

CITY OF LAPEER, MICHIGAN

CITY OF LAPEER

COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2013

INDEPENDENT AUDITORS' REPORT

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 82 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lapeer, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 on our consideration of the City of Lapeer, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lapeer, Michigan's internal control over financial reporting and compliance.


Certified Public Accountants

East Lansing, Michigan
December 30, 2013

Management's Discussion and Analysis

Our discussion and analysis of the City of Lapeer's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- State Revenue Sharing Funds continued to be lower than historical levels. The City received \$697,286 in FY 2012-2013 compared to \$694,236 in FY 2011-2012, a slight increase of \$3,050 or 0.4%. When compared to State Revenue Sharing Funds received in Fiscal Year 2001-2002, actual State Revenue Sharing Funds received were reduced from \$1,037,526 to \$697,286, a decrease of \$340,240 or 32.8%.
- The City income tax revenue of \$2,551,661 in fiscal year 2012-2013 was \$114,163 (4.7%) more than the prior year revenue of \$2,437,498.
- General Fund interest on investments was at \$9,391 in fiscal year 2012-2013, compared to \$8,519 the prior year. This was an increase of \$872 or 10.2% due to a slight increase in the interest rates.
- Among other improvement projects, the City completed rehabilitation of the North Court Street bridge for \$104,940, renovation of the Mill Street sewer interceptor for \$736,380 and began mill and resurface of John Conley Drive to be completed in fiscal year 2013/2014.
- The City sold approximately 20 acres of land to Mott Community College along Lake Drive for \$1,664,790.
- A prior period adjustment to the OPEB expense reduced the Governmental Funds liability by \$14,316,774, the Wastewater Fund liability by \$1,851,146 and the Water Fund liability by \$1,351,779. A prior period adjustment to record a receivable for the Clay Street grant increased the assets of the Major Street Fund by \$27,673, the Auto Parking Fund by \$56,539, the Wastewater Fund by \$6,973 and the Water Fund by \$77,130.
- The City's general obligation bond rating from Moody's Investor Services remained at A2 while Standard & Poor's remained at A. The City's other debt - principally revenue bonds - remained at BBB-.
- No new debt was issued in FY 2012-2013.
- There were no new homes constructed during this fiscal year. There continued to be very little residential building activity. Several open projects remain, but no progress is expected in the near future. These projects include Brookwood Condominium which is planned for 218 single family sites. Carriage Hill is planned as an 80 unit attached condominium development. Devonshire is planned for 45 senior condominiums. Golfview is planned for 58 single family homes. The residential activity for new homes is basically non-existent due to the current state of the economy.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. These statements tell how these services were financed in the short term as well as what remains for future spending. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in it. You can think of the City's net position - the difference between assets and liabilities - as one way to measure the City's financial health, or *financial position*. Over time, *increases* or *decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the *overall health* of the City:

In the Statement of Net Position and the Statement of Activities, we divide the City into three kinds of activities:

- **Governmental activities** - Most of the City's basic services are reported here, including police, fire, public works, parks, and general administration. Property taxes, income taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems and auto parking facilities are reported here.
- **Component units** - The City includes five separate legal entities in its report: Brownfield Redevelopment Authority, Downtown Development Authority, Economic Development Corporation, Local Development Finance Authority, and Tax Increment Finance Authority.

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Commission establishes many other funds to help it control and manage money for particular purposes (like the Infrastructure Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the Michigan State Housing Development Authority). The City's two kinds of funds - *governmental* and *proprietary* - use different accounting approaches.

- **Governmental funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows in to and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in reconciliation at the bottom of the fund financial statements.

- *Proprietary funds* - When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are usually reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities - such as the City's Motor Pool Fund.

The City as Trustee

The City is the trustee, or *fiduciary*, for the Mt. Hope Cemetery Perpetual Care Fund. It is also responsible for other assets as an agent for others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

Table 1 was summarized from the government-wide Statement of Net Position and provides a comparison between the current and prior years. The City's combined net position (for the primary government) increased from \$65,173,514 to \$83,455,459, an increase of \$18,281,945 or 28.0%. In the prior year, the net position decreased from \$66,965,990 to \$65,173,514, a decrease of \$1,792,476 or 2.6%. The net position for the governmental activities increased from \$45,805,692 to \$58,741,337, an increase of \$12,935,645 or 28.2%. In the prior year, the net position increased from \$44,707,983 to \$45,805,692, an increase of \$1,097,709 or 2.4%. The net position for the business-type activities increased from \$19,367,821 to \$24,714,122, an increase of \$5,346,301 or 27.6%. In the prior year, the net position decreased from \$22,258,007 to \$19,367,821, a decrease of \$2,890,186 or 12.9%.

Table 1
Net Position
(In Millions)

	Governmental <u>Activities</u> 2013	Business-type <u>Activities</u> 2013	Total Primary <u>Government</u> 2013
Current and other assets	\$18.0	\$ 5.0	\$23.0
Capital assets	<u>57.3</u>	<u>29.1</u>	<u>86.4</u>
Total assets	<u>75.3</u>	<u>34.1</u>	<u>109.4</u>
Long-term debt			
Outstanding	8.9	7.7	16.6
Other liabilities	<u>7.7</u>	<u>1.7</u>	<u>9.4</u>
Total liabilities	<u>16.6</u>	<u>9.4</u>	<u>26.0</u>
Net position:			
Invested in capital assets, Net of debt	48.4	21.4	69.8
Restricted	0.0	0.0	0.0
Unrestricted (deficit)	<u>10.3</u>	<u>3.3</u>	<u>13.6</u>
Total net position	<u>\$58.7</u>	<u>\$24.7</u>	<u>\$83.4</u>

	Governmental <u>Activities</u> 2012	Business-type <u>Activities</u> 2012	Total Primary <u>Government</u> 2012
Current and other assets	\$16.6	\$3.6	\$20.2
Capital assets	<u>59.6</u>	<u>28.4</u>	<u>88.0</u>
Total assets	<u>76.2</u>	<u>32.0</u>	<u>108.2</u>
Long-term debt			
Outstanding	27.5	11.7	39.2
Other liabilities	<u>2.9</u>	<u>1.0</u>	<u>3.9</u>
Total liabilities	<u>30.4</u>	<u>12.7</u>	<u>43.1</u>
Net position:			
Invested in capital assets, Net of debt	25.1	20.5	45.6
Restricted	0.0	0.0	0.0
Unrestricted (deficit)	<u>20.7</u>	<u>(1.2)</u>	<u>19.5</u>
Total net position	<u>\$45.8</u>	<u>\$19.3</u>	<u>\$65.1</u>

Governmental Activities

As stated previously, the net position of the City's governmental activities increased by \$12,935,645 or 28.2%. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - is recorded as unrestricted Net Position of \$10,289,648.

Table 2 was summarized from the government-wide Statement of Activities. This table summarizes the government-wide program revenues, other revenues and expenses of the City and provides a comparison between the current and prior years.

Table 2
Changes in Net Position
(In Millions)

	<u>Governmental</u> <u>Activities</u> 2013	<u>Business-type</u> <u>Activities</u> 2013	<u>Total</u> <u>Primary</u> <u>Government</u> 2013
Revenues:			
Program revenues:			
Charges for Services	\$2.5	\$6.7	\$9.2
Operating grants and Contributions	1.3	0.4	1.7
General revenues:			
Property taxes	2.3	0.0	2.3
Income Tax	2.6	0.0	2.6
Other taxes	0.4	0.0	0.4
Other	<u>3.6</u>	<u>0.0</u>	<u>3.6</u>
Total Revenues	<u>12.7</u>	<u>7.1</u>	<u>19.8</u>
Expenses:			
General government	\$3.4	\$0.0	\$3.4
Public safety	3.5	0.0	3.5
Public works	1.1	0.0	1.1
Community development and enrichment	1.0	0.0	1.0
Highway and streets	2.4	0.0	2.4
Culture and recreation	1.9	0.0	1.9
Other	0.2	0.0	0.2
Interest on long-term Debt	0.4	0.0	0.4
Water	0.0	2.6	2.6
Wastewater	0.0	2.9	2.9
Auto parking	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Expenses	<u>13.9</u>	<u>5.5</u>	<u>19.4</u>
Change in net Position			
Before transfers	(1.2)	1.6	0.4
Transfers	<u>(0.2)</u>	<u>0.4</u>	<u>0.2</u>
Change in Net Position	(1.4)	2.0	0.6
Net position, July 1	45.8	19.4	65.2
Prior period adjustment	<u>14.3</u>	<u>3.3</u>	<u>17.6</u>
Net position, June 30	<u>\$58.7</u>	<u>\$24.7</u>	<u>\$83.4</u>

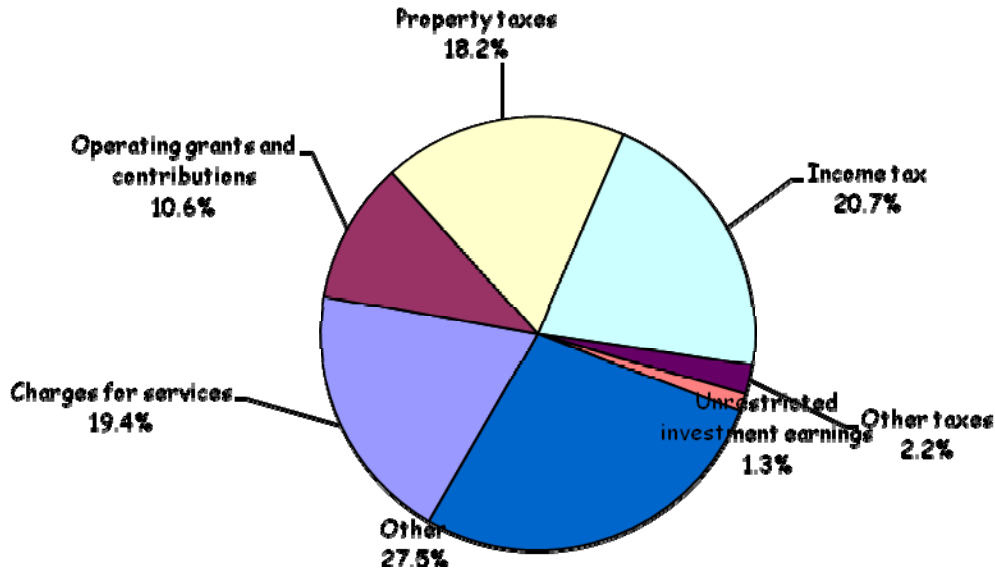
Table 2
Changes in Net position
(In Millions)

	<u>Governmental</u> <u>Activities</u> 2012	<u>Business-type</u> <u>Activities</u> 2012	<u>Total</u> <u>Primary</u> <u>Government</u> 2012
Revenues:			
Program revenues:			
Charges for Services	\$2.3	\$6.5	\$8.8
Operating grants and Contributions	1.6	0.1	1.7
General revenues:			
Property taxes	2.9	0.0	2.9
Income Tax	2.4	0.0	2.4
Other taxes	0.9	0.0	0.9
Other	<u>1.0</u>	<u>0.0</u>	<u>1.0</u>
Total Revenues	<u>11.1</u>	<u>6.6</u>	<u>17.7</u>
Expenses:			
General government	\$1.8	\$0.0	\$1.8
Public safety	4.2	0.0	4.2
Public works	1.0	0.0	1.0
Community development and enrichment	0.7	0.0	0.7
Highway and streets	2.9	0.0	2.9
Culture and recreation	1.9	0.0	1.9
Other	0.3	0.0	0.3
Interest on long-term Debt	0.4	0.0	0.4
Water	0.0	2.5	2.5
Wastewater	0.0	2.8	2.8
Auto parking	<u>0.0</u>	<u>0.1</u>	<u>0.1</u>
Total Expenses	<u>13.2</u>	<u>5.4</u>	<u>18.6</u>
Change in net position			
Before transfers	(2.1)	1.2	(0.9)
Transfers	<u>0.4</u>	<u>(0.2)</u>	<u>0.2</u>
Change in Net Position	<u>(1.7)</u>	1.0	<u>(0.7)</u>
Net position, July 1	44.7	22.3	67.0
Prior period adjustment	<u>2.8</u>	<u>(4.0)</u>	<u>(1.2)</u>
Net position, June 30	<u>\$45.8</u>	<u>\$19.3</u>	<u>\$65.1</u>

The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the governmental activities.

FY 2012-2013

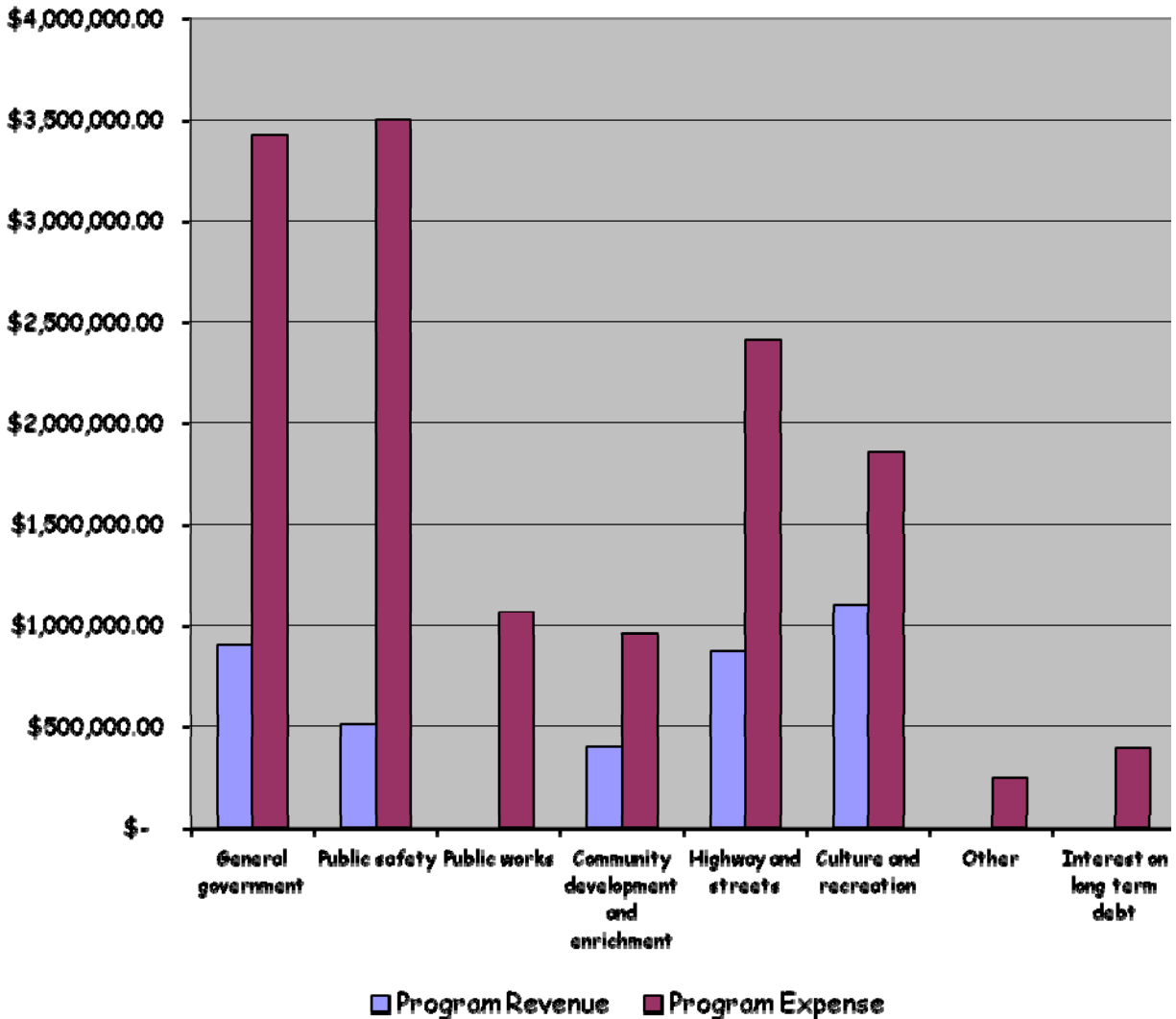
Revenues by Source - Governmental Activities



Total revenue from all sources totaled \$16.4 million of which \$12.6 million was from governmental activities and \$3.8 million was from business-type activities. In the prior year, total revenue from all sources totaled \$17.7 million of which \$11.1 million was from governmental activities and \$6.6 million was from business-type activities. The total revenue from all sources decreased \$1.3 million or 7.3%. The governmental activities revenue increased \$1.5 million or 13.5% while the business-type activities revenue decreased \$2.8 million or 42.4%. The governmental activities received 18.2% or \$2.3 million from property taxes. The millage rate of 9.8000 remained unchanged from the prior year. The City also received 20.7% or \$2.6 million from income tax revenue. 19.4% of governmental activity was funded from charges for services and 2.2% was funded by other taxes. 10.6% of governmental activity was funded from operating grants and contributions. The remaining 28.8% of revenue was from unrestricted investment earnings and other revenue.

FY 2012-2013

Expenses and Program Revenues - Governmental Activities



The governmental activities of the City had an expense of \$13.9 million dollars for the past fiscal year. Due to utilizing full accrual on the government-wide statements, the expenditures for capital assets including infrastructure are not recorded as expenses in the current year, but are capitalized on the Statement of Net Position and are depreciated over the useful life of the asset. Only the current year depreciation would be included as an expense.

The \$13.9 million for governmental activities was funded from \$2.5 million in program revenues. The balance of this cost was funded from taxes and other revenues. The expenditures for governmental activities by classification occurred in public safety at \$3.5 million, general government at \$3.4 million, highways and streets at \$2.4 million, culture and recreation at \$1.9 million, public works at \$1.1 million, community development and enrichment at \$1.0 million, interest on long-term debt at \$0.4 million and other at \$0.2 million. The program revenues received as a percentage of the expense for these activities were 15% for public safety, 26% for general government, 36% for highways and streets, 59% for culture and recreation, 0% for public works, 42% for community development and enrichment, 0% for interest on long-term debt and 0% for other.

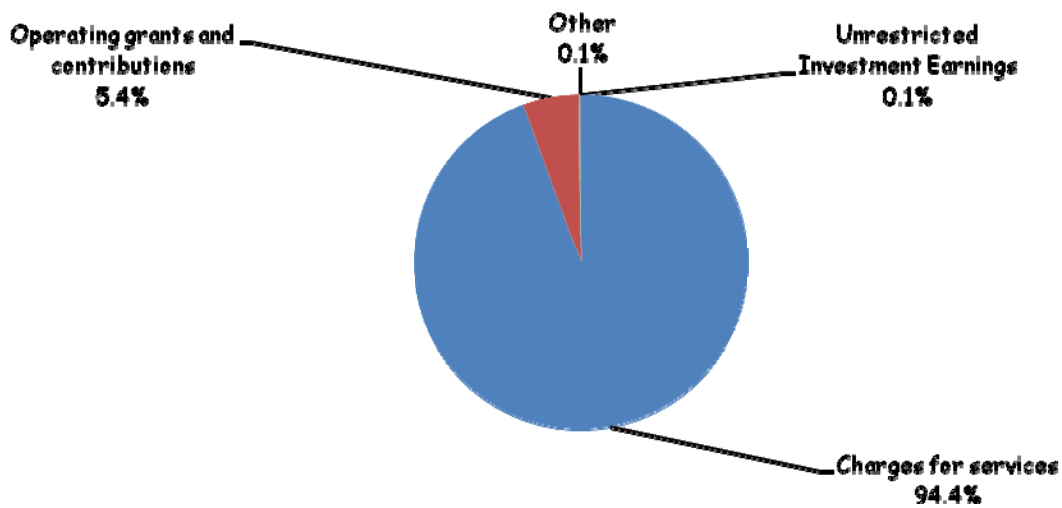
Business-type Activities

The net position of the City's business-type activities increased from \$19,367,821 to \$24,714,122, an increase of \$5,346,301 or 27.6%. In the prior year, the net position of the City's business-type activities decreased from \$22,258,007 to \$19,367,821, a decrease of \$2,890,186 or 12.9%.

The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the business-type activities.

FY 2012-2013

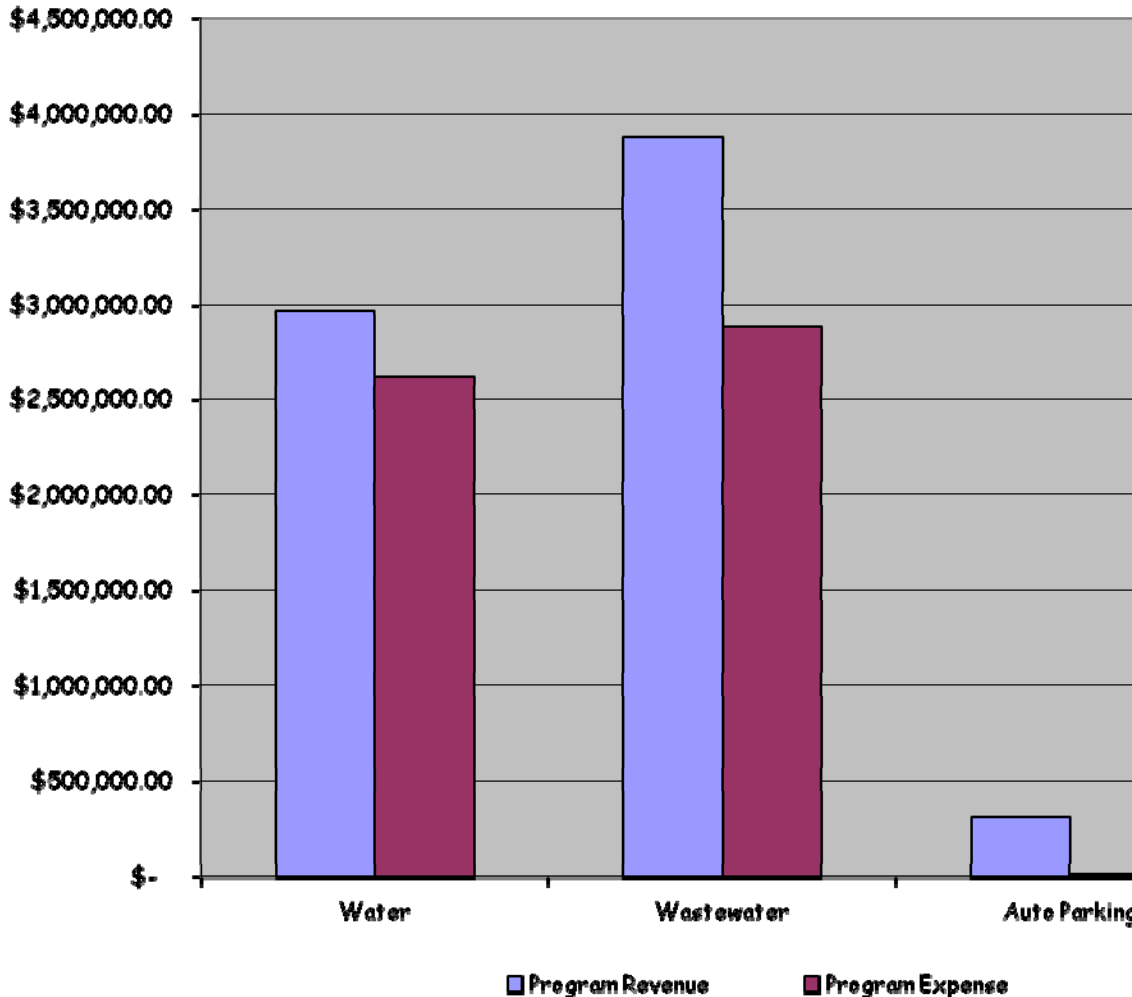
Revenues by Source - Business-type Activities



The largest source of revenue for the business-type activities was charges for services which represented 94.4% of the total revenue. The business-type activities include the water fund, wastewater fund, and auto parking fund. The total revenue received was \$7.2 million with \$6.8 million from charges for services.

FY 2012-2013

Expense and Program Revenues - Business-type Activities



The City is a member of the Greater Lapeer County Utilities Authority (G.L.C.U.A.) which purchases its water from the Detroit Water System. The purchase of water for this fiscal year increased to \$1,264,963 from \$1,229,878, an increase of \$35,085. This represented 48.8% of the fund's operating expenses. The water fund total operating expenses were \$2.6 million compared to \$2.9 million in program revenues.

The City last increased its rates to customers effective for billings on or after August 1, 2011. For fiscal year 2012-2013, the flat monthly charge remained at \$5.76 and the volume charge at \$5.44, the same as for the prior year.

The wastewater fund total operating expenses were \$2.9 million compared to \$3.8 million in program revenues. The City last increased its rates to customers effective for billings on or after August 1, 2011. For fiscal year 2012-2013, the flat monthly charge remained at \$10.66 and the volume charge at \$7.62, the same as for the prior year.

The Auto Parking Fund had revenues of \$316,265 and expenses of \$11,598. There was a prior period adjustment to record a prior year receivable of \$56,539 for the Clay Street grant.

THE CITY'S FUNDS

The General Fund revenue was \$7.7 million, a decrease of \$0.1 million from the prior year. The expenditures were \$6.5 million compared to \$6.5 million the prior year. The net transfers to other funds were \$0.8 million compared to \$0.8 million the prior year. The unassigned fund balance increased from \$1,656,913 to \$2,074,617, an increase of \$417,704 or 25.0%. In the prior year, the unassigned fund balance increased from \$1,469,412 to \$1,656,913, an increase of \$187,501 or 13.0%.

The Major Street Fund continued project improvements which included beginning the mill and resurface of John Conley Drive. This fund receives revenues from grants, donations, and transfers from bond construction funds which vary greatly from year to year. In the current year the total revenues were \$0.7 million, the expenditures were \$1.2 million, and the net transfers in were \$52 thousand. The bond proceeds funding the John Conley Drive project begun in fiscal year 2012-2013 were not available until fiscal year 2013-2014, resulting in a deficit fund balance in the Major Street Fund for year ended June 30, 2012. The fund balance decreased from \$177,493 to \$(231,912), a decrease of \$409,405 or 230.0%. In the prior year, the assigned fund balance increased from \$62,653 to \$177,433, an increase of \$114,780 or 183.0%.

The Local Street Fund continued project improvements during the fiscal year. In the current year, the total revenues were \$149 thousand, the expenditures were \$162 thousand and the net transfers in were \$43 thousand. The assigned fund balance increased from \$190,249 to \$220,311, an increase of \$30,062 or 15.0%. In the prior year, the assigned fund balance increased from \$145,402 to \$190,248, an increase of \$44,846 or 31.0%.

The Park Fund continued project improvements during the fiscal year. In the current year the total revenues were \$1.2 million, the expenditures were \$1.7 million and the net transfers in were \$0.5 million. The assigned fund balance decreased from \$203,897 to \$151,924, a decrease of \$51,973 or 25.0%. In the prior year, the assigned fund balance decreased from \$300,447 to \$203,897, a decrease of \$96,550 or 32.0%.

General Fund Budgetary Highlights

The difference between the General Fund's original and amended budgets was an increase to Fund Balance Applied of \$112,878 or 1.2% of the total General Fund revenue originally budgeted and is summarized as follows:

- \$2,878 increase to the Fire Department Budget for donations received in prior years for Fire Prevention.
- \$110,000 increase to Transfer to Parking Fund to cover the Parking Fund's deficit fund balance for year ended June 30, 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Lapeer's investment in capital assets for its governmental and business type activities as of June 30, 2013 was \$86,383,568 (net of accumulated depreciation). This is a decrease of \$1,687,426 over the prior year amount of \$88,070,994. This investment in capital assets includes land, buildings, infrastructure systems and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City of Lapeer's investment in capital assets for the current fiscal year was 1.9% (a 3.9% decrease for governmental activities and a 2.2% increase for business-type activities).

Major capital asset events during the current fiscal year included the following:

- The Land Acquisition Fund sold approximately 20 acres along Lake Drive to Mott Community College for \$1,664,790.
- Projects continued/completed included Oregon Street reconstruction (\$563,397), Park Street two-way design (\$5,400), Mill Street sewer interceptor (\$736,380), North Court Street bridge rehabilitation (\$104,940), Clay Street and Downtown parking lot (\$1,183,855), infrastructure projects on Oregon/Mill (\$106,142), Peppermill/Mill (\$82,603), Summit Street - M24/Harrison (\$125,443), Golfside Drive (\$150,661) and in the Woodbridge subdivision (\$153,588), Mott Road extension (\$99,017), Cramton Park bridge replacement (\$7,599), Public Safety Parking lot renovation (\$48,487), Whitney Drive lift station (\$49,762), I-69/M-24 Corridor utilities (\$10,224,738), Wastewater system improvements (\$351,762). SCADA lift station (\$51,913), Demille & Saginaw lift station control replacements (\$59,563), Wastewater Treatment Plant improvements (\$7,287,302) and Lyle Street water main (\$20,313).
- Equipment purchases included two Western Mount Pro plows (\$4,465 each), two 2012 Ford F250 regular cab pick-ups (\$21,373 each), 8" long Dumper Dog (\$2,900), 2013 Ford Interceptor (\$23,681), two 2013 Ford Utility trucks (\$26,457 each), Composite Sampler (\$5,999), Thermal Imaging Camera (\$7,028), Diving Board (\$11,358), SCADA system (\$38,288), Water Meter reading system (\$50,525) and the Demille/Genesee traffic signal (\$71,741).
- Equipment dispositions included (sale price in parenthesis) 1995 GMC pick-up (\$2,025), 1989 Chevy Minivan (\$820), 2006 Crown Victoria (\$2,491), a second 2006 Crown Victoria (\$1,786), 2007 Chevy Impala (\$3,469) and a second 2007 Chevy Impala (3,099).

Debt

At year-end, the City of Lapeer's total bonded debt outstanding was at \$16.6 million (excluding component units) versus \$18.5 million last year - a decrease of \$1.9 million or 10.7% - as shown in Table 3.

Table 3
Outstanding Debt at Year-End
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City)	\$ 8.1	\$10.2	\$0.0	\$0.0	\$ 8.1	\$10.2
Special assessment bonds (with City commitment)	\$ 0.8	\$ 0.5	\$0.0	\$0.0	\$ 0.8	\$ 0.5
Revenue bonds and notes (backed by specific tax and fee revenues)	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$7.7</u>	<u>\$7.8</u>	<u>\$ 7.7</u>	<u>\$ 7.8</u>
Totals	<u>\$ 8.9</u>	<u>\$10.7</u>	<u>\$7.7</u>	<u>\$7.8</u>	<u>\$16.6</u>	<u>\$18.5</u>

No new debt was issued by the City in 2012-2013.

None of the component units had any outstanding debt as of the year ended June 30, 2013.

The City's general obligation bond rating from Moody's Investor Services remained stable at A2 while Standard & Poor's maintained the City's rating at A. The City's other debt - principally revenue bonds - continued to carry a BBB- rating. The State limits the amount of general obligation debt that cities can issue to 10 percent of State Equalized Value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below this \$26.8 million state-imposed limit.

Other obligations include accrued vacation and sick leave of \$498,215. More detailed information about the City's long-term liabilities is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the County of Lapeer was at 10.3% for June 2013, an increase of 0.1% from the prior year-end unemployment rate of 10.2%.
- Inflationary trends and economic development in the region compare favorably to national indices.

These factors were considered in preparing the City of Lapeer's budget for Fiscal Year 2012-2013.

During the current fiscal year, the unassigned fund balance for the General Fund increased from \$1,656,913 to \$2,019,307, an increase of \$362,394 or 21.9%. In the prior year, the unassigned fund balance increased from \$1,469,412 to \$1,656,913, an increase of \$187,501 or 13.0%. The current year unassigned fund balance of \$2,019,307 is \$791,145 higher than the \$1,228,162 projected during the fiscal year 2012-2013 budget review. The City of Lapeer anticipates adding \$67,959 to fund balance in the 2013-2014 fiscal year.

The City of Lapeer will return contributed capital of \$250,000 to the General Fund from the Wastewater Fund as part of the fiscal year 2013-2014 budget. Additionally, the City maintained the millage rate of 9.8000 which is the same as the prior year millage rate. One mill of this millage rate is allocated 50% to the Local Street Fund and 50% to the Capital Improvement Fund.

Requests for Information

This financial report is designed to provide a general overview of the City of Lapeer's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Lapeer, Director of Financial Services, 576 Liberty Park, Lapeer, MI 48446.

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GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
JUNE 30, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	\$ 5,654,238.44	\$ 1,485,315.58	\$ 7,139,554.02	\$ 2,578,503.70
Investments	600,000.00	1,450,000.00	2,050,000.00	
Receivables				
Notes	18,460.44		18,460.44	206,414.95
Land contract	1,164,790.00		1,164,790.00	
Taxes	66,603.07		66,603.07	
Accounts	128,216.21	645,871.73	774,087.94	
Special assessments	7,164,595.19		7,164,595.19	
Deposits	2,125,015.92	900.00	2,125,915.92	
Prepaid expenses	269,462.49	23,486.26	292,948.75	
Due from				
Other funds	600,582.55	1,305,869.96	1,906,452.51	18,641.60
State	147,745.04		147,745.04	
Other governmental units	14,480.23	1,000.00	15,480.23	
Inventory	71,778.52	96,053.15	167,831.67	
Fixed assets not being depreciated	22,553,636.24	1,804,615.08	24,358,251.32	375,173.89
Fixed assets (net of accumulated depreciation)	<u>34,774,523.53</u>	<u>27,250,793.33</u>	<u>62,025,316.86</u>	<u>3,707,599.88</u>
TOTAL ASSETS	\$ <u>75,354,127.87</u>	\$ <u>34,063,905.09</u>	\$ <u>109,418,032.96</u>	\$ <u>6,886,334.02</u>

See accompanying notes to financial statements.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities				
Payables				
Accounts	\$ 589,663.97	\$ 361,721.39	\$ 951,385.36	\$
Payroll and payroll taxes	191,272.68	38,632.52	229,905.20	
Due to				
Other units	64,547.84		64,547.84	
Other funds	1,324,511.56		1,324,511.56	3,971.53
Accrued interest	36,751.51		36,751.51	
Deposits payable	19,500.00	3,500.00	23,000.00	6,798.00
Bonds and notes payable	1,687,294.04	355,000.00	2,042,294.04	
Accrued sick and vacation pay	74,732.32		74,732.32	
Noncurrent liabilities				
Bonds and notes payable	7,189,177.14	7,315,961.00	14,505,138.14	
Unfunded retiree health insurance	5,011,857.00	1,274,968.00	6,286,825.00	
Accrued sick and vacation pay	423,483.16		423,483.16	
TOTAL LIABILITIES	<u>16,612,791.22</u>	<u>9,349,782.91</u>	<u>25,962,574.13</u>	<u>10,769.53</u>
NET POSITION				
Invested in capital assets, net of related debt				
	48,451,688.59	21,384,447.41	69,836,136.00	4,082,773.77
Unrestricted				
	10,289,648.06	3,329,674.77	13,619,322.83	2,792,790.72
TOTAL NET POSITION	<u>58,741,336.65</u>	<u>24,714,122.18</u>	<u>83,455,458.83</u>	<u>6,875,564.49</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 75,354,127.87</u>	<u>\$ 34,063,905.09</u>	<u>\$ 109,418,032.96</u>	<u>\$ 6,886,334.02</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental Activities			
General government	\$ 3,421,836.08	\$ 902,990.03	\$
Public safety	3,503,639.81	450,881.20	57,876.47
Public works	1,070,934.17		
Community development and enrichment	958,770.89	18,327.50	381,324.00
Highways and streets	2,414,846.78		873,637.45
Culture and recreation	1,861,439.74	1,081,308.82	23,206.49
Other	247,992.19		
Interest on long-term debt	395,690.79		
Total Governmental Activities	<u>13,875,150.45</u>	<u>2,453,507.55</u>	<u>1,336,044.41</u>
Business-Type Activities			
Water	2,627,108.52	2,932,227.55	32,070.27
Wastewater	2,887,582.37	3,836,874.69	44,827.12
Auto parking	11,597.50	5,304.11	310,960.80
Total Business-Type Activities	<u>5,526,288.39</u>	<u>6,774,406.35</u>	<u>387,858.19</u>
Total Primary Government	<u>\$ 19,401,438.84</u>	<u>\$ 9,227,913.90</u>	<u>\$ 1,723,902.60</u>
Component Units			
Tax Increment Finance Authority	\$ 380,726.45	\$	\$
Brownfield Redevelopment	3,750.00		
Downtown Development Authority	154,815.83		
Local Development Finance Authority	136,169.62		
Economic Development Corporation	250.00		
Total Component Units	<u>\$ 675,711.90</u>	<u>\$</u>	<u>\$</u>
General Revenues			
Property taxes levied for general purposes			
Miscellaneous			
State revenue sharing			
Unrestricted investment earnings			
Transfers			
Total General Revenues and Transfers			
Change in Net Position			
Prior period adjustment			
Net Position, July 1			
Net Position, June 30			

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL	
\$	\$ (2,518,846.05)	\$	\$ (2,518,846.05)	\$
	(2,994,882.14)		(2,994,882.14)	
	(1,070,934.17)		(1,070,934.17)	
	(559,119.39)		(559,119.39)	
	(1,541,209.33)		(1,541,209.33)	
	(756,924.43)		(756,924.43)	
	(247,992.19)		(247,992.19)	
	(395,690.79)		(395,690.79)	
	<u>(10,085,598.49)</u>		<u>(10,085,598.49)</u>	
		337,189.30	337,189.30	
		994,119.44	994,119.44	
		304,667.41	304,667.41	
		<u>1,635,976.15</u>	<u>1,635,976.15</u>	
\$	<u>(10,085,598.49)</u>	<u>1,635,976.15</u>	<u>(8,449,622.34)</u>	
\$				(380,726.45)
				(3,750.00)
				(154,815.83)
				(136,169.62)
				<u>(250.00)</u>
\$				<u>(675,711.90)</u>
	7,252,714.62		7,252,714.62	433,856.44
	737,008.20	5,506.11	742,514.31	122,156.84
	697,286.00		697,286.00	
	167,029.98	8,622.50	175,652.48	5,828.06
	<u>(177,242.52)</u>	<u>352,629.63</u>	<u>175,387.11</u>	<u>(175,387.11)</u>
	<u>8,676,796.28</u>	<u>366,758.24</u>	<u>9,043,554.52</u>	<u>386,454.23</u>
	(1,408,802.21)	2,002,734.39	593,932.18	(289,257.67)
	14,344,446.59	3,343,566.34	17,688,012.93	
	<u>45,805,692.27</u>	<u>19,367,821.45</u>	<u>65,173,513.72</u>	<u>7,164,822.16</u>
\$	<u>58,741,336.65</u>	<u>24,714,122.18</u>	<u>83,455,458.83</u>	<u>6,875,564.49</u>

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	GENERAL	PARKS AND RECREATION
ASSETS		
Cash	\$ 1,254,388.32	\$ 254,687.17
Investments	600,000.00	
Receivables		
Taxes	66,603.07	
Accounts	71,506.18	2,150.00
Special assessments		
Deposits		
Due from		
Other funds	448,474.53	
State		23,206.49
Other governmental units	14,480.23	
Inventory	35,898.52	
Prepaid expenses	<u>240,501.91</u>	<u>10,123.06</u>
TOTAL ASSETS	\$ <u>2,731,852.76</u>	\$ <u>290,166.72</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Payables		
Accounts	\$ 129,287.92	\$ 102,192.63
Payroll and payroll taxes	137,565.28	36,050.29
Due to		
Other units	64,547.84	
Other funds	18,641.60	
Deferred revenue		
Deposits payable	<u>19,500.00</u>	
TOTAL LIABILITIES	<u>369,542.64</u>	<u>138,242.92</u>
FUND BALANCE		
Nonspendable for receivables	66,603.07	
Committed for cemetery perpetual care		
Nonspendable for prepaid expenses	240,501.91	10,123.06
Nonspendable for inventory	35,898.52	
Restricted for debt service		
Assigned		
Special revenue funds		141,800.74
Capital projects funds		
Permanent fund		
Unassigned, reported in		
Special revenue funds		
General fund	<u>2,019,306.62</u>	
TOTAL FUND BALANCE	<u>2,362,310.12</u>	<u>151,923.80</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>2,731,852.76</u>	\$ <u>290,166.72</u>

2009 GENERAL OBLIGATION LIMITED TAX BOND	LAND ACQUISITION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,573,148.00	\$ 290,494.57	\$ 1,208,967.96	\$ 4,581,686.02
			600,000.00
			66,603.07
6,669,693.45		54,560.03	128,216.21
	2,125,015.92	494,901.74	7,164,595.19
			2,125,015.92
216,577.81		19,501.92	684,554.26
		124,538.55	147,745.04
			14,480.23
			35,898.52
		13,908.52	264,533.49
<u>\$ 8,459,419.26</u>	<u>\$ 2,415,510.49</u>	<u>\$ 1,916,378.72</u>	<u>\$ 15,813,327.95</u>
\$	\$	\$ 317,129.50	\$ 548,610.05
		12,260.97	185,876.54
			64,547.84
6,669,693.45	1,305,869.96	83,971.71	1,408,483.27
		494,901.74	7,164,595.19
			19,500.00
<u>6,669,693.45</u>	<u>1,305,869.96</u>	<u>908,263.92</u>	<u>9,391,612.89</u>
			66,603.07
		7,092.20	7,092.20
			250,624.97
1,789,725.81		584,197.85	35,898.52
			2,373,923.66
		449,249.61	591,050.35
	1,109,640.53	199,146.27	1,308,786.80
		340.99	340.99
		(231,912.12)	(231,912.12)
			2,019,306.62
<u>1,789,725.81</u>	<u>1,109,640.53</u>	<u>1,008,114.80</u>	<u>6,421,715.06</u>
<u>\$ 8,459,419.26</u>	<u>\$ 2,415,510.49</u>	<u>\$ 1,916,378.72</u>	<u>\$ 15,813,327.95</u>

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CITY OF LAPEER, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances - governmental funds		\$ 6,421,715.06
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$77,836,158.27 and the accumulated depreciation is \$21,145,238.94.		
Internal fixed assets	\$ 56,690,919.33 <u>637,240.44</u>	57,328,159.77
An internal service fund is used by the City's management to charge the costs of vehicle use to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		
		1,066,911.36
Retiree health insurance earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the statement of net position.		
		(5,011,857.00)
Long-term assets, including notes receivable and land contracts, are not receivable in the current period and therefore are not reported as assets in the funds.		
		1,183,250.44
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Accrued interest	\$ 36,751.51	
Contracts payable	8,876,471.18	
Compensated absences	<u>498,215.48</u>	(9,411,438.17)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		<u>7,164,595.19</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ <u><u>58,741,336.65</u></u>

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL	PARKS AND RECREATION
REVENUES		
Taxes and special assessments	\$ 5,419,874.51	\$
Licenses and permits	18,327.50	
Intergovernmental	884,718.02	
Charges for services	1,199,722.01	1,081,308.82
Fines and forfeits	44,941.82	
Interest and rentals	69,426.68	48,713.64
Other revenues	112,985.89	40,951.11
	<hr/>	<hr/>
TOTAL REVENUES	7,749,996.43	1,170,973.57
	<hr/>	<hr/>
EXPENDITURES		
General government	1,624,141.23	
Public safety	3,368,782.28	
Public works	877,642.42	
Culture and recreation		1,737,688.53
Community development and enrichment	570,969.03	
Debt service		
Principal retirement		
Interest and fiscal charges		
Other	68,441.72	
Highways and streets		
Capital outlay		
	<hr/>	<hr/>
TOTAL EXPENDITURES	6,509,976.68	1,737,688.53
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,240,019.75	(566,714.96)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	1,273,859.90	514,741.83
Operating transfers out	(2,096,175.79)	
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(822,315.89)	514,741.83
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	417,703.86	(51,973.13)
	<hr/>	<hr/>
FUND BALANCE, JULY 1	1,944,606.26	203,896.93
	<hr/>	<hr/>
PRIOR PERIOD ADJUSTMENT		
	<hr/>	<hr/>
FUND BALANCE, JUNE 30	\$ <u>2,362,310.12</u>	\$ <u>151,923.80</u>

See accompanying notes to financial statements.

2009 GENERAL OBLIGATION LIMITED TAX BOND	LAND ACQUISITION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 1,648,569.56	\$	\$ 173,195.07	\$ 7,241,639.14
			18,327.50
		1,137,242.45	2,021,960.47
		165,519.16	2,446,549.99
			44,941.82
362.71	1,336.31	47,190.64	167,029.98
<u> </u>	<u>488,360.00</u>	<u>49,769.38</u>	<u>692,066.38</u>
<u>1,648,932.27</u>	<u>489,696.31</u>	<u>1,572,916.70</u>	<u>12,632,515.28</u>
			1,624,141.23
		7,710.73	3,376,493.01
			877,642.42
			1,737,688.53
		396,884.75	967,853.78
700,000.00		1,130,452.04	1,830,452.04
161,885.00		247,064.53	408,949.53
	118.67	179,431.80	247,992.19
	<u>2,150.00</u>	<u>1,359,179.20</u>	<u>1,359,179.20</u>
<u>861,885.00</u>	<u>2,268.67</u>	<u>99,131.14</u>	<u>101,281.14</u>
<u>787,047.27</u>	<u>487,427.64</u>	<u>3,419,854.19</u>	<u>12,531,673.07</u>
			100,842.21
151,013.00	475,639.55	1,729,416.56	4,144,670.84
<u>(451,269.00)</u>	<u> </u>	<u>(1,653,186.57)</u>	<u>(4,200,631.36)</u>
<u>(300,256.00)</u>	<u>475,639.55</u>	<u>76,229.99</u>	<u>(55,960.52)</u>
486,791.27	963,067.19	(1,770,707.50)	44,881.69
1,302,934.54	146,573.34	2,751,149.66	6,349,160.73
<u> </u>	<u> </u>	<u>27,672.64</u>	<u>27,672.64</u>
\$ <u><u>1,789,725.81</u></u>	\$ <u><u>1,109,640.53</u></u>	\$ <u><u>1,008,114.80</u></u>	\$ <u><u>6,421,715.06</u></u>

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CITY OF LAPEER, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Net changes in fund balances - total governmental funds	\$	44,881.69
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets		1,133,149.34
Less: current year depreciation		(2,604,859.74)
Loss on disposal of fixed assets		(864,741.36)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		11,075.17
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded repayments.</p>		
Bond and loan proceeds		
Unfunded retiree health insurance		(1,018,172.00)
Accrued interest		13,258.74
Principal payments		1,830,452.04
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Change in long-term compensated absences		52,274.17
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds is reported with governmental activities.</p>		
		<u>(6,120.26)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(1,408,802.21)</u></u>

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 42,320.83	\$ 756,125.00
Investments		850,000.00
Accounts receivable		372,680.25
Deposits		900.00
Inventory		
Due from other funds		652,934.98
Due from other units		
Prepaid expenses		17,161.90
	<u>42,320.83</u>	<u>2,649,802.13</u>
TOTAL CURRENT ASSETS	<u>42,320.83</u>	<u>2,649,802.13</u>
PROPERTY, PLANT AND EQUIPMENT		
Construction in progress		4,844.19
Land and improvements	1,298,100.60	436,664.67
Buildings and structures		19,445,640.01
Infrastructure		10,492,500.18
Vehicles and equipment		1,351,927.21
	<u>1,298,100.60</u>	<u>31,731,576.26</u>
Less: accumulated depreciation	493,904.38	10,441,576.49
	<u>804,196.22</u>	<u>21,289,999.77</u>
NET PROPERTY, PLANT AND EQUIPMENT	<u>804,196.22</u>	<u>21,289,999.77</u>
TOTAL ASSETS	<u>\$ 846,517.05</u>	<u>\$ 23,939,801.90</u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL
ACTIVITIES

WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2013	2012	2013	2012
\$ 686,869.75	\$ 1,485,315.58	\$ 1,738,006.21	\$ 1,072,552.42	\$ 742,692.71
600,000.00	1,450,000.00	1,122,281.00		262,919.00
273,191.48	645,871.73	708,365.46		2,929.31
	900.00	990.00		
96,053.15	96,053.15	96,889.31	35,880.00	30,707.00
652,934.98	1,305,869.96			
1,000.00	1,000.00	1,000.00		
6,324.36	23,486.26	22,868.90	4,929.00	2,339.25
<u>2,316,373.72</u>	<u>5,008,496.68</u>	<u>3,690,400.88</u>	<u>1,113,361.42</u>	<u>1,041,587.27</u>
13,201.62	18,045.81	19,632,508.37		
69,849.81	1,804,615.08	1,349,009.68	22,328.64	22,328.64
228,512.00	19,674,152.01	12,225,611.92		
10,885,085.43	21,377,585.61	8,614,527.28		
281,404.88	1,633,332.09	1,538,519.83	2,805,810.24	2,801,167.87
<u>11,478,053.74</u>	<u>44,507,730.60</u>	<u>43,360,177.08</u>	<u>2,828,138.88</u>	<u>2,823,496.51</u>
<u>4,516,841.32</u>	<u>15,452,322.19</u>	<u>14,953,794.42</u>	<u>2,190,898.44</u>	<u>2,108,974.13</u>
<u>6,961,212.42</u>	<u>29,055,408.41</u>	<u>28,406,382.66</u>	<u>637,240.44</u>	<u>714,522.38</u>
<u>\$ 9,277,586.14</u>	<u>\$ 34,063,905.09</u>	<u>\$ 32,096,783.54</u>	<u>\$ 1,750,601.86</u>	<u>\$ 1,756,109.65</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - Concluded
JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$	\$ 220,664.21
Due to other funds		26,509.10
Accrued payroll and related items		26,509.10
Performance bonds payable		355,000.00
Bonds payable		<u>355,000.00</u>
TOTAL CURRENT LIABILITIES		<u>602,173.31</u>
LONG-TERM LIABILITIES		
Unfunded retiree health insurance	155,619.00	604,681.00
Bonds payable		<u>7,315,961.00</u>
TOTAL LONG-TERM LIABILITIES	<u>155,619.00</u>	<u>7,920,642.00</u>
TOTAL LIABILITIES	<u>155,619.00</u>	<u>8,522,815.31</u>
NET POSITION AND CONTRIBUTED CAPITAL		
CONTRIBUTED CAPITAL		
Municipality	329,999.93	1,299,999.84
Federal		<u>1,781,530.16</u>
TOTAL CONTRIBUTED CAPITAL	<u>329,999.93</u>	<u>3,081,530.00</u>
NET POSITION		
Invested in capital assets, net of related debt	804,196.22	13,619,038.77
Restricted for		
Prepaid expenses		
Inventory		
Improvements		
Unrestricted	<u>(443,298.10)</u>	<u>(1,283,582.18)</u>
TOTAL NET POSITION	<u>360,898.12</u>	<u>12,335,456.59</u>
TOTAL NET POSITION AND CONTRIBUTED CAPITAL	<u>690,898.05</u>	<u>15,416,986.59</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 846,517.05</u>	<u>\$ 23,939,801.90</u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL
ACTIVITIES

WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2013	2012	2013	2012
\$ 141,057.18	\$ 361,721.39	\$ 570,027.91	\$ 41,053.92	\$ 41,027.78
12,123.42	38,632.52	52,484.00	5,396.14	4,809.81
3,500.00	3,500.00	5,500.00		
<u>156,680.60</u>	<u>355,000.00</u>	<u>345,000.00</u>	<u>46,450.06</u>	<u>45,837.59</u>
514,668.00	1,274,968.00	4,218,880.27		
<u>514,668.00</u>	<u>7,315,961.00</u>	<u>7,498,966.00</u>		
671,348.60	8,590,929.00	11,717,846.27	46,450.06	45,837.59
<u>671,348.60</u>	<u>9,349,782.91</u>	<u>12,728,962.09</u>	<u>46,450.06</u>	<u>45,837.59</u>
	1,629,999.77	1,629,999.77		
	<u>1,781,530.16</u>	<u>1,781,530.16</u>		
	<u>3,411,529.93</u>	<u>3,411,529.93</u>		
6,961,212.42	21,384,447.41	18,076,890.81	637,240.44	714,522.38
		22,868.90		2,339.25
		96,889.31	35,880.00	30,707.00
<u>1,645,025.12</u>	<u>(81,855.16)</u>	<u>(2,240,357.50)</u>	<u>1,031,031.36</u>	<u>962,703.43</u>
<u>8,606,237.54</u>	<u>21,302,592.25</u>	<u>15,956,291.52</u>	<u>1,704,151.80</u>	<u>1,710,272.06</u>
<u>8,606,237.54</u>	<u>24,714,122.18</u>	<u>19,367,821.45</u>	<u>1,704,151.80</u>	<u>1,710,272.06</u>
\$ <u><u>9,277,586.14</u></u>	\$ <u><u>34,063,905.09</u></u>	\$ <u><u>32,096,783.54</u></u>	\$ <u><u>1,750,601.86</u></u>	\$ <u><u>1,756,109.65</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
OPERATING REVENUES		
Charges for services	\$ 5,304.11	\$ 3,836,874.69
Miscellaneous	487.50	1,020.24
Intergovernmental	310,960.80	44,827.12
Equipment rentals		
	316,752.41	3,882,722.05
OPERATING EXPENSES		
Salaries and wages	2,864.08	559,414.81
Fringe benefits	1,001.64	527,300.76
Office supplies		11,130.99
Operating supplies	1,369.95	74,658.94
Administrative fees		329,145.00
Professional and contractual services		135,230.18
Printing		1,513.00
Insurance and bonds		30,409.13
Public utilities		202,204.55
Repairs and maintenance		36,003.89
Rentals	3,699.72	228,638.98
Miscellaneous		15,918.46
Property taxes		123,335.00
Depreciation	2,662.11	393,995.37
Capital outlay		23,540.55
Conferences		1,714.64
	11,597.50	2,694,154.25
OPERATING INCOME	305,154.91	1,188,567.80
NONOPERATING REVENUES (EXPENSES)		
Interest earned	43.63	4,230.37
Gain on sale of fixed assets		
Interest expense		(193,428.12)
	43.63	(189,197.75)

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL ACTIVITIES

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES		
WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS		
	2013	2012	2013		2012
\$ 2,932,227.55	\$ 6,774,406.35	\$ 6,665,620.20	\$	\$	
3,998.37	5,506.11	13,287.51			
32,070.27	387,858.19	2,500.00			
			1,035,228.19		1,027,692.11
2,968,296.19	7,167,770.65	6,681,407.71	1,035,228.19		1,027,692.11
255,348.66	817,627.55	824,030.32	93,451.28		79,089.36
306,865.70	835,168.10	783,927.72	91,455.35		60,241.73
13,608.83	24,739.82	15,807.30	1,091.30		1,251.41
1,392,645.34	1,468,674.23	1,473,767.37	364,807.72		264,250.09
208,650.00	537,795.00	523,826.00	17,619.00		
35,005.47	170,235.65	169,584.55	8,964.71		6,430.63
1,527.00	3,040.00	3,974.39			
4,989.74	35,398.87	32,720.53	39,936.06		28,285.00
20,512.80	222,717.35	206,486.86	84,129.80		63,445.18
10,650.17	46,654.06	45,166.68	3,567.50		116,033.54
82,686.53	315,025.23	329,811.62	4,050.00		4,050.00
18,196.39	34,114.85	29,200.07	2,778.50		2,079.21
155,328.51	278,663.51	259,550.36			
101,870.29	498,527.77	482,708.61	208,670.94		227,820.56
18,559.83	42,100.38		15,388.64		13,519.56
663.26	2,377.90	3,011.07	500.00		951.31
2,627,108.52	5,332,860.27	5,183,573.45	936,410.80		867,447.58
341,187.67	1,834,910.38	1,497,834.26	98,817.39		160,244.53
4,348.50	8,622.50	11,970.12	2,654.85		3,912.51
			13,689.50		17,158.50
	(193,428.12)	(112,875.79)			
4,348.50	(184,805.62)	(100,905.67)	16,344.35		21,071.01

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
INCOME BEFORE OPERATING TRANSFERS	\$ 305,198.54	\$ 999,370.05
OPERATING TRANSFERS		
Operating transfers in	154,452.01	808,430.85
Operating transfers out		<u>(476,268.32)</u>
NET INCOME (LOSS)	459,650.55	1,331,532.58
NET POSITION, JULY 1	(155,291.11)	9,145,805.34
PRIOR PERIOD ADJUSTMENT	<u>56,538.68</u>	<u>1,858,118.67</u>
NET POSITION, JUNE 30	<u>\$ 360,898.12</u>	<u>\$ 12,335,456.59</u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL ACTIVITIES

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES			
WATER SUPPLY	2013	TOTAL	2012	INTERNAL SERVICE FUNDS	2013	2012
\$ 345,536.17	\$ 1,650,104.76	\$ 1,396,928.59		\$ 115,161.74	\$ 181,315.54	
59,268.60 (193,253.51)	1,022,151.46 (669,521.83)	309,069.09 (588,663.00)		(121,282.00)	(253,311.00)	
211,551.26	2,002,734.39	1,117,334.68		(6,120.26)	(71,995.46)	
6,965,777.29	15,956,291.52	18,846,476.95		1,710,272.06	1,782,267.52	
1,428,908.99	3,343,566.34	(4,007,520.11)				
\$ 8,606,237.54	\$ 21,302,592.25	\$ 15,956,291.52		\$ 1,704,151.80	\$ 1,710,272.06	

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTEWATER TREATMENT PLANT
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,791.61	\$ 3,837,984.93
Cash received from intergovernmental activity	367,499.48	99,448.15
Cash received from interfund charges		
Cash payment for goods and services	(119,059.16)	(1,715,604.49)
Cash payment for employees	<u>(3,865.72)</u>	<u>(1,044,113.72)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>250,366.21</u>	<u>1,177,714.87</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	154,452.01	808,430.85
Operating transfers out		<u>(476,268.32)</u>
NET CASH PROVIDED BY (USED IN) NON- CAPITAL FINANCING ACTIVITIES	<u>154,452.01</u>	<u>332,162.53</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for capital acquisitions	(362,541.02)	(545,862.59)
Principal payments		(345,000.00)
Proceeds from bonds		171,995.00
Sale of capital assets		
Decrease in investments		(455,941.00)
Interest and fiscal charges paid		<u>(193,428.12)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(362,541.02)</u>	<u>(1,368,236.71)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>43.63</u>	<u>4,230.37</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	42,320.83	145,871.06
CASH AND CASH EQUIVALENTS, JULY 1		<u>610,253.94</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 42,320.83</u>	<u>\$ 756,125.00</u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
WATER SUPPLY	TOTAL		2013	2012
	2013	2012		
\$ 2,951,071.44	\$ 6,794,847.98	\$ 6,676,504.57	\$	\$
109,199.84	576,147.47			
(2,737,954.50)	(4,572,618.15)	(2,626,860.25)	1,038,157.50	1,024,762.80
(522,634.98)	(1,570,614.42)	(1,396,866.39)	(550,569.84)	(491,722.14)
			(184,320.30)	(138,158.26)
<u>(200,318.20)</u>	<u>1,227,762.88</u>	<u>2,652,777.93</u>	<u>303,267.36</u>	<u>394,882.40</u>
59,268.60	1,022,151.46	309,069.09		
(193,253.51)	(669,521.83)	(588,663.00)	(121,282.00)	(253,311.00)
<u>(133,984.91)</u>	<u>352,629.63</u>	<u>(279,593.91)</u>	<u>(121,282.00)</u>	<u>(253,311.00)</u>
(239,149.91)	(1,147,553.52)	(6,856,403.47)	(131,389.00)	(268,533.50)
	(345,000.00)			
	171,995.00	4,422,788.00		
128,222.00	(327,719.00)	908,282.12	13,689.50	17,158.50
	(193,428.12)	(112,875.79)	262,919.00	77,956.00
<u>(110,927.91)</u>	<u>(1,841,705.64)</u>	<u>(1,638,209.14)</u>	<u>145,219.50</u>	<u>(173,419.00)</u>
4,348.50	8,622.50	11,970.12	2,654.85	3,912.51
(440,882.52)	(252,690.63)	746,945.00	329,859.71	(27,935.09)
<u>1,127,752.27</u>	<u>1,738,006.21</u>	<u>991,061.21</u>	<u>742,692.71</u>	<u>770,627.80</u>
\$ <u>686,869.75</u>	\$ <u>1,485,315.58</u>	\$ <u>1,738,006.21</u>	\$ <u>1,072,552.42</u>	\$ <u>742,692.71</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTEWATER TREATMENT PLANT
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income	\$ <u>305,154.91</u>	\$ <u>1,188,567.80</u>
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation	2,662.11	393,995.37
Retiree health insurance	(12,391.00)	138,311.00
(Increase) decrease in inventory		
(Increase) decrease in accounts receivable	56,538.68	54,621.03
(Increase) decrease in bond discounts		
(Increase) decrease in prepaid expenses		25.40
(Increase) decrease in due from other funds		(652,934.98)
(Increase) decrease in deposits		90.00
(Increase) decrease in due from other units		
Increase (decrease) in accounts payable	(49,114.49)	54,395.40
Increase (decrease) in due to other funds	(52,484.00)	
Increase (decrease) in accrued expenses		643.85
Increase (decrease) in performance bonds payable		
Total adjustments	<u>(54,788.70)</u>	<u>(10,852.93)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u><u>250,366.21</u></u>	\$ <u><u>1,177,714.87</u></u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2013	2012	2013	2012
\$ <u>341,187.67</u>	\$ <u>1,834,910.38</u>	\$ <u>1,497,834.26</u>	\$ <u>98,817.39</u>	\$ <u>160,244.53</u>
101,870.29	498,527.77	482,708.61	208,670.94	227,820.56
133,093.00	259,013.00	211,360.16		
836.16	836.16	3,418.74	(5,173.00)	(1,813.00)
91,975.09	203,134.80	(59,637.14)	2,929.31	(2,929.31)
		564.27		
(642.76)	(617.36)	3,098.88	(2,589.75)	(100.28)
(652,934.98)	(1,305,869.96)	170,648.04		
	90.00			
		(1,000.00)		
(213,587.43)	(208,306.52)	289,591.62	26.14	10,386.79
	(52,484.00)	52,484.00		
(115.24)	528.61	(293.51)	586.33	1,273.11
<u>(2,000.00)</u>	<u>(2,000.00)</u>	<u>2,000.00</u>		
<u>(541,505.87)</u>	<u>(607,147.50)</u>	<u>1,154,943.67</u>	<u>\;</u>	<u>234,637.87</u>
\$ <u><u>(200,318.20)</u></u>	\$ <u><u>1,227,762.88</u></u>	\$ <u><u>2,652,777.93</u></u>	\$ <u><u>#VALUE!</u></u>	\$ <u><u>394,882.40</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	PAYROLL CLEARING	TAX COLLECTION
ASSETS		
Cash	\$ 79,409.28	\$ 1,023.55
Investment		
Accounts receivable		236,079.73
Prepaid expenses		
TOTAL ASSETS	<u>\$ 79,409.28</u>	<u>\$ 237,103.28</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 79,409.28	\$
Undistributed taxes		1,023.55
Due to other funds		236,079.73
TOTAL LIABILITIES	<u>\$ 79,409.28</u>	<u>\$ 237,103.28</u>

See accompanying notes to financial statements.

SPECIAL ASSESSMENT CREDIT ESCROW	EMPLOYEE HEALTH CARE	TOTAL
\$ 1,015.12	\$ 70,341.35 791,043.07 246,340.42 43,849.52	\$ 151,789.30 791,043.07 482,420.15 43,849.52
<hr/> <u>\$ 1,015.12</u>	<hr/> <u>\$ 1,151,574.36</u>	<hr/> <u>\$ 1,469,102.04</u>
\$ 1,015.12	\$ 791,043.07 <hr/> 360,531.29	\$ 871,467.47 1,023.55 <hr/> 596,611.02
<hr/> <u>\$ 1,015.12</u>	<hr/> <u>\$ 1,151,574.36</u>	<hr/> <u>\$ 1,469,102.04</u>

CITY OF LAPEER, MICHIGAN
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	SPECIAL REVENUE	DEBT SERVICE
ASSETS		
Cash	\$ 472,987.50	\$ 560,090.78
Receivables		
Accounts	4,326.58	
Special assessments	8,120.29	486,550.26
Deposits		
Due from		
Other funds	1,530.34	17,859.24
State	124,538.55	
Prepaid expenses	<u>1,619.77</u>	<u>12,288.75</u>
TOTAL ASSETS	\$ <u>613,123.03</u>	\$ <u>1,076,789.03</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Payables		
Accounts	\$ 294,807.24	\$ 2,666.25
Payroll and payroll taxes	12,260.97	
Due to other funds	80,597.04	3,374.67
Deferred revenue	<u>8,120.29</u>	<u>486,550.26</u>
TOTAL LIABILITIES	<u>395,785.54</u>	<u>492,591.18</u>
 FUND BALANCE		
Committed for cemetery perpetual care		
Restricted for debt service		584,197.85
Assigned	449,249.61	
Unassigned	<u>(231,912.12)</u>	<u> </u>
TOTAL FUND BALANCE	<u>217,337.49</u>	<u>584,197.85</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u>613,123.03</u>	 \$ <u>1,076,789.03</u>

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 168,456.49	\$ 7,433.19	\$ 1,208,967.96
50,233.45		54,560.03
231.19		494,901.74
112.34		19,501.92
<hr/>	<hr/>	<hr/>
\$ <u>219,033.47</u>	\$ <u>7,433.19</u>	\$ <u>1,916,378.72</u>
\$ 19,656.01	\$	\$ 317,129.50
		12,260.97
		83,971.71
<hr/>	<hr/>	<hr/>
231.19		494,901.74
<hr/>	<hr/>	<hr/>
19,887.20		908,263.92
	7,092.20	7,092.20
		584,197.85
199,146.27	340.99	648,736.87
<hr/>	<hr/>	<hr/>
199,146.27	7,433.19	(231,912.12)
<hr/>	<hr/>	<hr/>
\$ <u>219,033.47</u>	\$ <u>7,433.19</u>	\$ <u>1,916,378.72</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	SPECIAL REVENUE	DEBT SERVICE
REVENUES		
Taxes and special assessments	\$ 4,734.37	\$ 168,460.70
Intergovernmental	1,137,242.45	
Charges for services	165,519.16	
Interest and rentals	46,063.80	537.52
Other revenues	<u>45,470.22</u>	
TOTAL REVENUES	<u>1,399,030.00</u>	<u>168,998.22</u>
EXPENDITURES		
Public safety	7,710.73	
Community development and enrichment	396,884.75	
Debt service		
Principal retirement		1,130,452.04
Interest and fiscal charges		247,064.53
Other	172,751.62	1,730.18
Highways and streets	1,359,179.20	
Capital outlay		
TOTAL EXPENDITURES	<u>1,936,526.30</u>	<u>1,379,246.75</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(537,496.30)</u>	<u>(1,210,248.53)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	380,823.40	1,226,555.16
Operating transfers out	<u>(704,168.16)</u>	<u>(1,640.29)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(323,344.76)</u>	<u>1,224,914.87</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(860,841.06)	14,666.34
FUND BALANCE, JULY 1	1,050,505.91	569,531.51
PRIOR PERIOD ADJUSTMENT	<u>27,672.64</u>	
FUND BALANCE, JUNE 30	<u>\$ 217,337.49</u>	<u>\$ 584,197.85</u>

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$	\$	\$
		173,195.07
		1,137,242.45
		165,519.16
570.59	18.73	47,190.64
<u>4,079.16</u>	<u>220.00</u>	<u>49,769.38</u>
4,649.75	238.73	1,572,916.70
		7,710.73
		396,884.75
		1,130,452.04
4,950.00		247,064.53
		179,431.80
<u>99,131.14</u>		<u>1,359,179.20</u>
104,081.14		99,131.14
		3,419,854.19
<u>(99,431.39)</u>	<u>238.73</u>	<u>(1,846,937.49)</u>
122,038.00		1,729,416.56
<u>(947,359.39)</u>	<u>(18.73)</u>	<u>(1,653,186.57)</u>
(825,321.39)	(18.73)	76,229.99
(924,752.78)	220.00	(1,770,707.50)
1,123,899.05	7,213.19	2,751,149.66
		27,672.64
<u>\$ 199,146.27</u>	<u>\$ 7,433.19</u>	<u>\$ 1,008,114.80</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2013

	DOWNTOWN DEVELOPMENT AUTHORITY	BROWNFIELD REDEVELOPMENT
ASSETS		
Cash	\$ 58,758.33	\$ 2,418.55
Note receivable		
Due from other funds	2,101.87	
Capital assets not being depreciated	154,000.00	
Capital assets (net of accumulated depreciation)	<u>394,178.30</u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 609,038.50</u></u>	<u><u>\$ 2,418.55</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Due to other funds	\$ 3,971.53	\$
Security deposits payable	<u>1,844.00</u>	<u> </u>
TOTAL LIABILITIES	<u>5,815.53</u>	<u> </u>
 FUND BALANCE		
Invested in capital assets, net of related debt	548,178.30	
Unreserved	<u>55,044.67</u>	<u>2,418.55</u>
TOTAL FUND BALANCE	<u>603,222.97</u>	<u>2,418.55</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 609,038.50</u></u>	<u><u>\$ 2,418.55</u></u>

See accompanying notes to financial statements.

TAX INCREMENT FINANCE AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION (12-31-12)	LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTAL
\$ 1,990,339.36	\$ 5,684.18	\$ 521,303.28	\$ 2,578,503.70
206,414.95			206,414.95
16,539.73			18,641.60
14,400.00		206,773.89	375,173.89
<u>3,313,421.58</u>	<u> </u>	<u> </u>	<u>3,707,599.88</u>
\$ <u><u>5,541,115.62</u></u>	\$ <u><u>5,684.18</u></u>	\$ <u><u>728,077.17</u></u>	\$ <u><u>6,886,334.02</u></u>
\$ <u>4,954.00</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>3,971.53</u>
<u>4,954.00</u>	<u> </u>	<u> </u>	<u>6,798.00</u>
<u>3,327,821.58</u>	<u> </u>	<u>206,773.89</u>	<u>4,082,773.77</u>
<u>2,208,340.04</u>	<u>5,684.18</u>	<u>521,303.28</u>	<u>2,792,790.72</u>
<u>5,536,161.62</u>	<u>5,684.18</u>	<u>728,077.17</u>	<u>6,875,564.49</u>
\$ <u><u>5,541,115.62</u></u>	\$ <u><u>5,684.18</u></u>	\$ <u><u>728,077.17</u></u>	\$ <u><u>6,886,334.02</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Component Units			
Tax Increment Finance Authority	\$ 380,726.45	\$	\$
Brownfield Redevelopment	3,750.00		
Downtown Development Authority	154,815.83		
Local Development Finance Authority	136,169.62		
Economic Development Corporation	<u>250.00</u>	<u> </u>	<u> </u>
 Total Component Units	 <u>\$ 675,711.90</u>	 <u>\$</u>	 <u>\$</u>
General Revenues			
Property taxes			
Miscellaneous			
Unrestricted investment earnings			
Transfers			
Total General Revenues and Transfers			
Change in Net Position			
NET POSITION, JULY 1			
NET POSITION, JUNE 30			

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

DOWNTOWN DEVELOPMENT AUTHORITY	BROWNFIELD REDEVELOPMENT	TAX INCREMENT FINANCE AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION (12-31-12)	LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTAL
\$	\$	\$ (380,726.45)	\$	\$	\$ (380,726.45)
(154,815.83)	(3,750.00)				(3,750.00)
				(136,169.62)	(154,815.83)
			(250.00)		(136,169.62)
(154,815.83)	(3,750.00)	(380,726.45)	(250.00)	(136,169.62)	(675,711.90)
30,700.73	2,422.97	317,282.97		83,449.77	433,856.44
87,583.71		34,573.13			122,156.84
101.49		5,007.94	0.58	718.05	5,828.06
24,017.34	2,170.85	(222,511.09)		20,935.79	(175,387.11)
142,403.27	4,593.82	134,352.95	0.58	105,103.61	386,454.23
(12,412.56)	843.82	(246,373.50)	(249.42)	(31,066.01)	(289,257.67)
615,635.53	1,574.73	5,782,535.12	5,933.60	759,143.18	7,164,822.16
\$ 603,222.97	\$ 2,418.55	\$ 5,536,161.62	\$ 5,684.18	\$ 728,077.17	\$ 6,875,564.49

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CITY OF LAPEER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

The City of Lapeer was incorporated as a City in 1869. The City of Lapeer has operated since 1919 under a Council-Manager form of government and provides the following services: public safety, highways and streets, water, sanitation, recreation, public improvements, planning, zoning, and general administrative services.

The accounting policies of the City of Lapeer conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the City, except for the Lapeer Housing Commission, are included in this report. A separate audit report is prepared by other auditors for this component unit of the City of Lapeer financial reporting entity. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, and *Statement on Michigan Governmental Accounting and Auditing No.5*.

The criteria established by GASB for determining which of the City's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the City.

Discretely Presented Component Units

The following entities are listed as discretely presented component units of the City in the component unit column to emphasize their legally separate status from the primary government. The City is financially accountable, and exclusion from the general-purpose financial statements would be misleading or incomplete.

Downtown Development Authority

Tax Increment Finance Authority

Economic Development Corporation

Local Development Finance Authority

Brownfield Redevelopment Authority

Complete financial statements for each individual component unit may be obtained at the entity's administrative office.

The City has excluded the Housing Commission from this report even though the Mayor appoints the Housing Commission's Directors, however, it does not have the ability to impose its will.

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

B. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are 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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. 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 City of Lapeer.

The City of Lapeer reports the following major governmental funds:

The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.

The Parks and Recreation fund accounts for the activities used to run and maintain the community center and parks throughout the City.

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

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

The 2009 General Obligation Limited Tax Bond fund accounts for the bonds received for construction projects.

The Land Acquisition fund accounts for the purchase of vacant land by the City.

The City of Lapeer reports the following major proprietary funds:

The Wastewater fund accounts for the activities and operations of the sewage treatment plant and the sewage pumping stations.

The Water fund accounts for the activities and operations of the water distribution system.

The Auto Parking fund accounts for the operation and maintenance of the City's parking lots.

Additionally, the City of Lapeer reports the following fund types:

Internal Service funds are used to account for motor pool, computer and telephone services provided to other departments on a cost reimbursement basis.

The Mount Hope Cemetery Trust fund is used to account for resources legally held in trust to be used for cemetery perpetual care. All resources of the fund, including any earnings on invested resources, may be used to support the organization's activities.

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 their business-type activities and enterprise funds, subject to this same limitation. The City of Lapeer 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 rule are charges between the Water fund, Wastewater fund, and the Auto Parking fund and other functions and segments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City of Lapeer's policy to use restricted resources first. Unrestricted resources are used as they are needed.

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

D. Budgets and Budgetary Accounting

The City of Lapeer follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May, the Manager submits to the City Commission an operating budget for the fiscal year commencing July 1.
2. No later than May 31, the City Commission legally adopts the budget by resolution.
3. The City Manager has the authority to transfer any amount of money within departments of a fund. Any transfers between funds in excess of \$5,000.00 are proposed to the City Commission for their approval.
4. Formal budgetary integration is employed as a management control device during the year for the General fund and Special Revenue funds. Also, all budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budget amounts are as originally adopted, or as amended by the City Manager or City Commission. Individual amendments were not material in relation to the original appropriations, which were amended.
6. All annual appropriations lapse at year end.

E. Receivables

Receivables have been recognized for all significant amounts due the City. No allowances have been made for uncollectible amounts because if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

F. Inventories

Inventories and supplies held by the Automobile Parking System, Parks, Cemetery and the Wastewater Treatment Plant are immaterial in amount and have not been recognized in the accounting records.

The inventory of supplies held by the Water Supply System, Motor Pool and General fund as of June 30, 2013 were determined by physical count and valued at cost.

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

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Lapeer as assets with an initial, individual cost of \$5,000.00 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

G. Capital Assets - Concluded

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on the government-wide and proprietary statement of net position. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

H. Long-Term Liabilities

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 and business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. 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. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

I. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

J. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

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

K. Restricted Assets

Certain proceeds of the Wastewater fund's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

L. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2: **PROPERTY TAXES**

Property tax revenues for 2012 reflected in the accompanying financial statements include property taxes levied July 1, 2012, and substantially collected at June 30, 2013.

The total 2012 levy for the City was \$2,238,505.95 which was based upon the taxable value as of March 1, 2013 of \$228,419,249 at a millage rate of 9.8 mills.

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1, and payable by July 31. The City bills and collects its own property taxes. The City is permitted by the City Charter to levy taxes up to \$1.00 per \$100.00 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2013, was \$.98 per \$100.00, which means that the City has a tax margin of \$.02 per \$100.00 and could raise up to \$45,683.85 additional tax per year from the present taxable value of \$228,419,249.00 before the limit is reached.

The City levied the following millage for fiscal year 12-13:

General Governmental Services	8.800
Local Street	.500
Capital Improvement Fund	<u>.500</u>
	<u>9.800</u>

The delinquent real property taxes of the City are sold to the City of Lapeer. The City intends to sell tax notes as a means of financing the purchase of these property taxes.

NOTE 3: **ACCUMULATED VACATION AND SICK LEAVE**

Accrued vacation and sick leave is recorded as a governmental fund liability at June 30, 2013, to the extent that it is to be liquidated with expendable available financial resources within the current operating cycle. Vacation and sick leave earned as of June 30, 2013, but not liquidated within the current operating cycle, is recorded in the General Long-Term Debt Account Group.

Vacation days are earned by employees at a rate of 5 to 26 days per year.

NOTE 3: **ACCUMULATED VACATION AND SICK LEAVE - Concluded**

Sick days are earned by employees at a rate of 1 day for each year of service at the beginning of every year plus 1 day per month during the year. Each employee will have one less sick day each year until a level of 13 annual sick days has been attained. An employee with no limitation may accumulate unused sick days. However, for payout purposes, sick leave is capped at 160 days or such higher cap as established as of July 1, 1988. Employees with 10 or more years of seniority are paid for fifty percent of their accumulated sick days up to their cap upon retirement or death. Employees with 15 or more years of seniority are paid one-third of accumulated sick days up to their cap upon voluntary resignation. Union employees hired after July 1, 1988, except for AFSCME (which is January 11, 1989), and non-union employees hired after November 1, 1988, earn sick days at the rate of one day per month. Unused sick days may be accumulated by an employee with no limitations, and with no payment of unused sick leave upon termination of employment.

NOTE 4: **EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS**

P.A. 621 of 1978 provides that cities and other local units of government shall not incur expenditures in excess of the amounts appropriated in the formal budget document adopted by the City Commission.

The following are the activities for which expenditures were made in excess of budget:

FUND	BUDGET	ACTUAL	VARIANCE UNFAVORABLE
General			
Attorney/jury-witness	\$ 186,760.00	\$ 198,583.96	\$ 11,823.96
Special Revenue			
Industrial retention		50.72	50.72

NOTE 5: **INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2013 are as follows:

FUND	DUE FROM	FUND	DUE TO
General	\$ 448,474.53	Major Street Fund	\$ 80,597.04
		2006 General Obligation Bond	2,029.31
		2010 General Obligation Bond	1,345.36
		Employee Health Care	360,531.29
		DDA	<u>3,971.53</u>
Subtotal	<u>448,474.53</u>	Subtotal	<u>448,474.53</u>
DDA	2,101.87	General	18,641.60
TIFA I	8,024.41		
TIFA II	5,806.11		
TIFA III	<u>2,709.21</u>		
Subtotal	<u>18,641.60</u>	Subtotal	<u>18,641.60</u>

NOTE 5: **INTERFUND RECEIVABLES AND PAYABLES - Concluded**

FUND	DUE FROM	FUND	DUE TO
Local Street	\$ 1,530.34	Tax Collection	\$ 236,079.73
2009 General Obligation Bond	216,577.81		
2006 Special Assessment Bond	9,208.15		
2007 Special Assessment Bond	1,362.66		
2011 Special Assessment Bond	3,711.79		
2009 Special Assessment Bond	2,391.87		
2008A Special Assessment Bond	549.04		
Capital Improvement	112.34		
2003 Special Assessment Bond	<u>635.73</u>		
Subtotal	<u>236,079.73</u>	Subtotal	<u>236,079.73</u>
Wastewater	652,934.98	Land Acquisition	1,305,869.96
Water	<u>652,934.98</u>		
Subtotal	<u>1,305,869.96</u>	Subtotal	<u>1,305,869.96</u>
TOTAL	<u>\$ 2,009,065.82</u>	TOTAL	<u>\$ 2,009,065.82</u>

RECONCILIATION TO STATEMENTS

	DUE FROM	DUE TO
Government funds	\$ 684,554.26	\$ 1,408,483.27
Proprietary funds		
Business-type	1,305,869.96	
Fiduciary		596,611.02
Component unit	<u>18,641.60</u>	<u>3,971.53</u>
	<u>\$ 2,009,065.82</u>	<u>\$ 2,009,065.82</u>

The interfund receivables and payables were made for cash flow purposes.

NOTE 6: **OPERATING TRANSFERS**

The following are the operating transfers for the year ended June 30, 2013:

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
2008A Equipment Financing	\$ 36,391.00	General	\$ 883,963.65
Local Street	122,038.00		
Parks and Recreation	254,304.00		
Mt. Hope Cemetery	126,447.00		
2008 Equipment Financing	16,761.00		
2001 Building Authority Bond	97,751.00		
2002 Building Authority Bond	108,233.65		
Capital Improvement	<u>122,038.00</u>		
Subtotal	<u>883,963.65</u>	Subtotal	<u>883,963.65</u>
2010 General Obligation Limited Tax Bond	25,880.00	Major Street	48,741.66
2003 General Obligation Limited Tax Bond	<u>22,861.66</u>		
Subtotal	<u>48,741.66</u>	Subtotal	<u>48,741.66</u>

NOTE 6: **OPERATING TRANSFERS** – Continued

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
2006 General Obligation Limited Tax Bond	\$ 62,192.00	Local Street	\$ 83,439.00
2008A General Obligation Limited Tax Bond	16,554.00		
2007 General Obligation Limited Tax Bond	<u>4,693.00</u>		
Subtotal	<u>83,439.00</u>	Subtotal	<u>83,439.00</u>
Local Street	<u>4,730.64</u>	2011 Special Assessment Construction	<u>4,730.64</u>
Major Street	99,669.06	Wastewater	14,209.71
		Water	56,779.20
		Downtown Development Authority	2,919.04
		Tax Increment Finance Authority	25,475.00
		2001 Special Assessment Bond	<u>286.11</u>
Subtotal	<u>99,669.06</u>	Subtotal	<u>99,669.06</u>
2001 Building Authority Bond	<u>29,161.00</u>	Capital Improvement	<u>29,161.00</u>
Mt. Hope Cemetery	<u>18.73</u>	Mt. Hope Cemetery Perpetual Care-expendable	<u>18.73</u>
1999 Building Authority Bond	90,706.00	Motor Pool	36,282.00
		Wastewater Treatment Plant	22,677.00
		Water Supply	<u>31,747.00</u>
Subtotal	<u>90,706.00</u>	Subtotal	<u>90,706.00</u>
2008 General Obligation Limited Tax Bond	<u>451,269.00</u>	2009 General Obligation Limited Tax Bond	<u>451,269.00</u>
General	1,273,859.90	Building Department	30,000.00
		Wastewater Treatment Plant	362,385.00
		Information Technology	85,000.00
		Site Plan Review	4,561.99
		Local Development Finance Authority	194,957.72
		Brownfield Redevelopment	383.00
		Housing Resource	20,000.00
		Downtown Development Authority	11,608.95
		Tax Increment Finance Authority	<u>564,963.24</u>
Subtotal	<u>1,273,859.90</u>	Subtotal	<u>1,273,859.90</u>
Oakdale Development	<u>26,565.79</u>	Tax Increment Finance Authority	<u>26,565.79</u>
Tax Increment Finance Authority	809,082.29	General	1,102,212.14
Local Development Finance Authority	215,893.51		
Downtown Development Authority	74,682.49		
Brownfield Redevelopment	<u>2,553.85</u>		
Subtotal	<u>1,102,212.14</u>	Subtotal	<u>1,102,212.14</u>
Water Supply	<u>845.96</u>	Site Plan Review	<u>845.96</u>

NOTE 6: **OPERATING TRANSFERS** – Concluded

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
Parks and Recreation	\$ <u>14,374.00</u>	Mt. Hope Cemetery	\$ <u>14,374.00</u>
2001 Building Authority Bond	<u>26,566.00</u>	Oakdale Development	<u>26,566.00</u>
Parking	<u>13,741.09</u>	Downtown Development Authority	<u>13,741.09</u>
Water Supply	<u>14,967.44</u>	Tax Increment Finance Authority	<u>14,967.44</u>
Wastewater Treatment Plant	808,430.85	2009 General Obligation Construction	851,886.05
Water Supply	<u>43,455.20</u>		
Subtotal	<u>851,886.05</u>	Subtotal	<u>851,886.05</u>
Parks and Recreation	246,063.83	Tax Increment Finance Authority	241,063.83
	<u> </u>	Downtown Development Authority	<u>5,000.00</u>
Subtotal	<u>246,063.83</u>	Subtotal	<u>246,063.83</u>
2005 Equipment Financing Debt	<u>14,319.33</u>	Downtown Development Authority	<u>14,319.33</u>
2008 Equipment Financing Debt	<u>158,558.08</u>	Tax Increment Finance Authority	<u>158,558.08</u>
2009 General Obligation Debt	151,013.00	Wastewater Treatment Plant	52,789.00
	<u> </u>	Water Supply	<u>98,224.00</u>
Subtotal	<u>151,013.00</u>	Subtotal	<u>151,013.00</u>
TOTAL	<u>\$ <u>5,586,671.35</u></u>	TOTAL	<u>\$ <u>5,586,671.35</u></u>

RECONCILIATION TO STATEMENTS

	TRANSFERS IN	TRANSFERS OUT
Government funds	\$ 4,144,670.84	\$ 4,200,631.36
Proprietary funds		
Business-type	1,022,151.46	669,521.83
Internal service		121,282.00
Component unit	<u>419,849.05</u>	<u>595,236.16</u>
TOTAL	<u>\$ <u>5,586,671.35</u></u>	<u>\$ <u>5,586,671.35</u></u>

These transfers were made for cash flow purposes.

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS**

The cash equity of the various funds at June 30, 2013 is as follows:

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
General	\$ 1,245,198.96	\$ 9,189.36	\$ 600,000.00	\$ 1,854,388.32
Local Street	195,425.79			195,425.79
Parks and Recreation	196,824.18	57,862.99		254,687.17
Oakdale Development	59,959.94			59,959.94
Youth Mini-Grant	559.35			559.35
Local Development				
Finance Authority		521,303.28		521,303.28
Drug Law Enforcement	7,658.45			7,658.45
D.A.R.E.	9,571.56			9,571.56
Public Safety Training	2,242.60			2,242.60
Mt. Hope Cemetery	48,656.89			48,656.89
Economic Development				
Corporation (12-31-12)		5,684.18		5,684.18
Downtown Development				
Authority	9,120.13	49,638.20		58,758.33
Building Department	39,046.55			39,046.55
General Forfeiture	9,894.04			9,894.04
Police K-9 Program	6,473.48			6,473.48
Tax Increment				
Finance Authority		1,990,339.36		1,990,339.36
Parking Fund	42,320.83			42,320.83
2010 Special Assessment Bond		115,099.28		115,099.28
Special Assessment Credit				
Escrow Fund		1,015.12		1,015.12
2010 General Obligation				
Limited Tax Bond		.22		.22
2003 Special Assessment Bond		60,303.31		60,303.31
2006 Special Assessment Bond	848.21	28,509.30		29,357.51
2007 Special Assessment Bond		130,309.86		130,309.86
Mobile Training Unit	2,793.12			2,793.12
Telephone Communication	38,095.19			38,095.19
Housing Resource	78,130.55			78,130.55
2001 Building Authority Bond		9,694.74		9,694.74
1999 Building Authority Bond		5,619.82		5,619.82
Site Plan Review	12,575.18			12,575.18
2007 General Obligation				
Limited Tax Bond		41,051.39		41,051.39
2008 General Obligation				
Limited Tax Bond		184.44		184.44
2008A General Obligation				
Limited Tax Bond		12,429.04		12,429.04
2008A Equipment				
Financing Debt Fund		1.64		1.64
Land Acquisition	290,494.57			290,494.57
2008 Special Assessment Bond		110.80		110.80
2011 Special Assessment Bond	1,810.45	108,764.00		110,574.45
Waste Water Treatment Plant	756,125.00		850,000.00	1,606,125.00

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS** – Continued

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
Water Supply	\$ 686,769.75	\$ 100.00	\$ 600,000.00	\$ 1,286,869.75
Motor Pool	751,934.24			751,934.24
Mt. Hope Cemetery Perpetual Care	7,433.19			7,433.19
Information Technology	282,522.99			282,522.99
2009 General Obligation Limited Tax Bonds		1,573,148.00		1,573,148.00
Tax Collection	1,023.55			1,023.55
2005 Equipment Financing Debt Fund		114.10		114.10
2008A Special Assessment Bond		41,394.45		41,394.45
2008 Equipment Financing Debt Fund		3,845.73		3,845.73
Payroll Clearing	79,409.28			79,409.28
Brownfield Redevelopment Authority		2,418.55		2,418.55
Employee Health Care	70,341.35		791,043.07	861,384.42
Capital Improvements	<u>168,456.49</u>	<u> </u>	<u> </u>	<u>168,456.49</u>
TOTAL	\$ <u>5,101,715.86</u>	\$ <u>4,768,131.16</u>	\$ <u>2,841,043.07</u>	\$ <u>12,710,890.09</u>

RECONCILIATION TO STATEMENTS

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
Government funds	\$ 2,384,053.55	\$ 2,197,632.47	\$ 600,000.00	\$ 5,181,686.02
Proprietary funds				
Enterprise	1,485,215.58	100.00	1,450,000.00	2,935,315.58
Internal service	1,072,552.42			1,072,552.42
Fiduciary funds	150,774.18	1,015.12	791,043.07	942,832.37
Component units	<u>9,120.13</u>	<u>2,569,383.57</u>	<u> </u>	<u>2,578,503.70</u>
	\$ <u>5,101,715.86</u>	\$ <u>4,768,131.16</u>	\$ <u>2,841,043.07</u>	\$ <u>12,710,890.09</u>

FINANCIAL STATEMENT
PRESENTATION

Cash	\$ 9,718,057.72
Investments	2,050,000.00
Fiduciary funds	<u>942,832.37</u>
TOTAL	\$ <u>12,710,890.09</u>

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS** – Continued

In accordance with Michigan Compiled Laws, the City Treasurer is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or Federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

The United States Congress has temporarily increased Federal Deposit Insurance Corporation (FDIC) deposit insurance from \$100,000 to \$250,000 per depositor through December 31, 2013. FDIC regulations provide that deposits of governmental units are to be separately insured for the amount of \$250,000 for deposits in an insured bank for savings deposits and \$250,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$250,000. For the purpose of these rules, the term “savings deposits” includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.

Deposits

There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of June 30, 2013, the carrying amount of the City’s deposits was \$12,793,516.34 and the bank balance was \$12,233,039.17, of which \$1,005,684.18 was covered by federal depository insurance. The remaining balance of \$11,227,354.99 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the City held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year end.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO’s). As of June 30, 2013, the City did not have any investment that would be subject to rating.

Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio in a manner to attain a market rate of return throughout the budgetary and economic cycles while preserving and protecting capital.

NOTE 7: **CASH, CASH EQUIVALENTS AND INVESTMENTS – Concluded**

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City’s investment in a single issuer, by diversifying the investment portfolio to prevent over concentration of assets in a specific maturity, individual financial institution, or specific class of securities.

Custodial Credit Risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by:

- Limiting investments to the types of securities listed in the City’s investment policy.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the City will do business in accordance with the City’s investment policy.

NOTE 8: **DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates in the Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability and death benefits to plan members and their beneficiaries. The Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the City of Lapeer, City Hall, Lapeer, Michigan.

Funding Policy

The obligation to contribute to and maintain the System for these employees was established by negotiation with the City’s competitive bargaining units, and requires a contribution from the City of 13.00% to 18.00% of employee salaries.

Annual Pension Cost

For year ended June 30, 2013, the City’s annual pension cost of \$768,372.00 for the plan was equal to the City’s required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2012, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a five year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over a period of 25 years.

		YEAR ENDED DECEMBER 31,	
	2010	2011	2012
Actuarial value of assets	\$14,131,184	\$14,811,058	\$15,390,876
Actuarial Accrued Liability (entry age)	18,677,500	20,219,380	21,259,136
Unfunded Actuarial Accrued Liability	4,546,316	5,408,322	5,868,260
Funded ratio	75.7%	73.3%	72.4%
Covered payroll	4,541,250	4,499,943	4,539,885
UAAL as a percentage of covered payroll	100.0%	120.2%	129.3%

NOTE 8: **DEFINED BENEFIT PENSION PLAN - Concluded**

		YEAR ENDED		
		2012	JUNE 30, 2012	2013
Annual pension cost	\$	718,482	\$ 753,501	\$ 768,372
Percentage of APC contributed		100%	100%	100%
Net pension obligation				

NOTE 9: **LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended June 30, 2013:

	WATER AND SEWER REVENUE BONDS	GENERAL OBLIGATION BONDS	NOTES PAYABLE	COMPENSATED ABSENCES
As of July 1, 2012	\$ 7,843,966.00	\$ 9,380,000.00	\$ 1,326,923.22	\$ 550,489.65
Additions (Reductions)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
As of June 30, 2013	\$ <u>7,843,966.00</u>	\$ <u>9,380,000.00</u>	\$ <u>1,326,923.22</u>	\$ <u>550,489.65</u>

Long-term debt at June 30, 2013 is comprised of the individual issues:

	BALANCE AS OF JULY 1, 2012	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2013	DUE WITHIN ONE YEAR
BUSINESS-TYPE ACTIVITIES				
\$8,905,000.00 2010 Sewer Revenue Bond due in annual installments of \$345,000.00 to \$560,000.00 through October 1, 2031; interest at 2.5%.	\$ 7,843,966.00	\$ (173,005.00)	\$ 7,670,961.00	\$ 355,000.00
Less: Amount payable within one year			<u>355,000.00</u>	
TOTAL LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES			\$ <u>7,315,961.00</u>	

Long-term debt at June 30, 2013 is comprised of the individual issues:

	BALANCE AS OF JULY 1, 2012	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2013	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT				
\$350,000.00 2010 Special Assessment Bond due in annual installments of \$10,000.00 to \$40,000.00 through January 1, 2020; interest at 3.4%.	\$ 300,000.00	\$ (35,000.00)	\$ 265,000.00	\$ 40,000.00

NOTE 9: **LONG-TERM OBLIGATIONS** - Continued

	BALANCE AS OF JULY 1, 2012	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2013	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT				
\$200,000.00 2010 General Obligation Limited Tax Bond due in annual installments of \$15,000.00 to \$25,000.00 through January 1, 2020; interest at 3.4%.	\$ 170,000.00	\$(20,000.00)	\$ 150,000.00	\$ 20,000.00
\$152,000.00 2006 Abstract Building installment and purchase loan in annual installments of \$14,319.33 through February 1, 2019; interest included at 3.870%.	86,175.67	(10,928.75)	75,246.92	11,366.83
\$205,000.00 2003 Special Assessment Bond due in annual installments of \$20,000.00 to \$25,000.00 through December 1, 2013; interest at 3.00% to 3.80% per annum.	25,000.00	(25,000.00)		
\$225,000.00 2003 General Obligation Tax Bond due in annual installments of \$25,000.00 to \$30,000.00 through December 1, 2013; interest at 3.00% to 3.80% per annum.	25,000.00	(25,000.00)		
\$1,404,455.00 2008 Installment purchase contract due in bi-annual installments of \$84,992.89 through July 15, 2018; interest included at 3.70%.	1,022,329.27	(141,869.48)	880,459.79	147,167.20
\$280,000.00 2006 Special Assessment Bond due in annual installments of \$30,000.00 through January 1, 2016; interest at 3.95%.	120,000.00	(30,000.00)	90,000.00	30,000.00
\$470,000.00 2006 General Obligation Limited Tax Bond due in annual installments of \$45,000.00 to \$60,000.00 through January 1, 2016; interest at 3.95%.	230,000.00	(55,000.00)	175,000.00	55,000.00
\$110,000.00 2007 General Obligation Tax Bond due in annual installments of \$10,000.00 to \$15,000.00 through November 1, 2017; interest at 3.95%.	70,000.00	(10,000.00)	60,000.00	10,000.00
\$175,000.00 2007 Special Assessment Bond due in annual installments of \$15,000.00 to \$20,000.00 through November 1, 2017; interest at 3.95%.	110,000.00	(15,000.00)	95,000.00	20,000.00

NOTE 9: **LONG-TERM OBLIGATIONS** - Continued

	BALANCE AS OF JULY 1, 2012	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2013	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT – Continued				
\$6,375,000.00 2009 General Obligation Tax Bond due in annual installments of \$385,000.00 to \$740,000.00 through December 1, 2018; interest at 2.00% to 4.25%.	\$ 4,530,000.00	\$(700,000.00)	\$ 3,830,000.00	\$ 685,000.00
\$3,325,000.00 2008 General Obligation Limited Tax Bond due in annual installments of \$195,000.00 to \$360,000.00 through December 1, 2018, interest 3.00% to 5.00%.	2,415,000.00	(350,000.00)	2,065,000.00	345,000.00
\$155,000.00 2008 Series A General Obligation Tax Bond due in annual installments of \$15,000.00 to \$20,000.00 through November 1, 2017; interest at 3.95%.	100,000.00	(15,000.00)	85,000.00	15,000.00
\$95,000.00 2008 Series A Special Assessment Bond due in annual installments of \$10,000.00 through November 1, 2017; interest at 3.95%.	60,000.00	(10,000.00)	50,000.00	10,000.00
\$995,000.00 1999 Building Authority Bond due in annual installment of \$80,000.00 to \$100,000.00 through September 1, 2013; interest at 4.15%.	190,000.00	(90,000.00)	100,000.00	100,000.00
\$1,705,000.00 2001 Building Authority Bond due in annual installments of \$115,000.00 to \$155,000.00 through April 1, 2016; interest at 4.50% to 4.70%.	570,000.00	(130,000.00)	440,000.00	140,000.00
\$380,000.00 2011 Special Assessment Bond due in annual installments of \$25,000.00 to \$50,000.00 through May 1, 2021; interest at 4.25% to 5.50%.	355,000.00	(30,000.00)	325,000.00	30,000.00
\$1,285,000.00 2002 Building Authority Bond due in annual installments of \$110,000.00 to \$120,000.00 through October 1, 2013; interest at 3.30% to 3.75%.	110,000.00	(110,000.00)		
\$300,000.00 2008 Series A Equipment Financing contract due in annual installments of \$25,567.55 to \$34,990.92 through July 1, 2018; interest at 4.00%.	218,418.28	(27,653.81)	190,764.47	28,760.01

NOTE 9: **LONG-TERM OBLIGATIONS** - Concluded

	BALANCE AS OF JULY 1, 2012	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2013	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT – Concluded				
Accumulated compensated absences	\$ <u>550,489.65</u>	\$(<u>52,274.17</u>)	\$ <u>498,215.48</u>	\$ <u>74,732.32</u>
TOTAL PRIMARY GOVERNMENT	\$ <u>11,257,412.87</u>	\$(<u>1,882,726.21</u>)	<u>9,374,686.66</u>	\$ <u>1,762,026.36</u>
Less: Amount payable within one year			<u>1,762,026.36</u>	
TOTAL LONG-TERM DEBT GOVERNMENTAL ACTIVITIES			<u>\$ 7,612,660.30</u>	

The annual requirements to pay future principal and interest are as follows:

YEAR ENDING JUNE 30,	BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL FUNDS	TOTAL	
2014	Principal	\$ 355,000.00	\$ 1,687,294.04	\$ 2,042,294.04
	Interest	199,274.00	341,232.53	540,506.53
	Total	554,274.00	2,028,526.57	2,582,800.57
2015	Principal	365,000.00	1,589,386.01	1,954,386.01
	Interest	182,899.00	277,768.06	460,667.06
	Total	547,899.00	1,867,154.07	2,415,053.07
2016	Principal	375,000.00	1,576,746.71	1,951,746.71
	Interest	137,774.00	213,492.36	351,266.36
	Total	512,774.00	1,790,239.07	2,303,013.07
2017	Principal	385,000.00	1,339,382.04	1,724,382.04
	Interest	164,399.00	147,457.03	311,856.03
	Total	549,399.00	1,486,839.07	2,036,238.07
2018	Principal	395,000.00	1,337,315.27	1,732,315.27
	Interest	154,774.00	90,931.30	245,705.30
	Total	549,774.00	1,428,246.57	1,978,020.57
2019 – 2023	Principal	2,125,000.00	1,186,347.11	3,311,347.11
	Interest	620,745.00	35,841.74	656,586.74
	Total	2,745,745.00	1,222,188.85	3,967,933.85
2024 – 2028	Principal	2,405,000.00	110,000.00	2,515,000.00
	Interest	341,745.00	7,415.00	349,160.00
	Total	2,746,745.00	117,415.00	2,864,160.00
2029 – 2033	Principle	1,265,961.00	50,000.00	1,315,961.00
	Interest	55,697.00	2,750.00	58,447.00
	Total	1,321,658.00	52,750.00	1,374,408.00
TOTAL	Principal	7,670,961.00	8,876,471.18	16,547,432.18
	Interest	1,857,307.00	1,116,888.02	2,974,195.02
	Total	9,528,268.00	9,993,359.20	19,521,627.20

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTE 10: SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains three Enterprise Funds which provide auto parking, water and sewer services. Segment information for the year ended June 30, 2013, is as follows:

	AUTO PARKING FUND	WASTE WATER TREATMENT PLANT FUND	WATER SUPPLY FUND	TOTAL
Total assets	\$ 846,517.05	\$ 23,939,801.90	\$ 9,277,586.14	\$ 34,063,905.09
Total liabilities	155,619.00	10,404,335.90	1,983,433.40	12,543,388.30
Contributed capital	329,999.93	3,081,530.00		3,411,529.93
Total net position	360,898.12	10,453,936.00	7,294,152.74	18,108,986.86
Operating revenues	316,752.41	3,882,722.05	2,968,296.19	7,167,770.65
Operating expenses	11,597.50	2,724,528.99	2,587,413.90	5,323,540.39
Depreciation expense	2,662.11	393,995.37	101,870.29	498,527.77
Operating income	305,154.91	1,158,193.06	380,882.29	1,844,230.26
Nonoperating revenues (expenses)	43.63	(189,197.75)	4,348.50	(184,805.62)
Transfers	154,452.01	332,162.53	(133,984.91)	352,629.63
Change in net position	459,650.55	1,301,157.84	251,245.88	2,012,054.27
Beginning net position	(155,291.11)	9,145,805.34	6,965,777.29	15,956,291.52
Prior period adjustment	56,538.68	6,972.82	77,129.57	140,641.07
Ending net position	360,898.12	10,453,936.00	7,294,152.74	18,108,986.86
Operating activities	250,366.21	1,177,714.87	(200,318.20)	1,227,762.88
Noncapital and related financing activities	154,452.01	332,162.53	(133,984.91)	352,629.63
Capital and related financing activities	(362,541.02)	(1,368,236.71)	(110,927.91)	(1,841,705.64)
Investing activities	43.63	4,230.37	4,348.50	8,622.50
Cash and cash equivalents – beginning		610,253.94	1,127,752.27	1,738,006.21
Cash and cash equivalents – ending	42,320.83	756,125.00	686,869.75	1,485,315.58

NOTE 11: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	JULY 1, 2012	PRIOR PERIOD ADJUSTMENT	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2013
Capital assets not being depreciated						
Construction in progress	\$ 1,027,658.02	\$	\$ 983,374.25	\$ 9,386.21	\$(1,621,238.12)	\$ 380,407.94
Land	<u>23,028,583.45</u>			<u>855,355.15</u>		<u>22,173,228.30</u>
Total capital assets not being depreciated	<u>24,056,241.47</u>		<u>983,374.25</u>	<u>864,741.36</u>	<u>(1,621,238.12)</u>	<u>22,553,636.24</u>
Capital assets being depreciated						
Buildings	5,769,460.01					5,769,460.01
Improvements	5,174,864.68				22,806.38	5,197,671.06
Machinery and equipment	6,232,859.16		149,775.09	126,746.63	71,741.00	6,327,628.62
Infrastructure	<u>39,289,210.48</u>				<u>1,526,690.74</u>	<u>40,815,901.22</u>
Total capital assets being depreciated	<u>56,466,394.33</u>		<u>149,775.09</u>	<u>126,746.63</u>	<u>1,621,238.12</u>	<u>58,110,660.91</u>

NOTE 11: **CAPITAL ASSETS** - Continued

	JULY 1, 2012	PRIOR PERIOD ADJUSTMENT	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2013
Less: accumulated depreciation						
Buildings	\$ 2,161,927.75	\$	\$ 154,602.83	\$	\$	\$ 2,316,530.58
Improvements	2,868,805.43		224,660.51			3,093,465.94
Machinery and equipment	4,441,106.69		308,628.22	126,746.63		4,622,988.28
Infrastructure	<u>11,386,184.40</u>		<u>1,916,968.18</u>			<u>13,303,152.58</u>
Total accumulated depreciation	<u>20,858,024.27</u>		<u>2,604,859.74</u>	<u>126,746.63</u>		<u>23,336,137.38</u>
Total capital assets being depreciated - net	<u>35,608,370.06</u>		<u>(2,455,084.65)</u>			<u>34,774,523.53</u>
NET CAPITAL ASSETS	<u>\$59,664,611.53</u>	\$	<u>\$(1,471,710.40)</u>	<u>\$ 864,741.36</u>	\$	<u>\$57,328,159.77</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 66,348.14
Public safety	191,864.86
Public works	219,718.72
Streets	1,943,264.16
Recreation	<u>183,663.86</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	<u>\$ 2,604,859.74</u>

A summary of the asset activity for the governmental activity component units are as follows:

	JULY 1, 2012	PRIOR PERIOD ADJUSTMENT	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2013
COMPONENT UNITS						
Land	\$ 375,173.89	\$	\$	\$	\$	\$ 375,173.89
Buildings	<u>7,201,242.97</u>					<u>7,201,242.97</u>
Total Capital Assets	<u>7,576,416.86</u>					<u>7,576,416.86</u>
Less: accumulated depreciation						
Buildings	<u>3,308,399.66</u>		<u>185,243.43</u>			<u>3,493,643.09</u>
NET CAPITAL ASSETS	<u>\$ 4,268,017.20</u>	\$	<u>\$(185,243.43)</u>	\$	\$	<u>\$ 4,082,773.77</u>

NOTE 11: **CAPITAL ASSETS** - Concluded

Capital assets for business-type activities have been summarized as follows:

	JULY 1, 2012	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2013
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated					
Construction in progress	\$ 19,632,508.37	\$ 1,091,029.52	\$ 20,705,492.08	\$	\$ 18,045.81
Land	<u>798,212.75</u>	<u> </u>	<u> </u>	<u> </u>	<u>798,212.75</u>
Total capital assets not being depreciated	<u>20,430,721.12</u>	<u>1,091,029.52</u>	<u>20,705,492.08</u>	<u> </u>	<u>816,258.56</u>
Capital assets being depreciated					
Buildings	12,225,611.92	7,448,540.09			19,674,152.01
Machinery and equipment	1,538,519.83	94,812.26			1,633,332.09
Infrastructure	8,614,527.28	12,763,058.33			21,377,585.61
Improvements	<u>550,796.93</u>	<u>455,605.40</u>	<u> </u>	<u> </u>	<u>1,006,402.33</u>
Total capital assets being depreciated	<u>22,929,455.96</u>	<u>20,762,016.08</u>	<u> </u>	<u> </u>	<u>43,691,472.04</u>
Less: accumulated depreciation					
Buildings	8,606,668.58	279,462.87			8,886,131.45
Machinery and equipment	1,332,789.63	32,538.92			1,365,328.55
Infrastructure	4,483,369.82	183,647.52			4,667,017.34
Improvements	<u>530,966.39</u>	<u>2,878.46</u>	<u> </u>	<u> </u>	<u>533,844.85</u>
Total accumulated depreciation	<u>14,953,794.42</u>	<u>498,527.77</u>	<u> </u>	<u> </u>	<u>15,452,322.19</u>
Total capital assets being depreciated	<u>7,975,661.54</u>	<u>20,263,488.31</u>	<u> </u>	<u> </u>	<u>28,239,149.85</u>
NET CAPITAL ASSETS	<u>\$28,406,382.66</u>	<u>\$21,354,517.83</u>	<u>\$20,705,492.08</u>	<u>\$ </u>	<u>\$29,055,408.41</u>

Depreciation expense for the business-type activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
Auto Parking	\$ 2,662.11
Wastewater	393,995.37
Water	<u>101,870.29</u>
	<u>\$ 498,527.77</u>

NOTE 12: **AMORTIZATION OF CONTRIBUTED CAPITAL**

The City has received grants from state and federal governments for the purpose of constructing and equipping a waste water treatment plant. This plant was completed and placed into service during the year ended June 30, 1985. The contributions are being amortized over the useful lives of the assets acquired.

NOTE 13: TAX INCREMENT FINANCE AUTHORITY (TIFA)

The Tax Increment Finance Authority was established by the Lapeer City Commission on April 19, 1982, in accordance with Act 450 of P.A. 1980. In addition, the Lapeer City Commission designated the members of the Lapeer City Economic Development Corporation Board of Directors to constitute the Board of the Tax Increment Finance Authority (TIFA).

NOTE 14: DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

The Downtown Development Authority was established by the Lapeer City Commission on November 24, 1982, in accordance with Act 197 of P.A. 1975. Its purpose is to serve the best interest of the public in halting property value deterioration and to increase property tax valuation in the City's business district. The Authority will also promote economic growth.

NOTE 15: LOCAL DEVELOPMENT FINANCE AUTHORITY (LDFA)

The Local Development Finance Authority was established by the Lapeer City Commission on April 20, 1987 in accordance with Act 281 of 1986. Its purpose is to provide a means for local units of government to eliminate conditions of unemployment, underemployment, and joblessness and to promote economic growth through the use of Tax Increment Financing.

NOTE 16: BROWNFIELD REDEVELOPMENT AUTHORITY

The Brownfield Redevelopment Authority was established by the Lapeer City Commission on January 19, 1998, in accordance with Act 381 of P.A. 1996. Its purpose is to promote the revitalization of environmentally distressed areas.

NOTE 17: LITIGATION

There are several lawsuits pending in which the City is involved. The attorney representing the City estimates that the potential claims against the City, not covered by insurance, resulting from such litigation, would not materially affect the financial statements of the City.

NOTE 18: DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

The City of Lapeer adopted a new 457 plan document, which incorporates the recent changes to the law governing 457 deferred compensation plans. The most notable change in the plan provides that the employer establish a plan level trust in which all amounts deferred must be placed and held for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, the plan assets are no longer subject to claims of the City's general creditors.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are for the exclusive benefit of the employee or their beneficiary.

It is the opinion of the City that the City has no liability for losses under the plan, but does have a duty of care that would be required of an ordinary prudent investor. Therefore, the deferred compensation assets and liabilities have been removed from the City's fiduciary fund as is no longer required to be shown in the financial statements for future years.

NOTE 19: **ECONOMIC DEVELOPMENT CORPORATION**

The Economic Development Corporation is organized pursuant to the State of Michigan, Public Act 338 of 1974, as amended, and the City of Lapeer, Michigan Ordinances. The primary purpose of the Corporation is to encourage and assist commercial enterprises to locate and expand facilities and services to the City and its residents. This purpose is accomplished by the Corporation entering into lease contracts with commercial enterprises. In accordance with the terms of the lease contracts, the Corporation agrees to issue revenue bonds and the commercial enterprise agrees to make lease payments in amounts equal to the bond principal plus interest. The bond proceeds are used to finance a project, which will benefit the commercial enterprise. The ownership of the project is transferred to the commercial enterprise when the bonds are paid in full. The revenue bonds are payable from the net revenues derived from the project and are collateralized by a mortgage on the project and the lease contract.

The bonds issued by the Corporation and payable from net revenues are not a general obligation of the Corporation, therefore, the bonds and related lease contracts are not reflected in the financial statements of the Corporation.

As of December 31, 2008, the date of the most recent audit, the Corporation has issued the following revenue bonds:

	DATE OF BOND CLOSING	AMOUNT OF REVENUE BONDS ISSUED
First National Bank of Lapeer	12/17/79	\$ 500,000.00
Growth & Opportunity	11/02/79	275,000.00
Peninsular Slate	12/28/79	200,000.00
Doc Development Company	12/21/79	363,000.00
Houghtaling Project	02/11/80	180,000.00
Dowsett Project	11/10/80	300,000.00
The Thread Forms, Inc. Project	11/06/81	400,000.00
MESC Project	02/28/82	323,300.00
Lapeer Foundry & Machine, Inc.	03/11/82	950,000.00
DeMille Industrial Development	06/18/82	200,000.00
The Whitman Project	06/30/83	368,806.00
Growth & Oppor. Inc. II Project	08/22/83	625,000.00
Barnard & Balaze Project	12/28/83	209,000.00
J.L. Avery Project	01/05/84	250,000.00
Lapeer Medical Center	01/17/84	475,000.00
Growth & Opportunity, Inc.	02/13/84	600,000.00
C & P Partnership Project	06/26/85	616,000.00
Copres Leasing Company	12/30/85	806,000.00
The Lapeer Association, Ltd.	06/20/86	1,500,000.00
Lapeer Enterprise Center	12/29/86	298,531.00
Albar Industries Inc.	11/15/89	3,500,000.00
Dott Manufacturing	11/15/89	4,128,000.00
Lapeer Regional Hospital	06/01/91	1,980,170.00
Vidon Plastics	07/05/95	1,075,000.00
JMA Development, Inc.	09/22/95	1,347,000.00
JMA Development, Inc.	06/17/99	4,000,000.00
H&H Tool	12/23/04	2,800,000.00
H&H Tool	08/31/07	9,870,000.00

NOTE 20: **POST EMPLOYMENT BENEFITS**

The City of Lapeer offers post-employment health insurance benefits to its employees. These benefits are provided by contractual agreement and are paid annually by the General Fund. The City funds these costs on a pay-as-you-go basis. The amounts are recorded as an expenditure when the fund liability is incurred. The benefit amounts incurred totaled \$550,663.00 during the year ended June 30, 2013. The total number of eligible retirees amounted to 42 at June 30, 2013. The City pays 100% of these costs. There are no provisions for employee contributions. The City has recorded a liability of \$6,286,825.00 for this benefit, based on an independent actuarial valuation. The City of Lapeer has established a Retirement Health Funding Vehicle with the Municipal Employees' Retirement System of Michigan. The Funding Vehicle had a balance of \$791,043.07 at June 30, 2013. The City of Lapeer did not meet its Annual Required Contribution (ARC) requirements in 2013 by \$1,100,141.93.

Annually, the City contributes to the Retirement Health Funding Vehicle the budgeted retiree health premiums plus an additional contribution of \$50,000.00. Quarterly, the City draws a reimbursement for the actual premiums paid. Employee contracts for AFSCME, P.O.L.C., and Teamsters effective July 1, 2007, no longer provide for paid retiree health insurance for new employees upon retirement. New employees are required to establish a Health Savings Account in which the City will annually match their contribution up to 1% of their wage. The employees must contribute a minimum of \$5.00 monthly. If the employee does not vest in the system, the City contribution is forfeited.

The funding progress of the Plan as of December 31, 2009, the most recent valuation date, is as follows:

Valuation as of December 31, 2009

Actuarial value of assets	\$ 434,923.00
Actuarial value of liabilities (AAL)	20,487,648.00
Unfunded AAL	20,052,725.00
Funded ratio	2.10%

Funding Progress

For the year ended June 30, 2013, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2009. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution	\$ 1,891,185.00
Amount contributed	(550,633.00)
ARC adjustment	(363,945.00)
Interest on net OPEB obligation	<u>300,578.00</u>
Increase in OPEB obligation	1,277,185.00
Net OPEB obligation, July 1	<u>5,009,640.00</u>
 NET OPEB OBLIGATION, JUNE 30	 <u>\$ 6,286,825.00</u>

The following table presents the Net OPEB Obligation in the governmental activities by function and business-type activities by fund:

NOTE 20: **POST EMPLOYMENT BENEFITS - Concluded**

	NET OPEB OBLIGATION
Governmental Activities	
General government	\$ 1,189,623.00
Public safety	2,157,553.00
Public works	1,210,737.00
Cultural and recreation	424,253.00
Community development and enrichment	<u>29,691.00</u>
Total Governmental Activities	<u>5,011,857.00</u>
Business-Type Activities	
Auto parking	155,619.00
Wastewater treatment plant	604,681.00
Water supply	<u>514,668.00</u>
Total Business-Type Activities	<u>1,274,968.00</u>
TOTAL OPEB OBLIGATION	<u>\$ 6,286,825.00</u>

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the AALs for benefits.

	RETIREEE HEALTH CARE TRUST FUND
ASSETS	
Investments	
Other investments	\$ <u>791,043.07</u>
NET POSITION	
Held in trust for postemployment healthcare benefits	\$ <u>791,043.07</u>
INCOME	
Contributions	
Employer	\$ 550,633.00
Investment income	109,323.57
Other	<u>6,825.33</u>
TOTAL INCOME	<u>666,781.90</u>
EXPENSES	
Distributions	<u>357,209.20</u>
NET INCOME	309,572.70
NET POSITION, JULY 1	<u>481,470.37</u>
NET POSITION, JUNE 30	<u>\$ 791,043.07</u>

NOTE 21: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the City to purchase commercial insurance for most risks of loss to which it is exposed.

NOTE 22: DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

In February, 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 and by clarifying the existing governmental fund type definitions. 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 upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved have been replaced with five new classifications: non-spendable, restricted, committed, assigned and unassigned.

Non-spendable – assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed – amounts constrained on use imposed by formal action of the government’s highest level of decision making authority (i.e., Board, Council, etc.)

Assigned – amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

Unassigned – all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classifications and Procedures

For committed fund balance, the City’s highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

For assigned fund balance, the City Trustees are authorized to assign amounts to a specific purpose.

The City has not formally adopted a policy that determines when both restricted and unrestricted fund balances are available which should be used first, therefore restricted resources will be used first, then unrestricted resources if they are needed.

The City has not formally adopted a policy that determines whether committed, assigned, or unassigned amounts are considered to be spent when an expenditure is incurred for purposes which amounts from any of those fund balance classifications could be used.

NOTE 23: UPCOMING ACCOUNTING PRONOUNCEMENTS

In November, 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement 14 and Statement 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the Statement also clarifies the reporting of equal interest in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City’s 2014 fiscal year.

NOTE 23: UPCOMING ACCOUNTING PRONOUNCEMENTS - Concluded

In March, 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement will be effective for the City’s fiscal year ended June 30, 2014. The Statement establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statements elements deferred outflows of resources and deferred inflows of resources. The City is currently evaluating the impact this Standard will have on the financial statements when adopted.

NOTE 24: SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by individual fund totals. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City’s financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOTE 25: PRIOR PRIOD ADJUSTMENT

- (a) To record prior year receivable for the Clay Street Grant.
- (b) To adjust OPEB liability to include only amount since initial year of implementation as required by GASB 45.

	PRIOR YEAR RECEIVABLE ON CLAY STREET GRANT (a)	ADJUSTMENT FOR OPEB LIABILITY (b)
Major Street Fund	\$ <u>27,672.64</u>	\$ _____
Auto Parking	\$ <u>56,538.68</u>	\$ _____
Wastewater	\$ <u>6,972.82</u>	\$ <u>1,851,145.85</u>
Water	\$ <u>77,129.57</u>	\$ <u>1,351,779.42</u>
Governmental Funds	\$ _____	\$ <u>14,316,773.95</u>

NOTE 26: DEFICIT FUND BALANCE

The following fund showed a deficit fund balance at June 30, 2013:

Major Street Fund	\$(<u>231,912.12</u>)
-------------------	-------------------------

NOTE 27: DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 28: PENDING LEGAL PROCEEDINGS

Various legal actions are pending against the City, involving litigation incidental to the businesses engaged in. The consequences of these matters are not presently determinable but, in the opinion of management, the ultimate liability resulting, if any, above insurance coverage, will not have a material effect on the financial position of the City.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>BUDGETED AMOUNTS</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes				
Property taxes	\$ 2,725,571.00	\$ 2,725,571.00	\$ 2,695,469.12	\$ (30,101.88)
Penalties and interest	77,000.00	77,000.00	104,532.45	27,532.45
City income taxes	<u>2,395,000.00</u>	<u>2,395,000.00</u>	<u>2,619,872.94</u>	<u>224,872.94</u>
Total Taxes	<u>5,197,571.00</u>	<u>5,197,571.00</u>	<u>5,419,874.51</u>	<u>222,303.51</u>
Federal Grants				
Federal Drug Grant (TNU)	23,000.00	23,000.00	24,838.47	1,838.47
MSHDA Section 8	80,000.00	136,000.00	121,357.00	(14,643.00)
School liaison officer	<u>31,000.00</u>	<u>31,000.00</u>	<u>29,400.00</u>	<u>(1,600.00)</u>
Total Federal Grants	<u>134,000.00</u>	<u>190,000.00</u>	<u>175,595.47</u>	<u>(14,404.53)</u>
Licenses and Permits				
Licenses	3,000.00	3,000.00	6,927.50	3,927.50
Permits	<u>2,000.00</u>	<u>2,000.00</u>	<u>11,400.00</u>	<u>9,400.00</u>
Total Licenses and Permits	<u>5,000.00</u>	<u>5,000.00</u>	<u>18,327.50</u>	<u>13,327.50</u>
Intergovernmental				
Sales tax	618,157.00	618,157.00	697,286.00	79,129.00
Liquor licenses	<u>11,140.00</u>	<u>11,140.00</u>	<u>11,836.55</u>	<u>696.55</u>
Total Intergovernmental	<u>629,297.00</u>	<u>629,297.00</u>	<u>709,122.55</u>	<u>79,825.55</u>
Charges for Services				
Administrative fees	611,323.00	611,323.00	611,625.81	302.81
Copies	4,100.00	4,100.00	4,731.20	631.20
Fire runs and protection	420,237.00	420,237.00	434,313.45	14,076.45
IFT application fee	1,500.00	1,500.00	1,000.00	(500.00)
Other fees	39,958.00	39,958.00	38,817.62	(1,140.38)
Cable franchise fees	<u>98,000.00</u>	<u>98,000.00</u>	<u>109,233.93</u>	<u>11,233.93</u>
Total Charges for Services	<u>1,175,118.00</u>	<u>1,175,118.00</u>	<u>1,199,722.01</u>	<u>24,604.01</u>
Fines and Forfeits				
Court fines	<u>48,000.00</u>	<u>48,000.00</u>	<u>44,941.82</u>	<u>(3,058.18)</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND - Continued

FOR THE YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES - Concluded				
Other Revenues				
Interest on investments	\$ 9,000.00	\$ 9,000.00	\$ 9,390.68	\$ 390.68
Rentals	20,300.00	20,300.00	60,036.00	39,736.00
Reimbursements	91,550.00	91,550.00	85,700.74	(5,849.26)
Miscellaneous			19,340.32	19,340.32
Sale of tax map books	30.00	30.00	12.00	(18.00)
Contributions	7,149.00	7,149.00	7,932.83	783.83
	<u>128,029.00</u>	<u>128,029.00</u>	<u>182,412.57</u>	<u>54,383.57</u>
Total Other Revenues				
	<u>128,029.00</u>	<u>128,029.00</u>	<u>182,412.57</u>	<u>54,383.57</u>
TOTAL REVENUES	<u>7,317,015.00</u>	<u>7,373,015.00</u>	<u>7,749,996.43</u>	<u>376,981.43</u>
EXPENDITURES				
General Government				
Legislative	37,767.00	37,767.00	33,441.67	4,325.33
Executive/Clerk	465,925.00	465,925.00	448,465.84	17,459.16
Assessor's office	245,041.00	245,041.00	212,255.60	32,785.40
Income tax	203,545.00	203,545.00	202,885.34	659.66
Attorney/Jury-Witness	186,760.00	186,760.00	198,583.96	(11,823.96)
Elections	39,592.00	39,592.00	18,031.74	21,560.26
City Hall	104,287.00	104,287.00	30,579.59	73,707.41
Board of Review	1,326.00	1,326.00	706.92	619.08
Accounting and data processing	486,349.00	486,349.00	479,060.02	7,288.98
Cable advisory board	500.00	500.00	130.55	369.45
	<u>1,771,092.00</u>	<u>1,771,092.00</u>	<u>1,624,141.23</u>	<u>146,950.77</u>
Total General Government				
	<u>1,771,092.00</u>	<u>1,771,092.00</u>	<u>1,624,141.23</u>	<u>146,950.77</u>
Public Safety				
Police	2,696,750.00	2,696,750.00	2,663,323.62	33,426.38
Fire	788,462.00	791,340.00	705,458.66	85,881.34
	<u>3,485,212.00</u>	<u>3,488,090.00</u>	<u>3,368,782.28</u>	<u>119,307.72</u>
Total Public Safety				
	<u>3,485,212.00</u>	<u>3,488,090.00</u>	<u>3,368,782.28</u>	<u>119,307.72</u>
Public Works				
Public services	879,574.00	879,574.00	877,642.42	1,931.58
	<u>879,574.00</u>	<u>879,574.00</u>	<u>877,642.42</u>	<u>1,931.58</u>
Community development and enrichment				
	<u>607,995.00</u>	<u>663,995.00</u>	<u>570,969.03</u>	<u>93,025.97</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND - Concluded

FOR THE YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
EXPENDITURES - Concluded				
Other Functions				
Contingency	\$ 51,000.00	\$ 51,000.00	\$ 6,825.35	\$ 44,174.65
Contributions to other units	<u>61,617.00</u>	<u>61,617.00</u>	<u>61,616.37</u>	<u>0.63</u>
Total Other Functions	<u>112,617.00</u>	<u>112,617.00</u>	<u>68,441.72</u>	<u>44,175.28</u>
TOTAL EXPENDITURES	<u>6,856,490.00</u>	<u>6,915,368.00</u>	<u>6,509,976.68</u>	<u>405,391.32</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>460,525.00</u>	<u>457,647.00</u>	<u>1,240,019.75</u>	<u>782,372.75</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,313,413.00	1,313,413.00	1,273,859.90	(39,553.10)
Operating transfers out	<u>(2,007,664.00)</u>	<u>(2,117,664.00)</u>	<u>(2,096,175.79)</u>	<u>21,488.21</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(694,251.00)</u>	<u>(804,251.00)</u>	<u>(822,315.89)</u>	<u>(18,064.89)</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(233,726.00)	(346,604.00)	417,703.86	764,307.86
FUND BALANCE, JULY 1	<u>1,944,606.26</u>	<u>1,944,606.26</u>	<u>1,944,606.26</u>	
FUND BALANCE, JUNE 30	<u>\$ 1,710,880.26</u>	<u>\$ 1,598,002.26</u>	<u>\$ 2,362,310.12</u>	<u>\$ 764,307.86</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PARKS AND RECREATION FUND

FOR THE YEAR ENDED JUNE 30, 2013

	<u>BUDGETED AMOUNTS</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 1,080,700.00	\$ 1,080,700.00	\$ 1,081,308.82	\$ 608.82
Interest and rent	44,900.00	44,900.00	48,713.64	3,813.64
Other revenues	<u>11,500.00</u>	<u>11,500.00</u>	<u>40,951.11</u>	<u>29,451.11</u>
 TOTAL REVENUES	 <u>1,137,100.00</u>	 <u>1,137,100.00</u>	 <u>1,170,973.57</u>	 <u>33,873.57</u>
EXPENDITURES				
Culture and recreation	<u>1,991,660.00</u>	<u>2,006,852.00</u>	<u>1,737,688.53</u>	<u>269,163.47</u>
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 (854,560.00)	 (869,752.00)	 (566,714.96)	 303,037.04
OTHER FINANCING SOURCES				
Operating transfers in	<u>728,650.00</u>	<u>743,842.00</u>	<u>514,741.83</u>	<u>(229,100.17)</u>
 DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	 (125,910.00)	 (125,910.00)	 (51,973.13)	 73,936.87
FUND BALANCE, JULY 1	<u>300,447.17</u>	<u>203,896.93</u>	<u>203,896.93</u>	
FUND BALANCE, JUNE 30	<u>\$ 174,537.17</u>	<u>\$ 77,986.93</u>	<u>\$ 151,923.80</u>	<u>\$ 73,936.87</u>

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GENERAL FUND

The General Fund exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, public works and general administration of the City. Any other activity for which a special fund has not been created is accounted for in the General Fund.

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

GENERAL FUND

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	2013	2012
ASSETS		
Cash	\$ 1,254,388.32	\$ 1,029,535.71
Investments	600,000.00	664,800.00
Receivables		
Accounts	66,603.07	162,920.68
Property taxes	71,506.18	51,518.76
Due from other funds	448,474.53	322,454.69
Due from other governmental units	14,480.23	14,293.27
Due from state		3,459.07
Inventory	35,898.52	47,466.75
Prepaid expense	<u>240,501.91</u>	<u>77,305.65</u>
TOTAL ASSETS	<u>\$ 2,731,852.76</u>	<u>\$ 2,373,754.58</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 129,287.92	\$ 83,332.42
Accrued payroll and payroll taxes	137,565.28	152,257.35
Due to other funds	18,641.60	42,725.14
Due to other units	64,547.84	141,333.41
Security deposits	<u>19,500.00</u>	<u>9,500.00</u>
TOTAL LIABILITIES	<u>369,542.64</u>	<u>429,148.32</u>
 FUND BALANCE		
Nonspendable		
Receivables	66,603.07	162,920.68
Prepaid expenses	240,501.91	77,305.65
Inventory	35,898.52	47,466.75
Unassigned	<u>2,019,306.62</u>	<u>1,656,913.18</u>
TOTAL FUND BALANCE	<u>2,362,310.12</u>	<u>1,944,606.26</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,731,852.76</u>	<u>\$ 2,373,754.58</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE FAVORABLE (UNFAVORABLE)	2012
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Taxes				
Property taxes	\$ 2,725,571.00	\$ 2,695,469.12	\$ (30,101.88)	\$ 2,797,271.54
Penalties and interest	77,000.00	104,532.45	27,532.45	131,875.40
City income taxes	<u>2,395,000.00</u>	<u>2,619,872.94</u>	<u>224,872.94</u>	<u>2,437,498.58</u>
Total Taxes	<u>5,197,571.00</u>	<u>5,419,874.51</u>	<u>222,303.51</u>	<u>5,366,645.52</u>
Federal Grants				
Federal Drug Grant (TNU)	23,000.00	24,838.47	1,838.47	49,221.97
MSHDA Section 8	136,000.00	121,357.00	(14,643.00)	89,185.00
School liaison officer	<u>31,000.00</u>	<u>29,400.00</u>	<u>(1,600.00)</u>	<u>33,098.17</u>
Total Federal Grants	<u>190,000.00</u>	<u>175,595.47</u>	<u>(14,404.53)</u>	<u>171,505.14</u>
Licenses and Permits				
Licenses	3,000.00	6,927.50	3,927.50	10,189.00
Permits	<u>2,000.00</u>	<u>11,400.00</u>	<u>9,400.00</u>	<u>5,135.00</u>
Total Licenses and Permits	<u>5,000.00</u>	<u>18,327.50</u>	<u>13,327.50</u>	<u>15,324.00</u>
Intergovernmental				
Sales tax	618,157.00	697,286.00	79,129.00	694,236.00
Liquor licenses	<u>11,140.00</u>	<u>11,836.55</u>	<u>696.55</u>	<u>11,593.45</u>
Total Intergovernmental	<u>629,297.00</u>	<u>709,122.55</u>	<u>79,825.55</u>	<u>705,829.45</u>
Charges for Services				
Administrative fees	611,323.00	611,625.81	302.81	572,587.02
Copies	4,100.00	4,731.20	631.20	5,328.75
Fire runs and protection	420,237.00	434,313.45	14,076.45	425,842.08
IFT application fee	1,500.00	1,000.00	(500.00)	2,500.00
Other fees	39,958.00	38,817.62	(1,140.38)	7,202.06
Cable franchise fees	<u>98,000.00</u>	<u>109,233.93</u>	<u>11,233.93</u>	<u>101,144.01</u>
Total Charges for Services	<u>1,175,118.00</u>	<u>1,199,722.01</u>	<u>24,604.01</u>	<u>1,114,603.92</u>
Fines and Forfeits				
Court fines	<u>48,000.00</u>	<u>44,941.82</u>	<u>(3,058.18)</u>	<u>47,865.66</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND - Continued

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES - Concluded				
Other Revenues				
Interest on investments	\$ 9,000.00	\$ 9,390.68	\$ 390.68	\$ 8,519.17
Rentals	20,300.00	60,036.00	39,736.00	39,650.00
Reimbursements	91,550.00	85,700.74	(5,849.26)	90,241.71
Miscellaneous		19,340.32	19,340.32	46,296.03
Sale of tax map books	30.00	12.00	(18.00)	27.00
Contributions	7,149.00	7,932.83	783.83	8,301.58
Total Other Revenues	128,029.00	182,412.57	54,383.57	193,035.49
TOTAL REVENUES	7,373,015.00	7,749,996.43	376,981.43	7,614,809.18
EXPENDITURES				
General Government				
Legislative	37,767.00	33,441.67	4,325.33	32,271.31
Executive/Clerk	465,925.00	448,465.84	17,459.16	462,436.27
Assessor's office	245,041.00	212,255.60	32,785.40	220,367.54
Income tax	203,545.00	202,885.34	659.66	201,570.87
Attorney/Jury-Witness	186,760.00	198,583.96	(11,823.96)	174,844.81
Elections	39,592.00	18,031.74	21,560.26	13,963.07
City Hall	104,287.00	30,579.59	73,707.41	42,161.00
Board of Review	1,326.00	706.92	619.08	672.00
Accounting and data processing	486,349.00	479,060.02	7,288.98	566,827.16
Cable advisory board	500.00	130.55	369.45	210.00
Total General Government	1,771,092.00	1,624,141.23	146,950.77	1,715,324.09
Public Safety				
Police	2,696,750.00	2,663,323.62	33,426.38	2,603,697.94
Fire	791,340.00	705,458.66	85,881.34	703,418.72
Total Public Safety	3,488,090.00	3,368,782.28	119,307.72	3,307,116.66
Public Works				
Public services	879,574.00	877,642.42	1,931.58	1,118,996.71
Community development and enrichment				
	663,995.00	570,969.03	93,025.97	299,766.44

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND - Concluded

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
EXPENDITURES - Concluded				
Other Functions				
Contingency	\$ 51,000.00	\$ 6,825.35	\$ 44,174.65	\$
Contributions to other units	<u>61,617.00</u>	<u>61,616.37</u>	<u>0.63</u>	<u>61,990.68</u>
Total Other Functions	<u>112,617.00</u>	<u>68,441.72</u>	<u>44,175.28</u>	<u>61,990.68</u>
TOTAL EXPENDITURES	<u>6,915,368.00</u>	<u>6,509,976.68</u>	<u>405,391.32</u>	<u>6,503,194.58</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>457,647.00</u>	<u>1,240,019.75</u>	<u>782,372.75</u>	<u>1,111,614.60</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,313,413.00	1,273,859.90	(39,553.10)	1,340,686.06
Operating transfers out	<u>(2,117,664.00)</u>	<u>(2,096,175.79)</u>	<u>21,488.21</u>	<u>(2,158,762.62)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(804,251.00)</u>	<u>(822,315.89)</u>	<u>(18,064.89)</u>	<u>(818,076.56)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(346,604.00)	417,703.86	764,307.86	293,538.04
FUND BALANCE, JULY 1	<u>1,944,606.26</u>	<u>1,944,606.26</u>		<u>1,651,068.22</u>
FUND BALANCE, JUNE 30	<u>\$ 1,598,002.26</u>	<u>\$ 2,362,310.12</u>	<u>\$ 764,307.86</u>	<u>\$ 1,944,606.26</u>

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to finance particular activities and are created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory or charter provisions to pay for certain activities with some special form of continuing revenues.

The Special Revenue Funds of the City are: Major Street, Local Street, Parks and Recreation, Mt. Hope Cemetery, Youth Mini-Grant, Building Department, Oakdale Development, Police K-9 Program, Drug Law Enforcement, D.A.R.E., Site Plan Review, General Forfeiture, Public Safety Training, Mobile Training Unit, Industrial Retention Facility, and Housing Resource.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	MAJOR STREET	LOCAL STREET
ASSETS		
Cash	\$	\$ 195,425.79
Special assessment receivable		8,120.29
Accounts receivable	369.42	657.16
Due from other funds		1,530.34
Due from state	101,157.78	23,380.77
Prepaid expenses	425.88	422.73
	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>101,953.08</u>	\$ <u>229,537.08</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 248,737.60	\$ 29.74
Due to other funds	80,597.04	
Payroll and taxes payable	4,530.56	1,075.86
Deferred revenue		8,120.29
	<hr/>	<hr/>
TOTAL LIABILITIES	<u>333,865.20</u>	<u>9,225.89</u>
 FUND BALANCE		
Assigned		220,311.19
Unassigned	(231,912.12)	
	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>(231,912.12)</u>	<u>220,311.19</u>
 TOTAL LIABILITIES AND FUND BALANCE	 \$ <u>101,953.08</u>	 \$ <u>229,537.08</u>

PARKS AND RECREATION	MT. HOPE CEMETERY	YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT
\$ 254,687.17	\$ 48,656.89	\$ 559.35	\$ 39,046.55	\$ 59,959.94
2,150.00				
23,206.49				
<u>10,123.06</u>	<u>481.67</u>	<u> </u>	<u>117.11</u>	<u>172.38</u>
<u>\$ 290,166.72</u>	<u>\$ 49,138.56</u>	<u>\$ 559.35</u>	<u>\$ 39,163.66</u>	<u>\$ 60,132.32</u>
\$ 102,192.63	\$ 1,051.12	\$	\$ 27,759.50	\$ 1,921.43
36,050.29	3,753.68		2,300.86	600.01
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>138,242.92</u>	<u>4,804.80</u>	<u> </u>	<u>30,060.36</u>	<u>2,521.44</u>
151,923.80	44,333.76	559.35	9,103.30	57,610.88
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>151,923.80</u>	<u>44,333.76</u>	<u>559.35</u>	<u>9,103.30</u>	<u>57,610.88</u>
<u>\$ 290,166.72</u>	<u>\$ 49,138.56</u>	<u>\$ 559.35</u>	<u>\$ 39,163.66</u>	<u>\$ 60,132.32</u>

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS - Continued

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
ASSETS		
Cash	\$ 6,473.48	\$ 7,658.45
Special assessments receivable		
Accounts receivable		
Due from other funds		
Due from state		
Prepaid expenses		
	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u><u>6,473.48</u></u>	\$ <u><u>7,658.45</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$	\$
Due to other funds		
Payroll and taxes payable		
Deferred revenue		
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>
 FUND BALANCE		
Assigned	6,473.48	7,658.45
Unassigned		
	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>6,473.48</u>	<u>7,658.45</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>6,473.48</u></u>	\$ <u><u>7,658.45</u></u>

D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING	MOBILE TRAINING UNIT
\$ 9,571.56	\$ 12,575.18	\$ 9,894.04	\$ 2,242.60	\$ 2,793.12
<u>9,571.56</u>	<u>12,575.18</u>	<u>9,894.04</u>	<u>2,242.60</u>	<u>2,793.12</u>
\$ 1,184.00	\$ 8,460.25	\$	\$ 1,764.60	\$
<u>1,184.00</u>	<u>8,460.25</u>		<u>1,764.60</u>	
8,387.56	4,114.93	9,894.04	478.00	2,793.12
<u>8,387.56</u>	<u>4,114.93</u>	<u>9,894.04</u>	<u>478.00</u>	<u>2,793.12</u>
<u>9,571.56</u>	<u>12,575.18</u>	<u>9,894.04</u>	<u>2,242.60</u>	<u>2,793.12</u>

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	INDUSTRIAL RETENTION FACILITY	HOUSING RESOURCE
ASSETS		
Cash	\$	\$ 78,130.55
Special assessments receivable		
Accounts receivable		3,300.00
Due from other funds		
Due from state		
Prepaid expenses		
	<hr/>	<hr/>
TOTAL ASSETS	\$	\$ 81,430.55
	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$	\$ 3,899.00
Due to other funds		
Payroll and taxes payable		
Deferred revenue		
	<hr/>	<hr/>
TOTAL LIABILITIES		3,899.00
	<hr/>	<hr/>
FUND BALANCE		
Assigned		77,531.55
Unassigned		
	<hr/>	<hr/>
TOTAL FUND BALANCE		77,531.55
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$	\$ 81,430.55
	<hr/> <hr/>	<hr/> <hr/>

TOTAL SPECIAL REVENUE 2013	ELIMINATION OF MAJOR FUNDS	TOTAL NON- MAJOR SPECIAL REVENUE 2013	TOTAL SPECIAL REVENUE 2012
\$ 727,674.67	\$ (254,687.17)	\$ 472,987.50	\$ 1,318,921.28
8,120.29		8,120.29	11,925.61
6,476.58	(2,150.00)	4,326.58	25,291.76
1,530.34		1,530.34	14,007.15
147,745.04	(23,206.49)	124,538.55	107,445.63
11,742.83	(10,123.06)	1,619.77	11,204.14
<u>903,289.75</u>	<u>(290,166.72)</u>	<u>613,123.03</u>	<u>1,488,795.57</u>
\$ 396,999.87	\$ (102,192.63)	\$ 294,807.24	\$ 175,505.11
80,597.04		80,597.04	
48,311.26	(36,050.29)	12,260.97	46,962.01
8,120.29		8,120.29	11,925.61
<u>534,028.46</u>	<u>(138,242.92)</u>	<u>395,785.54</u>	<u>234,392.73</u>
601,173.41	(151,923.80)	449,249.61	1,254,402.84
<u>(231,912.12)</u>		<u>(231,912.12)</u>	
<u>369,261.29</u>	<u>(151,923.80)</u>	<u>217,337.49</u>	<u>1,254,402.84</u>
<u>903,289.75</u>	<u>(290,166.72)</u>	<u>613,123.03</u>	<u>1,488,795.57</u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	MAJOR STREET	LOCAL STREET
REVENUES		
Taxes and special assessments	\$	\$ 4,734.37
Charges for services		
Intergovernmental		
Federal	143,828.10	
State	588,598.81	141,210.54
Interest and rent	77.61	453.10
Donations		
Other revenue	<u>2,544.52</u>	<u>2,778.70</u>
TOTAL REVENUES	<u>735,049.04</u>	<u>149,176.71</u>
EXPENDITURES		
Highways and streets	1,196,735.49	162,443.71
Culture and recreation		
Health and welfare		
Community development and enrichment		
Public safety		
TOTAL EXPENDITURES	<u>1,196,735.49</u>	<u>162,443.71</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(461,686.45)</u>	<u>(13,267.00)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	101,023.24	126,768.64
Operating transfers out	<u>(48,741.66)</u>	<u>(83,439.00)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>52,281.58</u>	<u>43,329.64</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(409,404.87)	30,062.64
PRIOR PERIOD ADJUSTMENT	27,672.64	
FUND BALANCE, JULY 1	<u>149,820.11</u>	<u>190,248.55</u>
FUND BALANCE, JUNE 30	<u><u>\$ (231,912.12)</u></u>	<u><u>\$ 220,311.19</u></u>

PARKS AND RECREATION	MT. HOPE CEMETERY	YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT
\$ 1,081,308.82	\$ 31,216.47	\$	\$ 129,887.69	\$
23,206.49				
48,713.64	147.14	2.40	68.14	44,581.34
5,035.00				
12,709.62	150.00		200.00	
<u>1,170,973.57</u>	<u>31,513.61</u>	<u>2.40</u>	<u>130,155.83</u>	<u>44,581.34</u>
1,737,688.53	172,751.62			
			114,726.15	26,893.59
<u>1,737,688.53</u>	<u>172,751.62</u>		<u>114,726.15</u>	<u>26,893.59</u>
<u>(566,714.96)</u>	<u>(141,238.01)</u>	<u>2.40</u>	<u>15,429.68</u>	<u>17,687.75</u>
514,741.83	126,465.73			26,565.79
	(14,374.00)		(30,000.00)	(26,566.00)
<u>514,741.83</u>	<u>112,091.73</u>		<u>(30,000.00)</u>	<u>(0.21)</u>
(51,973.13)	(29,146.28)	2.40	(14,570.32)	17,687.54
<u>203,896.93</u>	<u>73,480.04</u>	<u>556.95</u>	<u>23,673.62</u>	<u>39,923.34</u>
\$ <u><u>151,923.80</u></u>	\$ <u><u>44,333.76</u></u>	\$ <u><u>559.35</u></u>	\$ <u><u>9,103.30</u></u>	\$ <u><u>57,610.88</u></u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Continued
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
REVENUES		
Taxes and special assessments	\$	\$
Charges for services		
Intergovernmental		
Federal		
State		
Interest and rent	16.38	24.69
Donations		
Other revenue		490.00
	<hr/>	<hr/>
TOTAL REVENUES	16.38	514.69
	<hr/>	<hr/>
EXPENDITURES		
Highways and streets		
Culture and recreation		
Health and welfare		
Community development and enrichment		
Public safety	287.70	2,663.83
	<hr/>	<hr/>
TOTAL EXPENDITURES	287.70	2,663.83
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(271.32)	(2,149.14)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Operating transfers in		
Operating transfers out		
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)		
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(271.32)	(2,149.14)
	<hr/>	<hr/>
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1	6,744.80	9,807.59
	<hr/>	<hr/>
FUND BALANCE, JUNE 30	\$ 6,473.48	\$ 7,658.45
	<hr/> <hr/>	<hr/> <hr/>

D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING	MOBILE TRAINING UNIT
\$	\$	\$	\$	\$
	4,415.00			
23.25	42.59	25.23	3,638.00	181.47
625.00			2.17	
<u> </u>	<u> </u>	<u>279.00</u>	<u> </u>	<u> </u>
648.25	4,457.59	304.23	3,640.17	181.47
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
1,184.00	5,579.00		3,638.00	(113.52)
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
1,184.00	5,579.00		3,638.00	(113.52)
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(535.75)	(1,121.41)	304.23	2.17	294.99
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(5,407.95)			
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(5,407.95)			
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(535.75)	(6,529.36)	304.23	2.17	294.99
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
8,923.31	10,644.29	9,589.81	475.83	2,498.13
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 8,387.56	\$ 4,114.93	\$ 9,894.04	\$ 478.00	\$ 2,793.12
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - Concluded
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	INDUSTRIAL RETENTION FACILITY	HOUSING RESOURCE
REVENUES		
Taxes and special assessments	\$	\$
Charges for services		
Intergovernmental		
Federal		259,967.00
State		
Interest and rent	418.29	
Donations		
Other revenue		38,403.00
	<hr/>	<hr/>
TOTAL REVENUES	418.29	298,370.00
	<hr/>	<hr/>
EXPENDITURES		
Highways and streets		
Culture and recreation		
Health and welfare		
Community development and enrichment		249,686.01
Public safety	50.72	
	<hr/>	<hr/>
TOTAL EXPENDITURES	50.72	249,686.01
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	367.57	48,683.99
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Operating transfers in		
Operating transfers out	(475,639.55)	(20,000.00)
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(475,639.55)	(20,000.00)
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(475,271.98)	28,683.99
	<hr/>	<hr/>
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1	475,271.98	48,847.56
	<hr/>	<hr/>
FUND BALANCE, JUNE 30	\$	\$
	<hr/> <hr/>	<hr/> <hr/>
		77,531.55

TOTAL SPECIAL REVENUE 2013	ELIMINATION OF MAJOR FUNDS	MAJOR SPECIAL REVENUE 2013	SPECIAL REVENUE 2012
\$ 4,734.37	\$	\$ 4,734.37	\$ 2,432.36
1,246,827.98	(1,081,308.82)	165,519.16	1,234,063.49
403,795.10		403,795.10	142,422.00
756,653.84	(23,206.49)	733,447.35	664,332.86
94,777.44	(48,713.64)	46,063.80	193,635.88
5,660.00	(5,035.00)	625.00	10,081.00
57,554.84	(12,709.62)	44,845.22	782,967.19
<u>2,570,003.57</u>	<u>(1,170,973.57)</u>	<u>1,399,030.00</u>	<u>3,029,934.78</u>
1,359,179.20		1,359,179.20	854,977.65
1,737,688.53	(1,737,688.53)		1,703,313.65
172,751.62		172,751.62	171,083.05
396,884.75		396,884.75	431,408.30
7,710.73		7,710.73	209,813.99
<u>3,674,214.83</u>	<u>(1,737,688.53)</u>	<u>1,936,526.30</u>	<u>3,370,596.64</u>
<u>(1,104,211.26)</u>	<u>(566,714.96)</u>	<u>(537,496.30)</u>	<u>(340,661.86)</u>
895,565.23	(514,741.83)	380,823.40	1,147,468.85
<u>(704,168.16)</u>		<u>(704,168.16)</u>	<u>(286,855.69)</u>
<u>191,397.07</u>	<u>(514,741.83)</u>	<u>(323,344.76)</u>	<u>860,613.16</u>
(912,814.19)	51,973.13	(860,841.06)	519,951.30
27,672.64		27,672.64	
<u>1,254,402.84</u>	<u>(203,896.93)</u>	<u>1,050,505.91</u>	<u>734,451.54</u>
<u>\$ 369,261.29</u>	<u>\$ (151,923.80)</u>	<u>\$ 217,337.49</u>	<u>\$ 1,254,402.84</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

MAJOR STREET FUND

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
State grants	\$ 522,000.00	\$ 588,598.81	\$ 66,598.81	\$ 520,681.25
Federal grant		143,828.10	143,828.10	
Interest on investments		77.61	77.61	259.43
Other revenue	<u>1,081,725.00</u>	<u>2,544.52</u>	<u>(1,079,180.48)</u>	<u>7,753.62</u>
TOTAL REVENUES	<u>1,603,725.00</u>	<u>735,049.04</u>	<u>(868,675.96)</u>	<u>528,694.30</u>
EXPENDITURES				
Highways and streets	<u>2,434,060.00</u>	<u>1,196,735.49</u>	<u>1,237,324.51</u>	<u>402,441.73</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(830,335.00)</u>	<u>(461,686.45)</u>	<u>368,648.55</u>	<u>126,252.57</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	804,188.00	101,023.24	(703,164.76)	85,797.53
Operating transfers out	<u>(78,907.00)</u>	<u>(48,741.66)</u>	<u>30,165.34</u>	<u>(124,882.81)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>725,281.00</u>	<u>52,281.58</u>	<u>(672,999.42)</u>	<u>(39,085.28)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(105,054.00)	(409,404.87)	(304,350.87)	87,167.29
FUND BALANCE, JULY 1	149,820.11	149,820.11		62,652.82
PRIOR PERIOD ADJUSTMENT		<u>27,672.64</u>	<u>27,672.64</u>	
FUND BALANCE, JUNE 30	\$ <u><u>44,766.11</u></u>	\$ <u><u>(231,912.12)</u></u>	\$ <u><u>(276,678.23)</u></u>	\$ <u><u>149,820.11</u></u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

LOCAL STREET FUND

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Special assessments	\$ 2,205.00	\$ 4,734.37	\$ 2,529.37	\$ 2,432.36
State grants	124,558.00	141,210.54	16,652.54	139,770.17
Interest on investments		453.10	453.10	343.38
Other revenue		2,778.70	2,778.70	6,653.08
TOTAL REVENUES	126,763.00	149,176.71	22,413.71	149,198.99
EXPENDITURES				
Highways and streets	231,482.00	162,443.71	69,038.29	452,535.92
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(104,719.00)	(13,267.00)	91,452.00	(303,336.93)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	152,038.00	126,768.64	(25,269.36)	426,047.92
Operating transfers out	(83,439.00)	(83,439.00)		(77,865.00)
TOTAL OTHER FINANCING SOURCES (USES)	68,599.00	43,329.64	(25,269.36)	348,182.92
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(36,120.00)	30,062.64	66,182.64	44,845.99
FUND BALANCE, JULY 1	190,248.55	190,248.55		145,402.56
FUND BALANCE, JUNE 30	\$ 154,128.55	\$ 220,311.19	\$ 66,182.64	\$ 190,248.55

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PARKS AND RECREATION FUND

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	\$ 1,080,700.00	\$ 1,081,308.82	\$ 608.82	\$ 1,066,071.62
Interest and rent	44,900.00	48,713.64	3,813.64	40,786.73
Other revenues	11,500.00	17,744.62	6,244.62	16,956.17
Intergovernmental State		23,206.49	23,206.49	
TOTAL REVENUES	1,137,100.00	1,170,973.57	33,873.57	1,123,814.52
EXPENDITURES				
Culture and recreation	2,006,852.00	1,737,688.53	269,163.47	1,703,313.65
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(869,752.00)	(566,714.96)	303,037.04	(579,499.13)
OTHER FINANCING SOURCES				
Operating transfers in	743,842.00	514,741.83	(229,100.17)	482,948.89
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(125,910.00)	(51,973.13)	73,936.87	(96,550.24)
FUND BALANCE, JULY 1	203,896.93	203,896.93		300,447.17
FUND BALANCE, JUNE 30	\$ 77,986.93	\$ 151,923.80	\$ 73,936.87	\$ 203,896.93

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

MT. HOPE CEMETERY FUND

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	\$ 39,000.00	\$ 31,216.47	\$ (7,783.53)	\$ 31,569.80
Interest on investments	300.00	147.14	(152.86)	351.25
Other revenue		150.00	150.00	
TOTAL REVENUES	39,300.00	31,513.61	(7,786.39)	31,921.05
EXPENDITURES				
Health and welfare	175,149.00	172,751.62	2,397.38	171,083.05
DEFICIENCY OF REVENUES OVER EXPENDITURES	(135,849.00)	(141,238.01)	(5,389.01)	(139,162.00)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	126,487.00	126,465.73	(21.27)	126,473.51
Operating transfers out	(14,374.00)	(14,374.00)		(14,374.00)
TOTAL OTHER FINANCING SOURCES (USES)	112,113.00	112,091.73	(21.27)	112,099.51
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(23,736.00)	(29,146.28)	(5,410.28)	(27,062.49)
FUND BALANCE, JULY 1	73,480.04	73,480.04		100,542.53
FUND BALANCE, JUNE 30	\$ 49,744.04	\$ 44,333.76	\$ (5,410.28)	\$ 73,480.04

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YOUTH MINI-GRANT

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest income	\$ <u> </u>	\$ <u> 2.40</u>	\$ <u> 2.40</u>	\$ <u> 2.81</u>
EXCESS OF REVENUES OVER EXPENDITURES		2.40	2.40	2.81
FUND BALANCE, JULY 1	<u> 556.95</u>	<u> 556.95</u>	<u> </u>	<u> 554.14</u>
FUND BALANCE, JUNE 30	\$ <u><u> 556.95</u></u>	\$ <u><u> 559.35</u></u>	\$ <u><u> 2.40</u></u>	\$ <u><u> 556.95</u></u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

BUILDING DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	\$ 182,610.00	\$ 129,887.69	\$ (52,722.31)	\$ 123,880.82
Interest on investments	110.00	68.14	(41.86)	128.19
Other revenues	<u>100.00</u>	<u>200.00</u>	<u>100.00</u>	<u> </u>
TOTAL REVENUES	<u>182,820.00</u>	<u>130,155.83</u>	<u>(52,664.17)</u>	<u>124,009.01</u>
EXPENDITURES				
Community development and enrichment	<u>128,584.00</u>	<u>114,726.15</u>	<u>13,857.85</u>	<u>112,589.90</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>54,236.00</u>	<u>15,429.68</u>	<u>(38,806.32)</u>	<u>11,419.11</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	10,000.00		(10,000.00)	
Operating transfers out	<u>(30,000.00)</u>	<u>(30,000.00)</u>	<u> </u>	<u>(20,000.00)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(20,000.00)</u>	<u>(30,000.00)</u>	<u>(10,000.00)</u>	<u>(20,000.00)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	34,236.00	(14,570.32)	(48,806.32)	(8,580.89)
FUND BALANCE, JULY 1	<u>23,673.62</u>	<u>23,673.62</u>	<u> </u>	<u>32,254.51</u>
FUND BALANCE, JUNE 30	<u>\$ 57,909.62</u>	<u>\$ 9,103.30</u>	<u>\$ (48,806.32)</u>	<u>\$ 23,673.62</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

OAKDALE DEVELOPMENT FUND

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest and rent	\$ <u> </u>	\$ <u>44,581.34</u>	\$ <u>44,581.34</u>	\$ <u>60,154.88</u>
EXPENDITURES				
Community development and enrichment	<u>39,634.00</u>	<u>26,893.59</u>	<u>12,740.41</u>	<u>36,532.90</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(39,634.00)</u>	<u>17,687.75</u>	<u>57,321.75</u>	<u>23,621.98</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	66,200.00	26,565.79	(39,634.21)	26,201.00
Operating transfers out	<u>(26,566.00)</u>	<u>(26,566.00)</u>	<u> </u>	<u>(26,197.00)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>39,634.00</u>	<u>(0.21)</u>	<u>(39,634.21)</u>	<u>4.00</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		17,687.54	17,687.54	23,625.98
FUND BALANCE, JULY 1	<u>39,923.34</u>	<u>39,923.34</u>	<u> </u>	<u>16,297.36</u>
FUND BALANCE, JUNE 30	\$ <u><u>39,923.34</u></u>	\$ <u><u>57,610.88</u></u>	\$ <u><u>17,687.54</u></u>	\$ <u><u>39,923.34</u></u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

POLICE K-9 PROGRAM

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest	\$	\$	\$	\$
Other revenue	250.00	16.38	(250.00)	26.40
TOTAL REVENUES	250.00	16.38	(233.62)	26.40
EXPENDITURES				
Public safety	2,765.00	287.70	2,477.30	442.52
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,515.00)	(271.32)	2,243.68	(416.12)
OTHER FINANCING SOURCES				
Operating transfers in	1,950.00		(1,950.00)	
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(565.00)	(271.32)	293.68	(416.12)
FUND BALANCE, JULY 1	6,744.80	6,744.80		7,160.92
FUND BALANCE, JUNE 30	\$ 6,179.80	\$ 6,473.48	\$ 293.68	\$ 6,744.80

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

DRUG LAW ENFORCEMENT

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	\$	\$	\$	\$
Other revenues	500.00	490.00	(10.00)	901.00
TOTAL REVENUES	500.00	514.69	14.69	935.19
EXPENDITURES				
Public safety	3,000.00	2,663.83	336.17	24.00
EXCESS (DEFICIENCY) OF REVENUES OVER OVER EXPENDITURES	(2,500.00)	(2,149.14)	350.86	911.19
FUND BALANCE, JULY 1	9,807.59	9,807.59		8,896.40
FUND BALANCE, JUNE 30	\$ 7,307.59	\$ 7,658.45	\$ 350.86	\$ 9,807.59

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

D.A.R.E.

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	\$	\$	\$	\$
Other revenues	1,000.00	625.00	(375.00)	2,300.00
TOTAL REVENUES	1,000.00	648.25	(351.75)	2,332.55
EXPENDITURES				
Public safety	2,500.00	1,184.00	1,316.00	1,164.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,500.00)	(535.75)	964.25	1,168.55
FUND BALANCE, JULY 1	8,923.31	8,923.31		7,754.76
FUND BALANCE, JUNE 30	\$ 7,423.31	\$ 8,387.56	\$ 964.25	\$ 8,923.31

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

SITE PLAN REVIEW

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	\$ 15,000.00	\$ 4,415.00	\$ (10,585.00)	\$ 12,541.25
Interest earnings		42.59	42.59	84.53
TOTAL REVENUES	15,000.00	4,457.59	(10,542.41)	12,625.78
EXPENDITURES				
Community development and enrichment	10,000.00	5,579.00	4,421.00	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,000.00	(1,121.41)	(6,121.41)	12,625.78
OTHER FINANCING USES				
Operating transfers out	(5,000.00)	(5,407.95)	(407.95)	(3,536.88)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES		(6,529.36)	(6,529.36)	9,088.90
FUND BALANCE, JULY 1	10,644.29	10,644.29		1,555.39
FUND BALANCE, JUNE 30	\$ 10,644.29	\$ 4,114.93	\$ (6,529.36)	\$ 10,644.29

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FORFEITURE

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	\$	\$ 25.23	\$ 25.23	\$ 31.59
Other revenue	1,000.00	279.00	(721.00)	2,700.00
TOTAL REVENUES	1,000.00	304.23	(695.77)	2,731.59
EXPENDITURES				
Public safety	1,000.00		1,000.00	625.00
EXCESS OF REVENUES OVER EXPENDITURES		304.23	304.23	2,106.59
FUND BALANCE, JULY 1	9,589.81	9,589.81		7,483.22
FUND BALANCE, JUNE 30	\$ 9,589.81	\$ 9,894.04	\$ 304.23	\$ 9,589.81

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

PUBLIC SAFETY TRAINING

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
State grants	\$ 4,200.00	\$ 3,638.00	\$ (562.00)	\$ 3,881.44
Interest earnings		2.17	2.17	4.56
TOTAL REVENUES	4,200.00	3,640.17	(559.83)	3,886.00
EXPENDITURES				
Public safety	4,200.00	3,638.00	562.00	3,881.44
EXCESS OF REVENUES OVER EXPENDITURES		2.17	2.17	4.56
FUND BALANCE, JULY 1	475.83	475.83		471.27
FUND BALANCE, JUNE 30	\$ 475.83	\$ 478.00	\$ 2.17	\$ 475.83

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

MOBILE TRAINING UNIT

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013			2012
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest and rentals	\$ 500.00	\$ 181.47	\$ (318.53)	\$ 8.65
EXPENDITURES				
Public safety	500.00	(113.52)	613.52	
EXCESS OF REVENUES OVER EXPENDITURES		294.99	294.99	8.65
FUND BALANCE, JULY 1	2,498.13	2,498.13		2,489.48
FUND BALANCE, JUNE 30	\$ 2,498.13	\$ 2,793.12	\$ 294.99	\$ 2,498.13

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

INDUSTRIAL RETENTION FUND

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest and rentals	\$	\$ 418.29	\$ 418.29	\$ 91,386.74
Other revenue				585,363.32
TOTAL REVENUES		418.29	418.29	676,750.06
EXPENDITURES				
Public safety		50.72	(50.72)	203,677.03
EXCESS OF REVENUES OVER EXPENDITURES		367.57	367.57	473,073.03
OTHER FINANCING USES				
Operating transfers out		(475,639.55)	(475,639.55)	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES		(475,271.98)	(475,271.98)	473,073.03
FUND BALANCE, JULY 1	475,271.98	475,271.98		2,198.95
FUND BALANCE, JUNE 30	\$ 475,271.98	\$	\$ (475,271.98)	\$ 475,271.98

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

HOUSING RESOURCE

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		VARIANCE	2012
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Federal grants	\$ 395,000.00	\$ 259,967.00	\$ (135,033.00)	\$ 142,422.00
Other revenues	238,000.00	38,403.00	(199,597.00)	170,421.00
TOTAL REVENUES	633,000.00	298,370.00	(334,630.00)	312,843.00
EXPENDITURES				
Community development and enrichment	608,000.00	249,686.01	358,313.99	282,285.50
EXCESS OF REVENUES OVER EXPENDITURES	25,000.00	48,683.99	23,683.99	30,557.50
OTHER FINANCING USES				
Operating transfers out	(20,000.00)	(20,000.00)		(20,000.00)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	5,000.00	28,683.99	23,683.99	10,557.50
FUND BALANCE, JULY 1	48,847.56	48,847.56		38,290.06
FUND BALANCE, JUNE 30	\$ 53,847.56	\$ 77,531.55	\$ 23,683.99	\$ 48,847.56

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DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt and revenue bonds issued for and serviced by a governmental enterprise.

The City's Debt Service Funds include the 2003 General Obligation Limited Tax Bonds, 2006 General Obligation Limited Tax Bonds, 2007 General Obligation Limited Tax Bonds, 2008 General Obligation Limited Tax Bonds, 2008 Series A General Obligation Limited Tax Bonds, 2009 General Obligation Limited Tax Bonds, 2010 General Obligation Limited Tax Bonds, 2001 Special Assessment Bonds, 2002 Special Assessment Bonds, 2003 Special Assessment Bonds, 2006 Special Assessment Bonds, 2007 Special Assessment Bonds, 2008 Special Assessment Bonds, 2008 Series A Special Assessment Bonds, 2010 Special Assessment Bonds, 2011 Special Assessment Bonds, 2005 Equipment Financing, 2008 Equipment Financing, 2008 Series A Equipment Financing, 1999 Building Authority Bonds, 2001 Building Authority Bonds, and 2002 Building Authority Bonds.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	2003 GENERAL OBLIGATION LIMITED TAX BONDS	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS
ASSETS			
Cash	\$	\$	\$ 41,051.39
Assessments receivable			
Prepaid expenses		3,456.25	
Due from other units			
Due from other funds			
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u><u> </u></u>	\$ <u><u>3,456.25</u></u>	\$ <u><u>41,051.39</u></u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$	\$
Due to other funds		2,029.31	
Due to other units			
Deferred revenue			
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/>	<u><u>2,029.31</u></u>	<hr/>
 FUND BALANCE			
Restricted for debt service		<u><u>1,426.94</u></u>	<u><u>41,051.39</u></u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u> </u></u>	\$ <u><u>3,456.25</u></u>	\$ <u><u>41,051.39</u></u>

2008 GENERAL OBLIGATION LIMITED TAX BONDS	2008 SERIES A GENERAL OBLIGATION LIMITED TAX BONDS	2009 GENERAL OBLIGATION LIMITED TAX BONDS	2010 GENERAL OBLIGATION LIMITED TAX BONDS	2001 SPECIAL ASSESSMENT BONDS
\$ 184.44	\$ 12,429.04	\$ 1,573,148.00 6,669,693.45	\$ 0.22 2,550.00	\$
<u>184.44</u>	<u>12,429.04</u>	<u>216,577.81</u>	<u>2,550.22</u>	<u> </u>
<u>\$ 184.44</u>	<u>\$ 12,429.04</u>	<u>\$ 8,459,419.26</u>	<u>\$ 2,550.22</u>	<u>\$</u>
\$	\$ 1,678.75	\$	\$ 1,345.36	\$
<u> </u>	<u> </u>	<u>6,669,693.45</u>	<u> </u>	<u> </u>
<u> </u>	<u>1,678.75</u>	<u>6,669,693.45</u>	<u>1,345.36</u>	<u> </u>
<u>184.44</u>	<u>10,750.29</u>	<u>1,789,725.81</u>	<u>1,204.86</u>	<u> </u>
<u>\$ 184.44</u>	<u>\$ 12,429.04</u>	<u>\$ 8,459,419.26</u>	<u>\$ 2,550.22</u>	<u>\$</u>

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS - Continued

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	2002 SPECIAL ASSESSMENT BONDS	2003 SPECIAL ASSESSMENT BONDS	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS
ASSETS				
Cash	\$	\$ 60,303.31	\$ 29,357.51	\$ 130,309.86
Assessments receivable			55,268.20	15,418.79
Prepaid expenses			1,777.50	
Due from other units				
Due from other funds		635.73	9,208.15	1,362.66
TOTAL ASSETS	\$	\$ 60,939.04	\$ 95,611.36	\$ 147,091.31
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Due to other funds				
Due to other units				
Deferred revenue			55,268.20	15,418.79
TOTAL LIABILITIES			55,268.20	15,418.79
 FUND BALANCE				
Restricted for debt service		60,939.04	40,343.16	131,672.52
TOTAL LIABILITIES AND FUND BALANCE	\$	\$ 60,939.04	\$ 95,611.36	\$ 147,091.31

2008 SPECIAL ASSESSMENT BONDS	2008 SERIES A SPECIAL ASSESSMENT BONDS	2010 SPECIAL ASSESSMENT BONDS	2011 SPECIAL ASSESSMENT BONDS	2005 EQUIPMENT FINANCING
\$ 110.80	\$ 41,394.45 24,560.15	\$ 115,099.28 135,767.44 4,505.00	\$ 110,574.45 255,535.68	\$ 114.10
	<u>549.04</u>	<u>2,391.87</u>	<u>3,711.79</u>	
<u>\$ 110.80</u>	<u>\$ 66,503.64</u>	<u>\$ 257,763.59</u>	<u>\$ 369,821.92</u>	<u>\$ 114.10</u>
\$	\$ 987.50	\$	\$	\$
	<u>24,560.15</u>	<u>135,767.44</u>	<u>255,535.68</u>	
	<u>25,547.65</u>	<u>135,767.44</u>	<u>255,535.68</u>	
<u>110.80</u>	<u>40,955.99</u>	<u>121,996.15</u>	<u>114,286.24</u>	<u>114.10</u>
<u>\$ 110.80</u>	<u>\$ 66,503.64</u>	<u>\$ 257,763.59</u>	<u>\$ 369,821.92</u>	<u>\$ 114.10</u>

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS - Concluded

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	2008 EQUIPMENT FINANCING	2008 SERIES A EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
ASSETS				
Cash	\$ 3,845.73	\$ 1.64	\$ 5,619.82	\$ 9,694.74
Assessments receivable				
Prepaid expenses				
Due from other units				
Due from other funds				
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u><u>3,845.73</u></u>	\$ <u><u>1.64</u></u>	\$ <u><u>5,619.82</u></u>	\$ <u><u>9,694.74</u></u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$	\$	\$
Due to other funds				
Due to other units				
Deferred revenue				
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/>	<hr/>	<hr/>	<hr/>
 FUND BALANCE				
Restricted for debt service	<u>3,845.73</u>	<u>1.64</u>	<u>5,619.82</u>	<u>9,694.74</u>
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>3,845.73</u></u>	\$ <u><u>1.64</u></u>	\$ <u><u>5,619.82</u></u>	\$ <u><u>9,694.74</u></u>

2002 BUILDING AUTHORITY BONDS	TOTAL DEBT SERVICE 2013	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR DEBT SERVICE 2013	TOTAL DEBT SERVICE 2012
\$	\$ 2,133,238.78	\$ (1,573,148.00)	\$ 560,090.78	\$ 536,527.19
	7,156,243.71	(6,669,693.45)	486,550.26	8,401,664.39
	12,288.75		12,288.75	14,902.50
	<u>234,437.05</u>	<u>(216,577.81)</u>	<u>17,859.24</u>	<u>846,931.08</u>
\$	\$ <u><u>9,536,208.29</u></u>	\$ <u><u>(8,459,419.26)</u></u>	\$ <u><u>1,076,789.03</u></u>	\$ <u><u>10,373,857.69</u></u>
\$	\$ 2,666.25	\$	\$ 2,666.25	\$ 1,955.18
	3,374.67		3,374.67	96,311.77
	<u>7,156,243.71</u>	<u>(6,669,693.45)</u>	<u>486,550.26</u>	<u>8,401,664.39</u>
	<u>7,162,284.63</u>	<u>(6,669,693.45)</u>	<u>492,591.18</u>	<u>8,501,391.64</u>
	<u>2,373,923.66</u>	<u>(1,789,725.81)</u>	<u>584,197.85</u>	<u>1,872,466.05</u>
\$	\$ <u><u>9,536,208.29</u></u>	\$ <u><u>(8,459,419.26)</u></u>	\$ <u><u>1,076,789.03</u></u>	\$ <u><u>10,373,857.69</u></u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2003 GENERAL OBLIGATION LIMITED TAX BONDS	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS
REVENUES			
Taxes and special assessments	\$	\$	\$
Interest earnings	<u>0.75</u>	<u>1.90</u>	<u>36.90</u>
TOTAL REVENUES	<u>0.75</u>	<u>1.90</u>	<u>36.90</u>
EXPENDITURES			
Debt Service			
Principal retirement	25,000.00	55,000.00	10,000.00
Interest and fiscal charges	587.50	9,310.00	2,892.50
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>25,587.50</u>	<u>64,310.00</u>	<u>12,892.50</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(25,586.75)</u>	<u>(64,308.10)</u>	<u>(12,855.60)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	22,861.66	62,192.00	4,693.00
Operating transfers out	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,861.66</u>	<u>62,192.00</u>	<u>4,693.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(2,725.09)</u>	<u>(2,116.10)</u>	<u>(8,162.60)</u>
FUND BALANCE, JULY 1	<u>2,725.09</u>	<u>3,543.04</u>	<u>49,213.99</u>
FUND BALANCE, JUNE 30	<u><u>\$</u></u>	<u><u>\$</u></u>	<u><u>\$</u></u>
	<u>2,725.09</u>	<u>1,426.94</u>	<u>41,051.39</u>

2008 GENERAL OBLIGATION LIMITED TAX BONDS	2008 SERIES A GENERAL OBLIGATION LIMITED TAX BONDS	2009 GENERAL OBLIGATION LIMITED TAX BONDS	2010 GENERAL OBLIGATION LIMITED TAX BONDS	2001 SPECIAL ASSESSMENT BONDS
\$	\$	\$	\$	\$
0.03	10.57	1,648,569.56 362.71	1.08	11.71 0.10
<u>0.03</u>	<u>10.57</u>	<u>1,648,932.27</u>	<u>1.08</u>	<u>11.81</u>
350,000.00 101,268.75	15,000.00 3,653.75	700,000.00 161,885.00	20,000.00 5,880.00	
<u>451,268.75</u>	<u>18,653.75</u>	<u>861,885.00</u>	<u>25,880.00</u>	
<u>(451,268.72)</u>	<u>(18,643.18)</u>	<u>787,047.27</u>	<u>(25,878.92)</u>	<u>11.81</u>
451,269.00	16,554.00	151,013.00 (451,269.00)	25,880.00	(286.11)
<u>451,269.00</u>	<u>16,554.00</u>	<u>(300,256.00)</u>	<u>25,880.00</u>	<u>(286.11)</u>
0.28	(2,089.18)	486,791.27	1.08	(274.30)
<u>184.16</u>	<u>12,839.47</u>	<u>1,302,934.54</u>	<u>1,203.78</u>	<u>274.30</u>
\$ <u><u>184.44</u></u>	\$ <u><u>10,750.29</u></u>	\$ <u><u>1,789,725.81</u></u>	\$ <u><u>1,204.86</u></u>	\$ <u><u></u></u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS - Continued
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2002 SPECIAL ASSESSMENT BONDS	2003 SPECIAL ASSESSMENT BONDS	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS
REVENUES				
Taxes and special assessments	\$ 309.88	\$ 6,905.62	\$ 27,017.52	\$ 8,040.72
Interest earnings	<u>61.27</u>	<u>31.53</u>	<u>126.84</u>	<u>126.84</u>
TOTAL REVENUES	<u>309.88</u>	<u>6,966.89</u>	<u>27,049.05</u>	<u>8,167.56</u>
EXPENDITURES				
Debt Service				
Principal retirement		25,000.00	30,000.00	15,000.00
Interest and fiscal charges		587.50	4,965.00	4,373.75
Other				<u>1,730.18</u>
TOTAL EXPENDITURES		<u>25,587.50</u>	<u>34,965.00</u>	<u>21,103.93</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>309.88</u>	<u>(18,620.61)</u>	<u>(7,915.95)</u>	<u>(12,936.37)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	<u>(1,354.18)</u>			
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,354.18)</u>			
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,044.30)	(18,620.61)	(7,915.95)	(12,936.37)
FUND BALANCE, JULY 1	<u>1,044.30</u>	<u>79,559.65</u>	<u>48,259.11</u>	<u>144,608.89</u>
FUND BALANCE, JUNE 30	<u>\$ <u>1,044.30</u></u>	<u>\$ <u>60,939.04</u></u>	<u>\$ <u>40,343.16</u></u>	<u>\$ <u>131,672.52</u></u>

2008 SPECIAL ASSESSMENT BONDS	2008 SERIES A SPECIAL ASSESSMENT BONDS	2010 SPECIAL ASSESSMENT BONDS	2011 SPECIAL ASSESSMENT BONDS	2005 EQUIPMENT FINANCING
\$ 110.31	\$ 7,522.90	\$ 47,451.83	\$ 71,090.21	\$
0.49	40.62	111.95	95.00	0.09
<u>110.80</u>	<u>7,563.52</u>	<u>47,563.78</u>	<u>71,185.21</u>	<u>0.09</u>
	10,000.00	35,000.00	30,000.00	10,928.75
	2,172.50	10,300.00	17,450.00	3,390.58
	<u>12,172.50</u>	<u>45,300.00</u>	<u>47,450.00</u>	<u>14,319.33</u>
<u>110.80</u>	<u>(4,608.98)</u>	<u>2,263.78</u>	<u>23,735.21</u>	<u>(14,319.24)</u>
			61,581.70	14,319.33
			<u>61,581.70</u>	<u>14,319.33</u>
110.80	(4,608.98)	2,263.78	85,316.91	0.09
<u>110.80</u>	<u>45,564.97</u>	<u>119,732.37</u>	<u>28,969.33</u>	<u>114.01</u>
\$ <u><u>110.80</u></u>	\$ <u><u>40,955.99</u></u>	\$ <u><u>121,996.15</u></u>	\$ <u><u>114,286.24</u></u>	\$ <u><u>114.10</u></u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2008 EQUIPMENT FINANCING	2008 SERIES A EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
REVENUES				
Taxes and special assessments	\$ 2.37	\$	\$ 5.96	\$ 9.46
Interest earnings	<u>2.37</u>	<u></u>	<u>5.96</u>	<u>9.46</u>
TOTAL REVENUES	<u>2.37</u>	<u></u>	<u>5.96</u>	<u>9.46</u>
EXPENDITURES				
Debt Service				
Principal retirement	141,869.48	27,653.81	90,000.00	130,000.00
Interest and fiscal charges	36,525.92	8,736.78	6,317.50	26,452.50
Other	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL EXPENDITURES	<u>178,395.40</u>	<u>36,390.59</u>	<u>96,317.50</u>	<u>156,452.50</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(178,393.03)</u>	<u>(36,390.59)</u>	<u>(96,311.54)</u>	<u>(156,443.04)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	178,395.82	36,391.00	90,706.00	153,478.00
Operating transfers out	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>178,395.82</u>	<u>36,391.00</u>	<u>90,706.00</u>	<u>153,478.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	2.79	0.41	(5,605.54)	(2,965.04)
FUND BALANCE, JULY 1	<u>3,842.94</u>	<u>1.23</u>	<u>11,225.36</u>	<u>12,659.78</u>
FUND BALANCE, JUNE 30	<u><u>\$ 3,845.73</u></u>	<u><u>\$ 1.64</u></u>	<u><u>\$ 5,619.82</u></u>	<u><u>\$ 9,694.74</u></u>

2002 BUILDING AUTHORITY REFUNDING	TOTAL DEBT SERVICE 2013	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR DEBT SERVICE 2013	TOTAL DEBT SERVICE 2012
\$ 0.61	\$ 1,817,030.26	\$ (1,648,569.56)	\$ 168,460.70	\$ 1,874,728.35
<u>0.61</u>	<u>900.23</u>	<u>(362.71)</u>	<u>537.52</u>	<u>918.27</u>
0.61	1,817,930.49	(1,648,932.27)	168,998.22	1,875,646.62
110,000.00	1,830,452.04	(700,000.00)	1,130,452.04	2,119,736.73
2,200.00	408,949.53	(161,885.00)	247,064.53	482,615.57
<u>112,200.00</u>	<u>1,730.18</u>	<u>1,730.18</u>	<u>1,730.18</u>	<u>482,615.57</u>
112,200.00	2,241,131.75	(861,885.00)	1,379,246.75	2,602,352.30
(112,199.39)	(423,201.26)	(787,047.27)	(1,210,248.53)	(726,705.68)
108,233.65	1,377,568.16	(151,013.00)	1,226,555.16	1,575,099.47
<u>108,233.65</u>	<u>(452,909.29)</u>	<u>451,269.00</u>	<u>(1,640.29)</u>	<u>(474,328.46)</u>
108,233.65	924,658.87	300,256.00	1,224,914.87	1,100,771.01
(3,965.74)	501,457.61	(486,791.27)	14,666.34	374,065.33
<u>3,965.74</u>	<u>1,872,466.05</u>	<u>(1,302,934.54)</u>	<u>569,531.51</u>	<u>1,498,400.72</u>
\$ <u><u>0.61</u></u>	\$ <u><u>2,373,923.66</u></u>	\$ <u><u>(1,789,725.81)</u></u>	\$ <u><u>584,197.85</u></u>	\$ <u><u>1,872,466.05</u></u>

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CAPITAL PROJECTS FUNDS

Capital Projects Funds are designed to account for the resources expended to acquire assets of a relatively permanent nature. (Enterprise Fund resources are not included in this category). These funds satisfy the special accounting requirements for bond proceeds and projects utilizing more than one funding source.

Capital Projects Funds provide a formal mechanism which enables administrators to ensure that revenues dedicated to a certain purpose are used only for that purpose and further enables them to report to creditors and other grantors of Capital Projects Fund revenue that their requirements regarding the use of the revenue were fully satisfied.

The City's Capital Projects Funds include the Land Acquisition, Infrastructure, 2009 General Obligation Construction, 2010 Special Assessment Construction and 2011 Special Assessment Construction.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	LAND ACQUISITION	INFRA- STRUCTURE	2009 GENERAL OBLIGATION CONSTRUCTION	2010 SPECIAL ASSESSMENT CONSTRUCTION
ASSETS				
Cash	\$ 290,494.57	\$ 168,456.49	\$	\$
Accounts receivable		50,233.45		
Special assessment receivable		231.19		
Deposits	2,125,015.92			
Due from other funds		112.34		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>2,415,510.49</u>	\$ <u>219,033.47</u>	\$ <u> </u>	\$ <u> </u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$	\$ 19,656.01	\$	\$
Deferred revenue		231.19		
Due to other funds	1,305,869.96			
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,305,869.96</u>	<u>19,887.20</u>	<u> </u>	<u> </u>
 FUND BALANCE				
Assigned	1,109,640.53	199,146.27		
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>2,415,510.49</u>	\$ <u>219,033.47</u>	\$ <u> </u>	\$ <u> </u>

2011 SPECIAL ASSESSMENT CONSTRUCTION	TOTAL CAPITAL PROJECTS 2013	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2013	TOTAL CAPITAL PROJECTS 2012
\$	\$ 458,951.06	\$ (290,494.57)	\$ 168,456.49	\$ 1,229,158.23
	50,233.45		50,233.45	50,233.45
	231.19		231.19	462.40
	2,125,015.92	(2,125,015.92)		
	112.34		112.34	118.18
	<u>112.34</u>	<u></u>	<u>112.34</u>	<u>118.18</u>
\$	\$ <u>2,634,543.96</u>	\$ <u>(2,415,510.49)</u>	\$ <u>219,033.47</u>	\$ <u>1,279,972.26</u>
\$	\$ 19,656.01	\$	\$ 19,656.01	\$ 9,037.47
	231.19		231.19	462.40
	<u>1,305,869.96</u>	<u>(1,305,869.96)</u>	<u></u>	<u></u>
	<u>1,325,757.16</u>	<u>(1,305,869.96)</u>	<u>19,887.20</u>	<u>9,499.87</u>
	<u>1,308,786.80</u>	<u>(1,109,640.53)</u>	<u>199,146.27</u>	<u>1,270,472.39</u>
\$	\$ <u>2,634,543.96</u>	\$ <u>(2,415,510.49)</u>	\$ <u>219,033.47</u>	\$ <u>1,279,972.26</u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	LAND ACQUISITION	INFRA- STRUCTURE	2009 GENERAL OBLIGATION CONSTRUCTION	2010 SPECIAL ASSESSMENT CONSTRUCTION
REVENUES				
Interest	\$ 1,336.31	\$ 496.23	\$	\$
Other	<u>488,360.00</u>	<u>4,079.16</u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>489,696.31</u>	<u>4,575.39</u>	<u> </u>	<u> </u>
EXPENDITURES				
Capital outlay	2,150.00	99,131.14		
Other	<u>118.67</u>	<u>4,950.00</u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>2,268.67</u>	<u>104,081.14</u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>487,427.64</u>	<u>(99,505.75)</u>	<u> </u>	<u> </u>
OTHER FINANCING SOURCES (USES)				
Bond proceeds				
Operating transfers in	475,639.55	122,038.00		
Operating transfers out	<u> </u>	<u>(29,161.00)</u>	<u>(851,886.05)</u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>475,639.55</u>	<u>92,877.00</u>	<u>(851,886.05)</u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES OTHER USES	963,067.19	(6,628.75)	(851,886.05)	
FUND BALANCE, JULY 1	<u>146,573.34</u>	<u>205,775.02</u>	<u>851,886.05</u>	<u> </u>
FUND BALANCE, JUNE 30	<u>\$ 1,109,640.53</u>	<u>\$ 199,146.27</u>	<u>\$</u>	<u>\$</u>

2011 SPECIAL ASSESSMENT CONSTRUCTION	TOTAL CAPITAL PROJECTS 2013	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2013	TOTAL CAPITAL PROJECTS 2012
\$ 74.36	\$ 1,906.90	\$ (1,336.31)	\$ 570.59	\$ 3,776.70
<u>74.36</u>	<u>492,439.16</u>	<u>(488,360.00)</u>	<u>4,079.16</u>	<u>32,472.50</u>
	<u>494,346.06</u>	<u>(489,696.31)</u>	<u>4,649.75</u>	<u>36,249.20</u>
	101,281.14	(2,150.00)	99,131.14	50,040.65
	<u>5,068.67</u>	<u>(118.67)</u>	<u>4,950.00</u>	
	<u>106,349.81</u>	<u>(2,268.67)</u>	<u>104,081.14</u>	<u>50,040.65</u>
<u>74.36</u>	<u>387,996.25</u>	<u>(487,427.64)</u>	<u>(99,431.39)</u>	<u>(13,791.45)</u>
	597,677.55	(475,639.55)	122,038.00	126,529.00
<u>(66,312.34)</u>	<u>(947,359.39)</u>		<u>(947,359.39)</u>	<u>(632,717.54)</u>
<u>(66,312.34)</u>	<u>(349,681.84)</u>	<u>(475,639.55)</u>	<u>(825,321.39)</u>	<u>(506,188.54)</u>
	38,314.41	(963,067.19)	(924,752.78)	(519,979.99)
<u>66,237.98</u>	<u>1,270,472.39</u>	<u>(146,573.34)</u>	<u>1,123,899.05</u>	<u>1,790,452.38</u>
\$ <u><u>74.36</u></u>	\$ <u><u>1,308,786.80</u></u>	\$ <u><u>(1,109,640.53)</u></u>	\$ <u><u>199,146.27</u></u>	\$ <u><u>1,270,472.39</u></u>

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INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for services and/or commodities furnished by a designated program to other programs within the City. Since the services and commodities are supplied exclusively to programs under the City's jurisdiction, they are distinguishable from those services which are rendered to the public in general and which are accounted for in General, Special Revenue or Enterprise Funds.

The City's Motor Pool Fund, Information Technology Fund, and Telephone Communication Fund are operated as Internal Service Funds.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

INTERNAL SERVICE FUNDS

JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	MOTOR POOL	INFORMATION TECHNOLOGY
ASSETS		
CURRENT ASSETS		
Cash	\$ 751,934.24	\$ 282,522.99
Investments		
Accounts receivable		
Prepaid expenses	4,929.00	
Inventory	<u>35,880.00</u>	
TOTAL CURRENT ASSETS	<u>792,743.24</u>	<u>282,522.99</u>
FIXED ASSETS		
Land and improvements	22,328.64	
Vehicles and equipment	2,743,611.89	62,198.35
Accumulated depreciation	<u>(2,138,438.97)</u>	<u>(52,459.47)</u>
NET FIXED ASSETS	<u>627,501.56</u>	<u>9,738.88</u>
TOTAL ASSETS	<u>\$ 1,420,244.80</u>	<u>\$ 292,261.87</u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 29,900.27	\$ 9,872.35
Accrued expenses	<u>5,396.14</u>	
TOTAL CURRENT LIABILITIES	<u>35,296.41</u>	<u>9,872.35</u>
NET POSITION		
Net position	1,349,068.39	282,389.52
Reserved for inventory	<u>35,880.00</u>	
TOTAL NET POSITION	<u>1,384,948.39</u>	<u>282,389.52</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,420,244.80</u>	<u>\$ 292,261.87</u>

TELEPHONE
COMMUNICATION

2013

TOTALS

2012

\$ 38,095.19	\$ 1,072,552.42	\$ 742,692.71
		262,919.00
	4,929.00	2,929.31
	<u>35,880.00</u>	2,339.25
<u>38,095.19</u>	<u>1,113,361.42</u>	<u>30,707.00</u>
	22,328.64	22,328.64
	2,805,810.24	2,801,167.87
	<u>(2,190,898.44)</u>	<u>(2,108,974.13)</u>
	<u>637,240.44</u>	<u>714,522.38</u>
\$ <u>38,095.19</u>	\$ <u>1,750,601.86</u>	\$ <u>1,756,109.65</u>
\$ 1,281.30	\$ 41,053.92	\$ 41,027.78
	<u>5,396.14</u>	<u>4,809.81</u>
<u>1,281.30</u>	<u>46,450.06</u>	<u>45,837.59</u>
36,813.89	1,668,271.80	1,679,565.06
	<u>35,880.00</u>	<u>30,707.00</u>
<u>36,813.89</u>	<u>1,704,151.80</u>	<u>1,710,272.06</u>
\$ <u>38,095.19</u>	\$ <u>1,750,601.86</u>	\$ <u>1,756,109.65</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	MOTOR POOL	INFORMATION TECHNOLOGY
OPERATING REVENUES		
Equipment rentals	\$ <u>765,076.22</u>	\$ <u>207,453.18</u>
OPERATING EXPENSES		
Salaries and wages	93,451.28	
Fringe benefits	91,455.35	
Office supplies	1,091.30	
Operating supplies	251,192.94	113,614.78
Administrative fees	17,619.00	
Professional and contractual services	8,964.71	
Insurance and bonds	39,461.06	
Public utilities	9,241.83	
Repairs and maintenance	3,567.50	
Rental	4,050.00	
Miscellaneous	1,897.26	
Depreciation	200,358.47	8,312.47
Capital outlay	5,938.64	9,450.00
Conferences	<u>500.00</u>	
TOTAL OPERATING EXPENSES	<u>728,789.34</u>	<u>131,377.25</u>
OPERATING INCOME (LOSS)	<u>36,286.88</u>	<u>76,075.93</u>
NONOPERATING REVENUE		
Interest income	1,716.75	825.72
Gain on sale of fixed assets	<u>13,689.50</u>	
TOTAL NONOPERATING REVENUE	<u>15,406.25</u>	<u>825.72</u>
OPERATING TRANSFERS		
Operating transfers out	<u>(36,282.00)</u>	<u>(85,000.00)</u>
NET INCOME (LOSS)	15,411.13	(8,098.35)
NET POSITION, JULY 1	<u>1,369,537.26</u>	<u>290,487.87</u>
NET POSITION, JUNE 30	\$ <u><u>1,384,948.39</u></u>	\$ <u><u>282,389.52</u></u>

TELEPHONE
COMMUNICATION

2013

TOTALS

2012

\$ 62,698.79

\$ 1,035,228.19

\$ 1,027,692.11

93,451.28
91,455.35
1,091.30
364,807.72
17,619.00

79,089.36
60,241.73
1,251.41
264,250.09

475.00
74,887.97

8,964.71
39,936.06
84,129.80
3,567.50
4,050.00
2,778.50
208,670.94
15,388.64
500.00

6,430.63
28,285.00
63,445.18
116,033.54
4,050.00
2,079.21
227,820.56
13,519.56
951.31

881.24

76,244.21

936,410.80

867,447.58

(13,545.42)

98,817.39

160,244.53

112.38

2,654.85
13,689.50

3,912.51
17,158.50

112.38

16,344.35

21,071.01

(121,282.00)

(253,311.00)

(13,433.04)

(6,120.26)

(71,995.46)

50,246.93

1,710,272.06

1,782,267.52

\$ 36,813.89

\$ 1,704,151.80

\$ 1,710,272.06

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	MOTOR POOL	INFORMATION TECHNOLOGY
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund charges	\$ 768,005.53	\$ 207,453.18
Cash payment for goods and services	(349,573.52)	(126,033.41)
Cash payment for employees	<u>(184,320.30)</u>	<u> </u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>234,111.71</u>	<u>81,419.77</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers out	<u>(36,282.00)</u>	<u>(85,000.00)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for capital acquisitions	(131,389.00)	
Sale of capital assets	13,689.50	
Decrease in investments	<u>262,919.00</u>	<u> </u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>145,219.50</u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>1,716.75</u>	<u>825.72</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	344,765.96	(2,754.51)
CASH AND CASH EQUIVALENTS, JULY 1	<u>407,168.28</u>	<u>285,277.50</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 751,934.24</u></u>	<u><u>\$ 282,522.99</u></u>

TELEPHONE COMMUNICATION	2013	TOTAL	2012
\$ 62,698.79	\$ 1,038,157.50		\$ 1,024,762.80
(74,962.91)	(550,569.84)		(491,722.14)
<u> </u>	<u>(184,320.30)</u>		<u>(138,158.26)</u>
<u>(12,264.12)</u>	<u>303,267.36</u>		<u>394,882.40</u>
<u> </u>	<u>(121,282.00)</u>		<u>(253,311.00)</u>
<u> </u>	(131,389.00)		(268,533.50)
	13,689.50		17,158.50
<u> </u>	<u>262,919.00</u>		<u>77,956.00</u>
<u> </u>	<u>145,219.50</u>		<u>(173,419.00)</u>
<u>112.38</u>	<u>2,654.85</u>		<u>3,912.51</u>
(12,151.74)	329,859.71		(27,935.09)
<u>50,246.93</u>	<u>742,692.71</u>		<u>770,627.80</u>
<u>\$ 38,095.19</u>	<u>\$ 1,072,552.42</u>		<u>\$ 742,692.71</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	MOTOR POOL	INFORMATION TECHNOLOGY
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ <u>36,286.88</u>	\$ <u>76,075.93</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	200,358.47	8,312.47
(Increase) decrease in inventory	(5,173.00)	
(Increase) decrease in accounts receivable	2,929.31	
(Increase) decrease in prepaid expenses	(2,589.75)	
Increase (decrease) in accounts payable	1,713.47	(2,968.63)
Increase (decrease) in accrued expenses	<u>586.33</u>	<u> </u>
Total adjustments	<u>197,824.83</u>	<u>5,343.84</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u><u>234,111.71</u></u>	\$ <u><u>81,419.77</u></u>

TELEPHONE COMMUNICATION	2013	TOTAL	2012
\$ <u>(13,545.42)</u>	\$ <u>98,817.39</u>		\$ <u>160,244.53</u>
	208,670.94		227,820.56
	(5,173.00)		(1,813.00)
	2,929.31		(2,929.31)
	(2,589.75)		(100.28)
1,281.30	26.14		10,386.79
<u>1,281.30</u>	<u>586.33</u>		<u>1,273.11</u>
	<u>204,449.97</u>		<u>234,637.87</u>
\$ <u><u>(12,264.12)</u></u>	\$ <u><u>303,267.36</u></u>		\$ <u><u>394,882.40</u></u>

CITY OF LAPEER, MICHIGAN
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER
STATEMENT OF CASH FLOWS TO THE COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JULY 1	\$ 742,692.71	\$	\$ 742,692.71
NET INCREASE	<u>329,859.71</u>	<u> </u>	<u>329,859.71</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 1,072,552.42</u>	<u>\$</u>	<u>\$ 1,072,552.42</u>

PERMANENT FUND

The permanent fund exists to account for resources legally held in trust to be used for cemetery perpetual care.

CITY OF LAPEER, MICHIGAN
 BALANCE SHEET
 PERMANENT FUND
 MT. HOPE CEMETERY PERPETUAL CARE
 JUNE 30, 2013
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	2013	2012
ASSETS		
Cash	\$ <u>7,433.19</u>	\$ <u>7,213.19</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ _____	\$ _____
FUND BALANCE		
Committed for cemetery perpetual care	7,092.20	6,872.20
Unreserved	<u>340.99</u>	<u>340.99</u>
TOTAL FUND BALANCE	<u>7,433.19</u>	<u>7,213.19</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 7,433.19</u>	<u>\$ 7,213.19</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
PERMANENT FUND
MT. HOPE CEMETERY PERPETUAL CARE
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012

	2013	2012
REVENUES		
Donations and rights	\$ 220.00	\$ 245.00
Interest and rent	<u>18.73</u>	<u>26.51</u>
 TOTAL REVENUES	 <u>238.73</u>	 <u>271.51</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 238.73	 271.51
 OTHER FINANCING USES		
Operating transfers out	<u>(18.73)</u>	<u>(26.51)</u>
 EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	 220.00	 245.00
 FUND BALANCE, JULY 1	 <u>7,213.19</u>	 <u>6,968.19</u>
 FUND BALANCE, JUNE 30	 <u>\$ 7,433.19</u>	 <u>\$ 7,213.19</u>

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GENERAL LONG-TERM DEBT ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of the governmental unit as a whole and not its individual constituent funds. Also, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of such unmatured long-term indebtedness is recorded and accounted for in a separate self-balancing group of accounts titled "General Long-Term Debt Account Group."

CITY OF LAPEER, MICHIGAN
STATEMENT OF GENERAL LONG-TERM DEBT
GENERAL LONG-TERM DEBT ACCOUNT GROUP
JUNE 30, 2013

**AMOUNTS AVAILABLE AND TO BE PROVIDED FOR
PAYMENT OF LONG-TERM DEBT**

Amount available in Debt Service Funds	\$ 2,373,923.66
Amount to be provided for payment of long-term debt	<u>7,000,763.00</u>

TOTAL	<u>\$ 9,374,686.66</u>
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GENERAL LONG-TERM DEBT PAYABLE

2009 General Obligation Tax Bonds	\$ 3,830,000.00
2008 Series A General Obligation Tax Bonds	85,000.00
2008 Series A Special Assessment Bonds	50,000.00
2008 General Obligation Tax Bonds	2,065,000.00
2006 General Obligation Tax Bond	175,000.00
2006 Special Assessment Bonds	90,000.00
2007 Special Assessment Bonds	95,000.00
Accumulated Compensated Absences	498,215.48
2011 Special Assessment Bonds	325,000.00
2007 General Obligation Bonds	60,000.00
1999 Building Authority Bonds	100,000.00
2010 General Obligation Tax Bonds	150,000.00
2010 Special Assessment Bonds	265,000.00
2001 Building Authority Bonds	440,000.00
Fire Equipment Loan	190,764.47
Energy Savings Contract	880,459.79
Abstract Building	<u>75,246.92</u>

TOTAL	<u>\$ 9,374,686.66</u>
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CAPITAL ASSETS

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
JUNE 30, 2013
WITH COMPARATIVE TOTALS FOR JUNE 30, 2012

	2013	2012
General Fixed Assets		
Land	\$ 22,159,557.33	\$ 23,014,912.48
Construction in progress	380,407.94	1,027,658.02
Buildings	5,769,460.01	5,769,460.01
Improvements other than buildings	5,189,013.39	5,166,207.01
Machinery and equipment	3,521,818.38	3,431,691.29
Infrastructure	<u>40,815,901.22</u>	<u>39,289,210.48</u>
 TOTAL	 <u><u>\$ 77,836,158.27</u></u>	 <u><u>\$ 77,699,139.29</u></u>

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2013

	GENERAL FIXED ASSETS JULY 1, 2012	ADDITIONS	DELETIONS	GENERAL FIXED ASSETS JUNE 30, 2013
General Government				
City Hall	\$ 962,840.54	\$	\$	\$ 962,840.54
Accounting	103,195.50			103,195.50
Assessor	14,766.15			14,766.15
City Commission	200,078.68			200,078.68
City Manager	26,701.50			26,701.50
Geographic information systems	7,896.75			7,896.75
Information technology	66,500.76			66,500.76
Income tax	1,656.50			1,656.50
Planning	4,734,106.89			4,734,106.89
Train depot	189,553.13			189,553.13
Cemetery	271,021.68			271,021.68
	<u>6,578,318.08</u>			<u>6,578,318.08</u>
Total General Government				
Public Safety				
Police	1,566,483.82	16,230.93		1,582,714.75
Fire	4,346,851.01	23,258.93		4,370,109.94
Parking	768,039.00			768,039.00
Housing rehabilitation	1,381,414.45			1,381,414.45
	<u>8,062,788.28</u>	<u>39,489.86</u>		<u>8,102,278.14</u>
Total Public Safety				
Parks and Recreation				
Parks	3,552,091.44	49,520.63		3,601,612.07
Recreation	3,170.00			3,170.00
Trailer park	203,810.67			203,810.67
Community center	811,012.93	11,358.09		822,371.02
	<u>4,570,085.04</u>	<u>60,878.72</u>		<u>4,630,963.76</u>
Total Parks and Recreation				
Public Works				
	<u>58,487,947.89</u>	<u>892,005.55</u>	<u>855,355.15</u>	<u>58,524,598.29</u>
Total General Fixed Assets				
	<u>\$ 77,699,139.29</u>	<u>\$ 992,374.13</u>	<u>\$ 855,355.15</u>	<u>\$ 77,836,158.27</u>
Component Units				
Tax Increment Finance Authority	\$ 6,652,361.46	\$	\$	\$ 6,652,361.46
Local Development Finance Authority	206,773.89			206,773.89
Downtown Development Authority	717,281.51			717,281.51
	<u>7,576,416.86</u>			<u>7,576,416.86</u>
Total Component Units				

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2013

	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS
General Government			
City Hall	\$ 1,200.00	\$ 927,157.82	\$ 34,482.72
Accounting			
Assessor			
City Commission		200,078.68	
City Manager			
Geographic information systems			
Information technology			
Income tax			
Planning	4,244,492.36	453,649.93	32,624.99
Train depot	42,857.13	30,000.00	108,906.00
Cemetery	<u>105,468.75</u>	<u>20,490.46</u>	<u>135,062.47</u>
Total General Government	<u>4,394,018.24</u>	<u>1,631,376.89</u>	<u>311,076.18</u>
Public Safety			
Police	448,263.00	1,017,996.71	
Fire	448,263.00	1,017,996.72	
Parking	768,039.00		
Housing rehabilitation	<u>1,324,486.00</u>	<u>50,233.45</u>	
Total Public Safety	<u>2,989,051.00</u>	<u>2,086,226.88</u>	
Parks and Recreation			
Parks	846,386.91	322,035.94	2,227,530.44
Recreation			
Trailer park			203,810.67
Community center	<u>208,262.25</u>	<u>174,044.00</u>	<u>356,503.96</u>
Total Parks and Recreation	<u>1,054,649.16</u>	<u>496,079.94</u>	<u>2,787,845.07</u>
Public Works	<u>13,721,838.93</u>	<u>1,555,776.30</u>	<u>2,090,092.14</u>
Total General Fixed Assets	<u>\$ 22,159,557.33</u>	<u>\$ 5,769,460.01</u>	<u>\$ 5,189,013.39</u>
Component Units			
Tax Increment Finance Authority	\$ 14,400.00	\$ 6,637,961.46	\$
Local Development Finance Authority	206,773.89		
Downtown Development Authority	<u>154,000.00</u>	<u>563,281.51</u>	
Total Component Units	<u>\$ 375,173.89</u>	<u>\$ 7,201,242.97</u>	<u>\$</u>

MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTAL
\$	\$	\$	\$
103,195.50			962,840.54
14,766.15			103,195.50
			14,766.15
			200,078.68
26,701.50			26,701.50
7,896.75			7,896.75
66,500.76			66,500.76
1,656.50			1,656.50
3,339.61			4,734,106.89
7,790.00			189,553.13
10,000.00			271,021.68
<u>241,846.77</u>			<u>6,578,318.08</u>
100,224.11		16,230.93	1,582,714.75
2,887,619.29		16,230.93	4,370,109.94
			768,039.00
<u>6,695.00</u>			<u>1,381,414.45</u>
<u>2,994,538.40</u>		<u>32,461.86</u>	<u>8,102,278.14</u>
31,689.00	74,953.13	99,016.65	3,601,612.07
3,170.00			3,170.00
			203,810.67
<u>83,560.81</u>			<u>822,371.02</u>
<u>118,419.81</u>	<u>74,953.13</u>	<u>99,016.65</u>	<u>4,630,963.76</u>
<u>167,013.40</u>	<u>305,454.81</u>	<u>40,684,422.71</u>	<u>58,524,598.29</u>
\$ <u><u>3,521,818.38</u></u>	\$ <u><u>380,407.94</u></u>	\$ <u><u>40,815,901.22</u></u>	\$ <u><u>77,836,158.27</u></u>
\$	\$	\$	\$
			6,652,361.46
			206,773.89
			717,281.51
\$	\$	\$	\$
			<u><u>7,576,416.86</u></u>

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Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' 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*

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

1000 Coolidge Road
East Lansing, MI 48823

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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 the City of Lapeer, Michigan as of and for the year ended June 30, 2013, and have issued our report thereon dated December 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lapeer, Michigan's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lapeer, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lapeer, Michigan's internal control.

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 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. A significant deficiency is a deficiency, or 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.

Our consideration of the 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lapeer, Michigan'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, 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lapeer, Michigan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

East Lansing, Michigan
December 30, 2013

SINGLE AUDIT REPORT

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

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

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Report on Compliance for Each Major Federal Program

We have audited the City of Lapeer, Michigan's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Lapeer, Michigan's major federal programs for the year ended June 30, 2013. The City of Lapeer, Michigan's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Lapeer, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. 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 whether the City of Lapeer, Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Lapeer, Michigan's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lapeer, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Lapeer, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lapeer, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 City of Lapeer, Michigan's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants

East Lansing, Michigan
December 31, 2013

CITY OF LAPEER, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditors’ Results

Type of auditors’ report issued: **Unqualified**

Internal control over financial reporting:

Material weakness identified? Yes XNo

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes XNo

Noncompliance material to financial statements noted? Yes XNo

Federal Awards

Internal control over major programs:

Material weakness identified? Yes XNo

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes XNo

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

Any audit findings disclosed that are required to be reported with Section 501(a) of Circular A-133? Yes XNo

Identification of major programs:

CFDA NUMBER	NAME OF FEDERAL PROGRAM OR CLUSTER
14.228	Community Development Block Grant

Dollar threshold for distinguish between Type A and Type B Programs? \$300,000

Auditee qualified as low-risk auditee? Yes XNo

Section II – Findings and Questioned Costs

Findings – Financial Statement Audit: NONE

Section III – Federal Award Findings and Questioned Costs

MAJOR FEDERAL AWARDS PROGRAM AUDIT

NONE

CITY OF LAPEER, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	EXPENDITURES
U.S. DEPARTMENT OF JUSTICE			
Passed through Michigan Department of Corrections Byrne Memorial	16.738		\$ <u>24,838.47</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Michigan State Strategic Fund CDBG	14.228	MSC 210032-DIG	531,686.29
Passed through Michigan Economic Development Corporation CDBG	14.228	MSC 210017-FMK	<u>3,796.00</u>
			<u>535,482.29</u>
U.S. DEPARTMENT OF COMMUNITY DEVELOPMENT			
Passed through Michigan State Housing Development Authority CDBG	14.228	MSC 2007-0292-HO	113,534.00
	14.239	MSC 2009-0292-HO	<u>146,433.00</u>
			<u>259,967.00</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Department of Transportation	20.205		<u>16,028.80</u>
			<u>\$ 836,316.56</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF LAPEER, MICHIGAN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

1. **PRIOR YEAR FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

2. **PRIOR YEAR FINDINGS AND QUESTIONED COSTS -- MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

CITY OF LAPEER, MICHIGAN
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of The City of Lapeer, Michigan under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Financial Statements

Governmental Grants		
Federal Drug Grant	\$	24,838.47
MSHDA Section 8		121,357.00
School Liaison Officer		29,400.00
Community Development Block Grant		535,482.29
Michigan Department of Transportation		51,284.69
Michigan Gas Weight and Trunkline Maintenance		674,728.66
Justice Training Funds		3,638.00
Housing Resource		259,967.00
State Revenue Sharing		697,286.00
Liquor Licenses		<u>11,836.55</u>
		2,409,818.66

Reconciling Items

State portion of grants and contracts not subject to Single Audit		
MSHDA Section 8		121,357.00
School Liaison Officer		29,400.00
Michigan Department of Transportation		35,255.89
Michigan Gas Weight and Trunkline Maintenance		674,728.66
Justice Training Funds		3,638.00
State Revenue Sharing		697,286.00
Liquor Licenses		<u>11,836.55</u>
	\$	<u><u>836,316.56</u></u>