000</u>	<u>-</u>	<u>361,507</u>	<u>1,602,694</u>	<u>995,000</u>
Fund Balance:					
Restricted - Debt service	4,439	766	877	5,915	9,427
	<u>4,439</u>	<u>766</u>	<u>877</u>	<u>5,915</u>	<u>9,427</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$ 139,439</u>	<u>\$ 766</u>	<u>\$ 362,384</u>	<u>\$ 1,608,609</u>	<u>\$ 1,004,427</u>

Major Fund	Nonmajor Funds			
Debt Service Funds				
Dryden WSS 2007	Almont Wastewater Treatment	Almont Sewer Improvement	Elba Wastewater Treatment	Total
\$ 641	\$ 6,718	\$ 1,065	\$ 8,831	\$ 38,679
514,868	-	-	-	3,609,069
<u>\$ 515,509</u>	<u>\$ 6,718</u>	<u>\$ 1,065</u>	<u>\$ 8,831</u>	<u>\$ 3,647,748</u>
\$ 514,868	\$ -	\$ -	\$ -	\$ 3,609,069
641	6,718	1,065	8,831	38,679
<u>\$ 515,509</u>	<u>\$ 6,718</u>	<u>\$ 1,065</u>	<u>\$ 8,831</u>	<u>\$ 3,647,748</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, 2013**

Fund Balance - total board of public works funds	\$ 38,679
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	(5,991)
Long-term liabilities that are not payable in the current period and are therefore not reported in the governmental fund statements	
Bonds/notes payable	(3,609,069)
Accrued interest on bonds/notes payable	(17,723)
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 premium	(14,965)
Revenues that are deferred in the governmental fund statements because the amounts are not available	
Lease revenue	<u>3,609,069</u>
Net Position of Board of Public Works	<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, 2013**

	Major Funds				
	Debt Service Funds				
	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSSI 2007	Almont Sewage Disposal 2002
Revenues:					
Intergovernmental	\$ 138,385	\$ -	\$ 64,725	\$ 125,970	\$ 131,569
Interest	2	1	1	5	8
Total Revenues	<u>138,387</u>	<u>1</u>	<u>64,726</u>	<u>125,975</u>	<u>131,577</u>
Expenditures:					
Debt Service -					
Principal retirement	130,000	-	55,000	90,000	95,000
Interest and fiscal charges	<u>8,160</u>	<u>-</u>	<u>9,725</u>	<u>35,970</u>	<u>36,419</u>
Total Expenditures	<u>138,160</u>	<u>-</u>	<u>64,725</u>	<u>125,970</u>	<u>131,419</u>
Net Change in Fund Balance	227	1	1	5	158
Fund Balance at beginning of year	<u>4,212</u>	<u>765</u>	<u>876</u>	<u>5,910</u>	<u>9,269</u>
Fund Balance at end of year	<u><u>\$ 4,439</u></u>	<u><u>\$ 766</u></u>	<u><u>\$ 877</u></u>	<u><u>\$ 5,915</u></u>	<u><u>\$ 9,427</u></u>

Major Fund	Nonmajor Funds			
Debt Service Funds				
Dryden WSSI 2007	Almont Wastewater Treatment	Almont Sewer Improvement	Elba Wastewater Treatment	Total
\$ 41,578	\$ -	\$ -	\$ -	\$ 502,227
1	-	1	8	27
41,579	-	1	8	502,254
30,000	-	-	-	400,000
11,578	-	-	-	101,852
41,578	-	-	-	501,852
1	-	1	8	402
640	6,718	1,064	8,823	38,277
\$ 641	\$ 6,718	\$ 1,065	\$ 8,831	\$ 38,679

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, 2013

Net Change in Fund Balances - total board of public works funds	\$	402
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		400,000
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		2,362
Amortization of discount on bonds	(	3,510)
Amortization of deferred loss on refunding	(	3,383)
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	(	<u>398,991)</u>
Change in Net Position of the Board of Public Works	\$	<u><u>-</u></u>

DRAINAGE DISTRICT FUNDS

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET GOVERNMENTAL FUND TYPES DRAINAGE DISTRICTS DECEMBER 31, 2013

	Major Funds				
	Debt Service Funds			Capital Projects Funds	
	Talmage Drain	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
Assets:					
Cash and cash equivalents	\$ 49,282	\$ 169,630	\$ 964,707	\$ -	\$ 653,274
Investments	-	-	-	-	1,180,825
Receivables -					
Special assessments	517,185	434,156	1,557,842	-	245,487
Interest	-	-	-	-	2,187
Due from other funds	-	-	-	-	-
Due from other governmental units	-	15,721	-	-	28,229
Deposits	-	128,887	-	41,730	-
Total Assets	<u>\$ 566,467</u>	<u>\$ 748,394</u>	<u>\$ 2,522,549</u>	<u>\$ 41,730</u>	<u>\$ 2,110,002</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,474
Due to other governmental units	-	-	-	-	59,000
Due to other funds	-	1,330	-	-	44,405
Advances from primary government	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>105,879</u>
Deferred Inflows of Resources:					
Unavailable revenue -					
Contract billings	-	-	-	-	28,229
Special assessments	394,329	333,133	1,544,645	-	-
Total Deferred Inflows of Resources	<u>394,329</u>	<u>333,133</u>	<u>1,544,645</u>	<u>-</u>	<u>28,229</u>
Fund Balances:					
Restricted -					
Debt service	172,138	413,931	977,904	-	-
Acquisition/construction of capital assets	-	-	-	41,730	1,975,894
Total Fund Balance	<u>172,138</u>	<u>413,931</u>	<u>977,904</u>	<u>41,730</u>	<u>1,975,894</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 566,467</u>	<u>\$ 748,394</u>	<u>\$ 2,522,549</u>	<u>\$ 41,730</u>	<u>\$ 2,110,002</u>

Major Funds		Nonmajor Funds			
Capital Project Funds		Debt Service Funds			
Drain Revolving	Talmage Drain	Winn Lake	Lake Lapeer Lake Level	Potter's Lake	Total
\$ 95,450	\$ 29,891	\$ 153,821	\$ 487	\$ 3,287	\$ 2,119,829
-	-	-	-	-	1,180,825
-	-	127,296	-	-	2,881,966
-	-	-	-	-	2,187
-	-	1,330	-	-	1,330
-	-	-	-	-	43,950
-	-	-	-	-	170,617
<u>\$ 95,450</u>	<u>\$ 29,891</u>	<u>\$ 282,447</u>	<u>\$ 487</u>	<u>\$ 3,287</u>	<u>\$ 6,400,704</u>
\$ -	\$ 19,933	\$ -	\$ -	\$ -	\$ 22,407
-	-	-	-	-	59,000
-	-	-	-	-	45,735
90,000	-	-	-	-	90,000
<u>90,000</u>	<u>19,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,142</u>
-	-	-	-	-	28,229
-	-	106,843	-	-	2,378,950
-	-	106,843	-	-	2,407,179
-	-	175,604	487	3,287	1,743,351
5,450	9,958	-	-	-	2,033,032
<u>5,450</u>	<u>9,958</u>	<u>175,604</u>	<u>487</u>	<u>3,287</u>	<u>3,776,383</u>
<u>\$ 95,450</u>	<u>\$ 29,891</u>	<u>\$ 282,447</u>	<u>\$ 487</u>	<u>\$ 3,287</u>	<u>\$ 6,400,704</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, 2013

Fund Balances - total drainage district funds	\$	3,776,383
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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	29,905,991
Accumulated depreciation	(15,039,054)

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

Contact billings	28,229
Special assessments	2,378,950

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.

740,291

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	(2,874,015)
Accrued interest on bonds/notes payable	(17,153)

Net Position of Drainage Districts	\$	<u>18,899,622</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, 2013

	Major Funds				
	Debt Service Funds			Capital Project Funds	
	Talmage Drain	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
Revenues:					
Local contribution	\$ -	\$ -	\$ -	\$ -	\$ 95,322
Interest	344	97	693	-	5,576
Other - special assessments	171,794	133,900	230,815	-	455,234
Total Revenues	<u>172,138</u>	<u>133,997</u>	<u>231,508</u>	<u>-</u>	<u>556,132</u>
Expenditures:					
Capital Outlay	-	-	-	-	-
Maintenance	-	-	-	-	483,719
Debt Service -					
Principal retirement	-	124,767	150,000	-	-
Interest and fiscal charges	-	20,412	74,980	-	-
Total Expenditures	<u>-</u>	<u>145,179</u>	<u>224,980</u>	<u>-</u>	<u>483,719</u>
Revenues over (under) expenditures	172,138	(11,182)	6,528	-	72,413
Other Financing Sources (Uses):					
Note proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	172,138	(11,182)	6,528	-	72,413
Fund Balances at beginning of year	<u>-</u>	<u>425,113</u>	<u>971,376</u>	<u>41,730</u>	<u>1,903,481</u>
Fund Balances at end of year	<u>\$ 172,138</u>	<u>\$ 413,931</u>	<u>\$ 977,904</u>	<u>\$ 41,730</u>	<u>\$ 1,975,894</u>

Major Fund		Nonmajor Funds			
Capital					
Project Funds		Debt Service Funds			
Drain Revolving	Talmage Drain	Winn Lake	Lake Lapeer Lake Level	Potter's Lake	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 95,322
119	-	114	1	3	6,947
-	-	24,346	-	-	1,016,089
119	-	24,460	1	3	1,118,358
-	500,042	-	-	-	500,042
-	-	-	-	-	483,719
-	-	25,000	-	-	299,767
-	-	13,491	-	-	108,883
-	500,042	38,491	-	-	1,392,411
119	(500,042)	(14,031)	1	3	(274,053)
-	510,000	-	-	-	510,000
119	9,958	(14,031)	1	3	235,947
5,331	-	189,635	486	3,284	3,540,436
\$ 5,450	\$ 9,958	\$ 175,604	\$ 487	\$ 3,287	\$ 3,776,383

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, 2013

Net Change in Fund Balances - total drainage district funds	\$	235,947
<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>		
Capital outlay		500,042
Depreciation expense	(	529,289)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		134,561
<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		299,767
Note proceeds	(	510,000)
<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>		
	(	136,172)
<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	(	5,533)
Change in Net Position of Drainage Districts	\$	<u><u>10,677</u></u>

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET POSITION
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
DECEMBER 31, 2013**

Assets:

Current Assets:

Cash and cash equivalents	\$ 700,418
Due from other funds	44,405
Total Current Assets	<u>744,823</u>

Property, Plant and Equipment, Net	<u>5,838</u>
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Total Assets	<u>750,661</u>
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Liabilities:

Current Liabilities:

Accounts payable	<u>10,370</u>
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Net Position:

Net investment in capital assets	5,838
Unrestricted	<u>734,453</u>
Total Net Position	<u><u>\$ 740,291</u></u>

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Operating Revenue:

Charges for services	<u>\$ 54,312</u>
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Operating Expenses:

Drain Maintenance	188,484
Depreciation	<u>2,919</u>
Total Operating Expenses	<u>191,403</u>

Operating Loss	(137,091)
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Non-Operating Revenue:

Interest	<u>919</u>
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Change in Net Position	(136,172)
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Net Position at beginning of year	<u>876,463</u>
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Net Position at end of year	<u><u>\$ 740,291</u></u>
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LAPEER COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS

DRAIN EQUIPMENT AND MAINTENANCE PROPRIETARY FUND - DRAINAGE DISTRICTS

INTERNAL SERVICE FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows From Operating Activities:

Receipts for services	\$ 329,509
Payments to suppliers	(184,428)
Net Cash Provided by Operating Activities	<u>145,081</u>

Cash Flows From Investing Activities:

Interest received on investments	<u>919</u>
Net increase in cash and cash equivalents	146,000
Cash and cash equivalents at beginning of year	<u>554,418</u>
Cash and cash equivalents at end of year	<u><u>\$ 700,418</u></u>

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

Operating loss	\$(137,091)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	2,919
Changes in assets and liabilities:	
Due from other governmental units	157,765
Due from other funds	117,432
Accounts payable	<u>4,056</u>
Net Cash Provided by Operating Activities	<u><u>\$ 145,081</u></u>

SECTION THREE: STATISTICAL SECTION

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

Contents	<u>Page Number</u>
<u>Financial Trends</u>	S-1 to S-6
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
<u>Revenue Capacity</u>	S-7 to S-13
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.</i>	
<u>Debt Capacity</u>	S-14 to S-16
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the ability to issue additional debt in the future.</i>	
<u>Demographic and Economic Information</u>	S-17 to S-21
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
<u>Operating Information</u>	S-22 to S-29
<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-30 to S-31
<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>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>	<u>2013</u>
Governmental Activities										
Net investment in capital assets	\$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	\$16,659,094
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	7,325,294
Unrestricted	7,508,523	4,516,543	5,070,872	5,631,585	5,942,806	11,426,758	16,095,799	11,269,021	16,683,094	19,555,834
Total Government Activities Net Position	<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>\$42,473,797</u>	<u>\$43,540,222</u>
Business-Type Activities										
Net investment in capital assets	\$ 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	\$14,769,275
Restricted	498,836	615,632	773,255	926,562	1,049,307	1,308,557	1,166,837	1,421,146	2,087,594	2,244,192
Unrestricted	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	23,539,977
Total Business-Type Activities Net Position	<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>	<u>\$40,553,444</u>
Primary Government										
Net investment in capital assets	\$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	\$31,428,369
Restricted	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	9,569,486
Unrestricted	20,677,265	18,458,772	22,590,432	25,232,449	26,101,534	32,638,140	34,683,738	28,449,751	36,974,330	43,095,811
Total Primary Government Net Position	<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>\$80,318,741</u>	<u>\$84,093,666</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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
Legislative	\$ 252,618	\$ 273,694	\$ 249,736	\$ 244,333	\$ 259,301	\$ 275,784	\$ 290,948	\$ 261,095	\$ 267,547	\$ 272,414
Judicial	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	4,757,337
General Government	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	5,406,198
Public Safety	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	10,516,750
Public Works	378,218	486,381	451,726	466,202	384,302	380,476	810,776	398,268	292,231	370,012
Health and Welfare	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	22,094,300
Recreation and Culture	821,982	846,669	822,279	794,640	877,814	822,024	592,701	422,204	426,620	449,245
Other Activities	1,403,536	1,567,547	1,544,827	1,085,590	1,187,124	-	-	-	-	-
Interest on long term debt	33,098	66,483	63,684	60,650	57,550	51,166	43,334	380,024	391,699	405,496
Total Governmental Activities Expenses	43,321,735	43,956,085	44,228,682	45,228,068	46,399,267	44,968,786	45,179,763	43,089,271	44,540,360	44,271,752
Business-Type Activities										
Medical Care Facility	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	22,240,772
Delinquent Tax Revolving	57,718	130,799	50,379	126,066	74,646	119,969	222,351	230,860	490,112	267,737
Total Business-Type Activities Expenses	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	22,508,509
Total Primary Government Expenses	59,436,789	59,391,388	61,092,273	62,677,966	64,866,603	63,143,360	64,047,950	65,046,604	66,695,070	66,780,261
Program Revenues										
Governmental Activities:										
Charges for Services										
Legislative	-	-	1,119	-	-	1,044	-	-	-	-
Judicial	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	1,311,455
General Government	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	3,991,391
Public Safety	1,990,574	2,166,574	1,804,213	1,962,379	2,000,750	2,056,577	1,942,126	2,164,267	3,611,740	3,750,022
Public Works	90	-	-	-	-	1,412	-	-	-	-
Health and Welfare	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	14,939,287
Recreation and Culture	165,998	229,879	226,032	205,904	229,657	153,867	104,791	74,050	154,965	138,624
Other Activities	334,424	413,985	568,204	615,958	351,488	-	-	-	-	-
Interest on Long Term Debt	207,623	207,622	231,926	148,677	161,503	161,503	161,503	161,503	-	-
Operating Grants and Contributions	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	7,208,391
Capital Grants and Contributions	181,941	785,924	397,396	29,445	239,556	46,076	-	137,046	122,323	-
Total Governmental Activities Program Revenues	27,802,571	29,386,234	28,271,960	30,067,586	29,500,880	30,226,950	32,263,528	30,228,570	33,075,096	31,339,170
Business-Type Activities										
Charges for Services										
Medical Care Facility	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	23,451,325
Delinquent Tax	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	1,166,265
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	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	24,617,590
Total Primary Government Program Revenues	42,486,402	43,923,536	46,535,674	47,499,302	47,840,206	49,027,259	52,815,751	51,595,405	57,252,257	55,956,760
Net (expense)/revenue										
Government Activities	(15,519,164)	(14,569,851)	(15,956,722)	(15,160,482)	(16,898,387)	(14,741,836)	(12,916,235)	(12,860,701)	(11,465,264)	(12,932,582)
Business-Type Activities	(1,431,223)	(898,001)	(1,400,123)	(18,182)	(128,010)	(625,735)	(1,684,036)	(590,498)	(2,022,451)	(2,109,081)
Total Primary Government Net Expenses	\$(16,950,387)	\$(15,467,852)	\$(14,556,599)	\$(15,178,664)	\$(17,026,397)	\$(14,116,101)	\$(11,232,199)	\$(13,451,199)	\$(9,442,813)	\$(10,823,501)

Continued

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property taxes	\$ 13,825,956	\$ 15,081,491	\$ 15,972,806	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341	\$ 12,766,862	\$ 13,680,318	\$ 12,086,201	\$ 12,256,788
Unrestricted grants and contributions	1,287,208	-	429,022	391,679	375,956	4,875	8,975	1,557,117	1,281,637	1,304,881
Investment earnings	537,174	567,529	1,156,276	1,262,949	931,362	433,575	392,381	404,060	213,681	51,699
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	803,850	253,026	781,037	6,702	125,489	46,614	4,697	6,224	4,021	385,639
Total Governmental Activities	<u>16,454,188</u>	<u>15,902,046</u>	<u>18,339,141</u>	<u>15,322,395</u>	<u>15,574,803</u>	<u>14,429,405</u>	<u>13,172,915</u>	<u>15,647,719</u>	<u>13,585,540</u>	<u>13,999,007</u>
Business-Type Activities										
Property taxes	1,925,363	2,054,142	2,024,514	2,301,179	1,151,144	1,011,140	930,705	909,353	863,590	876,530
Unrestricted grants and contributions	317,946	311,804	395,858	29,746	48,070	51,997	24,765	30,973	9,274	19,434
Investment earnings	20,637	125,453	426,375	378,481	314,808	68,471	115,568	28,142	20,040	18,455
Loss on sale of capital assets	-	(223)	-	-	-	-	-	-	-	-
Transfers	(600,000)	(414,845)	(900,000)	-	-	-	-	-	-	(315,000)
Total Business-Type Activities	<u>1,663,946</u>	<u>2,076,331</u>	<u>1,946,747</u>	<u>2,709,406</u>	<u>1,514,022</u>	<u>1,131,608</u>	<u>1,071,038</u>	<u>968,468</u>	<u>892,904</u>	<u>599,419</u>
Total Primary Government	<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>14,478,444</u>	<u>14,598,426</u>
Change in Net Position										
Government Activities	935,024	1,332,195	2,382,419	161,913	(1,323,584)	(312,431)	256,680	2,787,018	2,120,276	1,066,425
Business-Type Activities	<u>232,723</u>	<u>1,178,330</u>	<u>3,346,870</u>	<u>2,691,224</u>	<u>1,386,012</u>	<u>1,757,343</u>	<u>2,755,074</u>	<u>377,970</u>	<u>2,915,355</u>	<u>2,708,500</u>
Total Primary Government	<u>\$ 1,167,747</u>	<u>\$ 2,510,525</u>	<u>\$ 5,729,289</u>	<u>\$ 2,853,137</u>	<u>\$ 62,428</u>	<u>\$ 1,444,912</u>	<u>\$ 3,011,754</u>	<u>\$ 3,164,988</u>	<u>\$ 5,035,631</u>	<u>\$ 3,774,925</u>

Source: Lapeer County Finance Department

Concluded

NOTE: The general government expenses and charges for services and net (expenses) revenue for the years 2004 - 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>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>	<u>2013</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 144,292	\$ 161,941	\$ 293,351
Restricted	-	-	-	-	-	-	-	2,504,748	2,533,796	2,547,799
Committed	-	-	-	-	-	-	-	3,784,958	3,800,594	3,813,324
Unassigned	-	-	-	-	-	-	-	5,190,092	5,445,711	5,531,941
Reserved	198,596	198,000	198,000	198,000	198,000	198,000	110,110	-	-	-
Unreserved	<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>	<u>-</u>
Total General Fund	<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>	<u>\$ 12,186,415</u>
All other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,637	\$ 111,655	\$ 90,311
Restricted	-	-	-	-	-	-	-	8,627,426	7,224,611	7,487,340
Committed	-	-	-	-	-	-	-	2,160,986	2,945,758	3,114,062
Reserved	378,004	308,045	444,784	485,734	581,497	472,453	497,271	-	-	-
Unreserved, reported in:										
Special revenue funds	8,149,382	10,177,462	12,836,097	12,941,505	12,023,209	11,177,792	10,404,991	-	-	-
Debt service funds	138,128	180,756	208,701	162,346	137,061	93,883	63,400	-	-	-
Capital project funds	<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>	<u>-</u>
Total all other Governmental Funds	<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>	<u>\$ 10,691,713</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>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>	<u>2013</u>
Revenues:										
Taxes	\$ 13,827,448	\$ 15,215,837	\$ 15,972,806	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341	\$ 12,776,677	\$ 13,680,318	\$ 12,229,576	\$ 12,256,788
Licenses and permits	673,888	744,802	604,566	636,952	540,707	520,455	518,583	485,784	509,203	508,940
Intergovernmental	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	8,593,470
Charges for services	6,750,267	6,595,429	15,740,144	17,329,614	17,115,895	16,985,601	17,002,625	17,688,094	20,577,714	20,286,836
Fines and forfeits	441,379	567,729	470,635	494,446	493,068	457,485	419,357	351,642	403,012	370,531
Rents and royalties	455,079	454,466	498,268	424,512	410,797	378,183	382,454	211,516	376,174	360,241
Interest	537,174	567,529	1,156,276	1,289,965	931,362	430,689	392,381	564,776	213,681	51,699
Other	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	3,422,509
Total Revenues	<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>	<u>45,851,014</u>
Expenditures:										
Current-										
Legislative	252,618	273,694	249,736	244,333	259,301	275,784	290,948	261,095	267,547	272,414
Judicial	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	4,757,337
General Government	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	4,992,545
Public Safety	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	9,772,045
Public Works	368,071	485,781	451,126	465,602	383,702	379,876	897,993	397,668	291,631	369,412
Health and Welfare	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	22,083,897
Recreation and Culture	726,496	743,898	746,350	754,773	788,519	760,738	512,103	414,190	375,424	380,680
Other Activities	1,403,536	1,461,013	1,586,008	1,130,590	1,152,124	497,101	1,254,825	414,047	418,961	231,067
Capital Outlay	929,230	841,275	312,739	387,887	26,141	8,612	4,584	10,772,923	1,305,461	236,100
Debt Service-										
Principal	115,000	110,000	155,000	150,000	140,000	160,000	155,000	145,000	2,170,000	1,665,000
Interest and Charges	92,284	59,350	56,700	53,650	50,575	45,000	37,125	256,313	508,500	437,625
Bond issuance costs	-	-	-	-	-	-	-	78,706	-	-
Total Expenditures	<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>	<u>45,198,122</u>
Revenues over (under) expenditures	<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>	<u>652,892</u>
Other financing sources (uses):										
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	4,621,964	4,768,233	5,520,243	5,043,699	5,075,455	5,411,211	5,158,443	2,748,041	2,811,347	2,575,900
Transfers out	(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)	(2,574,730)
Transfers to component units	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>1,170</u>
Net Change in Fund Balance	<u>\$ 2,474,377</u>	<u>\$ 1,936,682</u>	<u>\$ 2,856,510</u>	<u>\$ 77,069</u>	<u>\$ (371,631)</u>	<u>\$ (41,793)</u>	<u>\$ (459,309)</u>	<u>\$ 6,536,094</u>	<u>\$ (393,615)</u>	<u>\$ 654,062</u>
Debt service as a percentage of noncapital expenditures	<u>0.5%</u>	<u>0.4%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>0.9%</u>	<u>5.8%</u>	<u>4.7%</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>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>	<u>2013</u>
Revenues:										
Taxes	\$ 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	\$ 9,359,926
Licenses and permits	22,817	18,818	13,065	14,850	16,938	31,132	32,051	26,990	25,075	40,608
Intergovernmental	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	2,642,041
Charges for services	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	2,350,542
Fines and forfeits	367,628	445,362	350,626	388,865	368,619	355,790	326,271	241,189	220,998	205,975
Rents and royalties	167,314	167,920	167,953	164,344	160,712	160,716	160,712	15,884	177,001	178,854
Interest on long term debt	490,240	437,402	750,799	677,447	659,910	291,566	266,795	549,646	200,432	40,359
Other	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	2,742,557
Total Revenues	<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>	<u>17,560,862</u>
Expenditures:										
Current-										
Legislative	252,618	273,694	249,736	244,333	259,301	275,784	290,948	261,095	267,547	272,414
Judicial	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	3,456,771
General Government	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	4,897,991
Public Safety	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	5,840,850
Public Works	351,792	458,180	422,514	443,428	359,718	367,816	297,441	278,040	291,631	369,412
Health and Welfare	181,367	171,403	166,274	174,991	169,203	197,450	198,156	183,878	179,862	98,335
Recreation and Culture	243,037	230,892	242,019	248,237	246,416	275,310	273,511	226,735	197,273	215,473
Other Activities	1,147,127	1,402,842	1,586,008	1,130,590	1,152,124	497,101	1,254,825	414,047	418,961	231,067
Total Expenditures	<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>	<u>15,382,313</u>
Revenues over expenditures	<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>	<u>2,178,549</u>
Other Financing Sources (Uses):										
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	(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)	(1,934,176)
Transfers to component units	-	-	-	-	-	-	-	-	-	-
Total Other Financing Uses	<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>	<u>(1,934,176)</u>
Net Change in Fund Balance	<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>	<u>\$ 244,373</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					
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
2013	2012	\$ 2,045,548,843	\$ 357,950,077	\$ 246,235,902	\$ 57,677,692	\$ 197,764,038	\$ 2,905,176,552	\$ 149,578,826	5.2186	\$ 5,810,353,104

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>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>	<u>2013</u>
County-										
Operating	3.8539	3.8165	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886
Extra Voted	<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>	<u>1.4300</u>
Total County	<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>	<u>5.2186</u>
Townships-										
Almont	3.8195	3.7556	3.7556	5.0056	4.5616	4.5616	4.5616	4.5783	3.6312	3.6312
Arcadia	1.4509	1.4305	1.4149	2.3149	2.3096	2.3096	2.3096	2.3096	2.3096	2.3096
Attica	4.0413	3.9624	3.3695	4.3695	4.3695	4.3695	4.3695	4.3695	4.3695	4.3695
Burlington	1.6463	1.6188	1.6003	2.4969	2.4969	2.4969	2.4969	2.4969	2.4969	2.4969
Burnside	1.5966	1.5966	1.5966	2.4788	2.4535	2.4514	2.4514	2.4514	2.4514	2.4514
Deerfield	1.3185	1.4012	1.6349	2.5267	2.5122	2.5122	2.5122	2.5122	2.5267	2.5267
Dryden	4.5652	4.6975	4.6252	4.6252	4.6252	4.6675	4.6675	4.6675	4.6675	4.7149
Elba	2.9389	2.9006	3.1285	4.0285	4.0285	4.0285	4.0285	3.7785	3.7785	4.0285
Goodland	1.4915	1.4625	1.4332	2.3332	2.3217	2.3217	2.3217	2.3217	2.3217	2.3217
Hadley	2.1003	2.0237	1.9367	2.7812	2.7699	2.7699	2.8153	2.9942	2.9764	2.9461
Imlay	2.4629	2.4535	1.9790	2.9702	2.9702	2.9702	2.9702	2.9702	2.9724	2.9428
Lapeer	1.6287	1.6148	1.8572	2.7572	2.7572	2.7572	2.7572	2.7572	2.7572	2.7572
Marathon	1.4206	1.4071	1.3927	2.2927	2.2927	2.2927	2.2927	2.2927	2.2927	2.2927
Mayfield	1.5823	1.5720	1.8091	2.7053	2.7053	2.7053	2.7053	2.7053	2.7053	2.7053
Metamora	4.6333	4.5845	4.4955	5.3965	5.3955	5.3955	5.3955	5.3955	5.3955	5.3955
North Branch	2.9595	2.9458	2.9207	3.9174	4.8965	3.8665	3.8665	3.8965	4.0045	4.5045
Oregon	1.5030	1.4807	1.7238	2.6238	2.6238	2.6238	2.6238	2.6238	2.6238	2.6238
Rich	4.4256	4.5856	4.5035	5.4035	5.4035	5.4577	5.4572	5.4572	5.4572	5.4344
Cities-										
Imlay City	17.7500	19.7627	20.2061	20.5000	18.4500	17.3860	17.3500	17.2000	20.3500	20.3500
City of Lapeer	8.7911	9.8000	10.0500	10.9500	10.9500	10.9500	10.9500	10.9500	10.9500	10.9500
Brown City	17.9633	17.9716	18.1233	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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Villages-										
Almont	14.5044	14.6711	14.1004	13.0070	13.6177	13.6031	16.6151	17.6151	17.8020	17.6670
Clifford	21.1034	16.1034	19.6034	19.1700	19.1700	19.1700	19.1700	19.1700	19.1700	18.8109
Columbiaville	13.7480	13.5184	13.2101	13.1241	13.1241	13.1241	13.1241	13.1241	13.1241	13.1241
Dryden	10.0021	9.8110	9.8110	9.8110	9.8110	9.8110	9.8110	11.8110	11.8100	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	14.8991	14.8215	14.7918	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483
Otter Lake	13.3638	12.6688	13.2483	12.8932	12.7720	12.7720	12.7720	12.2772	12.7720	12.7720
Local School Districts-										
Almont	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500
Brandon	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400
Brown City	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	13.0000	13.0000
Capac	9.9000	9.9000	9.9000	9.9000	9.9000	10.2000	10.7000	10.7000	10.6000	10.6000
Davison	9.4191	9.4016	9.3325	9.3316	9.2616	9.1916	9.1316	9.1316	10.7000	10.1516
Dryden	8.2400	8.2400	8.2400	8.2400	8.2400	8.3000	9.1000	9.1000	9.2500	9.3500
Goodrich	13.7500	13.7498	13.7500	13.7500	13.7500	13.7500	10.5600	13.7500	10.6300	13.7500
Imlay	11.0000	11.7500	11.7500	11.7500	11.7500	11.7500	11.7500	11.7500	12.1000	12.1000
Kingston	12.6400	12.5000	12.2500	12.1500	12.0500	11.8500	12.1500	12.1500	11.9000	11.7500
Lakeville	10.7500	10.7000	10.3400	10.1000	9.9000	9.6500	9.6500	9.6500	10.7000	10.6000
Lapeer	8.2320	8.2194	8.2038	8.2038	8.2000	8.3500	8.8000	8.6000	9.0000	9.0000
Marlette	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	7.9500	7.3000
Mayville	12.0000	12.0000	12.0000	12.0000	10.5000	11.0000	11.1500	11.1500	11.7500	11.8000
North Branch	13.3000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Oxford	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Intermediate School Districts-										
Lapeer	2.9794	2.9509	2.9295	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>Taxpayer</u>	2013			2004		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
DTE Energy	51,996,489	1	1.79%	46,334,860	1	1.25%
ITC	19,995,893	2	0.69%			0.00%
Pinnacle Foods	14,332,513	3	0.49%	8,913,705	4	0.24%
Consumers Energy	13,411,217	4	0.46%	11,621,195	2	0.31%
Enbridge Energy	9,288,423	5	0.32%			0.00%
Great Lakes Gas Transmission	6,981,700	6	0.24%	7,197,638	5	0.19%
ZF Chassis	5,254,500	7	0.18%			0.00%
Imlay Plaza	5,050,765	8	0.17%			0.00%
Wal-Mart	4,530,800	9	0.16%			0.00%
Meijer	4,623,400	10	0.16%	4,350,700	9	0.12%
Total	<u><u>\$ 135,465,700</u></u>		4.66%	<u><u>\$ 78,418,098</u></u>		2.12%
Total Assessed Value	<u><u>\$ 2,905,176,552</u></u>			<u><u>\$ 3,701,389,668</u></u>		

Source: Lapeer County Treasurer's Office

LAPEER COUNTY, MICHIGAN

PROPERTY TAX LEVIES AND COLLECTIONS

ALL TAXING UNITS WITHIN THE COUNTY

LAST TEN YEARS - UNAUDITED

Fiscal Year	Levy Year	Original Levy for Year	Adjustments to Original Levy	Total Adjusted Levy	Total collections Current Year		Collections in Subsequent Years	Total collections to Date	
					Current Amt. of Collections Thru March 1	Percentage of Adjusted Levy Collected		Total Amt. of Collections to Date	Percentage of Adjusted Levy Collected
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	87052296	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%
2013	2012	\$ 79,963,989	(603,476)	\$ 76,360,513	\$ 71,118,512	93.14	\$ 5,242,001	\$ 76,360,513	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
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%
2013	2012	\$ 9,860,571	(37,503)	\$ 9,823,068	\$ 9,395,141	95.64	\$ 428,330	\$ 9,823,471	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
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%
2013	2012	\$ 724,662	\$ 724,662	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	Governmental Activities			Business-type Activities		Primary Government	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
	General Obligation Bonds	Premium, Discount, and Adjustments	Total	General Obligation Bonds					
2004	\$ 1,535,000	\$(25,716)	\$ 1,509,284	\$ 3,840,000		\$ 5,349,284	0.21%	0.14%	57.94
2005	\$ 1,425,000	\$(23,144)	\$ 1,401,856	\$ 2,985,000		\$ 4,386,856	0.16%	0.11%	47.06
2006	\$ 1,270,000	\$(20,573)	\$ 1,249,427	\$ 2,065,000		\$ 3,314,427	0.12%	0.08%	35.35
2007	\$ 1,120,000	\$(18,001)	\$ 1,101,999	\$ 1,070,000		\$ 2,171,999	0.08%	0.05%	22.70
2008	\$ 980,000	\$(15,429)	\$ 964,571	\$ -		\$ 964,571	0.03%	0.02%	10.13
2009	\$ 820,000	\$(12,857)	\$ 807,143	\$ -		\$ 807,143	0.04%	0.02%	9.18
2010	\$ 665,000	\$(10,285)	\$ 654,715	\$ -		\$ 654,715	0.03%	0.02%	7.41
2011	\$ 14,995,000	\$ 190,967	\$ 15,185,967	\$ -		\$ 15,185,967	0.57%	0.49%	172.41
2012	\$ 12,850,000	\$ 171,463	\$ 13,021,463	\$ -		\$ 13,021,463	0.46%	0.45%	147.68
2013	\$ 11,160,000	\$ 151,959	\$ 11,311,959	\$ -		\$ 11,311,959	0.38%	0.39%	127.98

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, 2013 - UNAUDITED

Direct Debt:

Building Authority	\$ 185,000
General Obligation	<u>10,975,000</u>
	11,160,000
Premiums, Discounts, and Adjustments	<u>151,959</u>
	<u><u>\$ 11,311,959</u></u>

Overlapping Debt of County:

School Districts	181,503,417
Cities	9,189,389
Townships	3,490,000
Villages	5,850,988
Intermediate School Districts	2,489,247
Community College	<u>1,043,903</u>
Total Overlapping Debt	<u>203,566,944</u>
Total County Net Direct and Overlapping Debt	<u><u>\$ 214,878,903</u></u>

Legal Debt Margin Calculation for 2013

Assessed Value	<u>\$ 2,905,176,552</u>
Debt limit (10% of assessed value)	290,517,655
Less: Amount of outstanding debt	<u>11,311,959</u>
Legal debt margin	<u><u>\$ 279,205,696</u></u>

Source: Bendzinski & Co. and County Treasurer's Office

Note: Percentage of overlap based on assessed property values.

LAPEER COUNTY, MICHIGAN

LEGAL DEBT MARGIN INFORMATION LAST TEN YEARS - UNAUDITED

Fiscal Year	Levy Year	State Equalized Value of Property	10% Legal Debt Limit	Bonded Debt	Legal Debt Margin	Bonded Debt as a Percentage of Debt Limit
2004	2003	\$ 3,510,193,880	\$ 351,019,388	\$ 5,349,284	\$ 345,670,104	1.52%
2005	2004	\$ 3,701,389,668	\$ 370,138,967	\$ 4,386,856	\$ 365,752,111	1.19%
2006	2005	\$ 4,004,172,237	\$ 400,417,224	\$ 3,314,427	\$ 397,102,797	0.83%
2007	2006	\$ 4,221,145,112	\$ 422,114,511	\$ 2,171,999	\$ 419,942,512	0.51%
2008	2007	\$ 4,327,575,426	\$ 432,757,543	\$ 964,571	\$ 431,792,972	0.22%
2009	2008	\$ 3,821,919,300	\$ 382,191,930	\$ 807,143	\$ 381,384,787	0.21%
2010	2009	\$ 3,320,773,773	\$ 332,077,377	\$ 654,715	\$ 322,849,990	3.00%
2011	2010	\$ 3,096,596,777	\$ 309,659,678	\$ 15,185,967	\$ 294,473,711	4.90%
2012	2011	\$ 2,910,657,961	\$ 291,065,796	\$ 13,021,463	\$ 278,044,333	4.47%
2013	2012	\$ 2,905,176,552	\$ 290,517,655	\$ 11,311,959	\$ 279,205,696	3.89%

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
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%
2013	88,389	\$ 2,976,053,000	\$ 33,752	12,799	10.80%

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 2013 AND ELEVEN YEARS AGO - UNAUDITED

Current Year (2013)

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
McLaren-Lapeer Regional Hospital	Health Care	850	1
Lapeer Community Schools	Education	687	2
Lapeer Industries	Manufacturing	450	3
Mold Masters	Plastics	400	4
Lapeer County	Governmental	371	5
Lapeer Plating & Plastics	Plastics	345	6
Walmart	Retail	335	7
Thumb Correctional Facility	Prison	327	8
Meijer	Retail	325	9
Pinnacle Foods (Vlasic Foods)	Food Processing	324	10

TOTAL: TOP 10

Continued

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

LAPEER COUNTY, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR 2013 AND ELEVEN YEARS AGO - UNAUDITED

Historical Fiscal Year (2002)

<u>Employers</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
McLaren-Lapeer Regional Hospital	Health Care	992	1
Lapeer Community Schools	Education	811	2
Lapeer Metal Products	Metal Stamping	650	3
Lapeer County	Governmental	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	Manufacturing	256	10

TOTAL: TOP 12

Concluded

* The information is presented for fiscal year 2002 because the 2004 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)
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
2013	2,905,176,552	2,604,828,481	5,810,353,104

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 2010 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 2010 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	11,162	30.72%	1,459,767	34.18%
Service Occupations	5,924	16.30%	792,133	18.55%
Sales and Office Occupations	7,793	21.45%	1,056,849	24.75%
Natural resources, construction, and maint.	3,770	10.38%	336,308	7.88%
Production, Transp. & Mat. Moving	7,686	21.15%	625,429	14.65%
Total	36,335	100%	4,270,486	100%

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 2010 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	791	2.18%	57,564	1.35%
Construction	2,549	7.02%	207,349	4.86%
Manufacturing	9,233	25.41%	722,680	16.93%
Wholesale Trade	773	2.13%	109,849	2.57%
Retail Trade	3,940	10.84%	499,742	11.70%
Transportation, Warehousing & Utilities	1,335	3.67%	177,645	4.16%
Information	384	1.06%	73,331	1.72%
Finance, Insurance, Real Estate & Rental	1,624	4.47%	235,788	5.52%
Professional, Scientific, Management, Administrative & Waste Services	2,976	8.19%	390,370	9.14%
Educational, Health & Social Services	7,344	20.21%	1,024,364	23.99%
Arts, Entertainment, Recreation, Accommodation & Food Services	2,381	6.55%	400,969	9.39%
Public Administration	1,137	3.13%	163,877	3.84%
Other Categories of Employment	1,868	5.14%	206,337	4.83%
Total	36,335	100%	4,269,865	100%

Source: U. S. Department of Commerce - Bureau of Census - 2010

LAPEER COUNTY, MICHIGAN

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

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legislative										
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	2.9	3.0	3.0	3.0	3.1	3.1	2.0	2.3	2.4
Judicial										
Circuit Court	6.9	7.0	7.0	7.0	14.9	19.1	15.1	14.4	14.3	13.5
District Court	22.3	22.7	22.7	23.0	22.4	23.7	21.8	21.9	21.5	19.6
Friend of the Court	18.9	18.9	18.9	18.9	19.0	19.7	18.2	17.9	17.7	18.2
Probate Court	12.9	12.8	12.5	12.8	4.0	3.6	3.7	3.7	3.7	3.7
Community Corrections	3.6	3.6	3.7	3.7	3.6	3.7	3.5	3.2	3.3	3.2
Child Care	3.5	3.0	2.3	3.3	3.8	3.8	3.3	3.0	2.6	2.5
General Government										
County Clerk	7.8	7.8	8.0	8.0	8.0	8.3	8.0	7.9	8.0	8.0
Equalization	1.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Prosecuting Attorney	16.0	15.9	15.9	16.0	16.0	16.1	14.7	13.8	14.0	14.1
Register of Deeds	6.0	5.8	5.5	4.9	5.0	5.0	4.1	3.7	4.0	4.0
County Treasurer	5.7	6.1	6.2	6.1	6.4	6.2	6.3	6.3	6.2	6.4
G.I.S.	0.3	0.0	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	3.9	4.0	4.0	4.0	4.1	4.0	4.0	4.0	3.9
Building and Grounds	6.7	7.0	7.0	7.0	6.0	6.2	5.9	5.9	4.5	4.8
Drain Office	6.8	6.0	6.0	6.0	6.0	6.1	6.0	5.1	4.9	5.0
MSU Extension	4.7	4.7	4.6	4.8	4.4	4.2	2.7	2.0	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
Public Safety										
Sheriffs Department	51.2	50.4	50.7	51.2	51.7	51.7	49.8	47.8	47.0	48.1
County Jail	29.4	29.2	29.3	29.9	29.8	31.0	29.7	29.9	29.9	29.9
Central Dispatch	19.5	18.8	18.4	19.0	18.7	19.4	18.3	18.6	18.4	18.6
Animal Control	5.0	5.0	5.0	5.0	5.0	4.2	3.0	3.0	2.8	2.9
Emergency Operations	1.4	1.0	1.4	1.1	1.0	1.0	1.0	1.0	1.0	1.0
Health and Welfare										
Parks Department	10.9	11.8	11.0	10.8	11.6	8.5	2.7	1.7	2.6	2.7
Community Health										
Public Health	65.1	64.5	68.1	67.0	61.5	54.8	50.0	47.5	34.1	33.4
Senior Services	7.5	7.2	5.9						12.8	14.4
Community Mental Health	75.8	70.1	70.8	69.7	68.6	68.7	69.4	68.1	67.4	68.6
Multi-Purpose	6.2	6.8	6.4	6.0	5.5	6.0	5.9	4.7	3.9	2.5
Veterans	2.0	1.6	1.0	1.0	1.0	1.0	1.0	1.3	1.4	2.0
Community Development	2.4	3.0	3.8	3.9	3.7	2.2	1.0	0.0	1.0	1.2
	415.9	407.5	409.1	403.1	394.6	391.4	362.2	348.4	345.3	346.6

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

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

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013
LEGISLATIVE								
<u>Board of Commissioners</u>								
Full Board Meetings	26	26	24	25	26	25	25	23
Committee of the Whole Meetings	25	25	24	23	23	24	23	26
Other Special Meeting/Hearings Held	3	4	-	-	-	4	6	2
Board Motions Acted Upon	450	412	446	436	426	398	421	418
JUDICIAL								
<u>40th Circuit Court</u>								
PPO's Issued	348	302	279	279	213	223	209	172
Appeals	48	50	65	65	59	47	50	63
Domestic Cases	684	711	669	669	659	583	583	671
Civil Cases	334	318	313	313	285	270	295	231
Adoption	37	32	51	51	33	33	37	22
Child Protection	33	34	32	32	19	21	26	35
Juvenile	411	359	311	311	313	290	259	204
Criminal	391	392	376	376	331	362	338	293
Misc. Family Filings	50	54	35	36	48	24	43	24
<u>71-A District Court</u>								
<u>Criminal</u>								
Felonies	701	653	646	700	633	655	623	658
Drunk Driving	884	815	769	682	469	453	485	465
Traffic Offenses	8,387	8,841	9,193	9,374	7,413	6,192	7,180	7,501
Misdemeanors	1,569	1,568	1,387	1,156	1,240	1,315	1,127	1,089
Non-Traffic Offenses	885	1,020	813	980	831	776	470	369
<u>Civil</u>								
General Civil	2,009	2,676	3,004	2,789	2,856	2,518	2,356	2,158
Landlord/Tenant	700	663	813	748	737	824	841	897
Small Claims	746	738	657	486	369	364	322	362
<u>Probate/Family Court</u>								
<u>Civil</u>								
Conservatorship/Protective Orders	48	39	28	30	35	31	19	28
Estates	163	174	173	171	166	167	148	171
Guardianships	84	95	97	84	78	60	98	88
Judicial Admin/Mental Commitments	69	67	54	47	42	167	41	36
Trusts	5	4	7	10	8	10	12	7
Wills for Safe Keeping	74	94	78	71	72	63	69	73
<u>Friend of the Court</u>								
Caseload	5,942	5,922	5,951	5,916	6,000	5,976	4,916	4,977
Children IV-D Cases	7,982	7,821	8,025	8,010	7,667	8,123	N/A	N/A
Bench Warrants Issued	509	574	635	295	466	235	590	488
Referee Hearings Conducted	N/A	4,257	4,707	6,167	3,797	6,055	1,931	941
Cases Mediated	N/A	25	29	21	22	18	19	54

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

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013
								Continued
PUBLIC SAFETY								
<u>Community Corrections</u>								
Clients - Community Service	N/A	51	28	37	62	56	49	29
Clients - Jail Crew	N/A	66	64	51	64	49	56	57
Clients - Day Reporting	N/A	64	80	57	74	64	68	63
Drunk Driver Jail Reduction Program	N/A	33	43	35	66	39	19	17
Jail Beds Saved	N/A	5,737	7,638	6,700	6,406	5,146	4,707	6,625
<u>Prosecuting Attorney</u>								
Felony Cases Authorized	763	730	732	677	626	662	676	687
Domestic Violence - Felony	26	24	23	27	56	50	70	59
Misdemeanor Cases Filed	2,463	2,379	3,014	2,660	2,256	2,130	2,158	1,779
Misdemeanor Domestic Violence	196	182	184	155	203	181	139	116
Juvenile Petitions Filed	359	312	405	358	383	299	239	260
Juvenile Domestic Violence Authorized	19	13	19	20	15	14	13	18
Victims Rights - Eligible Victims	939	866	821	773	824	815	760	724
Victims Rights Domestic Fel/Misd/Juv	241	219	-	202	212	220	222	294
Drug - Misdemeanor/Felony Authorized	433	412	415	N/A	1,109	445	424	554
Drunk Driving Misd/Felony	872	836	730	696	463	404	468	486
Non-Support	109	186	120	134	105	258	207	241
Paternity	84	82	76	57	62	67	92	105
URESA	15	13	10	19	7	18	19	14
<u>Sheriff's Department</u>								
Jail Bookings	3,477	3,531	3,525	3,092	2,687	2,521	2,634	2,381
Calls Answered	23,918	24,878	25,076	23,883	21,644	21,906	23,451	23,451
Fatal Crashes	7	11	9	N/A	7	12	5	5
Personal Injury Crashes	530	480	443	N/A	401	435	415	407
Property Damage Crashes	2,652	2,780	2,804	N/A	2,401	2,316	2,311	2,304
Private Property Crashes	114	132	N/A	N/A	N/A	N/A	N/A	612
Detective Bureau Arrests	365	216	218	498	538	755	669	669
Secondary Road Patrol Tickets Issued	615	355	208	208	177	211	478	3,471
Purchase Permits Issued	1,762	1,839	1,798	1,130	2,465	1,049	3,471	2,542
Marine Division Patrol Hours	857	1,017	819	819	1,180	723	777	269
Township Complaints Responded To	17,071	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>E-911 Central Dispatch</u>								
Hardware/Landline Calls	14,435	10,486	11,201	8,596	7,776	6,887	5,252	5,425
Wireless Calls	14,816	18,411	18,697	18,628	20,466	21,494	21,497	22,160
VOIP	298	394	387	373	318	311	213	348
Non-Emergency Calls	84,508	80,147	82,075	76,637	68,856	62,476	58,882	54,331
CAD Reports/Dispatch	71,351	72,915	74,951	72,307	70,344	68,222	70,154	72,969

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

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013
								Continued
PUBLIC SAFETY - (cont'd)								
<u>Emergency Management</u>								
EMAC Meetings Held	4	4	4	5	5	6	4	4
Local Meetings Attended	46	44	42	35	48	61	53	58
Regional Homeland Security Meetings	3	48	43	38	88	42	29	17
Disaster Exercise Planning Meetings	5	4	6	7	7	3	4	9
District Meetings Attended	6	6	6	6	4	4	5	4
EAG Plan Updates/Policies Written	5	7	4	6	13	11	2	6
Quarterly Reports Completed	8	9	9	4	6	4	4	4
Trainings Hosted	6	4	3	2	6	3	2	3
Tier II Plans Filed	47	51	49	53	42	78	67	3
Special Events Planned	8	10	4	3	3	5	6	2
Identification Badges Created	100	50	75	111	137	166	147	225
HEALTH AND WELFARE								
<u>Parks Department</u>								
Water Park Attendance	23,307	20,969	24,634	17,757	12,516	9,989	22,573	21,177
Reservation Attendance	11,000	8,915	11,740	5,902	6,350	5,750	7,125	N/A
Winter Park Attendance	200	830	1,265	1,135	N/A	N/A	N/A	N/A
Special Events Attendance	1,500	2,500	3,300	2,500	-	-	N/A	N/A
<u>Health Department</u>								
<u>Medical Examiner</u>								
Medical Examiner Cases	59	52	56	66	76	71	71	85
Cremation Permits	164	200	216	224	237	234	262	351
Hospice	15	38	54	115	45	N/A	N/A	N/A
<u>Animal Control</u>								
Animal Control Complaints	2,836	2,485	2,573	2,262	2,034	1,952	1,629	1,755
Animals Held at Shelter	2,275	2,718	2,275	1,988	1,930	1,909	1,538	1,593
Animals Picked Up	686	466	443	342	323	373	196	N/A
Animal Bites - Cases	300	262	220	273	240	209	164	141
Animals Tested for Rabies	99	85	157	144	166	176	N/A	22
Animal Rabies Cases	4	3	8	4	7	-	1	0
<u>Environmental Health Division</u>								
EH - Sewage Applications	343	215	24	120	105	117	116	155
EH - Sewage Permits	364	199	136	131	97	110	62	143
EH - Well Permits	472	353	232	236	232	225	230	244
Food Service Inspections	678	576	605	602	554	413	627	451
<u>Home Health Division</u>								
Home Health Clients	316	298	209	N/A	N/A	N/A	N/A	N/A
<u>Public Health Nursing</u>								
Maternal Infant Health Visits	2,578	3,250	3,152	2,640	2,125	1,825	2,091	1,566

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

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013
								Continued
HEALTH AND WELFARE (Cont'd)								
<u>Immunizations</u>								
Childhood Immunizations Given	5,233	4,074	3,654	3,910	4,425	4,186	4,451	3,511
Adult Immunizations Given	747	1,121	1,423	2,103	1,005	667	575	538
Total Immunizations Given	5,980	5,195	5,080	6,013	5,430	4,853	5,026	4,049
<u>WIC Program</u>								
Individuals Participating in WIC	1,548	1,713	1,855	1,905	2,028	1,984	2,023	1,937
<u>Hearing & Vision Screening</u>								
Hearing & Vision Screening Cases	10,251	10,358	11,094	11,504	9,965	10,831	8,896	9,494
<u>AICC Program</u>								
AICC Clients	343	396	437	474	497	480	427	411
<u>Senior Programs</u>								
Home-Delivered Meals	100,593	100,920	109,168	116,454	87,281	78,096	76,262	72,651
Congregate Meals	5,469	7,411	9,935	9,524	9,595	15,462	12,569	12,897
Medication Management Clients	7	13	5	8	11	7	9	6
Personal Care/Homemaker Clients	230	241	170	152	142	145	138	157
Case Coordination Clients	73	99	43	57	46	49	68	88
Care Management Clients	32	32	32	33	29	29	29	27
Health Screening Clients	23	23	22	26	7	N/A	N/A	N/A
Chore Maintenance Clients	148	145	142	174	215	223	223	243
Respite Care Clients	79	100	74	73	72	72	64	88
<u>Mental Health</u>								
Adults with Psychiatric Disorders	873	788	864	946	1,013	1,004	959	991
Persons with Developmental Disabilities	321	324	305	315	318	366	395	374
Children with Emotional Disturbances	194	153	200	239	272	262	281	257
GENERAL GOVERNMENT								
<u>County Clerk</u>								
<u>Circuit Court Division</u>								
Criminal Cases Filed	392	398	383	391	334	365	341	393
All Other Cases Filed	1,453	1,411	1,338	1,292	1,281	1,173	1,188	1,553
Adult Probation Receipts	1,093	1,271	1,344	1,804	2,038	2,110	1,949	1,817
<u>Vital Records Division</u>								
Marriage License Applications	563	568	514	513	519	545	532	540
Assumed Names	1,014	899	817	891	784	779	648	644
Notary Bonds	240	222	195	70	121	180	191	176
Death Certificates Filed	470	500	522	543	525	511	555	689
Birth Certificates Filed	632	603	564	599	598	592	565	436
Voter Registrations	5,993	5,569	6,810	5,046	5,653	5,561	6,627	5,145
Concealed Pistol Permits	375	285	538	1,075	1,107	910	1,035	1,899

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

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013
								Continued
GENERAL GOVERNMENT (Cont'd)								
<u>Payroll Dept.</u>								
Payroll Checks Processed	3,040	2,650	2,128	1,915	1,667	1,185	1,032	443
Payroll Direct Deposits Processed	9,512	9,603	9,693	9,761	9,114	8,972	9,667	9,793
W-2's Forms Prepared	580	549	551	477	436	420	431	440
<u>Accounts Payable Dept.</u>								
Accounts Payable Invoices Processed	16,582	17,487	17,089	15,381	13,982	12,938	13,555	13,540
Accounts Payable Checks Processed	12,873	12,589	12,778	11,339	10,040	9,674	9,771	9,604
1099 Forms Prepared	130	142	149	165	165	132	144	133
<u>Computer Dept.</u>								
General Ledger Reports Distributed	3,000	3,150	3,500	3,550	3,400	3,200	3,000	3,100
Journal Entries Entered	2,223	2,064	2,199	2,323	2,158	1,989	2,100	2,000
Budget Amendments Processed	106	93	128	160	74	95	70	59
Budgets Entered	100	142	142	150	148	145	140	140
Computers Countywide	427	428	430	432	451	440	420	420
<u>Accounting Dept.</u>								
Bank Accounts Reconciled	468	456	432	396	528	576	576	580
Grants Reviewed & Processed	55	47	49	52	58	93	93	94
General Ledger Funds Maintained	79	79	79	79	85	83	84	86
<u>Budget Dept.</u>								
Total Amount of Gen Fund Budget	\$20,399,371	20,542,500	20,901,523	20,852,909	18,822,641	18,777,480	18,793,299	18,331,608
Total Amt of Spec Rev Funds Budgeted	\$28,571,860	28,640,518	29,940,907	29,590,028	30,054,446	30,769,120	30,787,599	30,162,567
Total Amt of Debt Svs Funds Budgeted	\$3,074,890	3,074,354	3,338,309	3,338,309	1,548,947	3,641,486	3,641,486	2,847,365
<u>Register of Deeds</u>								
Warranty Deeds	1,593	1,209	912	858	951	941	1,171	1,556
Quit Claim Deeds	1,382	1,340	1,211	1,308	1,207	1,334	1,369	1,431
Death Certificates	218	224	211	220	210	280	305	360
Land Contracts	18	20	7	27	31	609	500	25
Memo Land Contracts	81	69	70	78	112	1,984	1,900	142
Misc. Recordings	3,052	3,586	4,626	4,743	4,842	2,124	2,502	3,985
Mortgages	6,597	4,543	2,840	2,849	2,144	2,242	3,448	3,549
Discharges	5,704	4,472	3,048	2,980	2,435	2,658	3,817	4,372
Assignment of Mortgages	1,003	1,233	669	895	1,632	1,297	1,113	984
Misc. Mortgage Recordings	2,628	2,370	2,427	2,303	2,324	2,019	2,948	2,297
UCC Financing Filings	137	170	274	341	243	-	N/A	
<u>Community Development</u>								
<u>Housing Division</u>								
CDBG Homes Improved	15	14	9	16	16	15	N/A	N/A
CDBG - Senior Clients	5	2	2	5	5	5	N/A	N/A
CDBG - Handicapped Clients	4	7	2	5	5	2	N/A	N/A
<u>Soil & Sedimentation</u>								
SESC Permits Issued	158	215	298	345	345	228	206	218

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

FUNCTION	2006	2007	2008	2009	2010	2011	2012	2013
								Continued
GENERAL GOVERNMENT (Cont'd)								
<u>Drain Commissioner</u>								
Drains (&Other) Maintained	86	71	79	85	7	83	83	61
Drains Sprayed	18	11	18	17	15	-	10	14
Drains Assessed	45	59	57	53	45	29	37	48
Plan Reviews	8	6	6	4	-	3	4	3
Act 40 Permits Issued	13	11	14	10	8	12	3	8
Utility Permits (new in 2013)								9
Letter of Agreement - Building in ROW (new in 2013)								1
<u>Treasurer</u>								
Total Number of Parcels	47,057	47,395	50,077	51,012	43,617	46,879	46,758	46,703
Number of Delinquent Parcels	4,937	5,060	5,510	5,266	5,455	5,125	4,788	4,495
Parcels Forfeited	495	666	932	977	1,008	879	751	708
Taxable Value	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	2,604,828,481
S.E.V.	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	2,905,176,552
<u>Collaborative Planning Commission</u>								
Rezoning/Text Amendment Reviews	36	23	13	12	15	5	5	5
Annual Conference Attendance	170	95	136	176	182	-	-	-
<u>Building & Grounds</u>								
Work Orders Completed	1,037	969	903	1,104	1,199	1,009	863	748
<u>Veterans Affairs</u>								
# Scheduled Appointments	N/A	N/A	N/A	552	411	512	N/A	583
Walk-in Clients (Est)				1,000-1,500	1,500	1,000-1,500	N/A	837
<u>MSUE</u>								
Educational Workshops/Events	258	201	181	115	118	319	318	416
4-H Club Members	1,043	1,043	686	591	596	565	571	474
Non-Club Youth Involved (Short-Term)	4,119	4,145	3,331	1,088	876	810	271	310
Active Master Gardeners	156	155	145	173	167	180	N/A	N/A
Food Safety Participants Trained	1,678	1,773	1,039	1,572	2,001	1,712	448	932
Number of Grants Administered	10	9	5	5	4	7	3	3
Leadership Training Participants	343	346	422	417	84	350	378	316
Food & Nutrition Participants Trained - Adults	N/A	N/A	N/A	N/A	N/A	N/A	619	604
Financial Management and Housing	N/A	N/A	N/A	N/A	N/A	N/A	89	130

N/A - Information is Not Available at this Time

LAPEER COUNTY, MICHIGAN

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

Function	2006	2007	2008	2009	2010	2011	2012	2013
Legislative								
Computers	10	10	10	9	9	9	9	9
Judicial								
Court Rooms	6	6	6	6	6	6	6	6
Vehicles	9	9	9	10	10	10	10	10
Computers	72	74	98	98	98	101	105	107
* Network Printers/Copiers	17	17	14	14	14	14	7	10
General Government								
All County Buildings	11	12	12	12	12	12	12	12
Vehicles not reported elsewhere	15	15	19	18	18	18	17	17
Computers	67	69	83	85	85	86	87	89
* Network Printers/Copiers	25	26	18	20	20	20	15	16
Public Safety								
Jail Beds Available	123	123	123	123	123	123	123	123
Vehicles								
Patrol	18	18	20	20	20	20	20	20
Other	22	22	25	25	25	27	27	27
Computers	48	53	59	60	60	61	62	62
* Network Printers/Copiers	10	11	10	10	10	10	5	6
Health and Welfare								
Vehicles	22	22	22	21	21	21	21	21
Park Acreage								
Torzewski	70	70	70	70	70	70	70	70
Squire	80	80	80	80	80	87	87	87
Other	1	8	8	8	8	8	8	8
Computers	203	203	202	201	201	199	197	201
* Network Printers/Copiers	70	75	20	20	20	20	16	17

(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, 2013 - 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 2013 is approximately \$406,087 reported in the General Fund.

Lapeer County is self-insured for Workers' Compensation for claims up to an annual aggregate amount of \$450,000 per claim. 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 net expenditures for claims and insurance costs reported in the Workers' Compensation Fund for 2013 is \$(41,608). The County's ending net position for the Workers' Compensation Fund at December 31, 2013 is \$1,247,353.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2013 is \$30,593. The County's ending net position for the the Unemployment Insurance Fund at December 31, 2013 is \$116,319.

LAPEER COUNTY, MICHIGAN
OTHER STATISTICS
DECEMBER 31, 2013 - 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.