

CITY OF LAPEER, MICHIGAN
COUNTY OF LAPEER
COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014
INDEPENDENT AUDITORS' REPORT

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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, 2014, 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*. 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, 2014, 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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Emphasis of Matter – Change in Accounting Principles

As discussed in Note 26, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year. As a result of this implementation, the format and reporting of the financial statements has changed to reflect the required components of GASB Statement No. 65, as applicable. Our opinions are not modified with respect to this matter.

As discussed in Note 26, the City implemented GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, during the year. As a result, the criteria for reporting component units as if they were part of the primary government (that is, blending) has been modified. Our opinions are not modified with respect to this matter.

As discussed in Note 26, the City implemented GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees* during the year. As a result of this implementation, the format and reporting of the financial statements has changed to reflect the required components of GASB Statement No. 70, as applicable. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 80 through 83 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.

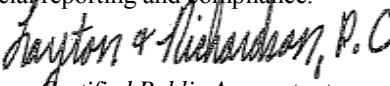
Other Information

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, general long-term debt, and capital assets schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, general long-term debt, and capital assets schedule 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 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 18, 2014, 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

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, 2014. 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 \$716,833 in Fiscal Year 2013-2014 compared to \$697,286 in FY 2012-2013, a slight increase of \$19,547 or 2.8%. When compared to State Revenue Sharing received in FY 2001-2002, actual funds received in FY 2013-2014 were reduced from \$1,037,526 to \$716,833, a decrease of \$320,693 or 30.9%.
- The City income tax revenue of \$2,760,740 in FY 2013-2014 was \$209,079 or 8.2% more than the prior year revenue of \$2,551,661.
- The City property tax revenue of \$2,729,517 in FY 2013-2014 was \$34,048 or 1.3% more than the prior year revenue of \$2,695,469.
- The General Fund interest on investments revenue of \$6,556 in FY 2013-2014 was \$2,835 or 30.2% less than the prior year revenue of \$9,391.
- Among other improvement projects, the City completed the mill and re-surface of John Conley Drive for \$684,793, expanded the Train Depot parking lot for \$162,238, reconstructed Lake Drive for \$536,069, constructed the Village West linear trail for \$190,468 and renovated the Public Safety Building parking lot for \$82,284. The City also began reconstruction of Clay and Court Streets and Saginaw Street to be completed in FY 2014-2015.
- There were no prior period adjustments.
- 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-.
- In FY 2013-2014, the City issued \$900,000 in General Obligation Bonds for the John Conley, Lake Drive and Public Safety Building parking lot projects at 2.2% interest through November 01, 2020. Funds to meet this obligation will be provided by the General Fund, the Land Acquisition Fund and the Local Development Finance Authority.
- After several years of inactivity, there were four new homes constructed in the City of Lapeer during FY 2013-2014. Some activity also took place with the forty-five senior condominiums planned for the Devonshire development and the fifty-eight single family homes planned for the Golfside development. There was no activity with the Brookwood Condominiums planned two hundred and eighteen single family sites and the Carriage Hill eighty-unit attached condominium project has been suspended by the developer at this time.

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 assets* and changes in them. You can think of the City's net assets - 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 assets 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 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 Capital Improvement 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 into 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 decreased from \$83,455,459 to \$82,423,200, a decrease of \$1,032,259 or 1.2%. In the prior year the net position increased from \$65,173,514 to \$83,455,459, an increase of \$18,281,945 or 28.0%. The net position for the governmental activities decreased from \$58,741,337 to \$58,276,059, a decrease of \$465,278 or 0.8%. In the prior year the net position increased from \$45,805,692 to \$58,741,337, an increase of \$12,935,645 or 28.2%. The net position for the business-type activities decreased from \$24,714,122 to \$24,147,141, a decrease of \$566,981 or 2.3%. In the prior year the net position increased from \$19,367,821 to \$24,714,122, an increase of \$5,346,301 or 27.6%.

Table 1
Net Position
(In Millions)

	<u>Governmental Activities</u> 2014	<u>Business-type Activities</u> 2014	<u>Total Primary Government</u> 2014
Current assets	\$15.0	\$ 5.5	\$20.5
Non-current assets	59.9	28.5	88.4
Deferred outflows	<u>0.1</u>	<u>0.0</u>	<u>0.1</u>
Total assets	<u>75.0</u>	<u>34.0</u>	<u>109.0</u>
Long-term debt outstanding	8.1	7.3	15.4
Other liabilities	<u>8.6</u>	<u>2.5</u>	<u>11.1</u>
Total liabilities	<u>16.7</u>	<u>9.8</u>	<u>26.5</u>
Net assets:			
Invested in capital assets, Net of debt	51.1	21.2	72.3
Restricted	0.0	0.0	0.0
Unrestricted (deficit)	<u>7.2</u>	<u>3.0</u>	<u>10.2</u>
Total net assets	<u>\$58.3</u>	<u>\$24.2</u>	<u>\$82.5</u>
	<u>Governmental Activities</u> 2013	<u>Business-type Activities</u> 2013	<u>Total Primary Government</u> 2013
Current assets	\$18.0	\$5.0	\$23.0
Non-current 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 assets:			
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 assets	<u>\$58.7</u>	<u>\$24.7</u>	<u>\$83.4</u>

Table 2 was summarized from the government-wide Statement of Activities and provides a comparison between the current and prior years. Total revenue from all sources totaled \$20.0 million of which \$13.2 million was from governmental activities and \$6.8 million was from business-type activities. In the prior year, total revenue from all sources totaled \$19.8 million of which \$12.7 million was from governmental activities and \$7.1 million was from business-type activities. The total revenue from all sources increased \$0.2 million or 0.1%.

Table 2
Changes in Net Position
(In Millions)

	Governmental <u>Activities</u> 2014	Business-type <u>Activities</u> 2014	Total Primary <u>Government</u> 2014
Revenues:			
Program revenues:			
Charges for services	\$2.7	\$6.8	\$9.5
Operating grants and contributions	1.3	0.0	1.3
General revenues:			
Property taxes	2.7	0.0	2.7
Income Tax	2.8	0.0	2.8
Other taxes	0.7	0.0	0.7
Other	<u>3.0</u>	<u>0.0</u>	<u>3.0</u>
Total Revenues	<u>13.2</u>	<u>6.8</u>	<u>20.0</u>
Expenses:			
General government	\$1.7	\$0.0	\$1.7
Public safety	3.7	0.0	3.7
Public works	1.3	0.0	1.3
Community development and enrichment	0.9	0.0	0.9
Highway and streets	2.5	0.0	2.5
Culture and recreation	2.0	0.0	2.0
Other	1.6	0.0	1.6
Interest on long-term Debt	0.4	0.0	0.4
Water	0.0	2.8	2.8
Wastewater	0.0	4.1	4.1
Parking	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Expenses	<u>14.1</u>	<u>6.9</u>	<u>21.0</u>
Change in net Position			
Before transfers	(0.9)	(0.1)	(1.0)
Transfers	<u>0.5</u>	<u>(0.5)</u>	<u>0.0</u>
Change in Net Position	(0.4)	(0.6)	(1.0)
Net position, July 1	58.7	24.7	83.4
Prior period adjustment	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Net position, June 30	<u>\$58.3</u>	<u>\$24.1</u>	<u>\$82.4</u>

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
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>

Governmental Activities

The net position for the governmental activities decreased from \$58,741,337 to \$58,276,059, a decrease of \$465,278 or 0.8%. In the prior year the net position increased from \$45,805,692 to \$58,741,337, an increase of \$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 \$7,170,972.

The governmental activities revenue of \$13.2 million for FY 2013-2014 reflect an increase of \$0.4 million or 3.5% from the prior year. The governmental activities received 20.9% or \$2.7 million from property taxes. The millage rate of 9.80 remained unchanged from the prior year. The City also received 21.1% or \$2.8 million from income tax revenue. 20.4% of governmental activity was funded from charges for services and 5.5% was funded by other taxes. 9.8% of governmental activity was funded from operating grants and contributions. The remaining 22.3% of revenue was from unrestricted investment earnings and other revenue.

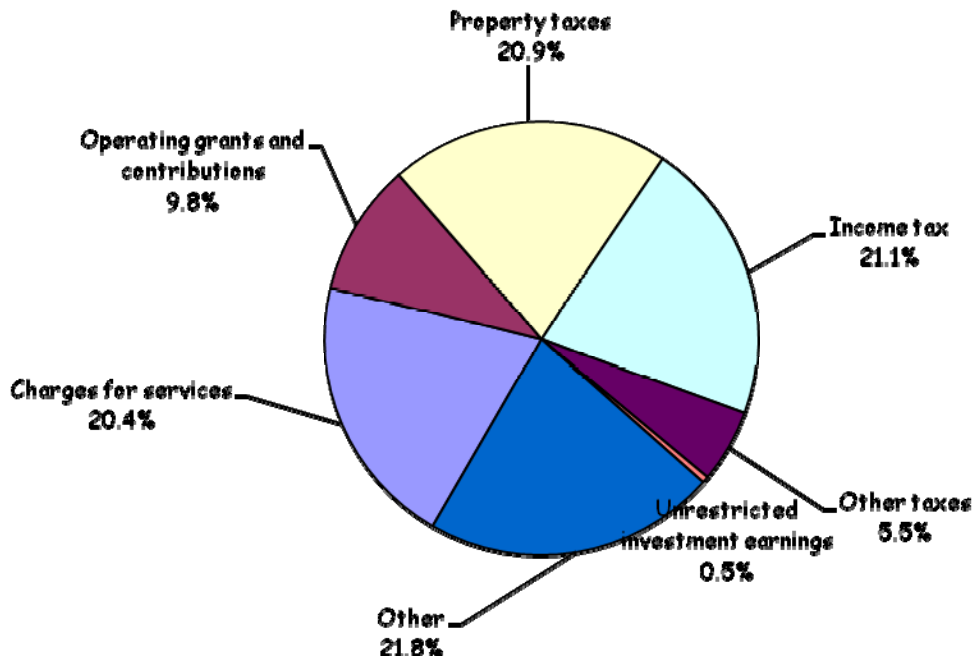
The governmental activities of the City had an expense of \$14.1 million dollars for the past fiscal year. Due to utilizing full accrual on the government-wide statements, the expenditures for capital assets including infrastructure are not recorded as expenses in the current year but are capitalized 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 \$14.1 million for governmental activities was funded from \$4.0 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 \$3.7 million, general government at \$1.7 million, highways and streets at \$2.5 million, culture and recreation at \$2.0 million, public works at \$1.3 million, community development and enrichment at \$0.9 million, interest on long-term debt at \$0.4 million and other at \$1.6 million. The program revenues received as a percentage of the expense for these activities were 15.8% for public safety, 48.5% for general government, 41.7% for highways and streets, 56.7% for culture and recreation, 0% for public works, 39.8% for community development and enrichment, 0% for interest on long-term debt and 0% for other.

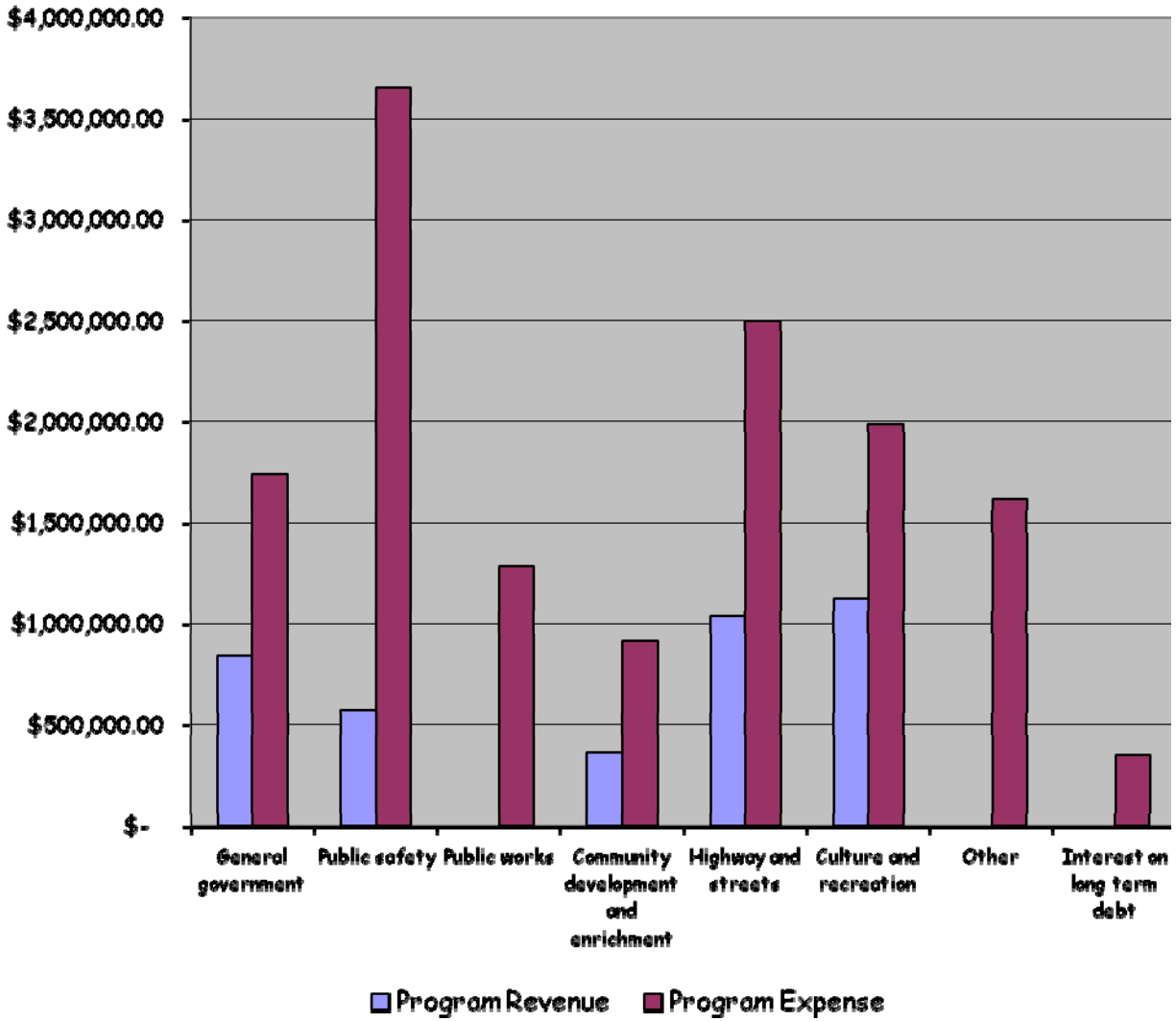
The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the governmental activities.

FY 2013-2014

Revenues by Source - Governmental Activities



Expenses and Program Revenues - Governmental Activities



Business-type Activities

The net position of the City's business-type activities decreased from \$24,714,122 to \$24,147,141, a decrease of \$566,981 or 2.3%. In the prior year, 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%.

The business-type activities revenue of \$6.8 million for FY 2013-2014 reflect a decrease of \$0.3 million or 4.0% from the prior year. The business-type activities received 98.9% or \$6.8 million from charges for services and 0.9% or \$0.006 million from operating grants and contributions. The remaining 0.2% of revenue was from unrestricted investment earnings and other revenue.

The Water Fund total operating expenses were \$2.8 million compared to \$2.9 million in program revenues. 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 FY 2013-2014 increased from \$1,264,963 to \$1,353,243, an increase of \$88,280. This represented 49.5% of the fund's operating expenses. The City last increased its rates to customers effective for billings on or after August 1, 2011. For FY 2013-2014, the flat monthly charge remained at \$5.76 and the volume charge at \$5.44, the same as for the prior year.

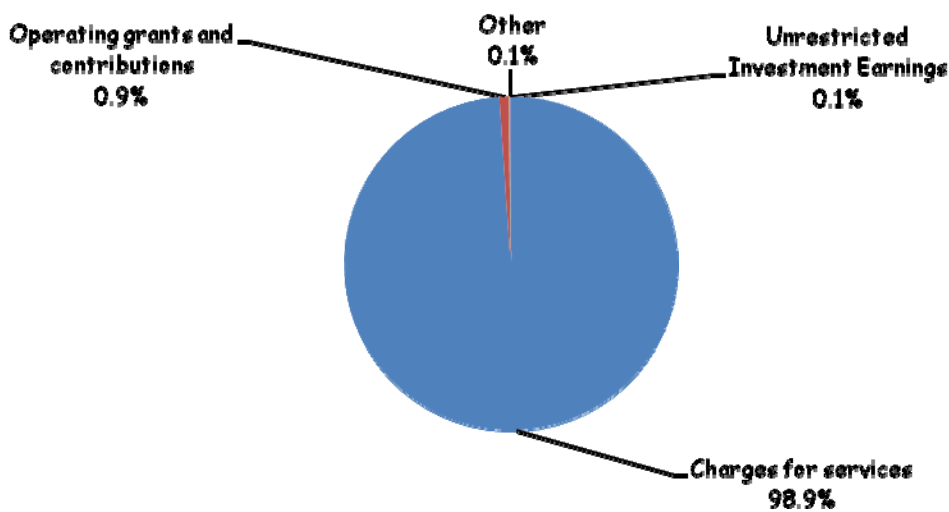
The Wastewater Fund total operating expenses were \$4.1 million compared to \$3.8 million in program revenues. The City last increased its rates to customers effective for billings on or after August 1, 2011. For FY 2013-2014, the flat monthly charge remained at \$10.66 and the volume charge at \$7.62, the same as for the prior year.

The Parking Fund had revenues of \$15,856 and expenses of \$61,135.

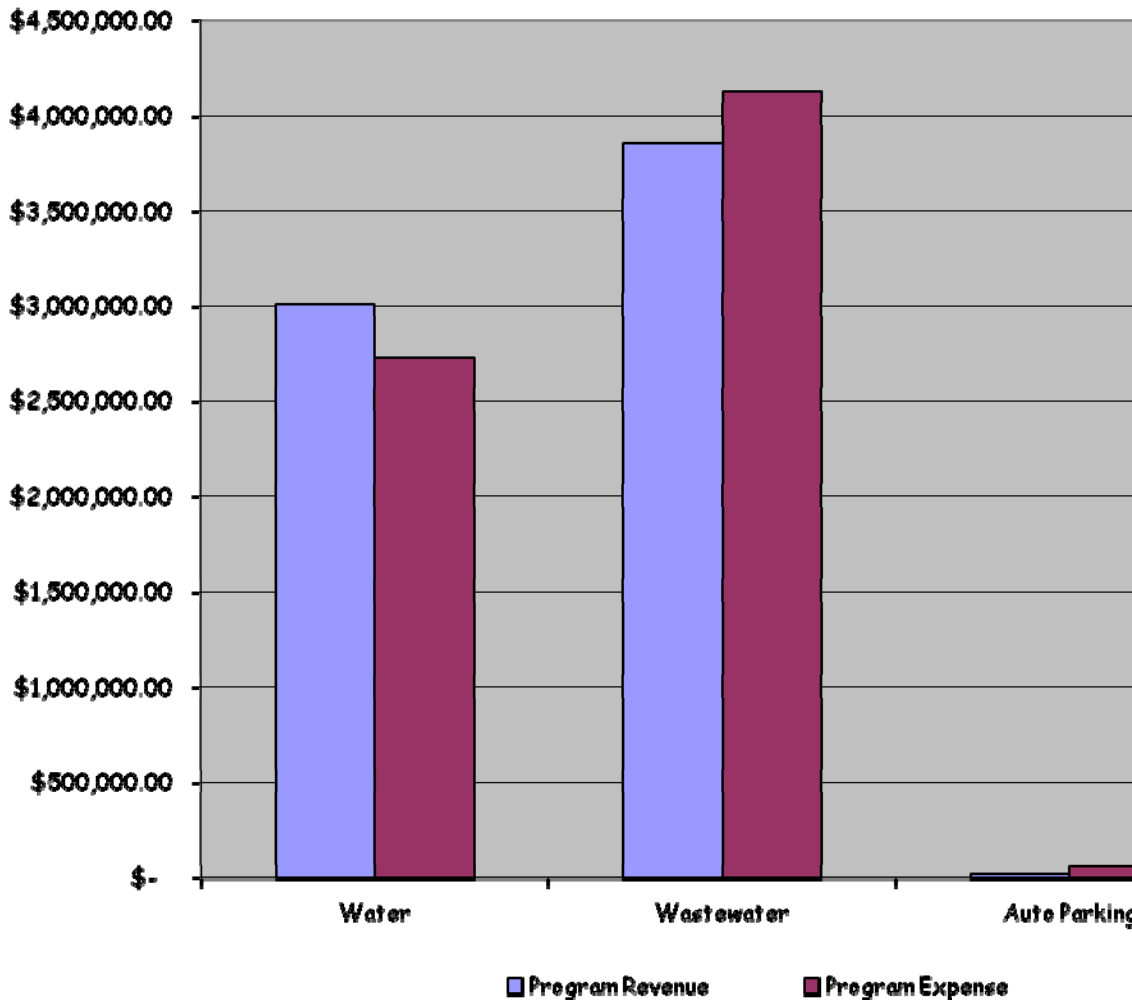
The following charts illustrate the distribution of revenues by source and the program revenues compared with the expenses for the business-type activities.

FY 2013-2014

Revenues by Source - Business-type Activities



Expense and Program Revenues - Business-type Activities



THE CITY'S FUNDS

The General Fund revenue was \$8.9 million, an increase of \$1.2 million from the prior year. The expenditures were \$8.0 million compared to \$6.5 million the prior year. The net transfers from other funds were \$0.5 million compared to \$0.8 million the prior year. The unassigned fund balance increased from \$2,019,307 to \$2,591,378, an increase of \$572,071 or 28.3%. In the prior year, the unassigned fund balance increased from \$1,656,913 to \$2,019,307, an increase of \$362,394 or 21.9%.

The Major Street 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 \$0.9 million, the expenditures were \$1.4 million and the net transfers in were \$0.7 million. The assigned fund balance increased from \$(231,912) to \$103,790, an increase of \$335,702 or 144.8%. In the prior year, the assigned fund balance decreased from \$177,493 to \$(231,912), a decrease of \$409,405 or 230.0%.

The Local Street Fund current year revenues were \$433 thousand, the expenditures were \$519 thousand and the net transfers in were \$136 thousand. The assigned fund balance increased from \$220,311 to \$269,295, an increase of \$48,984 or 22.2%. In the prior year, the assigned fund balance increased from \$190,249 to \$220,311, an increase of \$30,062 or 15.0%.

The Parks and Recreation Fund current year revenues were \$1.8 million, the expenditures were \$2.2 million and the net transfers in were \$0.4 million. The assigned fund balance increased from \$151,924 to \$224,373, an increase of \$72,449 or 47.7%. In the prior year, the assigned fund balance decreased from \$203,897 to \$151,924, a decrease of \$51,973 or 25.0%.

The Land Acquisition Fund current year revenues were \$0.2 million, the expenditures were \$2.2 million and the net transfers in were \$(0.005) million. The primary transaction undertaken in FY 2013-2014 was purchase of the Lashbrook properties (\$2,125,216). The Land Acquisition Fund is classified as a governmental activity fund, and as such, the value of assets such as land is not listed on the balance sheet per Generally Accepted Accounting Principles. Therefore, Land Acquisition ended the fiscal year with negative Fund Balance of \$(820,563), a decrease of \$(1,930,204) from the prior year balance of \$1,109,641.

General Fund Budgetary Highlights

The difference between the General Fund original and amended budgets were expenditure increases totaling \$144,404 or 1.8% of the total originally budgeted and detailed as follows:

- \$2,878 increase to the Fire Department Budget for Fire Prevention activities funded from donations received in prior years.
- \$55,000 increase to the City Hall Budget for completion of the generator replacement project originally budgeted in the prior fiscal year.
- \$86,572 increase to the Public Works Budget for the street light replacement project.

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, 2014 was \$87,721,732 (net of accumulated depreciation). This is an increase of \$1,338,164 over the prior year amount of \$86,383,568. This investment in capital assets includes land, buildings, infrastructure systems and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City of Lapeer's investment in capital assets for the current fiscal year was 1.5% (a 3.2% increase for governmental activities of \$1,866,072 over the prior year amount of \$57,328,160 and a 1.8% decrease for business-type activities over the prior year amount of \$29,055,408).

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

- Projects continued/completed included John Conley Drive mill and resurface (\$684,793), cemetery building roof replacement (\$6,500), Gallery 194 exterior painting (\$4,960) and repairs (\$2,276), Train Depot exterior painting (\$7,161) and parking lot expansion (\$162,238), Lake Drive reconstruction (\$536,069), Village West linear trail (\$190,468), Cramton Park bridge replacement (\$19,966), street light replacement (\$101,821), sidewalk repair and replacement (\$45,104), City Hall window replacement (\$25,636), Public Safety parking lot reconstruction (\$82,284) and Wastewater Treatment Plant improvements (\$14,914). Projects started included Clay and Court Streets reconstruction, Saginaw Street corridor traffic signal upgrades/replacement, City Hall generator upgrade/replacement and Saginaw Street reconstruction.
- Equipment purchases included two 2014 GMC Sierras (one at \$30,157 and one at \$28,241), one 2014 Ford All Wheel Drive (\$26,956), Community Center cardio (\$24,753) and strength training equipment (\$63,981), prison lift station upgrade (\$2,488), two 2014 Ford Taurus' (\$24,393 each), fire protection breathing apparatus and storage cylinders (\$204,489), Community Center boiler refurbish (\$9,656), parks sign replacement (\$3,623), Mansfield lift station stand-by generator (\$19,960) and property tax software upgrade (\$16,090).
- Equipment dispositions included (sale price in parenthesis) 1996 Chevrolet pick-up (\$2,200), 2001 Ford Expedition (\$1,600), 2000 GMC pick-up (\$3,100), 2009 Chevrolet Impala (\$3,500) and 2010 Chevrolet Impala (\$5,000).

Debt

At year-end, the City of Lapeer's total bonded debt outstanding was at \$15.4 million (excluding component units) versus \$16.6 million last year - a decrease of \$1,142,327 or 6.9% - as shown in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds (backed by the City)	\$ 7.4	\$8.1	\$0.0	\$0.0	\$ 7.4	\$8.1
Special assessment bonds (with City commitment)	\$ 0.7	\$ 0.8	\$0.0	\$0.0	\$ 0.7	\$ 0.8
Revenue bonds and notes (backed by specific tax and fee revenues)	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$7.3</u>	<u>\$7.7</u>	<u>\$ 7.3</u>	<u>\$ 7.7</u>
Totals	<u>\$ 8.1</u>	<u>\$8.9</u>	<u>\$7.3</u>	<u>\$7.7</u>	<u>\$15.4</u>	<u>\$16.6</u>

In FY 2013-2014, the City issued \$900,000 in General Obligation Bonds for the John Conley, Lake Drive and Public Safety Building parking lot projects at 2.2% interest through November 01, 2020. Funds to meet this obligation will be provided by the General Fund, the Land Acquisition Fund and the Local Development Finance Authority.

None of the component units had any outstanding debt as of the year ended 06/30/2014.

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 \$26.5 million state-imposed limit.

Other obligations include accrued vacation and sick leave of \$512,177. 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 9.2% for June 2014, a decrease of 1.1% from the prior year-end unemployment rate of 10.3%.
- 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 2013-2014.

During FY 2013-2014, the unassigned fund balance for the General Fund increased from \$2,019,307 to \$2,591,378, an increase of \$572,071 or 28.3%. In the prior year, the unassigned fund balance increased from \$1,656,913 to \$2,019,307, an increase of \$362,394 or 21.8%. The FY 2013-2014 unassigned fund balance of \$2,591,378 is \$393,032 higher than the \$2,198,346 projected during the fiscal year 2013-2014 budget review. The City of Lapeer anticipates using \$657,652 of fund balance in FY 2014-2015.

The City of Lapeer will return contributed capital of \$250,000 to the General Fund from the Wastewater Fund as part of the FY 2014-2015 budget. Additionally, the City maintained the millage rate of 9.80 which is the same as the prior year millage rate. Half of one mill of this millage rate is allocated to the Local Street Fund and half of one mill 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.

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, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	\$ 7,668,667.78	\$ 2,165,952.02	\$ 9,834,619.80	\$ 1,574,518.42
Investments	958,664.00	1,091,336.00	2,050,000.00	
Receivables				
Notes	3,076.74		3,076.74	198,248.66
Land contract	232,958.00		232,958.00	
Taxes	84,835.14		84,835.14	
Accounts	130,934.99	727,207.37	858,142.36	
Special assessments	4,888,081.37		4,888,081.37	
Deposits		900.00	900.00	
Due from				
Other funds	348,879.28	1,305,869.96	1,654,749.24	
State	496,053.27	62,660.49	558,713.76	
Other governmental units	33,042.04		33,042.04	54,912.55
Inventory	90,069.19	98,657.16	188,726.35	
Noncurrent assets				
Notes receivable	12,306.96		12,306.96	
Land contract	698,874.00		698,874.00	
Fixed assets not being depreciated	24,873,271.64	1,283,028.52	26,156,300.16	375,173.89
Fixed assets (net of accumulated depreciation)	<u>34,320,960.02</u>	<u>27,244,472.10</u>	<u>61,565,432.12</u>	<u>3,522,356.45</u>
TOTAL ASSETS	<u>74,840,674.42</u>	<u>33,980,083.62</u>	<u>108,820,758.04</u>	<u>5,725,209.97</u>
DEFERRED OUTFLOWS OF RESOURCES				
Prepaid expenses	<u>124,718.59</u>	<u>32,308.32</u>	<u>157,026.91</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 74,965,393.01</u>	<u>\$ 34,012,391.94</u>	<u>\$ 108,977,784.95</u>	<u>\$ 5,725,209.97</u>

See accompanying notes to financial statements.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities				
Payables				
Accounts	\$ 447,854.26	\$ 736,941.14	\$ 1,184,795.40	\$ 3,466.77
Payroll and payroll taxes	218,180.90	47,095.75	265,276.65	
Due to				
Other units	186,695.08		186,695.08	3,917.66
Other funds	1,305,869.96		1,305,869.96	
Accrued interest	31,251.88		31,251.88	
Deposits payable	53,130.66	2,500.00	55,630.66	4,932.00
Bonds and notes payable	1,709,386.01	365,000.00	2,074,386.01	
Accrued sick and vacation pay	76,826.48		76,826.48	
Noncurrent liabilities				
Bonds and notes payable	6,379,758.32	6,950,961.00	13,330,719.32	
Unfunded retiree health insurance	5,845,030.00	1,762,753.00	7,607,783.00	
Accrued sick and vacation pay	435,350.05		435,350.05	
	<u>16,689,333.60</u>	<u>9,865,250.89</u>	<u>26,554,584.49</u>	<u>12,316.43</u>
NET POSITION				
Invested in capital assets, net of related debt				
	51,105,087.33	21,211,539.62	72,316,626.95	3,897,530.34
Unrestricted				
	<u>7,170,972.08</u>	<u>2,935,601.43</u>	<u>10,106,573.51</u>	<u>1,815,363.20</u>
	<u>58,276,059.41</u>	<u>24,147,141.05</u>	<u>82,423,200.46</u>	<u>5,712,893.54</u>
TOTAL LIABILITIES AND NET POSITION				
	<u>\$ 74,965,393.01</u>	<u>\$ 34,012,391.94</u>	<u>\$ 108,977,784.95</u>	<u>\$ 5,725,209.97</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental Activities			
General government	\$ 1,744,018.54	\$ 846,295.97	\$
Public safety	3,659,142.05	508,821.95	69,755.70
Public works	1,291,489.86		
Community development and enrichment	920,136.88	218,008.17	148,355.00
Highways and streets	2,495,974.43		1,039,628.82
Culture and recreation	1,990,461.99	1,099,041.00	30,113.43
Other	1,625,970.53		
Interest on long-term debt	350,447.59		
Total Governmental Activities	<u>14,077,641.87</u>	<u>2,672,167.09</u>	<u>1,287,852.95</u>
Business-Type Activities			
Water	2,734,414.41	2,944,154.25	62,660.49
Wastewater	4,130,408.78	3,853,229.25	
Auto parking	61,134.53	15,856.13	
Total Business-Type Activities	<u>6,925,957.72</u>	<u>6,813,239.63</u>	<u>62,660.49</u>
Total Primary Government	<u>\$ 21,003,599.59</u>	<u>\$ 9,485,406.72</u>	<u>\$ 1,350,513.44</u>
Component Units			
Tax Increment Finance Authority	\$ 1,909,905.59	\$	\$
Brownfield Redevelopment	5,099.00		
Downtown Development Authority	224,909.38		7,236.00
Local Development Finance Authority	704,135.44		
Economic Development Corporation	250.00		
Total Component Units	<u>\$ 2,844,299.41</u>	<u>\$</u>	<u>\$ 7,236.00</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			
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	
\$	\$ (897,722.57)	\$	\$ (897,722.57)	\$
	(3,080,564.40)		(3,080,564.40)	
	(1,291,489.86)		(1,291,489.86)	
	(553,773.71)		(553,773.71)	
	(1,456,345.61)		(1,456,345.61)	
	(861,307.56)		(861,307.56)	
	(1,625,970.53)		(1,625,970.53)	
	(350,447.59)		(350,447.59)	
	<u>(10,117,621.83)</u>		<u>(10,117,621.83)</u>	
		272,400.33	272,400.33	
		(277,179.53)	(277,179.53)	
		(45,278.40)	(45,278.40)	
		<u>(50,057.60)</u>	<u>(50,057.60)</u>	
\$	<u>(10,117,621.83)</u>	<u>(50,057.60)</u>	<u>(10,167,679.43)</u>	
\$				(1,909,905.59)
				(5,099.00)
				(217,673.38)
				(704,135.44)
				(250.00)
\$				<u>(2,837,063.41)</u>
	6,059,388.56		6,059,388.56	1,529,752.39
	2,282,421.91	6,288.62	2,288,710.53	139,975.94
	716,833.00		716,833.00	
	64,814.01	5,674.96	70,488.97	4,664.13
	528,887.11	(528,887.11)		
	<u>9,652,344.59</u>	<u>(516,923.53)</u>	<u>9,135,421.06</u>	<u>1,674,392.46</u>
	(465,277.24)	(566,981.13)	(1,032,258.37)	(1,162,670.95)
	<u>58,741,336.65</u>	<u>24,714,122.18</u>	<u>83,455,458.83</u>	<u>6,875,564.49</u>
\$	<u>\$ 58,276,059.41</u>	<u>\$ 24,147,141.05</u>	<u>\$ 82,423,200.46</u>	<u>\$ 5,712,893.54</u>

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2014

	GENERAL	PARKS AND RECREATION
ASSETS		
Cash	\$ 1,868,516.23	\$ 300,759.55
Investments	958,664.00	
Receivables		
Taxes	84,835.14	
Accounts	64,774.75	11,916.70
Special assessments		
Due from		
Other funds		
State	130,668.50	
Other governmental units	15,459.60	3,917.66
Inventory	<u>51,368.83</u>	<u> </u>
TOTAL ASSETS	<u>3,174,287.05</u>	<u>316,593.91</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>100,766.57</u>	<u>11,936.27</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ 3,275,053.62</u></u>	 <u><u>\$ 328,530.18</u></u>

See accompanying notes to financial statements.

2009 GENERAL OBLIGATION LIMITED TAX BOND	LAND ACQUISITION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,883,005.56	\$ 485,631.35	\$ 1,058,126.44	\$ 6,596,039.13
			958,664.00
			84,835.14
4,528,239.31		54,243.54	130,934.99
		359,842.06	4,888,081.37
330,048.63		18,830.65	348,879.28
		365,384.77	496,053.27
		13,664.78	33,042.04
<u>7,741,293.50</u>	<u>485,631.35</u>	<u>1,870,092.24</u>	<u>13,587,898.05</u>
		<u>6,891.13</u>	<u>119,593.97</u>
<u><u>\$ 7,741,293.50</u></u>	<u><u>\$ 485,631.35</u></u>	<u><u>\$ 1,876,983.37</u></u>	<u><u>\$ 13,707,492.02</u></u>

CITY OF LAPEER, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS - Concluded
JUNE 30, 2014

	GENERAL	PARKS AND RECREATION
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Payables		
Accounts	\$ 72,566.46	\$ 62,316.03
Payroll and payroll taxes	154,373.40	41,841.52
Due to		
Other units	186,695.08	
Other funds		
Deposits payable	<u>53,130.66</u>	
TOTAL LIABILITIES	<u>466,765.60</u>	<u>104,157.55</u>
DEFERRED INFLOWS OF RESOURCES		
Special assessment deferred revenue		
FUND BALANCE		
Nonspendable for receivables	64,774.75	
Committed for cemetery perpetual care		
Nonspendable for prepaid expenses	100,766.57	11,936.27
Nonspendable for inventory	51,368.83	
Restricted for debt service		
Assigned		
Special revenue funds		212,436.36
Capital projects funds		
Permanent fund		
Unassigned, reported in		
Capital projects funds		
General fund	<u>2,591,377.87</u>	
TOTAL FUND BALANCE	<u>2,808,288.02</u>	<u>224,372.63</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 3,275,053.62</u>	<u>\$ 328,530.18</u>

See accompanying notes to financial statements.

2009 GENERAL OBLIGATION LIMITED TAX BOND	LAND ACQUISITION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$ 324.75	\$ 266,225.55	\$ 401,432.79
		15,482.44	211,697.36
	1,305,869.96		186,695.08
			1,305,869.96
			53,130.66
<hr/>	<hr/>	<hr/>	<hr/>
	1,306,194.71	281,707.99	2,158,825.85
<hr/>	<hr/>	<hr/>	<hr/>
4,528,239.31		359,842.06	4,888,081.37
			64,774.75
		7,657.20	7,657.20
		6,891.13	119,593.97
3,213,054.19		505,077.84	51,368.83
			3,718,132.03
		568,112.54	780,548.90
		147,353.62	147,353.62
		340.99	340.99
	(820,563.36)		(820,563.36)
<hr/>	<hr/>	<hr/>	<hr/>
3,213,054.19	(820,563.36)	1,235,433.32	2,591,377.87
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\$ 7,741,293.50	\$ 485,631.35	\$ 1,876,983.37	\$ 13,707,492.02

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CITY OF LAPEER, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances - governmental funds		\$ 6,660,584.80
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 \$82,198,777.34 and the accumulated depreciation is \$23,593,617.15.	\$ 58,605,160.19	
Internal fixed assets	589,071.47	59,194,231.66
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.		1,063,548.62
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.		(5,845,030.00)
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.		947,215.70
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	\$ 31,251.88	
Contracts payable	8,089,144.33	
Compensated absences	512,176.53	(8,632,572.74)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		4,888,081.37
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 58,276,059.41

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, 2014

	GENERAL	PARKS AND RECREATION
REVENUES		
Taxes and special assessments	\$ 5,588,801.23	\$
Licenses and permits	13,062.50	
Intergovernmental	945,967.95	30,113.43
Charges for services	1,208,305.50	1,088,041.00
Fines and forfeits	49,461.27	
Interest and rentals	67,292.24	62,987.89
Contribution from component units	884,792.47	615,591.22
Other revenues	160,903.03	28,066.70
	<u>8,918,586.19</u>	<u>1,824,800.24</u>
TOTAL REVENUES		
EXPENDITURES		
General government	1,685,247.19	
Public safety	3,622,106.67	
Public works	931,929.38	
Culture and recreation		2,161,247.78
Health and welfare		
Community development and enrichment	617,310.74	
Debt service		
Principal retirement		
Interest and fiscal charges		
Other	1,170,339.66	
Highways and streets		
Capital outlay		
	<u>8,026,933.64</u>	<u>2,161,247.78</u>
TOTAL EXPENDITURES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		
	<u>891,652.55</u>	<u>(336,447.54)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds of bond issues and loans		
Operating transfers in	695,524.34	408,896.37
Operating transfers out	(1,141,198.99)	
	<u>(445,674.65)</u>	<u>408,896.37</u>
TOTAL OTHER FINANCING SOURCES (USES)		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		
	445,977.90	72,448.83
FUND BALANCE, JULY 1	<u>2,362,310.12</u>	<u>151,923.80</u>
FUND BALANCE, JUNE 30	<u>\$ 2,808,288.02</u>	<u>\$ 224,372.63</u>

2009 GENERAL OBLIGATION LIMITED TAX BOND	LAND ACQUISITION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 2,583,640.82	\$	\$ 163,460.33	\$ 8,335,902.38
			13,062.50
		1,052,157.22	2,028,238.60
		218,008.17	2,514,354.67
			49,461.27
2,863.48	1,371.48	2,034.92	136,550.01
		541,945.29	2,042,328.98
	233,858.00	53,299.94	476,127.67
<u>2,586,504.30</u>	<u>235,229.48</u>	<u>2,030,905.87</u>	<u>15,596,026.08</u>
			1,685,247.19
		7,332.85	3,629,439.52
			931,929.38
			2,161,247.78
		177,867.27	177,867.27
		170,487.83	787,798.57
685,000.00		1,002,326.85	1,687,326.85
138,272.50		217,674.72	355,947.22
	876.25	74,390.98	1,245,606.89
		1,882,035.66	1,882,035.66
	2,159,067.12	335,152.04	2,494,219.16
<u>823,272.50</u>	<u>2,159,943.37</u>	<u>3,867,268.20</u>	<u>17,038,665.49</u>
<u>1,763,231.80</u>	<u>(1,924,713.89)</u>	<u>(1,836,362.33)</u>	<u>(1,442,639.41)</u>
			900,000.00
144,504.00		2,483,201.46	3,732,126.17
(484,407.42)	(5,490.00)	(1,319,520.61)	(2,950,617.02)
<u>(339,903.42)</u>	<u>(5,490.00)</u>	<u>2,063,680.85</u>	<u>1,681,509.15</u>
1,423,328.38	(1,930,203.89)	227,318.52	238,869.74
<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>3,213,054.19</u>	\$ <u>(820,563.36)</u>	\$ <u>1,235,433.32</u>	\$ <u>6,660,584.80</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, 2014

Net changes in fund balances - total governmental funds	\$	238,869.74
<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		4,362,619.07
Less: current year depreciation		(2,448,378.21)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(2,512,548.56)
<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		(900,000.00)
Unfunded retiree health insurance		(833,173.00)
Accrued interest		5,499.63
Principal payments		1,687,326.85
<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		(13,961.05)
<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>(51,531.71)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>(465,277.24)</u></u>

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 67,720.77	\$ 1,009,924.05
Investments		525,308.00
Accounts receivable		433,034.98
Deposits		900.00
Inventory		
Due from other funds		652,934.98
Due from state		
Due from other units		
	<u>67,720.77</u>	<u>2,622,102.01</u>
TOTAL CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Construction in progress		159,343.82
Land and improvements	1,298,100.60	436,664.67
Buildings and structures		19,460,554.32
Infrastructure		10,492,500.18
Vehicles and equipment		1,371,887.21
	<u>1,298,100.60</u>	<u>31,920,950.20</u>
Less: accumulated depreciation	519,174.65	11,218,467.36
	<u>778,925.95</u>	<u>20,702,482.84</u>
NET PROPERTY, PLANT AND EQUIPMENT		
TOTAL ASSETS	<u>846,646.72</u>	<u>23,324,584.85</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses		21,975.27
	<u>846,646.72</u>	<u>23,346,560.12</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 846,646.72</u></u>	<u><u>\$ 23,346,560.12</u></u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL
ACTIVITIES

WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2014	2013	2014	2013
\$ 1,088,307.20	\$ 2,165,952.02	\$ 1,485,315.58	\$ 1,072,628.65	\$ 1,072,552.42
566,028.00	1,091,336.00	1,450,000.00		
294,172.39	727,207.37	645,871.73		
	900.00	900.00		
98,657.16	98,657.16	96,053.15	38,700.36	35,880.00
652,934.98	1,305,869.96	1,305,869.96		
62,660.49	62,660.49			
		1,000.00		
<u>2,762,760.22</u>	<u>5,452,583.00</u>	<u>4,985,010.42</u>	<u>1,111,329.01</u>	<u>1,108,432.42</u>
325,471.95	484,815.77	18,045.81		
69,849.81	1,804,615.08	1,804,615.08	22,328.64	22,328.64
228,512.00	19,689,066.32	19,674,152.01		
10,885,085.43	21,377,585.61	21,377,585.61		
281,404.88	1,653,292.09	1,633,332.09	2,829,946.99	2,805,810.24
11,790,324.07	45,009,374.87	44,507,730.60	2,852,275.63	2,828,138.88
4,744,232.24	16,481,874.25	15,452,322.19	2,263,204.16	2,190,898.44
<u>7,046,091.83</u>	<u>28,527,500.62</u>	<u>29,055,408.41</u>	<u>589,071.47</u>	<u>637,240.44</u>
9,808,852.05	33,980,083.62	34,040,418.83	1,700,400.48	1,745,672.86
<u>10,333.05</u>	<u>32,308.32</u>	<u>23,486.26</u>	<u>5,124.62</u>	<u>4,929.00</u>
<u>\$ 9,819,185.10</u>	<u>\$ 34,012,391.94</u>	<u>\$ 34,063,905.09</u>	<u>\$ 1,705,525.10</u>	<u>\$ 1,750,601.86</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - Concluded
JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
LIABILITIES, NET POSITION AND CONTRIBUTED CAPITAL		
CURRENT LIABILITIES		
Accounts payable	\$ 31.44	\$ 232,661.70
Accrued payroll and related items	31.44	28,755.37
Performance bonds payable		
Bonds payable		365,000.00
	31.44	365,000.00
TOTAL CURRENT LIABILITIES	31.44	626,417.07
LONG-TERM LIABILITIES		
Unfunded retiree health insurance	162,025.00	1,062,457.00
Bonds payable		6,950,961.00
	162,025.00	6,950,961.00
TOTAL LONG-TERM LIABILITIES	162,025.00	8,013,418.00
TOTAL LIABILITIES	162,056.44	8,639,835.07
NET POSITION AND CONTRIBUTED CAPITAL		
CONTRIBUTED CAPITAL		
Municipality	329,999.93	499,999.84
Federal		1,042,611.20
	329,999.93	1,542,611.04
TOTAL CONTRIBUTED CAPITAL	329,999.93	1,542,611.04
NET POSITION		
Invested in capital assets, net of related debt	778,925.95	13,386,521.84
Restricted for		
Prepaid expenses		21,975.27
Inventory		
Unrestricted	(424,335.60)	(244,383.10)
	(424,335.60)	(244,383.10)
TOTAL NET POSITION	354,590.35	13,164,114.01
TOTAL NET POSITION AND CONTRIBUTED CAPITAL	684,590.28	14,706,725.05
TOTAL LIABILITIES, NET POSITION AND CONTRIBUTED CAPITAL	\$ 846,646.72	\$ 23,346,560.12

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL
ACTIVITIES

WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2014	2013	2014	2013
\$ 504,279.44	\$ 736,941.14	\$ 361,721.39	\$ 46,421.47	\$ 41,053.92
18,308.94	47,095.75	38,632.52	6,483.54	5,396.14
2,500.00	2,500.00	3,500.00		
<u>525,088.38</u>	<u>1,151,536.89</u>	<u>355,000.00</u>	<u>52,905.01</u>	<u>46,450.06</u>
538,271.00	1,762,753.00	1,274,968.00		
<u>538,271.00</u>	<u>6,950,961.00</u>	<u>7,315,961.00</u>		
1,063,359.38	8,713,714.00	8,590,929.00		
<u>1,063,359.38</u>	<u>9,865,250.89</u>	<u>9,349,782.91</u>	<u>52,905.01</u>	<u>46,450.06</u>
	829,999.77	1,629,999.77		
	<u>1,042,611.20</u>	<u>1,781,530.16</u>		
	<u>1,872,610.97</u>	<u>3,411,529.93</u>		
7,046,091.83	21,211,539.62	21,384,447.41	589,071.47	637,240.44
10,333.05	32,308.32			
98,657.16	98,657.16		35,880.00	35,880.00
<u>1,600,743.68</u>	<u>932,024.98</u>	<u>(81,855.16)</u>	<u>1,027,668.62</u>	<u>1,031,031.36</u>
<u>8,755,825.72</u>	<u>22,274,530.08</u>	<u>21,302,592.25</u>	<u>1,652,620.09</u>	<u>1,704,151.80</u>
<u>8,755,825.72</u>	<u>24,147,141.05</u>	<u>24,714,122.18</u>	<u>1,652,620.09</u>	<u>1,704,151.80</u>
<u>\$ 9,819,185.10</u>	<u>\$ 34,012,391.94</u>	<u>\$ 34,063,905.09</u>	<u>\$ 1,705,525.10</u>	<u>\$ 1,750,601.86</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
OPERATING REVENUES		
Charges for services	\$ 15,856.13	\$ 3,853,229.25
Miscellaneous	4,880.00	1,408.62
Intergovernmental		
Equipment rentals		
	<u>20,736.13</u>	<u>3,854,637.87</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Salaries and wages	5,661.70	525,834.22
Fringe benefits	21,345.62	949,803.01
Office supplies		7,772.91
Operating supplies	1,671.58	86,694.12
Administrative fees	200.00	329,724.00
Professional and contractual services		90,585.83
Printing		1,429.32
Insurance and bonds		34,585.94
Public utilities		194,816.95
Repairs and maintenance		57,093.57
Rentals	6,985.36	246,114.06
Miscellaneous		19,854.52
Property taxes		152,810.00
Special assessment		460,815.27
Depreciation	25,270.27	776,890.87
Capital outlay		3,765.50
Conferences		4,471.08
	<u>61,134.53</u>	<u>3,943,061.17</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)		
	<u>(40,398.40)</u>	<u>(88,423.30)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earned	92.63	2,559.40
Gain on sale of fixed assets		
Interest expense		(187,347.61)
	<u>92.63</u>	<u>(184,788.21)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		

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		
	2014	2013	2014	2013	
\$ 2,944,154.25	\$ 6,813,239.63	\$ 6,774,406.35		\$	
62,660.49	6,288.62	5,506.11			
	62,660.49	387,858.19			
			1,120,549.92		1,035,228.19
<u>3,006,814.74</u>	<u>6,882,188.74</u>	<u>7,167,770.65</u>	<u>1,120,549.92</u>		<u>1,035,228.19</u>
267,078.10	798,574.02	817,627.55	111,289.31		93,451.28
222,721.65	1,193,870.28	835,168.10	109,335.31		91,455.35
8,564.12	16,337.03	24,739.82	912.52		1,091.30
1,458,290.82	1,546,656.52	1,468,674.23	391,930.85		364,807.72
208,603.00	538,527.00	537,795.00	17,393.00		17,619.00
37,561.46	128,147.29	170,235.65	11,496.91		8,964.71
1,851.97	3,281.29	3,040.00			
5,111.98	39,697.92	35,398.87	40,865.12		39,936.06
16,861.38	211,678.33	222,717.35	9,308.04		84,129.80
12,475.83	69,569.40	46,654.06	11,246.19		3,567.50
84,383.80	337,483.22	315,025.23	4,050.00		4,050.00
16,770.19	36,624.71	34,114.85	9,104.67		2,778.50
55,070.00	207,880.00	278,663.51			
99,219.66	560,034.93				
227,390.92	1,029,552.06	498,527.77	187,019.79		208,670.94
10,215.53	13,981.03	42,100.38	22,523.93		15,388.64
2,244.00	6,715.08	2,377.90	1,112.14		500.00
<u>2,734,414.41</u>	<u>6,738,610.11</u>	<u>5,332,860.27</u>	<u>927,587.78</u>		<u>936,410.80</u>
<u>272,400.33</u>	<u>143,578.63</u>	<u>1,834,910.38</u>	<u>192,962.14</u>		<u>98,817.39</u>
3,022.93	5,674.96	8,622.50	1,995.88		2,654.85
	(187,347.61)	(193,428.12)	6,132.31		13,689.50
<u>3,022.93</u>	<u>(181,672.65)</u>	<u>(184,805.62)</u>	<u>8,128.19</u>		<u>16,344.35</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ (40,305.77)	\$ (273,211.51)
OPERATING TRANSFERS		
Operating transfers in	33,998.00	
Operating transfers out		(437,050.03)
	(6,307.77)	(710,261.54)
NET INCOME (LOSS)	(6,307.77)	(710,261.54)
NET POSITION, JULY 1	360,898.12	12,335,456.59
ADD DEPRECIATION OF FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS AND SHARED REVENUE EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL		738,918.96
REDUCTION OF CONTRIBUTED CAPITAL		800,000.00
PRIOR PERIOD ADJUSTMENT		
NET POSITION, JUNE 30	\$ 354,590.35	\$ 13,164,114.01

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL ACTIVITIES

WATER SUPPLY	2014	TOTAL	2013	INTERNAL SERVICE FUNDS	2014	2013
\$ 275,423.26	\$ (38,094.02)	\$ 1,650,104.76		\$ 201,090.33	\$ 115,161.74	
1,966.37 (127,801.45)	35,964.37 (564,851.48)	1,022,151.46 (669,521.83)		(252,622.04)	(121,282.00)	
149,588.18	(566,981.13)	2,002,734.39		(51,531.71)	(6,120.26)	
8,606,237.54	21,302,592.25	15,956,291.52		1,704,151.80	1,710,272.06	
	738,918.96					
	800,000.00					
		3,343,566.34				
<u>\$ 8,755,825.72</u>	<u>\$ 22,274,530.08</u>	<u>\$ 21,302,592.25</u>		<u>\$ 1,652,620.09</u>	<u>\$ 1,704,151.80</u>	

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTEWATER TREATMENT PLANT
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 20,736.13	\$ 3,794,283.14
Cash received from intergovernmental activity		
Cash received from interfund charges		
Cash payment for goods and services	(8,856.94)	(1,683,348.95)
Cash payment for employees	(20,569.88)	(1,015,614.96)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(8,690.69)	1,095,319.23
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	33,998.00	
Operating transfers out		(437,050.03)
NET CASH PROVIDED BY (USED IN) NON- CAPITAL FINANCING ACTIVITIES	33,998.00	(437,050.03)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for capital acquisitions		(189,373.94)
Principal payments		(355,000.00)
Proceeds from bonds		
Sale of capital assets		
Decrease in investments		324,692.00
Interest and fiscal charges paid		(187,347.61)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		(407,029.55)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	92.63	2,559.40
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,399.94	253,799.05
CASH AND CASH EQUIVALENTS, JULY 1	42,320.83	756,125.00
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 67,720.77	\$ 1,009,924.05

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
WATER SUPPLY	TOTAL	TOTAL	2014	2013
	2014	2013	2014	2013
\$ 2,924,173.34	\$ 6,739,192.61	\$ 6,794,847.98	\$	\$
		576,147.47		
(1,661,614.18)	(3,353,820.07)	(4,572,618.15)	1,120,549.92	1,038,157.50
(460,011.23)	(1,496,196.07)	(1,570,614.42)	(523,724.11)	(550,569.84)
			(219,537.22)	(184,320.30)
<u>802,547.93</u>	<u>1,889,176.47</u>	<u>1,227,762.88</u>	<u>377,288.59</u>	<u>303,267.36</u>
1,966.37	35,964.37	1,022,151.46		
(127,801.45)	(564,851.48)	(669,521.83)	(252,622.04)	(121,282.00)
<u>(125,835.08)</u>	<u>(528,887.11)</u>	<u>352,629.63</u>	<u>(252,622.04)</u>	<u>(121,282.00)</u>
(312,270.33)	(501,644.27)	(1,147,553.52)	(141,986.20)	(131,389.00)
	(355,000.00)	(345,000.00)		
		171,995.00		
33,972.00	358,664.00	(327,719.00)	15,400.00	13,689.50
	(187,347.61)	(193,428.12)		262,919.00
<u>(278,298.33)</u>	<u>(685,327.88)</u>	<u>(1,841,705.64)</u>	<u>(126,586.20)</u>	<u>145,219.50</u>
3,022.93	5,674.96	8,622.50	1,995.88	2,654.85
401,437.45	680,636.44	(252,690.63)	76.23	329,859.71
686,869.75	1,485,315.58	1,738,006.21	1,072,552.42	742,692.71
<u>\$ 1,088,307.20</u>	<u>\$ 2,165,952.02</u>	<u>\$ 1,485,315.58</u>	<u>\$ 1,072,628.65</u>	<u>\$ 1,072,552.42</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTEWATER TREATMENT PLANT
RECONCILIATION OF OPERATING INCOME (LOSS)		
TO NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Operating income (loss)	\$ <u>(40,398.40)</u>	\$ <u>(88,423.30)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	25,270.27	776,890.87
Gain on sale of fixed assets		
Retiree health insurance	6,406.00	457,776.00
(Increase) decrease in inventory		
(Increase) decrease in accounts receivable		(60,354.73)
(Increase) decrease in prepaid expenses		(4,813.37)
(Increase) decrease in due from other funds		
(Increase) decrease in deposits		
(Increase) decrease in due from other units		
Increase (decrease) in accounts payable		11,997.49
Increase (decrease) in due to other funds		
Increase (decrease) in accrued expenses	31.44	2,246.27
Increase (decrease) in performance bonds payable		
	<u>31,707.71</u>	<u>1,183,742.53</u>
Total adjustments		
	<u>31,707.71</u>	<u>1,183,742.53</u>
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	<u>\$ (8,690.69)</u>	<u>\$ 1,095,319.23</u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2014	2013	2014	2013
\$ <u>272,400.33</u>	\$ <u>143,578.63</u>	\$ <u>1,834,910.38</u>	\$ <u>192,962.14</u>	\$ <u>98,817.39</u>
227,390.92	1,029,552.06	498,527.77	187,019.79	208,670.94
23,603.00	487,785.00	259,013.00	(6,132.31)	
(2,604.01)	(2,604.01)	836.16	(2,820.36)	(5,173.00)
(20,980.91)	(81,335.64)	203,134.80		2,929.31
(4,008.69)	(8,822.06)	(617.36)	(195.62)	(2,589.75)
		(1,305,869.96)		
		90.00		
(61,660.49)	(61,660.49)			
363,222.26	375,219.75	(208,306.52)	5,367.55	26.14
		(52,484.00)		
6,185.52	8,463.23	528.61	1,087.40	586.33
<u>(1,000.00)</u>	<u>(1,000.00)</u>	<u>(2,000.00)</u>		
<u>530,147.60</u>	<u>1,745,597.84</u>	<u>(607,147.50)</u>	<u>184,326.45</u>	<u>204,449.97</u>
\$ <u><u>802,547.93</u></u>	\$ <u><u>1,889,176.47</u></u>	\$ <u><u>1,227,762.88</u></u>	\$ <u><u>377,288.59</u></u>	\$ <u><u>303,267.36</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	PAYROLL CLEARING	TAX COLLECTION
ASSETS		
Cash	\$ 91,264.65	\$ 3,542.01
Investment		
Accounts receivable		348,879.28
Prepaid expenses		
TOTAL ASSETS	<u>\$ 91,264.65</u>	<u>\$ 352,421.29</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 91,264.65	\$
Undistributed taxes		3,542.01
Due to other funds		348,879.28
TOTAL LIABILITIES	<u>\$ 91,264.65</u>	<u>\$ 352,421.29</u>

See accompanying notes to financial statements.

SPECIAL
ASSESSMENT
CREDIT
ESCROW

EMPLOYEE
HEALTH CARE

TOTAL

\$ 386.53

\$ 386.53

\$ 200,143.04
475,203.22

\$ 720,191.83

\$ 295,336.23
475,203.22
348,879.28
44,845.57

\$ 1,164,264.30

\$ 386.53

\$ 386.53

\$ 720,191.83

\$ 720,191.83

\$ 811,843.01
3,542.01
348,879.28

\$ 1,164,264.30

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2014

	DOWNTOWN DEVELOPMENT AUTHORITY	BROWNFIELD REDEVELOPMENT
ASSETS		
Cash	\$ 45,419.88	\$ 549.84
Note receivable		
Due from other units	2,683.99	
Capital assets not being depreciated	154,000.00	
Capital assets (net of accumulated depreciation)	<u>374,883.92</u>	<u> </u>
TOTAL ASSETS	<u>\$ 576,987.79</u>	<u>\$ 549.84</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 3,466.77	\$
Due to other units		
Security deposits payable		
TOTAL LIABILITIES	<u>3,466.77</u>	<u> </u>
 NET POSTION		
Net investment in capital assets	528,883.92	
Unreserved	<u>44,637.10</u>	<u>549.84</u>
TOTAL NET POSITION	<u>573,521.02</u>	<u>549.84</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 576,987.79</u>	<u>\$ 549.84</u>

See accompanying notes to financial statements.

TAX INCREMENT FINANCE AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION (12-31-13)	LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTAL
\$ 1,372,958.18	\$ 5,434.73	\$ 150,155.79	\$ 1,574,518.42
198,248.66			198,248.66
52,228.56			54,912.55
14,400.00		206,773.89	375,173.89
<u>3,147,472.53</u>	<u> </u>	<u> </u>	<u>3,522,356.45</u>
\$ <u><u>4,785,307.93</u></u>	\$ <u><u>5,434.73</u></u>	\$ <u><u>356,929.68</u></u>	\$ <u><u>5,725,209.97</u></u>
\$ 3,917.66	\$	\$	\$ 3,466.77
4,932.00			3,917.66
<u>8,849.66</u>	<u> </u>	<u> </u>	<u>4,932.00</u>
<u>8,849.66</u>	<u> </u>	<u> </u>	<u>12,316.43</u>
3,161,872.53		206,773.89	3,897,530.34
1,614,585.74	5,434.73	150,155.79	1,815,363.20
<u>4,776,458.27</u>	<u>5,434.73</u>	<u>356,929.68</u>	<u>5,712,893.54</u>
\$ <u><u>4,785,307.93</u></u>	\$ <u><u>5,434.73</u></u>	\$ <u><u>356,929.68</u></u>	\$ <u><u>5,725,209.97</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2014

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Component Units			
Tax Increment Finance Authority	\$ 1,909,905.59	\$	\$
Brownfield Redevelopment	5,099.00		
Downtown Development Authority	224,909.38		7,236.00
Local Development Finance Authority	704,135.44		
Economic Development Corporation	<u>250.00</u>		
Total Component Units	<u>\$ 2,844,299.41</u>	<u>\$</u>	<u>\$ 7,236.00</u>
General Revenues			
Property taxes			
Miscellaneous			
Unrestricted investment earnings			
Total General Revenues			
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 (12-31-13)	LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTAL
\$	\$	\$ (1,909,905.59)	\$	\$	\$ (1,909,905.59)
(217,673.38)	(5,099.00)				(5,099.00)
				(704,135.44)	(217,673.38)
			(250.00)		(704,135.44)
<u>(217,673.38)</u>	<u>(5,099.00)</u>	<u>(1,909,905.59)</u>	<u>(250.00)</u>	<u>(704,135.44)</u>	<u>(2,837,063.41)</u>
94,354.89	3,230.29	1,099,546.21		332,621.00	1,529,752.39
93,487.34		46,488.60			139,975.94
129.20		4,167.43	0.55	366.95	4,664.13
<u>187,971.43</u>	<u>3,230.29</u>	<u>1,150,202.24</u>	<u>0.55</u>	<u>332,987.95</u>	<u>1,674,392.46</u>
(29,701.95)	(1,868.71)	(759,703.35)	(249.45)	(371,147.49)	(1,162,670.95)
<u>603,222.97</u>	<u>2,418.55</u>	<u>5,536,161.62</u>	<u>5,684.18</u>	<u>728,077.17</u>	<u>6,875,564.49</u>
<u>\$ 573,521.02</u>	<u>\$ 549.84</u>	<u>\$ 4,776,458.27</u>	<u>\$ 5,434.73</u>	<u>\$ 356,929.68</u>	<u>\$ 5,712,893.54</u>

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CITY OF LAPEER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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.

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

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.

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

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

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.

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.

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, 2014 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.

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.

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.

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

Capital Assets - Concluded

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	20-40 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

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.

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.

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.

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.

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

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 2013 reflected in the accompanying financial statements include property taxes levied July 1, 2013, and substantially collected at June 30, 2014.

The total 2013 levy for the City was \$2,243,967.83 which was based upon the taxable value as of March 1, 2014 of \$228,976,309.00 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 are 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, 2014, was \$0.98 per \$100.00, which means that the City has a tax margin of \$0.02 per \$100.00 and could raise up to \$45,795.26 additional tax per year from the present taxable value of \$228,976,309.00 before the limit is reached.

The City levied the following millage for fiscal year 13-14:

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

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

Accrued vacation and sick leave is recorded as a governmental fund liability at June 30, 2014, 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, 2014, 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.

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			
Accounting/data processing	\$ 465,988.00	\$ 483,384.69	\$(17,396.69)
Police	2,809,066.00	2,849,524.13	(40,458.13)
Public works	835,112.00	931,929.38	(96,817.38)
Special Revenue			
Building department	128,928.00	140,329.85	(11,401.85)
Tax Increment			
Finance Authority	138,523.11	450,518.65	(311,995.54)
Local Development			
Finance Authority	24,500.00	24,959.30	(459.30)
Downtown Development Authority	7,789.00	11,991.21	(4,202.21)

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2014 are as follows:

FUND	DUE FROM	FUND	DUE TO
Local Street	\$ 1,410.54	Tax Collection	\$ 348,879.28
2009 General Obligation Bond	330,048.63		
2006 Special Assessment Bond	7,775.18		
2007 Special Assessment Bond	769.46		
2011 Special Assessment Bond	3,681.96		
2008A Special Assessment Bond	570.82		
2010 Special Assessment Bond	<u>4,622.69</u>		
Subtotal	<u>348,879.28</u>	Subtotal	<u>348,879.28</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>\$ 1,654,749.24</u>	TOTAL	<u>\$ 1,654,749.24</u>

RECONCILIATION TO STATEMENTS

	DUE FROM	DUE TO
Government funds	\$ 348,879.28	\$ 1,305,869.96
Proprietary funds		
Business-type	1,305,869.96	
Fiduciary	<u> </u>	<u>348,879.28</u>
	<u>\$ 1,654,749.24</u>	<u>\$ 1,654,749.24</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, 2014:

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
Parking	\$ 33,998.00	General	\$ 1,140,124.99
2008A Equipment Financing	36,391.00		
Local Street	121,368.00		
Parks and Recreation	354,915.00		
Mt. Hope Cemetery	126,447.00		
2008 Equipment Financing	16,761.00		
2001 Building Authority Bond	100,245.00		
Major Street	53,467.00		
Capital Improvement	294,017.99		
Police K-9	<u>2,515.00</u>		<u> </u>
Subtotal	<u>1,140,124.99</u>	Subtotal	<u>1,140,124.99</u>
2010 General Obligation Limited Tax Bond	25,200.00	Major Street	121,010.00
Local Street	<u>95,810.00</u>		<u> </u>
Subtotal	<u>121,010.00</u>	Subtotal	<u>121,010.00</u>
2006 General Obligation Limited Tax Bond	61,688.00	Local Street	81,748.00
2008A General Obligation Limited Tax Bond	15,962.00		
2007 General Obligation Limited Tax Bond	<u>4,098.00</u>		<u> </u>
Subtotal	<u>81,748.00</u>	Subtotal	<u>81,748.00</u>
Local Street	<u>111.58</u>	2003 Special Assessment Bond	<u>111.58</u>
Major Street	<u>815,704.68</u>	2013 General Obligation Construction	<u>815,704.68</u>
2001 Building Authority Bond	<u>29,911.00</u>	Capital Improvement	<u>29,911.00</u>
Mt. Hope Cemetery	<u>15.65</u>	Mt. Hope Cemetery Perpetual Care-expendable	<u>15.65</u>
1999 Building Authority Bond	96,603.15	Motor Pool	38,640.67
	<u> </u>	Wastewater Treatment Plant	24,151.03
		Water Supply	<u>33,811.45</u>
Subtotal	<u>96,603.15</u>	Subtotal	<u>96,603.15</u>
2008 General Obligation Limited Tax Bond	<u>433,025.00</u>	2009 General Obligation Limited Tax Bond	<u>433,025.00</u>

NOTE 6: **OPERATING TRANSFERS** – Concluded

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
General	\$ 695,524.34	2003 Special Assessment Bond	\$ 61,014.78
		Building Department	42,802.00
		Wastewater Treatment Plant	362,385.00
		Information Technology	85,000.00
		Site Plan Review	5,970.55
		Housing Resource	20,000.00
		Capital Improvement	43,352.01
		Motor Pool	<u>75,000.00</u>
Subtotal	<u>695,524.34</u>	Subtotal	<u>695,524.34</u>
Water Supply	<u>1,966.37</u>	Site Plan Review	<u>1,966.37</u>
Capital Improvement	<u>68,641.99</u>	2013 General Obligation Construction	<u>68,641.99</u>
2009 General Obligation Construction	<u>51,382.42</u>	2009 General Obligation Limited Tax Bond	<u>51,382.42</u>
2001 Building Authority Bond	<u>27,272.00</u>	Oakdale Development	<u>27,272.00</u>
2013 General Obligation Limited Tax Bond	<u>6,564.00</u>	General	1,074.00
		Land Acquisition	<u>5,490.00</u>
Subtotal	<u>6,564.00</u>	Subtotal	<u>6,564.00</u>
Parks and Recreation	<u>53,981.37</u>	Motor Pool	<u>53,981.37</u>
2009 General Obligation Limited Tax Bond	<u>144,504.00</u>	Wastewater Treatment Plant	50,514.00
		Water Supply	<u>93,990.00</u>
Subtotal	<u>144,504.00</u>	Subtotal	<u>144,504.00</u>
TOTAL	<u>\$ 3,768,090.54</u>	TOTAL	<u>\$ 3,768,090.54</u>

RECONCILIATION TO STATEMENTS

	TRANSFERS IN	TRANSFERS OUT
Governmental funds	\$ 3,732,126.17	\$ 2,950,617.02
Proprietary funds		
Business-type	35,964.37	564,851.48
Internal service		<u>252,622.04</u>
TOTAL	<u>\$ 3,768,090.54</u>	<u>\$ 3,768,090.54</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, 2014 is as follows:

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
General	\$ 1,843,066.69	\$ 25,449.54	\$ 958,664.00	\$ 2,827,180.23
Local Street	74,547.28			74,547.28
Parks and Recreation	277,303.80	23,455.75		300,759.55
Oakdale Development	62,816.32			62,816.32
Youth Mini-Grant	561.00			561.00
Local Development				
Finance Authority		150,155.79		150,155.79
Drug Law Enforcement	7,107.40			7,107.40
D.A.R.E.	9,631.80			9,631.80
Public Safety Training	480.02			480.02
Mt. Hope Cemetery	33,499.74			33,499.74
Economic Development				
Corporation (12-31-13)		5,434.73		5,434.73
Downtown Development				
Authority	7,276.13	38,143.75		45,419.88
Building Department	52,363.92			52,363.92
General Forfeiture	10,361.56			10,361.56
Police K-9 Program	8,522.29			8,522.29
Tax Increment				
Finance Authority		1,372,958.18		1,372,958.18
Parking Fund	67,720.77			67,720.77
2010 Special Assessment Bond		107,165.82		107,165.82
Special Assessment Credit				
Escrow Fund		386.53		386.53
2010 General Obligation				
Limited Tax Bond		1,206.30		1,206.30
2006 Special Assessment Bond		21,930.52		21,930.52
2007 Special Assessment Bond		112,778.61		112,778.61
Mobile Training Unit	2,798.59			2,798.59
Telephone Communication	58,623.39			58,623.39
Housing Resource	61,242.72			61,242.72
2001 Building Authority Bond		6,520.88		6,520.88
Site Plan Review	11,480.76			11,480.76
2007 General Obligation				
Limited Tax Bond		32,704.90		32,704.90
2008 General Obligation				
Limited Tax Bond		184.55		184.55
2008A General Obligation				
Limited Tax Bond		8,666.98		8,666.98
2008A Equipment				
Financing Debt Fund		2.05		2.05
Land Acquisition	485,631.35			485,631.35
2011 Special Assessment Bond		150,729.51		150,729.51
Waste Water Treatment Plant	1,009,924.05		525,308.00	1,535,232.05
Major Street	131,097.18			131,097.18
2006 General Obligation				
Limited Tax Bond		941.38		941.38
2013 General Obligation				
Limited Tax Bond		5,291.00		5,291.00

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

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
Water Supply	\$ 1,088,207.20	\$ 100.00	\$ 566,028.00	\$ 1,654,335.20
Motor Pool	718,703.19			718,703.19
Mt. Hope Cemetery Perpetual Care	7,998.19			7,998.19
Information Technology	295,302.07			295,302.07
2009 General Obligation Limited Tax Bonds		2,883,005.56		2,883,005.56
Tax Collection	3,542.01			3,542.01
2005 Equipment Financing Debt Fund		114.21		114.21
2008A Special Assessment Bond		35,569.38		35,569.38
2008 Equipment Financing Debt Fund		2,313.27		2,313.27
Payroll Clearing	91,264.65			91,264.65
Brownfield Redevelopment Authority		549.84		549.84
Employee Health Care	200,143.04		475,203.22	675,346.26
Capital Improvements	<u>97,498.31</u>	<u> </u>	<u> </u>	<u>97,498.31</u>
TOTAL	<u>\$ 6,718,715.42</u>	<u>\$ 4,985,759.03</u>	<u>\$ 2,525,203.22</u>	<u>\$ 14,229,677.67</u>

RECONCILIATION TO STATEMENTS

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
Governmental funds	\$ 3,178,008.92	\$ 3,418,030.21	\$ 958,664.00	\$ 7,554,703.13
Proprietary funds				
Enterprise	2,165,852.02	100.00	1,091,336.00	3,257,288.02
Internal service	1,072,628.65			1,072,628.65
Fiduciary funds	294,949.70	386.53	475,203.22	770,539.45
Component units	<u>7,276.13</u>	<u>1,567,242.29</u>	<u> </u>	<u>1,574,518.42</u>
	<u>\$ 6,718,715.42</u>	<u>\$ 4,985,759.03</u>	<u>\$ 2,525,203.22</u>	<u>\$ 14,229,677.67</u>

FINANCIAL STATEMENT
PRESENTATION

Cash	\$ 11,409,138.22
Investments	2,050,000.00
Fiduciary funds	<u>770,539.45</u>
TOTAL	<u>\$ 14,229,677.67</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.

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, 2014, the carrying amount of the City’s deposits was \$14,229,677.67 and the bank balance was \$13,955,917.00, of which \$1,005,435.00 was covered by federal depository insurance. The remaining balance of \$12,950,482.00 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, 2014, 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 16.01% to 24.37% of employee salaries.

Annual Pension Cost

For year ended June 30, 2014, the City’s annual pension cost of \$923,697.00 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, 2013, 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,		
	2011	2012	2013
Actuarial value of assets	\$14,811,058	\$15,390,876	\$16,174,583
Actuarial Accrued Liability (entry age)	20,219,380	21,259,136	22,247,755
Unfunded Actuarial Accrued Liability	5,408,322	5,868,260	6,073,172
Funded ratio	73.3%	72.4%	72.7%
Covered payroll	4,499,943	4,539,885	4,207,955
UAAL as a percentage of covered payroll	120.2%	129.3%	144.3%

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

	YEAR ENDED JUNE 30,		
	2012	2013	2014
Annual pension cost	\$ 453,501	\$ 768,372	\$ 923,697
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, 2014:

	WATER AND SEWER REVENUE BONDS	GENERAL OBLIGATION BONDS	NOTES PAYABLE	COMPENSATED ABSENCES
As of July 1, 2013	\$ 7,670,961.00	\$ 7,730,000.00	\$ 1,146,471.18	\$ 498,215.48
Additions (Reductions)	(355,000.00)	(600,000.00)	(187,326.85)	13,961.05
As of June 30, 2014	<u>\$ 7,315,961.00</u>	<u>\$ 7,130,000.00</u>	<u>\$ 959,144.33</u>	<u>\$ 512,176.53</u>

Long-term debt at June 30, 2014 is comprised of the individual issues:

	BALANCE AS OF JULY 1, 2013	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2014	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%.	\$ 7,670,961.00	\$(355,000.00)	\$ 7,315,961.00	\$ 365,000.00
Less: Amount payable within one year			<u>365,000.00</u>	
TOTAL LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES			<u>\$ 6,950,961.00</u>	

Long-term debt at June 30, 2014 is comprised of the individual issues:

	BALANCE AS OF JULY 1, 2013	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2014	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%.	\$ 265,000.00	\$(40,000.00)	\$ 225,000.00	\$ 40,000.00

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

	BALANCE AS OF JULY 1, 2013	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2014	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT - Continued				
\$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%.	\$ 150,000.00	\$(20,000.00)	\$ 130,000.00	\$ 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 at 3.870%.	75,246.92	(11,380.11)	63,866.81	11,812.83
\$1,404,455.00 2008 Installment purchase contract due in bi-annual installments of \$84,992.89 through July 15, 2018; interest at 3.70%.	880,459.79	(147,167.20)	733,292.59	152,662.77
\$280,000.00 2006 Special Assessment Bond due in annual installments of \$30,000.00 through January 1, 2016; interest at 3.95%.	90,000.00	(30,000.00)	60,000.00	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%.	175,000.00	(55,000.00)	120,000.00	60,000.00
\$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%.	60,000.00	(10,000.00)	50,000.00	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%.	95,000.00	(20,000.00)	75,000.00	20,000.00
\$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%.	3,830,000.00	(685,000.00)	3,145,000.00	670,000.00
\$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%.	2,065,000.00	(345,000.00)	1,720,000.00	340,000.00

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

	BALANCE AS OF JULY 1, 2013	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2014	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT – Concluded				
\$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%.	\$ 85,000.00	\$(15,000.00)	\$ 70,000.00	\$ 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%.	50,000.00	(10,000.00)	40,000.00	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%.	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%.	440,000.00	(140,000.00)	300,000.00	145,000.00
\$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%.	325,000.00	(30,000.00)	295,000.00	35,000.00
\$900,000.00 2013 General Obligation Construction Bond due in annual installments of \$120,000.00 to \$140,000.00 through November 1, 2020; interest at 2.20%.		900,000.00	900,000.00	120,000.00
\$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%.	190,764.47	(28,779.54)	161,984.93	29,910.41
Accumulated compensated absences	<u>498,215.48</u>	<u>13,961.05</u>	<u>512,176.53</u>	<u>76,826.48</u>
TOTAL PRIMARY GOVERNMENT	\$ <u>9,374,686.66</u>	\$(<u>773,365.80</u>)	8,601,320.86	\$ <u>1,786,212.49</u>
Less: Amount payable within one year			<u>1,786,212.49</u>	
TOTAL LONG-TERM DEBT GOVERNMENTAL ACTIVITIES			\$ <u>6,815,108.37</u>	

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

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

		BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL FUNDS	TOTAL
YEAR ENDING JUNE 30,				
2015	Principal	\$ 365,000.00	\$ 1,709,386.01	\$ 2,074,386.01
	Interest	182,899.00	296,238.06	479,137.06
	Total	547,899.00	2,005,624.07	2,553,523.07
2016	Principal	375,000.00	1,696,746.71	2,071,746.71
	Interest	173,774.00	229,332.36	403,106.36
	Total	548,774.00	1,926,079.07	2,474,853.07
2017	Principal	385,000.00	1,464,382.04	1,849,382.04
	Interest	164,399.00	160,602.03	325,001.03
	Total	549,399.00	1,624,984.07	2,174,383.07
2018	Principal	395,000.00	1,467,315.27	1,862,315.27
	Interest	154,774.00	101,271.30	256,045.30
	Total	549,774.00	1,568,586.57	2,118,360.57
2019	Principal	405,000.00	1,316,314.30	1,721,314.30
	Interest	144,899.00	43,321.78	188,220.78
	Total	549,899.00	1,359,636.08	1,909,535.08
2020 – 2024	Principal	2,175,000.00	435,000.00	2,610,000.00
	Interest	567,620.00	16,270.00	583,890.00
	Total	2,742,620.00	451,270.00	3,193,890.00
2025 – 2029	Principle	2,470,000.00		2,470,000.00
	Interest	281,620.00		281,620.00
	Total	2,751,620.00		2,751,620.00
2030 – 2031	Principle	745,961.00		745,961.00
	Interest	24,048.00		24,048.00
	Total	770,009.00		770,009.00
TOTAL				
	Principal	7,315,961.00	8,089,144.33	15,405,105.33
	Interest	1,694,033.00	847,035.53	2,541,068.53
	Total	9,009,994.00	8,936,179.86	17,946,173.86

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, 2014, is as follows:

	AUTO PARKING FUND	WASTE WATER TREATMENT PLANT FUND	WATER SUPPLY FUND	TOTAL
Total assets	\$ 846,646.72	\$ 23,324,584.85	\$ 9,808,852.05	\$ 33,980,083.62
Deferred outflows of resources		21,975.27	10,333.05	32,308.32
Total liabilities	162,056.44	8,639,835.07	1,063,359.38	9,865,250.89
Contributed capital	329,999.93	1,542,611.04		1,872,610.97
Total net position	354,590.35	13,164,114.01	8,755,825.72	22,274,530.08
Operating revenues	20,736.13	3,854,637.87	3,006,814.74	6,882,188.74
Operating expenses	61,134.53	3,943,061.17	2,734,414.41	6,738,610.11
Depreciation expense	25,270.27	776,890.87	227,390.92	1,029,552.06
Operating income (loss)	(40,398.40)	(88,423.30)	272,400.33	143,578.63
Nonoperating revenues (expenses)	92.63	(184,788.21)	3,022.93	(181,672.65)
Transfers	33,998.00	(437,050.03)	(125,835.08)	(528,887.11)
Change in net position	(6,307.77)	(710,261.54)	149,588.18	(566,981.13)
Beginning net position	360,898.12	12,335,456.59	8,606,237.54	21,302,592.25
Reduction of contributed capital		1,538,918.96		1,538,918.96
Ending net position	354,590.35	13,164,114.01	8,755,825.72	22,274,530.08
Operating activities	(8,690.69)	1,095,319.23	802,547.93	1,889,176.47
Noncapital and related financing activities	33,998.00	(437,050.03)	(125,835.08)	(528,887.11)
Capital and related financing activities		(407,029.55)	(278,298.33)	(685,327.88)
Investing activities	92.63	2,559.40	3,022.93	5,674.96
Cash and cash equivalents – beginning	42,320.83	756,125.00	686,869.75	1,485,315.58
Cash and cash equivalents – ending	67,720.77	1,009,924.05	1,088,307.20	2,165,952.02

NOTE 11: **CAPITAL ASSETS**

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

	JULY 1, 2013	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2014
GOVERNMENTAL					
Capital assets not being depreciated					
Construction in progress	\$ 380,407.94	\$ 1,754,732.68	\$ 1,573,568.86	\$	\$ 561,571.76
Land	<u>22,173,228.30</u>	<u>2,138,471.58</u>			<u>24,311,699.88</u>
Total capital assets not being depreciated	<u>22,553,636.24</u>	<u>3,893,204.26</u>	<u>1,573,568.86</u>		<u>24,873,271.64</u>
Capital assets being depreciated					
Buildings	5,769,460.01	46,533.21			5,815,993.22
Improvements	5,197,671.06	410,176.88			5,607,847.94
Machinery and equipment	6,327,628.62	431,245.10	123,981.76		6,634,891.96
Infrastructure	<u>40,815,901.22</u>	<u>1,303,146.99</u>			<u>42,119,048.21</u>
Total capital assets being depreciated	<u>58,110,660.91</u>	<u>2,191,102.18</u>	<u>123,981.76</u>		<u>60,177,781.33</u>

NOTE 11: **CAPITAL ASSETS** - Continued

	JULY 1, 2013	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2014
GOVERNMENTAL - Concluded					
Less: accumulated depreciation					
Buildings	\$ 2,316,530.58	\$ 155,300.79	\$	\$(4.44)	\$ 2,471,826.93
Improvements	3,093,465.94	202,327.36			3,295,793.30
Machinery and equipment	4,622,988.28	299,740.42	114,714.07		4,808,014.63
Infrastructure	<u>13,303,152.58</u>	<u>1,978,029.43</u>		<u>4.44</u>	<u>15,281,186.45</u>
Total accumulated depreciation	<u>23,336,137.38</u>	<u>2,635,398.00</u>	<u>114,714.07</u>		<u>25,856,821.31</u>
Total capital assets being depreciated - net	<u>34,774,523.53</u>	<u>(444,295.82)</u>	<u>9,267.69</u>		<u>34,320,960.02</u>
NET CAPITAL ASSETS	<u>\$ 57,328,159.77</u>	<u>\$ 3,448,908.44</u>	<u>\$ 1,582,836.55</u>	<u>\$</u>	<u>\$ 59,194,231.66</u>

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

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 68,109.12
Public safety	156,011.30
Public works	117,352.23
Streets	2,129,073.21
Recreation	<u>164,852.14</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	<u>\$ 2,635,398.00</u>

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

	JULY 1, 2013	ADDITIONS	DELETIONS	JUNE 30, 2014
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>3,493,643.09</u>	<u>185,243.43</u>		<u>3,678,886.52</u>
NET CAPITAL ASSETS	<u>\$ 4,082,773.77</u>	<u>\$(185,243.43)</u>	<u>\$</u>	<u>\$ 3,897,530.34</u>

NOTE 11: **CAPITAL ASSETS** - Concluded

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

	JULY 1, 2013	ADDITIONS	DELETIONS	JUNE 30, 2014
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 18,045.81	\$ 466,769.96	\$	\$ 484,815.77
Land	<u>798,212.75</u>	<u> </u>	<u> </u>	<u>798,212.75</u>
 Total capital assets not being depreciated	 <u>816,258.56</u>	 <u>466,769.96</u>	 <u> </u>	 <u>1,283,028.52</u>
Capital assets being depreciated				
Buildings	19,674,152.01	14,914.31		19,689,066.32
Machinery and equipment	1,633,332.09	19,960.00		1,653,292.09
Infrastructure	21,377,585.61			21,377,585.61
Improvements	<u>1,006,402.33</u>	<u> </u>	<u> </u>	<u>1,006,402.33</u>
 Total capital assets being depreciated	 <u>43,691,472.04</u>	 <u>34,874.31</u>	 <u> </u>	 <u>43,726,346.35</u>
Less: accumulated depreciation				
Buildings	8,886,131.45	465,167.22		9,351,298.67
Machinery and equipment	1,365,328.55	34,741.01		1,400,069.56
Infrastructure	4,667,017.34	504,129.48		5,171,146.82
Improvements	<u>533,844.85</u>	<u>25,514.35</u>	<u> </u>	<u>559,359.20</u>
 Total accumulated depreciation	 <u>15,452,322.19</u>	 <u>1,029,552.06</u>	 <u> </u>	 <u>16,481,874.25</u>
 Total capital assets being depreciated	 <u>28,239,149.85</u>	 <u>(994,677.75)</u>	 <u> </u>	 <u>27,244,472.10</u>
 NET CAPITAL ASSETS	 <u>\$29,055,408.41</u>	 <u>\$ (527,907.79)</u>	 <u>\$</u>	 <u>\$ 28,527,500.62</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	\$ 25,270.27
Wastewater	776,890.87
Water	<u>227,390.92</u>
 TOTAL DEPRECIATION EXPENSE BUSINESS-TYPE ACTIVITIES	 <u>\$ 1,029,552.06</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: 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 18: **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, 2013, 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 19: **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 \$610,270.00 during the year ended June 30, 2014. The total number of eligible retirees amounted to 45 at June 30, 2014. The City pays 100% of these costs. There are no provisions for employee contributions. The City has recorded a liability of \$7,607,783.00 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 \$475,203.22 at June 30, 2014. The City of Lapeer did not meet its Annual Required Contribution (ARC) requirements in 2014 by \$1,400,479.00.

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 July 1, 2013, the most recent valuation date, is as follows:

Valuation as of July 1, 2013

Actuarial value of assets	\$ 791,043.00
Actuarial value of liabilities (AAL)	22,483,987.00
Unfunded AAL	21,692,944.00
Funded ratio	3.50%

Funding Progress

For the year ended June 30, 2014, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of July 1, 2013. 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	\$ 2,010,749.00
Amount contributed	(610,270.00)
ARC adjustment	(456,731.00)
Interest on net OPEB obligation	<u>377,210.00</u>
Increase in OPEB obligation	1,320,958.00
Net OPEB obligation, July 1	<u>6,286,825.00</u>
NET OPEB OBLIGATION, JUNE 30	<u>\$ 7,607,783.00</u>

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

NOTE 19: **POST EMPLOYMENT BENEFITS - Concluded**

	NET OPEB OBLIGATION
Governmental Activities	
General government	\$ 1,155,593.00
Public safety	2,383,518.00
Public works	1,534,490.00
Cultural and recreation	740,237.00
Community development and enrichment	<u>31,192.00</u>
Total Governmental Activities	<u>5,845,030.00</u>
Business-Type Activities	
Auto parking	162,025.00
Wastewater treatment plant	1,062,457.00
Water supply	<u>538,271.00</u>
Total Business-Type Activities	<u>1,762,753.00</u>
TOTAL OPEB OBLIGATION	<u>\$ 7,607,783.00</u>
	RETIREEE HEALTH CARE TRUST FUND
ASSETS	
Investments	
Other investments	<u>\$ 475,203.22</u>
NET POSITION	
Held in trust for postemployment healthcare benefits	<u>\$ 475,203.22</u>
INCOME	
Contributions	
Employer	\$ 610,270.00
Investment income	126,718.65
Other	<u>.17</u>
TOTAL INCOME	<u>736,988.82</u>
EXPENSES	
Distributions	<u>1,052,828.67</u>
NET LOSS	(315,839.85)
NET POSITION, JULY 1	<u>791,043.07</u>
NET POSITION, JUNE 30	<u>\$ 475,203.22</u>

NOTE 20: **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 21: **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 22: **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, 2013, from which the summarized information was derived.

NOTE 23: **DEFICIT FUND BALANCE**

The following fund showed a deficit fund balance at June 30, 2014:

Land acquisition	\$ <u>(820,563.36)</u>
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NOTE 24: **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 25: **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.

NOTE 26: **CHANGES IN ACCOUNTING PRINCIPLES**

GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, was implemented during the current year. This statement, which is an amendment to Statement No. 14 and Statement No. 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 equity interest in legally separate organizations.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented during the current year. This statement established accounting and financial reporting standards that reclassify, as deferred outflows and 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 statement elements deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees* was implemented during the current year. This statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The statement also requires: (1) a government guarantor to consider qualitative factors when determining if a payment on its guarantee is more likely than not to be required, (2) an issuer government that is required to repay a guarantor for guarantee payments made to continue to report a liability unless legally released, and (3) a government guarantor or issuer to disclose information about the amounts and nature of nonexchange financial guarantees.

NOTE 27: **UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June, 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual cost of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the City's fiscal year ending June 30, 2015.

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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, 2014

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes				
Property taxes	\$ 2,744,393.00	\$ 2,744,393.00	\$ 2,729,516.66	\$ (14,876.34)
Penalties and interest	77,000.00	77,000.00	98,544.08	21,544.08
City income taxes	2,545,000.00	2,545,000.00	2,760,740.49	215,740.49
Total Taxes	5,366,393.00	5,366,393.00	5,588,801.23	222,408.23
Federal Grants				
Federal Drug Grant (TNU)	23,000.00	23,000.00	35,126.30	12,126.30
MSHDA Section 8	138,500.00	138,500.00	139,656.00	1,156.00
School liaison officer	31,000.00	31,000.00	30,800.00	(200.00)
Total Federal Grants	192,500.00	192,500.00	205,582.30	13,082.30
Licenses and Permits				
Licenses	3,000.00	3,000.00	4,572.50	1,572.50
Permits	8,000.00	8,000.00	8,490.00	490.00
Total Licenses and Permits	11,000.00	11,000.00	13,062.50	2,062.50
Intergovernmental				
Sales tax	700,000.00	700,000.00	716,833.00	16,833.00
Liquor licenses	11,140.00	11,140.00	23,552.65	12,412.65
Total Intergovernmental	711,140.00	711,140.00	740,385.65	29,245.65
Charges for Services				
Administrative fees	611,401.00	611,401.00	611,581.27	180.27
Copies	4,100.00	4,100.00	4,461.50	361.50
Fire runs and protection	420,237.00	420,237.00	435,808.03	15,571.03
IFT application fee	1,500.00	1,500.00	4,500.00	3,000.00
Other fees	39,958.00	39,958.00	35,612.62	(4,345.38)
Cable franchise fees	100,000.00	100,000.00	116,342.08	16,342.08
Total Charges for Services	1,177,196.00	1,177,196.00	1,208,305.50	31,109.50
Fines and Forfeits				
Court fines	48,000.00	48,000.00	49,461.27	1,461.27

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, 2014

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES - Concluded				
Other Revenues				
Interest on investments	\$ 8,500.00	\$ 8,500.00	\$ 6,556.24	\$ (1,943.76)
Rentals	40,300.00	40,300.00	60,736.00	20,436.00
Reimbursements	83,550.00	83,550.00	97,823.75	14,273.75
Miscellaneous			63,076.28	63,076.28
Sale of tax map books	30.00	30.00	3.00	(27.00)
Contributions	726,470.00	726,470.00	884,792.47	158,322.47
	<u>858,850.00</u>	<u>858,850.00</u>	<u>1,112,987.74</u>	<u>254,137.74</u>
Total Other Revenues				
TOTAL REVENUES	<u>8,365,079.00</u>	<u>8,365,079.00</u>	<u>8,918,586.19</u>	<u>553,507.19</u>
EXPENDITURES				
General Government				
Legislative	36,749.00	36,749.00	31,774.28	4,974.72
Executive/Clerk	483,120.00	483,120.00	470,995.76	12,124.24
Assessor's office	248,616.00	248,616.00	227,412.00	21,204.00
Income tax	210,581.00	210,581.00	202,523.61	8,057.39
Attorney/Jury-Witness	186,760.00	186,760.00	156,365.92	30,394.08
Elections	41,601.00	41,601.00	10,702.49	30,898.51
City Hall	104,520.00	159,520.00	101,283.25	58,236.75
Board of Review	1,480.00	1,480.00	685.34	794.66
Accounting and data processing	465,988.00	465,988.00	483,384.69	(17,396.69)
Cable advisory board	800.00	800.00	119.85	680.15
	<u>1,780,215.00</u>	<u>1,835,215.00</u>	<u>1,685,247.19</u>	<u>149,967.81</u>
Total General Government				
Public Safety				
Police	2,809,066.00	2,809,066.00	2,849,524.13	(40,458.13)
Fire	811,278.00	814,110.00	772,582.54	41,527.46
	<u>3,620,344.00</u>	<u>3,623,176.00</u>	<u>3,622,106.67</u>	<u>1,069.33</u>
Total Public Safety				
Public Works				
Public services	748,540.00	835,112.00	931,929.38	(96,817.38)
	<u>748,540.00</u>	<u>835,112.00</u>	<u>931,929.38</u>	<u>(96,817.38)</u>
Total Public Works				
Community development and enrichment				
	622,347.00	622,347.00	617,310.74	5,036.26
	<u>622,347.00</u>	<u>622,347.00</u>	<u>617,310.74</u>	<u>5,036.26</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, 2014

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES - Concluded				
Other Functions				
Contingency	\$ 101,000.00	\$ 101,000.00	\$ 6,200.00	\$ 94,800.00
Contributions to other units	60,289.00	60,289.00	60,288.31	0.69
Contributions to component units	<u>1,103,856.00</u>	<u>1,103,856.00</u>	<u>1,103,851.35</u>	<u>4.65</u>
Total Other Functions	<u>1,265,145.00</u>	<u>1,265,145.00</u>	<u>1,170,339.66</u>	<u>94,805.34</u>
TOTAL EXPENDITURES	<u>8,036,591.00</u>	<u>8,180,995.00</u>	<u>8,026,933.64</u>	<u>154,061.36</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>328,488.00</u>	<u>184,084.00</u>	<u>891,652.55</u>	<u>707,568.55</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	637,385.00	722,202.00	695,524.34	(26,677.66)
Operating transfers out	<u>(947,914.00)</u>	<u>(1,171,445.00)</u>	<u>(1,141,198.99)</u>	<u>30,246.01</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(310,529.00)</u>	<u>(449,243.00)</u>	<u>(445,674.65)</u>	<u>3,568.35</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	17,959.00	(265,159.00)	445,977.90	711,136.90
FUND BALANCE, JULY 1	<u>2,362,310.12</u>	<u>2,362,310.12</u>	<u>2,362,310.12</u>	
FUND BALANCE, JUNE 30	<u>\$ 2,380,269.12</u>	<u>\$ 2,097,151.12</u>	<u>\$ 2,808,288.02</u>	<u>\$ 711,136.90</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, 2014

	<u>BUDGETED AMOUNTS</u>			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES				
Charges for services	\$ 1,108,600.00	\$ 1,108,600.00	\$ 1,099,041.00	\$ (9,559.00)
Interest and rent	500.00	500.00	51,987.89	51,487.89
Contribution from component units	304,060.00	577,119.00	615,591.22	38,472.22
Other revenues	<u>12,000.00</u>	<u>12,000.00</u>	<u>58,180.13</u>	<u>46,180.13</u>
TOTAL REVENUES	1,425,160.00	1,698,219.00	1,824,800.24	126,581.24
EXPENDITURES				
Culture and recreation	<u>1,923,808.00</u>	<u>2,196,867.00</u>	<u>2,161,247.78</u>	<u>35,619.22</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(498,648.00)	(498,648.00)	(336,447.54)	162,200.46
OTHER FINANCING SOURCES				
Operating transfers in	<u>439,915.00</u>	<u>439,915.00</u>	<u>408,896.37</u>	<u>(31,018.63)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(58,733.00)	(58,733.00)	72,448.83	131,181.83
FUND BALANCE, JULY 1	<u>151,923.80</u>	<u>151,923.80</u>	<u>151,923.80</u>	
FUND BALANCE, JUNE 30	<u>\$ 93,190.80</u>	<u>\$ 93,190.80</u>	<u>\$ 224,372.63</u>	<u>\$ 131,181.83</u>

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NONMAJOR FUNDS

CITY OF LAPEER, MICHIGAN
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE	DEBT SERVICE
ASSETS		
Cash	\$ 466,510.58	\$ 486,119.36
Receivables		
Accounts	2,471.72	1,538.37
Special assessments	6,167.05	353,675.01
Due from		
Other funds	1,410.54	17,420.11
Other units	13,664.78	
State	<u>365,384.77</u>	
TOTAL ASSETS	<u>855,609.44</u>	<u>858,752.85</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>6,891.13</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 862,500.57</u>	<u>\$ 858,752.85</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Payables		
Accounts	\$ 265,847.41	\$
Payroll and payroll taxes	<u>15,482.44</u>	
TOTAL LIABILITIES	<u>281,329.85</u>	
DEFERRED INFLOWS OF RESOURCES		
Special assesment - deferred revenue	<u>6,167.05</u>	<u>353,675.01</u>
FUND BALANCE		
Nonspendable	6,891.13	
Restricted for debt service		505,077.84
Assigned	<u>568,112.54</u>	
TOTAL FUND BALANCE	<u>575,003.67</u>	<u>505,077.84</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 862,500.57</u>	<u>\$ 858,752.85</u>

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 97,498.31	\$ 7,998.19	\$ 1,058,126.44
50,233.45		54,243.54
		359,842.06
		18,830.65
		13,664.78
		365,384.77
<hr/>	<hr/>	<hr/>
147,731.76	7,998.19	1,870,092.24
<hr/>	<hr/>	<hr/>
		6,891.13
\$ <u>147,731.76</u>	\$ <u>7,998.19</u>	\$ <u>1,876,983.37</u>
\$ 378.14	\$	\$ 266,225.55
<hr/>	<hr/>	<hr/>
378.14		15,482.44
<hr/>	<hr/>	<hr/>
		281,707.99
<hr/>	<hr/>	<hr/>
		359,842.06
	7,657.20	14,548.33
	340.99	505,077.84
147,353.62		715,807.15
<hr/>	<hr/>	<hr/>
147,353.62	7,998.19	1,235,433.32
<hr/>	<hr/>	<hr/>
\$ <u>147,731.76</u>	\$ <u>7,998.19</u>	\$ <u>1,876,983.37</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE	DEBT SERVICE
REVENUES		
Taxes and special assessments	\$ 2,635.55	\$ 160,824.78
Intergovernmental	1,052,157.22	
Charges for services	218,008.17	
Interest and rentals	779.97	860.84
Contribution from component units	357,725.75	183,525.41
Other revenues	<u>49,413.14</u>	<u>3,076.74</u>
TOTAL REVENUES	<u><u>1,680,719.80</u></u>	<u><u>348,287.77</u></u>
EXPENDITURES		
Public safety	7,332.85	
Health and welfare	177,867.27	
Community development and enrichment	170,487.83	
Debt service		
Principal retirement		1,002,326.85
Interest and fiscal charges		217,674.72
Other		
Highways and streets	1,882,035.66	
Capital outlay		
TOTAL EXPENDITURES	<u><u>2,237,723.61</u></u>	<u><u>1,220,001.57</u></u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u><u>(557,003.81)</u></u>	<u><u>(871,713.80)</u></u>
OTHER FINANCING SOURCES (USES)		
Proceeds of bond issues and loans		
Operating transfers in	1,215,438.91	853,720.15
Operating transfers out	<u>(300,768.92)</u>	<u>(61,126.36)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u><u>914,669.99</u></u>	<u><u>792,593.79</u></u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	357,666.18	(79,120.01)
FUND BALANCE, JULY 1	<u><u>217,337.49</u></u>	<u><u>584,197.85</u></u>
FUND BALANCE, JUNE 30	<u><u>\$ 575,003.67</u></u>	<u><u>\$ 505,077.84</u></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, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	2014	2013
ASSETS		
Cash	\$ 1,868,516.23	\$ 1,254,388.32
Investments	958,664.00	600,000.00
Receivables		
Accounts	64,774.75	66,603.07
Property taxes	84,835.14	71,506.18
Due from other funds		448,474.53
Due from other governmental units	15,459.60	14,480.23
Due from state	130,668.50	
Inventory	<u>51,368.83</u>	<u>35,898.52</u>
TOTAL ASSETS	<u>3,174,287.05</u>	<u>2,491,350.85</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>100,766.57</u>	<u>240,501.91</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,275,053.62</u>	<u>\$ 2,731,852.76</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 72,566.46	\$ 129,287.92
Accrued payroll and payroll taxes	154,373.40	137,565.28
Due to other funds		18,641.60
Due to other units	186,695.08	64,547.84
Security deposits	<u>53,130.66</u>	<u>19,500.00</u>
TOTAL LIABILITIES	<u>466,765.60</u>	<u>369,542.64</u>
FUND BALANCE		
Nonspendable		
Receivables	64,774.75	66,603.07
Prepaid expenses	100,766.57	240,501.91
Inventory	51,368.83	35,898.52
Unassigned	<u>2,591,377.87</u>	<u>2,019,306.62</u>
TOTAL FUND BALANCE	<u>2,808,288.02</u>	<u>2,362,310.12</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,275,053.62</u>	<u>\$ 2,731,852.76</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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE FAVORABLE (UNFAVORABLE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Taxes				
Property taxes	\$ 2,744,393.00	\$ 2,729,516.66	\$ (14,876.34)	\$ 2,695,469.12
Penalties and interest	77,000.00	98,544.08	21,544.08	104,532.45
City income taxes	<u>2,545,000.00</u>	<u>2,760,740.49</u>	<u>215,740.49</u>	<u>2,619,872.94</u>
Total Taxes	<u>5,366,393.00</u>	<u>5,588,801.23</u>	<u>222,408.23</u>	<u>5,419,874.51</u>
Federal Grants				
Federal Drug Grant (TNU)	23,000.00	35,126.30	12,126.30	24,838.47
MSHDA Section 8	138,500.00	139,656.00	1,156.00	121,357.00
School liaison officer	<u>31,000.00</u>	<u>30,800.00</u>	<u>(200.00)</u>	<u>29,400.00</u>
Total Federal Grants	<u>192,500.00</u>	<u>205,582.30</u>	<u>13,082.30</u>	<u>175,595.47</u>
Licenses and Permits				
Licenses	3,000.00	4,572.50	1,572.50	6,927.50
Permits	<u>8,000.00</u>	<u>8,490.00</u>	<u>490.00</u>	<u>11,400.00</u>
Total Licenses and Permits	<u>11,000.00</u>	<u>13,062.50</u>	<u>2,062.50</u>	<u>18,327.50</u>
Intergovernmental				
Sales tax	700,000.00	716,833.00	16,833.00	697,286.00
Liquor licenses	<u>11,140.00</u>	<u>23,552.65</u>	<u>12,412.65</u>	<u>11,836.55</u>
Total Intergovernmental	<u>711,140.00</u>	<u>740,385.65</u>	<u>29,245.65</u>	<u>709,122.55</u>
Charges for Services				
Administrative fees	611,401.00	611,581.27	180.27	611,625.81
Copies	4,100.00	4,461.50	361.50	4,731.20
Fire runs and protection	420,237.00	435,808.03	15,571.03	434,313.45
IFT application fee	1,500.00	4,500.00	3,000.00	1,000.00
Other fees	39,958.00	35,612.62	(4,345.38)	38,817.62
Cable franchise fees	<u>100,000.00</u>	<u>116,342.08</u>	<u>16,342.08</u>	<u>109,233.93</u>
Total Charges for Services	<u>1,177,196.00</u>	<u>1,208,305.50</u>	<u>31,109.50</u>	<u>1,199,722.01</u>
Fines and Forfeits				
Court fines	<u>48,000.00</u>	<u>49,461.27</u>	<u>1,461.27</u>	<u>44,941.82</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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE	2013
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES - Concluded				
Other Revenues				
Interest on investments	\$ 8,500.00	\$ 6,556.24	\$ (1,943.76)	\$ 9,390.68
Rentals	40,300.00	60,736.00	20,436.00	60,036.00
Reimbursements	83,550.00	97,823.75	14,273.75	85,700.74
Miscellaneous		63,076.28	63,076.28	19,340.32
Sale of tax map books	30.00	3.00	(27.00)	12.00
Contributions	726,470.00	884,792.47	158,322.47	7,932.83
Total Other Revenues	858,850.00	1,112,987.74	254,137.74	182,412.57
TOTAL REVENUES	8,365,079.00	8,918,586.19	553,507.19	7,749,996.43
EXPENDITURES				
General Government				
Legislative	36,749.00	31,774.28	4,974.72	33,441.67
Executive/Clerk	483,120.00	470,995.76	12,124.24	448,465.84
Assessor's office	248,616.00	227,412.00	21,204.00	212,255.60
Income tax	210,581.00	202,523.61	8,057.39	202,885.34
Attorney/Jury-Witness	186,760.00	156,365.92	30,394.08	198,583.96
Elections	41,601.00	10,702.49	30,898.51	18,031.74
City Hall	159,520.00	101,283.25	58,236.75	30,579.59
Board of Review	1,480.00	685.34	794.66	706.92
Accounting and data processing	465,988.00	483,384.69	(17,396.69)	479,060.02
Cable advisory board	800.00	119.85	680.15	130.55
Total General Government	1,835,215.00	1,685,247.19	149,967.81	1,624,141.23
Public Safety				
Police	2,809,066.00	2,849,524.13	(40,458.13)	2,663,323.62
Fire	814,110.00	772,582.54	41,527.46	705,458.66
Total Public Safety	3,623,176.00	3,622,106.67	1,069.33	3,368,782.28
Public Works				
Public services	835,112.00	931,929.38	(96,817.38)	877,642.42
Community development and enrichment	622,347.00	617,310.74	5,036.26	570,969.03

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE	2013
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
EXPENDITURES - Concluded				
Other Functions				
Contingency	\$ 101,000.00	\$ 6,200.00	\$ 94,800.00	\$ 6,825.35
Contributions to other units	60,289.00	60,288.31	0.69	61,616.37
Contributions to component units	<u>1,103,856.00</u>	<u>1,103,851.35</u>	<u>4.65</u>	
Total Other Functions	<u>1,265,145.00</u>	<u>1,170,339.66</u>	<u>94,805.34</u>	<u>68,441.72</u>
TOTAL EXPENDITURES	<u>8,180,995.00</u>	<u>8,026,933.64</u>	<u>154,061.36</u>	<u>6,509,976.68</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>184,084.00</u>	<u>891,652.55</u>	<u>707,568.55</u>	<u>1,240,019.75</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	722,202.00	695,524.34	(26,677.66)	1,273,859.90
Operating transfers out	<u>(1,171,445.00)</u>	<u>(1,141,198.99)</u>	<u>30,246.01</u>	<u>(2,096,175.79)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(449,243.00)</u>	<u>(445,674.65)</u>	<u>3,568.35</u>	<u>(822,315.89)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(265,159.00)	445,977.90	711,136.90	417,703.86
FUND BALANCE, JULY 1	<u>2,362,310.12</u>	<u>2,362,310.12</u>		<u>1,944,606.26</u>
FUND BALANCE, JUNE 30	<u>\$ 2,097,151.12</u>	<u>\$ 2,808,288.02</u>	<u>\$ 711,136.90</u>	<u>\$ 2,362,310.12</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, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	MAJOR STREET	LOCAL STREET
ASSETS		
Cash	\$ 131,097.18	\$ 74,547.28
Special assessment receivable		6,167.05
Accounts receivable	407.75	324.47
Due from other funds		1,410.54
Due from other units		13,664.78
Due from state	<u>92,671.52</u>	<u>272,713.25</u>
TOTAL ASSETS	<u>224,176.45</u>	<u>368,827.37</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>3,478.98</u>	<u>1,998.24</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 227,655.43</u>	<u>\$ 370,825.61</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 121,246.23	\$ 90,723.88
Due to other funds		
Payroll and taxes payable	<u>2,619.22</u>	<u>4,639.74</u>
TOTAL LIABILITIES	<u>123,865.45</u>	<u>95,363.62</u>
DEFERRED INFLOWS OF RESOURCES		
Special assessment deferred revenue		<u>6,167.05</u>
FUND BALANCE		
Nonspendable	3,478.98	1,998.24
Assigned	100,311.00	267,296.70
Unassigned		
TOTAL FUND BALANCE	<u>103,789.98</u>	<u>269,294.94</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 227,655.43</u>	<u>\$ 370,825.61</u>

PARKS AND RECREATION	MT. HOPE CEMETERY	YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT
\$ 300,759.55	\$ 33,499.74	\$ 561.00	\$ 52,363.92	\$ 62,816.32
11,916.70				
3,917.66				
<u>316,593.91</u>	<u>33,499.74</u>	<u>561.00</u>	<u>52,363.92</u>	<u>62,816.32</u>
<u>11,936.27</u>	<u>415.05</u>		<u>856.54</u>	<u>142.32</u>
\$ <u><u>328,530.18</u></u>	\$ <u><u>33,914.79</u></u>	\$ <u><u>561.00</u></u>	\$ <u><u>53,220.46</u></u>	\$ <u><u>62,958.64</u></u>
\$ 62,316.03	\$ 1,030.06	\$	\$ 38,405.06	\$ 1,956.43
<u>41,841.52</u>	<u>4,138.98</u>		<u>3,325.42</u>	<u>759.08</u>
<u>104,157.55</u>	<u>5,169.04</u>		<u>41,730.48</u>	<u>2,715.51</u>
11,936.27	415.05		856.54	142.32
212,436.36	28,330.70	561.00	10,633.44	60,100.81
<u>224,372.63</u>	<u>28,745.75</u>	<u>561.00</u>	<u>11,489.98</u>	<u>60,243.13</u>
\$ <u><u>328,530.18</u></u>	\$ <u><u>33,914.79</u></u>	\$ <u><u>561.00</u></u>	\$ <u><u>53,220.46</u></u>	\$ <u><u>62,958.64</u></u>

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS - Continued

JUNE 30, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
ASSETS		
Cash	\$ 8,522.29	\$ 7,107.40
Special assessment receivable		
Accounts receivable		
Due from other funds		
Due from other units		
Due from state		
	<hr/>	<hr/>
TOTAL ASSETS	<u>8,522.29</u>	<u>7,107.40</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses		
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u><u>8,522.29</u></u>	\$ <u><u>7,107.40</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$	\$
Due to other funds		
Payroll and taxes payable		
	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Special assessment deferred revenue		
	<hr/>	<hr/>
FUND BALANCE		
Nonspendable		
Assigned	8,522.29	7,107.40
Unassigned		
	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>8,522.29</u>	<u>7,107.40</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u><u>8,522.29</u></u>	\$ <u><u>7,107.40</u></u>

D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING	MOBILE TRAINING UNIT
\$ 9,631.80	\$ 11,480.76	\$ 10,361.56	\$ 480.02	\$ 2,798.59
	889.50			
<u>9,631.80</u>	<u>12,370.26</u>	<u>10,361.56</u>	<u>480.02</u>	<u>2,798.59</u>
<u>\$ 9,631.80</u>	<u>\$ 12,370.26</u>	<u>\$ 10,361.56</u>	<u>\$ 480.02</u>	<u>\$ 2,798.59</u>
\$ 1,338.00	\$ 11,147.75	\$	\$	\$
<u>1,338.00</u>	<u>11,147.75</u>			
8,293.80	1,222.51	10,361.56	480.02	2,798.59
<u>8,293.80</u>	<u>1,222.51</u>	<u>10,361.56</u>	<u>480.02</u>	<u>2,798.59</u>
<u>\$ 9,631.80</u>	<u>\$ 12,370.26</u>	<u>\$ 10,361.56</u>	<u>\$ 480.02</u>	<u>\$ 2,798.59</u>

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	INDUSTRIAL RETENTION FACILITY	HOUSING RESOURCE
ASSETS		
Cash	\$	\$ 61,242.72
Special assessment receivable		
Accounts receivable		850.00
Due from other funds		
Due from other units		
Due from state		
	<hr/>	<hr/>
TOTAL ASSETS	<hr/>	<hr/> 62,092.72
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses		
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ <u><u> </u></u>	\$ <u><u>62,092.72</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$	\$
Due to other funds		
Payroll and taxes payable		
	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Special assessment deferred revenue		
	<hr/>	<hr/>
FUND BALANCE		
Nonspendable		
Assigned		62,092.72
Unassigned		
	<hr/>	<hr/>
TOTAL FUND BALANCE	<hr/>	<hr/> 62,092.72
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u><u> </u></u>	\$ <u><u>62,092.72</u></u>

TOTAL SPECIAL REVENUE 2014	ELIMINATION OF MAJOR FUNDS	TOTAL NON- MAJOR SPECIAL REVENUE 2014	TOTAL SPECIAL REVENUE 2013
\$ 767,270.13	\$ (300,759.55)	\$ 466,510.58	\$ 727,674.67
6,167.05		6,167.05	8,120.29
14,388.42	(11,916.70)	2,471.72	6,476.58
1,410.54		1,410.54	1,530.34
17,582.44	(3,917.66)	13,664.78	
<u>365,384.77</u>		<u>365,384.77</u>	<u>147,745.04</u>
<u>1,172,203.35</u>	<u>(316,593.91)</u>	<u>855,609.44</u>	<u>891,546.92</u>
<u>18,827.40</u>	<u>(11,936.27)</u>	<u>6,891.13</u>	<u>11,742.83</u>
<u>\$ 1,191,030.75</u>	<u>\$ (328,530.18)</u>	<u>\$ 862,500.57</u>	<u>\$ 903,289.75</u>
\$ 328,163.44	\$ (62,316.03)	\$ 265,847.41	\$ 396,999.87
<u>57,323.96</u>	<u>(41,841.52)</u>	<u>15,482.44</u>	<u>80,597.04</u>
<u>385,487.40</u>	<u>(104,157.55)</u>	<u>281,329.85</u>	<u>48,311.26</u>
<u>6,167.05</u>		<u>6,167.05</u>	<u>525,908.17</u>
<u>18,827.40</u>	<u>(11,936.27)</u>	<u>6,891.13</u>	<u>8,120.29</u>
<u>780,548.90</u>	<u>(212,436.36)</u>	<u>568,112.54</u>	<u>11,742.83</u>
<u>799,376.30</u>	<u>(224,372.63)</u>	<u>575,003.67</u>	<u>589,430.58</u>
<u>\$ 1,191,030.75</u>	<u>\$ (328,530.18)</u>	<u>\$ 862,500.57</u>	<u>\$ 903,289.75</u>
			<u>(231,912.12)</u>
			<u>369,261.29</u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	MAJOR STREET	LOCAL STREET
REVENUES		
Taxes and special assessments	\$	\$ 2,635.55
Charges for services		
Intergovernmental		
Federal		248,729.37
State	645,222.02	145,677.43
Interest and rent	55.39	369.86
Donations		
Contribution from component units	303,619.04	
Other revenue	<u>1,152.98</u>	<u>35,556.61</u>
TOTAL REVENUES	<u>950,049.43</u>	<u>432,968.82</u>
EXPENDITURES		
Highways and streets	1,362,509.01	519,526.65
Culture and recreation		
Health and welfare		
Community development and enrichment		
Public safety		
TOTAL EXPENDITURES	<u>1,362,509.01</u>	<u>519,526.65</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(412,459.58)</u>	<u>(86,557.83)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	869,171.68	217,289.58
Operating transfers out	<u>(121,010.00)</u>	<u>(81,748.00)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>748,161.68</u>	<u>135,541.58</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	335,702.10	48,983.75
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1	<u>(231,912.12)</u>	<u>220,311.19</u>
FUND BALANCE, JUNE 30	<u>\$ 103,789.98</u>	<u>\$ 269,294.94</u>

PARKS AND RECREATION	MT. HOPE CEMETERY	YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT
\$ 1,088,041.00	\$ 35,748.97	\$	\$ 175,533.70	\$
30,113.43				
62,987.89	67.64	1.65	70.78	111.94
17,116.70				
615,591.22				54,106.71
10,950.00			9,914.05	
<u>1,824,800.24</u>	<u>35,816.61</u>	<u>1.65</u>	<u>185,518.53</u>	<u>54,218.65</u>
2,161,247.78	177,867.27			
			140,329.85	24,314.40
<u>2,161,247.78</u>	<u>177,867.27</u>		<u>140,329.85</u>	<u>24,314.40</u>
(336,447.54)	(142,050.66)	1.65	45,188.68	29,904.25
408,896.37	126,462.65		(42,802.00)	(27,272.00)
<u>408,896.37</u>	<u>126,462.65</u>		<u>(42,802.00)</u>	<u>(27,272.00)</u>
72,448.83	(15,588.01)	1.65	2,386.68	2,632.25
<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><u>224,372.63</u></u>	\$ <u><u>28,745.75</u></u>	\$ <u><u>561.00</u></u>	\$ <u><u>11,489.98</u></u>	\$ <u><u>60,243.13</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
REVENUES		
Taxes and special assessments	\$	\$
Charges for services		
Intergovernmental		
Federal		
State		
Interest and rent	17.26	13.95
Donations		
Contribution from component units		
Other revenue		<u>727.00</u>
TOTAL REVENUES	<u>17.26</u>	<u>740.95</u>
EXPENDITURES		
Highways and streets		
Culture and recreation		
Health and welfare		
Community development and enrichment		
Public safety	<u>483.45</u>	<u>1,292.00</u>
TOTAL EXPENDITURES	<u>483.45</u>	<u>1,292.00</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(466.19)</u>	<u>(551.05)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	2,515.00	
Operating transfers out		
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,515.00</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	2,048.81	(551.05)
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1	<u>6,473.48</u>	<u>7,658.45</u>
FUND BALANCE, JUNE 30	<u>\$ 8,522.29</u>	<u>\$ 7,107.40</u>

D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING	MOBILE TRAINING UNIT
\$	\$	\$	\$	\$
	6,725.50			
19.24	24.75	20.02	3,829.40	5.47
1,600.00			2.02	
		462.50		
<u>1,619.24</u>	<u>6,750.25</u>	<u>482.52</u>	<u>3,831.42</u>	<u>5.47</u>
	1,705.75			
1,713.00		15.00	3,829.40	
<u>1,713.00</u>	<u>1,705.75</u>	<u>15.00</u>	<u>3,829.40</u>	
	5,044.50	467.52	2.02	5.47
<u>(93.76)</u>	<u>(7,936.92)</u>			
	<u>(7,936.92)</u>			
(93.76)	(2,892.42)	467.52	2.02	5.47
<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><u>8,293.80</u></u>	\$ <u><u>1,222.51</u></u>	\$ <u><u>10,361.56</u></u>	\$ <u><u>480.02</u></u>	\$ <u><u>2,798.59</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	INDUSTRIAL RETENTION FACILITY	HOUSING RESOURCE
REVENUES		
Taxes and special assessments	\$	\$
Charges for services		
Intergovernmental		
Federal		8,699.00
State		
Interest and rent		
Donations		
Contribution from component units		
Other revenue		
	<hr/>	<hr/>
TOTAL REVENUES		8,699.00
	<hr/>	<hr/>
EXPENDITURES		
Highways and streets		
Culture and recreation		
Health and welfare		
Community development and enrichment		4,137.83
Public safety		
	<hr/>	<hr/>
TOTAL EXPENDITURES		4,137.83
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		4,561.17
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Operating transfers in		
Operating transfers out		(20,000.00)
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)		(20,000.00)
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		(15,438.83)
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1		77,531.55
	<hr/>	<hr/>
FUND BALANCE, JUNE 30	\$	\$ 62,092.72
	<hr/> <hr/>	<hr/> <hr/>

TOTAL SPECIAL REVENUE 2014	ELIMINATION OF MAJOR FUNDS	TOTAL NON- MAJOR SPECIAL REVENUE 2014	SPECIAL REVENUE 2013
\$ 2,635.55	\$	\$ 2,635.55	\$ 4,734.37
1,306,049.17	(1,088,041.00)	218,008.17	1,246,827.98
257,428.37		257,428.37	403,795.10
824,842.28	(30,113.43)	794,728.85	756,653.84
63,767.86	(62,987.89)	779.97	94,777.44
18,716.70	(17,116.70)	1,600.00	5,660.00
973,316.97	(615,591.22)	357,725.75	
58,763.14	(10,950.00)	47,813.14	57,554.84
<u>3,505,520.04</u>	<u>(1,824,800.24)</u>	<u>1,680,719.80</u>	<u>2,570,003.57</u>
1,882,035.66		1,882,035.66	1,359,179.20
2,161,247.78	(2,161,247.78)		1,737,688.53
177,867.27		177,867.27	172,751.62
170,487.83		170,487.83	396,884.75
7,332.85		7,332.85	7,710.73
<u>4,398,971.39</u>	<u>(2,161,247.78)</u>	<u>2,237,723.61</u>	<u>3,674,214.83</u>
<u>(893,451.35)</u>	<u>(336,447.54)</u>	<u>(557,003.81)</u>	<u>(1,104,211.26)</u>
1,624,335.28	(408,896.37)	1,215,438.91	895,565.23
<u>(300,768.92)</u>		<u>(300,768.92)</u>	<u>(704,168.16)</u>
<u>1,323,566.36</u>	<u>(408,896.37)</u>	<u>914,669.99</u>	<u>191,397.07</u>
430,115.01	(72,448.83)	357,666.18	(912,814.19)
			27,672.64
<u>369,261.29</u>	<u>(151,923.80)</u>	<u>217,337.49</u>	<u>1,254,402.84</u>
<u>\$ 799,376.30</u>	<u>\$ (224,372.63)</u>	<u>\$ 575,003.67</u>	<u>\$ 369,261.29</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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE	2013
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
State grants	\$ 512,703.00	\$ 645,222.02	\$ 132,519.02	\$ 588,598.81
Federal grant	375,000.00		(375,000.00)	143,828.10
Interest on investments		55.39	55.39	77.61
Contribution from component units	313,567.00	303,619.04	(9,947.96)	
Other revenue		1,152.98	1,152.98	2,544.52
TOTAL REVENUES	1,201,270.00	950,049.43	(251,220.57)	735,049.04
EXPENDITURES				
Highways and streets	2,175,463.00	1,362,509.01	812,953.99	1,196,735.49
DEFICIENCY OF REVENUES OVER EXPENDITURES	(974,193.00)	(412,459.58)	561,733.42	(461,686.45)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,038,462.00	869,171.68	(169,290.32)	101,023.24
Operating transfers out	(142,022.00)	(121,010.00)	21,012.00	(48,741.66)
TOTAL OTHER FINANCING SOURCES (USES)	896,440.00	748,161.68	(148,278.32)	52,281.58
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(77,753.00)	335,702.10	413,455.10	(409,404.87)
FUND BALANCE, JULY 1	(231,912.12)	(231,912.12)		149,820.11
PRIOR PERIOD ADJUSTMENT				27,672.64
FUND BALANCE, JUNE 30	\$ (309,665.12)	\$ 103,789.98	\$ 413,455.10	\$ (231,912.12)

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE	2013
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Special assessments	\$ 1,921.00	\$ 2,635.55	\$ 714.55	\$ 4,734.37
State grants	139,239.00	145,677.43	6,438.43	141,210.54
Federal grants	611,700.00	248,729.37	(362,970.63)	
Interest on investments		369.86	369.86	453.10
Other revenue	164,714.00	35,556.61	(129,157.39)	2,778.70
TOTAL REVENUES	917,574.00	432,968.82	(484,605.18)	149,176.71
EXPENDITURES				
Highways and streets	1,220,449.00	519,526.65	700,922.35	162,443.71
DEFICIENCY OF REVENUES OVER EXPENDITURES	(302,875.00)	(86,557.83)	216,317.17	(13,267.00)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	307,226.00	217,289.58	(89,936.42)	126,768.64
Operating transfers out	(81,748.00)	(81,748.00)		(83,439.00)
TOTAL OTHER FINANCING SOURCES (USES)	225,478.00	135,541.58	(89,936.42)	43,329.64
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(77,397.00)	48,983.75	126,380.75	30,062.64
FUND BALANCE, JULY 1	220,311.19	220,311.19		190,248.55
FUND BALANCE, JUNE 30	\$ 142,914.19	\$ 269,294.94	\$ 126,380.75	\$ 220,311.19

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE	2013
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	\$ 1,108,600.00	\$ 1,088,041.00	\$ (20,559.00)	\$ 1,081,308.82
Interest and rent	500.00	62,987.89	62,487.89	48,713.64
Other revenues	12,000.00	28,066.70	16,066.70	17,744.62
Contribution from component units	577,119.00	615,591.22	38,472.22	
Intergovernmental State		30,113.43	30,113.43	23,206.49
	1,698,219.00	1,824,800.24	126,581.24	1,170,973.57
EXPENDITURES				
Culture and recreation	2,196,867.00	2,161,247.78	35,619.22	1,737,688.53
DEFICIENCY OF REVENUES OVER EXPENDITURES	(498,648.00)	(336,447.54)	162,200.46	(566,714.96)
OTHER FINANCING SOURCES				
Operating transfers in	439,915.00	408,896.37	(31,018.63)	514,741.83
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(58,733.00)	72,448.83	131,181.83	(51,973.13)
FUND BALANCE, JULY 1	151,923.80	151,923.80		203,896.93
FUND BALANCE, JUNE 30	\$ 93,190.80	\$ 224,372.63	\$ 131,181.83	\$ 151,923.80

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE FAVORABLE (UNFAVORABLE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for services	\$ 38,000.00	\$ 35,748.97	\$ (2,251.03)	\$ 31,216.47
Interest on investments	90.00	67.64	(22.36)	147.14
Other revenue				150.00
TOTAL REVENUES	38,090.00	35,816.61	(2,273.39)	31,513.61
EXPENDITURES				
Health and welfare	185,865.00	177,867.27	7,997.73	172,751.62
DEFICIENCY OF REVENUES OVER EXPENDITURES	(147,775.00)	(142,050.66)	5,724.34	(141,238.01)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	126,452.00	126,462.65	10.65	126,465.73
Operating transfers out				(14,374.00)
TOTAL OTHER FINANCING SOURCES (USES)	126,452.00	126,462.65	10.65	112,091.73
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(21,323.00)	(15,588.01)	5,734.99	(29,146.28)
FUND BALANCE, JULY 1	44,333.76	44,333.76		73,480.04
FUND BALANCE, JUNE 30	\$ 23,010.76	\$ 28,745.75	\$ 5,734.99	\$ 44,333.76

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest income	\$ _____	\$ _____ 1.65	\$ _____ 1.65	\$ _____ 2.40
EXCESS OF REVENUES OVER EXPENDITURES		1.65	1.65	2.40
FUND BALANCE, JULY 1	_____ 559.35	_____ 559.35	_____	_____ 556.95
FUND BALANCE, JUNE 30	\$ _____ 559.35	\$ _____ 561.00	\$ _____ 1.65	\$ _____ 559.35

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE FAVORABLE (UNFAVORABLE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for services	\$ 182,610.00	\$ 175,533.70	\$ (7,076.30)	\$ 129,887.69
Interest on investments		70.78	70.78	68.14
Other revenues	<u>100.00</u>	<u>9,914.05</u>	<u>9,814.05</u>	<u>200.00</u>
TOTAL REVENUES	182,710.00	185,518.53	2,808.53	130,155.83
EXPENDITURES				
Community development and enrichment	<u>128,928.00</u>	<u>140,329.85</u>	<u>(11,401.85)</u>	<u>114,726.15</u>
EXCESS OF REVENUES OVER EXPENDITURES	53,782.00	45,188.68	(8,593.32)	15,429.68
OTHER FINANCING USES				
Operating transfers out	<u>(42,802.00)</u>	<u>(42,802.00)</u>		<u>(30,000.00)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	10,980.00	2,386.68	(8,593.32)	(14,570.32)
FUND BALANCE, JULY 1	<u>9,103.30</u>	<u>9,103.30</u>		<u>23,673.62</u>
FUND BALANCE, JUNE 30	<u><u>\$ 20,083.30</u></u>	<u><u>\$ 11,489.98</u></u>	<u><u>\$ (8,593.32)</u></u>	<u><u>\$ 9,103.30</u></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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE FAVORABLE (UNFAVORABLE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest and rent	\$	\$ 111.94	\$ 111.94	\$ 44,581.34
Contribution from component units	<u>54,107.00</u>	<u>54,106.71</u>	<u>(0.29)</u>	<u> </u>
TOTAL REVENUES	54,107.00	54,218.65	111.65	44,581.34
EXPENDITURES				
Community development and enrichment	<u>26,835.00</u>	<u>24,314.40</u>	<u>2,520.60</u>	<u>26,893.59</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>27,272.00</u>	<u>29,904.25</u>	<u>2,632.25</u>	<u>17,687.75</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				26,565.79
Operating transfers out	<u>(27,272.00)</u>	<u>(27,272.00)</u>	<u> </u>	<u>(26,566.00)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(27,272.00)</u>	<u>(27,272.00)</u>	<u> </u>	<u>(0.21)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		2,632.25	2,632.25	17,687.54
FUND BALANCE, JULY 1	<u>57,610.88</u>	<u>57,610.88</u>	<u> </u>	<u>39,923.34</u>
FUND BALANCE, JUNE 30	<u>\$ 57,610.88</u>	<u>\$ 60,243.13</u>	<u>\$ 2,632.25</u>	<u>\$ 57,610.88</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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE FAVORABLE (UNFAVORABLE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest	\$	\$ 17.26	\$ 17.26	\$ 16.38
Other revenue	<u>250.00</u>	<u> </u>	<u>(250.00)</u>	<u> </u>
TOTAL REVENUES	250.00	17.26	(232.74)	16.38
EXPENDITURES				
Public safety	<u>2,765.00</u>	<u>483.45</u>	<u>2,281.55</u>	<u>287.70</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,515.00)	(466.19)	2,048.81	(271.32)
OTHER FINANCING SOURCES				
Operating transfers in	<u>2,515.00</u>	<u>2,515.00</u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES		2,048.81	2,048.81	(271.32)
FUND BALANCE, JULY 1	<u>6,473.48</u>	<u>6,473.48</u>	<u> </u>	<u>6,744.80</u>
FUND BALANCE, JUNE 30	<u>\$ 6,473.48</u>	<u>\$ 8,522.29</u>	<u>\$ 2,048.81</u>	<u>\$ 6,473.48</u>

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE FAVORABLE (UNFAVORABLE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest earnings	\$	\$	\$	\$
Other revenues	500.00	727.00	227.00	490.00
	500.00	727.00	227.00	490.00
TOTAL REVENUES	500.00	740.95	240.95	514.69
EXPENDITURES				
Public safety	2,600.00	1,292.00	1,308.00	2,663.83
	2,600.00	1,292.00	1,308.00	2,663.83
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,100.00)	(551.05)	1,548.95	(2,149.14)
FUND BALANCE, JULY 1	7,658.45	7,658.45		9,807.59
	7,658.45	7,658.45		9,807.59
FUND BALANCE, JUNE 30	\$ 5,558.45	\$ 7,107.40	\$ 1,548.95	\$ 7,658.45
	5,558.45	7,107.40	1,548.95	7,658.45

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE	2013
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	\$	\$	\$	\$
Other revenues	1,000.00	1,600.00	600.00	625.00
	1,000.00	1,619.24	619.24	648.25
TOTAL REVENUES				
EXPENDITURES				
Public safety	2,500.00	1,713.00	787.00	1,184.00
	2,500.00	1,713.00	787.00	1,184.00
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,500.00)	(93.76)	1,406.24	(535.75)
FUND BALANCE, JULY 1	8,387.56	8,387.56		8,923.31
FUND BALANCE, JUNE 30	\$ 6,887.56	\$ 8,293.80	\$ 1,406.24	\$ 8,387.56

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE FAVORABLE (UNFAVORABLE)	2013
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for services	\$ 15,000.00	\$ 6,725.50	\$ (8,274.50)	\$ 4,415.00
Interest earnings		24.75	24.75	42.59
	15,000.00	6,750.25	(8,249.75)	4,457.59
TOTAL REVENUES				
EXPENDITURES				
Community development and enrichment	10,000.00	1,705.75	8,294.25	5,579.00
	10,000.00	1,705.75	8,294.25	5,579.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,000.00	5,044.50	44.50	(1,121.41)
OTHER FINANCING USES				
Operating transfers out	(5,000.00)	(7,936.92)	(2,936.92)	(5,407.95)
	(5,000.00)	(7,936.92)	(2,936.92)	(5,407.95)
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER USES		(2,892.42)	(2,892.42)	(6,529.36)
FUND BALANCE, JULY 1	4,114.93	4,114.93		10,644.29
FUND BALANCE, JUNE 30	\$ 4,114.93	\$ 1,222.51	\$ (2,892.42)	\$ 4,114.93

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FORFEITURE
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014		VARIANCE	2013
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	\$	\$ 20.02	\$ 20.02	\$ 25.23
Other revenue	<u>250.00</u>	<u>462.50</u>	<u>212.50</u>	<u>279.00</u>
TOTAL REVENUES	250.00	482.52	232.52	304.23
EXPENDITURES				
Public safety	<u>1,000.00</u>	<u>15.00</u>	<u>985.00</u>	<u></u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(750.00)	467.52	1,217.52	304.23
FUND BALANCE, JULY 1	<u>9,894.04</u>	<u>9,894.04</u>	<u></u>	<u>9,589.81</u>
FUND BALANCE, JUNE 30	\$ <u><u>9,144.04</u></u>	\$ <u><u>10,361.56</u></u>	\$ <u><u>1,217.52</u></u>	\$ <u><u>9,894.04</u></u>

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, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
State grants	\$ 4,200.00	\$ 3,829.40	\$ (370.60)	\$ 3,638.00
Interest earnings		2.02	2.02	2.17
	4,200.00	3,831.42	(368.58)	3,640.17
TOTAL REVENUES				
EXPENDITURES				
Public safety	4,200.00	3,829.40	370.60	3,638.00
	4,200.00	3,829.40	370.60	3,638.00
EXCESS OF REVENUES OVER EXPENDITURES		2.02	2.02	2.17
FUND BALANCE, JULY 1	478.00	478.00		475.83
FUND BALANCE, JUNE 30	\$ 478.00	\$ 480.02	\$ 2.02	\$ 478.00

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, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest and rentals	\$ 100.00	\$ 5.47	\$ (94.53)	\$ 181.47
EXPENDITURES				
Public safety	<u>100.00</u>	<u> </u>	<u>100.00</u>	<u>(113.52)</u>
EXCESS OF REVENUES OVER EXPENDITURES		5.47	5.47	294.99
FUND BALANCE, JULY 1	<u>2,793.12</u>	<u>2,793.12</u>		<u>2,498.13</u>
FUND BALANCE, JUNE 30	<u><u>\$ 2,793.12</u></u>	<u><u>\$ 2,798.59</u></u>	<u><u>\$ 5.47</u></u>	<u><u>\$ 2,793.12</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
INDUSTRIAL RETENTION FACILITY
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest and rentals	\$	\$	\$	\$ 418.29
EXPENDITURES				
Public safety				50.72
EXCESS OF REVENUES OVER EXPENDITURES				367.57
OTHER FINANCING USES				
Operating transfers out				(475,639.55)
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER USES				(475,271.98)
FUND BALANCE, JULY 1				475,271.98
FUND BALANCE, JUNE 30	\$	\$	\$	\$

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING RESOURCE FUND
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	<u>2014</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>2013</u>
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Federal grants	\$ 286,000.00	\$ 8,699.00	\$ (277,301.00)	\$ 259,967.00
Other revenues	<u>130,000.00</u>	<u> </u>	<u>(130,000.00)</u>	<u>38,403.00</u>
TOTAL REVENUES	416,000.00	8,699.00	(407,301.00)	298,370.00
EXPENDITURES				
Community development and enrichment	<u>396,000.00</u>	<u>4,137.83</u>	<u>391,862.17</u>	<u>249,686.01</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>20,000.00</u>	<u>4,561.17</u>	<u>(15,438.83)</u>	<u>48,683.99</u>
OTHER FINANCING USES				
Operating transfers out	<u>(20,000.00)</u>	<u>(20,000.00)</u>	<u> </u>	<u>(20,000.00)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES		(15,438.83)	(15,438.83)	28,683.99
FUND BALANCE, JULY 1	<u>77,531.55</u>	<u>77,531.55</u>	<u> </u>	<u>48,847.56</u>
FUND BALANCE, JUNE 30	<u>\$ 77,531.55</u>	<u>\$ 62,092.72</u>	<u>\$ (15,438.83)</u>	<u>\$ 77,531.55</u>

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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 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, 2013 General Obligation Limited Tax 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, and 2001 Building Authority Bonds.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

JUNE 30, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS	2008 GENERAL OBLIGATION LIMITED TAX BONDS
ASSETS			
Cash	\$ 941.38	\$ 32,704.90	\$ 184.55
Assessments receivable			
Accounts receivable			
Prepaid expenses			
Due from other funds			
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>941.38</u>	\$ <u>32,704.90</u>	\$ <u>184.55</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$	\$
Due to other funds			
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/>	<hr/>	<hr/>
 DEFERRED INFLOWS OF RESOURCES			
Special assessments			
	<hr/>	<hr/>	<hr/>
 FUND BALANCE			
Restricted for debt service	<u>941.38</u>	<u>32,704.90</u>	<u>184.55</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u>941.38</u>	\$ <u>32,704.90</u>	\$ <u>184.55</u>

2008 SERIES A GENERAL OBLIGATION LIMITED TAX BONDS	2009 GENERAL OBLIGATION LIMITED TAX BONDS	2010 GENERAL OBLIGATION LIMITED TAX BONDS	2013 GENERAL OBLIGATION LIMITED TAX BONDS	2003 SPECIAL ASSESSMENT BONDS
\$ 8,666.98	\$ 2,883,005.56 4,528,239.31	\$ 1,206.30	\$ 5,291.00	\$
<hr/> \$ 8,666.98	<hr/> 330,048.63 \$ 7,741,293.50	<hr/> 1,206.30	<hr/> 5,291.00	<hr/>
<hr/> \$	<hr/> \$	<hr/> \$	<hr/> \$	<hr/> \$
<hr/> 8,666.98	<hr/> 4,528,239.31 <hr/> 3,213,054.19	<hr/> 1,206.30	<hr/> 5,291.00	<hr/>
\$ 8,666.98	\$ 7,741,293.50	\$ 1,206.30	\$ 5,291.00	\$

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS - Continued

JUNE 30, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS	2008 SPECIAL ASSESSMENT BONDS
ASSETS			
Cash	\$ 21,930.52	\$ 112,778.61	\$
Assessments receivable	35,687.06	10,884.52	
Accounts receivable			
Prepaid expenses			
Due from other funds	<u>7,775.18</u>	<u>769.46</u>	<u> </u>
TOTAL ASSETS	\$ <u><u>65,392.76</u></u>	\$ <u><u>124,432.59</u></u>	\$ <u><u> </u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$	\$
Due to other funds	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>	<u> </u>
 DEFERRED INFLOWS OF RESOURCES			
Special assessments	<u>35,687.06</u>	<u>10,884.52</u>	<u> </u>
 FUND BALANCE			
Restricted for debt service	<u>29,705.70</u>	<u>113,548.07</u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u><u>65,392.76</u></u>	\$ <u><u>124,432.59</u></u>	\$ <u><u> </u></u>

2008 SERIES A SPECIAL ASSESSMENT BONDS	2010 SPECIAL ASSESSMENT BONDS	2011 SPECIAL ASSESSMENT BONDS	2005 EQUIPMENT FINANCING	2008 EQUIPMENT FINANCING
\$ 35,569.38	\$ 107,165.82	\$ 150,729.51	\$ 114.21	\$ 2,313.27
18,938.17	103,839.63	184,325.63		1,538.37
<u>570.82</u>	<u>4,622.69</u>	<u>3,681.96</u>		
\$ <u><u>55,078.37</u></u>	\$ <u><u>215,628.14</u></u>	\$ <u><u>338,737.10</u></u>	\$ <u><u>114.21</u></u>	\$ <u><u>3,851.64</u></u>
\$	\$	\$	\$	\$
<u>18,938.17</u>	<u>103,839.63</u>	<u>184,325.63</u>		
<u>36,140.20</u>	<u>111,788.51</u>	<u>154,411.47</u>	<u>114.21</u>	<u>3,851.64</u>
\$ <u><u>55,078.37</u></u>	\$ <u><u>215,628.14</u></u>	\$ <u><u>338,737.10</u></u>	\$ <u><u>114.21</u></u>	\$ <u><u>3,851.64</u></u>

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - Concluded
JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR JUNE 30, 2013.

	2008 SERIES A EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
ASSETS			
Cash	\$ 2.05	\$	\$ 6,520.88
Assessments receivable			
Accounts receivable			
Prepaid expenses			
Due from other funds			
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 2.05	\$	\$ 6,520.88
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$	\$
Due to other funds			
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/>	<hr/>	<hr/>
 DEFERRED INFLOWS OF RESOURCES			
Special assessments			
	<hr/>	<hr/>	<hr/>
 FUND BALANCE			
Restricted for debt service	<hr/> 2.05	<hr/>	<hr/> 6,520.88
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 2.05	\$	\$ 6,520.88
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

TOTAL DEBT SERVICE 2014	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR DEBT SERVICE 2014	TOTAL DEBT SERVICE 2013
\$ 3,369,124.92	\$ (2,883,005.56)	\$ 486,119.36	\$ 2,133,238.78
4,881,914.32	(4,528,239.31)	353,675.01	7,156,243.71
1,538.37		1,538.37	
<u>347,468.74</u>	<u>(330,048.63)</u>	<u>17,420.11</u>	<u>12,288.75</u>
\$ <u><u>8,600,046.35</u></u>	\$ <u><u>(7,741,293.50)</u></u>	\$ <u><u>858,752.85</u></u>	\$ <u><u>9,536,208.29</u></u>
\$ _____	\$ _____	\$ _____	\$ 2,666.25
_____	_____	_____	<u>3,374.67</u>
_____	_____	_____	<u>6,040.92</u>
<u>4,881,914.32</u>	<u>(4,528,239.31)</u>	<u>353,675.01</u>	<u>7,156,243.71</u>
<u>3,718,132.03</u>	<u>(3,213,054.19)</u>	<u>505,077.84</u>	<u>2,373,923.66</u>
\$ <u><u>8,600,046.35</u></u>	\$ <u><u>(7,741,293.50)</u></u>	\$ <u><u>858,752.85</u></u>	\$ <u><u>9,536,208.29</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS	2008 GENERAL OBLIGATION LIMITED TAX BONDS
REVENUES			
Taxes and special assessments	\$ 1.44	\$ 53.01	\$ 0.11
Interest earnings			
Other revenues			
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1.44	53.01	0.11
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Debt Service			
Principal retirement	55,000.00	10,000.00	345,000.00
Interest and fiscal charges	7,175.00	2,497.50	88,025.00
Other			
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	62,175.00	12,497.50	433,025.00
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(62,173.56)	(12,444.49)	(433,024.89)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	61,688.00	4,098.00	433,025.00
Operating transfers out			
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	61,688.00	4,098.00	433,025.00
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(485.56)	(8,346.49)	0.11
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JULY 1	1,426.94	41,051.39	184.44
	<hr/>	<hr/>	<hr/>
FUND BALANCE, JUNE 30	\$ 941.38	\$ 32,704.90	\$ 184.55
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

2008 SERIES A GENERAL OBLIGATION LIMITED TAX BONDS	2009 GENERAL OBLIGATION LIMITED TAX BONDS	2010 GENERAL OBLIGATION LIMITED TAX BONDS	2013 GENERAL OBLIGATION LIMITED TAX BONDS	2003 SPECIAL ASSESSMENT BONDS
\$ 15.94	\$ 2,583,640.82	\$ 1.44	\$ 14.00	\$ 75.74
<u>15.94</u>	<u>2,863.48</u>	<u>1.44</u>	<u>10,648.00</u>	<u>75.74</u>
<u>15.94</u>	<u>2,586,504.30</u>	<u>1.44</u>	<u>10,662.00</u>	<u>75.74</u>
15,000.00	685,000.00	20,000.00		
3,061.25	138,272.50	5,200.00	11,935.00	
<u>18,061.25</u>	<u>823,272.50</u>	<u>25,200.00</u>	<u>11,935.00</u>	
<u>(18,045.31)</u>	<u>1,763,231.80</u>	<u>(25,198.56)</u>	<u>(1,273.00)</u>	<u>75.74</u>
15,962.00	144,504.00	25,200.00	6,564.00	
<u>15,962.00</u>	<u>(484,407.42)</u>	<u>25,200.00</u>	<u>6,564.00</u>	<u>(61,014.78)</u>
<u>15,962.00</u>	<u>(339,903.42)</u>	<u>25,200.00</u>	<u>6,564.00</u>	<u>(61,014.78)</u>
(2,083.31)	1,423,328.38	1.44	5,291.00	(60,939.04)
<u>10,750.29</u>	<u>1,789,725.81</u>	<u>1,204.86</u>	<u>5,291.00</u>	<u>60,939.04</u>
\$ <u><u>8,666.98</u></u>	\$ <u><u>3,213,054.19</u></u>	\$ <u><u>1,206.30</u></u>	\$ <u><u>5,291.00</u></u>	\$ <u><u>60,939.04</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS	2008 SPECIAL ASSESSMENT BONDS
REVENUES			
Taxes and special assessments	\$ 23,138.57	\$ 5,377.19	\$
Interest earnings	41.47	180.86	0.78
Other revenues	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>23,180.04</u>	<u>5,558.05</u>	<u>0.78</u>
EXPENDITURES			
Debt Service			
Principal retirement	30,000.00	20,000.00	
Interest and fiscal charges	3,817.50	3,682.50	
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>33,817.50</u>	<u>23,682.50</u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,637.46)</u>	<u>(18,124.45)</u>	<u>0.78</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out	<u> </u>	<u> </u>	<u>(111.58)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> </u>	<u> </u>	<u>(111.58)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(10,637.46)</u>	<u>(18,124.45)</u>	<u>(110.80)</u>
FUND BALANCE, JULY 1	<u>40,343.16</u>	<u>131,672.52</u>	<u>110.80</u>
FUND BALANCE, JUNE 30	<u>\$ 29,705.70</u>	<u>\$ 113,548.07</u>	<u>\$</u>

2008 SERIES A SPECIAL ASSESSMENT BONDS	2010 SPECIAL ASSESSMENT BONDS	2011 SPECIAL ASSESSMENT BONDS	2005 EQUIPMENT FINANCING	2008 EQUIPMENT FINANCING
\$ 6,902.78 58.93	\$ 38,629.06 173.30	\$ 86,777.18 223.05	\$ 0.11 14,319.33	\$ 5.49 161,634.82
<u>6,961.71</u>	<u>38,802.36</u>	<u>87,000.23</u>	<u>14,319.44</u>	<u>161,640.31</u>
10,000.00 1,777.50	40,000.00 9,010.00	30,000.00 16,875.00	11,380.11 2,939.22	147,167.20 31,228.20
<u>11,777.50</u>	<u>49,010.00</u>	<u>46,875.00</u>	<u>14,319.33</u>	<u>178,395.40</u>
<u>(4,815.79)</u>	<u>(10,207.64)</u>	<u>40,125.23</u>	<u>0.11</u>	<u>(16,755.09)</u>
				16,761.00
				<u>16,761.00</u>
(4,815.79)	(10,207.64)	40,125.23	0.11	5.91
<u>40,955.99</u>	<u>121,996.15</u>	<u>114,286.24</u>	<u>114.10</u>	<u>3,845.73</u>
<u>\$ 36,140.20</u>	<u>\$ 111,788.51</u>	<u>\$ 154,411.47</u>	<u>\$ 114.21</u>	<u>\$ 3,851.64</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2008 SERIES A EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
REVENUES			
Taxes and special assessments	\$	\$	\$
Interest earnings		2.03	13.14
Other revenues	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u> </u>	<u> 2.03</u>	<u> 13.14</u>
EXPENDITURES			
Debt Service			
Principal retirement	28,779.54	100,000.00	140,000.00
Interest and fiscal charges	7,611.05	2,225.00	20,615.00
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u> 36,390.59</u>	<u> 102,225.00</u>	<u> 160,615.00</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> (36,390.59)</u>	<u> (102,222.97)</u>	<u> (160,601.86)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	36,391.00	96,603.15	157,428.00
Operating transfers out	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> 36,391.00</u>	<u> 96,603.15</u>	<u> 157,428.00</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	0.41	(5,619.82)	(3,173.86)
FUND BALANCE, JULY 1	<u> 1.64</u>	<u> 5,619.82</u>	<u> 9,694.74</u>
FUND BALANCE, JUNE 30	<u> 2.05</u>	<u> </u>	<u> 6,520.88</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, and 2013 General Obligation Construction.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

JUNE 30, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	LAND ACQUISITION	INFRA- STRUCTURE	2009 GENERAL OBLIGATION CONSTRUCTION
ASSETS			
Cash	\$ 485,631.35	\$ 97,498.31	\$
Accounts receivable		50,233.45	
Special assessment receivable			
Deposits			
Due from other funds	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u><u>485,631.35</u></u>	\$ <u><u>147,731.76</u></u>	\$ <u><u> </u></u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 324.75	\$ 378.14	\$
Deferred revenue			
Due to other funds	<u>1,305,869.96</u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,306,194.71</u>	<u>378.14</u>	<u> </u>
 FUND BALANCE			
Assigned	<u>(820,563.36)</u>	<u>147,353.62</u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>485,631.35</u></u>	\$ <u><u>147,731.76</u></u>	\$ <u><u> </u></u>

2013 GENERAL OBLIGATION CONSTRUCTION	TOTAL CAPITAL PROJECTS 2014	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2014	TOTAL CAPITAL PROJECTS 2013
\$	\$ 583,129.66 50,233.45	\$ (485,631.35)	\$ 97,498.31 50,233.45	\$ 458,951.06 50,233.45 231.19 2,125,015.92 112.34
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ <u> </u>	\$ <u>633,363.11</u>	\$ <u>(485,631.35)</u>	\$ <u>147,731.76</u>	\$ <u>2,634,543.96</u>
\$	\$ 702.89	\$ (324.75)	\$ 378.14	\$ 19,656.01 231.19
<u> </u>	<u>1,305,869.96</u>	<u>(1,305,869.96)</u>	<u> </u>	<u>1,305,869.96</u>
<u> </u>	<u>1,306,572.85</u>	<u>(1,306,194.71)</u>	<u>378.14</u>	<u>1,325,757.16</u>
<u> </u>	<u>(673,209.74)</u>	<u>820,563.36</u>	<u>147,353.62</u>	<u>1,308,786.80</u>
\$ <u> </u>	\$ <u>633,363.11</u>	\$ <u>(485,631.35)</u>	\$ <u>147,731.76</u>	\$ <u>2,634,543.96</u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	LAND ACQUISITION	INFRA- STRUCTURE	2009 GENERAL OBLIGATION CONSTRUCTION
REVENUES			
Interest	\$ 1,371.48	\$ 259.23	\$
Other	<u>233,858.00</u>	<u>939.19</u>	<u> </u>
TOTAL REVENUES	<u>235,229.48</u>	<u>1,198.42</u>	<u> </u>
EXPENDITURES			
Capital outlay	2,159,067.12	335,152.04	
Other	<u>876.25</u>	<u>7,236.00</u>	<u>51,382.42</u>
TOTAL EXPENDITURES	<u>2,159,943.37</u>	<u>342,388.04</u>	<u>51,382.42</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,924,713.89)</u>	<u>(341,189.62)</u>	<u>(51,382.42)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds			
Operating transfers in		362,659.98	51,382.42
Operating transfers out	<u>(5,490.00)</u>	<u>(73,263.01)</u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(5,490.00)</u>	<u>289,396.97</u>	<u>51,382.42</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES OTHER USES	(1,930,203.89)	(51,792.65)	
FUND BALANCE, JULY 1	<u>1,109,640.53</u>	<u>199,146.27</u>	<u> </u>
FUND BALANCE, JUNE 30	<u>\$ (820,563.36)</u>	<u>\$ 147,353.62</u>	<u>\$</u>

2013 GENERAL OBLIGATION CONSTRUCTION	TOTAL CAPITAL PROJECTS 2014	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2014	TOTAL CAPITAL PROJECTS 2013
\$ 119.23	\$ 1,749.94	\$ (1,371.48)	\$ 378.46	\$ 1,906.90
	234,797.19	(233,858.00)	939.19	492,439.16
<u>119.23</u>	<u>236,547.13</u>	<u>(235,229.48)</u>	<u>1,317.65</u>	<u>494,346.06</u>
	2,494,219.16	(2,159,067.12)	335,152.04	101,281.14
15,772.56	75,267.23	(876.25)	74,390.98	5,068.67
<u>15,772.56</u>	<u>2,569,486.39</u>	<u>(2,159,943.37)</u>	<u>409,543.02</u>	<u>106,349.81</u>
<u>(15,653.33)</u>	<u>(2,332,939.26)</u>	<u>1,924,713.89</u>	<u>(408,225.37)</u>	<u>387,996.25</u>
900,000.00	900,000.00		900,000.00	
	414,042.40		414,042.40	597,677.55
<u>(884,346.67)</u>	<u>(963,099.68)</u>	<u>5,490.00</u>	<u>(957,609.68)</u>	<u>(947,359.39)</u>
<u>15,653.33</u>	<u>350,942.72</u>	<u>5,490.00</u>	<u>356,432.72</u>	<u>(349,681.84)</u>
	(1,981,996.54)	1,930,203.89	(51,792.65)	38,314.41
	<u>1,308,786.80</u>	<u>(1,109,640.53)</u>	<u>199,146.27</u>	<u>1,270,472.39</u>
\$	\$ <u>(673,209.74)</u>	\$ <u>820,563.36</u>	\$ <u>147,353.62</u>	\$ <u>1,308,786.80</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, 2014

WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	MOTOR POOL	INFORMATION TECHNOLOGY
ASSETS		
CURRENT ASSETS		
Cash	\$ 718,703.19	\$ 295,302.07
Inventory	<u>38,700.36</u>	<u> </u>
TOTAL CURRENT ASSETS	<u>757,403.55</u>	<u>295,302.07</u>
FIXED ASSETS		
Land and improvements	22,328.64	
Vehicles and equipment	2,751,658.64	78,288.35
Accumulated depreciation	<u>(2,206,470.59)</u>	<u>(56,733.57)</u>
NET FIXED ASSETS	<u>567,516.69</u>	<u>21,554.78</u>
TOTAL ASSETS	<u>1,324,920.24</u>	<u>316,856.85</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>5,124.62</u>	<u> </u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,330,044.86</u>	<u>\$ 316,856.85</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 20,842.38	\$ 24,222.99
Accrued expenses	<u>6,483.54</u>	<u> </u>
TOTAL CURRENT LIABILITIES	<u>27,325.92</u>	<u>24,222.99</u>
NET POSITION		
Net position	1,264,018.58	292,633.86
Reserved for inventory	<u>38,700.36</u>	<u> </u>
TOTAL NET POSITION	<u>1,302,718.94</u>	<u>292,633.86</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,330,044.86</u>	<u>\$ 316,856.85</u>

TELEPHONE
COMMUNICATION

2014

TOTALS

2013

\$ 58,623.39	\$ 1,072,628.65	\$ 1,072,552.42
<u>58,623.39</u>	<u>38,700.36</u>	<u>35,880.00</u>
	<u>1,111,329.01</u>	<u>1,108,432.42</u>
	22,328.64	22,328.64
	2,829,946.99	2,805,810.24
	<u>(2,263,204.16)</u>	<u>(2,190,898.44)</u>
	<u>589,071.47</u>	<u>637,240.44</u>
<u>58,623.39</u>	<u>1,700,400.48</u>	<u>1,745,672.86</u>
	<u>5,124.62</u>	<u>4,929.00</u>
<u>\$ 58,623.39</u>	<u>\$ 1,705,525.10</u>	<u>\$ 1,750,601.86</u>
\$ 1,356.10	\$ 46,421.47	\$ 41,053.92
<u>1,356.10</u>	<u>6,483.54</u>	<u>5,396.14</u>
	<u>52,905.01</u>	<u>46,450.06</u>
57,267.29	1,613,919.73	1,668,271.80
<u>57,267.29</u>	<u>38,700.36</u>	<u>35,880.00</u>
	<u>1,652,620.09</u>	<u>1,704,151.80</u>
<u>\$ 58,623.39</u>	<u>\$ 1,705,525.10</u>	<u>\$ 1,750,601.86</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	MOTOR POOL	INFORMATION TECHNOLOGY
OPERATING REVENUES		
Equipment rentals	\$ <u>853,756.92</u>	\$ <u>206,874.00</u>
OPERATING EXPENSES		
Salaries and wages	111,289.31	
Fringe benefits	109,335.31	
Office supplies	912.52	
Operating supplies	256,611.77	100,668.25
Administrative fees	17,393.00	
Professional and contractual services	11,496.91	
Insurance and bonds	38,690.12	1,700.00
Public utilities	9,308.04	
Repairs and maintenance	11,246.19	
Rental	4,050.00	
Miscellaneous	2,204.67	2,475.00
Depreciation	182,745.69	4,274.10
Capital outlay	19,391.43	3,132.50
Conferences	<u>1,112.14</u>	
TOTAL OPERATING EXPENSES	<u>775,787.10</u>	<u>112,249.85</u>
OPERATING INCOME	<u>77,969.82</u>	<u>94,624.15</u>
NONOPERATING REVENUE		
Interest income	1,290.46	620.19
Gain on sale of fixed assets	<u>6,132.31</u>	
TOTAL NONOPERATING REVENUE	<u>7,422.77</u>	<u>620.19</u>
OPERATING TRANSFERS		
Operating transfers out	<u>(167,622.04)</u>	<u>(85,000.00)</u>
NET INCOME (LOSS)	(82,229.45)	10,244.34
NET POSITION, JULY 1	<u>1,384,948.39</u>	<u>282,389.52</u>
NET POSITION, JUNE 30	<u>\$ <u>1,302,718.94</u></u>	<u>\$ <u>292,633.86</u></u>

TELEPHONE
COMMUNICATION

2014

TOTALS

2013

\$ <u>59,919.00</u>	\$ <u>1,120,549.92</u>	\$ <u>1,035,228.19</u>
	111,289.31	93,451.28
	109,335.31	91,455.35
	912.52	1,091.30
34,650.83	391,930.85	364,807.72
	17,393.00	17,619.00
	11,496.91	8,964.71
475.00	40,865.12	39,936.06
	9,308.04	84,129.80
	11,246.19	3,567.50
	4,050.00	4,050.00
4,425.00	9,104.67	2,778.50
	187,019.79	208,670.94
	22,523.93	15,388.64
	<u>1,112.14</u>	<u>500.00</u>
<u>39,550.83</u>	<u>927,587.78</u>	<u>936,410.80</u>
<u>20,368.17</u>	<u>192,962.14</u>	<u>98,817.39</u>
85.23	1,995.88	2,654.85
	<u>6,132.31</u>	<u>13,689.50</u>
<u>85.23</u>	<u>8,128.19</u>	<u>16,344.35</u>
	<u>(252,622.04)</u>	<u>(121,282.00)</u>
20,453.40	(51,531.71)	(6,120.26)
<u>36,813.89</u>	<u>1,704,151.80</u>	<u>1,710,272.06</u>
\$ <u><u>57,267.29</u></u>	\$ <u><u>1,652,620.09</u></u>	\$ <u><u>1,704,151.80</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	MOTOR POOL	INFORMATION TECHNOLOGY
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund charges	\$ 853,756.92	\$ 206,874.00
Cash payment for goods and services	(390,622.97)	(93,625.11)
Cash payment for employees	<u>(219,537.22)</u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>243,596.73</u>	<u>113,248.89</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers out	<u>(167,622.04)</u>	<u>(85,000.00)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for capital acquisitions	(125,896.20)	(16,090.00)
Sale of capital assets	15,400.00	
Decrease in investments	<u> </u>	<u> </u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(110,496.20)</u>	<u>(16,090.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>1,290.46</u>	<u>620.19</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,231.05)	12,779.08
CASH AND CASH EQUIVALENTS, JULY 1	<u>751,934.24</u>	<u>282,522.99</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 718,703.19</u></u>	<u><u>\$ 295,302.07</u></u>

TELEPHONE COMMUNICATION	2014	TOTAL	2013
\$ 59,919.00 (39,476.03)	\$ 1,120,549.92 (523,724.11) (219,537.22)		\$ 1,038,157.50 (550,569.84) (184,320.30)
<u>20,442.97</u>	<u>377,288.59</u>		<u>303,267.36</u>
	<u>(252,622.04)</u>		<u>(121,282.00)</u>
	(141,986.20) 15,400.00		(131,389.00) 13,689.50
	<u>(126,586.20)</u>		<u>145,219.50</u>
<u>85.23</u>	<u>1,995.88</u>		<u>2,654.85</u>
20,528.20	76.23		329,859.71
<u>38,095.19</u>	<u>1,072,552.42</u>		<u>742,692.71</u>
<u>\$ 58,623.39</u>	<u>\$ 1,072,628.65</u>		<u>\$ 1,072,552.42</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	MOTOR POOL	INFORMATION TECHNOLOGY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ <u>77,969.82</u>	\$ <u>94,624.15</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	182,745.69	4,274.10
Gain on sale of assets	(6,132.31)	
(Increase) decrease in inventory	(2,820.36)	
(Increase) decrease in accounts receivable		
(Increase) decrease in prepaid expenses	(195.62)	
Increase (decrease) in accounts payable	(9,057.89)	14,350.64
Increase (decrease) in accrued expenses	<u>1,087.40</u>	<u> </u>
Total adjustments	<u>165,626.91</u>	<u>18,624.74</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>243,596.73</u></u>	\$ <u><u>113,248.89</u></u>

TELEPHONE COMMUNICATION	2014	TOTAL	2013
\$ <u>20,368.17</u>	\$ <u>192,962.14</u>		\$ <u>98,817.39</u>
	187,019.79		208,670.94
	(6,132.31)		(5,173.00)
	(2,820.36)		2,929.31
	(195.62)		(2,589.75)
74.80	5,367.55		26.14
<u>74.80</u>	<u>1,087.40</u>		<u>586.33</u>
	<u>184,326.45</u>		<u>204,449.97</u>
\$ <u><u>20,442.97</u></u>	\$ <u><u>377,288.59</u></u>		\$ <u><u>303,267.36</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, 2014

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JULY 1	\$ 1,072,552.42	\$	\$ 1,072,552.42
NET INCREASE	<u>76.23</u>	<u> </u>	<u>76.23</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 1,072,628.65</u>	<u>\$</u>	<u>\$ 1,072,628.65</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, 2014
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	2014	2013
ASSETS		
Cash	\$ <u>7,998.19</u>	\$ <u>7,433.19</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ _____	\$ _____
FUND BALANCE		
Committed for cemetery perpetual care	7,657.20	7,092.20
Unreserved	<u>340.99</u>	<u>340.99</u>
TOTAL FUND BALANCE	<u>7,998.19</u>	<u>7,433.19</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>7,998.19</u>	\$ <u>7,433.19</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, 2014
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013

	2014	2013
REVENUES		
Donations and rights	\$ 565.00	\$ 220.00
Interest and rent	<u>15.65</u>	<u>18.73</u>
TOTAL REVENUES	<u>580.65</u>	<u>238.73</u>
EXCESS OF REVENUES OVER EXPENDITURES	580.65	238.73
OTHER FINANCING USES		
Operating transfers out	<u>(15.65)</u>	<u>(18.73)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	565.00	220.00
FUND BALANCE, JULY 1	<u>7,433.19</u>	<u>7,213.19</u>
FUND BALANCE, JUNE 30	<u><u>\$ 7,998.19</u></u>	<u><u>\$ 7,433.19</u></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, 2014

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

Amount available in Debt Service Funds	\$ 3,718,132.03
Amount to be provided for payment of long-term debt	<u>4,883,188.83</u>

TOTAL	<u>\$ 8,601,320.86</u>
-------	------------------------

GENERAL LONG-TERM DEBT PAYABLE

2009 General Obligation Tax Bonds	\$ 3,145,000.00
2008 Series A General Obligation Tax Bonds	70,000.00
2008 Series A Special Assessment Bonds	40,000.00
2008 General Obligation Tax Bonds	1,720,000.00
2006 General Obligation Tax Bond	120,000.00
2006 Special Assessment Bonds	60,000.00
2007 Special Assessment Bonds	75,000.00
Accumulated Compensated Absences	512,176.53
2011 Special Assessment Bonds	295,000.00
2007 General Obligation Bonds	50,000.00
2010 General Obligation Tax Bonds	130,000.00
2010 Special Assessment Bonds	225,000.00
2001 Building Authority Bonds	300,000.00
Fire Equipment Loan	161,984.93
Energy Savings Contract	733,292.59
Abstract Building	63,866.81
2013 General Obligation Construction	<u>900,000.00</u>

TOTAL	<u>\$ 8,601,320.86</u>
-------	------------------------

CAPITAL ASSETS

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
JUNE 30, 2014
WITH COMPARATIVE TOTALS FOR JUNE 30, 2013

	2014	2013
General Fixed Assets		
Land	\$ 24,298,028.91	\$ 22,159,557.33
Construction in progress	561,571.76	380,407.94
Buildings	5,815,993.22	5,769,460.01
Improvements other than buildings	5,599,190.27	5,189,013.39
Machinery and equipment	3,804,944.97	3,521,818.38
Infrastructure	<u>42,119,048.21</u>	<u>40,815,901.22</u>
 TOTAL	 <u>\$ 82,198,777.34</u>	 <u>\$ 77,836,158.27</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, 2014

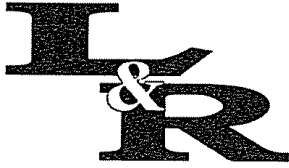
	GENERAL FIXED ASSETS JULY 1, 2013	ADDITIONS	DELETIONS	GENERAL FIXED ASSETS JUNE 30, 2014
General Government				
City Hall	\$ 962,840.54	\$ 68,721.30	\$	\$ 1,031,561.84
Accounting	103,195.50			103,195.50
Assessor	14,766.15			14,766.15
City Commission	200,078.68			200,078.68
City Manager	26,701.50			26,701.50
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	2,132,251.92		6,866,358.81
Train depot	189,553.13	169,399.09		358,952.22
Cemetery	271,021.68	6,500.00		277,521.68
	<u>6,578,318.08</u>	<u>2,376,872.31</u>		<u>8,955,190.39</u>
Total General Government				
Public Safety				
Police	1,582,714.75	41,142.23		1,623,856.98
Fire	4,370,109.94	250,631.45		4,620,741.39
Parking	768,039.00			768,039.00
Housing rehabilitation	1,381,414.45			1,381,414.45
	<u>8,102,278.14</u>	<u>291,773.68</u>		<u>8,394,051.82</u>
Total Public Safety				
Parks and Recreation				
Parks	3,601,612.07	42,321.03		3,643,933.10
Recreation	3,170.00			3,170.00
Trailer park	203,810.67			203,810.67
Community center	822,371.02	73,637.37		896,008.39
	<u>4,630,963.76</u>	<u>115,958.40</u>		<u>4,746,922.16</u>
Total Parks and Recreation				
Public Works				
	<u>58,524,598.29</u>	<u>1,578,014.68</u>		<u>60,102,612.97</u>
Total General Fixed Assets				
	<u>\$ 77,836,158.27</u>	<u>\$ 4,362,619.07</u>	<u>\$</u>	<u>\$ 82,198,777.34</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>\$</u>	<u>\$</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, 2014

	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS
General Government			
City Hall	\$ 1,200.00	\$ 952,793.82	\$ 34,482.72
Accounting			
Assessor			
City Commission		200,078.68	
City Manager			
Geographic information systems			
Information technology			
Income tax			
Planning	6,369,508.28	460,885.93	32,624.99
Train depot	42,857.13	37,161.21	271,143.88
Cemetery	<u>105,468.75</u>	<u>26,990.46</u>	<u>135,062.47</u>
Total General Government	<u>6,519,034.16</u>	<u>1,677,910.10</u>	<u>473,314.06</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	859,842.57	322,035.94	2,430,365.59
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>1,068,104.82</u>	<u>496,079.94</u>	<u>2,990,680.22</u>
Public Works	<u>13,721,838.93</u>	<u>1,555,776.30</u>	<u>2,135,195.99</u>
Total General Fixed Assets	<u>\$ 24,298,028.91</u>	<u>\$ 5,815,993.22</u>	<u>\$ 5,599,190.27</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
\$	\$ 43,085.30	\$	\$ 1,031,561.84
103,195.50			103,195.50
14,766.15			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			6,866,358.81
7,790.00			358,952.22
10,000.00			277,521.68
<u>241,846.77</u>	<u>43,085.30</u>		<u>8,955,190.39</u>
100,224.11		57,373.16	1,623,856.98
3,097,108.51		57,373.16	4,620,741.39
			768,039.00
6,695.00			1,381,414.45
<u>3,204,027.62</u>		<u>114,746.32</u>	<u>8,394,051.82</u>
31,689.00			3,643,933.10
3,170.00			3,170.00
157,198.18			203,810.67
			896,008.39
<u>192,057.18</u>			<u>4,746,922.16</u>
<u>167,013.40</u>	<u>518,486.46</u>	<u>42,004,301.89</u>	<u>60,102,612.97</u>
\$ <u><u>3,804,944.97</u></u>	\$ <u><u>561,571.76</u></u>	\$ <u><u>42,119,048.21</u></u>	\$ <u><u>82,198,777.34</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

LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

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East Lansing, MI 48823

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In planning and performing our audit of the financial statements of the City of Lapeer, Michigan, as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Lapeer, Michigan's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. Our comments and suggestions regarding those matters are listed below. We previously reported on the City's internal control in our report dated December 18, 2014. This letter does not affect our report dated December 18, 2014, on the financial statements of the City of Lapeer, Michigan.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

PRIOR YEAR RECOMMENDATIONS

BANK RECONCILIATIONS

We noted during our audit the bank reconciliations are not being prepared on a timely basis. We recommend all reconciliations be performed as soon as the statements become available to ensure corrections, errors, and adjustments are posted on a timely basis. **Current year status: This recommendation has been implemented.**

BANK STATEMENTS

We recommend all unopened bank statements be forwarded directly to the Director of Financial Services, who would open and review the bank statements and cancelled checks for any strange or unusual items and investigate these items should any be found. Documentation of their review should be made on the face of the statement. This recommendation will strengthen the checks and balances necessary for strong controls over cash. **Current year status: This recommendation has not been implemented. Management response: Management considers the internal control protocols already in place regarding cash transactions sufficient risk mitigation processes and regards the possible benefit that may be derived from adding another layer of oversight insufficient to warrant the resource outlay that would be required to institute this recommendation.**

PRIOR YEAR RECOMMENDATIONS - Concluded

CASH REGISTERS

During our testing of cash receipts for the Parks Department, we discovered the amount of cash in the cash drawer did not always agree to the cash register tape. We recommend the City implement a policy whereby a predetermined threshold for cash discrepancies be made so that immaterial discrepancies need not be investigated by the Department. **Current year status: This recommendation has been implemented.**

CHECK SIGNING: CONFLICTING DUTIES

It was noted during our audit procedures that the accountant and data manager for the City is also an authorized check signer. In order to maintain proper segregation of duties and strengthen internal controls, we recommend the individuals involved in the cash and accounting functions of the City not also be authorized check signers. **Current year status: This recommendation has not been implemented. Management response: The accountant/data manager is required by the banking institution to be an authorized signatory on the City's accounts in order to fulfill his duties as required by the City such as bank reconciliations, transfers between funds, and cash management. As a security measure, the various institutions will not discuss the City's banking and investment activities with any non-signatory individuals.**

CURRENT YEAR RECOMMENDATIONS

TIMESHEETS

During our audit it came to our attention that the Parks and Recreation employee's timesheets are not sent to the Finance Department to verify the calculations. The Finance department receives only a summary sheet with gross pay amount by employee. We recommend the backup information be sent to the Finance Department so a person independent of the cycle can recalculate times and rates. This will strengthen controls over payroll.

We are grateful to the officials and employees of the City of Lapeer, Michigan for the assistance and cooperation which we received during the audit, and we thank them.

Very truly yours,



Certified Public Accountants

East Lansing, Michigan
December 18, 2014



Layton & Richardson, P.C.

Certified Public Accountants

To the City Commission
City of Lapeer, Michigan
Lapeer, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 20, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Lapeer, Michigan are described in Note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

The most sensitive estimates effecting the financial statements were:

Management's estimate of the allowance for accumulated depreciation is based on management's estimate of useful life. We evaluated the key factors and assumptions used to develop the allowance for accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation balances.

Management's estimate of the accrued OPEB obligation is based on the actuarial report provided by Nyhart.

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

The disclosure of upcoming pronouncements in Note 27 to the financial statements, which describes the implementation of GASB 68, *Accounting and Financial Reporting for Pensions*.

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 18, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, general long-term debt, and capital assets schedule, which accompany the financial statements, but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the City Commission and management of City of Lapeer, Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Dayton & Richardson, P.C.
Certified Public Accountants

December 18, 2014
East Lansing, Michigan