

**TOWNSHIP OF LAPEER
LAPEER, MICHIGAN**

**FINANCIAL REPORT WITH ADDITIONAL INFORMATION
FOR YEAR ENDED JUNE 30, 2007**

TOWNSHIP OF LAPEER

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BROWN & KENT, P.C.

Certified Public Accountants

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INDEPENDENT AUDITORS' 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 June 30, 2007, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 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.

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 of Lapeer, Lapeer, Michigan, at June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion it.

To the Board Members
Township of Lapeer
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Lapeer's basic financial statements. The accompanying other supplemental 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.

Brown & Kent, P.C

Certified Public Accountants

October 4, 2007

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 fiscal year ended June 30, 2007. We encourage readers to consider the information presented herein in conjunction with the Township's financial statements.

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 Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the year. All changes in net assets 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 Assets 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 assets may serve over time as a useful indicator of the government's financial position.

The following table shows, in a condensed format, the Net Assets as of June 30, 2007.

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Increase / (Decrease)</u>
Assets			
Current Assets	\$ 1,313,367	\$ 1,256,429	\$ 56,938
Capital Assets – Net of Depreciation	<u>667,949</u>	<u>706,801</u>	<u>(38,852)</u>
Total Assets	1,981,316	1,963,230	18,086
Liabilities			
Current Liabilities	<u>87,445</u>	<u>91,920</u>	<u>(4,475)</u>
Total Liabilities	87,445	91,920	(4,475)
Net Assets			
Invested in Capital Assets	667,949	706,801	(38,852)
Restricted	34,372	34,372	-
Unrestricted	<u>1,191,550</u>	<u>1,130,137</u>	<u>61,413</u>
Total Net Assets	<u>\$ 1,893,871</u>	<u>\$ 1,871,310</u>	<u>\$ 22,561</u>

The following table shows the changes of the net assets during the fiscal year ending June 30, 2007.

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>Increase / (Decrease)</u>
Revenue			
Program Revenues			
Charges for Services	\$ 51,801	\$ 87,773	\$ (35,972)
General Revenue			
Property Taxes and Collection Fees	363,744	331,666	32,078
State-shared Revenue	348,148	347,325	823
Franchise Fees	48,303	29,266	19,037
Other Revenue	102,213	86,211	16,002
	<hr/>	<hr/>	<hr/>
Total Revenue	914,209	882,241	31,968
Program Expenses			
General Government	372,790	375,966	(3,176)
Health and Welfare	15,234	15,234	-
Public Safety	240,993	258,442	(17,449)
Public Works	246,978	71,000	175,978
Cemetery	15,653	11,699	3,954
	<hr/>	<hr/>	<hr/>
Total Program Expenses	891,648	732,341	159,307
Change in Net Assets	22,561	149,900	(127,339)
Net Assets – Beginning of year	<hr/> 1,871,310	<hr/> 1,721,410	<hr/> 149,900
Net Assets – End of year	<u>\$ 1,893,871</u>	<u>\$ 1,871,310</u>	<u>\$ 22,561</u>

The Township's total governmental revenues, as reported in the Statement of Activities, totaled approximately \$914,000, up from the prior fiscal year. There was a significant decrease in charges for services, while other areas of revenue showed increases over the prior year. Total program expenses, as reported in the Statement of Activities, totaled approximately \$892,000, up from the prior fiscal year. There was a significant increase in public works due to some major roadwork within the Township.

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 4, following the government-wide financial statements.

The Township completed this year with a combined fund balance of \$1,225,922, an increase of \$61,413 from last year. The General Fund's fund balance increased \$179,364. The Capital Improvement Fund fund balance also showed an increase from the previous year, while the Revolving Improvement Fund fund balance decreased.

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 June 30, 2007, the Township had \$1,031,081 invested in a broad range of capital assets, including land, buildings, and equipment. This amount represents a net decrease of \$482.

Land and Improvements	\$ 437,934
Buildings and Improvements	484,775
Equipment	108,372
Total Capital Assets	<u>1,031,081</u>
Less Accumulated Depreciation	<u>363,132</u>
Net Capital Assets	<u>\$ 667,949</u>

Debt Administration

The Township has no long-term debt.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. There was a decrease of \$3,987 in total revenues budgeted, while there was a \$37,013 increase in total appropriations.

Economic Factors and Next Year's Budget

Because of the impact of Proposal A, the Headlee Amendment, increases in our contracts for services, unstable fuel prices and reports of decreased revenue sharing from the State of Michigan the Township must be vigilant in overseeing the budget.

The Township board is also continually striving to improve on our fire protection services. A grant is in process through the 2007 Assistance to Firefighters. The Township is required to contribute matching funds of approximately ten percent (10%) for installation of dry hydrants in up to ten locations throughout the Township. This will continue to improve available services to the residents of Lapeer Township.

The Township Hall and Community Building is aging and is now twenty years old. There are maintenance issues with the building that need to be addressed so that the building is maintained and kept safe. This requires that monies be spent from the Capital Improvement fund to maintain quality facilities.

Even though our Revenue Sharing Agreement (annexation) involving several parcels of land surrounding the I-69, M-24 corridor has been completed, we anticipate additional parcels that have already been negotiated and agreed upon to petition the Township for their annexation. Even though we have put policies in place to cover the expenses involved with future land transfers we expect legal and administrative fees to be incurred that will put an additional strain on our yearly budget.

While continuing to look ahead, we have started the process of updating our Lapeer Township Zoning Ordinance and Master Plan, while also preparing a Township Recreational Plan.

The Township's budget for 2007-2008 allows for the current services to continue; however, the conditions of some of the Township roads are continually monitored and addressed as our budget allows.

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 ASSETS
JUNE 30, 2007**

	Governmental Activities
ASSETS	
Current Assets	
Demand Deposits	\$ 8,730
Savings Deposits	54,895
Certificates of Deposit	542,023
Investments	586,689
Petty Cash	225
Accounts Receivable - Fireruns	26,648
Accounts Receivable - Franchise Fees	21,320
Accounts Receivable - State Shared Revenue	54,488
Accounts Receivable - Other	13,563
Prepaid Expenditures	4,786
Total Current Assets	1,313,367
Capital Assets	
Land	11,593
Land Improvements, Net of Depreciation	342,358
Building and Improvements, Net of Depreciation	279,543
Equipment, Net of Depreciation	34,455
Total Capital Assets	667,949
TOTAL ASSETS	\$ 1,981,316
 LIABILITIES	
Accounts Payable	\$ 60,217
Accrued Payroll	18,033
Accrued Payroll Taxes	5,124
Accrued Pension	4,071
TOTAL LIABILITIES	87,445
 NET ASSETS	
Invested in Capital Assets, Net of Related Debt	667,949
Restricted for:	
Permanent Fund - Perpetual Care Fund	34,372
Unrestricted	1,191,550
TOTAL NET ASSETS	1,893,871
TOTAL LIABILITIES AND NET ASSETS	\$ 1,981,316

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

**TOWNSHIP OF LAPEER
STATEMENT OF ACTIVITIES
JUNE 30, 2007**

	Functions / Programs			
	Governmental Activities			
	General Government	Health and Welfare	Public Safety	Public Works
EXPENSES				
Salaries and Benefits	\$ 197,911	\$ -	\$ 92,257	\$ -
Employment Taxes	17,252	-	-	-
Professional Services	66,713	-	125,547	-
Materials and Supplies	9,083	-	5,991	-
Repairs and Maintenance	1,963	-	2,520	-
Roads	-	-	-	230,765
Recycling	-	-	-	1,215
Street Lights	-	-	-	9,208
Other Program Expenses	45,503	15,234	3,311	5,790
Depreciation	34,365	-	11,367	-
TOTAL EXPENSES	372,790	15,234	240,993	246,978
PROGRAM REVENUES				
Charges for Services	8,341	-	35,113	1,518
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	-	-	-	-
NET PROGRAM (EXPENSES) REVENUES	\$ (364,449)	\$ (15,234)	\$ (205,880)	\$ (245,460)
GENERAL REVENUES				
Property Taxes				
Collection Fees				
State Shared Revenue				
Property Transfer - City				
Interest Income				
Cable TV Franchise Fee				
Hall Rental				
Sale of Capital Assets				
Miscellaneous				
TOTAL GENERAL REVENUES				
CHANGE IN NET ASSETS				
NET ASSETS - BEGINNING				
NET ASSETS - ENDING				

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

		Total	
Cemetery		Governmental	
\$ 1,232		\$ 291,400	
-		17,252	
10,207		202,467	
37		15,111	
1,100		5,583	
-		230,765	
-		1,215	
-		9,208	
3,077		72,915	
-		45,732	
<u>15,653</u>		<u>891,648</u>	
6,829		51,801	
-		-	
-		-	
<u>\$ (8,824)</u>		<u>(839,847)</u>	

318,960
44,784
348,148
18,887
64,361
48,303
4,000
63
<u>14,902</u>
<u>862,408</u>
22,561
<u>1,871,310</u>
<u>\$ 1,893,871</u>

**TOWNSHIP OF LAPEER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General Fund	Capital Improvement Fund	Revolving Improvement Fund
ASSETS			
Demand Deposits	\$ 8,730	\$ -	\$ -
Savings Deposits	20,123	-	-
Certificates of Deposit	542,023	-	-
Investments	117,146	141,249	328,294
Petty Cash	225	-	-
Accounts Receivable - Other	13,563	-	-
Accounts Receivable - Fireruns	26,648	-	-
Accounts Receivable - Franchise Fees	21,320	-	-
Accounts Receivable - State Shared Revenue	54,488	-	-
Prepaid Expenses	4,786	-	-
TOTAL ASSETS	\$ 809,052	\$ 141,249	\$ 328,294
LIABILITIES			
Accounts Payable	\$ 60,217	\$ -	\$ -
Accrued Expenses	27,228	-	-
TOTAL LIABILITIES	87,445	-	-
FUND EQUITY			
Fund Balance			
Unreserved - Undesignated	721,607	141,249	328,294
TOTAL FUND EQUITY	721,607	141,249	328,294
TOTAL LIABILITIES AND FUND EQUITY	\$ 809,052	\$ 141,249	\$ 328,294

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

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 8,730
34,772	54,895
-	542,023
-	586,689
-	225
-	13,563
-	26,648
-	21,320
-	54,488
-	4,786
<u>\$ 34,772</u>	<u>\$ 1,313,367</u>
\$ -	\$ 60,217
-	27,228
-	87,445
<u>34,772</u>	<u>1,225,922</u>
<u>34,772</u>	<u>1,225,922</u>
<u>\$ 34,772</u>	<u>\$ 1,313,367</u>

Reconciliation of Total Governmental Funds Balances to Net Assets of Governmental Activities	
Total Governmental Funds Balances	\$ 1,225,922
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 in the funds.	<u>667,949</u>
Net Assets of Governmental Activities	<u>\$ 1,893,871</u>

TOWNSHIP OF LAPEER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2007

	General Fund	Capital Improvement Fund	Revolving Improvement Fund
REVENUES			
Taxes	\$ 363,744	\$ -	\$ -
Licenses and Fees	1,265	-	-
Intragovernmental	367,035	-	-
Charges for Services	45,538	-	-
Fines and Forfeits	4,998	-	-
Sale of Capital Assets	400	-	-
Interest	37,486	6,896	18,859
Other Revenue	66,357	-	-
TOTAL REVENUES	<u>886,823</u>	<u>6,896</u>	<u>18,859</u>
EXPENDITURES			
General Government	345,644	-	-
Health and Welfare	15,234	-	-
Cemetery	15,653	-	-
Public Safety	229,626	-	-
Public Works	246,978	-	-
TOTAL EXPENDITURES	<u>853,135</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>33,688</u>	<u>6,896</u>	<u>18,859</u>
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	220,676	-	75,000
Operating Transfers Out	(75,000)	-	(218,706)
TOTAL OTHER FINANCING SOURCES (USES)	<u>145,676</u>	<u>-</u>	<u>(143,706)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	179,364	6,896	(124,847)
FUND BALANCE - JULY 1, 2006	<u>542,243</u>	<u>134,353</u>	<u>453,141</u>
FUND BALANCE - JUNE 30, 2007	<u>\$ 721,607</u>	<u>\$ 141,249</u>	<u>\$ 328,294</u>

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

Other Governmental Funds	Total Governmental Funds	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
\$ -	\$ 363,744	Net Change in Fund Balance - Total Governmental Funds
-	1,265	
-	367,035	Amounts reported for Governmental Activities in the Statement of Activities are different because:
-	45,538	
-	4,998	Governmental Funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeded capital outlays in the current period.
-	400	
1,120	64,361	Governmental Funds report the proceeds from the sale of Capital Assets. In the Statement of Activities, only the gain on the sale of these assets is reported. This is the amount by which the proceeds exceeded the gain in the current period.
850	67,207	
<u>1,970</u>	<u>914,548</u>	Change in Net Assets of Governmental Activities
-	345,644	
-	15,234	
-	15,653	
-	229,626	
-	246,978	
<u>-</u>	<u>853,135</u>	
1,970	61,413	
-	295,676	
<u>(1,970)</u>	<u>(295,676)</u>	
<u>(1,970)</u>	<u>-</u>	
-	61,413	
<u>34,772</u>	<u>1,164,509</u>	
<u>\$ 34,772</u>	<u>\$ 1,225,922</u>	

TOWNSHIP OF LAPEER
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2007

	Trust and Agency Fund	Tax Collection Fund	Total Agency Funds
ASSETS			
Demand Deposits	\$ 64,584	\$ -	\$ 64,584
Delinquent Taxes Receivable	-	11,988	11,988
TOTAL ASSETS	\$ 64,584	\$ 11,988	\$ 76,572
LIABILITIES			
Due to Others	\$ 64,584	\$ 11,988	\$ 76,572
TOTAL LIABILITIES	\$ 64,584	\$ 11,988	\$ 76,572

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

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 and the Township Administrator 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 or 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 assets 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 activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include; (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given program; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF PRESENTATION (Continued)

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.

Capital Improvement Fund – The Capital Improvement Fund is used to set aside monies for the future construction of governmental capital assets. When items are constructed money is moved from this fund to the General Fund and expenditures are accounted for there.

Revolving Improvement Fund – The Revolving Improvement Fund is used to set aside monies for the future non-maintenance roadwork. When items are constructed money is moved from this fund to the General Fund and expenditures are accounted for there.

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.

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 and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time liability is incurred.

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, 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 two preceding years. 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.

E. CASH EQUIVALENTS

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

F. 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.

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERFUND TRANSACTIONS

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

H. CAPITAL ASSETS

Capital assets, which include property, plant, 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

I. NET ASSETS

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their 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.

J. INTERFUND RECEIVABLES AND PAYABLES

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

K. 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.

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS

All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

STATUTORY AUTHORITY

Act 217, PA 1982, authorizes the Township to deposit and invest in:

- (1) Bonds and other direct obligations of the United States or its agencies,
- (2) Certificates of deposits, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations, or credit unions insured by the national credit union administration that are eligible to be a depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146), and
- (3) Mutual funds composed of investments, which are legal for direct investment of local government.

CASH AND EQUIVALENTS

A summary of cash and equivalents as of June 30, 2007 follows:

	Carrying Value	Bank Balance	Covered By FDIC Insurance
Demand Deposits	\$ 73,314	\$ 77,895	\$ 77,895
Savings Deposits	54,895	54,895	35,213
Petty Cash	225	-	-
	128,434	132,790	113,108
Certificate of Deposit	542,023	542,023	264,787
	\$ 670,457	\$ 674,813	\$ 377,895

Bank balance does not reflect deposits in transit or outstanding checks.

FDIC Regulation Number 330.8, provides that deposits of a governmental unit are insured for the lesser of the amount of the combined deposit or \$100,000, in every financial institution that is not a branch location and that is a member of FDIC in the following deposit accounts:

- (1) All demand, non-interest bearing accounts (checking), in the name of the authorized or statutory custodian (treasurer) of public funds.
- (2) All savings deposits, which include regular passbook, daily interest savings, and time certificates of deposit in the name of the governmental unit's custodian.

INVESTMENTS

The Governmental Accounting Standards Board of the Financial Accounting Foundation Statement 3, includes the requirement that a government entity's investments be classified into three categories of credit risk. The categories are:

- (1) Insured or registered securities held by the government entity of its agent in the entity's name;
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name; and

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

NOTE 2 – CASH AND EQUIVALENTS AND INVESTMENTS (Continued)

INVESTMENTS (Continued)

- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the entity's name.

The Township has invested \$563,226 with Comerica Bank in their Investment Fund and \$23,463 with LaSalle Bank in their State Shared Revenue Account. These mutual fund investments cannot be categorized, because they are not evidenced by securities that exist in physical or book entry form.

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007, was as follows:

	<u>Balance 7-01-06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-07</u>
Capital Assets Not Being Depreciated				
Land	\$ 11,593	\$ -	\$ -	\$ 11,593
Total Capital Assets not being Depreciated	<u>11,593</u>	<u>-</u>	<u>-</u>	<u>11,593</u>
Capital Assets being Depreciated				
Land Improvements	426,341	-	-	426,341
Building and Improvements	484,775	-	-	484,775
Equipment	108,854	7,217	7,699	108,372
Total Capital Assets being Depreciated	<u>1,019,970</u>	<u>7,217</u>	<u>7,699</u>	<u>1,019,488</u>
Less Accumulated Depreciation for				
Land Improvements	63,537	20,446	-	83,983
Building and Improvements	192,489	12,743	-	205,232
Equipment	68,736	12,543	7,362	73,917
Total Accumulated Depreciation	<u>324,762</u>	<u>45,732</u>	<u>7,362</u>	<u>363,132</u>
Total Capital Assets being Depreciated, Net	<u>695,208</u>	<u>(38,515)</u>	<u>337</u>	<u>656,356</u>
Total Government Assets, Net	<u>\$ 706,801</u>	<u>\$ (38,515)</u>	<u>\$ 337</u>	<u>\$ 667,949</u>

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

General Government	\$ 34,365
Public Safety	<u>11,367</u>
Total Depreciation Expense	<u>\$ 45,732</u>

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

NOTE 4 – 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 2006 tax is levied and collectible on December 1, 2006, and is recognized as revenue in the year ended June 30, 2007, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2006 taxable valuation of the Township totaled approximately \$192,371,000, on which taxes levied consisted of 1.6072 mills for operating purposes. This resulted in approximately \$309,000 for operating purposes. This amount was recognized in the General Fund financial statements as tax revenue.

NOTE 5 – 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 Transfer In</u>	<u>Fund</u>	<u>Operating Transfer Out</u>
Special Revenue -		General Fund	\$ 75,000
Capital Improvement	\$ -	Special Revenue -	
Revolving Improvement	75,000	Liquor Law	854
		Disaster Contingency	2
		Revolving Improvement	218,706
		Permanent Fund -	
		Cemetery	1,114
General Fund	<u>220,676</u>		
Total	<u>\$ 295,676</u>	Total	<u>\$ 295,676</u>

There were no interfund receivables or payables.

NOTE 6 – PENSION PLAN

The Township makes annual contributions to the Primerica Defined Contribution Plan for Governmental Employees for all eligible employees.

The Township contributed \$50,305 to the plan for the year ended June 30, 2007.

**TOWNSHIP OF LAPEER
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2007**

NOTE 7 – FIRE DEPARTMENT CONTRACT

The City of Lapeer provides fire department services to the Township of Lapeer. The City of Lapeer was paid a standby fee of \$51,500 for the period from July 1, 2006 through June 30, 2007. The City also charges additional fees for each fire run.

The additional fees are paid by the Township of Lapeer when billed by the fire departments. The Township then bills the person who was provided the fire run service.

NOTE 8 – 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 general fund Investment 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 9 – 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 10 – CONTINGENCIES

The Township is involved in Michigan Tax Tribunal cases involving several years of property tax appeals by Detroit Edison and Consumers Energy. If the plaintiffs were successful, there would be a partial refund. The probability of an unfavorable outcome cannot be determined, at this time. Accordingly, no accrual has been made.

The Township is also continuously 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 YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
TAXES				
Property Taxes	\$ 303,793	\$ 287,993	\$ 318,960	\$ 30,967
Collection Fees and Penalties	36,000	36,000	44,784	8,784
TOTAL TAXES	<u>339,793</u>	<u>323,993</u>	<u>363,744</u>	<u>39,751</u>
LICENSES, PERMITS AND FEES				
Development Fees	2,500	2,500	1,215	(1,285)
Business Licenses	50	50	50	-
TOTAL LICENSES, PERMITS AND FEES	<u>2,550</u>	<u>2,550</u>	<u>1,265</u>	<u>(1,285)</u>
INTERGOVERNMENTAL				
State Revenue Sharing	300,000	313,415	348,148	34,733
City Property Transfer	21,000	18,885	18,887	2
TOTAL INTERGOVERNMENTAL	<u>321,000</u>	<u>332,300</u>	<u>367,035</u>	<u>34,735</u>
CHARGES FOR SERVICES				
Cemetery	6,000	6,000	6,829	829
Firerun Fees and Fines	50,000	40,000	31,313	(8,687)
Special Assessments	1,100	1,100	1,518	418
Special Meetings	2,500	2,500	5,878	3,378
TOTAL CHARGES FOR SERVICES	<u>59,600</u>	<u>49,600</u>	<u>45,538</u>	<u>(4,062)</u>
FINES AND FORFEITS				
Penal Fines	3,000	3,000	4,998	1,998
TOTAL FINES AND FORFEITS	<u>3,000</u>	<u>3,000</u>	<u>4,998</u>	<u>1,998</u>
MISCELLANEOUS SOURCES				
Interest Earned	10,000	25,000	37,486	12,486
Township Hall Rental	4,000	4,000	4,000	-
Cable TV	20,000	20,000	48,303	28,303
Sale of Fixed Assets	-	-	400	400
Other Revenue	7,750	3,263	14,054	10,791
TOTAL MISCELLANEOUS SOURCES	<u>41,750</u>	<u>52,263</u>	<u>104,243</u>	<u>51,980</u>
TOTAL REVENUES	<u>767,693</u>	<u>763,706</u>	<u>886,823</u>	<u>123,117</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 YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
TRUSTEE				
Salaries	\$ 9,816	\$ 9,816	\$ 9,536	\$ 280
Health Insurance	800	800	726	74
Employers Life Insurance	1,375	1,375	1,372	3
Professional Services	-	-	-	-
Membership and Subscriptions	4,200	4,200	3,158	1,042
Conferences and Education	500	500	76	424
Community Promotion	275	275	200	75
TOTAL TRUSTEE	16,966	16,966	15,068	1,898
SUPERVISOR				
Salaries	25,886	25,886	25,886	-
Health Insurance	4,300	4,390	4,756	(366)
Employers Life Insurance	80	80	80	-
Conferences and Education	500	410	189	221
TOTAL SUPERVISOR	30,766	30,766	30,911	(145)
COMMITTEE				
Wages Per Diem	1,500	3,016	2,774	242
Conferences and Education	200	300	267	33
TOTAL COMMITTEE	1,700	3,316	3,041	275
ELECTIONS				
Wages Per Diem	4,500	5,150	5,137	13
Office Supplies	750	700	422	278
Professional Services	1,500	372	240	132
Publishing and Newspaper	300	428	427	1
Equipment and Hardware	1,000	-	-	-
TOTAL ELECTIONS	8,050	6,650	6,226	424
AUDITOR				
Professional Services	6,000	6,325	6,325	-
TOTAL AUDITOR	6,000	6,325	6,325	-
ASSESSOR				
Office Supplies	100	100	65	35
Postage and Mailings	-	1,325	1,318	7
Operating Supplies and Maps	1,250	600	125	475
Professional and Contract Service	31,675	31,675	31,673	2

See Notes to Required Supplemental Information.

TOWNSHIP OF LAPEER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
ASSESSOR (Continued)				
County Contract	\$ 1,500	\$ 500	\$ -	\$ 500
Software	1,000	1,000	995	5
TOTAL ASSESSOR	<u>35,525</u>	<u>35,200</u>	<u>34,176</u>	<u>1,024</u>
ATTORNEY				
Professional Services	<u>14,550</u>	<u>20,050</u>	<u>19,578</u>	<u>472</u>
TOTAL ATTORNEY	<u>14,550</u>	<u>20,050</u>	<u>19,578</u>	<u>472</u>
CLERK				
Salaries	35,480	36,480	36,480	-
Deputy	2,000	2,000	1,486	514
Health Insurance	2,500	-	-	-
Employers Life Insurance	80	80	80	-
Conferences and Education	1,500	1,500	865	635
Software	200	200	199	1
TOTAL CLERK	<u>41,760</u>	<u>40,260</u>	<u>39,110</u>	<u>1,150</u>
GENERAL OFFICE				
Hourly Wages	21,050	21,050	18,792	2,258
Employers Life Insurance	80	80	80	-
Office Supplies	1,700	2,200	1,805	395
Postage	4,000	4,800	4,767	33
Operating Supplies	1,500	1,500	1,441	59
Professional Services	3,500	3,000	1,868	1,132
Telephone	3,500	3,500	3,669	(169)
Conferences and Education	100	100	-	100
Publishing and Newspaper	2,000	1,600	1,078	522
Printing and Ordinances	1,500	1,100	59	1,041
Maintenance and Repairs	3,000	1,600	218	1,382
Miscellaneous	150	150	115	35
Hardware	-	2,000	1,800	200
Office Furniture and Equipment	4,000	5,619	4,871	748
TOTAL GENERAL OFFICE	<u>46,080</u>	<u>48,299</u>	<u>40,563</u>	<u>7,736</u>
BOARD OF REVIEW				
Wages Per Diem	1,500	1,500	1,200	300
Conferences and Education	250	250	162	88
Publishing and Newspaper	100	100	90	10
TOTAL BOARD OF REVIEW	<u>1,850</u>	<u>1,850</u>	<u>1,452</u>	<u>398</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 YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
TREASURER				
Salaries	\$ 27,900	\$ 27,900	\$ 27,900	\$ -
Deputy	4,000	4,231	4,230	1
Employers Life Insurance	120	120	116	4
Office Supplies	500	525	524	1
County Contract Expense	200	200	65	135
Conferences and Education	1,500	1,500	1,228	272
Property Tax Chargebacks	200	447	447	-
Software	650	670	670	-
TOTAL TREASURER	<u>35,070</u>	<u>35,593</u>	<u>35,180</u>	<u>413</u>
TOWNSHIP HALL GROUNDS				
Salaries	7,100	7,100	6,975	125
Operating Supplies	1,000	1,000	783	217
Professional Services	3,000	3,000	2,505	495
Contractual Mowing	2,800	2,800	2,140	660
Contractual Snow Removal	2,500	2,500	2,385	115
Electricity	3,700	3,400	3,224	176
Utilities - Gas and Oil	6,000	4,600	3,582	1,018
Maintenance and Repairs	5,000	3,500	1,745	1,755
Lease Security Systems	1,200	1,200	1,161	39
Land Improvements	1,000	1,000	-	1,000
Building Improvements	5,000	5,000	589	4,411
Office Equipment and Furniture	250	250	660	(410)
TOTAL TOWNSHIP HALL GROUNDS	<u>38,550</u>	<u>35,350</u>	<u>25,749</u>	<u>9,601</u>
OTHER GENERAL GOVERNMENT				
Township Pension	50,000	65,192	50,305	14,887
Pension Administration	1,500	3,430	3,542	(112)
Insurance Premium	25,000	25,000	17,166	7,834
Township Social Security	14,842	14,960	13,982	978
Township Medicare	3,472	3,499	3,270	229
TOTAL OTHER GENERAL GOVERNMENT	<u>94,814</u>	<u>112,081</u>	<u>88,265</u>	<u>23,816</u>
TOTAL GENERAL GOVERNMENT	<u>371,681</u>	<u>392,706</u>	<u>345,644</u>	<u>47,062</u>
HEALTH AND WELFARE				
Ambulance	15,250	15,250	15,234	16
TOTAL HEALTH AND WELFARE	<u>15,250</u>	<u>15,250</u>	<u>15,234</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 YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable
				(Unfavorable)
EXPENDITURES (Continued)				
GENERAL GOVERNMENT (Continued)				
CEMETERY				
Sexton Wages	\$ 4,000	\$ 1,700	\$ 1,232	\$ 468
Office Supplies	100	100	-	100
Operating Supplies	500	400	37	363
Professional Services	1,000	250	35	215
Contractual Mowing	7,000	9,700	10,172	(472)
Contractual Snow Removal	250	250	-	250
Opening, Closing and Foundations	2,500	3,300	2,732	568
Conferences and Education	100	100	-	100
Utilities	150	150	111	39
Repair and Maintenance	500	500	234	266
Building and Grounds Improvements	1,000	1,100	1,100	-
Equipment	500	50	-	50
TOTAL CEMETERY	<u>17,600</u>	<u>17,600</u>	<u>15,653</u>	<u>1,947</u>
PUBLIC SAFETY				
LAW ENFORCEMENT				
Hourly Wages	75,000	75,761	76,798	(1,037)
Wages - Crossing Guard	4,500	4,500	4,460	40
Employers Life Insurance	850	850	816	34
Operating Supplies	1,000	1,000	443	557
Operating Supplies - Gas	6,000	5,380	5,547	(167)
Other Professional Services	-	1,285	1,309	(24)
Membership Subscriptions	1,200	865	1,012	(147)
Conferences and Education	750	750	561	189
Maintenance and Repairs	2,500	3,500	2,520	980
Equipment and Hardware	500	335	-	335
TOTAL LAW ENFORCEMENT	<u>92,300</u>	<u>94,226</u>	<u>93,466</u>	<u>760</u>
FIRE SERVICE				
Professional Services - Fire Service	175,000	125,000	109,168	15,832
Conferences and Education	-	-	-	-
Operating Expense	400	400	88	312
TOTAL FIRE SERVICE	<u>175,400</u>	<u>125,400</u>	<u>109,256</u>	<u>16,144</u>
INSPECTION				
Prof. Services - Code Enforcement	1,000	1,000	321	679
TOTAL INSPECTION	<u>1,000</u>	<u>1,000</u>	<u>321</u>	<u>679</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 YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
EXPENDITURES (Continued)				
PUBLIC SAFETY (Continued)				
PLANNING				
Wages Per Diem	\$ 10,200	\$ 10,200	\$ 8,546	\$ 1,654
Operating Supplies	100	100	-	100
Professional Services	18,000	18,000	9,850	8,150
Professional Services - Twp. Engineering	5,000	4,840	4,900	(60)
Membership and Subscriptions	400	960	960	-
Conferences and Education	500	100	94	6
Publishing and Newspaper	500	500	267	233
TOTAL PLANNING	<u>34,700</u>	<u>34,700</u>	<u>24,617</u>	<u>10,083</u>
ZONING				
Wages Per Diem	3,000	3,000	1,637	1,363
Membership Subscriptions	50	50	-	50
Conferences and Education	100	100	50	50
Publishing and Newspaper	-	250	279	(29)
TOTAL ZONING	<u>3,150</u>	<u>3,400</u>	<u>1,966</u>	<u>1,434</u>
TOTAL PUBLIC SAFETY	<u>306,550</u>	<u>258,726</u>	<u>229,626</u>	<u>29,100</u>
PUBLIC WORKS				
Drains at Large	800	800	500	300
Recycling	1,800	1,800	1,215	585
Roads	210,000	294,600	230,765	63,835
Street Lights	10,000	10,000	9,208	792
Transportation	5,300	5,300	5,290	10
Capital Outlays	4,000	4,000	-	4,000
TOTAL PUBLIC WORKS	<u>231,900</u>	<u>316,500</u>	<u>246,978</u>	<u>69,522</u>
CONTINGENCY	<u>25,000</u>	<u>4,212</u>	<u>-</u>	<u>4,212</u>
TOTAL EXPENDITURES	<u>967,981</u>	<u>1,004,994</u>	<u>853,135</u>	<u>151,859</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(200,288)</u>	<u>(241,288)</u>	<u>33,688</u>	<u>274,976</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	180,650	234,152	220,676	(13,476)
Operating Transfers Out	<u>(25,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>155,650</u>	<u>159,152</u>	<u>145,676</u>	<u>(13,476)</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 YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (44,638)</u>	<u>\$ (82,136)</u>	<u>\$ 179,364</u>	<u>\$ 261,500</u>
FUND BALANCE - JULY 1, 2006			<u>542,243</u>	
FUND BALANCE - JUNE 30, 2007			<u>\$ 721,607</u>	

See Notes to Required Supplemental Information.

**TOWNSHIP OF LAPEER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
FOR YEAR ENDED JUNE 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 2,500	\$ 2,500	\$ 6,896	\$ 4,396
TOTAL REVENUES	<u>2,500</u>	<u>2,500</u>	<u>6,896</u>	<u>4,396</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,500</u>	<u>2,500</u>	<u>6,896</u>	<u>4,396</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,500</u>	<u>\$ 2,500</u>	6,896	<u>\$ 4,396</u>
FUND BALANCE - JULY 1, 2006			<u>134,353</u>	
FUND BALANCE - JUNE 30, 2007			<u>\$ 141,249</u>	

See Notes to Required Supplemental Information.

TOWNSHIP OF LAPEER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
REVOLVING IMPROVEMENT FUND
FOR YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 8,000	\$ 8,000	\$ 18,859	\$ 10,859
TOTAL REVENUES	<u>8,000</u>	<u>8,000</u>	<u>18,859</u>	<u>10,859</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,000</u>	<u>8,000</u>	<u>18,859</u>	<u>10,859</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	25,000	75,000	75,000	-
Operating Transfers Out	<u>(183,000)</u>	<u>(233,500)</u>	<u>(218,706)</u>	<u>14,794</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(158,000)</u>	<u>(158,500)</u>	<u>(143,706)</u>	<u>14,794</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (150,000)</u>	<u>\$ (150,500)</u>	(124,847)	<u>\$ 25,653</u>
FUND BALANCE - JULY 1, 2006			<u>453,141</u>	
FUND BALANCE - JUNE 30, 2007			<u>\$ 328,294</u>	

See Notes to Required Supplemental Information.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

**TOWNSHIP OF LAPEER
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR YEAR ENDED JUNE 30, 2007**

BUDGETARY INFORMATION

The annual budget is prepared by the Township supervisor 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 line item 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. A comparison of the actual results of operations to the Non-major Special Revenue Funds budgets, as adopted by the Township, is included in the Other Supplemental Information section of the financial statements.

EXCESS OF EXPENDITURES OVER BUDGETED AMOUNTS

The Township had material expenditure budget overruns as follows:

<u>Fund and Activity</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
NONE FOUND			

OTHER SUPPLEMENTAL INFORMATION

**TOWNSHIP OF LAPEER
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007**

	Special Revenue Funds		Permanent Fund	Total Non-major Governmental Funds
	Disaster Contingency Fund	Liquor Law Enforcement Fund	Cemetery Trust Fund	
ASSETS				
Savings Deposits	\$ 300	\$ 100	\$ 34,372	\$ 34,772
TOTAL ASSETS	<u>\$ 300</u>	<u>\$ 100</u>	<u>\$ 34,372</u>	<u>\$ 34,772</u>
FUND EQUITY				
Fund Balance				
Unreserved - Undesignated	\$ 300	\$ 100	\$ 34,372	\$ 34,772
TOTAL FUND EQUITY	<u>\$ 300</u>	<u>\$ 100</u>	<u>\$ 34,372</u>	<u>\$ 34,772</u>

**TOWNSHIP OF LAPEER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds		Permanent Fund	Total Non-major Governmental Funds
	Disaster Contingency Fund	Liquor Law Enforcement Fund	Cemetery Trust Fund	
REVENUES				
Miscellaneous	\$ -	\$ 850	\$ -	\$ 850
Interest	2	4	1,114	1,120
TOTAL REVENUES	2	854	1,114	1,970
EXPENDITURES	-	-	-	
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2	854	1,114	1,970
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(2)	(854)	(1,114)	(1,970)
TOTAL OTHER FINANCING SOURCES (USES)	(2)	(854)	(1,114)	(1,970)
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	-	-	-
FUND BALANCE - JULY 1, 2006	300	100	34,372	34,772
FUND BALANCE - JUNE 30, 2007	\$ 300	\$ 100	\$ 34,372	\$ 34,772