Michigan Department of Treasury
496 (Rev.06/08)

Auditing Procedures Report

Instructions and MuniCodes | *=Required Fields | Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* CITY OF LAPEER	County* LAPEER	Type* CITY	MuniCode* 44-2-020
Opinion Date-Use Calendar* Nov 4, 2008	Audit Submitted-Use Calendar* Nov 7, 2008	Fiscal Year End Month* 06	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- [x] ? 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- [ ] ? 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- [x] ? 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- [x] ? 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- [x] ? 5. Did the local unit adopt a budget for all required funds?
- [x] ? 6. Was a public hearing on the budget held in accordance with State statute?
- [x] ? 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- [x] ? 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- [x] ? 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- [x] 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- [x] ? 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- [x] ? 12. Is the local unit free of repeated reported deficiencies from previous years?
- [ ] ? 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? Qualified
- [x] 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- [x] ? 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- [x] ? 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- [ ] ? 18. Are there reported deficiencies? [ ] 19. If so, was it attached to the audit report?

General Fund Revenue: ?	$ 7,468,245.44	General Fund Balance: ?	$ 2,005,759.51
General Fund Expenditure: ?	$ 5,941,390.81	Governmental Activities Long-Term Debt (see instructions): ?	$ 5,608,607.36
Major Fund Deficit Amount:	$ 0.00		

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* VICKIE	Last Name* CROUCH	Ten Digit License Number* 1101013436		
CPA Street Address* 1000 COOLIDGE ROAD	City* EAST LANSING	State* MI	Zip Code* 48823	Telephone* +1 (517) 332-1900
CPA Firm Name* LAYTON AND RICHARDSON	Unit's Street Address* 576 LIBERTY PARK	Unit's City* LAPEER	Unit's Zip* 48446	

CITY OF LAPEER, MICHIGAN

COUNTY OF LAPEER

COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2008

INDEPENDENT AUDITORS' REPORT

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Layton & Richardson, P.C.
Certified Public Accountants

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA .com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lapeer, Michigan as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Lapeer, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the Lapeer Housing Commission Fund, which should be included to conform to U.S. generally accepted accounting principles. The amounts by which the financial statements would change if this fund were included cannot be determined.

In our opinion, except for the departures described above, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the required supplementary information on pages 3 through 15 and pages 82 through 85 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Lapeer, Michigan's basic financial statements. The accompanying introductory section, supplemental financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental financial information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
November 4, 2008

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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, 2008. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- State Revenue Sharing Funds continue to be reduced. The city received $784,522 in FY 2007-2008 compared to $801,727 in FY 2006-2007, this is a reduction of $17,205 or 2.1%. When compared to State Revenue Sharing Funds received in Fiscal Year 2001-2002, actual State Revenue Sharing Funds received reduced from $1,037,526 to $784,522 or a reduction of $253,004 or 24.4%.
- The city income tax revenue of $2,393,803 in fiscal year 2007-2008 was $216,479 (9.9%) more than the prior year revenue of $2,177,324.
- Interest on investments in the General Fund were at $121,826 in fiscal year 2007-2008 compared to $151,293 the prior year. This was a decrease of $29,467 or 19.5%. This decrease in revenue is due to decreases in the interest rates.
- A land transfer agreement was completed with Lapeer Township, dated December 4, 2006, for the transfer of approximately 800 acres of land surrounding the I-69/M-24 interchange. There has been substantial interest in this property by Commercial Developments and it is estimated that the potential development of this area would be approximately $1 billion dollars. The city is currently in process of developing plans and determining the financing mechanism to provide utilities to this area. An approved site plan has been received for the development of a 41.6 acre site for a Lowe's store with garden center of approximately 171,069 square feet and a large retail store of approximately 127,000 square feet. At this time the retailer has not been identified that will occupy this store. As of June 30, 2008, the property owners had still not agreed to the spread of an assessment roll against their properties which would allow the city to go forward with the bonding required to construct the utilities. As of October 6, 2008, the property owners reached agreement on the spread of an assessment against their properties and the special assessment roll was confirmed by the City Commission.
- The city issued 2007 General Obligation Bonds in the amount of $110,000 and 2007 Special Assessment Bonds in the amount of $175,000 for street construction projects for Horton Street. There were no installment purchase contracts entered into during the fiscal year.
- There was 1 new home constructed during this fiscal year. There is very little residential building activity at this time, however, there are still several open projects. These projects include Brookwood Condominium which is planned for 218 single family sites valued at $180,000 to $250,000. The current phase in development has 78 sites. Carriage Hill is planned as an 80 unit attached condominium development valued at $129,000. The current phase in development has 34 condominiums. Devonshire is planned for 45 senior condominiums valued at $200,000 and is currently in development. Woodbridge which is planned for 188 unit cluster condominium valued at $220,000 to $300,000 per unit. The current phase in development has 80 condominiums. Golfview is planned for 58 single family homes valued at $300,000 and is currently in development. Rolling Hills No. 5 is planned for 34 single family units valued at $175,000 to $270,000 and is currently in development. Due to the current state of the economy the residential building activity is basically non-existent.

- The Lapeer Regional Medical Center has completed two construction projects. The first project is a two story 30,000 square foot addition to the existing hospital to provide for a new emergency room and space for future expansion. The second project is the construction of a new 18,200 square foot cancer care and ambulatory facility across the street from the existing hospital.
- Energy Steel completed construction of a 55,500 square foot building in the Lapeer Industrial & Research Park valued at approximately $4,500,000. This development will produce 18 new jobs.
- Lapeer Industries, a manufacturer of military equipment, purchased two vacant facilities within the Lapeer Industrial and Research Park located within the Local Development Finance Authority District. They purchased the former Johnson Control Building located at 3140 John Conley Drive at a cost of $2,539,239 and the former Alliance Manufacturing Building located at 3255 John Conley Drive at a cost of $1,812,500. In total Lapeer Industries has five facilities located within the City of Lapeer.
- The City Commission approved a zoning change to the Lapeer Community School Administration property which allowed the completion of the sale of the property to a developer who is proposing to construct a 14,564 square foot building for a Rite Aid Pharmacy with drive-thru service. This building is located on the corner of M-24 and Genesee Street (formerly M-21). Construction on this facility was started during the fiscal year.
- Two new credit unions were constructed during the fiscal year. ELGA Credit Union constructed a 5,856 square foot building at a cost of $1,200,000 and Dort Federal Credit Union constructed a 4,082 square foot building at a cost of $1,000,000.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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 Assets 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 the police, fire, public works, parks department, 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 system and auto parking facilities are reported here.
- Component units – The City includes five separate legal entities in its report – Brownfield Redevelopment Authority, Downtown Development Authority, Economic Development Corporation, Local Development Finance Authority, and Tax Increment Finance Authority.

Reporting the City's Most Significant Funds

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

- *Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows 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 Assets and the Statement of Activities) and governmental *funds* in a 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 generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets 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 its 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 Assets and Changes in Fiduciary Net Assets. 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 Assets. The City's combined net assets (for the primary government) decreased from $79,332,493 to $65,469,192, a decrease of $13,863,301 or 17.5%. In the prior year the net assets increased from $78,856,546 to $79,332,493, an increase of $475,947 or 0.6%. The net assets for the governmental activities decreased from $67,162,355 to $52,920,326, a decrease of $14,242,029 or 21.2%. In the prior year the net assets decreased from $67,190,895 to $67,162,355, a decrease of $28,540 or 0.1%. The net assets for the business-type activities increased from $12,170,138 to $12,548,866, an increase of $378,728 or 3.1%. In the prior year the net assets increased from $11,665,651 to $12,170,138, an increase of $504,487 or 4.3%.

Table 1
Net Assets
(In Millions)

	Governmental Activities 2008	Business-type Activities 2008	Total Primary Government 2008
Current and other assets	$ 6.5	$ 2.5	$ 9.0
Capital assets	66.2	10.5	76.7
Total assets	72.7	13.0	85.7
Long-term debt Outstanding	5.0	0.2	5.2
Other liabilities	14.8	0.2	15.0
Total liabilities	19.8	0.4	20.2
Net assets:			
Invested in capital assets, Net of debt	61.2	10.3	71.5
Restricted	0.0	1.4	1.4
Unrestricted (deficit)	(8.3)	0.9	(7.4)
Total net assets	$ 52.9	$ 12.6	$ 65.5

	Governmental Activities 2007	Business-type Activities 2007	Total Primary Government 2007
Current and other assets	$ 7.8	$ 3.3	$ 11.1
Capital assets	67.6	9.5	77.1
Total assets	75.4	12.8	88.2
Long-term debt Outstanding	5.8	0.2	6.0
Other liabilities	2.4	0.4	2.8
Total liabilities	8.2	0.6	8.8
Net assets:			
Invested in capital assets, Net of debt	61.8	9.3	71.1
Restricted	0.6	0.1	0.7
Unrestricted (deficit)	4.8	2.8	7.6
Total net assets	$ 67.2	$ 12.2	$ 79.4

Governmental Activities

As stated previously, the net assets of the City's governmental activities decreased by $14,242,028.96 or 21.2%. Unrestricted net assets – the part of net assets 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 a deficit of $8,324,760.88. The primary reason for the decrease in the net assets of the city's governmental activities is due to the recording of a prior period adjustment to record the actuarially accrued liability of retiree health benefits in the amount of $13,397,989. See note 21 – Post Employment Benefits on page 79 of the audit report for further information.

Table 2 was summarized from the government-wide Statement of Activities. This table summarizes the government-wide program revenues, other revenues, and expenses of the city.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities 2008	Business-Type Activities 2008	Total Primary Government 2008
Revenues:			
Program revenues:			
Charges for Services	$ 2.2	$ 4.3	$ 6.5
Operating grants and contributions	2.0	0.2	2.2
General revenues:			
Property taxes	3.1	0.0	3.1
Income Tax	2.4	0.0	2.4
Other taxes	0.0	0.0	0.0
Other	0.7	0.1	0.8
Total Revenues	10.4	4.6	15.0
Expenses:			
General government	$ 1.6	$ 0.0	$ 1.6
Public safety	3.4	0.0	3.4
Public works	0.6	0.0	0.6
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	0.4	0.0	0.4
Interest on long-term Debt	0.2	0.0	0.2
Water	0.0	1.7	1.7
Wastewater	0.0	2.2	2.2
Auto parking	0.0	0.1	0.1
Total Expenses	11.6	4.0	15.6
Increase in net assets Before transfers	(1.2)	0.6	(0.6)
Transfers	0.3	(0.1)	0.2
Increase in Net Assets	(0.9)	0.5	(0.4)
Net assets, July 1	67.2	12.1	79.3
Prior period adjustment	(13.4)	0.0	(13.4)
Net assets, June 30	$ 52.9	$ 12.6	$ 65.5

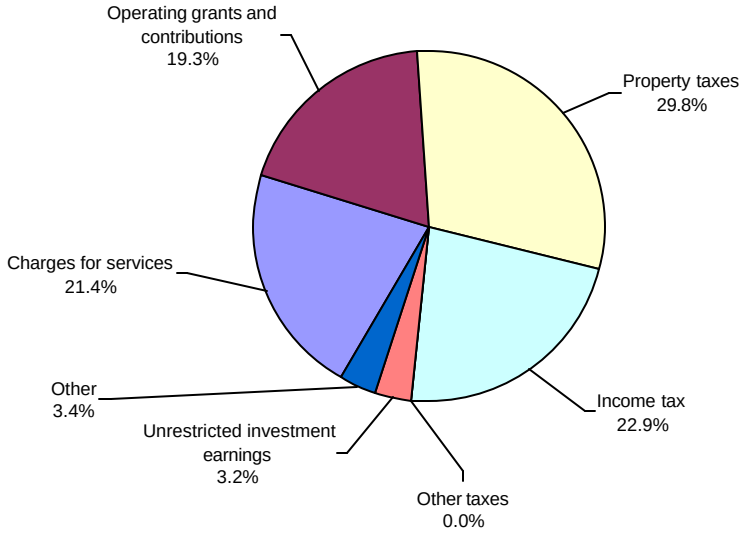
Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities 2007	Business-Type Activities 2007	Total Primary Government 2007
Revenues:			
Program revenues:			
Charges for Services	$ 2.2	$ 4.2	$ 6.4
Operating grants and contributions	1.8	0.2	2.0
General revenues:			
Property taxes	3.1	0.0	3.1
Income Tax	2.2	0.0	2.2
Other taxes	0.0	0.0	0.0
Other	1.3	0.7	2.0
Total Revenues	10.6	5.1	15.7
Expenses:			
General government	1.4	0.0	1.4
Public safety	1.6	0.0	1.6
Public works	1.4	0.0	1.4
Community development and enrichment	0.7	0.0	0.7
Highway and streets	1.8	0.0	1.8
Culture and recreation	2.3	0.0	2.3
Other	1.1	0.0	1.1
Interest on long-term Debt	0.2	0.0	0.2
Water	0.0	2.2	2.2
Wastewater	0.0	1.9	1.9
Auto parking	0.0	0.1	0.1
Total Expenses	10.5	4.2	14.7
Increase in net assets Before transfers	0.1	0.9	1.0
Transfers	(0.1)	0.1	0.0
Increase in Net Assets	0.0	1.0	1.0
Net assets, July 1	67.2	11.2	78.4
Prior period adjustment	0.0	0.0	0.0
Net assets, June 30	$ 67.2	$ 12.2	$ 79.4

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

FY 2007-2008

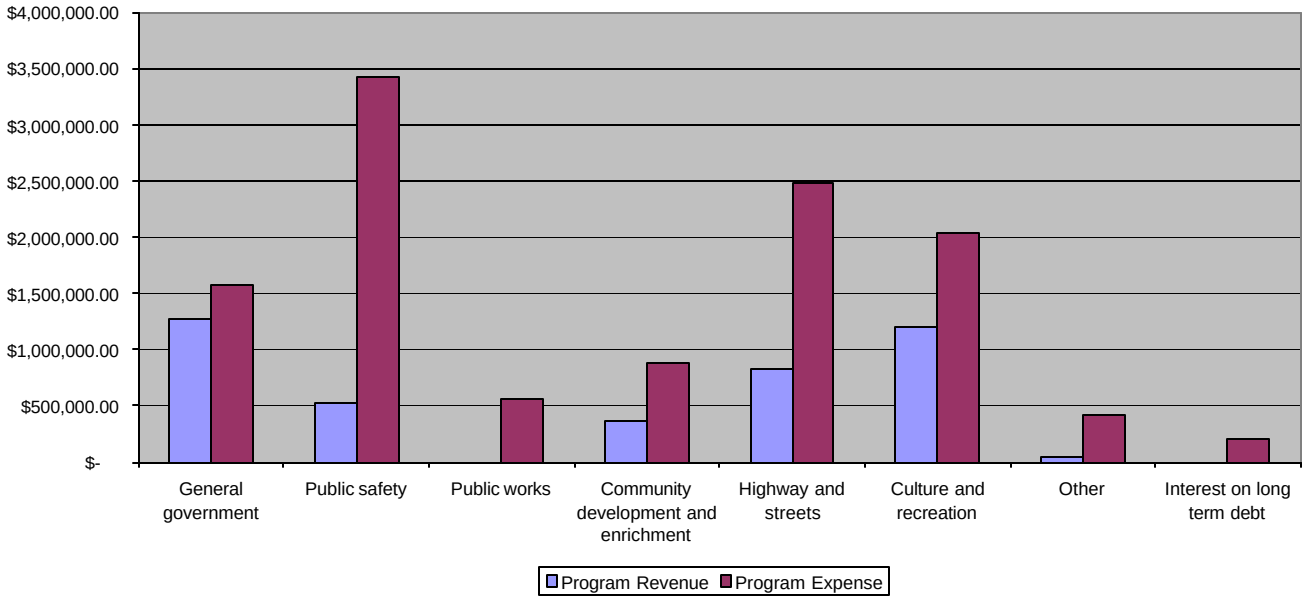
Revenues by Source - Governmental Activities



Total revenue from all sources totaled $15.1 million of which 10.5 million was from governmental activities and 4.6 million was from business-type activities. In the prior year, total revenue from all sources totaled $15.1 million of which 10.6 million was from governmental activities and 4.5 million was from business-type activities. This results in no change in total revenue from all sources. The governmental activities revenue decreased $0.1 million or 1.5% while the business-type activities revenue increased $0.1 million or 0.9%. The governmental activities received 29.8% or 3.1 million from property taxes. The millage rate of 9.8000 remained unchanged from the prior year. The city also received 22.9% or 2.4 million from income tax revenue. 21.4% of governmental activity was funded from charges for services. 19.3% of governmental activity was funded from operating grants and contributions. The remaining 6.6% of revenue is from unrestricted investment earnings, other taxes, and other revenue.

FY 2007-2008

Expenses and Program Revenues - Governmental Activities



The governmental activities of the city had an expense of $11.6 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 Assets and are depreciated over the useful life of the asset. Only the current year depreciation would be included as an expense.

The $11.6 million for governmental activities is funded from $4.2 million in program revenues. The balance of this cost is funded from taxes and other revenues. The largest expenditures for governmental activities occur in public safety at $3.4 million, highways and streets at $2.5 million, culture and recreation at $2.0 million, general government at $1.6 million, community development and enrichment at $0.9 million, and public works at $0.6 million. The program revenues received as a percentage of the expense for these activities are 81% for general government, 15% for public safety, 42% for community development and enrichment, 33% for highways and streets, 59% for culture and recreation, and 11% for other.

Other governmental activity expenditures are interest on long-term debt, $0.2 million.

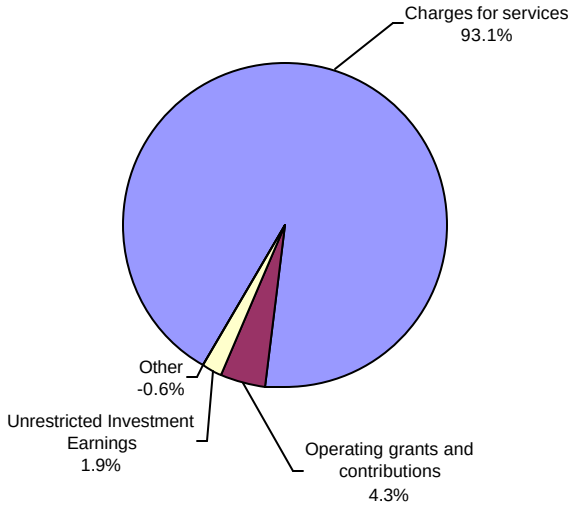
Business-type Activities

The net assets of the City's business-type activities increased from $12,101,329 to $12,548,866, an increase of $447,537 or 3.4% In the prior year, the net assets of the City's business-type activities increased from $11,665,651 to $12,101,329, an increase of $435,678 or 3.7%.

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

FY 2007-2008

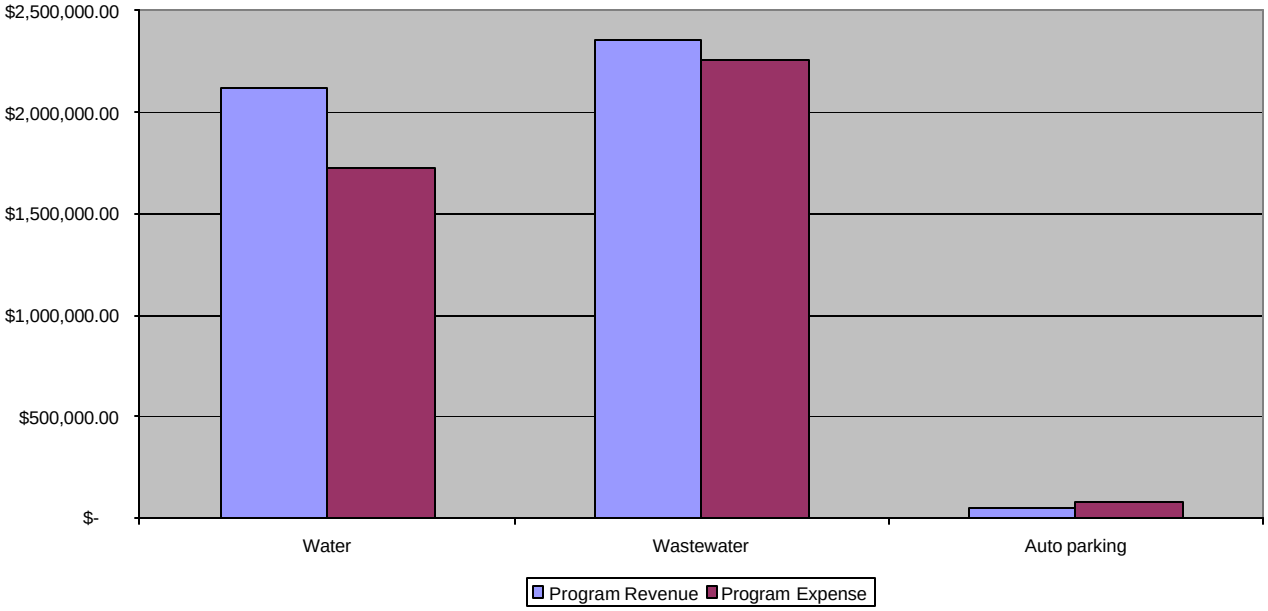
Revenues by Source - Business-type Activities



The largest source of revenue for the business-type activities is charges for services which represents 93.7% of the total revenue. The business-type activities include the water fund, wastewater fund, and auto parking fund. The total revenue received was $4.6 million or 4.3 million from charges for services.

FY 2007-2008

Expense and Program Revenues - Business-type Activities



The city is a member of the Greater Lapeer County Utilities Authority (G.L.C.U.A.) which purchases its water from the Detroit Water System. The city's water fund received a 15.5% decrease in rates from the Detroit Water System effective July 1, 2007. The rate decreased from $12.83 per 1,000 cubic feet to $10.84 per 1,000 cubic feet. The water fund total operating expenses were $1.7 million compared to $2.1 million in program revenues. The purchase of water for this fiscal year was $697,776 and represents 40% of the funds operating expenses.

The wastewater fund total operating expenses were $2.3 million compared to $2.3 million in program revenues.

THE CITY'S FUNDS

The General Fund revenue was $7.5 million, an increase of $299 thousand from the prior year. The expenditures were $5.9 million compared to $5.8 million the prior year, or an increase of $178 thousand. The net transfers to other funds were $1.6 million compared to $2.0 million the prior year, or a decrease of $375 thousand. The unreserved fund balance decreased from $1,878,664.86 to $1,799,379.96 or a decrease of $79,284.90 or 4.2%. In the prior year, the unreserved fund balance increased from $2,417,324.91 to $1,878,664.86 or a decrease of $538,660.05 or 22.3%.

The Major Street fund continued the work on the WalMart off site improvements which incurred expenditures amounting to $58,087, Oregon Street Reconstruction project with expenditures amounting to $62,991, John Conley Drive Extension with expenditures amounting to $190,115, Demille/Harrison Intersection Improvement with expenditures amounting to $35,664, and Demille Road Traffic Signal with expenditures amounting to $52,968. This fund receives revenues from grants, donations, and transfers from bond construction funds which vary greatly from year to year. In the current year the total revenues were $0.7 million, the expenditures were $1.0 million, and the net transfers in were $423 thousand. The fund balance increased from $427,377 to $519,829 or an increase of $92,452 or 21.6%. In the prior year, the fund balance increased from $240,900 to $427,377 or an increase of $186,477 or 77.4%.

The Local Street Fund completed the work on Adams Street Improvements with expenditures amounting to $3,729, Liberty Street Reconstruction with expenditures amounting to $12,602, Park Street Improvements with expenditures amounting to $656, and Fair Street Improvements with expenditures amounting to $74,198. Other projects that were started or continued were State Street with expenditures amounting to $38,742, Jackson Street with expenditures amounting to $87,475, and Horton Street with expenditures amounting to $1,213. In the current year the total revenues were $0.2 million, the expenditures were $0.6 million, and the net transfers in were $0.2 million. The fund balance decreased from $324,763 to $180,931 or a decrease of $143,832 or 44.3%. In the prior year, the fund balance decreased from $405,370 to $324,763 or a decrease of $80,607 or 19.9%

The Park Fund completed work on the Optimist Soccer fields with expenditures amounting to $3,719 and Outdoor Spray Park with expenditures amounting to $3,850. Other projects that were started or continued were the Linear Path Extension with expenditures amounting to $37,687, Cramton Park Improvements with expenditures amounting to $37,666, and Access to Recreation Grant with expenditures amounting to $3,379. In the current year the revenues decreased from $1.6 million to $1.3 million, a decrease of $301,767, or 18.5% from the prior year. In the prior year the revenues decreased from $1.9 million to $1.6, a decrease of $308,518 or 15.9%. The expenditures decreased from $2.4 million to $2.0 million, a decrease of $398,432 or 16.8%. In the prior year the expenditures decreased from $2.6 million to $2.4 million, an decrease of $229,703 or 8.9%. The net transfers decreased from $678 thousand to $529 thousand a decrease of $149,440 or 22.0%. In the prior year, the net transfers amounted to $678 thousand which was a decrease of $38,952 from the prior year. The fund balance decreased from $415 thousand to $304 thousand or a decrease of $111 thousand. In the prior year, the fund balance decreased from $473 thousand to $415 thousand or a decrease of $58 thousand.

General Fund Budgetary Highlights

The difference between the original budget and the amended budget was an increase of $93,924 or 1.1%, which is summarized as follows:

- $32,280 increase to provide funding for additional contribution for Retiree Health Insurance.
- $28,500 increase to provide funding for the Site Plan Review Fund.
- $27,188 increase to provide funding for a part time employee for the Section 8 program.
- $3,356 increase to the Fire Department Budget for donations received for Fire Prevention.
- $2,600 increase to provide funding for wages for the August Library Election.

Of the increases in the budget, the $27,188 for funding the part time worker for the Section 8 program is funded from an increase in the MSHDA Section 8 Admin Fees and the $2,600 for funding the additional wages for the Library Election is funded from an increase in the Reimbursement-Election Expense revenue account.

The $32,280 for funding the additional contribution for retiree health insurance, the $28,500 for funding the Transfer to the Site Plan Review Fund, and the $3,356 for funding the Fire Prevention are all funded from the utilization of additional fund balance.

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, 2008, amounts to $76,684,639 (net of accumulated depreciation). This is an increase of $429,375 over the prior year amount of $77,114,014. This investment in capital assets includes land, buildings and system, 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 0.6 percent (a 2.1 percent decrease for governmental activities and a 10.3 percent decrease for business-type activities).

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

- Various Major Street Fund Projects continued this fiscal year and included WalMart off site improvements ($58,087), Oregon Street Reconstruction ($62,991), John Conley Drive Extension ($190,115), Demille/Harrison Intersection Improvement ($35,664), and Demille Road Traffic Signal ($52,968).
- Various Local Street Fund Projects were completed this fiscal year and included Adams Street Reconstruction Project ($3,729), Liberty Street Reconstruction Project ($12,602), Park Street Reconstruction Project ($656), and Fair Street Reconstruction Project ($74,198). Other projects that were started or continued were State Street ($38,742), Jackson Street ($87,475), and Horton Street ($1,213).
- Various Park Fund projects were completed this fiscal year and included the Optimist Soccer Fields ($3,719) and the Outdoor Spray Park ($3,850). Other projects that were started or continued were Linear Path Extension ($37,687), Cramton Park Improvement ($37,666), and Access to Recreation Grant ($3,379).

- Various water main projects were completed this fiscal year and included the Liberty Street watermain ($1,344), Suncrest Drive watermain ($420), Park Street watermain ($336) and Fair Street Watermain ($8,396). Other projects that were started or continued included State Street Watermain ($18,172), Jackson Street Watermain ($41,858), Horton Street Watermain ($606), Oregon Street Watermain ($105,664), and I-69/M-24 Corridor Utility ($297,890).
- Various sewer projects were completed and included Park Street sewer ($3,474) and Fair Street Sewer ($840). Other projects that were started or continued included the 01 Lift Station upgrade ($130,135), Wastewater System Improvements ($205,212), State Street Sewer ($15,804), Jackson Street Sewer ($22,976), Horton Street Sewer ($1,109), Oregon Street Sewer ($68,853), I-69/M-24 Corridor Utility ($225,976), and 18" Sanitary Sewer Main Lining ($210,050).
- Equipment purchases included Police Vehicles ($50,822), Service Truck ($46,607), Fire Inspector Vehicle ($27,213), City Manager Vehicle ($34,911), Kubota Tractor ($18,489), V-Box Salt Spreader ($15,329), and 60" Hydrostatic mower ($11,907).

Debt

At year-end, the City of Lapeer's (excluding component units) total bonded debt outstanding was at $5.2 million versus $5.9 million last year – a decrease of $897,819 or 14.8%- as shown in Table 3.

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

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
General obligation bonds (backed by the City)	$ 4.2	$ 4.8	$ 0.0	$ 0.0	$ 4.2	$ 4.8
Special assessment bonds (with city commitment)	0.8	0.9	0.0	0.0	0.8	0.9
Revenue bonds and notes (backed by specific tax and fee revenues)	0.0	0.0	0.2	0.2	0.2	0.2
Totals	$ 5.0	$ 5.7	$ 0.2	$ 0.2	$ 5.2	$ 5.9

The 1998 Special Assessment bond originally issued in the amount of $1,780,000 was paid in full on September 1, 2007. The 1998 General Obligation bond originally issued in the amount of $1,000,000 was paid in full on September 1, 2007. The 1998 Series B Special Assessment bond originally issued in the amount of $134,000 was paid in full on February 1, 2008. The 1998 Series B General Obligation bond was paid in full on February 1, 2008. Additionally, the city issued 2007 General Obligation bonds in the amount of $110,000 and 2007 Special Assessment bonds in the amount of $175,000 for various street projects.

Regarding the component unit's debt, the Tax Increment Finance Authority has the 1998 Tax Increment Financing Revenue Refunding Bond with the outstanding balance of $1,805,000. The balance at the beginning of the fiscal year was $2,270,000 which results in debt reduction of $465,000 or 20.5%. On the financial statements this is shown net of the unamortized discount of $22,920. The Downtown Development Authority has agreed to pay a portion of the 2002 General Obligation Bond which was issued for the Downtown Improvement Project. Their share of this debt at the end of the fiscal year is $96,610. The balance at the beginning of the fiscal year was $116,949 which results in debt reduction of $20,339 or 17.4%.

The City's general obligation bond rating continues to carry a Baa from Moody's Investor Services since 1993 while Standard & Poor's has upgraded the city's rating from a BBB+ to an A-. The City's other debt – principally, revenue bonds – carries 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 $35.6 million state-imposed limit.

Other obligations include accrued vacation and sick leave in the amount of $623,720.22. 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 is at 10.2 per cent which is an increase of 1.9 percent from the prior year unemployment rate of 8.3 per cent.
- Inflationary trends in the region compare favorably to national indices.

These factors were considered in preparing the City of Lapeer's budget for Fiscal Year 2008-2009.

During the current fiscal year, the unreserved fund balance decreased from $1,878,665 to $1,799,380, a decrease of $79,285 or 4.2%. In the prior year, the unreserved fund balance increased from $2,417,325 to $1,878,665, a decrease of $538,660 or 22.3%. The current year unreserved fund balance of $1,799,380 is $403,804 higher than the $1,395,576 which was projected during the Fiscal Year 2008-2009 budget review. The City of Lapeer is anticipating utilizing $657,407 of fund balance for the 2008-2009 fiscal year.

As part of the Fiscal Year 2008-2009 budget the City of Lapeer will return to the General Fund contributed capital from the Wastewater Fund ($300,000). Additionally, the city maintained the millage rate of 9.8000 which is the same as the prior year millage rate. 1 mill of this millage rate is allocated 50% to the Local Street Fund and 50% to the Capital Improvement Fund.

Requests for Information

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

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GENERAL PURPOSE FINANCIAL STATEMENTS

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

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS				
Cash	$ 3,238,309.98	$ 332,038.77	$ 3,570,348.75	$ 2,807,221.46
Investments	1,900,000.00	300,000.00	2,200,000.00	
Receivables				
Notes				273,156.06
Taxes	32,129.52		32,129.52	
Accounts	173,961.83	412,036.24	585,998.07	
Special assessments	463,054.35		463,054.35	
Deposits		38,882.63	38,882.63	
Prepaid expenses	222,565.12	65,945.42	288,510.54	20.00
Due from				
Other funds	221,724.48	227,954.34	449,678.82	7,125.99
State	225,817.98		225,817.98	
Other governmental units	13,790.97		13,790.97	
Inventory	40,776.96	78,991.87	119,768.83	
Restricted assets				
Cash and investments		1,055,328.72	1,055,328.72	299,630.15
Bond discount		2,724.27	2,724.27	
Fixed assets (net of accumulated depreciation)	66,229,974.47	10,454,664.96	76,684,639.43	4,933,489.90
TOTAL ASSETS	$ 72,762,105.66	$ 12,968,567.22	$ 85,730,672.88	$ 8,320,643.56

See accompanying notes to financial statements.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
LIABILITIES				
Current liabilities				
Payables				
Accounts	$ 383,259.12	$ 204,754.26	$ 588,013.38	$ 844.43
Payroll and payroll taxes	136,215.98	25,547.32	161,763.30	87.20
Due to				
State	4,448.15		4,448.15	
Other units	19,922.83		19,922.83	
Other funds	230,310.02		230,310.02	150,016.28
Accrued interest	48,601.30		48,601.30	9,554.28
Deposits payable	78,280.75	4,400.00	82,680.75	8,025.00
Bonds and notes payable	861,168.35	40,000.00	901,168.35	460,338.98
Noncurrent liabilities				
Bonds and notes payable	4,123,718.79	145,000.00	4,268,718.79	1,418,351.19
Unfunded retiree health insurance	13,332,133.70		13,332,133.70	
Accrued sick and vacation pay	623,720.22		623,720.22	
TOTAL LIABILITIES	19,841,779.21	419,701.58	20,261,480.79	2,047,217.36
NET ASSETS				
Invested in capital assets, net of related debt	61,245,087.33	10,269,664.96	71,514,752.29	3,054,799.73
Restricted for				
Prepaid expenses		65,945.42	65,945.42	
Operation and maintenance		161,018.45	161,018.45	
Bond and interest redemption		27,556.25	27,556.25	
Replacement		1,002,772.47	1,002,772.47	
Improvements		25,000.00	25,000.00	
Inventory		78,991.87	78,991.87	
Unrestricted	(8,324,760.88)	917,916.22	(7,406,844.66)	3,218,626.47
TOTAL NET ASSETS	52,920,326.45	12,548,865.64	65,469,192.09	6,273,426.20
TOTAL LIABILITIES AND NET ASSETS	$ 72,762,105.66	$ 12,968,567.22	$ 85,730,672.88	$ 8,320,643.56

CITY OF LAPEER, MICHIGAN

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS
Primary Government			
Governmental Activities			
General government	$ 1,572,467.93	$ 488,648.54	$ 784,522.00
Public safety	3,414,836.29	433,521.77	88,143.69
Public works	559,631.00		
Community development and enrichment	884,747.88	63,921.11	309,852.00
Highways and streets	2,485,068.95		829,827.29
Culture and recreation	2,042,148.54	1,194,512.44	3,379.00
Other	427,359.22	48,901.67	
Interest on long-term debt	205,861.86		
Total Governmental Activities	11,592,121.67	2,229,505.53	2,015,723.98
Business-Type Activities			
Water	1,724,747.91	2,114,539.28	
Wastewater	2,259,678.03	2,154,210.70	197,016.15
Auto parking	79,634.89	50,250.88	
Total Business-Type Activities	4,064,060.83	4,319,000.86	197,016.15
Total Primary Government	$ 15,656,182.50	$ 6,548,506.39	$ 2,212,740.13
Component Units			
Tax Increment Finance Authority	$ 472,714.56	$ 66,972.00	$
Brownfield Redevelopment	3,300.00		
Downtown Development Authority	115,874.37		
Local Development Finance Authority	116,771.30		
Economic Development Corporation	1,500.00		
Total Component Units	$ 710,160.23	$ 66,972.00	$

General Revenues
- Property taxes levied for general purposes
- Miscellaneous
- Unrestricted investment earnings

Transfers

Total General Revenues and Transfers

Change in Net Assets

Prior period adjustment

Net Assets, July 1

Net Assets, June 30

See accompanying notes to financial statements.

PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	PRIMARY GOVERNMENT			
CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
$	$ (299,297.39)	$	$ (299,297.39)	$
	(2,893,170.83)		(2,893,170.83)	
	(559,631.00)		(559,631.00)	
	(510,974.77)		(510,974.77)	
	(1,655,241.66)		(1,655,241.66)	
	(844,257.10)		(844,257.10)	
	(378,457.55)		(378,457.55)	
	(205,861.86)		(205,861.86)	
	(7,346,892.16)		(7,346,892.16)	
		389,791.37	389,791.37	
		91,548.82	91,548.82	
		(29,384.01)	(29,384.01)	
		451,956.18	451,956.18	
$	(7,346,892.16)	451,956.18	(6,894,935.98)	
$				(405,742.56)
				(3,300.00)
				(115,874.37)
				(116,771.30)
				(1,500.00)
$				(643,188.23)
	5,503,892.04		5,503,892.04	1,053,956.73
	354,728.92	4,971.94	359,700.86	40,287.69
	336,513.36	86,748.59	423,261.95	106,540.65
	307,717.88	(164,948.79)	142,769.09	(122,430.11)
	6,502,852.20	(73,228.26)	6,429,623.94	1,078,354.96
	(844,039.96)	378,727.92	(465,312.04)	435,166.73
	(13,397,989.00)		(13,397,989.00)	(9,051.00)
	67,162,355.41	12,170,137.72	79,332,493.13	5,847,310.47
	$ 52,920,326.45	$ 12,548,865.64	$ 65,469,192.09	$ 6,273,426.20

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2008

ASSETS

	GENERAL	PARKS AND RECREATION	2006 SPECIAL ASSESSMENT BONDS
ASSETS			
Cash	$ 918,784.44	$ 317,039.83	$ 41,033.51
Investments	1,000,000.00		
Receivables			
Taxes	32,129.52		
Accounts	55,300.88	61,066.51	
Special assessments			179,884.54
Due from			
Other funds	61,738.60	47,697.41	12,801.04
State	109,499.54		
Other governmental units	13,790.97		
Inventory	15,635.21		
Prepaid expenses	135,443.46	19,980.50	4,641.25
TOTAL ASSETS	$ 2,342,322.62	$ 445,784.25	$ 238,360.34

LIABILITIES AND FUND EQUITY

LIABILITIES			
Payables			
Accounts	$ 127,569.52	$ 117,667.75	$
Payroll and payroll taxes	99,215.87	24,003.16	
Due to			
State	4,448.15		
Other units	19,922.83		
Other funds	7,125.99		
Deferred revenue			179,884.54
Deposits payable	78,280.75		
TOTAL LIABILITIES	336,563.11	141,670.91	179,884.54
FUND BALANCE			
Reserved for receivables	55,300.88		
Reserved for cemetery perpetual care			
Reserved for prepaid expenses	135,443.46		
Reserved for inventory	15,635.21		
Reserved for debt service			58,475.80
Unreserved, reported in			
General fund	1,799,379.96		
Special revenue funds		304,113.34	
Permanent fund			
Capital projects funds			
TOTAL FUND BALANCE	2,005,759.51	304,113.34	58,475.80
TOTAL LIABILITIES AND FUND BALANCE	$ 2,342,322.62	$ 445,784.25	$ 238,360.34

See accompanying notes to financial statements.

2007 SPECIAL ASSESSMENT BONDS	LAND ACQUISITION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 59,078.90	$ 262,215.50	$ 1,270,900.05	$ 2,869,052.23
	300,000.00	300,000.00	1,600,000.00
			32,129.52
		57,594.44	173,961.83
126,088.82		157,080.99	463,054.35
2,685.90	50,795.62	46,005.91	221,724.48
		116,318.44	225,817.98
			13,790.97
			15,635.21
		18,846.97	178,912.18
$ 187,853.62	$ 613,011.12	$ 1,966,746.80	$ 5,794,078.75
$	$	$ 112,217.90	$ 357,455.17
		10,020.14	133,239.17
			4,448.15
			19,922.83
		3,943.00	11,068.99
126,088.82		170,830.99	476,804.35
			78,280.75
126,088.82		297,012.03	1,081,219.41
			55,300.88
		74,069.27	74,069.27
			135,443.46
			15,635.21
61,764.80		460,109.17	580,349.77
			1,799,379.96
		860,963.03	1,165,076.37
		340.99	340.99
	613,011.12	274,252.31	887,263.43
61,764.80	613,011.12	1,669,734.77	4,712,859.34
$ 187,853.62	$ 613,011.12	$ 1,966,746.80	$ 5,794,078.75

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CITY OF LAPEER, MICHIGAN

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE

STATEMENT OF NET ASSETS

JUNE 30, 2008

Total fund balances - governmental funds		$ 4,712,859.34
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $74,175,502.33 and the accumulated depreciation is $8,878,847.31		65,296,655.02
An internal service fund is used by the City's management to charge the costs of vehicle use to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities		1,235,594.75
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 assets		(13,332,133.70)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds		
Long-term liabilities at year-end consist of:		
Bonds payable	$ 4,018,389.83	
Accrued interest	48,601.30	
Contracts payable	778,741.96	
Compensated absences	623,720.22	(5,469,453.31)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		476,804.35
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES		$ 52,920,326.45

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, 2008

	GENERAL	PARKS AND RECREATION	2006 SPECIAL ASSESSMENT BONDS
REVENUES			
Taxes and special assessments	$ 5,285,723.34	$	$ 46,958.37
Licenses and permits	8,262.00		
Intergovernmental	972,355.49	3,379.00	
Charges for services	855,196.77	1,194,512.44	
Fines and forfeits	67,973.54		
Interest and rentals	135,902.51	56,271.58	1,898.71
Other revenues	142,831.79	73,088.31	
TOTAL REVENUES	7,468,245.44	1,327,251.33	48,857.08
EXPENDITURES			
General government	1,532,897.49		
Public safety	3,028,674.63		
Public works	824,568.74		
Culture and recreation		1,966,979.07	
Community development and enrichment	490,908.18		
Debt service			
Principal retirement			25,000.00
Interest and fiscal charges			10,495.00
Other	64,341.77		
Highways and streets			
Capital outlay			
TOTAL EXPENDITURES	5,941,390.81	1,966,979.07	35,495.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,526,854.63	(639,727.74)	13,362.08
OTHER FINANCING SOURCES (USES)			
Proceeds of bond issues and loans			
Operating transfers in	698,289.13	528,875.61	
Operating transfers out	(2,282,422.54)		
TOTAL OTHER FINANCING SOURCES (USES)	(1,584,133.41)	528,875.61	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(57,278.78)	(110,852.13)	13,362.08
FUND BALANCE, JULY 1	2,063,038.29	414,965.47	45,113.72
FUND BALANCE, JUNE 30	$ 2,005,759.51	$ 304,113.34	$ 58,475.80

See accompanying notes to financial statements.

2007 SPECIAL ASSESSMENT BONDS	LAND ACQUISITION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 34,307.34	$	$ 221,755.01	$ 5,588,744.06
			8,262.00
		1,039,989.49	2,015,723.98
		104,560.78	2,154,269.99
			67,973.54
1,024.59	25,065.82	116,350.15	336,513.36
		137,838.82	353,758.92
35,331.93	25,065.82	1,620,494.25	10,525,245.85
			1,532,897.49
		7,248.89	3,035,923.52
			824,568.74
			1,966,979.07
		490,005.38	980,913.56
		1,107,997.67	1,132,997.67
4,357.29		212,954.45	227,806.74
	18,036.75	306,401.45	388,779.97
		1,580,243.04	1,580,243.04
	13,579.25	25,000.00	38,579.25
4,357.29	31,616.00	3,729,850.88	11,709,689.05
30,974.64	(6,550.18)	(2,109,356.63)	(1,184,443.20)
		285,000.00	285,000.00
30,790.16	7,047.93	2,456,899.41	3,721,902.24
	(62,000.00)	(1,013,135.58)	(3,357,558.12)
30,790.16	(54,952.07)	1,728,763.83	649,344.12
61,764.80	(61,502.25)	(380,592.80)	(535,099.08)
	674,513.37	2,050,327.57	5,247,958.42
$ 61,764.80	$ 613,011.12	$ 1,669,734.77	$ 4,712,859.34

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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, 2008

Net changes in fund balances - total governmental funds	$	(535,099.08)
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Expenditures for capital assets		990,124.59
Less: current year depreciation		(2,364,566.28)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(84,882.02)
Governmental funds report deposits into a trust fund as expense. However, in the statement of activities, the deposit and related income is recorded as a decrease in the retiree health insurance liability.		65,855.30
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.		
Bond and loan proceeds		(285,000.00)
Accrued interest		(21,944.88)
Principal payments		1,132,997.67
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.		
Change in long-term compensated absences		(8,464.87)
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.		266,939.61
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	(844,039.96)

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 46,037.81	$ 161,018.45
Investments		
Accounts receivable		228,132.00
Deposits		900.00
Bond discount		2,724.27
Inventory		
Due from other funds	1,082.28	203,635.60
Prepaid expenses	25.00	51,792.69
TOTAL CURRENT ASSETS	47,145.09	648,203.01
RESTRICTED ASSETS		
Cash and investments		1,055,328.72
PROPERTY, PLANT AND EQUIPMENT		
Construction in progress		1,336,831.34
Land and improvements	844,695.20	436,664.67
Buildings and structures		11,900,212.42
Utility mains		
Infrastructure		1,057,331.54
Vehicles and equipment		1,189,533.27
	844,695.20	15,920,573.24
Less: accumulated depreciation	480,842.27	8,567,084.72
NET PROPERTY, PLANT AND EQUIPMENT	363,852.93	7,353,488.52
TOTAL ASSETS	$ 410,998.02	$ 9,057,020.25

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
WATER SUPPLY	TOTAL 2008	TOTAL 2007	INTERNAL SERVICE FUNDS 2008	INTERNAL SERVICE FUNDS 2007
$ 124,982.51	$ 332,038.77	$ 390,915.64	$ 369,257.75	$ 553,106.23
300,000.00	300,000.00	346,500.00	300,000.00	
183,904.24	412,036.24	457,676.89		2,492.50
37,982.63	38,882.63	39,335.65		
	2,724.27	3,444.27		
78,991.87	78,991.87	89,189.69	25,141.75	31,284.40
23,236.46	227,954.34	519,944.13		
14,127.73	65,945.42	22,522.68	43,652.94	3,208.08
763,225.44	1,458,573.54	1,869,528.95	738,052.44	590,091.21
	1,055,328.72	1,470,551.75		
492,674.60	1,829,505.94	874,363.47		
67,649.81	1,349,009.68	1,349,009.68	22,328.64	22,328.64
221,739.50	12,121,951.92	12,121,951.92		
5,832,641.02	5,832,641.02	5,531,075.18		
	1,057,331.54	967,102.59		
159,187.32	1,348,720.59	1,318,438.71	2,631,954.72	2,433,785.63
6,773,892.25	23,539,160.69	22,161,941.55	2,654,283.36	2,456,114.27
4,036,568.74	13,084,495.73	12,684,235.10	1,720,963.91	1,505,121.02
2,737,323.51	10,454,664.96	9,477,706.45	933,319.45	950,993.25
$ 3,500,548.95	$ 12,968,567.22	$ 12,817,787.15	$ 1,671,371.89	$ 1,541,084.46

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS - Concluded

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 934.52	$ 120,379.43
Due to other funds		
Accrued payroll and related items	267.80	17,076.43
Performance bonds payable		
Notes payable		
Bonds payable		40,000.00
TOTAL CURRENT LIABILITIES	1,202.32	177,455.86
LONG-TERM LIABILITIES		
Notes payable		
Bonds payable		145,000.00
TOTAL LONG-TERM LIABILITIES		145,000.00
TOTAL LIABILITIES	1,202.32	322,455.86
NET ASSETS AND CONTRIBUTED CAPITAL		
CONTRIBUTED CAPITAL		
Municipality	329,999.93	2,199,999.84
Local		
Federal		2,520,449.12
TOTAL CONTRIBUTED CAPITAL	329,999.93	4,720,448.96
NET ASSETS		
Invested in capital assets, net of related debt	363,852.93	7,168,488.52
Restricted for		
Prepaid expenses	25.00	51,792.69
Inventory		
Operation and maintenance		161,018.45
Bond and interest redemption		27,556.25
Replacement		1,002,772.47
Improvements		25,000.00
Unrestricted	(284,082.16)	(4,422,512.95)
TOTAL NET ASSETS	79,795.77	4,014,115.43
TOTAL NET ASSETS AND CONTRIBUTED CAPITAL	409,795.70	8,734,564.39
TOTAL LIABILITIES AND NET ASSETS	$ 410,998.02	$ 9,057,020.25

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
			INTERNAL SERVICE FUNDS	
WATER SUPPLY	TOTAL 2008	TOTAL 2007	2008	2007
$ 83,440.31	$ 204,754.26	$ 402,052.99	$ 25,803.95	$ 45,438.00
			219,241.03	301,752.38
8,203.09	25,547.32	20,696.44	2,976.81	2,322.88
4,400.00	4,400.00	4,900.00		
			36,538.07	35,160.71
	40,000.00	35,000.00		
96,043.40	274,701.58	462,649.43	284,559.86	384,673.97
			151,217.28	187,755.35
	145,000.00	185,000.00		
	145,000.00	185,000.00	151,217.28	187,755.35
96,043.40	419,701.58	647,649.43	435,777.14	572,429.32
	2,529,999.77	2,829,999.77		
			40,000.00	40,000.00
	2,520,449.12	2,766,755.44		
	5,050,448.89	5,596,755.21	40,000.00	40,000.00
2,737,323.51	10,269,664.96	9,257,706.45	745,564.10	728,077.19
14,127.73	65,945.42	22,522.68		
78,991.87	78,991.87	89,189.69	25,141.75	31,284.40
	161,018.45	153,712.96		
	27,556.25	30,675.01		
	1,002,772.47	1,414,876.74		
	25,000.00	25,000.00		
574,062.44	(4,132,532.67)	(4,420,301.02)	424,888.90	169,293.55
3,404,505.55	7,498,416.75	6,573,382.51	1,195,594.75	928,655.14
3,404,505.55	12,548,865.64	12,170,137.72	1,235,594.75	968,655.14
$ 3,500,548.95	$ 12,968,567.22	$ 12,817,787.15	$ 1,671,371.89	$ 1,541,084.46

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
OPERATING REVENUES		
Charges for services	$ 50,250.88	$ 2,154,210.70
Miscellaneous		204.37
Intergovernmental		197,016.15
Equipment rentals		
TOTAL OPERATING REVENUES	50,250.88	2,351,431.22
OPERATING EXPENSES		
Salaries and wages	21,886.83	602,403.69
Fringe benefits	14,856.83	309,271.30
Office supplies	741.15	11,853.94
Operating supplies	1,750.56	110,994.47
Administrative fees	17,277.00	149,011.00
Professional and contractual services	1,851.00	116,307.15
Printing	934.52	405.00
Insurance and bonds		38,762.00
Public utilities		167,909.89
Repairs and maintenance	4,243.99	86,998.61
Rentals	13,493.01	257,068.31
Miscellaneous		3,317.51
Property taxes		72,536.04
Depreciation	2,600.00	316,211.66
Capital outlay		
Conferences		5,382.46
TOTAL OPERATING EXPENSES	79,634.89	2,248,433.03
OPERATING INCOME (LOSS)	(29,384.01)	102,998.19
NONOPERATING REVENUES (EXPENSES)		
Interest earned	2,054.55	63,321.54
Gain on sale of fixed assets		
Interest expense		(11,245.00)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,054.55	52,076.54

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	TOTAL		INTERNAL SERVICE FUNDS	
WATER SUPPLY	2008	2007	2008	2007
$ 2,114,539.28	$ 4,319,000.86	$ 4,250,557.84	$	$
4,767.57	4,971.94	6,132.14		
	197,016.15	229,119.95		
			1,148,891.91	1,180,596.29
2,119,306.85	4,520,988.95	4,485,809.93	1,148,891.91	1,180,596.29
303,991.55	928,282.07	856,025.05	99,295.27	97,198.70
155,470.54	479,598.67	426,237.80	59,898.66	55,792.08
9,403.63	21,998.72	18,121.29	1,224.81	1,086.15
828,076.45	940,821.48	1,100,594.54	226,827.11	177,413.48
158,664.00	324,952.00	321,460.08		
40,202.79	158,360.94	307,247.10	9,464.75	20,495.47
2,809.00	4,148.52	3,122.42		
8,039.00	46,801.00	51,472.00	41,338.00	45,950.00
14,897.62	182,807.51	145,931.50	55,115.83	60,873.48
14,732.87	105,975.47	74,407.94	100,474.54	86,989.79
73,408.03	343,969.35	324,142.50	4,276.98	4,283.63
3,179.88	6,497.39	7,683.23	700.71	765.74
28,930.08	101,466.12	102,395.78		
81,448.97	400,260.63	392,224.42	222,951.89	201,290.17
		12,961.08	21,546.54	42,636.48
1,493.50	6,875.96	5,139.87		
1,724,747.91	4,052,815.83	4,149,166.60	843,115.09	794,775.17
394,558.94	468,173.12	336,643.33	305,776.82	385,821.12
21,372.50	86,748.59	116,333.46	26,398.78	10,365.21
		3,286.53		143,999.69
	(11,245.00)	(15,584.60)	(8,609.75)	(6,703.41)
21,372.50	75,503.59	104,035.39	17,789.03	147,661.49

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS - Concluded

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTE WATER TREATMENT PLANT
INCOME (LOSS) BEFORE OPERATING TRANSFERS	$ (27,329.46)	$ 155,074.73
OPERATING TRANSFERS		
Operating transfers in	30,496.00	140,027.56
Operating transfers out		(320,910.00)
NET INCOME (LOSS)	3,166.54	(25,807.71)
ADD DEPRECIATION OF FIXED ASSETS ACQUIRED BY GRANTS, ENTITLEMENTS AND SHARED REVENUES EXTERNALLY RESTRICTED FOR CAPITAL ACQUISITIONS AND CONSTRUCTION THAT REDUCES CONTRIBUTED CAPITAL		246,306.32
REDUCTION OF CONTRIBUTED CAPITAL		300,000.00
NET ASSETS, JULY 1	76,629.23	3,493,616.82
PRIOR PERIOD ADJUSTMENT		
NET ASSETS, JUNE 30	$ 79,795.77	$ 4,014,115.43

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
WATER SUPPLY	TOTAL 2008	TOTAL 2007	INTERNAL SERVICE FUNDS 2008	INTERNAL SERVICE FUNDS 2007
$ 415,931.44	$ 543,676.71	$ 440,678.72	$ 323,565.85	$ 533,482.61
14,711.65	185,235.21	330,093.26	10,000.00	
(29,274.00)	(350,184.00)	(266,285.00)	(66,626.24)	(53,352.24)
401,369.09	378,727.92	504,486.98	266,939.61	480,130.37
	246,306.32	246,306.32		
	300,000.00	200,000.00		
3,003,136.46	6,573,382.51	5,622,589.21	928,655.14	436,126.77
				12,398.00
$ 3,404,505.55	$ 7,498,416.75	$ 6,573,382.51	$ 1,195,594.75	$ 928,655.14

CITY OF LAPEER, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	AUTO PARKING	WASTEWATER TREATMENT PLANT
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 50,250.88	$ 2,392,372.12
Cash received from interfund charges		
Cash payment for goods and services	(39,438.45)	(827,276.05)
Cash payment for employees	(36,661.94)	(908,528.79)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(25,849.51)	656,567.28
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	30,496.00	140,027.56
Operating transfers out		(320,910.00)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	30,496.00	(180,882.44)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment for capital acquisitions		(900,678.92)
Principal payments		(35,000.00)
Sale of capital assets		
(Increase) decrease in investments		415,223.03
Interest and fiscal charges paid		(11,245.00)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES		(531,700.89)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,054.55	63,321.54
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,701.04	7,305.49
CASH AND CASH EQUIVALENTS, JULY 1	39,336.77	153,712.96
CASH AND CASH EQUIVALENTS, JUNE 30	$ 46,037.81	$ 161,018.45

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
			INTERNAL SERVICE FUNDS	
WATER SUPPLY	TOTAL 2008	TOTAL 2007	2008	2007
$ 2,124,006.60	$ 4,566,629.60	$ 4,433,740.83	$	$
			1,151,384.41	1,171,042.67
(1,315,820.80)	(2,182,535.30)	(2,450,184.01)	(597,417.18)	(474,769.14)
(457,839.13)	(1,403,029.86)	(1,280,503.56)	(158,540.00)	(153,393.28)
350,346.67	981,064.44	703,053.26	395,427.23	542,880.25
14,711.65	185,235.21	330,093.26	10,000.00	
(29,274.00)	(350,184.00)	(266,285.00)	(66,626.24)	(53,352.24)
(14,562.35)	(164,948.79)	63,808.26	(56,626.24)	(53,352.24)
(476,540.22)	(1,377,219.14)	(1,045,787.96)	(205,278.09)	(324,296.32)
	(35,000.00)	(107,269.25)	(35,160.71)	51,199.01
		171,227.86		(31,500.46)
46,500.00	461,723.03	(249,649.19)	(300,000.00)	
	(11,245.00)	(15,582.60)	(8,609.75)	(6,703.41)
(430,040.22)	(961,741.11)	(1,247,061.14)	(549,048.55)	(311,301.18)
21,372.50	86,748.59	116,333.46	26,398.78	5,863.29
(72,883.40)	(58,876.87)	(363,866.16)	(183,848.78)	184,090.12
197,865.91	390,915.64	754,781.80	553,106.23	369,016.11
$ 124,982.51	$ 332,038.77	$ 390,915.64	$ 369,257.45	$ 553,106.23

CITY OF LAPEER, MICHIGAN

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS - Concluded

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	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)	$ (29,384.01)	$ 102,998.19
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	2,600.00	316,211.66
Prior period adjustment		
(Increase) decrease in inventory		
(Increase) decrease in accounts receivable		40,940.90
(Increase) decrease in bond discounts		720.00
(Increase) decrease in prepaid expenses	1,010.31	(38,311.67)
(Increase) decrease in due from other funds	(1,082.28)	310,199.51
(Increase) decrease in deposits		
Increase (decrease) in accounts payable	924.75	(79,337.51)
Increase (decrease) in due to other funds		
Increase (decrease) in accrued expenses	81.72	3,146.20
Increase (decrease) in performance bonds payable		
Total adjustments	3,534.50	553,569.09
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (25,849.51)	$ 656,567.28

See accompanying notes to financial statements.

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
			INTERNAL	
WATER	TOTAL		SERVICE FUNDS	
SUPPLY	2008	2007	2008	2007
$ 394,558.94	$ 468,173.12	$ 336,641.33	$ 305,776.82	$ 385,821.12
81,448.97	400,260.63	392,224.42	222,951.89	201,290.17
				(12,398.00)
10,197.82	10,197.82	14,189.03	6,142.65	281.10
4,699.75	45,640.65	(52,069.10)	2,492.50	(402.50)
	720.00	720.00		
(6,121.38)	(43,422.74)	(305.00)	(40,444.86)	1,062.10
(17,127.44)	291,989.79	(239,486.61)		
453.02	453.02	(439.15)		
(118,885.97)	(197,298.73)	256,389.05	(19,634.35)	(23,325.63)
			(82,511.35)	(9,553.62)
1,622.96	4,850.88	2,389.29	653.93	105.51
(500.00)	(500.00)	(7,200.00)		
(44,212.27)	512,891.32	366,411.93	89,650.41	157,059.13
$ 350,346.67	$ 981,064.44	$ 703,053.26	$ 395,427.23	$ 542,880.25

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CITY OF LAPEER, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2008

	PAYROLL CLEARING	TAX COLLECTION	EMPLOYEE HEALTH CARE
ASSETS			
Cash	$ 72,016.78	$ 1,963.11	$
Investment			65,855.30
Accounts receivable		42,939.40	
Prepaid expenses			33,539.11
TOTAL ASSETS	$ 72,016.78	$ 44,902.51	$ 99,394.41
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$ 72,016.78	$	$ 65,855.30
Undistributed taxes		1,963.11	
Due to other funds		42,939.40	33,539.11
TOTAL LIABILITIES	$ 72,016.78	$ 44,902.51	$ 99,394.41

See accompanying notes to financial statements.

CITY OF LAPEER, MICHIGAN

BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2008

	SPECIAL REVENUE	DEBT SERVICE
ASSETS		
Cash	$ 811,501.27	$ 444,638.62
Receivables		
Accounts	7,360.99	
Special assessments		154,127.54
Due from		
Other funds	36,945.65	8,049.30
State	116,318.44	
Prepaid expenses	10,650.72	8,196.25
TOTAL ASSETS	$ 982,777.07	$ 615,011.71
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Payables		
Accounts	$ 98,043.90	$ 775.00
Payroll and payroll taxes	10,020.14	
Due to other funds		
Deferred revenue	13,750.00	154,127.54
TOTAL LIABILITIES	121,814.04	154,902.54
FUND BALANCE		
Reserved for cemetery perpetual care		
Reserved for debt service		460,109.17
Unreserved	860,963.03	
TOTAL FUND BALANCE	860,963.03	460,109.17
TOTAL LIABILITIES AND FUND BALANCE	$ 982,777.07	$ 615,011.71

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$ 240,349.90	$ 74,410.26	$ 1,570,900.05
50,233.45		57,594.44
2,953.45		157,080.99
1,010.96		46,005.91
		116,318.44
		18,846.97
$ 294,547.76	$ 74,410.26	$ 1,966,746.80

$ 13,399.00	$	$ 112,217.90
		10,020.14
3,943.00		3,943.00
2,953.45		170,830.99
20,295.45		297,012.03
	74,069.27	74,069.27
		460,109.17
274,252.31	340.99	1,135,556.33
274,252.31	74,410.26	1,669,734.77
$ 294,547.76	$ 74,410.26	$ 1,966,746.80

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

	SPECIAL REVENUE	DEBT SERVICE
REVENUES		
Taxes and special assessments	$	$ 221,755.01
Intergovernmental	1,039,989.49	
Charges for services	104,560.78	
Interest and rentals	75,801.44	24,698.16
Other revenues	136,870.56	
TOTAL REVENUES	1,357,222.27	246,453.17
EXPENDITURES		
Public safety	7,248.89	
Community development and enrichment	490,005.38	
Debt service		
Principal retirement		1,107,997.67
Interest and fiscal charges		212,954.45
Other	233,346.41	
Highways and streets	1,580,243.04	
Capital outlay		
TOTAL EXPENDITURES	2,310,843.72	1,320,952.12
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(953,621.45)	(1,074,498.95)
OTHER FINANCING SOURCES (USES)		
Proceeds of bond issues and loans		
Operating transfers in	1,290,223.77	1,007,526.89
Operating transfers out	(444,560.64)	(260,303.56)
TOTAL OTHER FINANCING SOURCES (USES)	845,663.13	747,223.33
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(107,958.32)	(327,275.62)
FUND BALANCE, JULY 1	968,921.35	787,384.79
FUND BALANCE, JUNE 30	$ 860,963.03	$ 460,109.17

See accompanying notes to financial statements.

CAPITAL PROJECTS	PERMANENT FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
$	$	$ 221,755.01
		1,039,989.49
		104,560.78
12,681.32	3,169.23	116,350.15
508.26	460.00	137,838.82
13,189.58	3,629.23	1,620,494.25
		7,248.89
		490,005.38
		1,107,997.67
		212,954.45
73,055.04		306,401.45
		1,580,243.04
25,000.00		25,000.00
98,055.04		3,729,850.88
(84,865.46)	3,629.23	(2,109,356.63)
285,000.00		285,000.00
159,148.75		2,456,899.41
(304,592.15)	(3,679.23)	(1,013,135.58)
139,556.60	(3,679.23)	1,728,763.83
54,691.14	(50.00)	(380,592.80)
219,561.17	74,460.26	2,050,327.57
$ 274,252.31	$ 74,410.26	$ 1,669,734.77

CITY OF LAPEER, MICHIGAN

STATEMENT OF NET ASSETS

COMPONENT UNITS

JUNE 30, 2008

	DOWNTOWN DEVELOPMENT AUTHORITY	BROWNFIELD REDEVELOPMENT
ASSETS		
Cash	$ 142,832.21	$ 1,286.49
Note receivable		
Due from other funds	2,695.04	
Prepaid expense	20.00	
Capital assets (net of accumulated depreciation)	569,149.18	
RESTRICTED ASSETS		
Cash		
TOTAL ASSETS	$ 714,696.43	$ 1,286.49
LIABILITIES		
Accounts payable	$ 844.43	$
Accrued payroll and payroll taxes	87.20	
Due to other funds	37,527.58	
Security deposits payable	1,944.00	
Accrued interest	1,281.36	
Long-term liabilities		
Portion due within one year	20,338.98	
Portion due after one year	76,271.19	
TOTAL LIABILITIES	138,294.74	
FUND BALANCE		
Invested in capital assets, net of related debt	472,539.01	
Unreserved	103,862.68	1,286.49
TOTAL FUND BALANCE	576,401.69	1,286.49
TOTAL LIABILITIES AND FUND BALANCE	$ 714,696.43	$ 1,286.49

See accompanying notes to financial statements.

TAX INCREMENT FINANCE AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION (12-31-07)	LOCAL DEVELOPMENT FINANCE AUTHORITY	TOTAL
$ 1,822,770.36	$ 6,990.87	$ 833,341.53	$ 2,807,221.46
273,156.06			273,156.06
3,872.46		558.49	7,125.99
			20.00
4,157,566.83		206,773.89	4,933,489.90
299,630.15			299,630.15
$ 6,556,995.86	$ 6,990.87	$ 1,040,673.91	$ 8,320,643.56
$	$	$	$ 844.43
			87.20
97,213.96		15,274.74	150,016.28
6,081.00			8,025.00
8,272.92			9,554.28
440,000.00			460,338.98
1,342,080.00			1,418,351.19
1,893,647.88		15,274.74	2,047,217.36
2,375,486.83		206,773.89	3,054,799.73
2,287,861.15	6,990.87	818,625.28	3,218,626.47
4,663,347.98	6,990.87	1,025,399.17	6,273,426.20
$ 6,556,995.86	$ 6,990.87	$ 1,040,673.91	$ 8,320,643.56

CITY OF LAPEER, MICHIGAN

STATEMENT OF ACTIVITIES

COMPONENT UNITS

FOR THE YEAR ENDED JUNE 30, 2008

		PROGRAM REVENUES	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Component Units			
Tax Increment Finance Authority	$ 472,714.56	$ 66,972.00	$
Brownfield Redevelopment	3,300.00		
Downtown Development Authority	115,874.37		
Local Development Finance Authority	116,771.30		
Economic Development Corporation	1,500.00		
Total Component Units	$ 710,160.23	$ 66,972.00	$

General Revenues
Property taxes
Miscellaneous
Unrestricted investment earnings
Transfers

Total General Revenues and Transfers

Change in Net assets

NET ASSETS, JULY 1

PRIOR PERIOD ADJUSTMENT

NET ASSETS, JUNE 30

See accompanying notes to financial statements.

NET (EXPENSE) REVENUE AND
CHANGES IN NET ASSETS

TAX INCREMENT FINANCE AUTHORITY	BROWNFIELD REDEVELOPMENT	DOWNTOWN DEVELOPMENT AUTHORITY	LOCAL DEVELOPMENT FINANCE AUTHORITY	ECONOMIC DEVELOPMENT CORPORATION	TOTAL
$ (405,742.56)	$	$	$	$	$ (405,742.56)
	(3,300.00)				(3,300.00)
		(115,874.37)			(115,874.37)
			(116,771.30)		(116,771.30)
				(1,500.00)	(1,500.00)
(405,742.56)	(3,300.00)	(115,874.37)	(116,771.30)	(1,500.00)	(643,188.23)
939,744.34	1,438.90	39,397.89	73,375.60		1,053,956.73
100.00		37,119.65	568.04	2,500.00	40,287.69
66,089.82		5,302.39	35,079.05	69.39	106,540.65
(177,334.54)	1,889.03	69,510.64	(16,495.24)		(122,430.11)
828,599.62	3,327.93	151,330.57	92,527.45	2,569.39	1,078,354.96
422,857.06	27.93	35,456.20	(24,243.85)	1,069.39	435,166.73
4,240,490.92	1,258.56	540,945.49	1,058,694.02	5,921.48	5,847,310.47
			(9,051.00)		(9,051.00)
$ 4,663,347.98	$ 1,286.49	$ 576,401.69	$ 1,025,399.17	$ 6,990.87	$ 6,273,426.20

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

Discretely Presented Component Units

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

Downtown Development Authority
Tax Increment Finance Authority
Economic Development Corporation
Local Development Finance Authority
Brownfield Redevelopment Authority

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) 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.

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

B. Government-Wide and Fund Financial Statements - Concluded

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City of Lapeer.

The City of Lapeer reports the following major governmental funds:

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

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

The Local Street fund accounts for the intergovernmental revenue received to repair and maintain local streets.

The 2006 Special Assessment Bond fund is used to account for the resources accumulated and payments made for principal and interest payments on these bonds.

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

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

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 metered and non-metered parking lots.

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Wastewater Fund, and the Auto Parking Fund and other functions and segments.

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

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

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

D. Budgets and Budgetary Accounting

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

1. Prior to May, the Manager submits to the City Commission an operating budget for the fiscal year commencing July 1.

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

D. Budgets and Budgetary Accounting - Concluded

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 U.S. generally accepted accounting principles.

5. Budget amounts are as originally adopted, or as amended by the City Manager or City Commission. Individual amendments were not material in relation to the original appropriations, which were amended.

6. All annual appropriations lapse at year end.

E. Receivables

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

F. Inventories

Inventories and supplies held by the Automobile Parking System, Parks, Cemetery and the Waste Water 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, 2008 were determined by physical count and valued at cost.

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

G. Capital Assets

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

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

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

G. 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 assets. The straight-line deprecation method is applied over the estimated useful life of fixed assets.

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

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

H. Long-Term Liabilities

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

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

I. Estimates

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

J. Deposits and Investments

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

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

K. Restricted Assets

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

L. Cash and Cash Equivalents

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

NOTE 2: **PROPERTY TAXES**

Property tax revenues for 2007 reflected in the accompanying financial statements include property taxes levied July 1, 2007, and substantially collected at June 30, 2008.

The total 2007 levy for the City was $2,445,714.06.

Property taxes attach as an enforceable lien on property as of July 1. Taxes are levied on July 1, and payable by July 31. The City bills and collects its own property taxes. The City is permitted by the City Charter to levy taxes up to $1.00 per $100.00 of assessed valuation for general governmental services, other than the payment of principal and interest on long-term debt, and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2008, was $.98 per $100.00, which means that the City has a tax margin of $.02 per $100.00 and could raise up to $49,912.79 additional tax per year from the present taxable value of $249,563,959.00 before the limit is reached.

The City levied the following taxes for fiscal year 07-08:

General Governmental Services	$ 9.8000

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

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

Accrued vacation and sick leave is recorded as a governmental fund liability at June 30, 2008, 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, 2008, but not liquidated within the current operating cycle, is recorded in the General Long-Term Debt Account Group.

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

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

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

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

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

FUND	BUDGET	ACTUAL	VARIANCE UNFAVORABLE
Accounting/Data processing	$ 442,975.00	$ 444,342.64	$(1,367.64)
Cable advisory	1,100.00	1,666.00	(566.00)
General			
Attorney/Jury-witness	141,760.00	151,236.72	(9,476.72)
Police	2,362,256.00	2,368,076.04	(5,820.04)
Contributions to other units	61,841.00	64,341.77	(2,500.77)
Special Revenue			
Public Safety Training	4,450.00	4,666.20	(216.20)
Housing Resource	180,988.00	257,192.93	(76,204.93)

NOTE 5: **INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2008 are as follows:

FUND	DUE FROM	FUND	DUE TO
General	$ 61,738.60	Employee Health Care	$ 23,575.10
		DDA	37,527.58
		Tax Collection	635.92
Subtotal	61,738.60	Subtotal	61,738.60
DDA	2,695.04	General	7,125.99
LDFA	558.49		
TIFA I	2,207.64		
TIFA II	202.95		
TIFA III	1,461.87		
Subtotal	7,125.99	Subtotal	7,125.99
Wastewater	168,445.41	Motor Pool	219,241.03
Land Acquisition	50,795.62		
Subtotal	219,241.03	Subtotal	219,241.03
Oakdale Development	15,430.81	TIFA III	42,005.81
Wastewater	26,575.00		
Subtotal	42,005.81	Subtotal	42,005.81
Parking	1,082.28	Employee Health Care	5,173.75
Wastewater	2,326.64		
Water	1,764.83		
Subtotal	5,173.75	Subtotal	5,173.75
Water	13,901.73	TIFA I	13,901.73

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

FUND	DUE FROM	FUND	DUE TO
Major Street	$ 17,062.74	LDFA	$ 14,747.74
		TIFA II	324.10
		TIFA I	1,990.90
Subtotal	17,062.74	Subtotal	17,062.74
Local Street	2,312.40	Tax Collection	42,303.48
Water Treatment Plant	6,242.05		
Water	7,523.40		
Parks	2,630.43		
2006 Special Assessment	12,801.04		
2007 Special Assessment	2,685.90		
2001 Special Assessment	1,801.99		
2000 Special Assessment	285.67		
1998B Special Assessment	411.31		
2002 Special Assessment	5,550.33		
Capital Improvement	58.96		
Subtotal	42,303.48	Subtotal	42,303.48
Mt. Hope Cemetery	2,139.70	Employee Health Care	2,139.70
Capital Improvement	952.00	LDFA	527.00
		TIFA III	425.00
Subtotal	952.00	Subtotal	952.00
Parks	45,066.98	2005 Equipment Financing	3,850.00
		Employee Health Care	2,650.56
		TIFA II	25,916.42
		TIFA I	12,650.00
Subtotal	45,066.98	Subtotal	45,066.98
Water	46.50	2008 Special Assessment Construction	93.00
Wastewater	46.50		
Subtotal	93.00	Subtotal	93.00
TOTAL	$ 456,804.81	TOTAL	$ 456,804.81

RECONCILIATION TO STATEMENTS

	DUE FROM	DUE TO
Government funds	$ 221,724.48	$ 11,068.99
Proprietary funds		
Business-type	227,954.34	
Internal service		219,241.03
Fiduciary		76,478.51
Component unit	7,125.99	150,016.28
	$ 456,804.81	$ 456,804.81

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, 2008:

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
Site Plan Review	$ 28,500.00	General	$ 1,099,257.00
Local Street	132,565.00		
2005 Equipment Financing Debt	135,955.00		
Youth Mini Grant	5,000.00		
Parks and Recreation	250,000.00		
Mt. Hope Cemetery	136,801.00		
2002 Equipment Financing Debt			
Police K-9	1,750.00		
2003 Equipment Financing Debt			
2001 Building Authority Bond	98,618.00		
2002 Building Authority Bond	154,899.00		
Capital Improvement	132,565.00		
Parking	22,604.00		
Subtotal	1,099,257.00	Subtotal	1,099,257.00
Local Street	25,000.00	Major Street	327,511.00
2000 General Obligation Limited Tax Bond Debt	30,188.00		
1998 General Obligation Limited Tax Bond Debt	125,968.00		
1998B General Obligation Limited Tax Bond Debt	20,381.00		
2001 General Obligation Limited Tax Bond Debt	30,838.00		
2002 General Obligation Limited Tax Bond Debt	74,205.00		
2003 General Obligation Limited Tax Bond Debt	20,931.00		
Subtotal	327,511.00	Subtotal	327,511.00
2006 General Obligation Limited Tax Bond Debt	46,628.00	Local Street	53,428.00
2007 General Obligation Limited Tax Bond Debt	6,800.00		
Subtotal	53,428.00	Subtotal	53,428.00
Major Street	750,979.80	Local Development Finance Authority	89,089.70
		2007 Special Assessment Construction	61,619.98
		Downtown Development Authority	25,052.54
		Tax Increment Finance Authority	315,391.39
		1997 Special Assessment Bond	4,997.36
		1998 Special Assessment Bond	254,828.83
Subtotal	750,979.80	Subtotal	750,979.80
2001 Building Authority Bond	29,277.00	Capital Improvement	39,277.00
Downtown Development Authority	10,000.00		
Subtotal	39,277.00	Subtotal	39,277.00
Mt. Hope Cemetery	3,679.23	Mt. Hope Cemetery Perpetual Care-expendable	3,679.23
1999 Building Authority Bond	20,910.00	Wastewater Treatment Plant	20,910.00

NOTE 6: **OPERATING TRANSFERS** – Continued

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
General	$ 698,289.13	Site Plan Review	$ 12,616.72
		Motor Pool	10,000.00
		Waste Water Treatment Plant	300,000.00
		Local Development Finance Authority	116,184.66
		Brownfield Redevelopment	210.00
		Building Department	10,000.00
		Housing Resource	9,000.00
		Downtown Development Authority	10,605.11
		Tax Increment Finance Authority	229,672.64
Subtotal	698,289.13	Subtotal	698,289.13
Oakdale Development	47,028.68	Tax Increment Finance Authority	47,028.68
Tax Increment Finance Authority	890,384.75	General	1,183,165.54
Local Development Finance Authority	193,641.12		
Downtown Development Authority	97,040.64		
Brownfield Redevelopment	2,099.03		
Subtotal	1,183,165.54	Subtotal	1,183,165.54
Water Supply	809.92	Site Plan Review	809.92
Building Department	62,000.00	Land Acquisition	62,000.00
Waste Water	9,892.31	Motor Pool	46,626.24
1999 Building Authority Bond	33,457.00		
Land Acquisition	3,276.93		
Subtotal	46,626.24	Subtotal	46,626.24
1999 Building Authority Bond	29,274.00	Water Supply	29,274.00
Telephone Communications	10,000.00	Information Technology	10,000.00
2001 Building Authority Bond	26,195.00	Oakdale Development	26,195.00
Wastewater	130,135.25	Tax Increment Finance Authority	130,135.25
Parking	7,892.00	Downtown Development Authority	7,892.00
2007 Special Assessment Bond	30,790.16	2006 Special Assessment Construction	30,790.16
Capital Improvement	26,583.75	Tax Increment Finance Authority	25,492.75
		Local Development Finance Authority	1,091.00
Subtotal	26,583.75	Subtotal	26,583.75

NOTE 6: **OPERATING TRANSFERS** – Concluded

FUND	TRANSFERS IN	FUND	TRANSFERS OUT
Land Acquisition	$ 3,771.00	Local Development Finance Authority	$ 3,771.00
Water Supply	13,901.73	Tax Increment Finance Authority	13,901.73
2006 General Obligation Limited Tax Bond Debt	54,612.32	2006 General Obligation Construction	54,612.32
Parks and Recreation	278,875.61	Tax Increment Finance Authority	252,025.61
		Capital Improvement	18,000.00
		Youth Mini Grant	5,000.00
		2005 Equipment Financing Debt	3,850.00
Subtotal	278,875.61	Subtotal	278,875.61
Local Street	96,920.06	2006 General Obligation Construction	8,351.88
		2007 Special Assessment Construction	39,047.73
		2005 Special Assessment Construction	5,008.13
		2007 General Obligation Construction	44,034.95
		1997 Special Assessment Bond	477.37
Subtotal	96,920.06	Subtotal	96,920.06
2005 Equipment Financing Debt	68,390.57	Tax Increment Finance Authority	54,071.24
		Downtown Development Authority	14,319.33
Subtotal	68,390.57	Subtotal	68,390.57
TOTAL	$ 5,110,302.99	TOTAL	$ 5,110,302.99

RECONCILIATION TO STATEMENTS

	TRANSFERS IN	TRANSFERS OUT
Government funds	$ 3,721,902.24	$ 3,357,558.12
Proprietary funds		
Business-type	185,235.21	350,184.00
Internal service	10,000.00	66,626.24
Component Unit	1,193,165.54	1,315,595.65
Subtotal	5,110,302.99	5,089,964.01
Component Unit Principal		20,338.98
TOTAL	$ 5,110,302.99	$ 5,110,302.99

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, 2008 is as follows:

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTAL
General	$ 917,740.92	$ 1,043.52	$ 1,000,000.00	$	$ 1,918,784.44
Major Street	143,644.15		300,000.00		443,644.15
Local Street	154,802.40				154,802.40
Parks and Recreation	299,398.43	17,641.40			317,039.83
Oakdale Development	18,818.99				18,818.99
Youth Mini-grant	526.43				526.43
Local Development Finance Authority		833,341.53			833,341.53
Drug Law Enforcement	14,636.11				14,636.11
D.A.R.E.	12,212.81				12,212.81
Public safety training	437.59				437.59
Mt. Hope Cemetery	96,794.17				96,794.17
Economic Development Corporation (12-31-07)		6,990.87			6,990.87
Downtown Development Authority	23,632.01	119,200.20			142,832.21
Building Department	17,691.26				17,691.26
General forfeiture	5,414.18				5,414.18
Police K-9 Program	8,657.03				8,657.03
Tax Increment Finance Authority		1,822,770.36		299,630.15	2,122,400.51
2006 General Obligation Limited Tax Bonds		56,934.62			56,934.62
1998 General Obligation Limited Tax Bonds		58.24			58.24
1998 Series B General Obligation Limited Tax Bonds		215.58			215.58
2000 General Obligation Limited Tax Bonds		1,083.69			1,083.69
2001 General Obligation Limited Tax Bonds		2,981.98			2,981.98
2003 Special Assessment Bonds		126,772.82			126,772.82
2006 Special Assessment Bonds	2,449.53	38,583.98			41,033.51
2007 Special Assessment Bonds		59,078.90			59,078.90
1998 Series B Special Assessment Bonds	395.82	1,448.59			1,844.41
2000 Special Assessment Bonds		12,725.40			12,725.40
2001 Special Assessment Bonds		48,141.60			48,141.60
2002 Special Assessment Bonds	2,700.70	70,583.66			73,284.36
Telephone Communication	13,191.01				13,191.01
Housing Resource	31,065.27				31,065.27
2002 Building Authority Bonds		16,660.67			16,660.67
2001 Building Authority Bonds		23,807.23			23,807.23
1999 Building Authority Bonds		27,729.10			27,729.10
2005 Equipment Financing		40,321.65			40,321.65
Site Plan Review	6,800.88				6,800.88
2007 General Obligation Limited Tax Bonds		3,958.15			3,958.15

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

FUND	COMMON CASH	OTHER CASH	INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTAL
Infrastructure	$ 65,996.40	$	$	$	$ 65,996.40
Land acquisition	262,215.50		300,000.00		562,215.50
Auto parking	46,037.81				46,037.81
Waste Water Treatment Plant	161,018.45			1,055,328.72	1,216,347.17
Water supply	124,882.51	100.00	300,000.00		424,982.51
Motor Pool	177,435.96		300,000.00		477,435.96
Mt. Hope Cemetery Perpetual Care	74,410.26				74,410.26
2002 General Obligation Limited Tax Bonds		119.23			119.23
2003 General Obligation Limited Tax Bonds		47,524.79			47,524.79
Information Technology	178,630.78				178,630.78
2005 Equipment Financing Debt Fund		82.02			82.02
2007 General Obligation Construction Debt Fund	32,695.47	30,936.92			63,632.39
2007 Special Assessment Construction	9,572.55	60,826.91			70,399.46
2003 Equipment Financing Debt Fund		124.80			124.80
2004 Equipment Financing Debt Fund		589.93			589.93
Tax Collection	1,963.11				1,963.11
Payroll Clearing	72,016.78				72,016.78
Brownfield Redevelopment Authority		1,286.49			1,286.49
TOTAL	$ 2,977,885.27	$ 3,473,664.83	$ 2,200,000.00	$ 1,354,958.87	$ 10,006,508.97

RECONCILIATION TO STATEMENTS

	COMMON CASH	OTHER CASH	INVESTMENTS	RESTRICTED CASH AND INVESTMENTS	TOTAL
Government funds	$ 2,179,076.85	$ 689,975.38	$ 1,600,000.00	$	$ 4,469,052.23
Proprietary funds					
Enterprise	331,938.77	100.00	300,000.00	1,055,328.72	1,687,367.49
Internal service	369,257.75		300,000.00		669,257.75
Fiduciary funds	73,979.89				73,979.89
Component units	23,632.01	2,783,589.45		299,630.15	3,106,851.61
TOTAL	$ 2,977,885.27	$ 3,473,664.83	$ 2,200,000.00	$ 1,354,958.87	$ 10,006,508.97

	FINANCIAL STATEMENT PRESENTATION
Cash	$ 6,377,570.21
Investments	2,200,000.00
Restricted cash and investments	1,354,958.87
Fiduciary funds	73,979.89
TOTAL	$ 10,006,508.97

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.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of $100,000 for deposits in an insured bank for savings deposits of $100,000 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 $100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

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, 2008, the carrying amount of the City's deposits was $10,005,508.97 and the bank balance was $10,219,579.34, of which $808,277.36 was covered by federal depository insurance. The remaining balance of $9,411,301.98 was uninsured and uncollateralized.

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

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of June 30, 2008, the City did not have any investment that would be subject to rating.

Interest Rate Risk

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

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

NOTE 8: **DEFINED BENEFIT PENSION PLAN**

Plan Description

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

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units, and requires a contribution from the City of 9.69 to 17.61 percent of employee salaries.

Annual Pension Cost

For year ended December 31, 2007, the City's annual pension cost of $554,159.00 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2007, using the entry actual age cost method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, and (b) projected salary increases of 4.5 percent per year. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a five year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The amortization period is being reduced from 30 years to 25 years in one year increments reaching the 25 year amortization in the 2010 valuation.

	FISCAL YEAR ENDED DECEMBER 31,		
	2005	2006	2007
Annual pension cost	$ 417,306	$ 509,857	$ 554,159
Percentage of APC contributed	100%	100%	100%
Net pension obligation			
Actuarial value of assets	10,357,383	11,143,151	12,018,808
Actuarial Accrued Liability (entry age)	14,070,488	15,167,208	16,184,839
Unfunded Actuarial Accrued Liability	3,713,105	4,024,057	4,166,031
Funded ratio	73.6%	73.5%	74.3%
Covered payroll	3,589,192	3,820,997	4,103,203
UAAL as a percentage of covered payroll	103.5%	105.3%	101.5%

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, 2008:

	WATER AND SEWER REVENUE BONDS	GENERAL OBLIGATION BONDS	NOTES PAYABLE	COMPENSATED ABSENCES
As of July 1, 2007	$ 220,000.00	$ 7,065,000.00	$ 1,169,655.96	$ 615,255.35
Additions (Reductions)	(35,000.00)	(1,145,000.00)	(203,158.65)	8,464.87
As of June 30, 2008	$ 185,000.00	$ 5,920,000.00	$ 966,497.31	$ 623,720.22

Long-term debt at June 30, 2008 is comprised of the individual issues:

	BALANCE AS OF JULY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2008	DUE WITHIN ONE YEAR
BUSINESS-TYPE ACTIVITIES				
$520,000.00 1987 Sewer Revenue Bonds due in annual installments of $20,000.00 to $50,000.00 through May 1, 2012; interest at 7.525% to 7.75%.	$ 220,000.00	$(35,000.00)	$ 185,000.00	$ 40,000.00
Less: Amount payable within one year			40,000.00	
TOTAL LONG-TERM DEBT BUSINESS-TYPE ACTIVITIES			$ 145,000.00	
GOVERNMENTAL ACTIVITIES PRIMARY GOVERNMENT				
$152,000.00 2006 Abstract Building installment and purchase loan in annual installments of $14,319.33 through February 1, 2019; interest at 3.870%.	$ 134,961.70	$(9,023.77)	$ 125,937.93	$ 9,364.30
$205,000.00 2003 Special Assessment Bonds due in annual installments of $15,000.00 to $25,000.00 through December 1, 2012; interest at 2.20% to 5.20% per annum.	140,000.00	(25,000.00)	115,000.00	25,000.00
$225,000.00 2003 General Obligation Tax Bonds due in annual installments of $15,000.00 to $30,000.00 through December 1, 2012; interest at 2.20% to 5.20% per annum.	160,000.00	(25,000.00)	135,000.00	25,000.00

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

GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT - Continued

	BALANCE AS OF JULY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2008	DUE WITHIN ONE YEAR
$200,000.00 2001 Special Assessment Bonds due in annual installments of $5,000.00 to $25,000.00 through December 1, 2010; interest at 3.90% per annum.	$ 90,000.00	$(20,000.00)	$ 70,000.00	$ 20,000.00
$275,000.00 2001 General Obligation Limited Tax Bond due in annual installments of $20,000.00 to $50,000.00 through December 1, 2010; interest at 3.90% per annum.	175,000.00	(25,000.00)	150,000.00	50,000.00
$288,000.00 Splash Park Loan due in annual installments of $54,071.24 through March 1, 2012; interest at 3.60%.	243,444.60	(45,307.23)	198,137.37	46,938.29
$682,000.00 Fire Equipment Loan due in annual installments of $139,461.33 to $118,114.43 through February 1, 2012; interest at 3.87%.	568,333.33	(113,666.67)	454,666.66	113,666.67
$280,000.00 2006 Special Assessment Bonds due in annual installments of $20,000.00 to $30,000.00 through January 1, 2016; interest at 3.95%.	260,000.00	(25,000.00)	235,000.00	25,000.00
$470,000.00 2006 General Obligation Limited Tax Bond due in annual installments of $25,000.00 to $60,000.00 through January 1, 2016; interest at 3.95%.	445,000.00	(30,000.00)	415,000.00	40,000.00
$110,000.00 2007 General Obligation Tax Bonds due in annual installments of $10,000.00 to $15,000.00 through November 1, 2017; interest at 3.95%.		110,000.00	110,000.00	10,000.00
$175,000.00 2007 Special Assessment Bonds due in annual installments of $10,000.00 to $20,000.00 through November 1, 2017; interest at 3.95%.		175,000.00	175,000.00	10,000.00

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

	BALANCE AS OF JULY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2008	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES PRIMARY GOVERNMENT - Continued				
$385,000.00 2002 Special Assessment Bonds due in annual installments of $10,000.00 to $45,000.00 through November 1, 2011; interest at 4.25% to 4.50%.	$ 210,000.00	$(45,000.00)	$ 165,000.00	$ 40,000.00
$390,000.00 2002 General Obligation Tax Bonds due in annual installments of $15,000.00 to $75,000.00 through November 1, 2011; interest at 4.25% to 4.50%.	228,050.85	(39,661.02)	188,389.83	39,661.02
$1,780,000.00 1998 Special Assessment Bonds due in annual installments of $160,000.00 to $215,000.00 through September 1, 2007; interest at 4.25% to 4.30%.	215,000.00	(215,000.00)		
$180,000.00 1998 Series B General Obligation Limited Tax Bonds due in annual installments of $15,000.00 to $20,000.00 through February 1, 2008; interest 3.85% to 6.85%.	20,000.00	(20,000.00)		
$134,000.00 1998 Series B Special Assessment Bonds due in annual installments of $10,000.00 to $15,000.00 through February 1, 2008; interest at 3.85% to 6.85%.	15,000.00	(15,000.00)		
$995,000.00 1999 Building Authority Bonds due in annual installment of $45,000.00 to $100,000.00 through September 1, 2013; interest at 4.15%.	570,000.00	(65,000.00)	505,000.00	70,000.00
$1,000,000.00 1998 General Obligation Tax Bonds due in annual installments of $90,000.00 to $125,000.00 through September 1, 2007; interest at 4.25% to 4.30%.	125,000.00	(125,000.00)		
$270,000.00 2000 General Obligation Limited Tax Bonds due in annual installments of $20,000.00 to $50,000.00 through December 1, 2009; interest at 4.70%.	125,000.00	(25,000.00)	100,000.00	50,000.00

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

	BALANCE AS OF JULY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2008	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES PRIMARY GOVERNMENT - Concluded				
$1,705,000.00 2001 Building Authority Bonds due in annual installments of $85,000.00 to $155,000.00 through April 1, 2016; interest at 4.00% to 4.70%.	$ 1,145,000.00	$(105,000.00)	$ 1,040,000.00	$ 110,000.00
$75,000.00 2000 Special Assessment Bonds due in annual installments of $5,000.00 to $10,000.00 through December 1, 2009; interest at 4.70%.	25,000.00	(5,000.00)	20,000.00	10,000.00
$1,285,000.00 2002 Building Authority Bonds due in annual installments of $110,000.00 to $150,000.00 through October 1, 2012; interest at 3.00% to 3.75%.	730,000.00	(135,000.00)	595,000.00	130,000.00
Accumulated compensated absences	615,255.35	8,464.87	623,720.22	
TOTAL PRIMARY GOVERNMENT	6,240,045.83	(819,193.82)	5,420,852.01	824,630.28
GOVERNMENTAL ACTIVITIES INTERNAL SERVICE				
$94,853.20 2006 Backhoe and loader loan due in annual installments of $8,155.04 to $10,947.90 through March 1, 2014; interest at 3.75%.	$ 160,317.77	$(20,452.33)	$ 139,865.44	$ 21,219.30
$115,800.00 Street Sweeper loan due in annual installments of $17,306.21 through August 1, 2010; interest included at 4.15%.	62,598.29	(14,708.38)	47,889.91	15,318.78
TOTAL INTERNAL SERVICE	222,916.06	(35,160.71)	187,755.35	36,538.08
TOTAL GOVERNMENTAL ACTIVITIES	$ 6,462,961.89	$(854,354.53)	5,608,607.36	$ 861,168.36
Less: Amount payable within one year			861,168.36	
TOTAL LONG-TERM DEBT GOVERNMENTAL ACTIVITIES			$ 4,747,439.00	
COMPONENT UNITS				
$5,730,000.00 Tax Increment Revenue Refunding Bond due in annual installments of $275,000.00 to $575,000.00 through June 1, 2012; interest at 4.50% to 5.50%. On the balance sheet the principal amount is netted with the bond discount.	$ 2,270,000.00	$(465,000.00)	$ 1,805,000.00	$ 440,000.00

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

	BALANCE AS OF JULY 1, 2007	ADDITIONS (DEDUCTIONS)	BALANCE AS OF JUNE 30, 2008	DUE WITHIN ONE YEAR
COMPONENT UNITS - Concluded				
$200,000 2002 General Obligation Tax bonds due in installments of $16,949.15 to $25,423.73 through November 1, 2011; interest at 4.25% to 4.30%.	$ 116,949.15	$(20,338.98)	$ 96,610.17	$ 20,338.98
TOTAL COMPONENT UNIT	$ 2,386,949.15	$(485,338.98)	1,901,610.17	$ 460,338.98
Less: Amount due within one year			460,338.98	
TOTAL LONG-TERM DEBT COMPONENT UNITS			$ 1,441,271.19	

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

YEAR ENDING JUNE 30,		BUSINESS-TYPE ACTIVITIES	GOVERNMENTAL FUNDS	COMPONENT UNITS	TOTAL
2009	Principal	$ 40,000.00	$ 861,168.36	$ 460,338.98	$ 1,361,507.34
	Interest	8,845.00	191,980.43	103,119.07	303,944.50
	Total	48,845.00	1,053,148.79	563,458.05	1,665,451.84
2010	Principal	45,000.00	904,585.81	485,423.73	1,435,009.54
	Interest	6,885.00	157,614.72	77,922.46	242,422.18
	Total	51,885.00	1,062,200.53	563,346.19	1,677,431.72
2011	Principal	50,000.00	858,206.47	500,423.73	1,408,630.20
	Interest	(365.00)	122,874.17	51,491.10	174,000.27
	Total	49,635.00	981,080.64	551,914.83	1,582,630.47
2012	Principal	50,000.00	774,657.39	455,423.73	1,280,081.12
	Interest	(2,660.00)	90,053.61	24,222.03	111,615.64
	Total	47,340.00	864,711.00	479,645.76	1,391,696.76
2013	Principal		525,514.50		525,514.50
	Interest		60,917.83		60,917.83
	Total		586,432.33		586,432.33
2014 – 2018					
	Principal		1,046,975.91		1,046,975.91
	Interest		91,831.22		91,831.22
	Total		1,138,807.13		1,138,807.13
2019 – 2023					
	Principal		13,778.70		13,778.70
	Interest		540.63		540.63
	Total		14,319.33		14,319.33
TOTAL					
	Principal	185,000.00	4,984,887.14	1,901,610.17	7,071,497.31
	Interest	12,705.00	715,812.61	256,754.66	985,272.27
	Total	197,705.00	5,700,699.75	2,158,364.83	8,056,769.58

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: **FUND EQUITY RESERVES AND DESIGNATIONS**

Fund Balances:

Reserved for Cemetery Perpetual Care

This amount reflects the fund balance of the Mt. Hope Cemetery Perpetual Care Fund restricted for perpetual care maintenance.

Reserved for Prepaid Expenses

These amounts have been reserved to segregate a portion of fund balance for prepaid expenses that appear as an asset on the balance sheet.

Reserved for Inventory

These amounts have been reserved to segregate a portion of fund balance for inventory that appears as an asset on the balance sheet.

Reserved for Receivables

These amounts have been reserved to segregate a portion of fund balance for accounts receivable that appears as an asset on the balance sheet.

Reserved for Operation Maintenance

These amounts have been reserved to segregate a portion of fund balance for maintaining operations.

Reserved for Replacement

These amounts have been reserved to segregate a portion of fund balance for replacement expenditures.

Reserved for Improvements

These amounts have been reserved to segregate a portion of fund balance for purchasing improvements.

Designated for Debt Service

All Debt Service Funds' fund balances are designated by City management to be utilized for future debt service expenditures.

NOTE 11: **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, 2008, is as follows:

	AUTO PARKING FUND	WASTE WATER TREATMENT PLANT FUND	WATER SUPPLY FUND	TOTAL
Total assets	$ 410,998.02	$ 9,057,020.25	$ 3,500,548.95	$ 12,968,567.22
Total liabilities	1,202.32	322,455.86	37,519.32	361,177.50
Contributed capital	329,999.93	5,020,448.96		5,350,448.89
Total net assets	79,795.77	3,714,115.43	3,463,029.63	7,256,940.83
Operating revenues	50,250.88	2,351,431.22	2,119,306.85	4,520,988.95
Operating expenses	79,634.89	2,248,433.03	1,666,223.83	3,994,291.75
Depreciation expense	2,600.00	316,211.66	81,448.97	400,260.63
Operating income (loss)	(29,384.01)	102,998.19	453,083.02	526,697.20
Nonoperating revenues (expense)	2,054.55	52,076.54	21,372.50	75,503.59
Transfers	30,496.00	(180,882.44)	(14,562.35)	(164,948.79)
Change in net assets	3,166.54	220,498.61	459,893.17	683,558.32
Beginning net assets	76,629.23	3,493,616.82	3,003,136.46	6,573,382.51
Ending net assets	79,795.77	3,714,115.43	3,463,029.63	7,256,940.83
Operating activities	(25,849.51)	656,567.28	350,346.67	981,064.44
Noncapital and related financing activities	30,496.00	(180,882.44)	(14,562.35)	(164,948.79)
Capital and related financing activities		(276,372.17)	(430,040.22)	(706,412.39)
Investing activities	2,054.55	63,321.54	21,372.50	86,748.59
Cash and cash equivalents – beginning	39,336.77	153,712.96	197,865.91	390,915.64
Cash and cash equivalents – ending	46,037.81	416,347.17	124,982.51	587,367.49

NOTE 12: **CAPITAL ASSETS**

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

	JULY 1, 2007	PRIOR PERIOD ADJUSTMENT	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2008
Capital assets not being depreciated						
Construction in progress	$ 2,521,296.00	$	$ 1,126,709.10	$	$(2,455,282.30)	$ 1,192,722.80
Land	22,791,753.18		190,400.00	255,000.00		22,727,153.18
Total capital assets not being depreciated	25,313,049.18		1,317,109.10	255,000.00	(2,455,282.30)	23,919,875.98
Capital assets being depreciated						
Buildings	5,596,023.97					5,596,023.97
Improvements	3,204,552.47		20,168.86		1,255,716.84	4,480,438.17
Machinery and equipment	4,807,670.66		216,786.59			5,024,457.25
Infrastructure	36,727,304.73			117,879.87	1,199,565.46	37,808,990.32
Total capital assets being depreciated	50,335,551.83		236,955.45	117,879.87	2,455,282.30	52,909,909.71

NOTE 12: **CAPITAL ASSETS** - Continued

	JULY 1, 2007	PRIOR PERIOD ADJUSTMENT	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2008
Less: accumulated depreciation						
Buildings	$ 1,417,016.80	$	$ 141,836.97	$	$	$ 1,558,853.77
Improvements	1,761,641.41		156,148.72			1,917,790.13
Machinery and equipment	2,843,742.16		466,077.92			3,309,820.08
Infrastructure	1,989,892.68		1,823,454.56			3,813,347.24
Total accumulated depreciation	8,012,293.05		2,587,518.17			10,599,811.22
Total capital assets being depreciated - net	42,323,258.78		(2,350,562.72)	117,879.87	2,455,282.30	42,310,098.49
NET CAPITAL ASSETS	$ 67,636,307.96	$	$(1,033,453.62)	$ 372,879.87	$	$ 66,229,974.47

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

GOVERNMENTAL ACTIVITY	AMOUNT
General government	$ 57,671.20
Public safety	276,207.10
Public works	375,764.00
Community development	1,255.84
Streets	1,823,454.56
Recreation	53,165.47
TOTAL DEPRECIATION EXPENSE GOVERNMENTAL ACTIVITIES	$2,587,518.17

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

	JULY 1, 2007	PRIOR PERIOD ADJUSTMENT	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2008
COMPONENT UNITS						
Land	$ 375,173.89	$	$	$		$ 375,173.89
Buildings	7,130,753.47					7,130,753.47
Total Capital Assets	7,505,927.36					7,505,927.36
Less: accumulated depreciation						
Buildings	2,390,718.51		181,718.95			2,572,437.46
NET CAPITAL ASSETS	$ 5,115,208.85	$	$(181,718.95)	$	$	$ 4,933,489.90

NOTE 12: **CAPITAL ASSETS** – Concluded

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

	JULY 1, 2007	ADDITIONS	DELETIONS	TRANSFERS	JUNE 30, 2008
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated					
Construction in progress	$ 874,363.47	$ 1,377,219.14	$	$(422,076.67)	$ 1,829,505.94
Land	798,212.75				798,212.75
Total capital assets not being depreciated	1,672,576.22	1,377,219.14		(422,076.67)	2,627,718.69
Capital assets being depreciated					
Buildings	12,121,951.92				12,121,951.92
Machinery and equipment	1,318,438.71			30,281.88	1,348,720.59
Infrastructure	6,498,177.77			391,794.79	6,889,972.56
Improvements	550,796.93				550,796.93
Total capital assets being depreciated	20,489,365.33			422,076.67	20,911,442.00
Less: accumulated depreciation					
Buildings	7,213,260.20	276,108.02			7,489,368.22
Machinery and equipment	1,153,528.69	30,690.88			1,184,219.57
Infrastructure	3,801,074.59	90,239.77			3,891,314.36
Improvements	516,371.62	3,221.96			519,593.58
Total accumulated depreciation	12,684,235.10	400,260.63			13,084,495.73
Total capital assets being depreciated	7,805,130.23	(400,260.63)		422,076.67	7,826,946.27
NET CAPITAL ASSETS	$ 9,477,706.45	$ 976,958.51	$	$	$ 10,454,664.96

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

GOVERNMENTAL ACTIVITY	AMOUNT
Auto Parking	$ 2,600.00
Wastewater	316,211.66
Water	81,448.97
	$ 400,260.63

NOTE 13: **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 14: **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 15: **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 16: **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 17: **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 18: **LITIGATION**

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

NOTE 19: **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 20: **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, 2007, the date of the most recent audit, the Corporation has issued the following revenue bonds:

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

NOTE 21: **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 $400,604.69 during the year ended June 30, 2008. The total number of eligible retirees amounted to thirty-five at June 30, 2008. The City pays 100% of these costs. There are no provisions for employee contributions. The City has recorded a liability of $13,397,989.00 for this benefit, based on an independent actuarial valuation. The City of Lapeer has established a Retirement Health Funding Vehicle with the Municipal Employees' Retirement System of Michigan. The Funding Vehicle had a balance of $65,855.30 at June 30, 2008. The City of Lapeer did not meet its Annual Required Contribution (ARC) requirements in 2007 by $813,877.01.

Annually, the City contributes to the Retirement Health Funding Vehicle the budgeted retiree health premiums plus an addition 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 will have the option of establishing a Health Savings Account in which the City will annually match their contribution up to 1% of their wage. If the employee does not vest in the system, the City contribution is forfeited.

NOTE 22: **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 23: **FUND DEFICITS**

2008 Special Assessment Construction $(93.00)

NOTE 24: **CONTINUING DISCLOSURE COMPLIANCE**

The schedules in the continuing disclosure section fulfill the continuing disclosure requirements for the various bond issues listed below:

1998 TIFA Revenue
1998 General Obligation and Special Assessment Bonds
2001 Building Authority
2002 Building Authority Refunding

NOTE 25: **PRIOR PERIOD ADJUSTMENT**

Local Development Finance Authority $ 9,051.00

This is to record amount that should have been a due to in 2007.

Statement of Activities $(13,397,989.00)

This is to record the liability of retiree health benefits.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2008

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Taxes				
Property taxes	$ 2,850,653.00	$ 2,850,653.00	$ 2,808,582.22	$ (42,070.78)
Penalties and interest	50,000.00	50,000.00	83,337.74	33,337.74
City income taxes	2,300,000.00	2,300,000.00	2,393,803.38	93,803.38
Total Taxes	5,200,653.00	5,200,653.00	5,285,723.34	85,070.34
Federal Grants				
Federal Drug Grant (TNU)	24,000.00	24,000.00	34,937.00	10,937.00
MSHDA Section 8	59,000.00	95,500.00	104,356.00	8,856.00
Highway safety	2,000.00	2,000.00	12,025.29	10,025.29
School liaison officer	26,000.00	26,000.00	25,920.00	(80.00)
Total Federal Grants	111,000.00	147,500.00	177,238.29	29,738.29
Licenses and Permits				
Licenses	500.00	500.00	2,005.00	1,505.00
Permits	10,350.00	10,350.00	6,257.00	(4,093.00)
Total Licenses and Permits	10,850.00	10,850.00	8,262.00	(2,588.00)
Intergovernmental				
Sales tax	729,613.00	729,613.00	784,522.00	54,909.00
Liquor licenses	9,400.00	9,400.00	10,595.20	1,195.20
Total Intergovernmental	739,013.00	739,013.00	795,117.20	56,104.20
Charges for Services				
Administrative fees	360,301.00	360,301.00	360,753.24	452.24
Copies	4,000.00	4,000.00	4,562.50	562.50
Fire runs and protection	371,000.00	371,000.00	370,085.88	(914.12)
IFT application fee	1,500.00	1,500.00	5,500.00	4,000.00
Other fees	34,058.00	34,058.00	32,803.46	(1,254.54)
Cable franchise fees	70,000.00	70,000.00	81,491.69	11,491.69
Total Charges for Services	840,859.00	840,859.00	855,196.77	14,337.77
Fines and Forfeits				
Court fines	45,500.00	45,500.00	67,973.54	22,473.54

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, 2008

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES - Concluded				
Other Revenues				
Interest on investments	$ 100,000.00	$ 100,000.00	$ 121,825.51	$ 21,825.51
Rentals	11,571.00	11,571.00	14,077.00	2,506.00
Reimbursements	80,500.00	83,100.00	128,029.37	44,929.37
Miscellaneous			8,184.57	8,184.57
Sale of tax map books			27.00	27.00
Contributions	6,500.00	6,500.00	6,590.85	90.85
Total Other Revenues	198,571.00	201,171.00	278,734.30	77,563.30
TOTAL REVENUES	7,146,446.00	7,185,546.00	7,468,245.44	282,699.44
EXPENDITURES				
General Government				
Legislative	68,450.00	68,450.00	55,700.67	12,749.33
Executive/Clerk	451,763.00	453,626.00	404,907.46	48,718.54
Assessor's office	206,591.00	207,834.00	185,169.32	22,664.68
Income tax	182,615.00	183,858.00	178,594.55	5,263.45
Attorney/Jury-Witness	141,760.00	141,760.00	151,236.72	(9,476.72)
Elections	31,034.00	33,634.00	21,937.12	11,696.88
City Hall	119,205.00	119,825.00	88,397.73	31,427.27
Board of review	3,178.00	3,178.00	945.28	2,232.72
Accounting and data processing	439,870.00	442,975.00	444,342.64	(1,367.64)
Cable advisory board	1,100.00	1,100.00	1,666.00	(566.00)
Total General Government	1,645,566.00	1,656,240.00	1,532,897.49	123,342.51
Public Safety				
Police	2,347,982.00	2,362,256.00	2,368,076.04	(5,820.04)
Fire	676,512.00	681,730.00	660,598.59	21,131.41
Total Public Safety	3,024,494.00	3,043,986.00	3,028,674.63	15,311.37
Public Works				
Public services	927,448.00	931,793.00	824,568.74	107,224.26
Community development and enrichment	476,390.00	507,303.00	490,908.18	16,394.82
Other Functions				
Contingency	1,000.00	1,000.00		1,000.00
Contributions to other units	61,841.00	61,841.00	64,341.77	(2,500.77)
Total Other Functions	62,841.00	62,841.00	64,341.77	(1,500.77)
TOTAL EXPENDITURES	6,136,739.00	6,202,163.00	5,941,390.81	260,772.19

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, 2008

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
EXCESS OF REVENUES OVER EXPENDITURES	$ 1,009,707.00	$ 983,383.00	$ 1,526,854.63	$ 543,471.63
OTHER FINANCING SOURCES (USES)				
Operating transfers in	684,677.00	684,677.00	698,289.13	13,612.13
Operating transfers out	(2,254,730.00)	(2,283,230.00)	(2,282,422.54)	807.46
TOTAL OTHER FINANCING SOURCES (USES)	(1,570,053.00)	(1,598,553.00)	(1,584,133.41)	14,419.59
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(560,346.00)	(615,170.00)	(57,278.78)	557,891.22
FUND BALANCE, JULY 1	2,063,038.29	2,063,038.29	2,063,038.29	
FUND BALANCE, JUNE 30	$ 1,502,692.29	$ 1,447,868.29	$ 2,005,759.51	$ 557,891.22

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, 2008

	BUDGETED AMOUNTS			VARIANCE FAVORABLE
	ORIGINAL	FINAL	ACTUAL	(UNFAVORABLE)
REVENUES				
Charges for services	$ 1,194,100.00	$ 1,194,100.00	$ 1,194,512.44	$ 412.44
Interest and rent	49,800.00	49,800.00	56,271.58	6,471.58
Other revenues	28,000.00	83,118.00	73,088.31	(10,029.69)
Intergovernmental - state	100,000.00	250,000.00	3,379.00	(246,621.00)
TOTAL REVENUES	1,371,900.00	1,577,018.00	1,327,251.33	(249,766.67)
EXPENDITURES				
Culture and recreation	2,121,587.00	2,401,135.00	1,966,979.07	434,155.93
DEFICIENCY OF REVENUES OVER EXPENDITURES	(749,687.00)	(824,117.00)	(639,727.74)	184,389.26
OTHER FINANCING SOURCES (USES)				
Operating transfers in	519,258.00	589,258.00	528,875.61	(60,382.39)
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(230,429.00)	(234,859.00)	(110,852.13)	124,006.87
FUND BALANCE, JULY 1	414,965.47	414,965.47	414,965.47	
FUND BALANCE, JUNE 30	$ 184,536.47	$ 180,106.47	$ 304,113.34	$ 124,006.87

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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, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	2008	2007
ASSETS		
Cash	$ 918,784.44	$ 686,483.80
Investments	1,000,000.00	1,206,000.00
Receivables		
Accounts	55,300.88	75,714.97
Property taxes	32,129.52	269,898.92
Due from other funds	61,738.60	45,162.15
Due from other governmental units	13,790.97	10,589.49
Due from state	109,499.54	112,209.72
Inventory	15,635.21	16,611.24
Prepaid expense	135,443.46	92,047.22
TOTAL ASSETS	$ 2,342,322.62	$ 2,514,717.51
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 127,569.52	$ 79,358.76
Accrued payroll and payroll taxes	99,215.87	77,371.67
Due to other funds	7,125.99	17,599.94
Due to other units	19,922.83	155,173.81
Security deposits	78,280.75	61,445.75
Deferred revenue		5,019.00
Due to state	4,448.15	55,710.29
TOTAL LIABILITIES	336,563.11	451,679.22
FUND BALANCE		
Reserved		
Receivables	55,300.88	75,714.97
Prepaid expenses	135,443.46	92,047.22
Inventory	15,635.21	16,611.24
Unreserved - undesignated	1,799,379.96	1,878,664.86
TOTAL FUND BALANCE	2,005,759.51	2,063,038.29
TOTAL LIABILITIES AND FUND BALANCE	$ 2,342,322.62	$ 2,514,717.51

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Taxes				
Property taxes	$ 2,850,653.00	$ 2,808,582.22	$ (42,070.78)	$ 2,713,467.58
Penalties and interest	50,000.00	83,337.74	33,337.74	64,614.78
City income taxes	2,300,000.00	2,393,803.38	93,803.38	2,177,324.41
Total Taxes	5,200,653.00	5,285,723.34	85,070.34	4,955,406.77
Federal Grants				
Federal Drug Grant (TNU)	24,000.00	34,937.00	10,937.00	36,686.12
MSHDA Section 8	95,500.00	104,356.00	8,856.00	58,421.00
Highway safety	2,000.00	12,025.29	10,025.29	12,848.23
School liaison officer	26,000.00	25,920.00	(80.00)	28,000.00
Total Federal Grants	147,500.00	177,238.29	29,738.29	135,955.35
Licenses and Permits				
Licenses	500.00	2,005.00	1,505.00	3,269.00
Permits	10,350.00	6,257.00	(4,093.00)	8,065.00
Total Licenses and Permits	10,850.00	8,262.00	(2,588.00)	11,334.00
Intergovernmental				
Sales tax	729,613.00	784,522.00	54,909.00	801,727.00
Liquor licenses	9,400.00	10,595.20	1,195.20	9,896.70
Total Intergovernmental	739,013.00	795,117.20	56,104.20	811,623.70
Charges for Services				
Administrative fees	360,301.00	360,753.24	452.24	357,024.23
Copies	4,000.00	4,562.50	562.50	5,253.00
Fire runs and protection	371,000.00	370,085.88	(914.12)	377,427.05
IFT application fee	1,500.00	5,500.00	4,000.00	2,000.00
Other fees	34,058.00	32,803.46	(1,254.54)	31,041.84
Cable franchise fees	70,000.00	81,491.69	11,491.69	78,600.62
Total Charges for Services	840,859.00	855,196.77	14,337.77	851,346.74
Fines and Forfeits				
Court fines	45,500.00	67,973.54	22,473.54	59,398.80

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES - Concluded				
Other Revenues				
Interest on investments	$ 100,000.00	$ 121,825.51	$ 21,825.51	$ 151,292.80
Rentals	11,571.00	14,077.00	2,506.00	11,572.00
Reimbursements	83,100.00	128,029.37	44,929.37	108,629.85
Sale of assets				16,650.00
Miscellaneous		8,184.57	8,184.57	48,708.44
Sale of tax map books		27.00	27.00	26.00
Contributions	6,500.00	6,590.85	90.85	6,976.67
Total Other Revenues	201,171.00	278,734.30	77,563.30	343,855.76
TOTAL REVENUES	7,185,546.00	7,468,245.44	282,699.44	7,168,921.12
EXPENDITURES				
General Government				
Legislative	68,450.00	55,700.67	12,749.33	50,722.16
Executive/Clerk	453,626.00	404,907.46	48,718.54	380,614.93
Assessor's office	207,834.00	185,169.32	22,664.68	176,117.83
Income tax	183,858.00	178,594.55	5,263.45	150,064.96
Attorney/Jury-Witness	141,760.00	151,236.72	(9,476.72)	159,106.83
Elections	33,634.00	21,937.12	11,696.88	11,911.73
City Hall	119,825.00	88,397.73	31,427.27	135,045.49
Board of Review	3,178.00	945.28	2,232.72	1,031.87
Accounting and data processing	442,975.00	444,342.64	(1,367.64)	438,453.32
Cable Advisory Board	1,100.00	1,666.00	(566.00)	974.00
Total General Government	1,656,240.00	1,532,897.49	123,342.51	1,504,043.12
Public Safety				
Police	2,362,256.00	2,368,076.04	(5,820.04)	2,234,822.30
Fire	681,730.00	660,598.59	21,131.41	643,130.23
Total Public Safety	3,043,986.00	3,028,674.63	15,311.37	2,877,952.53
Public Works				
Public services	931,793.00	824,568.74	107,224.26	824,877.67
Community development and enrichment	507,303.00	490,908.18	16,394.82	467,626.81
Other Functions				
Contingency	1,000.00		1,000.00	
Contributions to other units	61,841.00	64,341.77	(2,500.77)	88,487.35
Total Other Functions	62,841.00	64,341.77	(1,500.77)	88,487.35
TOTAL EXPENDITURES	6,202,163.00	5,941,390.81	260,772.19	5,762,987.48

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
EXCESS OF REVENUES OVER EXPENDITURES	$ 983,383.00	$ 1,526,854.63	$ 543,471.63	$ 1,405,933.64
OTHER FINANCING SOURCES (USES)				
Operating transfers in	684,677.00	698,289.13	13,612.13	368,377.09
Operating transfers out	(2,283,230.00)	(2,282,422.54)	807.46	(2,327,645.50)
TOTAL OTHER FINANCING SOURCES (USES)	(1,598,553.00)	(1,584,133.41)	14,419.59	(1,959,268.41)
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(615,170.00)	(57,278.78)	557,891.22	(553,334.77)
FUND BALANCE, JULY 1	2,063,038.29	2,063,038.29		2,616,373.06
FUND BALANCE, JUNE 30	$ 1,447,868.29	$ 2,005,759.51	$ 557,891.22	$ 2,063,038.29

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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 K9 Program, Drug Law Enforcement, D.A.R.E., Site Plan Review, General Forfeiture, Public Safety Training, and Housing Resource.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	MAJOR STREET	LOCAL STREET	PARKS AND RECREATION	MT. HOPE CEMETERY
ASSETS				
Cash	$ 143,644.15	$ 154,802.40	$ 317,039.83	$ 96,794.17
Investments	300,000.00			
Accounts receivable	1,917.57		61,066.51	1,551.42
Due from other funds	17,062.74	2,312.40	47,697.41	2,139.70
Due from state	93,047.74	23,270.70		
Prepaid expenses	545.18	545.18	19,980.50	418.26
TOTAL ASSETS	$ 556,217.38	$ 180,930.68	$ 445,784.25	$ 100,903.55
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ 33,611.77	$ 1,640.13	$ 117,667.75	$ 48,294.43
Payroll and taxes payable	2,776.88	1,572.42	24,003.16	2,249.74
Deferred revenue				
TOTAL LIABILITIES	36,388.65	3,212.55	141,670.91	50,544.17
FUND BALANCE				
Unreserved	519,828.73	177,718.13	304,113.34	50,359.38
TOTAL LIABILITIES AND FUND BALANCE	$ 556,217.38	$ 180,930.68	$ 445,784.25	$ 100,903.55

YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
$ 526.43	$ 17,691.26	$ 18,818.99	$ 8,657.03	$ 14,636.11
		15,430.81		
	1,326.57	7,815.53		
$ 526.43	$ 19,017.83	$ 42,065.33	$ 8,657.03	$ 14,636.11
$	$ 224.06	$ 12,140.71	$	$ 222.80
	2,796.91	624.19		
		13,750.00		
	3,020.97	26,514.90		222.80
526.43	15,996.86	15,550.43	8,657.03	14,413.31
$ 526.43	$ 19,017.83	$ 42,065.33	$ 8,657.03	$ 14,636.11

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS - Concluded

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING
ASSETS				
Cash	$ 12,212.81	$ 6,800.88	$ 5,414.18	$ 437.59
Investments				
Accounts receivable		3,892.00		
Due from other funds				
Due from state				
Prepaid expenses				
TOTAL ASSETS	$ 12,212.81	$ 10,692.88	$ 5,414.18	$ 437.59
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$	$ 1,910.00	$	$
Payroll and taxes payable				
Deferred revenue				
TOTAL LIABILITIES		1,910.00		
FUND BALANCE				
Unreserved	12,212.81	8,782.88	5,414.18	437.59
TOTAL LIABILITIES AND FUND BALANCE	$ 12,212.81	$ 10,692.88	$ 5,414.18	$ 437.59

HOUSING RESOURCE	TOTAL SPECIAL REVENUE 2008	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR SPECIAL REVENUE 2008	TOTAL SPECIAL REVENUE 2007
$ 31,065.27	$ 828,541.10	$ (317,039.83)	$ 511,501.27	$ 888,926.94
	300,000.00		300,000.00	
	68,427.50	(61,066.51)	7,360.99	115,088.18
	84,643.06	(47,697.41)	36,945.65	310,194.92
	116,318.44		116,318.44	536,042.80
	30,631.22	(19,980.50)	10,650.72	14,873.18
$ 31,065.27	$ 1,428,561.32	$ (445,784.25)	$ 982,777.07	$ 1,865,126.02
$	$ 215,711.65	$ (117,667.75)	$ 98,043.90	$ 425,525.39
	34,023.30	(24,003.16)	10,020.14	24,587.81
	13,750.00		13,750.00	31,126.00
	263,484.95	(141,670.91)	121,814.04	481,239.20
31,065.27	1,165,076.37	(304,113.34)	860,963.03	1,383,886.82
$ 31,065.27	$ 1,428,561.32	$ (445,784.25)	$ 982,777.07	$ 1,865,126.02

CITY OF LAPEER, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	MAJOR STREET	LOCAL STREET	PARKS AND RECREATION	MT. HOPE CEMETERY
REVENUES				
Charges for services	$	$	$ 1,194,512.44	$ 48,901.67
Intergovernmental				
Federal	122,525.00	63,337.00		
State	501,951.36	142,013.93	3,379.00	
Interest and rent	9,270.54	3,938.25	56,271.58	4,623.04
Donations	58,087.31		51,644.51	
Other revenue			21,443.80	
TOTAL REVENUES	691,834.21	209,289.18	1,327,251.33	53,524.71
EXPENDITURES				
Highways and streets	1,022,851.43	557,391.61		
Culture and recreation			1,966,979.07	
Health and welfare				233,346.41
Community development and enrichment				
Public safety				
TOTAL EXPENDITURES	1,022,851.43	557,391.61	1,966,979.07	233,346.41
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(331,017.22)	(348,102.43)	(639,727.74)	(179,821.70)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	750,979.80	254,485.06	528,875.61	140,480.23
Operating transfers out	(327,511.00)	(53,428.00)		
TOTAL OTHER FINANCING SOURCES (USES)	423,468.80	201,057.06	528,875.61	140,480.23
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	92,451.58	(147,045.37)	(110,852.13)	(39,341.47)
RESIDUAL EQUITY TRANSFER				
FUND BALANCE, JULY 1	427,377.15	324,763.50	414,965.47	89,700.85
FUND BALANCE, JUNE 30	$ 519,828.73	$ 177,718.13	$ 304,113.34	$ 50,359.38

YOUTH MINI-GRANT	BUILDING DEPARTMENT	OAKDALE DEVELOPMENT	POLICE K-9 PROGRAM	DRUG LAW ENFORCEMENT
$	$ 52,691.61	$	$	$
29.98	850.33	55,368.15	398.48	561.32
				2,906.00
29.98	53,541.94	55,368.15	398.48	3,467.32
	137,567.02	75,833.68		
			1,225.00	910.95
	137,567.02	75,833.68	1,225.00	910.95
29.98	(84,025.08)	(20,465.53)	(826.52)	2,556.37
5,000.00	62,000.00	47,028.68	1,750.00	
(5,000.00)	(10,000.00)	(26,195.00)		
	52,000.00	20,833.68	1,750.00	
29.98	(32,025.08)	368.15	923.48	2,556.37
	2,153.48			
496.45	45,868.46	15,182.28	7,733.55	11,856.94
$ 526.43	$ 15,996.86	$ 15,550.43	$ 8,657.03	$ 14,413.31

CITY OF LAPEER, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

SPECIAL REVENUE FUNDS - Concluded

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	D.A.R.E.	SITE PLAN REVIEW	GENERAL FORFEITURE	PUBLIC SAFETY TRAINING
REVENUES				
Charges for services	$	$ 2,967.50	$	$
Intergovernmental				
Federal				
State				4,666.20
Interest and rent	507.71		221.33	32.31
Donations	1,000.00			
Other revenue		12,307.25	165.00	
TOTAL REVENUES	1,507.71	15,274.75	386.33	4,698.51
EXPENDITURES				
Highways and streets				
Culture and recreation				
Health and welfare				
Community development and enrichment		19,411.75		
Public safety	446.74			4,666.20
TOTAL EXPENDITURES	446.74	19,411.75		4,666.20
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,060.97	(4,137.00)	386.33	32.31
OTHER FINANCING SOURCES (USES)				
Operating transfers in		28,500.00		
Operating transfers out		(13,426.64)		
TOTAL OTHER FINANCING SOURCES (USES)		15,073.36		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,060.97	10,936.36	386.33	32.31
RESIDUAL EQUITY TRANSFER		(2,153.48)		
FUND BALANCE, JULY 1	11,151.84		5,027.85	405.28
FUND BALANCE, JUNE 30	$ 12,212.81	$ 8,782.88	$ 5,414.18	$ 437.59

HOUSING RESOURCE	TOTAL SPECIAL REVENUE 2008	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR SPECIAL REVENUE 2008	TOTAL SPECIAL REVENUE 2007
$	$ 1,299,073.22	$ (1,194,512.44)	$ 104,560.78	$ 1,286,733.99
190,136.00	375,998.00		375,998.00	190,041.00
15,360.00	667,370.49	(3,379.00)	663,991.49	928,414.58
	132,073.02	(56,271.58)	75,801.44	140,047.45
	110,731.82	(51,644.51)	59,087.31	257,295.57
62,405.00	99,227.05	(21,443.80)	77,783.25	339,240.06
267,901.00	2,684,473.60	(1,327,251.33)	1,357,222.27	3,141,772.65
	1,580,243.04		1,580,243.04	1,982,267.35
	1,966,979.07	(1,966,979.07)		2,365,411.46
	233,346.41		233,346.41	167,045.09
257,192.93	490,005.38		490,005.38	205,251.45
	7,248.89		7,248.89	17,610.75
257,192.93	4,277,822.79	(1,966,979.07)	2,310,843.72	4,737,586.10
10,708.07	(1,593,349.19)	(639,727.74)	(953,621.45)	(1,595,813.45)
	1,819,099.38	(528,875.61)	1,290,223.77	2,417,040.98
(9,000.00)	(444,560.64)		(444,560.64)	(685,552.68)
(9,000.00)	1,374,538.74	(528,875.61)	845,663.13	1,731,488.30
1,708.07	(218,810.45)	110,852.13	(107,958.32)	135,674.85
29,357.20	1,383,886.82	(414,965.47)	968,921.35	1,248,211.97
$ 31,065.27	$ 1,165,076.37	$ (304,113.34)	$ 860,963.03	$ 1,383,886.82

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
State grants	$ 855,000.00	$ 501,951.36	$ (353,048.64)	$ 502,794.15
Federal grants	921,150.00	122,525.00	(798,625.00)	
Interest on investments		9,270.54	9,270.54	5,246.10
Donations	208,372.00	58,087.31	(150,284.69)	257,295.57
TOTAL REVENUES	1,984,522.00	691,834.21	(1,292,687.79)	765,335.82
EXPENDITURES				
Highways and streets	2,575,383.00	1,022,851.43	1,552,531.57	657,126.50
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(590,861.00)	(331,017.22)	259,843.78	108,209.32
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,180,941.00	750,979.80	(429,961.20)	437,271.81
Operating transfers out	(327,511.00)	(327,511.00)		(359,003.94)
TOTAL OTHER FINANCING SOURCES (USES)	853,430.00	423,468.80	(429,961.20)	78,267.87
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	262,569.00	92,451.58	(170,117.42)	186,477.19
FUND BALANCE, JULY 1	427,377.15	427,377.15		240,899.96
FUND BALANCE, JUNE 30	$ 689,946.15	$ 519,828.73	$ (170,117.42)	$ 427,377.15

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Federal grants	$ 91,106.00	$ 63,337.00	$ (27,769.00)	$ 141,399.17
State grants	140,000.00	142,013.93	2,013.93	190,041.00
Interest on investments	7,500.00	3,938.25	(3,561.75)	13,655.30
TOTAL REVENUES	238,606.00	209,289.18	(29,316.82)	345,095.47
EXPENDITURES				
Highways and streets	1,067,393.00	557,391.61	510,001.39	1,325,140.85
DEFICIENCY OF REVENUES OVER EXPENDITURES	(828,787.00)	(348,102.43)	480,684.57	(980,045.38)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	673,321.00	254,485.06	(418,835.94)	941,509.87
Operating transfers out	(53,428.00)	(53,428.00)		(42,071.00)
TOTAL OTHER FINANCING SOURCES (USES)	619,893.00	201,057.06	(418,835.94)	899,438.87
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(208,894.00)	(147,045.37)	61,848.63	(80,606.51)
FUND BALANCE, JULY 1	324,763.50	324,763.50		405,370.01
FUND BALANCE, JUNE 30	$ 115,869.50	$ 177,718.13	$ 61,848.63	$ 324,763.50

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	$ 1,194,100.00	$ 1,194,512.44	$ 412.44	$ 1,237,232.57
Interest and rent	49,800.00	56,271.58	6,471.58	60,449.96
Other revenues	83,118.00	73,088.31	(10,029.69)	83,072.27
Intergovernmental - state	250,000.00	3,379.00	(246,621.00)	248,264.00
TOTAL REVENUES	1,577,018.00	1,327,251.33	(249,766.67)	1,629,018.80
EXPENDITURES				
Culture and recreation	2,401,135.00	1,966,979.07	434,155.93	2,365,411.46
DEFICIENCY OF REVENUES OVER EXPENDITURES	(824,117.00)	(639,727.74)	184,389.26	(736,392.66)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	589,258.00	528,875.61	(60,382.39)	707,885.57
Operating transfers out				(29,570.00)
TOTAL OTHER FINANCING SOURCES (USES)	589,258.00	528,875.61	(60,382.39)	678,315.57
DEFICIENCY OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(234,859.00)	(110,852.13)	124,006.87	(58,077.09)
FUND BALANCE, JULY 1	414,965.47	414,965.47		473,042.56
FUND BALANCE, JUNE 30	$ 180,106.47	$ 304,113.34	$ 124,006.87	$ 414,965.47

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	$ 35,000.00	$ 48,901.67	$ 13,901.67	$ 38,456.42
Interest on investments		4,623.04	4,623.04	1,212.57
TOTAL REVENUES	35,000.00	53,524.71	18,524.71	39,668.99
EXPENDITURES				
Health and welfare	243,737.00	233,346.41	10,390.59	167,045.09
DEFICIENCY OF REVENUES OVER EXPENDITURES	(208,737.00)	(179,821.70)	28,915.30	(127,376.10)
OTHER FINANCING SOURCES				
Operating transfers in	142,875.00	140,480.23	(2,394.77)	222,141.65
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(65,862.00)	(39,341.47)	26,520.53	94,765.55
FUND BALANCE, JULY 1	89,700.85	89,700.85		(5,064.70)
FUND BALANCE, JUNE 30	$ 23,838.85	$ 50,359.38	$ 26,520.53	$ 89,700.85

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest income	$	$ 29.98	$ 29.98	$ 119.41
OTHER FINANCING SOURCES (USES)				
Operating transfers in	5,000.00	5,000.00		5,000.00
Operating transfers out	(5,000.00)	(5,000.00)		(5,000.00)
TOTAL OTHER FINANCING SOURCES (USES)				
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		29.98	29.98	119.41
FUND BALANCE, JULY 1	496.45	496.45		377.04
FUND BALANCE, JUNE 30	$ 496.45	$ 526.43	$ 29.98	$ 496.45

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

BUILDING DEPARTMENT

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	$ 200,388.00	$ 52,691.61	$ (147,696.39)	$ 11,045.00
Interest on investments		850.33	850.33	1,009.54
TOTAL REVENUES	200,388.00	53,541.94	(146,846.06)	12,054.54
EXPENDITURES				
Community development and enrichment	234,855.00	137,567.02	97,287.98	16,492.34
DEFICIENCY OF REVENUES OVER EXPENDITURES	(34,467.00)	(84,025.08)	(49,558.08)	(4,437.80)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	62,000.00	62,000.00		57,200.00
Operating transfers out		(10,000.00)	(10,000.00)	(22,021.74)
TOTAL OTHER FINANCING SOURCES (USES)	62,000.00	52,000.00	(10,000.00)	35,178.26
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	27,533.00	(32,025.08)	(59,558.08)	30,740.46
RESIDUAL EQUITY TRANSFER		2,153.48	2,153.48	
FUND BALANCE, JULY 1	45,868.46	45,868.46		15,128.00
FUND BALANCE, JUNE 30	$ 73,401.46	$ 15,996.86	$ (57,404.60)	$ 45,868.46

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest and rent	$ 55,000.00	$ 55,368.15	$ 368.15	$ 56,358.73
EXPENDITURES				
Community development and enrichment	86,874.00	75,833.68	11,040.32	73,146.08
DEFICIENCY OF REVENUES OVER EXPENDITURES	(31,874.00)	(20,465.53)	11,408.47	(16,787.35)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	58,069.00	47,028.68	(11,040.32)	44,282.08
Operating transfers out	(26,195.00)	(26,195.00)		(26,136.00)
TOTAL OTHER FINANCING SOURCES (USES)	31,874.00	20,833.68	(11,040.32)	18,146.08
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		368.15	368.15	1,358.73
FUND BALANCE, JULY 1	15,182.28	15,182.28		13,823.55
FUND BALANCE, JUNE 30	$ 15,182.28	$ 15,550.43	$ 368.15	$ 15,182.28

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

POLICE K-9

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest	$	$ 398.48	$ 398.48	$ 270.14
Other revenue	250.00		(250.00)	625.00
TOTAL REVENUES	250.00	398.48	148.48	895.14
EXPENDITURES				
Public safety	2,500.00	1,225.00	1,275.00	548.30
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,250.00)	(826.52)	1,423.48	346.84
OTHER FINANCING SOURCES				
Operating transfers in	1,750.00	1,750.00		1,750.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(500.00)	923.48	1,423.48	2,096.84
FUND BALANCE, JULY 1	7,733.55	7,733.55		5,636.71
FUND BALANCE, JUNE 30	$ 7,233.55	$ 8,657.03	$ 1,423.48	$ 7,733.55

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	$	$ 561.32	$ 561.32	$ 727.48
Other revenues	500.00	2,906.00	2,406.00	
TOTAL REVENUES	500.00	3,467.32	2,967.32	727.48
EXPENDITURES				
Public safety	2,500.00	910.95	1,589.05	5,754.87
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,000.00)	2,556.37	4,556.37	(5,027.39)
FUND BALANCE, JULY 1	11,856.94	11,856.94		16,884.33
FUND BALANCE, JUNE 30	$ 9,856.94	$ 14,413.31	$ 4,556.37	$ 11,856.94

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	$	$ 507.71	$ 507.71	$ 527.32
Other revenues	2,000.00	1,000.00	(1,000.00)	4,025.00
TOTAL REVENUES	2,000.00	1,507.71	(492.29)	4,552.32
EXPENDITURES				
Public safety	4,000.00	446.74	3,553.26	1,811.57
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,000.00)	1,060.97	3,060.97	2,740.75
FUND BALANCE, JULY 1	11,151.84	11,151.84		8,411.09
FUND BALANCE, JUNE 30	$ 9,151.84	$ 12,212.81	$ 3,060.97	$ 11,151.84

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Charges for services	$ 14,000.00	$ 2,967.50	$ (11,032.50)	$
Other revenue	24,000.00	12,307.25	(11,692.75)	
TOTAL REVENUES	38,000.00	15,274.75	(22,725.25)	
EXPENDITURES				
Community development and enrichment	20,000.00	19,411.75	588.25	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	18,000.00	(4,137.00)	(22,137.00)	
OTHER FINANCING SOURCES (USES)				
Operating transfers in	28,500.00	28,500.00		
Operating transfers out	(32,000.00)	(13,426.64)	18,573.36	
TOTAL OTHER FINANCING SOURCES (USES)	(3,500.00)	15,073.36	18,573.36	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	14,500.00	10,936.36	(3,563.64)	
RESIDUAL EQUITY TRANSFER		(2,153.48)	(2,153.48)	
FUND BALANCE, JULY 1				
FUND BALANCE, JUNE 30	$ 14,500.00	$ 8,782.88	$ (5,717.12)	$

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FORFEITURE

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Interest earnings	$	$ 221.33	$ 221.33	$ 439.73
Other revenue	500.00	165.00	(335.00)	475.00
TOTAL REVENUES	500.00	386.33	(113.67)	914.73
EXPENDITURES				
Public safety	500.00		500.00	5,000.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		386.33	386.33	(4,085.27)
OTHER FINANCING USES				
Operating transfers out				(1,750.00)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		386.33	386.33	(5,835.27)
FUND BALANCE, JULY 1	5,027.85	5,027.85		10,863.12
FUND BALANCE, JUNE 30	$ 5,027.85	$ 5,414.18	$ 386.33	$ 5,027.85

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
State grants	$ 4,450.00	$ 4,666.20	$ 216.20	$ 4,496.01
Interest earnings		32.31	32.31	31.17
TOTAL REVENUES	4,450.00	4,698.51	248.51	4,527.18
EXPENDITURES				
Public safety	4,450.00	4,666.20	(216.20)	4,496.01
EXCESS OF REVENUES OVER EXPENDITURES		32.31	32.31	31.17
FUND BALANCE, JULY 1	405.28	405.28		374.11
FUND BALANCE, JUNE 30	$ 405.28	$ 437.59	$ 32.31	$ 405.28

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, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2007

	2008			2007
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	ACTUAL
REVENUES				
Federal grants	$ 89,994.00	$ 190,136.00	$ 100,142.00	$
State grants	10,000.00	15,360.00	5,360.00	31,461.25
Sale of fixed assets				179,355.79
Other revenues	89,994.00	62,405.00	(27,589.00)	71,687.00
TOTAL REVENUES	189,988.00	267,901.00	77,913.00	282,504.04
EXPENDITURES				
Community development and enrichment	180,988.00	257,192.93	(76,204.93)	115,613.03
EXCESS OF REVENUES OVER EXPENDITURES	9,000.00	10,708.07	1,708.07	166,891.01
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	(9,000.00)	(9,000.00)		(200,000.00)
TOTAL OTHER FINANCING SOURCES (USES)	(9,000.00)	(9,000.00)		(200,000.00)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		1,708.07	1,708.07	(33,108.99)
FUND BALANCE, JULY 1	29,357.20	29,357.20		62,466.19
FUND BALANCE, JUNE 30	$ 29,357.20	$ 31,065.27	$ 1,708.07	$ 29,357.20

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DEBT SERVICE FUNDS

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

The City's Debt Service Funds include the 1998 General Obligation Limited Tax Bonds, 1998 Series B General Obligation Limited Tax Bonds, 2000 General Obligation Limited Tax Bonds, 2001 General Obligation Limited Tax Bonds, 2002 General Obligation Limited Tax Bonds, 2003 General Obligation Limited Tax Bonds, 2006 General Obligation Limited Tax Bonds, 2007 General Obligation Limited Tax Bonds, 1997 Special Assessment Bonds, 1998 Special Assessment Bonds, 1998 Series B Special Assessment Bonds, 2000 Special Assessment Bonds, 2001 Special Assessment Bonds, 2002 Special Assessment Bonds, 2003 Special Assessment Bonds, 2006 Special Assessment Bonds, 2007 Special Assessment Bonds, 2003 Equipment Financing, 2005 Equipment Financing, 1999 Building Authority Bonds, 2001 Building Authority Bonds, and 2002 Building Authority Bonds.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	1998 GENERAL OBLIGATION LIMITED TAX BONDS	1998 SERIES B GENERAL OBLIGATION LIMITED TAX BONDS	2000 GENERAL OBLIGATION LIMITED TAX BONDS
ASSETS			
Cash	$ 58.24	$ 215.58	$ 1,083.69
Assessments receivable			
Prepaid expenses			
Due from other funds			
TOTAL ASSETS	$ 58.24	$ 215.58	$ 1,083.69
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$	$	$ 137.50
Deferred revenue			
TOTAL LIABILITIES			137.50
FUND BALANCE			
Reserved for debt service	58.24	215.58	946.19
TOTAL LIABILITIES AND FUND BALANCE	$ 58.24	$ 215.58	$ 1,083.69

2001 GENERAL OBLIGATION LIMITED TAX BONDS	2002 GENERAL OBLIGATION LIMITED TAX BONDS	2003 GENERAL OBLIGATION LIMITED TAX BONDS	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS
$ 2,981.98	$ 119.23	$ 47,524.79	$ 56,934.62	$ 3,958.15
			8,196.25	
$ 2,981.98	$ 119.23	$ 47,524.79	$ 65,130.87	$ 3,958.15
$ 137.50	$	$ 112.50	$	$
137.50		112.50		
2,844.48	119.23	47,412.29	65,130.87	3,958.15
$ 2,981.98	$ 119.23	$ 47,524.79	$ 65,130.87	$ 3,958.15

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS - Continued

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	1997 SPECIAL ASSESSMENT BONDS	1998 SPECIAL ASSESSMENT BONDS	1998 SERIES B SPECIAL ASSESSMENT BONDS	2000 SPECIAL ASSESSMENT BONDS
ASSETS				
Cash	$	$	$ 1,844.41	$ 12,725.40
Assessments receivable				2,624.10
Prepaid expenses				
Due from other funds			411.31	285.67
TOTAL ASSETS	$	$	$ 2,255.72	$ 15,635.17
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$	$	$	$ 137.50
Deferred revenue				2,624.10
TOTAL LIABILITIES				2,761.60
FUND BALANCE				
Reserved for debt service			2,255.72	12,873.57
TOTAL LIABILITIES AND FUND BALANCE	$	$	$ 2,255.72	$ 15,635.17

2001 SPECIAL ASSESSMENT BONDS	2002 SPECIAL ASSESSMENT BONDS	2003 SPECIAL ASSESSMENT BONDS	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS	2003 EQUIPMENT FINANCING
$ 48,141.60	$ 73,284.36	$ 126,772.82	$ 41,033.51	$ 59,078.90	$ 124.80
14,382.56	85,809.97	51,310.91	179,884.54	126,088.82	
			4,641.25		
1,801.99	5,550.33		12,801.04	2,685.90	
$ 64,326.15	$ 164,644.66	$ 178,083.73	$ 238,360.34	$ 187,853.62	$ 124.80
$ 137.50	$	$ 112.50	$	$	$
14,382.56	85,809.97	51,310.91	179,884.54	126,088.82	
14,520.06	85,809.97	51,423.41	179,884.54	126,088.82	
49,806.09	78,834.69	126,660.32	58,475.80	61,764.80	124.80
$ 64,326.15	$ 164,644.66	$ 178,083.73	$ 238,360.34	$ 187,853.62	$ 124.80

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

DEBT SERVICE FUNDS - Concluded

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	2004 EQUIPMENT FINANCING	2005 EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
ASSETS				
Cash	$ 589.93	$ 82.02	$ 27,729.10	$ 23,807.23
Assessments receivable				
Prepaid expenses				
Due from other funds				
TOTAL ASSETS	$ 589.93	$ 82.02	$ 27,729.10	$ 23,807.23
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$	$	$	$
Deferred revenue				
TOTAL LIABILITIES				
FUND BALANCE				
Reserved for debt service	589.93	82.02	27,729.10	23,807.23
TOTAL LIABILITIES AND FUND BALANCE	$ 589.93	$ 82.02	$ 27,729.10	$ 23,807.23

2002 BUILDING AUTHORITY BONDS	TOTAL DEBT SERVICE 2008	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR DEBT SERVICE 2008	TOTAL DEBT SERVICE 2007
$ 16,660.67	$ 544,751.03	$ (100,112.41)	$ 444,638.62	$ 798,367.68
	460,100.90	(305,973.36)	154,127.54	571,019.15
	12,837.50	(4,641.25)	8,196.25	14,148.75
	23,536.24	(15,486.94)	8,049.30	19,982.08
$ 16,660.67	$ 1,041,225.67	$ (426,213.96)	$ 615,011.71	$ 1,403,517.66
$	$ 775.00	$	$ 775.00	$ 571,019.15
	460,100.90	(305,973.36)	154,127.54	
	460,875.90	(305,973.36)	154,902.54	571,019.15
16,660.67	580,349.77	(120,240.60)	460,109.17	832,498.51
$ 16,660.67	$ 1,041,225.67	$ (426,213.96)	$ 615,011.71	$ 1,403,517.66

CITY OF LAPEER, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	1998 GENERAL OBLIGATION LIMITED TAX BONDS	1998 SERIES B GENERAL OBLIGATION LIMITED TAX BONDS	2000 GENERAL OBLIGATION LIMITED TAX BONDS
REVENUES			
Taxes and special assessments	$	$	$
Interest earnings	46.37	21.52	35.84
Other revenues			
TOTAL REVENUES	46.37	21.52	35.84
EXPENDITURES			
Debt Service			
Principal retirement	125,000.00	20,000.00	25,000.00
	2,987.50	980.00	5,562.50
TOTAL EXPENDITURES	127,987.50	20,980.00	30,562.50
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(127,941.13)	(20,958.48)	(30,526.66)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	125,968.00	20,381.00	30,188.00
Operating transfers out			
TOTAL OTHER FINANCING SOURCES (USES)	125,968.00	20,381.00	30,188.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,973.13)	(577.48)	(338.66)
FUND BALANCE, JULY 1	2,031.37	793.06	1,284.85
FUND BALANCE, JUNE 30	$ 58.24	$ 215.58	$ 946.19

2001 GENERAL OBLIGATION LIMITED TAX BONDS	2002 GENERAL OBLIGATION LIMITED TAX BONDS	2003 GENERAL OBLIGATION LIMITED TAX BONDS	2006 GENERAL OBLIGATION LIMITED TAX BONDS	2007 GENERAL OBLIGATION LIMITED TAX BONDS
$ 132.74	$ 50.90	$ 1,956.52	$ 848.09	$ 17.77
132.74	50.90	1,956.52	848.09	17.77
25,000.00	60,000.00	25,000.00	30,000.00	
6,612.50	14,180.00	4,905.00	17,802.50	2,859.62
31,612.50	74,180.00	29,905.00	47,802.50	2,859.62
(31,479.76)	(74,129.10)	(27,948.48)	(46,954.41)	(2,841.85)
30,838.00	74,205.00	20,931.00	101,240.32	6,800.00
30,838.00	74,205.00	20,931.00	101,240.32	6,800.00
(641.76)	75.90	(7,017.48)	54,285.91	3,958.15
3,486.24	43.33	54,429.77	10,844.96	
$ 2,844.48	$ 119.23	$ 47,412.29	$ 65,130.87	$ 3,958.15

CITY OF LAPEER, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS - Continued

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	1997 SPECIAL ASSESSMENT BONDS	1998 SPECIAL ASSESSMENT BONDS	1998 SERIES B SPECIAL ASSESSMENT BONDS	2000 SPECIAL ASSESSMENT BONDS
REVENUES				
Taxes and special assessments	$ 19.79	$ 157,798.90	$ 2,692.81	$ 7,679.38
Interest earnings	18.41	7,286.38	405.41	502.18
Other revenues				
TOTAL REVENUES	38.20	165,085.28	3,098.22	8,181.56
EXPENDITURES				
Debt Service				
Principal retirement		215,000.00	15,000.00	5,000.00
Interest and fiscal charges		4,922.50	772.50	1,332.50
TOTAL EXPENDITURES		219,922.50	15,772.50	6,332.50
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	38.20	(54,837.22)	(12,674.28)	1,849.06
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	(5,474.73)	(254,828.83)		
TOTAL OTHER FINANCING SOURCES (USES)	(5,474.73)	(254,828.83)		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(5,436.53)	(309,666.05)	(12,674.28)	1,849.06
FUND BALANCE, JULY 1	5,436.53	309,666.05	14,930.00	11,024.51
FUND BALANCE, JUNE 30	$	$	$ 2,255.72	$ 12,873.57

2001 SPECIAL ASSESSMENT BONDS	2002 SPECIAL ASSESSMENT BONDS	2003 SPECIAL ASSESSMENT BONDS	2006 SPECIAL ASSESSMENT BONDS	2007 SPECIAL ASSESSMENT BONDS	2003 EQUIPMENT FINANCING
$ 9,637.76	$ 30,984.34	$ 12,942.03	$ 46,958.37	$ 34,307.34	$
2,141.24	3,101.73	5,248.73	1,898.71	1,024.59	4.61
11,779.00	34,086.07	18,190.76	48,857.08	35,331.93	4.61
20,000.00	45,000.00	25,000.00	25,000.00		
3,395.00	8,531.25	4,220.00	10,495.00	4,357.29	
23,395.00	53,531.25	29,220.00	35,495.00	4,357.29	
(11,616.00)	(19,445.18)	(11,029.24)	13,362.08	30,974.64	4.61
				30,790.16	
				30,790.16	
(11,616.00)	(19,445.18)	(11,029.24)	13,362.08	61,764.80	4.61
61,422.09	98,279.87	137,689.56	45,113.72		120.19
$ 49,806.09	$ 78,834.69	$ 126,660.32	$ 58,475.80	$ 61,764.80	$ 124.80

CITY OF LAPEER, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

DEBT SERVICE FUNDS - Concluded

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	2004 EQUIPMENT FINANCING	2005 EQUIPMENT FINANCING	1999 BUILDING AUTHORITY BONDS	2001 BUILDING AUTHORITY BONDS
REVENUES				
Taxes and special assessments	$	$	$	$
Interest earnings	21.83	43.48	1,136.41	971.24
Other revenues				
TOTAL REVENUES	21.83	43.48	1,136.41	971.24
EXPENDITURES				
Debt Service				
Principal retirement		167,997.67	65,000.00	105,000.00
Interest and fiscal charges		36,347.33	22,606.25	52,065.00
TOTAL EXPENDITURES		204,345.00	87,606.25	157,065.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	21.83	(204,301.52)	(86,469.84)	(156,093.76)
OTHER FINANCING SOURCES (USES)				
Operating transfers in		204,345.57	83,641.00	154,090.00
Operating transfers out				
TOTAL OTHER FINANCING SOURCES (USES)		204,345.57	83,641.00	154,090.00
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	21.83	44.05	(2,828.84)	(2,003.76)
FUND BALANCE, JULY 1	568.10	37.97	30,557.94	25,810.99
FUND BALANCE, JUNE 30	$ 589.93	$ 82.02	$ 27,729.10	$ 23,807.23

2002 BUILDING AUTHORITY REFUNDING	TOTAL DEBT SERVICE 2008	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR DEBT SERVICE 2008	TOTAL DEBT SERVICE 2007
$	$ 303,020.72	$ (81,265.71)	$ 221,755.01	$ 385,009.53
706.76	27,621.46	(2,923.30)	24,698.16	44,469.78
				1,869.72
706.76	330,642.18	(84,189.01)	246,453.17	431,349.03
135,000.00	1,132,997.67	(25,000.00)	1,107,997.67	1,268,944.87
22,872.50	227,806.74	(14,852.29)	212,954.45	246,415.42
157,872.50	1,360,804.41	(39,852.29)	1,320,952.12	1,515,360.29
(157,165.74)	(1,030,162.23)	(44,336.72)	(1,074,498.95)	(1,084,011.26)
154,899.00	1,038,317.05	(30,790.16)	1,007,526.89	1,110,663.51
	(260,303.56)		(260,303.56)	(164,729.00)
154,899.00	778,013.49	(30,790.16)	747,223.33	945,934.51
(2,266.74)	(252,148.74)	(75,126.88)	(327,275.62)	(138,076.75)
18,927.41	832,498.51	(45,113.72)	787,384.79	970,575.26
$ 16,660.67	$ 580,349.77	$ (120,240.60)	$ 460,109.17	$ 832,498.51

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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, 2005 Equipment Financing, 2006 General Obligation Construction, 2006 Special Assessment Construction, 2007 General Obligation Construction, 2007 Special Assessment Construction and 2008 Special Assessment Construction.

CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	LAND ACQUISITION	INFRA-STRUCTURE	2005 EQUIPMENT FINANCING
ASSETS			
Cash	$ 262,215.50	$ 65,996.40	$ 40,321.65
Investments	300,000.00		
Accounts receivable		50,233.45	
Special assessment receivable		2,953.45	
Due from other funds	50,795.62	1,010.96	
TOTAL ASSETS	$ 613,011.12	$ 120,194.26	$ 40,321.65
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	$	$ 13,399.00	$
Deferred revenue		2,953.45	
Due to other funds			3,850.00
TOTAL LIABILITIES		16,352.45	3,850.00
FUND BALANCE			
Unreserved and undesignated	613,011.12	103,841.81	36,471.65
TOTAL LIABILITIES AND FUND BALANCE	$ 613,011.12	$ 120,194.26	$ 40,321.65

2006 GENERAL OBLIGATION CONSTRUCTION	2006 SPECIAL ASSESSMENT CONSTRUCTION	2007 GENERAL OBLIGATION CONSTRUCTION	2007 SPECIAL ASSESSMENT CONSTRUCTION	2008 SPECIAL ASSESSMENT CONSTRUCTION
$	$	$ 63,632.39	$ 70,399.46	$
$	$	$ 63,632.39	$ 70,399.46	$
$	$	$	$	$
				93.00
				93.00
		63,632.39	70,399.46	(93.00)
$	$	$ 63,632.39	$ 70,399.46	$

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CITY OF LAPEER, MICHIGAN

COMBINING BALANCE SHEET

CAPITAL PROJECTS FUNDS - Concluded

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	TOTAL CAPITAL PROJECTS 2008	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2008	TOTAL CAPITAL PROJECTS 2007
ASSETS				
Cash	$ 502,565.40	$ (262,215.50)	$ 240,349.90	$ 660,730.10
Investments	300,000.00	(300,000.00)		411,900.00
Accounts receivable	50,233.45		50,233.45	176,015.45
Special assessment receivable	2,953.45		2,953.45	
Due from other funds	51,806.58	(50,795.62)	1,010.96	83,713.73
TOTAL ASSETS	$ 907,558.88	$ (613,011.12)	$ 294,547.76	$ 1,332,359.28
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	$ 13,399.00	$	$ 13,399.00	$ 152,214.00
Deferred revenue	2,953.45		2,953.45	3,457.00
Due to other funds	3,943.00		3,943.00	282,613.74
TOTAL LIABILITIES	20,295.45		20,295.45	438,284.74
FUND BALANCE				
Unreserved and undesignated	887,263.43	(613,011.12)	274,252.31	894,074.54
TOTAL LIABILITIES AND FUND BALANCE	$ 907,558.88	$ (613,011.12)	$ 294,547.76	$ 1,332,359.28

CITY OF LAPEER, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	LAND ACQUISITION	INFRA-STRUCTURE	2005 EQUIPMENT FINANCING
REVENUES			
Interest	$ 25,065.82	$ 2,283.76	$ 1,662.45
Other		508.26	
TOTAL REVENUES	25,065.82	2,792.02	1,662.45
EXPENDITURES			
Capital outlay	13,579.25	25,000.00	
Other	18,036.75	61,542.65	
TOTAL EXPENDITURES	31,616.00	86,542.65	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,550.18)	(83,750.63)	1,662.45
OTHER FINANCING SOURCES (USES)			
Bond proceeds			
Operating transfers in	7,047.93	159,148.75	
Operating transfers out	(62,000.00)	(57,277.00)	(3,850.00)
TOTAL OTHER FINANCING SOURCES (USES)	(54,952.07)	101,871.75	(3,850.00)
EXCESS (DEFICIENCY) OF REVENUES REVENUES AND OTHER SOURCES OVER EXPENDITURES OTHER USES	(61,502.25)	18,121.12	(2,187.55)
FUND BALANCE, JULY 1	674,513.37	85,720.69	38,659.20
FUND BALANCE, JUNE 30	$ 613,011.12	$ 103,841.81	$ 36,471.65

2006 GENERAL OBLIGATION CONSTRUCTION	2006 SPECIAL ASSESSMENT CONSTRUCTION	2007 GENERAL OBLIGATION CONSTRUCTION	2007 SPECIAL ASSESSMENT CONSTRUCTION	2008 SPECIAL ASSESSMENT CONSTRUCTION
$ 2,270.26	$ 1,310.95	$ 1,983.77	$ 3,170.13	$
2,270.26	1,310.95	1,983.77	3,170.13	
		4,316.43	7,102.96	93.00
		4,316.43	7,102.96	93.00
2,270.26	1,310.95	(2,332.66)	(3,932.83)	(93.00)
		110,000.00	175,000.00	
(62,964.20)	(35,798.29)	(44,034.95)	(100,667.71)	
(62,964.20)	(35,798.29)	65,965.05	74,332.29	
(60,693.94)	(34,487.34)	63,632.39	70,399.46	(93.00)
60,693.94	34,487.34			
$	$	$ 63,632.39	$ 70,399.46	$ (93.00)

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CITY OF LAPEER, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

CAPITAL PROJECTS FUNDS - Concluded

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	TOTAL CAPITAL PROJECTS 2008	ELIMINATION OF MAJOR FUNDS	TOTAL NON-MAJOR CAPITAL PROJECTS 2008	TOTAL CAPITAL PROJECTS 2007
REVENUES				
Interest	$ 37,747.14	$ (25,065.82)	$ 12,681.32	$ 62,715.41
Other	508.26		508.26	314,439.49
TOTAL REVENUES	38,255.40	(25,065.82)	13,189.58	377,154.90
EXPENDITURES				
Capital outlay	38,579.25	(13,579.25)	25,000.00	804,993.23
Other	91,091.79	(18,036.75)	73,055.04	53,956.78
TOTAL EXPENDITURES	129,671.04	(31,616.00)	98,055.04	858,950.01
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(91,415.64)	6,550.18	(84,865.46)	(481,795.11)
OTHER FINANCING SOURCES (USES)				
Bond proceeds	285,000.00		285,000.00	750,000.00
Operating transfers in	166,196.68	(7,047.93)	159,148.75	336,199.24
Operating transfers out	(366,592.15)	62,000.00	(304,592.15)	(1,046,782.17)
TOTAL OTHER FINANCING SOURCES (USES)	84,604.53	54,952.07	139,556.60	39,417.07
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(6,811.11)	61,502.25	54,691.14	(442,378.04)
FUND BALANCE, JULY 1	894,074.54	(674,513.37)	219,561.17	1,336,452.58
FUND BALANCE, JUNE 30	$ 887,263.43	$ (613,011.12)	$ 274,252.31	$ 894,074.54

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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, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	MOTOR POOL	INFORMATION TECHN-OLOGY
ASSETS		
CURRENT ASSETS		
Cash	$ 177,435.96	$ 178,630.78
Investments	300,000.00	
Accounts receivable		
Prepaid expenses	41,009.94	2,211.00
Inventory	25,141.75	
TOTAL CURRENT ASSETS	543,587.65	180,841.78
FIXED ASSETS		
Land and improvements	22,328.64	
Vehicles and equipment	2,618,160.72	13,794.00
Accumulated depreciation	(1,710,064.77)	(10,899.14)
NET FIXED ASSETS	930,424.59	2,894.86
TOTAL ASSETS	$ 1,474,012.24	$ 183,736.64
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 18,077.35	$ 6,783.03
Due to other funds	219,241.03	
Accrued expenses	2,976.81	
Notes payable	36,538.07	
TOTAL CURRENT LIABILITIES	276,833.26	6,783.03
LONG-TERM LIABILITIES		
Notes payable	151,217.28	
TOTAL LIABILITIES	428,050.54	6,783.03
FUND EQUITY		
Contributed capital - local	40,000.00	
RETAINED EARNINGS		
Retained earnings	980,819.95	176,953.61
Reserve for inventory	25,141.75	
TOTAL RETAINED EARNINGS	1,005,961.70	176,953.61
TOTAL FUND EQUITY	1,045,961.70	176,953.61
TOTAL LIABILITIES AND FUND BALANCE	$ 1,474,012.24	$ 183,736.64

TELEPHONE COMMUN-ICATION	TOTALS 2008	TOTALS 2007
$ 13,191.01	$ 369,257.75	$ 553,106.23
	300,000.00	
		2,492.50
432.00	43,652.94	3,208.08
	25,141.75	31,284.40
13,623.01	738,052.44	590,091.21
	22,328.64	22,328.64
	2,631,954.72	2,433,785.63
	(1,720,963.91)	(1,505,121.02)
	933,319.45	950,993.25
$ 13,623.01	$ 1,671,371.89	$ 1,541,084.46
$ 943.57	$ 25,803.95	$ 45,438.00
	219,241.03	301,752.38
	2,976.81	2,322.88
	36,538.07	35,160.71
943.57	284,559.86	384,673.97
	151,217.28	187,755.35
943.57	435,777.14	572,429.32
	40,000.00	40,000.00
12,679.44	1,170,453.00	897,370.74
	25,141.75	31,284.40
12,679.44	1,195,594.75	928,655.14
12,679.44	1,235,594.75	968,655.14
$ 13,623.01	$ 1,671,371.89	$ 1,541,084.46

CITY OF LAPEER, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	MOTOR POOL	INFORMATION TECHN-OLOGY
OPERATING REVENUES		
Equipment rentals	$ 888,321.66	$ 207,701.25
OPERATING EXPENSES		
Salaries and wages	99,295.27	
Fringe benefits	59,898.66	
Office supplies	1,224.81	
Operating supplies	226,827.11	
Repairs and maintenance	5,609.53	93,695.01
Professional and contractual services	9,464.75	
Insurance	38,782.00	2,124.00
Rental	4,276.98	
Miscellaneous	700.71	
Depreciation	220,193.09	2,758.80
Capital outlay		18,512.04
Utilities	11,660.96	
TOTAL OPERATING EXPENSES	677,933.87	117,089.85
OPERATING INCOME	210,387.79	90,611.40
NONOPERATING REVENUE (EXPENSE)		
Interest income	20,591.49	5,740.45
Interest expense	(8,609.75)	
Gain on sale of fixed assets		
TOTAL NONOPERATING REVENUE (EXPENSE)	11,981.74	5,740.45
OPERATING TRANSFERS		
Operating transfers in		
Operating transfers out	(56,626.24)	(10,000.00)
TOTAL OPERATING TRANSFERS	(56,626.24)	(10,000.00)
NET INCOME	165,743.29	86,351.85
RETAINED EARNINGS, JULY 1	840,218.41	90,601.76
PRIOR PERIOD ADJUSTMENT		
RETAINED EARNINGS, JUNE 30	$ 1,005,961.70	$ 176,953.61

TELEPHONE COMMUN-ICATION	TOTALS 2008	TOTALS 2007
$ 52,869.00	$ 1,148,891.91	$ 1,180,596.29
	99,295.27	97,198.70
	59,898.66	55,792.08
	1,224.81	1,086.15
	226,827.11	177,413.48
1,170.00	100,474.54	86,989.79
	9,464.75	20,495.47
432.00	41,338.00	45,950.00
	4,276.98	4,283.63
	700.71	765.74
	222,951.89	201,290.17
3,034.50	21,546.54	42,636.48
43,454.87	55,115.83	60,873.48
48,091.37	843,115.09	794,775.17
4,777.63	305,776.82	385,821.12
66.84	26,398.78	10,365.21
	(8,609.75)	(6,703.41)
		143,999.69
66.84	17,789.03	147,661.49
10,000.00	10,000.00	
	(66,626.24)	(53,352.24)
10,000.00	(56,626.24)	(53,352.24)
14,844.47	266,939.61	480,130.37
(2,165.03)	928,655.14	436,126.77
		12,398.00
$ 12,679.44	$ 1,195,594.75	$ 928,655.14

CITY OF LAPEER, MICHIGAN

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	MOTOR POOL	INFORMATION TECH-NOLOGY
OPERATING ACTIVITIES		
Operating income	$ 210,387.79	$ 90,611.40
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	220,193.09	2,758.80
Prior period adjustment		
Loss on sale of fixed assets		
(Increase) decrease in assets		
Inventory	6,142.65	
Prepaid expenses	(37,801.86)	(2,211.00)
Accounts receivable		2,492.50
Increase (decrease) in liabilities		
Accounts payable	(16,635.85)	(197.58)
Due to other funds	(82,511.35)	
Accrued expenses	653.93	
NET CASH PROVIDED BY OPERATING ACTIVITIES	300,428.40	93,454.12
NON-CAPITAL FINANCING ACTIVITIES		
Operating transfers in		
Operating transfers out	(56,626.24)	(10,000.00)
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(56,626.24)	(10,000.00)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	(205,278.09)	
Principal payments	(35,160.71)	
Increase in investments	(300,000.00)	
Interest paid	(8,609.75)	
Proceeds from sale of capital assets		
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(549,048.55)	
INVESTING ACTIVITIES		
Interest received	20,591.49	5,740.45
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(284,654.90)	89,194.57
CASH AND CASH EQUIVALENTS, JULY 1	462,090.86	89,436.21
CASH AND CASH EQUIVALENTS, JUNE 30	$ 177,435.96	$ 178,630.78

TELEPHONE COMMUN-ICATION	TOTALS 2008	TOTALS 2007
$ 4,777.63	$ 305,776.82	$ 385,821.12
	222,951.89	201,290.17
		(12,398.00)
		(235,509.07)
	6,142.65	281.10
(432.00)	(40,444.86)	1,062.10
	2,492.50	(402.50)
(2,800.62)	(19,634.05)	(23,325.63)
	(82,511.35)	(9,553.62)
	653.93	105.51
1,545.01	395,427.53	307,371.18
10,000.00	10,000.00	
	(66,626.24)	(53,352.24)
10,000.00	(56,626.24)	(53,352.24)
	(205,278.09)	(324,296.32)
	(35,160.71)	51,199.01
	(300,000.00)	
	(8,609.75)	(6,703.41)
		204,008.61
	(549,048.55)	(75,792.11)
66.84	26,398.78	5,863.29
11,611.85	(183,848.48)	184,090.12
1,579.16	553,106.23	369,016.11
$ 13,191.01	$ 369,257.75	$ 553,106.23

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, 2008

	CASH	INVESTMENT	STATEMENT OF CASH FLOWS TOTAL
CASH AND CASH EQUIVALENTS, JULY 1	$ 553,106.23	$	$ 553,106.23
NET DECREASE	(183,848.48)		(183,848.48)
CASH AND CASH EQUIVALENTS, JUNE 30	$ 369,257.75	$	$ 369,257.75

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, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	2008	2007
ASSETS		
Cash	$ 74,410.26	$ 74,460.26
FUND BALANCE		
Reserved for cemetery perpetual care	$ 74,069.27	$ 74,119.27
Unreserved	340.99	340.99
TOTAL FUND BALANCE	$ 74,410.26	$ 74,460.26

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, 2008

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2007

	2008	2007
REVENUES		
Donations and rights	$ 460.00	$ 945.00
Interest and rent	3,169.23	6,405.65
TOTAL REVENUES	3,629.23	7,350.65
EXPENDITURES		
Other		
EXCESS OF REVENUES OVER EXPENDITURES	3,629.23	7,350.65
OTHER FINANCING USES		
Operating transfers out	(3,679.23)	(71,632.65)
DEFICIENCY OF REVENUES AND OTHER FINANCING USES OVER EXPENDITURES	(50.00)	(64,282.00)
FUND BALANCE, JULY 1	74,460.26	138,742.26
FUND BALANCE, JUNE 30	$ 74,410.26	$ 74,460.26

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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, 2008

AMOUNTS AVAILABLE AND TO BE PROVIDED FOR	
PAYMENT OF LONG-TERM DEBT	
Amount available in Debt Service Funds	$ 580,349.77
Amount to be provided for payment of long-term debt	5,028,257.59
TOTAL	$ 5,608,607.36

GENERAL LONG-TERM DEBT PAYABLE	
2001 Special Assessment Bonds	$ 70,000.00
2006 General Obligation Tax Bond	415,000.00
2006 Special Assessment Bonds	235,000.00
2007 Special Assessment Bonds	175,000.00
Accumulated Compensated Absences	623,720.22
2001 General Obligation Bonds	150,000.00
2002 General Obligation Bonds	188,389.83
2002 Special Assessment Bonds	165,000.00
2002 Building Authority Refunding	595,000.00
Backhoe and Loader Loan	139,865.44
2007 General Obligation Bonds	110,000.00
1999 Building Authority Bonds	505,000.00
2000 General Obligation Tax Bonds	100,000.00
2000 Special Assessment Bonds	20,000.00
2001 Building Authority Bonds	1,040,000.00
2003 Special Assessment Bonds	115,000.00
2003 General Obligation Bonds	135,000.00
Splash Park Loan	198,137.37
Fire Equipment Loan	454,666.66
Street Sweeper	47,889.91
Abstract Building	125,937.9
TOTAL	$ 5,608,607.36

CAPITAL ASSETS

CITY OF LAPEER, MICHIGAN

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR JUNE 30, 2007

	2008	2007
General Fixed Assets		
Land	$ 22,713,482.21	$ 22,778,082.21
Construction in progress	1,192,722.80	2,521,296.00
Buildings	5,596,023.97	5,596,023.97
Improvements other than buildings	4,471,780.50	3,195,894.80
Machinery and equipment	2,392,502.53	2,373,885.03
Infrastructure	37,808,990.32	36,727,304.73
TOTAL	$ 74,175,502.33	$ 73,192,486.74

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, 2008

	GENERAL FIXED ASSETS JULY 1, 2007	ADDITIONS	DELETIONS	GENERAL FIXED ASSETS JUNE 30, 2008
General Government				
City Hall	$ 962,840.54	$	$	$ 962,840.54
Accounting	87,000.00	8,195.50		95,195.50
Assessor	5,145.00	1,656.50		6,801.50
City Commission	200,078.68			200,078.68
City Manager	20,251.50			20,251.50
Geographic information systems	7,896.75			7,896.75
Information technology	66,500.76			66,500.76
Income tax		1,656.50		1,656.50
Planning	4,240,143.12	190,400.00		4,430,543.12
Train depot	189,553.13			189,553.13
Cemetery	144,224.93	67,171.00		211,395.93
Total General Government	5,923,634.41	269,079.50		6,192,713.91
Public Safety				
Police	1,545,601.42	3,554.50		1,549,155.92
Fire	3,360,410.26	3,554.50		3,363,964.76
Parking	768,039.00			768,039.00
Housing rehabilitation	1,374,719.45			1,374,719.45
Total Public Safety	7,048,770.13	7,109.00		7,055,879.13
Parks and Recreation				
Parks	3,155,129.10	82,284.44	304,547.96	2,932,865.58
Recreation		3,170.00		3,170.00
Trailer park	176,160.55			176,160.55
Community center	311,577.97	305,227.96		616,805.93
Total Parks and Recreation	3,642,867.62	390,682.40	304,547.96	3,729,002.06
Public Works	56,577,214.58	875,692.65	255,000.00	57,197,907.23
Total General Fixed Assets	$ 73,192,486.74	$ 1,542,563.55	$ 559,547.96	$ 74,175,502.33
Component Units				
Tax Increment Finance Authority	$ 6,652,361.46	$	$	$ 6,652,361.46
Local Development Finance Authority	206,773.89			206,773.89
Downtown Development Authority	646,792.01			646,792.01
Total Component Units	$ 7,505,927.36	$	$	$ 7,505,927.36

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, 2008

	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS
General Government			
City Hall	$ 1,200.00	$ 927,157.82	$ 34,482.72
Accounting			
Assessor			
City Commission		200,078.68	
City Manager			
Geographic information systems			
Information technology			
Income tax			
Planning	3,940,928.59	453,649.93	32,624.99
Train depot	42,857.13	30,000.00	108,906.00
Cemetery	105,468.75	20,490.46	75,436.72
Total General Government	4,090,454.47	1,631,376.89	251,450.43
Public Safety			
Police	448,263.00	1,010,929.19	
Fire	448,263.00	1,010,929.20	
Parking	768,039.00		
Housing rehabilitation	1,324,486.00	50,233.45	
Total Public Safety	2,989,051.00	2,072,091.84	
Parks and Recreation			
Parks	846,386.91	322,035.94	1,636,300.80
Recreation			
Trailer park			176,160.55
Community center	208,262.25	14,743.00	321,597.96
Total Parks and Recreation	1,054,649.16	336,778.94	2,134,059.31
Public Works	14,579,327.58	1,555,776.30	2,086,270.76
Total General Fixed Assets	$ 22,713,482.21	$ 5,596,023.97	$ 4,471,780.50
Component Units			
Tax Increment Finance Authority	$ 14,400.00	$ 6,637,961.46	$
Local Development Finance Authority	206,773.89		
Downtown Development Authority	154,000.00	492,792.01	
Total Component Units	$ 375,173.89	$ 7,130,753.47	$

MACHINERY AND EQUIPMENT	CONSTRUCTION IN PROGRESS	INFRASTRUCTURE	TOTAL
$	$	$	$ 962,840.54
95,195.50			95,195.50
6,801.50			6,801.50
			200,078.68
20,251.50			20,251.50
7,896.75			7,896.75
66,500.76			66,500.76
1,656.50			1,656.50
3,339.61			4,430,543.12
7,790.00			189,553.13
10,000.00			211,395.93
219,432.12			6,192,713.91
89,963.73			1,549,155.92
1,904,772.56			3,363,964.76
			768,039.00
			1,374,719.45
1,994,736.29			7,055,879.13
31,689.00	96,452.93		2,932,865.58
3,170.00			3,170.00
			176,160.55
72,202.72			616,805.93
107,061.72	96,452.93		3,729,002.06
71,272.40	1,096,269.87	37,808,990.32	57,197,907.23
$ 2,392,502.53	$ 1,192,722.80	$ 37,808,990.32	$ 74,175,502.33
$	$	$	$ 6,652,361.46
			206,773.89
			646,792.01
$	$	$	$ 7,505,927.36

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Layton & Richardson, P.C.
Certified Public Accountants

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

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA .com

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lapeer, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the City of Lapeer, Michigan's basic financial statements and have issued our report thereon dated November 4, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lapeer, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Lapeer, Michigan, in a separate letter dated November 4, 2008.

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

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
November 4, 2008

Layton & Richardson, P.C.
Certified Public Accountants

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA .com

LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Mayor and City Commission
City of Lapeer
Lapeer, Michigan

We have examined the financial statements of the CITY OF LAPEER, MICHIGAN for the year ended June 30, 2008, and have issued our report thereon dated November 4, 2008. As part of our audit, we made a study and evaluation of the City's system of internal accounting controls to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole.

The management of the City of Lapeer, Michigan is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system. However, our examination did disclose the following conditions that we believe result in a risk that errors or irregularities in amounts that would be material in relation to the financial statements of the City of Lapeer may occur and not be detected within a timely period.

PRIOR YEAR RECOMMENDATIONS

NONE

CURRENT YEAR RECOMMENDATIONS

CASH RECEIPTS

It was noted during our testing that several receipt numbers were missing from the batch. This is due to negative amounts being entered as a cash receipt for NSF checks or an ACH return. We recommend that all transactions entered in as cash receipts be printed.

It was noted during our testing that several receipts were missing due to them being voided or posted to the wrong day. We recommend that all "void" transactions be printed and attached to the daily receipt summary and that someone verify the receipt sequence to ensure all receipts are properly posted.

CASH RECEIPTS - PARKS

During testing, it was noted that on several occasions, the register tapes did not agree to the cash sheets due to NSF scholarships, gift certificates, etc. We recommend a reconciliation process be implemented to show the breakdown of the difference.

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

Very truly yours,

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
November 4, 2008

STATISTICAL SECTION

CITY OF LAPEER, MICHIGAN

GOVERNMENT-WIDE EXPENSES BY FUNCTION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	COMMUNITY DEVELOPMENT AND ENRICHMENT	HIGHWAYS AND STREETS	CULTURE AND RECREATION
1999	$ 1,154.00	$ 1,558.00	$ 609.00	$ 881.00	$ 3,515.00	$ 1,218.00
2000	1,183.00	1,707.00	640.00	1,906.00	1,153.00	1,284.00
2001	1,225.00	1,803.00	694.00	1,726.00	1,492.00	1,348.00
2002	1,249.00	1,938.00	722.00	1,714.00	1,588.00	1,506.00
2003	1,387.00	2,229.00	788.00	1,062.00	1,961.00	1,562.00
2004	1,321.00	2,225.00	735.00	767.00	2,072.00	1,796.00
2005	1,306.00	2,395.00	730.00	645.00	878.00	2,013.00
2006	1,387.00	2,578.00	812.00	1,516.00	981.00	2,595.00
2007	1,504.00	2,896.00	825.00	673.00	1,982.00	2,365.00
2008	1,533.00	3,036.00	825.00	981.00	1,580.00	1,967.00

CAPITAL OUTLAY	OTHER	INTEREST ON LONG-TERM DEBT	WATER	SEWER	PARKING	TOTAL
$ 574.00	$ 491.00	$ 491.00	$ 1,479.00	$ 1,429.00	$ 69.00	$ 13,468.00
1,714.00	532.00	499.00	1,381.00	1,428.00	56.00	13,483.00
1,031.00	637.00	430.00	1,531.00	1,587.00	57.00	13,561.00
1,466.00	664.00	448.00	1,604.00	1,563.00	51.00	14,513.00
682.00	264.00	428.00	1,827.00	1,767.00	64.00	14,021.00
401.00	183.00	329.00	1,833.00	1,735.00	70.00	13,467.00
696.00	197.00	303.00	1,749.00	1,921.00	77.00	12,910.00
205.00	282.00	247.00	1,801.00	1,849.00	68.00	14,321.00
805.00	310.00	246.00	1,920.00	2,155.00	74.00	15,755.00
38.00	389.00	228.00	1,725.00	2,248.00	80.00	14,630.00

CITY OF LAPEER, MICHIGAN

GOVERNMENT-WIDE REVENUES

LAST TEN FISCAL YEARS

	PROGRAM REVENUES		
FISCAL YEAR	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
1999	$ 4,767,966.64	$ 621,128.00	$ 184,807.00
2000	4,876,845.24	627,525.00	383,609.00
2001	4,440,596.23	699,641.00	262,836.00
2002	4,840,353.80	719,076.00	407,454.00
2003	5,997,683.30	1,536,325.59	
2004	7,220,909.53	1,103,848.86	
2005	7,221,836.58	904,933.35	
2006	6,583,823.91	3,014,335.27	
2007	6,490,832.62	2,015,429.33	
2008	6,548,506.39	2,212,740.13	

GENERAL REVENUES				
TAXES	GRANTS AND CONTRIBUTIONS NOT RESTRICTED TO SPECIFIC PROGRAMS	UNRESTRICTED INVESTMENT EARNINGS	MISCELLANEOUS	TOTAL
$ 3,662,336.26	$ 816,444.00	$ 587,424.86	$ 520,261.49	$ 11,160,368.25
3,906,418.58	836,253.00	724,647.08	709,958.96	12,065,256.86
3,866,991.69	938,510.00	677,510.35	402,211.78	11,288,297.05
4,135,221.28	1,037,526.00	420,249.29	269,860.59	11,829,740.96
5,644,884.30		302,319.06	676,290.37	14,157,502.62
4,339,746.67		256,562.02	1,184,987.50	14,106,054.58
4,474,048.32		348,843.34	1,287,261.21	14,236,922.80
4,836,793.27		509,936.11	(53,731.27)	14,891,157.29
5,302,525.11		521,264.55	752,549.68	15,082,601.29
5,503,892.04		423,261.95	502,469.95	15,190,870.46

CITY OF LAPEER, MICHIGAN

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	COMMUNITY DEVELOPMENT AND ENRICHMENT	HIGHWAYS AND STREETS
1999	$ 1,154.00	$ 1,558.00	$ 609.00	$ 881.00	$ 3,515.00
2000	1,183.00	1,707.00	640.00	1,906.00	1,153.00
2001	1,225.00	1,803.00	694.00	1,726.00	1,492.00
2002	1,249.00	1,938.00	722.00	1,714.00	1,588.00
2003	1,387.00	2,229.00	788.00	1,062.00	1,961.00
2004	1,321.00	2,225.00	735.00	767.00	2,072.00
2005	1,306.00	2,395.00	730.00	645.00	878.00
2006	1,387.00	2,578.00	812.00	1,516.00	981.00
2007	1,504.00	2,896.00	825.00	673.00	1,982.00
2008	1,533.00	3,036.00	825.00	981.00	1,580.00

(1) Includes general, special revenue, and debt service funds

CULTURE AND RECREATION	CAPITAL OUTLAY	OTHER	DEBT SERVICE	TOTAL
$ 1,218.00	$ 574.00	$ 491.00	$ 1,651.00	$ 11,651.00
1,284.00	1,714.00	532.00	1,896.00	12,015.00
1,348.00	1,031.00	637.00	1,756.00	11,712.00
1,506.00	1,466.00	664.00	1,926.00	12,773.00
1,562.00	682.00	264.00	3,312.00	13,247.00
1,796.00	401.00	183.00	1,482.00	10,982.00
2,013.00	696.00	197.00	1,487.00	10,347.00
2,595.00	205.00	282.00	1,336.00	11,692.00
2,365.00	805.00	310.00	1,515.00	12,875.00
1,967.00	38.00	389.00	1,361.00	11,710.00

CITY OF LAPEER, MICHIGAN

GENERAL GOVERNMENTAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS

FISCAL YEAR	TAXES	LICENSES AND PERMITS	INTER-GOVERNMENTAL	CHARGES FOR SERVICES
1999	$ 4,479,579.95	$ 1,997.50	$ 1,606,061.79	$ 1,492,882.91
2000	4,742,843.09	7,088.00	1,754,530.15	1,617,326.90
2001	4,757,038.89	7,750.00	2,100,497.38	1,652,916.14
2002	5,103,654.63	4,821.00	2,149,964.29	1,585,075.28
2003	4,180,289.78	7,062.00	1,892,186.34	1,769,823.18
2004	4,293,785.48	4,188.00	1,975,778.06	1,807,287.40
2005	4,463,662.59	7,721.50	1,706,431.60	1,968,633.05
2006	4,935,444.21	8,044.26	2,875,472.45	2,097,808.88
2007	4,955,406.77	11,334.00	1,817,770.63	2,138,080.73
2008	5,285,723.34	8,262.00	2,015,723.98	2,154,269.99

FINES AND FORFEITS	INVESTMENT EARNINGS	SPECIAL ASSESSMENTS	MISCELLANEOUS	TOTAL
$ 57,390.98	$ 676,086.70	$ 574,991.15	$ 366,778.68	$ 9,255,769.66
78,589.06	707,001.81	480,612.61	850,558.52	10,238,550.14
72,464.39	751,789.39	361,293.38	433,087.63	10,136,837.20
54,824.44	488,639.60	437,577.43	208,664.33	10,033,221.00
65,583.71	352,246.23	379,294.78	929,668.39	9,576,154.41
63,256.68	280,621.19	466,584.21	603,578.90	9,495,079.92
42,542.20	296,562.05	356,414.28	1,185,174.77	10,027,142.04
48,818.82	341,446.27	319,905.55	937,785.17	11,564,725.61
59,398.80	416,503.09	385,009.53	1,343,044.80	11,126,548.35
67,973.54	336,513.36	303,020.72	353,758.92	10,525,245.85

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CITY OF LAPEER, MICHIGAN

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

FISCAL YEAR	PROPERTY TAX	INCOME TAX	PENALTIES AND INTEREST
1999	$ 2,498,589.78	$ 1,937,153.41	$ 43,836.76
2000	2,603,521.16	2,105,049.74	34,272.19
2001	2,746,998.00	1,968,185.84	41,855.05
2002	2,922,311.98	2,100,527.45	80,815.20
2003	2,082,519.29	2,050,821.81	46,948.68
2004	2,073,110.88	2,164,035.74	56,638.86
2005	2,147,464.60	2,243,650.17	72,547.82
2006	2,547,151.20	2,318,484.99	69,808.20
2007	2,713,467.58	2,177,324.41	64,614.78
2008	2,808,582.22	2,393,803.38	83,337.74

CITY OF LAPEER, MICHIGAN

PROPERTY TAX LEVIES AND COLLECTIONS

FISCAL YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF CURRENT TAXES COLLECTED
1999	$ 1,486,217.97	$ 1,419,345.04	95.50%
2000	1,570,156.97	1,511,416.84	96.26%
2001	1,657,260.29	1,597,372.56	96.39%
2002	1,752,035.65	1,687,335.87	96.31%
2003	1,864,422.24	1,790,579.20	96.04%
2004	1,862,425.89	1,757,712.64	94.38%
2005	1,931,878.81	1,839,811.30	95.23%
2006	2,315,842.53	2,214,238.54	95.61%
2007	2,463,838.72	2,330,978.69	94.61%
2008	2,594,421.22	2,452,729.40	94.54%

DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	RATIO OF TOTAL TAX COLLECTIONS TO TOTAL TAX LEVY	OUTSTANDING DELIQUENT TAXES	RATIO OF DELINQUENT TAXES TO TOTAL TAX LEVY
$ 66,121.41	$ 1,485,466.45	99.95%	$ 751.52	0.05%
58,582.76	1,569,999.60	99.99%	157.37	0.01%
59,448.62	1,656,821.18	99.97%	439.11	0.03%
64,699.78	1,752,035.65	100.00%		
62,675.12	1,853,254.32	99.40%	11,167.92	0.60%
82,361.32	1,840,073.96	98.80%	22,351.93	1.20%
14,736.15	1,854,547.45	96.00%	77,331.36	4.00%
96,382.88	2,310,621.42	99.77%	5,221.11	0.23%
127,756.09	2,458,734.78	99.79%	5,103.94	0.21%
140,522.65	2,593,252.05	99.95%	1,169.17	0.05%

CITY OF LAPEER, MICHIGAN

ASSESED AND ESTIMATED ACTUAL VALUE OF PROPERTY

LAST TEN FISCAL YEARS

	REAL PROPERTY			PERSONAL PROPERTY
FISCAL YEAR	(1) ASSESSED VALUE	(2) TAXABLE VALUE	ESTIMATED TRUE CASH VALUE	(1) ASSESSED VALUE
1999	$ 134,613,400.00	$ 122,605,285.00	$ 269,226,800.00	$ 32,742,800.00
2000	146,597,900.00	127,706,804.00	293,195,800.00	36,904,400.00
2001	158,234,200.00	135,027,837.00	316,468,400.00	38,330,700.00
2002	189,367,600.00	146,364,245.00	378,735,200.00	37,796,900.00
2003	199,607,600.00	154,904,355.00	399,215,200.00	41,817,300.00
2004	211,581,400.00	160,522,273.00	423,162,800.00	38,886,900.00
2005	232,378,800.00	169,189,533.00	464,757,600.00	39,179,500.00
2006	244,631,900.00	181,049,839.00	489,263,800.00	40,276,300.00
2007	267,198,700.00	194,186,103.00	534,397,400.00	43,326,800.00
2008	287,934,300.00	211,704,871.00	575,868,600.00	38,229,900.00

(1) Assessed Value is based on 50% of estimated true cash value
(2) Taxable Value is legally authorized tax base

PERSONAL PROPERTY		TOTAL			
(2) TAXABLE VALUE	ESTIMATED TRUE CASH VALUE	ASSESSED VALUE	TAXABLE VALUE	ESTIMATED TRUE CASH VALUE	RATIO OF TOTAL TAXABLE VALUE TO TOTAL ESTIMATED TRUE CASH VALUE
$ 32,742,800.00	$ 65,485,600.00	$ 167,356,200.00	$ 155,348,085.00	$ 334,712,400.00	46.41%
36,904,400.00	73,808,800.00	183,502,300.00	164,611,204.00	367,004,600.00	44.85%
38,330,700.00	76,661,400.00	196,564,900.00	173,358,537.00	393,129,800.00	44.10%
37,796,900.00	75,593,800.00	227,164,500.00	184,161,145.00	454,329,000.00	40.53%
41,817,300.00	83,634,600.00	241,424,900.00	196,721,655.00	482,849,800.00	40.74%
38,886,900.00	77,773,800.00	250,468,300.00	199,409,173.00	500,936,600.00	39.81%
39,179,500.00	78,359,000.00	271,558,300.00	208,369,033.00	543,116,600.00	38.37%
40,276,300.00	80,552,600.00	284,908,200.00	221,326,139.00	569,816,400.00	38.84%
43,326,800.00	86,653,600.00	310,525,500.00	237,512,903.00	621,051,000.00	38.24%
38,229,900.00	76,459,800.00	326,164,200.00	249,934,771.00	652,328,400.00	38.31%

CITY OF LAPEER, MICHIGAN

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

	CITY OF LAPEER			COUNTY OF LAPEER		
FISCAL YEAR	OPERATING MILLAGE	INFRA-STRUCTURE MILLAGE	TOTAL CITY MILLAGE	OPERATING MILLAGE	LIBRARY MILLAGE	SENIOR CITIZEN MILLAGE
1999	7.7911	1.0000	8.7911	4.0405	0.8732	0.1250
2000	7.7911	1.0000	8.7911	4.0977	0.8797	0.1234
2001	7.7911	1.0000	8.7911	4.0460	0.8686	0.1218
2002	7.7911	1.0000	8.7911	3.9901	0.8566	0.1201
2003	7.7911	1.0000	8.7911	3.9454	0.8470	0.1250
2004	7.7911	1.0000	8.7911	3.8941	0.8359	0.1233
2005	7.7911	1.0000	8.7911	3.8539	0.8272	0.2500
2006	8.8000	1.0000	9.8000	3.8165	0.8191	0.2475
2007	8.8000	1.0000	9.8000	3.7886	0.8131	0.2456
2008	8.8000	1.0000	9.8000	3.7886	0.0000	0.2456

COUNTY OF LAPEER			LAPEER COMMUNITY SCHOOL		
E-911 MILLAGE	SUNCREST -MCF MILLAGE	TOTAL COUNTY MILLAGE	OPERATING MILLAGE	DEBT MILLAGE	TOTAL SCHOOL MILLAGE
0.7277	0.8000	6.5664	18.0000	0.6500	18.6500
0.7331	0.7900	6.6239	17.8884	0.6000	18.4884
0.7238	0.7800	6.5402	17.8079	0.6000	18.4079
0.0000	0.7692	5.7360	17.6280	0.3750	18.0030
0.0000	0.7605	5.6779	18.0000	0.0000	18.0000
0.0000	0.7506	5.6039	18.0000	2.2500	20.2500
0.0000	0.7428	5.6739	18.0000	2.2320	20.2320
0.0000	0.7355	5.6186	18.0000	2.2174	20.2174
0.0000	0.7301	5.5774	18.0000	2.2038	20.2038
0.0000	0.7301	4.7643	18.0000	2.2038	20.2038

CITY OF LAPEER, MICHIGAN

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS - Concluded

LAST TEN FISCAL YEARS

	LAPEER INTERMEDIATE SCHOOL				
FISCAL YEAR	OPERATING MILLAGE	SPECIAL EDUCATION MILLAGE	VOCATIONAL EDUCATION MILLAGE	TOTAL SCHOOL MILLAGE	FISCAL YEAR
1999	0.2041	0.9072	2.0865	3.1978	1999
2000	0.2017	0.8966	2.0622	3.1605	2000
2001	0.1990	0.8848	2.0351	3.1189	2001
2002	0.1963	0.8730	2.0080	3.0773	2002
2003	0.1943	0.8643	1.9881	3.0467	2003
2004	0.1918	0.8534	1.9632	3.0084	2004
2005	0.1899	0.8452	1.9443	2.9794	2005
2006	0.1880	0.8371	1.9258	2.9509	2006
2007	0.1866	0.8310	1.9119	2.9295	2007
2008	0.1866	0.8310	1.9119	2.9295	2008

STATE OF MICHIGAN		GLTA		DISTRICT LIBRARY		
STATE EDUCATION MILLAGE	TOTAL STATE MILLAGE	OPERATING MILLAGE	TOTAL GLTA MILLAGE	OPERATING MILLAGE	TOTAL LIBRARY MILLAGE	TOTAL
6.0000	6.0000	0.0000	0.0000	0.0000	0.0000	43.2053
6.0000	6.0000	0.0000	0.0000	0.0000	0.0000	43.0639
6.0000	6.0000	0.0000	0.0000	0.0000	0.0000	42.8581
6.0000	6.0000	0.0000	0.0000	0.0000	0.0000	41.6074
6.0000	6.0000	0.0000	0.0000	0.0000	0.0000	41.5157
5.0000	5.0000	0.0000	0.0000	0.0000	0.0000	42.6534
6.0000	6.0000	0.0000	0.0000	0.0000	0.0000	43.6764
6.0000	6.0000	0.0000	0.0000	0.0000	0.0000	44.5869
6.0000	6.0000	0.2500	0.2500	0.0000	0.0000	44.7607
6.0000	6.0000	0.2500	0.2500	0.9000	0.9000	44.8476

CITY OF LAPEER, MICHIGAN

PRINCIPAL TAXPAYERS

JUNE 30, 2008

TAXPAYER	TYPE OF BUSINESS	2006 TAXABLE VALUATION	PERCENTAGE OF TOTAL TAXABLE VALUE
Lemforder ZF Corporation	Machine automotive and industrial metal products	$ 12,729,867.00	4.54%
Urgent Design & Manufacturing	Rapid proto-type fabrication and manufacturing	6,479,877.00	2.31%
Meijer, Inc.	Retail store	4,821,600.00	1.72%
Wal-Mart Stores East LP	Retail store	4,812,634.00	1.72%
Detroit Edison Company	Electric Utility	4,686,023.00	1.67%
H & H Tools, Inc.	Manufacture of transmission, hydraulic, and AC parts	4,389,998.00	1.57%
Rolling Hills Apartments, Inc.	Apartments	4,014,704.00	1.43%
Dott Industries, Inc.	Chrome plating	3,861,564.00	1.38%
American Shower and Bath	Bath fixtures	3,402,035.00	1.21%
Lapeer Associates LLC	Rental management-commercial	3,269,248.00	1.17%

CITY OF LAPEER, MICHIGAN

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS

LAST TEN FISCAL YEARS

FISCAL YEAR JUNE 30,	SPECIAL ASSESSMENT BILLINGS	SPECIAL ASSESSMENT COLLECTED
1999	$ 466,184.22	$ 626,281.73
2000	392,797.62	479,255.23
2001	397,705.01	503,998.12
2002	399,135.81	457,709.55
2003	272,564.09	369,259.01
2004	311,314.81	466,584.21
2005	351,405.62	424,215.02
2006	295,508.12	330,016.91
2007	304,332.99	349,978.62
2008	233,933.56	271,534.24

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CITY OF LAPEER, MICHIGAN

COMPUTATION OF LEGAL DEBT MARGIN

JUNE 30, 2008

Assessed valuations:		
Advolorum Assessed Value		$ 326,164,200.00
Industrial Facilities Tax Assessed Value		30,348,400.00
Total Assessed Value		356,512,600.00
Legal debt margin		
Debt limitation - 10 percent of total assessed value		35,651,260.00
Debt applicable to limitation:		
Total bonded debt	$ 7,071,497.00	
Less: Special assessment bonds	780,000.00	
Revenue bonds	1,990,000.00	
Transportation bonds		
Equipment financing contracts	966,497.00	
Amount available for repayment of general obligation bonds	188,882.00	
Total debt applicable to limitation		3,146,118.00
Legal debt margin		$ 32,505,142.00

CITY OF LAPEER, MICHIGAN

RATIO OF NET GENERAL OBLIGATION BONDED DEBT

TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

LAST TEN FISCAL YEARS

FISCAL YEAR	(1) POPULATION	(2) ASSESSED VALUE	(3) GROSS BONDED DEBT
1999	7,982	$ 167,356,200.00	$ 6,754,389.30
2000	9,072	183,502,300.00	5,874,506.36
2001	9,100	196,564,900.00	6,989,165.05
2002	9,130	227,164,500.00	6,643,988.37
2003	9,395	241,424,900.00	6,113,108.00
2004	9,395	250,468,300.00	5,717,328.42
2005	9,395	271,558,300.00	5,291,105.96
2006	9,370	284,908,200.00	5,477,371.79
2007	9,330	310,525,500.00	5,009,655.69
2008	9,142	326,164,200.00	4,301,497.31

(1) Annual government census
(2) From the Assessed and Estimated Actual Value of Property table in this section
(3) Amount does not include special assessment bonds and revenue bonds
(4) Amount available for repayment of general obligation bonds
(5) These amounts are the general obligation bonds that are being repaid by the Water and Sewer Funds

(4) LESS DEBT SERVICE FUND	(5) DEBT PAYABLE FROM ENTERPRISES REVENUES	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
$ 140,312.08	$ 2,125,769.74	$ 4,488,307.48	2.68%	$ 562.30
122,341.35	1,766,633.19	3,985,531.82	2.17%	439.32
95,768.99	1,402,674.88	5,490,721.18	2.79%	603.38
154,614.42	1,056,130.49	5,433,243.46	2.39%	595.10
118,341.95	486,000.00	5,508,766.05	2.28%	586.35
114,612.42	453,000.00	5,149,716.00	2.06%	548.13
102,257.91	417,000.00	4,771,848.05	1.76%	507.91
145,459.48	381,000.00	4,950,912.31	1.74%	528.38
148,209.92	342,000.00	4,519,445.77	1.46%	484.40
188,882.03	303,000.00	3,809,615.28	1.17%	416.72

CITY OF LAPEER, MICHIGAN

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES

FOR GENERAL OBLIGATION BONDED DEBT

TO TOTAL GENERAL GOVERNMENT EXPENDITURES

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENTAL EXPENDITURES	RATIO OF DEBT SERVICE TO GENERAL GOVERNMENTAL EXPENDITURES
1999	$ 1,160.00	$ 491.00	$ 1,651.00	$ 11,651.00	$ 14.17%
2000	1,397.00	499.00	1,896.00	12,015.00	15.78%
2001	1,325.00	431.00	1,756.00	11,712.00	14.99%
2002	1,479.00	447.00	1,926.00	12,773.00	15.08%
2003	2,884.00	428.00	3,312.00	13,247.00	25.00%
2004	1,153.00	329.00	1,482.00	10,982.00	13.49%
2005	1,183.00	303.00	1,486.00	10,347.00	14.36%
2006	1,089.00	247.00	1,336.00	11,692.00	11.43%
2007	1,269.00	246.00	1,515.00	12,875.00	11.77%
2008	1,133.00	228.00	1,361.00	11,710.00	11.62%

CITY OF LAPEER, MICHIGAN

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT

GENERAL OBLIGATION BONDS

JUNE 30, 2008

JURISDICTION	NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO GOVERNMENT	AMOUNT APPLICABLE TO GOVERNMENT
Direct:			
City of Lapeer	$ 3,230,392.19 (1)	100.00%	$ 3,230,392.19
Overlapping:			
Lapeer County	2,647,066.00	7.99%	211,501.00
Lapeer Community Schools	55,205,000.00	16.73%	9,235,797.00
Lapeer Intermediate Schools	4,095,000.00	8.94%	366,093.00
Total	$ 65,177,458.19		$ 13,043,783.19

(1) Excluding general obligation bonds reported in the enterprise funds and the amount available for repayment in the debt service fund

CITY OF LAPEER, MICHIGAN

REVENUE BOND COVERAGE

SEWER REVENUE BONDS

LAST TEN FISCAL YEARS

FISCAL YEAR	(1) GROSS REVENUES	(2) OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE
1999	$ 1,318,147.96	$ 1,087,808.09	$ 230,339.87
2000	969,490.39	1,084,889.90	(115,399.51)
2001	943,621.02	1,240,386.40	(296,765.38)
2002	970,868.28	1,209,574.36	(238,706.08)
2003	1,467,020.34	1,404,292.21	62,728.13
2004	2,053,519.35	1,361,630.65	691,888.70
2005	2,078,853.37	1,860,872.21	217,981.16
2006	2,074,013.06	1,798,824.92	275,188.14
2007	2,049,083.31	2,046,055.51	3,027.80
2008	2,133,150.61	2,232,221.87	(99,071.26)

(1) Total revenues (including investment earnings) exclusive of tap fees, grants, and transfers in and adjusted for transfer to debt service fund for General Obligation Bond.
(2) Total operating expenses exclusive of depreciation
(3) Includes principal and interest of sewer revenue bonds only. It does not include the general obligation bonds paid by the Sewer Fund.

DEBT SERVICE REQUIREMENTS (3)

PRINCIPAL	INTEREST	TOTAL	COVERAGE
$ 15,000.00	$ 26,022.50	$ 41,022.50	5.62
15,000.00	25,212.50	40,212.50	(2.87)
20,000.00	24,382.50	44,382.50	(6.69)
20,000.00	23,320.00	43,320.00	(5.51)
20,000.00	22,232.50	42,232.50	1.49
25,000.00	21,120.00	46,120.00	15.00
25,000.00	19,755.00	44,755.00	4.87
30,000.00	13,360.00	43,360.00	6.35
30,000.00	11,950.00	41,950.00	0.07
35,000.00	10,525.00	45,525.00	(2.18)

CITY OF LAPEER, MICHIGAN

REVENUE BOND COVERAGE

WATER REVENUE BONDS

LAST TEN FISCAL YEARS

FISCAL YEAR	(1) GROSS REVENUES	(2) OPERATING EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE
1999	$ 1,634,042.71	$ 1,390,852.26	$ 243,190.45
2000	1,290,460.69	1,292,351.30	(1,890.61)
2001	1,325,958.93	1,448,129.61	(122,170.68)
2002	1,703,287.58	1,523,473.05	179,814.53
2003	1,974,630.50	1,750,111.01	224,519.49
2004	2,137,428.61	1,761,119.89	376,308.72
2005	2,110,129.47	1,842,497.67	267,631.80
2006	2,092,683.82	1,729,305.38	363,378.44
2007	2,054,525.89	1,841,905.58	212,620.31
2008	2,093,606.35	1,643,298.94	450,307.41

(1) Total revenues (including investment earnings) exclusive of tap fees, grants, and transfers in and adjusted for transfer to debt service fund for General Obligation Bond.
(2) Total operating expenses exclusive of depreciation
(3) Includes principal and interest of water revenue bonds only. It does not include the general obligation bonds paid by the Water Fund.

DEBT SERVICE REQUIREMENTS (3)

PRICIPAL	INTEREST	TOTAL	COVERAGE
$ 20,000.00	$ 15,750.00	$ 35,750.00	6.80
25,000.00	14,700.00	39,700.00	(0.05)
25,000.00	8,410.00	33,410.00	(3.66)
25,000.00	7,310.00	32,310.00	5.57
30,000.00	6,185.00	36,185.00	6.20
30,000.00	4,805.00	34,805.00	10.81
35,000.00	3,395.00	38,395.00	6.97
35,000.00	1,715.00	36,715.00	9.90
			N/A
			N/A

CITY OF LAPEER, MICHIGAN

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

FISCAL YEAR	(1) POPULATION	PER CAPITA INCOME	MEDIAN AGE	EDUCATION LEVEL IN YEARS OF FORMAL SCHOOLING	SCHOOL ENROLLMENT	(2) UNEMPLOYMENT RATE
1999	7982	$ 16,608	33.2	12.4	2,191	4.4%
2000	9072	N/A	N/A	N/A	N/A	4.7%
2001	9130	N/A	N/A	N/A	N/A	6.8%
2002	9395	N/A	N/A	N/A	N/A	9.3%
2003	9395	N/A	N/A	N/A	N/A	9.7%
2004	9395	N/A	N/A	N/A	N/A	8.5%
2005	9395	N/A	N/A	N/A	N/A	8.5%
2006	9370	N/A	N/A	N/A	N/A	6.6%
2007	9330	N/A	N/A	N/A	N/A	8.3%
2008	9142	N/A	N/A	N/A	N/A	10.2%

(1) Bureau of the Census
(2) Michigan Department of Career Development Employment Service Agency

CITY OF LAPEER, MICHIGAN

MISCELLANEOUS STATISTICS

JUNE 30, 2008

Date of Incorporation	1869
Form of Government	Council/Manager
Number of employees (excluding police and fire):	
Classified	48
Exempt	193
Area in square miles	7.5
City of Lapeer facilities and services:	
Miles of streets	50.3
Number of street lights	1118
Culture and Recreation:	
Community centers	1
Parks	15
Park acreage	193
Swimming pools	1
Tennis courts	6
Fire Protection:	
Number of stations	1
Number of fire personnel and officers	43
Number of calls answered	280
Number of inspections conducted	512
Police Protection:	
Number of stations	1
Number of police personnel and officers	26
Number of patrol units	8
Number of law violations:	
Physical arrests	750
Traffic Violations	2,411
Parking Violations	4,654
Sewerage System:	
Miles of sanitary sewers	50.5
Miles of storm sewers	26
Number of treatment plants	1
Number of service connections	3,384
Daily average treatment in gallons	1,790,000
Maximum daily capacity of treatment plant in gallons	2,800,000
Water System:	
Miles of water mains	62.4
Number of service connections	3,378
Number of fire hydrants	671
Daily average consumption in gallons	1,441,461
Maximum daily capacity of plant in gallons	Detroit Water System

CITY OF LAPEER, MICHIGAN

MISCELLANEOUS STATISTICS - Concluded

JUNE 30, 2008

Facilities and services not included in the primary government:	
Cable Television System:	
Miles of service	70
Number of satellite receiving stations	0
Education:	
Number of elementary schools	2
Number of elementary school instructors	32
Number of secondary schools	2
Number of secondary school instructions	151
Facilities and services not included in the reporting entity:	
Hospitals:	
Number of hospitals	1
Number of patient beds	222

CONTINUING DISCLOSURE COMPLIANCE

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TIFA BONDS]

Schedule 1

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

SEV AND CAPTURED AD VALOREM TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL

FISCAL YEARS ENDING AS OF JUNE 30

ASSESSED VALUE AS OF DECEMBER 31	YEAR OF STATE EQUILIZATION AND TAX LEVY	CITY'S FISCAL YEAR ENDING JUNE 30	AD VALOREM TAXABLE VALUE		CAPTURED AD VALOREM TAXABLE VALUE	
			AMOUNT	PERCENT CHANGE	AMOUNT	PERCENT CHANGE
2006	2007	2008	$ 23,279,185.00	-10.86%	$ 19,582,485.00	-12.65%
2005	2006	2007	$ 26,116,387.00	2.39%	$ 22,419,687.00	2.80%
2004	2005	2006	25,506,070.00	2.67%	21,809,370.00	3.14%
2003	2004	2005	24,842,501.00	5.99%	21,145,801.00	7.11%
2002	2003	2004	23,439,040.00	-1.44%	19,742,340.00	-1.71%
2001	2002	2003	23,781,736.00	9.61%	20,085,036.00	11.59%
2000	2001	2002	21,696,450.00	3.94%	17,999,750.00	4.79%
1999	2000	2001	20,874,336.00	19.21%	17,177,636.00	24.36%
1998	1999	2000	17,509,826.00	6.28%	13,813,126.00	8.10%
1997	1998	1999	16,475,379.00	14.22%	12,778,679.00	19.11%

Schedule 2

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL

BY USE AND CLASS

FISCAL YEARS ENDING AS OF JUNE 30

Use	2008	2007	2006	2005	2004
Homestead (1)					
Residential	$ 272,564.00	$ 262,333.00	$ 212,341.00	$ 202,305.00	$ 200,820.00
Non-Homestead					
Residential	241,763.00	234,065.00	244,942.00	246,520.00	160,618.00
Commercial	2,724,480.00	2,641,282.00	2,557,359.00	2,741,567.00	2,587,673.00
Industrial	16,343,678.00	19,282,007.00	18,794,728.00	17,955,409.00	16,793,229.00
Class					
Real Property	11,382,685.00	10,742,387.00	9,943,470.00	9,742,801.00	9,220,540.00
Personal Property	8,199,800.00	11,677,300.00	11,865,900.00	11,403,000.00	10,521,800.00

(1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and continguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

Schedule 3

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S AD VALOREM TAX ROLL

BY USE AND CLASS AS A PERCENT OF TOTAL

FISCAL YEARS ENDING AS OF JUNE 30

Use	2008	2007	2006	2005	2004
Homestead (1)					
Residential	1.39%	1.17%	0.97%	0.96%	1.02%
Non-Homestead					
Residential	1.23%	1.04%	1.12%	1.17%	0.81%
Commercial	13.91%	11.78%	11.73%	12.97%	13.11%
Industrial	83.46%	86.00%	86.18%	84.91%	85.06%
Class					
Real Property	58.13%	47.91%	45.59%	46.07%	46.70%
Personal Property	41.87%	52.09%	54.41%	53.93%	53.30%

(1) Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and continguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, tl homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

Schedule 4

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

TIFA DISTRICT #1

EXPIRATION OF NEW INDUSTRIAL FACILITY TAX ABATEMENTS

FOR THE PEROID ENDING JUNE 30, 2008

Expiration December 31	CAPTURED TAXABLE VALUE OF INDUSTRIAL FACILITY TAX ABATEMENTS (NEW PROPERTIES)
2008	$ 144,000.00
2009	1,232,900.00
2010	1,532,700.00
2011	
2012	
2013	693,200.00
2014	
2015	
2016	325,000.00
2017	
2018	
2019	499,100.00
Total	$ 4,426,900.00

Schedule 5

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS

FISCAL YEARS ENDING JUNE 30

Class	2008	2007	2006	2005	2004
Real Property	$ 2,522,000.00	$ 2,428,500.00	$ 2,474,000.00	$ 2,474,000.00	$ 2,542,500.00
Personal Property	1,904,900.00	1,902,400.00	2,087,200.00	4,072,800.00	5,340,900.00
Total	$ 4,426,900.00	$ 4,330,900.00	$ 4,561,200.00	$ 6,546,800.00	$ 7,883,400.00

Schedule 6

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

CAPTURED TAXABLE VALUE OF THE TIFA DISTRICT #1'S IFT TAX ROLL BY CLASS AS A PERCENT TOTAL

FISCAL YEARS ENDING JUNE 30

Class	2008	2007	2006	2005	2004
Real Property	56.97%	56.07%	54.24%	37.79%	32.25%
Personal Property	43.03%	43.93%	45.76%	62.21%	67.75%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Schedule 7

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

PROPERTY TAX COLLECTIONS IN THE TIFA DISTRICT #1

FISCAL YEAR ENDING JUNE 30

FISCAL YEAR ENDING JUNE 30,	NET CAPTURED TAX LEVY	COLLECTIONS TO MARCH 1 FOLLOWING LEVY	PERCENT COLLECTED	COLLECTIONS TO JUNE 30 FOLLOWING LEVY	PERCENT COLLECTED
2008	$ 886,023.00	$ 877,065.00	98.99%	$ 885,182.00	99.91%
2007	1,005,266.00	950,966.00	94.60%	1,004,598.00	99.93%
2006	988,155.00	949,868.00	96.13%	987,660.00	99.95%
2005	984,616.00	939,569.00	95.42%	984,153.00	99.95%
2004	935,030.00	875,732.00	93.66%	934,740.00	99.97%
2003	960,383.00	927,057.00	96.53%	958,487.00	99.80%
2002	907,071.00	891,578.00	98.29%	907,071.00	100.00%
2001	887,821.00	870,554.00	98.06%	873,327.00	98.37%
2000	798,919.00	782,294.00	97.92%	798,911.00	100.00%
1999	752,953.00	737,301.00	97.92%	752,953.00	100.00%

Schedule 8

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

CAPTURED PROPERTY TAX RATES IN THE TIFA DISTRICT #1

FISCAL YEARS ENDING JUNE 30

JULY 1 LEVY	FISCAL YEARS ENDING JUNE 30	CITY MILLAGE	LAPEER PUBLIC SCHOOLS MILLAGE	LAPEER INTERMEDIATE SCHOOLS MILLAGE	LAPEER COUNTY MILLAGE	STATE MILLAGE
2007	2008	9.8000	18.0000	2.9295	3.7886	6.0000
2006	2007	9.8000	18.0000	2.9295	3.7886	6.0000
2005	2006	9.8000	18.0000	2.9509	3.8165	6.0000
2004	2005	8.7911	18.0000	2.9794	3.8539	6.0000
2003	2004	8.7911	18.0000	3.0084	3.8941	5.0000
2002	2003	8.7911	18.0000	3.0467	3.9454	6.0000
2001	2002	8.7911	17.6280	3.0773	3.9901	6.0000
2000	2001	8.7911	17.8079	3.1189	4.0460	6.0000
1999	2000	8.7911	17.8884	3.1605	4.0977	6.0000
1998	1999	8.7911	18.0000	3.1978	4.0405	6.0000

Schedule 9

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S AD VALOREM TAX ROLL

FISCAL YEAR ENDING JUNE 30, 2008

TAXPAYER	PRODUCT OR SERVICE	TAXABLE VALUE	PERCENT OF TAXABLE VALUE
Dott Industries	Chromeplating/Molding	$ 2,845,864.00	12.22%
Lapeer Metal Products	Metal Stampings	2,266,452.00	9.74%
Albar Industries, Inc.	Plastic Decorating & Auto	2,155,416.00	9.26%
Hunters Creek MCH, LLC	Mobile Home Park	2,072,589.00	8.90%
American Shower and Bath	Bath Fixtures	1,869,335.00	8.03%
Metokote Corporation	Plastic Auto Parts	1,653,130.00	7.10%
Lapeer Industries	Metal Machining & Fabricating	1,084,100.00	4.66%
Brentwood Advisory Group, LLC	Metal Machining & Fabricating	910,000.00	3.91%
ITW Foamseal	Foam Products	487,656.00	2.09%
Ovens, LLC	Plastic Auto Parts	46,656.00	0.20%

Schedule 10

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

SEV OF THE LARGEST TAXPAYERS ON TIFA DISTRICT #1'S IFT TAX ROLL

FISCAL YEAR ENDING JUNE 30, 2008

TAXPAYER	PRODUCT OR SERVICE	TAXABLE VALUE	PERCENT OF TAXABLE VALUE
American Shower and Bath	Bath Fixtures	$ 1,532,700.00	34.62%
Dott Industries, Inc.	Chromeplating/Molding	1,015,700.00	22.94%
Lapeer Industries, Inc.	Metal Machining & Fabricating	757,600.00	17.11%
Testing Services Group, LLC	Manufacture & Testing Fuel Sys.	613,000.00	13.85%
Lesley Elizabeth	Gourmet Food Production/Processing	184,200.00	4.16%
Albar Industries, Inc.	Plastic Decorating & Auto	120,700.00	2.73%
Quest Industries, Inc.	Rubber and injection mold making and precision maching for auto, defense and plumbing	113,700.00	2.57%
S.J. Chain & Wire Rope, Inc.	Chain, wire rope & fittings, hoists, chain, special lifting fixture fabrication	70,000.00	1.58%
Gallop Brush	Manufacture of soft cloth and foam tech for auto wash industry	19,300.00	0.44%

Schedule 11

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

FIFTEEN LARGEST EMPLOYERS IN TIFA DISTRICT #1

FISCAL YEAR ENDING JUNE 30, 2008

COMPANY	PRODUCT OR SERVICE	APPROXIMATE NUMBER OF EMPLOYEES
Lapeer Industries, Inc.	Machining and Fabrication of Metal	360
Lapeer Metal Stamping	Metal Stamping and assemblies	311
Dott Industries/Deco Plate	Automotive Industry	248
American Shower and Bath	Vacuum Forming Bath Products	160
Growth and Opportunity	Assembly of parts	140
Albar Industries, Inc.	Automotive Decorating	106
Metokote Corp.	Electrostatic painting of small metal car parts	49
P & P Manufacturing	Pneumatic Parts & Air Tools	31
Testing Services Group	Testing & Engineering of Fuel Systems	25
Quest Industries	Specialty Machining	21
The Pentier Group	Control and Mechanical Design	17
Motion Machine	Manufacturing of Industrial Machining and Automated Equipment	15
Leslie Elizabeth	Gourmet Food Production/Processing	12
ITW TACC, Inc.	Foam Products	10
Blue Water Printing	Printing	6

Schedule 12

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

ELIGIBLE OBLIGATIONS, ELIGIBLE ADVANCES AND OTHER OBLIGATIONS

SUPPORTED BY TAX INCREMENT REVENUES OF TIFA DISTRICT #1

FISCAL YEAR ENDING JUNE 30, 2008

Description	(1) ELIGIBLE OBLIGATIONS	(1) ELIGIBLE ADVANCES	(2) OTHER OBLIGATIONS
1998 TIFA Revenue Refunding Bond-Debt Service (3)	$ 589,850.00	$	$
Spray Park			54,071.24
Community Center Operations			168,258.00
Community Center Equipment			36,240.00
McCormick Street Extension Project-Debt Service			25,718.30

(1) These obligations are eligible for the capture of Local Shool, Intermediate School, and State Education millages in an amount not to exceed the total of the eligible obligations. If Local School, Intermediate School, and State Education millages are insufficient, the TIFA district would then utilize the captured millages from the City and County millages. Once these obligations have been fully paid, the TIFA disctrict will no longer capture Local School, Intermediate School, or State Education millages.

(2) These obligations are only funded from the capture of City and County millages.

Schedule 13

TAX INCREMENT FINANCE AUTHORITY OF THE CITY OF LAPEER

TIFA 1

LISTING OF IFT CERTIFICATES

FISCAL YEAR ENDING JUNE 30, 2008

CERTIFI-CATE	TAXPAYER	REAL	PERSONAL	TOTAL	EXPIRES
1995-075	Lapeer Industries	$ 34,000.00	$ 110,000.00	$ 144,000.00	2007
1995-221	Dott Industries, Inc.	420,000.00	595,700.00	1,015,700.00	2008
1996-010	SJ Chain & Wire Rope, Inc.	70,000.00		70,000.00	2008
1996-754	American Shower & Bath	970,000.00	562,700.00	1,532,700.00	2009
1999-126	Testing Services	288,000.00		288,000.00	2012
2002-091	Lesley Elizabeth		11,200.00	11,200.00	2008
2002-092	Lapeer Industries		136,000.00	136,000.00	2008
2003-103	Testing Services	325,000.00		325,000.00	2015
2004-064	Quest Industries		53,600.00	53,600.00	2012
2004-116	Lapeer Industries		151,500.00	151,500.00	2012
2004-117	Gallop Brush		19,300.00	19,300.00	2012
2004-401	Albar Industries, Inc.		120,700.00	120,700.00	2012
2006-068	Creative Eng Polymer	120,000.00		120,000.00	2018
2006-069	Lapeer Industries	130,000.00	76,100.00	206,100.00	2018
2006-070	Quest Industries		60,100.00	60,100.00	2012
2006-127	Lesley Elizabeth	165,000.00	8,000.00	173,000.00	2018
	TOTAL	$ 2,522,000.00	$ 1,904,900.00	$ 4,426,900.00	

PRIMARY GOVERNMENT BONDS

CITY OF LAPEER, MICHIGAN

STATE EQUALIZED AND TAXABLE VALUATIONS

AS OF JUNE 30, 2008

ASSESSED VALUE AS OF DECEMBER 31	YEAR OF STATE EQUALIZATION AND TAX LEVY	CITY'S FISCAL YEAR ENDING JUNE 30	STATE EQUILIZED VALUATION	AD VALOREM TAXABLE VALUATION	TAXABLE VALUE
2006	2007	2008	$ 326,164,200.00	$ 249,934,771.00	$ 280,283,171.00
2005	2006	2007	310,525,500.00	237,512,903.00	265,237,303.00
2004	2005	2006	284,908,200.00	221,326,139.00	251,447,839.00
2003	2004	2005	271,558,300.00	208,369,033.00	231,240,833.00
2002	2003	2004	250,468,300.00	199,409,173.00	227,069,973.00

CITY OF LAPEER, MICHIGAN

COMPONENTS OF SEV/TAXABLE VALUE

AS OF JUNE 30, 2008

	2007	2006	2005	2004	2003
Real Property					
Agricultural	$	$	$	$	$
Commercial	87,009,497.00	78,938,737.00	74,764,096.00	69,964,110.00	66,702,873.00
Industrial	18,911,576.00	16,686,367.00	16,326,064.00	16,085,885.00	15,696,207.00
Residential	105,502,698.00	98,560,999.00	89,959,679.00	83,139,538.00	78,123,193.00
Real Dev.	281,100.00				
Total Real Prop.	211,704,871.00	194,186,103.00	181,049,839.00	169,189,533.00	160,522,273.00
Personal Prop.	38,229,900.00	43,326,800.00	40,276,300.00	39,179,500.00	38,886,900.00
Total Taxable Value	249,934,771.00	237,512,903.00	221,326,139.00	208,369,033.00	199,409,173.00
Real Property	84.70%	81.76%	81.80%	81.20%	80.50%
Personal Prop.	15.30%	18.24%	18.20%	18.80%	19.50%

CITY OF LAPEER, MICHIGAN

CITY WIDE MILLAGES

(PER $1,000 OF TAXABLE VALUE)

AS OF JUNE 30, 2008

TAXING UNIT	2007 HOMESTEAD PROPERTIES	2007 NON-HOMESTEAD PROPERTIES	2006 HOMESTEAD PROPERTIES	2006 NON-HOMESTEAD PROPERTIES
CITY OF LAPEER				
Operating	$ 8.8000	$ 8.8000	$ 8.8000	$ 8.8000
Infrastructure	1.0000	1.0000	1.0000	1.0000
TOTAL CITY	9.8000	9.8000	9.8000	9.8000
COUNTY OF LAPEER				
Lapeer County Operations (A)	3.7886	3.7886	3.7886	3.7886
Library (V)			0.8131	0.8131
Senior Citizens (V)	0.2456	0.2456	0.2456	0.2456
E-911 (V)				
Suncrest-MCF (V)	0.7301	0.7301	0.7301	0.7301
TOTAL COUNTY	4.7643	4.7643	5.5774	5.5774
LAPEER INTERMEDIATE SCHOOL DISTRICT				
Intermed. District Operation (A)	0.1866	0.1866	0.1866	0.1866
Special Education (V)	0.8310	0.8310	0.8310	0.8310
Vocational Education (V)	1.9119	1.9119	1.9119	1.9119
TOTAL INTERMEDIATE SCHOOL DISTRICT	2.9295	2.9295	2.9295	2.9295
LAPEER SCHOOL DISTRICT				
School Operating		18.0000		18.0000
School Debt	2.2038	2.2038	2.2038	2.2038
TOTAL SCHOOL DISTRICT	2.2038	20.2038	2.2038	20.2038
STATE EDUCATION	6.0000	6.0000	6.0000	6.0000
DISTRICT LIBRARY	0.9000	0.9000		
GREATER LAPEER TRANS. AUTH.	0.2500	0.2500	0.2500	0.2500
TOTAL	$ 26.8476	$ 44.8476	$ 26.7607	$ 44.7607

Note: Homestead means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit. Homestead includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the homestead includes only 5 acres adjacent and contiguous to the home of the owner. Homestead includes a life care facility registered under the living care disclosure act, Act 440, Public Acts of Michigan 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders. Non-homestead is property not included in the above definition.

2005		2004		2003	
HOMESTEAD PROPERTIES	NON-HOMESTEAD PROPERTIES	HOMESTEAD PROPERTIES	NON-HOMESTEAD PROPERTIES	HOMESTEAD PROPERTIES	NON-HOMESTEAD PROPERTIES
$ 8.8000	$ 8.8000	$ 7.7911	$ 7.7911	$ 7.7911	$ 7.7911
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
9.8000	9.8000	8.7911	8.7911	8.7911	8.7911
3.8165	3.8165	3.8539	3.8539	3.8941	3.8941
0.8191	0.8191	0.8272	0.8272	0.8359	0.8359
0.2475	0.2475	0.2500	0.2500	0.1233	0.1233
0.7355	0.7355	0.7428	0.7428	0.7506	0.7506
5.6186	5.6186	5.6739	5.6739	5.6039	5.6039
0.1880	0.1880	0.1899	0.1899	0.1918	0.1918
0.8371	0.8371	0.8452	0.8452	0.8534	0.8534
1.9258	1.9258	1.9443	1.9443	1.9632	1.9632
2.9509	2.9509	2.9794	2.9794	3.0084	3.0084
	18.0000		18.0000		18.0000
2.2174	2.2174	2.2320	2.2320	2.2500	2.2500
2.2174	20.2174	2.2320	20.2320	2.2500	20.2500
6.0000	6.0000	6.0000	6.0000	5.0000	5.0000
$ 26.5869	$ 44.5869	$ 25.6764	$ 43.6764	$ 24.6534	$ 42.6534

CITY OF LAPEER, MICHIGAN

TABLE OF PROPERTY TAX COLLECTIONS

AS OF JUNE 30, 2008

LEVIED JULY 1	FISCAL YEAR ENDED	AD VOLOREM TAX LEVY	IFT/CFT TAX LEVY	COLLECTIONS TO MARCH 1 OF EACH YEAR		COLLECTIONS TO JUNE 30 OF EACH YEAR	
				AMOUNT	PERCENTAGE	AMOUNT	PERCENTAGE
29-Jun	2008	$ 2,445,714.06	$ 148,707.16	$ 2,452,729.40	94.54%	$ 2,593,252.05	99.95%
2006	2007	2,327,989.16	135,849.56	2,330,978.69	94.61%	2,458,734.78	99.79%
2005	2006	2,168,246.20	147,596.33	2,214,238.54	95.61%	2,310,621.42	99.77%
2004	2005	1,831,346.07	100,532.74	1,839,811.30	95.23%	1,854,547.45	96.00%
2003	2004	1,752,769.84	109,656.05	1,757,712.64	94.38%	1,840,073.96	98.80%

CITY OF LAPEER, MICHIGAN

10 YEAR HISTORY OF INCOME TAX REVENUE

AS OF JUNE 30

FISCAL YEAR	REVENUE NET OF REFUNDS	DOLLAR INCREASE FROM PRIOR YEAR	PERCENTAGE INCREASE FROM PRIOR YEAR
2008	$ 2393803.38	$ 216,478.97	9.94%
2007	2,177,324.41	(141,160.58)	-6.09%
2006	2,318,484.99	74,834.82	3.34%
2005	2,243,650.17	79,614.43	368.00%
2004	2,164,035.74	113,213.93	5.52%
2003	2,050,821.81	(49,705.64)	-2.37%
2002	2,100,527.45	132,341.61	6.72%
2001	1,968,185.84	(136,863.90)	-6.50%
2000	2,105,049.74	167,896.33	8.67%
1999	1,937,153.41	131,939.45	7.31%

The tax rate is 1% of Taxable Income for Residents and 1/2% of Taxable Income for Non-Residents. A $600 personal exemption is allowed for each exemption claimed. Determination of Taxable Income follows Federal Guidelines.

CITY OF LAPEER, MICHIGAN

GENERAL FUND REVENUES AND EXPENSES

(FISCAL YEARS ENDING JUNE 30)

	2008	2007	2006	2005	2004
Revenues	$ 7,468,245.44	$ 7,168,921.12	$ 7,026,463.35	$ 6,713,957.59	$ 6,140,492.44
Expenses	5,941,390.81	5,762,987.48	5,248,864.61	4,865,086.28	4,666,149.58
Revenues Over (Under) Expenses	1,526,854.63	1,405,933.64	1,777,598.74	1,848,871.31	1,474,342.86
Operating Transfers In (Out)	(1,584,133.10)	(1,959,268.41)	(1,481,519.24)	(1,059,427.09)	(1,121,148.77)
Prior Period Adjust.					
Beginning Fund Balance (July 1)	2,063,038.29	2,616,373.06	2,320,293.56	1,530,849.34	1,177,655.25
Ending Fund Balance (June 30)	2,005,759.82	2,063,038.29	2,616,373.06	2,320,293.56	1,530,849.34

CITY OF LAPEER, MICHIGAN

DIRECT BONED INDEBTEDNESS

AS OF JUNE 30, 2008

CATEGORY OF INDEBTEDNESS	PRINCIPAL AMOUNT OUTSTANDING	LESS SELF SUPPORTING BONDS AND THE REFUNDED BONDS	NET DIRECT DEBT
1987 Sewer Revenue Bond	$ 185,000.00	$ 185,000.00	$
1998 TIF Revenue Refunding Bond	1,805,000.00	1,805,000.00	
1999 Building Authority Bond	505,000.00		505,000.00
2000 General Obligation Limited Tax Bond	100,000.00		100,000.00
2000 Special Assessment Bond	20,000.00		20,000.00
2001 Building Authority Bond	1,040,000.00		1,040,000.00
2001 General Obligation Limited Tax Bond	150,000.00		150,000.00
2001 Special Assessment Bond	70,000.00		70,000.00
2002 General Obligation Limited Tax Bond	285,000.00		285,000.00
2002 Special Assessment Bond	165,000.00		165,000.00
2002 Building Authority Refunding Bond	595,000.00		595,000.00
2002 Equipment Financing Contract	47,890.00		47,890.00
2003 General Obligation Limited Tax Bond	135,000.00		135,000.00
2003 Special Assessment Bond	115,000.00		115,000.00
2004A Equipment Financing Contract	139,865.00		139,865.00
2005 Equipment Financing Contract	125,938.00		125,938.00
2005A Equipment Financing Contract	454,667.00		454,667.00
2005B Equipment Financing Contract	198,137.00		198,137.00
2006 General Obligation Limited Tax Bond	415,000.00		415,000.00
2006 Special Assessment Bond	235,000.00		235,000.00
2007 General Obligation Limited Tax Bond	110,000.00		110,000.00
2007 Special Assessment Bond	175,000.00		175,000.00
Totals	$ 7,071,497.00	$ 1,990,000.00	$ 5,081,497.00

(1) Funds have been escrowed from the 1998 TIF Revenue Refunding Bond to pay all remaining debt service on the 1992 TIF Revenue Bond. The Tax Increment Finance Authority #1 has no further obligation on this bond issue. The 1992 TIF Revenue Bonds were called and defeased on June 1, 2002.

CITY OF LAPEER, MICHIGAN

DEBT STATEMENT

AS OF JUNE 30, 2008

CITY DIRECT DEBT	PRINCIPAL AMOUNT OUTSTANDING	LESS SELF SUPPORTING BONDS AND THE REFUNDED BONDS	NET DIRECT DEBT	NET DEBT (1) PER CAPITA	NET DEBT (1) PERCENT OF TAXABLE VALUATION
General Obligation Bonds (LTGO)	$ 2,161,497.00	$	$ 2,161,497.00		
Special Assessment Bonds (LTGO)	780,000.00		780,000.00		
Building Authority Bonds (LTGO)	2,140,000.00		2,140,000.00		
Michigan Transportation Fund Bonds (LTGO)					
Tax Increment Revenue Bonds	1,805,000.00	1,805,000.00			
Water Revenue Bonds					
Sewer Revenue Bonds	185,000.00	185,000.00			
TOTAL DIRECT DEBT	$ 7,071,497.00	$ 1,990,000.00	$ 5,081,497.00	$ 555.84	1.81%

CITY OVERLAPPING DEBT	TOTAL DEBT	CITY SHARE AS PERCENT OF TOTAL DEBT	NET CITY SHARE	NET CITY SHARE (1) PER CAPITA	NET CITY SHARE (1) PERCENT OF TAXABLE VALUATION
Lapeer School District	$ 55,205,000.00	16.73%	$ 9,235,797.00		
County of Lapeer	2,647,066.00	7.99%	211,501.00		
Lapeer Intermediate School District	4,095,000.00	8.94%	366,093.00		
TOTAL OVERLAPPING DEBT	61,947,066.00		9,813,391.00	1,073.44	3.50%
TOTAL CITY DIRECT AND OVERLAPPING DEBT	$ 69,018,563.00		$ 14,894,888.00	$ 1,629.28	5.31%

(1) Based upon the estimated 2006 population of 9,330 and 2006 Taxable Valuation of $264,473,203.00.

CITY OF LAPEER, MICHIGAN

GENERAL OBLIGATION DEBT LIMITATION

AS OF JUNE 30, 2008

DESCRIPTION	ASSESSED VALUE
2007 Advolorum Assessed Value	$ 326,164,200.00
2007 Ind. Facil. Assessed Value	30,348,400.00
Total Assessed Value	356,512,600.00
Debt Limitation Factor	10.00%
Debt Limitation	35,651,260.00
Total Indebtedness as of June 30, 2007	7,071,497.00
Debt Excluded from Debt Limitation	
1987 Sewer Revenue Bond	185,000.00
1998 TIF Revenue Refunding Bond	1,805,000.00
2000 Special Assessment Bond	20,000.00
2001 Special Assessment Bond	70,000.00
2002 Special Assessment Bond	165,000.00
2003 Special Assesssment Bond	115,000.00
2006 Special Assessment Bond	235,000.00
2007n Special Assessment Bond	175,000.00
2002 Equipment Financing Contract	47,890.00
2004A Equipment Financing Contract	139,865.00
2005 Equipment Financing Contract	125,938.00
2005A Equipment Financing Contract	454,667.00
2005B Equipment Financing Contract	198,137.00
Total Excludable Debt	3,736,497.00
Net Indebtedness	3,335,000.00
Amount Under (Over) Debt Limitation	$ 32,316,260.00
Debt applicable to limit as a percent of Assessed Value	0.94%

CITY OF LAPEER, MICHIGAN

INDEBTEDNESS OUTSTANDING FOR THE LAST FIVE YEARS

(EXCLUDING REVENUE BONDS)

FISCAL YEAR	AMOUNT OUTSTANDING*	DEBT PER CAPITA**	PERCENT DEBT TO SEV	PERCENT DEBT TO ACTUAL VALUATION	
2007-2008	$ 5,705,217.53	$ 624.07	2.28%	1.14%	(5)
2006-2007	$ 6,579,911.04	$ 705.24	2.77%	1.39%	(4)
2005-2006	7,058,883.92	753.35	3.19%	1.60%	(3)
2004-2005	7,227,766.37	772.03	3.47%	1.74%	(2)
2003-2004	8,168,465.50	900.40	4.10%	2.05%	(1)

* Amount outstanding (including contracts payable and accumulated compensated absences) at the end of each fiscal year noted.

** Calculated at a population level of 7,759.

(1) Calculated at a population level of 9,072.

(2) Calculated at an estimated population level of 9,362.

(3) Calculated at an estimated population level of 9,370

(4) Calculated at an estimated population level of 9,330.

(5) Caculated at an estimated population level of 9,142.

CITY OF LAPEER, MICHIGAN

MICHIGAN MUNICIPAL EMPLOYEES RETIREMENT SYSTEM

ACTUARIAL	TOTAL ACCRUED LIABILITIES	ACCRUED ASSETS	UNFUNDED ACCRUED LIABILITIES	ASSETS AS PERCENT OF ACCRUED LIABILITIES
December 31, 2007	$ 16,184,839.00	$ 12,018,808.00	$ 4,166,031.00	74%
December 31, 2006	$ 15,167,208.00	$ 11,143,151.00	$ 4,024,057.00	73%
December 31, 2005	14,070,488.00	10,357,383.00	3,713,105.00	74%
December 31, 2004	12,853,822.00	9,823,323.00	3,030,499.00	76%
December 31, 2003	11,968,367.00	9,380,754.00	2,587,613.00	78%
December 31, 2002	10,750,223.00	8,871,460.00	1,878,763.00	83%
December 31, 2001	9,712,841.00	8,708,627.00	1,004,214.00	90%
December 31, 2000	9,012,219.00	8,173,945.00	838,274.00	91%
December 31, 1999	7,833,044.00	7,488,506.00	344,538.00	96%
December 31, 1998	7,149,292.00	6,576,360.00	572,932.00	92%

CITY OF LAPEER, MICHIGAN

HISTORY OF REVENUE SHARING PAYMENTS

FISCAL YEAR END	REVENUE SHARING PAYMENT	INVENTORY REIMBURSEMENT	TOTAL
June 30, 2008	$ 784,522.00	$	$ 784,522.00
June 30, 2007	801,727.00		801,727.00
June 30, 2006	811,246.00		811,246.00
June 30, 2005	818,099.00		818,099.00
June 30, 2004	862,709.00		862,709.00
June 30, 2003	889,506.00		889,506.00
June 30, 2002	1,037,526.00		1,037,526.00
June 30, 2001	938,510.00		938,510.00
June 30, 2000	836,253.00		836,253.00
June 30, 1999	791,618.00	24,827.00	816,445.00

CITY OF LAPEER, MICHIGAN

TEN LARGEST TAXPAYERS

TAXPAYER	PRINCIPAL PRODUCT OR SERVICE	2007 TAXABLE VALUATION	PERCENT OF 2007 TAXABLE VALUATION
Lemforder ZF Corporation	Machine automotive and industrial metal products	$ 12,729,867.00	4.54%
Urgent Design & Manufacturing	Rapid proto-type fabrication and manufacturing	6,479,877.00	2.31%
Meijer, Inc.	Retail store	4,821,600.00	1.72%
Wal-Mart Stores East LP	Retail store	4,812,634.00	1.72%
Detroit Edison Company	Electric utility	4,686,023.00	1.67%
H & H Tools, Inc.	Manufacture of transmission, hydraulic, and AC parts	4,389,998.00	1.57%
Rolling Hills Apartments, Inc.	Apartments	4,014,704.00	1.43%
Dott Industries, Inc.	Chrome plating	3,861,564.00	1.38%
American Shower and Bath	Bath Fixtures	3,402,035.00	1.21%
Lapeer Associates LLC	Rental management - commercial	3,269,248.00	1.17%

CITY OF LAPEER, MICHIGAN

INDUSTRIAL FACILITIES TAX ROLL

FOR THE 2007 TAX YEAR

YEAR OF TRANSFER TO AD VALOREM TAX ROLL	I.F.T. TAXABLE VALUE
2008	$ 553,300.00
2009	1,749,300.00
2010	2,231,600.00
2011	921,000.00
2012	2,315,400.00
2013	1,060,100.00
2014	7,556,800.00
2015	
2016	325,000.00
2017	
2018	1,692,100.00
2019	11,943,800.00
TOTAL	$ 30,348,400.00

CITY OF LAPEER, MICHIGAN

TWELVE LARGEST EMPLOYERS

COMPANY NAME	NUMBER OF EMPLOYEES	PRINCIPAL PRODUCT OR SERVICE
Lapeer Regional Hospital	810	Medical Services
Lapeer Community Schools	800	Education
Wal-Mart	500	Retail Sales
Lapeer Industries	360	Machining and Fabrication of Metal
Thumb Correctional Facility	350	Correctional Facility
Meijer	325	Retail Sales
Lapeer Metal Stamping	311	Metal Stamping and Assemblies
Lapeer County	249	County Management
Dott Industries/Deco Plate	248	Automotive Industry
Mold Masters	215	Plastic injection molding
American Shower and Bath	160	Vacuum Forming Bath Products
Growth and Opportunity	140	Assembly of Parts