

**TOWNSHIP OF LAPEER  
LAPEER, MICHIGAN**

**FINANCIAL REPORT  
WITH ADDITIONAL INFORMATION  
FOR THE YEAR ENDED MARCH 31, 2017**

**TOWNSHIP OF LAPEER**

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INDEPENDENT AUDITOR'S REPORT

To the Board Members  
Township of Lapeer  
Lapeer, MI 48446

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Lapeer (the "Township"), Lapeer, Michigan, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages III-VIII and 20-26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

*Mattina, Kent & Gibbons, P.C.*

**Mattina, Kent & Gibbons, P.C.**

Certified Public Accountants

Lapeer, Michigan

July 21, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWNSHIP OF LAPEER  
LAPEER COUNTY  
LAPEER, MICHIGAN**

**Management's Discussion and Analysis**

As management of the Township of Lapeer, Lapeer County, Lapeer, Michigan (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the Township's financial activities for the nine months ended March 31, 2017. We encourage readers to consider the information presented herein in conjunction with the Township's financial statements.

The Township elected to change its year end from June 30 to March 31 beginning July 1, 2015. Therefore the figures reported for March 31, 2016 are for a short year of nine months.

**Financial Highlights**

- The assets of Township of Lapeer exceeded its liabilities as of March 31, 2017 by \$1,747,821. Of this amount, \$1,149,060 may be used to meet the Township's ongoing obligations to citizens and creditors.
- As of the close of March 31, 2017, the Township's governmental funds reported a combined ending fund balance of \$1,179,339, an increase of \$100,869 in comparison with the period ending March 31, 2016.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$618,176, a decrease of \$798 from the beginning of the year. The unassigned fund balance is about 82% of total General Fund expenditures for the year ended March 31, 2017.

**Using this Annual Report**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components; (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. It also contains other supplemental information to provide a greater detail of the data presented in the basic financial statements.

**Government-wide Financial Statements**

Government-wide financial statements provide information about the activities of the Township, presenting a broad long-term overview of the Township's finances, in a manner similar to a private-sector business. This longer-term view uses the accrual basis of accounting, so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The Statement of Net Position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The Statement of Net Position and the Statement of Activities report the governmental activities for the Township, which encompasses all of the Township's services, including general government, public safety, public works and cemetery operations. Property taxes and unrestricted state-shared revenue finance most of these activities.

## Reporting the Township's Most Significant Funds – Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds, not the Township as a whole.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law.

These fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds.

All of the funds of the Township can be divided into two categories:

- (1) Governmental Funds – Governmental funds are used to account for essentially the same functions as governmental activities in the government-wide financial statements.
- (2) Fiduciary Funds – The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside the government. Fiduciary funds are not reflected in the government-wide financial statements, because the resources of those funds are not available to support the Township's own programs.

## Notes to the Financial Statements

The notes that follow the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## The Township as a Whole

As noted earlier, net position may serve over time as a useful indicator of the government's financial position.

The following table shows, in a condensed format, the Net Position as of March 31, 2017 and March 31, 2016.

	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>Increase / (Decrease)</u>
Assets			
Current Assets	\$ 1,439,557	\$ 1,323,069	\$ 116,488
Capital Assets – Net of Depreciation	<u>564,389</u>	<u>600,109</u>	<u>(35,720)</u>
Total Assets	2,003,946	1,923,178	80,768
Liabilities			
Current Liabilities	57,730	46,386	11,344
Non-current Liabilities	<u>198,395</u>	<u>214,930</u>	<u>(16,535)</u>
Total Liabilities	256,125	261,316	(5,191)
Net Position			
Invested in Capital Assets	564,389	600,109	(35,720)
Restricted	34,372	34,372	-
Unrestricted	<u>1,149,060</u>	<u>1,027,381</u>	<u>121,679</u>
Total Net Position	<u>\$ 1,747,821</u>	<u>\$ 1,661,862</u>	<u>\$ 85,959</u>

The following table shows the changes of the net position during the fiscal year ended March 31, 2017 and the nine months ending March 31, 2016.

	March 31, 2017	March 31, 2016	Increase / (Decrease)
Revenue			
Program Revenues			
Charges for Services	\$ 97,280	\$ 42,733	\$ 54,547
Capital Grants	4,000	-	4,000
General Revenue			
Property Taxes and Collection Fees	270,309	267,420	2,889
State Shared Revenue	401,484	320,692	80,792
Property Transfer – City	32,626	45,544	(12,918)
Other Revenue	65,726	44,573	21,153
Total Revenue	871,425	720,962	150,463
Program Expenses			
General Government	391,264	295,299	95,965
Health and Welfare	27,808	15,168	12,640
Public Safety	274,353	214,263	60,090
Public Works	65,736	137,395	(71,659)
Cemetery	13,647	8,071	5,576
Recreation & Culture	12,658	8,475	4,183
Total Program Expenses	785,466	678,671	106,795
Change in Net Position	85,959	42,291	43,668
Net Position – Beginning of year	1,661,862	1,619,571	42,291
Net Position – End of year	\$ 1,747,821	\$ 1,661,862	\$ 85,959

The Township's total governmental revenues, as reported in the Statement of Activities, totaled approximately \$871,000. There were significant increases in charges for services, state shared revenue and other revenues due mostly to the reporting of only nine months of activity in the period ending March 31, 2016 as compared to a full year for the period ending March 31, 2017. Property taxes and collection fees rose slightly due to the increased valuation of property taxable in the Township and this amount was fully due and collected within the year ending March 31, 2017. Total program expenses, as reported in the Statement of Activities, totaled approximately \$785,000, an increase over the prior fiscal year. Again these decreases are mostly due to the reporting of only nine months of activity within the period ending March 31, 2016 as compared to a full year of activity for the year ending March 31, 2017. The Township's total governmental revenues are up approximately \$58,000 over the year ended June 30, 2015 (the last 12 month reporting period). The most significant increase was in charges for services (more specifically in billable fire run charges) and state shared revenue. The Township's total program expenses are down approximately \$28,000 from the year ending June 30, 2015. This decrease is due mostly to the amount spent on public works.



## **The Township's Funds**

The Township uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health. The analysis of the Township's major funds begins on page 3, following the government-wide financial statements.

The Township completed the fiscal year with a combined fund balance of \$1,179,339 an increase of \$100,869 from last year. The General Fund's fund balance increased \$105,178.

The General Fund accounts for most of the Township's government services. The most significant are fire protection, law enforcement, assessing, and roads. Management of these services is not supported by special millages, but through the general revenues of property taxes and state-shared revenue.

## **Capital Asset and Debt Administration**

### **Capital Assets**

At March 31, 2017, the Township had \$1,326,350 invested in a broad range of capital assets, including land, buildings, and equipment. This amount represents a net increase of \$9,463.

Land and Improvements	\$ 548,766
Buildings and Improvements	565,672
Equipment	211,912
Total Capital Assets	<u>1,326,350</u>
Less Accumulated Depreciation	761,961
Net Capital Assets	<u>\$ 564,389</u>

Major changes to the Township's assets include replacement of a Township police car.

### **Debt Administration**

In September 2014, the Township issued \$248,000 of Special Assessment Bonds. These bonds were issued to pay for roadwork in the Blooming Fields Estate. These bonds were designated as "Special Assessment Bond, Series 2014" and were issued as a single, nonconvertible, fully registered bond. These bonds bear interest of 3.5% per annum payable on March 31 and October 31 of each year commencing March 31, 2015 and shall mature on March 31 in each year from 2015 to 2029 in the amount of \$16,535 with final maturity on March 31, 2029 in the amount of \$16,510.

The repayment of these bonds is to be funded by the township residents in the Blooming Fields Estate Special Assessment district. Those residents will have their portion of each year's principal maturity, interest and any additional costs incurred for those bonds added to their winter tax bill as a special assessment.

As of March 31, 2017 the Township's total outstanding long-term debt was \$198,395.

## **General Fund Budgetary Highlights**

Over the course of the year, the Township amended the budget to take into account events during the year. The total revenues increased \$41,683. The total expenditures budgeted increased by \$8,900.

## **Economic Factors and Next Year's Budget**

Although Michigan's economy continues to improve; it is important for the Township administration to stay informed on laws and regulations that may impact our revenue so that we may plan for any needed changes in advance.

Michigan's unemployment rate has continued to decrease. Michigan's unemployment rate matches the national unemployment rate, Lapeer County continues to show improvement with decreasing unemployment rates with an average of 5.6% to 7% unemployment in April 2017. Monthly reports by the Bureau of Labor Statistics on the CPI (consumer price index) is leaning to an increase for 2018. The fiscal health and stability of the community as a whole impacts the township enormously.

The Township millage rate has been reduced to 1.5943 from 1.6072 mills for general operating purposes. The Township taxable values over the same time period are expected to realize a slight increase; and state share revenue is projected to increase slightly from the 2016-2017 fiscal year. Due to these offsetting factors, we should only see a slight decrease in revenue from 2016-2017.

The Township is beginning to see an up rise in interest rates from financial institutions resulting in slightly more income to the township. Although higher interest rates are of benefit to the township, it is not a substantial source of income. The cost of services/contracts still continues to rise more than offsetting any gain in income.

In 2008, the Township board signed a ten-year contract with the City of Lapeer for fire protection services, ensuring a steadfast amount to be budgeted each year with increases based upon the inflation rate multiplier as determined by the State of Michigan Tax Commission. This continues to be a large portion of the budget and comes from the general fund. There is no millage collected to support public safety services. The Township also supports the Lapeer Township Police department from general fund monies; no special assessments are levied to provide for public safety services. In less than one years' time, renewal of the fire protection contract will be upon the township officials; it is not advantageous to have our own fire department because of the number of departments throughout the county in a close proximity to our borders and yet contracting at a fair price is very difficult.

The Township is a member of the Lapeer County Emergency Medical Service Authority (LEMS). The LCEMS has just gone through some reorganization and is now receiving a millage rate of 1 mill from every Lapeer County property owner, thus relieving the Township of our per capita contribution that we have been obligated to in the past budget year. The Township board will be able to utilize this minimal amount of money elsewhere in future budgets as best needed.

The Lapeer Township Planning Commission has begun the process of reviewing and updating the Master Plan. This plan needs to be reviewed every five (5) years and updated every ten (10) years. There have been enough changes identified to complete a thorough review and update.

The Township Hall and Community Building is aging and is now almost thirty years old. Recent site visits from the townships two liability insurance agents have recommended security measures be put in place at the offices. A renovation of the general office portion of the Township hall building is being explored to follow consultant recommendations and guidelines. Normal building maintenance will continue to be addressed as needed.

The Township has acquired a thirty eight acre parcel of property that was analyzed by the planning commission for implementation into the park and recreation plan. At this point in time, no long term or short term plans have been made to the recreation plan for this newly acquired property. The Township board of Trustees will continue to seek grant opportunities for any potential projects in the Township.

The condition of Township roads is continually monitored and addressed as our budget allows. Roads must continue to be maintained to delay deterioration. Implementation of road maintenance and improvements are an ongoing process. In the recent past, a special assessment district (SAD) was formed to upgrade the aged and decaying roads within the Blooming Fields subdivision. Bonds were obtained to fund the project and it is considered successful; there is a potential for other Township subdivisions to implement special assessment districts as well.

### **Contacting the Township's Management**

This financial report is intended to provide our residents, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 1500 Morris Road, Lapeer, MI 48446.

## **BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF LAPEER**  
**STATEMENT OF NET POSITION**  
**MARCH 31, 2017**

	Governmental Activities
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 1,102,587
Accounts Receivable - Fire Runs, Net	39,455
Accounts Receivable - Franchise Fees	10,094
Accounts Receivable - Other, Net	88,007
Prepaid Expenditures	1,019
Restricted Assets	
Cash and Investments - Restricted for Debt Service	27,732
Accounts Receivable - Special Assessments	170,663
Total Current Assets	1,439,557
Capital Assets	
Land	15,393
Land Improvements, Net of Depreciation	217,686
Building and Improvements, Net of Depreciation	224,593
Equipment, Net of Depreciation	106,717
Total Capital Assets	564,389
<b>TOTAL ASSETS</b>	<b>\$ 2,003,946</b>
 <b>LIABILITIES</b>	
Accounts Payable	\$ 32,742
Accrued Expenses	24,988
Non-current liabilities	
Due within one year	16,535
Due in more than one year	181,860
<b>TOTAL LIABILITIES</b>	<b>256,125</b>
 <b>NET POSITION</b>	
Invested in Capital Assets, Net of Related Debt	564,389
Restricted for:	
Permanent Fund - Perpetual Care Fund	34,372
Unrestricted	1,149,060
<b>TOTAL NET POSITION</b>	<b>1,747,821</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,003,946</b>

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

**TOWNSHIP OF LAPEER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2017**

	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>				
<b>GOVERNMENTAL ACTIVITIES</b>				
General Government	\$ 391,264	\$ 6,111	\$ -	\$ (385,153)
Health and Welfare	27,808	-	-	(27,808)
Public Safety	274,353	75,199	-	(199,154)
Public Works	65,736	2,116	-	(63,620)
Cemetery	13,647	13,029	-	(618)
Recreation and Culture	12,658	825	4,000	(7,833)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>785,466</b>	<b>97,280</b>	<b>4,000</b>	<b>(684,186)</b>
 <b>GENERAL REVENUES</b>				
Property Taxes				228,416
Collection Fees				41,893
State Shared Revenue				401,484
Property Transfer - City				32,626
Interest Income				3,877
Cable TV Franchise Fee				46,865
Hall Rental				6,200
Sale of Capital Assets				4,682
Miscellaneous				4,102
<b>TOTAL GENERAL REVENUES</b>				<b>770,145</b>
 <b>CHANGE IN NET POSITION</b>				 <b>85,959</b>
 <b>NET POSITION - BEGINNING</b>				 <b>1,661,862</b>
 <b>NET POSITION - ENDING</b>				 <b>\$ 1,747,821</b>

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

**TOWNSHIP OF LAPEER  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
MARCH 31, 2017**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Investments	\$ 1,068,081	\$ 27,732	\$ 34,506	\$ 1,130,319
Due from Other Funds	34	-	-	34
Accounts Receivable - Other	84,757	-	-	84,757
Accounts Receivable - Fire Runs	10,880	-	-	10,880
Accounts Receivable - Franchise Fees	10,094	-	-	10,094
Prepaid Expenses	1,019	-	-	1,019
<b>TOTAL ASSETS</b>	<b>\$ 1,174,865</b>	<b>\$ 27,732</b>	<b>\$ 34,506</b>	<b>\$ 1,237,103</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 32,742	\$ -	\$ -	\$ 32,742
Accrued Expenses	24,988	-	-	24,988
Due to Other Funds	-	-	34	34
<b>TOTAL LIABILITIES</b>	<b>57,730</b>	<b>-</b>	<b>34</b>	<b>57,764</b>
<b>FUND EQUITY</b>				
Non-Spendable				
Permanent Fund				
Cemetery Perpetual Care	-	-	34,372	34,372
Spendable				
Restricted for				
Debt Service	-	27,732	-	27,732
Assigned				
Township Improvements	254,324	-	-	254,324
Liquor Law Enforcement	-	-	100	100
Subsequent Year's Budget	244,635	-	-	244,635
Unassigned	618,176	-	-	618,176
<b>TOTAL FUND EQUITY</b>	<b>1,117,135</b>	<b>27,732</b>	<b>34,472</b>	<b>1,179,339</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,174,865</b>	<b>\$ 27,732</b>	<b>\$ 34,506</b>	<b>\$ 1,237,103</b>

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

**TOWNSHIP OF LAPEER**  
**RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**MARCH 31, 2017**

Total Governmental Funds Balances	\$	1,179,339
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		564,389
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Bonds payable are not due and payable in the current period and are not reported in the funds.		(198,395)
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Accounts receivable that are not available to pay for current-period expenditures and are therefore, not reported in the funds:

Special Assessments		170,663
Fire Runs		28,575
Other		3,250
		3,250

Net Position of Governmental Activities	\$	1,747,821
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The accompanying notes are an integral part of the financial statements.



**TOWNSHIP OF LAPEER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 270,309	\$ 19,720	\$ -	\$ 290,029
Intergovernmental	434,110	-	-	434,110
Charges for Services	78,880	-	-	78,880
Sale of Capital Assets	9,250	-	-	9,250
Interest	3,843	29	34	3,906
Grant Revenue	1,200	-	-	1,200
Other Revenue	61,120	-	746	61,866
<b>TOTAL REVENUES</b>	<b>858,712</b>	<b>19,749</b>	<b>780</b>	<b>879,241</b>
<b>EXPENDITURES</b>				
General Government	350,985	-	-	350,985
Health and Welfare	27,808	-	-	27,808
Cemetery	13,647	-	-	13,647
Recreation and Culture	4,405	-	-	4,405
Public Safety	291,733	-	-	291,733
Public Works	65,736	-	-	65,736
Debt Service				
Principal Retirement	-	16,535	-	16,535
Interest Paid	-	7,523	-	7,523
<b>TOTAL EXPENDITURES</b>	<b>754,314</b>	<b>24,058</b>	<b>-</b>	<b>778,372</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>104,398</b>	<b>(4,309)</b>	<b>780</b>	<b>100,869</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	780	-	-	780
Operating Transfers Out	-	-	(780)	(780)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>780</b>	<b>-</b>	<b>(780)</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>105,178</b>	<b>(4,309)</b>	<b>-</b>	<b>100,869</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,011,957</b>	<b>32,041</b>	<b>34,472</b>	<b>1,078,470</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,117,135</b>	<b>\$ 27,732</b>	<b>\$ 34,472</b>	<b>\$ 1,179,339</b>

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

**TOWNSHIP OF LAPEER**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO**  
**STATEMENT OF ACTIVITIES**

Net Change in Fund Balance - Total Governmental Funds	\$	100,869
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental Funds report capital outlays as expenditures; however, in the Statement of Activities, these costs are allocated over their estimated use lives as depreciation:</p>		
Capital Outlay		36,430
Depreciation Expense		(67,582)
<p>Proceeds from the sale of capital assets are revenues in the governmental funds, but not in the Statement of Activities (where the gain or loss is reported):</p>		
Proceeds from Sales		(9,250)
Gains (Losses) on Sale/Disposal of Assets		4,682
<p>Repayment of bond principal is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt).</p>		
		16,535
<p>Revenues that were reported in the Statement of Activities in a prior year, but not in the Statement of Revenues, Expenditures and Changes in Fund Balance of that year because they did not provide current financial resources for that year, but are current financial resources of the current year and reported in this statement:</p>		
Fire Run Fees		17,575
Other		(1,074)
<p>Current financial resources in the governmental funds that are not reported in the Statement of Activities (which either increase accounts receivable or long-term debt):</p>		
Special Assessment (Tax) Revenue		(19,720)
Debt Service Interest Income (Restricted)		(29)
<p>Debt Service expenditures in the governmental funds, but not in the Statement of Activities (where they increase accounts receivable):</p>		
Special Assessment Bond Interest Paid		7,523
Change in Net Position of Governmental Activities	\$	85,959

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

**TOWNSHIP OF LAPEER**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**MARCH 31, 2017**

	Trust and Agency Fund	Tax Collection Fund	Total Agency Funds
<b>ASSETS</b>			
Cash and Investments	\$ 33,630	\$ 1,844	\$ 35,474
Delinquent Taxes Receivable	-	9,687	9,687
<b>TOTAL ASSETS</b>	<b>\$ 33,630</b>	<b>\$ 11,531</b>	<b>\$ 45,161</b>
<b>LIABILITIES</b>			
Due to Others	\$ 33,630	\$ 11,531	\$ 45,161
<b>TOTAL LIABILITIES</b>	<b>\$ 33,630</b>	<b>\$ 11,531</b>	<b>\$ 45,161</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township of Lapeer (the “Township”), conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. REPORTING ENTITY

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township. For the Township, this includes providing police protection, fire services, road maintenance and repairs, cemeteries, and planning and zoning. The Board of Trustees have direct responsibility for these activities.

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization’s resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organizations. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes, or determines the budget.

Based on the aforementioned criteria, the Township of Lapeer has no component units.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Township. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Township has no business-type activities.

The statement of net position presents the financial position of the Township at year-end.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Township’s governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The fiduciary funds of the Township are not included in the government-wide financial statements. The statement of activities report the expense of a given function by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct function activity. Program revenues include (1) charges for services which report fees and other charges to users of the Township’s services; (2) operating grants and contributions which fund finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. The revenues

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS (Continued)

are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

Other revenue sources not properly included with program revenues are reported as general revenues of the Township. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Township.

FUND FINANCIAL STATEMENTS

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses, and balance of current financial resources. The Township has presented the following major governmental funds.

General Fund – The General Fund is the general operating fund of the Township. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund – The debt service fund is used to account for the payment of interest and principal on long-term special assessment debt funded by special assessment districts.

The Township reports the following non-major governmental fund:

Liquor Law Enforcement Fund – This fund is used to account for the collection of funds received from the state for reimbursement of liquor license enforcement.

Additionally, the Township has two agency fiduciary funds as follows:

Trust and Agency Fund – This fund is used to account for the collection and disbursement of performance and other deposits payable.

Tax Collection Fund – This fund is used to account for the collection and disbursement of property taxes assessed within the Township.

Additionally, the Township reports a permanent fund, which is used to account for resources held in trust for use by the Township's cemetery. Legal restrictions on the fund's resources require that the principal remain intact and only the earnings be used.

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured, basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, all liabilities (whether current or non-current) and deferred inflows and outflows of resources associated with the operation of the Township are included on the statement of net position. The statement of activities reports revenues and expenses.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and deferred inflows and outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income, and intergovernmental revenues. Sales taxes collected and held by the State at year-end on behalf of the Township are also recognized as revenue. All other governmental fund type revenues are recognized when received.

D. BUDGETS AND BUDGETARY ACCOUNTING

The Township Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to the beginning of the fiscal year, the Board proposes an operating budget for each budgetary fund. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. State statute requires that the budget be submitted in summary form. Also, more detailed line item budgets are included for administrative control.
- (2) A public hearing is conducted to obtain taxpayer comment.
- (3) The budgets are adopted by a majority vote of the Township Board.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- (5) Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Amendments to the Budget are approved by the Township Board, as necessary.

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ACCOUNTS RECEIVABLE

Accounts receivable are shown net of an allowance for doubtful accounts on the statement of net position. The allowance equals the estimated uncollectable portion of accounts receivable. This estimate is based on historical collection experience and a review of the current status of accounts receivable.

F. CASH EQUIVALENTS

The Township considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

G. INVESTMENTS

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. RESTRICTED ASSETS

Cash and investments and accounts receivable – special assessments, which may only be used for debt service principal and interest payments in accordance with applicable laws and regulations have been reported as restricted cash and investments on the government-wide statement of net position.

I. INTERFUND TRANSACTIONS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations.

J. USE OF ESTIMATES

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

K. CAPITAL ASSETS

Capital assets, which include property, buildings, and equipment, are reported in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, and equipment.

Assets capitalized have an original cost of \$500 or more for equipment and \$5,000 or more for non-equipment, and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and Improvements	5-50 years
Equipment	5-20 years
Land Improvements	15-20 years



**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as “Due to/from other funds.”

M. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position sometimes includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Township does not have any of this type of item.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds. As of March 31, 2017, the Township has \$198,395 in long-term special assessment bonds payable. There was no premium or discount on these bonds.

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

O. FUND EQUITY

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position”.

Governmental fund balances, generally, represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Township is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows.

Non-Spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact. Examples of this classification are prepaid items, inventories and principal (corpus) of an endowment fund. As of March 31, 2017, the Township has \$34,372 in its Permanent Fund for the perpetual care of the cemetery which is considered to be non-spendable.

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. FUND EQUITY (Continued)

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments. As of March 31, 2017, the Township has \$27,732 in funds restricted to debt service.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Township Board. The Township Board is the highest level of decision making authority for the Township. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Township Board. As of March 31, 2017, the Township has no such committed funds.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Township’s adopted policy, the Township’s Supervisor or the Township Board may assign amounts for specific purposes. As of March 31, 2017, the Township has \$499,059 in assigned funds as detailed in the balance sheet page 3 of these financial statements.

Unassigned – all other spendable amounts. As of March 31, 2017, the Township has total unassigned funds of \$618,176.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Township considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Township considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Township Board has provided otherwise in its commitment or assignment actions.

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by any outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Township or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

The Township applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. ELIMINATIONS AND RECLASSIFICATIONS

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within and governmental activities column.

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Q. SUBSEQUENT EVENTS**

The Township has evaluated subsequent events through July 21, 2017, the date the financial statements were available to be issued.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended), authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds and investment pools composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary–Trust and Agency Funds	Total Primary Government
Bank Deposits			
Demand Deposits	\$ 32,424	\$ 35,474	\$ 67,898
Savings Deposits	393,376	-	393,376
Certificates of Deposit	350,000	-	350,000
Petty Cash	225	-	225
	<hr/>	<hr/>	<hr/>
Total Bank Deposits	776,025	35,474	811,499
	<hr/>	<hr/>	<hr/>
Investments			
MICLASS	326,562	-	326,562
	<hr/>	<hr/>	<hr/>
Total Investments	326,562	-	326,562
	<hr/>	<hr/>	<hr/>
Total Cash and Investments	\$ 1,102,587	\$ 35,474	\$ 1,138,061
	<hr/>	<hr/>	<hr/>
Restricted Bank Deposits			
Savings	\$ 27,732	-	\$ 27,732
	<hr/>	<hr/>	<hr/>

The bank balance of the primary government's deposits is \$843,599 all of which is covered by federal depository insurance and \$-0- is collateralized with U.S. Treasury securities held by the pledging financial institution's trust department in the Township's name.

**TOWNSHIP OF LAPEER  
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

CREDIT RISK

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
MICLASS	\$ 326,562	AAAm	Standard & Poors

CUSTODIAL CREDIT RISK – BANK DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the Township’s deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year-end, \$-0- of the Township’s bank balance of \$-0- was exposed to custodial credit risk, because it was uninsured and uncollateralized.

CUSTODIAL CREDIT RISK – INVESTMENTS

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Township does not have a policy for investment custodial credit risk. At year end, the Township had only 2a7-like investment pools. These pools are not categorized, because they are not evidenced by securities that exist in physical or book-entry form. The Township’s investment is with the pool, not the securities that make up the pool.

INTEREST RATE RISK

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Township minimizes this risk by investing in liquid asset funds, money market mutual funds, shorter-term securities and similar investment pools and limiting the average maturity in accordance with the Township’s investment policy.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of the Township’s investment in a single issuer. The Township minimizes this risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

FOREIGN CURRENCY RISK

The Township is not authorized to invest in investments which have this type of risk.

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2017, was as follows:

	Balance 3-31-16	Additions	Deletions	Balance 3-31-17
Capital Assets Not Being Depreciated				
Land	\$ 15,393	\$ -	\$ -	\$ 15,393
Total Capital Assets not being Depreciated	<u>15,393</u>	<u>-</u>	<u>-</u>	<u>15,393</u>
Capital Assets being Depreciated				
Land Improvements	533,373	-	-	533,373
Building and Improvements	565,672	-	-	565,672
Equipment	202,449	36,429	26,966	211,912
Total Capital Assets being Depreciated	<u>1,301,494</u>	<u>36,429</u>	<u>26,966</u>	<u>1,310,957</u>
Less Accumulated Depreciation for				
Land Improvements	287,857	27,830	-	315,687
Building and Improvements	327,023	14,056	-	341,079
Equipment	101,898	25,696	22,399	105,195
Total Accumulated Depreciation	<u>716,778</u>	<u>67,582</u>	<u>22,399</u>	<u>761,961</u>
Total Capital Assets being Depreciated, Net	<u>584,716</u>	<u>(31,153)</u>	<u>4,567</u>	<u>548,996</u>
Total Government Assets, Net	<u>\$ 600,109</u>	<u>\$ (31,153)</u>	<u>\$ 4,567</u>	<u>\$ 564,389</u>

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

General Government	\$ 41,589
Public Safety	17,740
Recreation and Culture	<u>8,253</u>
Total Depreciation Expense	<u>\$ 67,582</u>

NOTE 4 – LONG-TERM LIABILITIES

The Township has a contingent liability against its full faith and credit on \$198,395 of special assessment bonds. The general credit of the Township is obligated only to the extent that collections from special assessments are insufficient to retire outstanding bonds. The Township expects to fully fund these bonds through the special assessments. These bonds carry interest at 3.5% per annum.

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

Long-term liability activity for the year ended March 31, 2017, follows:

	Balance 03-31-16	Additions	Deletions	Balance 3-31-17	Due Within One Year
Governmental Activities					
Special Assessment Bonds					
Series 2014 R-1	\$ 214,930	\$ -	\$ 16,535	\$ 198,395	\$ 16,535
Total Governmental Long- term Liabilities	\$ 214,930	\$ -	\$ 16,535	\$ 198,395	\$ 16,535

Annual debt service requirement to maturity to fund special assessments bonds follows:

Year Ending March 31	Principal	Interest
2018	\$ 16,535	\$ 6,944
2019	16,535	6,365
2020	16,535	5,786
2021	16,535	5,208
2022	16,535	4,629
2023	16,535	4,050
2024	16,535	3,471
2025	16,535	2,893
2026	16,535	2,314
2027	16,535	1,735
2028	16,535	1,157
2029	16,510	578
Total	\$ 198,395	\$ 45,130

NOTE 5 – PROPERTY TAXES

The Township's property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2016 tax is levied and collectible on December 1, 2016, and is recognized as revenue in the year ended March 31, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the Township totaled approximately \$144,450,000 on which taxes levied consisted of 1.6072 mills for operating purposes. This resulted in approximately \$228,000 for operating purposes. Additional amounts were collected for property not included in the taxable valuation.

**TOWNSHIP OF LAPEER  
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 – TAX ABATEMENTS

The Township offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the Township.

The Township, working with the Lapeer Development Corporation and pairing with other local, county and state governments, used the Renaissance Zone Act (PA 376 of 1996), offered through the State of Michigan, entered into an agreement with a local business.

Under this program certain specific projects or parcels were designated as virtually tax free for any business or resident presently in or moving into a zone for a period of up to 15 years. Under this program the taxpayers agree to invest a certain number of dollars and employ a certain number of persons within a 5 year time period. The state monitors this progress. If the taxpayer fails to meet certain benchmarks this Zone may be rescinded.

In 2010, the Township adopted a resolution establishing a Renewable Energy Renaissance Zone (Zone) consisting of a single parcel. This Zone had already received approved from Lapeer County and the State of Michigan. This Zone became exempt from all Real and Personal Property taxes except the School Bond Fund portion of those taxes. This Zone was to be effective for the tax years 2012 – 2026.

For the fiscal year ended March 31, 2017, the Township abated approximately \$1,100 of taxes under this program. There are no provisions to recapture taxes. The Township has been informed that certain benchmarks have not been met and that the Zone is rescinded effective beginning for the 2017 property tax year.

NOTE 7 – INTERFUND TRANSACTIONS

Operating Transfers

Operating transfers constitute the transfer of resources from the fund that received the resources to the fund that utilized them. The interfund transfers are as follows:

<u>Fund</u>	<u>Operating Transfers In</u>	<u>Fund</u>	<u>Operating Transfers Out</u>
General Fund	\$ 780	Permanent Fund - Cemetery Trust Fund	\$ 34
		Special Revenue Fund - Liquor Law Enforcement	746
Total	<u>\$ 780</u>	Total	<u>\$ 780</u>

Interfund Receivables and Payables

The amount of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Fund</u>	<u>Interfund Payables</u>
General Fund	\$ 34	Permanent Fund Cemetery Trust Fund	\$ 34
Total	<u>\$ 34</u>	Total	<u>\$ 34</u>

These balances result from the time lag between the date the revenues are received by the permanent fund and the date the transfer to the general fund occurs.

**TOWNSHIP OF LAPEER**  
**NOTES TO THE FINANCIAL STATEMENTS**

NOTE 8 – PENSION PLAN

The Township makes annual contributions to the Lapeer Township Group Pension Plan for all eligible employees. The plan is administered by the Township Clerk. The plan is a defined contribution plan to which the Township contributes 25% of eligible wages paid to eligible employees.

The Township contributed \$47,559 to the plan for the year ended March 31, 2017.

NOTE 9 – FIRE DEPARTMENT CONTRACT

The City of Lapeer provides fire department services to the Township of Lapeer. The City of Lapeer was paid a fee of \$157,468 for the period from April 1, 2016 through March 31, 2017.

NOTE 10 – MAINTENANCE AND PERFORMANCE GUARANTEE BONDS

In compliance with Township ordinances, a bond is required for a minimum of 6% of total site improvement costs. These costs are to be returned upon final approval. Cash that is received by the Township is recorded into the Trust & Agency Fund bank account and into the Due to Others account. The developer may obtain a jointly named certificate of deposit to comply with the bonding requirements. The certificates of deposit are not reflected in these basic financial statements, since the Township does not have custody or ownership of the funds.

NOTE 11 – RISK MANAGEMENT

The Township has exposure to risks of loss due to torts, errors and omissions, and property loss. The Township manages these risks by purchasing commercial insurance.

NOTE 12 – CONTINGENCIES

The Township is periodically involved in District Court ordinance enforcement actions. These District Court matters do not involve costs to the Township beyond prosecution expenses.



**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF LAPEER**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH, 31, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
TAXES				
Property Taxes	\$ 227,677	\$ 227,677	\$ 228,416	\$ 739
Collection Fees and Penalties	33,995	33,995	41,893	7,898
TOTAL TAXES	<u>261,672</u>	<u>261,672</u>	<u>270,309</u>	<u>8,637</u>
INTERGOVERNMENTAL				
State Revenue Sharing	402,500	402,500	401,484	(1,016)
City Property Transfer	31,500	31,500	32,626	1,126
TOTAL INTERGOVERNMENTAL	<u>434,000</u>	<u>434,000</u>	<u>434,110</u>	<u>110</u>
CHARGES FOR SERVICES				
Cemetery	3,750	10,750	13,029	2,279
Development Fees	360	360	630	270
Business Licenses	50	50	25	(25)
Fire Run Fees and Fines	15,000	45,000	56,385	11,385
Penal Fines	2,500	2,500	3,279	779
Special Assessments	1,886	2,119	2,116	(3)
Special Meetings	1,160	2,160	3,416	1,256
TOTAL CHARGES FOR SERVICES	<u>24,706</u>	<u>62,939</u>	<u>78,880</u>	<u>15,941</u>
MISCELLANEOUS SOURCES				
Interest Earned	125	2,625	3,843	1,218
Township Hall Rental	6,300	6,300	7,025	725
Cable TV	36,000	36,000	46,865	10,865
Sale of Fixed Assets	-	9,250	9,250	-
Grant Revenue	3,000	3,000	1,200	(1,800)
Other Revenue	11,515	3,215	7,230	4,015
TOTAL MISCELLANEOUS SOURCES	<u>56,940</u>	<u>60,390</u>	<u>75,413</u>	<u>15,023</u>
TOTAL REVENUES	<u>777,318</u>	<u>819,001</u>	<u>858,712</u>	<u>39,711</u>

See Notes to Required Supplemental Information..

**TOWNSHIP OF LAPEER**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
<b>TRUSTEE</b>				
Salaries	\$ 10,500	\$ 10,500	\$ 10,500	\$ -
Membership, Subscriptions	3,000	3,000	2,805	195
Conferences, Education	500	500	-	500
Community Promotion	250	250	200	50
<b>TOTAL TRUSTEE</b>	<b>14,250</b>	<b>14,250</b>	<b>13,505</b>	<b>745</b>
<b>SUPERVISOR</b>				
Salaries	29,000	29,000	28,615	385
Conferences, Education	1,000	1,000	30	970
<b>TOTAL SUPERVISOR</b>	<b>30,000</b>	<b>30,000</b>	<b>28,645</b>	<b>1,355</b>
<b>COMMITTEE</b>				
Wages Per Diem	3,250	3,250	2,281	969
Conferences, Education	300	300	64	236
<b>TOTAL COMMITTEE</b>	<b>3,550</b>	<b>3,550</b>	<b>2,345</b>	<b>1,205</b>
<b>ELECTIONS</b>				
Wages Per Diem	3,600	5,050	5,034	16
Office Supplies	500	1,000	891	109
Professional Services	1,500	1,500	1,432	68
Publishing, Newspaper	500	350	2,133	(1,783)
Equipment & Hardware	4,000	2,200	-	2,200
<b>TOTAL ELECTIONS</b>	<b>10,100</b>	<b>10,100</b>	<b>9,490</b>	<b>610</b>
<b>AUDITOR</b>				
Professional Services	6,600	6,600	6,545	55
<b>TOTAL AUDITOR</b>	<b>6,600</b>	<b>6,600</b>	<b>6,545</b>	<b>55</b>
<b>ASSESSOR</b>				
Salaries	3,400	3,400	3,377	23
Office Supplies	300	300	25	275
Postage & Mailings	1,800	1,800	1,369	431
Operating Supplies, Maps	-	3,000	2,314	686
Professional & Contract Service	30,396	30,396	30,389	7
Software	1,400	1,400	1,156	244
<b>TOTAL ASSESSOR</b>	<b>37,296</b>	<b>40,296</b>	<b>38,630</b>	<b>1,666</b>

See Notes to Required Supplemental Information.

**TOWNSHIP OF LAPEER**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
ATTORNEY				
Professional Services	\$ 7,250	\$ 9,250	\$ 7,938	\$ 1,312
<b>TOTAL ATTORNEY</b>	<b>7,250</b>	<b>9,250</b>	<b>7,938</b>	<b>1,312</b>
CLERK				
Salaries	40,500	40,500	40,100	400
Deputy	2,500	2,500	1,453	1,047
Conferences, Education	1,000	1,000	453	547
Hardware	1,000	1,000	-	1,000
Software	1,250	1,250	955	295
<b>TOTAL CLERK</b>	<b>46,250</b>	<b>46,250</b>	<b>42,961</b>	<b>3,289</b>
GENERAL OFFICE				
Hourly Wages	23,000	23,000	21,202	1,798
Office Supplies	3,000	3,000	2,272	728
Postage	4,500	4,500	3,543	957
Operating Supplies	1,250	1,250	1,312	(62)
Professional Services	1,500	1,500	338	1,162
Telephone	3,000	3,000	2,834	166
Publishing, Newspaper	800	800	508	292
Maintenance & Repairs	1,000	1,000	34	966
Miscellaneous	350	350	142	208
Hardware	-	-	668	(668)
Office Equipment, Furn.	6,000	6,000	-	6,000
Software	600	600	17	583
<b>TOTAL GENERAL OFFICE</b>	<b>45,000</b>	<b>45,000</b>	<b>32,870</b>	<b>12,130</b>
BOARD OF REVIEW				
Wages Per Diem	2,000	2,000	1,640	360
Conferences, Education	700	700	211	489
Publishing, Newspaper	200	200	165	35
<b>TOTAL BOARD OF REVIEW</b>	<b>2,900</b>	<b>2,900</b>	<b>2,016</b>	<b>884</b>
TREASURER				
Salaries	31,500	31,500	31,220	280
Deputy	200	200	96	104
Office Supplies	1,000	2,200	2,171	29
County Contract, Expense	100	100	30	70
Conferences, Education	1,500	600	195	405

See Notes to Required Supplemental Information.

**TOWNSHIP OF LAPEER**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TREASURER (Continued)				
Property Tax Chargebacks	\$ 1,000	\$ 1,000	\$ 107	\$ 893
Professional Fees	-	300	390	(90)
Hardware	1,000	400	641	(241)
Software	1,100	1,100	1,051	49
TOTAL TREASURER	<u>37,400</u>	<u>37,400</u>	<u>35,901</u>	<u>1,499</u>
TOWNSHIP HALL GROUNDS				
Salaries	9,000	9,000	7,130	1,870
Operating Supplies	1,000	1,000	875	125
Professional Services	2,250	4,150	3,596	554
Contractual Mowing	2,000	2,000	1,755	245
Contractual Snow Removal	5,000	5,000	2,680	2,320
Electricity	3,900	3,900	4,128	(228)
Utilities - Gas & Oil	5,000	5,000	3,905	1,095
Maintenance & Repairs	2,000	2,000	1,296	704
Miscellaneous	250	250	198	52
Lease Security Systems	450	450	406	44
Land Improvements	500	500	-	500
Building Improvements	2,500	2,000	-	2,000
Office Equipment & Furniture	1,000	1,000	110	890
TOTAL TOWNSHIP HALL GROUNDS	<u>34,850</u>	<u>36,250</u>	<u>26,079</u>	<u>10,171</u>
OTHER GENERAL GOVERNMENT				
Township Pension	48,625	49,125	47,559	1,566
Health Insurance	22,300	22,300	19,888	2,412
Life Insurance	1,500	1,500	1,309	191
Pension Administration	3,000	3,000	3,750	(750)
Insurance Premium	15,000	15,000	14,038	962
Township Social Security	16,546	16,546	14,196	2,350
Township Medicare	3,870	3,870	3,320	550
TOTAL OTHER GENERAL GOVERNMENT	<u>110,841</u>	<u>111,341</u>	<u>104,060</u>	<u>7,281</u>
TOTAL GENERAL GOVERNMENT	386,287	393,187	350,985	42,202
HEALTH AND WELFARE				
Ambulance	20,224	27,824	27,808	16
TOTAL HEALTH AND WELFARE	<u>20,224</u>	<u>27,824</u>	<u>27,808</u>	<u>16</u>

See Notes to Required Supplemental Information.

**TOWNSHIP OF LAPEER**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
<b>EXPENDITURES (Continued)</b>				
<b>CEMETERY</b>				
Sexton Wages	\$ 2,000	\$ 400	\$ 382	\$ 18
Office Supplies	50	50	-	50
Operating Supplies	500	500	-	500
Professional Services	1,500	500	321	179
Contractual Mowing	5,000	7,700	7,655	45
Contractual Snow Removal	250	250	-	250
Opening, Closing, Foundations	3,000	5,400	4,926	474
Conferences and Education	150	150	-	150
Utilities	250	250	137	113
Repair and Maintenance	1,000	1,000	226	774
Veterans Memorial	1,000	-	-	-
Building and Grounds Improvements	1,500	-	-	-
Equipment	100	100	-	100
<b>TOTAL CEMETERY</b>	<b>16,300</b>	<b>16,300</b>	<b>13,647</b>	<b>2,653</b>
<b>PUBLIC SAFETY</b>				
<b>LAW ENFORCEMENT</b>				
Hourly Wages	98,750	99,000	78,253	20,747
Operating Supplies	1,500	1,500	509	991
Operating Supplies - Gas	7,500	7,500	5,785	1,715
Other Professional Services	3,000	3,000	1,899	1,101
Membership Subscriptions	1,500	1,500	1,206	294
Conferences, Education	1,000	1,000	-	1,000
Community Promotion	100	100	50	50
Maintenance & Repairs	1,500	3,750	2,199	1,551
Equipment & Hardware	39,000	36,500	35,215	1,285
<b>TOTAL LAW ENFORCEMENT</b>	<b>153,850</b>	<b>153,850</b>	<b>125,116</b>	<b>28,734</b>
<b>FIRE SERVICE</b>				
Professional Services - Fire Service	159,270	159,270	156,983	2,287
<b>TOTAL FIRE SERVICE</b>	<b>159,270</b>	<b>159,270</b>	<b>156,983</b>	<b>2,287</b>
<b>INSPECTION</b>				
Prof. Services - Code Enforcement	500	500	366	134
<b>TOTAL INSPECTION</b>	<b>500</b>	<b>500</b>	<b>366</b>	<b>134</b>

See Notes to Required Supplemental Information.

**TOWNSHIP OF LAPEER**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
PLANNING				
Wages Per Diem	\$ 6,070	\$ 6,070	\$ 2,333	\$ 3,737
Professional Services	7,000	7,000	3,216	3,784
Professional Services - Twp Engineering	2,000	2,000	-	2,000
Membership, Subscriptions	500	500	500	-
Conferences, Education	500	500	-	500
Publishing, Newspaper	250	250	305	(55)
TOTAL PLANNING	<u>16,320</u>	<u>16,320</u>	<u>6,354</u>	<u>9,966</u>
ZONING				
Wages Per Diem	1,600	2,450	1,945	505
Professional Services	-	1,730	648	1,082
Publishing, Newspaper	220	370	321	49
TOTAL ZONING	<u>1,820</u>	<u>4,550</u>	<u>2,914</u>	<u>1,636</u>
TOTAL PUBLIC SAFETY	<u>331,760</u>	<u>334,490</u>	<u>291,733</u>	<u>42,757</u>
PUBLIC WORKS				
Drains at Large	1,500	1,500	57	1,443
Miscellaneous	1,000	1,000	631	369
Recycling	2,000	2,000	1,983	17
Roads	151,000	147,270	49,706	97,564
Street Lights	11,040	13,040	13,359	(319)
TOTAL PUBLIC WORKS	<u>166,540</u>	<u>164,810</u>	<u>65,736</u>	<u>99,074</u>
RECREATION AND CULTURE				
Operating Supplies	250	250	11	239
Profession Services	3,000	4,400	4,274	126
Maintenance and Repairs	1,000	-	-	-
Miscellaneous	100	100	-	100
Land Improvements	1,000	600	120	480
TOTAL RECREATION AND CULTURE	<u>5,350</u>	<u>5,350</u>	<u>4,405</u>	<u>945</u>
CONTINGENCY	<u>9,000</u>	<u>2,400</u>	<u>-</u>	<u>2,400</u>
TOTAL EXPENDITURES	<u>935,461</u>	<u>944,361</u>	<u>754,314</u>	<u>190,047</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(158,143)</u>	<u>(125,360)</u>	<u>104,398</u>	<u>229,758</u>

See Notes to Required Supplemental Information.

**TOWNSHIP OF LAPEER**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	\$ -	\$ -	\$ 780	\$ 780
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>780</u>	<u>780</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (158,143)</u>	<u>\$ (125,360)</u>	<u>\$ 105,178</u>	<u>\$ 230,538</u>
FUND BALANCE - BEGINNING			<u>1,011,957</u>	
FUND BALANCE - ENDING			<u>\$ 1,117,135</u>	

See Notes to Required Supplemental Information.



**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF LAPEER**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**

BUDGETARY INFORMATION

The annual budget is prepared by the Township clerk, supervisor and treasurer and adopted by the Township Board; subsequent amendments are approved by the Township Board.

The budget has been prepared in accordance with generally accepted accounting principles for the General Fund and all Special Revenue Funds.

The budget has been adopted on a cost center basis. Comparison of actual results of operations to the budgets of the General Fund and Major Special Revenue Funds, as adopted by the Township Board, are included in the Required Supplemental Information of the basic financial statements.

EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

The Township had expenditure budget overruns as follows:

<u>Fund and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
None			

**OTHER SUPPLEMENTAL INFORMATION**

**TOWNSHIP OF LAPEER  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2017**

	Special Revenue Fund <u>Liquor Law Enforcement Fund</u>	Permanent Fund <u>Cemetery Trust Fund</u>	Total Non-major Governmental Funds
<b>ASSETS</b>			
Cash and Investments	\$ 100	\$ 34,406	\$ 34,506
Due from Other Funds	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 100</u>	<u>\$ 34,406</u>	<u>\$ 34,506</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ -	\$ 34	\$ 34
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>34</u>	<u>34</u>
<b>FUND EQUITY</b>			
Non-spendable			
Permanent Fund	-	34,372	34,372
Spendable			
Assigned:			
Liquor Law	100	-	100
<b>TOTAL FUND EQUITY</b>	<u>100</u>	<u>34,372</u>	<u>34,472</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 100</u>	<u>\$ 34,406</u>	<u>\$ 34,506</u>

**TOWNSHIP OF LAPEER  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2017**

	Special Revenue Fund	Permanent Fund	Total Non-major Governmental Funds
	Liquor Law Enforcement Fund	Cemetery Trust Fund	
REVENUES			
Miscellaneous	\$ 746	\$ -	\$ 746
Interest	-	34	34
TOTAL REVENUES	<u>746</u>	<u>34</u>	<u>780</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>746</u>	<u>34</u>	<u>780</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers Out	<u>(746)</u>	<u>(34)</u>	<u>(780)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(746)</u>	<u>(34)</u>	<u>(780)</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-
FUND BALANCE - BEGINNING	<u>100</u>	<u>34,372</u>	<u>34,472</u>
FUND BALANCE - ENDING	<u>\$ 100</u>	<u>\$ 34,372</u>	<u>\$ 34,472</u>