COMPREHENSIVE ANNUAL FINANCIAL REPORT

LAPEER COUNTY, MICHIGAN

FOR THE YEAR ENDED DECEMBER 31, 2011

BOARD OF COMMISSIONERS

Gary Roy, Chairperson
Cheryl Clark, Vice Chairperson
Dyle Henning
Lenny Schneider
Dave Eady
Linda M. Jarvis
C. Ian Kempf

ISSUED BY:
COUNTY ADMINISTRATION OFFICE

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

LAPEER COUNTY, MICHIGAN

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MICHIGAN'S OLDEST COURTHOUSE

Lapeer County Administration Office

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June 23, 2012

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, 2011, is submitted herewith. The administration of Lapeer County is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and the County as a whole. The report is prepared for the purpose of disclosing the County's financial condition to our community, elected officials, and other interested parties.

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

Lapeer County's financial statements have been audited by Stewart, Beauvais & Whipple PC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of Lapeer County, for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that Lapeer County's financial statements for the year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

PROFILE OF LAPEER COUNTY

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

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

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

The taxable value of property was $2,717,825,167 compared to $2,845,481,600 in 2010, a decrease of approximately 4.4 %. During the same period, S.E.V. decreased from $3,320,773,773 to $3,096,596,777 down approximately 6.7 %. The tax levy of 3.7886 remained the same from 2010 for general County operations. In this context, only five Michigan Counties have a lower operational tax rate than Lapeer County

Considered by the U.S. Census Bureau part of the Detroit Metropolitan Statistical Area, the County population in 2010 was 88,319 compared to the 2000 Census total of 87,904. While the County experienced a slight increase over the decade, the estimated peek population of 92,240 occurred in 2005, and with the estimated 2011 number of 88,082, a downward trend continues.

The real estate market throughout the County continued to reflect the effects of the economic downturn. The average residential selling price in 2011 was $ 102,176 up from $100,365 in 2010 based on data from Realcomp II Ltd., but still below the 2008 average of $127,403.

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

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

Creating a link between government and businesses interested in locating or expanding in the County, the Lapeer Development Corporation (LDC) continues to lead and coordinate economic development. During 2011, LDC assisted in the creation/retention of 248 jobs, and $37,273,810 million of investment value occurring as a result of the efforts of the Corporation. Since its inception in 1981, the LDC has brought a private sector investment of nearly $592,000,000 into the County and has assisted with the creation/retention of 7,413 jobs. An expanded partnership evolved in 2003 with the LDC established as the County Brownfield Authority by the Board of Commissioners. With the Brownfield designation, another tool was added to the local economic development process.

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

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

The Lapeer Community Foundation continues to perform a vital role in the community. Since beginning as a fund of the Community Foundation of Flint in 1996, the Foundation's assets have grown to $7,774,988 with approximately $257,620 awarded in scholarships and grants to non-profit groups, educational and government institutions in 2011. The Foundation, which became independent in 2005, also manages 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 fifteenth year of operation in August. Located in the City of Lapeer, the school has an enrollment of 295 elementary students.

Higher education opportunities are provided by a number of institutions at sites within the County. Mott Community College and the University of Michigan-Flint offer classes in the City of Lapeer. On the east side of the County, St. Clair Community College operates off campus programs in Imlay City and the Lapeer Ed-Tech Center.

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

All public Safety dispatching within the County is coordinated through one central communication site. The Lapeer County 911 Central Dispatch Center is responsible for dispatching 15 local fire departments, the County Sheriff Department, the Michigan State Police, 7 local police departments, and 6 EMS organizations. The Emergency Operations Center located in the facility, is the hub for communication and coordination in the event of a natural or man made disaster, providing inter operative communications for all responding departments. The Center functions as a single point of presence, connecting via fiber-optics lines for various state agencies (DHS, MSP, LEIN, DOC) and county departments, with one outgoing fiber-optic line to Lansing. This collaborative arrangement is cost effective for all participating agencies.

ORGANIZATION STRUCTURE

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

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

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

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

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

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

FINANCIAL PRACTICES

Factors Affecting Financial Condition

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

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

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

The transfer to the General Fund from the RSRF was indexed to the FY 2003/2004 state payment of $1,432,407 with annual consumer price index adjustment as allowed by PA 356. In 2010, the balance of this fund ($1,625,587) was transferred and $534,104 of State Revenue Sharing was received. In 2011, $1,550,117 in State Revenue Sharing was received, $224,554 less than the peak amount posted in 2001.

Growth in the tax base through 2008 produced an incremental annual increase in property tax revenue. While not offsetting other lost or reduced revenue, the expansion of taxable value, even with the required rollback in the tax rate, had provided some restrained capacity to meet the growing demands on the general fund budget. As originally noted in the 2008 CAFR, trends indicating that this growth had leveled along with the slowing of the State economy, and in fact may be declining were evident. The data from 2011 confirms the continued reduction in the growth of the property tax base and consequently, tax revenue. Furthermore, the continuing decrease in population, accelerated foreclosures and tax delinquencies, and a high level of unemployment are evidence of a changing economic base. Consequently, the declining revenue forecasts necessitate the need for corresponding expenditure reductions to maintain fiscal stability into the future. In 2011, $9,595,909 was received in property tax as compared to $10,088,251 the prior year.

Local Tax Increment Finance Authorities (TIFA's) and Downtown Development Authorities (DDA's) created by local units of governments capture revenues that otherwise would be available for use in the general fund. The apparent revenue produced for the general fund by multiplying the taxable value of property by the adopted tax rate was reduced by approximately $644,570 that was "captured" by local government TIFA's and DDA's in 2011. It should be noted that $210,359 that was considered "excess revenue" was returned to the County in FY 2011 from the City of Lapeer. These funds were directed to the multi-year capital budget.

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

Long term Financial Planning/Budgeting

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

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

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

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

Capital Improvement/Acquisitions

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

A multi-year technology plan approved by the Board of Commissioners continued into 2011. This Plan provides a footprint for the development of a cost effective informational technology system that gives each department the capacity to meet internal needs, yet ensures that hardware and software are acquired to integrate into the county-wide system. A single point of access, at substantial cost benefit, provides connectivity to the internet for all departments.

Cooperative Purchasing

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

Privatization

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

Shared Services

As the County faces on-going budgetary pressures, opportunities to partner with other units of government are considered when circumstances allow. While highly non-traditional, the County continues an agreement with St Clair County to share the duties of their Equalization Director and Director of Veterans Affairs. This arrangement has resulted in cost containment and will be monitored during the life of the agreement to determine cost benefit and measure the delivery of service. Preliminary reviews indicate that service has been enhanced and cost savings achieved.

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

Bond Rating

The County of Lapeer is cognizant of the value of Bond ratings for the present and future development of infrastructure throughout the County. Standard and Poor's affirned the AA/Stable rating for the county's existing GO debt in March. A constant focus of fiscal planning is the attainment of Bond ratings that support low interest rates when the need to acquire capital occurs. It is not only the County that benefits from a favorable rate, but also local units that borrow with the pledge of limited faith and credit of the County. The retention of an extremely low debt load remains a significant factor in the rating. Without a focused financial planning perspective, the cost to the citizens of the County to construct and/or improve public facilities and infrastructure may be significantly higher for any future debt issues.

Budgeting Controls

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

Major Initiatives

The implementation of the Information Systems Plan to upgrade technology throughout all Departments continued into 2011. 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 enhanced capacity for digital record retention has been given increased importance as the system evolves.Recognizing that energy costs are a significant element of the operational budgets, the Grounds and Maintenance Department continued to install energy saving equipment throughout county facilities. Department staff remained involved in the analysis and implementation of programs to reduce or contain expenses with all utilities. A continued review of energy containment methods for all County facilities remains in effect. The security system in the county complex was expanded with the installation of additional surveillance cameras. The single point of access for the building was also improved with the addition of an automatic door to allow individuals with mobility issues ease of entry.

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, 2010. 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 2011.

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

Respectfully submitted,

John Biscoe
County Controller/Administrator

Craig D. Horton
Chief Financial Officer

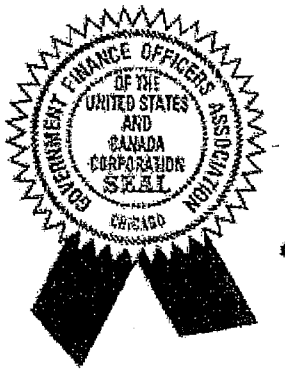
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lapeer County Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

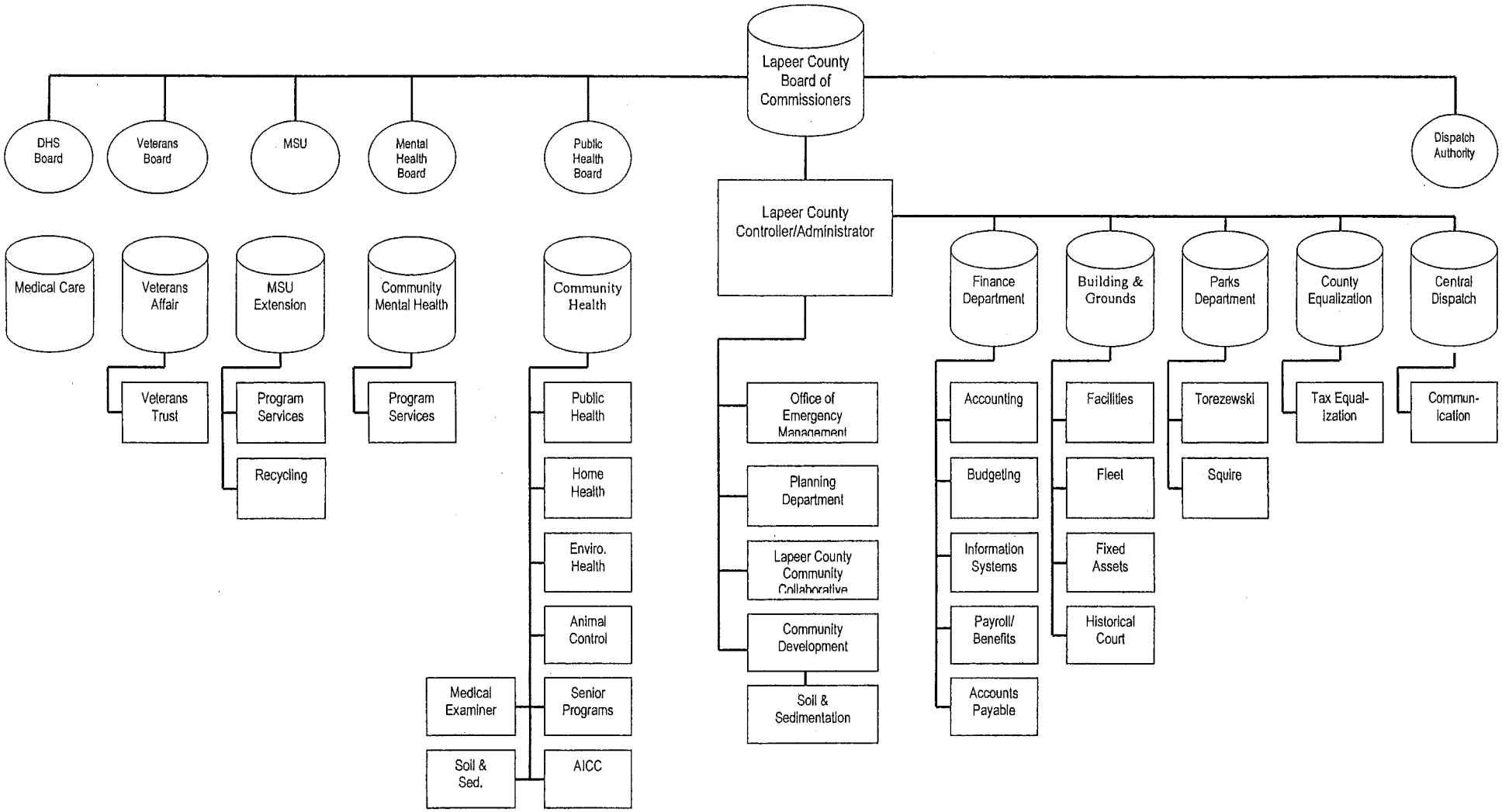
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



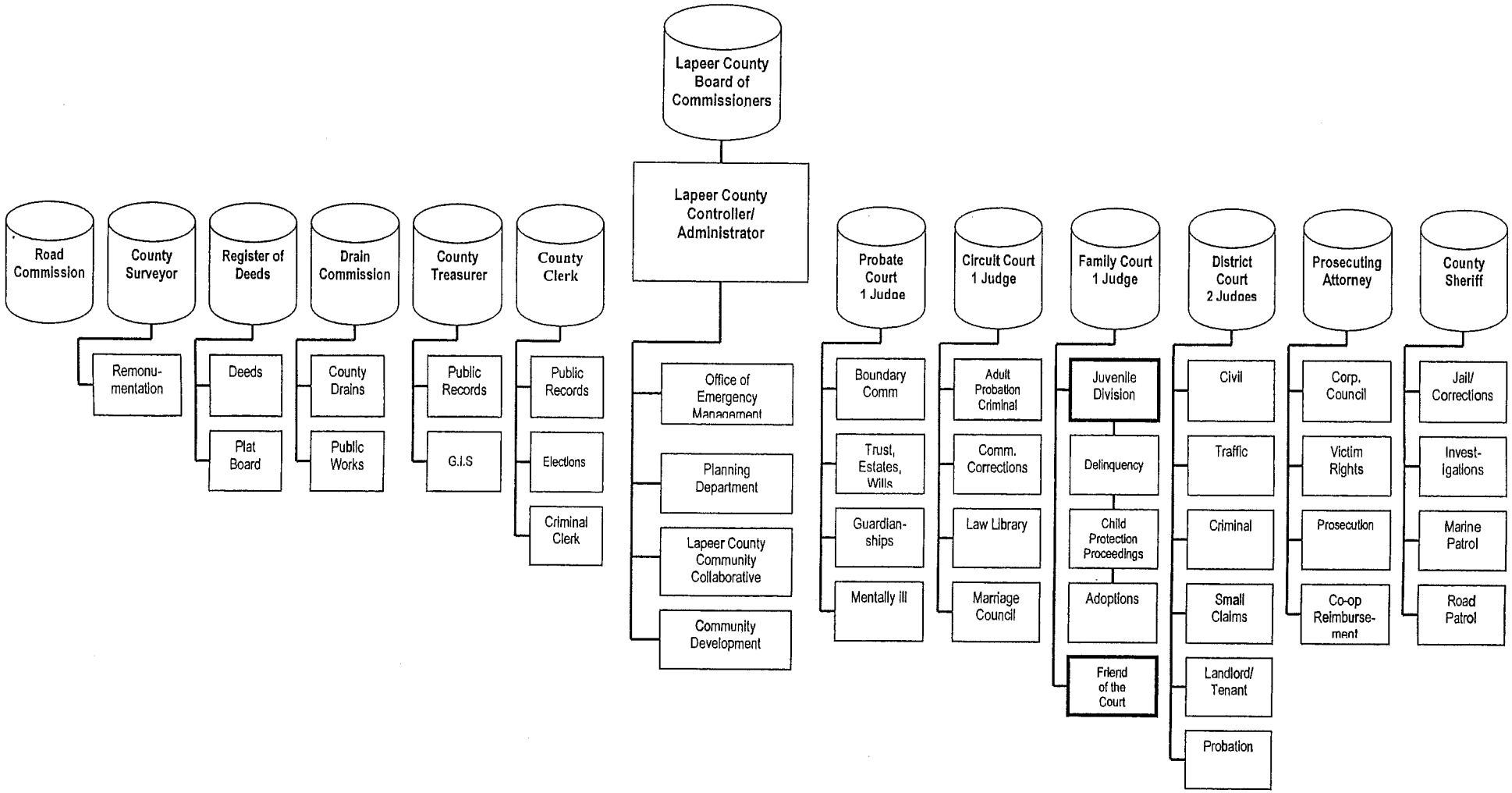
President

Executive Director

LAPEER COUNTY APPOINTED ORGANIZATIONAL CHART



LAPEER COUNTY ELECTORATE ORGANIZATIONAL CHART



LAPEER COUNTY, MICHIGAN

BOARD OF COMMISSIONERS

Chairperson
Gary Roy

Vice Chairperson
Cheryl Clark

Members

Dyle Henning
Lenny Schneider

Linda M. Jarvis

C. Ian Kempf
Dave Eady

COURT JUDGES

John T. Connolly
District Court

Michael Higgins
Family Court

Laura Cheger Barnard
District Court

Nick O. Holowka
Family Court

Justus Scott
Family Court

COUNTY ELECTED OFFICIALS

Dana M. Miller
Treasurer

Ronald J. Kalanquin
Sheriff

John Freeman
Drain Commissioner

Marlene M. Bruns
Clerk

Byron Konschuh
Prosecuting Attorney

Ray Davis
Surveyor

Melissa R. DeVaugh
Register of Deeds

County Appointed
John Biscoe
Controller/Administrator

Stewart,
Beauvais
& Whipple P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of Lapeer County
Lapeer, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan, as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lapeer County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lapeer County Land Bank Authority, which represent less than one percent of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lapeer County Land Bank Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, 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, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

For the year ended December 31, 2011, as discussed in Note 1, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As a result the financial reporting of the Local Reserve, Budget Stabilization, Emergency Disaster, and Rental Property Funds have been combined with the General Fund to reflect the revised definitions for the governmental fund types. In addition the fund balance classifications have been changed to comply with this statement.

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In accordance with ***Government Auditing Standards***, we have also issued our report dated June 22, 2012, on our consideration of Lapeer County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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*** and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and schedules of revenues, expenditures and changes in fund balance – budget and actual on pages 71 through 76 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lapeer County, Michigan's financial statements as a whole. The combining General Fund schedules, combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds supplemental schedules, and combining and individual fund financial statements for the discretely presented component units are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Stewart Beauvais & Whipple, P.C.
Certified Public Accountants

June 22, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The County of Lapeer's (the County) management's discussion and analysis is intended to provide the readers of the County's financial statements a general overview of the financial activities for the fiscal year ending December 31, 2011. This analysis should be read in conjunction with the transmittal letter, beginning on page i of this report, and with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

- In total, Lapeer County primary government improved its financial position during fiscal year 2011.
- Net assets increased $1,904,995 to $72,720,795 (excluding component units).
- Government activities net assets increased $1,527,025 to $37,791,206.
- Business-type activities net assets increased $377,970 to $34,929,589.

Fund Level:

- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of $22,480,139 increasing $6,398,552.
- For the year ended 2011, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Due to the implementation, four special revenue funds (Local Reserve, Budget Stabilization, Emergency Disaster and Rental Property) were required to be included in the General Fund for financial reporting purposes. The beginning fund balance of the General Fund was restated from $4,422,705 to $10,625,172. As of the end of the current year, the County reported ending a fund balance in the General Fund of $11,624,090, an increase of $998,918 over the restated balance.
- The County added a major fund in 2011 due to bonds issued in early 2011 to construct and modernize the E-911 Central Dispatch System. The E-911 Construction Fund's activity consisted of the recording of bond proceeds, including a bond premium, one-time buyout incentive revenue received by the vendor offsetting the cost of certain upgrades, and capital outlay expenditures. This activity resulted in fund balance of $4,223,288.
- The E-911 Debt Fund created in 2010 and reported as a major fund due to the size of the taxes receivable levied and deferred at December 31, 2010 to finance debt service activities beginning in 2011. The 2011 activity resulted in property taxes of $2,134,913 and debt service expenditures of $305,394 resulting in an increase to fund balance of $1,829,519. A principal payment on the bonds has not been due creating the significant fund balance accumulation to-date.
- The Local Reserve Fund was previously reported as a major fund. The Fund no longer meets the Special Revenue definition under GASB Statement No. 54 and therefore has been combined with the General Fund for financial reporting purposes. The fund balance of the Local Reserve Fund at December 31, 2010 of $3,744,798 was restated to become part of the fund balance of the General Fund as of January 1, 2011. This fund balance has been assigned by management for future contingencies.
- The Budget Stabilization Fund was also combined with the General Fund as described above. The fund balance at December 31, 2011 is $2,504,748 and is restricted by the budget stabilization arrangement requiring 2/3 vote by the Board to appropriate and spending only for purposes established by State law.

Capital and Long-Term Debt Activities:

- The County's capital assets (net of accumulated depreciation) experienced a net increase of $11,459,660 to $42,817,945 during the fiscal year due mainly to construction in progress of the E-911 Central Dispatch for updating the facilities and equipment.

- The County paid $145,000 in bond obligations during fiscal year 2011. During 2011 the County issued $14,475,000 of limited general obligation bonds to construct/update an E-911 Central Dispatch System. At December 31, 2011, the two bond issues outstanding have a combined principal amount due of $14,995,000.

- The County is below its authorized debt limit by $324,240,305

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Both statements report the following activities:

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

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

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

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

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

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

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

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

The County maintains 34 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, Community Mental Health, Community Development, E-911 Debt and E-911 Construction Funds, all of which are considered major funds. Schedules for the combining general fund-budgetary to GAAP basis presentation (due to GASB 54 adoption) and data for the other 29 governmental funds that are combined into a single, aggregated column on basic statements are provided as supplemental information. Individual fund data of the budgetary basis of the Local Reserve, Budget Stabilization, Emergency Disaster and Rental Properties funds and each of the non-major governmental funds are provided in the form of combining statements elsewhere in this report.

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

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

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

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

Internal Services funds are an accounting device used by governments to accumulate and allocate cost internally among the County's various functions. The County uses internal service funds to account for its various employee benefit and risk management programs as well as two equipment pools. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. In addition, the proprietary funds are required to present a statement of cash flows, which is not required for the government-wide presentation. The proprietary financial statements provide separate information for the Delinquent Tax Fund and the Medical Care Facility, both of which are considered major funds of the County. The County's Internal Service Funds are presented in the proprietary fund financial statements in the Governmental Activities - Internal Service Funds column.

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

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

The basic fiduciary fund financial statement can be found on page 28 of this report.

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

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on budgetary comparisons for the five major governmental funds. This required supplementary information can be found on pages 71 - 75 of this report.

The combining statements referred to earlier in connection with the combining general fund schedules, non-major governmental, internal service and fiduciary funds are presented immediately following the required supplementary information. Combining general and individual fund statements and schedules can be found on pages 76 - 113 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by $72,720,795 at December 31, 2011.

Approximately 44%, or $32,344,530 of the County's net assets, is unrestricted and available for future obligations. Approximately 38%, or $27,822,945 of net assets represents our investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The analysis below focuses on the net assets of the County's government and business-type activities.

Net Assets of Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	$ 33,088,061	$ 27,264,470	$ 20,711,467	$ 22,892,430	$ 53,799,528	$ 50,156,900
Capital Assets	26,490,232	16,561,442	16,327,713	14,796,843	42,817,945	31,358,285
Total Assets	59,578,293	43,825,912	37,039,180	37,689,273	96,617,473	81,515,185
Long-term debt outstanding	15,765,521	1,435,765	665,932	470,051	16,431,453	1,905,816
Other Liabilities	6,021,566	6,125,966	1,443,659	2,667,603	7,465,225	8,793,569
Total Liabilities	21,787,087	7,561,731	2,109,591	3,137,654	23,896,678	10,699,385
Net Assets:						
Invested in Capital Assets, net of debt	11,495,232	15,896,442	16,327,713	14,796,843	27,822,945	30,693,285
Restricted	11,132,174	5,605,162	1,421,146	1,166,837	12,553,320	6,771,999
Unrestricted	15,163,800	14,762,577	17,180,730	18,587,939	32,344,530	33,350,516
Total Net Assets	$ 37,791,206	$ 36,264,181	$ 34,929,589	$ 34,551,619	$ 72,720,795	$ 70,815,800

A portion of the County's net assets (17 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance unrestricted net assets (44 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The County's combined net assets increased from $70,815,800 to $72,720,795 for a net change of Governmental and Business-type activities of $1,904,995 from the prior year.

Normal Impacts

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

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

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

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

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

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

The following condensed financial information was derived from the Government-wide Statement of Activities and reflects how the County's net assets changed during 2011 and 2010.

Changes in Net Assets for Governmental and Business-type Activities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenue:						
Program Revenue:						
Charges for services	$ 22,759,436	$ 22,291,931	$ 21,366,835	$ 20,552,223	$ 44,126,271	$ 42,844,154
Operating grants and Contributions	8,744,663	9,671,059	-	-	8,744,663	9,671,059
Capital Grants and Contributions	137,046	300,538	-	-	137,046	300,538
General Revenue:						
Property Taxes	13,680,318	12,766,862	909,353	930,705	14,589,671	13,697,567
Grants and Contributions not restricted to specific Programs	7,000	8,975	30,973	24,765	37,973	33,740
Other	404,060	392,381	28,142	115,568	432,202	507,949
Total Revenue	45,732,523	45,431,746	22,335,303	21,623,261	68,067,826	67,055,007
Expenses:						
Legislative	261,095	290,948	-	-	261,095	290,948
Judicial	4,785,333	5,172,038	-	-	4,785,333	5,172,038
General Government	6,181,739	6,925,829	-	-	6,181,739	6,925,829
Public Safety	10,098,018	10,779,183	-	-	10,098,018	10,779,183
Public Works	398,268	810,776	-	-	398,268	810,776
Health and Welfare	21,685,041	21,687,405	-	-	21,685,041	21,687,405
Recreation and Culture	422,204	592,701	-	-	422,204	592,701
Interest on Long-Term Debt	380,024	43,334	-	-	380,024	43,334
Medical Care Facility	-	-	21,726,473	18,645,836	21,726,473	18,645,836
Delinquent Tax	-	-	230,860	222,351	230,860	222,351
Total Expenses	44,211,722	46,302,214	21,957,333	18,868,187	66,169,055	65,170,401
Change in net assets before transfers	1,520,801	(870,468)	377,970	2,755,074	1,898,771	1,884,606
Transfers	6,224	4,697	-	-	6,224	4,697
Change in net assets	1,527,025	(865,771)	377,970	2,755,074	1,904,995	1,889,303
Net assets at beginning of year	36,264,181	37,129,952	34,551,619	31,796,545	70,815,800	68,926,497
Net assets at end of year	$ 37,791,206	$ 36,264,181	$ 34,929,589	$ 34,551,619	$ 72,720,795	$70,815,800

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 has significant authority to impose and periodically increase/decrease rates.

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

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

Expenses:

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

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

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

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

Governmental Activities:

The largest revenue source for governmental activities is the allocated operating property tax. The property tax rate remained at 3.7886 in 2011 as a result of the Headlee Amendment and the application of the base tax rate reduction fraction.

Although the taxable value of the property assessments decreased from $2,845,481,660 in 2010 to $2,717,825,167 in 2011 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 $645,000 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 $1,550,117 and $534,104 in 2011 and 2010, respectively.

Revenue by Source – Governmental Activities

	2011	2010
Charges for services	$ 22,759,436	$ 22,291,931
Operating grants and contributions	8,744,663	9,671,059
Capital grants and contributions	137,046	300,538
Property taxes	13,680,318	12,766,862
Other general revenue sources	411,060	401,356
	$ 45,732,523	$ 45,431,746

In total, fiscal year 2011 governmental activity revenue increased by $300,777, property taxes increased by $913,456 and operating grants and contributions decreased by $926,396. Increase in property values is due to a combination of a new tax levy for E-911 debt and a decrease in property values. The receipt of $1,550,117 of state shared revenue (increase of $1,016,013 from prior year), an Economic Development Grant of $94,314 (decrease of $527,096 from prior year) and other decreases to federal and state grant funding are the reasons for the decrease to operating grants and contributions.

Business-type Activities:

Business-type activities increased the County's net assets by $377,970.

Revenue by Source – Business-Type Activities

	2011	2010
Charges for services	$ 20,138,131	$ 19,203,313
Interest on taxes	907,192	983,101
Fees and penalties on delinquent taxes	266,135	308,249
Other operating revenues	54,126	56,227
Property taxes	909,353	930,705
Donations	30,973	24,765
Interest on investments	28,142	115,568
Gain on sale of assets	1,251	1,333
	$ 22,335,303	$ 21,623,261

In total, fiscal year 2011 business-type activity revenue increased by $712,042. The increase was due to increased charges for services.

Financial Analysis of the County's Major Funds

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

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of non-restricted 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.

Due to the adoption of GASB 54 (as discussed earlier) the fund balance classifications have changed. Nonspendable fund balance is $211,929 consisting of inventory, prepayments and advances. Restricted fund balance is $11,132,174. Assigned fund balance is $5,945,944 and unassigned fund balance is $5,190,092.

At December 31, 2011, the County's governmental funds reported combined ending fund balances of $22,480,139 an increase of $6,398,552 in comparison to the prior year.

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or policy, all County revenues and expenditures are recorded in the general fund. At December 31, 2011 the general fund reported a fund balance of $11,624,090 with $5,190,092 of that amount unassigned. As a measure of the general fund's liquidity, the unassigned fund balance represents approximately 30% of the total general fund expenditures and transfers.

The 2011 final budget of the general fund had projected revenues of $18,104,294 and transfers in of $7,000 with expenditures of $16,800,667 and transfers out of $2,305,832. The final budget anticipated expenditures over revenues of $995,205 or approximately 5% of combined expenditures and transfers out.

The four other major government funds reported fund balances as follows: Community Mental Health - $1,309,065, Community Development - $20,117, E-911 Debt - $1,829,519, and the E-911 Construction - $4,223,288.

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, 2011.

The Delinquent Tax Fund reported an increase in net assets of $1,434,430 to $17,442,228. The Medical Care Facility Fund reported a decrease of $1,056,460 to $17,487,361.

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, 2011 amounted to $42,817,945 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, building and improvements, construction in progress, machinery and equipment, and vehicles.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Governmental	
	2011	2010	2011	2010	2011	2010
Land	$ 1,086,863	$ 1,016,863	$ -	$ -	$ 1,086,863	$ 1,016,863
Land improvement	351,917	392,168	27	364	351,944	392,532
Construction in progress	10,770,756	-	-	7,022,070	10,770,756	7,022,070
Buildings and improvements	13,438,048	14,274,615	15,923,849	7,308,757	29,361,897	21,583,372
Machinery and equipment	484,723	462,631	403,837	465,652	888,560	928,283
Vehicles	357,925	415,165	-	-	357,925	415,165
Totals	$ 26,490,232	$ 16,561,442	$ 16,327,713	$ 14,796,843	$ 42,817,945	$ 31,358,285

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

Outstanding Debt

Long-term Debt: At December 31, 2011, the County had a total debt outstanding of $16,431,453 declining from the 2009 debt of $1,905,816. During 2011 the County issued $14,475,000 in general obligation bonds to update the facilities and equipment for the E-911 Central Dispatch.

	Governmental Activities		Business-type Activities		Total Governmental	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	$ 14,995,000	$ 665,000	$ -	$ -	$ 14,995,000	$ 665,000
Accrued Vacation and Sick	482,176	495,765	285,309	249,575	767,485	745,340
Accrued Claim Liability	183,000	305,000	380,623	220,476	563,623	525,476
Totals (1)	$ 15,660,176	$ 1,465,765	$ 665,932	$ 470,051	$ 16,326,108	$ 1,935,816

(1) Total does not include deferred amounts of $105,345 for 2011 and $(30,000) for 2010. See Note 8 to the financial statements for additional information regarding long-term debt.

Economic Outlook

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

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

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

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
ASSETS:				
Cash and cash equivalents	$ 14,467,817	$ 13,280,134	$ 27,747,951	$ 5,691,939
Investments	12,386,783	18,041	12,404,824	1,170,251
Receivables (net of allowance)	5,846,956	7,013,161	12,860,117	5,185,630
Prepaid items	197,313	139,962	337,275	249,604
Internal balances	(26,884)	(74)	(26,958)	-
Due from component unit	-	16,750	16,750	3,096
Inventory	1,251	118,123	119,374	789,622
Advance to component units	90,000	-	90,000	-
Other assets	8,000	-	8,000	-
Restricted assets -				
Cash and cash equivalents	116,825	125,370	242,195	-
Receivable - property taxes	-	-	-	4,279,118
Capital assets (net of accumulated depreciation)				
Assets not being depreciated	11,857,619	-	11,857,619	44,816,862
Assets being depreciated	14,632,613	16,327,713	30,960,326	41,984,789
Total Assets	59,578,293	37,039,180	96,617,473	104,170,911
LIABILITIES:				
Payables and accrued liabilities	3,290,042	1,318,289	4,608,331	870,034
Advances and deposits	-	-	-	267,043
Due to primary government	-	-	-	16,750
Due to component unit	-	-	-	3,096
Advances from primary government	-	-	-	90,000
Unearned revenue	2,731,524	-	2,731,524	-
Liabilities payable from restricted assets	-	125,370	125,370	-
Non-current liabilities -				
Net OPEB obligation	-	-	-	3,016,308
Due within one year	2,753,881	292,655	3,046,536	747,897
Due in more than one year	13,011,640	373,277	13,384,917	6,677,415
Total Liabilities	21,787,087	2,109,591	23,896,678	11,688,543
NET ASSETS:				
Invested in capital assets, net of related liabilities	11,495,232	16,327,713	27,822,945	83,979,506
Restricted -				
Acquisition/construction of capital assets	4,921,350	-	4,921,350	1,635,545
Foreclosure sales	-	1,421,146	1,421,146	-
Debt Service	1,879,980	-	1,879,980	1,840,439
Health and Welfare	281,075	-	281,075	-
Public Safety	1,022,351	-	1,022,351	-
Other Purposes	3,027,418	-	3,027,418	-
Unrestricted	15,163,800	17,180,730	32,344,530	5,026,878
Total Net Assets	$ 37,791,206	$ 34,929,589	$ 72,720,795	$ 92,482,368

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
Legislative	$ 261,095	$ -	$ -	$ -
Judicial	4,785,333	1,246,428	1,305,326	-
General Government	6,181,739	4,044,677	2,534,954	-
Public Safety	10,098,018	2,164,267	662,534	123,767
Public Works	398,268	-	-	-
Health and Welfare	21,685,041	15,068,511	4,198,236	13,279
Recreation and Culture	422,204	74,050	43,613	-
Interest on Long Term Debt	380,024	161,503	-	-
Total governmental activities	44,211,722	22,759,436	8,744,663	137,046
Business type activities:				
Medical Care Facility	21,726,473	19,723,547	-	-
Delinquent Tax	230,860	1,643,288	-	-
Total business type activities	21,957,333	21,366,835	-	-
Total Primary Government	$ 66,169,055	$ 44,126,271	$ 8,744,663	$ 137,046
Component Units				
Road Commission	$ 11,384,189	$ 1,773,660	$ 9,413,951	$ 315,399
Department of Public Works	159,627	-	-	158,419
Drainage Districts	1,133,143	175,989	39,145	411,063
Land Bank	34,165	9,738	-	-
Total Component Units	$ 12,711,124	$ 1,959,387	$ 9,453,096	$ 884,881

General revenues:
- Property taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment income
- Gain on sale of capital assets

Transfers - internal activities

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

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

Net (Expense) Revenue and Change in Net Assets			
Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
$(261,095)	$ -	$(261,095)	$ -
(2,233,579)	-	(2,233,579)	-
397,892	-	397,892	-
(7,147,450)	-	(7,147,450)	-
(398,268)	-	(398,268)	-
(2,405,015)	-	(2,405,015)	-
(304,541)	-	(304,541)	-
(218,521)	-	(218,521)	-
(12,570,577)	-	(12,570,577)	-
-	(2,002,926)	(2,002,926)	-
-	1,412,428	1,412,428	-
-	(590,498)	(590,498)	-
(12,570,577)	(590,498)	(13,161,075)	-
-	-	-	118,821
-	-	-	(1,208)
-	-	-	(506,946)
			(24,427)
-	-	-	(413,760)
13,680,318	909,353	14,589,671	-
7,000	30,973	37,973	-
404,060	28,142	432,202	40,783
-	-	-	2,478
6,224	-	6,224	-
14,097,602	968,468	15,066,070	43,261
1,527,025	377,970	1,904,995	(370,499)
36,264,181	34,551,619	70,815,800	92,852,867
$ 37,791,206	$ 34,929,589	$ 72,720,795	$ 92,482,368

LAPEER COUNTY, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Community Mental Health	Community Development	E-911 Debt
ASSETS				
Assets:				
Cash and cash equivalents	$ 1,296,851	$ 332,934	$ 20,117	$ 2,048,186
Investments	12,386,783	-	-	-
Receivables -				
Property taxes	608,833	-	-	-
Accounts and interest	36,195	239,766	1,281,681	1,812,202
Due from other governmental units -				
Federal/State	104,494	70,317	-	-
Local	-	50,497	-	-
Due from other funds	100	-	-	-
Interfund receivables	-	2,652,412	-	-
Inventory	-	-	-	-
Advances to other funds	-	7,500	-	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	54,292	53,358	-	-
Restricted Assets -				
Cash	-	116,825	-	-
Total Assets	$ 14,577,548	$ 3,523,609	$ 1,301,798	$ 3,860,388
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 166,259	$ 1,439,211	$ -	$ -
Accrued liabilities	141,847	118,861	-	-
Due to other governmental units -				
Federal/State	18,521	267,744	-	-
Local	-	288,692	-	-
Due to other funds	15,594	18,309	-	-
Interfund payables	2,600,000	-	-	-
Advances from other funds	-	-	-	-
Deferred revenue	11,237	81,727	1,281,681	2,030,869
Total Liabilities	2,953,458	2,214,544	1,281,681	2,030,869
Fund Balances:				
Nonspendable -				
Inventory	-	-	-	-
Prepayments	54,292	53,358	-	-
Advances	90,000	7,500	-	-
Restricted -				
Acquisition/construction of capital assets	-	-	-	-
Debt Service	-	-	-	1,829,519
Health and Welfare	-	116,825	20,117	-
Public Safety	-	-	-	-
Other Purposes	2,504,748	-	-	-
Assigned	3,784,958	1,131,382	-	-
Unassigned	5,190,092	-	-	-
Total Equity	11,624,090	1,309,065	20,117	1,829,519
Total Liabilities and Fund Equity	$ 14,577,548	$ 3,523,609	$ 1,301,798	$ 3,860,388

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

E-911 Construction	Other Governmental Funds	Total Governmental Funds
$ 4,223,288	$ 3,086,146	$ 11,007,522
-	-	12,386,783
-	597,454	1,206,287
-	412,193	3,782,037
-	726,168	900,979
-	-	50,497
-	-	100
-	-	2,652,412
-	1,251	1,251
-	-	7,500
-	-	90,000
-	5,528	113,178
-	-	116,825
$ 4,223,288	$ 4,828,740	$ 32,315,371

$ -	$ 201,020	$ 1,806,490
-	164,012	424,720
-	72,215	358,480
-	-	288,692
-	43,173	77,076
-	52,412	2,652,412
-	7,500	7,500
-	814,348	4,219,862
-	1,354,680	9,835,232
-	1,251	1,251
-	5,528	113,178
-	-	97,500
4,223,288	698,062	4,921,350
-	50,461	1,879,980
-	144,133	281,075
-	1,022,351	1,022,351
-	522,670	3,027,418
-	1,029,604	5,945,944
-	-	5,190,092
4,223,288	3,474,060	22,480,139
$ 4,223,288	$ 4,828,740	$ 32,315,371

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Fund Balances - total governmental funds	$	22,480,139
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Capital assets		42,445,688
Accumulated depreciation	(	18,390,485)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
Housing rehabilitation loan		1,281,681
Other		106,657
Discounts and premiums on bonds are reported as other financing uses or sources in the governmental funds, whereas they are capitalized and amortized from net assets (and netted against bonds payable)		
Bond premiums	(	232,759)
Deferred charges for bond issuance costs are currently expended in the governmental funds, whereas they are capitalized and amortized from net assets (and netted against bonds payable)		85,622
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized from net assets (and netted against bonds payable)		41,792
Internal Service Funds used by management to charge cost of health, unemployment and worker's compensation expenses and claims, and retirement contributions, post-employment health care and capital acquisition and replacement. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		5,663,005
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Accrued compensated absences	(	482,176)
Bonds payable	(	14,995,000)
Insurance claims payable	(	77,000)
Accrued interest on bonds/notes payable	(	135,958)
Net Assets of governmental activities	$	37,791,206

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, 2011

	General	Community Mental Health	Community Development	E-911 Debt
Revenues:				
Taxes	$ 9,729,526	$ -	$ -	$ 2,134,913
Licenses and permits	26,990	-	-	-
Intergovernmental	2,795,363	1,804,710	109,994	-
Charges for services	2,133,293	13,640,135	37,845	-
Fines and forfeits	241,189	-	-	-
Rents and royalties	15,884	-	-	-
Interest	549,646	11,099	-	-
Other	2,957,892	238,208	-	-
Total Revenues	18,449,783	15,694,152	147,839	2,134,913
Expenditures:				
Current -				
Legislative	261,095	-	-	-
Judicial	3,504,248	-	-	-
General Government	4,820,982	-	-	-
Public Safety	5,668,884	-	-	-
Public Works	278,040	-	119,628	-
Health and Welfare	183,878	16,127,820	33,560	-
Recreation and Cultural	226,735	-	-	-
Other Activities	414,047	-	-	-
Capital Outlay	-	-	-	-
Debt Service -				
Principal	-	-	-	-
Interest	-	-	-	226,688
Bond issuance costs	-	-	-	78,706
Total Expenditures	15,357,909	16,127,820	153,188	305,394
Revenues over (under) expenditures	3,091,874	(433,668)	(5,349)	1,829,519
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Premium on bonds	-	-	-	-
Transfers in	9,518	200,000	-	-
Transfers out	(2,102,474)	-	-	-
Total Other Financing Sources (Uses)	(2,092,956)	200,000	-	-
Net Change in Fund Balances	998,918	(233,668)	(5,349)	1,829,519
Fund Balances at beginning of year, as restated	10,625,172	1,542,733	25,466	-
Fund Balances at end of year	$ 11,624,090	$ 1,309,065	$ 20,117	$ 1,829,519

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

E-911 Construction	Other Governmental Fund	Total Governmental Funds
$ -	$ 1,815,879	$ 13,680,318
-	458,794	485,784
-	4,140,643	8,850,710
-	1,876,821	17,688,094
-	110,453	351,642
-	195,632	211,516
-	4,031	564,776
298,297	374,287	3,868,684
298,297	8,976,540	45,701,524
-	-	261,095
-	1,281,085	4,785,333
-	72,636	4,893,618
-	4,254,026	9,922,910
-	-	397,668
-	5,297,716	21,642,974
-	187,455	414,190
-	-	414,047
10,770,765	2,158	10,772,923
-	145,000	145,000
-	29,625	256,313
-	-	78,706
10,770,765	11,269,701	53,984,777
(10,472,468)	(2,293,161)	(8,283,253)
14,475,000	-	14,475,000
220,756	-	220,756
-	2,538,523	2,748,041
-	(659,518)	(2,761,992)
14,695,756	1,879,005	14,681,805
4,223,288	(414,156)	6,398,552
-	3,888,216	16,081,587
$ 4,223,288	$ 3,474,060	$ 22,480,139

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds	$	6,398,552
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		11,038,131
Depreciation expense	(	830,910)
Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		30,999
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 assets.		
Principal payments on long-term liabilities		145,000
Bond proceeds	(	14,475,000)
Bond issue costs		78,706
Bond premium	(	220,756)
Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges for the purpose of net assets:		
Accrued interest payable	(	130,416)
Amortization of bond issuance costs	(	12,799)
Amortization of premium on bonds		33,435
Amortization of deferred loss on refunding	(	13,931)
Internal Service Funds used by management to charge costs of healthcare, unemployment and worker's compensation expenses and claims, retirement contributions, post-employment health care and capital acquisition and replacement. The net revenues (expenses) attributable to those funds is reported with governmental activities.	(	545,575)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in compensated absences		13,589
Decrease in accrued insurance claims payable		18,000
Change in net assets of governmental activities	$	1,527,025

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 281,456	$ 12,998,678	$ 13,280,134	$ 3,460,295
Investments	18,041	-	18,041	-
Accounts receivable-				
Current and delinquent taxes	788,740	3,755,959	4,544,699	-
Accounts (net of allowance for doubtful accounts)	1,621,721	-	1,621,721	7,156
Accrued interest	360	687,235	687,595	-
Due from other governmental units	159,146	-	159,146	-
Deposit with agent	-	-	-	8,000
Inventories	118,123	-	118,123	-
Prepaid items	139,962	-	139,962	84,135
Due from other funds	-	-	-	50,092
Due from component unit	-	16,750	16,750	-
Restricted Assets -				
Cash and cash equivalents	125,370	-	125,370	-
Total Current Assets	3,252,919	17,458,622	20,711,541	3,609,678
Capital Assets:				
Property, plant and equipment net of accumulated depreciation	16,297,243	30,470	16,327,713	2,435,029
Total Assets	19,550,162	17,489,092	37,039,254	6,044,707
LIABILITIES:				
Current Liabilities:				
Accounts payable	521,775	244	522,019	275,702
Accrued liabilities	547,833	913	548,746	-
Due to other governmental units -				
Federal/State	201,891	-	201,891	-
Local	-	45,633	45,633	-
Due to other funds	-	74	74	-
Current portion of-				
Worker's compensation claims	150,000	-	150,000	85,000
Accrued vacation and sick	142,655	-	142,655	-
Liabilities payable from restricted assets -				
Patient trust liability	42,280	-	42,280	-
Patient deposits	83,090	-	83,090	-
Total Current Liabilities	1,689,524	46,864	1,736,388	360,702

Continued

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Fund
Long-Term Liabilities (less current portions):				
Accrued vacation and sick	$ 142,654	$ -	$ 142,654	$ -
Accrued workers' compensation claims	230,623	-	230,623	21,000
Total Long-Term Liabilities	373,277	-	373,277	21,000
Total Liabilities	2,062,801	46,864	2,109,665	381,702
NET ASSETS:				
Invested in capital assets, net of related debt	16,297,243	30,470	16,327,713	2,435,029
Restricted -				
Foreclosure sales	-	1,421,146	1,421,146	-
Unrestricted	1,190,118	15,990,612	17,180,730	3,227,976
Total Net Assets	$ 17,487,361	$ 17,442,228	$ 34,929,589	$ 5,663,005

Concluded

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Operating Revenues:				
Charges for services	$ 19,668,170	$ 469,961	$ 20,138,131	$ 6,154,481
Interest on taxes	-	907,192	907,192	-
Fees and penalties on delinquent taxes	-	266,135	266,135	-
Other	54,126	-	54,126	-
Total Operating Revenues	19,722,296	1,643,288	21,365,584	6,154,481
Operating Expenses:				
Administrative and general	3,461,090	129,288	3,590,378	409,370
Maintenance	1,457,033	-	1,457,033	-
Nursing	9,378,983	-	9,378,983	-
Daycare	322,438	-	322,438	-
Other services	5,754,247	98,107	5,852,354	-
Insurance and claims	-	-	-	3,645,984
Retirement contributions	-	-	-	2,441,959
Depreciation and amortization	813,708	3,465	817,173	392,972
Total Operating Expenses	21,187,499	230,860	21,418,359	6,890,285
Operating Income (Loss)	(1,465,203)	1,412,428	(52,775)	(735,804)
Non-Operating Revenues (Expenses):				
Donations	30,973	-	30,973	-
Property taxes	909,353	-	909,353	-
Interest on investments	6,140	22,002	28,142	2,380
Maintenance of effort	(538,974)	-	(538,974)	-
Gain on sale of assets	1,251	-	1,251	167,674
Total Non-Operating Revenues (Expenses)	408,743	22,002	430,745	170,054
Net Income (Loss) Before Transfers	(1,056,460)	1,434,430	377,970	(565,750)
Transfers:				
Transfers in	-	-	-	220,175
Transfers out	-	-	-	(200,000)
Total Transfers	-	-	-	20,175
Change in Net Assets	(1,056,460)	1,434,430	377,970	(545,575)
Net Assets at beginning of year	18,543,821	16,007,798	34,551,619	6,208,580
Net Assets end of year	$ 17,487,361	$ 17,442,228	$ 34,929,589	$ 5,663,005

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, 2011

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Cash Flows From Operating Activities:				
Cash receipts from customers	$ 19,708,135	$ 7,960,660	$ 27,668,795	$ 6,134,101
Cash payments to employees	(11,382,066)	-	(11,382,066)	-
Cash payments to suppliers	(10,425,557)	(7,275,614)	(17,701,171)	(6,373,568)
Other cash receipts	54,126	-	54,126	-
Net Cash Provided by (Used in) Operating Activities	(2,045,362)	685,046	(1,360,316)	(239,467)
Cash Flows From Noncapital Financing Activities:				
Patient trust deposits	(4,232)	-	(4,232)	-
Interfund transfers	-	-	-	20,175
Net Cash Provided by (Used in) Noncapital Financing Activities	(4,232)	-	(4,232)	20,175
Cash Flows From Capital and Related Financing Activities:				
Property taxes and contributions	967,680	-	967,680	-
Good faith deposit released	-	-	-	(25,000)
Acquisition of capital assets	(2,320,558)	(27,485)	(2,348,043)	(212,608)
Proceeds from sale of capital assets	1,251	-	1,251	265,741
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,351,627)	(27,485)	(1,379,112)	28,133
Cash Flows From Investing Activities:				
Sale of investments	312,566	2,970,431	3,282,997	-
Interest earned	7,701	22,002	29,703	2,380
Net Cash Provided by Investing Activities	320,267	2,992,433	3,312,700	2,380
Net Increase (Decrease) in cash and cash equivalents	(3,080,954)	3,649,994	569,040	(188,779)
Cash and cash equivalents at beginning of year	3,487,780	9,348,684	12,836,464	3,649,074
Cash and cash equivalents at end of year	$ 406,826	$ 12,998,678	$ 13,405,504	$ 3,460,295
Statement of Net Assets -				
Cash and Cash Equivalent -				
Current assets	281,456	12,998,678	13,280,134	3,460,295
Restricted assets	125,370	-	125,370	-
Cash and cash equivalents at end of year	$ 406,826	$ 12,998,678	$ 13,405,504	$ 3,460,295

Continued

LAPEER COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Business Type Activities-Enterprise Funds			Governmental Activities
	Medical Care Facility	Delinquent Tax	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss) for the year	$(1,465,203)	$ 1,412,428	$(52,775)	$(735,804)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -				
Depreciation and amortization	813,708	3,465	817,173	392,972
Maintenance of effort	(538,974)	-	(538,974)	-
Change in assets and liabilities-				
(Increase) decrease in -				
Receivables	199,111	(615,848)	(416,737)	(7,150)
Due from other governmental units	(159,146)	-	(159,146)	-
Due from other funds	-	4,194	4,194	(13,230)
Due from component unit	-	6	6	-
Prepaid and deposits	(11,156)	-	(11,156)	302,012
Inventory	20,856	-	20,856	-
Increase (decrease) in-				
Accounts payable	(1,125,981)	(2,215)	(1,128,196)	(74,267)
Accrued liabilities	309,914	913	310,827	(104,000)
Due to other funds	-	74	74	-
Due to component unit	-	(80,714)	(80,714)	-
Due to other governmental units	(88,491)	(37,257)	(125,748)	-
Net Cash Provided By (Used in) Operating Activities	$(2,045,362)	$ 685,046	$(1,360,316)	$(239,467)

Concluded

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

LAPEER COUNTY, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2011

ASSETS:	
Cash and cash equivalents	$ 1,881,425
LIABILITIES:	
Due to individuals and agencies	$ 643,191
Due to other governmental units	1,238,234
Total Liabilities	$ 1,881,425

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

COMPONENT UNITS

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2011

	Road Commission	Board of Public Works	Drainage Districts	Land Bank	Totals
ASSETS					
Cash and cash equivalents	$ 2,903,077	$ -	$ 2,746,711	$ 42,151	$ 5,691,939
Investments	-	-	1,170,251	-	1,170,251
Receivables	2,012,145	102,250	3,071,235	-	5,185,630
Due from other component units	-	-	3,096	-	3,096
Inventories	718,722	-	-	70,900	789,622
Prepayments and deposits	78,987	-	170,617	-	249,604
Restricted Assets - Receivables	-	4,279,118	-	-	4,279,118
Capital Assets (net of accumulated depreciation)					
Assets not being depreciated	40,813,381	-	4,003,481	-	44,816,862
Assets being depreciated	30,560,122	-	11,424,667	-	41,984,789
Total Assets	77,086,434	4,381,368	22,590,058	113,051	104,170,911
LIABILITIES					
Payables and accrued liabilities	759,103	-	86,988	-	846,091
Accrued interest	546	22,439	733	-	23,718
Advances and deposits	267,043	-	-	-	267,043
Due to other governmental units	225	-	-	-	225
Due to primary government	-	-	-	16,750	16,750
Due to other component units	-	3,096	-	-	3,096
Advance from primary government	-	-	90,000	-	90,000
Non-current liabilities -					
Net OPEB Obligation	3,016,308	-	-	-	3,016,308
Due within one year	80,000	378,237	289,660	-	747,897
Due in more than one year	167,334	3,977,596	2,532,485	-	6,677,415
Total Liabilities	4,290,559	4,381,368	2,999,866	16,750	11,688,543
NET ASSETS					
Invested in capital assets, net of related liabilities	71,373,503	-	12,606,003	-	83,979,506
Restricted for -					
Debt service	-	-	1,635,545	-	1,635,545
Capital projects	-	-	1,840,439	-	1,840,439
Unrestricted	1,422,372	-	3,508,205	96,301	5,026,878
Total Net Assets	$ 72,795,875	$ -	$ 19,590,192	$ 96,301	$ 92,482,368

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, 2011

	Road Commission	Board of Public Works	Drainage Districts	Land Bank	Total
Expenses:					
General Government	$ -	$ -	$ -	$ 34,165	$ 34,165
Public Works	-	159,627	1,133,143	-	1,292,770
Highways and Streets	11,384,189	-	-	-	11,384,189
Total Expenses	11,384,189	159,627	1,133,143	34,165	12,711,124
Program revenues:					
Charges for services	1,773,660	-	175,989	9,738	1,959,387
Operating grants and contributions	9,413,951	-	39,145	-	9,453,096
Capital grants and contributions	315,399	158,419	411,063	-	884,881
Total Program Revenues	11,503,010	158,419	626,197	9,738	12,297,364
Net program revenue (expense)	118,821	(1,208)	(506,946)	(24,427)	(413,760)
General Revenues:					
Unrestricted investment income	10,601	1,208	28,925	49	40,783
Gain on sale of capital assets	2,478	-	-	-	2,478
Total General Revenues	13,079	1,208	28,925	49	43,261
Change in Net Assets	131,900	-	(478,021)	(24,378)	(370,499)
Net Assets, beginning of year	72,663,975	-	20,068,213	120,679	92,852,867
Net Assets, end of year	$ 72,795,875	$ -	$ 19,590,192	$ 96,301	$ 92,482,368

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity -

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

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

BLENDED COMPONENT UNIT -

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

DISCRETELY PRESENTED COMPONENT UNITS -

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

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

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

LAPEER COUNTY DRAINAGE DISTRICTS established pursuant to Act 40, P.A. 1956, as amended, of the Michigan Drain Code and are under the administration of the Lapeer County Drain Commissioner. The statutory 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. 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 and an Intergovernmental Agreement entered into between the Michigan Land Bank Fast Track Authority and the Lapeer County Treasurer. The Land Bank Authority is governed by a five-member board including the Lapeer County Treasurer, who is, by law, its Chairperson, and four other members appointed by the Lapeer County Board of Commissioners. The Land Bank Authority was created to acquire, hold, manage and develop tax-foreclosed properties, as well as other vacant and abandoned properties. The County Board of Commissioners can significantly influence the operations of the Land Bank Authority.

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

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

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

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

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

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

B. Government-wide and fund financial statements -

The government-wide financial statements (i.e., the statement of net assets 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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting,* as are the proprietary fund and fiduciary fund financial statements. (Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. 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.

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

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

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

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

Additionally, the County reports the following fund types:

Governmental Fund Types -

Special Revenue Funds - are used to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes.

Debt Service Funds - are used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

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

Proprietary Fund Type -

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

Fiduciary Fund Type -

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.

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

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

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

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds 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.

D. Assets, Liabilities and Net Assets or Equity -

Deposits and Investments -

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

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit with original maturities of three months or less from the date of acquisition and financial institution pooled funds. The financial institution pooled 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 carrying amount which reasonably approximates fair value.

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

Receivables and Payables -

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

Advances to other funds, as reported in the governmental 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.

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

Inventories and Prepaid Items -

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

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

Property Tax Calendar -

The property taxes for the County's general fund are levied on July 1 (the lien date), with all special purpose taxes levied on December 1 (the lien date), based on the taxable value of property located in the County as of the preceding December 31, by the various municipalities within the County. The July 1 taxes are due on or before September 15 and the December 1 taxes are due on or before February 15. The general fund levy and the Medicaid Care Facility levy are recognized in the year of the levy. The E-911 Debt Fund and Senior Millage Fund taxes levied on December 1 are recorded as a receivable and deferred since they are budgeted as revenues in the subsequent year. For the 2011 year the County levied 3.7886 mills for the General Fund operations and extra voted levies of .3300 mills for Medical Care Facility, .7500 mills for E-911 Central Dispatch debt and .2500 for Senior Citizens programs.

Capital Assets -

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

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

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

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

Compensated Absences -

In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation leave under formulas and conditions specified in the contracts. All vested vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for this amount is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, the entire amount of accrued vacation is considered current because the unused balances must be used prior to employee anniversary dates.

Long-Term Obligations -

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

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

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

Fund Equity -

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions.* The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard adopted in 2011, the fund balance classifications of reserved, designated, and unreserved-undesignated were replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned.

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 cannot be spent based on its form or because it must be maintained intact.

Restricted fund balance – the portion of fund balance that has limitations imposed 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 or ordinance.

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

Unassigned fund balance – the portion of fund balance in the general fund that cannot be classified into one of the four categories above.

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

Accounting and Reporting Change -

For the year ended December 31, 2011, the County adopted Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The County had four special revenue funds that did not meet the criteria to remain separate funds and therefore were required to be included in the General Fund for reporting purposes. In order to conform the classifications of the funds to the appropriate fund types under these new definitions, the beginning fund balance of the General Fund was restated as follows:

Fund Balance – December 31, 2010 – as previously reported	$ 4,422,705
Local Reserve Fund	3,744,798
Budget Stabilization Fund	2,423,282
Emergency Disaster	34,100
Rental Property	287
Fund Balance – December 31, 2010 – as restated	$ 10,625,172

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

Budget Stabilization Arrangement -

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

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

As described on the previous page, under accounting and reporting change, the Budget Stabilization Fund no longer meets the criteria to be reported as a special revenue fund and with the implementation of GASB No. 54 is reported as part of the General Fund. At December 31, 2011, the accumulation within the Budget Stabilization Fund was $2,504,748 and is reported as fund balance restricted for the stabilization arrangement within the General Fund.

Estimates -

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

Federal Programs -

Federal Programs are accounted for in specific Special Revenue Funds or as part of the various fund types to which the programs pertain. The County has not integrated its Single Audit Reports and Schedule of Expenditures of Federal Awards as part of the Annual Financial Report. The Single Audit Financial Report will be issued prior to August 31, 2012, under separate cover as supplementary information to the Annual Financial Report.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information -

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

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

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

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

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

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

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

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

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

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

During the year ended December 31, 2011, the County (primary government) incurred expenditures in the General Fund and Special Revenue Funds, which were in excess of the amounts appropriated at the activity level for the General Fund except for transfers out, which are at the account level, and functional level for the Special Revenue Funds as follows:

Expenditures Over Appropriations -

Fund Type/Function/Activity/Account	Appropriations	Expended	Variance
PRIMARY GOVERNMENT -			
General Fund -			
Transfers Out			
Parks Department	$ 47,654	$ 49,153	$ 1,499
Health Department -			
Operations	444,000	467,500	23,500
Community Development -			
Public Works	-	119,628	119,628
Nonmajor Special Revenue Funds -			
Parks Department –			
Recreation and Culture	172,952	184,955	12,003
Transfer Out	-	50,000	50,000
Emergency Management –			
Public Safety	76,978	197,551	120,573
Thumb Narcotics Unit –			
Public Safety	237,605	283,964	46,359
Policing Contracts –			
Transfer Out	-	9,518	9,518
Law Enforcement – Other –			
Public Safety	45,600	52,114	6,514
Department of Human Services –			
Health and Welfare	23,910	117,156	93,246
Veterans' Trust –			
Health and Welfare	6,092	6,719	627
K.I.N.D. –			
General Government	-	77	77

The budget reported for the Department of Human Services Fund reflects only the anticipated local portion of the Agency budget provided by an annual County appropriation. The balance of the budget is financed through the State of Michigan. The Department of Human Services only requires a budget for the locally funded portion of the Department of Human Services Fund.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Authorized Deposits and Investments -

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

Act 20 PA 1943 as amended by Act 1997 PA 1999 authorizes the County to invest surplus funds in bonds, securities and other direct obligations of the United States government or an agency or instrumentality of the United States; certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution only if the bank, savings and loan association, or credit union is eligible to be a depository of funds belonging to the State; bankers' 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, investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 3657, 129.111 to 129.118.

Carrying Amount -

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

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash on Hand	$ 11,475	$ 350	$ 300	$ 12,125
Deposits with Financial Institutions	29,562,038	3,160,696	1,881,125	34,603,859
	29,573,513	3,161,046	1,881,425	34,615,984
Investments				
Corporate Bonds	245,094	-	-	245,094
Municipal Bonds	2,900,996	100,458	-	3,001,454
U.S. Government Securities	6,660,534	356,356	-	7,016,890
Mutual Funds	990,565	369,227	-	1,359,792
Investment Trust Funds	24,268	2,875,103	-	2,899,371
Total Investments	10,821,457	3,701,144	-	14,522,601
Total Cash on Hand, Deposits and Investments	$ 40,394,970	$ 6,862,190	$ 1,881,425	$ 49,138,585

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

Reconciliation to Statement of Net Assets and Statement of Fiduciary Net Assets (Combining Balance Sheet)

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Reported as Cash and Cash Equivalents -				
Cash on Hand	$ 11,475	$ 350	$ 300	$ 12,125
Cash in Checking/Money Market/Savings	27,954,403	2,816,486	1,881,125	32,652,014
Investment Trust Funds	24,268	2,875,103	-	2,899,371
Total Cash and Cash Equivalents Reported on Combined Balance Sheet	27,990,146	5,691,939	1,881,425	35,563,510
Reported as Investments -				
Corporate Bonds	245,094	-	-	245,094
Municipal Bonds	2,900,996	100,458	-	3,001,454
U.S. Government Securities	6,660,534	356,356	-	7,016,890
Certificates of Deposit	1,607,635	344,210	-	1,951,845
Mutual Funds	990,565	369,227	-	1,359,792
Total Investments Reported on Combined Balance Sheet	12,404,824	1,170,251	-	13,575,075
Grand Total - Combined Balance Sheet	$ 40,394,970	$ 6,862,190	$ 1,881,425	$ 49,138,585

Deposits with Financial Institutions -

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

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

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

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

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned. As an indication of the level of deposit custodial credit risk assumed by the County, as of December 31, 2011, the book value of the County's deposits was $34,603,859 with a corresponding bank balance of $35,590,001. Insured deposits were $3,149,311, and the remaining $32,440,690 was uninsured or uncollateralized.

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

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

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 -

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

Investment Type	Fair Value	Percentage
U.S. Government Securities	$ 7,016,890	48.3 %
Investment Trust Funds	2,899,371	20.0
Municipal Bonds	3,001,454	20.7
Mutual Funds	1,359,792	9.0
Corporate Bonds	245,094	2.0
Total	$ 14,522,601	100.00 %

Credit Risk - Investments - The County has $2,899,371 invested in investment trust funds that invest primarily in U.S. Treasuries, U.S. Agencies, repurchase agreements, and commercial paper. The County's investment policy does not specifically address credit risk for investments. The investment trusts have been rated as follows:

	Amount	Rating	Rating Agency	Average Days to Maturity
Primary Government -				
MBIA Michigan CLASS	$ 24,268	AAAm	Standard & Poors	43
Component Unit -				
Chase - Sweep Investment Accounts	2,875,103	Aaa	Moody's	N/A

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

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

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

Fair Value	Ratings
$ 48,495	AAA
961,103	AA2
1,477,260	AA3
217,182	A1
100,458	BAA1
245,451	BAA2
196,599	No Rating
$ 3,246,548	

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, 2011, $10,263,438 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 formal 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 do not exceed the income generated from the remainder of the portfolio. However, the County's policy does not restrict the amount that can be invested with any one issuer, financial institution or type of investment.

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

		Maturity (Years)			
Investment Type	Fair Value	<1	1-5	6-10	>10
Municipal Bonds	$ 3,001,454	$ 396,354	$ 2,594,941	$	$ 10,159
Corporate Bonds	245,094	245,094	-	-	-
Total Investments	$ 3,246,548	$ 641,448	$ 2,594,941	$ -	$ 10,159

NOTE 4 - RECEIVABLES:

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

	Governmental Activities	Business-type Activities
Property Taxes	$ 1,206,287	$ 4,544,699
Interest and Accounts	3,789,193	2,602,316
Intergovernmental -		
Federal/State	900,979	159,146
Local	50,497	-
	5,946,956	7,306,161
Less - allowance for uncollectible	(100,000)	(293,000)
	$ 5,846,956	$ 7,013,161

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned or are received in advance of the period they are intended to finance. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

		Unavailable	Unearned
General Fund	Grants	$ 11,237	$ -
Community Mental Health	Grants and Fees	81,727	-
Community Development	Revolving Loan	1,281,681	-
E-911 Debt Fund	Property Taxes	-	2,030,869
Non-Major Governmental Funds	Property Taxes	-	670,376
	Fees	-	30,279
	Grants	113,693	-
Total deferred/unearned revenues in governmental funds		$ 1,488,338	$ 2,731,524

NOTE 5 - CAPITAL ASSETS:

Primary Government

Capital asset activity of the primary government for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Disposals	Balance December 31, 2011
Governmental activities:				
Capital Assets, not being depreciated:				
Land	$ 1,016,863	$ 70,000	$ -	$ 1,086,863
Construction in Progress	-	10,770,756	-	10,770,756
Total Capital Assets Not Being Depreciated	1,016,863	10,840,756	-	11,857,619
Capital Assets, being depreciated:				
Buildings	25,431,498	69,701	220,000	25,281,199
Improvement other than Buildings	1,620,462	-	-	1,620,462
Machinery and Equipment	7,832,089	190,628	-	8,022,717
Vehicles	1,831,413	149,654	101,905	1,879,162
Total Capital Assets being depreciated	36,715,462	409,983	321,905	36,803,540
Less Accumulated Depreciation for:				
Buildings	11,156,883	812,768	126,500	11,843,151
Improvements other than Buildings	1,228,294	40,251	-	1,268,545
Machinery and Equipment	7,369,458	168,536	-	7,537,994
Vehicles	1,416,248	202,327	97,338	1,521,237
Total Accumulated Depreciation	21,170,883	1,223,882	223,838	22,170,927
Total Capital Assets Being Depreciated, net	15,544,579	(813,899)	98,067	14,632,613
Governmental Activities Capital Assets, net	$ 16,561,442	$ 10,026,857	$ 98,067	$ 26,490,232
Business-type Activities:				
Capital Assets, not being depreciated:				
Construction in Progress	$ 7,022,070	$ 2,252,841	$ 9,274,911	$ -
Capital Assets, being depreciated:				
Buildings	13,663,699	9,300,343	-	22,964,042
Improvement other than Buildings	6,750	-	-	6,750
Machinery and Equipment	3,261,635	69,770	994	3,330,411
Total Capital Assets, being depreciated	16,932,084	9,370,113	994	26,301,203
Less Accumulated Depreciation for:				
Buildings	6,354,942	685,251	-	7,040,193
Improvements other than Buildings	6,386	337	-	6,723
Machinery and Equipment	2,795,983	131,585	994	2,926,574
Total Accumulated Depreciation	9,157,311	817,173	994	9,973,490
Total Capital Assets Being Depreciated, net	7,774,773	8,552,940	-	16,327,713
Business Activities Capital Assets, net	$ 14,796,843	$ 10,805,781	$ 9,274,911	$ 16,327,713

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

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

Governmental Activities:	
General Government	$ 339,913
Public Safety	233,589
Public Works	600
Health and Welfare	178,794
Recreation and Cultural	78,014
Depreciation Expense-Governmental Activities	830,910
Depreciation in the Internal Service Funds	392,972
Total Depreciation Expense - Governmental Activities	$ 1,223,882
Business-type Activities:	
Medical Care Facility	$ 813,708
Delinquent Tax Revolving	3,465
Total Depreciation Expense - Business-type Activities	$ 817,173

Discretely Presented Component Units:

Drainage Districts: Capital asset activity for the Drainage Districts for the year ended December 31, 2011, was as follows:

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital Assets, not being depreciated -				
Land Improvements	$ 2,809,103	$ -	$ -	$ 2,809,103
Construction in Progress	1,194,378	-	-	1,194,378
Total Capital Assets, not being depreciated	4,003,481	-	-	4,003,481
Capital Assets, being depreciated -				
Equipment	728,927	14,595	-	743,522
Infrastructure	25,041,791	-	-	25,041,791
Total Capital Assets Being Depreciated	25,770,718	14,595	-	25,785,313
Less Accumulated Depreciation for -				
Equipment	728,927	2,919	-	731,846
Infrastructure	13,108,512	520,288	-	13,628,800
Total Depreciation	13,837,439	523,207	-	14,360,646
Total Capital Assets Being Depreciated, net	11,933,279	(508,612)	-	11,424,667
Drainage Districts Capital Assets, net	$ 15,936,760	$(508,612)	$ -	$ 15,428,148

Depreciation expense was $523,207 for 2011.

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

Road Commission: Capital asset activity for the Road Commission for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
Capital Assets, not being depreciated -				
Land	$ 159,507	$ -	$ -	$ 159,507
Land Improvements	39,255,127	1,218,701	-	40,473,828
Right of Ways	180,046	-	-	180,046
Total Capital Assets, not being depreciated	39,594,680	1,218,701	-	40,813,381
Capital Assets, being depreciated -				
Building and Improvements	1,932,201	-	-	1,932,201
Road Equipment	7,205,142	548,751	13,050	7,740,843
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	40,151,096	1,828,052	1,742,515	40,236,633
Bridges	14,124,778	562,191	-	14,686,969
Traffic Signals	83,723	-	-	83,723
Depletable Assets -				
Gravel Pits	205,130	-	-	205,130
	64,434,456	2,938,994	1,755,565	65,617,885
Less - Accumulated Depreciation for -				
Buildings and Improvements	1,480,355	47,954	-	1,528,309
Road Equipment	5,886,979	550,263	13,028	6,424,214
Shop Equipment	154,591	-	-	154,591
Office Equipment	507,095	-	-	507,095
Engineering Equipment	70,700	-	-	70,700
Infrastructure -				
Roads	20,723,086	2,298,113	1,742,515	21,278,684
Bridges	4,626,396	292,087	-	4,918,483
Traffic Signals	41,404	-	-	41,404
Depletable Assets	134,283	-	-	134,283
	33,624,889	3,188,417	1,755,543	35,057,763
Total Capital Assets, being depreciated, net	30,809,567	(249,423)	22	30,560,122
Road Commission Capital Assets, net	$ 70,404,247	$ 969,278	$ 22	$ 71,373,503

Total depreciation for the year ended September 30, 2011 was $3,188,417. Roads are removed from the capital assets at the time the group of individually recorded roads has been fully depreciated.

NOTE 6 - PAYABLES:

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

	Governmental Activities	Business-type Activities
Accounts Payable/Accrued Liabilities	$ 2,082,192	$ 522,019
Accrued Interest	135,958	-
Wages and Fringe Benefits	424,720	548,746
Intergovernmental -		
Federal/State	358,480	201,891
Local	288,692	45,633
	$ 3,290,042	$ 1,318,289
Payables from Restricted Assets		
Patient Trust Liability	$ -	$ 42,280
Patient Deposits	-	83,090
	$ -	$ 125,370

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of December 31, 2011 is as follows:

Due To/From Other Funds -

	Receivable	Payable
Governmental Funds -		
General Fund -	$ 100	$ 15,594
Community Mental Health -	-	18,309
Nonmajor Special Revenue Funds -		
Parks Department	-	66
E-911	-	2,758
Friend of the Court	-	1,472
Health Department	-	5,782
Personal Care Aid	-	1,328
Animal Control	-	237
Emergency Management	-	72
Community Grants	-	251
Police Service Contracts	-	2,336
Law Enforcement	-	466
Child Care	-	27,881
Multi-Purpose Collaborative Body	-	524
Total per Financial Statements	-	43,173

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

	Receivable	Payable
Internal Service Funds -		
Unemployment	$ 1,977	$ -
Worker's Compensation	1,976	-
Equipment Acquisition & Replacement	27,482	-
Retirement Fund	18,657	-
	50,092	-
Proprietary Funds -		
DTR Fund	-	74
Total per Financial Statements	50,192	77,150
Adjustments for September 30, year-end funds	26,958	-
Total	$ 77,150	$ 77,150

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 $26,958, was attributable to transactions with funds reported on a September 30 year-end.

Due To/From Primary Government and Component Units -

	Receivable	Payable
Primary Government -		
DTR Fund	$ 16,750 (1)	$ -
Component Unit -		
Land Bank Authority	-	16,750 (1)
Drain Districts	3,096 (2)	-
Board of Public Works	-	3,096 (2)
	$ 19,846	$ 19,846

(1) Loan to acquire inventory
(2) Short-term borrowings to cover negative cash

Advances From/To Other Funds -

	Receivable	Payable
Primary Government		
Mental Health	$ 7,500	$ -
Multi Purpose Collaborative Body	-	7,500
	$ 7,500	$ 7,500

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

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

Advances From/To Primary Government & Component Units -

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

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

Interfund Receivable/Payable -

	Receivable	Payable
Primary Government -		
Governmental Funds -		
General Fund	$ -	$ 2,600,000
Community Mental Health	2,652,412	-
Polly Ann Trail	-	2,198
Friend of the Court	-	29,547
Community Grants	-	11,533
Veterans' Trust	-	1,959
Multi-Purpose Collaborative Body	-	7,175
	$ 2,652,412	$ 2,652,412

The interfund receivable/payable balances at December 31, 2011 represent short-term borrowing between funds to cover negative cash balances in the common checking account in accordance with County Board of Commissioner's Policy.

Transfers In and Out -

Transfers In	Transfers Out	Amount
Parks Department	(1) General Fund	$ 49,153
Friend of the Court	(1) General Fund	280,000
Community Mental Health	(1) General Fund	150,000
Health Department	(1) General Fund	467,500
Health Department	(1) General Fund	4,021
Health Department	(1) General Fund	157,593
Animal Control	(1) General Fund	50,000
Emergency Management	(1) General Fund	49,000
Police Service Contracts	(1) General Fund	287,777
Law Enforcement Programs	(1) General Fund	8,858
Law Enforcement Grants	(1) General Fund	58,897
Law Library	(1) General Fund	2,500
Department of Human Services	(1) General Fund	22,000
Child Care	(1) General Fund	465,000
Multi-Purpose Collaborative Body	(1) General Fund	30,000
Personal Care Aide Program	(2) Senior Millage Fund	600,000
Community Mental Health	(4) Parks Department	50,000
General Fund	(6) Policing Contracts	9,518

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

Transfers In and Out -

Transfers In	Transfers Out	Amount
Internal Service Fund -		
Equipment Acquisition and Replacement	(3) General Fund	$ 20,175
Health Insurance Fund	(5) Unemployment Insurance	200,000
Total Transfers Out Per Fund Financial Statements		2,961,992
Adjusted for September 30, year-end funds		6,224
Total Transfers In		$ 2,968,216

Transfers represent (1) the movement of unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations (annual appropriations), (2) the movement of tax revenue from the collecting fund to the fund that is authorized to expend the tax collections, (3) the transfer of funds to finance capital acquisition, (4) to fund operations, (5) reallocation of internal service fund net assets, and (6) to close fund.

Total transfers in for the primary government funds as reported in the accompanying financial statements were $2,968,216 and total transfers out were $2,691,992. The difference between these amounts, $6,224, was attributable to transactions with funds, which are reported on a September 30, year-end. As such, this is reported as an uneliminated internal balance in the statement of activities.

NOTE 8 - LONG-TERM LIABILITIES:

PRIMARY GOVERNMENT -

The following is a summary of changes in the long-term liabilities (including current portions) of the Primary Government for the year ended December 31, 2011:

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Governmental Activities:					
Governmental Funds -					
2011 Capital Improvement Bonds	$ -	$ 14,475,000	$ -	$ 14,475,000	$ 2,000,000
2004 Building Authority Refunding Bonds	665,000	-	145,000	520,000	170,000
Accrued Claims Liability	95,000	100,292	118,292	77,000	10,000
Accrued Vacation	495,765	482,176	495,765	482,176	482,176
Add (Less) Deferred Amounts For -					
Issuance Premium	45,438	220,756	33,435	232,759	33,435
Bond Issuance Costs	(19,715)	(78,706)	(12,799)	(85,622)	(12,799)
Refunding Loss	(55,723)	-	(13,931)	(41,792)	(13,931)
Total Governmental Funds	1,225,765	15,199,518	765,762	15,659,521	2,668,881
Internal Service Funds -					
Worker's Compensation Fund -					
Accrued Claims Liabilities	210,000	134,599	238,599	106,000	85,000
Total Governmental Activities	1,435,765	15,334,117	1,004,361	15,765,521	2,753,881

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

Business-type Activities:					
Medical Care Facility -					
Accrued Claims Liabilities	220,476	664,777	504,630	380,623	150,000
Accrued Vacation and Sick	249,575	907,888	872,154	285,309	142,655
Total Business-type Activities	470,051	1,572,665	1,376,784	665,932	292,655
Total Primary Government	$ 1,905,816	$16,906,782	$ 2,381,145	$16,431,453	$ 3,046,536

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

2011 General Obligation Bonds -

The County issued $14,475,000 of General Obligation Limited Tax Bonds, pursuant to the provisions of Act 34, Public Acts of Michigan. 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 $2,000,000 through April 1, 2020 with interest ranging from 3.0% to 4.0%, payable semi-annually. $ 14,475,000

2004 Building Authority Refunding Bonds -

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

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

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

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

The proceeds of the 2004 refunding bonds like the 1994 refunding bonds that were placed in special escrow accounts are invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the Financial Statements. At December 31, 2011, the defeased bonds outstanding amounts to $540,000 for the 1994 issue.

On February 18, 2004, building authority refunding bonds in the amount of $1,535,000 was issued to defease the 1994 issue. The payments are due in annual installments on May 1 ranging from $145,000 to $185,000 through 2014, with an interest rate of 5.00% due on May 1 and November 1 of each year. Issuance costs net of premium amounted to $75,000. $ 520,000

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

Accrued Claims Liability -

The County has estimated accrued liability claims, including an estimate for claims incurred but not reported (IBNR), administered through Citizen Management Inc. The dollar amount of these estimated claims is $77,000 at December 31, 2011.

The County has estimated accrued outstanding worker's compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2011. The dollar amount of these claims reported as a liability on the balance sheet of the Worker's Compensation Fund is $106,000 at December 31, 2011.

The Medical Care Facility has estimated accrued outstanding worker's compensation insurance claims including an estimate for the claims incurred but not reported (IBNR) at December 31, 2011. The dollar amount of these claims reported as a liability on the balance sheet of the Medical Care Facility (Enterprise) Fund is $380,623 at December 31, 2011.

Accrued Vacation and Sick - In accordance with contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick under formulas and conditions specified in the contracts. The Enterprise Funds portion of $285,309 has been recorded as a long-term liability of the respective funds. The governmental fund portion of $482,176, as well as the enterprise fund portion, has been recorded in the government-wide financial statements as a long-term liability. The governmental fund portion is generally liquidated by the General Fund or the fund where the employee salary is charged.

Annual Debt Requirements - The annual requirements to pay the debt outstanding at December 31, 2011, for the following bonds and notes (excluding accrued vacation and sick and accrued insurance claims) of the Primary Government are as follows:

Year Ending December 31,	General Obligation Bonds Principal	General Obligation Bonds Interest
2012	$ 2,170,000	$ 508,250
2013	1,665,000	437,375
2014	1,685,000	383,625
2015	1,500,000	333,063
2016	1,500,000	284,313
2017-2020	6,475,000	546,500
	$ 14,995,000	$ 2,493,126

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

COMPONENT UNITS -

The following is a summary of changes in long-term liabilities (including current portions) of the Component Units of the Road Commission for the year ended September 30, 2011 and both Board of Public Works and Drainage Districts for the year ended December 31, 2011:

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Due Within One Year
Road Commission -					
MTF Notes	$ 210,000	$ -	$ 130,000	$ 80,000	$ 80,000
Installment Purchase Agreement	106,976	-	106,976	-	-
Accrued Vacation	167,334	-	-	167,334	-
OPEB Obligation	2,282,552	733,756	-	3,016,308	-
Total Road Commission	2,766,862	733,756	236,976	3,263,642	80,000

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
Board of Public Works -					
General Obligation Bonds	2,105,000	1,180,000	1,710,000	1,575,000	220,000
Michigan State Revolving Loan	2,984,069	-	165,000	2,819,069	165,000
Less Deferred Amount for:					
Issuance Costs	(8,705)	(46,828)	(6,434)	(49,099)	(6,434)
Bond Discount	(7,022)	-	(1,756)	(5,266)	(1,756)
Refunding Loss	(6,769)	-	(1,693)	(5,076)	(1,693)
Bond Premium	-	24,325	3,120	21,205	3,120
Total Board of Public Works	5,066,573	1,157,497	1,868,237	4,355,833	378,237
Drainage District -					
Drain Bonds	3,263,318	-	299,768	2,963,550	299,761
Less Deferred Amount for:					
Bond Issuance Costs	(151,506)	-	(10,101)	(141,405)	(10,101)
Total Drainage District	3,111,812	-	289,667	2,822,145	289,660
Total Component Units	$ 10,945,247	$ 1,891,253	$ 2,394,880	$10,441,620	$ 747,897

Road Commission

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

MTF Note - Series 2002

The Road Commission is obligated for Michigan Transportation Fund Notes, Series 2002, dated April 1, 2002, in the original amount of $500,000. The final principal payment of $50,000 was paid on August 1, 2011.

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

MTF Note - Series 2002 B

The Road Commission is also obligated for Michigan Transportation Fund Notes, Series 2002B, dated May 15, 2002 in the original amount of $800,000. The final principal payment of $80,000 is due on August 1, 2012 with interest of 4.10% due on February 1 and August 1. At September 30, 2011, the outstanding balance is $80,000.

The annual requirements to amortize long-term liabilities outstanding at September 30, 2011, except for compensated absences and OPEB obligations, is $80,000 of principal and $3,169 of interest related to the MTF Note – Series 2002 B.

Installment Purchase Agreement

The Road Commission entered into an Installment Purchase Agreement in connection with the purchase of 12 truck boxes, dated November 17, 2005 in the original amount of $534,877. The final payment of $106,976 was paid on November 17, 2010.

Accrued Vacation -

In accordance with contracts negotiated with the various employee groups of the Road Commission, individual employees have a vested right upon termination of employment to receive payment for unused vacation under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements in the government-wide statements, amounts to $167,334 at September 30, 2011.

Other Postemployment Benefits -

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

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. Original amount of the general obligation bonds issued in prior years was $7,265,000.

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

Purpose	Interest Rate	
Governmental Activities - refunding	2.00 - 4.00	$ 1,180,000
Governmental Activities - refunding	3.80 - 4.00	395,000
		$ 1,575,000

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

On April 11, 1996, the County, through its Board of Public Works, defeased a portion of the Village of Dryden Wastewater Treatment System Bonds dated March 1, 1990 by establishing an irrevocable trust with the U.S. Treasury Bills and Notes sufficient to meet the annual installment principal obligations of $1,550,000. Accordingly, the trust account's assets and liabilities for the defeased bond issue are not included in the County's financial statements. At December 31, 2011, the bond outstanding of $450,000 is considered defeased.

On October 5, 2011, the County through its Board of Public Works issued 2011 (tax exempt) refunding bonds in the amount of $1,180,000. The bond proceeds and other accumulated resources were used to redeem the remaining principal of $1,490,000 of the 2002 Sewage Disposal System Improvement Bonds – Limited Tax General Obligation (Village of Almont). The refunding had issuance costs of $42,828 and bond premium of $24,325. The 2011 Bonds outstanding principal at December 31, 2011 is $1,180,000.

On February 28, 2006, the County through its Board of Public Works issued 2006 (tax exempt) refunding bonds to refund 1996 Waste Water Treatment System Refunding Bonds – Limited Tax General Obligation (Village of Dryden). The refunding resulted in issuance costs of $17,413, bond discount $14,046, and loss on the refunding in an amount of $13,541. The 1996 Bonds were issued April 11, 1996 in the principal amount of $1,500,000 and remaining outstanding principal at December 31, 2010 is $395,000.

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

Year Ending December 31,	General Bonds Refunded Principal	General Bonds Refunded Interest
2012	$ 220,000	$ 51,009
2013	225,000	44,204
2014	230,000	37,069
2015	100,000	31,519
2016	100,000	28,519
2017-2021	570,000	88,195
2022	130,000	4,549
	$ 1,575,000	$ 285,064

Board of Public Works

State of Michigan Revolving Loan

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

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

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

Governmental Activities -

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

On September 29, 1998, the loan was issued in amount of $1,021,207. Principal payments are due in annual installments on April 1, 2010 through 2019, in amounts ranging from $50,000 to $61,507 with interest of 2.50% payable semi-annually on April 1 and October 1 of each year.

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

On September 20, 2007, the loan was authorized to be drawn in amount of $2,090,000. As of December 31, 2011, Lapeer County Board of Public Works has drawn $2,032,694 from the authorized amount. The principal payments will be due in annual installments on October 1, 2011 through 2028, in amounts ranging from $85,000 to $125,000 with interest of 2.125% payable semi-annually on April 1 and October 1 of each year.

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

On September 27, 2007, the loan was authorized to be drawn in an amount of $695,000. As of December 31, 2011, Lapeer County Board of Public Works has drawn $694,868 from the authorized amount. The principal payments will be due in annual installments on October 1, 2011 through 2027, in amounts ranging from $30,000 to $40,000 with interest of 2.125% payable semi-annually on April 1 and October 1 of each year.

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

Year Ending December 31,	Michigan Revolving Loans Principal	Michigan Revolving Loans Interest
2012	$ 165,000	$ 61,030
2013	175,000	57,273
2014	175,000	53,348
2015	180,000	49,423
2016	190,000	45,330
2017-2021	866,507	163,979
2022-2026	780,000	80,809
2027-2028	287,562	8,718
	$ 2,819,069	$ 519,910

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

	Interest Rate	
Governmental Activities (G.O. Bonds) -		
Sewage Disposal Systems Refunding Bonds - Series 2002 (Village of Almont)	2.00 - 4.00 %	$ 1,180,000
Governmental Activities (G.O. Refunding) -		
Wastewater Treatment System Refunding Bonds – Series 2006 (Village of Dryden)	3.80 - 4.00	395,000
		$ 1,575,000
Governmental Activities (Revolving Loans) -		
1998 Water System (Village of Dryden)	2.50	$ 466,507
2007 Water System (Village of Almont)	2.125	1,777,694
2007 Water System (Village of Dryden)	2.125	574,868
		$ 2,819,069

Drainage Districts:

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

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

Principal on the bonds is due on June 1 through 2017 with interest due semi-annually at interest rates ranging from 5.0% to 6.0%. Lapeer County's balance at December 31, 2011 was $748,550.

The balance at December 31, 2011 is as follows:

	Interest Rate	
Governmental Activities -		
Drain Bonds -		
Winn Lake District	5.00 - 5.60	$ 285,000
Imlay-Bigelow and Branches Drainage District	4.20 - 4.70	1,930,000
Mill Creek Intercounty Drain	5.00 - 6.00	748,550
		$ 2,963,550

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

Annual debt service requirements to maturities are as follows:

Year Ended December 31,	Drain Bonds Principal	Drain Bonds Interest
2012	$ 299,761	$ 119,193
2013	299,761	106,987
2014	299,761	95,257
2015	304,762	83,019
2016	304,762	71,188
2017-2021	954,743	210,486
2022-2025	500,000	46,281
	$ 2,963,550	$ 732,411

NOTE 9 - RETIREMENT PLAN:

Plan Description -

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

Funding Policy -

The plan adopted by the Board of County Commissioners requires no member contribution except for department heads, elected officials, and POLC (sheriff union employees). The County is required to contribute at an actuarially determined rate; the weighted average rate for 2011 was 11.30% for sheriff's department employees, 7.73% for former Medical Care Facility union employees and 12.43% for non-union employees at the Medical Care Facility, 8.80% for Department of Senior Activities and Health Department employees, 5.98% for general non-union employees, 11.84% for Central Dispatch employees, and 7.61% for elected commissioners. Also, the County is required to contribute 9.24% for union Community Mental Health employees, 9.19% for non-union Community Mental Health employees, and 8.47% for General Teamsters. The County elected to charge higher rates for certain employee groups to improve their funding levels. During 2011, the actual contribution rates used for the Community Mental Health union, Community Mental Health non-union, and Central Dispatch were 13.52%, 18.99% and 18.78%, respectively. The contribution requirements of plan members and the County is established and may be amended by the County, depending on the MERS contribution program adopted by the County.

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

Annual Pension Costs -

For the year ended December 31, 2011, the County's annual pension cost of $1,775,099 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 8.40% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% per year (annually), after retirement for persons under Benefit E-1 or E-2. The actuarial value of MERS assets was determined on a basis of evaluation method that assumes the funds earn the expected rate of return (8%) and includes as an adjustment to reflect market value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 28 years.

Three-Year Trend Information

Schedule of Employer Contributions

Fiscal Year Ending December 31,	Annual Pension Costs (APC)	Percentage of APC Net Contribution	Pension Obligation
2009	$ 1,693,950	100 %	-
2010	1,741,972	100	-
2011	1,775,099	100	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Liability (UAAL) (b-a)	Funded Ratio (AAL) (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
2008	$ 64,884,220	$ 72,924,490	$ 8,040,270	89 %	$ 24,246,001	33 %
2009	69,487,923	75,451,001	5,963,078	92	27,718,957	22
2010	73,526,774	79,860,857	6,334,083	92	26,598,885	24

Component Unit - Road Commission -

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

For the year ended September 30, 2011, employer contributions totaling $412,306 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2009.

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS:

Primary Government -

The County sponsors a defined contribution plan available to all full-time employees providing resources to employees for postemployment health care expenses and is called the Lapeer County Postemployment Health Plan. The County provides a basic contribution of $30 per month per individual into an account in the employee's name. The County Board has also approved certain "jump start" contributions for employees based on longevity. The Plan assets are maintained and invested at MERS. Earnings on investment net of administrative costs are allocated to participants accounts based on the ratio of the participants holdings to the entire pool. The Plan requires 10 years of continuous service in a full-time capacity to vest. Forfeitures are used to reduce the County's contributions. The County Board of Commissioners has the authority to amend the Plan.

Component Unit - Road Commission -

Plan Description -

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

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

Funding Policy -

The Road Commission funds the benefits on a pay-as-you-go method for current retirees. The plan requires no member contributions for Road Commission employees. During the year ended September 30, 2011, employer contributions of $258,167 were made by the Road Commission.

Annual OPEB Cost and Net OPEB Obligation -

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

Annual required contribution	$ 977,259
Interest on net OPEB obligation	159,779
Adjustment to annual required contribution	(145,115)
Annual OPEB cost (expense)	991,923
Contributions made	(258,167)
Increase in net OPEB obligation	733,756
NET OPEB obligation – beginning of year	2,282,552
NET OPEB obligation – end of year	$ 3,016,308

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

Schedule of Employer Contributions

Year Ended	Annual OPEB Cost	Percentage Contributed	Change in Net OPEB Obligation	Ending Net OPEB Obligation
2009	$ 1,103,061	31.55 %	$ 755,026	$ 1,429,182
2010	1,107,911	22.97	853,370	2,282,552
2011	991,923	26.02	733,756	3,016,308

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Liability (UAAL) (b-a)	Funded Ratio (AAL) (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
2008	$ -	$ 11,116,553	$ 11,116,553	0 %	$ 2,776,247	400 %
2011	-	12,287,321	12,277,237	0	2,636,426	466

Funded Status and Funding Progress -

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

Methods and Assumptions -

The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The benefit costs were developed using the entry age cost method. The assumptions included (a) 7.0% investment rate of return, (b) 4.8% discount rate, (c) projected health care premium increases of 6.0% to 7.3% per year, (d) life expectancies for males and females of 77 and 81 years, respectively, (e) assumed retirement age of 58, or at the first subsequent year in which the member would qualify for benefits. The plan unfunded actuarial accrued liability is being amortized by level percent of payroll contributions over 30 years on an open period.

NOTE 11 - CONTINGENT LIABILITIES:

Primary Government -

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

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

Component Unit - Road Commission -

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

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

NOTE 12 - RISK MANAGEMENT:

Primary Government -

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

The County is completely self-insured for unemployment compensation, and is self-insured for workers' compensation claims up to an aggregate annual amount of $325,000. The County is insured for the amount of claims in excess of such limitation to a maximum of $5,000,000. The County is then self-insured for annual aggregate claims in excess of insurance coverage.

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

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

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

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

Type of Risk	Maximum Retention per Occurrence
General and Auto Liability	$ 75,000
Motor Vehicle Physical Damage	15,000 per vehicle
	30,000 per occurrence
Property and Crime	1,000 per occurrence, plus 10% of the next $100,000 of loss

The County has also elected to be a member of the Stop Loss Program, which limits the County's self-insurance retention. For 2011, the Stop Loss Program limited the retention for Lapeer County to $270,000 in aggregate claims paid during the year.

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

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

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

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

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

	General Fund		Medical Care Facility		Worker's Compensation	
	2011	2010	2011	2010	2011	2010
Unpaid claims, beginning of year	$ 95,000	$ 110,000	$ 220,476	$ 78,797	$ 210,000	$ 50,000
Incurred claims (including IBNR's)	100,292	156,885	664,777	327,427	169,077	333,747
Claims Paid	(118,292)	(171,885)	(504,630)	(185,748)	(273,077)	(173,747)
Unpaid claims, end of year	77,000	95,000	380,623	220,476	106,000	210,000
Less current portion	(10,000)	(10,000)	(150,000)	(100,000)	(85,000)	(175,000)
Long-term Liabilities	$ 67,000	$ 85,000	$ 230,623	$ 120,476	$ 21,000	$ 35,000

Component Unit - Road Commission -

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

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

NOTE 13 - CONSTRUCTION CONTRACT COMMITMENTS:

The County has construction activities reported in the E-911 Construction Fund. The construction is for updating E-911 facilities and equipment for the Central Dispatch. At December 31, 2011, the County had committed $13,306,561 for construction contracts and had spent $10,702,953 through the end of the year leaving $2,603,608 remaining on the commitments.

NOTE 14 - DEFERRED COMPENSATION:

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

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

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

NOTE 15 - FUND EQUITY:

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT -

	Enabling Legislation	Other	Total
Governmental Activities:			
Capital Assets	$ -	$ 26,490,232	$ 26,490,232
Less related debt -			
2004A Refunding Bonds - CMH	-	(520,000)	(520,000)
2011 G.O. Bonds	-	(14,475,000)	(14,475,000)
			$ 11,495,232
Business-type Activities:			
Capital Assets	-	16,327,713	$ 16,327,713

RESTRICTED FUND BALANCE/NET ASSETS -

The fund balance and net assets of the Primary Government have been restricted for the following purposes at December 31, 2011:

	Enabling Legislation	Other	Total
Acquisition/construction of capital assets:			
E-911 Construction	$ -	$ 4,223,288	$ 4,223,288
Jail	-	629,558	629,558
Capital Construction & Improvement	-	30,000	30,000
Old Courthouse	-	38,504	38,504
			4,921,350
Debt Service:			
E-911 Debt Fund	1,829,519	-	1,829,519
Mental Health Debt Fund	-	50,461	50,461
			1,879,980
Health and Welfare:			
Community Mental Health	-	116,825	116,825
Community Development	-	20,117	20,117
Senior Millage	142,251	-	142,251
Veterans' Trust	-	1,882	1,882
			281,075
Public Safety:			
E-911	906,270	-	906,270
Thumb Narcotics Unit	-	30,797	30,797
Law Enforcement - Other	-	85,284	85,284
			1,022,351
Other:			
General Fund - Budget Stabilization Arrangement	2,504,748	-	2,504,748
Polly Ann Trail	-	800	800
Friend of Court	-	7,773	7,773
Family Marriage Counseling	-	51,158	51,158
County Surveyor	-	14,422	14,422
Register of Deeds	-	448,517	448,517
			3,027,418
Total Restricted Net Assets, governmental activities			$ 11,132,174

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

Business-type Activities:

Other:			
Foreclosure sales	-	1,421,146	$ 1,421,146

ASSIGNED FUND BALANCES -

At December 31, 2011, the Administrator/Controller had assigned the following fund balances:

Major Funds -	
General Fund	$ 3,784,958
Community Mental Health	1,131,382
	4,916,340
Nonmajor Funds -	
Parks Department	141
Health Department	96
Personal Care Aide Program	35,761
Animal Control	71,414
Emergency Management	23,140
Community Grants	18,182
Police Service Contracts	110,578
Law Enforcement Programs	210,662
Law Enforcement	101,889
Law Library	25,149
Department of Human Services	36,792
Child Care	378,816
Multi-Purpose Collaborative Body	16,984
	1,029,604
Total Assigned Fund Balance	$ 5,945,944

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, 2011

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 9,205,000	$ 9,737,000	$ 9,729,526	$(7,474)
Licenses and permits	32,530	32,530	26,990	(5,540)
Intergovernmental -				
Federal/State	2,945,935	2,696,595	2,795,363	98,768
Charges for services	1,967,763	2,023,828	2,133,293	109,465
Fines and forfeits	298,300	298,300	241,189	(57,111)
Interest and rent	410,713	422,591	462,888	40,297
Other	2,893,450	2,893,450	2,957,892	64,442
Total Revenues	17,753,691	18,104,294	18,347,141	242,847
Expenditures:				
Legislative:				
Board of Commissioners	276,984	286,291	261,095	25,196
Judicial:				
Circuit Court	1,085,959	1,103,523	1,081,975	21,548
District Court	1,472,208	1,545,532	1,520,360	25,172
Jury Board	4,408	4,408	3,996	412
Indigent Counsel	491,013	491,013	380,723	110,290
Probate Court	556,157	569,626	493,817	75,809
Adult Probation	22,420	23,690	23,377	313
	3,632,165	3,737,792	3,504,248	233,544
General Government:				
Administrative	260,414	268,325	203,176	65,149
Elections	38,268	47,333	44,999	2,334
Professional Services	318,939	320,539	176,311	144,228
County Clerk	545,229	560,953	553,329	7,624
Tax Equalization	240,425	243,142	242,931	211
Prosecuting Attorney	1,086,486	1,141,821	1,094,910	46,911
Register of Deeds	264,522	277,507	277,507	-
County Treasurer	365,266	375,946	363,933	12,013
Computer Operations	192,472	192,896	142,127	50,769
Accounting	296,715	307,608	299,181	8,427
Building Operations	405,630	405,630	358,792	46,838
Building and Grounds	735,951	748,357	724,214	24,143
Drain Commissioner	369,853	382,274	323,169	59,105
Boundary Commission	400	400	-	400
	5,120,570	5,272,731	4,804,579	468,152

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public Safety:				
Sheriff	$ 2,754,846	$ 2,871,913	$ 2,769,982	$ 101,931
Criminal Justice Training	9,524	9,524	8,856	668
Marine Safety	9,366	9,366	4,712	4,654
Jail/Feeding Prisoners	2,817,287	2,921,533	2,884,014	37,519
Livestock Claims	1,000	1,000	-	1,000
Planning Commission	3,320	3,320	1,320	2,000
PLAT Board	607	607	-	607
	5,595,950	5,817,263	5,668,884	148,379
Public Works:				
Road Commission	209,802	220,977	220,976	1
Drains - County at Large	64,650	64,650	57,064	7,586
	274,452	285,627	278,040	7,587
Health and Welfare:				
Medical Examiner	63,877	68,789	68,755	34
Veterans' Burial	8,946	8,946	7,480	1,466
Veterans' Affairs	114,381	116,167	100,643	15,524
Veterans' Relief	1,000	1,000	-	1,000
Lapeer Development Corporation	7,000	7,000	7,000	-
	195,204	201,902	183,878	18,024
Recreation and Cultural:				
Cooperative Extension	224,406	230,797	226,735	4,062
Other:				
Bonds and Insurance	482,984	482,984	399,278	83,706
Memberships and Dues	14,300	14,800	14,769	31
Contingency	764,313	470,480	-	470,480
	1,261,597	968,264	414,047	554,217
Total Expenditures	16,581,328	16,800,667	15,341,506	1,459,161
Revenues over expenditures	1,172,363	1,303,627	3,005,635	1,702,008

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Other Financing Sources (Uses):				
Transfer In	$ 907,000	$ 7,000	$ 9,518	$ 2,518
Transfers Out				
Special Revenue Funds -				
Parks Department	-	(47,654)	(49,153)	(1,499)
Friend of the Court	(280,000)	(280,000)	(280,000)	-
Health Department				
Operations	(400,000)	(444,000)	(467,500)	(23,500)
Cigarette tax	(8,073)	(4,022)	(4,021)	1
Liquor tax	(145,311)	(157,593)	(157,593)	-
Mental Health	(150,000)	(150,000)	(150,000)	-
Animal Control	(50,000)	(50,000)	(50,000)	-
Rental Property	-	(1,000)	(1,000)	-
Emergency Management	(49,000)	(49,000)	(49,000)	-
Community Corrections	(60,000)	(60,000)	-	60,000
Police Service Contracts	(300,462)	(299,666)	(287,777)	11,889
Law Enforcement Programs	(4,573)	(8,858)	(8,858)	-
Law Enforcement	(30,000)	(58,897)	(58,897)	-
Law Library	(2,500)	(2,500)	(2,500)	-
Department of Human Services	(23,910)	(22,000)	(22,000)	-
Child Care	(676,134)	(620,467)	(465,000)	155,467
Multi Purpose Collaborative Body	(30,000)	(30,000)	(30,000)	-
Internal Service Funds -				
Equipment Acquisition & Replacement	(31,350)	(20,175)	(20,175)	-
Total Transfers Out	(2,241,313)	(2,305,832)	(2,103,474)	202,358
Total Transfers	(1,334,313)	(2,298,832)	(2,093,956)	204,876
Net Change in Fund Balance	(161,950)	(995,205)	911,679	1,906,884
Fund Balance at beginning of year	4,422,705	4,422,705	4,422,705	-
Fund Balance at end of year	$ 4,260,755	$ 3,427,500	$ 5,334,384	$ 1,906,884

Reconciliation of Budget-Basis to GAAP-Basis Reporting:

Net Change in General Fund	
Fund Balance - Budgetary Basis	$ 911,679
Perspective difference -	
Other Budgeted Funds Net Change allocated to the General Fund for GAAP-Basis General Fund	
Local Reserve	5,292
Budget Stabilization	81,466
Emergency Disaster	-
Rental Property	481
Net Change in Fund Balance - GAAP-Basis	$ 998,918

LAPEER COUNTY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original/Final Budget	Actual	Variance Positive (Negative)
LOCAL RESERVE			
Revenues:			
Interest	$ -	$ 5,292	$ 5,292
Other Financing Uses:			
Transfers out	(800,000)	-	800,000
Net Change in Fund Balance	(800,000)	5,292	805,292
Fund Balance at beginning of year	3,744,798	3,744,798	-
Fund Balance at end of year	$ 2,944,798	$ 3,750,090	$ 805,292
BUDGET STABILIZATION			
Revenues:			
Interest	$ -	$ 81,466	$ 81,466
Other Financing Uses:			
Transfers out	(100,000)	-	100,000
Net Change in Fund Balance	(100,000)	81,466	181,466
Fund Balance at beginning of year	2,423,282	2,423,282	-
Fund Balance at end of year	$ 2,323,282	$ 2,504,748	$ 181,466
EMERGENCY DISASTER			
Net Change in Fund Balance	$ -	$ -	$ -
Fund Balance at beginning of year	34,100	34,100	-
Fund Balance at end of year	$ 34,100	$ 34,100	$ -
RENTAL PROPERTY			
Revenues:			
Rent and royalities	$ 21,780	$ 15,884	$(5,896)
Expenditures:			
General Government	21,780	16,403	5,377
Revenues under expenditures	-	(519)	(519)
Other Financing Sources:			
Transfers in	-	1,000	1,000
Net Change in Fund Balance	-	481	481
Fund Balance at beginning of year	287	287	-
Fund Balance at end of year	$ 287	$ 768	$ 481

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COMMUNITY MENTAL HEALTH SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental - Federal/State	$ 2,279,264	$ 2,312,223	$ 1,804,710	$(507,513)
Charges for services	13,562,353	13,632,354	13,640,135	7,781
Interest	11,750	11,750	11,099	(651)
Other	109,819	227,499	238,208	10,709
Total Revenues	15,963,186	16,183,826	15,694,152	(489,674)
Expenditures:				
Health and Welfare	16,113,186	16,383,826	16,127,820	256,006
Revenues under expenditures	(150,000)	(200,000)	(433,668)	(233,668)
Other Financing Sources:				
Transfers in	150,000	200,000	200,000	-
Net Change in Fund Balance	-	-	(233,668)	(233,668)
Fund Balance at beginning of year	1,542,733	1,542,733	1,542,733	-
Fund Balance at end of year	$ 1,542,733	$ 1,542,733	$ 1,309,065	$(233,668)

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - COMMUNITY DEVELOPMENT FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental -				
Federal/State	$ 219,470	$ 219,470	$ 109,994	$(109,476)
Charges for services	12,995	12,995	37,845	24,850
Total Revenues	232,465	232,465	147,839	(84,626)
Expenditures:				
Public Works	-	-	119,628	(119,628)
Health and Welfare	232,465	232,465	33,560	198,905
Total Expenditures	232,465	232,465	153,188	79,277
Revenue over (under) expenditures	-	-	(5,349)	(5,349)
Net Change in Fund Balance	-	-	(5,349)	(5,349)
Fund Balance at beginning of year	25,466	25,466	25,466	-
Fund Balance at end of year	$ 25,466	$ 25,466	$ 20,117	$(5,349)

SUPPLEMENTARY INFORMATION

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET SCHEDULE
GENERAL FUND
DECEMBER 31, 2011

	General Fund - Budgetary Basis	Local Reserve	Budget Stabilization	Emergency Disaster
ASSETS				
Cash and cash equivalents	$ 1,398	$ 750,090	$ 510,020	$ 34,100
Investments	7,321,233	3,000,000	2,065,550	-
Receivables -				
Property taxes	608,833	-	-	-
Accounts and interest	27,311	-	8,884	-
Due from other governmental units -				
Federal/State	104,494	-	-	-
Due from other funds	100	-	-	-
Interfund receivables	79,706	-	(79,706)	-
Advances to component units	90,000	-	-	-
Prepayments and deposits	54,292	-	-	-
Total Assets	$ 8,287,367	$ 3,750,090	$ 2,504,748	$ 34,100
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	$ 165,784	$ -	$ -	$ -
Accrued liabilities	141,847	-	-	-
Due to other governmental units -				
Federal/State	18,521	-	-	-
Due to other funds	15,594	-	-	-
Interfund payables	2,600,000	-	-	-
Deferred revenue	11,237	-	-	-
Total Liabilities	2,952,983	-	-	-
Fund Balance:				
Nonspendable -				
Prepayments and deposits	54,292	-	-	-
Advances	90,000	-	-	-
Restricted	-	-	2,504,748	-
Assigned	-	3,750,090	-	34,100
Unassigned	5,190,092	-	-	-
Total Fund Balance	5,334,384	3,750,090	2,504,748	34,100
Total Liabilities and Fund Balance	$ 8,287,367	$ 3,750,090	$ 2,504,748	$ 34,100

Rental Property	General Fund (GAAP-Basis)
$ 1,243	$ 1,296,851
-	12,386,783
-	608,833
-	36,195
-	104,494
-	100
-	-
-	90,000
-	54,292
$ 1,243	$ 14,577,548

$ 475	$ 166,259
-	141,847
-	18,521
-	15,594
-	2,600,000
-	11,237
475	2,953,458
-	54,292
-	90,000
-	2,504,748
768	3,784,958
-	5,190,092
768	11,624,090
$ 1,243	$ 14,577,548

LAPEER COUNTY, MICHIGAN

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund Budgetary - Basis	Local Reserve	Budget Stabilization	Emergency Disaster
Revenues:				
Taxes	$ 9,729,526	$ -	$ -	$ -
Licenses and permits	26,990	-	-	-
Intergovernmental - Federal/State	2,795,363	-	-	-
Charges for services	2,133,293	-	-	-
Fines and forfeits	241,189	-	-	-
Rents and royalties	-	-	-	-
Interest	462,888	5,292	81,466	-
Other	2,957,892	-	-	-
Total Revenues	18,347,141	5,292	81,466	-
Expenditures:				
Current -				
Legislative	261,095	-	-	-
Judicial	3,504,248	-	-	-
General Government	4,804,579	-	-	-
Public Safety	5,668,884	-	-	-
Public Works	278,040	-	-	-
Health and Welfare	183,878	-	-	-
Recreation and Cultural	226,735	-	-	-
Other Activities	414,047	-	-	-
Total Expenditures	15,341,506	-	-	-
Revenues over (under) expenditures	3,005,635	5,292	81,466	-
Other Financing Sources (Uses):				
Intrafund transfers	(1,000)			
Transfers in	9,518	-	-	-
Transfers out	(2,102,474)	-	-	-
Total Other Financing Sources (Uses)	(2,093,956)	-	-	-
Net Change in Fund Balances	911,679	5,292	81,466	-
Fund Balances at beginning of year	4,422,705	3,744,798	2,423,282	34,100
Fund Balances at end of year	$ 5,334,384	$ 3,750,090	$ 2,504,748	$ 34,100

Rental Property	General Fund (GAAP-Basis)
$ -	$ 9,729,526
-	26,990
-	2,795,363
-	2,133,293
-	241,189
15,884	15,884
-	549,646
-	2,957,892
15,884	18,449,783
-	261,095
-	3,504,248
16,403	4,820,982
-	5,668,884
-	278,040
-	183,878
-	226,735
-	414,047
16,403	15,357,909
(519)	3,091,874
1,000	-
-	9,518
-	(2,102,474)
1,000	(2,092,956)
481	998,918
287	10,625,172
$ 768	$ 11,624,090

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds of the County are used to account for the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service and capital projects. The Nonmajor Special Revenue Funds of the County are as follows:

Parks Department - is used to account for the operations of the County Park System financed primarily with fees and state grant funds. Other sources of support are provided by a General Fund appropriation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Child Care - is used to account for court-ordered expenses for the health and welfare of minor children. Financing is provided by state matching of certain eligible costs. Other sources of support are provided by a General Fund appropriation.

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

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

The remaining special revenue funds are Community Grants, Thumb Narcotics Unit, Police Service Contracts, Law Enforcement, KIND and Multi Purpose Collaborative Body. These funds are utilized to maintain various programs and activities financed primarily with federal and state grants.

DEBT SERVICE FUND

The Debt Service Fund of the County is used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest. The Debt Service Fund of the County is as follows:

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

CAPITAL PROJECTS FUNDS

Capital Projects Funds of the County are used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities or other capital assets. The Capital Projects Funds of the County are as follows:

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

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

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

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
ASSETS					
Cash and cash equivalents	$ 1,838	$ -	$ 491,564	$ -	$ 51,543
Receivables -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	385,311	-	-
Due from other governmental units -					
Federal/State	-	2,998	59,147	118,062	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Total Assets	$ 1,838	$ 2,998	$ 936,022	$ 118,062	$ 51,543
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 765	$ -	$ 4,691	$ 5,234	$ 385
Accrued liabilities	866	-	22,303	15,320	-
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	66	-	2,758	1,472	-
Interfund payables	-	2,198	-	29,547	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	58,716	-
Total Liabilities	1,697	2,198	29,752	110,289	385
Fund Balance:					
Nonspendable -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Restricted	-	800	906,270	7,773	51,158
Assigned	141	-	-	-	-
Total Fund Balance	141	800	906,270	7,773	51,158
Total Liabilities and Fund Balance	$ 1,838	$ 2,998	$ 936,022	$ 118,062	$ 51,543

Continued

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	County Surveyor	Register of Deeds Automation	Emergency Management	Community Grants
$ 52,734	$ 65,670	$ 104,816	$ 14,422	$ 451,032	$ 17,764	$ -
-	-	-	-	-	-	-
26,882	-	-	-	-	-	-
76,776	43,530	-	-	-	12,382	46,049
-	1,251	-	-	-	-	-
4,474	-	-	-	-	-	-
$ 160,866	$ 110,451	$ 104,816	$ 14,422	$ 451,032	$ 30,146	$ 46,049
$ 9,231	$ 53,629	$ 314	$ -	$ 2,515	$ -	$ 10,591
65,970	18,482	2,572	-	-	934	5,492
57,215	-	-	-	-	-	-
5,782	1,328	237	-	-	72	251
-	-	-	-	-	-	11,533
-	-	-	-	-	-	-
18,098	-	30,279	-	-	6,000	-
156,296	73,439	33,402	-	2,515	7,006	27,867
-	1,251	-	-	-	-	-
4,474	-	-	-	-	-	-
-	-	-	14,422	448,517	-	-
96	35,761	71,414	-	-	23,140	18,182
4,570	37,012	71,414	14,422	448,517	23,140	18,182
$ 160,866	$ 110,451	$ 104,816	$ 14,422	$ 451,032	$ 30,146	$ 46,049

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Special Revenue Funds				
	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Policing Contracts	Law Enforcement
ASSETS					
Cash and cash equivalents	$ 42,522	$ 5,195	$ 211,453	$ -	$ 106,788
Receivables -					
Property taxes	-	-	-	-	-
Accounts and interest	-	-	-	-	-
Due from other governmental units -					
Federal/State	47,093	125,307	-	-	-
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Total Assets	$ 89,615	$ 130,502	$ 211,453	$ -	$ 106,788
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 58,818	$ -	$ 791	$ -	$ 692
Accrued liabilities	-	17,588	-	-	3,741
Due to other governmental units -					
Federal/State	-	-	-	-	-
Due to other funds	-	2,336	-	-	466
Interfund payables	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	58,818	19,924	791	-	4,899
Fund Balance:					
Nonspendable -					
Inventory	-	-	-	-	-
Prepayments and deposits	-	-	-	-	-
Restricted	30,797	-	-	-	-
Assigned	-	110,578	210,662	-	101,889
Total Fund Balance	30,797	110,578	210,662	-	101,889
Total Liabilities and Fund Balance	$ 89,615	$ 130,502	$ 211,453	$ -	$ 106,788

Continued

Special Revenue Funds

Law Enforcement - Other	Law Library	Department of Human Services	Child Care	Veterans' Trust	K.I.N.D.	Multi Purpose Collaborative Body	Senior Millage
$ 87,588	$ 25,560	$ 55,985	$ 335,976	$ -	$ -	$ -	$ 215,173
-	-	-	-	-	-	-	597,454
-	-	-	-	-	-	-	-
-	-	-	150,658	3,841	-	40,325	-
-	-	-	-	-	-	-	-
-	1,054	-	-	-	-	-	-
$ 87,588	$ 26,614	$ 55,985	$ 486,634	$ 3,841	$ -	$ 40,325	$ 812,627
$ 2,304	$ 411	$ 4,193	$ 45,289	$ -	$ -	$ 1,167	$ -
-	-	-	3,769	-	-	6,975	-
-	-	15,000	-	-	-	-	-
-	-	-	27,881	-	-	524	-
-	-	-	-	1,959	-	7,175	-
-	-	-	-	-	-	7,500	-
-	-	-	30,879	-	-	-	670,376
2,304	411	19,193	107,818	1,959	-	23,341	670,376
-	-	-	-	-	-	-	-
-	1,054	-	-	-	-	-	-
85,284	-	-	-	1,882		-	142,251
-	25,149	36,792	378,816	-	-	16,984	-
85,284	26,203	36,792	378,816	1,882	-	16,984	142,251
$ 87,588	$ 26,614	$ 55,985	$ 486,634	$ 3,841	$ -	$ 40,325	$ 812,627

Continued

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Debt Service Fund	Capital Project Funds			
	Community Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	Total
ASSETS					
Cash and cash equivalents	$ 50,461	$ 629,558	$ 30,000	$ 38,504	$ 3,086,146
Receivables -					
Property taxes	-	-	-	-	597,454
Accounts and interest	-	-	-	-	412,193
Due from other governmental units -					
Federal/State	-	-	-	-	726,168
Inventory	-	-	-	-	1,251
Prepayments and deposits	-	-	-	-	5,528
Total Assets	$ 50,461	$ 629,558	$ 30,000	$ 38,504	$ 4,828,740
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ 201,020
Accrued liabilities	-	-	-	-	164,012
Due to other governmental units -					
Federal/State	-	-	-	-	72,215
Due to other funds	-	-	-	-	43,173
Interfund payables	-	-	-	-	52,412
Advances from other funds	-	-	-	-	7,500
Deferred revenue	-	-	-	-	814,348
Total Liabilities	-	-	-	-	1,354,680
Fund Balance:					
Nonspendable -					
Inventory	-	-	-	-	1,251
Prepayments and deposits	-	-	-	-	5,528
Restricted	50,461	629,558	30,000	38,504	2,437,677
Assigned	-	-	-	-	1,029,604
Total Fund Balance	50,461	629,558	30,000	38,504	3,474,060
Total Liabilities and Fund Balance	$ 50,461	$ 629,558	$ 30,000	$ 38,504	$ 4,828,740

Concluded

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds				
	Parks Department	Polly Ann Trail	E-911	Friend of the Court	Family Marriage Counseling
Revenues:					
Taxes	$ -	$ -	$ 1,815,419	$ -	$ -
Licenses and permits	-	-	-	-	8,245
Intergovernmental -					
Federal/State	40,615	2,998	-	885,808	-
Charges for services	71,242	-	-	106,579	-
Fines and forfeits	-	-	-	-	-
Rents and royalties	2,808	-	31,321	-	-
Interest	-	-	2,130	-	-
Other	-	-	1,287	7	-
Total Revenues	114,665	2,998	1,850,157	992,394	8,245
Expenditures:					
Current -					
Judicial	-	-	-	1,270,567	1,875
General Government	-	-	-	-	-
Public Safety	-	-	1,681,225	-	-
Health and Welfare	-	-	-	-	-
Recreation and Cultural	184,955	2,500	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	184,955	2,500	1,681,225	1,270,567	1,875
Revenues over (under) expenditures	(70,290)	498	168,932	(278,173)	6,370
Other Financing Sources (Uses):					
Transfer In	49,153	-	-	280,000	-
Transfer Out	(50,000)	-	-	-	-
Total Other Financing Sources (Uses)	(847)	-	-	280,000	-
Net Change in Fund Balances	(71,137)	498	168,932	1,827	6,370
Fund Balances at beginning of year	71,278	302	737,338	5,946	44,788
Fund Balances at end of year	$ 141	$ 800	$ 906,270	$ 7,773	$ 51,158

Continued

Special Revenue Funds

Health Department	Personal Care Aide Program	Animal Control	County Surveyor	Register of Deeds Automation	Emergency Management	Community Grants
$ -	$ -	$ -	$ -	$ -	$ -	$ -
278,584	-	171,965	-	-	-	-
1,260,525	403,224	-	29,129	-	147,218	278,093
357,268	3,170	35,285	-	77,440	652	86,601
1,707	-	11,390	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,680	-	-
168,776	47,286	3,744	-	-	1,000	20,168
2,066,860	453,680	222,384	29,129	79,120	148,870	384,862
-	-	-	-	-	-	-
-	-	-	14,707	57,852	-	-
-	-	246,997	-	-	197,551	391,876
2,723,913	1,091,417	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,723,913	1,091,417	246,997	14,707	57,852	197,551	391,876
(657,053)	(637,737)	(24,613)	14,422	21,268	(48,681)	(7,014)
635,338	600,000	50,000	-	-	49,000	-
-	-	-	-	-	-	-
635,338	600,000	50,000	-	-	49,000	-
(21,715)	(37,737)	25,387	14,422	21,268	319	(7,014)
26,285	74,749	46,027	-	427,249	22,821	25,196
$ 4,570	$ 37,012	$ 71,414	$ 14,422	$ 448,517	$ 23,140	$ 18,182

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Special Revenue Funds				
	Thumb Narcotics Unit	Police Service Contracts	Law Enforcement Programs	Policing Contracts	Law Enforcement
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-
Intergovernmental -					
Federal/State	240,193	-	17,284	-	92,500
Charges for services	-	909,432	12,344	-	15,205
Fines and forfeits	35,549	-	-	-	-
Rents and royalties	-	-	-	-	-
Interest	38	-	-	-	-
Other	20,967	-	6,627	-	-
Total Revenues	296,747	909,432	36,255	-	107,705
Expenditures:					
Current -					
Judicial	-	-	-	-	-
General Government	-	-	-	-	-
Public Safety	283,964	1,200,341	34,728	-	165,230
Health and Welfare	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service -					
Principal	-	-	-	-	-
Interest and charges	-	-	-	-	-
Total Expenditures	283,964	1,200,341	34,728	-	165,230
Revenues over (under) expenditures	12,783	(290,909)	1,527	-	(57,525)
Other Financing Sources (Uses):					
Transfers In	-	287,777	8,858	-	58,897
Transfers Out	-	-	-	(9,518)	-
Total Other Financing Sources (Uses)	-	287,777	8,858	(9,518)	58,897
Net Change in Fund Balances	12,783	(3,132)	10,385	(9,518)	1,372
Fund Balances at beginning of year	18,014	113,710	200,277	9,518	100,517
Fund Balances at end of year	$ 30,797	$ 110,578	$ 210,662	$ -	$ 101,889

Continued

Special Revenue Funds

Law Enforcement - Other	Law Library	Department Of Human Services	Child Care	Veterans' Trust	K.I.N.D.	Multi Purpose Collaborative Body	Senior Millage
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 460
-	-	-	-	-	-	-	-
-	-	115,542	416,690	6,719	-	204,105	-
-	-	-	145,307	-	-	56,296	-
28,158	6,500	-	27,149	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	59,545	-	-	37,880	-
28,158	6,500	115,542	648,691	6,719	-	298,281	460
-	8,643	-	-	-	-	-	-
-	-	-	-	-	77	-	-
52,114	-	-	-	-	-	-	-
-	-	117,156	1,024,970	6,719	-	320,287	13,254
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
52,114	8,643	117,156	1,024,970	6,719	77	320,287	13,254
(23,956)	(2,143)	(1,614)	(376,279)	-	(77)	(22,006)	(12,794)
-	2,500	22,000	465,000	-	-	30,000	-
-	-	-	-	-	-	-	(600,000)
-	2,500	22,000	465,000	-	-	30,000	(600,000)
(23,956)	357	20,386	88,721	-	(77)	7,994	(612,794)
109,240	25,846	16,406	290,095	1,882	77	8,990	755,045
$ 85,284	$ 26,203	$ 36,792	$ 378,816	$ 1,882	$ -	$ 16,984	$ 142,251

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Debt Service Fund	Capital Project Funds			
	Community Mental Health	Jail	Capital Construction & Improvement	Old Courthouse	Total
Revenues:					
Taxes	$ -	$ -	$ -	$ -	$ 1,815,879
Licenses and permits	-	-	-	-	458,794
Intergovernmental -					
Federal/State	-	-	-	-	4,140,643
Charges for services	-	-	-	-	1,876,821
Fines and forfeits	-	-	-	-	110,453
Rents and royalties	161,503	-	-	-	195,632
Interest	183	-	-	-	4,031
Other	-	-	-	7,000	374,287
Total Revenues	161,686	-	-	7,000	8,976,540
Expenditures:					
Current -					
Judicial	-	-	-	-	1,281,085
General Government	-	-	-	-	72,636
Public Safety	-	-	-	-	4,254,026
Health and Welfare	-	-	-	-	5,297,716
Recreation and Cultural	-	-	-	-	187,455
Capital Outlay	-	-	-	2,158	2,158
Debt Service -					
Principal	145,000	-	-	-	145,000
Interest and charges	29,625	-	-	-	29,625
Total Expenditures	174,625	-	-	2,158	11,269,701
Revenues over (under) expenditures	(12,939)	-	-	4,842	(2,293,161)
Other Financing Sources (Uses):					
Transfer In	-	-	-	-	2,538,523
Transfer Out	-	-	-	-	(659,518)
Total Other Financing Sources (Uses)	-	-	-	-	1,879,005
Net Change in Fund Balances	(12,939)	-	-	4,842	(414,156)
Fund Balances at beginning of year	63,400	629,558	30,000	33,662	3,888,216
Fund Balances at end of year	$ 50,461	$ 629,558	$ 30,000	$ 38,504	$ 3,474,060

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
PARKS DEPARTMENT			
Revenues:			
Intergovernmental -			
State	$ 12,000	$ 40,615	$ 28,615
Charges for services	74,000	71,242	(2,758)
Rent and royalties	6,200	2,808	(3,392)
Total Revenues	92,200	114,665	22,465
Expenditures:			
Recreation and Cultural	172,952	184,955	(12,003)
Revenues under expenditures	(80,752)	(70,290)	10,462
Other Financing Sources (Uses):			
Transfers in	39,252	49,153	9,901
Transfers out	-	(50,000)	(50,000)
Total Other Financing Sources (Uses)	39,252	(847)	(40,099)
Net Change in Fund Balance	(41,500)	(71,137)	(29,637)
Fund Balance at beginning of year	71,278	71,278	-
Fund Balance at end of year	$ 29,778	$ 141	$(29,637)
POLLY ANN TRAIL			
Revenues:			
Intergovernmental -			
Federal/State	$ 20,000	$ 2,998	$(17,002)
Expenditures:			
Recreation and Cultural	20,000	2,500	17,500
Net Change in Fund Balance	-	498	498
Fund Balance at beginning of year	302	302	-
Fund Balance at end of year	$ 302	$ 800	$ 498

Continued

LAPEER COUNTY, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance Positive (Negative)
E - 911			
Revenues:			
Taxes	$ 1,680,812	$ 1,815,419	$ 134,607
Interest	23,663	2,130	(21,533)
Rent and royalties	21,238	31,321	10,083
Other	-	1,287	1,287
Total Revenues	1,725,713	1,850,157	124,444
Expenditures:			
Public Safety	1,728,213	1,681,225	46,988
Net Change in Fund Balance	(2,500)	168,932	171,432
Fund Balance at beginning of year	737,338	737,338	-
Fund Balance at end of year	$ 734,838	$ 906,270	$ 171,432
FRIEND OF THE COURT			
Revenues:			
Intergovernmental - Federal/State	$ 916,067	$ 885,808	$(30,259)
Charges for services	116,200	106,579	(9,621)
Other	37,000	7	(36,993)
Total Revenues	1,069,267	992,394	(76,873)
Expenditures:			
Judicial	1,417,835	1,270,567	147,268
Revenues under expenditures	(348,568)	(278,173)	70,395
Other Financing Sources:			
Transfers in	280,000	280,000	-
Net Change in Fund Balance	(68,568)	1,827	70,395
Fund Balance at beginning of year	5,946	5,946	-
Fund Balance at end of year	$(62,622)	$ 7,773	$ 70,395

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
FAMILY MARRIAGE COUNSELING			
Revenues:			
Licenses and permits	$ 7,500	$ 8,245	$ 745
Expenditures:			
Judicial	7,500	1,875	5,625
Net Change in Fund Balance	-	6,370	6,370
Fund Balance at beginning of year	44,788	44,788	-
Fund Balance at end of year	$ 44,788	$ 51,158	$ 6,370
HEALTH DEPARTMENT			
Revenues:			
Licenses and permits	$ 283,550	$ 278,584	$(4,966)
Intergovernmental - Federal/State	1,390,467	1,260,525	(129,942)
Charges for services	479,872	357,268	(122,604)
Fines and forfeits	1,500	1,707	207
Other	198,090	168,776	(29,314)
Total Revenues	2,353,479	2,066,860	(286,619)
Expenditures:			
Health and Welfare	2,906,863	2,723,913	182,950
Revenues under expenditures	(553,384)	(657,053)	(103,669)
Other Financing Sources:			
Transfers in	553,384	635,338	81,954
Net Change in Fund Balance	-	(21,715)	(21,715)
Fund Balance at beginning of year	26,285	26,285	-
Fund Balance at end of year	$ 26,285	$ 4,570	$(21,715)

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
PERSONAL CARE AIDE PROGRAM			
Revenues:			
Intergovernmental - Federal/State	$ 401,427	$ 403,224	$ 1,797
Charges for services	3,100	3,170	70
Other	47,100	47,286	186
Total Revenues	451,627	453,680	2,053
Expenditures:			
Health and Welfare	1,099,127	1,091,417	7,710
Revenues under expenditures	(647,500)	(637,737)	9,763
Other Financing Sources:			
Transfers in	600,000	600,000	-
Net Change in Fund Balance	(47,500)	(37,737)	9,763
Fund Balance at beginning of year	74,749	74,749	-
Fund Balance at end of year	$ 27,249	$ 37,012	$ 9,763
ANIMAL CONTROL			
Revenues:			
Licenses and permits	$ 194,025	$ 171,965	$(22,060)
Charges for services	26,000	35,285	9,285
Fines and forfeits	3,000	11,390	8,390
Other	1,000	3,744	2,744
Total Revenues	224,025	222,384	(1,641)
Expenditures:			
Public Safety	274,025	246,997	27,028
Revenues under expenditures	(50,000)	(24,613)	25,387
Other Financing Sources:			
Transfers in	50,000	50,000	-
Net Change in Fund Balance	-	25,387	25,387
Fund Balance at beginning of year	46,027	46,027	-
Fund Balance at end of year	$ 46,027	$ 71,414	$ 25,387

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
COUNTY SURVEYOR			
Revenues:			
Intergovernmental - Federal/State	$ 33,548	$ 29,129	$(4,419)
Expenditures:			
General Government	48,548	14,707	33,841
Revenues over (under) expenditures	(15,000)	14,422	29,422
Other Financing Sources:			
Transfers in	15,000	-	(15,000)
Net Change in Fund Balance	-	14,422	14,422
Fund Balance at beginning of year	-	-	-
Fund Balance at end of year	$ -	$ 14,422	$ 14,422
REGISTER OF DEEDS AUTOMATION			
Revenues:			
Charges for services	$ 90,000	$ 77,440	$(12,560)
Interest	4,363	1,680	(2,683)
Total Revenues	94,363	79,120	(15,243)
Expenditures:			
General Government	94,363	57,852	36,511
Net Change in Fund Balance	-	21,268	21,268
Fund Balance at beginning of year	427,249	427,249	-
Fund Balance at end of year	$ 427,249	$ 448,517	$ 21,268
EMERGENCY MANAGEMENT			
Revenues:			
Intergovernmental - Federal/State	$ 23,798	$ 147,218	$ 123,420
Charges for services	-	652	652
Other	1,360	1,000	(360)
Total Revenues	25,158	148,870	123,712
Expenditures:			
Public Safety	76,978	197,551	(120,573)
Revenues under expenditures	(51,820)	(48,681)	3,139
Other Financing Sources:			
Transfers in	49,000	49,000	-
Net Change in Fund Balance	(2,820)	319	3,139
Fund Balance at beginning of year	22,821	22,821	-
Fund Balance at end of year	$ 20,001	$ 23,140	$ 3,139

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
COMMUNITY GRANTS			
Revenues:			
Intergovernmental -			
Federal/State	$ 284,983	$ 278,093	$(6,890)
Charges for services	68,000	86,601	18,601
Other	5,000	20,168	15,168
Total Revenues	357,983	384,862	26,879
Expenditures:			
Public Safety	422,983	391,876	31,107
Revenues under expenditures	(65,000)	(7,014)	57,986
Other Financing Sources:			
Transfers in	65,000	-	(65,000)
Net Change in Fund Balance	-	(7,014)	(7,014)
Fund Balance at beginning of year	25,196	25,196	-
Fund Balance at end of year	$ 25,196	$ 18,182	$(7,014)
THUMB NARCOTICS UNIT			
Revenues:			
Intergovernmental -			
Federal/State	$ 148,870	$ 240,193	$ 91,323
Fines and forfeitures	50,000	35,549	(14,451)
Interest	3,735	38	(3,697)
Other	35,000	20,967	(14,033)
Total Revenues	237,605	296,747	59,142
Expenditures:			
Public Safety	237,605	283,964	(46,359)
Net Change in Fund Balance	-	12,783	12,783
Fund Balance at beginning of year	18,014	18,014	-
Fund Balance at end of year	$ 18,014	$ 30,797	$ 12,783

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
POLICE SERVICE CONTRACTS			
Revenues:			
Charges for services	$ 976,867	$ 909,432	$(67,435)
Expenditures:			
Public Safety	1,277,329	1,200,341	76,988
Revenues under expenditures	(300,462)	(290,909)	9,553
Other Financing Sources:			
Transfers in	300,462	287,777	(12,685)
Net Change in Fund Balance	-	(3,132)	(3,132)
Fund Balance at beginning of year	113,710	113,710	-
Fund Balance at end of year	$ 113,710	$ 110,578	$(3,132)
LAW ENFORCEMENT PROGRAMS			
Revenues:			
Intergovernmental - Federal/State	$ 86,945	$ 17,284	$(69,661)
Charges for services	10,000	12,344	2,344
Other	2,935	6,627	3,692
Total Revenues	99,880	36,255	(63,625)
Expenditures:			
Public Safety	107,332	34,728	72,604
Revenues over (under) expenditures	(7,452)	1,527	8,979
Other Financing Sources:			
Transfers in	4,573	8,858	4,285
Net Change in Fund Balance	(2,879)	10,385	13,264
Fund Balance at beginning of year	200,277	200,277	-
Fund Balance at end of year	$ 197,398	$ 210,662	$ 13,264
POLICING CONTRACTS			
Other Financing Uses:			
Transfers out	$ -	$(9,518)	$(9,518)
Net Change in Fund Balance	-	(9,518)	(9,518)
Fund Balance at beginning of year	9,518	9,518	-
Fund Balance at end of year	$ 9,518	$ -	$(9,518)

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
LAW ENFORCEMENT			
Revenues:			
Intergovernmental -			
Federal/State	$ 106,703	$ 92,500	$(14,203)
Local	3,000	-	(3,000)
Charges for services	20,000	15,205	(4,795)
Other	13,668	-	(13,668)
Total Revenues	143,371	107,705	(35,666)
Expenditures:			
Public Safety	173,371	165,230	8,141
Revenues under expenditures	(30,000)	(57,525)	(27,525)
Other Financing Sources:			
Transfers in	30,000	58,897	28,897
Net Change in Fund Balance	-	1,372	1,372
Fund Balance at beginning of year	100,517	100,517	-
Fund Balance at end of year	$ 100,517	$ 101,889	$ 1,372
LAW ENFORCEMENT - OTHER			
Revenues:			
Fines and forfeitures	$ 45,600	$ 28,158	$(17,442)
Expenditures:			
Public Safety	45,600	52,114	(6,514)
Net Change in Fund Balance	-	(23,956)	(23,956)
Fund Balance at beginning of year	109,240	109,240	-
Fund Balance at end of year	$ 109,240	$ 85,284	$(23,956)

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
LAW LIBRARY			
Revenues:			
Fines and forfeitures	$ 6,500	$ 6,500	$ -
Expenditures:			
Judicial	9,080	8,643	437
Revenues under expenditures	(2,580)	(2,143)	437
Other Financing Sources:			
Transfers in	2,500	2,500	-
Net Change in Fund Balance	(80)	357	437
Fund Balance at beginning of year	25,846	25,846	-
Fund Balance at end of year	$ 25,766	$ 26,203	$ 437
DEPARTMENT OF HUMAN SERVICES			
Revenues:			
Intergovernmental - Federal/State	$ -	$ 115,542	$ 115,542
Expenditures:			
Health and Welfare	23,910	117,156	(93,246)
Revenues under expenditures	(23,910)	(1,614)	22,296
Other Financing Sources:			
Transfers in	23,910	22,000	(1,910)
Net Change in Fund Balance	-	20,386	20,386
Fund Balance at beginning of year	16,406	16,406	-
Fund Balance at end of year	$ 16,406	$ 36,792	$ 20,386

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
CHILD CARE			
Revenues:			
Intergovernmental -			
Federal/State	$ 676,134	$ 416,690	$(259,444)
Charges for services	158,500	145,307	(13,193)
Fines and forfeitures	9,000	27,149	18,149
Other	47,700	59,545	11,845
Total Revenues	891,334	648,691	(242,643)
Expenditures:			
Health and Welfare	1,567,468	1,024,970	542,498
Revenues under expenditures	(676,134)	(376,279)	299,855
Other Financing Sources:			
Transfers in	676,134	465,000	(211,134)
Net Change in Fund Balance	-	88,721	88,721
Fund Balance at beginning of year	290,095	290,095	-
Fund Balance at end of year	$ 290,095	$ 378,816	$ 88,721
VETERANS' TRUST			
Revenues:			
Intergovernmental -			
Federal/State	$ 6,092	$ 6,719	$ 627
Expenditures:			
Health and Welfare	6,092	6,719	(627)
Net Change in Fund Balance	-	-	-
Fund Balance at beginning of year	1,882	1,882	-
Fund Balance at end of year	$ 1,882	$ 1,882	$ -
K.I.N.D.			
Expenditures:			
General Government	$ -	$ 77	$(77)
Net Change in Fund Balance	-	(77)	(77)
Fund Balance at beginning of year	77	77	-
Fund Balance at end of year	$ 77	$ -	$(77)

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, 2011

	Final Budget	Actual	Variance Positive (Negative)
MULTI PURPOSE COLLABORATIVE BODY			
Revenues:			
Intergovernmental -			
Federal/State	$ 273,275	$ 204,105	$(69,170)
Charges for services	38,725	56,296	17,571
Other	49,413	37,880	(11,533)
Total Revenues	361,413	298,281	(63,132)
Expenditures:			
Health and Welfare	391,413	320,287	71,126
Revenues under expenditures	(30,000)	(22,006)	7,994
Other Financing Sources:			
Transfers in	30,000	30,000	-
Net Change in Fund Balance	-	7,994	7,994
Fund Balance at beginning of year	8,990	8,990	-
Fund Balance at end of year	$ 8,990	$ 16,984	$ 7,994
SENIOR MILLAGE			
Revenues:			
Taxes	$ -	$ 460	$ 460
Expenditures:			
Health and Welfare	17,024	13,254	3,770
Revenues under expenditures	(17,024)	(12,794)	4,230
Other Financing Uses:			
Transfers out	(600,000)	(600,000)	-
Net Change in Fund Balance	(617,024)	(612,794)	4,230
Fund Balance at beginning of year	755,045	755,045	-
Fund Balance at end of year	$ 138,021	$ 142,251	$ 4,230

Concluded

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the County, for unemployment, worker's compensation, equipment acquisition and replacement, 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 ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2011

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 635,594	$ 85,622	$ 1,188,028	$ 6,009
Deposits with agent	-	-	8,000	-
Receivables -				
Accounts	2,150	6	-	-
Due from other funds	-	1,977	1,976	-
Prepaid expenses	84,135	-	-	-
Total Current Assets	721,879	87,605	1,198,004	6,009
Noncurrent Assets:				
Property, plant, and equipment net of accumulated depreciation	-	-	-	-
Total Assets	721,879	87,605	1,198,004	6,009
LIABILITIES:				
Current Liabilities:				
Accounts payable	-	51,833	4,368	-
Current portion of claims liabilities	-	-	85,000	-
Total Current Liabilities	-	51,833	89,368	-
Long-Term Liabilities:				
Accrued claims liabilities	-	-	21,000	-
Total Liabilities	-	51,833	110,368	-
NET ASSETS:				
Net Assets:				
Invested in capital assets	-	-	-	-
Unrestricted	721,879	35,772	1,087,636	6,009
Total Net Assets	$ 721,879	$ 35,772	$ 1,087,636	$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
$ 94,062	$ 1,103,253	$ 347,585	$ 142	$ 3,460,295
-	-	-	-	8,000
-	5,000	-	-	7,156
-	27,482	18,657	-	50,092
-	-	-	-	84,135
94,062	1,135,735	366,242	142	3,609,678
442,416	1,992,613	-	-	2,435,029
536,478	3,128,348	366,242	142	6,044,707
-	19,061	200,440	-	275,702
-	-	-	-	85,000
-	19,061	200,440	-	360,702
-	-	-	-	21,000
-	19,061	200,440	-	381,702
442,416	1,992,613	-	-	2,435,029
94,062	1,116,674	165,802	142	3,227,976
$ 536,478	$ 3,109,287	$ 165,802	$ 142	$ 5,663,005

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Operating Revenues:				
Charges for services	$ 3,357,904	$ 153,489	$ 162,715	$ -
Operating Expenses:				
Administrative and operating	16,733	214	538	-
Retirement and health care savings contributions	-	-	-	-
Insurance and claims	3,573,558	51,833	20,593	-
Depreciation	-	-	-	-
Total Operating Expenses	3,590,291	52,047	21,131	-
Operating Income (Loss)	(232,387)	101,442	141,584	-
Non-Operating Revenues:				
Interest	442	322	1,616	-
Gain on sale of assets	-	-	-	-
Total Non-Operating Revenues	442	322	1,616	-
Net Income (Loss) before Transfers	(231,945)	101,764	143,200	-
Transfers:				
Transfers In	200,000	-	-	-
Transfers Out	-	(200,000)	-	-
Total Transfers	200,000	(200,000)	-	-
Change in Net Assets	(31,945)	(98,236)	143,200	-
Net Assets at beginning of year	753,824	134,008	944,436	6,009
Net Assets at end of year	$ 721,879	$ 35,772	$ 1,087,636	$ 6,009

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
$ 58,645	$ 815,373	$ 1,546,115	$ 60,240	$ 6,154,481
228	391,183	390	84	409,370
-	-	1,775,099	666,860	2,441,959
-	-	-	-	3,645,984
63,064	329,908	-	-	392,972
63,292	721,091	1,775,489	666,944	6,890,285
(4,647)	94,282	(229,374)	(606,704)	(735,804)
-	-	-	-	2,380
-	167,674	-	-	167,674
-	167,674	-	-	170,054
(4,647)	261,956	(229,374)	(606,704)	(565,750)
-	20,175	-	-	220,175
-	-	-	-	(200,000)
-	20,175	-	-	20,175
(4,647)	282,131	(229,374)	(606,704)	(545,575)
541,125	2,827,156	395,176	606,846	6,208,580
$ 536,478	$ 3,109,287	$ 165,802	$ 142	$ 5,663,005

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Health Insurance	Unemployment Insurance	Workers' Compensation	Centralized Purchasing
Cash Flows From Operating Activities:				
Cash receipts for interfund services	$ 3,355,754	$ 153,438	$ 162,665	$ -
Cash payments to suppliers	(3,306,423)	(97,922)	(112,909)	-
Net Cash Provided by (Used in) Operating Activities	49,331	55,516	49,756	-
Cash Flows From Noncapital Financing Activities:				
Transfer in	200,000	-	-	-
Transfer out	-	(200,000)	-	-
Net Cash Provided by (Used in) Non-capital Financing Activities	200,000	(200,000)	-	-
Cash Flows From Capital and Related Financing Activities:				
Acquisition of capital assets	-	-	-	-
Good faith deposit received	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-	-	-
Cash Flows From Investing Activities:				
Interest earned	442	322	1,616	-
Net increase (decrease) in cash and cash equivalents	249,773	(144,162)	51,372	-
Cash and Cash Equivalents at beginning of year	385,821	229,784	1,136,656	6,009
Cash and Cash Equivalents at end of year	$ 635,594	$ 85,622	$ 1,188,028	$ 6,009
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	$(232,387)	$ 101,442	$ 141,584	$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	-	-
Change in assets and liabilities:				
Accounts receivables	(2,150)	-	-	-
Due to/from other funds	-	(51)	(50)	-
Prepaid expenses/deposits	283,868	-	15,550	-
Accounts payable	-	(45,875)	(3,328)	-
Accrued claims	-	-	(104,000)	-
Net Cash Provided by (Used in) Operating Activities	$ 49,331	$ 55,516	$ 49,756	$ -

CMH Equipment Acquisition & Replacement	Equipment Acquisition & Replacement	Retirement	Public Employee Health Care	Total
$ 58,645	$ 797,094	$ 1,546,265	$ 60,240	$ 6,134,101
(228)	(386,077)	(1,803,065)	(666,944)	(6,373,568)
58,417	411,017	(256,800)	(606,704)	(239,467)
-	20,175			220,175
-	-	-	-	(200,000)
-	20,175	-	-	20,175
(58,783)	(153,825)	-	-	(212,608)
-	(25,000)			(25,000)
-	265,741	-	-	265,741
(58,783)	86,916	-	-	28,133
-	-	-	-	2,380
(366)	518,108	(256,800)	(606,704)	(188,779)
94,428	585,145	604,385	606,846	3,649,074
$ 94,062	$ 1,103,253	$ 347,585	$ 142	$ 3,460,295
$(4,647)	$ 94,282	$(229,374)	$(606,704)	$(735,804)
63,064	329,908	-	-	392,972
-	(5,000)			(7,150)
-	(13,279)	150	-	(13,230)
-	2,594	-	-	302,012
-	2,512	(27,576)	-	(74,267)
-	-	-	-	(104,000)
$ 58,417	$ 411,017	$(256,800)	$(606,704)	$(239,467)

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, 2011

	Agency Funds				
	General Agency	Library Penal Fines	District Court	Common Banking	Total
Assets:					
Cash and cash equivalents	$ 1,717,712	$ 19,898	$ 106,371	$ 37,444	$ 1,881,425
Liabilities:					
Due to other governmental units	$ 1,162,090	$ -	$ 38,610	$ 37,534	$ 1,238,234
Due to individuals and agencies	555,622	19,898	67,761	(90)	643,191
Total Liabilities	$ 1,717,712	$ 19,898	$ 106,371	$ 37,444	$ 1,881,425

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	$ 2,219,052	$ 109,494,855	$ 109,832,482	$ 1,881,425
Liabilities:				
Due to other governmental units	$ 1,151,958	$ 77,887,043	$ 77,800,767	$ 1,238,234
Due to individuals and agencies	1,067,094	2,861,467	3,285,370	643,191
Total Liabilities	$ 2,219,052	$ 80,748,510	$ 81,086,137	$ 1,881,425
GENERAL AGENCY FUND				
Assets:				
Cash and cash equivalents	$ 2,003,328	$ 79,418,929	$ 79,704,545	$ 1,717,712
Liabilities:				
Due to other governmental units	$ 1,079,474	$ 69,598,948	$ 69,516,332	$ 1,162,090
Due to individuals and agencies	923,854	1,121,004	1,489,236	555,622
Total Liabilities	$ 2,003,328	$ 70,719,952	$ 71,005,568	$ 1,717,712
LIBRARY PENAL FINES				
Assets:				
Cash and cash equivalents	$ 24,572	$ 304,896	$ 309,570	$ 19,898
Liabilities:				
Due to individuals and agencies	$ 24,572	$ 607,354	$ 612,028	$ 19,898

Continued

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
DISTRICT COURT				
Assets:				
Cash and cash equivalents	$ 153,626	$ 2,059,948	$ 2,107,203	$ 106,371
Liabilities:				
Due to other governmental units	$ 34,684	$ 2,931,468	$ 2,927,542	$ 38,610
Due to individuals and agencies	118,942	242,752	293,933	67,761
	$ 153,626	$ 3,174,220	$ 3,221,475	$ 106,371
COMMON BANKING				
Assets:				
Cash and cash equivalents	$ 37,526	$ 27,711,082	$ 27,711,164	$ 37,444
Liabilities:				
Due to other governmental units	$ 37,800	$ 5,356,627	$ 5,356,893	$ 37,534
Due to individuals and agencies	(274)	890,357	890,173	(90)
Total Liabilities	$ 37,526	$ 6,246,984	$ 6,247,066	$ 37,444

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, 2011

	Balance January 1, 2011	Additions	Disposals	Balance December 31, 2011
General County:				
Land	$ 698,833	$ 70,000	$ -	$ 768,833
Land improvements	1,617,179	-	-	1,617,179
Buildings	22,431,347	51,201	-	22,482,548
Equipment	6,408,532	146,174	-	6,554,706
Vehicles	251,666	-	-	251,666
	31,407,557	267,375	-	31,674,932
Less - accumulated depreciation	(17,559,575)	(830,910)	-	(18,390,485)
	13,847,982	(563,535)	-	13,284,447
Construction in progress	-	10,770,756	-	10,770,756
Total Investment in Capital Assets, Net	$ 13,847,982	$ 10,207,221	$ -	$ 24,055,203

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

LAPEER COUNTY, MICHIGAN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY
DECEMBER 31, 2011

	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	6,132,543	212,129	5,702,051	212,816	5,547
	10,179,504	522,990	9,349,037	271,985	35,492
Public Works:					
Environmental/Recycling	30,000	-	30,000	-	-
Drain Commission	194,674	-	-	-	194,674
	224,674	-	30,000	-	194,674
Public Safety:					
Animal Shelter	274,324	25,302	221,800	27,222	-
Emergency Preparedness	143,999	-	-	143,999	-
Marine Safety	21,500	-	-	-	21,500
911 Communications Center	6,373,316	75,926	990,939	5,306,451	-
Sheriff	6,115,450	498,389	5,486,924	130,137	-
	12,928,589	599,617	6,699,663	5,607,809	21,500
Health and Welfare:					
Health Department	714,045	37,221	238,782	438,042	-
Mental Health	3,096,566	129,692	2,803,770	163,104	-
D.O.S.A.	25,665	-	-	25,665	-
Cooperative Extension	7,021	-	-	7,021	-
Family Independence Agency	1,913,734	143,480	1,758,724	11,530	-
	5,757,031	310,393	4,801,276	645,362	-
Recreation and Cultural:					
Parks and Recreation	2,445,337	911,415	1,504,372	29,550	-
Libraries	139,797	41,597	98,200	-	-
	2,585,134	953,012	1,602,572	29,550	-
Total Capital Assets	31,674,932	2,386,012	22,482,548	6,554,706	251,666
Less: accumulated depreciation	(18,390,485)	(1,264,816)	(10,678,109)	(6,204,825)	(242,735)
	13,284,447	1,121,196	11,804,439	349,881	8,931
Construction in progress	10,770,756	-	-	10,770,756	-
Total Capital Assets - (Net of Accumulated Depreciation)	$ 24,055,203	$ 1,121,196	$ 11,804,439	$ 11,120,637	$ 8,931

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

LAPEER COUNTY, MICHIGAN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance January 1, 2011	Additions	Disposals	Balance December 31, 2011
General Government:				
Legislative	$ 678,772	$ -	$ -	$ 678,772
Judicial	3,368,189	-	-	3,368,189
General Services	6,132,543	-	-	6,132,543
Total General Government	10,179,504	-	-	10,179,504
Public Works:				
Environmental/Recycling	30,000	-	-	30,000
Drain Commission	194,674	-	-	194,674
Total Public Works	224,674	-	-	224,674
Public Safety:				
Animal Shelter	274,324	-	-	274,324
Emergency Preparedness	83,351	60,648	-	143,999
Marine Safety	21,500	-	-	21,500
911 Center	6,373,316	10,770,756	-	17,144,072
Sheriff	6,115,450	-	-	6,115,450
Total Public Safety	12,867,941	10,831,404	-	23,699,345
Health and Welfare:				
Health Department	628,519	85,526	-	714,045
Mental Health	3,045,365	51,201	-	3,096,566
D.O.S.A.	32,686	-	-	32,686
Family Independence Agency	1,913,734	-	-	1,913,734
Total Health and Welfare	5,620,304	136,727	-	5,757,031
Recreation and Cultural:				
Parks and Recreation	2,375,337	70,000	-	2,445,337
Libraries	139,797	-	-	139,797
Total Recreation and Cultural	2,515,134	70,000	-	2,585,134
Total Capital Assets	$ 31,407,557	$ 11,038,131	$ -	$ 42,445,688

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

DISCRETELY PRESENTED COMPONENT UNITS

LAPEER COUNTY BOARD OF PUBLIC WORKS (BPW) -

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

LAPEER COUNTY DRAINAGE DISTRICTS -

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

BOARD OF PUBLIC WORKS FUNDS

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES
BOARD OF PUBLIC WORKS
DECEMBER 31, 2011

	Major Funds					
	Debt Service Funds					
	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSS 2007	Almont Sewage Disposal 2002	Dryden WSS 2007
ASSETS						
Cash and cash equivalents	$ 3,981	$ 764	$ 875	$ -	$(90,152)	$ -
Due from other governmental units -						
Local	-	-	-	-	102,250	-
Contracts receivable	395,000	-	466,507	1,777,694	1,180,000	574,868
Total Assets	$ 398,981	$ 764	$ 467,382	$ 1,777,694	$ 1,192,098	$ 574,868
LIABILITIES AND FUND BALANCE						
Liabilities:						
Due to other component units	$ -	$ -	$ -	$ -	$ 3,096	$ -
Deferred revenue	395,000	-	466,507	1,777,694	1,180,000	574,868
Total Liabilities	395,000	-	466,507	1,777,694	1,183,096	574,868
Fund Balance:						
Restricted -						
Debt service	3,981	764	875	-	9,002	-
Acquisition/construction of capital assets	-	-	-	-	-	-
Total Fund Balance	3,981	764	875	-	9,002	-
Total Liabilities and Fund Balance	$ 398,981	$ 764	$ 467,382	$ 1,777,694	$ 1,192,098	$ 574,868

Major Funds		Nonmajor Funds				
Capital Project Funds		Debt Service Funds			Capital Project Fund	
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Total
$ 5,902	$ 639	$ 6,718	$ 1,063	$ 8,811	$ 61,399	$ -
-	-	-	-	-	-	102,250
-	-	-	-	-	-	4,394,069
$ 5,902	$ 639	$ 6,718	$ 1,063	$ 8,811	$ 61,399	$ 4,496,319
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,096
-	-	-	-	-	-	4,394,069
-	-	-	-	-	-	4,397,165
-	-	6,718	1,063	8,811	-	31,214
5,902	639	-	-	-	61,399	67,940
5,902	639	6,718	1,063	8,811	61,399	99,154
$ 5,902	$ 639	$ 6,718	$ 1,063	$ 8,811	$ 61,399	$ 4,496,319

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS BOARD OF PUBLIC WORKS DECEMBER 31, 2011

Fund Balance - total governmental funds		$ 99,154
Amounts reported for governmental activities in the statement of net assets are different because:		
Amounts available in the funds that reduce the contract receivable on the government wide statements		(114,951)
Liabilities that are not payable in the current period and therefore not reported in the governmental fund statements		
Bonds/notes payable		(4,394,069)
Accrued interest on bonds/notes payable		(22,439)
Losses on refunding are reported in the governmental funds, whereas they are capitalized and amortized from net assets (netted against bonds payables)	$ 49,099	
Discounts and Premiums on bonds are reported as other financing sources or uses in the governmental funds, where they are capitalized and amortized from net assets (netted against bonds payable)		
Bond discount	5,076	
Bond premium	(21,205)	
Bond Issuance costs reported as debt retirement in the governmental funds, where they are deferred and amortized from net assets (netted against bonds payable)	5,266	38,236
Revenues that are deferred in the governmental fund statements because the amounts are not available		
Lease revenue		4,394,069
Net Assets of governmental activities		$ -

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - BOARD OF PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Major Funds					
	Debt Service Funds					
	Dryden Wastewater Treatment	North Branch Wastewater Treatment	Dryden Drinking Water	Almont WSSI 2007	Almont Sewage Disposal 2002	Dryden WSSI 2007
Revenues:						
Intergovernmental -						
Local	$ 138,110	$ -	$ 62,288	$ 124,582	$ 178,026	$ 42,853
Interest	17	4	4	-	822	-
Total Revenues	138,127	4	62,292	124,582	178,848	42,853
Expenditures:						
Debt Service -						
Principal retirement	120,000	-	50,000	85,000	100,000	30,000
Interest and fiscal charges	17,885	-	12,288	39,582	81,719	12,853
Bond issuance costs	-	-	-	-	46,828	-
Total Expenditures	137,885	-	62,288	124,582	228,547	42,853
Revenues over (under) expenditures	242	4	4	-	(49,699)	-
Other Financing Sources (Uses):						
Issuance of refunding bonds	-	-	-	-	1,180,000	-
Bond premium	-	-	-	-	24,325	-
Refunded bonds redeemed	-	-	-	-	(1,490,000)	-
Total Other Sources (Uses)	-	-	-	-	(285,675)	-
Net Change in Fund Balances	242	4	4	-	(335,374)	-
Fund Balances at beginning of year	3,739	760	871	-	344,376	-
Fund Balances at end of year	$ 3,981	$ 764	$ 875	$ -	$ 9,002	$ -

Major Funds		Nonmajor Funds				
Capital Projects Funds		Debt Service Funds			Capital Project Fund	
Almont WSSI 2007	Dryden WSSI 2007	Almont Wastewater Treatment	Almont Wastewater Treatment	Elba Wastewater Treatment	Almont Sewage Disposal 2002	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 545,859
26	3	14	5	39	274	1,208
26	3	14	5	39	274	547,067
-	-	-	-	-	-	385,000
-	-	-	-	-	-	164,327
-	-	-	-	-	-	46,828
-	-	-	-	-	-	596,155
26	3	14	5	39	274	(49,088)
-	-	-	-	-	-	1,180,000
-	-	-	-	-	-	24,325
-	-	-	-	-	-	(1,490,000)
-	-	-	-	-	-	(285,675)
26	3	14	5	39	274	(334,763)
5,876	636	6,704	1,058	8,772	61,125	433,917
$ 5,902	$ 639	$ 6,718	$ 1,063	$ 8,811	$ 61,399	$ 99,154

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - BOARD OF PUBLIC WORKS FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balances - total governmental funds	$(	334,763)
Amounts reported for governmental activities in the statement activities are different because:		
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Payment to refunding bond escrow agent		1,490,000
Principal payments on long-term liabilities		385,000
Bond issuance costs		46,828
Bond proceeds	(	1,180,000)
Bond premium	(	24,325)
Accrued interest expense on bonds and the amortization of bond issuance costs, discounts, premiums and deferred losses are not recorded by governmental funds, but are reported under interest and fiscal charges:		
Decrease in accrued interest payable		11,463
Amortization of bond issuance costs	(	6,434)
Amortization of discount on bonds	(	1,756)
Amortization of deferred loss on refunding	(	1,693)
Amortization of premium on bonds		3,120
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(	387,440)
Change in Net Assets of governmental activities	$	-

DRAINAGE DISTRICT FUNDS

LAPEER COUNTY, MICHIGAN

COMBINING BALANCE SHEET
GOVERNMENTAL FUND TYPES
DRAINAGE DISTRICTS
DECEMBER 31, 2011

	Major Funds				
	Debt Service Funds			Capital Projects Funds	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
ASSETS					
Cash and cash equivalents	$ 3,280	$ 159,601	$ 716,098	$ -	$ 1,024,386
Investments	-	-	-	-	1,170,251
Receivables -					
Special assessments	-	690,837	2,071,877	-	99,171
Interest	-	-	-	-	2,289
Due from other funds	-	-	-	-	-
Due from other component units	-	-	-	-	3,096
Due from other governmental units	-	11,040	-	-	-
Deposits	-	128,887	-	41,730	-
Total Assets	$ 3,280	$ 990,365	$ 2,787,975	$ 41,730	$ 2,299,193
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ -	$ -	$ 112	$ -	$ -
Due to other governmental units -					
Local	-	-	-	-	85,000
Due to other funds	-	-	-	-	378,933
Advances from primary government	-	-	-	-	-
Deferred revenue	-	566,593	1,825,513	-	-
Total Liabilities	-	566,593	1,825,625	-	463,933
Fund Balance:					
Nonspendable - deposits	-	128,887	-	41,730	-
Restricted -					
Debt service	3,280	294,885	962,350	-	-
Acquisition/construction of capital assets	-	-	-	-	1,835,260
Total Fund Balance	3,280	423,772	962,350	41,730	1,835,260
Total Liabilities and Fund Balance	$ 3,280	$ 990,365	$ 2,787,975	$ 41,730	$ 2,299,193

Major Fund	Nonmajor Funds			
Capital Project Fund	Debt Service Funds			
Drain Revolving	Drain	Winn Lake	Lake Lapeer Lake Level	Total
$ 5,049	$ -	$ 181,363	$ 486	$ 2,090,263
-	-	-	-	1,170,251
-	-	173,600	-	3,035,485
-	-	-	-	2,289
90,130	-	-	-	90,130
-	-	-	-	3,096
-	-	-	-	11,040
-	-	-	-	170,617
$ 95,179	$ -	$ 354,963	$ 486	$ 6,573,171
$ -	$ -	$ -	$ -	$ 112
-	-	-	-	85,000
-	-	-	-	378,933
90,000	-	-	-	90,000
-	-	151,036	-	2,543,142
90,000	-	151,036	-	3,097,187
-	-	-	-	170,617
-	-	203,927	486	1,464,928
5,179	-	-	-	1,840,439
5,179	-	203,927	486	3,475,984
$ 95,179	$ -	$ 354,963	$ 486	$ 6,573,171

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS - DRAINAGE DISTRICTS DECEMBER 31, 2011

Fund Balances - total governmental funds	$	3,475,984
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Capital assets		29,405,949
Accumulated depreciation	(	13,989,477)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		
Special assessments		2,543,142
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 assets.		977,472
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds/notes payable	(	2,963,550)
Bond issuance cost (netted against bonds payables)		141,405
Accrued interest on bonds/notes payable	(	733)
Net Assets of governmental activities	$	19,590,192

LAPEER COUNTY, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES - DRAINAGE DISTRICTS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Major Funds				
	Debt Service Funds			Capital Project Funds	
	Potter's Lake	South Branch Mill Creek	Imlay Bigelow	South Branch Mill Creek	Special Assessment Drain
Revenues:					
Local contribution	$ -	$ -	$ -	$ -	$ 39,145
Interest	14	468	2,404	-	22,376
Other -					
Special assessments	-	179,688	246,634	-	247,888
Total Revenues	14	180,156	249,038	-	309,409
Expenditures:					
Maintenance	-	-	-	-	227,317
Debt Service -					
Principal retirement	-	124,768	150,000	-	-
Interest and fiscal charges	150	26,386	87,730	-	-
Total Expenditures	150	151,154	237,730	-	227,317
Revenues over (under) expenditures	(136)	29,002	11,308	-	82,092
Other Financing Sources (Uses):					
Transfers In	45,131	39,183	-	-	99,484
Transfers Out	(99,484)	-	-	-	(162,231)
Total Other Sources (Uses)	(54,353)	39,183	-	-	(62,747)
Net Change in Fund Balances	(54,489)	68,185	11,308	-	19,345
Fund Balances at beginning of year	57,769	355,587	951,042	41,730	1,815,915
Fund Balances at end of year	$ 3,280	$ 423,772	$ 962,350	$ 41,730	$ 1,835,260

Major Fund	Nonmajor Funds			
Capital Project Fund	Debt Service Funds			
Drain Revolving	Drain	Winn Lake	Lake Lapeer Lake Level	Total
$ -	$ -	$ -	$ -	$ 39,145
114	-	494	2	25,872
-	-	27,489	-	701,699
114	-	27,983	2	766,716
-	1,498	-	-	228,815
-	-	25,000	-	299,768
-	-	15,998	-	130,264
-	1,498	40,998	-	658,847
114	(1,498)	(13,015)	2	107,869
-	-	77,917	-	261,715
-	-	-	-	(261,715)
-	-	77,917	-	-
114	(1,498)	64,902	2	107,869
5,065	1,498	139,025	484	3,368,115
$ 5,179	$ -	$ 203,927	$ 486	$ 3,475,984

LAPEER COUNTY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balances - total governmental funds	$	107,869
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.		
Depreciation expense	(	520,288)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(	290,636)
The issuance of long-term debt (e.g. bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources to governmental funds. Neither transaction, however, has any effect on net assets.		
Principal payments on long-term liabilities		299,768
Amortization of bond issuance costs	(	10,101)
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	(	77,506)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Decrease in accrued interest payable		12,873
Change in Net Assets of governmental activities	$(	478,021)

LAPEER COUNTY, MICHIGAN

STATEMENT OF NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
DECEMBER 31, 2011

ASSETS:		
Current Assets -		
Cash and cash equivalents	$	656,448
Due from other governmental units		22,421
Due from other funds		288,803
		967,672
Property, Plant and Equipment:		
Property, plant and equipment net of accumulated depreciation		11,676
Total Assets		979,348
LIABILITIES:		
Current Liabilities:		
Accounts payable		1,876
NET ASSETS:		
Invested in capital assets		11,676
Unrestricted		965,796
Total Net Assets	$	977,472

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Operating Revenue:		
Charges for services	$	175,989
Operating Expenses:		
Administrative and Operating -		
Drain Maintenance		253,629
Depreciation		2,919
Total Operating Expenses		256,548
Operating Loss	(	80,559)
Non-Operating Revenue:		
Interest		3,053
Change in Net Assets	(	77,506)
Net Assets at beginning of year		1,054,978
Net Assets at end of year	$	977,472

LAPEER COUNTY, MICHIGAN

STATEMENT OF CASH FLOWS
DRAIN EQUIPMENT AND MAINTENANCE PROPRIETARY FUND - DRAINAGE DISTRICTS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash Flows From Operating Activities:		
Receipts for services	$	73,627
Payments to suppliers	(	283,900)
Net Cash Used in Operating Activities	(	210,273)
Cash Flows From Capital and Related Financing Activities:		
Acquisition of capital assets	(	14,595)
Cash Flows From Investing Activities:		
Interest earned on investments		3,053
Net decrease in cash and cash equivalents	(	221,815)
Cash and cash equivalents at beginning of year		878,263
Cash and cash equivalents at end of year	$	656,448
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$(	80,559)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation		2,919
Changes in assets and liabilities:		
Due from other governmental units	(	22,421)
Due from other funds	(	79,941)
Accounts payable	(	30,271)
Net Cash Used in Operating Activities	$(	210,273)

SECTION THREE: STATISTICAL SECTION

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

Contents Page Number

Financial Trends S-1 to S-6

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

Revenue Capacity S-7 to S-13

These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.

Debt Capacity S-14 to S-16

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Information S-17 to S-21

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

Operating Information S-22 to S-28

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and activities it performs.

Miscellaneous Statistics S-29 to S-30

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

LAPEER COUNTY, MICHIGAN

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in capital assets, net of related debt	$19,997,437	$19,575,975	$19,165,973	$18,342,068	$17,818,625	$17,396,631	$16,654,707	$15,896,442	$11,495,232
Restricted	-	6,562,611	11,296,788	13,948,783	14,073,426	12,860,615	8,221,319	5,574,262	11,132,174
Unrestricted	12,714,648	7,508,523	4,516,543	5,070,872	5,631,585	5,942,806	11,426,758	14,793,477	15,163,800
Total Government Activities Net Assets	$32,712,085	$33,647,109	$34,979,304	$37,361,723	$37,523,636	$36,200,052	$36,302,784	$36,264,181	$37,791,206
Business-Type Activities									
Invested in capital assets, net of related debt	$ 6,893,437	$ 7,145,228	$ 7,433,275	$ 7,007,742	$ 7,464,355	$ 8,831,167	$ 9,276,606	$14,796,843	$16,327,713
Restricted	399,139	498,836	615,632	773,255	926,562	1,049,307	1,308,557	1,166,837	1,421,146
Unrestricted	13,287,507	13,168,742	13,942,229	17,519,560	19,600,864	20,158,728	21,211,382	18,587,939	17,180,730
Total Business-Type Activities Net Assets	$20,580,083	$20,812,806	$21,991,136	$25,300,557	$27,991,781	$30,039,202	$31,796,545	$34,551,619	$34,929,589
Primary Government									
Invested in capital assets, net of related debt	$26,890,874	$26,721,203	$26,599,248	$25,349,810	$25,282,980	$26,227,798	$25,931,313	$30,693,285	$27,822,945
Restricted	399,139	7,061,447	11,912,420	14,722,038	14,999,988	13,909,922	9,529,876	6,741,099	12,553,320
Unrestricted	26,002,155	20,677,265	18,458,772	22,590,432	25,232,449	26,101,534	32,638,140	33,381,416	32,344,530
Total Primary Government Net Assets	$53,292,168	$54,459,915	$56,970,440	$62,662,280	$65,515,417	$66,239,254	$68,099,329	$70,815,800	$72,720,795

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

Source: Lapeer County Finance Department

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

LAPEER COUNTY, MICHIGAN

GOVERNMENT-WIDE CHANGES IN NET ASSETS
LAST NINE YEARS (A)
(UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
Legislative	$ 249,625	$ 252,618	$ 273,694	$ 249,736	$ 244,333	$ 259,301	$ 275,784	$ 290,948	$ 261,095
Judicial	4,300,006	4,418,052	4,588,516	4,741,232	5,037,955	5,021,694	5,318,644	5,172,038	4,785,333
General Government	5,684,277	6,320,824	5,627,863	5,836,173	5,730,609	6,407,816	6,329,101	6,925,829	6,181,739
Public Safety	8,000,530	8,052,226	9,080,322	10,685,775	10,308,041	10,394,105	10,578,956	10,779,183	10,098,018
Public Works	233,266	378,218	486,381	451,726	466,202	384,302	380,476	810,776	398,268
Health and Welfare	22,243,064	21,641,181	21,418,610	19,833,250	21,500,048	21,809,561	21,212,635	21,687,405	21,685,041
Recreation and Culture	1,656,481	821,982	846,669	822,279	794,640	877,814	822,024	592,701	422,204
Other Activities	666,630	1,403,536	1,567,547	1,544,827	1,085,590	1,187,124	-	-	-
Interest on long term debt	105,844	33,098	66,483	63,684	60,650	57,550	51,166	43,334	380,024
Total Governmental Activities Expenses	43,139,723	43,321,735	43,956,085	44,228,682	45,228,068	46,399,267	44,968,786	46,302,214	44,211,722
Business-Type Activities									
Medical Care Facility	15,208,745	16,057,336	15,304,504	16,813,212	17,323,832	18,392,690	18,054,605	18,645,836	21,726,473
Delinquent Tax Revolving	165,983	57,718	130,799	50,379	126,066	74,646	119,969	222,351	230,860
Total Business-Type Activities Expenses	15,374,728	16,115,054	15,435,303	16,863,591	17,449,898	18,467,336	18,174,574	18,868,187	21,957,333
Total Primary Government Expenses	58,514,451	59,436,789	59,391,388	61,092,273	62,677,966	64,866,603	63,143,360	65,170,401	66,169,055
Program Revenues									
Governmental Activities:									
Charges for Services									
Legislative	-	-	-	1,119	-	-	1,044	-	-
Judicial	1,518,238	1,472,387	1,580,081	1,517,028	1,437,137	1,500,757	1,547,048	1,415,294	1,246,428
General Government	3,490,415	3,604,610	3,660,140	3,449,296	3,544,590	3,338,296	4,655,630	4,509,171	4,044,677
Public Safety	3,586,791	1,990,574	2,166,574	1,804,213	1,962,379	2,000,750	2,056,577	1,942,126	2,164,267
Public Works	45,463	90	-	-	-	-	1,412	-	-
Health and Welfare	12,429,967	12,184,060	2,696,314	12,382,563	14,127,168	13,901,118	13,779,838	14,159,046	15,068,511
Recreation and Culture	185,350	165,998	229,879	226,032	205,904	229,657	153,867	104,791	74,050
Other Activities	306,996	334,424	413,985	568,204	615,958	351,488	-	-	-
Interest on Long Term Debt	207,623	207,623	207,622	231,926	148,677	161,503	161,503	161,503	161,503
Operating Grants and Contributions	7,168,123	7,660,864	17,645,715	7,694,183	7,996,328	7,777,755	7,823,955	9,971,597	8,744,663
Capital Grants and Contributions	143,718	181,941	785,924	397,396	29,445	239,556	46,076	-	137,046
Total Governmental Activities Program Revenues	29,082,684	27,802,571	29,386,234	28,271,960	30,067,586	29,500,880	30,226,950	32,263,528	31,641,145
Business-Type Activities									
Charges for Services									
Medical Care Facility	15,097,043	13,714,790	13,876,815	17,192,706	16,212,479	17,121,835	17,327,488	19,234,378	19,723,547
Delinquent Tax Revolving	988,896	969,041	660,487	1,071,008	1,219,237	1,217,491	1,472,821	1,317,845	1,643,288
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Program Revenues	16,085,939	14,683,831	14,537,302	18,263,714	17,431,716	18,339,326	18,800,309	20,552,223	21,366,835
Total Primary Government Revenues	45,168,623	42,486,402	43,923,536	46,535,674	47,499,302	47,840,206	49,027,259	52,815,751	53,007,980
Net (expense) revenue									
Government Activities	(14,057,039)	(15,519,164)	(14,569,851)	(15,956,722)	(15,160,482)	(16,898,387)	(14,741,836)	(14,038,686)	(12,570,577)
Business-Type Activities	711,211	(1,431,223)	(898,001)	1,400,123	(18,182)	(128,010)	625,735	1,684,036	(590,498)
Total Primary Government Net Expenses	$(13,345,828)	$(16,950,387)	$(15,467,852)	$(14,556,599)	$(15,178,664)	$(17,026,397)	$(14,116,101)	$(12,354,650)	$(13,161,075)

Continued

LAPEER COUNTY, MICHIGAN

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues									
Governmental Activities									
Property taxes	$ 9,121,348	$ 13,825,956	$ 15,081,491	$ 15,972,806	$ 13,661,065	$ 14,141,996	$ 13,944,341	$ 12,766,862	$ 13,680,318
Unrestricted grants and contributions	2,164,556	1,287,208	-	429,022	391,679	375,956	4,875	8,975	7,000
Investment earnings	199,943	537,174	567,529	1,156,276	1,262,949	931,362	433,575	392,381	404,060
Gain on sale of capital assets	446,923	-	-	-	-	-	-	-	-
Transfers	393,860	803,850	253,026	781,037	6,702	125,489	46,614	4,697	6,224
Total Governmental Activities	12,326,630	16,454,188	15,902,046	18,339,141	15,322,395	15,574,803	14,429,405	13,172,915	14,097,602
Business-Type Activities									
Property taxes	1,877,376	1,925,363	2,054,142	2,024,514	2,301,179	1,151,144	1,011,140	930,705	909,353
Unrestricted grants and contributions	230,864	317,946	311,804	395,858	29,746	48,070	51,997	24,765	30,973
Investment earnings	82,373	20,637	125,453	426,375	378,481	314,808	68,471	115,568	28,142
Loss on sale of capital assets	(26,526)	-	(223)	-	-	-	-	-	-
Transfers	(600,000)	(600,000)	(414,845)	(900,000)	-	-	-	-	-
Total Business-Type Activities	1,564,087	1,663,946	2,076,331	1,946,747	2,709,406	1,514,022	1,131,608	1,071,038	968,468
Total Primary Government Expenses	13,890,717	18,118,134	17,978,377	20,285,888	18,031,801	17,088,825	15,561,013	14,243,953	15,066,070
Change in Net Assets									
Government Activities	(1,730,409)	935,024	1,332,195	2,382,419	161,913	(1,323,584)	(312,431)	(865,771)	1,527,025
Business-Type Activities	2,275,298	232,723	1,178,330	3,346,870	2,691,224	1,386,012	1,757,343	2,755,074	377,970
Total Primary Government	$ 544,889	$ 1,167,747	$ 2,510,525	$ 5,729,289	$ 2,853,137	$ 62,428	$ 1,444,912	$ 1,889,303	$ 1,904,995

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

Source: Lapeer County Finance Department

Concluded

NOTE: The general government expenses and charges for services and net (expenses) revenue for the years 2003 - 2009 for a reporting entity change made in 2010. For 2010, the activities relating to the Retirement and Public Employee Health Care Funds were changed from reporting as pension trust funds to internal service funds and included as part of the governmental activities.

LAPEER COUNTY, MICHIGAN

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	* 2011
General Fund										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 144,292
Restricted	-	-	-	-	-	-	-	-	-	2,504,748
Assigned	-	-	-	-	-	-	-	-	-	3,784,958
Unassigned	-	-	-	-	-	-	-	-	-	5,190,092
Reserved	327,575	208,000	198,596	198,000	198,000	198,000	198,000	198,000	110,110	-
Unreserved	1,532,529	1,725,292	1,943,248	2,217,908	2,285,684	2,197,160	2,942,577	3,909,939	4,312,595	-
Total General Fund	$ 1,860,104	$ 1,933,292	$ 2,141,844	$ 2,415,908	$ 2,483,684	$ 2,395,160	$ 3,140,577	$ 4,107,939	$ 4,422,705	$ 11,624,090
All other Governmental Funds										
Nonspendable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 67,637
Restricted	-	-	-	-	-	-	-	-	-	8,627,426
Assigned	-	-	-	-	-	-	-	-	-	2,160,986
Reserved	1,326,378	569,624	378,004	308,045	444,784	485,734	581,497	472,453	497,271	-
Unreserved, reported in:										
Special revenue funds	6,227,882	5,654,640	8,149,382	10,177,462	12,836,097	12,941,505	12,023,209	11,177,792	10,404,991	-
Debt service funds	85,703	87,198	138,128	180,756	208,701	162,346	137,061	93,883	63,400	-
Capital project funds	843,372	1,364,928	1,276,701	938,570	903,985	969,575	692,566	688,829	693,220	-
Total all other Governmental Funds	$ 8,483,335	$ 7,676,390	$ 9,942,215	$ 11,604,833	$ 14,393,567	$ 14,559,160	$ 13,434,333	$ 12,432,957	$ 11,658,882	$ 10,856,049

* 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.

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	$ 10,569,557	$ 10,272,241	$ 13,827,448	$ 15,215,837	$ 15,972,806	$ 13,661,065	$ 14,141,996	$ 13,944,341	$ 12,776,677	$ 13,680,318
Licenses and permits	583,292	665,679	673,888	744,802	604,566	636,952	540,707	520,455	518,583	485,784
Intergovernmental	19,484,696	19,161,681	18,564,780	18,431,639	8,524,913	8,378,993	8,337,676	7,635,175	9,849,554	8,850,710
Charges for services	6,431,061	7,133,436	6,750,267	6,595,429	15,740,144	17,329,614	17,115,895	16,985,601	17,002,625	17,688,094
Fines and forfeits	766,103	662,086	441,379	567,729	470,635	494,446	493,068	457,485	419,357	351,642
Rents and royalties	1,391,408	284,049	455,079	454,466	498,268	424,512	410,797	378,183	382,454	211,516
Interest	636,197	405,047	537,174	567,529	1,156,276	1,289,965	931,362	430,689	392,381	564,776
Other	2,292,784	2,550,890	2,452,965	2,592,169	2,949,922	3,167,732	2,933,850	3,899,379	3,977,887	3,868,684
Total Revenues	42,155,098	41,135,109	43,702,980	45,169,600	45,917,530	45,383,279	44,905,351	44,251,308	45,319,518	45,701,524
Expenditures										
Current-										
Legislative	218,131	249,625	252,618	273,694	249,736	244,333	259,301	275,784	290,948	261,095
Judicial	4,074,305	4,300,006	4,378,037	4,567,986	4,735,978	5,043,981	4,984,112	5,333,356	5,172,038	4,785,333
General Government	4,517,676	4,817,436	5,200,831	5,328,706	5,429,748	5,388,954	5,728,076	5,430,567	5,390,083	4,893,618
Public Safety	7,847,720	6,978,942	7,314,798	8,334,778	9,998,558	10,170,522	10,051,004	10,370,496	10,513,273	9,922,910
Public Works	277,651	219,521	368,071	485,781	451,126	465,602	383,702	379,876	897,993	397,668
Health and Welfare	18,815,657	21,822,341	21,149,886	21,091,963	19,691,902	21,372,120	21,469,941	21,039,622	21,549,585	21,642,974
Recreation and Culture	2,281,305	1,165,073	726,496	743,898	746,350	754,773	788,519	760,738	512,103	414,190
Other Activities	499,260	666,630	1,403,536	1,461,013	1,586,008	1,130,590	1,152,124	497,101	1,254,825	414,047
Capital outlay	1,723,173	1,166,824	929,230	841,275	312,739	387,887	26,141	8,612	4,584	10,772,923
Debt Service-										
Principal	755,000	100,000	115,000	110,000	155,000	150,000	140,000	160,000	155,000	145,000
Interest and Charges	383,130	107,107	92,284	59,350	56,700	53,650	50,575	45,000	37,125	256,313
Bond issuance costs	-	-	-	-	-	-	-	-	-	78,706
Total Expenditures	41,393,008	41,593,505	41,930,787	43,298,444	43,413,845	45,162,412	45,033,495	44,301,152	45,777,557	53,984,777
Revenues over (under) expenditures	762,090	(458,396)	1,772,193	1,871,156	2,503,685	220,867	(128,144)	(49,844)	(458,039)	(8,283,253)
Other financing sources (uses)										
Issuance of bonds	-	-	1,535,000	-	-	-	-	-	-	14,475,000
Premium of refunding bonds	-	-	113,593	-	-	-	-	-	-	220,756
Payment to refunding escrow agent	-	-	(1,599,309)	-	-	-	-	-	-	-
Transfers in	4,104,897	4,472,012	4,621,964	4,768,233	5,520,243	5,043,699	5,075,455	5,411,211	5,158,443	2,748,041
Transfers out	(4,677,156)	(4,484,171)	(3,969,064)	(4,702,707)	(5,167,418)	(5,187,497)	(5,318,942)	(5,403,160)	(5,159,713)	(2,761,992)
Transfers to component units	(182,074)	(220,711)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(754,333)	(232,870)	702,184	65,526	352,825	(143,798)	(243,487)	8,051	(1,270)	14,681,805
Net change in fund balance	$ 7,757	$(691,266)	$ 2,474,377	$ 1,936,682	$ 2,856,510	$ 77,069	$(371,631)	$(41,793)	$(459,309)	$ 6,398,552
Debt service as a percentage of noncapital expenditures	2.9%	0.5%	0.5%	0.4%	0.5%	0.5%	0.4%	0.5%	0.4%	1.1%

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

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	$ 8,269,037	$ 8,841,375	$ 9,253,271	$ 9,723,100	$ 10,318,105	$ 10,282,079	$ 11,127,623	$ 10,778,574	$ 10,185,744	$ 9,729,526
Licenses and permits	37,035	12,300	22,817	18,818	13,065	14,850	16,938	31,132	32,051	26,990
Intergovernmental	3,353,851	2,897,238	2,169,168	1,375,351	1,452,774	1,475,177	1,580,159	1,308,866	1,849,879	2,795,363
Charges for services	3,143,010	3,422,080	3,018,360	3,009,202	2,503,694	2,375,527	2,350,982	2,359,230	2,255,845	2,133,293
Fines and forfeits	321,948	405,245	367,628	445,362	350,626	388,865	368,619	355,790	326,271	241,189
Rents and royalties	168,337	-	167,314	167,920	167,953	164,344	160,712	160,716	160,712	15,884
Interest on long term debt	520,945	347,269	490,240	437,402	750,799	677,447	659,910	291,566	266,795	549,646
Other	1,870,795	1,752,176	2,062,205	2,235,759	2,450,480	2,656,004	2,294,978	3,506,467	3,441,681	2,957,892
Total Revenues	17,684,958	17,677,683	17,551,003	17,412,914	18,007,496	18,034,293	18,559,921	18,792,341	18,518,978	18,449,783
Expenditures										
Current-										
Legislative	218,131	249,625	252,618	273,694	249,736	244,333	259,301	275,784	290,948	261,095
Judicial	2,945,132	3,134,079	3,212,947	3,383,182	3,475,960	3,759,549	3,677,076	3,837,743	3,710,484	3,504,248
General Government	4,420,123	4,673,508	4,900,931	5,083,180	5,139,061	5,109,540	5,479,372	5,274,237	5,211,179	4,820,982
Public Safety	4,561,536	4,704,818	4,818,071	4,931,469	5,061,635	5,495,975	5,444,513	5,843,892	5,801,534	5,668,884
Public Works	136,344	129,736	351,792	458,180	422,514	443,428	359,718	367,816	297,441	278,040
Health and Welfare	168,947	189,358	181,367	171,403	166,274	174,991	169,203	197,450	198,156	183,878
Recreation and Culture	218,642	242,232	243,037	230,892	242,019	248,237	246,416	275,310	273,511	226,735
Other Activities	343,802	425,239	1,147,127	1,402,842	1,586,008	1,130,590	1,152,124	497,101	1,254,825	414,047
Capital outlay	76,527	-	-	-	-	-	-	-	-	-
Total Expenditures	13,089,184	13,748,595	15,107,890	15,934,842	16,343,207	16,606,643	16,787,723	16,569,333	17,038,078	15,357,909
Revenues over expenditures	4,595,774	3,929,088	2,443,113	1,478,072	1,664,289	1,427,650	1,772,198	2,223,008	1,480,900	3,091,874
Other Financing Sources (Uses)										
Transfers in	1,063	-	663,154	1,480,197	1,513,709	1,569,716	1,605,819	1,721,318	1,625,587	9,518
Transfers out	(4,427,332)	(3,635,189)	(2,897,715)	(2,684,205)	(3,110,222)	(3,085,890)	(2,632,600)	(2,976,964)	(2,791,721)	(2,102,474)
Transfers to component units	(182,074)	(220,711)	-	-	-	-	-	-	-	-
Total Other Financing Uses	(4,608,343)	(3,855,900)	(2,234,561)	(1,204,008)	(1,596,513)	(1,516,174)	(1,026,781)	(1,255,646)	(1,166,134)	(2,092,956)
Net change in Fund Balance	$(12,569)	$ 73,188	$ 208,552	$ 274,064	$ 67,776	$(88,524)	$ 745,417	$ 967,362	$ 314,766	$ 998,918

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

Source: Lapeer County Finance Department

LAPEER COUNTY, MICHIGAN

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

Fiscal Year Ended December 31,	Tax Year	Assessed Value of Real Property				Assessed Value of Personal Property	Total Assessed Value	Total Assessed Value Captured	Total Direct Tax Rate	Total Estimated Actual Value
		Residential Property	Agricultural Property	Commercial Property	Other Property					
2003	2002	$ 2,556,306,399	$ 448,224,584	$ 246,079,606	$ 82,489,628	$ 173,032,010	$ 3,506,132,227	$ 114,269,022	5.6039	$ 7,012,264,454
2004	2003	$ 2,719,638,942	$ 452,467,363	$ 273,278,745	$ 86,901,323	$ 169,103,295	$ 3,701,389,668	$ 119,857,158	5.6739	$ 7,402,779,336
2005	2004	$ 2,907,988,203	$ 513,809,132	$ 308,289,264	$ 97,695,138	$ 177,164,475	$ 4,004,946,212	$ 126,686,310	5.6186	$ 8,009,892,424
2006	2005	$ 3,089,983,948	$ 496,143,179	$ 328,283,473	$ 122,033,651	$ 184,700,861	$ 4,221,145,112	$ 138,691,363	5.5774	$ 8,442,290,224
2007	2006	$ 3,171,262,397	$ 511,502,613	$ 344,229,658	$ 120,089,567	$ 180,491,191	$ 4,327,575,426	$ 155,457,319	4.7643	$ 8,655,150,852
2008	2007	$ 3,109,529,326	$ 517,647,550	$ 354,253,141	$ 120,857,634	$ 190,091,879	$ 4,292,379,530	$ 174,647,548	4.3642	$ 8,584,759,060
2009	2008	$ 2,748,579,863	$ 441,042,819	$ 339,512,895	$ 102,915,747	$ 189,867,996	$ 3,821,919,300	$ 177,868,981	4.3642	$ 7,643,838,600
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	3.7886	$ 6,193,193,554

Notes:

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

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

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

LAPEER COUNTY, MICHIGAN

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County-										
Operating	3.9454	3.8941	3.8539	3.8165	3.7886	3.7886	3.7886	3.7886	3.7886	3.7886
Extra Voted	1.7325	1.7098	1.8200	1.8021	1.7888	0.9757	0.5756	0.5756	1.08	1.33
Total County	5.6779	5.6039	5.6739	5.6186	5.5774	4.7643	4.3642	4.3642	4.8686	5.1186
Townships-										
Almont	3.8704	3.6763	3.8195	3.7556	3.7556	5.0056	4.5616	4.5616	4.5616	4.5783
Arcadia	1.5085	1.4757	1.4509	1.4305	1.4149	2.3149	2.3096	2.3096	2.3096	2.3096
Attica	4.1806	4.0997	4.0413	3.9624	3.3695	4.3695	4.3695	4.3695	4.3695	4.3695
Burlington	1.6769	1.6626	1.6463	1.6188	1.6003	2.4969	2.4969	2.4969	2.4969	2.4969
Burnside	1.6462	1.6172	1.5966	1.5966	1.5966	2.4788	2.4535	2.4514	2.4514	2.4514
Deerfield	1.4107	1.3586	1.3185	1.4012	1.6349	2.5267	2.5122	2.5122	2.5122	2.5122
Dryden	4.6911	4.6537	4.5652	4.6975	4.6252	4.6252	4.6252	4.6675	4.6675	4.6675
Elba	2.9212	2.8717	2.9389	2.9006	3.1285	4.0285	4.0285	4.0285	4.0285	3.7785
Goodland	1.5209	1.5012	1.4915	1.4625	1.4332	2.3332	2.3217	2.3217	2.3217	2.3217
Hadley	2.2440	2.1803	2.1003	2.0237	1.9367	2.7812	2.7699	2.7699	2.8153	2.9942
Imlay	2.5634	2.5017	2.4629	2.4535	1.9790	2.9702	2.9702	2.9702	2.9702	2.9702
Lapeer	1.6570	1.6402	1.6287	1.6148	1.8572	2.7572	2.7572	2.7572	2.7572	2.7572
Marathon	1.7461	1.4424	1.4206	1.4071	1.3927	2.2927	2.2927	2.2927	2.2927	2.2927
Mayfield	1.6066	1.5948	1.5823	1.5720	1.8091	2.7053	2.7053	2.7053	2.7053	2.7053
Metamora	4.5718	4.5667	4.6333	4.5845	4.4955	5.3965	5.3955	5.3955	5.3955	5.3955
North Branch	3.0480	3.0144	2.9595	2.9458	2.9207	3.9174	4.8965	3.8665	3.8665	3.8965
Oregon	1.5554	1.5298	1.5030	1.4807	1.7238	2.6238	2.6238	2.6238	2.6238	2.6238
Rich	4.5568	4.5128	4.4256	4.5856	4.5035	5.4035	5.4035	5.4577	5.4572	5.4572
Cities-										
Imlay City	17.7500	17.7500	17.7500	19.7627	20.2061	20.5000	18.4500	17.3860	17.3500	17.2000
City of Lapeer	8.7911	8.7911	8.7911	9.8000	10.0500	10.9500	10.9500	10.9500	10.9500	10.9500
Brown City	18.0094	17.9962	17.9633	17.9716	18.1233	18.1233	18.1233	18.1233	18.1233	18.1233

Continued

LAPEER COUNTY, MICHIGAN

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Villages-										
Almont	14.9314	14.6769	14.5044	14.6711	14.1004	13.0070	13.6177	13.6031	16.6151	17.6151
Clifford	21.3587	21.1034	21.1034	16.1034	19.6034	19.1700	19.1700	19.1700	19.1700	19.1700
Columbiaville	14.3150	14.0616	13.7480	13.5184	13.2101	13.1241	13.1241	13.1241	13.1241	13.1241
Dryden	10.1182	10.0433	10.0021	9.8110	9.8110	9.8110	9.8110	9.8110	9.8110	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	15.2703	14.9831	14.8991	14.8215	14.7918	14.6483	14.6483	14.6483	14.6483	14.6483
Otter Lake	14.3672	13.8586	13.3638	12.6688	13.2483	12.8932	12.7720	12.7720	12.7720	12.2772
Local School Districts-										
Almont	17.8613	13.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500	14.4500
Brandon	15.9718	13.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400	14.2400
Brown City	17.7948	10.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980	11.9980
Capac	17.9748	8.9000	9.9000	9.9000	9.9000	9.9000	9.9000	10.2000	10.7000	10.7000
Davison	17.8525	8.4428	9.4191	9.4016	9.3325	9.3316	9.2616	9.1916	9.1316	9.1316
Dryden	18.0000	7.2400	8.2400	8.2400	8.2400	8.2400	8.2400	8.3000	9.1000	9.1000
Goodrich	17.9973	12.7500	13.7500	13.7498	13.7500	13.7500	13.7500	13.7500	10.5600	13.7500
Imlay	18.0000	11.0635	11.0000	11.7500	11.7500	11.7500	11.7500	11.7500	11.7500	11.7500
Kingston	0.0000	11.6400	12.6400	12.5000	12.2500	12.1500	12.0500	11.8500	12.1500	12.1500
Lakeville	18.0000	10.9500	10.7500	10.7000	10.3400	10.1000	9.9000	9.6500	9.6500	9.6500
Lapeer	18.0000	7.2500	8.2320	8.2194	8.2038	8.2038	8.2000	8.3500	8.8000	8.6000
Marlette	17.8293	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Mayville	17.8578	5.0000	12.0000	12.0000	12.0000	12.0000	10.5000	11.0000	11.1500	11.1500
North Branch	17.7750	12.3000	13.3000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Oxford	16.3326	12.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000	13.0000
Intermediate School Districts-										
Lapeer	3.0467	3.0084	2.9794	2.9509	2.9295	2.9295	2.9295	2.9295	2.9295	2.9295

Concluded

Notes:

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

Source: County Equalization Department

LAPEER COUNTY, MICHIGAN

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

	Current Year (2011)			Historical Year (2001)		
Taxpayer	**Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Detroit Edison	48,864,778	1	1.58%	53,144,169	1	1.72%
International Transmission	19,333,145	2	0.62%	N/A		N/A
Pinnacle Foods	13,724,501	3	0.44%	N/A		N/A
Lemforder ZF Corporation	13,135,200	4	0.42%	N/A		N/A
Consumers Power Company	13,097,360	5	0.42%	12,253,385	2	0.40%
Kamax LP	11,076,932	6	0.36%	N/A		N/A
Toyo Saet USA Corp	10,912,545	7	0.35%	5,173,321	7	N/A
Champion Bus Inc.	5,289,400	8	0.17%			
Rochester Gear	5,279,380	9	0.17%			
Lapeer Industries Inc.	5,012,000	10	0.16%			
Meijer, Inc	N/A		N/A	4,838,800	8	0.16%
Vlasic Foods	N/A		N/A	9,407,197	3	0.30%
Michigan DNR/DNR	N/A		N/A	8,416,143	4	0.27%
Great Lakes Gas Transmission	N/A		N/A	7,810,025	5	0.25%
Camtron Coating	N/A		N/A	6,094,300	6	0.20%
Johnson Controls Tech.	N/A		N/A	4,550,000	9	0.15%
Durakon Industries	N/A		N/A	4,243,150	10	0.14%
Total	$ 145,725,241		4.71%	$ 115,930,490		3.74%

Source: Lapeer County Treasurer's Office

LAPEER COUNTY, MICHIGAN

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

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

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

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

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

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

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

Notes:

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

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

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

Fiscal Year	Levy Year	Total Adjusted Levy	Total collections Current Year: Current Amt. of Collections Thru 'March 1	Total collections Current Year: Percentage of Adjusted Levy Collected
2002	2001	$ 413,300	$ 413,300	100%
2003	2002	$ 543,486	$ 543,486	100%
2004	2003	$ 487,705	$ 487,705	100%
2005	2004	$ 420,383	$ 420,383	100%
2006	2005	$ 432,740	$ 432,740	100%
2007	2006	$ 836,022	$ 836,022	100%
2008	2007	$ 557,007	$ 557,007	100%
2009	2008	$ 554,498	$ 554,498	100%
2010	2009	$ 556,900	$ 556,900	100%
2011	2010	$ 306,119	$ 306,119	100%

Notes:

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

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

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

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

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

Fiscal Year	Levy Year	County Population	Average Per Capita Income	Assessed Value of Taxable Property	Net General Bonded Debt	Percentage of Personal Income	Percentage of Actual Value of Taxable Property	Per Capita
2002	2001	90,720	$ 27,290	$ 2,945,983,749	$ 7,040,000	0.28%	0.22%	77.60
2003	2002	91,454	$ 28,240	$ 3,244,559,723	$ 6,205,000	0.24%	0.18%	67.85
2004	2003	92,317	$ 28,060	$ 3,506,132,227	$ 5,375,000	0.21%	0.15%	58.22
2005	2004	93,220	$ 28,686	$ 3,701,389,668	$ 4,410,000	0.16%	0.11%	47.31
2006	2005	93,761	$ 28,729	$ 4,004,946,212	$ 3,335,000	0.12%	0.08%	35.57
2007	2006	95,682	$ 28,989	$ 4,221,145,112	$ 2,190,000	0.08%	0.05%	22.89
2008	2007	95,262	$ 29,101	$ 4,327,575,426	$ 980,000	0.04%	0.02%	10.29
2009	2008	87,904	$ 21,462	$ 3,203,594,051	$ 820,000	0.04%	0.02%	9.33
2010	2009	88,319	$ 25,502	$ 3,320,773,773	$ 665,000	0.03%	0.02%	7.53
2011	2010	88,082	$ 30,386	$ 3,096,596,777	$ 13,115,020	0.49%	0.42%	148.90

Notes:

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

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING LONG-TERM BONDED DEBT
DECEMBER 31, 2011
(UNAUDITED)

	Gross	Accumulated Resources Restriced for the Repayment of Outstanding Debt Principal	Net
Direct Debt:			
Building Authority	$ 520,000	$ 50,461	$ 469,539
General Obligation	14,475,000	1,829,519	12,645,481
	$ 14,995,000	$ 1,879,980	$ 13,115,020
Overlapping Debt of County:			
School Districts			194,628,456
Cities			13,241,047
Townships			4,105,242
Villages			7,472,362
Intermediate School Districts			3,413,711
Community College			1,221,074
Total Overlapping Debt			224,081,892
Total County Net Direct and Overlapping Debt			$ 237,196,912

Legal Debt Margin Calculation for 2011	
Assessed Value	$ 3,373,553,247
Debt limit (10% of assessed value)	337,355,325
Less: Amount of outstanding debt	13,115,020
Legal debt margin	$ 324,240,305

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

LAPEER COUNTY, MICHIGAN

LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(UNAUDITED)

Fiscal Year	Levy Year	State Equalized Value of Property	10% Legal Debt Limit	General Bonded Debt	Legal Debt Margin	Percentage of Adjusted Levy Collected
2002	2001	$ 2,945,993,749	$ 294,599,375	$ 15,668,162	$278,931,213	0.05
2003	2002	$ 3,244,559,723	$ 324,455,972	$ 14,838,099	$309,617,873	0.05
2004	2003	$ 3,510,193,880	$ 351,019,388	$ 13,339,507	$337,679,881	0.04
2005	2004	$ 3,701,389,668	$ 370,138,967	$ 14,326,507	$355,812,460	0.04
2006	2005	$ 4,004,172,237	$ 400,417,224	$ 13,717,605	$386,699,619	0.03
2007	2006	$ 4,221,145,112	$ 422,114,511	$ 12,742,822	$409,371,689	0.03
2008	2007	$ 4,327,575,426	$ 432,757,543	$ 11,310,695	$421,446,848	0.03
2009	2008	$ 3,821,919,300	$ 382,191,930	$ 10,597,000	$371,594,930	0.03
2010	2009	$ 3,320,773,773	$ 332,077,377	$ 9,227,387	$322,849,990	0.03
2011	2010	$ 3,096,596,777	$ 309,659,678	$ 22,432,619	$287,227,059	0.07

Notes:

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

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN YEARS
(UNAUDITED)

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

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 2011 AND ELEVEN YEARS AGO
(UNAUDITED)

Current Year (2011)

Employer	Product/Service	Employees	Rank
Lapeer Regional Medical Center	Health Care	876	1
Lapeer Community Schools	Education	715	2
Lapeer Industries	Manufacturing	500	3
Lapeer County	Government	375	4
Thumb Correctional Facility	State Prison	340	5
Meijer	Retail	340	6
Walmart	Retail	330	7
Pinnacle Foods	Food Processing	300	8
Champion Bus, Inc.	Manufacturing	300	9
Mold Masters	Manufacturing	260	10

Source: Lapeer Economic Development Commission and Lapeer County Treasurer

continued

LAPEER COUNTY, MICHIGAN

PRINCIPAL EMPLOYERS
CURRENT YEAR 2011 AND ELEVEN YEARS AGO
(UNAUDITED)

Historical Fiscal Year (2000)

Employers	Product/Service	Employees	Rank
Lapeer Regional Medical Center	Health Care	989	1
Lapeer Community Schools	Education	805	2
Lapeer County	Government	542	3
Lapeer Metal Products	Metal Stamping	500	4
Johnson Controls, Inc.	Automotive Supplier	440	5
Metamora Products Corp.	Injection Molding	360	6
Cambridge Industries	Manufacturing	350	7
Durakon	Truck Bed Liners	340	8
Vlasic Foods	Food Processing	300	9
Toyo Seat USA Corp.	Automotive Supplier	275	10
Albar Industries, Inc.	Manufacturing	250	11
MK Chambers Co.	Screw Machine Shop	250	12
Champion Motor Coach	Manufacturing	250	13
Carlisle Industries	Automotive Headliners	225	14
Deco Plate. A division of DOTT	Manufacturing	225	15
TOTAL: TOP 10		4,901	
TOTAL: TOP 15		1,200	

concluded

* The information is presented for fiscal year 2000 because the 2001 data is not readily available.

LAPEER COUNTY, MICHIGAN

PROPERTY VALUES
LAST TEN YEARS
(UNAUDITED)

Year	State Equalized Value (S.E.V.)	Taxable Value	Estimated Property Value (S.E.V. x 2)
2002	3,244,559,723	2,348,559,163	6,489,119,446
2003	3,510,193,880	2,483,938,539	7,020,387,760
2004	3,701,389,668	2,632,809,751	7,402,779,336
2005	4,004,172,237	2,805,165,220	8,008,344,474
2006	4,221,145,112	2,989,701,382	8,442,290,224
2007	4,327,575,426	3,129,128,779	8,655,150,852
2008	4,292,379,530	3,195,751,102	8,584,759,060
2009	3,821,919,300	3,127,825,150	7,643,838,600
2010	3,320,773,773	2,845,481,660	6,641,547,546
2011	3,096,596,777	2,717,825,167	6,193,193,554

Notes:

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

Source: County Treasurer's Office

LAPEER COUNTY, MICHIGAN

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

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

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

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

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

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

LAPEER COUNTY, MICHIGAN

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

(UNAUDITED)

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Legislative										
Board of Commissioners	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Administrative	2.9	3.0	3.0	2.9	3.0	3.0	3.0	3.1	3.1	2.0
Judicial										
Circuit Court	7.0	7.0	6.9	7.0	7.0	7.0	14.9	19.1	15.1	14.4
District Court	22.5	22.1	22.3	22.7	22.7	23.0	22.4	23.7	21.8	21.9
Friend of the Court	20.3	18.9	18.9	18.9	18.9	18.9	19.0	19.7	18.2	17.9
Probate Court	12.9	12.5	12.9	12.8	12.5	12.8	4.0	3.6	3.7	3.7
Community Corrections	2.5	3.5	3.6	3.6	3.7	3.7	3.6	3.7	3.5	3.2
Child Care	2.0	2.3	3.5	3.0	2.3	3.3	3.8	3.8	3.3	3.0
General Government										
County Clerk	7.3	7.8	7.8	7.8	8.0	8.0	8.0	8.3	8.0	7.9
Equalization	3.9	3.1	1.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Prosecuting Attorney	14.4	15.9	16.0	15.9	15.9	16.0	16.0	16.1	14.7	13.8
Register of Deeds	5.3	5.9	6.0	5.8	5.5	4.9	5.0	5.0	4.1	3.7
County Treasurer	4.6	4.4	5.7	6.1	6.2	6.1	6.4	6.2	6.3	6.3
G.I.S.	1.0	1.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Data Systems	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance	4.4	4.0	4.0	3.9	4.0	4.0	4.0	4.1	4.0	4.0
Building and Grounds	8.0	6.9	6.7	7.0	7.0	7.0	6.0	6.2	5.9	5.9
Drain Office	6.9	6.9	6.8	6.0	6.0	6.0	6.0	6.1	6.0	5.1
MSU Extension	4.8	4.9	4.7	4.7	4.6	4.8	4.4	4.2	2.7	2.0
County Surveyor	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Safety										
Sheriffs Department	50.5	52.1	51.2	50.4	50.7	51.2	51.7	51.7	49.8	47.8
County Jail	29.9	29.1	29.4	29.2	29.3	29.9	29.8	31.0	29.7	29.9
Central Dispatch	18.5	19.0	19.5	18.8	18.4	19.0	18.7	19.4	18.3	18.6
Animal Control	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.2	3.0	3.0
Emergency Operations	1.0	1.2	1.4	1.0	1.4	1.1	1.0	1.0	1.0	1.0
Health and Welfare										
Parks Department	12.6	11.4	10.9	11.8	11.0	10.8	11.6	8.5	2.7	1.7
Community Health										
Public Health	67.8	64.6	65.1	64.5	68.1	67.0	61.5	54.8	50.0	47.5
Senior Services	8.5	7.9	7.5	7.2	5.9					
Community Mental Health	77.3	75.6	75.8	70.1	70.8	69.7	68.6	68.7	69.4	68.1
Multi-Purpose	6.8	6.7	6.2	6.8	6.4	6.0	5.5	6.0	5.9	4.7
Veterans	2.0	2.0	2.0	1.6	1.0	1.0	1.0	1.0	1.0	1.3
Community Development	1.0	1.8	2.4	3.0	3.8	3.9	3.7	2.2	1.0	0.0
	418.6	415.5	415.9	407.5	409.1	403.1	394.6	391.4	362.2	348.4

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

LAPEER COUNTY, MICHIGAN

OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)

FUNCTION	2007	2008	2009	2010	2011
LEGISLATIVE					
Board of Commissioners					
Full Board Meetings	26	24	25	26	25
Committee of the Whole Meetings	25	24	23	23	24
Other Special Meeting/Hearings Held	4	-	-	-	4
Board Motions Acted Upon	412	446	436	426	398
JUDICIAL					
40th Circuit Court					
PPO's Issued	302	279	279	213	223
Appeals	50	65	65	59	47
Domestic Cases	711	669	669	659	583
Civil Cases	318	313	313	285	270
Adoption	32	51	51	33	33
Child Protection	34	32	32	19	21
Juvenile	359	311	311	313	290
Criminal	392	376	376	331	362
Misc. Family Filings	54	35	36	48	24
71-A District Court					
Criminal					
Felonies	653	646	700	633	655
Drunk Driving	815	769	682	469	453
Traffic Offenses	8,841	9,193	9,374	7,413	6,192
Misdemeanors	1,568	1,387	1,156	1,240	1,315
Non-Traffic Offenses	1,020	813	980	831	776
Civil					
General Civil	2,676	3,004	2,789	2,856	2,518
Landlord/Tenant	663	813	748	737	824
Small Claims	738	657	486	369	364
Probate/Family Court					
Civil					
Conservatorship/Protective Orders	39	28	30	35	31
Estates	174	173	171	166	167
Guardianships	95	97	84	78	60
Judicial Admin/Mental Commitments	67	54	47	42	167
Trusts	4	7	10	8	10
Wills for Safe Keeping	94	78	71	72	63
Friend of the Court					
Caseload	5,922	5,951	5,916	6,000	5,976
Children IV-D Cases	7,821	8,025	8,010	7,667	8,123
Bench Warrants Issued	574	635	295	466	235
Referee Hearings Conducted	4,257	4,707	6,167	3,797	6,055
Cases Mediated	25	29	21	22	18
PUBLIC SAFETY					
Community Corrections					
Clients - Community Service	51	28	37	62	56
Clients - Jail Crew	66	64	51	64	49
Clients - Day Reporting	64	80	57	74	64
Drunk Driver Jail Reduction Program	33	43	35	66	39
Jail Beds Saved	5,737	7,638	6,700	6,406	5,146

Continued

LAPEER COUNTY, MICHIGAN

OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)

FUNCTION	2007	2008	2009	2010	2011
Prosecuting Attorney					
Felony Cases Authorized	730	732	677	626	662
Domestic Violence - Felony	24	23	27	56	50
Misdemeanor Cases Filed	2,379	3,014	2,660	2,256	2,130
Misdemeanor Domestic Violence	182	184	155	203	181
Juvenile Petitions Filed	312	405	358	383	299
Juvenile Domestic Violence Authorized	13	19	20	15	14
Victims Rights - Eligible Victims	866	821	773	824	815
Victims Rights Domestic Fel/Misd/Juv	219	-	202	212	220
Drug - Misdemeanor/Felony Authorized	412	415	N/A	1,109	445
Drunk Driving Misd/Felony	836	730	696	463	404
Non-Support	186	120	134	105	258
Paternity	82	76	57	62	67
URESA	13	10	19	7	18
Sheriff's Department					
Jail Bookings	3,531	3,525	3,092	2,687	2,521
Calls Answered	24,878	25,076	23,883	21,644	21,906
Fatal Crashes	11	9	N/A	7	12
Personal Injury Crashes	480	443	N/A	401	435
Property Damage Crashes	2,780	2,804	N/A	2,401	2,316
Private Property Crashes	132	N/A	N/A	N/A	N/A
Detective Bureau Arrests	216	218	498	538	755
Secondary Road Patrol Tickets Issued	355	208	208	177	211
Purchase Permits Issued	1,839	1,798	1,130	2,465	1,049
Marine Division Patrol Hours	1,017	819	819	1,180	723
Township Complaints Responded To	N/A	N/A	N/A	N/A	N/A
E-911 Central Dispatch					
Hardware/Landline Calls	10,486	11,201	8,596	7,776	6,887
Wireless Calls	18,411	18,697	18,628	20,466	21,494
VOIP	394	387	373	318	311
Non-Emergency Calls	80,147	82,075	76,637	68,856	62,476
CAD Reports/Dispatch	72,915	74,951	72,307	70,344	68,222
Emergency Management					
EMAC Meetings Held	4	4	5	5	6
Local Meetings Attended	44	42	35	48	61
Regional Homeland Security Meetings	48	43	38	88	42
Disaster Exercise Planning Meetings	4	6	7	7	3
District Meetings Attended	6	6	6	4	4
EAG Plan Updates/Policies Written	7	4	6	13	11
Quarterly Reports Completed	9	9	4	6	4
Trainings Hosted	4	3	2	6	3
Tier II Plans Filed	51	49	53	42	78
Special Events Planned	10	4	3	3	5
Identification Badges Created	50	75	111	137	166
HEALTH AND WELFARE					
Parks Department					
Water Park Attendance	20,969	24,634	17,757	12,516	9,989
Reservation Attendance	8,915	11,740	5,902	6,350	5,750
Winter Park Attendance	830	1,265	1,135	N/A	N/A
Special Events Attendance	2,500	3,300	2,500	-	-
Health Department					
Medical Examiner					
Medical Examiner Cases	52	56	66	76	71
Cremation Permits	200	216	224	237	234
Hospice	38	54	115	45	N/A

Continued

LAPEER COUNTY, MICHIGAN

OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)

FUNCTION	2007	2008	2009	2010	2011
Health Department (Cont'd)					
Animal Control					
Animal Control Complaints	2,485	2,573	2,262	2,034	1,952
Animals Held at Shelter	2,718	2,275	1,988	1,930	1,909
Animals Picked Up	466	443	342	323	373
Animal Bites - Cases	262	220	273	240	209
Animals Tested for Rabies	85	157	144	166	176
Animal Rabies Cases	3	8	4	7	-
Environmental Health Division					
EH - Sewage Applications	215	24	120	105	117
EH - Sewage Permits	199	136	131	97	110
EH - Well Permits	353	232	236	232	225
Food Service Inspections	576	605	602	554	413
Home Health Division					
Home Health Clients	298	209	N/A	N/A	N/A
Public Health Nursing					
Maternal Infant Health Visits	3,250	3,152	2,640	2,125	1,825
Immunizations					
Childhood Immunizations Given	4,074	3,654	3,910	4,425	4,186
Adult Immunizations Given	1,121	1,423	2,103	1,005	667
Total Immunizations Given	5,195	5,080	6,013	5,430	4,853
WIC Program					
Individuals Participating in WIC	1,713	1,855	1,905	2,028	1,984
Hearing & Vision Screening					
Hearing & Vision Screening Cases	10,358	11,094	11,504	9,965	10,831
AICC Program					
AICC Clients	396	437	474	497	480
Senior Programs					
Home-Delivered Meals	100,920	109,168	116,454	87,281	78,096
Congregate Meals	7,411	9,935	9,524	9,595	15,462
Medication Management Clients	13	5	8	11	7
Personal Care/Homemaker Clients	241	170	152	142	145
Case Coordination Clients	99	43	57	46	49
Care Management Clients	32	32	33	29	29
Health Screening Clients	23	22	26	7	N/A
Chore Maintenance Clients	145	142	174	215	223
Respite Care Clients	100	74	73	72	72
Mental Health					
Adults with Psychiatric Disorders	788	864	946	1,013	1,004
Persons with Developmental Disabilities	324	305	315	318	366
Children with Emotional Disturbances	153	200	239	272	262
GENERAL GOVERNMENT					
County Clerk					
Circuit Court Division					
Criminal Cases Filed	398	383	391	334	365
All Other Cases Filed	1,411	1,338	1,292	1,281	1,173
Adult Probation Receipts	1,271	1,344	1,804	2,038	2,110
Vital Records Division					
Marriage License Applications	568	514	513	519	545
Assumed Names	899	817	891	784	779
Notary Bonds	222	195	70	121	180
Death Certificates Filed	500	522	543	525	511
Birth Certificates Filed	603	564	599	598	592
Voter Registrations	5,569	6,810	5,046	5,653	5,561
Concealed Pistol Permits	285	538	1,075	1,107	910

Continued

LAPEER COUNTY, MICHIGAN

OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)

FUNCTION	2007	2008	2009	2010	2011
GENERAL GOVERNMENT (Cont'd)					
Payroll Dept.					
Payroll Checks Processed	2,650	2,128	1,915	1,667	1,185
Payroll Direct Deposits Processed	9,603	9,693	9,761	9,114	8,972
W-2's Forms Prepared	549	551	477	436	420
Accounts Payable Dept.					
Accounts Payable Invoices Processed	17,487	17,089	15,381	13,982	12,938
Accounts Payable Checks Processed	12,589	12,778	11,339	10,040	9,674
1099 Forms Prepared	142	149	165	165	132
Computer Dept.					
General Ledger Reports Distributed	3,150	3,500	3,550	3,400	3,200
Journal Entries Entered	2,064	2,199	2,323	2,158	1,989
Budget Amendments Processed	93	128	160	74	95
Budgets Entered	142	142	150	148	145
Computers Countywide	428	430	432	451	440
Accounting Dept.					
Bank Accounts Reconciled	456	432	396	528	576
Grants Reviewed & Processed	47	49	52	58	93
General Ledger Funds Maintained	79	79	79	85	83
Budget Dept.					
Total Amount of Gen Fund Budget	20,542,500	20,901,523	20,852,909	18,822,641	18,777,480
Total Amt of Spec Rev Funds Budgeted	28,640,518	29,940,907	29,590,028	30,054,446	30,769,120
Total Amt of Debt Svs Funds Budgeted	3,074,354	3,338,309	3,338,309	1,548,947	3,641,486
Register of Deeds					
Warranty Deeds	1,209	912	858	951	941
Quit Claim Deeds	1,340	1,211	1,308	1,207	1,334
Death Certificates	224	211	220	210	280
Land Contracts	20	7	27	31	609
Memo Land Contracts	69	70	78	112	1,984
Misc. Recordings	3,586	4,626	4,743	4,842	2,124
Mortgages	4,543	2,840	2,849	2,144	2,242
Discharges	4,472	3,048	2,980	2,435	2,658
Assignment of Mortgages	1,233	669	895	1,632	1,297
Misc. Mortgage Recordings	2,370	2,427	2,303	2,324	2,019
UCC Financing Filings	170	274	341	243	-
Community Development					
Housing Division					
CDBG Homes Improved	14	9	16	16	15
CDBG - Senior Clients	2	2	5	5	5
CDBG - Handicapped Clients	7	2	5	5	2
Soil & Sedimentation					
SESC Permits Issued	215	298	345	345	228
Drain Commissioner					
Drains (&Other) Maintained	71	79	85	7	83
Drains Sprayed	11	18	17	15	-
Drains Assessed	59	57	53	45	29
Plan Reviews	6	6	4	-	3
Act 40 Permits Issued	11	14	10	8	12
Treasurer					
Total Number of Parcels	47,395	50,077	51,012	43,617	46,879
Number of Delinquent Parcels	5,060	5,510	5,266	5,455	5,125
Parcels Forfeited	666	932	977	1,008	879
Taxable Value	3,129,128,779	3,195,751,102	3,129,825,150	2,845,481,660	2,717,825,167
C.E.V.	4,327,575,426	4,292,379,530	3,822,452,922	3,320,773,773	3,096,596,777

Continued

LAPEER COUNTY, MICHIGAN

OPERATING INDICATORS BY FUNCTION
LAST FIVE YEARS
(UNAUDITED)

FUNCTION	2007	2008	2009	2010	2011
Collaborative Planning Commission					
Rezoning/Text Amendment Reviews	23	13	12	15	5
Annual Conference Attendance	95	136	176	182	-
Building & Grounds					
Work Orders Completed	969	903	1,104	1,199	
Veterans Affairs					
# Scheduled Appointments	N/A	N/A	552	411	512
Walk-in Clients (Est)			1,000-1,500	1,500	1,000-1,500
MSUE					
Educational Workshops/Events	201	181	115	118	319
4-H Club Members	1,043	686	591	596	565
Non-Club Youth Involved (Short-Term)	4,145	3,331	1,088	876	810
Active Master Gardeners	155	145	173	167	180
Food Safety Participants Trained	1,773	1,039	1,572	2,001	1,712
Number of Grants Administered	9	5	5	4	7
Leadership Training Participants	346	422	417	84	350

N/A - Information is Not Available at this Time

Concluded

LAPEER COUNTY, MICHIGAN

CAPITAL ASSET STATISTICS BY FUNCTION
LAST FIVE YEARS (A)

(UNAUDITED)

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

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

Source: Lapeer County Finance Department

* In 2009 Printers were changed to Network Printers and Copiers

LAPEER COUNTY, MICHIGAN

DESCRIPTION OF INSURANCE COVERAGE IN FORCE
DECEMBER 31, 2011
(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 2011 is approximately $404,486 reported in the General Fund.

Lapeer County is self-insured for Workers' Compensation for claims up to an annual aggregate amount of $300,000. The County is insured for the amount of claims in excess of such limitation to a maximum of $3,000,000. The County is then self-insured for annual aggregate claims in excess of insurance coverage. The County's total expenditures for claims and insurance costs reported in the Workers' Compensation Fund for 2011 is $20,593. The County's ending retained earnings for the Workers' Compensation Fund at December 31, 2011 is $1,087,636.

Lapeer is self insured for Unemployment Insurance. The County's total expenditures for claims reported in the Unemployment Insurance Fund for 2011 is $51,833. The County's ending retained earnings for the the Unemployment Insurance Fund at December 31, 2011 is $35,772.

LAPEER COUNTY, MICHIGAN

OTHER STATISTICS
DECEMBER 31, 2011
(UNAUDITED)

Form of Government

The County's legislative body is a seven-member Board of Commissioners elected by districts to two-year terms. The Board annually elects from within its ranks a Chairperson and Vice-Chairperson by majority vote.

The County operates under the Controller/Administrator form of government.

Location

Lapeer County covers an area of approximately 666 square miles in the thumb area of Michigan's lower peninsula and is located 56 miles north of Detroit and 48 miles west of the Canadian border on I-69, between Port Huron and Flint. The County is accessible by four major highways, M-21, M-24, M-90, M-53 and the Interstate.

LAPEER COUNTY, MICHIGAN

SUPPLEMENTARY INFORMATION TO BASIC FINANCIAL STATEMENTS

(FEDERAL AWARDS)

FOR THE YEAR ENDED DECEMBER 31, 2011

Stewart, Beauvais & Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS

LAPEER COUNTY, MICHIGAN

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Stewart,
Beauvais
& Whipple P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY FINANCIAL INFORMATION

To the Board of Commissioners
of Lapeer County
Lapeer, Michigan

We have audited the financial statements of the governmental activities, 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, 2011, and have issued our report thereon dated June 22, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the County's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations***, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Stewart Beauvais & Whipple, P.C.
Certified Public Accountants

June 22, 2012

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

LAPEER COUNTY, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
Passed Through the Michigan Department of Community Health:			
Special Supplemental Food Program for Women, Infants, and Children - WIC	10.557	CPBC FY11	$ 283,943
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**283,943**
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed Through Michigan Jobs Commission:			
Community Development Block Grant/ Small Cities Program -	14.228		
Economic Development Grant		MSC 209067-EDIG	94,314
Housing Rehabilitation		MSC 2009-0751-HOA	5,997
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			**100,311**
U.S. DEPARTMENT OF JUSTICE:			
JAG Program Cluster -			
Direct Programs:			
ARRA - Recovery Act - Edward Byrnce Memorial Justice Assistance Grant (JAG) Program - Grants to Local Governments	16.804	2009-SB-B9-2914	13,279
Passed Through The Michigan State Community Health Office of Drug Control Policy:			
Edward Byrne Memorial Justice Assistance Program - TNU	16.738	MSP 70898-2-11-B	80,486
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program - Grants to States and Territories	16.803	20093998	159,707
Total Passed Through the Michigan State Community Health Office of Drug Control Policy			240,193
Total JAG Program Cluster			253,472
Passed Through the Michigan Department of Human Services:			
State Criminal Alien Assistance Program- Jail Feeding Prisoners	16.606	N/A	3,050
Bulletproof Vest Partnership Program	16.607	N/A	2,158
Total Passed Through The Michigan Department of Human Services			5,208
TOTAL U.S. DEPARTMENT OF JUSTICE			**258,680**
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed Through the Michigan Department of Natural Resources:			
Recreational Trails Program	20.219	NRT/RTP2011-19-01	2,998
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			**2,998**

See Notes to Schedule of Expenditures of Federal Awards

LAPEER COUNTY, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY:			
Passed Through The Michigan Department of Environmental Quality:			
Capitalization Grant for Drinking Water State Revolving Fund -	66.468		
Arsenic Grant		N/A	$ 450
Operators Certification	66.471	N/A	1,849
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			**2,299**
U.S. DEPARTMENT OF EDUCATION:			
Passed Through Lapeer County Intermediate School District:			
Infants and Toddlers with Disabilities -	84.181		
Early on Program		N/A	154,816
TOTAL U.S. DEPARTMENT OF EDUCATION			**154,816**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed Through - Valley Area Agency on Aging:			
Special Programs for the Aging - Disease Prevention and	93.043		
Health Promotion Services -			
Title III - Part B - Health Screening		N/A	881
Title III - Part D - Health Screening		N/A	4,915
			5,796
Special Programs for the Aging Cluster -			
Special Programs for the Aging - Title III, Part B - Grants for	93.044		
Supportive Services and Senior Centers -			
Case Coordination		N/A	6,177
Senior Center Staffing		N/A	5,000
In Home Services		N/A	21,641
			32,818
Special Programs for the Aging - Title III, Part C -	93.045		
Nutrition Services -		N/A	48,614
Congregate Meals		N/A	76,475
Mobile Meals			125,089
Special Programs for the Aging - Title III, Part C -			
Nutrition Services Incentive Program -			
Congregate Meals	93.053	N/A	5,986
Mobile Meals		N/A	58,805
			64,791
Total for Special Program for Aging Cluster			222,698
Total Passed Through Valley Area Agency on Aging			228,494

See Notes to Schedule of Expenditures of Federal Awards

LAPEER COUNTY, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
Passed Through the Michigan Department of Human Services:			
Temporary Assistance to Needy Families -	93.558		
Lift Program		N/A	$ 10,000
Child Support Enforcement - Title IV-D	93.563		
Friend of the Court - Cooperative Reimbursement		CSFOC10/11-44001	574,618
Prosecuting Attorney - Cooperative Reimbursement		CSPA10/11-44002	85,374
Medical Incentive Payments		NA	144,503
			804,495
Access and Visitation	93.597	N/A	9,970
Total Passed Through The Michigan Department of Human Services			824,465
Passed Through Lapeer County Intermediate School District:			
Temporary Assistance to Needy Families -	93.558		
Michigan Works		N/A	20,085
Passed Through Michigan Department of Community Health:			
Temporary Assistance to Needy Families-	93.558		
Wraparound Services		WRAP-10-44001	3,518
Immunization Cluster -			
Childhood Immunization Grants -	93.268		
Immunization IAP		CPBC FY11	39,860
VFC Provider Site Visits		CPBC FY11	2,950
Vaccine Doses		N/A	245,866
VFC Nurse Education		CPBC FY11	1,950
			290,626
ARRA - Childhood Immunization Grants -	93.712		
ARRA - Immunization		CPBC FY11	9,589
ARRA - Vaccine Doses		N/A	827
			10,416
Total Immunization Cluster			301,042
ARRA - Prevention and Wellness - Local Tobacco	93.723	CPBC FY 11	27,350
Public Health Emergency Preparedness -	93.069		
Bioterrorism Grant		CPBC FY11	247,316
State Children Insurance Program -	93.767		
Adult Benefit Waiver		N/A	11,020
MI - Child		N/A	40,113
			51,133

See Notes to Schedule of Expenditures of Federal Awards

LAPEER COUNTY, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (cont'd):			
Passed Through Michigan Department of Community Health (cont'd):			
Medical Assistance Program Title XIX-	93.778		
Medicaid Outreach		CPBC FY11	$ 16,664
Screening and Annual Project Review		CPBC FY11	12,587
CSHCS - Medicaid Outreach		CPBC FY11	1,699
CSHCS - Care Coordination		CPBC FY11	5,922
CSHCS - Outreach & Advocacy		CPBC FY11	12,056
			48,928
Block Grants for Community Mental Health Services -	93.958		
Expansion of CPSS		11B1MIMCHS	42,407
Maternal and Child Health Services			
Block Grant -	93.994		
Maternal Infant Health Program - Local MCH		CPBC FY 11	36,921
CSHCS - Care Coordination		CPBC FY 11	2,351
CSHCS - Outreach and Advocacy		CPBC FY 11	11,059
			50,331
Total Passed Through Michigan Department of Community Health			772,025
Passed Through St. Clair County Community Mental Health-			
Block Grants for Prevention and Treatment			
of Substance Abuse -	93.959		
Treatment, Prevention and Women's Treatment		N/A	80,840
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			**1,925,909**
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Passed Through The Michigan 3rd District Regional			
Homeland Security Planning Board:			
Emergency Management Performance Grant	97.042	N/A	29,451
Passed Through Bay County:			
Homeland Security Grants	97.067	N/A	123,767
Passed Through The Michigan Department of Natural Resources:			
Boating Safety Financial Assistance -	97.012		
Marine Safety		N/A	9,325
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			**162,543**
Total Federal Awards			**$ 2,891,499**

See Notes to Schedule of Expenditures of Federal Awards

LAPEER COUNTY, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Lapeer County (the "County") for the year ended December 31, 2011. Expenditures reported on the Schedule are reported on the same basis of accounting, the modified accrual basis, as the financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, ***Audits of States, Local Governments, and Non-Profit Organizations.*** In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, ***Cost Principles for State, Local, and Indian Tribal Governments***, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The County's basic financial statements include the Lapeer County Road Commission and Lapeer County Land Bank Authority as discretely presented component units. These entities are audited separately and, if necessary, an audit in accordance with OMB Circular A-133 is issued. As a result, the federal expenditures of these entities are not included in the Schedule of Expenditures of Federal Awards.

Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net assets of the County.

NOTE 2 - SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE:

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

Program	CFDA Number	Percent
Coop. Reimbursement	93.563	66.00
Mental Health ABW (Title XXI)	93.767	74.23
Medical Assistance Program Title XIX -		
CSHCS - Medicaid Outreach	93.778	50.00
CSHCS - Care Coordination	93.778	50.00
CSHCS - Outreach and Advisory	93.778	50.00
Block Grants for Prevention & Treatment of Substance Abuse -		
Treatment, Prevention and Women's Treatment	93.959	80.00
Maternal and Child Services Block Grant -		
CSHCS - Care Coordination	93.994	35.00

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

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

The following schedule reconciles the intergovernmental revenues reported in the December 31, 2011 governmental funds basic financial statement to the expenditures of the County administered federal programs reported on the Schedule.

	Major Funds	Non-major Funds	Total
Balance per Financial Statements – Governmental Funds – Intergovernmental revenue	$ 4,710,067	$ 4,140,643	$ 8,850,710
Less: State and Local – Intergovernmental revenue	(4,427,117)	(1,532,094)	(5,959,211)
Federal Award Expenditures	$ 282,950	$ 2,608,549	$ 2,891,499

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

The following is a summary of ARRA Award Expenditures as reported on the Schedule:

CFDA #16.803	ARRA – Edward Byrne Memorial Justice Assistance Program - Grants to States and Territories	$ 159,707
CFDA #16.804	ARRA – Edward Byrne Memorial Justice Assistance Program - Grants to Local Governments	13,279
CFDA #93.712	ARRA Immunization	9,589
CFDA #93.712	ARRA Vaccine Doses	827
CFDA #93.723	ARRA - Prevention and Wellness - Local Tobacco	27,350
		$ 210,752

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 5 - DRINKING WATER REVOLVING FUND:

The Michigan Municipal Bond Authority provides loan proceeds through the Federal Program – Capitalization Grants for Drinking Water State Revolving Funds. As a result, the information on bond proceeds received (both federal and state portions) for projects that have outstanding loan balances at December 31, 2011 are as follows:

	Project		
	# 7042-01	# 7191-01	# 7192-01
Authorized	$ 1,021,207	$ 694,868	$ 2,090,000
Balance 12/31/11	$ 466,507	$ 574,868	$ 1,777,694
2011 Activity			
Proceeds	$ -	$ -	$ -
Expenditures			
Capital Outlay	-	-	-
Debt Service			
Principal	50,000	30,000	85,000
Interest and Fiscal Charges	12,288	12,853	39,582

NOTE 6 - SUBRECIPIENTS:

The ARRA – Edward Byrne Memorial Justice Assistance Program - Grants to States and Territories (CFDA #16.803) in the amount of $131,473 and the Edward Byrne Memorial Justice Assistance Program – TNU (CFDA #16.738) in the amount of $62,798 was passed through to other local governments.

Stewart,
Beauvais
& Whipple P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

To the Board of Commissioners
of Lapeer County
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan (the "County"), as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the County and have issued our report thereon, dated June 22, 2012. Our report includes a reference to other auditors. 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. Also, we audited the financial statements of the Lapeer County Road Commission and Lapeer County Mental Health Authority, and issued separate auditor's reports. This report does not include the results of the testing of internal control over financial reporting or on compliance and other matters of the Lapeer County Road Commission and Lapeer County Mental Health Authority. Other auditors audited the financial statements of the Lapeer County Land Bank Authority as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors.

Internal Control Over Financing Reporting

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

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

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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, which are referenced as 2011-01 and 2011-02.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs described as item 2011-03 to be a significant deficiency.

Compliance and Other Matters

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

We noted certain other matters that we reported to the management and those in charge of governance of the County in a separate letter dated June 22, 2012.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit their responses and, accordingly, we express no opinion on them.

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

Stewart Beauvais & Whipple, PC.
Certified Public Accountants

June 22, 2012

Stewart,
Beauvais
& Whipple P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
of Lapeer County
Lapeer, Michigan

Compliance

We have audited the compliance of Lapeer County, Michigan (the "County") with the types of compliance requirements described in the ***OMB Circular A-133 Compliance Supplement*** that could have a direct and material effect on the County's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the Lapeer County Land Bank Authority, a component unit of the County. Our audit described below did not include operations for the Lapeer County Land Bank Authority because the component unit engaged other auditors to perform their financial audit and audit in accordance with OMB Circular A-133, if applicable.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-04 and 2011-05.

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

Internal Control Over Compliance

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-04 and 2011-05 to be material weaknesses.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

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

Stewart Beauvais & Whipple, PC.
Certified Public Accountants

June 22, 2012

LAPEER COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I – Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal controls over financial reporting:		
Material weakness(es) identified?	x yes	_____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	x yes	_____ none reported
Noncompliance material to financial statements noted?	_____ yes	x no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	x yes	_____ no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ yes	x none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A – 133, Section 510(a)?	x yes	_____ no

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
CFDA #10.557	Special Supplemental Food Program for Women, Infants and Children - WIC
CFDA #16.738/803/804	JAG Cluster
CFDA #'s 93.268/712	Immunization Cluster
CFDA #93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000	
Auditee qualified as low-risk auditee?	_____ yes	x no

Section II – Financial Statement Findings:

The following findings are considered to be significant deficiencies in internal control over financial reporting that, and except for 2011-03, are also considered to be material weaknesses. The findings were also reported in the prior year.

2011-01

Program - Financial Statement Finding that could have an effect on the reporting of major federal programs and other federal programs reported in the Schedule of Expenditures of Federal Awards.

Type: Material internal control weakness over financial reporting and reporting of federal programs.

Condition: Material auditor proposed adjusting entries, including entries to record the grant activity related to certain federal awards, subsequent to the year-end closing have been identified.

Criteria: Statement on Auditing Standards No. 115, "Communicating Internal Control Related Matters Identified in the Audit," specifies that if material audit adjustments are required to be proposed, the entity has a material weakness in internal control over financial reporting.

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

Effect: There is more than a remote likelihood that a misstatement in the Comprehensive Annual Financial Report or Schedule of Expenditures of Federal Awards that is material would not be prevented or detected by Lapeer County's internal control.

Recommendation: Departments should be held more responsible for initiating required journal entries through preparing the entry or, at a minimum, providing the finance department with required information. This communication process should be coordinated to also provide the entry on a timelier basis throughout the year. Written closing procedures should be prepared and communicated to the various departments and components involved in the County financial reporting process to delineate the responsibilities, documentation required, and deadlines for submission.

View of responsible officials and planned corrective action: In preparing adjusting entries, the Finance Department and County Management actively pursues the information to make timely and accurate entries. However, some information is not provided and available (component units and sub-recipients) until after the audit has commenced. Hence, some entries will always be adjusting entries. The County will continue working with these entities to implement procedures to better monitor these activities.

2011-02

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

Type: Material internal control weakness over financial reporting.

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

Criteria: Statement on Auditing Standard No. 115 "Communicating Internal Control Related Matters Identified in an Audit" specifies that if an entity does not have individuals on staff that can draft or review the financial statements to assure that they are accurate and reported in accordance with generally accepted accounting principles, than the entity has at a minimum a significant deficiency in internal control over reporting.

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

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

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

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

2011-03

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

Type: Significant deficiency of internal control over financial reporting.

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

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

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

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

Recommendation: The County is aware of the condition with the cash checking reconciliations not being on time and should place priority on following-up on differences noted each month so that timely adjustments may be recorded. We noted improvement in the number of bank reconciliations incomplete at year-end and the number and sizes of unaccounted differences. All year-end reconciliations were completed and unaccounted differences were corrected by mid-May. To continue to improve in this area we suggest the implementation of the following:

- Continue to expand interdepartmental communication with departments with significant EFT and other unusual banking transactions.
- Designate an individual different from preparer to periodically review and approve bank reconciliations.
- Follow-up on old outstanding checks and determine if escheating to the State of Michigan is required.
- Include a summary of bank reconciliations for finance committee meetings to assure that bank reconciliations are timely reconciled to General Ledger.

View of responsible officials and planned corrective actions: The County believes that the auditors have based their evaluation with State guidelines on final adjusted balances. County Management has had discussions with the auditors concerning this matter. In the future the auditors will use preliminary balances for this compliance evaluation. Both Management and the auditors believe this will resolve any issues.

Section III – Federal Award Program Questioned Costs and Findings:

2011-04

Program - Federal Award Finding could have an effect on the reporting of major federal programs and other federal programs in the Schedule of Expenditures of Federal Awards.

Type: Material internal control weakness over federal programs.

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

Condition: The County has implemented procedures to accumulate the required information to be reported in the Schedule of Expenditures of Federal Awards. However, for the year ended December 31, 2011, several of the required information components were not available at the time of audit.

Questioned Costs: None.

Cause: The County, having limited personnel due to budget cuts, has placed time restraints on the accounting office to be able to monitor the various departments receiving federal funds.

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

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

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

2011-05

Program - ARRA Edward Byrne Memorial JAG - CFDA #16.803
U.S. Department of Justice Passed Through the Michigan State Community Health Office of Drug Control Policy

Pass-through grantors number – 20093998

Program - Edward Byrne Memorial Justice Assistance Program TNU - CFDA #16.738
U.S. Department of Justice Passed Through the Michigan State Community Health Office of Drug Control Policy

Pass-through grantor's number - MSP #70898-2-11-B

Type: Material internal control weakness over the major program and noncompliance with subrecipient monitoring.

Criteria: OMB Circular A-133 requires pass-through grantors to have a system in place to ensure federal funds passed through to subrecipients are administered in accordance with laws, regulations, and provisions of the grant agreement.

Condition: The County does not have in place a monitoring process to evaluate whether the subrecipient for this program was administering the grant in accordance with laws, regulations, and provisions of the grant agreement.

Questioned Costs: None.

Cause: The County has not established a subrecipient monitoring process.

Effect: The lack of a monitoring process does not allow the County to evaluate whether the subrecipient is in compliance with laws, regulations, and provisions of the grant agreement, monitoring adequate internal control to administer the grant, or having single audits completed.

Recommendation: We recommend that the County establish a formal system to monitor subrecipients. This process should begin with determining whether subrecipients are subject to a single audit. If subject to single audit, the audits need to be requested from subrecipients, reviewed for internal control or compliance exceptions, and evaluated for further actions. Also, the County must devise and implement other methods to obtain needed information to fulfill their monitoring responsibilities.

View of responsible officials and corrective action: The County will implement a process to determine whether subrecipients are subject to the single audit. If subject to a single audit, the County Finance Department will request the audits from subrecipients and review the auditor's reports and schedule of findings and questioned costs for internal control and compliance matters relevant to our pass-through grants. We will also establish other methods to fulfill our monitoring responsibilities.

LAPEER COUNTY, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011

The following responses were provided by John Biscoe, Administrator/Controller of Lapeer County for the findings reported in the 2010 single audit since they were not fully implemented in 2011.

10-01

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

In preparing adjusting entries, the Finance Department and County Management actively pursues the information to make timely and accurate entries. However, some information is not provided and available (component units and sub-recipients) until after the audit has commenced. Hence, some entries will always be adjusting entries. The County will continue working with these entities to implement procedures to better monitor these activities.

10-02

Review of Comprehensive Annual Financial Report.

We have always reviewed the financial information; however, as a result of Statement of Auditing Standards No. 115, we will expand our review to GAAP presentation. Due to limited staff and current knowledge of GAAP, we do not foresee this comment being omitted for 2012. However, we do anticipate increased controls over reporting based on an increased effort of the review policies and improvement in the recording of year-end adjusting entries.

10-03

Bank Reconciliations for Common Checking Account.

The County believes that the auditors have based their evaluation with State guidelines on final adjusted balances. County Management has had discussions with the auditors concerning this matter. In the future the auditors will use preliminary balances for this compliance evaluation. Both Management and the auditors believe this will resolve issues.

10-04

Accurate and Complete Reporting of Information in the Schedule of Expenditures of Federal Awards.

Due to time restraints we did not accomplish improvement in the accumulation of documentation required for the Schedule of Expenditures of Federal Awards. Our intent is to provide a form presenting the required information to be provided for the year. An increase in communication will be made to help assure the information and supporting documentation is correct. The implementation of this form is expected to occur in 2012.

10-05

Subrecipient Monitoring Process

During 2012 the County Finance Department implemented procedures to determine whether subrecipients are subject to the single audit. The single audits of subrecipients will be reviewed and follow-up will be made on any noncompliance or internal control matters related to any pass-through grants. For subrecipients not subject to the single audit, other methods will be implemented to fulfill our monitoring responsibilities. These procedures will include requesting from subrecipients written procedures over significant compliance requirements and documentation to support grant costs charged to pass-through grants.

Stewart,
Beauvais
& Whipple P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

To the Board of Commissioners
of Lapeer County
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County, Michigan (the "County"), as of and for the year ended December 31, 2011, which collectively comprise the basic financial statements of the County and have issued our report thereon, dated June 22, 2012. 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. Other auditors audited the financial statements of the Lapeer County Land Bank Authority as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported by those auditors.

Internal Control Over Financing Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, which are referenced as 2011-01 and 2011-02.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified a deficiency that we consider to be a significant deficiency in internal control over financial reporting as described in the accompanying schedule of findings and questioned costs as item 2011-03. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain other matters that we reported to the management and those in charge of governance of the County in a separate letter dated June 22, 2012.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit their response and, accordingly, we express no opinion on it.

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

Stewart Beauvais & Whipple, PC.
Certified Public Accountants

June 22, 2012

LAPEER COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

The following findings are considered to be significant deficiencies in internal control over financial reporting that, and except for 2011-03, are also considered to be material weaknesses. The findings were also reported in the prior year.

2011-01 Material Adjusting Entries

Condition: Material auditor proposed adjusting entries, including entries to record the grant activity related to certain federal awards, subsequent to the year-end closing have been identified. Material entries were also proposed to the Medical Care Facility portion of the audit, which has a separate accounting system.

Criteria: Statement on Auditing Standards No. 115, "Communicating Internal Control Related Matters Identified in the Audit," specifies that if material audit adjustments are required to be proposed, the entity has a material weakness in internal control over financial reporting.

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

Effect: There is more than a remote likelihood that a misstatement in the Comprehensive Annual Financial Report or Schedule of Expenditures of Federal Awards that is material would not be prevented or detected by Lapeer County's internal control.

Recommendation: Departments should be held more responsible for initiating required journal entries through preparing the entry or, at a minimum, providing the finance department with required information. This communication process should be coordinated to also provide the entry on a more timely basis throughout the year. Written closing procedures should be prepared and communicated to the various departments and component units involved in the County financial reporting process to delineate the responsibilities, documentation required, and deadlines for submission.

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

2011-02 Capability to Prepare GAAP Financial Statement

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

Criteria: Statement on Auditing Standard No. 115 "Communicating Internal Control Related Matters Identified in an Audit" specifies that if an entity does not have individuals on staff that can draft or review the financial statements to assure that they are accurate and reported in accordance with generally accepted accounting principles, than the entity has at a minimum a significant deficiency in internal control over reporting.

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

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

Recommendation: Even though the financial statements are reviewed by Lapeer County personnel and the transmittal letter and management's discussion and analysis is completed by management, Lapeer County should increase responsibility for the review of the entire comprehensive annual financial report.

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

2011-03 Timely Bank Reconciliations

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

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

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

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

Recommendation: The County is aware of the condition with the bank reconciliations not being on time and should place priority on following-up on differences noted each month so that timely adjustments may be recorded. We noted improvement in the number of bank reconciliations incomplete at year-end and the number and sizes of unaccounted differences. All year-end reconciliations were completed and unaccounted differences were corrected by mid-May. To continue to improve in this area we suggest the implementation of the following:

- Continue to expand interdepartmental communication with departments with significant EFT and other unusual banking transactions.
- Designate an individual different from preparer to periodically review and approve bank reconciliations.
- Follow-up on old outstanding checks and determine if escheating to the State of Michigan is required.
- Include a summary of bank reconciliations for finance committee meetings to assure that bank reconciliations are timely reconciled to General Ledger.

View of responsible officials and planned corrective actions: Management recognizes that timely bank reconciliations along with recording of corrections for the balance at 2012 have placed an emphasis on timeliness.

Stewart,
Beauvais
& Whipple P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

AUDIT COMMUNICATION LETTER

June 22, 2012

To the Board of Commissioners
of Lapeer County
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lapeer County for the year ended December 31, 2011, which collectively comprise Lapeer County, Michigan's basic financial statements, and have issued our report thereon dated June 22, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and ***Government Auditing Standards***, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 21, 2011. Professional standards also require that we communicate to you the following information related to our audit.

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

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

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

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

Planned Scope and Timing of Audit

We performed the audit according to the planned scope and timing previously communicated to you in our Preliminary Audit Communication Letter and discussions with management.

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Significant Audit Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lapeer County are described in Note 1 to the financial statements. Other than the adoption of GASB Statement No. 54, which revised the fund balance classifications of fund balance in the County's governmental funds and caused four special revenue funds to be combined with the General Fund, no other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Lapeer County during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

> Management's estimate of the taxes receivable at December 31, which is based on the taxable value received from the Equalization Department.
>
> Management's estimate for depreciation, which is based on historical data and estimated useful lives.
>
> Management's estimate of uncollectible accounts receivable. Uncollectible accounts receivable is based on prior years' experience and management's analysis of possible bad debts.

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

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

> The disclosure of the custodial credit risk of deposits in Note 3 of the financial statements indicates the County holds $35,590,001 of total deposits at December, 31, 2011 of which $3,149,311 is insured, with the remaining $32,440,690 uninsured/uncollateralized, is particularly sensitive to the financial statement users given the risk of a bank failure, the County's deposits may not be returned.
>
> The disclosure of the defined benefit and other postemployment benefit plans' actuarial accrued liabilities, actuarial value of assets available to fund the plans and other disclosures relating to the plans as discussed in Notes 9 and 10.

Difficulties Encountered in Performing the Audit

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

Recorded and Unrecorded Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedules summarize uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial both individually and in the aggregate to the financial statements taken as a whole.

The following material misstatements detected as a result of audit procedures were corrected by management (we also proposed and management corrected a number of immaterial and closing entries):

- To reclassify deferrals to revenue for various reimbursements meeting the earned/availability criteria.
- To reclassify expenditures to correct accounts.
- To update certain grant activity for the Homeland Security and Community Development Block Grants.
- To adjust the estimate for accrued workers' compensation liability.
- Various entries to reclassify interfund transactions.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 22, 2012.

Management Consultations with Other Independent Accountants

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

Other Issues

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

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

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

Stewart Beauvais & Whipple, P.C.
Certified Public Accountants

ATTACHMENT A

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

GENERAL:

Certain Trust and Agency Fund Liability Accounts should be Reconciled to Subsidiary Records

We noted several trust and agency liability accounts that did not agree to the subsidiary records. Internal control in this area should be reemphasized to require periodic reconciliation of the general ledger balance to the more detailed subsidiary record. We suggest at least an annual reconciliation to the detailed subsidiary records be performed and more frequently based on the size and the activity of the account.

Maintenance of Separate Detail of Individual Drainage District Balances

State Statute requires the County Treasurer's Office to maintain cash balances of the individual drains. Currently, only the Drain Commissioner's office is maintaining this detail. On a monthly basis, the Drain Commissioner's office attempts to reconcile the totals by Drain Fund from their detailed cash subsidiary records by drainage district to the cash control accounts by Drain Fund included in the County general ledger. These reconciliations have resulted in significant differences and several adjustments resulted to make reclassification of the general ledger to the detail maintained by the Drain Commissioner's office.

We recommend the County evaluate the feasibility to have the County general ledger set up to maintain the drainage district cash balances by individual drain. This should improve the reconciliation process and reduce the likelihood of error.

Reporting of the Lapeer County Postemployment Health Plan

The County administers a defined contribution plan to County employees funded through employer contributions to provide an account to pay postemployment health care expenses. The Plan assets are held and participant recordkeeping is performed by MERS. It was brought to our attention during the current audit that the County has accumulated assets at MERS that have not been distributed to participant accounts. This accumulation is maintained at MERS in a separate account identified as "Employer Contribution" with a balance of approximately $1.1 million as of December 31, 2011. It is our understanding this balance was derived from forfeitures of non-vested employer contributions and certain "prefunding" of plan contributions by the County. We also understand the funds forfeited and contributed into the "Employer Contribution" account can only be used to reduce future employer contributions.

We recommend the County evaluate whether the activity of the "Employer Contribution" account held at MERS should be reported in a Pension Trust Fund primarily due to fact these assets have not been allocated to participant accounts.

Cash Receipting

The County has a decentralized cash receipting function where each major department of the County has its own cash receipting procedures. We noted during our audit procedures that certain deposits made with the Treasurer's department lacked sufficient documentation to support classification and posting into the general ledger. The specific matters noted are as follows:

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

Sheriff's department does not have proper procedures to reconcile inmate trust assets to the bank statement or to a listing of inmate liability balances.

As a result of conditions described in regards to the departments' receipting procedures, the County is at risk that errors and misstatements could occur that would not be prevented or detected.

We recommend that you continue your process of increasing controls over receipting by the various departments at the County.

Time Sheets and Documentation

During our tests of payroll function, we noted that not all time sheets are signed by employees, particularly for Sheriff Department and E-911 employees. Signatures are considered a significant control for time verification. In absence of such verification, the County is at risk.

We recommend that all time sheets need to be signed by employees and their supervisor.

COMPLIANCE ISSUES:

Budget Amendments

As indicated in the Notes to Financial Statements, the County of Lapeer has not complied with certain provisions of Public Act 621 of 1978, as amended. Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local governmental unit shall not incur expenditures in excess of the amount appropriated. The Act requires the Board of Commissioners to make budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

During the year ended December 31, 2011, we noted certain violations described in Note 2 of the financial statements.

We recommend that the current monitoring process of comparing actual expenditures to the budget be enhanced.

Negative Cash

The use of a common checking account allows for the County to issue checks on a fund when cash equity is not available. The transaction results in negative cash, which is not a bank overdraft because cash in total is positive. However, the Michigan Department of Treasury considers this to be interfund borrowing, which may or may not be legal based on the fund type.

In order to not report negative cash on the various funds' balance sheets in the CAFR, we propose an entry to report interfund receivable/payables that we believe meet the Michigan Department of Treasury legal requirements. The entry for December 31, 2011 totaled $2,652,412 for the primary government.

We recommend that the County monitor these negative balances more closely so that large entries are not required to be recorded at year-end.

To assist in the monitoring, Lapeer County should implement procedures at the department level to provide a periodic report with explanations of variances with support data.

Medical Care Facility Expenditures

As noted during the audit there were several instances that the Medical Care Facility with public funds provided an Employee Recognition party for its employees. It is our understanding that the Michigan Compiled Laws do not allow these types of expenditures for governmental units.

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: Governmental Activities

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
GENERAL FUND			7,326	-	7,326	-	(7,326)
COMMUNITY MENTAL HEALTH			-	-	-	-	-
COMMUNITY DEVELOPMENT			-	-	-	-	-
E-911 DEBT FUND			-	-			
E-911 CONSTRUCTION FUND			-	-	-	-	-
NON MAJOR GOVERNMENTAL FUNDS			-	-	-	-	-
			-	-	-	-	-
Total Current Year Unadjusted Amount			7,326	-	7,326	-	(7,326)
Unadjusted Amount From Prior Year						-	4,554
Total Unadjusted Amount			7,326	-	7,326	-	(2,772)

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Chief Financial Officer

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: General Fund

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
Unlocated bank reconciliation cash difference	A-2	Known (K)	7,326	-	7,326	-	(7,326)
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-		-
Total Current Year Unadjusted Amount			7,326	-	7,326	-	(7,326)
Unadjusted Amount From Prior Year						- (a)	4,554
a unbilled attorney fees							
Total Unadjusted Amount			7,326	-	7,326	-	(2,772)

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Craig D. Hirth
Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: Community Mental Health

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	-	-	-	-
Unadjusted Amount From Prior Year						-	-
Total Unadjusted Amount			-	-	-	-	-

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: Community Development

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	-	-	-	-
Unadjusted Amount From Prior Year						-	-
Total Unadjusted Amount			-	-	-	-	-

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: E-911 Debt Fund

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	-	-	-	-
Unadjusted Amount From Prior Year						-	-
Total Unadjusted Amount			-	-	-	-	-

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Craig D. Hirth
Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: E-911 Construction Fund

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	-	-	-	-
Unadjusted Amount From Prior Year						-	-
Total Unadjusted Amount			-	-	-	-	-

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Craig D. Hart
Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: Non-Major Governmental Funds

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
			-	-	-	-	-
			-		-	-	
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	-	-	-	-
Unadjusted Amount From Prior Year						-	-
Total Unadjusted Amount			-	-	-	-	-

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: Business Activities

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
DTR			-	-	-	-	-
MEDICAL CARE FACILITY	CC-2/BB-1	Known (K)	-	(21,826)	21,826	-	(21,826)
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	(21,826)	21,826	-	(21,826)
Unadjusted Amount From Prior Year							21,028
Total Unadjusted Amount			-	(21,826)	21,826	-	(798)

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: DTR

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	-	-	-	-
Unadjusted Amount From Prior Year						-	-
Total Unadjusted Amount			-	-	-	-	-

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: Medical Care Facility

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
Understatement of accrued fica on accrued leave	BB-2	Known	-	(21,826)	21,826	-	(21,826)
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	(21,826)	21,826	-	(21,826)
Unadjusted Amount From Prior Year						- (a)	21,028
Total Unadjusted Amount			-	(21,826)	21,826	-	(798)

(a) understatement of accrued fica on accrued leave and unbilled attorney fees

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Finance Director

SUMMARY OF UNADJUSTED AUDIT DIFFERENCES

Client Name: LAPEER COUNTY

Financial Statement Date: *12/31/2011*

Opinion Unit: Drains - Component Unit

Description of Misstatement	W/P Ref	Known (K) or Likely (L)	Financial Statements Effect Amount of Over (Under) Statement of: Assets	Liabilities	Fund Equity	Revenues	Expenditure / Expenses
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-	-	-	-	-
			-		-		-
Total Current Year Unadjusted Amount			-	-	-	-	-
Unadjusted Amount From Prior Year						10,540 a	-
Total Unadjusted Amount			-	-	-	10,540	-

a Understatement of special assessment revenue

We believe the unrecorded possible adjustments listed above are immaterial to the financial statements, both individually and in the aggregate.

Administrator/Controller

Finance Director