

COMPREHENSIVE ANNUAL FINANCIAL REPORT
LAPEER COUNTY, MICHIGAN
FOR THE YEAR ENDED DECEMBER 31, 2016

BOARD OF COMMISSIONERS

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Cheryl Clark, Vice Chairperson
Dyle Henning
Lenny Schneider
Rick Warren
Linda M. Jarvis
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ISSUED BY:
COUNTY ADMINISTRATION OFFICE

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

LAPEER COUNTY, MICHIGAN

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MICHIGAN'S OLDEST COURTHOUSE

Lapeer County Administration Office

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June 19, 2017

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, 2016, 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. A comprehensive framework of internal control to provide a reasonable basis for asserting that the financial statements are fairly presented has been established. Since the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

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

Lapeer County's financial statements have been audited by Stewart, Beauvais & Whipple PC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lapeer County, for the ending fiscal year 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, 2016, 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 completed a merger with CSB Bank in December. The combined entities, now known as Lakestone Bank and Trust, remain locally owned and managed. Branches of Chase, Chemical Bank, First Citizen, PNC, Tri-County, Independent, Flagstar, Oxford, Citizen First, and six credit unions also offer financial services.

The taxable value of property in FY 16 was \$2,704,797,460 compared to \$2,689,687,494 in 2015, an increase of approximately 0.56%. During the same period, S.E.V. increased from \$3,273,424,184, to \$3,454,666,489 up approximately 5.50%. The tax levy of 3.7886 that had remained the same for ten years was rolled back to 3.7666 through Headlee rollback computations for general County operations. 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 2016 population at 88,340.

The real estate market throughout the County continues to reflect the effects of the economic climate. The median residential selling price in 2016 was \$150,000, an increase of 7.7% from \$139,213 in 2015, based on data from Realcomp II Ltd.

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 2016, LDC assisted in the creation/retention of 191 jobs, and \$138.6 million of new investment value. Since its inception in 1981, the LDC has brought a private sector investment of over \$823 million into the County and has assisted with the creation/retention of 8,454 jobs. A highlight in 2016 was the groundbreaking of two of the largest solar projects in the State by DTE. In 2003 the LDC was 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 continues with the I-69 International Trade Corridor, Next Michigan Corporation, which is one of five designations permitted in the State. This Corporation is an independently established entity that works to establish a logistics hub around intermodal access points to create a cooperative partnership involving 35 local communities in St. Clair, Lapeer, Genesee and Shiawassee counties located along the I-69 corridor that allows the use of 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 \$9.3 million with approximately \$280,815 awarded in scholarships and grants to non-profit groups, educational and government institutions in 2016. The Foundation, which became independent in 2005, also manages 62 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 eighteenth 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 online 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, the Department of Natural Resources, 7 local police departments, and 3 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 local departments and the State.

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 District Judge serves a six-year term and is elected at large. One Judge is elected at large for a six-year term in the Probate Court. 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.

The Board of Commissioners appoints several County Officers including the County Controller/Administrator, the Health Officer, the Medical Examiner, the E-911 Director, the Equalization Director, and the Emergency Management Coordinator. The responsibility of these Officials is defined by Statute and/or policy of 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 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

Focused budget management efforts over the past eight years have enabled the County to contend with the impact of dramatic revenue reductions that occurred during the “great recession” without significant limitations in services. With the improving Michigan economic environment, the contraction of the property tax base has reversed, and State Revenue Sharing payments reached \$1,676,458 in FY 2016, increasing from \$1,668,623 in FY 2015, still less than the peak of \$1,774,671 in 2001. As two of the major general fund revenue sources, these changes have allowed a renewed stability in the budget process.

The County continues to comply with the 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.

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, and 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. This upward trend continued into 2016 with \$9,835,298 posted. As a point of reference, Lapeer County received \$11,016,896 in property tax revenue in 2008.

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 \$593,507 that was “captured” by local government TIFA's and DDA's in 2016.

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 continued financial uncertainty, 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. Consequently, 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 2016. This Plan remains as a footprint for the development of a cost effective informational technology platform 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.

During the year the Jail parking lot at the Sheriff's Department was fully rebuilt.

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

A continued element 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, remain contracted with a private vendor. Custodial and snow removal, vehicle repair and technology services continue 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 continuing 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. 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.

County Parks, in collaboration with Community Mental Health and Teamworks (a local private non-profit agency) provide job training for CMH clients. The clients work maintenance and concessions at the two County waterparks. This provides real world experience and allows County Parks to fully operate at a reduced cost.

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 eight 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 continued the AA+ stable rating for the county's existing GO debt. A prominent focus of fiscal planning is the attainment of Bond ratings that support low interest rates when the need to acquire capital occurs. 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 2016. 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 in respective 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 remains a member of 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 and provides the manufacturing/industrial community access to additional tools to begin or enhance operations.

Full replacement of the jail security system was completed with the installation of digital cameras and recording equipment throughout the facility and enhancing the perimeter security. Additional camera placements were added thereby improving safety for staff and inmates by increasing the coverage of space monitored.

Following a complete engineering study on the County Complex building, major rehabilitation and stabilization work was started in June. The project that will be completed in 2017, includes the full replacements of windows, correction of some structural defects, repair and replacement of the brick facade, and other work identified in the Study. Funds will come from capital reserves (estimated cost of \$2 million), so no debt will be incurred for the work.

AWARDS AND ACKNOWLEDGEMENTS:

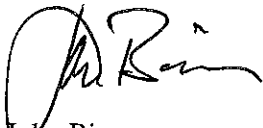
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lapeer County for its CAFR for the fiscal year ending December 31, 2015. The Certificate of Achievement is a prestigious national award that 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.

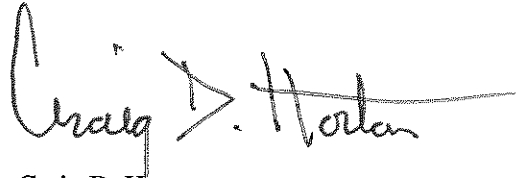
The Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to Certificate of Achievement Program requirements and are submitting it to the GFOA to determine eligibility for recognition for FY 2016.

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

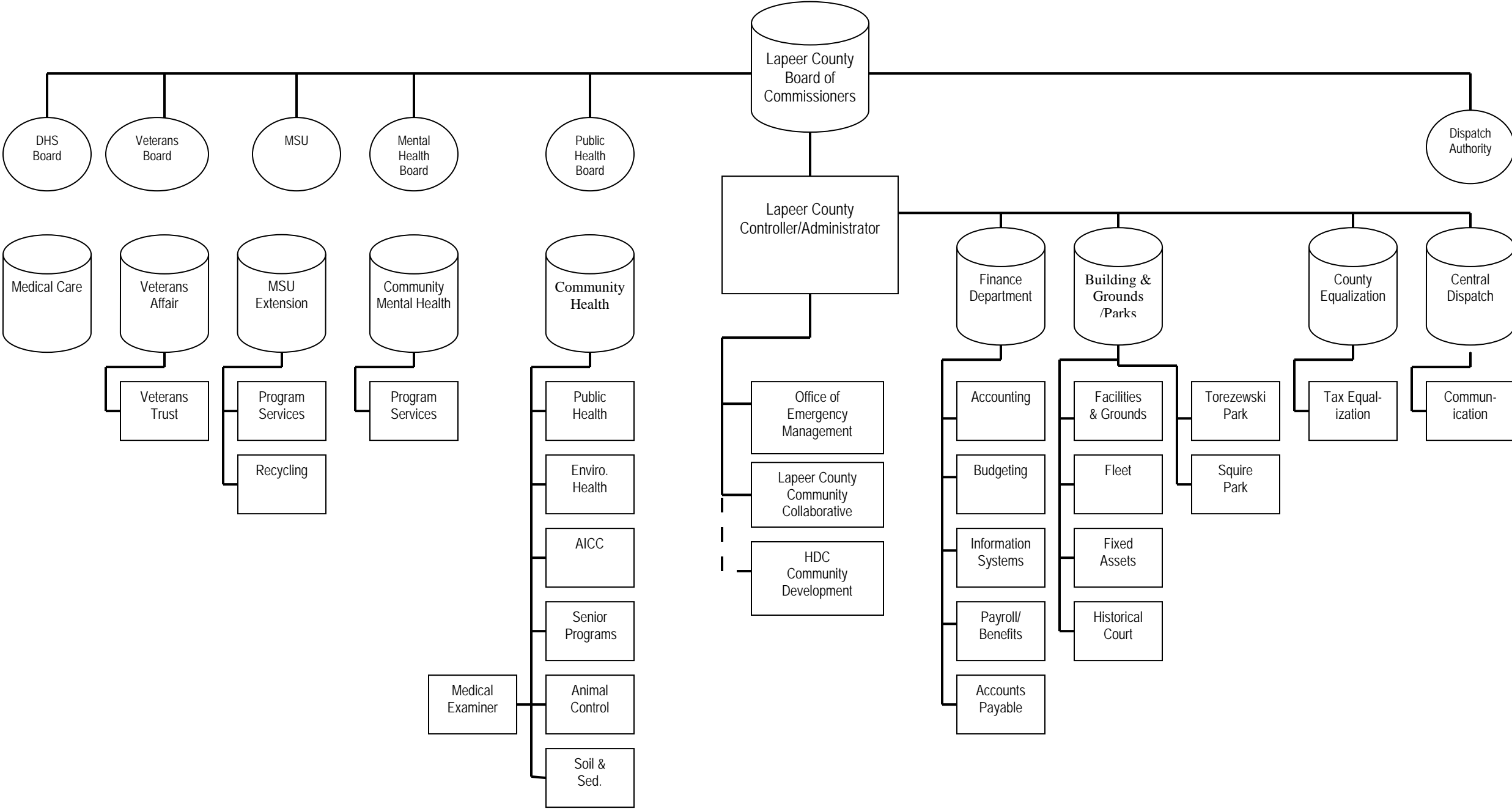
**Lapeer County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

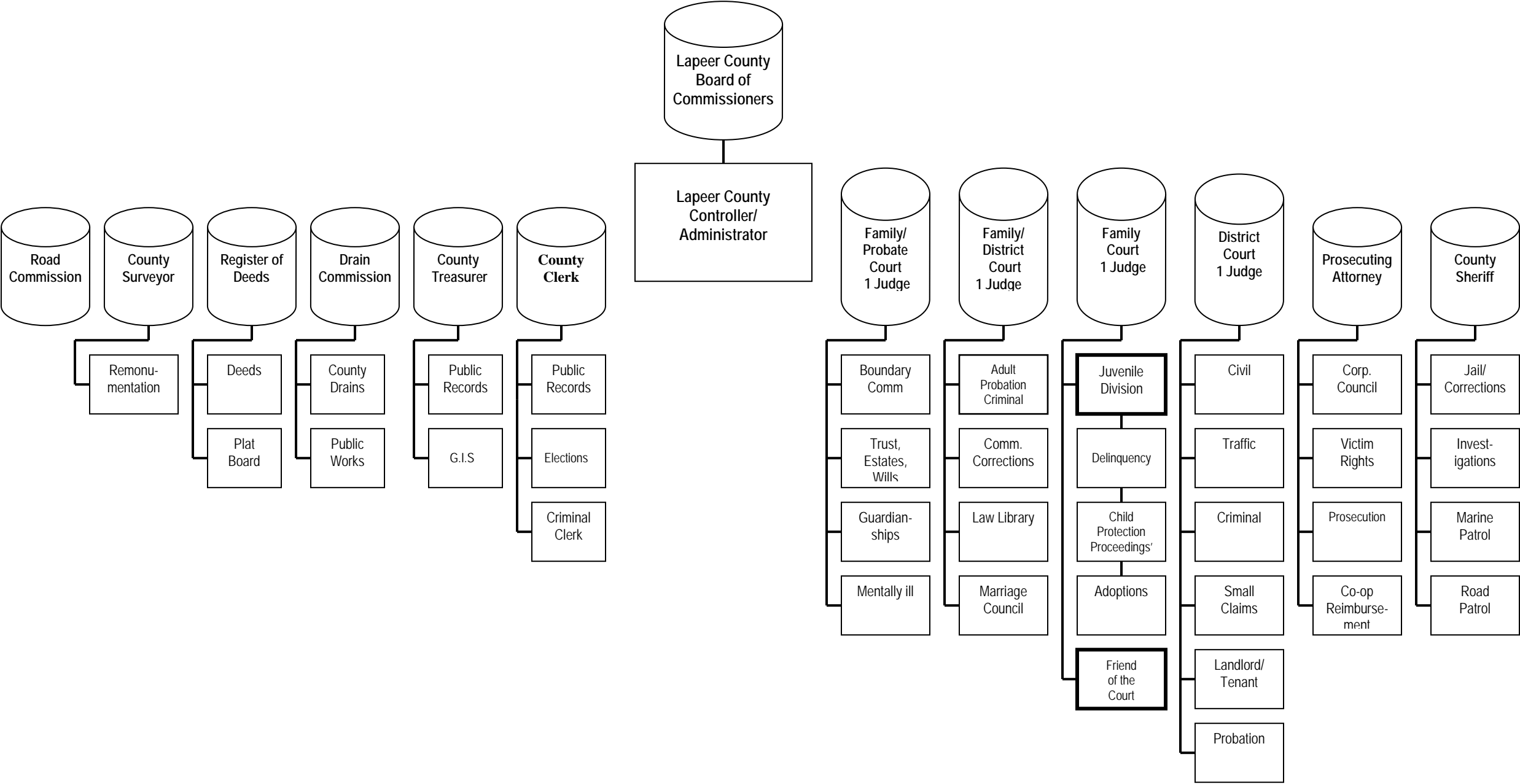
December 31, 2015

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
Rick Warren

COURT JUDGES

Nick O. Holowka
Family Court

Justus Scott
Family Court

Bryon Kenschuh
Family/District Court

Laura Chegar Barnard
District Court

COUNTY ELECTED OFFICIALS

Dana M. Miller
Treasurer

Scott McKenna
Sheriff

Joseph Suma
Drain Commissioner

Theresa Spencer
Clerk

Michael Sharkey
Prosecuting Attorney

Richard A. Duthler
Surveyor

Lori Gebhardt
Register of Deeds

County Appointed
John Biscoe
Controller/Administrator

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Lapeer County
Lapeer, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan (the "County"), as of and for the year ended December 31, 2016, 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 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 judgement, 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 entity'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 entity'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, 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, 2016 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.

Restatement of Beginning Net Position

As described in Note 15 to the financial statements, the beginning net position of the Road Commission component unit has been increased to correct a misstatement. 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, budgetary comparison information, and pension system schedules, as listed in the table of contents, 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.

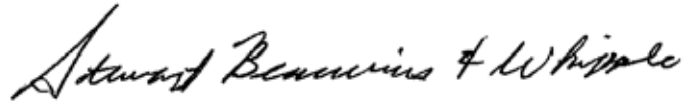
Other Information

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 introductory section, combining and individual fund financial statements and schedules, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us 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 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 by us 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 19, 2017 on our consideration of Lapeer County, Michigan'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 the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Stewart Beauchamp & Whipple".

Certified Public Accountants

June 19, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Lapeer, we offer readers of our financial statements this narrative and analysis of the financial activities for the fiscal year ending December 31, 2016. This analysis should be read in conjunction with the letter of transmittal, beginning on page i of this report, and with the basic financial statements and related notes 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 \$66,040,743 (net position) at December 31, 2016. Of this amount, \$17,782,312 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. Also included is \$10,678,966 of restricted net position restricted for specific purposes (specific millage funds, E-911, etc.) and \$37,579,465 representing investment in capital assets, net of related liabilities.
- The County's net position decreased by \$986,108 during 2016, mainly due to transfers to the Retirement Fund for additional pension contributions.
- At December 31, 2016, the County's governmental funds reported a combined ending fund balance of \$22,116,898, a decrease of \$1,274,899 compared to the prior year. Approximately 24% of this amount, \$5,351,801, is available for spending at the government's discretion (unassigned fund balance).
- Capital assets of the primary government (carrying value net of accumulated depreciation) increased by \$2,474,965 over the previous year due to net capital additions exceeding annual depreciation costs. Long-term debt of the primary government decreased \$1,489,051, due primarily to scheduled bond payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. 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 vacation.)

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 include 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.

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. Governmental funds include the General Fund, the Special Revenue funds, the Debt Service fund, and the Capital Projects 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 in excess of 40 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 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 Property Funds (GASB No. 54 components of the General Fund) 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.

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 acquisition 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 Medical Care Facility and Delinquent Tax Funds, 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.

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.

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.

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 and certain pension system schedules.

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.

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 \$66,040,743 at December 31, 2016.

Approximately 27% or \$17,782,312 of the County's net position is unrestricted and available for future obligations. Approximately 16% or \$10,678,966 of the County's net position is restricted for specific purposes by external parties, constitutional provisions, or enabling legislation. Approximately 57% or \$37,579,465 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 following analysis focuses on the net position of the County's governmental and business-type activities.

Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 36,043,656	\$ 35,902,003	\$ 23,976,315	\$ 26,807,922	\$ 60,019,971	\$ 62,709,925
Capital Assets, net	23,470,909	23,893,451	18,611,320	15,713,813	42,082,229	39,607,264
Total Assets	59,514,565	59,795,454	42,587,635	42,521,735	102,102,200	102,317,189
Deferred Outflows of Resources	4,025,374	3,855,608	3,217,113	2,734,090	7,242,487	6,589,698
Liabilities						
Long-term Liabilities	20,076,103	21,550,320	10,604,206	9,787,455	30,680,309	31,337,775
Other Liabilities	6,879,228	5,576,328	2,799,944	2,019,648	9,679,172	7,595,976
Total Liabilities	26,955,331	27,126,648	13,404,150	11,807,103	40,359,481	38,933,751
Deferred Inflows of Resources	2,944,463	2,946,285	-	-	2,944,463	2,946,285
Net Position						
Net investment in capital assets	18,968,145	17,868,209	18,611,320	15,713,813	37,579,465	33,582,022
Restricted	7,966,468	7,723,876	2,712,498	2,544,188	10,678,966	10,268,064
Unrestricted	6,705,532	7,986,044	11,076,780	15,190,721	17,782,312	23,176,765
Total Net Position	\$ 33,640,145	\$ 33,578,129	\$ 32,400,598	\$ 33,448,722	\$ 66,040,743	\$ 67,026,851

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 decreased from \$67,026,851 to \$66,040,743 for a net change of governmental and business-type activities of \$(986,108) from the prior year.

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 2016 and 2015.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	Restated 2015	2016	2015	2016	Restated 2015
Revenue:						
Program Revenue:						
Charges for services	\$ 11,451,612	\$ 11,016,272	\$ 24,822,780	\$ 24,212,076	\$ 36,274,392	\$ 35,228,348
Operating grants and contributions	24,366,273	24,114,539	38,589	-	24,404,862	24,114,539
General Revenue:						
Property taxes	12,821,205	12,599,779	904,079	912,656	13,725,284	13,512,435
Grants and contributions not restricted to specific programs	1,683,815	1,674,824	11,141	19,022	1,694,956	1,693,846
Other	<u>197,515</u>	<u>125,415</u>	<u>12,621</u>	<u>9,877</u>	<u>210,136</u>	<u>135,292</u>
Total Revenue	<u>50,520,420</u>	<u>49,530,829</u>	<u>25,789,210</u>	<u>25,153,631</u>	<u>76,309,630</u>	<u>74,684,460</u>
Expenses:						
Legislative	327,800	289,048	-	-	327,800	289,048
Judicial	5,403,251	5,117,641	-	-	5,403,251	5,117,641
General Government	6,708,073	7,552,910	-	-	6,708,073	7,552,910
Public Safety	12,119,851	11,776,498	-	-	12,119,851	11,776,498
Public Works	360,066	340,331	-	-	360,066	340,331
Health and Welfare	26,845,525	25,702,025	-	-	26,845,525	25,702,025
Recreation and Culture	504,008	430,536	-	-	504,008	430,536
Interest on Long-term Debt	249,830	299,517	-	-	249,830	299,517
Medical Care Facility	-	-	24,467,545	23,247,539	24,467,545	23,247,539
Delinquent Tax	<u>-</u>	<u>-</u>	<u>309,789</u>	<u>251,000</u>	<u>309,789</u>	<u>251,000</u>
Total Expenses	<u>52,518,404</u>	<u>51,508,506</u>	<u>24,777,334</u>	<u>23,498,539</u>	<u>77,295,738</u>	<u>75,007,045</u>
Change in net position before transfers	(1,997,984)	(1,977,677)	1,011,876	1,655,092	(986,108)	(322,585)
Transfers	<u>2,060,000</u>	<u>260,507</u>	<u>(2,060,000)</u>	<u>(151,058)</u>	<u>-</u>	<u>109,449</u>
Change in net position	62,016	(1,717,170)	(1,048,124)	1,504,034	(986,108)	(213,136)
Net position at beginning of year	<u>33,578,129</u>	<u>35,295,299</u>	<u>33,448,722</u>	<u>31,944,688</u>	<u>67,026,851</u>	<u>67,239,987</u>
Net position at end of year	<u>\$ 33,640,145</u>	<u>\$ 33,578,129</u>	<u>\$ 32,400,598</u>	<u>\$ 33,448,722</u>	<u>\$ 66,040,743</u>	<u>\$ 67,026,851</u>

The 2015 revenues for the governmental activities presented above have been restated for certain reclassifications to conform to the 2016 presentation.

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 was 3.7666 in 2016 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 \$2,689,687,494 in 2015 to \$2,704,797,460 in 2016, 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 \$1,676,458 and \$1,668,623 in 2016 and 2015, respectively.

In total, fiscal year 2016 governmental activity revenue increased by \$989,591 or approximately 2% over the prior year. Each of the 2016 revenue sources increased over the 2015 levels, but none of the increases were significant. Expenses for the governmental activities increased by \$1,009,898 or approximately 2% over the prior year. As is the case for revenues, none of the changes to the expense functional categories were considered significant.

Business-type Activities:

In total, fiscal year 2016 business-type activity revenue increased by \$635,579. The increase was due primarily to an increase in charges for services related to the Medical Care Facility, which increased by \$745,006 in 2016. Expenses for the business-type activities increased by \$1,278,795 or approximately 5% over the prior year. The increase was due to increased expenses relative to the Medical Care Facility, primarily due to increases in administrative and general, maintenance, and retirement and healthcare savings contributions.

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, 2016, the County's governmental funds reported combined ending fund balances of \$22,116,898, a decrease of \$1,274,899 in comparison to the prior year. Nonspendable fund balance is \$399,075, consisting of inventory, advances, and prepaids. Restricted fund balance is \$9,345,959. Committed fund balance is \$6,938,191. Assigned fund balance is \$81,872 and unassigned fund balance is \$5,351,801.

The General Fund is the chief operating fund of the County. At December 31, 2016, the General Fund reported an ending fund balance of \$10,056,769 with \$5,351,801 of that amount unassigned. As a measure of the General Fund's liquidity, the unassigned fund balance represents approximately 26% of the total General Fund expenditures and transfers out, while total fund balance represents 48% of total General Fund expenditures and transfers out.

During the fiscal year 2016, there were no significant budget amendments approved for the General Fund.

The 2016 amended budget of the General Fund had projected revenues of \$17,524,665 and transfers in of \$2,282,000 with expenditures of \$17,678,330 and transfers out of \$2,456,507. The final budget anticipated expenditures and other financing uses over revenues and other financing sources of \$328,172. There were no significant budget variances for General Fund revenues or expenditures, except for transfers in, 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 year-end, Community Mental Health reported a fund balance of \$1,997,747. Fund balance increased \$106,943 from the prior year. The increase was primarily due to an increase in transfers from the General Fund for pharmacy rental.

The third major governmental fund is the E-911 Debt. At December 31, 2016, the E-911 Debt reported a fund balance of \$2,046,266. Fund balance increased by \$338,066 over the prior fiscal year. The increase was due to revenues, primarily property taxes levied to service the debt, exceeding the principal and interest payments.

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, 2016.

The Delinquent Tax Fund reported a decrease in net position from \$20,221,179 to \$18,986,199 or approximately 6%. This decrease is due primarily to transfers out to the Retirement Fund to provide resources to fund additional retirement contributions to MERS in 2016. The Medical Care Facility reported a net position increase from \$13,227,543 to \$13,414,399 or approximately 1%. This increase was not considered significant.

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, 2016 amounted to 42,082,229. This investment in capital assets includes land, land improvements, building and building improvements, machinery and equipment, and vehicles. During the year, the County added \$1,717,586 in its governmental activities mainly related to construction in progress of façade structural improvement to the County Complex and several new vehicles and \$3,797,539 in the business-type activities mainly for the building addition in construction in progress at the Medical Care Facility and various other pieces of equipment.

As of December 31, 2016, the County has \$1,085,475 outstanding in construction commitments.

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

Outstanding Debt

Long-term Debt: At December 31, 2016, the County had bonds and unamortized bond premiums outstanding of \$6,563,302, declining from the 2015 balance of \$8,085,378 due to regularly scheduled payments. There was no new debt issued for 2016. The balance of the long-term liabilities of the primary government consisted of accrued self-insurance claims and compensated absences at December 31, 2016 of \$1,508,243, increasing from the 2015 balance of \$1,475,218.

Economic Outlook

While there is reason for optimism for a more favorable fiscal environment following the 2008-2012 recession, the acute lessons of that period are ingrained. A new normal in the budgeting process and greater emphasis on long-term effects of decisions are now a salient part of our financial practices.

The property tax base continues to reflect a modest upturn, but the Headlee Amendment (resulting in a lower tax rate) and Proposal A, as well as captured revenues, modify the available gains from this source. The restoration of State Revenue Sharing remains a vital element in sustaining the budget. Nevertheless, the realization that both of these principle revenues can and have declined offers a sober reminder. Other revenue sources reflect limited increases, yet some have declined, adding further uncertainty.

Unemployment remains troubling, home sales show a slight increase in average price, and a stable population base are further indicators of a slowly recovering economy. Tax foreclosures and delinquencies have also declined. The tracking of this and other germane data continue to be helpful in fiscal forecasting. Ignoring trends from this basic economic data is a precursor to repeating the consequences of the dramatic budget reductions that affected so many units of local government during the "great recession" of 2008-2012.

Expenditure control, particularly as it relates to unfunded State mandates, is problematic. As the full cost of the Affordable Health Care Act is realized, the impact on the budget appears significant. Cost containment remains as a core element of the budget process given the impact of external factors and areas of mandatory statutory expenses.

Consequently, pressure will remain for the foreseeable future requiring ongoing review and modification of the budget. The use of ten-year forecasting, even with evident limitations, is a methodology that compels attention and may help minimize the effects of the next downturn. The process of analyzing relevant and timely data will remain in the forefront of budget practice and philosophy.

The use of multi-year budgeting creates a structure, in addition to other tools, and allows policy makers to address issues from a longer-term perspective. As new economic conditions emerge, this process provides some time to deliberate as opposed to perceptive action with a budget.

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 Controller/Administrator, 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, 2016

	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
Assets:				
Cash and cash equivalents	\$ 15,190,282	\$ 17,000,961	\$ 32,191,243	\$ 8,436,474
Investments	13,237,275	-	13,237,275	1,198,479
Receivables (net of allowance)	7,064,662	6,630,472	13,695,134	4,290,741
Prepaid items/deposits	306,159	203,932	510,091	374,700
Internal balances	(11,000)	(162)	(11,162)	-
Inventory	2,237	100,069	102,306	722,570
Advance to component units	90,000	-	90,000	-
Other assets	19,075	-	19,075	-
Restricted assets -				
Cash and cash equivalents	144,966	41,043	186,009	29,485
Accounts receivable	-	-	-	114,259
Contracts receivable	-	-	-	2,613,339
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	2,102,066	5,810,481	7,912,547	36,326,518
Assets being depreciated	21,368,843	12,800,839	34,169,682	56,596,790
Total Assets	<u>59,514,565</u>	<u>42,587,635</u>	<u>102,102,200</u>	<u>110,703,355</u>
Deferred Outflows of Resources:				
Related to pensions	4,025,374	3,217,113	7,242,487	2,259,334
Liabilities:				
Payables and accrued liabilities	6,756,783	2,758,901	9,515,684	1,851,917
Advances and deposits	-	-	-	1,070,572
Advances from primary government	-	-	-	90,000
Unearned revenue	122,445	-	122,445	-
Liabilities payable from restricted assets	-	41,043	41,043	117,409
Non-current liabilities -				
Net pension liability	12,565,557	10,043,207	22,608,764	8,306,674
Net OPEB obligation	-	-	-	5,226,742
Due within one year	2,358,813	528,160	2,886,973	1,038,212
Due in more than one year	5,151,733	32,839	5,184,572	3,629,106
Total Liabilities	<u>26,955,331</u>	<u>13,404,150</u>	<u>40,359,481</u>	<u>21,330,632</u>
Deferred Inflows of Resources:				
Taxes levied for a subsequent period	2,944,463	-	2,944,463	-
Net Position:				
Net investment in capital assets	18,968,145	18,611,320	37,579,465	91,038,216
Restricted - Expendable -				
Acquisition/construction of capital assets	14,046	-	14,046	2,528,072
Foreclosure sales	-	2,712,498	2,712,498	-
Debt Service	2,046,266	-	2,046,266	3,124,524
Health and Welfare	1,274,575	-	1,274,575	-
Public Safety	1,269,637	-	1,269,637	-
General Government	3,239,396	-	3,239,396	-
Other Purposes	122,548	-	122,548	-
Unrestricted	6,705,532	11,076,780	17,782,312	(5,058,755)
Total Net Position	<u>\$ 33,640,145</u>	<u>\$ 32,400,598</u>	<u>\$ 66,040,743</u>	<u>\$ 91,632,057</u>

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	\$ 327,800	\$ -	\$ -	\$ -
Judicial	5,403,251	1,203,467	1,348,991	-
General Government	6,708,073	4,582,315	938,426	-
Public Safety	12,119,851	3,610,853	475,245	-
Public Works	360,066	-	-	-
Health and Welfare	26,845,525	1,874,704	21,507,908	-
Recreation and Culture	504,008	180,273	8,000	-
Interest on Long Term Debt	249,830	-	87,703	-
Total governmental activities	<u>52,518,404</u>	<u>11,451,612</u>	<u>24,366,273</u>	<u>-</u>
Business-type activities:				
Medical Care Facility	24,467,545	23,695,316	38,589	-
Delinquent Tax	309,789	1,127,464	-	-
Total business type activities	<u>24,777,334</u>	<u>24,822,780</u>	<u>38,589</u>	<u>-</u>
Total Primary Government	<u>\$ 77,295,738</u>	<u>\$ 36,274,392</u>	<u>\$ 24,404,862</u>	<u>\$ -</u>
Component Units				
Road Commission	\$ 13,960,359	\$ 2,890,883	\$ 11,628,057	\$ 2,539,428
Board of Public Works	70,164	70,164	-	-
Drainage Districts	1,176,536	222,040	-	-
Land Bank Authority	46,724	15,644	60,000	-
Total Component Units	<u>\$ 15,253,783</u>	<u>\$ 3,198,731</u>	<u>\$ 11,688,057</u>	<u>\$ 2,539,428</u>
General revenues:				
Property taxes				
Grants and contributions not				
restricted to specific programs				
Unrestricted investment income				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in Net Position				
Net position at beginning of year, as restated				
Net position at end of year				

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

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$(327,800)	\$ -	\$(327,800)	\$ -
(2,850,793)	-	(2,850,793)	-
(1,187,332)	-	(1,187,332)	-
(8,033,753)	-	(8,033,753)	-
(360,066)	-	(360,066)	-
(3,462,913)	-	(3,462,913)	-
(315,735)	-	(315,735)	-
(162,127)	-	(162,127)	-
(16,700,519)	-	(16,700,519)	-
-	(733,640)	(733,640)	-
-	817,675	817,675	-
-	84,035	84,035	-
(16,700,519)	84,035	(16,616,484)	-
-	-	-	3,098,009
-	-	-	-
-	-	-	(954,496)
-	-	-	28,920
-	-	-	2,172,433
12,821,205	904,079	13,725,284	-
1,683,815	11,141	1,694,956	-
164,921	12,621	177,542	8,693
32,594	-	32,594	36,940
2,060,000	(2,060,000)	-	-
16,762,535	(1,132,159)	15,630,376	45,633
62,016	(1,048,124)	(986,108)	2,218,066
33,578,129	33,448,722	67,026,851	89,413,991
\$ 33,640,145	\$ 32,400,598	\$ 66,040,743	\$ 91,632,057

LAPEER COUNTY, MICHIGAN

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2016

	General	Community Mental Health	E-911 Debt	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ -	\$ 4,343,940	\$ 2,117,326	3,458,494	\$ 9,919,760
Investments	13,237,275	-	-	-	13,237,275
Receivables (net of allowance) -					
Property taxes	979,745	-	1,849,137	862,511	3,691,393
Accounts and interest	31,653	239,616	-	1,015,012	1,286,281
Due from other governmental units	114,131	823,392	87,703	1,015,258	2,040,484
Due from other funds	23,029	-	-	-	23,029
Interfund receivables	-	-	-	4,180,683	4,180,683
Inventory	-	-	-	2,237	2,237
Advances to other funds	25,000	7,500	-	-	32,500
Advances to component units	90,000	-	-	-	90,000
Prepaid items	218,485	34,596	-	28,757	281,838
Restricted assets - Cash	-	144,966	-	-	144,966
Total Assets	\$ 14,719,318	\$ 5,594,010	\$ 4,054,166	\$ 10,562,952	\$ 34,930,446
Liabilities:					
Accounts payable	\$ 139,383	\$ 1,755,337	\$ -	\$ 217,998	\$ 2,112,718
Accrued liabilities	272,024	75,267	-	193,514	540,805
Due to other governmental units	441,855	1,696,944	-	21,117	2,159,916
Due to other funds	35,351	6,984	-	21,993	64,328
Interfund payables	3,773,936	-	-	406,747	4,180,683
Advances from other funds	-	-	-	32,500	32,500
Unearned revenue	-	61,731	-	60,714	122,445
Total Liabilities	4,662,549	3,596,263	-	954,583	9,213,395
Deferred Inflows of Resources:					
Unavailable revenues - revolving loans	-	-	-	655,690	655,690
Taxes levied for a subsequent period	-	-	2,007,900	936,563	2,944,463
Total Deferred Inflows of Resources	-	-	2,007,900	1,592,253	3,600,153
Fund Balances:					
Nonspendable -					
Inventory/Advances/Prepays	333,485	34,596	-	30,994	399,075
Restricted	2,585,133	144,966	2,046,266	4,569,594	9,345,959
Committed	1,704,478	1,818,185	-	3,415,528	6,938,191
Assigned - 2017 operations	81,872	-	-	-	81,872
Unassigned	5,351,801	-	-	-	5,351,801
Total Fund Balances	10,056,769	1,997,747	2,046,266	8,016,116	22,116,898
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 14,719,318	\$ 5,594,010	\$ 4,054,166	\$ 10,562,952	\$ 34,930,446

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

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2016

Fund Balances - total governmental funds	\$ 22,116,898
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	46,639,615
Accumulated depreciation	(26,105,184)
Certain pension contributions and changes in pension plan liabilities are reported as deferred outflows of resources in the statement of net position	
Deferred outflows of resources	4,025,374
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	655,690
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)	(88,302)
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.	6,174,594
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	(537,726)
Bonds payable	(6,475,000)
Net pension liability	(12,565,557)
Insurance claims payable	(135,507)
Accrued interest on bonds payable	(64,750)
Net Position of governmental activities	<u>\$ 33,640,145</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, 2016**

	General	Community Mental Health	E-911 Debt	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 9,835,298	\$ -	\$ 2,034,160	\$ 951,747	\$ 12,821,205
Licenses and permits	2,733	-	-	589,990	592,723
Intergovernmental	2,687,438	18,729,387	87,703	4,365,433	25,869,961
Charges for services	2,256,000	486,838	-	3,972,736	6,715,574
Fines and forfeits	275,946	-	-	190,531	466,477
Rents	229,348	-	-	14,537	243,885
Interest	161,615	866	765	1,643	164,889
Other	2,975,123	242,283	-	239,532	3,456,938
Total Revenues	<u>18,423,501</u>	<u>19,459,374</u>	<u>2,122,628</u>	<u>10,326,149</u>	<u>50,331,652</u>
Expenditures:					
Current -					
Legislative	312,344	-	-	-	312,344
Judicial	3,728,001	-	-	1,411,344	5,139,345
General Government	5,345,942	-	-	481,112	5,827,054
Public Safety	6,251,389	-	-	4,357,805	10,609,194
Public Works	341,928	-	-	-	341,928
Health and Welfare	99,640	19,606,546	-	5,670,660	25,376,846
Recreation and Cultural	220,942	-	-	189,339	410,281
Other Activities	329,241	-	-	-	329,241
Capital Outlay	-	-	-	1,143,233	1,143,233
Debt Service -					
Principal	-	-	1,500,000	-	1,500,000
Interest	-	-	284,562	-	284,562
Total Expenditures	<u>16,629,427</u>	<u>19,606,546</u>	<u>1,784,562</u>	<u>13,253,493</u>	<u>51,274,028</u>
Revenues over (under) expenditures	<u>1,794,074</u>	<u>(147,172)</u>	<u>338,066</u>	<u>(2,927,344)</u>	<u>(942,376)</u>
Other Financing Sources (Uses):					
Transfers in	67,813	254,115	-	4,649,472	4,971,400
Transfers out	(4,256,569)	-	-	(1,047,354)	(5,303,923)
Total Other Financing Sources (Uses)	<u>(4,188,756)</u>	<u>254,115</u>	<u>-</u>	<u>3,602,118</u>	<u>(332,523)</u>
Net Change in Fund Balances	<u>(2,394,682)</u>	<u>106,943</u>	<u>338,066</u>	<u>674,774</u>	<u>(1,274,899)</u>
Fund Balances at beginning of year	<u>12,451,451</u>	<u>1,890,804</u>	<u>1,708,200</u>	<u>7,341,342</u>	<u>23,391,797</u>
Fund Balances at end of year	<u>\$ 10,056,769</u>	<u>\$ 1,997,747</u>	<u>\$ 2,046,266</u>	<u>\$ 8,016,116</u>	<u>\$ 22,116,898</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 FOR GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

Net change in fund balances - total governmental funds	\$(1,274,899)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	1,160,026
Depreciation expense	(1,608,377)
<p>The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>	
Principal payments on long-term liabilities	1,500,000
<p>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:</p>	
Decrease accrued interest payable	12,656
Amortization of bond premium	22,076
<p>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.</p>	
	(50,384)
Changes in deferred outflows of resources related to pension plan	169,766
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>	
Increase in compensated absences	(12,877)
Decrease in net pension liability	176,191
Increase in accrued insurance claims payable	(32,162)
Change in net position of governmental activities	<u>\$ 62,016</u>

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 725,215	\$ 16,275,746	\$ 17,000,961	\$ 5,270,522
Receivables (net of allowance) -				
Current and delinquent taxes	813,353	2,322,842	3,136,195	-
Accounts	2,587,985	-	2,587,985	23,585
Accrued interest	-	375,873	375,873	-
Due from other governmental units	295,960	104,078	400,038	-
Note receivable	-	130,381	130,381	-
Deposit with agent	-	-	-	19,075
Inventories	100,069	-	100,069	-
Prepaid items	203,932	-	203,932	24,321
Due from other funds	-	-	-	53,218
Restricted assets - Cash	41,043	-	41,043	-
Total Current Assets	<u>4,767,557</u>	<u>19,208,920</u>	<u>23,976,477</u>	<u>5,390,721</u>
Noncurrent Assets:				
Capital assets, net	<u>18,579,126</u>	<u>32,194</u>	<u>18,611,320</u>	<u>2,936,478</u>
Total Assets	<u>23,346,683</u>	<u>19,241,114</u>	<u>42,587,797</u>	<u>8,327,199</u>
Deferred Outflows of Resources:				
Related to pensions	<u>3,217,113</u>	<u>-</u>	<u>3,217,113</u>	<u>-</u>

Continued

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
Liabilities:				
Current Liabilities:				
Accounts payable	\$ 1,974,232	\$ 786	\$ 1,975,018	\$ 1,878,594
Accrued liabilities	328,398	1,580	329,978	-
Due to other governmental units	201,518	252,387	453,905	-
Due to other funds	-	162	162	-
Current portion of -				
Accrued claims	225,000	-	225,000	274,011
Liabilities payable from restricted assets -				
Patient deposits	41,043	-	41,043	-
Total Current Liabilities	<u>2,770,191</u>	<u>254,915</u>	<u>3,025,106</u>	<u>2,152,605</u>
Long-term Liabilities (less current portions):				
Accrued vacation and sick	303,160	-	303,160	-
Accrued claims	32,839	-	32,839	-
Net pension liability	10,043,207	-	10,043,207	-
Total Long-term Liabilities	<u>10,379,206</u>	<u>-</u>	<u>10,379,206</u>	<u>-</u>
Total Liabilities	<u>13,149,397</u>	<u>254,915</u>	<u>13,404,312</u>	<u>2,152,605</u>
Net Position:				
Net investment in capital assets	18,579,126	32,194	18,611,320	2,936,478
Restricted - Foreclosures sales	-	2,712,498	2,712,498	-
Unrestricted	(5,164,727)	16,241,507	11,076,780	3,238,116
Total Net Position	<u>\$ 13,414,399</u>	<u>\$ 18,986,199</u>	<u>\$ 32,400,598</u>	<u>\$ 6,174,594</u>

Concluded

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Operating Revenues:				
Intergovernmental	\$ 38,589	\$ -	\$ 38,589	\$ -
Charges for services	23,673,012	435,401	24,108,413	7,456,140
Interest on taxes	-	485,440	485,440	-
Fees and penalties on delinquent taxes	-	206,623	206,623	-
Other	22,304	-	22,304	-
Total Operating Revenues	<u>23,733,905</u>	<u>1,127,464</u>	<u>24,861,369</u>	<u>7,456,140</u>
Operating Expenses:				
Administrative and general	3,155,987	50,203	3,206,190	370,646
Maintenance	1,622,505	-	1,622,505	-
Nursing	10,078,742	-	10,078,742	-
Daycare	380,738	-	380,738	-
Professional service	6,364,916	-	6,364,916	-
Other services	-	252,695	252,695	-
Insurance and claims	-	-	-	4,548,312
Retirement and health care savings contributions	1,422,937	-	1,422,937	4,511,056
Depreciation	893,141	6,891	900,032	501,627
Total Operating Expenses	<u>23,918,966</u>	<u>309,789</u>	<u>24,228,755</u>	<u>9,931,641</u>
Operating Income (Loss)	<u>(185,061)</u>	<u>817,675</u>	<u>632,614</u>	<u>(2,475,501)</u>
Non-Operating Revenues (Expenses):				
Donations	11,141	-	11,141	-
Property taxes	904,079	-	904,079	-
Interest	5,276	7,345	12,621	-
Maintenance of effort	(548,579)	-	(548,579)	-
Gain on sale of assets	-	-	-	32,594
Total Non-Operating Revenues (Expenses)	<u>371,917</u>	<u>7,345</u>	<u>379,262</u>	<u>32,594</u>
Net Income (Loss) Before Transfers	<u>186,856</u>	<u>825,020</u>	<u>1,011,876</u>	<u>(2,442,907)</u>
Transfers:				
Transfers in	-	-	-	2,404,880
Transfers out	-	(2,060,000)	(2,060,000)	(12,357)
Total Transfers	<u>-</u>	<u>(2,060,000)</u>	<u>(2,060,000)</u>	<u>2,392,523</u>
Change in Net Position	186,856	(1,234,980)	(1,048,124)	(50,384)
Net Position at beginning of year	<u>13,227,543</u>	<u>20,221,179</u>	<u>33,448,722</u>	<u>6,224,978</u>
Net Position end of year	<u>\$ 13,414,399</u>	<u>\$ 18,986,199</u>	<u>\$ 32,400,598</u>	<u>\$ 6,174,594</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, 2016

	<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>
Cash Flows From Operating Activities:				
Cash receipts from customers	\$ 22,741,222	\$ 6,165,422	\$ 28,906,644	\$ -
Cash receipts from interfund services	-	30	30	7,459,425
Cash payments to employees	(12,461,218)	(48,328)	(12,509,546)	-
Cash payments to suppliers	(9,373,517)	(4,817,084)	(14,190,601)	(9,032,661)
Other cash receipts	60,893	-	60,893	-
Net Cash Provided by (Used in) Operating Activities	<u>967,380</u>	<u>1,300,040</u>	<u>2,267,420</u>	<u>(1,573,236)</u>
Cash Flows From Noncapital Financing Activities:				
Property taxes and donations	881,919	-	881,919	-
Interfund transfers	-	(2,060,000)	(2,060,000)	2,392,523
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>881,919</u>	<u>(2,060,000)</u>	<u>(1,178,081)</u>	<u>2,392,523</u>
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	(3,797,539)	-	(3,797,539)	(557,560)
Proceeds from sale of capital assets	-	-	-	62,718
Net Cash Used in Capital and Related Financing Activities	<u>(3,797,539)</u>	<u>-</u>	<u>(3,797,539)</u>	<u>(494,842)</u>
Cash Flows From Investing Activities:				
Promissory note payments received	-	128,441	128,441	-
Interest received	5,276	7,345	12,621	-
Net Cash Provided by Investing Activities	<u>5,276</u>	<u>135,786</u>	<u>141,062</u>	<u>-</u>
Net Increase (decrease) in cash and cash equivalents	(1,942,964)	(624,174)	(2,567,138)	324,445
Cash and cash equivalents at beginning of year	<u>2,709,222</u>	<u>16,899,920</u>	<u>19,609,142</u>	<u>4,946,077</u>
Cash and cash equivalents at end of year	<u>\$ 766,258</u>	<u>\$ 16,275,746</u>	<u>\$ 17,042,004</u>	<u>\$ 5,270,522</u>
Statement of Net Position -				
Cash and Cash Equivalents -				
Cash and cash equivalents	\$ 725,215	\$ 16,275,746	\$ 17,000,961	\$ 5,270,522
Restricted assets - cash	41,043	-	41,043	-
Cash and cash equivalents at end of year	<u>\$ 766,258</u>	<u>\$ 16,275,746</u>	<u>\$ 17,042,004</u>	<u>\$ 5,270,522</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, 2016

	<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 (Loss) to				
Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss) for the year	\$(185,061)	\$ 817,675	\$ 632,614	\$(2,475,501)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -				
Depreciation	893,141	6,891	900,032	501,627
Maintenance of effort	(548,579)	-	(548,579)	-
Change in allowance for bad debt	17,945	-	17,945	-
Change in patient trust deposits	(8,493)	-	(8,493)	-
Change in assets and liabilities-				
(Increase) decrease in -				
Receivables	(82,545)	538,560	456,015	8,526
Due from other governmental units	(295,960)	(104,078)	(400,038)	-
Due from other funds	-	-	-	(5,241)
Prepaid items	92,118	-	92,118	(24,321)
Inventories	3,257	-	3,257	-
Deferred outflows related to pensions	(483,023)	-	(483,023)	-
Increase (decrease) in-				
Accounts payable	1,424,006	(4,664)	1,419,342	242,663
Accrued liabilities	(329,273)	(317)	(329,590)	179,011
Due to other funds	-	32	32	-
Net pension liability	1,007,776	-	1,007,776	-
Due to other governmental units	(537,929)	45,941	(491,988)	-
Net Cash Provided By (Used in) Operating Activities	<u>\$ 967,380</u>	<u>\$ 1,300,040</u>	<u>\$ 2,267,420</u>	<u>\$(1,573,236)</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, 2016

	Retiree Health Care	Agency Funds
Assets:		
Cash and cash equivalents	\$ -	\$ 1,445,420
Interest in pooled investment	821,187	-
Total Assets	<u>821,187</u>	<u>\$ 1,445,420</u>
Liabilities:		
Due to individuals and agencies	241,797	\$ 606,896
Due to other funds	-	22,919
Due to other governmental units	-	815,605
Total Liabilities	<u>241,797</u>	<u>\$ 1,445,420</u>
Net Position:		
Restricted for retiree health care benefits	<u>\$ 579,390</u>	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION RETIREE HEALTH CARE FUND FOR THE YEAR ENDED DECEMBER 31, 2016

Additions:	
Forfeitures	\$ 12,727
Investment return	79,918
Total Additions	<u>92,645</u>
Deductions:	
Contributions to participant accounts	265,466
Administration	1,952
Total Deductions	<u>267,418</u>
Net decrease	(174,773)
Net Position -	
Beginning of year	<u>754,163</u>
End of year	<u>\$ 579,390</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, 2016

	Road Commission	Board of Public Works	Drainage Districts	Land Bank Authority	Totals
Assets:					
Cash and cash equivalents	\$ 5,164,596	\$ -	\$ 3,135,921	\$ 135,957	\$ 8,436,474
Investments	-	-	1,198,479	-	1,198,479
Receivables	2,284,981	-	2,005,760	-	4,290,741
Inventory	722,570	-	-	-	722,570
Prepaid items/deposits	204,083	-	170,617	-	374,700
Restricted assets -					
Cash	-	29,485	-	-	29,485
Accounts receivable	-	114,259	-	-	114,259
Contracts receivable	-	2,613,339	-	-	2,613,339
Capital Assets (net of accumulated depreciation) -					
Assets not being depreciated	32,063,332	-	4,263,186	-	36,326,518
Assets being depreciated	47,148,005	-	9,448,785	-	56,596,790
Total Assets	<u>87,587,567</u>	<u>2,757,083</u>	<u>20,222,748</u>	<u>135,957</u>	<u>110,703,355</u>
Deferred Outflows of Resources:					
Related to pension	<u>2,259,334</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,259,334</u>
Liabilities:					
Payables and accrued liabilities	1,728,027	-	114,112	-	1,842,139
Accrued interest	-	-	9,778	-	9,778
Advances and deposits	528,572	-	542,000	-	1,070,572
Advance from primary government	-	-	90,000	-	90,000
Liabilities payable from restricted assets -					
Accrued liabilities	-	13,331	-	-	13,331
Due to other governmental units	-	104,078	-	-	104,078
Non-current liabilities -					
Net pension liability	8,306,674	-	-	-	8,306,674
Net OPEB obligation	5,226,742	-	-	-	5,226,742
Due within one year	-	303,120	735,092	-	1,038,212
Due in more than one year	142,552	2,336,554	1,150,000	-	3,629,106
Total Liabilities	<u>15,932,567</u>	<u>2,757,083</u>	<u>2,640,982</u>	<u>-</u>	<u>21,330,632</u>
Net Position:					
Net investment in capital assets	79,211,337	-	11,826,879	-	91,038,216
Restricted -					
Debt Service	-	-	3,124,524	-	3,124,524
Acquisition/construction of capital assets	-	-	2,528,072	-	2,528,072
Unrestricted	(5,297,003)	-	102,291	135,957	(5,058,755)
Total Net Position	<u>\$ 73,914,334</u>	<u>\$ -</u>	<u>\$ 17,581,766</u>	<u>\$ 135,957</u>	<u>\$ 91,632,057</u>

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

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF ACTIVITIES DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Road Commission</u>	<u>Board of Public Works</u>	<u>Drainage Districts</u>	<u>Land Bank Authority</u>	<u>Total</u>
Expenses:					
General Government	\$ -	\$ -	\$ -	\$ 46,724	\$ 46,724
Public Works	-	-	1,098,204	-	1,098,204
Highways and Streets	13,960,359	-	-	-	13,960,359
Interest on Long-term Debt	-	70,164	78,332	-	148,496
Total Expenses	<u>13,960,359</u>	<u>70,164</u>	<u>1,176,536</u>	<u>46,724</u>	<u>15,253,783</u>
Program Revenues:					
Charges for services	2,890,883	70,164	222,040	15,644	3,198,731
Operating grants and contributions	11,628,057	-	-	60,000	11,688,057
Capital grants and contributions	<u>2,539,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,539,428</u>
Total Program Revenues	<u>17,058,368</u>	<u>70,164</u>	<u>222,040</u>	<u>75,644</u>	<u>17,426,216</u>
Net program revenue (expense)	<u>3,098,009</u>	<u>-</u>	<u>(954,496)</u>	<u>28,920</u>	<u>2,172,433</u>
General Revenues:					
Unrestricted investment income	4,029	-	4,664	-	8,693
Gain on sale of capital assets	<u>36,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,940</u>
Total General Revenues	<u>40,969</u>	<u>-</u>	<u>4,664</u>	<u>-</u>	<u>45,633</u>
Change in Net Position	3,138,978	-	(949,832)	28,920	2,218,066
Net Position at the beginning of year, as restated	<u>70,775,356</u>	<u>-</u>	<u>18,531,598</u>	<u>107,037</u>	<u>89,413,991</u>
Net Position at the end of year	<u><u>\$ 73,914,334</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,581,766</u></u>	<u><u>\$ 135,957</u></u>	<u><u>\$ 91,632,057</u></u>

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Lapeer County, Michigan (the "County") have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

A. Reporting Entity -

The County of Lapeer, Michigan, was organized in 1835 and covers an area of approximately 670 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 operation. 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. The Lapeer County Building Authority's activity is reported as a capital project fund captioned "Capital Construction/Improvement." Separate financial statements for the Lapeer County Building Authority are not published.

DISCRETELY PRESENTED COMPONENT UNITS -

LAPEER COUNTY ROAD COMMISSION is responsible for the maintenance and construction of the County road system in Lapeer County. The Lapeer County Road Commission (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, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

LAPEER COUNTY BOARD OF PUBLIC WORKS (BPW) is administrated by the Drain Commissioner as appointed by the County Board of Commissioners. The BPW Board establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 Public Act 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 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 Land Bank Authority is primarily funded through contributions from the County, and the Director of the Land Bank Authority is an employee of the County. 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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

The component units associated with the activities of the public works projects administered by the Lapeer County Board of Public Works and the Drainage Districts administered by the Lapeer County Drain Commissioner are included within the scope of the audit of the basic financial statements. Separate audited financial statements for these component units were not issued.

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

B. Government-wide and Fund Financial Statements -

The government-wide financial statements (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, 2016

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. This availability criterion is used for all revenue, except for reimbursement-based 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 to residents. 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 collection from the property owners of the delinquent taxes with penalties and interest. Also, the fund accounts for the activity related to property foreclosures.

Additionally, the County reports the following fund types:

Governmental Fund Types -

Special Revenue Funds - are used to account for the proceeds that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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

Capital Project Funds - are used to account for all financial resources that are restricted to expenditures 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 on a cost-reimbursement basis for health care, unemployment, workers' compensation, retirement and supplemental health care benefit programs, and equipment acquisition and replacement, 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.

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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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 and several of its component units. Each participating fund or entity 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, investment trust funds and certificates of deposit with original maturities of three months or less from the date of acquisition. 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).

The Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes pension and other employee benefit plans to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations.

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 by the General Fund 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Inventories and Prepaid Items -

Inventories of governmental funds are recorded as expenditures when purchased, except for the Personal Care Aide Program Fund. Inventories are valued at the lower of cost or market using the first in/first out (FIFO) method, except for the Road Commission (component unit) that is valued at average cost, which is 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, using the consumption method, 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 and Medical Care Facility levies 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 2016 year, the County levied 3.7666 mills for the General Fund operations and extra voted levies of 0.3300 mills for Medical Care Facility, 0.7500 mills for E-911 debt, 0.2500 for senior citizens programs, and 0.1000 for veterans' programs.

Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable 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 one year, except for the Lapeer County Road Commission, which capitalizes assets with an individual cost of more than \$2,000. The Road Commission capitalizes road equipment without consideration of a minimum cost. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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

	Years		
	Primary Government	Road Commission	Drainage Districts
Buildings/Improvements	5-50	50	-
Drainage Systems	-	-	50
Road Systems/Other Infrastructure	-	8-50	-
Machinery/Equipment/Vehicles	4-15	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.

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.

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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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/expenditures) until then. The items deferred by the County are related to the pension plans and are reported on the government-wide statement of net position and in the enterprise fund financial statements and relate to pension payments made subsequent to the measurement date, the net difference between projected and actual plan investment earnings, pension related changes in assumptions, and differences between expected and actual experience. The contributions made subsequent to the measurement date are recognized in the following plan year, and the other pension related deferred outflows of resources are amortized over the expected remaining service lives of the participants, with the exception of net difference between projected and actual plan investment earnings, which is amortized over five (5) years.

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 or 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 and the governmental fund balance sheet 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 availability period. The County had unavailable revenues from long-term loans paid by individuals and reimbursements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The taxes levied are deferred and are recognized as an inflow of resources in the period for which the tax is levied.

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.

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 fund balance – the portion of fund balance that reflects the County's intended use of resources. Currently the Controller/Administrator has authority to set aside funds pursuant to board resolution. Amounts in excess of nonspendable, restricted and committed fund balance in funds other than the General Fund is reported as assigned.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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

When different classifications of fund balance are present, it is the County's policy that expenditures are to be spent from restricted fund balance first, if appropriate, followed in order by committed, assigned, 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 the General Fund. The County Board has passed a resolution to retain interest in the fund until maximum balance is achieved. 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, 2016, the accumulation within the Budget Stabilization Fund was \$2,585,133 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 September 30, 2017 under a separate cover as supplementary information to the Annual Financial Report.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Upcoming Accounting Pronouncements -

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

GASB Statement No. 84, *Fiduciary Activities*, was issued in January 2017 and will become effective for the County's December 31, 2019 fiscal year. The statement re-establishes criteria for reporting fiduciary activities in the governmental financial statements where certain activities previously reported as agency funds may be reclassified.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June 2015 and will become effective for the Road Commission's September 30, 2017 fiscal year. The statement establishes accounting and financial reporting as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The statement builds upon the existing framework for financial reports of defined benefit postemployment benefit plans and enhances note disclosures and required supplementary information for both defined benefit and defined contribution plans. The statement also requires the presentation of new information about annual rates of return in the notes to the financial statements and in the ten-year required supplementary information.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans*, was issued in June 2015 and will become effective for the Road Commission's September 30, 2018 fiscal year. The statement requires governments providing defined benefit plans to report the net OPEB liability in their statement of net position. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets accumulated in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The plan will also improve the comparability and consistency of how governments calculate the OPEB 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 Department, prepare budgets for the following fiscal year. The budgets include proposed expenditures and resources to finance them.

Prior to the commencement of the fiscal year, 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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

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

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

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

Similar procedures are followed in the case of the Component Units included in the Reporting Entity of Lapeer County, except that the respective Administrator/Director of each performs the function described above rather than the County Controller/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 local governmental units shall not incur expenditures in excess of the amount appropriated at the legally enacted level. The Michigan Department of Treasury requires the reporting of any significant overages at the legal level of budgetary control level (any overages at the legal level of budgetary control greater than 10% of the total expenditure and the overage itself is larger than 10%). During the year ended December 31, 2016, the County had overages that exceeded these thresholds as follows:

Excess of Expenditures Over Appropriations -

Primary Government -

<u>Fund Type/Function/Activity</u>	<u>Appropriations</u>	<u>Expended</u>	<u>Variance</u>
Nonmajor Special Revenue Funds -			
E-911			
Transfers out	\$ 150,000	\$ 300,000	\$ 150,000
Law Enforcement Programs			
Transfers out	-	67,813	67,813
Law Enforcement - Other			
Public Safety	37,400	63,432	26,032

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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 financial institution 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	\$ 10,170	\$ 350	\$ 300	\$ 10,820
Deposits with Financial Institutions	32,429,943	8,465,609	1,445,120	42,340,672
Investments -				
Cash with Broker	1,279,613	12,525	-	1,292,138
Municipal Bonds	1,409,069	-	-	1,409,069
U.S. Government Securities	10,205,870	1,185,954	-	11,391,824
Mutual Funds	255,352	-	-	255,352
Interest in Pooled Investments	-	-	821,187	821,187
Investment Trust Funds	24,510	-	-	24,510
Total Investments	13,174,414	1,198,479	821,187	15,194,080
Grand Total	\$ 45,614,527	\$ 9,664,438	\$ 2,266,607	\$ 57,545,572

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Reconciliation to Statements of Net Position

	<u>Primary Government</u>	<u>Component Units</u>	<u>Fiduciary Funds</u>	<u>Reporting Entity</u>
Reported as Cash and Cash Equivalents -				
Cash on Hand	\$ 10,170	\$ 350	\$ 300	\$ 10,820
Cash in Checking/Money Market/Savings	32,342,572	8,465,609	1,445,120	42,253,301
Investment Trust Funds	<u>24,510</u>	<u>-</u>	<u>-</u>	<u>24,510</u>
Total Cash and Cash Equivalents Reported on Statements of Net Position	<u>32,377,252</u>	<u>8,465,959</u>	<u>1,445,420</u>	<u>42,288,631</u>
Reported as Investments -				
Cash with Broker	1,279,613	12,525	-	1,292,138
Municipal Bonds	1,409,069	-	-	1,409,069
U.S. Government Securities	10,205,870	1,185,954	-	11,391,824
Certificates of Deposit	87,371	-	-	87,371
Mutual Funds	255,352	-	-	255,352
Interest in Pooled Investments	<u>-</u>	<u>-</u>	<u>821,187</u>	<u>821,187</u>
Total Investments Reported on Statements of Net Position	<u>13,237,275</u>	<u>1,198,479</u>	<u>821,187</u>	<u>15,256,941</u>
Grand Total – Statements of Net Position	<u>\$ 45,614,527</u>	<u>\$ 9,664,438</u>	<u>\$ 2,266,607</u>	<u>\$ 57,545,572</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 of December 31, 2016, the County has \$41,856,327 of bank deposits, of which \$1,385,957 is insured with the remaining \$40,470,370 uninsured and uncollateralized.

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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

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

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>
Cash Held with Broker	\$ 1,292,138	9.00 %
U.S. Government Securities	11,391,824	79.26
Investment Trust Funds	24,510	0.17
Municipal Bonds	1,409,069	9.80
Mutual Funds	<u>255,352</u>	<u>1.77</u>
Total	<u>\$ 14,372,893</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	\$ 24,510	AAAm	Standard & Poors	57

Michigan Cooperative Liquid Assets Security System ("Michigan CLASS") is a participant-controlled trust created in accordance with Section 5 of Act 7 of the Urban Cooperation Act of 1967 and the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150. Michigan CLASS is not subject to regulatory oversight and is not registered with the SEC, however issues a separate audited financial statement. Michigan CLASS operates like a money market mutual fund, with each share valued at \$1.00. Fair value of the County's position in the pool is the same as the value of the Michigan CLASS pool shares.

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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

As of December 31, 2016, the County investments, excluding the investment trust fund previously reported, cash held with brokers, U.S. government securities, and mutual funds, had the following Moody ratings:

<u>Fair Value</u>	<u>Ratings</u>
\$ 447,721	AA+
562,295	AA
50,575	AA-
193,739	AA1
<u>154,739</u>	A+
<u>\$ 1,409,069</u>	

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

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

Custodial Credit Risk - Investments - is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments that are in the possession of another party. The County's policy requires securities to be diversified by institution and may be held by a third-party custodian designated by the County Treasurer and evidenced by safekeeping receipts. As of December 31, 2016, \$12,800,893 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.

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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity (Years)</u>			
		<u><1</u>	<u>1-5</u>	<u>6-10</u>	<u>>10</u>
Municipal Bonds	\$ 1,409,069	\$ 659,341	\$ 749,728	\$ -	\$ -

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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 Retiree Health Funding Vehicle, a diversified fund designed to provide reasonable growth and income while minimizing volatility for all MERS clients.

The County categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable, or market-corroborated inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, the fair value measurements are categorized based on the lowest level input that is significant to valuation. The County's assessment of the significance of particular inputs used requires judgement and consideration of factors specific to each asset.

The County has the following recurring fair value measurements as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Municipal Bonds	\$ -	\$ 1,409,069	\$ -	\$ 1,409,069
U.S. Governmental Securities	-	11,391,824	-	11,391,824
Mutual Funds	<u>255,352</u>	<u>-</u>	<u>-</u>	<u>255,352</u>
	<u>\$ 255,352</u>	<u>\$ 12,800,893</u>	<u>\$ -</u>	13,056,245
Cash Held with Broker				1,292,138
Interest in Pooled Investment				821,187
Investment Trust Fund				<u>24,510</u>
				<u>\$ 15,194,080</u>

The fair value of municipal bonds and U.S. government securities are based on inputs (pricing) of similar assets at or near December 31, 2016.

The County holds \$821,187 in shares or interest in the MERS total market fund where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity it needs of participants.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 4 - RECEIVABLES:

Receivables as of December 31, 2016 in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Property taxes	\$ 3,691,393	\$ 3,136,195
Interest, accounts and note	1,965,556	3,212,184
Intergovernmental	2,040,484	400,038
Due from fiduciary fund	<u>22,919</u>	<u>-</u>
	7,720,352	6,748,417
Less - allowance for uncollectible	(655,690)	(117,945)
	<u>\$ 7,064,662</u>	<u>\$ 6,630,472</u>

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Adjustments/ Disposals	Balance December 31, 2016
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$ 958,833	\$ -	\$ -	\$ 958,833
Construction in Progress	<u>-</u>	<u>1,143,233</u>	<u>-</u>	<u>1,143,233</u>
Total Capital Assets, not being depreciated	<u>958,833</u>	<u>1,143,233</u>	<u>-</u>	<u>2,102,066</u>
Capital Assets, being depreciated:				
Buildings	25,677,443	15,777	-	25,693,220
Improvements other than Buildings	2,343,828	101,225	-	2,445,053
Machinery and Equipment	21,489,959	173,852	-	21,663,811
Vehicles	<u>2,592,860</u>	<u>283,499</u>	<u>250,552</u>	<u>2,625,807</u>
Total Capital Assets being depreciated	<u>52,104,090</u>	<u>574,353</u>	<u>250,552</u>	<u>52,427,891</u>
Less Accumulated Depreciation for:				
Buildings	15,096,921	744,262	-	15,841,183
Improvements other than Buildings	1,478,601	73,112	-	1,551,713
Machinery and Equipment	10,522,264	1,034,644	-	11,556,908
Vehicles	<u>2,071,686</u>	<u>257,986</u>	<u>220,428</u>	<u>2,109,244</u>
Total Accumulated Depreciation	<u>29,169,472</u>	<u>2,110,004</u>	<u>220,428</u>	<u>31,059,048</u>
Total Capital Assets Being Depreciated, net	<u>22,934,618</u>	<u>(1,535,651)</u>	<u>30,124</u>	<u>21,368,843</u>
Governmental Activities Capital Assets, net	<u>\$ 23,893,451</u>	<u>\$(392,418)</u>	<u>\$ 30,124</u>	<u>\$ 23,470,909</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

	Balance January 1, 2016	Additions	Adjustments/ Disposals	Balance December 31, 2016
Business-type Activities:				
Capital Assets, not being depreciated:				
Construction in Progress	\$ 2,290,614	\$ 3,519,867	\$ -	\$ 5,810,481
Capital Assets, being depreciated:				
Buildings	23,224,823	39,436	-	23,264,259
Improvements other than Buildings	6,750	-	-	6,750
Machinery and Equipment	3,590,331	238,236	-	3,828,567
Total Capital Assets, being depreciated	<u>26,821,904</u>	<u>277,672</u>	<u>-</u>	<u>27,099,576</u>
Less Accumulated Depreciation for:				
Buildings	10,250,152	789,297	-	11,039,449
Improvements other than Buildings	6,750	-	-	6,750
Machinery and Equipment	3,141,803	110,735	-	3,252,538
Total Accumulated Depreciation	<u>13,398,705</u>	<u>900,032</u>	<u>-</u>	<u>14,298,737</u>
Total Capital Assets Being Depreciated, net	<u>13,423,199</u>	<u>(622,360)</u>	<u>-</u>	<u>12,800,839</u>
Business-type Activities Capital Assets, net	<u>\$ 15,713,813</u>	<u>\$ 2,897,507</u>	<u>\$ -</u>	<u>\$ 18,611,320</u>

Depreciation expense for 2016 was charged to functions/programs of the primary government as follows:

Governmental Activities -	
General Government	\$ 328,568
Public Safety	1,099,430
Public Works	600
Health and Welfare	108,139
Recreation and Cultural	<u>71,640</u>
Depreciation Expense-Governmental Activities	1,608,377
Depreciation Expense in the Internal Service Funds	<u>501,627</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,110,004</u>
Business-type Activities -	
Medical Care Facility	\$ 893,141
Delinquent Tax Revolving	<u>6,891</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 900,032</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Component Units

Drainage Districts: Capital asset activity for the Drainage Districts for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Adjustments/ Disposals	Balance December 31, 2016
Capital Assets, not being depreciated:				
Land Improvements	\$ 2,859,107	\$ -	\$ -	\$ 2,859,107
Construction in Progress	<u>1,194,378</u>	<u>209,701</u>	<u>-</u>	<u>1,404,079</u>
Total Capital Assets, not being depreciated	<u>4,053,485</u>	<u>209,701</u>	<u>-</u>	<u>4,263,186</u>
Capital Assets, being depreciated:				
Equipment	873,131	-	43,833	829,298
Infrastructure	<u>25,491,829</u>	<u>-</u>	<u>-</u>	<u>25,491,829</u>
Total Capital Assets, being depreciated	<u>26,364,960</u>	<u>-</u>	<u>43,833</u>	<u>26,321,127</u>
Less Accumulated Depreciation for:				
Equipment	604,211	18,717	43,833	579,095
Infrastructure	<u>15,754,957</u>	<u>538,290</u>	<u>-</u>	<u>16,293,247</u>
Total Accumulated Depreciation	<u>16,359,168</u>	<u>557,007</u>	<u>43,833</u>	<u>16,872,342</u>
Total Capital Assets being depreciated, net	<u>10,005,792</u>	<u>(557,007)</u>	<u>-</u>	<u>9,448,785</u>
Drainage Districts Capital Assets, net	<u>\$14,059,277</u>	<u>\$(347,306)</u>	<u>\$ -</u>	<u>\$13,711,971</u>

Depreciation expense was \$557,007 for 2016.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Road Commission: Capital asset activity for the Road Commission for the year ended September 30, 2016 was as follows:

	Restated Balance October 1, 2015	Deletions/ Additions	Adjustments	Balance September 30, 2016
Capital Assets, not being depreciated -				
Land	\$ 159,507	\$ -	\$ -	\$ 159,507
Land Improvements	31,723,779	-	-	31,723,779
Right of Ways	180,046	-	-	180,046
Total Capital Assets, not being depreciated	<u>32,063,332</u>	<u>-</u>	<u>-</u>	<u>32,063,332</u>
Capital Assets, being depreciated -				
Building and Improvements	1,986,544	16,655	-	2,003,199
Road Equipment	8,146,571	366,747	226,962	8,286,356
Shop Equipment	-	40,623	-	40,623
Infrastructure -				
Roads	63,567,404	6,284,991	1,464,818	68,387,577
Bridges	15,401,257	116,674	-	15,517,931
Traffic Signals	83,723	-	-	83,723
Depletable Assets	205,130	-	-	205,130
	<u>89,390,629</u>	<u>6,825,690</u>	<u>1,691,780</u>	<u>94,524,539</u>
Less - accumulated depreciation for -				
Buildings and Improvements	1,719,027	50,350 (2)	1,769,379
Road Equipment	6,938,789	403,607	224,592	7,117,804
Shop Equipment	-	2,031	-	2,031
Infrastructure -				
Roads	29,257,282	4,042,611	1,464,818	31,835,075
Bridges	6,124,734	309,505	-	6,434,239
Traffic Signals	83,723	-	-	83,723
Depletable Assets	134,283	-	-	134,283
	<u>44,257,838</u>	<u>4,808,104</u>	<u>1,689,408</u>	<u>47,376,534</u>
Total Capital Assets, being depreciated, net	<u>45,132,791</u>	<u>2,017,586</u>	<u>2,372</u>	<u>47,148,005</u>
Governmental Activities Capital Assets, net	<u>\$ 77,196,123</u>	<u>\$ 2,017,586</u>	<u>\$ 2,372</u>	<u>\$ 79,211,337</u>

Depreciation expense was \$4,808,104 for 2016.

The Road Commission restated the October 1, 2015 balances to correct an overstatement of the capital asset equipment category in the amount of \$677,766 and an overstatement of accumulated depreciation of \$773,419. See Note 15 for additional information.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 6 - PAYABLES:

Payables as of December 31, 2016 in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 3,991,312	\$ 1,975,018
Accrued liabilities	540,805	329,978
Accrued interest	64,750	-
Intergovernmental	2,159,916	453,905
	<u>\$ 6,756,783</u>	<u>\$ 2,758,901</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

The composition of interfund balances as of December 31, 2016 is as follows:

Due To/From Other Funds

	Receivable	Payable
Governmental Funds -		
General Fund	\$ 23,029	\$ 35,351
Community Mental Health	-	6,984
Nonmajor Special Revenue Funds -		
Parks Department	-	189
E-911	-	5,112
Friend of the Court	-	3,236
Health Department	-	2,830
Personal Care Aid Program	-	638
Animal Control	-	663
Emergency Management	-	203
Community Grants	-	152
Police Service Contracts	-	6,722
Law Enforcement Programs	-	53
Law Enforcement	-	333
Child Care	-	296
Soldiers' Relief	-	664
Multi-Purpose Collaborative Body	-	9
Soil and Sedimentation	-	189
Mental Health Court	-	30
Prosecuting Attorney	-	674
	<u>-</u>	<u>21,993</u>
Internal Service Funds -		
Retirement	53,218	-
Proprietary Fund -		
Delinquent Tax	-	162
Fiduciary Fund -		
Agency Fund	-	22,919
Total per Financial Statements		
Reconciling item for September 30, year-end funds	11,162	-
Total	<u>\$ 87,409</u>	<u>\$ 87,409</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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 \$11,162 was attributable to transactions with funds reported on a September 30 year-end.

Advances From/To Other Funds

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 25,000	\$ -
Community Mental Health	7,500	-
Lapeer Family Continuation Coordinator	-	7,500
Parks Department	-	25,000
	<u>\$ 32,500</u>	<u>\$ 32,500</u>

The advances are executed to assist with cash flows.

Advances From/To Primary Government and 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 was executed in order to assist providing cash flow for various drain projects prior to the levy of special assessments.

Interfund Receivable/Payable

Governmental Funds -

	<u>Receivable</u>	<u>Payable</u>
Register of Deeds	\$ 369,003	\$ -
E-911 Construction	2,060,538	-
Jail	629,558	-
Capital Construction/Improvement	1,121,584	-
General Fund	-	3,773,936
Polly Ann Trail	-	7,512
Friend of the Court	-	260,657
Personal Care Aide Program	-	2,552
County Surveyor	-	15,782
Community Grants	-	34,723
Mental Health Court	-	20,696
Prosecuting Attorney	-	64,825
Total	<u>\$ 4,180,683</u>	<u>\$ 4,180,683</u>

The interfund receivable/payable balances at December 31, 2016 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, 2016

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

Transfers In and Out -

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Friend of Court	General Fund	\$ 309,475 (1)
Community Mental Health		254,115 (1)
Health Department		370,000 (1)
Animal Control		40,000 (1)
Prosecuting Attorney		98,000 (1)
Emergency Management		49,000 (1)
Community Grants		35,718 (1)
Police Service Contracts		370,760 (1)
Law Enforcement Programs		4,224 (1)
Law Enforcement		80,071 (1)
Law Library		4,500 (1)
Child Care		437,111 (1)
Soil and Sedimentation		23,688 (1)
Capital Construction/Improvement		2,132,027 (3)
Equipment Acquisition and Replacement		<u>47,880 (3)</u>
		<u>4,256,569</u>
Retirement	Delinquent Tax	2,057,000 (4)
Friend of the Court		<u>3,000 (6)</u>
		<u>2,060,000</u>
Friend of the Court	Equipment Acquisition and Replacement	<u>12,357 (6)</u>
Retirement	E-911	300,000 (4)
General Fund	Law Enforcement Programs	67,813 (5)
Personal Care Aide Program	Senior Millage	<u>679,541 (2)</u>
		<u>1,047,354</u>
Total Transfers		<u>\$ 7,376,280</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.
- (4) The transfer of funds to provide supplemental retirement contributions.
- (5) The reallocations of revenues.
- (6) The transfer of resources for reimbursement of costs.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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, 2016:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Governmental Activities:					
Governmental Funds -					
2011 Capital Improvement					
Bonds	\$ 7,975,000	\$ -	\$ 1,500,000	\$ 6,475,000	\$ 1,500,000
Accrued Claims Liability	103,345	223,750	191,588	135,507	25,000
Accrued Vacation	524,849	537,726	524,849	537,726	537,726
Amounts For - Issuance Premium	<u>110,378</u>	<u>-</u>	<u>22,076</u>	<u>88,302</u>	<u>22,076</u>
Total Governmental Funds	8,713,572	761,476	2,238,513	7,236,535	2,084,802
Internal Service Funds -					
Workers' Compensation					
Accrued Claims Liabilities	<u>95,000</u>	<u>224,642</u>	<u>45,631</u>	<u>274,011</u>	<u>274,011</u>
Total Governmental Activities	<u>8,808,572</u>	<u>986,118</u>	<u>2,284,144</u>	<u>7,510,546</u>	<u>2,358,813</u>
Business-type Activities:					
Medical Care Facility -					
Accrued Claims Liabilities	424,582	175,534	342,277	257,839	225,000
Accrued Vacation and Sick	<u>327,442</u>	<u>303,160</u>	<u>327,442</u>	<u>303,160</u>	<u>303,160</u>
Total Business-type Activities	<u>752,024</u>	<u>478,694</u>	<u>669,719</u>	<u>560,999</u>	<u>528,160</u>
Total Primary Government	<u>\$ 9,560,596</u>	<u>\$ 1,464,812</u>	<u>\$ 2,953,863</u>	<u>\$ 8,071,545</u>	<u>\$ 2,886,973</u>

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

2011 Capital Improvement Bonds -

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

\$ 6,475,000

Accrued Claims Liability -

The County has estimated an accrued claims liability for its general and auto liability, vehicle physical damage, and property risk, including an estimate for claims incurred but not reported (IBNR), administered through a third-party service provider in the amount of \$135,507 at December 31, 2016.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

The County has estimated accrued outstanding workers' compensation insurance claims including an estimate for the claims incurred but not reported (IBNR). The dollar amount of these claims reported as a liability on the statements of net position of the Workers' Compensation Fund and Medical Care Facility Fund is \$274,011 and \$257,839, respectively, at December 31, 2016.

Accrued Vacation and Sick - Accrued vacation and sick of \$303,160 has been recorded as a long-term liability in the Medical Care Facility (enterprise) Fund. The governmental funds' portion of \$537,726 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 service requirements to maturity for the 2011 Capital Improvement Bonds of the Primary Government (Governmental Activities) is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,500,000	\$ 229,000
2018	1,500,000	169,000
2019	1,500,000	109,000
2020	<u>1,975,000</u>	<u>39,500</u>
	<u>\$ 6,475,000</u>	<u>\$ 546,500</u>

Component Units

The following is a summary of changes in long-term liabilities (including current portions) of the Component Units of the Road Commission for the year ended September 30, 2016 and Board of Public Works and Drainage Districts for the year ended December 31, 2016:

	<u>Balance October 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2016</u>	<u>Due Within One Year</u>
Road Commission -					
Accrued Vacation	\$ 136,144	\$ 98,144	\$ 91,736	\$ 142,552	\$ -
	<u>Balance January 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2016</u>	<u>Due Within One Year</u>
Board of Public Works -					
General Obligation Bonds	800,000	-	100,000	700,000	105,000
State of Michigan Revolving Loans	2,124,069	-	190,000	1,934,069	195,000
Amount for - Bond Premium	8,725	-	3,120	5,605	3,120
Total Board of Public Works	<u>2,932,794</u>	<u>-</u>	<u>293,120</u>	<u>2,639,674</u>	<u>303,120</u>
Drainage Districts -					
Drainage Bonds	1,759,479	-	304,768	1,454,711	304,711
Note payable	258,822	300,000	128,441	430,381	430,381
Total Drainage District	<u>2,018,301</u>	<u>300,000</u>	<u>433,209</u>	<u>1,885,092</u>	<u>735,092</u>
Total Component Units	<u>\$ 5,087,239</u>	<u>\$ 398,144</u>	<u>\$ 818,065</u>	<u>\$ 4,667,318</u>	<u>\$ 1,038,212</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Road Commission

Accrued Vacation -

In accordance with contracts negotiated with the various employee groups, 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 amounts to \$142,552 at September 30, 2016.

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 municipalities.

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). Principal payments are due in annual installments through December 1, 2022 in amounts ranging from \$105,000 to \$130,000, with interest due semi-annually on December 1 and June 1 with rates ranging from 3.00 to 4.00%. The remaining balance at December 31, 2016 is \$700,000.

State of Michigan Revolving Loans -

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 that 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 \$61,507 to \$65,000 with interest of 2.50% payable semi-annually on April 1 and October 1.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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. The Lapeer County Board of Public Works has drawn \$2,017,030 from the authorized amount. Principal payments are due in annual installments through October 1, 2028 in amounts ranging from \$95,000 to \$125,000 with interest of 2.125% payable semi-annually on April 1 and October 1.

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. The Lapeer County Board of Public Works has drawn \$664,868 from the authorized amount. Principal payments are due in annual installments through October 1, 2027 in amounts ranging from \$35,000 to \$40,000 with interest of 2.125% payable semi-annually on April 1 and October 1.

The State of Michigan Drinking Water Revolving Loans outstanding at December 31, 2016 are as follows:

	<u>Interest Rate</u>	
1998 Water System (Village of Dryden)	2.500 %	\$ 191,507
2007 Water System (Village of Almont)	2.125	1,327,694
2007 Water System (Village of Dryden)	2.125	<u>414,868</u>
		<u>\$ 1,934,069</u>

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

<u>Year Ending December 31,</u>	<u>G.O. Bonds</u>		<u>Water Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 105,000	\$ 25,519	\$ 195,000	\$ 41,005
2018	110,000	22,369	200,000	36,617
2019	110,000	17,969	196,507	32,167
2020	120,000	13,569	135,000	28,530
2021	125,000	8,769	140,000	25,661
2022-2026	130,000	4,551	780,000	80,809
2027-2028	<u>-</u>	<u>-</u>	<u>287,562</u>	<u>8,719</u>
	<u>\$ 700,000</u>	<u>\$ 92,746</u>	<u>\$ 1,934,069</u>	<u>\$ 253,508</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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. Principal payments are due in annual installments of \$30,000 through May 1, 2021, with interest due semi-annually on May 1 and November 1 with rates ranging from 5.30-5.60%

On March 29, 2005, the County issued \$2,830,000 in bonds in connection with the Imlay-Bigelow Drain Branches Drainage Districts. Principal payments are due in annual installments through June 1, 2025 in amounts ranging from \$125,000 to \$150,000, with interest due semi-annually on June 1 and December 1 with rates ranging from 4.30-4.70%

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. A final principal payment on the bond is due on June 1, 2017 in the amount of \$124,711 with interest of 3.00%.

The balances of outstanding Drainage Bonds at December 31, 2016 are as follows:

	<u>Interest Rate</u>	
Winn Lake District	5.30 - 5.60 %	\$ 150,000
Imlay-Bigelow and Branches Drainage District	4.30 - 4.70	1,180,000
South Branch of Mill Creek Inter-County Drain	5.00 - 6.00	<u>124,711</u>
		<u>\$ 1,454,711</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Notes Payable -

On January 1, 2013, 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, 2016 was \$130,381 with interest at a 1.50% annual rate.

On August 2, 2016, the Indian Creek Intercounty Drain Drainage District entered into a promissory note with Chemical Bank in accordance with provisions of Act No. 40 of the Michigan Public Acts of 1956, as amended by Act No. 71 of the Michigan Public Acts of 1976, to finance improvements to the drain. Repayment of the promissory note will be made from the sale of \$2,520,000 of bonds on May 15, 2017. The balance at December 31, 2016 was \$300,000 with interest at a 1.34% annual rate.

The balances of outstanding notes payable at December 31, 2016 are as follows:

	<u>Interest Rate</u>	
Talmage Drain Drainage District	1.50 %	\$ 130,381
Indian Creek Intercounty Drain Drainage District	1.34	<u>300,000</u>
		<u>\$ 430,381</u>

Annual debt service requirements to maturity for the drainage bonds and notes payable are as follows:

<u>Year Ended December 31,</u>	<u>Drainage Bonds</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 304,711	\$ 60,483	\$ 430,381	\$ 5,082
2018	180,000	48,685	-	-
2019	160,000	40,997	-	-
2020	155,000	33,763	-	-
2021	155,000	26,559	-	-
2022-2026	<u>500,000</u>	<u>46,282</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,454,711</u>	<u>\$ 256,769</u>	<u>\$ 430,381</u>	<u>\$ 5,082</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 9 - PENSION PLANS:

Primary Government

Plan Description -

The County participates in the Municipal Employees' Retirement System (MERS), a multiple employer state-wide, public employee defined benefit pension plan (the "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. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefits 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 online at www.mersofmich.com. Contributions are recognized as revenue when due and payable. Benefits and refunds are recognized when due and are payable in accordance with the Plan. Plan investments are reported at fair value or estimated fair value.

The membership at December 31, 2015 was comprised of 727 active participants, 339 retirees and beneficiaries, and 132 other vested inactive participants.

Benefits Provided -

Retirement benefits are calculated based on multiples of 2.0-2.5% with a maximum of 80%, except for one division that has no maximum, of the employee's final five-year average salary times the employee's years of service. Employees are vested after 10 years of service. Normal retirement age is 60. Early retirement with a reduced benefit is at 50 with 25 years of service or at 55 with 15 years of service for all divisions, excluding two divisions where the reduced benefit is at 55 with 15 years of service only. An unreduced benefit is available for four (4) divisions at 50 with 25 years of service or at 55 with 25 years of service. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately. An employee who leaves service may withdraw his or her contributions, plus accumulated interest.

Contributions -

Participants of the Plan contribute 0.00-2.53% of compensation with the remaining amount contributed by the County based on actuarially determined amounts. The County pays the actuarially determined amount, which for the year ended December 31, 2016 was 7.79-15.79% of covered payroll. The County also contributed an additional \$2,357,000 to the Plan for the year ended December 31, 2016. At December 31, 2016, \$1,818,295 was payable to the Plan (\$168,295 December contributions and \$1,650,000 additional contributions).

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 9 - PENSION PLANS - (cont'd):

Net Pension Liability -

The net pension liability of the County has been measured as of December 31, 2016, which used updated procedures to roll forward the estimated liability based on an actuarial valuation performed at December 31, 2015 and is composed of the following:

	<u>Total Pension Liability</u>	<u>Plan's Net Position</u>	<u>Net Pension Liability</u>
Beginning balance	\$ 104,387,147	\$ 82,609,968	\$ 21,777,179
Service cost	2,366,432	-	2,366,432
Interest on total pension liability	8,239,642	-	8,239,642
Net investment income	-	9,434,600	(9,434,600)
Change in assumptions	4,501,823	-	4,501,823
Difference between expected and actual experience	952,237	-	952,237
Contributions from employer	-	5,606,378	(5,606,378)
Contributions from employees	-	222,971	(222,971)
Benefit payments	(5,149,683)	(5,149,683)	-
Administrative costs	-	(185,747)	185,747
Other changes	(150,347)	-	(150,347)
Ending balance	<u>\$ 115,147,251</u>	<u>\$ 92,538,487</u>	<u>\$ 22,608,764</u>

Plan fiduciary net position as a percentage of the total pension liability 80%

Pension Expense and Deferred Outflows of Resources Related to Pensions -

For the year ended December 31, 2016, the County recognized pension expense of \$5,785,174 in the government-wide and proprietary fund financial statements of the primary government. At December 31, 2016, the County reported deferred outflows of resources related to pensions from the following sources:

Primary Government -

Net difference between projected and actual earnings	
Plan investments	\$ 2,697,437
Difference between expected and actual experience	793,531
Change in assumptions	<u>3,751,519</u>
	<u>\$ 7,242,487</u>

The primary government does not have any items that qualify for reporting as deferred inflows of resources relating to the Plan.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 9 - PENSION PLANS - (cont'd):

The amounts of deferred outflows of resources related to pension will be recognized in pension expense as follows:

2017	\$ 1,995,225
2018	1,995,225
2019	1,995,223
2020	347,802
2021	<u>909,012</u>
	<u>\$ 7,242,487</u>

Actuarial Assumptions -

The total pension liability was determined by an actuarial valuation as of December 31, 2015 that used updated procedures to roll forward the liability to December 31, 2016. The valuation used the following actuarial assumptions based on the most recent study of Plan experience covering the period from December 31, 2009 through December 31, 2013.

Salary Increases - 2.00% in 2016, 3.00% in 2017, and 4.50 % thereafter

Investment Rate of Return - 8.25 %

Mortality Rates - 50% Male and 50% Female blend of the 1994 Group Annuity Mortality Table. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates.

Discount Rate - The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows -

Based on the assumptions above, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 9 - PENSION PLANS - (cont'd):

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2016 for each major asset class included in the Plan's target asset allocation are summarized in the following table.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	57.5 %	5.0 %
Global Fixed Income	20.0	2.2
Real Assets	12.5	4.2
Diversifying Strategies	10.0	6.6

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -

The following presents the net pension liability of the County, calculated using the discount rate of 8.00 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the Primary Government	\$ 36,477,300	\$ 22,608,764	\$ 10,922,311

Component Unit - Road Commission

Defined Benefit Plan:

Plan Description -

The Road Commission participates in the Michigan Municipal Employees' Retirement System (MERS); a multiple employer state-wide, public employee-defined benefit pension plan that covers all employees that work at least 40 hours per week. The pension plan (the "Plan") description is the same as the County's primary government as noted previously in this note.

The membership at December 31, 2015 was comprised of 50 active participants, 60 retirees and beneficiaries, and 4 other vested inactive participants.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 9 - PENSION PLANS - (cont'd):

Benefits Provided -

Retirement benefits are calculated as a percentage of final average compensation (FAC) multiplied by the employee's years of service. The percentages range from 1.70% to 2.25% dependent upon the employee's collective bargaining unit or administrative division and are applied to FAC (five-year average salary). Maximum benefits are 80% of FAC for the Local 1071 division. Employees are vested after 10 years of service. Normal retirement age is 60. Early retirement with a reduced benefit is at 50 years with 25 years of service or at 55 with 15 years of service. An unreduced benefit at age 55 with 25 years of service is available to all employee divisions. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability benefits are determined in the same manner as retirement benefits but are payable immediately. An employee may withdraw his or her contributions, plus accumulated interest.

As of April 1, 2014, new hires of the administrative division are only eligible to participate in the MERS hybrid plan. As of July 1, 2015, new hires of clerical, supervisory, and Local 1071 divisions are only eligible to participate in the MERS hybrid plan. As of April 1, 2016, new commissioners are only eligible to participate in the MERS hybrid plan. The hybrid plan provides a guaranteed pension element through a defined benefit component with a flexible and transferable retirement savings element through a defined contribution account. The defined benefit component provides a retirement benefit calculated at 1.25% of FAC based on three (3) years and a vesting period of six (6) years.

Contributions -

For the defined benefit (DB) plan and DB portions of hybrid plans, participants within the Admin Staff and Commissioners divisions and the hybrid plan are not required to provide an employee contribution. Participants within the Local 1071 and Clerical, Supervisory divisions contribute 7.10% and 4.80% of compensation, respectively, in the DB Plan. The following table depicts the actuarially determined employer contribution rate as a percentage of covered payroll for each division:

Division	Rate
01 - Local 1071	17.53 %
10 - Administrative Staff	0.00
11 - Clerk, Supervisor	22.23
12 - Engineers	0.00
13 - Commissioners	10.07
HA - Administrative Staff after 4/1/2014	5.06

At September 30, 2016, \$79,429 was payable to the Plan relating to September 2016 contributions.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 9 - PENSION PLANS - (cont'd):

Net Pension Liability -

The net pension liability of the Road Commission has been measured as of December 31, 2015 as determined by an actuarial valuation performed as of that date and is composed of the following:

	Total Pension Liability	Plan's Net Position	Net Pension Liability
Beginning balance	\$ 15,941,122	\$ 9,660,299	\$ 6,280,823
Service cost	209,103	-	209,103
Interest on total pension liability	1,281,223	-	1,281,223
Net investment income	-	(145,561)	145,561
Difference between expected and actual experience	349,310	-	349,310
Changes in assumptions	761,682	-	761,682
Contributions from employer	-	606,928	(606,928)
Contributions from members	-	124,454	(124,454)
Benefit payments	(1,031,385)	(1,031,385)	-
Administrative costs	-	(21,048)	21,048
Other changes	(10,694)	-	(10,694)
Ending balance	<u>\$ 17,500,361</u>	<u>\$ 9,193,687</u>	<u>\$ 8,306,674</u>

Plan fiduciary net position as a percentage of the total pension liability 53%

Pension Expense and Deferred Outflows of Resources Related to Pensions -

At September 30, 2016, the Road Commission had a net pension liability of \$8,306,674. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended September 30, 2016, the Road Commission recognized pension expense of \$1,090,481. At September 30, 2016, the Road Commission reported deferred outflows of resources related to pensions from the following sources:

Net difference between projected and actual earnings on Plan investments	\$ 846,571
Contributions made subsequent to the measurement date	579,519
Difference between expected and actual experience	261,982
Changes in assumptions	<u>571,262</u>
	<u>\$ 2,259,334</u>

The Road Commission does not have any pension items that qualify for reporting as deferred inflows of resources.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 9 - PENSION PLANS - (cont'd):

The amounts of deferred outflows of resources related to pension, excluding contributions to the Plan subsequent to the measurement date which will be recognized by the Plan in the next measurement period, will be recognized in pension expense as follows:

2017	\$ 497,985
2018	497,985
2019	497,986
2020	<u>185,859</u>
	<u>\$ 1,679,815</u>

Actuarial Assumptions and Projected Cash Flows -

Actuarial assumptions and projected cash flows are the same as the County's Primary Government, as noted previously in this Note.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.00 percent, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00 percent) or 1-percentage-point higher (9.00 percent) than the current rate.

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Net pension liability	\$ <u>10,275,444</u>	\$ <u>8,306,674</u>	\$ <u>6,643,669</u>

The Lapeer County Road Commission issued a separate annual financial statement as of September 30, 2016. The defined benefit Plan schedules required as supplementary information are provided in these financial statements.

Defined Contribution Plan:

The Road Commission has established a defined contribution plan ("DC Plan") for all administrative staff hired after April 1, 2014; supervisors, clerical, engineers, and Local 1071 hired after July 1, 2015; and commissioners hired after April 1, 2016. The DC Plan requires the Road Commission to contribute/match on behalf of each participant 2-6% of each participating employees' base salary, depending on the participating employee contributions to the DC Plan. Participants are required to make a contribution to the DC Plan. Employer contributions are vested after 6 years. Employees are eligible to begin contributions immediately upon hire. Employer contributions to the DC Plan for the year ended September 30, 2016 were \$34,325.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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 requires 10 years of continuous service in 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 \$383,156 were made for the year ended December 31, 2016. The Medical Care Facility made a separate contribution to the Plan of \$78,340 for the year ended December 31, 2016. The County obligation is limited to the amount of employer contributions provided to the Plan.

Component Unit - Road Commission

Plan Description -

The 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 allowance, 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 is audited within the scope of the audit of the basic financial statements of the Road Commission.

Funding Policy -

The Road Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, the Road Commission has made contributions to advance-fund these benefits, as determined by the Board of Road Commissioners through annual budget resolutions. During the year ended September 30, 2016, employer contributions of \$848,271 were made, including a \$250,000 contribution to the irrevocable trust fund.

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 calculation.

During the year ended September 30, 2016, contributions of \$848,271 (33.4% of covered payroll) were made. The actuarial valuation dated September 30, 2014 determined a contribution of \$962,213 (33.9% of covered payroll).

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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 No. 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	\$ 962,213
Interest on net OPEB obligation	204,147
Adjustment to annual required contribution	(195,024)
Annual OPEB cost (expense)	971,336
Contributions made	(848,271)
Increase in net OPEB obligation	123,065
Net OPEB obligation – beginning of year	<u>5,103,677</u>
Net OPEB obligation – end of year	<u>\$ 5,226,742</u>

The annual OPEB cost, the percentage contributed to the Retiree Health Plan, and the net OPEB obligation for the last three fiscal years were as follows:

Year Ended September 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2014	\$ 970,018	41.09 %	\$ 4,937,803
2015	971,040	82.92	5,103,677
2016	971,336	87.33	5,226,742

Funded Status and Funding Progress -

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

The Schedule of Funding Progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Cover Payroll [(b-a)/c]
12/31/2008	\$ -	\$ 11,116,553	\$ 11,116,553	0 %	\$ 2,776,247	400 %
12/31/2011	10,084	12,287,321	12,277,237	0	2,636,426	466
09/30/2014 *	20,341	9,782,390	9,762,049	0	2,838,141	343

* The interest rate and discount rate assumptions were reduced.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

Actuarial Methods and Assumptions -

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retiree Health Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented previously, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive Retiree Health Plan (the Retiree Health Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial 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) 4.0% investment rate of return, (b) 4.0% discount rate, (c) projected health care premium increases of 0% increasing to 6.6% after 6 years, (d) life expectancies based on United States Life Tables - 2007 version, and (e) assumed retirement at the first subsequent year in which the member would qualify for benefits. The unfunded actuarial liability is being amortized as a level percent of payroll over 30 years on an open period.

NOTE 11 - CONTINGENT LIABILITIES:

Primary Government

The County participates in a number of federal and state assisted grant programs, which are subject to compliance audits. The 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 net position of the Road Commission.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

The Road Commission participates in a number of federal and state assisted grant programs, which are subject to compliance audits. The periodic program compliance monitoring of many of the federal and state programs have not yet been conducted or completed. Accordingly, the Road Commission'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 Road Commission expects such amounts, if any, to be immaterial.

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 \$500,000 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 and Land Bank Authority (under County umbrella) are voluntary members of the Michigan Municipal Risk Management Authority, established pursuant to laws of the State of Michigan which authorize local units of government to exercise jointly any power, privilege, or authority which each might exercise separately.

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

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

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

<u>Type of Risk</u>	<u>Self-insured Retention</u>
General and Auto Liability	\$ 75,000 per occurrence
Vehicle Physical Damage	15,000 per vehicle
	30,000 per occurrence

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2016, 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 reserve to pay losses which exceed individual retention levels and are not covered under existing reinsurance agreements incurred by members. 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 two years are as follows:

	<u>General and</u>		<u>Workers' Compensation</u>			
	<u>Auto Liability</u>		<u>Primary Government,</u>		<u>Medical Care Facility</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning of year	\$ 103,345	\$ 116,621	\$ 95,000	\$ 95,000	\$ 424,582	\$ 450,186
Incurring claims (including IBNR's)	223,750	62,885	224,642	39,931	175,534	193,250
Claims Paid	(191,588)	(76,161)	(45,631)	(39,931)	(342,277)	(219,124)
Unpaid claims, end of year	135,507	103,345	274,011	95,000	257,839	424,582
Less current portion	(25,000)	(25,000)	(274,011)	(85,000)	(225,000)	(250,000)
Long-term Liabilities	\$ 110,507	\$ 78,345	\$ -	\$ 10,000	\$ 32,839	\$ 174,582

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 life, disability, and health. 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.

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

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

The Road Commission is partially self-funded for prescription drug and medical deductibles for pre-Medicare retirees. The Road Commission contracts with a separate third-party administrator to manage the partially self-funded prescription plan and the partially self-funded medical plan. Based on claims incurred, the Road Commission has estimated the accrued health care claims, including an estimate for claims incurred but not reported (IBNR), of \$0 at September 30, 2016.

The members of the Road Commission are members of the Michigan County Road Commission Self-Insurance Pool for claims relating to property loss, torts, and errors and omissions and County Road Commission Self-Insurance Fund for workers' compensation coverage. The pools operate as common risk-sharing management programs for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Road Commission provides for its employee's dental/optical reimbursement programs for regular full-time employees, spouses and dependent children under twenty-six (26) years of age. Based on their bargaining unit, employees may be reimbursed for dental and/or optical up to \$1,000 for bills or apply their reimbursement amount to the cost of the insurance premium.

NOTE 13 - DEFERRED COMPENSATION:

The County, including its component units, offers its employees deferred compensation plans created in accordance with the Internal Revenue Code Section 457.

Trusts, custodial accounts, 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 and believe they have acted in a prudent manner and are not liable for losses that may arise from the administration of the plan.

NOTE 14 - NET POSITION/FUND BALANCE:

Net Investment in Capital Assets -

Governmental Activities:

Capital Assets			\$	23,470,909
Less related debt -				
2011 G.O. Bonds	\$(6,475,000)		
Unspent portion of 2011 G.O. Bonds		<u>2,060,538</u>	(4,414,462)
Bond premium			(<u>88,302)</u>
			\$	<u>18,968,145</u>

Business-type Activities:

Capital Assets			\$	<u>18,611,320</u>
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LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 14 - 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, 2016:

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Governmental Activities -			
Acquisition/construction of capital assets:			
E-911 Construction	\$ -	\$ 2,060,538	\$ 2,060,538
Old Courthouse	-	14,046	<u>14,046</u>
			<u>2,074,584</u>
Debt Service:			
E-911	2,046,266	-	<u>2,046,266</u>
Health and Welfare:			
Community Mental Health	-	144,966	144,966
Community Development	-	36,492	36,492
Senior Millage	234,170	-	234,170
Soldiers' Relief	172,461	-	172,461
Veterans' Trust	-	209	209
Lapeer Family Continuation Coordinator	-	27,700	27,700
Mental Health Court	2,887	-	<u>2,887</u>
			<u>618,885</u>
Public Safety:			
E-911	826,685	-	826,685
Thumb Narcotics Unit	-	346,148	346,148
Law Enforcement - Other	-	71,447	<u>71,447</u>
			<u>1,244,280</u>
General Government:			
Budget Stabilization Arrangement	2,585,133	-	2,585,133
Register of Deeds Automation	610,226	-	610,226
Concealed Pistol Licensing	44,037	-	<u>44,037</u>
			<u>3,239,396</u>
Other:			
Polly Ann Trail	-	488	488
Friend of Court	-	29,559	29,559
Family Marriage Counseling	79,170	-	79,170
County Surveyor	-	13,331	<u>13,331</u>
			<u>122,548</u>
Total Restricted Fund Balance - Governmental Funds			9,345,959
Unspent Bond Proceeds			(2,060,538)
Nonspendable - Public Safety			
E-911			25,357
Unavailable Revenues - Health and Welfare			
Community Development			<u>655,690</u>
Total Restricted Net Position - Governmental Activities			<u>\$ 7,966,468</u>

LAPEER COUNTY, MICHIGAN

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2016

NOTE 14 - NET POSITION/FUND BALANCE - (cont'd):

	<u>Enabling Legislation</u>	<u>Other</u>	<u>Total</u>
Business-type Activities -			
Foreclosure sales	\$ 2,712,498	\$ -	\$ <u>2,712,498</u>

Committed Fund Balances -

At December 31, 2016, the County Controller/Administrator had committed the following fund balances:

Major Funds -

General Fund -

General Government -

Local Reserve	\$ 1,640,904
Emergency Disaster	34,100
Rental Property	<u>29,474</u>
	<u>1,704,478</u>

Community Mental Health -

Health and Welfare	<u>1,818,185</u>
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Nonmajor Funds -

Judicial -

Law Library	26,062
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General Government -

Prosecuting Attorney	1,790
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Public Safety -

Animal Control	30,010
Emergency Management	41,369
Community Grants	1,780
Police Service Contracts	108,335
Law Enforcement Programs	77,410
Law Enforcement	93,233

Health and Welfare -

Health Department	862,378
Personal Care Aide Program	5,944
Environment/Recycling	5,432
Department of Human Services	30,692
Child Care	448,395
Multi-Purpose Collaborative Body	1,958

Recreation and Cultural -

Parks Department	32,388
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Acquisition/Construction of Capital Assets -

Jail	629,558
Capital Construction/Improvement	<u>1,018,794</u>
	<u>3,415,528</u>

Total Committed Fund Balance	<u>\$ 6,938,191</u>
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LAPEER COUNTY, MICHIGAN

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016**

NOTE 15 - RESTATEMENT - COMPONENT UNIT - ROAD COMMISSION:

During the year, an examination of the capital asset equipment subledgers revealed differences between amounts previously reported in the financial statements. This was due to capital asset equipment subledgers not being reconciled annually with capital expense accounts.

As a result, at September 30, 2015 capital assets of the Road Commission (component unit) were overstated by \$677,766 and accumulated depreciation was overstated by \$773,419, while the change in net position was overstated by \$95,653 for the year ended September 30, 2015. Beginning net position of the component unit at October 1, 2015 has been restated to correct these balances.

NOTE 16 - CONSTRUCTION CONTRACT COMMITMENTS:

The County has construction activities reported in the Capital Construction/Improvement Fund in order to correct structural deficiencies of the County Complex. At December 31, 2016, the County had committed \$2,225,752 for construction contracts and had spent \$1,140,277 through the end of the year, leaving \$1,085,475 remaining on the commitments.

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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Revenues:				
Taxes	\$ 9,421,000	\$ 9,669,665	\$ 9,835,298	\$ 165,633
Licenses and permits	2,030	2,030	2,733	703
Intergovernmental	2,640,994	2,489,588	2,687,438	197,850
Charges for services	2,039,225	2,132,802	2,256,000	123,198
Fines and forfeits	178,500	111,915	275,946	164,031
Interest and rent	260,712	260,712	285,802	25,090
Other	2,752,000	2,857,953	2,975,123	117,170
Total Revenues	17,294,461	17,524,665	18,318,340	793,675
Expenditures:				
Legislative -				
Board of Commissioners	314,322	315,817	312,344	3,473
Judicial -				
Circuit Court	1,775,161	1,697,162	1,627,432	69,730
District Court	1,624,850	1,624,850	1,578,047	46,803
Jury Board	5,744	5,744	4,695	1,049
Indigent Counsel	486,688	488,698	488,666	32
Adult Probation	31,319	31,319	29,161	2,158
	3,923,762	3,847,773	3,728,001	119,772
General Government -				
Administrative	243,744	244,202	244,045	157
Elections	239,858	397,610	396,923	687
Professional Services	240,552	239,416	143,397	96,019
County Clerk	637,659	646,454	646,088	366
Tax Equalization	251,667	252,803	252,426	377
Prosecuting Attorney	967,620	1,005,035	995,752	9,283
Register of Deeds	307,899	310,747	310,269	478
County Treasurer	392,038	392,038	386,317	5,721
Computer Operations	212,803	233,803	201,921	31,882
Accounting	455,318	455,318	410,817	44,501
Building Operations	416,999	406,999	358,513	48,486
Building and Grounds	753,551	763,551	760,433	3,118
Drain Commissioner	226,231	228,357	228,349	8
Boundary Commission	400	400	127	273
	5,346,339	5,576,733	5,335,377	241,356

Continued

LAPEER COUNTY, MICHIGAN

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
Expenditures (cont'd):				
Public Safety -				
Sheriff	\$ 3,011,586	\$ 3,011,586	\$ 3,053,396	\$(41,810)
Criminal Justice Training	9,500	9,500	12,362	(2,862)
Jail/Feeding Prisoners	3,244,469	3,244,469	3,181,507	62,962
Livestock Claims	1,000	1,000	-	1,000
Planning Commission	10,170	10,170	4,124	6,046
PLAT Board	597	597	-	597
	<u>6,277,322</u>	<u>6,277,322</u>	<u>6,251,389</u>	<u>25,933</u>
Public Works -				
Road Commission	233,000	235,785	235,785	-
Drains - County at Large	160,000	157,874	106,143	51,731
	<u>393,000</u>	<u>393,659</u>	<u>341,928</u>	<u>51,731</u>
Health and Welfare -				
Medical Examiner	87,579	89,645	89,640	5
Lapeer Development Corporation	10,000	10,000	10,000	-
	<u>97,579</u>	<u>99,645</u>	<u>99,640</u>	<u>5</u>
Recreation and Cultural -				
Cooperative Extension	219,557	220,945	220,942	3
Other -				
Bonds and Insurance	464,871	464,871	314,693	150,178
Memberships and Dues	14,800	15,300	14,548	752
Contingency	500,000	466,265	-	466,265
	<u>979,671</u>	<u>946,436</u>	<u>329,241</u>	<u>617,195</u>
 Total Expenditures	 <u>17,551,552</u>	 <u>17,678,330</u>	 <u>16,618,862</u>	 <u>1,059,468</u>
 Revenues over (under) expenditures	 <u>(257,091)</u>	 <u>(153,665)</u>	 <u>1,699,478</u>	 <u>1,853,143</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, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
Other Financing Sources (Uses):				
Transfer In	\$ 2,500,000	\$ 2,282,000	\$ 67,813	\$(2,214,187)
Transfers Out:				
Special Revenue Funds -				
Parks Department	(25,000)	-	-	-
Prosecuting Attorney	(168,617)	(168,617)	(98,000)	70,617
Friend of the Court	(358,016)	(361,016)	(309,475)	51,541
Health Department	(511,406)	(370,000)	(370,000)	-
Mental Health	(202,900)	(202,900)	(202,900)	-
Animal Control	(90,000)	(90,000)	(40,000)	50,000
Environment/Recycling	(10,000)	(10,000)	-	10,000
Emergency Management	(49,000)	(49,000)	(49,000)	-
Community Grants	(60,344)	(35,719)	(35,718)	1
Police Service Contracts	(389,490)	(389,490)	(370,760)	18,730
Law Enforcement Programs	(4,797)	(4,797)	(4,224)	573
Law Enforcement	(81,777)	(80,071)	(80,071)	-
Law Library	(4,500)	(4,500)	(4,500)	-
Soil and Sedimentation	(58,018)	(58,018)	(23,688)	34,330
Department of Human Services	(20,716)	-	-	-
Child Care	(475,000)	(552,999)	(437,111)	115,888
Multi Purpose Collaborative Body	(25,500)	(25,500)	-	25,500
Lapeer Family Continuation Coordinator	(6,000)	(6,000)	-	6,000
Internal Service Funds -				
Equipment Acquisition & Replacement	(20,000)	(47,880)	(47,880)	-
Total Transfers Out	(2,561,081)	(2,456,507)	(2,073,327)	383,180
Total Other Financing Sources (Uses)	(61,081)	(174,507)	(2,005,514)	(1,831,007)
Net Change in Fund Balance	(318,172)	(328,172)	(306,036)	22,136
Fund Balance at beginning of year	6,073,194	6,073,194	6,073,194	-
Fund Balance at end of year	\$ 5,755,022	\$ 5,745,022	\$ 5,767,158	\$ 22,136

Reconciliation of Budget-Basis to GAAP-Basis Reporting:

Net Change in General Fund Fund Balance - Budgetary Basis	\$(306,036)
Perspective difference -	
Other Budgeted Funds Net Change Allocated to the General Fund for GAAP-Basis General Fund	
Local Reserve	(2,117,268)
Budget Stabilization	24,816
Emergency Disaster	-
Rental Property	3,806
Net Change in General Fund Fund Balance - GAAP-Basis	\$(2,394,682)

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, 2016**

	Budget			Variance with Final Budget Positive (Negative)
	Original	Amended	Actual	
Revenues:				
Intergovernmental	\$ 19,477,393	\$ 19,501,588	\$ 18,729,387	\$(772,201)
Charges for services	261,671	318,497	486,838	168,341
Interest	500	500	866	366
Other	269,992	237,123	242,283	5,160
Total Revenues	20,009,556	20,057,708	19,459,374	(598,334)
Expenditures:				
Health and Welfare	20,217,956	20,311,823	19,606,546	705,277
Revenues under expenditures	(208,400)	(254,115)	(147,172)	106,943
Other Financing Sources:				
Transfers in	208,400	254,115	254,115	-
Net Change in Fund Balance	-	-	106,943	106,943
Fund Balance at beginning of year	1,890,804	1,890,804	1,890,804	-
Fund Balance at end of year	<u>\$ 1,890,804</u>	<u>\$ 1,890,804</u>	<u>\$ 1,997,747</u>	<u>\$ 106,943</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. The General Fund budgetary comparison schedule (non-GAAP budgetary basis) on pages 74-76 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.

LAPEER COUNTY, MICHIGAN

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

	For the Year Ended December 31,	
	2016	2015*
Total Pension Liability		
Service Cost	\$ 2,366,432	\$ 2,222,044
Interest	8,239,642	8,069,877
Differences between expected and actual experience	952,237	-
Changes in assumptions	4,501,823	-
Benefit payments, including refunds	(5,149,683)	(4,718,473)
Other	(150,347)	(251,209)
Change in total pension liability	10,760,104	5,322,239
Total pension liability, beginning of year	104,387,147	99,064,908
Total pension liability, end of year	<u>\$ 115,147,251</u>	<u>\$ 104,387,147</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 5,606,378	\$ 3,567,407
Contributions - Member	222,971	224,328
Net investment income	9,434,600	(1,271,123)
Benefit payments, including refunds	(5,149,683)	(4,718,473)
Administrative expenses	(185,747)	(185,343)
Net change in plan fiduciary net position	9,928,519	(2,383,204)
Plan fiduciary net position, beginning of year	82,609,968	84,993,172
Plan fiduciary net position, end of year	<u>\$ 92,538,487</u>	<u>\$ 82,609,968</u>
Lapeer County Net Pension Liability - Ending	<u>\$ 22,608,764</u>	<u>\$ 21,777,179</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.37%	79.14%
Covered Employee Payroll	\$ 27,580,728	\$ 26,625,465
Lapeer County's Net Pension Liability as a Percentage of Covered Employee Payroll	82.0%	81.8%

* GASB No. 68 was implemented for fiscal year December 31, 2015. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

LAPEER COUNTY, MICHIGAN

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN SCHEDULE OF COUNTY CONTRIBUTIONS LAST TEN FISCAL YEARS

	For the Year Ended December 31,	
	2016	2015*
Actuarially determined contributions	\$ 2,822,340	\$ 3,089,610
Contributions in relation to the actuarially determined contribution	5,606,378	3,567,407
Contribution Deficiency (Excess)	\$ (2,784,038)	\$ (477,797)
Covered Payroll	\$ 28,034,436	\$ 28,184,024
Contributions as a Percentage of Covered Employee Payroll	20.00%	12.66%

Valuation Date December 31, two years prior of the end of the fiscal year

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll, open
Remaining amortization period	24 years
Asset valuation method	10-year smoothed market value
Salary increases	2% for 2016, 3% for 2017, and 4.5% thereafter
Investment rate of return	8.00%
Retirement age	Replacement Index up to age 70, then 100%
Mortality	1994 Group Annuity Mortality Table with 50% Male and 50% Female Blend

* GASB No. 68 was implemented for fiscal year December 31, 2015. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

SUPPLEMENTARY INFORMATION

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET SCHEDULE

GENERAL FUND

DECEMBER 31, 2016

	General Fund (Budgetary Basis)	Local Reserve	Budget Stabilization	Emergency Disaster
Assets:				
Cash and cash equivalents	\$(893,028)	\$ 409,741	\$ 419,641	\$ 34,100
Investments	9,847,441	1,228,437	2,161,397	-
Receivables -				
Property taxes	979,745	-	-	-
Accounts and interest	24,832	2,726	4,095	-
Due from other governmental units	114,131	-	-	-
Due from other funds	23,029	-	-	-
Advances to other funds	25,000	-	-	-
Advances to component units	90,000	-	-	-
Prepaid items	218,485	-	-	-
Total Assets	<u>\$ 10,429,635</u>	<u>\$ 1,640,904</u>	<u>\$ 2,585,133</u>	<u>\$ 34,100</u>
Liabilities:				
Accounts payable	\$ 139,311	\$ -	\$ -	\$ -
Accrued liabilities	272,024	-	-	-
Due to other governmental units	441,855	-	-	-
Due to other funds	35,351	-	-	-
Interfund payables	3,773,936	-	-	-
Total Liabilities	<u>4,662,477</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable - advances/prepays	333,485	-	-	-
Restricted	-	-	2,585,133	-
Committed	-	1,640,904	-	34,100
Assigned	81,872	-	-	-
Unassigned	5,351,801	-	-	-
Total Fund Balance	<u>5,767,158</u>	<u>1,640,904</u>	<u>2,585,133</u>	<u>34,100</u>
Total Liabilities and Fund Balance	<u>\$ 10,429,635</u>	<u>\$ 1,640,904</u>	<u>\$ 2,585,133</u>	<u>\$ 34,100</u>

<u>Rental Property</u>	<u>General Fund (GAAP-Basis)</u>
\$ 29,546	\$ -
-	13,237,275
-	979,745
-	31,653
-	114,131
-	23,029
-	25,000
-	90,000
-	218,485
<u>\$ 29,546</u>	<u>\$ 14,719,318</u>
\$ 72	\$ 139,383
-	272,024
-	441,855
-	35,351
-	3,773,936
<u>72</u>	<u>4,662,549</u>
-	333,485
-	2,585,133
29,474	1,704,478
-	81,872
-	5,351,801
<u>29,474</u>	<u>10,056,769</u>
<u>\$ 29,546</u>	<u>\$ 14,719,318</u>

LAPEER COUNTY, MICHIGAN

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2016

	General Fund (Budgetary - Basis)	Local Reserve	Budget Stabilization	Emergency Disaster
Revenues:				
Taxes	\$ 9,835,298	\$ -	\$ -	\$ -
Licenses and permits	2,733	-	-	-
Intergovernmental	2,687,438	-	-	-
Charges for services	2,256,000	-	-	-
Fines and forfeits	275,946	-	-	-
Rents	163,762	-	-	-
Interest	122,040	14,759	24,816	-
Other	2,975,123	-	-	-
Total Revenues	<u>18,318,340</u>	<u>14,759</u>	<u>24,816</u>	<u>-</u>
Expenditures:				
Current -				
Legislative	312,344	-	-	-
Judicial	3,728,001	-	-	-
General Government	5,335,377	-	-	-
Public Safety	6,251,389	-	-	-
Public Works	341,928	-	-	-
Health and Welfare	99,640	-	-	-
Recreation and Cultural	220,942	-	-	-
Other Activities	329,241	-	-	-
Total Expenditures	<u>16,618,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over expenditures	<u>1,699,478</u>	<u>14,759</u>	<u>24,816</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in	67,813	-	-	-
Transfers out	(2,073,327)	(2,132,027)	-	-
Total Other Financing Sources (Uses)	<u>(2,005,514)</u>	<u>(2,132,027)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(306,036)	(2,117,268)	24,816	-
Fund Balances at beginning of year	<u>6,073,194</u>	<u>3,758,172</u>	<u>2,560,317</u>	<u>34,100</u>
Fund Balances at end of year	<u><u>\$ 5,767,158</u></u>	<u><u>\$ 1,640,904</u></u>	<u><u>\$ 2,585,133</u></u>	<u><u>\$ 34,100</u></u>

<u>Rental Property</u>	<u>General Fund (GAAP-Basis)</u>
\$ -	\$ 9,835,298
-	2,733
-	2,687,438
-	2,256,000
-	275,946
65,586	229,348
-	161,615
-	2,975,123
<u>65,586</u>	<u>18,423,501</u>

-	312,344
-	3,728,001
10,565	5,345,942
-	6,251,389
-	341,928
-	99,640
-	220,942
-	329,241
<u>10,565</u>	<u>16,629,427</u>

<u>55,021</u>	<u>1,794,074</u>
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-	67,813
<u>(51,215)</u>	<u>(4,256,569)</u>
<u>(51,215)</u>	<u>(4,188,756)</u>

3,806	(2,394,682)
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<u>25,668</u>	<u>12,451,451</u>
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<u>\$ 29,474</u>	<u>\$ 10,056,769</u>
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LAPEER COUNTY, MICHIGAN

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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
LOCAL RESERVE			
Revenues:			
Interest	\$ 4,890	\$ 14,759	\$ 9,869
Other Financing Uses:			
Transfers out	(2,510,000)	(2,132,027)	377,973
Net Change in Fund Balance	(2,505,110)	(2,117,268)	387,842
Fund Balance at beginning of year	3,758,172	3,758,172	-
Fund Balance at end of year	<u>\$ 1,253,062</u>	<u>\$ 1,640,904</u>	<u>\$ 387,842</u>
BUDGET STABILIZATION			
Revenues:			
Interest	\$ -	\$ 24,816	\$ 24,816
Fund Balance at beginning of year	2,560,317	2,560,317	-
Fund Balance at end of year	<u>\$ 2,560,317</u>	<u>\$ 2,585,133</u>	<u>\$ 24,816</u>
EMERGENCY DISASTER			
Net Change in Fund Balance	\$ -	\$ -	\$ -
Fund Balance at beginning of year	34,100	34,100	-
Fund Balance at end of year	<u>\$ 34,100</u>	<u>\$ 34,100</u>	<u>\$ -</u>
RENTAL PROPERTY			
Revenues:			
Rent	\$ 71,830	\$ 65,586	\$(6,244)
Expenditures:			
General Government	15,000	10,565	4,435
Revenues over expenditures	56,830	55,021	(1,809)
Other Financing Uses:			
Transfers out	(56,830)	(51,215)	5,615
Net Change in Fund Balance	-	3,806	3,806
Fund Balance at beginning of year	25,668	25,668	-
Fund Balance at end of year	<u>\$ 25,668</u>	<u>\$ 29,474</u>	<u>\$ 3,806</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 license fees set aside for providing family counseling to individuals who have domestic-related actions pending before the Circuit Court.

Health Department - is used to account for the operations 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 licenses and fees.

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

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

Register of Deeds Automation - is used to account for the charges for services 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 - 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 charges for services.

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 services 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 and charges for services.

Veterans' Trust - is used to account for the operations of providing 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.

Soil and Sedimentation - is used to account for operations of providing soil and sedimentation enforcement and inspection services. Financing is provided by permits, fines and General Fund appropriations.

Concealed Pistol Licensing - is used to account for pistol license fees under the provision of Public Act 3 of 2015.

The remaining special revenue funds are Community Grants, Thumb Narcotics Unit, Police Service Contracts, Law Enforcement Programs, Law Enforcement, Multi Purpose Collaborative Body, Lapeer Family Continuation Coordinator, Mental Health Court, and Prosecuting Attorney. These funds are utilized to maintain various programs and activities financed primarily with federal and state grants, charges for services and fines and forfeits.

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 bond proceeds and earnings to finance the cost of acquiring and updating facilities and equipment 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 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, 2016

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Assets:					
Cash and cash equivalents	\$ 59,939	\$ -	\$ 486,052	\$ -	\$ 79,170
Receivables (net of allowance) -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	351,230	-	-
Due from other governmental units	-	8,000	59,364	331,471	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid items	-	-	25,357	-	-
	<u>-</u>	<u>-</u>	<u>25,357</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 59,939</u>	<u>\$ 8,000</u>	<u>\$ 922,003</u>	<u>\$ 331,471</u>	<u>\$ 79,170</u>
Liabilities:					
Accounts payable	\$ 521	\$ -	\$ 21,490	\$ 6,111	\$ -
Accrued liabilities	1,841	-	43,359	31,908	-
Due to other governmental units	-	-	-	-	-
Due to other funds	189	-	5,112	3,236	-
Interfund payables	-	7,512	-	260,657	-
Advances from other funds	25,000	-	-	-	-
Unearned revenues	-	-	-	-	-
Total Liabilities	<u>27,551</u>	<u>7,512</u>	<u>69,961</u>	<u>301,912</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	-	-	25,357	-	-
Restricted	-	488	826,685	29,559	79,170
Committed	32,388	-	-	-	-
Total Fund Balance	<u>32,388</u>	<u>488</u>	<u>852,042</u>	<u>29,559</u>	<u>79,170</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 59,939</u>	<u>\$ 8,000</u>	<u>\$ 922,003</u>	<u>\$ 331,471</u>	<u>\$ 79,170</u>

Special Revenue Funds						
Health Department	Personal Care Aide Program	Animal Control	Environment/ Recycling	County Surveyor	Register of Deeds Automation	Emergency Management
\$ 872,118	\$ -	\$ 100,502	\$ 5,432	\$ -	\$ 246,240	\$ 35,313
-	-	-	-	-	-	-
8,092	-	-	-	-	-	-
60,568	56,588	-	-	29,113	-	8,241
-	-	-	-	-	369,003	-
-	2,237	-	-	-	-	-
3,400	-	-	-	-	-	-
<u>\$ 944,178</u>	<u>\$ 58,825</u>	<u>\$ 100,502</u>	<u>\$ 5,432</u>	<u>\$ 29,113</u>	<u>\$ 615,243</u>	<u>\$ 43,554</u>
\$ 19,841	\$ 36,728	\$ 2,625	\$ -	\$ -	\$ 4,511	\$ -
34,612	10,726	6,490	-	-	506	1,982
21,117	-	-	-	-	-	-
2,830	638	663	-	-	-	203
-	2,552	-	-	15,782	-	-
-	-	-	-	-	-	-
-	-	60,714	-	-	-	-
<u>78,400</u>	<u>50,644</u>	<u>70,492</u>	<u>-</u>	<u>15,782</u>	<u>5,017</u>	<u>2,185</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,400	2,237	-	-	-	-	-
-	-	-	-	13,331	610,226	-
862,378	5,944	30,010	5,432	-	-	41,369
<u>865,778</u>	<u>8,181</u>	<u>30,010</u>	<u>5,432</u>	<u>13,331</u>	<u>610,226</u>	<u>41,369</u>
<u>\$ 944,178</u>	<u>\$ 58,825</u>	<u>\$ 100,502</u>	<u>\$ 5,432</u>	<u>\$ 29,113</u>	<u>\$ 615,243</u>	<u>\$ 43,554</u>

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	Special Revenue Funds				
	Community Grants	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Law Enforcement
Assets:					
Cash and cash equivalents	\$ -	\$ 345,166	\$ 12,207	\$ 77,761	\$ 96,463
Receivables (net of allowance) -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units	49,442	3,190	140,894	-	-
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total Assets	\$ 49,442	\$ 348,356	\$ 153,101	\$ 77,761	\$ 96,463
Liabilities:					
Accounts payable	\$ 10,910	\$ 2,208	\$ -	\$ -	\$ 791
Accrued liabilities	1,877	-	38,044	298	2,106
Due to other governmental units	-	-	-	-	-
Due to other funds	152	-	6,722	53	333
Interfund payables	34,723	-	-	-	-
Advances from other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	47,662	2,208	44,766	351	3,230
Deferred Inflows of Resources:					
Unavailable revenue - revolving loans	-	-	-	-	-
Taxes levied for subsequent period	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balance:					
Nonspendable - inventory/prepays	-	-	-	-	-
Restricted	-	346,148	-	-	-
Committed	1,780	-	108,335	77,410	93,233
Total Fund Balance	1,780	346,148	108,335	77,410	93,233
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 49,442	\$ 348,356	\$ 153,101	\$ 77,761	\$ 96,463

Special Revenue Funds							
Law Enforcement - Other	Law Library	Community Development	Department of Human Services	Child Care	Veterans' Trust	Soldiers' Relief	Multi-Purpose Collaborative Body
\$ 74,710	\$ 27,117	\$ 36,492	\$ 30,692	\$ 326,843	\$ 1,083	\$ 189,552	\$ 1,088
-	-	-	-	-	-	246,347	-
-	-	655,690	-	-	-	-	-
-	-	-	-	126,859	-	11,694	2,023
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 74,710</u>	<u>\$ 27,117</u>	<u>\$ 692,182</u>	<u>\$ 30,692</u>	<u>\$ 453,702</u>	<u>\$ 1,083</u>	<u>\$ 447,593</u>	<u>\$ 3,111</u>
\$ 3,263	\$ 1,055	\$ -	\$ -	\$ 1,827	\$ 874	\$ 303	\$ 1,051
-	-	-	-	3,184	-	6,668	93
-	-	-	-	-	-	-	-
-	-	-	-	296	-	664	9
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,263</u>	<u>1,055</u>	<u>-</u>	<u>-</u>	<u>5,307</u>	<u>874</u>	<u>7,635</u>	<u>1,153</u>
-	-	655,690	-	-	-	-	-
-	-	-	-	-	-	267,497	-
-	-	655,690	-	-	-	267,497	-
-	-	-	-	-	-	-	-
71,447	-	36,492	-	-	209	172,461	-
-	26,062	-	30,692	448,395	-	-	1,958
<u>71,447</u>	<u>26,062</u>	<u>36,492</u>	<u>30,692</u>	<u>448,395</u>	<u>209</u>	<u>172,461</u>	<u>1,958</u>
<u>\$ 74,710</u>	<u>\$ 27,117</u>	<u>\$ 692,182</u>	<u>\$ 30,692</u>	<u>\$ 453,702</u>	<u>\$ 1,083</u>	<u>\$ 447,593</u>	<u>\$ 3,111</u>

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2016

	Special Revenue Funds				
	Senior Millage	Soil and Sedimentation	Lapeer Family Continuation Coordinator	Mental Health Court	Prosecuting Attorney
Assets:					
Cash and cash equivalents	\$ 257,908	\$ 2,047	\$ 35,742	\$ -	\$ -
Receivables (net of allowance) -					
Property taxes	616,164	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units	29,234	-	-	24,538	74,039
Interfund receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 903,306</u>	<u>\$ 2,047</u>	<u>\$ 35,742</u>	<u>\$ 24,538</u>	<u>\$ 74,039</u>
Liabilities:					
Accounts payable	\$ 70	\$ 8	\$ 180	\$ 600	\$ 164
Accrued liabilities	-	1,850	362	325	6,586
Due to other governmental units	-	-	-	-	-
Due to other funds	-	189	-	30	674
Interfund payables	-	-	-	20,696	64,825
Advances from other funds	-	-	7,500	-	-
Unearned revenues	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>70</u>	<u>2,047</u>	<u>8,042</u>	<u>21,651</u>	<u>72,249</u>
Deferred Inflows of Resources:					
Unavailable revenue - revolving loans	-	-	-	-	-
Taxes levied for subsequent period	669,066	-	-	-	-
	<u>669,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>669,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable - inventory/prepays	-	-	-	-	-
Restricted	234,170	-	27,700	2,887	-
Committed	-	-	-	-	1,790
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,790</u>
Total Fund Balance	<u>234,170</u>	<u>-</u>	<u>27,700</u>	<u>2,887</u>	<u>1,790</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 903,306</u>	<u>\$ 2,047</u>	<u>\$ 35,742</u>	<u>\$ 24,538</u>	<u>\$ 74,039</u>

Special Revenue Fund	Capital Project Funds					
Concealed Pistol Licensing	E-911 Construction	Jail	Capital Construction/ Improvement	Old Courthouse	Total	
\$ 44,811	\$ -	\$ -	\$ -	\$ 14,046	\$ 3,458,494	
-	-	-	-	-	862,511	
-	-	-	-	-	1,015,012	
-	-	-	-	-	1,015,258	
-	2,060,538	629,558	1,121,584	-	4,180,683	
-	-	-	-	-	2,237	
-	-	-	-	-	28,757	
<u>\$ 44,811</u>	<u>\$ 2,060,538</u>	<u>\$ 629,558</u>	<u>\$ 1,121,584</u>	<u>\$ 14,046</u>	<u>\$ 10,562,952</u>	
\$ 77	\$ -	\$ -	\$ 102,790	\$ -	\$ 217,998	
697	-	-	-	-	193,514	
-	-	-	-	-	21,117	
-	-	-	-	-	21,993	
-	-	-	-	-	406,747	
-	-	-	-	-	32,500	
-	-	-	-	-	60,714	
<u>774</u>	<u>-</u>	<u>-</u>	<u>102,790</u>	<u>-</u>	<u>954,583</u>	
-	-	-	-	-	655,690	
-	-	-	-	-	936,563	
-	-	-	-	-	1,592,253	
-	-	-	-	-	30,994	
44,037	2,060,538	-	-	14,046	4,569,594	
-	-	629,558	1,018,794	-	3,415,528	
<u>44,037</u>	<u>2,060,538</u>	<u>629,558</u>	<u>1,018,794</u>	<u>14,046</u>	<u>8,016,116</u>	
<u>\$ 44,811</u>	<u>\$ 2,060,538</u>	<u>\$ 629,558</u>	<u>\$ 1,121,584</u>	<u>\$ 14,046</u>	<u>\$ 10,562,952</u>	

Concluded

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	8,172
Intergovernmental	-	8,000	-	981,235	-
Charges for services	180,273	-	1,741,879	113,420	-
Fines and forfeits	-	-	-	-	-
Rents	32	-	14,505	-	-
Interest	-	-	303	-	-
Other	-	-	-	6	-
Total Revenues	<u>180,305</u>	<u>8,000</u>	<u>1,756,687</u>	<u>1,094,661</u>	<u>8,172</u>
Expenditures:					
Current -					
Judicial	-	-	-	1,396,630	1,931
General Government	-	-	-	-	-
Public Safety	-	-	1,708,509	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	181,209	8,130	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>181,209</u>	<u>8,130</u>	<u>1,708,509</u>	<u>1,396,630</u>	<u>1,931</u>
Revenues over (under) expenditures	<u>(904)</u>	<u>(130)</u>	<u>48,178</u>	<u>(301,969)</u>	<u>6,241</u>
Other Financing Sources (Uses):					
Transfer In	-	-	-	324,832	-
Transfer Out	-	-	(300,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>324,832</u>	<u>-</u>
Net Change in Fund Balances	<u>(904)</u>	<u>(130)</u>	<u>(251,822)</u>	<u>22,863</u>	<u>6,241</u>
Fund Balances at beginning of year	<u>33,292</u>	<u>618</u>	<u>1,103,864</u>	<u>6,696</u>	<u>72,929</u>
Fund Balances at end of year	<u>\$ 32,388</u>	<u>\$ 488</u>	<u>\$ 852,042</u>	<u>\$ 29,559</u>	<u>\$ 79,170</u>

Special Revenue Funds						
Health Department	Personal Care Aide Program	Animal Control	Environment/ Recycling	County Surveyor	Register of Deeds Automation	Emergency Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
290,327	-	144,671	-	-	-	-
1,480,763	518,004	-	4,715	48,850	-	58,702
365,543	-	35,461	9,988	-	79,870	810
-	-	45,161	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	380	-
93,049	27,876	2,514	-	-	-	-
<u>2,229,682</u>	<u>545,880</u>	<u>227,807</u>	<u>14,703</u>	<u>48,850</u>	<u>80,250</u>	<u>59,512</u>
-	-	-	-	-	-	-
-	-	-	-	48,850	63,786	-
-	-	284,636	-	-	-	110,999
2,704,595	1,225,641	-	16,211	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,704,595</u>	<u>1,225,641</u>	<u>284,636</u>	<u>16,211</u>	<u>48,850</u>	<u>63,786</u>	<u>110,999</u>
(474,913)	(679,761)	(56,829)	(1,508)	-	16,464	(51,487)
370,000	679,541	40,000	-	-	-	49,000
-	-	-	-	-	-	-
<u>370,000</u>	<u>679,541</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,000</u>
(104,913)	(220)	(16,829)	(1,508)	-	16,464	(2,487)
<u>970,691</u>	<u>8,401</u>	<u>46,839</u>	<u>6,940</u>	<u>13,331</u>	<u>593,762</u>	<u>43,856</u>
<u>\$ 865,778</u>	<u>\$ 8,181</u>	<u>\$ 30,010</u>	<u>\$ 5,432</u>	<u>\$ 13,331</u>	<u>\$ 610,226</u>	<u>\$ 41,369</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Special Revenue Funds				
	Community Grants	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Law Enforcement
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	21,660	-	-	-	-
Intergovernmental	228,015	32,000	-	30,464	104,585
Charges for services	69,134	-	1,112,265	1,500	81,103
Fines and forfeits	-	31,736	-	-	-
Rents	-	-	-	-	-
Interest	-	226	-	-	-
Other	-	11,811	-	-	-
Total Revenues	<u>318,809</u>	<u>75,773</u>	<u>1,112,265</u>	<u>31,964</u>	<u>185,688</u>
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	354,307	65,752	1,483,041	44,631	242,498
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>354,307</u>	<u>65,752</u>	<u>1,483,041</u>	<u>44,631</u>	<u>242,498</u>
Revenues over (under) expenditures	<u>(35,498)</u>	<u>10,021</u>	<u>(370,776)</u>	<u>(12,667)</u>	<u>(56,810)</u>
Other Financing Sources (Uses):					
Transfers In	35,718	-	370,760	4,224	80,071
Transfers Out	-	-	-	(67,813)	-
Total Other Financing Sources (Uses)	<u>35,718</u>	<u>-</u>	<u>370,760</u>	<u>(63,589)</u>	<u>80,071</u>
Net Change in Fund Balances	220	10,021	(16)	(76,256)	23,261
Fund Balances at beginning of year	<u>1,560</u>	<u>336,127</u>	<u>108,351</u>	<u>153,666</u>	<u>69,972</u>
Fund Balances at end of year	<u>\$ 1,780</u>	<u>\$ 346,148</u>	<u>\$ 108,335</u>	<u>\$ 77,410</u>	<u>\$ 93,233</u>

Special Revenue Funds							
Law Enforcement - Other	Law Library	Community Development	Department of Human Services	Child Care	Veterans' Trust	Soldiers' Relief	Multi-Purpose Collaborative Body
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274,060	\$ -
-	-	-	-	-	-	-	-
-	-	8,660	850	465,846	11,080	15,994	25,873
-	-	10,000	-	151,490	-	-	-
72,494	6,500	-	-	8,790	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	332	-
-	-	-	-	78,008	-	-	-
<u>72,494</u>	<u>6,500</u>	<u>18,660</u>	<u>850</u>	<u>704,134</u>	<u>11,080</u>	<u>290,386</u>	<u>25,873</u>
-	12,783	-	-	-	-	-	-
-	-	-	-	-	-	-	-
63,432	-	-	-	-	-	-	-
-	-	18,450	850	1,141,245	14,553	292,425	27,823
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>63,432</u>	<u>12,783</u>	<u>18,450</u>	<u>850</u>	<u>1,141,245</u>	<u>14,553</u>	<u>292,425</u>	<u>27,823</u>
<u>9,062</u>	<u>(6,283)</u>	<u>210</u>	<u>-</u>	<u>(437,111)</u>	<u>(3,473)</u>	<u>(2,039)</u>	<u>(1,950)</u>
-	4,500	-	-	437,111	-	-	-
-	-	-	-	-	-	-	-
-	<u>4,500</u>	-	-	<u>437,111</u>	-	-	-
9,062	(1,783)	210	-	-	(3,473)	(2,039)	(1,950)
<u>62,385</u>	<u>27,845</u>	<u>36,282</u>	<u>30,692</u>	<u>448,395</u>	<u>3,682</u>	<u>174,500</u>	<u>3,908</u>
<u>\$ 71,447</u>	<u>\$ 26,062</u>	<u>\$ 36,492</u>	<u>\$ 30,692</u>	<u>\$ 448,395</u>	<u>\$ 209</u>	<u>\$ 172,461</u>	<u>\$ 1,958</u>

Continued

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Special Revenue Funds				
	Senior Millage	Soil and Sedimentation	Lapeer Family Continuation Coordinator	Mental Health Court	Prosecuting Attorney
Revenues:					
Taxes	\$ 677,687	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	61,510	-	-	-
Intergovernmental	29,234	-	-	82,625	229,938
Charges for services	-	-	20,000	-	-
Fines and forfeits	-	25,850	-	-	-
Rents	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	16,597	2,315	-
Total Revenues	<u>706,921</u>	<u>87,360</u>	<u>36,597</u>	<u>84,940</u>	<u>229,938</u>
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	-	-	-	336,778
Public Safety	-	-	-	-	-
Health and Welfare	15,816	111,048	19,950	82,053	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>15,816</u>	<u>111,048</u>	<u>19,950</u>	<u>82,053</u>	<u>336,778</u>
Revenues over (under) expenditures	<u>691,105</u>	<u>(23,688)</u>	<u>16,647</u>	<u>2,887</u>	<u>(106,840)</u>
Other Financing Sources (Uses):					
Transfer In	-	23,688	-	-	98,000
Transfer Out	(679,541)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(679,541)</u>	<u>23,688</u>	<u>-</u>	<u>-</u>	<u>98,000</u>
Net Change in Fund Balances	11,564	-	16,647	2,887	(8,840)
Fund Balances at beginning of year	<u>222,606</u>	<u>-</u>	<u>11,053</u>	<u>-</u>	<u>10,630</u>
Fund Balances at end of year	<u>\$ 234,170</u>	<u>\$ -</u>	<u>\$ 27,700</u>	<u>\$ 2,887</u>	<u>\$ 1,790</u>

Special Revenue Fund	Capital Projects Funds				
Concealed Pistol Licensing	E-911 Construction	Jail	Capital Construction/ Improvement	Old Courthouse	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 951,747
63,650	-	-	-	-	589,990
-	-	-	-	-	4,365,433
-	-	-	-	-	3,972,736
-	-	-	-	-	190,531
-	-	-	-	-	14,537
-	402	-	-	-	1,643
-	-	-	-	7,356	239,532
63,650	402	-	-	7,356	10,326,149
-	-	-	-	-	1,411,344
24,602	-	-	-	7,096	481,112
-	-	-	-	-	4,357,805
-	-	-	-	-	5,670,660
-	-	-	-	-	189,339
-	-	-	1,143,233	-	1,143,233
24,602	-	-	1,143,233	7,096	13,253,493
39,048	402	-	(1,143,233)	260	(2,927,344)
-	-	-	2,132,027	-	4,649,472
-	-	-	-	-	(1,047,354)
-	-	-	2,132,027	-	3,602,118
39,048	402	-	988,794	260	674,774
4,989	2,060,136	629,558	30,000	13,786	7,341,342
\$ 44,037	\$ 2,060,538	\$ 629,558	\$ 1,018,794	\$ 14,046	\$ 8,016,116

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, 2016**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
PARKS DEPARTMENT			
Revenues:			
Charges for services	\$ 157,499	\$ 180,273	\$ 22,774
Interest	-	32	32
Total Revenues	<u>157,499</u>	<u>180,305</u>	<u>22,806</u>
Expenditures:			
Recreation and Cultural	<u>182,499</u>	<u>181,209</u>	<u>1,290</u>
Revenues under expenditures	(25,000)	(904)	24,096
Other Financing Sources:			
Transfers in	<u>25,000</u>	-	(25,000)
Net Change in Fund Balance	-	(904)	(904)
Fund Balance at beginning of year	<u>33,292</u>	<u>33,292</u>	-
Fund Balance at end of year	<u><u>\$ 33,292</u></u>	<u><u>\$ 32,388</u></u>	<u><u>\$(904)</u></u>

POLLY ANN TRAIL

Revenues:			
Intergovernmental	\$ 10,000	\$ 8,000	\$(2,000)
Expenditures:			
Recreation and Cultural	<u>10,000</u>	<u>8,130</u>	<u>1,870</u>
Net Change in Fund Balance	-	(130)	(130)
Fund Balance at beginning of year	<u>618</u>	<u>618</u>	-
Fund Balance at end of year	<u><u>\$ 618</u></u>	<u><u>\$ 488</u></u>	<u><u>\$(130)</u></u>

E - 911

Revenues:			
Charges for services	\$ 1,715,000	\$ 1,741,879	\$ 26,879
Interest	1,200	303	(897)
Rent	<u>20,000</u>	<u>14,505</u>	<u>(5,495)</u>
Total Revenues	1,736,200	1,756,687	20,487
Expenditures:			
Public Safety	<u>1,736,200</u>	<u>1,708,509</u>	<u>27,691</u>
Revenues over expenditures	-	48,178	48,178
Other Financing Uses:			
Transfers out	<u>(150,000)</u>	<u>(300,000)</u>	<u>(150,000)</u>
Net Change in Fund Balance	(150,000)	(251,822)	(101,822)
Fund Balance at beginning of year	<u>1,103,864</u>	<u>1,103,864</u>	-
Fund Balance at end of year	<u><u>\$ 953,864</u></u>	<u><u>\$ 852,042</u></u>	<u><u>\$(101,822)</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, 2016**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
FRIEND OF THE COURT			
Revenues:			
Intergovernmental	\$ 949,007	\$ 981,235	\$ 32,228
Charges for services	110,600	113,420	2,820
Other	<u>37,000</u>	<u>6</u>	<u>(36,994)</u>
Total Revenues	1,096,607	1,094,661	(1,946)
Expenditures:			
Judicial	<u>1,478,980</u>	<u>1,396,630</u>	<u>82,350</u>
Revenues under expenditures	(382,373)	(301,969)	80,404
Other Financing Sources:			
Transfers in	<u>382,373</u>	<u>324,832</u>	<u>(57,541)</u>
Net Change in Fund Balance	-	22,863	22,863
Fund Balance at beginning of year	<u>6,696</u>	<u>6,696</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 6,696</u></u>	<u><u>\$ 29,559</u></u>	<u><u>\$ 22,863</u></u>

FAMILY MARRIAGE COUNSELING

Revenues:			
Licenses and permits	\$ 7,500	\$ 8,172	\$ 672
Expenditures:			
Judicial	<u>7,500</u>	<u>1,931</u>	<u>5,569</u>
Net Change in Fund Balance	-	6,241	6,241
Fund Balance at beginning of year	<u>72,929</u>	<u>72,929</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 72,929</u></u>	<u><u>\$ 79,170</u></u>	<u><u>\$ 6,241</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, 2016**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
HEALTH DEPARTMENT			
Revenues:			
Licenses and permits	\$ 283,650	\$ 290,327	\$ 6,677
Intergovernmental	1,464,485	1,480,763	16,278
Charges for services	403,674	365,543	(38,131)
Other	208,986	93,049	(115,937)
Total Revenues	<u>2,360,795</u>	<u>2,229,682</u>	<u>(131,113)</u>
Expenditures:			
Health and Welfare	<u>2,705,221</u>	<u>2,704,595</u>	<u>626</u>
Revenues under expenditures	(344,426)	(474,913)	(130,487)
Other Financing Sources:			
Transfers in	<u>370,000</u>	<u>370,000</u>	<u>-</u>
Net Change in Fund Balance	25,574	(104,913)	(130,487)
Fund Balance at beginning of year	<u>970,691</u>	<u>970,691</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 996,265</u></u>	<u><u>\$ 865,778</u></u>	<u><u>\$(130,487)</u></u>

PERSONAL CARE AIDE PROGRAM

Revenues:			
Intergovernmental	\$ 517,170	\$ 518,004	\$ 834
Other	<u>29,000</u>	<u>27,876</u>	<u>(1,124)</u>
Total Revenues	546,170	545,880	(290)
Expenditures:			
Health and Welfare	<u>1,225,711</u>	<u>1,225,641</u>	<u>70</u>
Revenues under expenditures	(679,541)	(679,761)	(220)
Other Financing Sources:			
Transfers in	<u>679,541</u>	<u>679,541</u>	<u>-</u>
Net Change in Fund Balance	-	(220)	(220)
Fund Balance at beginning of year	<u>8,401</u>	<u>8,401</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 8,401</u></u>	<u><u>\$ 8,181</u></u>	<u><u>\$(220)</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, 2016**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
ANIMAL CONTROL			
Revenues:			
Licenses and permits	\$ 173,500	\$ 144,671	\$(28,829)
Charges for services	40,600	35,461	(5,139)
Fines and forfeits	9,000	45,161	36,161
Other	-	2,514	2,514
Total Revenues	<u>223,100</u>	<u>227,807</u>	<u>4,707</u>
Expenditures:			
Public Safety	<u>313,100</u>	<u>284,636</u>	<u>28,464</u>
Revenues under expenditures	(90,000)	(56,829)	33,171
Other Financing Sources:			
Transfers in	<u>90,000</u>	<u>40,000</u>	(50,000)
Net Change in Fund Balance	-	(16,829)	(16,829)
Fund Balance at beginning of year	<u>46,839</u>	<u>46,839</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 46,839</u></u>	<u><u>\$ 30,010</u></u>	<u><u>\$(16,829)</u></u>
ENVIRONMENT/RECYCLING			
Revenues:			
Intergovernmental	\$ -	\$ 4,715	\$ 4,715
Charges for services	<u>10,000</u>	<u>9,988</u>	<u>(12)</u>
Total Revenues	<u>10,000</u>	<u>14,703</u>	<u>4,703</u>
Expenditures:			
Health and Welfare	<u>20,000</u>	<u>16,211</u>	<u>3,789</u>
Revenues under expenditures	(10,000)	(1,508)	8,492
Other Financing Sources:			
Transfers in	<u>10,000</u>	<u>-</u>	(10,000)
Net Change in Fund Balance	-	(1,508)	(1,508)
Fund Balance at beginning of year	<u>6,940</u>	<u>6,940</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 6,940</u></u>	<u><u>\$ 5,432</u></u>	<u><u>\$(1,508)</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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
COUNTY SURVEYOR			
Revenues:			
Intergovernmental	\$ 49,343	\$ 48,850	\$(493)
Expenditures:			
General Government	49,343	48,850	493
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	13,331	13,331	-
Fund Balance at end of year	<u>\$ 13,331</u>	<u>\$ 13,331</u>	<u>\$ -</u>

REGISTER OF DEEDS AUTOMATION

Revenues:			
Charges for services	\$ 90,000	\$ 79,870	\$(10,130)
Interest	1,000	380	(620)
Total Revenues	91,000	80,250	(10,750)
Expenditures:			
General Government	102,182	63,786	38,396
Net Change in Fund Balance	(11,182)	16,464	27,646
Fund Balance at beginning of year	593,762	593,762	-
Fund Balance at end of year	<u>\$ 582,580</u>	<u>\$ 610,226</u>	<u>\$ 27,646</u>

EMERGENCY MANAGEMENT

Revenues:			
Intergovernmental	\$ 224,781	\$ 58,702	\$(166,079)
Charges for services	295	810	515
Total Revenues	225,076	59,512	(165,564)
Expenditures:			
Public Safety	278,066	110,999	167,067
Revenues under expenditures	(52,990)	(51,487)	1,503
Other Financing Sources:			
Transfers in	49,000	49,000	-
Net Change in Fund Balance	(3,990)	(2,487)	1,503
Fund Balance at beginning of year	43,856	43,856	-
Fund Balance at end of year	<u>\$ 39,866</u>	<u>\$ 41,369</u>	<u>\$ 1,503</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, 2016**

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
COMMUNITY GRANTS			
Revenues:			
Licenses and permits	\$ 10,000	\$ 21,660	11,660
Intergovernmental	293,758	228,015	(65,743)
Charges for services	68,500	69,134	634
Total Revenues	<u>372,258</u>	<u>318,809</u>	<u>(53,449)</u>
Expenditures:			
Public Safety	<u>432,602</u>	<u>354,307</u>	<u>78,295</u>
Revenues under expenditures	(60,344)	(35,498)	24,846
Other Financing Sources:			
Transfers in	<u>60,344</u>	<u>35,718</u>	<u>(24,626)</u>
Net Change in Fund Balance	-	220	220
Fund Balance at beginning of year	<u>1,560</u>	<u>1,560</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 1,560</u></u>	<u><u>\$ 1,780</u></u>	<u><u>\$ 220</u></u>
THUMB NARCOTICS UNIT			
Revenues:			
Intergovernmental	\$ 35,000	\$ 32,000	\$(3,000)
Fines and forfeits	90,000	31,736	(58,264)
Interest	-	226	226
Other	10,000	11,811	1,811
Total Revenues	<u>135,000</u>	<u>75,773</u>	<u>(59,227)</u>
Expenditures:			
Public Safety	<u>135,000</u>	<u>65,752</u>	<u>69,248</u>
Net Change in Fund Balance	-	10,021	10,021
Fund Balance at beginning of year	<u>336,127</u>	<u>336,127</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 336,127</u></u>	<u><u>\$ 346,148</u></u>	<u><u>\$ 10,021</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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
POLICE SERVICE CONTRACTS			
Revenues:			
Charges for services	\$ 1,168,469	\$ 1,112,265	\$(56,204)
Expenditures:			
Public Safety	<u>1,557,958</u>	<u>1,483,041</u>	<u>74,917</u>
Revenues under expenditures	(389,489)	(370,776)	18,713
Other Financing Sources:			
Transfers in	<u>389,489</u>	<u>370,760</u>	<u>(18,729)</u>
Net Change in Fund Balance	-	(16)	(16)
Fund Balance at beginning of year	<u>108,351</u>	<u>108,351</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 108,351</u></u>	<u><u>\$ 108,335</u></u>	<u><u>\$(16)</u></u>

LAW ENFORCEMENT PROGRAMS

Revenues:			
Intergovernmental	\$ 32,910	\$ 30,464	\$(2,446)
Charges for services	<u>10,000</u>	<u>1,500</u>	<u>(8,500)</u>
Total Revenues	42,910	31,964	(10,946)
Expenditures:			
Public Safety	<u>47,707</u>	<u>44,631</u>	<u>3,076</u>
Revenues under expenditures	<u>(4,797)</u>	<u>(12,667)</u>	<u>(7,870)</u>
Other Financing Sources (Uses):			
Transfers in	4,797	4,224	(573)
Transfers out	<u>-</u>	<u>(67,813)</u>	<u>(67,813)</u>
Total Other Financing Sources (Uses)	<u>4,797</u>	<u>(63,589)</u>	<u>(68,386)</u>
Net Change in Fund Balance	-	(76,256)	(76,256)
Fund Balance at beginning of year	<u>153,666</u>	<u>153,666</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 153,666</u></u>	<u><u>\$ 77,410</u></u>	<u><u>\$(76,256)</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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
LAW ENFORCEMENT			
Revenues:			
Intergovernmental	\$ 104,625	\$ 104,585	\$(40)
Charges for services	45,000	81,103	36,103
Other	10,000	-	(10,000)
Total Revenues	<u>159,625</u>	<u>185,688</u>	<u>26,063</u>
Expenditures:			
Public Safety	<u>241,403</u>	<u>242,498</u>	<u>(1,095)</u>
Revenues under expenditures	(81,778)	(56,810)	24,968
Other Financing Sources:			
Transfers in	<u>81,778</u>	<u>80,071</u>	<u>(1,707)</u>
Net Change in Fund Balance	-	23,261	23,261
Fund Balance at beginning of year	<u>69,972</u>	<u>69,972</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 69,972</u></u>	<u><u>\$ 93,233</u></u>	<u><u>\$ 23,261</u></u>
LAW ENFORCEMENT - OTHER			
Revenues:			
Fines and forfeits	\$ 37,400	\$ 72,494	\$ 35,094
Expenditures:			
Public Safety	<u>37,400</u>	<u>63,432</u>	<u>(26,032)</u>
Net Change in Fund Balance	-	9,062	9,062
Fund Balance at beginning of year	<u>62,385</u>	<u>62,385</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 62,385</u></u>	<u><u>\$ 71,447</u></u>	<u><u>\$ 9,062</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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
LAW LIBRARY			
Revenues:			
Fines and forfeits	\$ 6,500	\$ 6,500	\$ -
Expenditures:			
Judicial	12,783	12,783	-
Revenues under expenditures	(6,283)	(6,283)	-
Other Financing Sources:			
Transfers in	4,500	4,500	-
Net Change in Fund Balance	(1,783)	(1,783)	-
Fund Balance at beginning of year	27,845	27,845	-
Fund Balance at end of year	<u>\$ 26,062</u>	<u>\$ 26,062</u>	<u>\$ -</u>

COMMUNITY DEVELOPMENT

Revenues:			
Intergovernmental	\$ 13,800	\$ 8,660	\$(5,140)
Charges for services	10,000	10,000	-
Total Revenues	23,800	18,660	(5,140)
Expenditures:			
Health and Welfare	23,800	18,450	5,350
Net Change in Fund Balance	-	210	210
Fund Balance at beginning of year	36,282	36,282	-
Fund Balance at end of year	<u>\$ 36,282</u>	<u>\$ 36,492</u>	<u>\$ 210</u>

DEPARTMENT OF HUMAN SERVICES

Revenues:			
Intergovernmental	\$ -	\$ 850	\$ 850
Expenditures:			
Health and Welfare	20,716	850	19,866
Revenues under expenditures	(20,716)	-	20,716
Other Financing Sources:			
Transfers in	20,716	-	(20,716)
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	30,692	30,692	-
Fund Balance at end of year	<u>\$ 30,692</u>	<u>\$ 30,692</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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
CHILD CARE			
Revenues:			
Intergovernmental	\$ 678,008	\$ 465,846	\$(212,162)
Charges for services	125,500	151,490	25,990
Fines and forfeitures	9,000	8,790	(210)
Other	78,000	78,008	8
Total Revenues	<u>890,508</u>	<u>704,134</u>	<u>(186,374)</u>
Expenditures:			
Health and Welfare	<u>1,569,191</u>	<u>1,141,245</u>	<u>427,946</u>
Revenues under expenditures	(678,683)	(437,111)	241,572
Other Financing Sources:			
Transfers in	<u>471,958</u>	<u>437,111</u>	<u>(34,847)</u>
Net Change in Fund Balance	(206,725)	-	206,725
Fund Balance at beginning of year	<u>448,395</u>	<u>448,395</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 241,670</u></u>	<u><u>\$ 448,395</u></u>	<u><u>\$ 206,725</u></u>

VETERANS' TRUST

Revenues:			
Intergovernmental	\$ 14,554	\$ 11,080	\$(3,474)
Expenditures:			
Health and Welfare	<u>14,554</u>	<u>14,553</u>	<u>1</u>
Net Change in Fund Balance	-	(3,473)	(3,473)
Fund Balance at beginning of year	<u>3,682</u>	<u>3,682</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 3,682</u></u>	<u><u>\$ 209</u></u>	<u><u>\$(3,473)</u></u>

SOLIDERS' RELIEF FUND

Revenues:			
Taxes	\$ 265,000	\$ 274,060	\$ 9,060
Intergovernmental	2,460	15,994	13,534
Interest	-	332	332
Total Revenues	<u>267,460</u>	<u>290,386</u>	<u>22,926</u>
Expenditures:			
Health and Welfare	<u>306,794</u>	<u>292,425</u>	<u>14,369</u>
Net Change in Fund Balance	(39,334)	(2,039)	37,295
Fund Balance at beginning of year	<u>174,500</u>	<u>174,500</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 135,166</u></u>	<u><u>\$ 172,461</u></u>	<u><u>\$ 37,295</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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
MULTI-PURPOSE COLLABORATIVE BODY			
Revenues:			
Intergovernmental	\$ -	\$ 25,873	\$ 25,873
Expenditures:			
Health and Welfare	25,500	27,823	(2,323)
Revenues under expenditures	(25,500)	(1,950)	23,550
Other Financing Sources:			
Transfers in	25,500	-	(25,500)
Net Change in Fund Balance	-	(1,950)	(1,950)
Fund Balance at beginning of year	3,908	3,908	-
Fund Balance at end of year	<u>\$ 3,908</u>	<u>\$ 1,958</u>	<u>\$(1,950)</u>
SENIOR MILLAGE			
Revenues:			
Taxes	\$ 660,000	\$ 677,687	\$ 17,687
Intergovernmental	-	29,234	29,234
Total Revenues	660,000	706,921	46,921
Expenditures:			
Health and Welfare	21,000	15,816	5,184
Revenues over expenditures	639,000	691,105	52,105
Other Financing Uses:			
Transfers out	(679,541)	(679,541)	-
Net Change in Fund Balance	(40,541)	11,564	52,105
Fund Balance at beginning of year	222,606	222,606	-
Fund Balance at end of year	<u>\$ 182,065</u>	<u>\$ 234,170</u>	<u>\$ 52,105</u>
SOIL AND SEDIMENTATION			
Revenues:			
Licenses and permits	\$ 57,400	\$ 61,510	\$ 4,110
Fines and forfeits	500	25,850	25,350
Total Revenues	57,900	87,360	29,460
Expenditures:			
Health and Welfare	115,918	111,048	4,870
Revenues under expenditures	(58,018)	(23,688)	34,330
Other Financing Sources:			
Transfers in	58,018	23,688	(34,330)
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Amended Budget	Actual	Variance Positive (Negative)
LAPEER FAMILY CONTINUATION COORDINATOR			
Revenues:			
Charges for services	\$ 9,000	\$ 20,000	\$ 11,000
Other	10,000	16,597	6,597
Total Revenues	<u>19,000</u>	<u>36,597</u>	<u>17,597</u>
Expenditures:			
Health and Welfare	<u>25,000</u>	<u>19,950</u>	<u>5,050</u>
Revenues over (under) expenditures	(6,000)	16,647	22,647
Other Financing Sources:			
Transfers in	<u>6,000</u>	<u>-</u>	<u>(6,000)</u>
Net Change in Fund Balance	-	16,647	16,647
Fund Balance at beginning of year	<u>11,053</u>	<u>11,053</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 11,053</u></u>	<u><u>\$ 27,700</u></u>	<u><u>\$ 16,647</u></u>

MENTAL HEALTH COURT

Revenues:			
Intergovernmental	\$ 121,000	\$ 82,625	\$(38,375)
Other	<u>-</u>	<u>2,315</u>	<u>2,315</u>
Total Revenues	<u>121,000</u>	<u>84,940</u>	<u>(36,060)</u>
Expenditures:			
Health and Welfare	<u>123,465</u>	<u>82,053</u>	<u>41,412</u>
Net Change in Fund Balance	(2,465)	2,887	5,352
Fund Balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 2,887</u></u>	<u><u>\$ 5,352</u></u>

PROSECUTING ATTORNEY

Revenues:			
Intergovernmental	\$ 290,308	\$ 229,938	\$(60,370)
Expenditures:			
General Government	<u>410,171</u>	<u>336,778</u>	<u>73,393</u>
Revenues under expenditures	(119,863)	(106,840)	13,023
Other Financing Sources:			
Transfers in	<u>168,617</u>	<u>98,000</u>	<u>(70,617)</u>
Net Change in Fund Balance	48,754	(8,840)	(57,594)
Fund Balance at beginning of year	<u>10,630</u>	<u>10,630</u>	<u>-</u>
Fund Balance at end of year	<u><u>\$ 59,384</u></u>	<u><u>\$ 1,790</u></u>	<u><u>\$(57,594)</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, 2016

	Amended Budget	Actual	Variance Positive (Negative)
CONCEALED PISTOL LICENSING			
Revenues:			
Licenses and permits	\$ 54,000	\$ 63,650	\$ 9,650
Expenditures:			
General Government	54,000	24,602	29,398
Net Change in Fund Balance	-	39,048	39,048
Fund Balance at beginning of year	4,989	4,989	-
Fund Balance at end of year	<u>\$ 4,989</u>	<u>\$ 44,037</u>	<u>\$ 39,048</u>

Concluded

INTERNAL SERVICE FUNDS

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

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2016

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Assets:				
Current Assets:				
Cash and cash equivalents	\$ 1,105,174	\$ 41,163	\$ 261,082	\$ 6,009
Deposits with agent	3,075	-	16,000	-
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	24,321	-	-	-
Total Current Assets	<u>1,132,570</u>	<u>41,163</u>	<u>277,082</u>	<u>6,009</u>
Property, Plant, and Equipment, Net	-	-	-	-
Total Assets	<u>1,132,570</u>	<u>41,163</u>	<u>277,082</u>	<u>6,009</u>
Liabilities:				
Current Liabilities:				
Accounts payable	7,150	4,318	1,863	-
Accrued claims	-	-	274,011	-
Total Current Liabilities	<u>7,150</u>	<u>4,318</u>	<u>275,874</u>	<u>-</u>
Net Position:				
Investment in capital assets	-	-	-	-
Unrestricted	<u>1,125,420</u>	<u>36,845</u>	<u>1,208</u>	<u>6,009</u>
Total Net Position	<u>\$ 1,125,420</u>	<u>\$ 36,845</u>	<u>\$ 1,208</u>	<u>\$ 6,009</u>

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
\$ 132,701	\$ 1,670,826	\$ 2,032,638	\$ 20,929	\$ 5,270,522
-	-	-	-	19,075
-	23,585	-	-	23,585
-	-	53,218	-	53,218
-	-	-	-	24,321
132,701	1,694,411	2,085,856	20,929	5,390,721
556,687	2,379,791	-	-	2,936,478
689,388	4,074,202	2,085,856	20,929	8,327,199
-	46,968	1,818,295	-	1,878,594
-	-	-	-	274,011
-	46,968	1,818,295	-	2,152,605
556,687	2,379,791	-	-	2,936,478
132,701	1,647,443	267,561	20,929	3,238,116
\$ 689,388	\$ 4,027,234	\$ 267,561	\$ 20,929	\$ 6,174,594

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Operating Revenues:				
Charges for services	\$ 4,337,564	\$ -	\$ -	\$ -
Operating Expenses:				
Administrative and general	20,872	102	396	-
Retirement and health care savings contributions	-	-	-	-
Insurance and claims	4,295,493	4,318	248,501	-
Depreciation	-	-	-	-
Total Operating Expenses	4,316,365	4,420	248,897	-
Operating Income (Loss)	21,199	(4,420)	(248,897)	-
Non-Operating Revenue:				
Gain on sale of assets	-	-	-	-
Net Income (Loss) before Transfers	21,199	(4,420)	(248,897)	-
Transfers:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Transfers	-	-	-	-
Change in Net Position	21,199	(4,420)	(248,897)	-
Net Position at beginning of year	1,104,221	41,265	250,105	6,009
Net Position at end of year	\$ 1,125,420	\$ 36,845	\$ 1,208	\$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
\$ 116,009	\$ 824,172	\$ 2,055,275	\$ 123,120	\$ 7,456,140
686	347,951	470	169	370,646
-	-	4,393,366	117,690	4,511,056
-	-	-	-	4,548,312
107,719	393,908	-	-	501,627
108,405	741,859	4,393,836	117,859	9,931,641
7,604	82,313	(2,338,561)	5,261	(2,475,501)
2,053	30,541	-	-	32,594
9,657	112,854	(2,338,561)	5,261	(2,442,907)
-	47,880	2,357,000	-	2,404,880
-	(12,357)	-	-	(12,357)
-	35,523	2,357,000	-	2,392,523
9,657	148,377	18,439	5,261	(50,384)
679,731	3,878,857	249,122	15,668	6,224,978
\$ 689,388	\$ 4,027,234	\$ 267,561	\$ 20,929	\$ 6,174,594

LAPEER COUNTY, MICHIGAN

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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	\$ 4,369,462	\$ -	\$ -	\$ -
Cash payments to suppliers	(4,333,536)	(5,224)	(69,265)	-
Net Cash Provided by (Used in) Operating Activities	<u>35,926</u>	<u>(5,224)</u>	<u>(69,265)</u>	<u>-</u>
Cash Flows From Noncapital Financing Activities:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	<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	-	-	-	-
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in cash and cash equivalents	35,926	(5,224)	(69,265)	-
Cash and cash equivalents at beginning of year	<u>1,069,248</u>	<u>46,387</u>	<u>330,347</u>	<u>6,009</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,105,174</u></u>	<u><u>\$ 41,163</u></u>	<u><u>\$ 261,082</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)	\$ 21,199	\$(4,420)	\$(248,897)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -				
Depreciation	-	-	-	-
Change in assets and liabilities:				
Accounts receivables	31,898	-	-	-
Due to/from other funds	-	-	-	-
Prepaid items/Deposits with agent	(24,321)	-	-	-
Accounts payable	<u>7,150</u>	<u>(804)</u>	<u>621</u>	<u>-</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 35,926</u></u>	<u><u>\$(5,224)</u></u>	<u><u>\$(69,265)</u></u>	<u><u>\$ -</u></u>

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
\$ 116,009	\$ 800,587	\$ 2,050,247	\$ 123,120	\$ 7,459,425
(686)	(517,240)	(3,677,793)	(428,917)	(9,032,661)
<u>115,323</u>	<u>283,347</u>	<u>(1,627,546)</u>	<u>(305,797)</u>	<u>(1,573,236)</u>
-	47,880	2,357,000	-	2,404,880
-	(12,357)	-	-	(12,357)
<u>-</u>	<u>35,523</u>	<u>2,357,000</u>	<u>-</u>	<u>2,392,523</u>
(92,687)	(464,873)	-	-	(557,560)
<u>2,053</u>	<u>60,665</u>	<u>-</u>	<u>-</u>	<u>62,718</u>
<u>(90,634)</u>	<u>(404,208)</u>	<u>-</u>	<u>-</u>	<u>(494,842)</u>
24,689	(85,338)	729,454	(305,797)	324,445
<u>108,012</u>	<u>1,756,164</u>	<u>1,303,184</u>	<u>326,726</u>	<u>4,946,077</u>
<u>\$ 132,701</u>	<u>\$ 1,670,826</u>	<u>\$ 2,032,638</u>	<u>\$ 20,929</u>	<u>\$ 5,270,522</u>
\$ 7,604	\$ 82,313	\$(2,338,561)	\$ 5,261	\$(2,475,501)
107,719	393,908	-	-	501,627
-	(23,585)	213	-	8,526
-	-	(5,241)	-	(5,241)
-	-	-	-	(24,321)
<u>-</u>	<u>(169,289)</u>	<u>716,043</u>	<u>(311,058)</u>	<u>242,663</u>
<u>\$ 115,323</u>	<u>\$ 283,347</u>	<u>\$(1,627,546)</u>	<u>\$(305,797)</u>	<u>\$(1,573,236)</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, 2016

	General Agency	Library Penal Fines	District Court	Common Banking	Treasurer's Tax	Inmate	Total
Assets:							
Cash and cash equivalents	<u>\$ 769,975</u>	<u>\$ 18,765</u>	<u>\$ 77,838</u>	<u>\$ 68,214</u>	<u>\$ 437,025</u>	<u>\$ 73,603</u>	<u>\$1,445,420</u>
Liabilities:							
Due to other governmental units	\$ 349,145	\$ -	\$ 61,611	\$ 68,214	\$ 336,635	\$ -	\$ 815,605
Due to other funds	-	-	-	-	-	22,919	22,919
Due to individuals and agencies	<u>420,830</u>	<u>18,765</u>	<u>16,227</u>	<u>-</u>	<u>100,390</u>	<u>50,684</u>	<u>606,896</u>
Total Liabilities	<u>\$ 769,975</u>	<u>\$ 18,765</u>	<u>\$ 77,838</u>	<u>\$ 68,214</u>	<u>\$ 437,025</u>	<u>\$ 73,603</u>	<u>\$1,445,420</u>

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	\$ 1,146,900	\$ 56,758,633	\$ 56,460,113	\$ 1,445,420
Liabilities:				
Due to other governmental units	\$ 591,663	\$ 41,537,235	\$ 41,313,293	\$ 815,605
Due to other funds	-	22,919	-	22,919
Due to individuals and agencies	555,237	7,180,302	7,128,643	606,896
Total Liabilities	\$ 1,146,900	\$ 48,740,456	\$ 48,441,936	\$ 1,445,420
GENERAL AGENCY FUND				
Assets:				
Cash and cash equivalents	\$ 803,923	\$ 7,157,897	\$ 7,191,845	\$ 769,975
Liabilities:				
Due to other governmental units	\$ 365,410	\$ 369,829	\$ 386,094	\$ 349,145
Due to individuals and agencies	438,513	6,288,052	6,305,735	420,830
Total Liabilities	\$ 803,923	\$ 6,657,881	\$ 6,691,829	\$ 769,975
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	\$ 26,692	\$ 277,091	\$ 285,018	\$ 18,765
Liabilities:				
Due to individuals and agencies	\$ 26,692	\$ 555,512	\$ 563,439	\$ 18,765

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
DISTRICT COURT				
Assets:				
Cash and cash equivalents	\$ 171,105	\$ 1,854,172	\$ 1,947,439	\$ 77,838
Liabilities:				
Due to other governmental units	\$ 90,214	\$ 2,693,524	\$ 2,722,127	\$ 61,611
Due to individuals and agencies	80,891	181,148	245,812	16,227
Total Liabilities	\$ 171,105	\$ 2,874,672	\$ 2,967,939	\$ 77,838
COMMON BANKING				
Assets:				
Cash and cash equivalents	\$ 74,256	\$ 31,536,439	\$ 31,542,481	\$ 68,214
Liabilities:				
Due to other governmental units	\$ 74,256	\$ 7,280,710	\$ 7,286,752	\$ 68,214
TREASURER'S TAX				
Assets:				
Cash and cash equivalents	\$ 70,924	\$ 15,859,431	\$ 15,493,330	\$ 437,025
Liabilities:				
Due to other governmental units	\$ 61,783	\$ 31,193,172	\$ 30,918,320	\$ 336,635
Due to individuals and agencies	9,141	104,906	13,657	100,390
Total Liabilities	\$ 70,924	\$ 31,298,078	\$ 30,931,977	\$ 437,025
INMATE				
Assets:				
Cash and cash equivalents	\$ -	\$ 73,603	\$ -	\$ 73,603
Liabilities:				
Due to other funds	-	22,919	-	\$ 22,919
Due to individuals and agencies	-	50,684	-	50,684
Total Liabilities	\$ -	\$ 73,603	\$ -	\$ 73,603

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, 2016

	Balance January 1, 2016	Additions	Disposals/ Adjustments	Balance December 31, 2016
General County:				
Land	\$ 768,833	\$ -	\$ -	\$ 768,833
Land improvements	1,668,381	-	-	1,668,381
Buildings	22,486,071	-	-	22,486,071
Equipment	20,104,638	16,793	-	20,121,431
Vehicles	451,666	-	-	451,666
	<u>45,479,589</u>	<u>16,793</u>	<u>-</u>	<u>45,496,382</u>
Less - accumulated depreciation	(24,496,807)	(1,608,377)	-	(26,105,184)
	20,982,782	(1,591,584)	-	19,391,198
Construction in progress	<u>-</u>	<u>1,143,233</u>	<u>-</u>	<u>1,143,233</u>
Total Capital Assets, Net	<u>\$ 20,982,782</u>	<u>\$(448,351)</u>	<u>\$ -</u>	<u>\$ 20,534,431</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. 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, 2016

	Total	Land and Improvements	Buildings	Equipment	Vehicles
General Government:					
Legislative	\$ 678,772	\$ 225,000	\$ 453,772	\$ -	\$ -
Judicial	3,368,189	85,861	3,193,214	59,169	29,945
General Services	6,158,906	212,129	5,722,706	218,524	5,547
	<u>10,205,867</u>	<u>522,990</u>	<u>9,369,692</u>	<u>277,693</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	247,102	25,302	221,800	-	-
Emergency Preparedness	221,446	-	-	221,446	-
Marine Safety	76,142	-	-	54,642	21,500
911 Communications Center	19,752,947	75,926	990,938	18,686,083	-
Community Corrections	5,535	-	-	5,535	-
Sheriff	6,325,843	498,389	5,486,924	140,530	200,000
	<u>26,629,015</u>	<u>599,617</u>	<u>6,699,662</u>	<u>19,108,236</u>	<u>221,500</u>
Health and Welfare:					
Health Department	714,045	37,221	238,782	438,042	-
Mental Health	3,153,794	180,894	2,761,706	211,194	-
D.O.S.A.	32,686	-	-	32,686	-
Family Independence Agency	1,913,734	143,480	1,758,724	11,530	-
	<u>5,814,259</u>	<u>361,595</u>	<u>4,759,212</u>	<u>693,452</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	45,496,382	2,437,214	22,486,071	20,121,431	451,666
Less: accumulated depreciation	(26,105,184)	(1,456,112)	(13,914,147)	(10,423,259)	(311,666)
	<u>19,391,198</u>	<u>981,102</u>	<u>8,571,924</u>	<u>9,698,172</u>	<u>140,000</u>
Construction in progress	1,143,233	-	1,143,233	-	-
Total Capital Assets - (Net of Accumulated Depreciation)	<u>\$ 20,534,431</u>	<u>\$ 981,102</u>	<u>\$ 9,715,157</u>	<u>\$ 9,698,172</u>	<u>\$ 140,000</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. 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, 2016

	Balance January 1, 2016	Additions	Adjustments/ Disposals	Balance December 31, 2016
General Government:				
Legislative	\$ 678,772	\$ -	\$ -	\$ 678,772
Judicial	3,392,904	-	24,715	3,368,189
General Services	6,134,191	-	(24,715)	6,158,906
Total General Government	<u>10,205,867</u>	<u>-</u>	<u>-</u>	<u>10,205,867</u>
Construction in Progress	-	1,143,233	-	1,143,233
Total General Government	<u>10,205,867</u>	<u>1,143,233</u>	<u>-</u>	<u>11,349,100</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	295,344	-	48,242	247,102
Emergency Preparedness	221,446	6,400	6,400	221,446
Marine Safety	21,500	-	(54,642)	76,142
911 Communications Center	19,752,947	-	-	19,752,947
Community Corrections	5,535	-	-	5,535
Sheriff	6,315,450	10,393	-	6,325,843
Total Public Safety	<u>26,612,222</u>	<u>16,793</u>	<u>-</u>	<u>26,629,015</u>
Health and Welfare:				
Health Department	714,045	-	-	714,045
Mental Health	3,153,794	-	-	3,153,794
D.O.S.A.	32,686	-	-	32,686
Family Independence Agency	1,913,734	-	-	1,913,734
Total Health and Welfare	<u>5,814,259</u>	<u>-</u>	<u>-</u>	<u>5,814,259</u>
Recreation and Cultural:				
Parks and Recreation	2,482,770	-	-	2,482,770
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	<u>2,622,567</u>	<u>-</u>	<u>-</u>	<u>2,622,567</u>
 Total Capital Assets	 <u>\$ 45,479,589</u>	 <u>\$ 1,160,026</u>	 <u>\$ -</u>	 <u>\$ 46,639,615</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. 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 BOARD OF PUBLIC WORKS - GOVERNMENTAL FUND TYPES DECEMBER 31, 2016

	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	\$ 4,666	\$ 766	\$ 877	\$ 5,917	\$ -
Due from other governmental units - local	-	-	-	-	114,259
Contracts receivable	-	-	191,507	1,327,694	700,000
Total Assets	<u>\$ 4,666</u>	<u>\$ 766</u>	<u>\$ 192,384</u>	<u>\$ 1,333,611</u>	<u>\$ 814,259</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 750
Due to primary government	-	-	-	-	104,078
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,828</u>
Deferred Inflows of Resources:					
Unavailable revenue - lease contracts	-	-	191,507	1,327,694	700,000
Fund Balances:					
Restricted - Debt service	<u>4,666</u>	<u>766</u>	<u>877</u>	<u>5,917</u>	<u>9,431</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,666</u>	<u>\$ 766</u>	<u>\$ 192,384</u>	<u>\$ 1,333,611</u>	<u>\$ 814,259</u>

Debt Service Funds				
Dryden WSS 2007	Almont Wastewater Treatment	Almont Sewer Improvement	Elba Wastewater Treatment	Total
\$ 641	\$ 6,718	\$ 1,066	\$ 8,834	\$ 29,485
-	-	-	-	114,259
414,868	-	-	-	2,634,069
<u>\$ 415,509</u>	<u>\$ 6,718</u>	<u>\$ 1,066</u>	<u>\$ 8,834</u>	<u>\$ 2,777,813</u>
\$ -	\$ -	\$ -	\$ -	750
-	-	-	-	104,078
-	-	-	-	104,828
414,868	-	-	-	2,634,069
641	6,718	1,066	8,834	38,916
<u>\$ 415,509</u>	<u>\$ 6,718</u>	<u>\$ 1,066</u>	<u>\$ 8,834</u>	<u>\$ 2,777,813</u>

LAPEER COUNTY, MICHIGAN

**RECONCILIATION OF THE BALANCE SHEET TO STATEMENT OF NET POSITION
BOARD OF PUBLIC WORKS
DECEMBER 31, 2016**

Fund Balance - total board of public works funds	\$ 38,916
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	(20,730)
Long-term liabilities that are not payable in the current period and are therefore not reported in the governmental fund statements	
Bonds/notes payable	(2,634,069)
Accrued interest on bonds/notes payable	(12,581)
Discounts and premiums on bonds are reported as other financing sources or uses in the governmental funds, whereas they are capitalized and amortized from net position (netted against bonds payable)	
Bond premium	(5,605)
Revenues that are deferred in the governmental fund statements because the amounts are not available	
Lease revenue	<u>2,634,069</u>
Net Position of Board of Public Works	<u><u>\$ -</u></u>

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BOARD OF PUBLIC WORKS - GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2016

	Debt Service Funds				
	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSSI 2007	Almont Sewage Disposal 2002
Revenues:					
Intergovernmental	\$ -	\$ -	\$ 65,538	\$ 121,188	\$ 129,269
Expenditures:					
Debt Service -					
Principal retirement	-	-	60,000	95,000	100,000
Interest and fiscal charges	-	-	5,538	30,232	29,269
Total Expenditures	-	-	65,538	125,232	129,269
Net Change in Fund Balance	-	-	-	(4,044)	-
Fund Balance at beginning of year	4,666	766	877	9,961	9,431
Fund Balance at end of year	\$ 4,666	\$ 766	\$ 877	\$ 5,917	\$ 9,431

Debt Service Funds				
Dryden WSSI 2007	Almont Wastewater Treatment	Almont Sewer Improvement	Elba Wastewater Treatment	Total
\$ 44,560	\$ -	\$ -	\$ -	\$ 360,555
35,000	-	-	-	290,000
9,560	-	-	-	74,599
44,560	-	-	-	364,599
-	-	-	-	(4,044)
641	6,718	1,066	8,834	42,960
\$ 641	\$ 6,718	\$ 1,066	\$ 8,834	\$ 38,916

LAPEER COUNTY, MICHIGAN

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

**BOARD OF PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Net Change in Fund Balances - total board of public works funds	\$(4,044)
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Amounts reported for governmental activities in the statement of 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	290,000
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Accrued interest expense on bonds and the amortization of 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	1,315
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	(290,391)
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Change in Net Position of the Board of Public Works	<u>\$ -</u>
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DRAINAGE DISTRICT FUNDS

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET DRAINAGE DISTRICTS - GOVERNMENTAL FUND TYPES DECEMBER 31, 2016

	Debt Service Funds				
	Talmage Drain	South Branch Mill Creek	Imlay Bigelow	Winn Lake	Lake Lapeer Lake Level
Assets:					
Cash and cash equivalents	\$ 129,137	\$ 100,161	\$ 840,352	\$ 123,561	\$ 487
Investments	-	-	-	-	-
Receivables -					
Special assessments	3,099	105,863	1,418,633	93,339	-
Interest	-	-	-	-	-
Due from other funds	-	5,772	185,011	-	-
Deposits	-	128,887	-	-	-
	<u>-</u>	<u>128,887</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total Assets	<u>\$ 132,236</u>	<u>\$ 340,683</u>	<u>\$ 2,443,996</u>	<u>\$ 216,900</u>	<u>\$ 487</u>
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits payable	-	-	-	-	-
Advances from primary government	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue - special assessments	-	-	1,412,288	75,753	-
	<u>-</u>	<u>-</u>	<u>1,412,288</u>	<u>75,753</u>	<u>-</u>
Fund Balances:					
Nonspendable - deposits	-	128,887	-	-	-
Restricted -					
Debt service	132,236	211,796	1,031,708	141,147	487
Acquisition/construction of capital assets	-	-	-	-	-
	<u>132,236</u>	<u>211,796</u>	<u>1,031,708</u>	<u>141,147</u>	<u>487</u>
Total Fund Balance	<u>132,236</u>	<u>340,683</u>	<u>1,031,708</u>	<u>141,147</u>	<u>487</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 132,236</u>	<u>\$ 340,683</u>	<u>\$ 2,443,996</u>	<u>\$ 216,900</u>	<u>\$ 487</u>

Capital Projects Funds				
South Branch Mill Creek	Special Assessment Drain	Drain Revolving	Indian Creek	Total
\$ -	\$ 1,073,175	\$ 144,330	\$ 121,887	\$ 2,533,090
-	1,198,479	-	-	1,198,479
-	291,311	-	-	1,912,245
-	2,773	-	-	2,773
-	579,939	107,267	-	877,989
41,730	-	-	-	170,617
<u>\$ 41,730</u>	<u>\$ 3,145,677</u>	<u>\$ 251,597</u>	<u>\$ 121,887</u>	<u>\$ 6,695,193</u>
\$ -	\$ 6,513	\$ -	\$ 31,588	\$ 38,101
-	42,000	-	-	42,000
-	164,664	156,054	-	320,718
-	542,000	-	-	542,000
-	-	90,000	-	90,000
-	755,177	246,054	31,588	1,032,819
-	-	-	-	1,488,041
41,730	-	-	-	170,617
-	-	-	-	1,517,374
-	2,390,500	5,543	90,299	2,486,342
41,730	2,390,500	5,543	90,299	4,174,333
<u>\$ 41,730</u>	<u>\$ 3,145,677</u>	<u>\$ 251,597</u>	<u>\$ 121,887</u>	<u>\$ 6,695,193</u>

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET TO STATEMENT OF NET POSITION DRAINAGE DISTRICTS DECEMBER 31, 2016

Fund Balances - total drainage district funds	\$ 4,174,333
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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	30,115,692
Accumulated depreciation	(16,653,924)

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

Special assessments	1,488,041
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An Internal Service Fund is used by management to charge costs of maintenance. The assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net position.

352,494

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	(1,885,092)
Accrued interest on bonds/notes payable	(9,778)

Net Position of Drainage Districts	<u>\$ 17,581,766</u>
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LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES DRAINAGE DISTRICTS - GOVERNMENTAL FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2016

	Debt Service Funds				
	Talmage Drain	South Branch Mill Creek	Imlay Bigelow	Winn Lake	Lake Lapeer Lake Level
Revenues:					
Local contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	342	-	-	-	-
Other - special assessments	3,534	110,560	202,597	24,489	-
Total Revenues	<u>3,876</u>	<u>110,560</u>	<u>202,597</u>	<u>24,489</u>	<u>-</u>
Expenditures:					
Capital Outlay	-	-	-	-	-
Public Works	-	-	-	-	-
Debt Service -					
Principal retirement	128,441	124,768	150,000	30,000	-
Interest and fiscal charges	3,002	11,163	55,892	9,285	-
Total Expenditures	<u>131,443</u>	<u>135,931</u>	<u>205,892</u>	<u>39,285</u>	<u>-</u>
Revenues over (under) expenditures	(127,567)	(25,371)	(3,295)	(14,796)	-
Other Financing Sources:					
Note proceeds	-	-	-	-	-
Net Change in Fund Balance	(127,567)	(25,371)	(3,295)	(14,796)	-
Fund Balances at beginning of year	<u>259,803</u>	<u>366,054</u>	<u>1,035,003</u>	<u>155,943</u>	<u>487</u>
Fund Balances at end of year	<u>\$ 132,236</u>	<u>\$ 340,683</u>	<u>\$ 1,031,708</u>	<u>\$ 141,147</u>	<u>\$ 487</u>

Capital Project Funds				
South Branch Mill Creek	Special Assessment Drain	Drain Revolving	Indian Creek	Total
\$ -	\$ 101,515	\$ -	\$ -	\$ 101,515
-	4,193	18	-	4,553
-	420,124	-	-	761,304
-	525,832	18	-	867,372
-	-	-	209,701	209,701
-	270,736	-	-	270,736
-	-	-	-	433,209
-	-	-	-	79,342
-	270,736	-	209,701	992,988
-	255,096	18	(209,701)	(125,616)
-	-	-	300,000	300,000
-	255,096	18	90,299	174,384
41,730	2,135,404	5,525	-	3,999,949
\$ 41,730	\$ 2,390,500	\$ 5,543	\$ 90,299	\$ 4,174,333

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES DRAINAGE DISTRICTS FOR THE YEAR ENDED DECEMBER 31, 2016

Net Change in Fund Balances - total drainage district funds	\$	174,384
<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		209,701
Depreciation expense	(538,290)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
	(739,864)
<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		433,209
Note proceeds	(300,000)
<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>		
	(189,982)
<p>Accrued interest expense on bonds and the amortization of discounts, premiums and bond issuance costs are not recorded by governmental funds, but are reported under interest and fiscal charges for purposes of net position.</p>		
Decrease in accrued interest payable		<u>1,010</u>
Change in Net Position of Drainage Districts	\$	<u><u>949,832</u></u>

LAPEER COUNTY, MICHIGAN

**STATEMENT OF NET POSITION
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
DECEMBER 31, 2016**

Assets:

Current Assets:

Cash and cash equivalents	\$ 602,831
Due from other governmental units	90,742
Due from other funds	<u>59,913</u>
Total Current Assets	753,486

Property, Plant and Equipment, Net	<u>250,203</u>
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Total Assets	<u>1,003,689</u>
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Liabilities:

Current Liabilities:

Accounts payable	34,011
Due to other funds	<u>617,184</u>
Total Current Liabilities	<u>651,195</u>

Net Position:

Investment in capital assets	250,203
Unrestricted	<u>102,291</u>
Total Net Position	<u>\$ 352,494</u>

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Operating Revenue:

Charges for services	<u>\$ 99,085</u>
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Operating Expenses:

Drain Maintenance	270,461
Depreciation	<u>18,717</u>
Total Operating Expenses	<u>289,178</u>

Operating Loss	(190,093)
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Non-Operating Revenue:

Interest	<u>111</u>
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Change in Net Position	(189,982)
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Net Position at beginning of year	<u>542,476</u>
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Net Position at end of year	<u>\$ 352,494</u>
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LAPEER COUNTY, MICHIGAN

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

Cash Flows From Operating Activities:

Cash receipts for services	\$ 32,318
Cash payments to suppliers	(252,044)
Net Cash Used in Operating Activities	(219,726)

Cash Flows From Non-Capital Related Financing Activities:

Due to/from other funds	105,623
-------------------------	---------

Cash Flows From Investing Activities:

Interest received	111
Net decrease in cash and cash equivalents	(113,992)
Cash and cash equivalents at beginning of year	716,823
Cash and cash equivalents at end of year	\$ 602,831

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

Operating loss	\$(190,093)
Adjustments to reconcile operating loss to net cash used in operating activities -	
Depreciation	18,717
Changes in assets and liabilities:	
Due from other governmental units	(66,767)
Accounts payable	18,417
Net Cash Used in Operating Activities	\$(219,726)

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.

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>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

LAPEER COUNTY, MICHIGAN

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities										
Net investment in capital assets	\$ 17,818,625	\$ 17,396,631	\$ 16,654,707	\$ 15,896,442	\$ 15,527,553	\$ 16,505,966	\$ 16,659,094	\$ 17,870,430	\$ 17,868,209	\$ 18,968,145
Restricted	14,073,426	12,860,615	8,221,319	5,574,262	13,556,947	9,284,737	7,325,294	6,839,225	7,723,876	7,966,468
Unrestricted	5,631,585	5,942,806	11,426,758	16,095,799	11,269,021	16,683,094	19,555,834	22,069,473	7,986,044	6,705,532
Total Government Activities Net Position	<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>	<u>\$ 46,779,128</u>	<u>\$ 33,578,129</u>	<u>\$ 33,640,145</u>
Business-Type Activities										
Net investment in capital assets	\$ 7,464,355	\$ 8,831,167	\$ 9,276,606	\$ 14,796,843	\$ 16,327,713	\$ 15,466,114	\$ 14,769,275	\$ 14,127,443	\$ 15,713,813	\$ 18,611,320
Restricted	926,562	1,049,307	1,308,557	1,166,837	1,421,146	2,087,594	2,244,192	2,438,415	2,544,188	2,712,498
Unrestricted	19,600,864	20,158,728	21,211,382	18,587,939	17,180,730	20,291,236	23,539,977	22,145,385	15,190,721	11,076,780
Total Business-Type Activities Net Position	<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>	<u>\$ 38,711,243</u>	<u>\$ 33,448,722</u>	<u>\$ 32,400,598</u>
Primary Government										
Net investment in capital assets	\$ 25,282,980	\$ 26,227,798	\$ 25,931,313	\$ 30,693,285	\$ 31,855,266	\$ 31,972,080	\$ 31,428,369	\$ 31,997,873	\$ 33,582,022	\$ 37,579,465
Restricted	14,999,988	13,909,922	9,529,876	6,741,099	14,978,093	11,372,331	9,569,486	9,277,640	10,268,064	10,678,966
Unrestricted	25,232,449	26,101,534	32,638,140	34,683,738	28,449,751	36,974,330	43,095,811	44,214,858	23,176,765	17,782,312
Total Primary Government Net Position	<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>	<u>\$ 85,490,371</u>	<u>\$ 67,026,851</u>	<u>\$ 66,040,743</u>

Source: Lapeer County Finance Department

Notes:

The net position for the governmental activities and the total primary government have not been restated for the years 2007 - 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.

GASB Statement No. 68 was implemented in 2015 and previous years were not restated.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Legislative	\$ 244,333	\$ 259,301	\$ 275,784	\$ 290,948	\$ 261,095	\$ 267,547	\$ 272,414	\$ 281,705	\$ 289,048	\$ 327,800
Judicial	5,037,955	5,021,694	5,318,644	5,172,038	4,785,333	4,858,563	4,757,337	4,874,708	5,117,641	5,403,251
General Government	5,730,609	6,407,816	6,329,101	6,728,278	6,006,053	5,651,341	5,406,198	7,466,262	7,552,910	6,708,073
Public Safety	10,308,041	10,394,105	10,578,956	10,471,631	9,789,747	10,312,058	10,516,750	10,678,702	11,776,498	12,119,851
Public Works	466,202	384,302	380,476	810,776	398,268	292,231	370,012	341,165	340,331	360,066
Health and Welfare	21,500,048	21,809,561	21,212,635	21,070,057	21,046,547	22,340,301	22,094,300	22,681,428	25,702,025	26,845,525
Recreation and Culture	794,640	877,814	822,024	592,701	422,204	426,620	449,245	437,936	430,536	504,008
Other Activities	1,085,590	1,187,124	-	-	-	-	-	-	-	-
Interest on long term debt	60,650	57,550	51,166	43,334	380,024	391,699	405,496	351,578	299,517	249,830
Total Governmental Activities Expenses	<u>45,228,068</u>	<u>46,399,267</u>	<u>44,968,786</u>	<u>45,179,763</u>	<u>43,089,271</u>	<u>44,540,360</u>	<u>44,271,752</u>	<u>47,113,484</u>	<u>51,508,506</u>	<u>52,518,404</u>
Business-Type Activities										
Medical Care Facility	17,323,832	18,392,690	18,054,605	18,645,836	21,726,473	21,664,598	22,240,772	23,047,871	23,247,539	24,467,545
Delinquent Tax Revolving	126,066	74,646	119,969	222,351	230,860	490,112	267,737	291,793	251,000	309,789
Total Business-Type Activities Expenses	<u>17,449,898</u>	<u>18,467,336</u>	<u>18,174,574</u>	<u>18,868,187</u>	<u>21,957,333</u>	<u>22,154,710</u>	<u>22,508,509</u>	<u>23,339,664</u>	<u>23,498,539</u>	<u>24,777,334</u>
Total Primary Government Expenses	<u>62,677,966</u>	<u>64,866,603</u>	<u>63,143,360</u>	<u>64,047,950</u>	<u>65,046,604</u>	<u>66,695,070</u>	<u>66,780,261</u>	<u>70,453,148</u>	<u>75,007,045</u>	<u>77,295,738</u>
Program Revenues										
Governmental Activities:										
Charges for Services										
Legislative	-	-	1,044	-	-	-	-	-	-	-
Judicial	1,437,137	1,500,757	1,547,048	1,415,294	1,246,428	1,300,445	1,311,455	1,280,631	1,248,562	1,203,467
General Government	3,544,590	3,338,296	4,655,630	4,509,171	4,044,677	4,494,863	3,991,391	4,069,704	3,981,037	4,582,315
Public Safety	1,962,379	2,000,750	2,056,577	1,942,126	2,164,267	3,611,740	3,750,022	3,599,361	3,558,940	3,610,853
Public Works	-	-	1,412	-	-	-	-	-	-	-
Health and Welfare	14,127,168	13,901,118	13,779,838	14,159,046	15,068,511	15,848,697	14,939,287	16,538,510	19,527,759	1,874,704
Recreation and Culture	205,904	229,657	153,867	104,791	74,050	154,965	138,624	126,311	171,243	180,273
Other Activities	615,958	351,488	-	-	-	-	-	-	-	-
Interest on Long Term Debt	148,677	161,503	161,503	161,503	161,503	-	-	186,078	-	-
Operating Grants and Contributions	7,996,328	7,777,755	7,823,955	9,971,597	7,332,088	7,542,063	7,208,391	7,942,683	6,643,270	24,366,273
Capital Grants and Contributions	29,445	239,556	46,076	-	137,046	122,323	-	524,318	-	-
Total Governmental Activities Program Revenues	<u>30,067,586</u>	<u>29,500,880</u>	<u>30,226,950</u>	<u>32,263,528</u>	<u>30,228,570</u>	<u>33,075,096</u>	<u>31,339,170</u>	<u>34,267,596</u>	<u>35,130,811</u>	<u>35,817,885</u>
Business-Type Activities										
Charges for Services										
Medical Care Facility	16,212,479	17,121,835	17,327,488	19,234,378	19,723,547	21,656,561	23,451,325	21,105,999	22,954,928	23,695,316
Delinquent Tax	1,219,237	1,217,491	1,472,821	1,317,845	1,643,288	2,520,600	1,166,265	1,397,803	1,257,148	1,127,464
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	38,589
Total Business-Type Activities Program Revenues	<u>17,431,716</u>	<u>18,339,326</u>	<u>18,800,309</u>	<u>20,552,223</u>	<u>21,366,835</u>	<u>24,177,161</u>	<u>24,617,590</u>	<u>22,503,802</u>	<u>24,212,076</u>	<u>24,861,369</u>
Total Primary Government Program Revenues	<u>47,499,302</u>	<u>47,840,206</u>	<u>49,027,259</u>	<u>52,815,751</u>	<u>51,595,405</u>	<u>57,252,257</u>	<u>55,956,760</u>	<u>56,771,398</u>	<u>59,342,887</u>	<u>60,679,254</u>
Net (expense)/revenue										
Governmental Activities	(15,160,482)	(16,898,387)	(14,741,836)	(12,916,235)	(12,860,701)	(11,465,264)	(12,932,582)	(12,845,888)	(16,377,695)	(16,700,519)
Business-Type Activities	(18,182)	(128,010)	625,735	1,684,036	(590,498)	2,022,451	2,109,081	(835,862)	713,537	84,035
Total Primary Government Net Expenses	<u>\$(15,178,664)</u>	<u>\$(17,026,397)</u>	<u>\$(14,116,101)</u>	<u>\$(11,232,199)</u>	<u>\$(13,451,199)</u>	<u>\$(9,442,813)</u>	<u>\$(10,823,501)</u>	<u>\$(13,681,750)</u>	<u>\$(15,664,158)</u>	<u>\$(16,616,484)</u>

Continued

LAPEER COUNTY, MICHIGAN

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property taxes	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341	\$ 12,766,862	\$ 13,680,318	\$ 12,086,201	\$ 12,256,788	\$ 12,797,132	\$ 12,599,779	\$ 12,821,205
Unrestricted grants and contributions	391,679	375,956	4,875	8,975	1,557,117	1,281,637	1,304,881	1,444,556	1,674,824	1,683,815
Investment earnings	1,262,949	931,362	433,575	392,381	404,060	213,681	51,699	173,195	125,415	164,921
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	32,594
Transfers	6,702	125,489	46,614	4,697	6,224	4,021	385,639	1,669,911	260,507	2,060,000
Total Governmental Activities	<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>	<u>16,084,794</u>	<u>14,660,525</u>	<u>16,762,535</u>
Business-Type Activities										
Property taxes	2,301,179	1,151,144	1,011,140	930,705	909,353	863,590	876,530	810,147	912,656	904,079
Unrestricted grants and contributions	29,746	48,070	51,997	24,765	30,973	9,274	19,434	7,830	19,022	11,141
Investment earnings	378,481	314,808	68,471	115,568	28,142	20,040	18,455	25,684	7,977	12,621
Gain on sale of capital assets	-	-	-	-	-	-	-	-	1,900	-
Transfers	-	-	-	-	-	-	(315,000)	(1,850,000)	(151,058)	(2,060,000)
Total Business-Type Activities	<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>	<u>(1,006,339)</u>	<u>790,497</u>	<u>(1,132,159)</u>
Total Primary Government	<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>	<u>15,078,455</u>	<u>15,451,022</u>	<u>15,630,376</u>
Change in Net Position										
Governmental Activities	161,913	(1,323,584)	(312,431)	256,680	2,787,018	2,120,276	1,066,425	3,238,906	(1,717,170)	62,016
Business-Type Activities	<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>	<u>(1,842,201)</u>	<u>1,504,034</u>	<u>(1,048,124)</u>
Total Primary Government	<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>	<u>\$ 1,396,705</u>	<u>\$ (213,136)</u>	<u>\$ (986,108)</u>

Concluded

Source: Lapeer County Finance Department

Note:

The general government expenses and charges for services and net (expenses) revenue for the years 2007 - 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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 144,292	\$ 161,941	\$ 293,351	\$ 293,341	\$ 436,366	\$ 333,485
Restricted	-	-	-	-	2,504,748	2,533,796	2,547,799	2,560,317	2,560,317	2,585,133
Committed	-	-	-	-	3,784,958	3,800,594	3,813,324	3,821,027	3,817,940	1,704,478
Assigned	-	-	-	-	-	-	-	-	-	81,872
Unassigned	-	-	-	-	5,190,092	5,445,711	5,531,941	5,794,629	5,636,828	5,351,801
Reserved	198,000	198,000	198,000	110,110	-	-	-	-	-	-
Unreserved	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Fund	<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>	<u>\$ 12,469,314</u>	<u>\$ 12,451,451</u>	<u>\$ 10,056,769</u>
All other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 67,637	\$ 111,655	\$ 90,311	\$ 238,903	\$ 82,975	\$ 65,590
Restricted	-	-	-	-	8,627,426	7,224,611	7,487,340	6,709,350	6,542,840	6,760,826
Committed	-	-	-	-	2,160,986	2,945,758	3,114,062	4,080,433	4,314,531	5,233,713
Reserved	485,734	581,497	472,453	497,271	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	12,941,505	12,023,209	11,177,792	10,404,991	-	-	-	-	-	-
Debt service funds	162,346	137,061	93,883	63,400	-	-	-	-	-	-
Capital project funds	<u>969,575</u>	<u>692,566</u>	<u>688,829</u>	<u>693,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other Governmental Funds	<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>	<u>\$ 11,028,686</u>	<u>\$ 10,940,346</u>	<u>\$ 12,060,129</u>

Source: Lapeer County Finance Department

Note:

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property taxes	\$ 13,661,065	\$ 14,141,996	\$ 13,944,341	\$ 12,776,677	\$ 13,680,318	\$ 12,229,576	\$ 12,256,788	\$ 12,797,132	\$ 12,599,779	\$ 12,821,205
Licenses and permits	636,952	540,707	520,455	518,583	485,784	509,203	508,940	556,463	579,697	592,723
Intergovernmental	8,378,993	8,337,676	7,635,175	9,849,554	8,988,252	8,941,848	8,593,470	9,190,544	8,051,779	25,869,961
Charges for services	17,329,614	17,115,895	16,985,601	17,002,625	17,688,094	20,577,714	20,286,836	21,085,945	24,192,890	6,715,574
Fines and forfeits	494,446	493,068	457,485	419,357	351,642	403,012	370,531	359,655	343,552	466,477
Rents and royalties	424,512	410,797	378,183	382,454	211,516	376,174	360,241	391,233	208,558	243,885
Interest	1,289,965	931,362	430,689	392,381	564,776	213,681	51,699	173,195	125,415	164,889
Other	3,167,732	2,933,850	3,899,379	3,977,887	3,868,684	3,710,285	3,422,509	3,714,606	3,174,203	3,456,938
Total Revenues	<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>	<u>48,268,773</u>	<u>49,275,873</u>	<u>50,331,652</u>
Expenditures:										
Current-										
Legislative	244,333	259,301	275,784	290,948	261,095	267,547	272,414	281,705	289,048	312,344
Judicial	5,043,981	4,984,112	5,333,356	5,172,038	4,785,333	4,858,563	4,757,337	4,874,708	5,117,641	5,139,345
General Government	5,388,954	5,728,076	5,430,567	5,390,083	4,893,618	5,213,509	4,992,545	5,283,633	5,277,806	6,970,287
Public Safety	10,170,522	10,051,004	10,370,496	10,513,273	9,922,910	9,744,481	9,772,045	10,151,606	10,205,264	10,609,194
Public Works	465,602	383,702	379,876	897,993	397,668	291,631	369,412	340,565	339,731	341,928
Health and Welfare	21,372,120	21,469,941	21,039,622	21,549,585	21,642,974	22,173,092	22,083,897	23,130,639	24,937,959	25,376,846
Recreation and Culture	754,773	788,519	760,738	512,103	414,190	375,424	380,680	360,234	352,834	410,281
Other Activities	1,130,590	1,152,124	497,101	1,254,825	414,047	418,961	231,067	408,093	183,432	329,241
Capital Outlay	387,887	26,141	8,612	4,584	10,772,923	1,305,461	236,100	555,236	443,583	-
Debt Service-										
Principal	150,000	140,000	160,000	155,000	145,000	2,170,000	1,665,000	1,685,000	1,500,000	1,500,000
Interest and Charges	53,650	50,575	45,000	37,125	256,313	508,500	437,625	383,875	333,312	284,562
Bond issuance costs	-	-	-	-	78,706	-	-	-	-	-
Total Expenditures	<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>	<u>47,455,294</u>	<u>48,980,610</u>	<u>51,274,028</u>
Revenues over (under) expenditures	<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>	<u>813,479</u>	<u>295,263</u>	<u>(942,376)</u>
Other financing sources (uses):										
Issuance of bonds	-	-	-	-	14,475,000	-	-	-	-	-
Premium of refunding bonds	-	-	-	-	220,756	-	-	-	-	-
Transfers in	5,043,699	5,075,455	5,411,211	5,158,443	2,748,041	2,811,347	2,575,900	4,630,932	2,301,718	4,971,400
Transfers out	(5,187,497)	(5,318,942)	(5,403,160)	(5,159,713)	(2,761,992)	(2,839,286)	(2,574,730)	(4,824,539)	(2,703,184)	(5,303,923)
Total other financing sources (uses)	<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>	<u>(193,607)</u>	<u>(401,466)</u>	<u>(332,523)</u>
Net Change in Fund Balances	<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>	<u>\$ 619,872</u>	<u>\$(106,203)</u>	<u>\$(1,274,899)</u>
Debt service as a percentage of noncapital expenditures	<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>	<u>4.4%</u>	<u>3.8%</u>	<u>3.5%</u>

Source: Lapeer County Finance Department

Note:

The 2016 information includes a reclassification specific to the Lapeer County Community Mental Health Board to change revenue previously reported as charges for services to the intergovernmental revenue source classification. The years presented prior to 2016 have not been restated.

LAPEER COUNTY, MICHIGAN

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues:										
Property taxes	\$ 10,282,079	\$ 11,127,623	\$ 10,778,574	\$ 10,185,744	\$ 9,729,526	\$ 9,488,760	\$ 9,359,926	\$ 9,905,240	\$ 9,679,668	\$ 9,835,298
Licenses and permits	14,850	16,938	31,132	32,051	26,990	25,075	40,608	60,335	57,911	2,733
Intergovernmental	1,475,177	1,580,159	1,308,866	1,849,879	2,795,363	2,658,672	2,642,041	2,881,812	2,518,196	2,687,438
Charges for services	2,375,527	2,350,982	2,359,230	2,255,845	2,133,293	2,360,289	2,350,542	2,127,751	2,235,273	2,256,000
Fines and forfeits	388,865	368,619	355,790	326,271	241,189	220,998	205,975	202,479	186,235	275,946
Rents and royalties	164,344	160,712	160,716	160,712	15,884	177,001	178,854	188,958	194,042	229,348
Interest on long term debt	677,447	659,910	291,566	266,795	549,646	200,432	40,359	170,165	123,632	161,615
Other	2,656,004	2,294,978	3,506,467	3,441,681	2,957,892	3,129,152	2,742,557	2,906,648	2,661,452	2,975,123
Total Revenues	<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>	<u>18,443,388</u>	<u>17,656,409</u>	<u>18,423,501</u>
Expenditures:										
Current-										
Legislative	244,333	259,301	275,784	290,948	261,095	267,547	272,414	281,705	289,048	312,344
Judicial	3,759,549	3,677,076	3,837,743	3,710,484	3,504,248	3,589,040	3,456,771	3,601,312	3,699,909	3,728,001
General Government	5,109,540	5,479,372	5,274,237	5,211,179	4,820,982	5,113,500	4,897,991	5,153,277	4,927,129	5,345,942
Public Safety	5,495,975	5,444,513	5,843,892	5,801,534	5,668,884	5,711,327	5,840,850	6,001,753	5,892,611	6,251,389
Public Works	443,428	359,718	367,816	297,441	278,040	291,631	369,412	340,565	339,731	341,928
Health and Welfare	174,991	169,203	197,450	198,156	183,878	179,862	98,335	86,455	90,022	99,640
Recreation and Culture	248,237	246,416	275,310	273,511	226,735	197,273	215,473	211,761	202,795	220,942
Other Activities	1,130,590	1,152,124	497,101	1,254,825	414,047	418,961	231,067	408,093	183,432	329,241
Total Expenditures	<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>	<u>16,084,921</u>	<u>15,624,677</u>	<u>16,629,427</u>
Revenues over expenditures	<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>	<u>2,358,467</u>	<u>2,031,732</u>	<u>1,794,074</u>
Other Financing Sources (Uses):										
Transfers in	1,569,716	1,605,819	1,721,318	1,625,587	9,518	-	-	1,850,000	-	67,813
Transfers out	(3,085,890)	(2,632,600)	(2,976,964)	(2,791,721)	(2,102,474)	(2,173,286)	(1,934,176)	(3,925,568)	(2,049,595)	(4,256,569)
Total Other Financing Uses	<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>	<u>(2,075,568)</u>	<u>(2,049,595)</u>	<u>(4,188,756)</u>
Net Change in Fund Balances	<u><u>\$ (88,524)</u></u>	<u><u>\$ 745,417</u></u>	<u><u>\$ 967,362</u></u>	<u><u>\$ 314,766</u></u>	<u><u>\$ 998,918</u></u>	<u><u>\$ 317,952</u></u>	<u><u>\$ 244,373</u></u>	<u><u>\$ 282,899</u></u>	<u><u>\$ (17,863)</u></u>	<u><u>\$ (2,394,682)</u></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					
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
2014	2013	\$ 2,162,320,660	\$ 380,850,934	\$ 231,788,886	\$ 59,371,428	\$ 194,317,290	\$ 3,028,649,198	\$ 139,511,142	5.2186	\$ 6,057,298,396
2015	2014	\$ 2,369,409,688	\$ 397,260,237	\$ 240,483,939	\$ 65,428,597	\$ 200,841,723	\$ 3,273,424,184	\$ 146,949,205	5.2186	\$ 6,546,848,368
2016	2015	\$ 2,539,653,169	\$ 426,388,763	\$ 253,336,374	\$ 65,793,511	\$ 169,494,672	\$ 3,454,666,489	\$ 131,546,212	6.1881	\$ 6,909,332,978

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

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 Equalized 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 Tax Increment Financing Authorities (TIFA's) and Downtown Development Authorities (DDA's)

LAPEER COUNTY, MICHIGAN

**DIRECT AND OVERLAPPING PROPERTY TAXES RATES
LAST TEN FISCAL YEARS - UNAUDITED**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
County-										
Operating	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886	3.7666
Extra Voted	<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>	<u>1.4300</u>	<u>1.4300</u>	<u>2.4215</u>
Total County	<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>	<u>5.2186</u>	<u>5.2186</u>	<u>6.1881</u>
Townships-										
Almont	5.0056	4.5616	4.5616	4.5616	4.5783	3.6312	3.6312	3.6126	3.6126	3.5849
Arcadia	2.3149	2.3096	2.3096	2.3096	2.3096	2.3096	2.3096	2.3072	2.3031	2.2901
Attica	4.3695	4.3695	4.3695	4.3695	4.3695	4.3695	4.3695	4.3695	4.3695	4.3313
Burlington	2.4969	2.4969	2.4969	2.4969	2.4969	2.4969	2.4969	2.4850	2.4850	2.4803
Burnside	2.4788	2.4535	2.4514	2.4514	2.4514	2.4514	2.4514	2.4514	2.4514	2.4467
Deerfield	2.5267	2.5122	2.5122	2.5122	2.5122	2.5267	2.5267	2.5130	2.4914	2.5121
Dryden	4.6252	4.6252	4.6675	4.6675	4.6675	4.6675	4.7149	4.7149	4.7029	4.6533
Elba	4.0285	4.0285	4.0285	4.0285	3.7785	3.7785	4.0285	4.0285	4.0285	4.0173
Goodland	2.3332	2.3217	2.3217	2.3217	2.3217	2.3217	2.3217	2.3217	2.3217	2.3121
Hadley	2.7812	2.7699	2.7699	2.8153	2.9942	2.9764	2.9461	2.9173	2.7623	2.7380
Imlay	2.9702	2.9702	2.9702	2.9702	2.9702	2.9724	2.9428	2.9413	2.9344	2.9323
Lapeer	2.7572	2.7572	2.7572	2.7572	2.7572	2.7572	2.7572	2.7572	2.7572	2.7381
Marathon	2.2927	2.2927	2.2927	2.2927	2.2927	2.2927	2.2927	2.2858	2.2737	2.2654
Mayfield	2.7053	2.7053	2.7053	2.7053	2.7053	2.7053	2.7053	2.7053	2.7053	2.6875
Metamora	5.3965	5.3955	5.3955	5.3955	5.3955	5.3955	5.3955	5.3955	5.3870	5.3702
North Branch	3.9174	4.8965	3.8665	3.8665	3.8965	4.0045	4.5045	4.5045	4.5045	3.9884
Oregon	2.6238	2.6238	2.6238	2.6238	2.6238	2.6238	2.6238	2.6238	2.6238	2.6022
Rich	5.4035	5.4035	5.4577	5.4572	5.4572	5.4572	5.4344	5.4344	5.4344	5.4110
Cities-										
Imlay City	20.5000	18.4500	17.3860	17.3500	17.2000	20.3500	20.3500	20.7213	20.7213	22.8378
City of Lapeer	10.9500	10.9500	10.9500	10.9500	10.9500	10.9500	10.9500	10.9500	10.9500	10.9438
Brown City	18.1233	18.1233	18.1233	18.1233	18.1233	18.1233	18.1233	18.1233	18.1233	18.1123

Continued

LAPEER COUNTY, MICHIGAN

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Villages-										
Almont	13.0070	13.6177	13.6031	16.6151	17.6151	17.8020	17.6670	17.3420	17.3420	15.6970
Clifford	19.1700	19.1700	19.1700	19.1700	19.1700	19.1700	18.8109	18.8095	20.2671	20.2671
Columbiaville	13.1241	13.1241	13.1241	13.1241	13.1241	13.1241	13.1241	14.1241	14.0915	14.0871
Dryden	9.8110	9.8110	9.8110	9.8110	11.8110	11.8100	11.8100	11.8110	11.8110	11.8110
Metamora	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711	10.4711
North Branch	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483	14.6483
Otter Lake	12.8932	12.7720	12.7720	12.7720	12.2772	12.7720	12.7720	12.7043	12.7043	12.7043
Local School Districts-										
Almont	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	15.4500	14.9864	15.4391
Brandon	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	15.6600	18.9460	18.1600
Brown City	11.9980	11.9980	11.9980	11.9980	11.9980	13.0000	13.0000	13.0000	13.0000	12.7500
Capac	9.9000	9.9000	10.2000	10.7000	10.7000	10.6000	10.6000	10.6000	10.3100	10.3100
Davison	9.3316	9.2616	9.1916	9.1316	9.1316	10.7000	10.1516	10.1416	10.1216	9.9633
Dryden	8.2400	8.2400	8.3000	9.1000	9.1000	9.2500	9.3500	9.3500	9.3500	9.8630
Goodrich	13.7500	13.7500	13.7500	10.5600	13.7500	10.6300	13.7500	13.7500	13.7500	13.7500
Inlay	11.7500	11.7500	11.7500	11.7500	11.7500	12.1000	12.1000	13.0000	13.0000	13.0000
Kingston	12.1500	12.0500	11.8500	12.1500	12.1500	11.9000	11.7500	11.6200	11.6200	11.6200
Lakeville	10.1000	9.9000	9.6500	9.6500	9.6500	10.7000	10.6000	10.3600	10.1400	10.7600
Lapeer	8.2038	8.2000	8.3500	8.8000	8.6000	9.0000	9.0000	9.0000	9.0000	8.7500
Marlette	6.0000	6.0000	6.0000	6.0000	6.0000	7.9500	7.3000	7.3000	7.3000	7.3400
Mayville	12.0000	10.5000	11.0000	11.1500	11.1500	11.7500	11.8000	11.4000	11.4000	11.4000
North Branch	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.8300	14.4400	14.4400
Oxford	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.9000	13.8442	13.9000
Intermediate School Districts-										
Lapeer	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295	2.7261

Source: County Treasurer's Office/County Equalization Department

Notes:

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

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

Concluded

LAPEER COUNTY, MICHIGAN

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND TEN YEARS AGO - UNAUDITED

<u>Taxpayer</u>	<u>2016</u>			<u>2006</u>		
	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
DTE	\$ 52,821,033	1	1.53%	\$ 46,140,336	1	1.54%
ITC	22,235,374	2	0.64%	20,143,087	2	0.67%
Consumers Energy	19,936,024	3	0.58%	13,015,690	3	0.44%
Enbridge	12,233,605	4	0.35%			0.00%
Pinnacle	5,872,878	5	0.17%	9,173,764	4	0.31%
Imlay -Plaza	4,385,903	6	0.13%			0.00%
Meijer	4,511,341	7	0.13%			0.00%
Wal-Mart	4,200,493	8	0.12%	4,890,100	9	0.16%
Lapeer Industries	3,946,100	9	0.11%			0.00%
Toyo Seat	3,885,538	10	0.11%	5,837,991	7	0.20%
Total	<u>\$ 134,028,289</u>		3.88%	<u>\$ 99,200,968</u>		3.32%
Total Assessed Value	\$ 3,454,666,489			\$ 2,989,701,382		

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
2007	2006	\$ 84,997,424	(343,361)	\$ 84,654,063	\$ 76,964,520	90.92	\$ 6,130,923	\$ 83,095,443	100%
2008	2007	\$ 88,981,038	(426,757)	\$ 88,554,280	\$ 80,629,430	91.05	\$ 6,422,866	\$ 87,052,296	100%
2009	2008	\$ 85,088,787	(320,205)	\$ 84,768,541	\$ 75,241,951	88.76	\$ 9,526,590	\$ 84,768,541	100%
2010	2009	\$ 87,682,390	(492,741)	\$ 87,189,649	\$ 79,467,222	91.14	\$ 7,722,427	\$ 87,189,649	100%
2011	2010	\$ 83,226,932	(298,510)	\$ 82,928,422	\$ 75,497,463	91.04	\$ 7,432,960	\$ 82,930,423	100%
2012	2011	\$ 81,865,272	(906,941)	\$ 80,958,331	\$ 74,824,932	92.42	\$ 6,252,661	\$ 81,077,593	100%
2013	2012	\$ 79,963,989	(603,476)	\$ 76,360,513	\$ 71,118,512	93.14	\$ 5,242,001	\$ 76,360,513	100%
2014	2013	\$ 78,374,046	(747,323)	\$ 77,626,723	\$ 72,685,639	93.63	\$ 4,941,084	\$ 77,626,723	100%
2015	2014	\$ 79,664,762	(484,460)	\$ 79,180,302	\$ 74,517,201	94.11	\$ 4,663,101	\$ 79,180,302	100%
2016	2015	\$ 82,836,697	(663,290)	\$ 82,173,406	\$ 77,458,226	94.26	\$ 4,715,180	\$ 82,173,406	100%

Source: County Treasurer's Office

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 Fund.

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

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
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%
2014	2013	\$ 9,952,836	(38,492)	\$ 9,914,344	\$ 9,499,354	95.81	\$ 414,990	\$ 9,914,344	100%
2015	2014	\$ 9,953,002	(37,414)	\$ 9,915,588	\$ 9,499,516	95.80	\$ 416,072	\$ 9,915,588	100%
2016	2015	\$ 10,183,070	(38,016)	\$ 10,145,054	\$ 9,773,489	96.34	\$ 371,565	\$ 10,145,054	100%

Source: County Treasurer's Office

Notes:

Property taxes are levied each July 1; property taxes are budgeted and recognized as revenue in the year of the levy year in the General Fund, for County general operations and in the year following the levy year for the extra voted levies for Soldiers' 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.

The County operates a Delinquent Tax 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
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%
2014	2013	\$ 620,581	\$ 620,581	100%
2015	2014	\$ 620,540	\$ 620,540	100%
2016	2015	\$ 573,008	\$ 573,008	100%

Source: County Treasurer's Office

Notes:

Special Assessments are levied each December 1; assessments are recognized as revenue in the year following the levy year.

The County operates a Delinquent Tax Fund whereby (in the normal case) all outstanding assessment receivables are purchased from the taxing units. All units receive full payment for all assessments levied under this arrangement.

Drain special assessments are levied annually (with one year payback periods) against the benefited properties.

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

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

Fiscal Year	Levy Year	County Population	Average Per Capita Income	Assessed Value of Taxable Property	Governmental Activities			Business-type Activities	Primary Government	Less: amounts available in debt service funds	Net General Bonded Debt	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
					General Obligation Bonds	Premium, Discount, and Adjustments	Total	General Obligation Bonds	Bonded Debt					
2007	2006	95,682	\$ 28,989	\$ 4,221,145,112	\$ 1,120,000	\$ (18,001)	\$ 1,101,999	\$ 1,070,000	\$ 2,171,999	\$ 162,346	\$ 2,009,653	0.07%	0.05%	21.00
2008	2007	95,262	\$ 29,101	\$ 4,327,575,426	\$ 980,000	\$ (15,429)	\$ 964,571	\$ -	\$ 964,571	\$ 137,061	\$ 827,510	0.03%	0.02%	8.69
2009	2008	87,904	\$ 21,462	\$ 3,203,594,051	\$ 820,000	\$ (12,857)	\$ 807,143	\$ -	\$ 807,143	\$ 93,883	\$ 713,260	0.04%	0.02%	8.11
2010	2009	88,319	\$ 25,502	\$ 3,320,773,773	\$ 665,000	\$ (10,285)	\$ 654,715	\$ -	\$ 654,715	\$ 63,400	\$ 591,315	0.03%	0.02%	6.70
2011	2010	88,082	\$ 30,386	\$ 3,096,596,777	\$ 14,995,000	\$ 190,967	\$ 15,185,967	\$ -	\$ 15,185,967	\$ 1,879,983	\$ 13,305,984	0.50%	0.43%	151.06
2012	2011	88,173	\$ 31,825	\$ 2,910,657,961	\$ 12,850,000	\$ 171,463	\$ 13,021,463	\$ -	\$ 13,021,463	\$ 1,423,495	\$ 11,597,968	0.41%	0.40%	131.54
2013	2012	88,257	\$ 33,720	\$ 2,905,176,552	\$ 11,160,000	\$ 151,959	\$ 11,311,959	\$ -	\$ 11,311,959	\$ 1,465,672	\$ 9,846,287	0.33%	0.34%	111.56
2014	2013	88,153	\$ 34,813	\$ 3,028,649,198	\$ 9,475,000	\$ 132,454	\$ 9,607,454	\$ -	\$ 9,607,454	\$ 1,548,959	\$ 8,058,495	0.26%	0.27%	91.41
2015	2014	88,373	\$ 36,251	\$ 3,273,424,184	\$ 7,975,000	\$ 110,378	\$ 8,085,378	\$ -	\$ 8,085,378	\$ 1,708,200	\$ 6,377,178	0.20%	0.19%	72.16
2016	2015	88,340	\$ 38,417	\$ 3,454,666,489	\$ 6,475,000	\$ 88,302	\$ 6,563,302	\$ -	\$ 6,563,302	\$ 2,046,266	\$ 4,517,036	0.19%	0.13%	51.13

Source: County Treasurer's Office

Notes:

Property Value data can be found in Schedule S-7

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

LAPEER COUNTY, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING LONG-TERM BONDED DEBT DECEMBER 31, 2016 - UNAUDITED

Direct Debt:

General Obligation	\$ 6,475,000
Premiums, Discounts, and Adjustments	88,302
	<u>\$ 6,563,302</u>

Overlapping Debt of County:

School Districts	\$ 160,138,048
Cities	7,966,189
Townships	3,673,930
Villages	5,370,105
Intermediate School Districts	3,109,679
Community College	1,228,832
Total Overlapping Debt	<u>181,486,783</u>
Total County Net Direct and Overlapping Debt	<u>\$ 188,050,085</u>

Legal Debt Margin Calculation for 2016

Assessed Value	<u>\$ 3,454,666,489</u>
Debt limit (10% of assessed value)	345,466,649
Less: Amount of outstanding debt	<u>6,563,302</u>
Legal debt margin	<u>\$ 338,903,347</u>

Source: Michigan Advisory Council of Michigan via Stauder Barch & Associates

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
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%
2014	2013	\$ 3,028,649,198	\$ 302,864,920	\$ 9,607,454	\$ 293,257,466	3.17%
2015	2014	\$ 3,273,424,184	\$ 327,342,418	\$ 8,085,378	\$ 319,257,040	2.47%
2016	2015	\$ 3,454,666,989	\$ 345,466,699	\$ 6,563,302	\$ 338,903,397	1.90%

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 accrued vacation and insurance claims liabilities.

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
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	88,257	\$ 2,976,053,000	\$ 33,720	12,799	10.80%
2014	88,153	\$ 3,068,860,000	\$ 34,813	12,512	12.00%
2015	88,373	\$ 3,203,633,000	\$ 36,251	12,170	9.90%
2016	88,340	\$ 3,393,758,000	\$ 38,417	12,091	8.40%

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 2016 AND NINE YEARS AGO - UNAUDITED

Current Year (2016)

<u>Employer</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
McLaren-Lapeer Regional Hospital	Health Care	820	1
Pinnacle Foods	Food Processing	750	2
Kamax	Manufacturing	424	3
Lapeer Plating & Plastics	Plastics	420	4
Lapeer County	Governmental	385	5
Mold Masters	Plastics	350	6
ZF	Manufacturing	328	7
Thumb Correctional Facility	State Prison	314	8
Wal-Mart, Inc.	Retail	300	9
Albar Industries	Manufacturing	275	10

Continued

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

LAPEER COUNTY, MICHIGAN
PRINCIPAL EMPLOYERS
CURRENT YEAR 2016 AND NINE YEARS AGO - UNAUDITED

Historical Fiscal Year (2007)

<u>Employers</u>	<u>Product/Service</u>	<u>Employees</u>	<u>Rank</u>
McLaren-Lapeer Regional Hospital	Health Care	780	1
Lapeer Community Schools	Education	779	2
Lapeer County	Government	506	3
Metamora Products Corp.	Injection Molding	450	4
Durakon	Truck Bed Liners	450	4
Pinnacle Foods	Food Processing	400	6
Wal-Mart, Inc.	Retail	400	6
Thumb Correctional Facility	State Prison	350	8
Meijer, Inc.	Retail	325	9
Lapeer Metal Products	Metal Stamping	300	10

Concluded

* The information is presented for fiscal year 2007 because the 2006 data is not readily available.

LAPEER COUNTY, MICHIGAN

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

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	3.0	3.1	3.1	2.0	2.3	2.4	2.5	2.6	2.6
Judicial										
Circuit Court	7.0	14.9	19.1	15.1	14.4	14.3	13.5	16.7	17.4	16.5
District Court	23.0	22.4	23.7	21.8	21.9	21.5	19.6	20.8	20.7	20.1
Friend of the Court	18.9	19.0	19.7	18.2	17.9	17.7	18.2	17.9	17.9	17.5
Probate Court	12.8	4.0	3.6	3.7	3.7	3.7	3.7	0.1	0.0	0.0
Community Corrections	3.7	3.6	3.7	3.5	3.2	3.3	3.2	2.5	2.9	2.8
Child Care	3.3	3.8	3.8	3.3	3.0	2.6	2.5	2.7	3.3	2.1
General Government										
County Clerk	8.0	8.0	8.3	8.0	7.9	8.0	8.0	8.0	8.1	8.5
Equalization	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9
Prosecuting Attorney	16.0	16.0	16.1	14.7	13.8	14.0	14.1	14.0	15.0	15.2
Register of Deeds	4.9	5.0	5.0	4.1	3.7	4.0	4.0	4.2	4.3	4.4
County Treasurer	6.1	6.4	6.2	6.3	6.3	6.2	6.4	6.3	6.3	6.1
G.I.S.	0.0	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	0.8	0.0
Finance	4.0	4.0	4.1	4.0	4.0	4.0	3.9	3.9	4.0	4.4
Building and Grounds	7.0	6.0	6.2	5.9	5.9	4.5	4.8	5.0	5.2	0.0
Drain Office	6.0	6.0	6.1	6.0	5.1	4.9	5.0	4.6	4.7	3.5
MSU Extension	4.8	4.4	4.2	2.7	2.0	2.0	2.0	2.0	2.0	1.9
County Surveyor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9
Public Safety										
Sheriffs Department	51.2	51.7	51.7	49.8	47.8	47.0	48.1	48.5	48.7	50.5
County Jail	29.9	29.8	31.0	29.7	29.9	29.9	29.9	29.8	29.4	29.9
Central Dispatch	19.0	18.7	19.4	18.3	18.6	18.4	18.6	18.1	18.2	18.3
Animal Control	5.0	5.0	4.2	3.0	3.0	2.8	2.9	3.4	3.8	3.8
Emergency Operations	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9
Health and Welfare										
Parks Department	10.8	11.6	8.5	2.7	1.7	2.6	2.7	2.1	2.4	3.7
Community Health										
Public Health	67.0	61.5	54.8	50.0	47.5	34.1	33.4	34.6	35.6	35.9
Senior Services						12.8	14.4	14.0	15.1	15.7
Community Mental Health	69.7	68.6	68.7	69.4	68.1	67.4	68.6	72.4	77.7	76.9
Multi-Purpose	6.0	5.5	6.0	5.9	4.7	3.9	2.5	0.7	1.6	0.0
Veterans	1.0	1.0	1.0	1.0	1.3	1.4	2.0	2.9	3.8	3.9
Community Development	3.9	3.7	2.2	1.0	0.0	1.0	1.2	1.5	2.9	0.4
	403.1	394.6	391.4	362.2	348.4	345.3	346.6	350.2	364.4	354.3

Source: Lapeer County Finance Department

Note: A full-time employee receives 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 TEN YEARS - UNAUDITED

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
LEGISLATIVE										
<u>Board of Commissioners</u>										
Full Board Meetings	26	24	25	26	25	25	24	25	23	24
Committee of the Whole Meetings	25	24	23	23	24	23	22	20	20	23
Other Special Meeting/Hearings Held	4	-	-	-	4	6	4	6	5	4
Board Motions Acted Upon	412	446	436	426	398	421	418	433	412	399
JUDICIAL										
<u>40th Circuit Court</u>										
PPO's Issued	302	279	279	213	223	209	172	186	162	178
Appeals	50	65	65	59	47	50	63	50	38	40
Domestic Cases	711	669	669	659	583	583	671	644	579	603
Civil Cases	318	313	313	285	270	295	231	245	237	204
Adoption	32	51	51	33	33	37	22	22	29	30
Child Protection	34	32	32	19	21	26	35	20	33	31
Juvenile	359	311	311	313	290	259	204	220	171	156
Criminal	392	376	376	331	362	338	293	406	369	321
Misc. Family Filings	54	35	36	48	24	43	24	28	41	28
<u>71-A District Court</u>										
<u>Criminal</u>										
Felonies	653	646	700	633	655	623	658	687	661	563
Drunk Driving	815	769	682	469	453	485	465	464	352	388
Traffic Offenses	8,841	9,193	9,374	7,413	6,192	7,180	7,501	7,461	6,314	6,216
Misdemeanors	1,568	1,387	1,156	1,240	1,315	1,127	1,089	1,126	843	871
Non-Traffic Offenses	1,020	813	980	831	776	470	369	434	446	488
<u>Civil</u>										
General Civil	2,676	3,004	2,789	2,856	2,518	2,356	2,158	1,927	1,999	1,772
Landlord/Tenant	663	813	748	737	824	841	897	765	712	755
Small Claims	738	657	486	369	364	322	362	353	434	301
<u>Probate/Family Court</u>										
<u>Civil</u>										
Conservatorship/Protective Orders	39	28	30	35	31	19	28	27	25	24
Estates	174	173	171	166	167	148	171	173	184	196
Guardianships	95	97	84	78	60	98	88	94	75	87
Judicial Admin/Mental Commitments	67	54	47	42	167	41	36	45	59	44
Trusts	4	7	10	8	10	12	7	4	5	8
Wills for Safe Keeping	94	78	71	72	63	69	73	86	65	76
<u>Friend of the Court</u>										
Caseload	5,922	5,951	5,916	6,000	5,976	4,916	4,977	4,949	4,929	4,922
Children IV-D Cases	7,821	8,025	8,010	7,667	8,123	N/A	N/A	N/A	N/A	N/A
Bench Warrants Issued	574	635	295	466	235	590	488	502	561	559
Referee Hearings Conducted	4,257	4,707	6,167	3,797	6,055	1,931	941	1,587	1,692	1,578
Cases Mediated	25	29	21	22	18	19	54	41	57	61

Source: Lapeer County Finance Department

Continued

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

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PUBLIC SAFETY										
<u>Community Corrections</u>										
Clients - Community Service	51	28	37	62	56	49	29	21	N/A	N/A
Clients - Jail Crew	66	64	51	64	49	56	57	37	49	67
Clients - Day Reporting	64	80	57	74	64	68	63	56	54	57
Drunk Driver Jail Reduction Program	33	43	35	66	39	19	17	21	22	12
Jail Beds Saved	5,737	7,638	6,700	6,406	5,146	4,707	6,625	5,061	5,143	7,167
<u>Prosecuting Attorney</u>										
Felony Cases Authorized	730	732	677	626	662	676	687	633	644	545
Domestic Violence - Felony	24	23	27	56	50	70	59	68	71	41
Misdemeanor Cases Filed	2,379	3,014	2,660	2,256	2,130	2,158	1,779	1,938	2,144	1,962
Misdemeanor Domestic Violence	182	184	155	203	181	139	116	99	105	67
Juvenile Petitions Filed	312	405	358	383	299	239	260	188	168	201
Juvenile Domestic Violence Authorized	13	19	20	15	14	13	18	17	10	9
Victims Rights - Eligible Victims	866	821	773	824	815	760	724	808	868	719
Victims Rights Domestic Fel/Misd/Juv	219	-	202	212	220	222	294	184	240	120
Drug - Misdemeanor/Felony Authorized	412	415	N/A	1,109	445	424	554	506	435	406
Drunk Driving Misd/Felony	836	730	696	463	404	468	486	496	388	420
Non-Support	186	120	134	105	258	207	241	276	201	197
Paternity	82	76	57	62	67	92	105	92	84	72
URESA	13	10	19	7	18	19	14	19	18	27
<u>Sheriff's Department</u>										
Jail Bookings	3,531	3,525	3,092	2,687	2,521	2,634	2,381	2,178	2,048	189
Calls Answered	24,878	25,076	23,883	21,644	21,906	23,451	23,451	21,211	27,211	29,964
Fatal Crashes	11	9	N/A	7	12	5	5	12	9	6
Personal Injury Crashes	480	443	N/A	401	435	415	407	391	425	219
Property Damage Crashes	2,780	2,804	N/A	2,401	2,316	2,311	2,304	2,378	2,476	1,179
Private Property Crashes	132	N/A	N/A	N/A	N/A	N/A	612	N/A	N/A	N/A
Detective Bureau Arrests	216	218	498	538	755	669	669	651	684	618
Secondary Road Patrol Tickets Issued	355	208	208	177	211	478	3,471	442	519	431
Purchase Permits Issued	1,839	1,798	1,130	2,465	1,049	3,471	2,542	568	683	746
Marine Division Patrol Hours	1,017	819	819	1,180	723	777	269	786	595	746
Township Complaints Responded To	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>E-911 Central Dispatch</u>										
Hardware/Landline Calls	10,486	11,201	8,596	7,776	6,887	5,252	5,425	5,635	4,621	4,843
Wireless Calls	18,411	18,697	18,628	20,466	21,494	21,497	22,160	21,576	23,002	24,570
VOIP	394	387	373	318	311	213	348	315	276	337
Text to 911	N/A	N/A	N/A	N/A	N/A	N/A	N/A	74	69	106
Non-Emergency Calls	80,147	82,075	76,637	68,856	62,476	58,882	54,331	78,798	49,576	45,804
CAD Reports/Dispatch	72,915	74,951	72,307	70,344	68,222	70,154	72,969	72,462	N/A	75,587

Source: Lapeer County Finance Department

Continued

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

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PUBLIC SAFETY - (cont'd)										
<u>Emergency Management</u>										
EMAC Meetings Held	4	4	5	5	6	4	4	4	3	3
Local Meetings Attended	44	42	35	48	61	53	58	48	35	28
Regional Homeland Security Meetings	48	43	38	88	42	29	17	11	11	14
Disaster Exercise Planning Meetings	4	6	7	7	3	4	9	7	5	6
District Meetings Attended	6	6	6	4	4	5	4	3	3	3
EAG Plan Updates/Policies Written	7	4	6	13	11	2	6	3	10	4
Quarterly Reports Completed	9	9	4	6	4	4	4	4	4	4
Trainings Hosted	4	3	2	6	3	2	3	2	1	2
Tier II Plans Filed	51	49	53	42	78	67	3	3	15	-
Special Events Planned	10	4	3	3	5	6	2	3	1	2
Identification Badges Created	50	75	111	137	166	147	225	181	135	86
HEALTH AND WELFARE										
<u>Parks Department</u>										
Water Park Attendance	20,969	24,634	17,757	12,516	9,989	22,573	21,177	20,384	28,214	28,357
Reservation Attendance	8,915	11,740	5,902	6,350	5,750	7,125	N/A	N/A	N/A	N/A
Winter Park Attendance	830	1,265	1,135	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Special Events Attendance	2,500	3,300	2,500	-	-	N/A	N/A	N/A	N/A	N/A
<u>Health Department</u>										
<u>Medical Examiner</u>										
Medical Examiner Cases	52	56	66	76	71	71	85	88	70	84
Cremation Permits	200	216	224	237	234	262	351	382	411	430
Hospice	38	54	115	45	N/A	N/A	N/A	N/A	N/A	N/A
<u>Animal Control</u>										
Animal Control Complaints	2,485	2,573	2,262	2,034	1,952	1,629	1,755	1,054	897	799
Animals Held at Shelter	2,718	2,275	1,988	1,930	1,909	1,538	1,593	1,365	1,323	1,195
Animals Picked Up	466	443	342	323	373	196	N/A	N/A	N/A	N/A
Animal Bites - Cases	262	220	273	240	209	164	141	139	113	112
Animals Tested for Rabies	85	157	144	166	176	N/A	22	16	27	39
Animal Rabies Cases	3	8	4	7	-	1	-	-	1	-
<u>Environmental Health Division</u>										
EH - Sewage Applications	215	24	120	105	117	116	155	183	221	258
EH - Sewage Permits	199	136	131	97	110	62	143	172	211	245
EH - Well Permits	353	232	236	232	225	230	244	224	251	303
Food Service Inspections	576	605	602	554	413	627	451	672	669	571
<u>Home Health Division</u>										
Home Health Clients	298	209	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Public Health Nursing</u>										
Maternal Infant Health Visits	3,250	3,152	2,640	2,125	1,825	2,091	1,566	1,469	1,365	1,023

Source: Lapeer County Finance Department

Continued

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

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
HEALTH AND WELFARE (Cont'd)										
<u>Immunizations</u>										
Childhood Immunizations Given	4,074	3,654	3,910	4,425	4,186	4,451	3,511	-	3,348	3,245
Adult Immunizations Given	1,121	1,423	2,103	1,005	667	575	538	-	444	518
Total Immunizations Given	5,195	5,080	6,013	5,430	4,853	5,026	4,049	-	3,792	3,763
<u>WIC Program</u>										
Individuals Participating in WIC	1,713	1,855	1,905	2,028	1,984	2,023	1,937	1,965	1,736	1,740
<u>Hearing & Vision Screening</u>										
Hearing & Vision Screening Cases	10,358	11,094	11,504	9,965	10,831	8,896	9,494	10,869	8,462	9,167
<u>AICC Program</u>										
AICC Clients	396	437	474	497	480	427	411	416	356	408
<u>Senior Programs</u>										
Home-Delivered Meals	100,920	109,168	116,454	87,281	78,096	76,262	72,651	78,156	82,184	90,419
Congregate Meals	7,411	9,935	9,524	9,595	15,462	12,569	12,897	14,457	13,481	12,981
Medication Management Clients	13	5	8	11	7	9	6	6	4	4
Personal Care/Homemaker Clients	241	170	152	142	145	138	157	161	187	209
Case Coordination Clients	99	43	57	46	49	68	88	84	88	134
Care Management Clients	32	32	33	29	29	29	27	32	31	31
Health Screening Clients	23	22	26	7	N/A	N/A	N/A	N/A	N/A	N/A
Chore Maintenance Clients	145	142	174	215	223	223	243	252	144	234
Respite Care Clients	100	74	73	72	72	64	88	108	98	98
<u>Mental Health</u>										
Adults with Psychiatric Disorders	788	864	946	1,013	1,004	959	991	911	849	914
Persons with Developmental Disabilities	324	305	315	318	366	395	374	370	313	304
Children with Emotional Disturbances	153	200	239	272	262	281	257	275	275	295
GENERAL GOVERNMENT										
<u>County Clerk</u>										
<u>Circuit Court Division</u>										
Criminal Cases Filed	398	383	391	334	365	341	393	407	371	321
All Other Cases Filed	1,411	1,338	1,292	1,281	1,173	1,188	1,553	1,171	1,097	1,051
Adult Probation Receipts	1,271	1,344	1,804	2,038	2,110	1,949	1,817	2,340	2,529	2,948
<u>Vital Records Division</u>										
Marriage License Applications	568	514	513	519	545	532	540	599	562	534
Assumed Names	899	817	891	784	779	648	644	673	588	577
Notary Bonds	222	195	70	121	180	191	176	150	126	127
Death Certificates Filed	500	522	543	525	511	555	689	749	744	800
Birth Certificates Filed	603	564	599	598	592	565	436	360	251	315
Voter Registrations	5,569	6,810	5,046	5,653	5,561	6,627	5,145	3,207	2,486	2,399
Concealed Pistol Permits	285	538	1,075	1,107	910	1,035	1,899	1,551	1,725	2,309

Source: Lapeer County Finance Department

Continued

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

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL GOVERNMENT (Cont'd)										
<u>Payroll Dept.</u>										
Payroll Checks Processed	2,650	2,128	1,915	1,667	1,185	1,032	443	370	400	371
Payroll Direct Deposits Processed	9,603	9,693	9,761	9,114	8,972	9,667	9,793	9,865	10,226	10,330
W-2's Forms Prepared	549	551	477	436	420	431	440	437	455	460
<u>Accounts Payable Dept.</u>										
Accounts Payable Invoices Processed	17,487	17,089	15,381	13,982	12,938	13,555	13,540	13,585	13,180	12,798
Accounts Payable Checks Processed	12,589	12,778	11,339	10,040	9,674	9,771	9,604	9,769	9,880	9,146
1099 Forms Prepared	142	149	165	165	132	144	133	129	127	145
<u>Computer Dept.</u>										
General Ledger Reports Distributed	3,150	3,500	3,550	3,400	3,200	3,000	3,100	3,000	3,036	3,000
Journal Entries Entered	2,064	2,199	2,323	2,158	1,989	2,100	2,000	1,885	2,100	2,220
Budget Amendments Processed	93	128	160	74	95	70	59	65	54	70
Budgets Entered	142	142	150	148	145	140	140	140	140	140
Computers Countywide	428	430	432	451	440	420	420	420	420	420
<u>Accounting Dept.</u>										
Bank Accounts Reconciled	456	432	396	528	576	576	580	600	602	602
Grants Reviewed & Processed	47	49	52	58	93	93	94	95	95	96
General Ledger Funds Maintained	79	79	79	85	83	84	86	88	91	89
<u>Budget Dept.</u>										
Total Amount of Gen Fund Budget (orig.)	20,542,500	20,901,523	20,852,909	18,822,641	18,777,480	18,793,299	18,331,608	18,719,365	19,090,522	20,112,633
Total Amt of Spec Rev Funds Budgeted	28,640,518	29,940,907	29,590,028	30,054,446	30,769,120	30,787,599	30,162,567	30,823,613	32,402,928	33,883,587
Total Amt of Debt Svs Funds Budgeted	3,074,354	3,338,309	3,338,309	1,548,947	3,641,486	3,641,486	2,847,365	2,972,065	2,974,515	2,545,438
<u>Register of Deeds</u>										
Warranty Deeds	1,209	912	858	951	941	1,171	1,556	1,705	1,833	2,041
Quit Claim Deeds	1,340	1,211	1,308	1,207	1,334	1,369	1,431	1,379	1,233	1,268
Death Certificates	224	211	220	210	280	305	360	353	366	381
Land Contracts	20	7	27	31	609	500	25	195	23	32
Memo Land Contracts	69	70	78	112	1,984	1,900	142	1,314	146	131
Misc. Recordings	3,586	4,626	4,743	4,842	2,124	2,502	3,985	2,147	3,361	1,730
Mortgages	4,543	2,840	2,849	2,144	2,242	3,448	3,549	2,537	2,955	3,314
Discharges	4,472	3,048	2,980	2,435	2,658	3,817	4,372	2,976	3,287	3,440
Assignment of Mortgages	1,233	669	895	1,632	1,297	1,113	984	621	590	512
Misc. Mortgage Recordings	2,370	2,427	2,303	2,324	2,019	2,948	2,297	2,588	1,970	1,835
UCC Financing Filings	170	274	341	243	-	N/A				
<u>Community Development</u>										
<u>Housing Division</u>										
CDBG Homes Improved	14	9	16	16	15	N/A	N/A	N/A	N/A	N/A
CDBG - Senior Clients	2	2	5	5	5	N/A	N/A	N/A	N/A	N/A
CDBG - Handicapped Clients	7	2	5	5	2	N/A	N/A	N/A	N/A	N/A
<u>Soil & Sedimentation</u>										
SESC Permits Issued	215	298	345	345	228	206	218	145	141	143

Source: Lapeer County Finance Department

Continued

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

FUNCTION	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL GOVERNMENT (Cont'd)										
<u>Drain Commissioner</u>										
Drains (&Other) Maintained	71	79	85	7	83	83	61	62	34	42
Drains Sprayed	11	18	17	15	-	10	14	-	-	1
Drains Assessed	59	57	53	45	29	37	48	52	43	45
Plan Reviews	6	6	4	-	3	4	3	9	5	3
Act 40 Permits Issued	11	14	10	8	12	3	8	1	1	2
Utility Permits (new in 2013)	N/A	N/A	N/A	N/A	N/A	N/A	9	3	7	-
Letter of Agreement - Building in ROW (new in 2013)	N/A	N/A	N/A	N/A	N/A	N/A	1	-	-	-
KWA crossing agreements (new in 2014)	N/A	N/A	N/A	N/A	N/A	N/A		16	10	-
<u>Treasurer</u>										
Total Number of Parcels	47,395	50,077	51,012	43,617	46,879	46,758	46,703	46,692	46,523	46,448
Number of Delinquent Parcels	5,060	5,510	5,266	5,455	5,125	4,788	4,495	4,501	4,356	4,117
Parcels Forfeited	666	932	977	1,008	879	751	708	639	734	640
Taxable Value	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	2,628,945,178	2,689,687,494	2,704,797,460
S.E.V.	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	3,028,649,198	3,273,424,184	3,454,666,989
<u>Collaborative Planning Commission</u>										
Rezoning/Text Amendment Reviews	23	13	12	15	5	5	5	-	28	-
Annual Conference Attendance	95	136	176	182	-	-	-	-	-	-
<u>Building & Grounds</u>										
Work Orders Completed	969	903	1,104	1,199	1,009	863	748	835	936	1,051
<u>Veterans Affairs</u>										
# Scheduled Appointments	N/A	N/A	552	411	512	N/A	583	N/A	691	-
Walk-in Clients (Est)			1,000-1,500	1,500	1,000-1,500	N/A	837	N/A	1,391	-
<u>MSUE</u>										
Educational Workshops/Events	201	181	115	118	319	318	416	143	130	100
4-H Club Members	1,043	686	591	596	565	571	474	452	452	462
Non-Club Youth Involved (Short-Term)	4,145	3,331	1,088	876	810	271	310	989	1,629	1,350
Active Master Gardeners	155	145	173	167	180	N/A	N/A	N/A	N/A	N/A
Food Safety Participants Trained	1,773	1,039	1,572	2,001	1,712	448	932	314	517	365
Number of Grants Administered	9	5	5	4	7	3	3	3	3	3
Leadership Training Participants	346	422	417	84	350	378	316	348	455	277
Food & Nutrition Participants Trained - Adults	N/A	N/A	N/A	N/A	N/A	619	604	618	168	93
Financial Management and Housing	N/A	N/A	N/A	N/A	N/A	89	130	N/A	N/A	N/A

Source: Lapeer County Finance Department

N/A - Information is Not Available at this Time

Concluded

LAPEER COUNTY, MICHIGAN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN YEARS (A) - UNAUDITED

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Legislative										
Computers	10	10	9	9	9	9	9	9	9	9
Judicial										
Court Rooms	6	6	6	6	6	6	6	6	6	6
Vehicles	9	9	10	10	10	10	10	9	7	9
Computers	74	98	98	98	101	105	107	107	82	82
* Network Printers/Copiers	17	14	14	14	14	7	10	10	12	0
General Government										
All County Buildings	12	12	12	12	12	12	12	12	12	12
Vehicles not reported elsewhere	15	19	18	18	18	17	17	16	18	16
Computers	69	83	85	85	86	87	89	90	79	80
* Network Printers/Copiers	26	18	20	20	20	15	16	16	11	0
Public Safety										
Jail Beds Available	123	123	123	123	123	123	123	123	123	123
Vehicles										
Patrol	18	20	20	20	20	20	20	21	22	18
Other	22	25	25	25	27	27	27	27	30	22
Computers	53	59	60	60	61	62	62	65	62	62
* Network Printers/Copiers	11	10	10	10	10	5	6	6	5	0
Health and Welfare										
Vehicles	22	22	21	21	21	21	21	25	27	24
Park Acreage										
Torzewski	70	70	70	70	70	70	70	70	70	70
Squire	80	80	80	80	87	87	87	87	87	87
Other	8	8	8	8	8	8	8	8	8	8
Computers	203	202	201	201	199	197	201	203	202	202
* Network Printers/Copiers	75	20	20	20	20	16	17	17	16	0

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, 2016 - 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 2016 is approximately **\$457,134** 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 2016 is **\$248,501**. The County's ending net position for the Workers' Compensation Fund at December 31, 2016 is **\$1,208**.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2016 is **\$4,318**. The County's ending net position for the the Unemployment Insurance Fund at December 31, 2016 is **\$36,845**.

LAPEER COUNTY, MICHIGAN
OTHER STATISTICS
DECEMBER 31, 2016 - 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 state highways, M-21, M-24, M-90, and M-53 and the Interstate I-69.