

CITY OF LAPEER, MICHIGAN
COUNTY OF LAPEER
COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015
INDEPENDENT AUDITORS' REPORT

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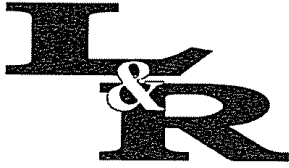
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INDEPENDENT AUDITORS' REPORT

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, 2015, 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, 2015, 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 8, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* 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. 68, 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, general long-term debt, capital assets schedule and schedule of federal expenditures and awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 28, 2015, on our consideration of the City of Lapeer, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lapeer, Michigan's internal control over financial reporting and compliance.



Certified Public Accountants

East Lansing, Michigan
December 28, 2015

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, 2015. 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 \$735,714 in the current year compared to \$716,833 in the prior year, an increase of \$18,881 or 2.6%. When compared to State Revenue Sharing received in FY 2001-2002, actual funds received in the current year were reduced from \$1,037,526 to \$735,714, a decrease of \$301,812 or 29.1%.
- The current year City income tax revenue of \$2,895,494 was \$134,754 or 4.9% more than the prior year revenue of \$2,760,740.
- The current year net City property tax revenue of \$2,646,058 was \$83,459 or 3.1% less than the prior year revenue of \$2,729,517.
- The current year General Fund interest on investments revenue of \$10,632 was \$4,066 or 62.0% more than the prior year revenue of \$6,556.
- Among other improvement projects, the City completed the Saginaw Street reconstruction (654,484), the Wastewater Treatment Plant design & expansion (\$7,305,716) and the Clay & Court Street reconstruction (\$1,104,096). The City also continued work on the third phase of the Oregon Street reconstruction and began work on the DeMille Street mill and resurface, the Lincoln Street reconstruction, the M-24 pedestrian tunnel and the M-24 water main replacement.
- There is a \$6,121,804 governmental activities prior period adjustment from implementation of GASB 68, *Accounting and Financial Reporting for Pensions*.
- The City's general obligation bond rating from Moody's Investor Services remained at A2 while Standard & Poor's increased from A to A+ to AA. The City's other debt - principally revenue bonds - remained at BBB-.
- The City issued \$2,375,000 in General Obligation Bonds for the Oregon, Lincoln, DeMille, Whitney, Monroe and Calhoun Street and Saginaw Street bridge projects at 3.5% interest through November 01, 2035. Funds to meet this obligation will be provided by the Major Streets, Local Streets, Wastewater and Water Funds.

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 \$82,423,200 to \$73,835,739, a decrease of \$8,587,461 or 10.4%. In the prior year the net position decreased from \$83,455,459 to \$82,423,200, a decrease of \$1,032,259 or 1.2%. The net position for the governmental activities decreased from \$58,276,059 to \$50,108,738, a decrease of \$8,167,321 or 14.0%. In the prior year the net position decreased from \$58,741,337 to \$58,276,059, a decrease of \$465,278 or 0.8%. The net position for the business-type activities decreased from \$24,147,141 to \$23,727,001, a decrease of \$420,140 or 1.7%. In the prior year the net position decreased from \$24,714,122 to \$24,147,141, a decrease of \$566,981 or 2.3%.

Table 1
Net Position
(In Millions)

	<u>Governmental Activities</u> 2015	<u>Business-type Activities</u> 2015	<u>Total Primary Government</u> 2015
Current assets	\$17.2	\$ 5.2	\$22.4
Non-current assets	59.6	28.0	87.6
Deferred outflows	<u>0.8</u>	<u>0.0</u>	<u>0.8</u>
Total assets	<u>77.6</u>	<u>33.2</u>	<u>110.8</u>
Long-term debt outstanding	8.6	7.0	15.6
Other liabilities	<u>18.9</u>	<u>2.5</u>	<u>21.4</u>
Total liabilities	<u>27.5</u>	<u>9.5</u>	<u>37.0</u>
Net assets:			
Invested in capital assets, Net of debt	50.5	21.1	71.6
Restricted	0.0	0.0	0.0
Unrestricted (deficit)	<u>(0.4)</u>	<u>2.6</u>	<u>2.2</u>
Total net assets	<u>\$50.1</u>	<u>\$23.7</u>	<u>\$73.8</u>
	<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>

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 \$19.4 million of which \$12.6 million was from governmental activities and \$6.8 million was from business-type activities. In the prior year, total revenue from all sources totaled \$19.9 million of which \$13.2 million was from governmental activities and \$6.7 million was from business-type activities. The total revenue from all sources decreased \$0.5 million or 2.5%.

Table 2
Changes in Net Position
(In Millions)

	<u>Governmental</u> <u>Activities</u> 2015	<u>Business-Type</u> <u>Activities</u> 2015	<u>Total</u> <u>Primary</u> <u>Government</u> 2015
Revenues:			
Program revenues:			
Charges for services	\$2.8	\$6.7	\$9.5
Operating grants and contributions	2.6	0.1	2.7
General revenues:			
Taxes	5.7	0.0	5.7
State shared revenue	0.7	0.0	0.7
Other	<u>0.8</u>	<u>0.0</u>	<u>0.8</u>
Total Revenues	<u>12.6</u>	<u>6.8</u>	<u>19.4</u>
Expenses:			
General government	\$2.4	\$0.0	\$2.4
Public safety	3.9	0.0	3.9
Public works	1.8	0.0	1.8
Community development and enrichment	0.8	0.0	0.8
Highway and streets	2.5	0.0	2.5
Culture and recreation	2.0	0.0	2.0
Other	1.0	0.0	1.0
Interest on long-term Debt	0.3	0.0	0.3
Water	0.0	2.9	2.9
Wastewater	0.0	4.3	4.3
Parking	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Expenses	<u>14.7</u>	<u>7.2</u>	<u>21.9</u>
Change in net Position			
Before transfers	(2.1)	(0.4)	(2.5)
Transfers	<u>0.5</u>	<u>(0.5)</u>	<u>0.0</u>
Change in Net Position	(2.1)	(0.4)	(2.5)
Net position, July 1	58.3	24.1	82.4
Prior period adjustment	<u>(6.1)</u>	<u>0.0</u>	<u>(6.1)</u>
Net position, June 30	<u>\$50.1</u>	<u>\$23.7</u>	<u>\$73.8</u>

Table 2
Changes in Net Position
(In Millions)

	<u>Governmental</u> <u>Activities</u> 2014	<u>Business-Type</u> <u>Activities</u> 2014	<u>Total</u> <u>Primary</u> <u>Government</u> 2014
Revenues:			
Program revenues:			
Charges for services	\$2.8	\$6.7	\$9.5
Operating grants and contributions	1.3	0.0	1.3
General revenues:			
Taxes	6.1	0.0	6.1
State shared revenue	0.7	0.0	0.7
Other	<u>2.3</u>	<u>0.0</u>	<u>2.3</u>
Total Revenues	<u>13.2</u>	<u>6.7</u>	<u>19.9</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	2.7	2.7
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>6.8</u>	<u>20.9</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>

Governmental Activities

The net position for the governmental activities decreased from \$58,276,059 to \$50,108,738, a decrease of \$8,167,321 or 14.0%. In the prior year, the net position decreased from \$58,741,337 to \$58,276,059, a decrease of \$465,278 or 0.8%. 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 \$(414,623).

The governmental activities revenue of \$12.6 million reflects a decrease of \$0.6 million or 4.5% from the prior year. The governmental activities received \$5.7 million or 44.8 % from taxes. 22.1% of governmental activity was funded from charges for services and 5.8% was funded by state shared revenue. 20.4% of governmental activity was funded from operating grants and contributions. The remaining 6.9% of revenue was from unrestricted investment earnings and other revenue.

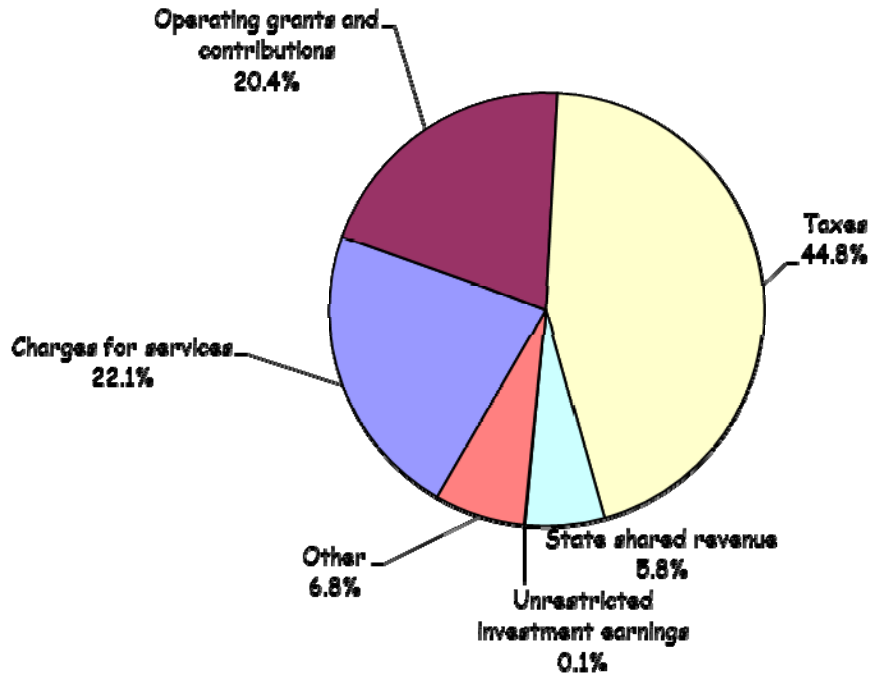
The governmental activities of the city had an expense of \$14.7 million dollars for the past fiscal year. Due to utilizing full accrual on the government-wide statements, the expenditures for capital assets including infrastructure are not recorded as expenses in the current year but are capitalized 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 \$14.7 million for governmental activities was funded from \$5.4 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 \$3.9 million, general government at \$2.4 million, highways and streets at \$2.5 million, culture and recreation at \$2.0 million, public works at \$1.8 million, community development and enrichment at \$0.8 million, interest on long-term debt at \$0.3 million and other at \$1.0 million. The program revenues received as a percentage of the expense for these activities were 22.1% for public safety, 60.2% for general government, 54.3% for highways and streets, 70.5% for culture and recreation, 0% for public works, 39.2% 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.

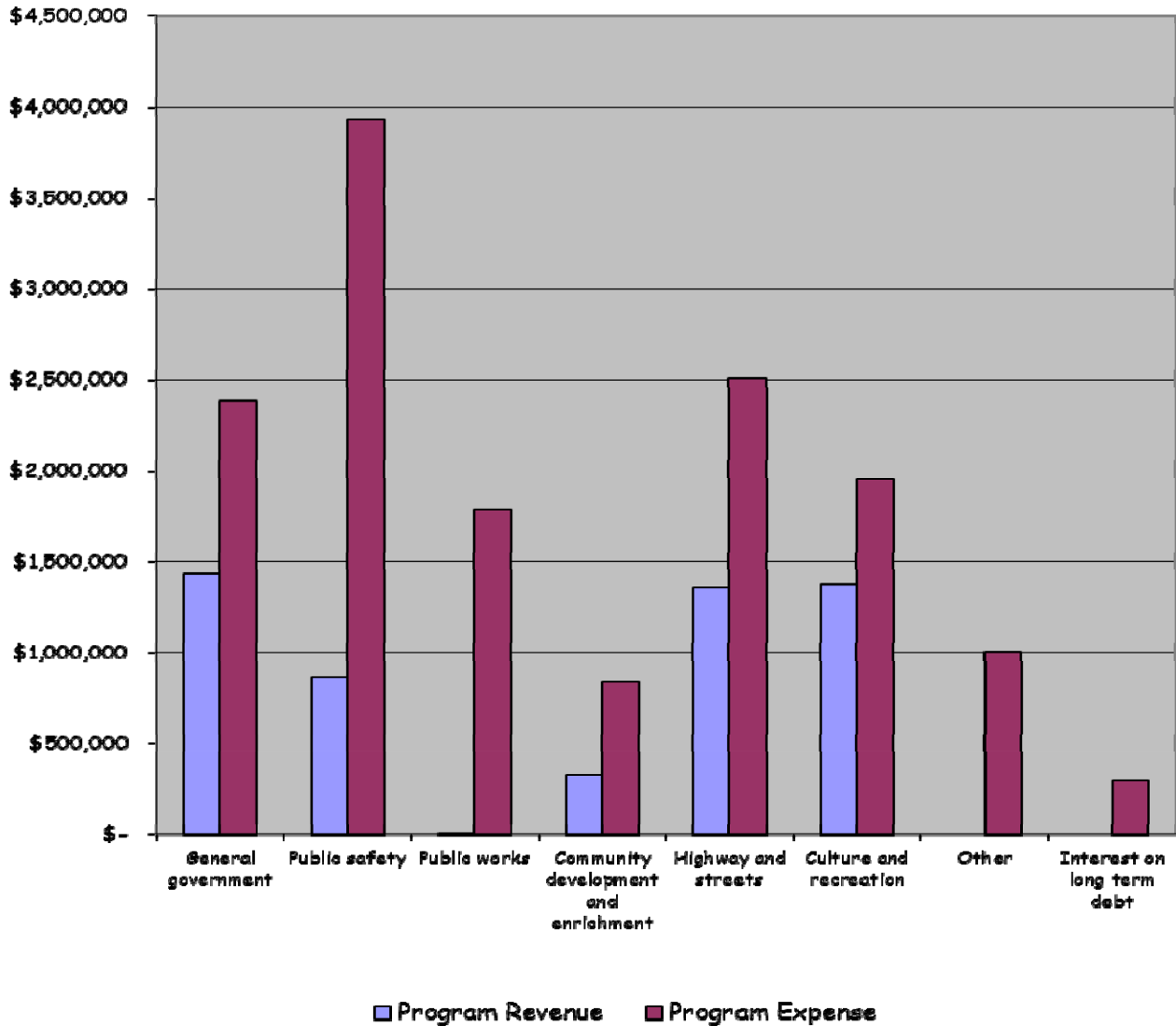
FY 2014-2015

Revenues by Source - Governmental Activities



FY 2014-2015

Expenses and Program Revenues - Governmental Activities



Business-type Activities

The net position of the City's business-type activities decreased from \$24,147,141 to \$23,727,001, a decrease of \$420,140 or 1.7%. In the prior year, 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%.

The business-type activities revenue of \$6.8 million was unchanged from the prior year. The business-type activities received \$6.7 million or 97.7% from charges for services and \$0.006 million or 2.3% from operating grants and contributions.

The Water Fund total operating expenses were \$2.9 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 current year purchase of water decreased by \$10,692 from the prior year of \$1,353,243 to \$1,342,551. This represented 47.9% of the fund's operating expenses. The City last increased its rates to customers effective for billings on or after August 1, 2011. The flat monthly charge was \$5.94 and the volume charge was \$5.60.

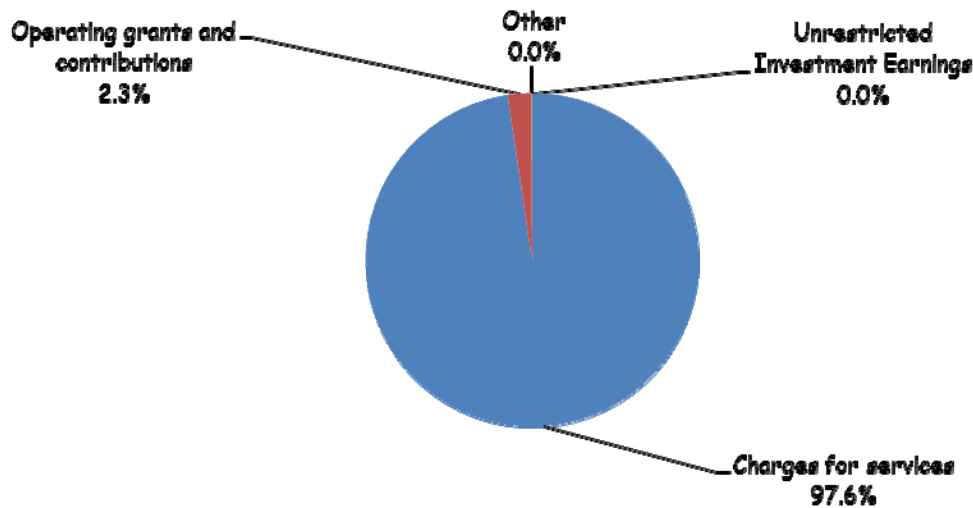
The Wastewater Fund total operating expenses were \$4.3 million compared to \$3.9 million in program revenues. The City last increased its rates to customers effective for billings on or after August 1, 2011. The flat monthly charge was \$10.66 and the volume charge was \$7.62.

The Parking Fund had revenues of \$17,107 and expenses of \$51,002.

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

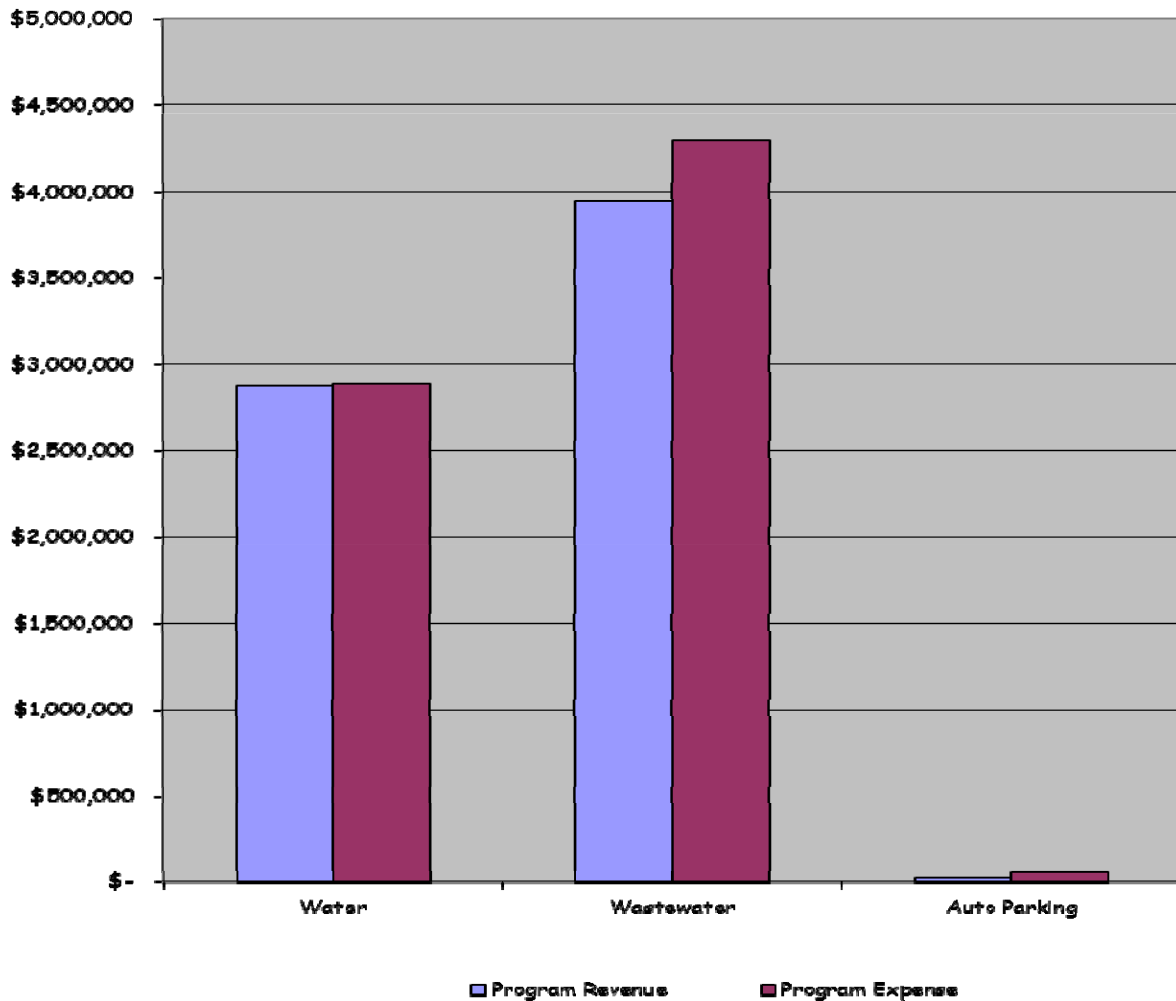
FY 2014-2015

Revenues by Source - Business-type Activities



FY 2014-2015

Expense and Program Revenues - Business-type Activities



THE CITY'S FUNDS

The General Fund revenue was \$8.6 million, a decrease of \$0.3 million from the prior year. The expenditures were \$7.7 million compared to \$8.0 million the prior year. The net transfers from other funds were \$0.7 million compared to \$0.5 million the prior year. The unassigned fund balance increased from \$2,591,378 to \$2,639,447, an increase of \$48,069 or 1.9%. In the prior year, the unassigned fund balance increased from \$2,019,307 to \$2,591,378, an increase of \$572,071 or 28.3%.

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 \$0.8 million, the expenditures were \$0.8 million and the net transfers in were \$0.7 million. The assigned fund balance increased from \$103,790 to \$889,010, an increase of \$795,220 or 766.2%. In the prior year, the assigned fund balance increased from \$(231,912) to \$103,790, an increase of \$335,702 or 144.8%.

The Local Street Fund current year revenues were \$0.7 million, the expenditures were \$0.8 million and the net transfers in were \$0.4 million. The assigned fund balance increased from \$269,295 to \$579,149, an increase of \$309,854 or 115.1%. In the prior year, the assigned fund balance increased from \$220,311 to \$269,295, an increase of \$48,984 or 22.2%.

The Parks and Recreation Fund current year revenues were \$1.4 million, the expenditures were \$1.8 million and the net transfers in were \$0.5 million. The assigned fund balance increased from \$224,373 to \$354,558, an increase of \$130,185 or 58.0%. In the prior year, the assigned fund balance increased from \$151,924 to \$224,373, an increase of \$72,449 or 47.7%.

The Land Acquisition Fund current year revenues were \$0.2 million, the expenditures were \$1.2 million and the net transfers in were \$0.8 million. The primary transaction undertaken was purchase of the Rayco properties (\$1,171,597). 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 \$(934,350), a decrease of \$113,786 from the prior year balance of \$(820,564).

General Fund Budgetary Highlights

The difference between the General Fund original and amended budgets were expenditure increases totaling \$138,648 or 1.5% of the total originally budgeted and detailed as follows:

- \$2,852 increase to the Fire Department Budget for Fire Prevention activities funded from donations received in prior years.
- \$135,796 increase to the Transfers Out Budget to accelerate the loan pay-off of the Aerial Fire Truck installment loan.

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, 2015 was \$87,218,700 (net of accumulated depreciation). This is a decrease of \$503,032 over the prior year amount of \$87,721,732. This investment in capital assets includes land, buildings, infrastructure systems and improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in the City of Lapeer's investment in capital assets for the current fiscal year was 0.5% (a 0.0% decrease for governmental activities of \$48,201 over the prior year amount of \$59,194,232 and a 1.5% decrease for business-type activities over the prior year amount of \$28,527,500).

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

- Projects continued/completed included Saginaw Street reconstruction (\$654,484), Wastewater Treatment Plant improvements (\$7,305,716), Water Tower Trailer Park electrical upgrade (\$3,233), Clay and Court Street reconstruction (\$1,104,096), Cramton Park bridge replacement (\$23,912) and Cramton Park tennis court upgrades and sign replacement (\$9,612). Projects started included Oregon Street reconstruction phase III, M-24 water main replacement, DeMille and Whitney Street reconstruction, Lincoln Street reconstruction and the M-24 pedestrian tunnel.
- Equipment purchases included two 2015 Ford Police Interceptors (\$26,012 each), 2015 Freightliner tandem axle dump truck (\$168,717), 2015 Ford Explorer (\$30,973), $\frac{3}{4}$ ton 4x4 Pick-up (\$31,346), John Deere Utility Vehicle (\$4,730), 2014 SCAG Turf Tiger Zero Turn Mower (\$8,533), Dell server for BS&A tax software upgrade (\$10,646), two Thermal Imaging Cameras (\$6,500 each), Ticketing software and equipment (\$8,014), Brookwood substation stand-by generator (\$4,000) and Traffic signal portable generators (\$6,000).
- Equipment dispositions included (sale price in parenthesis) 1997 GMC Sierra 2500 HD (\$2,651), 1998 GMC Sierra 2500 HD (\$3,500), 2005 Kubota lawn mower (\$6,000), 2008 Chevrolet Impala (\$2,300), 2009 Chevrolet Impala (\$3,850), 2010 Chevrolet Impala (\$4,175), Exmark Zero Turn mower (\$1,650), 2000 Exmark Zero Turn mower (\$575), and 1998 Hot Patch machine (\$1,500).

Debt

At year-end, the City of Lapeer's total bonded debt outstanding was at \$15.6 million versus \$15.4 million last year - an increase of \$168,526 or 1.1% - as shown in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds (backed by the City)	\$ 8.1	\$7.4	\$0.0	\$0.0	\$ 8.1	\$7.4
Special assessment bonds (with city commitment)	\$ 0.5	\$ 0.7	\$0.0	\$0.0	\$ 0.5	\$0.7
Revenue bonds and notes (backed by specific tax and fee revenues)	<u>\$ 0.0</u>	<u>\$ 0.0</u>	<u>\$7.0</u>	<u>\$7.3</u>	<u>\$ 7.0</u>	<u>\$ 7.3</u>
Totals	<u>\$ 8.6</u>	<u>\$8.1</u>	<u>\$7.0</u>	<u>\$7.3</u>	<u>\$15.6</u>	<u>\$15.4</u>

In FY 2014-2015, the City issued \$2,375,000 in General Obligation Bonds for the Oregon, Lincoln, DeMille, Whitney, Monroe and Calhoun Street and Saginaw Street bridge projects at 3.5% interest through November 01, 2035. Funds to meet this obligation will be provided by the Major Streets, Local Streets, Wastewater and Water Funds.

None of the component units had any outstanding debt as of the year ended 06/30/2015.

The City's general obligation bond rating from Moody's Investor Services remained stable at A2 while Standard & Poor's raised the City's rating to AA. 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 \$26.3 million state-imposed limit.

Other obligations include accrued vacation and sick leave of \$526,821. 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 6.6% for June 2015, a decrease of 25.8% from the prior year-end unemployment rate of 8.9%.
- 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 2014-2015.

During FY 2014-2015, the unassigned fund balance for the General Fund increased from \$2,591,378 to \$2,639,447, an increase of \$48,069 or 1.2%. In the prior year, the unassigned fund balance increased from \$2,019,307 to \$2,591,378, an increase of \$572,071 or 28.3%. The FY 2014-2015 unassigned fund balance of \$2,639,447 is \$864,369 higher than the \$1,775,078 projected during the fiscal year 2014-2015 budget review. The City of Lapeer anticipates using \$936,786 of fund balance in FY 2015-2016.

The City of Lapeer will return contributed capital of \$250,000 to the General Fund from the Wastewater Fund as part of the FY 2015-2016 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, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	\$ 8,287,811	\$ 729,717	\$ 9,017,528	\$ 1,277,307
Investments	1,826,605	223,395	2,050,000	
Receivables				
Notes				189,795
Land contract	232,958		232,958	
Taxes	94,420		94,420	
Accounts	2,612,491	687,356	3,299,847	
Special assessments	3,846,003		3,846,003	
Deposits		900	900	
Due from				
Other funds		3,423,822	3,423,822	
State	234,258		234,258	
Other governmental units	33,076		33,076	77,047
Inventory	95,102	97,002	192,104	
Noncurrent assets				
Notes receivable				
Land contract	481,300		481,300	
Fixed assets not being depreciated	25,808,518	498,219	26,306,737	490,954
Fixed assets (net of accumulated depreciation)	<u>33,337,513</u>	<u>27,574,450</u>	<u>60,911,963</u>	<u>3,337,116</u>
TOTAL ASSETS	<u>76,890,055</u>	<u>33,234,861</u>	<u>110,124,916</u>	<u>5,372,219</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	661,764		661,764	
Prepaid expenses	<u>116,150</u>	<u>30,686</u>	<u>146,836</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>777,914</u>	<u>30,686</u>	<u>808,600</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 77,667,969</u>	<u>\$ 33,265,547</u>	<u>\$ 110,933,516</u>	<u>\$ 5,372,219</u>

See accompanying notes to financial statements.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities				
Payables				
Accounts	\$ 568,809	\$ 585,987	\$ 1,154,796	\$
Payroll and payroll taxes	246,455	49,052	295,507	
Due to				
Other units	125,083		125,083	
Other funds	3,293,395		3,293,395	
Accrued interest	22,798		22,798	
Deposits payable	22,676	1,000	23,676	4,132
Bonds and notes payable	1,665,910	375,000	2,040,910	
Accrued sick and vacation pay	79,023		79,023	
Noncurrent liabilities				
Bonds and notes payable	6,956,760	6,575,961	13,532,721	
Net OPEB obligation	7,110,839		7,110,839	
Unfunded retiree health insurance	7,019,685	1,951,546	8,971,231	
Accrued sick and vacation pay	447,798		447,798	
TOTAL LIABILITIES	<u>27,559,231</u>	<u>9,538,546</u>	<u>37,097,777</u>	<u>4,132</u>
NET POSITION				
Net investment in capital assets	50,523,361	21,121,708	71,645,069	3,828,070
Unrestricted	(414,623)	2,605,293	2,190,670	1,540,017
TOTAL NET POSITION	<u>50,108,738</u>	<u>23,727,001</u>	<u>73,835,739</u>	<u>5,368,087</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 77,667,969</u>	<u>\$ 33,265,547</u>	<u>\$ 110,933,516</u>	<u>\$ 5,372,219</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Primary Government			
Governmental Activities			
General government	\$ 2,384,549	\$ 857,503	\$ 578,734
Public safety	3,931,080	791,299	75,918
Public works	1,785,367	1,000	
Community development and enrichment	840,945	43,047	286,826
Highways and streets	2,505,976		1,361,159
Culture and recreation	1,952,825	1,104,244	273,365
Other	1,006,374		
Interest on long-term debt	297,591		
	<u>14,704,707</u>	<u>2,797,093</u>	<u>2,576,002</u>
Business-Type Activities			
Water	2,893,210	2,836,852	42,479
Wastewater	4,301,626	3,842,706	100,217
Auto parking	51,002	1,856	15,251
	<u>7,245,838</u>	<u>6,681,414</u>	<u>157,947</u>
Total Business-Type Activities			
Total Primary Government	<u>\$ 21,950,545</u>	<u>\$ 9,478,507</u>	<u>\$ 2,733,949</u>
Component Units			
Tax Increment Finance Authority	\$ 1,667,357	\$	\$
Brownfield Redevelopment	1,979		
Downtown Development Authority	221,085		116,000
Local Development Finance Authority	304,552		
Economic Development Corporation	363		
	<u>2,195,336</u>	<u>\$</u>	<u>\$ 116,000</u>
General Revenues			
Property taxes levied for general purposes			
Miscellaneous			
State revenue sharing			
Gain on sale of fixed assets			
Unrestricted investment earnings			
Transfers			
Total General Revenues and Transfers			
Change in Net Position			
Prior period adjustment			
Net Position, July 1			
Net Position, June 30			

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL	
\$	\$ (948,312)	\$	\$ (948,312)	\$
	(3,063,863)		(3,063,863)	
	(1,784,367)		(1,784,367)	
	(511,072)		(511,072)	
	(1,144,817)		(1,144,817)	
	(575,216)		(575,216)	
	(1,006,374)		(1,006,374)	
	(297,591)		(297,591)	
	<u>(9,331,612)</u>		<u>(9,331,612)</u>	
		(13,879)	(13,879)	
		(358,703)	(358,703)	
		(33,895)	(33,895)	
		<u>(406,477)</u>	<u>(406,477)</u>	
\$	<u>(9,331,612)</u>	<u>(406,477)</u>	<u>(9,738,089)</u>	
\$				(1,667,357)
				(1,979)
				(105,085)
				(304,552)
				<u>(363)</u>
\$				<u>(2,079,336)</u>
	5,661,176		5,661,176	1,499,973
	750,517	4,425	754,942	231,079
	735,714		735,714	
	10,268		10,268	
	75,863	2,895	78,758	3,477
	27,298	(27,298)		
	<u>7,260,836</u>	<u>(19,978)</u>	<u>7,240,858</u>	<u>1,734,529</u>
	(2,070,776)	(426,455)	(2,497,231)	(344,807)
	(6,096,545)	6,315	(6,090,230)	
	<u>58,276,059</u>	<u>24,147,141</u>	<u>82,423,200</u>	<u>5,712,894</u>
\$	<u>50,108,738</u>	<u>23,727,001</u>	<u>73,835,739</u>	<u>5,368,087</u>

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	GENERAL	PARKS AND RECREATION	2009 GENERAL OBLIGATION LIMITED TAX BOND
ASSETS			
Cash	\$ 1,761,957	\$ 429,877	\$ 3,233,801
Investments	1,103,776		
Receivables			
Taxes	94,420		
Accounts	188,260	18,198	
Special assessments			3,585,436
Due from			
Other funds			116,857
State	114,847		
Other governmental units	6,770		
Inventory	<u>56,088</u>		
TOTAL ASSETS	<u>3,326,118</u>	<u>448,075</u>	<u>6,936,094</u>
DEFERRED OUTFLOWS OF RESOURCES			
Prepaid expenses	<u>90,219</u>	<u>12,916</u>	
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 3,416,337</u>	 <u>\$ 460,991</u>	 <u>\$ 6,936,094</u>

See accompanying notes to financial statements.

LAND ACQUISITION	2015 GENERAL OBLIGATION CONSTRUCTION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 744,486 469,179	\$ 47,105	\$ 1,273,448	\$ 7,490,674 1,572,955
	2,327,500	71,149 260,567	94,420 2,605,107 3,846,003
		998,619 119,411 26,306	1,115,476 234,258 33,076 56,088
1,213,665	2,374,605	2,749,500	17,048,057
		8,079	111,214
\$ 1,213,665	\$ 2,374,605	\$ 2,757,579	\$ 17,159,271

CITY OF LAPEER, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS - Concluded
JUNE 30, 2015

	GENERAL	PARKS AND RECREATION	2009 GENERAL OBLIGATION LIMITED TAX BOND
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Payables			
Accounts	\$ 108,590	\$ 61,544	\$
Payroll and payroll taxes	183,974	44,889	
Due to			
Other units	125,083		
Other funds	2,000		
Deposits payable	22,676		
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	442,323	106,433	
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Special assessment deferred revenue			3,585,436
	<hr/>	<hr/>	<hr/>
FUND BALANCE			
Nonspendable for receivables	188,260		
Committed for cemetery perpetual care			
Nonspendable for prepaid expenses	90,219		
Nonspendable for inventory	56,088		
Restricted for debt service			3,350,658
Assigned			
Special revenue funds		354,558	
Capital projects funds			
Permanent fund			
Unassigned, reported in			
Capital projects funds			
General fund	2,639,447		
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	2,974,014	354,558	3,350,658
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,416,337	\$ 460,991	\$ 6,936,094
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

LAND ACQUISITION	2015 GENERAL OBLIGATION CONSTRUCTION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$ 84,749	\$ 215,590	\$ 470,473
		10,395	239,258
			125,083
2,148,015	2,258,856		4,408,871
<hr/>	<hr/>	<hr/>	<hr/>
2,148,015	2,343,605	225,985	5,266,361
<hr/>	<hr/>	<hr/>	<hr/>
		260,567	3,846,003
			188,260
		8,317	8,317
			90,219
			56,088
		454,734	3,805,392
		1,712,502	2,067,060
	31,000	95,133	126,133
		341	341
(934,350)			(934,350)
<hr/>	<hr/>	<hr/>	<hr/>
(934,350)	31,000	2,271,027	2,639,447
<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,213,665	\$ 2,374,605	\$ 2,757,579	\$ 17,159,271
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CITY OF LAPEER, MICHIGAN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE

STATEMENT OF NET POSITION

JUNE 30, 2015

Total fund balances - governmental funds	\$	8,046,907
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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 \$84,469,021 and the accumulated depreciation is \$26,076,564.</p>		
Internal fixed assets	\$ 58,392,457 <u>753,574</u>	59,146,031
<p>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.</p>		
		996,588
<p>Net pension liability is not due and payable in the current period and is not reported in the funds</p>		
		(7,110,839)
<p>Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds</p>		
		661,764
<p>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.</p>		
		(7,019,685)
<p>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.</p>		
		714,258
<p>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.</p>		
<p>Long-term liabilities at year-end consist of:</p>		
Accrued interest	\$ 22,798	
Contracts payable	8,622,670	
Compensated absences	<u>526,821</u>	(9,172,289)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		<u>3,846,003</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u><u>50,108,738</u></u>

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL	PARKS AND RECREATION	2009 GENERAL OBLIGATION LIMITED TAX BOND
REVENUES			
Taxes and special assessments	\$ 5,622,966	\$	\$ 1,193,260
Licenses and permits	21,327		
Intergovernmental	941,442		
Charges for services	1,254,836	1,104,244	
Fines and forfeits	43,387		
Interest and rentals	63,759	52,511	4,983
Contribution from component units	578,734	273,365	
Other revenues	83,507	17,727	
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	8,609,958	1,447,847	1,198,243
EXPENDITURES			
General government	1,687,908		
Public safety	3,590,962		
Public works	1,096,811		
Culture and recreation		1,807,662	
Health and welfare			
Community development and enrichment	326,342		
Debt service			
Principal retirement			670,000
Interest and fiscal charges			113,635
Other	1,023,183		
Highways and streets			
Capital outlay			
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	7,725,206	1,807,662	783,635
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	884,752	(359,815)	414,608
OTHER FINANCING SOURCES (USES)			
Proceeds of bond issues and loans			
Operating transfers in	584,581	500,000	137,820
Operating transfers out	(1,303,607)	(10,000)	(414,825)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(719,026)	490,000	(277,005)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<hr/>	<hr/>	<hr/>
	165,726	130,185	137,603
FUND BALANCE, JULY 1	<hr/>	<hr/>	<hr/>
	2,808,288	224,373	3,213,055
FUND BALANCE, JUNE 30	\$ <hr/>	\$ <hr/>	\$ <hr/>
	2,974,014	354,558	3,350,658

LAND ACQUISITION	2015 GENERAL OBLIGATION CONSTRUCTION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$	\$	\$ 120,030	\$ 6,936,256
			21,327
		1,232,213	2,173,655
		320,832	2,679,912
			43,387
3,054		1,927	126,234
		274,504	1,126,603
<u>236,958</u>	<u> </u>	<u>423,123</u>	<u>761,315</u>
<u>240,012</u>	<u> </u>	<u>2,372,629</u>	<u>13,868,689</u>
			1,687,908
		6,032	3,596,994
			1,096,811
			1,807,662
		145,920	145,920
		346,187	672,529
		1,171,475	1,841,475
		192,455	306,090
300	85,144	10,000	1,118,627
		1,541,387	1,541,387
<u>1,171,597</u>	<u> </u>	<u>72,666</u>	<u>1,244,263</u>
<u>1,171,897</u>	<u>85,144</u>	<u>3,486,122</u>	<u>15,059,666</u>
<u>(931,885)</u>	<u>(85,144)</u>	<u>(1,113,493)</u>	<u>(1,190,977)</u>
	2,375,000		2,375,000
882,145		2,484,468	4,589,014
<u>(64,046)</u>	<u>(2,258,856)</u>	<u>(335,382)</u>	<u>(4,386,716)</u>
<u>818,099</u>	<u>116,144</u>	<u>2,149,086</u>	<u>2,577,298</u>
(113,786)	31,000	1,035,593	1,386,321
<u>(820,564)</u>	<u> </u>	<u>1,235,434</u>	<u>6,660,586</u>
\$ <u>(934,350)</u>	\$ <u>31,000</u>	\$ <u>2,271,027</u>	\$ <u>8,046,907</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, 2015

Net changes in fund balances - total governmental funds	\$	1,386,321
<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		2,263,323
Less: current year depreciation		(2,501,285)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(1,275,036)
<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		(2,375,000)
Unfunded retiree health insurance		(1,174,655)
Accrued interest		8,454
Principal payments		1,841,475
<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		(14,644)
<p>Increase in pension liability reported in the statement of activities does not require the use of resources, and therefore is not reported in the fund statements until it comes due for payment</p>		
		(327,271)
<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>		
		97,542
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	(2,070,776)

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 96,389	\$ 354,480
Investments		223,395
Accounts receivable		418,815
Deposits		900
Inventory		
Due from other funds		1,446,856
Due from state		
Due from other units		
	<u>96,389</u>	<u>2,444,446</u>
TOTAL CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Construction in progress		52,720
Land and improvements	1,298,101	436,664
Buildings and structures		19,464,055
Infrastructure		10,673,082
Vehicles and equipment		1,371,887
	<u>1,298,101</u>	<u>31,998,408</u>
Less: accumulated depreciation	544,294	11,994,273
	<u>753,807</u>	<u>20,004,135</u>
NET PROPERTY, PLANT AND EQUIPMENT		
TOTAL ASSETS	<u>850,196</u>	<u>22,448,581</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses		20,894
	<u>850,196</u>	<u>22,469,475</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 850,196</u>	<u>\$ 22,469,475</u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL
ACTIVITIES

WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2015	2014	2015	2014
\$ 278,848	\$ 729,717	\$ 2,165,952	\$ 797,137	\$ 1,072,629
	223,395	1,091,336	253,650	
268,541	687,356	727,207	7,384	
	900	900		
97,002	97,002	98,657	39,014	38,700
1,976,966	3,423,822	1,305,870		
		62,661		
<u>2,621,357</u>	<u>5,162,192</u>	<u>5,452,583</u>	<u>1,097,185</u>	<u>1,111,329</u>
445,499	498,219	484,816		
69,850	1,804,615	1,804,615	22,328	22,328
228,512	19,692,567	19,689,066		
11,263,359	21,936,441	21,377,586		
281,405	1,653,292	1,653,292	3,068,426	2,829,947
<u>12,288,625</u>	<u>45,585,134</u>	<u>45,009,375</u>	<u>3,090,754</u>	<u>2,852,275</u>
<u>4,973,898</u>	<u>17,512,465</u>	<u>16,481,874</u>	<u>2,337,180</u>	<u>2,263,204</u>
<u>7,314,727</u>	<u>28,072,669</u>	<u>28,527,501</u>	<u>753,574</u>	<u>589,071</u>
9,936,084	33,234,861	33,980,084	1,850,759	1,700,400
<u>9,792</u>	<u>30,686</u>	<u>32,308</u>	<u>4,936</u>	<u>5,125</u>
<u>\$ 9,945,876</u>	<u>\$ 33,265,547</u>	<u>\$ 34,012,392</u>	<u>\$ 1,855,695</u>	<u>\$ 1,705,525</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - Concluded
JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
LIABILITIES, NET POSITION AND CONTRIBUTED CAPITAL		
CURRENT LIABILITIES		
Accounts payable	\$	\$ 152,222
Accrued payroll and related items	45	33,992
Performance bonds payable		
Bonds payable		375,000
	45	375,000
TOTAL CURRENT LIABILITIES	45	561,214
LONG-TERM LIABILITIES		
Unfunded retiree health insurance	162,025	1,158,072
Bonds payable		6,575,961
	162,025	6,575,961
TOTAL LONG-TERM LIABILITIES	162,025	7,734,033
TOTAL LIABILITIES	162,070	8,295,247
NET POSITION AND CONTRIBUTED CAPITAL		
CONTRIBUTED CAPITAL		
Municipality	330,000	250,000
Federal		796,305
	330,000	796,305
TOTAL CONTRIBUTED CAPITAL	330,000	1,046,305
NET POSITION		
Invested in capital assets, net of related debt	753,807	13,053,174
Restricted for		
Prepaid expenses		20,894
Inventory		
Unrestricted	(395,681)	53,855
	358,126	53,855
TOTAL NET POSITION	358,126	13,127,923
TOTAL NET POSITION AND CONTRIBUTED CAPITAL	688,126	14,174,228
TOTAL LIABILITIES, NET POSITION AND CONTRIBUTED CAPITAL	\$ 850,196	\$ 22,469,475

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL
ACTIVITIES

WATER SUPPLY	TOTAL		INTERNAL SERVICE FUNDS	
	2015	2014	2015	2014
\$ 433,765	\$ 585,987	\$ 736,941	\$ 98,336	\$ 46,421
15,015	49,052	47,096	7,197	6,484
1,000	1,000	2,500		
<u>449,780</u>	<u>375,000</u>	<u>365,000</u>		
	1,011,039	1,151,537	105,533	52,905
631,449	1,951,546	1,762,753		
<u>631,449</u>	<u>6,575,961</u>	<u>6,950,961</u>		
	8,527,507	8,713,714		
<u>1,081,229</u>	<u>9,538,546</u>	<u>9,865,251</u>	<u>105,533</u>	<u>52,905</u>
	580,000	830,000		
<u>7,314,727</u>	<u>796,305</u>	<u>1,042,611</u>		
	1,376,305	1,872,611		
	21,121,708	21,211,540	753,574	589,071
9,792	30,686	32,308	4,936	
97,002	97,002	98,657	39,014	35,880
<u>1,443,126</u>	<u>1,101,300</u>	<u>932,025</u>	<u>952,638</u>	<u>1,027,669</u>
<u>8,864,647</u>	<u>22,350,696</u>	<u>22,274,530</u>	<u>1,750,162</u>	<u>1,652,620</u>
<u>8,864,647</u>	<u>23,727,001</u>	<u>24,147,141</u>	<u>1,750,162</u>	<u>1,652,620</u>
<u>\$ 9,945,876</u>	<u>\$ 33,265,547</u>	<u>\$ 34,012,392</u>	<u>\$ 1,855,695</u>	<u>\$ 1,705,525</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
OPERATING REVENUES		
Charges for services	\$ 1,856	\$ 3,842,706
Miscellaneous	193	3,221
Intergovernmental	15,251	100,217
Equipment rentals		
	17,300	3,946,144
TOTAL OPERATING REVENUES	17,300	3,946,144
OPERATING EXPENSES		
Salaries and wages	3,728	542,942
Fringe benefits	15,411	571,108
Office supplies	2,434	12,772
Operating supplies		124,641
Administrative fees		357,661
Professional and contractual services		112,395
Printing		
Insurance and bonds		39,257
Public utilities		180,486
Repairs and maintenance		52,226
Rentals	4,309	269,706
Miscellaneous		246,349
Property taxes		117,305
Special assessment		623,932
Depreciation	25,120	775,806
Capital outlay		91,792
Conferences		4,911
	51,002	4,123,289
TOTAL OPERATING EXPENSES	51,002	4,123,289
OPERATING INCOME (LOSS)	(33,702)	(177,145)
NONOPERATING REVENUES (EXPENSES)		
Interest earned	232	1,062
Gain on sale of fixed assets		
Interest expense		(178,337)
	232	(177,275)
TOTAL NONOPERATING REVENUES (EXPENSES)	232	(177,275)

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL ACTIVITIES

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES		
WATER SUPPLY	2015	TOTAL 2014	INTERNAL SERVICE FUNDS		
			2015	2014	
\$ 2,836,852	\$ 6,681,414	\$ 6,813,240			
1,011	4,425	6,289			
42,479	157,947	62,660			
			1,127,767	1,120,550	
2,880,342	6,843,786	6,882,189	1,127,767	1,120,550	
267,077	813,747	798,574	104,929	111,289	
318,134	904,653	1,193,870	84,339	109,335	
18,115	33,321	16,337	778	913	
1,489,468	1,614,109	1,546,657	235,902	391,931	
242,074	599,735	538,527	18,980	17,393	
50,906	163,301	128,147	9,821	11,497	
		3,281			
6,120	45,377	39,698	69,192	40,865	
16,081	196,567	211,678	12,594	9,308	
109,527	161,753	69,570	115,895	11,246	
	274,015	337,483	5,633	4,050	
4,474	250,823	36,625	1,511	9,105	
45,460	162,765	207,880			
95,262	719,194	560,035			
229,664	1,030,590	1,029,552	182,560	187,020	
	91,792	13,981	25,580	22,524	
848	5,759	6,715	535	1,112	
2,893,210	7,067,501	6,738,610	868,249	927,588	
(12,868)	(223,715)	143,579	259,518	192,962	
1,601	2,895	5,675	2,756	1,996	
	(178,337)	(187,348)	10,268	6,132	
1,601	(175,442)	(181,673)	13,024	8,128	

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$ (33,470)	\$ (354,420)
OPERATING TRANSFERS		
Operating transfers in	37,006	513,203
Operating transfers out		(691,280)
	3,536	(532,497)
NET INCOME (LOSS)	3,536	(532,497)
NET POSITION, JULY 1	354,590	13,164,114
ADD DEPRECIATION OF FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS AND SHARED REVENUE EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL		246,306
REDUCTION OF CONTRIBUTED CAPITAL		250,000
PRIOR PERIOD ADJUSTMENT		
NET POSITION, JUNE 30	\$ 358,126	\$ 13,127,923

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES
ENTERPRISE FUNDS

GOVERNMENTAL ACTIVITIES

WATER SUPPLY	2015	TOTAL	2014	INTERNAL SERVICE FUNDS	2015	INTERNAL SERVICE FUNDS	2014
\$ (11,267)	\$ (399,157)	\$	(38,094)	\$	272,542	\$	201,090
764,843	1,315,052		35,964		10,000		
(651,070)	(1,342,350)		(564,851)		(185,000)		(252,622)
102,506	(426,455)		(566,981)		97,542		(51,532)
8,755,826	22,274,530		21,302,592		1,652,620		1,704,152
	246,306		738,919				
	250,000		800,000				
6,315	6,315						
\$ 8,864,647	\$ 22,350,696	\$	22,274,530	\$	1,750,162	\$	1,652,620

CITY OF LAPEER, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTEWATER TREATMENT PLANT
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 17,300	\$ 3,960,364
Cash received from interfund charges		
Cash payment for goods and services	(25,870)	(3,106,713)
Cash payment for employees		(1,013,198)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(8,570)	(159,547)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	37,006	513,203
Operating transfers out		(691,280)
NET CASH PROVIDED BY (USED IN) NON- CAPITAL FINANCING ACTIVITIES	37,006	(178,077)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for capital acquisitions		(77,458)
Principal payments		(365,000)
Proceeds from bonds		
Sale of capital assets		
Decrease in investments		301,913
Interest and fiscal charges paid		(178,337)
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		(318,882)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	232	1,062
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,668	(655,444)
CASH AND CASH EQUIVALENTS, JULY 1	67,721	1,009,924
CASH AND CASH EQUIVALENTS, JUNE 30	\$ 96,389	\$ 354,480

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
WATER SUPPLY	TOTAL		2015	2014
	2015	2014		
\$ 2,968,634	\$ 6,946,298	\$ 6,739,192	\$ 1,120,383	\$ 1,120,550
(3,472,182)	(6,604,765)	(3,353,820)	(454,900)	(523,724)
<u>(495,327)</u>	<u>(1,508,525)</u>	<u>(1,496,196)</u>	<u>(188,555)</u>	<u>(219,537)</u>
<u>(998,875)</u>	<u>(1,166,992)</u>	<u>1,889,176</u>	<u>476,928</u>	<u>377,289</u>
764,843	1,315,052	35,964	10,000	
<u>(651,070)</u>	<u>(1,342,350)</u>	<u>(564,851)</u>	<u>(185,000)</u>	<u>(252,622)</u>
<u>113,773</u>	<u>(27,298)</u>	<u>(528,887)</u>	<u>(175,000)</u>	<u>(252,622)</u>
(491,986)	(569,444)	(501,644)	(352,528)	(141,986)
	(365,000)	(355,000)		
566,028	867,941	358,664	26,002	15,400
<u>(178,337)</u>	<u>(178,337)</u>	<u>(187,348)</u>	<u>(253,650)</u>	
<u>74,042</u>	<u>(244,840)</u>	<u>(685,328)</u>	<u>(580,176)</u>	<u>(126,586)</u>
<u>1,601</u>	<u>2,895</u>	<u>5,675</u>	<u>2,756</u>	<u>1,996</u>
(809,459)	(1,436,235)	680,636	(275,492)	77
<u>1,088,307</u>	<u>2,165,952</u>	<u>1,485,316</u>	<u>1,072,629</u>	<u>1,072,552</u>
<u>\$ 278,848</u>	<u>\$ 729,717</u>	<u>\$ 2,165,952</u>	<u>\$ 797,137</u>	<u>\$ 1,072,629</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS - Concluded

FOR THE YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	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>(33,702)</u>	\$ <u>(177,145)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	25,120	775,806
Gain on sale of fixed assets		95,615
Retiree health insurance		95,615
(Increase) decrease in inventory		14,220
(Increase) decrease in accounts receivable		1,081
(Increase) decrease in prepaid expenses		(793,921)
(Increase) decrease in due from other funds		(793,921)
(Increase) decrease in deposits		
(Increase) decrease in due from other units		(80,440)
Increase (decrease) in accounts payable	12	(80,440)
Increase (decrease) in due to other funds		
Increase (decrease) in accrued expenses		5,237
Increase (decrease) in performance bonds payable		
Total adjustments	<u>25,132</u>	<u>17,598</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ <u><u>(8,570)</u></u>	\$ <u><u>(159,547)</u></u>

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
WATER SUPPLY	TOTAL	TOTAL	INTERNAL SERVICE FUNDS	INTERNAL SERVICE FUNDS
	2015	2014	2015	2014
\$ <u>(12,868)</u>	\$ <u>(223,715)</u>	\$ <u>143,579</u>	\$ <u>259,518</u>	\$ <u>192,962</u>
229,664	1,030,590	1,029,552	182,560	187,020
93,178	188,793	487,785	(10,268)	(6,132)
1,656	1,656	(2,604)	(314)	(2,820)
25,632	39,852	(81,336)	(7,384)	
542	1,623	(8,822)	189	(196)
(1,324,031)	(2,117,952)			
62,660	62,660	(61,661)		
(70,514)	(150,942)	375,220	51,914	5,368
(3,294)	1,943	8,463	713	1,087
(1,500)	(1,500)	(1,000)		
<u>(986,007)</u>	<u>(943,277)</u>	<u>1,745,597</u>	<u>217,410</u>	<u>184,327</u>
\$ <u><u>(998,875)</u></u>	\$ <u><u>(1,166,992)</u></u>	\$ <u><u>1,889,176</u></u>	\$ <u><u>476,928</u></u>	\$ <u><u>377,289</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	PAYROLL CLEARING	TAX COLLECTION
ASSETS		
Cash	\$ 96,295	\$ 113
Investment		
Accounts receivable		130,427
Prepaid expenses		
TOTAL ASSETS	\$ 96,295	\$ 130,540
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 96,295	\$ 113
Undistributed taxes	96,295	
Due to other funds		130,427
TOTAL LIABILITIES	\$ 96,295	\$ 130,540

See accompanying notes to financial statements.

SPECIAL
ASSESSMENT
CREDIT
ESCROW

EMPLOYEE
HEALTH CARE

TOTAL

\$ 147

\$ 147

\$ 196,574
606,715

\$ 851,703

\$ 293,129
606,715
130,427
48,414

\$ 1,078,685

\$ 147

\$ 147

\$ 851,703

\$ 851,703

\$ 851,963
96,295
130,427

\$ 1,078,685

CITY OF LAPEER, MICHIGAN
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2015

	DOWNTOWN DEVELOPMENT AUTHORITY	BROWNFIELD REDEVELOPMENT
ASSETS		
Cash	\$ 46,078	\$ 1,060
Note receivable		
Due from other units	60,598	
Capital assets not being depreciated	269,780	
Capital assets (net of accumulated depreciation)	<u>355,593</u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 732,049</u></u>	<u><u>\$ 1,060</u></u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$	\$
Due to other units		
Security deposits payable	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u> </u>	<u> </u>
 NET POSTION		
Net investment in capital assets	625,373	
Assigned	<u>106,676</u>	<u>1,060</u>
TOTAL NET POSITION	<u>732,049</u>	<u>1,060</u>
 TOTAL LIABILITIES AND NET POSITION	 <u><u>\$ 732,049</u></u>	 <u><u>\$ 1,060</u></u>

See accompanying notes to financial statements.

TAX INCREMENT FINANCE AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTAL
\$ 1,049,335	\$ 5,073	\$ 175,761	\$ 1,277,307
189,795			189,795
16,449			77,047
14,400		206,774	490,954
<u>2,981,523</u>	<u> </u>	<u> </u>	<u>3,337,116</u>
<u><u>\$ 4,251,502</u></u>	<u><u>\$ 5,073</u></u>	<u><u>\$ 382,535</u></u>	<u><u>\$ 5,372,219</u></u>
\$	\$	\$	\$
<u>4,132</u>	<u> </u>	<u> </u>	<u>4,132</u>
<u>4,132</u>	<u> </u>	<u> </u>	<u>4,132</u>
2,995,923		206,774	3,828,070
<u>1,251,447</u>	<u>5,073</u>	<u>175,761</u>	<u>1,540,017</u>
<u>4,247,370</u>	<u>5,073</u>	<u>382,535</u>	<u>5,368,087</u>
<u><u>\$ 4,251,502</u></u>	<u><u>\$ 5,073</u></u>	<u><u>\$ 382,535</u></u>	<u><u>\$ 5,372,219</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2015

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Component Units			
Tax Increment Finance Authority	\$ 1,667,357	\$	\$
Brownfield Redevelopment	1,979		
Downtown Development Authority	221,085		116,000
Local Development Finance Authority	304,552		
Economic Development Corporation	363		
Total Component Units	\$ 2,195,336	\$	\$ 116,000
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	LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTAL
\$	\$	\$ (1,667,357)	\$	\$	\$ (1,667,357)
(105,085)	(1,979)				(1,979)
				(304,552)	(105,085)
			(363)		(304,552)
<u>(105,085)</u>	<u>(1,979)</u>	<u>(1,667,357)</u>	<u>(363)</u>	<u>(304,552)</u>	<u>(2,079,336)</u>
78,621	2,489	1,088,989		329,874	1,499,973
184,855		46,224			231,079
137		3,056	1	283	3,477
<u>263,613</u>	<u>2,489</u>	<u>1,138,269</u>	<u>1</u>	<u>330,157</u>	<u>1,734,529</u>
158,528	510	(529,088)	(362)	25,605	(344,807)
<u>573,521</u>	<u>550</u>	<u>4,776,458</u>	<u>5,435</u>	<u>356,930</u>	<u>5,712,894</u>
<u>\$ 732,049</u>	<u>\$ 1,060</u>	<u>\$ 4,247,370</u>	<u>\$ 5,073</u>	<u>\$ 382,535</u>	<u>\$ 5,368,087</u>

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CITY OF LAPEER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 Cities 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 Cities 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 2015 General Obligation Construction Fund accounts for bonds received for construction projects.

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 City'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, 2015 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 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 2014 reflected in the accompanying financial statements include property taxes levied July 1, 2014, and substantially collected at June 30, 2015.

The total 2014 levy for the City was \$2,186,618 which was based upon the taxable value as of March 1, 2014 of \$223,124,281 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, 2015, was \$0.98 per \$100.00, which means that the City has a tax margin of \$0.02 per \$100 and could raise up to \$44,625 additional tax per year from the present taxable value of \$223,124,281 before the limit is reached.

The City levied the following millage for fiscal year 14-15:

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, 2015, 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, 2015, 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.

During the year the City did not incur any expenditures in excess of the budget.

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2015 are as follows:

FUND	DUE FROM	FUND	DUE TO
Major Street	\$ 706,949	2015 General Obligation	
Local Street	276,100	Construction	\$ 2,258,856
Wastewater	513,203		
Water	<u>762,604</u>		<u> </u>
Subtotal	<u>2,258,856</u>	Subtotal	<u>2,258,856</u>
Local Street	\$ 1,172	Tax Collection	\$ 130,427
2009 General Obligation Bond	116,857		
2006 Special Assessment Bond	6,860		
2007 Special Assessment Bond	242		
2008A Special Assessment Bond	598		
2010 Special Assessment Bond	2,056		<u> </u>
2011 Special Assessment Bond	<u>2,642</u>		
Subtotal	<u>130,427</u>	Subtotal	<u>130,427</u>
Site Plan Review	<u>2,000</u>	General	<u>2,000</u>
Wastewater	933,653	Land Acquisition	2,148,015
Water	<u>1,214,362</u>		<u> </u>
Subtotal	<u>2,148,015</u>	Subtotal	<u>2,148,015</u>
TOTAL	<u>\$ 4,539,298</u>	TOTAL	<u>\$ 4,539,298</u>

RECONCILIATION TO STATEMENTS

	DUE FROM	DUE TO
Government funds	\$ 1,115,476	\$ 4,408,871
Proprietary funds		
Business-type	3,423,822	
Fiduciary	<u> </u>	<u>130,427</u>
	<u>\$ 4,539,298</u>	<u>\$ 4,539,298</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, 2015:

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
Major Street	\$ 45,000	General	\$ 1,303,607
Local Street	157,980		
Park	500,000		
Cemetery	136,768		
Site Plan Review	10,000		
Police K-9	2,515		
2013 General Obligation Bond	12,531		
2001 Building Authority Bond	99,879		
2008 Equipment Financing Debt	16,761		
2008A Equipment Financing Debt	172,187		
Capital Improvement	112,980		
Parking	<u>37,006</u>		<u> </u>
Subtotal	<u>1,303,607</u>	Subtotal	<u>1,303,607</u>
2006 General Obligation Bond	65,000	Local Street	84,612
2007 General Obligation Bond	4,319		
2008A General Obligation Bond	<u>15,293</u>		<u> </u>
Subtotal	<u>84,612</u>	Subtotal	<u>84,612</u>
Local Street	39,956	Major Street	65,125
2010 General Obligation Bond	<u>25,169</u>		<u> </u>
Subtotal	<u>65,125</u>	Subtotal	<u>65,125</u>
Major Street	706,949	2015 General Obligation Construction	2,258,856
Local Street	276,100		
Wastewater	513,203		
Water	<u>762,604</u>		<u> </u>
Subtotal	<u>2,258,856</u>		<u>2,258,856</u>
General	362,385	Wastewater	691,280
2009 General Obligation Bond	48,177		
Land Acquisition	<u>280,718</u>		<u> </u>
Subtotal	<u>691,280</u>	Subtotal	<u>691,280</u>
2009 General Obligation Bond	89,643	Water	651,070
Land Acquisition	<u>561,427</u>		<u> </u>
Subtotal	<u>651,070</u>	Subtotal	<u>651,070</u>

NOTE 6: **OPERATING TRANSFERS** – Concluded

General	\$ 9,235	Capital Improvement	\$ 88,889
Major Street	50,000		
2001 Building Authority Bond	<u>29,654</u>		<u> </u>
Subtotal	<u>88,889</u>	Subtotal	<u>88,889</u>
General	212,961	Site Plan Review	7,961
		Housing Resource	20,000
		Motorpool	85,000
		Information Technology	85,000
		Telephone	<u>15,000</u>
Subtotal	<u>212,961</u>	Subtotal	<u>212,961</u>
Cemetery	23	Cemetery Perpetual Care	23
2008 General Obligation Bond	414,825	2009 General Obligation Bond	414,825
2013 General Obligation Bond	64,046	Land Acquisition	64,046
2001 Building Authority Bond	26,533	Oakdale	26,533
Land Acquisition	40,000	Building Department	40,000
Water	2,239	Site Plan Review	2,239
Motorpool	<u>10,000</u>	Park	<u>10,000</u>
TOTAL	<u>\$ 5,914,066</u>	TOTAL	<u>\$ 5,914,066</u>

RECONCILIATION TO STATEMENTS

	TRANSFERS IN	TRANSFERS OUT
Governmental funds	\$ 4,589,014	\$ 4,386,716
Proprietary funds		
Business-type	1,315,052	1,342,350
Internal service	<u>10,000</u>	<u>185,000</u>
TOTAL	<u>\$ 5,914,066</u>	<u>\$ 5,914,066</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, 2015 is as follows:

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
General	\$ 1,751,450	\$ 10,507	\$ 1,103,776	\$ 2,865,733
Local Street	259,713			259,713
Parks and Recreation	410,278	19,599		429,877
Oakdale Development	57,731			57,731
Youth Mini-Grant	563			563
Local Development				
Finance Authority		175,761		175,761
Drug Law Enforcement	7,127			7,127
D.A.R.E.	7,549			7,549
Public Safety Training	2,412			2,412
Mt. Hope Cemetery	61,737			61,737
Economic Development				
Corporation		5,073		5,073
Downtown Development				
Authority		46,078		46,078
Building Department	78,147			78,147
General Forfeiture	10,542			10,542
Police K-9 Program	10,508			10,508
Tax Increment				
Finance Authority		1,049,335		1,049,335
Parking Fund	96,389			96,389
2010 Special Assessment Bond		99,484		99,484
Special Assessment Credit				
Escrow Fund		147		147
2010 General Obligation				
Limited Tax Bond		1,207		1,207
2006 Special Assessment Bond		11,004		11,004
2007 Special Assessment Bond		95,736		95,736
Mobile Training Unit	2,807			2,807
Telephone Communication	114,213			114,213
Housing Resource	54,183			54,183
2001 Building Authority Bond		3,268		3,268
Site Plan Review	9,362			9,362
2007 General Obligation				
Limited Tax Bond		24,540		24,540
2008 General Obligation				
Limited Tax Bond		185		185
2008A General Obligation,				
Limited Tax Bond		6,504		6,504
2008A Equipment				
Financing Debt Fund		2		2
Land Acquisition	744,486		469,179	1,213,665
2011 Special Assessment Bond		148,663		148,663
Waste Water Treatment Plant	354,480		223,395	577,875
Major Street	194,712			194,712
2006 General Obligation				
Limited Tax Bond		903		903
2013 General Obligation				
Limited Tax Bond		6,084		6,084

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

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
Water Supply	\$ 278,748	\$ 100	\$	\$ 278,848
Motor Pool	402,486		253,650	656,136
Mt. Hope Cemetery Perpetual Care	8,658			8,658
Information Technology	280,438			280,438
2009 General Obligation Limited Tax Bonds		3,233,801		3,233,801
Tax Collection	113			113
2005 Equipment Financing Debt Fund		114		114
2008A Special Assessment Bond		30,773		30,773
2008 Equipment Financing Debt Fund		13,869		13,869
2015 General Obligation Const.		47,105		47,105
Payroll Clearing	96,295			96,295
Brownfield Redevelopment Authority		1,060		1,060
Employee Health Care	196,574		606,715	803,289
Capital Improvements	<u>65,361</u>	<u></u>	<u></u>	<u>65,361</u>
TOTAL	<u>\$ 5,557,062</u>	<u>\$ 5,030,902</u>	<u>\$ 2,656,715</u>	<u>\$ 13,244,679</u>

RECONCILIATION TO STATEMENTS

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	TOTAL
Governmental funds	\$ 3,737,326	\$ 3,753,348	\$ 1,572,955	\$ 9,063,629
Proprietary funds				
Enterprise	729,617	100	223,395	953,112
Internal service	797,137		253,650	1,050,787
Fiduciary funds	292,982	147	606,715	899,844
Component units	<u></u>	<u>1,277,307</u>	<u></u>	<u>1,277,307</u>
	<u>\$ 5,557,062</u>	<u>\$ 5,030,902</u>	<u>\$ 2,656,715</u>	<u>\$ 13,244,679</u>

FINANCIAL STATEMENT
PRESENTATION

Cash	\$ 10,294,835
Investments	2,050,000
Fiduciary funds	<u>899,844</u>
TOTAL	<u>\$ 13,244,679</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, 2015, the carrying amount of the City’s deposits was \$13,244,679 and the bank balance was \$12,708,354, of which \$1,000,000 was covered by federal depository insurance. The remaining balance of \$11,708,354 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 Citys (NRSRO’s). As of June 30, 2015, 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**

Summary of Significant Accounting Policies

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS’ fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

The employer’s defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multi-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits provided include plans with multipliers ranging from 2.25% to 2.50%. Vesting periods range from 6 to 10 years. Normal retirement age is 60 with early retirement at 55 with 25 years of service. Final average compensation is calculated based on 5 years. Member contributions are 0.

Employees covered by benefit terms: At the December 31, 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>71</u>
TOTAL	<u>145</u>

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

NOTE 8: **DEFINED BENEFIT PENSION PLAN – Continued**

Employer contributions range from 13.28% to 22.19% based on annual payroll for open divisions.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation 3% - 4%. Salary increases: 4.5% in the long-term (1%, 2%, and 3% for calendar years 2014, 2015 and 2016, respectively). Investment rate of return: 8.0%, net of investment expenses, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation for 3%-4%.

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008 (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013).

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 8.25% for 2014. The projection of cash flows used to determine the discount rate assumes the employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees.

Therefore, the long-term, expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8: **DEFINED BENEFIT PENSION PLAN - Continued****Calculating Net Pension Liability**

Changes in Net Pension Liability	Increase (Decrease)		
	TOTAL PENSION LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (a) - (b)
Balances at 12/31/13	\$ <u>22,016,167</u>	\$ <u>15,232,599</u>	\$ <u>6,783,568</u>
Changes for the Year			
Service cost	435,088		435,088
Interest on Total Pension Liability	1,792,434		1,792,434
Employer Contributions		970,425	(970,425)
Net investment income		965,353	(965,353)
Benefit payments, including employee refunds	(1,014,475)	(1,014,475)	
Administrative expense		(35,527)	35,527
Net changes	<u>1,213,047</u>	<u>885,776</u>	<u>327,271</u>
Balances as of 12/31/14	\$ <u>23,229,214</u>	\$ <u>16,118,375</u>	\$ <u>7,110,839</u>

Sensitivity of the Net Pension Liability to changes in the discount rate

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.25%) or 1% higher (9.25%) than the current rate.

Sensitivity to Changes in Discount Rate

	1% DECREASE 7.25%	CURRENT DISCOUNT RATE (8.25%)	1% INCREASE 9.25%
Net Pension Liability at 12/31/14	7,110,839	7,110,839	7,110,839
Change in Net Pension Liability (NPL)	<u>2,710,355</u>	<u> </u>	<u>2,307,224</u>
Calculated NPL for your Notes	<u>9,821,194</u>	<u>7,110,839</u>	<u>4,803,615</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2014, the employer recognized pension expense of \$1,066,081. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources
Differences in experience	\$
Differences in assumptions	
Excess (Deficit) Investment Returns	231,615
Contributions subsequent to the measurement date	<u>430,149</u>
Total	<u>\$ 661,764</u>

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

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending December 31, 2014.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
2016	\$ 57,904
2017	57,904
2018	57,904
2019	57,903

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan’s fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payment and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

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, 2015:

	WATER AND SEWER REVENUE BONDS	GENERAL OBLIGATION BONDS	NOTES PAYABLE	COMPENSATED ABSENCES
As of July 1, 2013	\$ 7,315,961	\$ 7,130,000	\$ 959,144	\$ 512,177
Additions (Reductions)	(<u>365,000</u>)	<u>860,000</u>	(<u>326,474</u>)	<u>14,644</u>
As of June 30, 2015	\$ <u>6,950,961</u>	\$ <u>7,990,000</u>	\$ <u>632,670</u>	\$ <u>526,821</u>

Long-term debt at June 30, 2015 is comprised of the individual issues:

	BALANCE AS OF JULY 1, 2014	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2015	DUE WITHIN ONE YEAR
BUSINESS-TYPE ACTIVITIES				
\$8,905,000 2010 Sewer Revenue Bond due in annual installments of \$345,000 to \$560,000 through October 1, 2031; interest at 2.5%.	\$ 7,315,961	\$(365,000)	\$ 6,950,961	\$ 365,000
Less: Amount payable within one year			<u>365,000</u>	
TOTAL LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES			\$ <u>6,585,961</u>	

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

Long-term debt at June 30, 2015 is comprised of the individual issues:

	BALANCE AS OF JULY 1, 2014	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2015	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT				
\$350,000 2010 Special Assessment Bond due in annual installments of \$10,000 to \$40,000 through January 1, 2020; interest at 3.4%.	\$ 225,000	\$(40,000)	\$ 185,000	\$ 35,000
\$200,000 2010 General Obligation Limited Tax Bond due in annual installments of \$15,000 to \$25,000 through January 1, 2020; interest at 3.4%.	\$ 130,000	\$(20,000)	\$ 110,000	\$ 20,000
\$152,000 2006 Abstract Building installment and purchase loan in annual installments of \$14,319 through February 1, 2019; interest at 3.870%.	63,867	(11,827)	52,040	12,276
\$1,404,455 2008 Installment purchase contract due in bi-annual installments of \$84,993 through July 15, 2018; interest at 3.70%.	733,293	(152,663)	580,630	158,634
\$280,000 2006 Special Assessment Bond due in annual installments of \$30,000 through January 1, 2016; interest at 3.95%.	60,000	(30,000)	30,000	30,000
\$470,000 2006 General Obligation Limited Tax Bond due in annual installments of \$45,000 to \$60,000 through January 1, 2016; interest at 3.95%.	120,000	(60,000)	60,000	60,000
\$110,000 2007 General Obligation Tax Bond due in annual installments of \$10,000 to \$15,000 through November 1, 2017; interest at 3.95%.	50,000	(10,000)	40,000	10,000
\$175,000 2007 Special Assessment Bond due in annual installments of \$15,000 to \$20,000 through November 1, 2017; interest at 3.95%.	75,000	(20,000)	55,000	15,000
\$6,375,000 2009 General Obligation Tax Bond due in annual installments of \$385,000 to \$740,000 through December 1, 2018; interest at 2.00% to 4.25%.	3,145,000	(670,000)	2,475,000	645,000

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

	BALANCE AS OF JULY 1, 2014	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2015	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES				
PRIMARY GOVERNMENT - Concluded				
\$3,325,000 2008 General Obligation Limited Tax Bond due in annual installments of \$195,000 to \$360,000 through December 1, 2018, interest 3.00% to 5.00%.	1,720,000	(340,000)	1,380,000	345,000
\$155,000 2008 Series A General Obligation Tax Bond due in annual installments of \$15,000 to \$20,000 through November 1, 2017; interest at 3.95%.	\$ 70,000	\$(15,000)	\$ 55,000	\$ 15,000
\$95,000 2008 Series A Special Assessment Bond due in annual installments of \$10,000 through November 1, 2017; interest at 3.95%.	40,000	(10,000)	30,000	10,000
\$1,705,000 2001 Building Authority Bond due in annual installments of \$115,000 to \$155,000 through April 1, 2016; interest at 4.50% to 4.70%.	300,000	(145,000)	155,000	155,000
\$380,000 2011 Special Assessment Bond due in annual installments of \$25,000 to \$50,000 through May 1, 2021; interest at 4.25% to 5.50%.	295,000	(35,000)	260,000	35,000
\$900,000 2013 General Obligation Construction Bond due in annual installments of \$120,000 to \$140,000 through November 1, 2020; interest at 2.20%.	900,000	(120,000)	780,000	120,000
\$2,375,000 2015 General Obligation Construction Bond due in annual installments of \$65,000 to \$175,000 through November 1, 2035; interest at 2.96%		2,375,000	2,375,000	
\$300,000 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%.	161,985	(161,985)		
Accumulated compensated absences	<u>512,177</u>	<u>14,644</u>	<u>526,821</u>	<u>79,023</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 8,601,322</u>	<u>\$ 548,169</u>	9,149,491	<u>\$ 1,744,933</u>
Less: Amount payable within one year			<u>1,744,933</u>	
TOTAL LONG-TERM DEBT GOVERNMENTAL ACTIVITIES			<u>\$ 7,404,558</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,				
2016	Principal	\$ 375,000	\$ 1,665,640	\$ 2,040,640
	Interest	173,774	269,688	443,462
	Total	548,774	1,935,328	2,484,102
2017	Principal	385,000	1,577,031	1,962,031
	Interest	164,399	210,678	375,077
	Total	549,399	1,787,709	2,337,108
2018	Principal	395,000	1,583,670	1,978,670
	Interest	154,774	151,088	305,862
	Total	549,774	1,734,758	2,284,532
2019	Principal	405,000	1,436,329	1,841,329
	Interest	144,899	92,488	237,387
	Total	549,899	1,528,817	2,078,716
2020	Principal	415,000	405,000	820,000
	Interest	134,774	60,075	194,849
	Total	549,774	465,075	1,014,849
2021 – 2025	Principal	2,230,000	1,025,000	3,255,000
	Interest	513,245	195,770	709,015
	Total	2,743,245	1,220,770	3,964,015
2026 – 2030	Principle	2,530,000	450,000	2,980,000
	Interest	219,870	106,841	326,711
	Total	2,749,870	556,841	3,306,711
2031 – 2035	Principle	215,961	395,000	610,961
	Interest	5,399	48,483	53,882
	Total	221,360	443,483	664,843
2036 -	Principle		85,000	85,000
	Interest		1,445	1,445
	Total		86,445	86,445
TOTAL				
	Principal	6,950,961	8,622,670	15,573,631
	Interest	1,511,134	1,136,556	2,647,690
	Total	8,462,095	9,759,226	18,221,321

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, 2015, is as follows:

	AUTO PARKING FUND	WASTE WATER TREATMENT PLANT FUND	WATER SUPPLY FUND	TOTAL
Total assets	\$ 850,196	\$ 22,469,475	\$ 9,945,876	\$ 33,265,547
Deferred outflows of resources		20,894	9,792	30,686
Total liabilities	162,070	8,295,247	1,081,229	9,538,546
Contributed capital	330,000	1,046,305		1,376,305
Total net position	358,126	13,127,923	8,864,647	22,350,696
Operating revenues	17,300	3,946,144	2,880,342	6,843,786
Operating expenses	51,002	4,123,289	2,893,210	7,067,501
Depreciation expense	25,120	775,806	229,664	1,030,590
Operating income (loss)	(33,702)	(177,145)	(12,868)	(223,715)
Nonoperating revenues (expenses)	232	(177,275)	1,601	(175,442)
Transfers	37,006	(178,077)	113,773	(27,298)
Change in net position	3,536	(532,497)	102,506	(426,455)
Beginning net position	354,590	13,164,114	8,755,826	22,274,530
Reduction of contributed capital		496,306		496,306
Prior period adjustment			6,315	6,315
Ending net position	358,126	13,127,923	8,864,647	22,350,696
Cash flows from operating activities	(8,570)	(159,547)	(998,875)	(1,166,992)
Cash flows from noncapital and related financing activities	37,006	(178,077)	113,773	(27,298)
Cash flows from capital and related financing activities		(318,882)	74,042	(244,840)
Cash flows from investing activities	232	1,062	1,601	2,895
Cash and cash equivalents – beginning	67,721	1,009,924	1,088,307	2,165,952
Cash and cash equivalents – ending	96,389	354,480	278,848	729,717

NOTE 11: **CAPITAL ASSETS**

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

	JULY 1, 2014	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2015
GOVERNMENTAL					
Capital assets not being depreciated					
Construction in progress	\$ 580,515	\$ 1,066,321	\$ 1,319,532	\$	\$ 327,304
Land	<u>24,311,700</u>	<u>1,171,598</u>	<u>2,084</u>		<u>25,481,214</u>
Total capital assets not being depreciated	<u>24,892,215</u>	<u>2,237,919</u>	<u>1,321,616</u>		<u>25,808,518</u>
Capital assets being depreciated					
Buildings	5,815,993				5,815,993
Improvements	5,607,848	133,366		(3,628)	5,737,586
Machinery and equipment	6,634,892	366,542	126,158		6,875,276
Infrastructure	<u>42,119,048</u>	<u>1,199,726</u>		<u>3,628</u>	<u>43,322,402</u>
Total capital assets being depreciated	<u>60,177,781</u>	<u>1,699,634</u>	<u>126,158</u>		<u>61,751,257</u>

NOTE 11: **CAPITAL ASSETS** - Continued

	JULY 1, 2014	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2015
GOVERNMENTAL - Concluded					
Less: accumulated depreciation					
Buildings	\$ 2,471,827	\$ 156,923	\$	\$	\$ 2,628,750
Improvements	3,295,793	214,824	5,527		3,505,090
Machinery and equipment	4,808,015	298,942	115,692		4,991,265
Infrastructure	<u>15,281,186</u>	<u>2,007,453</u>	_____	_____	<u>17,288,639</u>
Total accumulated depreciation	<u>25,856,821</u>	<u>2,678,142</u>	<u>121,219</u>	_____	<u>28,413,744</u>
Total capital assets being depreciated - net	<u>34,320,960</u>	(<u>978,508</u>)	<u>4,939</u>	_____	<u>33,337,513</u>
NET CAPITAL ASSETS	<u>\$59,213,175</u>	<u>\$ 1,259,411</u>	<u>\$ 1,326,555</u>	\$ _____	<u>\$59,146,031</u>

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

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ 253,341
Public safety	158,601
Public works	108,425
Streets	2,001,421
Recreation	<u>156,354</u>
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	<u>\$ 2,678,142</u>

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

	JULY 1, 2014	ADDITIONS	DELETIONS	JUNE 30, 2015
COMPONENT UNITS				
Land	\$ 375,174	\$	\$	\$ 375,174
Buildings	7,201,243			7,201,243
Construction in Progress	_____	<u>115,780</u>	_____	<u>115,780</u>
Total Capital Assets	<u>7,576,417</u>	<u>115,780</u>	_____	<u>7,692,197</u>
Less: accumulated depreciation				
Buildings	<u>3,678,887</u>	<u>185,240</u>	_____	<u>3,864,127</u>
NET CAPITAL ASSETS	<u>\$ 3,897,530</u>	\$(<u>69,460</u>)	\$ _____	<u>\$ 3,828,070</u>

NOTE 11: **CAPITAL ASSETS** - Concluded

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

	JULY 1, 2014	ADDITIONS	DELETIONS	JUNE 30, 2015
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 491,130	\$ 565,944	\$ 558,855	\$ 498,219
Land	<u>798,214</u>	<u> </u>	<u> </u>	<u>798,214</u>
Total capital assets not being depreciated	<u>1,289,344</u>	<u>565,944</u>	<u>558,855</u>	<u>1,296,433</u>
Capital assets being depreciated				
Buildings	19,689,067	3,500		19,692,567
Machinery and equipment	1,653,292			1,653,292
Infrastructure	21,377,586	558,855		21,936,441
Improvements	<u>1,006,401</u>	<u> </u>	<u> </u>	<u>1,006,401</u>
Total capital assets being depreciated	<u>43,726,346</u>	<u>562,355</u>	<u> </u>	<u>44,288,701</u>
Less: accumulated depreciation				
Buildings	9,351,299	465,850		9,817,149
Machinery and equipment	1,400,070	32,747		1,432,817
Infrastructure	5,171,147	506,724		5,677,871
Improvements	<u>559,359</u>	<u>25,269</u>	<u> </u>	<u>584,628</u>
Total accumulated depreciation	<u>16,481,875</u>	<u>1,030,590</u>	<u> </u>	<u>17,512,465</u>
Total capital assets being depreciated	<u>27,244,471</u>	<u> </u>	<u> </u>	<u>26,776,236</u>
NET CAPITAL ASSETS	<u>\$28,533,815</u>	<u>\$ 97,709</u>	<u>\$ 558,855</u>	<u>\$ 28,072,669</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	\$ 25,119
Wastewater	775,808
Water	<u>229,663</u>
TOTAL DEPRECIATION EXPENSE BUSINESS-TYPE ACTIVITIES	<u>\$ 1,030,590</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
Growth & Opportunity	11/02/79	275,000
Peninsular Slate	12/28/79	200,000
Doc Development Company	12/21/79	363,000
Houghtaling Project	02/11/80	180,000
Dowsett Project	11/10/80	300,000
The Thread Forms, Inc. Project	11/06/81	400,000
MESC Project	02/28/82	323,300
Lapeer Foundry & Machine, Inc.	03/11/82	950,000
DeMille Industrial Development	06/18/82	200,000
The Whitman Project	06/30/83	368,806
Growth & Oppor. Inc. II Project	08/22/83	625,000
Barnard & Balaze Project	12/28/83	209,000
J.L. Avery Project	01/05/84	250,000
Lapeer Medical Center	01/17/84	475,000
Growth & Opportunity, Inc.	02/13/84	600,000
C & P Partnership Project	06/26/85	616,000
Copres Leasing Company	12/30/85	806,000
The Lapeer Association, Ltd.	06/20/86	1,500,000
Lapeer Enterprise Center	12/29/86	298,531
Albar Industries Inc.	11/15/89	3,500,000
Dott Manufacturing	11/15/89	4,128,000
Lapeer Regional Hospital	06/01/91	1,980,170
Vidon Plastics	07/05/95	1,075,000
JMA Development, Inc.	09/22/95	1,347,000
JMA Development, Inc.	06/17/99	4,000,000
H&H Tool	12/23/04	2,800,000
H&H Tool	08/31/07	9,870,000

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 \$671,428 during the year ended June 30, 2015. The total number of eligible retirees amounted to 45 at June 30, 2015. The City pays 100% of these costs. There are no provisions for employee contributions. The City has recorded a liability of \$8,971,231 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 \$606,215 at June 30, 2015. The City of Lapeer did not meet its Annual Required Contribution (ARC) requirements in 2014 by \$1,459,678.

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
Actuarial value of liabilities (AAL)	22,483,987
Unfunded AAL	21,692,944
Funded ratio	3.50%

Funding Progress

For the year ended June 30, 2015, 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	\$ 2,131,106
Amount contributed	(671,428)
ARC adjustment	(552,697)
Interest on net OPEB obligation	<u>456,467</u>
Increase in OPEB obligation	1,363,448
Net OPEB obligation, July 1	<u>7,607,783</u>
NET OPEB OBLIGATION, JUNE 30	<u>\$ 8,971,231</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and preceding years were as follows:

Fiscal Year Ended	Alternative Measurement Method Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
June 30, 2013	June 30, 2013	\$ 1,827,818	30.1%	\$ 6,286,825
June 30, 2014	June 30, 2014	1,931,228	31.6%	7,607,783
June 30, 2015	June 30, 2015	2,034,876	33.0%	8,971,231

NOTE 19: **POST EMPLOYMENT BENEFITS** – Continued

The funding progress of the plan is as follows:

Alternative Measurement Method Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
June 30, 2013	\$ 791,043	\$ 22,483,987	\$ 21,692,944	3.5%
June 30, 2014	900,941	23,600,698	22,699,757	3.8%
June 30, 2015	1,027,690	24,738,359	23,710,669	4.1%

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement Age for Active Employees

Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Marital Status

Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality

Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2002 United States Life Tables for males and for females were used.

Turnover

Rates used to determine nongroup-specific age-based turnover were taken from the Michigan MERS actuarial valuations of December 31, 2011.

Healthcare Cost Trend Rate

The expected rate of increase in healthcare insurance premiums was based on a combination of employer history, national trend surveys and professional judgment.

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

Payroll Growth Rate

The payroll growth rate has been updated to be consistent with the assumptions used in the December 31, 2011 MERS actuarial valuation.

Based on the historical and expected returns of the City’s short-term investment portfolio, a discount rate of 6.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2015 was 30 years.

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

	NET OPEB OBLIGATION
Governmental Activities	
General government	\$ 1,294,633
Public safety	2,639,682
Public works	2,203,667
Cultural and recreation	817,634
Community development and enrichment	<u>64,069</u>
Total Governmental Activities	<u>7,019,685</u>
Business-Type Activities	
Auto parking	162,025
Wastewater treatment plant	1,158,072
Water supply	<u>631,449</u>
Total Business-Type Activities	<u>1,951,546</u>
TOTAL OPEB OBLIGATION	<u>\$ 8,971,231</u>
	RETIREEE HEALTH CARE TRUST FUND
ASSETS	
Investments	
Other investments	<u>\$ 606,715</u>
NET POSITION	
Held in trust for postemployment healthcare benefits	<u>\$ 606,715</u>
INCOME	
Contributions	
Employer	\$ 671,428
Investment income	33,708
Other	(1,779)
TOTAL INCOME	<u>703,357</u>
EXPENSES	
Distributions	<u>571,845</u>
NET LOSS	131,512
NET POSITION, JULY 1	<u>475,203</u>
NET POSITION, JUNE 30	<u>\$ 606,715</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, 2015:

Land acquisition	\$(<u>934,350</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**

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.

NOTE 27: **UPCOMING ACCOUNTING PRONOUNCEMENTS**

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2015-2016 fiscal year.

In June 2015, the GASB issued Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the OPEB plan. 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 the City's financial statements for the year ending June 30, 2018.

NOTE 28: **INSURANCE RECOVERIES**

A building adjacent to the Pix Theatre caught fire during the 2014/2015 fiscal year. The owner of the building did not have sufficient insurance coverage and opted to donate the building and land to the City as well as give them \$30,000 cash. Extensive repairs had to be done to the Pix Theatre. The total amount of insurance recoveries during the year was \$175,074. This amount is included on the other income line on the financial statements.

NOTE 29: **PRIOR PERIOD ADJUSTMENTS**

	GOVERNMENT WIDE	BUSINESS TYPE
Adjustment for fixed assets net recorded at June 30, 2014	\$ 25,259	\$ 6,315
Adjustment for implementation of GASB 68	(6,121,804)	

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, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Property taxes	\$ 2,565,438	\$ 2,565,438	\$ 2,646,058	\$ 80,620
Penalties and interest	75,000	75,000	81,414	6,414
City income taxes	<u>2,545,000</u>	<u>2,545,000</u>	<u>2,895,494</u>	<u>350,494</u>
Total Taxes	<u>5,185,438</u>	<u>5,185,438</u>	<u>5,622,966</u>	<u>437,528</u>
Federal Grants				
Federal Drug Grant (TNU)	23,000	23,000	29,280	6,280
MSHDA Section 8	136,500	136,500	145,173	8,673
School liaison officer	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	
Total Federal Grants	<u>190,500</u>	<u>190,500</u>	<u>205,453</u>	<u>14,953</u>
Licenses and Permits				
Licenses	5,500	5,500	9,748	4,248
Permits	<u>8,000</u>	<u>8,000</u>	<u>11,579</u>	<u>3,579</u>
Total Licenses and Permits	<u>13,500</u>	<u>13,500</u>	<u>21,327</u>	<u>7,827</u>
Intergovernmental				
Sales tax	725,000	725,000	735,714	10,714
Liquor licenses	<u>11,500</u>	<u>11,500</u>	<u>275</u>	<u>(11,225)</u>
Total Intergovernmental	<u>736,500</u>	<u>736,500</u>	<u>735,989</u>	<u>(511)</u>
Charges for Services				
Administrative fees	680,652	680,652	680,652	
Copies	4,000	4,000	4,705	705
Fire runs and protection	432,000	432,000	444,755	12,755
IFT application fee	1,000	1,000	1,000	
Other fees	37,970	37,970	31,357	(6,613)
Cable franchise fees	<u>110,000</u>	<u>110,000</u>	<u>92,367</u>	<u>(17,633)</u>
Total Charges for Services	<u>1,265,622</u>	<u>1,265,622</u>	<u>1,254,836</u>	<u>(10,786)</u>
Fines and Forfeits				
Court fines	<u>47,000</u>	<u>47,000</u>	<u>43,387</u>	<u>(3,613)</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, 2015

	BUDGETED AMOUNTS			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES - Concluded				
Other Revenues				
Interest on investments	\$ 5,000	\$ 5,000	\$ 10,632	\$ 5,632
Rentals	60,636	60,636	53,127	(7,509)
Reimbursements	83,550	83,550	68,017	(15,533)
Miscellaneous	4,500	4,500	15,490	10,990
Sale of tax map books	12	12		(12)
Contributions	4,650	664,757	578,734	(86,023)
	<u>158,348</u>	<u>818,455</u>	<u>726,000</u>	<u>(92,455)</u>
Total Other Revenues				
	<u>158,348</u>	<u>818,455</u>	<u>726,000</u>	<u>(92,455)</u>
TOTAL REVENUES	<u>7,596,908</u>	<u>8,257,015</u>	<u>8,609,958</u>	<u>352,943</u>
EXPENDITURES				
General Government				
Legislative	35,371	35,371	34,303	1,068
Executive/Clerk	523,848	523,848	488,581	35,267
Assessor's office	267,921	281,521	281,257	264
Income tax	207,301	207,301	190,282	17,019
Attorney/Jury-Witness	185,300	163,850	138,110	25,740
Elections	48,754	48,754	32,743	16,011
City Hall	30,724	43,874	43,858	16
Board of Review	1,614	1,614	658	956
Accounting and data processing	489,244	489,244	477,895	11,349
Cable advisory board	388	388	221	167
	<u>1,790,465</u>	<u>1,795,765</u>	<u>1,687,908</u>	<u>107,857</u>
Total General Government				
	<u>1,790,465</u>	<u>1,795,765</u>	<u>1,687,908</u>	<u>107,857</u>
Public Safety				
Police	3,049,134	3,049,134	2,813,741	235,393
Fire	866,100	868,952	777,221	91,731
	<u>3,915,234</u>	<u>3,918,086</u>	<u>3,590,962</u>	<u>327,124</u>
Total Public Safety				
	<u>3,915,234</u>	<u>3,918,086</u>	<u>3,590,962</u>	<u>327,124</u>
Public Works				
Public services	1,192,546	1,184,546	1,096,811	87,735
	<u>1,192,546</u>	<u>1,184,546</u>	<u>1,096,811</u>	<u>87,735</u>
Community development and enrichment				
	<u>347,110</u>	<u>347,110</u>	<u>326,342</u>	<u>20,768</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, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
EXPENDITURES - Concluded				
Other Functions				
Contingency	\$ 101,000	\$ 1,000	\$ (97,589)	\$ 98,589
Contributions to other units	61,359	61,359	61,359	
Contributions to component units		1,059,462	1,059,413	49
	<u>162,359</u>	<u>1,121,821</u>	<u>1,023,183</u>	<u>98,638</u>
Total Other Functions				
	<u>162,359</u>	<u>1,121,821</u>	<u>1,023,183</u>	<u>98,638</u>
TOTAL EXPENDITURES	<u>7,407,714</u>	<u>8,367,328</u>	<u>7,725,206</u>	<u>642,122</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>189,194</u>	<u>(110,313)</u>	<u>884,752</u>	<u>995,065</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,277,727	597,620	584,581	(13,039)
Operating transfers out	(2,124,573)	(1,303,607)	(1,303,607)	
	<u>(846,846)</u>	<u>(705,987)</u>	<u>(719,026)</u>	<u>(13,039)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
	<u>(846,846)</u>	<u>(705,987)</u>	<u>(719,026)</u>	<u>(13,039)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	(657,652)	(816,300)	165,726	982,026
FUND BALANCE, JULY 1	<u>2,808,288</u>	<u>2,808,288</u>	<u>2,808,288</u>	
FUND BALANCE, JUNE 30	<u>\$ 2,150,636</u>	<u>\$ 1,991,988</u>	<u>\$ 2,974,014</u>	<u>\$ 982,026</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, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 1,077,000	\$ 1,077,000	\$ 1,104,244	\$ 27,244
Interest and rent	48,700	48,700	52,511	3,811
Contribution from component units		265,440	273,365	7,925
Other revenues	12,500	12,500	17,727	5,227
	<u>1,138,200</u>	<u>1,403,640</u>	<u>1,447,847</u>	<u>44,207</u>
TOTAL REVENUES				
EXPENDITURES				
Culture and recreation	1,923,746	1,923,746	1,807,662	116,084
	<u>1,923,746</u>	<u>1,923,746</u>	<u>1,807,662</u>	<u>116,084</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(785,546)</u>	<u>(520,106)</u>	<u>(359,815)</u>	<u>160,291</u>
OTHER FINANCING SOURCES				
Operating transfers in	762,940	500,000	500,000	
Operating transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>752,940</u>	<u>490,000</u>	<u>490,000</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(32,606)	(30,106)	130,185	160,291
FUND BALANCE, JULY 1	<u>224,373</u>	<u>224,373</u>	<u>224,373</u>	
FUND BALANCE, JUNE 30	<u>\$ 191,767</u>	<u>\$ 194,267</u>	<u>\$ 354,558</u>	<u>\$ 160,291</u>

CITY OF LAPEER, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CHANGES IN THE CITY
NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2015
TOTAL PENSION LIABILITY	
Service cost	\$ 435,088
Interest	1,792,434
Benefit payments, including refunds	<u>(1,014,475)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	1,213,047
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	<u>22,016,167</u>
TOTAL PENSION LIABILITY - END OF YEAR	<u><u>\$ 23,229,214</u></u>
PLAN FIDUCIARY NET POSTION	
Contributions - employer	\$ 970,425
Net investment income	965,353
Benefit payments, including refunds	(1,014,475)
Administrative expenses	<u>(35,527)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	885,776
PLAN FIDUCIARY NET POSTION - BEGINNING OF YEAR	<u>15,232,599</u>
PLAN FIDUCIARY NET POSTION - END OF YEAR	<u><u>\$ 16,118,375</u></u>
CITY'S NET PENSION LIABILITY - ENDING	<u><u>\$ 7,110,839</u></u>
PLAN FIDUCIARY NET POSTION AS A % OF TOTAL PENSION LIABILITY	69.39%
COVERED EMPLOYEE PAYROLL	<u><u>\$ 4,449,996</u></u>
CITY'S NET PENSION LIABILITY AS A % OF COVERED EMPLOYEE PAYROLL	159.79%

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CITY OF LAPEER, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2015	2014	2013	2012
Actuarially determined contribution	\$ 769,694	\$ 792,143	\$ 747,656	\$ 722,120
Contributions in relation to the actuarially determined contribution	970,425	841,204	783,240	738,127
CONTRIBUTION DEFICIENCY (EXCESS)	\$ (200,731)	\$ (49,061)	\$ (35,584)	\$ (16,007)
COVERED EMPLOYEE PAYROLL	\$ 4,449,996	\$ 4,207,951	\$ 4,539,885	\$ 4,499,943
CONTRIBUTIONS AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	21.81%	19.99%	17.25%	16.40%

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	25 years
Asset valuation method	10-year smoothed
Inflation	3%
Salary increases	4.50%
Investment rate of return	8%
Retirement age	60
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table
Other information	None

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 733,956	\$ 700,000	\$ 632,668	\$ 554,159	\$ 509,857	\$ 417,306
<u>733,956</u>	<u>700,000</u>	<u>632,668</u>	<u>554,159</u>	<u>509,857</u>	<u>417,306</u>
\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u> </u></u>
\$ 4,541,250	\$ 4,569,422	\$ 4,431,469	\$ 4,103,203	\$ 3,820,997	\$ 3,266,766
16.16%	15.32%	14.28%	13.51%	13.34%	12.77%

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NONMAJOR FUNDS

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

	SPECIAL REVENUE	DEBT SERVICE
ASSETS		
Cash	\$ 757,093	\$ 442,336
Receivables		
Accounts	10,221	
Special assessments	4,975	255,592
Due from		
Other funds	986,221	12,398
Other units	26,306	
State	<u>119,411</u>	
TOTAL ASSETS	<u>1,904,227</u>	<u>710,326</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>8,079</u>	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,912,306</u>	<u>\$ 710,326</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Payables		
Accounts	\$ 184,434	\$
Payroll and payroll taxes	<u>10,395</u>	
TOTAL LIABILITIES	<u>194,829</u>	
DEFERRED INFLOWS OF RESOURCES		
Special assesment - deferred revenue	<u>4,975</u>	<u>255,592</u>
FUND BALANCE		
Nonspendable		
Restricted for debt service		454,734
Assigned	<u>1,712,502</u>	
TOTAL FUND BALANCE	<u>1,712,502</u>	<u>454,734</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,912,306</u>	<u>\$ 710,326</u>

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$ 65,361	\$ 8,658	\$ 1,273,448
60,928		71,149
		260,567
		998,619
		26,306
		119,411
<hr/>	<hr/>	<hr/>
126,289	8,658	2,749,500
<hr/>	<hr/>	<hr/>
		8,079
\$ <u>126,289</u>	\$ <u>8,658</u>	\$ <u>2,757,579</u>
\$ 31,156	\$	\$ 215,590
<hr/>	<hr/>	<hr/>
		10,395
31,156		225,985
<hr/>	<hr/>	<hr/>
		260,567
	8,317	8,317
		454,734
95,133	341	1,807,976
<hr/>	<hr/>	<hr/>
95,133	8,658	2,271,027
<hr/>	<hr/>	<hr/>
\$ <u>126,289</u>	\$ <u>8,658</u>	\$ <u>2,757,579</u>

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE	DEBT SERVICE
REVENUES		
Taxes and special assessments	\$ 1,683	\$ 118,347
Intergovernmental	1,232,213	
Charges for services	320,172	
Interest and rentals	1,126	424
Contribution from component units	274,504	
Other revenues	<u>168,504</u>	<u>248,619</u>
TOTAL REVENUES	<u>1,998,202</u>	<u>367,390</u>
EXPENDITURES		
Public safety	6,032	
Health and welfare	145,920	
Community development and enrichment	346,187	
Debt service		
Principal retirement		1,171,475
Interest and fiscal charges		192,455
Other		
Highways and streets	1,541,387	
Capital outlay		
TOTAL EXPENDITURES	<u>2,039,526</u>	<u>1,363,930</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(41,324)</u>	<u>(996,540)</u>
OTHER FINANCING SOURCES (USES)		
Proceeds of bond issues and loans		
Operating transfers in	1,425,291	946,197
Operating transfers out	<u>(246,470)</u>	
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,178,821</u>	<u>946,197</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,137,497	(50,343)
FUND BALANCE, JULY 1	<u>575,005</u>	<u>505,077</u>
FUND BALANCE, JUNE 30	<u>\$ 1,712,502</u>	<u>\$ 454,734</u>

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
\$	\$	\$
		120,030
		1,232,213
	660	320,832
354	23	1,927
		274,504
<u>6,000</u>		<u>423,123</u>
6,354	<u>683</u>	2,372,629
		6,032
		145,920
		346,187
		1,171,475
		192,455
10,000		10,000
<u>72,666</u>		<u>1,541,387</u>
82,666		72,666
		<u>3,486,122</u>
<u>(76,312)</u>	<u>683</u>	<u>(1,113,493)</u>
112,980		2,484,468
<u>(88,889)</u>	<u>(23)</u>	<u>(335,382)</u>
<u>24,091</u>	<u>(23)</u>	<u>2,149,086</u>
(52,221)	660	1,035,593
<u>147,354</u>	<u>7,998</u>	<u>1,235,434</u>
\$ <u><u>95,133</u></u>	\$ <u><u>8,658</u></u>	\$ <u><u>2,271,027</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, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	2015	2014
ASSETS		
Cash	\$ 1,761,957	\$ 1,868,516
Investments	1,103,776	958,664
Receivables		
Accounts	188,260	64,775
Property taxes	94,420	84,835
Due from other funds		
Due from other governmental units	6,770	15,460
Due from state	114,847	130,668
Inventory	<u>56,088</u>	<u>51,369</u>
TOTAL ASSETS	<u>3,326,118</u>	<u>3,174,287</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>90,219</u>	<u>100,767</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,416,337</u>	<u>\$ 3,275,054</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 108,590	\$ 72,567
Accrued payroll and payroll taxes	183,974	154,373
Due to other funds	2,000	
Due to other units	125,083	186,695
Security deposits	<u>22,676</u>	<u>53,131</u>
TOTAL LIABILITIES	<u>442,323</u>	<u>466,766</u>
FUND BALANCE		
Nonspendable		
Receivables	188,260	64,775
Prepaid expenses	90,219	100,767
Inventory	56,088	51,369
Unassigned	<u>2,639,447</u>	<u>2,591,377</u>
TOTAL FUND BALANCE	<u>2,974,014</u>	<u>2,808,288</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,416,337</u>	<u>\$ 3,275,054</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Taxes				
Property taxes	\$ 2,565,438	\$ 2,646,058	\$ 80,620	\$ 2,729,517
Penalties and interest	75,000	81,414	6,414	98,544
City income taxes	<u>2,545,000</u>	<u>2,895,494</u>	<u>350,494</u>	<u>2,760,740</u>
Total Taxes	<u>5,185,438</u>	<u>5,622,966</u>	<u>437,528</u>	<u>5,588,801</u>
Federal Grants				
Federal Drug Grant (TNU)	23,000	29,280	6,280	35,126
MSHDA Section 8	136,500	145,173	8,673	139,656
School liaison officer	<u>31,000</u>	<u>31,000</u>		<u>30,800</u>
Total Federal Grants	<u>190,500</u>	<u>205,453</u>	<u>14,953</u>	<u>205,582</u>
Licenses and Permits				
Licenses	5,500	9,748	4,248	4,573
Permits	<u>8,000</u>	<u>11,579</u>	<u>3,579</u>	<u>8,490</u>
Total Licenses and Permits	<u>13,500</u>	<u>21,327</u>	<u>7,827</u>	<u>13,063</u>
Intergovernmental				
Sales tax	725,000	735,714	10,714	716,833
Liquor licenses	<u>11,500</u>	<u>275</u>	<u>(11,225)</u>	<u>23,553</u>
Total Intergovernmental	<u>736,500</u>	<u>735,989</u>	<u>(511)</u>	<u>740,386</u>
Charges for Services				
Administrative fees	680,652	680,652		611,581
Copies	4,000	4,705	705	4,462
Fire runs and protection	432,000	444,755	12,755	435,808
IFT application fee	1,000	1,000		4,500
Other fees	37,970	31,357	(6,613)	35,613
Cable franchise fees	<u>110,000</u>	<u>92,367</u>	<u>(17,633)</u>	<u>116,342</u>
Total Charges for Services	<u>1,265,622</u>	<u>1,254,836</u>	<u>(10,786)</u>	<u>1,208,306</u>
Fines and Forfeits				
Court fines	<u>47,000</u>	<u>43,387</u>	<u>(3,613)</u>	<u>49,461</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, 2015

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

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES - Concluded				
Other Revenues				
Interest on investments	\$ 5,000	\$ 10,632	\$ 5,632	\$ 6,556
Rentals	60,636	53,127	(7,509)	60,736
Reimbursements	83,550	68,017	(15,533)	97,824
Miscellaneous	4,500	15,490	10,990	63,076
Sale of tax map books	12		(12)	3
Contributions	664,757	578,734	(86,023)	884,792
Total Other Revenues	818,455	726,000	(92,455)	1,112,987
TOTAL REVENUES	8,257,015	8,609,958	352,943	8,918,586
EXPENDITURES				
General Government				
Legislative	35,371	34,303	1,068	31,774
Executive/Clerk	523,848	488,581	35,267	470,996
Assessor's office	281,521	281,257	264	227,412
Income tax	207,301	190,282	17,019	202,524
Attorney/Jury-Witness	163,850	138,110	25,740	156,366
Elections	48,754	32,743	16,011	10,702
City Hall	43,874	43,858	16	101,283
Board of Review	1,614	658	956	685
Accounting and data processing	489,244	477,895	11,349	483,385
Cable advisory board	388	221	167	120
Total General Government	1,795,765	1,687,908	107,857	1,685,247
Public Safety				
Police	3,049,134	2,813,741	235,393	2,849,524
Fire	868,952	777,221	91,731	772,583
Total Public Safety	3,918,086	3,590,962	327,124	3,622,107
Public Works				
Public services	1,184,546	1,096,811	87,735	931,929
Community development and enrichment	347,110	326,342	20,768	617,311

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	<u>2015</u>		VARIANCE FAVORABLE (UNFAVORABLE)	<u>2014</u>
	BUDGET	ACTUAL		ACTUAL
EXPENDITURES - Concluded				
Other Functions				
Contingency	\$ 1,000	\$ (97,589)	\$ 98,589	\$ 6,200
Contributions to other units	61,359	61,359		60,288
Contributions to component units	<u>1,059,462</u>	<u>1,059,413</u>	<u>49</u>	<u>1,103,851</u>
Total Other Functions	<u>1,121,821</u>	<u>1,023,183</u>	<u>98,638</u>	<u>1,170,339</u>
TOTAL EXPENDITURES	<u>8,367,328</u>	<u>7,725,206</u>	<u>642,122</u>	<u>8,026,933</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(110,313)</u>	<u>884,752</u>	<u>995,065</u>	<u>891,653</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	597,620	584,581	(13,039)	695,524
Operating transfers out	<u>(1,303,607)</u>	<u>(1,303,607)</u>		<u>(1,141,199)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(705,987)</u>	<u>(719,026)</u>	<u>(13,039)</u>	<u>(445,675)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(816,300)	165,726	982,026	445,978
FUND BALANCE, JULY 1	<u>2,808,288</u>	<u>2,808,288</u>		<u>2,362,310</u>
FUND BALANCE, JUNE 30	<u>\$ 1,991,988</u>	<u>\$ 2,974,014</u>	<u>\$ 982,026</u>	<u>\$ 2,808,288</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, and Housing Resource.

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS

JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	MAJOR STREET	LOCAL STREET
ASSETS		
Cash	\$ 194,712	\$ 259,713
Special assessment receivable		4,975
Accounts receivable	5,771	1,380
Due from other funds	706,949	277,272
Due from other units		26,306
Due from state	<u>95,567</u>	<u>23,844</u>
TOTAL ASSETS	<u>1,002,999</u>	<u>593,490</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	<u>3,479</u>	<u>1,962</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,006,478</u>	<u>\$ 595,452</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 115,845	\$ 9,470
Due to other funds		
Payroll and taxes payable	<u>1,623</u>	<u>1,858</u>
TOTAL LIABILITIES	<u>117,468</u>	<u>11,328</u>
DEFERRED INFLOWS OF RESOURCES		
Special assessment deferred revenue		<u>4,975</u>
FUND BALANCE		
Nonspendable		
Assigned	889,010	579,149
Unassigned		
TOTAL FUND BALANCE	<u>889,010</u>	<u>579,149</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 1,006,478</u>	<u>\$ 595,452</u>

PARKS AND RECREATION	MT. HOPE CEMETERY	YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT
\$ 429,877	\$ 61,737	\$ 563	\$ 78,147	\$ 57,731
18,198			1,910	
<u>448,075</u>	<u>61,737</u>	<u>563</u>	<u>80,057</u>	<u>57,731</u>
<u>12,916</u>	<u>229</u>		<u>2,280</u>	<u>129</u>
<u>\$ 460,991</u>	<u>\$ 61,966</u>	<u>\$ 563</u>	<u>\$ 82,337</u>	<u>\$ 57,860</u>
\$ 61,544	\$ 4,488	\$	\$ 33,104	\$ 3,190
<u>44,889</u>	<u>526</u>		<u>5,308</u>	<u>1,080</u>
<u>106,433</u>	<u>5,014</u>		<u>38,412</u>	<u>4,270</u>
354,558	56,952	563	43,925	53,590
<u>354,558</u>	<u>56,952</u>	<u>563</u>	<u>43,925</u>	<u>53,590</u>
<u>\$ 460,991</u>	<u>\$ 61,966</u>	<u>\$ 563</u>	<u>\$ 82,337</u>	<u>\$ 57,860</u>

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Continued

JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
ASSETS		
Cash	\$ 10,508	\$ 7,127
Special assessment receivable		
Accounts receivable		
Due from other funds		
Due from other units		
Due from state		
	<hr/>	<hr/>
TOTAL ASSETS	<u>10,508</u>	<u>7,127</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses		
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 10,508</u>	<u>\$ 7,127</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	10,508	7,127
Unassigned		
	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>10,508</u>	<u>7,127</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 10,508</u>	<u>\$ 7,127</u>

D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING
\$ 7,549	\$ 9,362	\$ 10,542	\$ 2,412
	1,160 2,000		
<hr/> 7,549 <hr/>	<hr/> 12,522 <hr/>	<hr/> 10,542 <hr/>	<hr/> 2,412 <hr/>
<hr/> \$ 7,549 <hr/> <hr/>	<hr/> \$ 12,522 <hr/> <hr/>	<hr/> \$ 10,542 <hr/> <hr/>	<hr/> \$ 2,412 <hr/> <hr/>
\$	\$ 11,607	\$	\$ 1,930
<hr/>	<hr/>	<hr/>	<hr/>
<hr/>	11,607 <hr/>	<hr/>	1,930 <hr/>
<hr/>	<hr/>	<hr/>	<hr/>
7,549	915	10,542	482
<hr/>	<hr/>	<hr/>	<hr/>
7,549 <hr/>	915 <hr/>	10,542 <hr/>	482 <hr/>
<hr/>	<hr/>	<hr/>	<hr/>
<hr/> \$ 7,549 <hr/> <hr/>	<hr/> \$ 12,522 <hr/> <hr/>	<hr/> \$ 10,542 <hr/> <hr/>	<hr/> \$ 2,412 <hr/> <hr/>

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - Concluded
JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	MOBILE TRAINING UNIT	HOUSING RESOURCE
ASSETS		
Cash	\$ 2,807	\$ 54,183
Special assessment receivable		
Accounts receivable		
Due from other funds		
Due from other units		
Due from state		
	<hr/>	<hr/>
TOTAL ASSETS	<u>2,807</u>	<u>54,183</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses		
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,807</u>	<u>\$ 54,183</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$	\$ 4,800
Due to other funds		
Payroll and taxes payable		
	<hr/>	<hr/>
TOTAL LIABILITIES	<hr/>	<u>4,800</u>
DEFERRED INFLOWS OF RESOURCES		
Special assessment deferred revenue		
	<hr/>	<hr/>
FUND BALANCE		
Nonspendable		
Assigned	2,807	49,383
Unassigned		
	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>2,807</u>	<u>49,383</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 2,807</u>	<u>\$ 54,183</u>

TOTAL SPECIAL REVENUE 2015	ELIMINATION OF MAJOR FUNDS	TOTAL NON- MAJOR SPECIAL REVENUE 2015	TOTAL SPECIAL REVENUE 2014
\$ 1,186,970	\$ (429,877)	\$ 757,093	\$ 767,270
4,975		4,975	6,167
28,419	(18,198)	10,221	14,388
986,221		986,221	1,411
26,306		26,306	17,582
119,411		119,411	365,385
<u>2,352,302</u>	<u>(448,075)</u>	<u>1,904,227</u>	<u>1,172,203</u>
<u>20,995</u>	<u>(12,916)</u>	<u>8,079</u>	<u>18,827</u>
\$ <u><u>2,373,297</u></u>	\$ <u><u>(460,991)</u></u>	\$ <u><u>1,912,306</u></u>	\$ <u><u>1,191,030</u></u>
\$ 245,978	\$ (61,544)	\$ 184,434	\$ 328,163
<u>55,284</u>	<u>(44,889)</u>	<u>10,395</u>	<u>57,324</u>
<u>301,262</u>	<u>(106,433)</u>	<u>194,829</u>	<u>385,487</u>
<u>4,975</u>		<u>4,975</u>	<u>6,167</u>
2,067,060	(354,558)	1,712,502	18,827
<u>2,067,060</u>	<u>(354,558)</u>	<u>1,712,502</u>	<u>780,549</u>
\$ <u><u>2,373,297</u></u>	\$ <u><u>(460,991)</u></u>	\$ <u><u>1,912,306</u></u>	\$ <u><u>1,191,030</u></u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	MAJOR STREET	LOCAL STREET
REVENUES		
Taxes and special assessments	\$	\$ 1,683
Charges for services		
Intergovernmental		
Federal	79,487	298,143
State	606,854	148,756
Interest and rent	13	450
Donations		
Contribution from component units	115,419	112,500
Other revenue	12,949	133,959
	<u>814,722</u>	<u>695,491</u>
TOTAL REVENUES		
EXPENDITURES		
Highways and streets	766,326	775,061
Culture and recreation		
Health and welfare		
Community development and enrichment		
Public safety		
	<u>766,326</u>	<u>775,061</u>
TOTAL EXPENDITURES		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		
	<u>48,396</u>	<u>(79,570)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	801,949	474,036
Operating transfers out	(65,125)	(84,612)
	<u>736,824</u>	<u>389,424</u>
TOTAL OTHER FINANCING SOURCES (USES)		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		
	785,220	309,854
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1	<u>103,790</u>	<u>269,295</u>
FUND BALANCE, JUNE 30	<u>\$ 889,010</u>	<u>\$ 579,149</u>

PARKS AND RECREATION	MT. HOPE CEMETERY	YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT
\$ 1,104,244	\$ 37,211	\$	\$ 277,125	\$
52,511	124	2	212	187
11,458				
273,365				46,585
6,269			100	
<u>1,447,847</u>	<u>37,335</u>	<u>2</u>	<u>277,437</u>	<u>46,772</u>
1,807,662	145,920			
			205,002	26,892
<u>1,807,662</u>	<u>145,920</u>		<u>205,002</u>	<u>26,892</u>
<u>(359,815)</u>	<u>(108,585)</u>	<u>2</u>	<u>72,435</u>	<u>19,880</u>
500,000	136,791			
(10,000)			(40,000)	(26,533)
<u>490,000</u>	<u>136,791</u>		<u>(40,000)</u>	<u>(26,533)</u>
130,185	28,206	2	32,435	(6,653)
<u>224,373</u>	<u>28,746</u>	<u>561</u>	<u>11,490</u>	<u>60,243</u>
\$ <u><u>354,558</u></u>	\$ <u><u>56,952</u></u>	\$ <u><u>563</u></u>	\$ <u><u>43,925</u></u>	\$ <u><u>53,590</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, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
REVENUES		
Taxes and special assessments	\$	\$
Charges for services		
Intergovernmental		
Federal		
State		
Interest and rent	29	20
Donations		
Contribution from component units		
Other revenue		
	<hr/>	<hr/>
TOTAL REVENUES	<u>29</u>	<u>20</u>
EXPENDITURES		
Highways and streets		
Culture and recreation		
Health and welfare		
Community development and enrichment		
Public safety	558	
	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>558</u>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(529)</u>	<u>20</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	2,515	
Operating transfers out		
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,515</u>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,986	20
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1	<u>8,522</u>	<u>7,107</u>
FUND BALANCE, JUNE 30	<u>\$ 10,508</u>	<u>\$ 7,127</u>

D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING
\$	\$	\$	\$
	5,836		
24	24	31	3,905
800			2
<hr/>	<hr/>	<hr/>	<hr/>
824	5,860	149	3,907
<hr/>	<hr/>	<hr/>	<hr/>
1,569	5,968		3,905
<hr/>	<hr/>	<hr/>	<hr/>
1,569	5,968		3,905
<hr/>	<hr/>	<hr/>	<hr/>
(745)	(108)	180	2
<hr/>	<hr/>	<hr/>	<hr/>
	10,000		
<hr/>	(10,200)	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>
	(200)	<hr/>	<hr/>
<hr/>	<hr/>	<hr/>	<hr/>
(745)	(308)	180	2
<hr/>	<hr/>	<hr/>	<hr/>
8,294	1,223	10,362	480
<hr/>	<hr/>	<hr/>	<hr/>
\$ <u>7,549</u>	\$ <u>915</u>	\$ <u>10,542</u>	\$ <u>482</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, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	MOBILE TRAINING UNIT	HOUSING RESOURCE
REVENUES		
Taxes and special assessments	\$	\$
Charges for services		
Intergovernmental		
Federal		74,818
State		20,250
Interest and rent	8	
Donations		
Contribution from component units		
Other revenue		20,547
	<hr/>	<hr/>
TOTAL REVENUES	8	115,615
	<hr/>	<hr/>
EXPENDITURES		
Highways and streets		
Culture and recreation		
Health and welfare		
Community development and enrichment		108,325
Public safety		
	<hr/>	<hr/>
TOTAL EXPENDITURES		108,325
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8	7,290
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Operating transfers in		
Operating transfers out		(20,000)
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)		(20,000)
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	8	(12,710)
	<hr/>	<hr/>
PRIOR PERIOD ADJUSTMENT		
FUND BALANCE, JULY 1	2,799	62,093
	<hr/>	<hr/>
FUND BALANCE, JUNE 30	\$ 2,807	\$ 49,383
	<hr/> <hr/>	<hr/> <hr/>

TOTAL SPECIAL REVENUE 2015	ELIMINATION OF MAJOR FUNDS	TOTAL NON- MAJOR SPECIAL REVENUE 2015	SPECIAL REVENUE 2014
\$ 1,683	\$	\$ 1,683	\$ 2,636
1,424,416	(1,104,244)	320,172	1,306,049
377,630		377,630	257,428
759,515		759,515	824,842
53,637	(52,511)	1,126	63,768
12,258	(11,458)	800	18,717
547,869	(273,365)	274,504	973,317
153,426	(6,269)	147,157	58,763
<u>3,330,434</u>	<u>(1,447,847)</u>	<u>1,882,587</u>	<u>3,505,520</u>
1,541,387		1,541,387	1,882,036
1,807,662	(1,807,662)		2,161,247
145,920		145,920	177,867
237,862		237,862	170,488
6,032		6,032	7,333
<u>3,738,863</u>	<u>(1,807,662)</u>	<u>1,931,201</u>	<u>4,398,971</u>
<u>(408,429)</u>	<u>(359,815)</u>	<u>(48,614)</u>	<u>(893,451)</u>
1,925,291	(500,000)	1,425,291	1,624,335
<u>(236,470)</u>	<u>10,000</u>	<u>(226,470)</u>	<u>(300,769)</u>
<u>1,688,821</u>	<u>(490,000)</u>	<u>1,198,821</u>	<u>1,323,566</u>
1,280,392	(130,185)	1,150,207	430,115
<u>737,285</u>	<u>(224,373)</u>	<u>512,912</u>	<u>369,261</u>
\$ <u><u>2,017,677</u></u>	\$ <u><u>(354,558)</u></u>	\$ <u><u>1,663,119</u></u>	\$ <u><u>799,376</u></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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
State grants	\$ 542,151	\$ 606,854	\$ 64,703	\$ 645,222
Federal grant		79,487	79,487	
Interest on investments	50	13	(37)	55
Contribution from component units	202,919	115,419	(87,500)	303,619
Other revenue	150,000	12,949	(137,051)	1,153
TOTAL REVENUES	895,120	814,722	(80,398)	950,049
EXPENDITURES				
Highways and streets	1,369,438	766,326	603,112	1,362,509
DEFICIENCY OF REVENUES OVER EXPENDITURES	(474,318)	48,396	522,714	(412,460)
OTHER FINANCIING SOURCES (USES)				
Operating transfers in	801,949	801,949		869,172
Operating transfers out	(65,125)	(65,125)		(121,010)
TOTAL OTHER FINANCING SOURCES (USES)	736,824	736,824		748,162
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	262,506	785,220	522,714	335,702
FUND BALANCE, JULY 1	103,790	103,790		(231,912)
PRIOR PERIOD ADJUSTMENT				
FUND BALANCE, JUNE 30	\$ <u>366,296</u>	\$ <u>889,010</u>	\$ <u>522,714</u>	\$ <u>103,790</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Special assessments	\$ 1,418	\$ 1,683	\$ 265	\$ 2,636
State grants	143,416	148,756	5,340	145,677
Federal grants	394,394	298,143	(96,251)	248,729
Interest on investments	400	450	50	370
Contributions from component unit	112,500	112,500		
Other revenue	7,686	133,959	126,273	35,557
TOTAL REVENUES	659,814	695,491	35,677	432,969
EXPENDITURES				
Highways and streets	1,000,865	775,061	225,804	519,527
DEFICIENCY OF REVENUES OVER EXPENDITURES	(341,051)	(79,570)	261,481	(86,558)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	474,036	474,036		217,290
Operating transfers out	(84,612)	(84,612)		(81,748)
TOTAL OTHER FINANCING SOURCES (USES)	389,424	389,424		135,542
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	48,373	309,854	261,481	48,984
FUND BALANCE, JULY 1	269,295	269,295		220,311
FUND BALANCE, JUNE 30	\$ 317,668	\$ 579,149	\$ 261,481	\$ 269,295

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for services	\$ 1,077,000	\$ 1,104,244	\$ 27,244	\$ 1,088,041
Interest and rent	48,700	52,511	3,811	62,988
Other revenues	12,500	17,727	5,227	28,067
Contribution from component units	265,440	273,365	7,925	615,591
Intergovernmental State				30,114
TOTAL REVENUES	1,403,640	1,447,847	44,207	1,824,801
EXPENDITURES				
Culture and recreation	1,923,746	1,807,662	116,084	2,161,248
DEFICIENCY OF REVENUES OVER EXPENDITURES	(520,106)	(359,815)	160,291	(336,447)
OTHER FINANCING SOURCES				
Operating transfers in	500,000	500,000		408,896
Operating transfers out	(10,000)	(10,000)		
TOTAL OTHER FINANCING SOURCES (USES)	490,000	490,000		408,896
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(30,106)	130,185	160,291	72,449
FUND BALANCE, JULY 1	224,373	224,373		151,924
FUND BALANCE, JUNE 30	\$ 194,267	\$ 354,558	\$ 160,291	\$ 224,373

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for services	\$ 37,200	\$ 37,211	\$ 11	\$ 35,749
Interest on investments	50	124	74	67
Other revenue				
TOTAL REVENUES	<u>37,250</u>	<u>37,335</u>	85	<u>35,816</u>
EXPENDITURES				
Health and welfare	<u>180,902</u>	<u>145,920</u>	<u>34,982</u>	<u>177,867</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(143,652)</u>	<u>(108,585)</u>	<u>35,067</u>	<u>(142,051)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	136,791	136,791		126,463
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	<u>136,791</u>	<u>136,791</u>		<u>126,463</u>
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(6,861)</u>	28,206	35,067	(15,588)
FUND BALANCE, JULY 1	<u>28,746</u>	<u>28,746</u>		<u>44,334</u>
FUND BALANCE, JUNE 30	<u>\$ 21,885</u>	<u>\$ 56,952</u>	<u>\$ 35,067</u>	<u>\$ 28,746</u>

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest income	\$ 2	\$ 2	\$	\$ 2
EXCESS OF REVENUES OVER EXPENDITURES	2	2		2
FUND BALANCE, JULY 1	561	561	-	559
FUND BALANCE, JUNE 30	563	563	\$	561

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BUILDING DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for services	\$ 254,200	\$ 277,125	\$ 22,925	\$ 175,534
Interest on investments	40	212	172	71
Other revenues	100	100		9,914
TOTAL REVENUES	254,340	277,437	23,097	185,519
EXPENDITURES				
Community development and enrichment	206,869	205,002	1,867	140,330
EXCESS OF REVENUES OVER EXPENDITURES	47,471	72,435	24,964	45,189
OTHER FINANCING USES				
Operating transfers out	(40,000)	(40,000)		(42,802)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	7,471	32,435	24,964	2,387
FUND BALANCE, JULY 1	11,490	11,490		9,103
FUND BALANCE, JUNE 30	\$ 18,961	\$ 43,925	\$ 24,964	\$ 11,490

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest and rent	\$ 80	\$ 187	\$ 107	\$ 111
Contribution from component units	<u>46,585</u>	<u>46,585</u>		<u>54,107</u>
TOTAL REVENUES	46,665	46,772	107	54,218
EXPENDITURES				
Community development and enrichment	<u>27,354</u>	<u>26,892</u>	<u>462</u>	<u>24,314</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>19,311</u>	<u>19,880</u>	<u>569</u>	<u>29,904</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	<u>(26,533)</u>	<u>(26,533)</u>		<u>(27,272)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(26,533)</u>	<u>(26,533)</u>		<u>(27,272)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(7,222)	(6,653)	569	2,632
FUND BALANCE, JULY 1	<u>60,243</u>	<u>60,243</u>		<u>57,611</u>
FUND BALANCE, JUNE 30	<u>\$ 53,021</u>	<u>\$ 53,590</u>	<u>\$ 569</u>	<u>\$ 60,243</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest	\$ 12	\$ 29	\$ 17	\$ 17
Other revenue	<u>250</u>	<u> </u>	<u>(250)</u>	<u> </u>
TOTAL REVENUES	262	29	(233)	17
EXPENDITURES				
Public safety	<u>1,621</u>	<u>558</u>	<u>1,063</u>	<u>483</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,359)	(529)	830	(466)
OTHER FINANCING SOURCES				
Operating transfers in	<u>2,515</u>	<u>2,515</u>	<u> </u>	<u>2,515</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	1,156	1,986	830	2,049
FUND BALANCE, JULY 1	<u>8,522</u>	<u>8,522</u>	<u> </u>	<u>6,473</u>
FUND BALANCE, JUNE 30	<u><u>\$ 9,678</u></u>	<u><u>\$ 10,508</u></u>	<u><u>\$ 830</u></u>	<u><u>\$ 8,522</u></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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE	2014
	BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	\$ 10	\$ 20	\$ 10	\$ 14
Other revenues	500		(500)	727
TOTAL REVENUES	510	20	(490)	741
EXPENDITURES				
Public safety	2,600		2,600	1,292
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,090)	20	2,110	(551)
FUND BALANCE, JULY 1	7,107	7,107		7,658
FUND BALANCE, JUNE 30	\$ 5,017	\$ 7,127	\$ 2,110	\$ 7,107

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest earnings	\$ 15	\$ 24	\$ 9	\$ 19
Other revenues	<u>1,000</u>	<u>800</u>	<u>(200)</u>	<u>1,600</u>
TOTAL REVENUES	1,015	824	(191)	1,619
EXPENDITURES				
Public safety	<u>2,500</u>	<u>1,569</u>	<u>931</u>	<u>1,713</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,485)	(745)	740	(94)
FUND BALANCE, JULY 1	<u>8,294</u>	<u>8,294</u>		<u>8,388</u>
FUND BALANCE, JUNE 30	<u><u>\$ 6,809</u></u>	<u><u>\$ 7,549</u></u>	<u><u>\$ 740</u></u>	<u><u>\$ 8,294</u></u>

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Charges for services	\$ 7,000	\$ 5,836	\$ (1,164)	\$ 6,726
Interest earnings	<u>25</u>	<u>24</u>	<u>(1)</u>	<u>25</u>
TOTAL REVENUES	7,025	5,860	(1,165)	6,751
EXPENDITURES				
Community development and enrichment	<u>10,000</u>	<u>5,968</u>	<u>4,032</u>	<u>1,706</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,975)</u>	<u>(108)</u>	<u>2,867</u>	<u>5,045</u>
OTHER FINANCING USES				
Operating transfers in	10,000	10,000		
Operating transfers out	<u>(7,000)</u>	<u>(10,200)</u>	<u>(3,200)</u>	<u>(7,937)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,000</u>	<u>(200)</u>	<u>(3,200)</u>	<u>(7,937)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER USES	25	(308)	(333)	(2,892)
FUND BALANCE, JULY 1	<u>1,223</u>	<u>1,223</u>		<u>4,115</u>
FUND BALANCE, JUNE 30	<u><u>\$ 1,248</u></u>	<u><u>\$ 915</u></u>	<u><u>\$ (333)</u></u>	<u><u>\$ 1,223</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FORFEITURE
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest earnings	\$ 15	\$ 31	\$ 16	\$ 20
Other revenue	<u>250</u>	<u>149</u>	<u>(101)</u>	<u>463</u>
TOTAL REVENUES	265	180	(85)	483
EXPENDITURES				
Public safety	<u>1,000</u>	<u></u>	<u>1,000</u>	<u>15</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(735)	180	915	468
FUND BALANCE, JULY 1	<u>10,362</u>	<u>10,362</u>	<u></u>	<u>9,894</u>
FUND BALANCE, JUNE 30	<u>\$ 9,627</u>	<u>\$ 10,542</u>	<u>\$ 915</u>	<u>\$ 10,362</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
State grants	\$ 4,200	\$ 3,905	\$ (295)	\$ 3,829
Interest earnings	<u>2</u>	<u>2</u>	<u></u>	<u>2</u>
TOTAL REVENUES	4,202	3,907	(295)	3,831
EXPENDITURES				
Public safety	<u>4,200</u>	<u>3,905</u>	<u>295</u>	<u>3,829</u>
EXCESS OF REVENUES OVER EXPENDITURES	2	2		2
FUND BALANCE, JULY 1	<u>480</u>	<u>480</u>	<u></u>	<u>478</u>
FUND BALANCE, JUNE 30	<u><u>\$ 482</u></u>	<u><u>\$ 482</u></u>	<u><u>\$</u></u>	<u><u>\$ 480</u></u>

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Interest and rentals	\$ 104	\$ 8	\$ (96)	\$ 6
EXPENDITURES				
Public safety	100		100	
EXCESS OF REVENUES OVER EXPENDITURES	4	8	4	6
FUND BALANCE, JULY 1	2,799	2,799		2,793
FUND BALANCE, JUNE 30	\$ 2,803	\$ 2,807	\$ 4	\$ 2,799

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		VARIANCE FAVORABLE (UNFAVORABLE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Federal grants	\$ 277,000	\$ 74,818	\$ (202,182)	\$ 8,699
State grants		20,250	20,250	
Other revenues	<u>160,000</u>	<u>20,547</u>	<u>(139,453)</u>	
TOTAL REVENUES	437,000	115,615	(321,385)	8,699
EXPENDITURES				
Community development and enrichment	<u>417,000</u>	<u>108,325</u>	<u>308,675</u>	<u>4,138</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>20,000</u>	<u>7,290</u>	<u>(12,710)</u>	<u>4,561</u>
OTHER FINANCING USES				
Operating transfers out	<u>(20,000)</u>	<u>(20,000)</u>		<u>(20,000)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES		(12,710)	(12,710)	(15,439)
FUND BALANCE, JULY 1	<u>62,093</u>	<u>62,093</u>		<u>77,532</u>
FUND BALANCE, JUNE 30	<u>\$ 62,093</u>	<u>\$ 49,383</u>	<u>\$ (12,710)</u>	<u>\$ 62,093</u>

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, 2006 Special Assessment Bonds, 2007 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, and 2001 Building Authority Bonds.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS	2008 GENERAL OBLIGATION LIMITED TAX BONDS
ASSETS			
Cash	\$ 903	\$ 24,540	\$ 185
Assessments receivable			
Accounts receivable			
Prepaid expenses			
Due from other funds			
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>903</u>	\$ <u>24,540</u>	\$ <u>185</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	<hr/> 903	<hr/> 24,540	<hr/> 185
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u>903</u>	\$ <u>24,540</u>	\$ <u>185</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
\$ 6,504	\$ 3,233,801 3,585,436	\$ 1,207	\$ 6,084	\$
<u>6,504</u>	<u>116,857</u> <u>6,936,094</u>	<u>1,207</u>	<u>6,084</u>	<u></u>
\$	\$	\$	\$	\$
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<u></u>	<u>3,585,436</u>	<u></u>	<u></u>	<u></u>
<u>6,504</u>	<u>3,350,658</u>	<u>1,207</u>	<u>6,084</u>	<u></u>
<u><u>6,504</u></u>	<u><u>6,936,094</u></u>	<u><u>1,207</u></u>	<u><u>6,084</u></u>	<u><u></u></u>

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - Continued
JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS	2008 SPECIAL ASSESSMENT BONDS
ASSETS			
Cash	\$ 11,004	\$ 95,736	\$
Assessments receivable	17,364	5,861	
Accounts receivable			
Prepaid expenses			
Due from other funds	<u>6,860</u>	<u>242</u>	<u> </u>
TOTAL ASSETS	\$ <u>35,228</u>	\$ <u>101,839</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>17,364</u>	<u>5,861</u>	<u> </u>
FUND BALANCE			
Restricted for debt service	<u>17,864</u>	<u>95,978</u>	<u> </u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u>35,228</u>	\$ <u>101,839</u>	\$ <u> </u>

2008 SERIES A SPECIAL ASSESSMENT BONDS	2010 SPECIAL ASSESSMENT BONDS	2011 SPECIAL ASSESSMENT BONDS	2005 EQUIPMENT FINANCING	2008 EQUIPMENT FINANCING
\$ 30,773	\$ 99,484	\$ 148,663	\$ 114	\$ 13,869
13,378	71,057	147,932		
<u>598</u>	<u>2,056</u>	<u>2,642</u>	<u>114</u>	<u>13,869</u>
<u>\$ 44,749</u>	<u>\$ 172,597</u>	<u>\$ 299,237</u>	<u>\$ 114</u>	<u>\$ 13,869</u>
\$	\$	\$	\$	\$
<u>13,378</u>	<u>71,057</u>	<u>147,932</u>		
<u>31,371</u>	<u>101,540</u>	<u>151,305</u>	<u>114</u>	<u>13,869</u>
<u>\$ 44,749</u>	<u>\$ 172,597</u>	<u>\$ 299,237</u>	<u>\$ 114</u>	<u>\$ 13,869</u>

CITY OF LAPEER, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS - Concluded
JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	2008 SERIES A EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
ASSETS			
Cash	\$ 2	\$	\$ 3,268
Assessments receivable			
Accounts receivable			
Prepaid expenses			
Due from other funds			
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ <u>2</u>	\$ <u></u>	\$ <u>3,268</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>2</u>		<u>3,268</u>
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ <u>2</u>	\$ <u></u>	\$ <u>3,268</u>

TOTAL DEBT SERVICE 2015	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR DEBT SERVICE 2015	TOTAL DEBT SERVICE 2014
\$ 3,676,137	\$ (3,233,801)	\$ 442,336	\$ 3,369,125
3,841,028	(3,585,436)	255,592	4,881,914
			1,538
<u>129,255</u>	<u>(116,857)</u>	<u>12,398</u>	<u>347,469</u>
\$ <u><u>7,646,420</u></u>	\$ <u><u>(6,936,094)</u></u>	\$ <u><u>710,326</u></u>	\$ <u><u>8,600,046</u></u>
\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
<u>3,841,028</u>	<u>(3,585,436)</u>	<u>255,592</u>	<u>4,881,914</u>
<u>3,805,392</u>	<u>(3,350,658)</u>	<u>454,734</u>	<u>3,718,132</u>
\$ <u><u>7,646,420</u></u>	\$ <u><u>(6,936,094)</u></u>	\$ <u><u>710,326</u></u>	\$ <u><u>8,600,046</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, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS	2008 GENERAL OBLIGATION LIMITED TAX BONDS
REVENUES			
Taxes and special assessments	\$	\$	\$
Interest earnings	2	43	
Other revenues			
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	2	43	
EXPENDITURES			
Debt Service			
Principal retirement	60,000	10,000	340,000
Interest and fiscal charges	5,040	2,527	74,825
Other			
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	65,040	12,527	414,825
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,038)	(12,484)	(414,825)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	65,000	4,319	414,825
Operating transfers out			
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	65,000	4,319	414,825
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(38)	(8,165)	
FUND BALANCE, JULY 1	941	32,705	185
FUND BALANCE, JUNE 30	\$ 903	\$ 24,540	\$ 185

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
\$ 13	\$ 1,193,260 4,983	\$ 2	\$ 35 62,654	\$
<u>13</u>	<u>1,198,243</u>	<u>2</u>	<u>62,689</u>	
15,000 2,469	670,000 113,635	20,000 5,170	120,000 18,473	
<u>17,469</u>	<u>783,635</u>	<u>25,170</u>	<u>138,473</u>	
<u>(17,456)</u>	<u>414,608</u>	<u>(25,168)</u>	<u>(75,784)</u>	
15,293	137,820 (414,825)	25,169	76,577	
<u>15,293</u>	<u>(277,005)</u>	<u>25,169</u>	<u>76,577</u>	
(2,163)	137,603	1	793	
<u>8,667</u>	<u>3,213,055</u>	<u>1,206</u>	<u>5,291</u>	
\$ <u><u>6,504</u></u>	\$ <u><u>3,350,658</u></u>	\$ <u><u>1,207</u></u>	\$ <u><u>6,084</u></u>	\$ <u><u></u></u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS - Continued
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS	2008 SPECIAL ASSESSMENT BONDS
REVENUES			
Taxes and special assessments	\$ 21,148	\$ 5,588	\$
Interest earnings	(320)	160	
Other revenues	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>20,828</u>	<u>5,748</u>	<u> </u>
EXPENDITURES			
Debt Service			
Principal retirement	30,000	20,000	
Interest and fiscal charges	2,670	3,318	
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>32,670</u>	<u>23,318</u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,842)</u>	<u>(17,570)</u>	<u> </u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in			
Operating transfers out	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(11,842)</u>	<u>(17,570)</u>	<u> </u>
FUND BALANCE, JULY 1	<u>29,706</u>	<u>113,548</u>	<u> </u>
FUND BALANCE, JUNE 30	<u>\$ 17,864</u>	<u>\$ 95,978</u>	<u>\$</u>

2008 SERIES A SPECIAL ASSESSMENT BONDS	2010 SPECIAL ASSESSMENT BONDS	2011 SPECIAL ASSESSMENT BONDS	2005 EQUIPMENT FINANCING	2008 EQUIPMENT FINANCING
\$ 6,563	\$ 37,991	\$ 47,057		\$
51	160	262		7
<u> </u>	<u> </u>	<u> </u>	<u>14,319</u>	<u>171,646</u>
<u>6,614</u>	<u>38,151</u>	<u>47,319</u>	<u>14,319</u>	<u>171,653</u>
10,000	40,000	35,000	11,827	152,663
1,383	8,400	15,425	2,492	25,733
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>11,383</u>	<u>48,400</u>	<u>50,425</u>	<u>14,319</u>	<u>178,396</u>
<u>(4,769)</u>	<u>(10,249)</u>	<u>(3,106)</u>	<u> </u>	<u>(6,743)</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>16,761</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>16,761</u>
(4,769)	(10,249)	(3,106)		10,018
<u>36,140</u>	<u>111,789</u>	<u>154,411</u>	<u>114</u>	<u>3,851</u>
<u>\$ 31,371</u>	<u>\$ 101,540</u>	<u>\$ 151,305</u>	<u>\$ 114</u>	<u>\$ 13,869</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, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	2008 SERIES A EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
REVENUES			
Taxes and special assessments	\$	\$	\$
Interest earnings			9
Other revenues	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u> </u>	<u> </u>	<u> 9</u>
EXPENDITURES			
Debt Service			
Principal retirement	161,985		145,000
Interest and fiscal charges	10,202		14,328
Other	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u> 172,187</u>	<u> </u>	<u> 159,328</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u> (172,187)</u>	<u> </u>	<u> (159,319)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	172,187		156,066
Operating transfers out	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	<u> 172,187</u>	<u> </u>	<u> 156,066</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			(3,253)
FUND BALANCE, JULY 1	<u> 2</u>	<u> </u>	<u> 6,521</u>
FUND BALANCE, JUNE 30	<u> 2</u>	<u> </u>	<u> 3,268</u>

TOTAL DEBT SERVICE 2015	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR DEBT SERVICE 2015	TOTAL DEBT SERVICE 2014
\$ 1,311,607	\$ (1,193,260)	\$ 118,347	\$ 2,744,466
5,407	(4,983)	424	3,724
<u>248,619</u>	<u> </u>	<u>248,619</u>	<u>186,602</u>
<u>1,565,633</u>	<u>(1,198,243)</u>	<u>367,390</u>	<u>2,934,792</u>
1,841,475	(670,000)	1,171,475	1,687,327
306,090	(113,635)	192,455	355,947
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>2,147,565</u>	<u>(783,635)</u>	<u>1,363,930</u>	<u>2,043,274</u>
<u>(581,932)</u>	<u>(414,608)</u>	<u>(996,540)</u>	<u>891,518</u>
1,084,017	(137,820)	946,197	998,224
<u>(414,825)</u>	<u>414,825</u>	<u> </u>	<u>(545,534)</u>
<u>669,192</u>	<u>277,005</u>	<u>946,197</u>	<u>452,690</u>
87,260	(137,603)	(50,343)	1,344,208
<u>3,718,132</u>	<u>(3,213,055)</u>	<u>505,077</u>	<u>2,373,924</u>
<u>\$ 3,805,392</u>	<u>\$ (3,350,658)</u>	<u>\$ 454,734</u>	<u>\$ 3,718,132</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 and 2015 General Obligation Construction.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	LAND ACQUISITION	INFRA- STRUCTURE	2015 GENERAL OBLIGATION CONSTRUCTION
ASSETS			
Cash	\$ 744,486	\$ 65,361	\$ 47,105
Investments	469,179		
Accounts receivable		60,928	2,327,500
Special assessment receivable			
Deposits			
Due from other funds			
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>1,213,665</u>	\$ <u>126,289</u>	\$ <u>2,374,605</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$	\$ 31,156	\$ 84,749
Deferred revenue			
Due to other funds	<u>2,148,015</u>	<u> </u>	<u>2,258,856</u>
TOTAL LIABILITIES	<u>2,148,015</u>	<u>31,156</u>	<u>2,343,605</u>
 FUND BALANCE			
Assigned	<u>(934,350)</u>	<u>95,133</u>	<u>31,000</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>1,213,665</u>	\$ <u>126,289</u>	\$ <u>2,374,605</u>

TOTAL CAPITAL PROJECTS 2015	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2015	TOTAL CAPITAL PROJECTS 2014
\$ 856,952	\$ (791,591)	\$ 65,361	\$ 583,130
469,179	(469,179)		
2,388,428	(2,327,500)	60,928	50,233
<u>3,714,559</u>	<u>(3,588,270)</u>	<u>126,289</u>	<u>633,363</u>
<u>\$ 3,714,559</u>	<u>\$ (3,588,270)</u>	<u>\$ 126,289</u>	<u>\$ 633,363</u>
\$ 115,905	\$ (84,749)	\$ 31,156	\$ 703
<u>4,406,871</u>	<u>(4,406,871)</u>		<u>1,305,870</u>
<u>4,522,776</u>	<u>(4,491,620)</u>	<u>31,156</u>	<u>1,306,573</u>
<u>(808,217)</u>	<u>903,350</u>	<u>95,133</u>	<u>(673,210)</u>
<u>\$ 3,714,559</u>	<u>\$ (3,588,270)</u>	<u>\$ 126,289</u>	<u>\$ 633,363</u>

CITY OF LAPEER, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	LAND ACQUISITION	INFRA- STRUCTURE	2015 GENERAL OBLIGATION CONSTRUCTION
REVENUES			
Interest	\$ 3,054	\$ 354	\$
Other	<u>236,958</u>	<u>6,000</u>	<u> </u>
TOTAL REVENUES	<u>240,012</u>	<u>6,354</u>	<u> </u>
EXPENDITURES			
Capital outlay	1,171,597	72,666	
Other	<u>300</u>	<u>10,000</u>	<u>85,144</u>
TOTAL EXPENDITURES	<u>1,171,897</u>	<u>82,666</u>	<u>85,144</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(931,885)</u>	<u>(76,312)</u>	<u>(85,144)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds			2,375,000
Operating transfers in	882,145	112,980	
Operating transfers out	<u>(64,046)</u>	<u>(88,889)</u>	<u>(2,258,856)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>818,099</u>	<u>24,091</u>	<u>116,144</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES OTHER USES	(113,786)	(52,221)	31,000
FUND BALANCE, JULY 1	<u>(820,564)</u>	<u>147,354</u>	<u> </u>
FUND BALANCE, JUNE 30	<u>\$ (934,350)</u>	<u>\$ 95,133</u>	<u>\$ 31,000</u>

TOTAL CAPITAL PROJECTS 2015	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2015	TOTAL CAPITAL PROJECTS 2014
\$ 3,408	\$ (3,054)	\$ 354	\$ 1,750
<u>242,958</u>	<u>(236,958)</u>	<u>6,000</u>	<u>234,797</u>
<u>246,366</u>	<u>(240,012)</u>	<u>6,354</u>	<u>236,547</u>
1,244,263	(1,171,597)	72,666	2,494,219
<u>95,444</u>	<u>(85,444)</u>	<u>10,000</u>	<u>75,267</u>
<u>1,339,707</u>	<u>(1,257,041)</u>	<u>82,666</u>	<u>2,569,486</u>
<u>(1,093,341)</u>	<u>1,017,029</u>	<u>(76,312)</u>	<u>(2,332,939)</u>
2,375,000	(2,375,000)		900,000
995,125	(882,145)	112,980	414,042
<u>(2,411,791)</u>	<u>2,322,902</u>	<u>(88,889)</u>	<u>(963,100)</u>
<u>958,334</u>	<u>(934,243)</u>	<u>24,091</u>	<u>350,942</u>
(135,007)	82,786	(52,221)	(1,981,997)
<u>(673,210)</u>	<u>820,564</u>	<u>147,354</u>	<u>1,308,787</u>
<u>\$ (808,217)</u>	<u>\$ 903,350</u>	<u>\$ 95,133</u>	<u>\$ (673,210)</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, 2015

WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	MOTOR POOL	INFORMATION TECHNOLOGY
ASSETS		
CURRENT ASSETS		
Cash	\$ 402,486	\$ 280,438
Investments	253,650	
Inventory	39,014	
Accounts receivable	7,384	
	<u>702,534</u>	<u>280,438</u>
TOTAL CURRENT ASSETS	<u>702,534</u>	<u>280,438</u>
FIXED ASSETS		
Land and improvements	22,328	
Vehicles and equipment	2,979,492	88,934
Accumulated depreciation	(2,274,134)	(63,046)
	<u>727,686</u>	<u>25,888</u>
NET FIXED ASSETS	<u>727,686</u>	<u>25,888</u>
TOTAL ASSETS	<u>1,430,220</u>	<u>306,326</u>
DEFERRED OUTFLOWS OF RESOURCES		
Prepaid expenses	4,936	
	<u>4,936</u>	<u></u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,435,156</u>	<u>\$ 306,326</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 89,634	\$ 8,582
Accrued expenses	7,197	
	<u>96,831</u>	<u>8,582</u>
TOTAL CURRENT LIABILITIES	<u>96,831</u>	<u>8,582</u>
NET POSITION		
Net position	1,299,311	297,744
Reserved for inventory	39,014	
	<u>1,338,325</u>	<u>297,744</u>
TOTAL NET POSITION	<u>1,338,325</u>	<u>297,744</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,435,156</u>	<u>\$ 306,326</u>

TELEPHONE
COMMUNICATION

2015

TOTALS

2014

\$ 114,213	\$ 797,137	\$ 1,072,629
	253,650	
	39,014	38,700
	7,384	
<u>114,213</u>	<u>1,097,185</u>	<u>1,111,329</u>
	22,328	22,328
	3,068,426	2,829,947
	(2,337,180)	(2,263,204)
	<u>753,574</u>	<u>589,071</u>
<u>114,213</u>	<u>1,850,759</u>	<u>1,700,400</u>
	4,936	5,125
<u>\$ 114,213</u>	<u>\$ 1,855,695</u>	<u>\$ 1,705,525</u>
\$ 120	\$ 98,336	\$ 46,421
	7,197	6,484
<u>120</u>	<u>105,533</u>	<u>52,905</u>
114,093	1,711,148	1,613,920
	39,014	38,700
<u>114,093</u>	<u>1,750,162</u>	<u>1,652,620</u>
<u>\$ 114,213</u>	<u>\$ 1,855,695</u>	<u>\$ 1,705,525</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	MOTOR POOL	INFORMATION TECHNOLOGY
OPERATING REVENUES		
Equipment rentals	\$ <u>820,679</u>	\$ <u>216,713</u>
OPERATING EXPENSES		
Salaries and wages	104,929	
Fringe benefits	84,339	
Office supplies	778	
Operating supplies	235,902	
Administrative fees	18,980	
Professional and contractual services	9,821	
Insurance and bonds	66,761	1,955
Public utilities	12,594	
Repairs and maintenance	4,051	96,740
Rental	5,633	
Miscellaneous	1,511	
Depreciation	176,247	6,313
Capital outlay		22,365
Conferences	<u>535</u>	
TOTAL OPERATING EXPENSES	<u>722,081</u>	<u>127,373</u>
OPERATING INCOME	<u>98,598</u>	<u>89,340</u>
NONOPERATING REVENUE		
Interest income	1,740	770
Gain on sale of fixed assets	<u>10,268</u>	
TOTAL NONOPERATING REVENUE	<u>12,008</u>	<u>770</u>
OPERATING TRANSFERS		
Operating transfers in	10,000	
Operating transfers out	<u>(85,000)</u>	<u>(85,000)</u>
TOTAL OPERATING TRANSFERS	<u>(75,000)</u>	<u>(85,000)</u>
NET INCOME (LOSS)	35,606	5,110
NET POSITION, JULY 1	<u>1,302,719</u>	<u>292,634</u>
NET POSITION, JUNE 30	<u>\$ <u>1,338,325</u></u>	<u>\$ <u>297,744</u></u>

TELEPHONE
COMMUNICATION

2015

TOTALS

2014

\$ <u>90,375</u>	\$ <u>1,127,767</u>	\$ <u>1,120,550</u>
	104,929	111,289
	84,339	109,335
	778	913
	235,902	391,931
	18,980	17,393
	9,821	11,497
476	69,192	40,865
	12,594	9,308
15,104	115,895	11,246
	5,633	4,050
	1,511	9,105
	182,560	187,020
3,215	25,580	22,524
	535	1,112
<u>18,795</u>	<u>868,249</u>	<u>927,588</u>
<u>71,580</u>	<u>259,518</u>	<u>192,962</u>
246	2,756	1,996
	10,268	6,132
<u>246</u>	<u>13,024</u>	<u>8,128</u>
(15,000)	10,000	
	(185,000)	(252,622)
<u>(15,000)</u>	<u>(175,000)</u>	<u>(252,622)</u>
56,826	97,542	(51,532)
<u>57,267</u>	<u>1,652,620</u>	<u>1,704,152</u>
\$ <u><u>114,093</u></u>	\$ <u><u>1,750,162</u></u>	\$ <u><u>1,652,620</u></u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	MOTOR POOL	INFORMATION TECHNOLOGY
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from interfund charges	\$ 813,295	\$ 216,713
Cash payment for goods and services	(298,167)	(136,701)
Cash payment for employees	<u>(188,555)</u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>326,573</u>	<u>80,012</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	10,000	
Operating transfers out	<u>(85,000)</u>	<u>(85,000)</u>
NET CASH PROVIDED BY (USED IN) NON- CAPITAL FINANCING ACTIVITIES	<u>(75,000)</u>	<u>(85,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for capital acquisitions	(341,882)	(10,646)
Sale of capital assets	26,002	
Increase in investments	<u>(253,650)</u>	<u> </u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(569,530)</u>	<u>(10,646)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>1,740</u>	<u>770</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(316,217)	(14,864)
CASH AND CASH EQUIVALENTS, JULY 1	<u>718,703</u>	<u>295,302</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 402,486</u></u>	<u><u>\$ 280,438</u></u>

TELEPHONE COMMUNICATION	2015	TOTAL	2014
\$ 90,375	\$ 1,120,383		\$ 1,120,550
(20,032)	(454,900)		(523,724)
<hr/>	<hr/>		<hr/>
70,343	476,928		377,289
<hr/>	<hr/>		<hr/>
(15,000)	10,000		(252,622)
<hr/>	<hr/>		<hr/>
(15,000)	(175,000)		(252,622)
<hr/>	<hr/>		<hr/>
	(352,528)		(141,986)
	26,002		15,400
<hr/>	<hr/>		<hr/>
	(580,176)		(126,586)
<hr/>	<hr/>		<hr/>
246	2,756		1,996
<hr/>	<hr/>		<hr/>
55,589	(275,492)		77
<hr/>	<hr/>		<hr/>
58,624	1,072,629		1,072,552
<hr/>	<hr/>		<hr/>
\$ <u>114,213</u>	\$ <u>797,137</u>		\$ <u>1,072,629</u>

CITY OF LAPEER, MICHIGAN
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - Concluded
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	MOTOR POOL	INFORMATION TECHNOLOGY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ <u>98,598</u>	\$ <u>89,340</u>
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	176,247	6,313
Gain on sale of assets	(10,268)	
(Increase) decrease in inventory	(314)	
(Increase) decrease in accounts receivable	(7,384)	
(Increase) decrease in prepaid expenses	189	
Increase (decrease) in accounts payable	68,792	(15,641)
Increase (decrease) in accrued expenses	<u>713</u>	<u> </u>
Total adjustments	<u>227,975</u>	<u>(9,328)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>326,573</u></u>	\$ <u><u>80,012</u></u>

TELEPHONE COMMUNICATION	2015	TOTAL	2014
\$ <u>71,580</u>	\$ <u>259,518</u>		\$ <u>192,962</u>
	182,560		187,020
	(10,268)		(6,132)
	(314)		(2,820)
	(7,384)		
	189		(196)
(1,237)	51,914		5,368
<u> </u>	<u>713</u>		<u>1,087</u>
<u>(1,237)</u>	<u>217,410</u>		<u>184,327</u>
\$ <u><u>70,343</u></u>	\$ <u><u>476,928</u></u>		\$ <u><u>377,289</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, 2015

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JULY 1	\$ 1,072,629	\$	\$ 1,072,629
NET INCREASE	<u>(275,492)</u>	<u> </u>	<u>(275,492)</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 797,137</u></u>	<u><u>\$</u></u>	<u><u>\$ 797,137</u></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, 2015
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	2015	2014
ASSETS		
Cash	\$ <u>8,658</u>	\$ <u>7,998</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ _____	\$ _____
FUND BALANCE		
Committed for cemetery perpetual care	8,317	7,657
Unreserved	<u>341</u>	<u>341</u>
TOTAL FUND BALANCE	<u>8,658</u>	<u>7,998</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 8,658</u>	<u>\$ 7,998</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, 2015
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	2015	2014
REVENUES		
Donations and rights	\$ 660	\$ 565
Interest and rent	<u>23</u>	<u>16</u>
TOTAL REVENUES	<u>683</u>	<u>581</u>
EXCESS OF REVENUES OVER EXPENDITURES	683	581
OTHER FINANCING USES		
Operating transfers out	<u>(23)</u>	<u>(16)</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER USES	660	565
FUND BALANCE, JULY 1	<u>7,998</u>	<u>7,433</u>
FUND BALANCE, JUNE 30	<u><u>\$ 8,658</u></u>	<u><u>\$ 7,998</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, 2015

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

Amount available in Debt Service Funds	\$ 3,805,392
Amount to be provided for payment of long-term debt	<u>5,344,099</u>

TOTAL	<u>\$ 9,149,491</u>
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GENERAL LONG-TERM DEBT PAYABLE

2009 General Obligation Tax Bonds	\$ 2,475,000
2008 Series A General Obligation Tax Bonds	55,000
2008 Series A Special Assessment Bonds	30,000
2008 General Obligation Tax Bonds	1,380,000
2006 General Obligation Tax Bond	60,000
2006 Special Assessment Bonds	30,000
2007 Special Assessment Bonds	55,000
Accumulated Compensated Absences	526,821
2011 Special Assessment Bonds	260,000
2007 General Obligation Bonds	40,000
2010 General Obligation Tax Bonds	110,000
2010 Special Assessment Bonds	185,000
2001 Building Authority Bonds	155,000
2015 General Obligation Construction	2,375,000
Energy Savings Contract	580,630
Abstract Building	52,040
2013 General Obligation Construction	<u>780,000</u>

TOTAL	<u>\$ 9,149,491</u>
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CAPITAL ASSETS

CITY OF LAPEER, MICHIGAN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014

	2015	2014
General Fixed Assets		
Land	\$ 25,467,543	\$ 24,298,029
Construction in progress	327,304	561,572
Buildings	5,815,993	5,815,993
Improvements other than buildings	5,728,928	5,599,190
Machinery and equipment	3,806,850	3,804,945
Infrastructure	<u>43,322,403</u>	<u>42,119,048</u>
 TOTAL	 <u>\$ 84,469,021</u>	 <u>\$ 82,198,777</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, 2015

	GENERAL FIXED ASSETS JULY 1, 2014	ADDITIONS	DELETIONS	GENERAL FIXED ASSETS JUNE 30, 2015
General Government				
City Hall	\$ 1,031,562	\$ 1,323		\$ 1,032,885
Accounting	103,196			103,196
Assessor	14,766			14,766
City Commission	200,079			200,079
City Manager	26,702			26,702
Geographic information systems	7,897			7,897
Information technology	66,500			66,500
Income tax	1,657			1,657
Planning	6,866,359	1,171,598		8,037,957
Train depot	358,952			358,952
Cemetery	277,521		5,000	272,521
	<hr/>	<hr/>	<hr/>	<hr/>
Total General Government	8,955,191	1,172,921	5,000	10,123,112
Public Safety				
Police	1,623,857	8,014	3,555	1,628,316
Fire	4,620,742		3,555	4,617,187
Parking	768,039			768,039
Housing rehabilitation	1,381,414			1,381,414
	<hr/>	<hr/>	<hr/>	<hr/>
Total Public Safety	8,394,052	8,014	7,110	8,394,956
Parks and Recreation				
Parks	3,643,932	13,561	2,085	3,655,408
Recreation	3,170			3,170
Trailer park	203,811			203,811
Community center	896,008			896,008
	<hr/>	<hr/>	<hr/>	<hr/>
Total Parks and Recreation	4,746,921	13,561	2,085	4,758,397
Public Works	60,102,613	1,089,943		61,192,556
	<hr/>	<hr/>		<hr/>
Total General Fixed Assets	\$ 82,198,777	\$ 2,284,439	\$ 14,195	\$ 84,469,021
Component Units				
Tax Increment Finance Authority	\$ 6,652,361			\$ 6,652,361
Local Development Finance Authority	206,774			206,774
Downtown Development Authority	717,282	115,780		833,062
	<hr/>	<hr/>		<hr/>
Total Component Units	\$ 7,576,417	\$ 115,780		\$ 7,692,197
	<hr/>	<hr/>		<hr/>

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

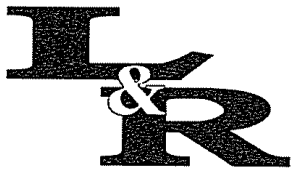
	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS
General Government			
City Hall	\$ 1,200	\$ 952,794	\$ 78,891
Accounting			
Assessor			
City Commission		200,079	
City Manager			
Geographic information systems			
Information technology			
Income tax			
Planning	7,541,106	460,886	32,625
Train depot	42,857	37,161	271,144
Cemetery	105,469	26,990	135,062
	<hr/>	<hr/>	<hr/>
Total General Government	7,690,632	1,677,910	517,722
	<hr/>	<hr/>	<hr/>
Public Safety			
Police	448,263	1,017,997	
Fire	448,263	1,017,997	
Parking	768,039		
Housing rehabilitation	1,324,486	50,233	
	<hr/>	<hr/>	<hr/>
Total Public Safety	2,989,051	2,086,227	
	<hr/>	<hr/>	<hr/>
Parks and Recreation			
Parks	857,759	322,036	2,443,924
Recreation			
Trailer park			203,811
Community center	208,262	174,044	356,504
	<hr/>	<hr/>	<hr/>
Total Parks and Recreation	1,066,021	496,080	3,004,239
	<hr/>	<hr/>	<hr/>
Public Works	13,721,839	1,555,776	2,206,967
	<hr/>	<hr/>	<hr/>
Total General Fixed Assets	\$ 25,467,543	\$ 5,815,993	\$ 5,728,928
	<hr/>	<hr/>	<hr/>
Component Units			
Tax Increment Finance Authority	\$ 14,400	\$ 6,637,961	\$
Local Development Finance Authority	206,774		
Downtown Development Authority	154,000	563,282	
	<hr/>	<hr/>	<hr/>
Total Component Units	\$ 375,174	\$ 7,201,243	\$
	<hr/>	<hr/>	<hr/>

MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTAL
\$	\$	\$	\$ 1,032,885
103,196			103,196
14,766			14,766
26,702			200,079
7,897			26,702
66,500			7,897
1,657			66,500
3,340			1,657
7,790			8,037,957
5,000			358,952
<u>236,848</u>			272,521
			10,123,112
104,683		57,373	1,628,316
3,093,554		57,373	4,617,187
6,695			768,039
<u>3,204,932</u>			1,381,414
		114,746	8,394,956
31,689			3,655,408
3,170			3,170
157,198			203,811
<u>192,057</u>			896,008
			4,758,397
173,013	327,304	43,207,657	61,192,556
<u>\$ 3,806,850</u>	<u>\$ 327,304</u>	<u>\$ 43,322,403</u>	<u>\$ 84,469,021</u>
\$	\$	\$	\$ 6,652,361
			206,774
<u>115,780</u>			833,062
<u>\$ 115,780</u>	<u>\$ 115,780</u>	<u>\$</u>	<u>\$ 7,692,197</u>

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SINGLE AUDIT

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Layton & Richardson, P.C.

Certified Public Accountants

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

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To the Commissioner
City of Lapeer
Lapeer, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of City of Lapeer, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

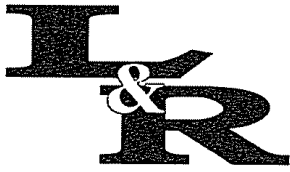
Purpose of this Report

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



Certified Public Accountants

East Lansing, Michigan
December 28, 2015



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Commissioner
City of Lapeer
Lapeer, Michigan

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Report on Compliance for Each Major Federal Program

We have audited City of Lapeer's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of City of Lapeer's major federal programs for the year ended June 30, 2015. City of Lapeer's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Lapeer's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Lapeer's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, City of Lapeer complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of City of Lapeer is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Lapeer's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Lapeer's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Certified Public Accountants

East Lansing, Michigan
December 28, 2015

CITY OF LAPEER, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditors’ Results

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

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

Any audit findings disclosed that are required to be reported with Section 501(a) of Circular A-133? Yes No

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? Yes No

Section II – Findings and Questioned Costs

Findings – Financial Statement Audit: NONE

Section III – Federal Award Findings and Questioned Costs

MAJOR FEDERAL AWARDS PROGRAM AUDIT

NONE

CITY OF LAPEER, MICHIGAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	EXPENDITURES
U.S. DEPARTMENT OF JUSTICE Passed through Michigan Department of Corrections Byrne Memorial	16.738		\$ <u>29,280</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Michigan State Strategic Fund CDBG	14.228	MSC 213010-DIG	<u>417,783</u>
U.S. DEPARTMENT OF COMMUNITY DEVELOPMENT Passed through Michigan State Housing Development Authority CDBG	14.228	M-2011-0292	<u>90,099</u>
			\$ <u><u>537,162</u></u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF LAPEER, MICHIGAN
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

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

None.

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

None.

CITY OF LAPEER, MICHIGAN

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A: BASIS OF PRESENTATION

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

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Financial Statements

Governmental Grants

Federal Drug Grant	\$	29,280
MSHDA Section 8		145,173
School Liaison Officer		31,000
Community Development Block Grant		535,577
Michigan Gas Weight and Trunkline Maintenance		755,610
Justice Training Funds		3,905
Housing Resource		95,068
State Revenue Sharing		735,714
Liquor Licenses		<u>275</u>

2,331,602

Reconciling Items

State portion of grants and contracts not subject to Single Audit

MSHDA Section 8	145,173
School Liaison Officer	31,000
Housing Resources	4,969
Michigan Gas Weight and Trunkline Maintenance	755,610
Justice Training Funds	3,905
State Revenue Sharing	735,714
Liquor Licenses	275
Community Development Block Grant	<u>117,794</u>

1,794,440

\$ 537,162