

*Village of Almont*  
**Lapeer County, Michigan**

Audited Financial Report  
June 30, 2009

*Lehn L. King*  
Certified Public Accountant  
Marlette, Michigan

**Village of Almont**  
 Annual Financial Report  
 For The Year Ended June 30, 2009

**Table of Contents**

	<b><u>Page Number</u></b>
<b>I. Independent Auditor’s Report.....</b>	<b>1</b>
<b>II. Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Assets (Deficit) .....	2
Statement of Activities .....	3
Fund Financial Statements:	
Governmental Funds	
Balance Sheet .....	4
Reconciliation of Fund Balances to the Statement of Net Assets (Deficit) .....	5
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	6
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	7
Proprietary Funds	
Statement of Net Assets (Deficit) .....	8
Statement of Revenues, Expenditures, and Changes in Net Assets .....	9
Statement of Cash Flows .....	10
Fiduciary Funds	
Statement of Net Assets (Deficit) .....	11
Notes to Financial Statements .....	12-21
<b>III. Required Supplemental Information .....</b>	<b>22</b>
Budgetary Comparison Schedule	
General Fund.....	23-24
Major Special Revenue Funds .....	25-26
Major Debt Service Funds .....	27-29
Major Capital Project Fund .....	30
<b>IV. Other Supplemental Information .....</b>	<b>31</b>
Nonmajor Governmental Funds	
Combining Balance Sheet.....	32
Combining Statement of Revenues, Expenditures, & Changes in Fund Balances.....	33
Schedule of Indebtedness .....	34-37

Honorable Village Council  
**Village of Almont**  
Lapeer County, Michigan

**Independent Auditor's Report**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Almont, Michigan as of and for the year ended June 30, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Almont, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that the audit provides a reasonable basis for my opinions.

In my 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 Village of Almont, Michigan as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Village of Almont has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the financial statements.

The budgetary comparison information listed in the table of contents is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of Management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Lehn King*

Lehn L. King  
**Certified Public Accountant**

August 5, 2009

# Village of Almont

## Statement of Net Assets (Deficit)

June 30, 2009

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash & Cash Equivalents	\$ 1,525,780.12	\$ 84,383.20	\$ 1,610,163.32
Accounts Receivable	149,704.46	181,602.35	331,306.81
Due From Other Funds (Net)	21,805.08	18,182.00	39,987.08
Capital Assets			
Nondepreciable Capital Assets	357,000.00	100.00	357,100.00
Depreciable Capital Assets	<u>1,558,932.38</u>	<u>9,071,481.54</u>	<u>10,630,413.92</u>
 Total Assets	 3,613,222.04	 9,355,749.09	 12,968,971.13
<b><u>Liabilities</u></b>			
Accounts Payable	46,630.94	25,466.00	72,096.94
Deferred Revenue	14,000.00	23,104.00	37,104.00
Accrued Interest Payable	11,108.00	17,360.00	28,468.00
Current Portion of Long-Term Debt	104,817.00	175,000.00	279,817.00
Noncurrent Liabilities:			
Long-Term Debt	<u>581,479.67</u>	<u>3,617,030.00</u>	<u>4,198,509.67</u>
 <u>Total Liabilities</u>	 <u>758,035.61</u>	 <u>3,857,960.00</u>	 <u>4,615,995.61</u>
<b>Net Assets (Deficit)</b>			
Invested in Capital Assets - Net of Related Debt	1,218,527.71	5,357,590.54	6,576,118.25
Restricted:			
Restricted for Capital Projects	60,908.34	-	60,908.34
Restricted for Debt Service	631,608.02	-	631,608.02
Unrestricted	<u>944,142.36</u>	<u>140,198.55</u>	<u>1,084,340.91</u>
 <u>Total Net Assets (Deficit)</u>	 <u>\$ 2,855,186.43</u>	 <u>\$ 5,497,789.09</u>	 <u>\$ 8,352,975.52</u>

The notes are an integral part of the statements.

**Village of Almont**  
Statement of Activities  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue & Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Primary Government:							
Governmental Activities:							
General Government	\$ 472,055.44	\$ 144,321.54	\$ -	\$ -	\$ (327,733.90)	\$ -	\$ (327,733.90)
Public Safety	767,780.19	305,877.62	-	-	(461,902.57)	-	(461,902.57)
Public Works	728,426.56	225,656.76	177,228.52	-	(325,541.28)	-	(325,541.28)
Recreation & Culture	10,336.52	-	9,353.85	-	(982.67)	-	(982.67)
Interest on Long-Term Debt	19,574.72	-	-	-	(19,574.72)	-	(19,574.72)
<u>Total Governmental Activities</u>	1,998,173.43	675,855.92	186,582.37	-	(1,135,735.14)	-	(1,135,735.14)
Business-type Activities	975,472.31	742,761.78	-	-	-	(232,710.53)	(232,710.53)
Interest on Long-Term Debt	84,585.82	-	-	-	-	(84,585.82)	(84,585.82)
<u>Total Business-type Activities</u>	1,060,058.13	742,761.78	-	-	-	(317,296.35)	(317,296.35)
<u>Total Primary Government</u>	<u>\$ 3,058,231.56</u>	<u>\$ 1,418,617.70</u>	<u>\$ 186,582.37</u>	<u>\$ -</u>	<u>\$ (1,135,735.14)</u>	<u>\$ (317,296.35)</u>	<u>\$ (1,453,031.49)</u>
<b>General Revenues:</b>							
Property Taxes					\$ 946,186.12	\$ -	\$ 946,186.12
State Shared Revenues					268,709.00	-	268,709.00
Interest					20,198.73	3,747.56	23,946.29
Other Revenues					215,758.22	-	215,758.22
Transfers					(306,124.82)	306,124.82	-
Total General Revenues, Special Items & Transfers					<u>1,144,727.25</u>	<u>309,872.38</u>	<u>1,454,599.63</u>
<b>Change in Net Assets</b>					8,992.11	(7,423.97)	1,568.14
<b>Net Assets (Deficit) - Beginning of Year</b>					<u>2,846,194.32</u>	<u>5,505,213.06</u>	<u>8,351,407.38</u>
<b>Net Assets (Deficit) - End of Year</b>					<u>\$ 2,855,186.43</u>	<u>\$ 5,497,789.09</u>	<u>\$ 8,352,975.52</u>

The notes are an integral part of the statements.

# Village of Almont

Balance Sheet  
Governmental Funds  
June 30, 2009

<u>Assets</u>	Special Revenue Funds			Debt Service Funds			Capital Project Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Streets Fund	Downtown Development Authority	Water Tower	Water System Improvement	W.W.T.P. Improvement Project	W.W.T.P. Improvement Project		
Cash & Cash Equivalents	\$ 254,025.58	\$ 168,442.89	\$ 191,753.97	\$ 75,395.24	\$ 6,923.13	\$ 530,403.58	\$ 60,908.34	\$ 67,588.85	\$ 1,355,441.58
Accounts Receivable	112,114.55	-	-	-	6,549.65	31,040.26	-	-	149,704.46
Due From Other Funds	40,592.30	1,022.92	-	-	-	-	-	5.57	41,620.79
<b>Total Assets</b>	<b>\$ 406,732.43</b>	<b>\$ 169,465.81</b>	<b>\$ 191,753.97</b>	<b>\$ 75,395.24</b>	<b>\$ 13,472.78</b>	<b>\$ 561,443.84</b>	<b>\$ 60,908.34</b>	<b>\$ 67,594.42</b>	<b>\$ 1,546,766.83</b>
<b><u>Liabilities &amp; Fund Equity</u></b>									
<b><u>Liabilities</u></b>									
Accounts Payable	\$ 25,805.33	\$ -	\$ 19,137.83	\$ -	\$ -	\$ -	\$ -	\$ 795.00	\$ 45,738.16
Deferred Revenue	14,000.00	-	-	-	-	-	-	-	14,000.00
Due To Other Funds	50,000.00	-	-	-	18,703.84	-	-	1,111.87	69,815.71
<b>Total Liabilities</b>	<b>89,805.33</b>	<b>-</b>	<b>19,137.83</b>	<b>-</b>	<b>18,703.84</b>	<b>-</b>	<b>-</b>	<b>1,906.87</b>	<b>129,553.87</b>
<b><u>Fund Equity</u></b>									
Fund Balances:									
Reserved for Capital Projects	-	-	-	-	-	-	60,908.34	-	60,908.34
Reserved for Debt Service	-	-	-	75,395.24	(5,231.06)	561,443.84	-	-	631,608.02
Designated for Homecoming	7,128.53	-	-	-	-	-	-	-	7,128.53
Designated for Park	8,528.90	-	-	-	-	-	-	-	8,528.90
Unreserved - Undesignated	301,269.67	169,465.81	172,616.14	-	-	-	-	65,687.55	709,039.17
<b>Total Fund Equity</b>	<b>316,927.10</b>	<b>169,465.81</b>	<b>172,616.14</b>	<b>75,395.24</b>	<b>(5,231.06)</b>	<b>561,443.84</b>	<b>60,908.34</b>	<b>65,687.55</b>	<b>1,417,212.96</b>
<b>Total Liab. &amp; Fund Equity</b>	<b>\$ 406,732.43</b>	<b>\$ 169,465.81</b>	<b>\$ 191,753.97</b>	<b>\$ 75,395.24</b>	<b>\$ 13,472.78</b>	<b>\$ 561,443.84</b>	<b>\$ 60,908.34</b>	<b>\$ 67,594.42</b>	<b>\$ 1,546,766.83</b>

The notes are an integral part of the statements.

**Village of Almont**  
Governmental Funds  
Reconciliation of Fund Balances to the  
Statement of Net Assets (Deficit)  
For The Year Ended June 30, 2009

<b>Total Fund Balances for Governmental Funds &amp; Equipment Fund</b>	\$ 1,799,842.87
 Amounts reported for governmental activities in the statement of net assets (deficit) are different because:	
Capital Assets used in Governmental Activities are not financial resources and are not reported in the Funds	1,752,748.23
Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	(686,296.67)
Accrued Interest Payable is not reported in the Funds	<u>(11,108.00)</u>
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 2,855,186.43</u></u>

**Village of Almont**  
Statement of Revenues, Expenditures  
And Changes in Fund Balances  
Governmental Funds  
For The Year Ended June 30, 2009

	Special Revenue Funds			Debt Service Funds			Capital		
	General Fund	Major Streets Fund	Downtown Development Authority	Water Tower	Water System Improvement	W.W.T.P. Improvement Project	Project Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>									
Property Taxes	\$ 600,135.45	\$ -	\$ 145,301.99	\$ 110,174.06	\$ 90,574.62	\$ -	\$ -	\$ -	\$ 946,186.12
Intergovernmental Revenues	268,709.00	130,957.70	-	-	-	-	-	46,270.82	445,937.52
Licenses, Permits, & Fees	47,472.54	-	-	-	-	-	-	16,711.40	64,183.94
Charges for Services	389,456.72	-	-	-	-	116,256.46	-	-	505,713.18
Interest Earnings	1,755.63	2,076.94	3,124.96	794.37	175.74	7,677.71	986.70	452.39	17,044.44
Other Revenues	192,184.02	-	6,863.25	-	-	1,746.81	-	-	200,794.08
<b>Total Revenues</b>	<b>1,499,713.36</b>	<b>133,034.64</b>	<b>155,290.20</b>	<b>110,968.43</b>	<b>90,750.36</b>	<b>125,680.98</b>	<b>986.70</b>	<b>63,434.61</b>	<b>2,179,859.28</b>
<b>Expenditures</b>									
General Government	300,481.57	-	-	-	-	-	-	-	300,481.57
Public Safety	750,165.31	-	-	-	-	-	-	14,606.68	764,771.99
Public Works	368,466.95	87,820.71	150,970.42	-	801.30	285.59	-	71,594.17	679,939.14
Recreation & Culture	9,736.52	-	-	-	-	-	-	-	9,736.52
Capital Outlay	-	-	100,658.37	-	-	-	-	-	100,658.37
Debt Service - Principal	-	-	133,046.00	-	55,000.00	-	-	28,979.02	217,025.02
Debt Service - Interest	-	-	12,690.78	-	30,312.50	-	-	3,930.44	46,933.72
<b>Total Expenditures</b>	<b>1,428,850.35</b>	<b>87,820.71</b>	<b>397,365.57</b>	<b>-</b>	<b>86,113.80</b>	<b>285.59</b>	<b>-</b>	<b>119,110.31</b>	<b>2,119,546.33</b>
<b>Excess of Rev. Over (Under) Expend.</b>	<b>70,863.01</b>	<b>45,213.93</b>	<b>(242,075.37)</b>	<b>110,968.43</b>	<b>4,636.56</b>	<b>125,395.39</b>	<b>986.70</b>	<b>(55,675.70)</b>	<b>60,312.95</b>
<b>Other Financing Sources (Uses)</b>									
Transfers In (Out)	(25,992.44)	(52,000.00)	-	(35,573.19)	-	(170,280.63)	-	77,721.44	(206,124.82)
<b>Net Change in Fund Balances</b>	<b>44,870.57</b>	<b>(6,786.07)</b>	<b>(242,075.37)</b>	<b>75,395.24</b>	<b>4,636.56</b>	<b>(44,885.24)</b>	<b>986.70</b>	<b>22,045.74</b>	<b>(145,811.87)</b>
<b>Fund Balances - Beginning of Year</b>	<b>272,056.53</b>	<b>176,251.88</b>	<b>414,691.51</b>	<b>-</b>	<b>(9,867.62)</b>	<b>606,329.08</b>	<b>59,921.64</b>	<b>43,641.81</b>	<b>1,563,024.83</b>
<b>Fund Balances - End of Year</b>	<b>\$ 316,927.10</b>	<b>\$ 169,465.81</b>	<b>\$ 172,616.14</b>	<b>\$ 75,395.24</b>	<b>\$ (5,231.06)</b>	<b>\$ 561,443.84</b>	<b>\$ 60,908.34</b>	<b>\$ 65,687.55</b>	<b>\$ 1,417,212.96</b>

The notes are an integral part of the statements.



# Village of Almont

## Governmental Funds

Reconciliation of Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For The Year Ended June 30, 2009

**Net Change in Fund Balances - Total Governmental Funds & Equipment Fund**      \$ (272,257.99)

Amounts reported for Governmental Activities in the Statement of  
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;  
in the Statement of Activities, these costs are capitalized and  
allocated over their estimated useful lives as Depreciation      100,658.37

Repayment of Bond Principal is an Expenditure in the Governmental  
Funds, but not in the Statement of Activities (where it  
reduces Long-Term Debt)      217,025.02

Interest Expense is reported in the Statement of Activities  
when a Liability is incurred; they are reported in the  
Governmental Funds only when payment is due      27,359.00

Depreciation is an Expenditure for the Statement of  
Activities, but is not reported in the Governmental Funds      (63,792.29)

**Net Change in Assets of Governmental Activities**      \$ 8,992.11

**Village of Almont**  
Statement of Net Assets (Deficit)  
Proprietary Funds  
June 30, 2009

<u>Assets</u>	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>		<u>Equipment</u>
<u>Current Assets</u>				
Cash & Cash Equivalents	\$ 8,000.66	\$ 76,382.54	\$ 84,383.20	\$ 170,338.54
Accounts Receivable	109,436.04	72,166.31	181,602.35	-
Due From Other Funds	13,842.92	4,339.08	18,182.00	50,000.00
<u>Total Current Assets</u>	131,279.62	152,887.93	284,167.55	220,338.54
<u>Noncurrent Assets</u>				
Capital Assets not being Depreciated	100.00	-	100.00	-
Capital Assets being Depreciated	7,989,332.47	4,456,152.08	12,445,484.55	648,093.14
Less: Accumulated Depreciation	(2,462,312.20)	(911,690.81)	(3,374,003.01)	(484,908.99)
<u>Total Noncurrent Assets</u>	5,527,120.27	3,544,461.27	9,071,581.54	163,184.15
 Total Assets	 5,658,399.89	 3,697,349.20	 9,355,749.09	 383,522.69
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	14,530.71	10,935.29	25,466.00	892.78
Due To Other Funds	20,000.00	-	20,000.00	-
Due To Others	-	3,104.00	3,104.00	-
Accrued Interest Payable	6,961.00	10,399.00	17,360.00	-
Current Portion of Long-Term Debt	90,000.00	85,000.00	175,000.00	-
<u>Total Current Liabilities</u>	131,491.71	109,438.29	240,930.00	892.78
<u>Long-Term Liabilities</u>				
Bonds Payable	1,685,000.00	1,932,030.00	3,617,030.00	-
<u>Total Liabilities</u>	1,816,491.71	2,041,468.29	3,857,960.00	892.78
<u>Net Assets</u>				
Invested in Capital Assets Net of Related Debt	3,745,159.27	1,612,431.27	5,357,590.54	163,184.15
Unrestricted	96,748.91	43,449.64	140,198.55	219,445.76
<u>Total Net Assets</u>	<u>\$ 3,841,908.18</u>	<u>\$ 1,655,880.91</u>	<u>\$ 5,497,789.09</u>	<u>\$ 382,629.91</u>

The notes are an integral part of the statements.

# Village of Almont

## Statement of Revenues, Expenses, And Changes in Net Assets Proprietary Funds June 30, 2009

	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Fund Equipment</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>		
<b><u>Operating Revenues</u></b>				
User Charges & Penalties	\$ 430,752.54	\$ 302,134.24	\$ 732,886.78	\$ -
Service Connection Charges	2,500.00	7,375.00	9,875.00	-
Equipment Rental	-	-	-	130,276.79
<b><u>Total Operating Revenues</u></b>	<b><u>433,252.54</u></b>	<b><u>309,509.24</u></b>	<b><u>742,761.78</u></b>	<b><u>130,276.79</u></b>
<b><u>Operating Expenses</u></b>				
Cost of Water	-	90,226.56	90,226.56	-
Operation & Maintenance	405,948.36	236,499.96	642,448.32	109,391.61
General & Administration	21,001.67	10,974.37	31,976.04	584.64
Depreciation	158,714.87	52,106.52	210,821.39	49,900.95
<b><u>Total Operating Expenses</u></b>	<b><u>585,664.90</u></b>	<b><u>389,807.41</u></b>	<b><u>975,472.31</u></b>	<b><u>159,877.20</u></b>
<b><u>Operating Income (Loss)</u></b>	<b>(152,412.36)</b>	<b>(80,298.17)</b>	<b>(232,710.53)</b>	<b>(29,600.41)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Interest Earned	919.19	2,828.37	3,747.56	3,154.29
Interest Expense	(38,613.63)	(45,972.19)	(84,585.82)	-
Transfers From (To) Other Funds	270,551.63	35,573.19	306,124.82	(100,000.00)
<b>Change in Net Assets</b>	<b>80,444.83</b>	<b>(87,868.80)</b>	<b>(7,423.97)</b>	<b>(126,446.12)</b>
<b><u>Net Assets - Beginning of Year</u></b>	<b><u>3,761,463.35</u></b>	<b><u>1,743,749.71</u></b>	<b><u>5,505,213.06</u></b>	<b><u>509,076.03</u></b>
<b><u>Net Assets - End of Year</u></b>	<b><u>\$ 3,841,908.18</u></b>	<b><u>\$ 1,655,880.91</u></b>	<b><u>\$ 5,497,789.09</u></b>	<b><u>\$ 382,629.91</u></b>

The notes are an integral part of the statements.

**Village of Almont**  
Statement of Cash Flows  
Proprietary Funds  
For The Year Ended June 30, 2009

	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Fund Equipment</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>		
<b><u>Cash Flow From Operating Activities</u></b>				
Receipts from Customers	\$ 422,313.97	\$ 304,463.79	\$ 726,777.76	\$ 130,276.79
Payments for Operation, Maintenance, & Water	(400,117.88)	(336,820.08)	(736,937.96)	(121,903.49)
Payments for General & Administration	(21,001.67)	(10,974.37)	(31,976.04)	(584.64)
<u>Net Cash Provided by Operating Activity</u>	1,194.42	(43,330.66)	(42,136.24)	7,788.66
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Operating Transfers In (Out)	270,551.63	35,573.19	306,124.82	(100,000.00)
Received / (Paid) "Due To / From Other Funds"	(123,793.41)	(7,176.63)	(130,970.04)	-
<u>Net Cash Provided by Noncapital Financing Activities</u>	146,758.22	28,396.56	175,154.78	(100,000.00)
<b><u>Cash Flows from Capital &amp; Related Financing Activities</u></b>				
Interest Expense	(85,280.63)	(35,573.19)	(120,853.82)	-
Net Proceeds from Issuance of Long-Term Debt	(85,000.00)	412,640.00	327,640.00	-
Purchase of Capital Assets	-	(412,640.00)	(412,640.00)	-
<u>Net Cash Provided by Capital &amp; Related Financing Activities</u>	(170,280.63)	(35,573.19)	(205,853.82)	-
<b><u>Cash Flows From Investing Activities</u></b>				
Increase in Customer Deposits	-	250.00	250.00	-
Interest received on Investments	919.19	2,828.37	3,747.56	3,154.29
<u>Net Increase (Decrease) in Cash &amp; Cash Equivalents</u>	(21,408.80)	(47,428.92)	(68,837.72)	(89,057.05)
<u>Cash &amp; Cash Equivalents - Beginning of Year</u>	29,409.46	123,811.46	153,220.92	259,395.59
<u>Cash &amp; Cash Equivalents - End of Year</u>	\$ 8,000.66	\$ 76,382.54	\$ 84,383.20	\$ 170,338.54
<b><u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u></b>				
Operating Income (Loss)	(152,412.36)	(80,298.17)	(232,710.53)	(29,600.41)
Adjustments to Reconcile Operating Income (Loss) from Operating Activities:				
Depreciation	158,714.87	52,106.52	210,821.39	49,900.95
Changes in Assets & Liabilities:				
Accounts Receivable	(10,938.57)	(5,045.45)	(15,984.02)	-
Accounts Payable	5,830.48	(10,093.56)	(4,263.08)	(12,511.88)
<u>Net Cash Provided by Operating Activities</u>	\$ 1,194.42	\$ (43,330.66)	\$ (42,136.24)	\$ 7,788.66

The notes are an integral part of the statements.

# Village of Almont

## Statement of Net Assets (Deficit)

Fiduciary Funds

June 30, 2009

	<u>Payroll Fund</u>	<u>Trust &amp; Agency Fund</u>	<u>Totals June 30, 2009</u>
<b><u>Assets</u></b>			
Cash & Cash Equivalents	\$ 13,385.00	\$ 18,014.05	\$ 31,399.05
Due from Other Funds	1,111.87	-	1,111.87
<b><u>Total Assets</u></b>	<b><u>\$ 14,496.87</u></b>	<b><u>\$ 18,014.05</u></b>	<b><u>\$ 32,510.92</u></b>
<b><u>Liabilities</u></b>			
Due To Other Funds	\$ 3,057.90	\$ 18,014.05	\$ 21,071.95
Due To Others	11,438.97	-	11,438.97
<b><u>Total Liabilities</u></b>	<b><u>14,496.87</u></b>	<b><u>18,014.05</u></b>	<b><u>32,510.92</u></b>
<b><u>Fund Balance</u></b>			
Fund Balance	-	-	-
<b><u>Total Liab. &amp; Fund Balance</u></b>	<b><u>\$ 14,496.87</u></b>	<b><u>\$ 18,014.05</u></b>	<b><u>\$ 32,510.92</u></b>

The notes are an integral part of the statements.

# **Village of Almont**

Notes to the Financial Statements  
For The Year Ended June 30, 2009

The accounting methods and procedures adopted by the Village of Almont, Lapeer County, Michigan, conform to Generally Accepted Accounting Principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Village's Comprehensive Annual Financial Report.

## **1. Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

The Village of Almont was incorporated under the laws of the State of Michigan in 1855 and has operated since 1968 under a Home-rule Village-Council Manager form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Village (the primary government) and its component units. The component units discussed below are included in the Village reporting entity because of the significance of their operational or financial relationships with the Village.

**Component Units** - In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or discretely presented component units.

**Blended Component Units** - The Downtown Development Authority (DDA) of the Village of Almont, an entity legally separate from the Village, is governed by an eleven-member Council appointed by the Village Council. For financial reporting purposes, the DDA is reported as if it were part of the Village's operations because its purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

### **Government-wide and Fund Statements Fund**

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Village (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

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

The Village reports the following major governmental funds:

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

**Major Streets Fund** - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the Village. Funding is provided primarily through State-shared gas and weight taxes.

**Village of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2009

**1. Summary of Significant Accounting Policies - Continued**

**Downtown Development Authority Fund (a Special Revenue Fund type)** – The Downtown Development Authority’s purpose is to finance and provide assistance to businesses and citizens within the DDA District of the Village.

**Waste Water Debt Service Fund** - The fund accounts for all debt payments made regarding the bond for the Lapeer County Wastewater Treatment System originally issued February 1, 1993.

**Water System Improvement Debt Service Fund** - The fund accounts for all debt payments made regarding the improvement bond for the Village of Almont Water Supply System originally issued May 1, 1996.

**W.W.T.P. Improvement Project Debt Service Fund** - The fund accounts for all debt payments made regarding the improvement project for the Lapeer County Sewage Disposal Bonds originally issued February 5, 2002.

**W.W.T.P. Improvement Project Fund** - The fund accounts for construction of the W.W.T.P. Improvement Project. Funding is provided primarily from grant proceeds.

The Village reports the following major Enterprise Funds & Internal Service Fund:

**Water Fund** - The Water Fund accounts for the activities of the water distribution system. Funding is provided primarily through user charges.

**Sewer Fund** - The Sewer Fund accounts for the activities of the sewage disposal system. Fund is provided primarily through user charges.

**Equipment Fund (Internal Service Fund)** – This fund was established to account for the financing of goods or services provided by one department to other departments of the Village on a cost-reimbursement basis.

Additionally, the Village reports the following fund types:

**Agency Funds** - The Agency Funds account for assets held by the Village in a trustee capacity or as an agent for individuals, organizations, or other governments.

**Measurement Focus and Basis of Accounting**

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

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Village. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

**Village of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2009

**1. Summary of Significant Accounting Policies - Continued**

**Cash** - The Village does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Village's investments.

**Investments** - Debt securities are valued at cost since it is generally the policy of the Village to hold such investments until they mature.

**Due to and Due from Other Funds** - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Tax Revenues** - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

**Vacation, Sick Leave, & Other Compensated Absences** - Vacation days are earned by employees at a rate of 12 days per year with unused days at year-end carrying forward for a maximum of one year. Sick days are earned by employees at a rate of one day per month during the year. A maximum of 60 unused sick days may be accumulated by an employee. No provision has been made for accumulated sick pay liability since the amount is immaterial to the financial statements taken as a whole.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Inventories and supplies held by the Water Fund and the Sewer Fund, which are immaterial in amount, have not been recognized. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

**Capital Assets** - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Water & Sewer Distribution Systems	20 to 75 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years



**Village of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2009

**Long-Term Obligations** - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

## **2. Stewardship, Compliance, and Accountability**

### **Budgetary Information**

The Village is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds, Debt Service Funds, and Capital Project Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Village actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Village Council as a management tool during the year for all budgetary funds. The budgets are adopted on an accrual basis, which is consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the major Special Revenue Funds, Debt Service Funds, and Capital Project Funds are presented in the required supplemental information.

## Village of Almont

Notes to the Financial Statements  
For The Year Ended June 30, 2009

During the year ended June 30, 2009, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<b>Total Appropriations</b>	<b>Amount of Expenditures</b>	<b>Budget Variance</b>
<b>General Fund</b>			
Executive	\$ 85,016	\$ 88,685	\$ 3,669
General Administration	142,660	143,604	944
Sanitation	91,095	107,895	16,800
<b>Major Streets Fund</b>			
Transfers In (Out)	45,000	52,000	7,000

### 3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village Council has designated three banks for the deposit of Village funds. The investment policy adopted by the council is in accordance with Public Act 196 of 1997. The Council has authorized investment in bank accounts and CDs, but not the remainder of State statutory authority as listed above. All cash deposits and investments of the Village are held by the Village in the Village's name.

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Fiduciary - Trust &amp; Agency Funds</b>	<b>Total Primary Government</b>
Cash & Cash Equivalents	\$ 1,525,780	\$ 84,383	\$ 31,399	\$ 1,641,562

The breakdown between deposits and investments is as follows:

	<b>Primary Government</b>
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 1,641,562

The bank balance of the primary government's deposits is \$1,641,562, of which \$850,000 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 Village's name.

**Village of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2009

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village has a deposit policy for custodial credit risk. At year end, the Village had approximately \$791,562 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village's investment policy does not further limit its investment choices.

At year end, there were no deposits and investments reported in the basic financial statements with additional credit risk.

**Village of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2009

**4. Capital Assets**

Capital Assets activity of the Village's governmental activities (and business-type) was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Disposals &amp; Adjustments</u>	<u>Balance June 30, 2009</u>
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated - Land	\$ 27,000	\$ -	\$ -	\$ 27,000
- DDA	330,000	-	-	330,000
Capital Assets Being Depreciated:				
Infrastructure	556,890	-	-	556,890
Infrastructure - DDA	860,068	100,658	-	960,726
Buildings & Building Improvements	373,947	-	-	373,947
Machinery & Equipment	100,278	-	-	100,278
Office Equipment	49,609	-	-	49,609
Equipment - Internal Service Fund	648,093	-	-	648,093
Total Capital Assets being Depreciated	<u>2,588,885</u>	<u>100,658</u>	<u>-</u>	<u>2,689,543</u>
Accumulated Depreciation:				
Infrastructure	187,623	22,276	-	209,899
Infrastructure - DDA	132,825	25,241	-	158,066
Buildings & Building Improvements	141,219	9,834	-	151,053
Machinery & Equipment	78,197	3,608	-	81,805
Office Equipment	42,046	2,833	-	44,879
Equipment - Internal Service Fund	435,008	49,901	-	484,909
Total Accumulated Depreciation	<u>1,016,918</u>	<u>113,693</u>	<u>-</u>	<u>1,130,611</u>
<b>Net Governmental Capital Assets</b>	<u>\$ 1,928,967</u>	<u>\$ (13,035)</u>	<u>\$ -</u>	<u>\$ 1,915,932</u>
<b>Business-type Activities:</b>				
Capital Assets not being Depreciated - Land	\$ 100	\$ -	\$ -	\$ 100
Capital Assets Being Depreciated:				
Sewage Treatment Plant	7,989,332	-	-	7,989,332
Water Distribution System	4,043,512	412,640	-	4,456,152
Total Capital Assets being Depreciated	<u>12,032,844</u>	<u>412,640</u>	<u>-</u>	<u>12,445,484</u>
Accumulated Depreciation:				
Sewage Treatment Plant	2,303,598	158,714	-	2,462,312
Water Distribution System	859,584	52,107	-	911,691
Total Accumulated Depreciation	<u>3,163,182</u>	<u>210,821</u>	<u>-</u>	<u>3,374,003</u>
<b>Net Business-type Capital Assets</b>	<u>\$ 8,869,762</u>	<u>\$ 201,819</u>	<u>\$ -</u>	<u>\$ 9,071,581</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 11,697
Public Safety	3,008
Public Works	98,388
Recreation & Culture	600
Total Governmental Activities	<u>\$ 113,693</u>
<b>Business-type Activities:</b>	
Sewer Fund	\$ 158,714
Water Fund	52,107
Total Business-type Activities	<u>\$ 210,821</u>

## Village of Almont

Notes to the Financial Statements  
For The Year Ended June 30, 2009

### 5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<b>Due From Other Funds</b>		<b>Due To Other Funds</b>
General Fund	\$ 2	Trust & Agency Fund	\$ 2
General Fund	20,000	Sewer Fund	20,000
General Fund	18,704	Water System Improvement Debt	18,704
Equipment Fund	50,000	General Fund	50,000
Payroll Fund	1,112	Inspection Fund	1,112
General Fund	1,886	Payroll Fund	1,886
Sewer Fund	13,764	Trust & Agency Fund	13,764
Local Streets Fund	6	Payroll Fund	6
Sewer Fund	79	Payroll Fund	79
Water Fund	64	Payroll Fund	64
Water Fund	4,275	Trust & Agency Fund	4,275
Major Streets Fund	1,023	Payroll Fund	1,023
Total	\$ 110,915		\$ 110,915

Interfund Transfers reported in the Fund Statements are as follows:

	<b>Transferred From</b>		<b>Transferred To</b>
Major Streets Fund	\$ 52,000	Local Streets Fund	\$ 52,000
General Fund	19,992	Municipal Bldg Debt Svc	19,992
General Fund	6,000	M-53 Sewer Leads Debt Svc	6,000
WWTP Improvement Debt Service	170,281	Sewer Fund	170,281
Water Tower Debt Service Fund	35,573	Water Fund	35,573
Sewer Fund	6,271	Waste Water Plant Fund	6,271
Sewer Fund	6,000	M-53 Sewer Leads Debt Svc	6,000
Total	\$ 296,117		\$ 296,117

**Village of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2009

**7. Long-Term Debt**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
General Obligation Bonds & Contracts						
1996 Water Supply System Improv Bond						
Amount of Issue - \$995,000	3.80% -	\$25,000 -				
Maturing through 2015	6.00%	\$85,000	\$ 545,000	\$ (55,000)	\$ 490,000	\$ 55,000
1999 Lapeer Co. M-53 Sewer Leads Sewage Disposal Bonds						
Amount of Issue - \$90,000	3.95% -	\$8,043 -				
Maturing through 2009	5.10%	\$11,555	\$ 22,000	\$ (11,000)	\$ 11,000	\$ 11,000
2002 Installment Purch Contract Payable for Municipal Building Addition						
Amount of Issue - \$170,500						
Maturing through 2011	4.05%	\$21,074	\$ 76,405	\$ (17,979)	\$ 58,426	\$ 18,707
Downtown Development Authority Obligations						
Pocket Park Construction Installment Contract						
Amount of Issue - \$204,385						
Maturing through November 22, 2014	3.75%	\$13,515	\$ 146,254	\$ (19,383)	\$ 126,871	\$ 20,110
2004 Land Contract Purchase of 125 N. Main Almont, MI						
Due Monthly in installments of \$988.51						
Amount of Issue - \$127,500						
Maturing through 2009	7.00%	\$989	\$ 113,663	\$ (113,663)	\$ -	\$ -
<b>Total Governmental Activities</b>			<b>\$ 903,322</b>	<b>\$ (217,025)</b>	<b>\$ 686,297</b>	<b>\$ 104,817</b>
<b>Business-type Activities</b>						
General Obligation Bonds & Contracts						
2007 Revolving Drinking Water Bonds						
Amount of Issue - \$2,090,000		\$85,000 -				
Maturing through 2028	2.13%	\$115,000	\$ 1,604,390	\$ 412,640	\$ 2,017,030	\$ 85,000
2003 Lapeer Co. Sewage Disposal Bonds W.W.T.P Improvement Project						
Amount of Issue - \$2,255,000	3.75% -	\$80,000 -				
Maturing through 2022	4.90%	175000	\$ 1,860,000	\$ (85,000)	\$ 1,775,000	\$ 90,000
<b>Total Business-type Activities</b>			<b>\$ 3,464,390</b>	<b>\$ 327,640</b>	<b>\$ 3,792,030</b>	<b>\$ 175,000</b>
<b>Total</b>			<b>\$ 4,367,712</b>	<b>\$ 110,615</b>	<b>\$ 4,478,327</b>	<b>\$ 279,817</b>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 104,817	\$ 34,683	\$ 139,500	\$ 175,000	\$ 122,307	\$ 297,307
2011	100,329	29,641	129,970	180,000	116,498	296,498
2012	106,900	24,475	131,375	190,000	110,299	300,299
2013	92,458	18,893	111,351	195,000	103,773	298,773
2014	98,300	13,736	112,036	205,000	96,970	301,970
2015-2019	183,493	10,762	194,255	1,130,000	370,084	1,500,084
2020-2024	-	-	-	1,185,000	144,811	1,329,811
2025-2029	-	-	-	532,030	20,070	552,100
<b>Total</b>	<b>\$ 686,297</b>	<b>\$ 132,190</b>	<b>\$ 818,487</b>	<b>\$ 3,792,030</b>	<b>\$ 1,084,812</b>	<b>\$ 4,876,842</b>

**8. Retirement System - MERS Operated**

**Plan Description** – The Village participates in the Michigan Municipal Employees’ Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers eligible employees of the Village. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system.

**Village of Almont**  
Notes to the Financial Statements  
For The Year Ended June 30, 2009

**Funding Policy** – The obligation to contribute to and maintain the system for these employees was established by negotiation with the Village’s competitive bargaining units and requires a contribution from the employees of 12.72 percent.

**Annual Pension Cost** - For the year ended June 30, 2009, the Village’s annual pension cost of \$51,155 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2008, using the entry age normal cost method. Significant actuarial assumptions used include: (i) an 8 percent investment rate of return; (ii) projected salary increase of 4.5 percent per year; and (iii) 4.5 percent per year cost of living adjustments. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level of percent of payroll on a closed basis. The remaining amortization period is 28 years.

Three year trend information as of June 30, 2009 (date of actuaries) follows:

	<b>June 30</b>		
	2008	2007	2006
Annual Pension Cost	\$ 51,155	\$ 45,746	\$ 42,050
Percentage of APC Contributed	100.0%	100.0%	100.0%
Net Pension Obligation	-	-	-
Actuarial Value of Assets	1,330,457	1,223,182	1,108,161
Actuarial Accrued Liability	1,747,399	1,477,381	1,371,339
Unfunded Actuarial Accrued Liability	416,942	254,199	263,178
Funded Ratio	76.1%	82.8%	80.8%
Covered Payroll	707,469	650,827	622,967
UAAL as a Percentage of Covered Payroll	58.9%	39.1%	42.2%

**9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds**

Water System Improvement Debt Service Fund (\$5,231)

**10. Risk Management**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman’s compensation benefits provided to employees. The Village has purchased commercial insurance for the various risks of loss stated above. Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage’s obtained through commercial insurance during the past year.

**11. Deferred Compensation Plan**

The Village offers its employees a deferred compensation plan created in accordance with IRC Section 457 to the Police Chief. The assets of the plan were held in trust, as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Village’s financial statements.

The simplified employee plan (SEP-IRA) provides annual contributions to each employee SEP-IRA of five to nine percent of annual compensation. The SEP-IRA retirement contributions are 100% vested. Total SEP-IRA contributions for the fiscal year ending June 30, 2009, were \$15,445.

**Required Supplemental Information**



**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 General Fund  
 For The Year Ended June 30, 2009

<b>Revenues</b>	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<u>Taxes</u>				
Current Property Tax	\$ 660,644.00	\$ 660,976.00	\$ 600,135.45	\$ (60,840.55)
<u>State Shared Revenue</u>	275,000.00	275,000.00	268,709.00	(6,291.00)
<u>Licenses, Permits &amp; Fees</u>				
Tax Fees, Penalties & Interest	13,104.00	13,644.00	11,685.25	(1,958.75)
Liquor Licenses	2,257.00	2,410.00	2,359.50	(50.50)
Zoning Permits & Site Plan Review	1,500.00	1,834.00	1,833.90	(0.10)
Police Fines & District Court Fees	11,350.00	11,350.00	7,275.90	(4,074.10)
Cable TV Franchise	24,000.00	24,318.00	24,317.99	(0.01)
<u>Total Licenses, Permits, &amp; Fees</u>	52,211.00	53,556.00	47,472.54	(6,083.46)
<u>Charges for Services</u>				
Trash Collection	110,760.00	110,760.00	109,400.30	(1,359.70)
Live Scan	10,000.00	10,000.00	8,255.00	(1,745.00)
Police Contract	273,586.00	273,586.00	271,801.42	(1,784.58)
<u>Total Charges for Services</u>	394,346.00	394,346.00	389,456.72	(4,889.28)
<u>Miscellaneous Revenue</u>				
Refunds & Reimbursements	99,043.00	124,497.00	148,642.56	24,145.56
Miscellaneous	12,551.00	12,584.00	19,987.61	7,403.61
Donations/Homecoming	500.00	6,114.00	6,653.85	539.85
Park-Township/Grant	5,400.00	5,400.00	2,700.00	(2,700.00)
Cellular Land Lease	13,000.00	14,200.00	14,200.00	-
<u>Total Miscellaneous Revenues</u>	130,494.00	162,795.00	192,184.02	29,389.02
<u>Interest Earnings</u>	7,500.00	2,424.00	1,755.63	(668.37)
<u>Total Revenues</u>	\$ 1,520,195.00	\$ 1,549,097.00	\$ 1,499,713.36	\$ (49,383.64)

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 General Fund  
 For The Year Ended June 30, 2009

<u>Expenditures</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>General Government</u>				
Legislative	\$ 6,246.00	\$ 6,246.00	\$ 3,168.95	\$ 3,077.05
Executive	85,016.00	85,016.00	88,684.53	(3,668.53)
General Administration	136,713.00	142,660.00	143,604.49	(944.49)
Central Municipal Activities	237,316.00	261,771.00	65,023.60	196,747.40
<u>Total General Government</u>	<u>465,291.00</u>	<u>495,693.00</u>	<u>300,481.57</u>	<u>195,211.43</u>
<u>Public Safety</u>				
Police Department	759,907.00	759,907.00	745,792.72	14,114.28
Planning & Zoning	14,025.00	14,025.00	4,372.59	9,652.41
<u>Total Public Safety</u>	<u>773,932.00</u>	<u>773,932.00</u>	<u>750,165.31</u>	<u>23,766.69</u>
<u>Public Works</u>				
Department of Public Works	140,429.00	140,429.00	136,729.64	3,699.36
Street Lighting	44,000.00	44,000.00	39,959.78	4,040.22
Sanitation	91,095.00	91,095.00	107,895.36	(16,800.36)
Sanitary Sewer Collection Exp.	129,824.00	129,824.00	83,882.17	45,941.83
<u>Total Public Works</u>	<u>405,348.00</u>	<u>405,348.00</u>	<u>368,466.95</u>	<u>36,881.05</u>
<u>Recreation &amp; Culture</u>	<u>19,250.00</u>	<u>19,250.00</u>	<u>9,736.52</u>	<u>9,513.48</u>
<u>Capital Outlay</u>	<u>4,000.00</u>	<u>2,500.00</u>	<u>-</u>	<u>2,500.00</u>
<u>Total Expenditures</u>	<u>1,667,821.00</u>	<u>1,696,723.00</u>	<u>1,428,850.35</u>	<u>267,872.65</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(147,626.00)	(147,626.00)	70,863.01	218,489.01
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(27,374.00)	(27,374.00)	(25,992.44)	1,381.56
<u>Excess of Revenues &amp; Other Sources Over (Under)</u>				
<u>Expenditures &amp; Other Uses</u>	(175,000.00)	(175,000.00)	44,870.57	219,870.57
<u>Fund Balance - Beginning of Year</u>	<u>175,000.00</u>	<u>175,000.00</u>	<u>272,056.53</u>	<u>97,056.53</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,927.10</u>	<u>\$ 316,927.10</u>

# Village of Almont

Required Supplemental Information  
 Budgetary Comparison Schedule  
 Major Streets Fund  
 For The Year Ended June 30, 2009

<b><u>Revenues</u></b>	<b><u>Original Budget</u></b>	<b><u>Amended Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Amended Budget</u></b>
State Shared Rev. - Gas & Wt. Tax	\$ 100,117.00	\$ 100,117.00	\$ 105,284.72	\$ 5,167.72
State Trunk Line Maintenance	11,000.00	25,673.00	25,672.98	(0.02)
Interest Income	4,500.00	4,500.00	2,076.94	(2,423.06)
<b><u>Total Revenues</u></b>	<b><u>115,617.00</u></b>	<b><u>130,290.00</u></b>	<b><u>133,034.64</u></b>	<b><u>2,744.64</u></b>
<b><u>Expenditures</u></b>				
Salaries, Wages & Fringes	32,214.00	32,214.00	23,435.22	8,778.78
Professional Fees	500.00	500.00	478.40	21.60
Equipment Rental	40,000.00	55,000.00	41,201.46	13,798.54
Insurance	400.00	400.00	338.33	61.67
Sidewalks & Curbs	10,000.00	16,000.00	13,355.10	2,644.90
Contingency	42,003.00	35,676.00	4,090.00	31,586.00
Winter Maintenance - Salt	5,000.00	5,000.00	3,695.28	1,304.72
Other Expenditures	35,500.00	35,500.00	1,226.92	34,273.08
Capital Outlay	75,000.00	75,000.00	-	75,000.00
<b><u>Total Expenditures</u></b>	<b><u>240,617.00</u></b>	<b><u>255,290.00</u></b>	<b><u>87,820.71</u></b>	<b><u>167,469.29</u></b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b><u>(125,000.00)</u></b>	<b><u>(125,000.00)</u></b>	<b><u>45,213.93</u></b>	<b><u>170,213.93</u></b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(45,000.00)	(45,000.00)	(52,000.00)	(7,000.00)
<b><u>Net Change in Fund Balance</u></b>	<b><u>(170,000.00)</u></b>	<b><u>(170,000.00)</u></b>	<b><u>(6,786.07)</u></b>	<b><u>163,213.93</u></b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b><u>170,000.00</u></b>	<b><u>170,000.00</u></b>	<b><u>176,251.88</u></b>	<b><u>6,251.88</u></b>
<b><u>Fund Balance - End of Year</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 169,465.81</u></b>	<b><u>\$ 169,465.81</u></b>

# Village of Almont

Required Supplemental Information  
 Budgetary Comparison Schedule  
 Downtown Development Authority  
 For The Year Ended June 30, 2009

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 145,302.00	\$ 145,302.00	\$ 145,301.99	\$ (0.01)
Interest Earnings	6,000.00	6,000.00	3,124.96	(2,875.04)
Other Revenues	3,600.00	3,600.00	6,863.25	3,263.25
<b><u>Total Revenues</u></b>	154,902.00	154,902.00	155,290.20	388.20
<b><u>Expenditures</u></b>				
Administration	38,650.00	38,650.00	35,124.49	3,525.51
Promotion - Business	21,500.00	21,500.00	20,878.06	621.94
Downtown Maintenance	86,250.00	86,250.00	68,934.41	17,315.59
Future Projects	177,073.30	177,073.30	21,533.46	155,539.84
Professional Fees	5,500.00	5,500.00	4,500.00	1,000.00
Capital Outlay	110,000.00	110,000.00	100,658.37	9,341.63
Debt Service - Principal	133,386.19	133,386.19	133,046.00	340.19
Debt Service - Interest	13,000.00	13,000.00	12,690.78	309.22
<b><u>Total Expenditures</u></b>	585,359.49	585,359.49	397,365.57	187,993.92
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	(430,457.49)	(430,457.49)	#####	188,382.12
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b><u>Net Change in Fund Balances</u></b>	(430,457.49)	(430,457.49)	#####	188,382.12
<b><u>Fund Balance - Beginning of Year</u></b>	263,759.31	263,759.31	414,691.51	150,932.20
<b><u>Fund Balance - End of Year</u></b>	\$ (166,698.18)	\$ (166,698.18)	\$ 172,616.14	\$ 339,314.32

# Village of Almont

Required Supplemental Information  
 Budgetary Comparison Schedule  
 Water Tower Debt Service Fund  
 For The Year Ended June 30, 2009

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Property Taxes	\$ 111,107.00	\$ 111,107.00	\$ 110,174.06	\$ (932.94)
Interest Earnings	400.00	830.00	794.37	(35.63)
<b>Total Revenues</b>	<b>111,507.00</b>	<b>111,937.00</b>	<b>110,968.43</b>	<b>(968.57)</b>
<b><u>Expenditures</u></b>				
Public Works	400.00	400.00	-	400.00
<b>Total Expenditures</b>	<b>400.00</b>	<b>400.00</b>	-	<b>400.00</b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	111,107.00	111,537.00	110,968.43	(568.57)
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	#####	#####	(35,573.19)	75,533.81
<b><u>Net Change in Fund Balance</u></b>	-	430.00	75,395.24	74,965.24
<b><u>Fund Balance - Beginning of Year</u></b>	-	-	-	-
<b><u>Fund Balance - End of Year</u></b>	\$ -	\$ 430.00	\$ 75,395.24	\$ 74,965.24

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 Water System Improvement Debt Service Fund  
 For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b><u>Revenues</u></b>				
Property Taxes	\$ 103,625.00	\$ 103,625.00	\$ 90,574.62	\$ (13,050.38)
Interest Earnings	500.00	500.00	175.74	(324.26)
<b><u>Total Revenues</u></b>	<u>104,125.00</u>	<u>104,125.00</u>	<u>90,750.36</u>	<u>(13,374.64)</u>
<b><u>Expenditures</u></b>				
Paying Agent Fees	19,612.00	19,612.00	801.30	18,810.70
Debt Service - Principal	55,000.00	55,000.00	55,000.00	-
Debt Service - Interest	30,313.00	30,313.00	30,312.50	0.50
<b><u>Total Expenditures</u></b>	<u>104,925.00</u>	<u>104,925.00</u>	<u>86,113.80</u>	<u>18,811.20</u>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	(800.00)	(800.00)	4,636.56	5,436.56
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b><u>Net Change in Fund Balance</u></b>	(800.00)	(800.00)	4,636.56	5,436.56
<b><u>Fund Balance - Beginning of Year</u></b>	<u>800.00</u>	<u>800.00</u>	<u>(9,867.62)</u>	<u>(10,667.62)</u>
<b><u>Fund Balance - End of Year</u></b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,231.06)</u>	<u>\$ (5,231.06)</u>

# Village of Almont

Required Supplemental Information  
 Budgetary Comparison Schedule  
 W.W.T.P. Improvement Project Debt Service Fund  
 For The Year Ended June 30, 2009

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
User Fees	\$ 140,000.00	\$ 140,000.00	\$ 116,256.46	\$ (23,743.54)
Penalties	1,500.00	1,500.00	1,746.81	246.81
Bond Proceeds	30,000.00	30,000.00	-	(30,000.00)
Interest Earnings	5,100.00	5,100.00	7,677.71	2,577.71
<b><u>Total Revenues</u></b>	<b>176,600.00</b>	<b>176,600.00</b>	<b>125,680.98</b>	<b>(50,919.02)</b>
<b><u>Expenditures</u></b>				
Paying Agent Fees & Other	176,319.00	176,319.00	285.59	176,033.41
<b><u>Total Expenditures</u></b>	<b>176,319.00</b>	<b>176,319.00</b>	<b>285.59</b>	<b>176,033.41</b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	281.00	281.00	125,395.39	125,114.39
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	(170,281.00)	(170,281.00)	(170,280.63)	0.37
<b><u>Net Change in Fund Balance</u></b>	(170,000.00)	(170,000.00)	(44,885.24)	125,114.76
<b><u>Fund Balance - Beginning of Year</u></b>	170,000.00	170,000.00	606,329.08	436,329.08
<b><u>Fund Balance - End of Year</u></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 561,443.84</b>	<b>\$ 561,443.84</b>

**Village of Almont**  
 Required Supplemental Information  
 Budgetary Comparison Schedule  
 W.W.T.P. Improvement Capital Project Fund  
 For The Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<b>Variance with Amended Budget</b>
<b><u>Revenues</u></b>				
Other Revenues	\$ -	\$ -	\$ -	\$ -
Interest Earnings	-	-	986.70	986.70
<b><u>Total Revenues</u></b>	<b>-</b>	<b>-</b>	<b>986.70</b>	<b>986.70</b>
<b><u>Expenditures</u></b>				
Construction	-	-	-	-
Engineering	-	-	-	-
<b><u>Total Expenditures</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Excess of Revenues Over (Under) Expenditures</u></b>	<b>-</b>	<b>-</b>	<b>986.70</b>	<b>986.70</b>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers In (Out)	-	-	-	-
<b><u>Net Change in Fund Balance</u></b>	<b>-</b>	<b>-</b>	<b>986.70</b>	<b>986.70</b>
<b><u>Fund Balance - Beginning of Year</u></b>	<b>-</b>	<b>-</b>	<b>59,921.64</b>	<b>59,921.64</b>
<b><u>Fund Balance - End of Year</u></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,908.34</b>	<b>\$ 60,908.34</b>



**Other Supplemental Information**

# Village of Almont

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009

	Special Revenue Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Local Streets Fund	Inspection Fund	M-53 Sewer Leads Debt Service Fund	Waste Water Plant Fund	Municipal Building Debt Service Fund	
<b>Assets</b>						
Cash & Cash Equivalents	\$ 52,844.34	\$ 5,217.78	\$ 4,487.68	\$ 5,039.05	\$ -	\$ 67,588.85
Due From Other Funds	5.57	-	-	-	-	5.57
<u>Total Assets</u>	\$ 52,849.91	\$ 5,217.78	\$ 4,487.68	\$ 5,039.05	\$ -	\$ 67,594.42
<b>Liabilities</b>						
Accounts Payable	\$ -	\$ 795.00	\$ -	\$ -	\$ -	\$ 795.00
Due To Other Funds	-	1,111.87	-	-	-	1,111.87
<u>Total Liabilities</u>	-	1,906.87	-	-	-	1,906.87
<b>Fund Balances</b>						
Fund Balances - Unreserved	52,849.91	3,310.91	4,487.68	5,039.05	-	65,687.55
<u>Total Liab. &amp; Fund Balances</u>	\$ 52,849.91	\$ 5,217.78	\$ 4,487.68	\$ 5,039.05	\$ -	\$ 67,594.42

# Village of Almont

Other Supplemental Information  
 Combining Statement of Revenues, Expenditures  
 And Changes in Fund Balances - Nonmajor Governmental Funds  
 For The Year Ended June 30, 2009

	Special Revenue Funds		Debt Service Funds			Total Nonmajor Governmental Funds
	Local Streets Fund	Inspection Fund	M-53 Sewer Leads Debt Service Fund	Waste Water Plant Fund	Municipal Building Debt Service Fund	
<b>Revenues</b>						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Shared Rev. - Gas & Wt. Tax	46,270.82	-	-	-	-	46,270.82
Licenses, Fees, & Permits	-	16,711.40	-	-	-	16,711.40
Interest Earnings	281.44	96.47	44.28	30.20	-	452.39
Other Revenues	-	-	-	-	-	-
<b>Total Revenues</b>	46,552.26	16,807.87	44.28	30.20	-	63,434.61
<b>Expenditures</b>						
Public Safety	-	14,606.68	-	-	-	14,606.68
Public Works	68,151.81	-	300.00	3,142.36	-	71,594.17
Capital Outlay	-	-	-	-	-	-
Debt Service - Principal	-	-	11,000.00	-	17,979.02	28,979.02
Debt Service - Interest	-	-	836.00	-	3,094.44	3,930.44
<b>Total Expenditures</b>	68,151.81	14,606.68	12,136.00	3,142.36	21,073.46	119,110.31
<b>Excess of Revenues Over (Under)</b>						
<b>Expenditures</b>	(21,599.55)	2,201.19	(12,091.72)	(3,112.16)	(21,073.46)	(55,675.70)
<b>Other Financing Sources (Uses)</b>						
Transfers In (Out)	52,000.00	-	12,000.00	(6,271.00)	19,992.44	77,721.44
<b>Net Change in Fund Balances</b>	30,400.45	2,201.19	(91.72)	(9,383.16)	(1,081.02)	22,045.74
<b>Fund Balances - Beginning of Year</b>	22,449.46	1,109.72	4,579.40	14,422.21	1,081.02	43,641.81
<b>Fund Balances - End of Year</b>	\$ 52,849.91	\$ 3,310.91	\$ 4,487.68	\$ 5,039.05	\$ -	\$ 65,687.55

**Village of Almont**  
Other Supplemental Information  
Schedule of Indebtedness  
June 30, 2009

**General Obligation Bonds & Contracts**

**Village of Almont Water Supply System  
Improvement Bond, Series 1996**

Dated: May 1, 1996  
Original Issue: \$995,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2009	2008	
5.5%	10/1/2008	\$ -	\$ 55,000	\$ -
5.6%	10/1/2009	55,000	55,000	27,260
5.7%	10/1/2010	60,000	60,000	24,010
5.8%	10/1/2011	65,000	65,000	20,415
5.9%	10/1/2012	70,000	70,000	16,465
6.0%	10/1/2013	75,000	75,000	12,150
6.0%	10/1/2014	80,000	80,000	7,500
6.0%	10/1/2015	85,000	85,000	2,550
<u>Total W.W.T.S. Bonds</u>		<u>\$ 490,000</u>	<u>\$ 545,000</u>	<u>\$ 110,350</u>

**Lapeer County Revolving Drinking Water Bonds  
Water Tower Project**

Dated: September 20, 2007  
Original Issue: \$2,090,000

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Remaining Annual Interest Payable
		2009	2008	
4.000%	10/1/2009	\$ 85,000	\$ 85,000	\$ 40,691
4.125%	10/1/2010	85,000	85,000	38,885
4.250%	10/1/2011	90,000	90,000	37,026
4.400%	10/1/2012	90,000	90,000	35,113
4.500%	10/1/2013	95,000	95,000	33,148
4.500%	10/1/2014	95,000	95,000	31,129
4.500%	10/1/2015	95,000	95,000	29,110
4.600%	10/1/2016	100,000	100,000	27,038
4.750%	10/1/2017	100,000	100,000	24,913
4.750%	10/1/2018	105,000	105,000	22,735
4.750%	10/1/2019	105,000	105,000	20,504
4.800%	10/1/2020	105,000	105,000	18,273
4.850%	10/1/2021	110,000	110,000	15,988
4.900%	10/1/2022	110,000	110,000	13,651
4.900%	10/1/2023	115,000	115,000	11,260
4.900%	10/1/2024	115,000	119,390	8,816
4.900%	10/1/2025	120,000	-	6,319
4.900%	10/1/2026	120,000	-	3,769
4.900%	10/1/2027	125,000	-	1,166
4.900%	10/1/2028	52,030	-	-
<u>Total Sewage Disposal Bonds</u>		<u>\$ 2,017,030</u>	<u>\$ 1,604,390</u>	<u>\$ 419,534</u>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness  
 June 30, 2009

**Village of Almont M-53 Sewer Leads,  
 County of Lapeer, Sewage Disposal**

Dated: 2000  
 Original Issue: \$90,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2009</u>	<u>2008</u>	
4.65%	11/1/2008	\$ -	\$ 11,000	\$ -
5.00%	5/1/2009	-	-	-
5.10%	11/1/2009	11,000	11,000	281
<u>Total M-53 Sewer Leads Bonds</u>		<u>\$ 11,000</u>	<u>\$ 22,000</u>	<u>\$ 281</u>

**Installment Purchase Contract Payable  
 Municipal Building Addition**

Dated: August 7, 2001  
 Original Issue: \$170,500

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2009</u>	<u>2008</u>	
4.05%	8/1/2008	\$ -	\$ 17,979	\$ -
4.05%	8/1/2009	18,707	18,707	2,366
4.05%	8/1/2010	19,465	19,465	1,609
4.05%	8/1/2011	20,254	20,254	820
<u>Total Installment Purchase Contract Payable</u>		<u>\$ 58,426</u>	<u>\$ 76,405</u>	<u>\$ 4,795</u>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness  
 June 30, 2009

**Lapeer County Sewage Disposal Bonds**  
**W.W.T.P. Improvement Project**

Dated: February 5, 2002  
 Original Issue: \$2,255,000

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2009</u>	<u>2008</u>	
4.125%	12/1/2008	\$ -	\$ 85,000	\$ -
4.250%	12/1/2009	90,000	90,000	81,616
4.400%	12/1/2010	95,000	95,000	77,613
4.500%	12/1/2011	100,000	100,000	73,273
4.500%	12/1/2012	105,000	105,000	68,660
4.500%	12/1/2013	110,000	110,000	63,822
4.600%	12/1/2014	115,000	115,000	58,702
4.750%	12/1/2015	120,000	120,000	53,207
4.750%	12/1/2016	125,000	125,000	47,389
4.750%	12/1/2017	135,000	135,000	41,214
4.800%	12/1/2018	140,000	140,000	34,647
4.850%	12/1/2019	145,000	145,000	27,771
4.900%	12/1/2020	155,000	155,000	20,458
4.900%	12/1/2021	165,000	165,000	12,618
4.900%	12/1/2022	175,000	175,000	4,288
<u>Total Sewage Disposal Bonds</u>		<u>\$ 1,775,000</u>	<u>\$ 1,860,000</u>	<u>\$ 665,278</u>
<u>Total General Obligation Bonds &amp; Contracts</u>		<u>\$ 4,351,456</u>	<u>\$ 4,107,795</u>	<u>\$ 1,200,238</u>

**Village of Almont**  
 Other Supplemental Information  
 Schedule of Indebtedness  
 June 30, 2009

**Land Contract**

Purchase of 125 N. Main Street  
 Almont, Michigan

Dated: 2005  
 Original Issue: \$127,500

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2009</u>	<u>2008</u>	
7.0%	6/30/2009	\$ -	\$ 113,663	\$ -
<u>Total Land Contract</u>		<u>\$ -</u>	<u>\$ 113,663</u>	<u>\$ -</u>

**Installment Contract**

Pocket Park Construction

Dated: November 3, 2004  
 Original Issue: \$204,385

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Outstanding June 30,</u>		<u>Remaining Annual Interest Payable</u>
		<u>2009</u>	<u>2009</u>	
3.75%	11/22/2008	\$ -	\$ 19,383	\$ -
3.75%	11/22/2009	20,110	20,110	4,776
3.75%	11/22/2010	20,864	20,864	4,022
3.75%	11/22/2011	21,646	21,646	3,240
3.75%	11/22/2012	22,458	22,458	2,428
3.75%	11/22/2013	23,300	23,300	1,586
3.75%	11/22/2014	18,493	18,493	712
<u>Total Installment Contract</u>		<u>\$ 126,871</u>	<u>\$ 146,254</u>	<u>\$ 16,764</u>
<u>Total DDA Bonds &amp; Contracts</u>		<u>\$ 126,871</u>	<u>\$ 259,917</u>	<u>\$ 16,764</u>

August 5, 2009

**Village of Almont**  
817 North Main Street  
Almont, MI 48003

Members of the Council:

I have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Almont for the year ended June 30, 2009, and have issued my report thereon dated August 5, 2009. Professional standards require that I provide you with the following information related to my audit.

**My Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in my engagement letter dated September 25, 2007, my responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. My audit of the financial statements does not relieve you or management of your responsibilities.

**Planned Scope and Timing of the Audit**

I performed the audit according to the planned scope and timing previously communicated to you.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village of Almont are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending June 30, 2009. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

*Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.



### **Audit Adjustments (Corrected and Uncorrected Misstatements)**

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

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

#### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated August 5, 2009.

#### *Management Consultations with Other Independent Accountants*

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

#### *Other Audit Findings or Issues*

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

#### *Communication of Significant Deficiencies and Material Weaknesses*

In planning and performing my audit of the financial statements, as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, I considered the Village of Almont's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, I do not express an opinion on the effectiveness of the governmental unit's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control that I consider to be significant deficiencies and other deficiencies that I consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally

accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I considered the following deficiencies to be significant deficiencies in internal control:

**Segregation of Duties** - The relative size of the Village of Almont limits the extent to which the officials can segregate duties and responsibilities which impairs the basic premise that no one individual should have access to both the physical assets and the related accounting records (or all recording tasks of a transaction from inception to completion).

The Village has implemented mitigating controls to strengthen internal controls and the segregation of duties; however, it must be recognized that the risk of intentional or unintentional errors could be made and not detected in a timely manner.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Almont's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe the significant deficiencies described above to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Almont's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, I do not express such an opinion.

This report is intended solely for the information and use of management, the Council of the Village of Almont, and Federal and State agencies and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Lehn King*

Lehn L. King  
**Certified Public Accountant**