

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Almont	County Lapeer County
Fiscal Year End June 30, 2008	Opinion Date August 15, 2008	Date Audit Report Submitted to State August 15, 2008	

We affirm that:

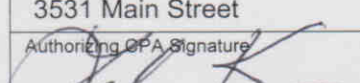
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- | | | |
|-----|----|--|
| YES | NO | Check each applicable box below. (See instructions for further detail.) |
|-----|----|--|
1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 4. The local unit has adopted a budget for all required funds.
 5. A public hearing on the budget was held in accordance with State statute.
 6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 8. The local unit only holds deposits/investments that comply with statutory requirements.
 9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 11. The local unit is free of repeated comments from previous years.
 12. The audit opinion is UNQUALIFIED.
 13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 14. The board or council approves all invoices prior to payment as required by charter or statute.
 15. To our knowledge, bank reconciliations that were reviewed were performed timely.

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

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>	Communication with Those Charged with Governance.	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.		Telephone Number 989-635-3113	
Street Address 3531 Main Street		City Marlette	State MI
Authorizing CPA Signature 		Printed Name Lehn L. King, C.P.A.	Zip 48453
		License Number A248781	

Village of Almont

Lapeer County, Michigan

Audited Financial Report
June 30, 2008

Lehn L. King

Certified Public Accountant
Marlette, Michigan

Village of Almont
 Annual Financial Report
 For The Fiscal Year Ended June 30, 2008

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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, 2008, 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, 2008 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 management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Almont, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Village has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2003.

Lehn King

Lehn L. King
Certified Public Accountant

August 15, 2008

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2008

Management's Discussion & Analysis

This discussion of the Village of Almont financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the Village's financial statements.

Using this Annual Report

The Village's General fund unreserved/undesignated amount was increased from \$257,171.72 to \$264,000 compared to last year. This is a minimal 3% increase. Overall the general fund has been stable and has experienced improvement over the past fiscal year of 2007-2008.

The Village saw a minimal reduction in State revenue sharing this year. Overall capital and operating costs were kept to minimum. The local street fund was used to cap / overlay Jonathon St Clair to Jonathon and Almont Avenue 800 feet west of Juliet to Currier. The total cost of paving for 2007-08 was \$28,444.00.

Preliminary engineering work was undertaken to develop project plans for the construction of a 300,000 gallon elevated water storage tower. This project will be financed through a Drinking Water Revolving Fund (DWRF) loan; which will be administrated by the Lapeer County DPW. The total project estimated cost is 2.1 million dollars. The debt will be repaid through an increase in the general operating millage. The tower will be located in the Almont Industrial Park and will be in service early in 2009. The existing 50,000 gallon 94 year old tower will be demolished and the area used for parking.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Individual fund financial statements tell how these services were financed in the short term, as well as what remains for the future spending. Fund financial statements also report the Village's operation in more detail than the government wide financial statements.

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2008

The Village as a Whole

The following table shows in a condensed format, the net assets as of the current date and compared to the prior year's net assets. Comparative data is not available for assets and liabilities due to the change in accounting formats for the fiscal year ending June 30, 2008 (see note one in the notes to the financial statements).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
Current Assets	\$ 2,000,755	\$ 2,009,711	\$ 318,838	\$ 347,926	\$ 2,319,593	\$ 2,357,637
Noncurrent Assets	<u>1,928,967</u>	<u>1,873,099</u>	<u>8,869,763</u>	<u>7,472,104</u>	<u>10,798,730</u>	<u>9,345,203</u>
Total Assets	3,929,722	3,882,810	9,188,601	7,820,030	13,118,323	11,702,840
Current Liabilities	290,755	252,188	303,999	258,838	594,754	511,026
Noncurrent Liabilities	<u>792,773</u>	<u>925,766</u>	<u>3,379,390</u>	<u>1,860,000</u>	<u>4,172,163</u>	<u>2,785,766</u>
Total Liabilities	<u>1,083,527</u>	<u>1,177,954</u>	<u>3,683,389</u>	<u>2,118,838</u>	<u>4,766,917</u>	<u>3,296,792</u>
Net Assets:						
Invested in Capital Assets -						
Net of Related Debt	987,179	831,587	5,351,745	5,473,476	6,338,923	6,305,063
Restricted	688,771	712,062	-	-	688,771	712,062
Unrestricted	<u>1,170,245</u>	<u>1,161,207</u>	<u>153,468</u>	<u>227,716</u>	<u>1,323,713</u>	<u>1,388,923</u>
Total Net Assets	<u>\$ 2,846,194</u>	<u>\$ 2,704,856</u>	<u>\$ 5,505,213</u>	<u>\$ 5,701,192</u>	<u>\$ 8,351,407</u>	<u>\$ 8,406,048</u>

The Village's combined net assets decreased 0.65% from \$8,406,048 to \$8,351,407. As we look at the governmental activities separately from the business type (water & sewer) we can see that the governmental activities experienced an increase of approximately \$141,338 during the year (a 4.97% increase). The business-type activities (water & sewer) experienced a \$195,979 decrease in net assets.

Village of Almont
Management's Discussion & Analysis Letter
For The Year Ended June 30, 2008

The following table shows the changes of the net assets during the current year:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2008</u>	<u>6/30/2007</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 642,436	\$ 624,965	\$ 678,474	\$ 612,753	\$ 1,320,910	\$ 1,237,718
Operating Grants & Cont's	167,901	175,562	-	-	167,901	175,562
Capital Grants & Cont's	-	-	-	-	-	-
General Revenues:						
Property Taxes	911,711	994,711	-	-	911,711	994,711
State-Shared Revenues	273,862	277,051	-	-	273,862	277,051
Interest	68,704	74,695	8,092	12,595	76,796	87,290
Other Revenues	154,438	101,563	-	-	154,438	101,563
Transfers	<u>(164,434)</u>	<u>(165,634)</u>	<u>167,434</u>	<u>165,634</u>	<u>3,000</u>	<u>-</u>
Total Revenues	2,054,618	2,082,913	854,000	790,982	2,908,618	2,873,895
Program Expenses						
General Government	\$ 301,185	\$ 433,287	\$ -	\$ -	\$ 301,185	\$ 433,287
Public Safety	445,188	705,050	-	-	445,188	705,050
Public Works	234,726	542,860	-	-	234,726	542,860
Recreation & Culture	16,408	8,774	-	-	16,408	8,774
Interest on Long-Term Debt	52,617	64,403	271,487	91,934	324,104	156,337
Water & Sewer	<u>-</u>	<u>-</u>	<u>100,018</u>	<u>805,465</u>	<u>100,018</u>	<u>805,465</u>
Total Program Expenses	<u>1,050,124</u>	<u>1,754,374</u>	<u>371,505</u>	<u>897,399</u>	<u>1,421,629</u>	<u>2,651,773</u>
Change in Net Assets	<u>\$ 1,004,494</u>	<u>\$ 328,539</u>	<u>\$ 482,495</u>	<u>\$ (106,417)</u>	<u>\$ 1,486,989</u>	<u>\$ 222,122</u>

Contacting the Village of Almont's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village of Almont's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the administration at the village hall.

Village of Almont

Statement of Net Assets (Deficit)

June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash & Cash Equivalents	\$ 1,702,138.51	\$ 153,220.92	\$ 1,855,359.43
Accounts Receivable	107,959.26	165,618.33	273,577.59
Due From Other Governmental Units	190,656.73	-	190,656.73
Capital Assets			
Nondepreciable Capital Assets	357,000.00	100.00	357,100.00
Depreciable Capital Assets	<u>1,571,967.25</u>	<u>8,869,662.93</u>	<u>10,441,630.18</u>
Total Assets	3,929,721.75	9,188,602.18	13,118,323.93
<u>Liabilities</u>			
Accounts Payable	38,957.81	29,729.08	68,686.89
Due To Other Governmental Units	102,780.93	135,642.04	238,422.97
Accrued Interest Payable	38,467.00	53,628.00	92,095.00
Current Portion of Long-Term Debt	217,025.00	85,000.00	302,025.00
Noncurrent Liabilities:			
Long-Term Debt	<u>686,296.69</u>	<u>3,379,390.00</u>	<u>4,065,686.69</u>
Total Liabilities	<u>1,083,527.43</u>	<u>3,683,389.12</u>	<u>4,766,916.55</u>
Net Assets (Deficit)			
Invested in Capital Assets - Net of Related Debt	987,178.56	5,351,744.93	6,338,923.49
Restricted:			
Reserved for Capital Projects	59,921.64	-	59,921.64
Reserved for Debt Service	610,883.67	-	610,883.67
Reserved for Homecoming	4,853.15	-	4,853.15
Reserved for Park	13,112.70	-	13,112.70
Unrestricted	<u>1,170,244.60</u>	<u>153,468.13</u>	<u>1,323,712.73</u>
Total Net Assets (Deficit)	<u>\$ 2,846,194.32</u>	<u>\$ 5,505,213.06</u>	<u>\$ 8,351,407.38</u>

The notes are an integral part of the statements.

Village of Almont
Statement of Activities
For the Year Ended June 30, 2008

<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	\$ 451,779.21	\$ 150,594.37	\$ -	\$ -	\$ (301,184.84)	\$ -	\$ (301,184.84)
Public Safety	704,834.07	259,645.84	-	-	(445,188.23)	-	(445,188.23)
Public Works	628,358.81	232,195.30	161,437.82	-	(234,725.69)	-	(234,725.69)
Recreation & Culture	22,970.93	-	6,463.00	-	(16,507.93)	-	(16,507.93)
Interest on Long-Term Debt	52,616.97	-	-	-	(52,616.97)	-	(52,616.97)
<u>Total Governmental Activities</u>	1,860,559.99	642,435.51	167,900.82	-	(1,050,223.66)	-	(1,050,223.66)
Business-type Activities	949,961.34	678,474.16	-	-	-	(271,487.18)	(271,487.18)
Interest on Long-Term Debt	100,018.04	-	-	-	-	(100,018.04)	(100,018.04)
<u>Total Business-type Activities</u>	1,049,979.38	678,474.16	-	-	-	(371,505.22)	(371,505.22)
<u>Total Primary Government</u>	<u>\$ 2,910,539.37</u>	<u>\$ 1,320,909.67</u>	<u>\$ 167,900.82</u>	<u>\$ -</u>	<u>\$ (1,050,223.66)</u>	<u>\$ (371,505.22)</u>	<u>\$ (1,421,728.88)</u>
General Revenues:							
Property Taxes					\$ 911,744.09	\$ -	\$ 911,744.09
State Shared Revenues					273,862.00	-	273,862.00
Interest					68,703.89	8,092.22	76,796.11
Other Revenues					154,438.39	-	154,438.39
Transfers					(167,433.76)	167,433.76	-
Total General Revenues, Special Items & Transfers					<u>1,241,314.61</u>	<u>175,525.98</u>	<u>1,416,840.59</u>
Change in Net Assets					191,090.95	(195,979.24)	(4,888.29)
Net Assets (Deficit) - Beginning of Year					<u>2,655,103.37</u>	<u>5,701,192.30</u>	<u>8,356,295.67</u>
Net Assets (Deficit) - End of Year					<u>\$ 2,846,194.32</u>	<u>\$ 5,505,213.06</u>	<u>\$ 8,351,407.38</u>

The notes are an integral part of the statements.

Village of Almont

Balance Sheet
Governmental Funds
June 30, 2008

<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	Waste Water Plant	Water System Improvement	W.W.T.P. Improvement Project	W.W.T.P. Improvement Project		
Cash & Cash Equivalents	\$ 208,076.31	\$ 184,140.10	\$ 376,620.67	\$ 5,007.34	\$ 322.19	\$ 573,880.67	\$ 59,921.64	\$ 34,774.00	\$ 1,442,742.92
Accounts Receivable	27,977.99	-	38,802.86	3,143.87	5,586.13	32,448.41	-	-	107,959.26
Due From Other Funds	133,385.73	1,000.00	-	6,271.00	-	-	-	-	140,656.73
<u>Total Assets</u>	<u>\$ 369,440.03</u>	<u>\$ 185,140.10</u>	<u>\$ 415,423.53</u>	<u>\$ 14,422.21</u>	<u>\$ 5,908.32</u>	<u>\$ 606,329.08</u>	<u>\$ 59,921.64</u>	<u>\$ 34,774.00</u>	<u>\$ 1,691,358.91</u>
<u>Liabilities & Fund Equity</u>									
<u>Liabilities</u>									
Accounts Payable	\$ 15,543.98	\$ 8,715.54	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,293.63	\$ 25,553.15
Due To Other Funds	81,839.52	172.68	732.02	-	15,775.94	-	-	4,260.77	102,780.93
<u>Total Liabilities</u>	<u>97,383.50</u>	<u>8,888.22</u>	<u>732.02</u>	<u>-</u>	<u>15,775.94</u>	<u>-</u>	<u>-</u>	<u>5,554.40</u>	<u>128,334.08</u>
<u>Fund Equity</u>									
Fund Balances:									
Reserved for Capital Projects	-	-	-	-	-	-	59,921.64	-	59,921.64
Reserved for Debt Service	-	-	-	14,422.21	(9,867.62)	606,329.08	-	-	610,883.67
Reserved for Homecoming	4,853.15	-	-	-	-	-	-	-	4,853.15
Reserved for Park	13,112.70	-	-	-	-	-	-	-	13,112.70
Unreserved - Undesignated	254,090.68	176,251.88	414,691.51	-	-	-	-	29,219.60	874,253.67
<u>Total Fund Equity</u>	<u>272,056.53</u>	<u>176,251.88</u>	<u>414,691.51</u>	<u>14,422.21</u>	<u>(9,867.62)</u>	<u>606,329.08</u>	<u>59,921.64</u>	<u>29,219.60</u>	<u>1,563,024.83</u>
<u>Total Liab. & Fund Equity</u>	<u>\$ 369,440.03</u>	<u>\$ 185,140.10</u>	<u>\$ 415,423.53</u>	<u>\$ 14,422.21</u>	<u>\$ 5,908.32</u>	<u>\$ 606,329.08</u>	<u>\$ 59,921.64</u>	<u>\$ 34,774.00</u>	<u>\$ 1,691,358.91</u>

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, 2008

Total Fund Balances for Governmental Funds & Equipment Fund	\$ 2,072,100.86
 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	1,715,882.15
Long-term bonds payable are not due and payable in the current period and are not reported in the Funds	(903,321.69)
Accrued Interest Payable is not reported in the Funds	<u>(38,467.00)</u>
Net Assets of Governmental Activities	<u><u>\$ 2,846,194.32</u></u>

Village of Almont
Statement of Revenues, Expenditures
And Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2008

	Special Revenue Funds			Debt Service Funds			Capital Project Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Major Streets Fund	Downtown Development Authority	Waste Water Plant	Water System Improvement	W.W.T.P. Improvement Project	W.W.T.P. Improvement Project		
Revenues									
Property Taxes	\$ 651,946.94	\$ -	\$ 188,323.87	\$ -	\$ 71,473.28	\$ -	\$ -	\$ -	\$ 911,744.09
Intergovernmental Revenues	273,862.00	116,372.80	-	-	-	-	-	45,065.02	435,299.82
Licenses, Permits, & Fees	57,626.75	-	-	-	-	-	-	16,419.00	74,045.75
Charges for Services	335,380.50	-	-	983.42	-	123,249.96	-	-	459,613.88
Interest Earnings	6,926.46	5,620.73	8,319.33	144.16	328.02	34,872.90	4,523.52	815.90	61,551.02
Other Revenues	106,968.71	-	6,453.24	-	-	1,769.42	-	-	115,191.37
Total Revenues	1,432,711.36	121,993.53	203,096.44	1,127.58	71,801.30	159,892.28	4,523.52	62,299.92	2,057,445.93
Expenditures									
General Government	280,085.41	-	-	-	-	-	-	-	280,085.41
Public Safety	681,230.57	-	-	-	-	-	-	20,057.70	701,288.27
Public Works	344,975.45	70,492.66	123,867.19	249.56	-	731.50	-	45,585.48	585,901.84
Recreation & Culture	22,870.93	-	-	-	-	-	-	-	22,870.93
Capital Outlay	25,413.04	32,246.54	-	-	-	-	-	49,641.90	107,301.48
Debt Service - Principal	-	-	22,444.00	-	50,000.00	-	-	27,279.30	99,723.30
Debt Service - Interest	-	-	14,304.31	-	33,175.00	-	-	5,137.66	52,616.97
Total Expenditures	1,354,575.40	102,739.20	160,615.50	249.56	83,175.00	731.50	-	147,702.04	1,849,788.20
Excess of Rev. Over (Under) Expend.	78,135.96	19,254.33	42,480.94	878.02	(11,373.70)	159,160.78	4,523.52	(85,402.12)	207,657.73
Other Financing Sources (Uses)									
Transfers In (Out)	(35,373.46)	(54,300.00)	-	-	-	(173,733.76)	-	95,973.46	(167,433.76)
Net Change in Fund Balances	42,762.50	(35,045.67)	42,480.94	878.02	(11,373.70)	(14,572.98)	4,523.52	10,571.34	40,223.97
Fund Balances - Beginning of Year	229,294.03	211,297.55	372,210.57	13,544.19	1,506.08	620,902.06	55,398.12	18,648.26	1,522,800.86
Fund Balances - End of Year	\$ 272,056.53	\$ 176,251.88	\$ 414,691.51	\$ 14,422.21	\$ (9,867.62)	\$ 606,329.08	\$ 59,921.64	\$ 29,219.60	\$ 1,563,024.83

The notes are an integral part of the statements.

Village of Almont
Statement of Net Assets (Deficit)
Proprietary Funds
June 30, 2008

	<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>Assets</u>				
<u>Current Assets</u>				
Cash & Cash Equivalents	\$ 29,409.46	\$ 123,811.46	\$ 153,220.92	\$ 259,395.59
Accounts Receivable	98,497.47	67,120.86	165,618.33	-
Due From Other Funds	-	-	-	50,000.00
<u>Total Current Assets</u>	127,906.93	190,932.32	318,839.25	309,395.59
<u>Noncurrent Assets</u>				
Capital Assets not being Depreciated	100.00	-	100.00	-
Capital Assets being Depreciated	7,989,332.47	4,043,512.08	12,032,844.55	648,093.14
Less: Accumulated Depreciation	(2,303,597.33)	(859,584.29)	(3,163,181.62)	(435,008.04)
<u>Total Noncurrent Assets</u>	5,685,835.14	3,183,927.79	8,869,762.93	213,085.10
 Total Assets	 5,813,742.07	 3,374,860.11	 9,188,602.18	 522,480.69
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts Payable	8,700.23	21,028.85	29,729.08	13,404.66
Due To Other Funds	129,950.49	2,837.55	132,788.04	-
Due To Others	-	2,854.00	2,854.00	-
Accrued Interest Payable	53,628.00	-	53,628.00	-
Current Portion of Long-Term Debt	85,000.00	-	85,000.00	-
<u>Total Current Liabilities</u>	277,278.72	26,720.40	303,999.12	13,404.66
<u>Long-Term Liabilities</u>				
Bonds Payable	1,775,000.00	1,604,390.00	3,379,390.00	-
<u>Total Liabilities</u>	2,052,278.72	1,631,110.40	3,683,389.12	13,404.66
<u>Net Assets</u>				
Invested in Capital Assets Net of Related Debt	3,772,207.14	1,579,537.79	5,351,744.93	213,085.10
Unrestricted	(10,743.79)	164,211.92	153,468.13	295,990.93
<u>Total Net Assets</u>	<u>\$ 3,761,463.35</u>	<u>\$ 1,743,749.71</u>	<u>\$ 5,505,213.06</u>	<u>\$ 509,076.03</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, 2008

	<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>Operating Revenues</u>				
User Charges & Penalties	\$ 391,013.61	\$ 282,310.55	\$ 673,324.16	\$ -
Service Connection Charges	2,250.00	2,900.00	5,150.00	-
Equipment Rental	-	-	-	130,984.65
<u>Total Operating Revenues</u>	<u>393,263.61</u>	<u>285,210.55</u>	<u>678,474.16</u>	<u>130,984.65</u>
<u>Operating Expenses</u>				
Cost of Water	-	88,203.79	88,203.79	-
Operation & Maintenance	394,276.46	231,129.30	625,405.76	113,808.39
General & Administration	20,306.49	9,314.03	29,620.52	550.00
Depreciation	158,714.87	48,016.40	206,731.27	45,638.71
<u>Total Operating Expenses</u>	<u>573,297.82</u>	<u>376,663.52</u>	<u>949,961.34</u>	<u>159,997.10</u>
<u>Operating Income (Loss)</u>	(180,034.21)	(91,452.97)	(271,487.18)	(29,012.45)
<u>Nonoperating Revenues (Expenses)</u>				
Interest Earned	2,113.06	5,979.16	8,092.22	7,152.87
Interest Expense	(88,733.76)	(11,284.28)	(100,018.04)	-
Sale of Capital Assets	-	-	-	23,501.25
Capital Contribution	-	-	-	-
Transfers From (To) Other Funds	167,433.76	-	167,433.76	-
Change in Net Assets	(99,221.15)	(96,758.09)	(195,979.24)	1,641.67
<u>Net Assets - Beginning of Year</u>	<u>3,860,684.50</u>	<u>1,840,507.80</u>	<u>5,701,192.30</u>	<u>507,434.36</u>
<u>Net Assets - End of Year</u>	<u>\$ 3,761,463.35</u>	<u>\$ 1,743,749.71</u>	<u>\$ 5,505,213.06</u>	<u>\$ 509,076.03</u>

The notes are an integral part of the statements.

Village of Almont
Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2008

	<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>Cash Flow From Operating Activities</u>				
Receipts from Customers	\$ 374,730.69	\$ 279,864.17	\$ 654,594.86	\$ 130,984.65
Payments for Operation, Maintenance, & Water	(387,133.91)	(319,012.13)	(706,146.04)	(100,403.73)
Payments for General & Administration	(20,306.49)	(9,314.03)	(29,620.52)	(550.00)
<u>Net Cash Provided by Operating Activity</u>	(32,709.71)	(48,461.99)	(81,171.70)	30,030.92
<u>Cash Flows from Noncapital Financing Activities</u>				
Operating Transfers In (Out)	167,433.76	-	167,433.76	-
Received / (Paid) "Due To / From Other Funds"	36,475.98	571.65	37,047.63	(213.98)
<u>Net Cash Provided by Noncapital Financing Activities</u>	203,909.74	571.65	204,481.39	(213.98)
<u>Cash Flows from Capital & Related Financing Activities</u>				
Interest Expense	(88,733.76)	(11,284.28)	(100,018.04)	-
Receipt of Capital Contributions	-	-	-	-
Net Proceeds from Issuance of Long-Term Debt	(85,000.00)	1,604,390.00	1,519,390.00	-
Purchase of Capital Assets	-	(1,604,390.00)	(1,604,390.00)	(52,004.56)
Sale of Fixed Assets	-	-	-	23,501.25
<u>Net Cash Provided by Capital & Related Financing Activities</u>	(173,733.76)	(11,284.28)	(185,018.04)	(28,503.31)
<u>Cash Flows From Investing Activities</u>				
Increase in Customer Deposits	-	650.00	650.00	-
Interest received on Investments	2,113.06	5,979.16	8,092.22	7,152.87
<u>Net Increase (Decrease) in Cash & Cash Equivalents</u>	(420.67)	(52,545.46)	(52,966.13)	8,466.50
<u>Cash & Cash Equivalents - Beginning of Year</u>	29,830.13	176,356.93	206,187.06	250,929.09
<u>Cash & Cash Equivalents - End of Year</u>	<u>\$ 29,409.46</u>	<u>\$ 123,811.47</u>	<u>\$ 153,220.93</u>	<u>\$ 259,395.59</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</u>				
Operating Income (Loss)	(180,034.21)	(91,452.97)	(271,487.18)	(29,012.45)
Adjustments to Reconcile Operating Income (Loss) from Operating Activities:				
Depreciation	158,714.87	48,016.40	206,731.27	45,638.71
Changes in Assets & Liabilities:				
Accounts Receivable	(18,532.92)	(5,346.38)	(23,879.30)	-
Accounts Payable	7,142.55	320.96	7,463.51	13,404.66
<u>Net Cash Provided by Operating Activities</u>	<u>\$ (32,709.71)</u>	<u>\$ (48,461.99)</u>	<u>\$ (81,171.70)</u>	<u>\$ 30,030.92</u>

The notes are an integral part of the statements.

Village of Almont
Statement of Net Assets (Deficit)
Fiduciary Funds
June 30, 2008

	Payroll Fund	Trust & Agency Fund	Totals June 30, 2008
<u>Assets</u>			
Cash & Cash Equivalents	\$ (26,416.12)	\$ 18,064.23	\$ (8,351.89)
Due from Other Funds	45,964.79	-	45,964.79
<u>Total Assets</u>	\$ 19,548.67	\$ 18,064.23	\$ 37,612.90
<u>Liabilities</u>			
Due To Other Funds	\$ 1,000.00	\$ 52.55	\$ 1,052.55
Due To Others	18,548.67	-	18,548.67
Amounts held in Escrow	-	18,011.68	18,011.68
<u>Total Liabilities</u>	19,548.67	18,064.23	37,612.90
<u>Fund Balance</u>			
Fund Balance	-	-	-
<u>Total Liab. & Fund Balance</u>	\$ 19,548.67	\$ 18,064.23	\$ 37,612.90

The notes are an integral part of the statements.

Village of Almont

Notes to the Financial Statements
For The Year Ended June 30, 2008

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, 2008

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, 2008

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 from 10 to 25 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, 2008

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.

Accounting Changes

GASB Statement No. 34 – Effective July 1, 2003, the Village implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Village's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Village's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Village's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Village as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2008

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 a cash basis, which is not 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.

During the year ended June 30, 2008, the Village incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Street Lighting	\$ 36,500	\$ 39,520	\$ 3,020
Transfers In (Out)	32,374	35,373	2,999
Major Streets Fund			
Equipment Rental	40,000	40,146	146
Transfers In (Out)	53,000	54,300	1,300

Village of Almont

Notes to the Financial Statements
For The Year Ended June 30, 2008

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:

	Governmental Activities	Business-type Activities	Fiduciary - Trust & Agency Funds	Total Primary Government
Cash & Cash Equivalents	\$ 1,702,139	\$ 153,221	\$ (8,352)	\$ 1,847,008

The breakdown between deposits and investments is as follows:

	Primary Government
Bank Deposits (Checking & Savings Accounts, CDs)	\$ 1,847,008

The bank balance of the primary government's deposits is \$1,847,008, of which \$400,000 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.

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 does not have a deposit policy for custodial credit risk. At year end, the Village had approximately \$1,447,008 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, 2008

4. Capital Assets

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

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance June 30, 2008</u>
Governmental Activities:				
Capital Assets not being Depreciated - Land	\$ 27,000	\$ -	\$ -	\$ 27,000
- DDA	330,000	-	-	330,000
Capital Assets Being Depreciated:				
Infrastructure	475,002	81,888	-	556,890
Infrastructure - DDA	860,068	-	-	860,068
Buildings & Building Improvements	354,534	19,413	-	373,947
Machinery & Equipment	94,278	6,000	-	100,278
Office Equipment	49,609	-	-	49,609
Equipment - Internal Service Fund	596,088	52,005	-	648,093
Total Capital Assets being Depreciated	<u>2,429,579</u>	<u>159,306</u>	<u>-</u>	<u>2,588,885</u>
Accumulated Depreciation:				
Infrastructure	166,985	20,638	-	187,623
Infrastructure - DDA	111,491	21,334	-	132,825
Buildings & Building Improvements	131,870	9,349	-	141,219
Machinery & Equipment	74,551	3,646	-	78,197
Office Equipment	39,213	2,833	-	42,046
Equipment - Internal Service Fund	389,370	45,638	-	435,008
Total Accumulated Depreciation	<u>913,480</u>	<u>103,438</u>	<u>-</u>	<u>1,016,918</u>
Net Capital Assets	<u>\$ 1,873,099</u>	<u>\$ 55,868</u>	<u>\$ -</u>	<u>\$ 1,928,967</u>
Business-type Activities:				
Capital Assets not being Depreciated - Land	\$ 100	\$ -	\$ -	\$ 100
Capital Assets Being Depreciated:				
Sewage Treatment Plant	7,989,332	-	-	7,989,332
Water Distribution System	2,439,122	1,604,390	-	4,043,512
Total Capital Assets being Depreciated	<u>10,428,454</u>	<u>1,604,390</u>	<u>-</u>	<u>12,032,844</u>
Accumulated Depreciation:				
Sewage Treatment Plant	2,144,883	158,715	-	2,303,598
Water Distribution System	811,568	48,016	-	859,584
Total Accumulated Depreciation	<u>2,956,451</u>	<u>206,731</u>	<u>-</u>	<u>3,163,182</u>
Net Capital Assets	<u>\$ 7,472,103</u>	<u>\$ 1,397,659</u>	<u>\$ -</u>	<u>\$ 8,869,762</u>

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

Governmental Activities:	
General Government	\$ 11,892
Public Safety	20,971
Public Works	70,475
Recreation & Culture	100
Total Governmental Activities	<u>\$ 103,438</u>
Business-type Activities:	
Sewer Fund	\$ 158,715
Water Fund	48,016
Total Business-type Activities	<u>\$ 206,731</u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2008

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:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
Trust & Agency	\$ 53	General Fund	\$ 53
Waste Water Plant Fund	6,271	Sewer Fund	6,271
General Fund	117,557	Sewer Fund	117,557
General Fund	15,776	Water System Improvement Debt	15,776
Equipment Fund	50,000	General Fund	50,000
Payroll Fund	3,886	Inspection Fund	3,886
Payroll Fund	31,840	General Fund	31,840
Payroll Fund	173	Major Streets Fund	173
Payroll Fund	375	Local Streets Fund	375
Payroll Fund	6,122	Sewer Fund	6,122
Payroll Fund	2,838	Water Fund	2,838
Payroll Fund	732	DDA Fund	732
Major Streets Fund	<u>1,000</u>	Payroll Fund	<u>1,000</u>
Total	<u>\$ 236,623</u>		<u>\$ 236,623</u>

Interfund Transfers reported in the Fund Statements are as follows:

	<u>Transferred From</u>		<u>Transferred To</u>
Major Streets Fund	\$ 54,300	Local Streets Fund	\$ 54,300
General Fund	21,073	Municipal Bldg Debt Svc	21,073
General Fund	6,300	M-53 Sewer Leads Debt Svc	6,300
WWTP Improvement Debt Service	173,734	Sewer Fund	173,734
Sewer Fund	6,300	M-53 Sewer Leads Debt Svc	6,300
General Fund	<u>8,000</u>	Inspection Fund	<u>8,000</u>
Total	<u>\$ 269,707</u>		<u>\$ 269,707</u>

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2008

7. Long-Term Debt

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities						
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	\$ 595,000	\$ (50,000)	\$ 545,000	\$ 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	\$ 32,000	\$ (10,000)	\$ 22,000	\$ 11,000
2002 Installment Purch Contract Payable for Municipal Building Addition						
Amount of Issue - \$170,500						
Maturing through 2011	4.05%	\$21,074	\$ 93,684	\$ (17,279)	\$ 76,405	\$ 17,979
Downtown Development Authority Obligations						
Pocket Park Construction Installment Contract						
Amount of Issue - \$204,385						
Maturing through November 22, 2014	3.75%	\$13,515	\$ 165,225	\$ (18,682)	\$ 146,543	\$ 19,383
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	\$ 117,425	\$ (3,762)	\$ 113,663	\$ 113,663
Total Governmental Activities			\$ 1,003,334	\$ (99,723)	\$ 903,611	\$ 217,025
Business-type Activities						
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	\$ 1,604,390	\$ -
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	\$ 1,945,000	\$ (85,000)	\$ 1,860,000	\$ 85,000
Total Business-type Activities			\$ 1,945,000	\$ 1,519,390	\$ 3,464,390	\$ 85,000
Total			\$ 2,948,334	\$ 1,419,667	\$ 4,368,001	\$ 302,025

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
2009	\$ 217,025	\$ 46,934	\$ 263,959	\$ 85,000	\$ 119,373	\$ 204,373
2010	104,817	34,683	139,500	175,000	115,709	290,709
2011	100,329	29,641	129,970	180,000	109,900	289,900
2012	106,900	24,475	131,375	190,000	103,754	293,754
2013	92,458	18,893	111,351	195,000	97,228	292,228
2014-2018	282,082	24,498	306,580	1,090,000	377,320	1,467,320
2019-2023	-	-	-	1,315,000	159,111	1,474,111
2024-2028	-	-	-	234,390	7,518	241,908
Total	\$ 903,611	\$ 179,124	\$ 1,082,735	\$ 3,464,390	\$ 1,089,913	\$ 4,554,303

Village of Almont
Notes to the Financial Statements
For The Year Ended June 30, 2008

8. Retirement System - MERS Operated

The Village of Almont participates in the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirements system (PERS) that is administered by the State of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the constitution of the State of Michigan. The Village has no fiduciary responsibility for the plan.

All full time employees of the Village (other than the Village Manager, Clerk, Police Chief and office employees who are covered by a simplified employee plan) are eligible to participate in the plan immediately upon employment. As of June 30, 2008, the Village had 17 covered employees. Covered payroll for the year then ended was \$679,617.

The plan provides for vesting of benefits after 10 years of service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement of police officers at age 55 with 25 years or more of service.

Election of early retirement is subject to reduction of benefits as outlined below. Participants are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by the sum of one and a half percent of their five-year final average compensation (F.A.C.). The retirement allowance is reduced half of one percent for each complete month that retirement precedes the age at which full normal retirement benefits are available. The Village contributes the necessary amounts to fund the actuarial determined benefits. The Village makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses an attained age actuarial funding method. During the year ended June 30, 2008, \$49,429 of Village contributions were made. Employees also contribute to the plan. Benefit provisions and contributions obligations have been established by the Village Council.

As of December 31, 2007, the most recent actuarial report, the actuarial determined unfunded accrued liabilities was in the amount of \$254,199. The non-funded accrued liability is being financed over a period of 28 years.

The simplified employee plan (SEP-IRA) provides annual contributions to each employee SEP-IRA of five to eight of annual compensation. The SEP-IRA retirement contributions are 100% vested. Total SEP-IRA contributions for the fiscal year ending June 30, 2008, were \$11,262.

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

Water System Improvement Debt Service Fund	(\$9,868)
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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.

Required Supplemental Information

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 General Fund
 For The Year Ended June 30, 2008

<u>Revenues</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Taxes</u>				
Current Property Tax	\$ 755,712.00	\$ 755,712.00	\$ 651,946.94	\$ (103,765.06)
State Shared Revenue	270,000.00	273,862.00	273,862.00	-
<u>Licenses, Permits & Fees</u>				
Tax Fees, Penalties & Interest	11,434.00	11,434.00	17,353.67	5,919.67
Liquor Licenses	2,215.00	2,215.00	2,256.05	41.05
Zoning Permits & Site Plan Review	5,000.00	3,500.00	2,425.00	(1,075.00)
Police Fines & District Court Fees	10,370.00	13,120.00	13,383.26	263.26
Cable TV Franchise	22,000.00	22,000.00	22,208.77	208.77
<u>Total Licenses, Permits, & Fees</u>	<u>51,019.00</u>	<u>52,269.00</u>	<u>57,626.75</u>	<u>5,357.75</u>
<u>Charges for Services</u>				
Trash Collection	105,300.00	105,300.00	107,961.92	2,661.92
Live Scan	10,000.00	10,000.00	7,469.00	(2,531.00)
Police Contract	211,189.00	215,605.00	219,949.58	4,344.58
<u>Total Charges for Services</u>	<u>326,489.00</u>	<u>330,905.00</u>	<u>335,380.50</u>	<u>4,475.50</u>
<u>Miscellaneous Revenue</u>				
Refunds & Reimbursements	38,000.00	54,609.00	74,384.89	19,775.89
Miscellaneous	13,051.00	13,051.00	12,709.19	(341.81)
Donations/Homecoming	3,000.00	3,000.00	1,070.00	(1,930.00)
Park-Township/Grant	5,875.00	5,875.00	5,393.00	(482.00)
Cellular Land Lease	13,000.00	13,000.00	13,000.00	-
Police Forfeitures	-	-	411.63	411.63
<u>Total Miscellaneous Revenues</u>	<u>72,926.00</u>	<u>89,535.00</u>	<u>106,968.71</u>	<u>17,433.71</u>
<u>Interest Earnings</u>	<u>11,000.00</u>	<u>7,500.00</u>	<u>6,926.46</u>	<u>(573.54)</u>
<u>Total Revenues</u>	<u>\$ 1,487,146.00</u>	<u>\$ 1,509,783.00</u>	<u>\$ 1,432,711.36</u>	<u>\$ (77,071.64)</u>

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 General Fund
 For The Year Ended June 30, 2008

Expenditures	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>General Government</u>				
Legislative	\$ 6,246.00	\$ 6,246.00	\$ 4,502.16	\$ 1,743.84
Executive	79,498.00	83,404.00	77,528.94	5,875.06
General Administration	136,058.00	140,865.00	139,530.04	1,334.96
Central Municipal Activities	207,383.00	207,807.00	58,524.27	149,282.73
<u>Total General Government</u>	429,185.00	438,322.00	280,085.41	158,236.59
<u>Public Safety</u>				
Police Department	704,245.00	704,745.00	676,006.95	28,738.05
Planning & Zoning	14,009.00	14,009.00	5,223.62	8,785.38
<u>Total Public Safety</u>	718,254.00	718,754.00	681,230.57	37,523.43
<u>Public Works</u>				
Department of Public Works	147,307.00	147,307.00	136,729.57	10,577.43
Street Lighting	41,000.00	36,500.00	39,520.29	(3,020.29)
Sanitation	102,492.00	102,492.00	92,464.47	10,027.53
Sanitary Sewer Collection Exp.	78,084.00	79,788.00	76,261.12	3,526.88
<u>Total Public Works</u>	368,883.00	366,087.00	344,975.45	21,111.55
<u>Recreation & Culture</u>	24,250.00	24,613.00	22,870.93	1,742.07
<u>Capital Outlay</u>	19,200.00	29,633.00	25,413.04	4,219.96
<u>Total Expenditures</u>	1,559,772.00	1,577,409.00	1,354,575.40	222,833.60
<u>Excess of Revenues Over (Under) Expenditures</u>	(72,626.00)	(67,626.00)	78,135.96	145,761.96
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(27,374.00)	(32,374.00)	(35,373.46)	(2,999.46)
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(100,000.00)	(100,000.00)	42,762.50	142,762.50
<u>Fund Balance - Beginning of Year</u>	100,000.00	100,000.00	229,294.03	129,294.03
<u>Fund Balance - End of Year</u>	\$ -	\$ -	\$ 272,056.53	\$ 272,056.53

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 Major Streets Fund
 For The Year Ended June 30, 2008

Revenues	Original Budget	Amended Budget	Actual	Variance with Amended Budget
State Shared Rev. - Gas & Wt. Tax	\$ 107,698.00	\$ 108,754.00	\$ 108,753.81	\$ (0.19)
State Trunk Line Maintenance	11,000.00	10,344.00	7,618.99	(2,725.01)
Miscellaneous Revenues	-	-	-	-
Interest Income	6,100.00	5,700.00	5,620.73	(79.27)
Total Revenues	124,798.00	124,798.00	121,993.53	(2,804.47)
Expenditures				
Salaries, Wages & Fringes	26,401.00	28,101.00	22,621.18	5,479.82
Professional Fees	450.00	450.00	450.00	-
Equipment Rental	40,000.00	40,000.00	40,145.77	(145.77)
Insurance	681.00	681.00	323.24	357.76
Contingency	33,266.00	33,266.00	82.50	33,183.50
Winter Maintenance - Salt	5,000.00	5,000.00	3,599.73	1,400.27
Other Expenditures	51,000.00	51,000.00	3,270.24	47,729.76
Capital Outlay	75,000.00	73,300.00	32,246.54	41,053.46
Total Expenditures	231,798.00	231,798.00	102,739.20	129,058.80
Excess of Revenues Over (Under) Expenditures	(107,000.00)	(107,000.00)	19,254.33	126,254.33
Other Financing Sources (Uses)				
Transfers In (Out)	(53,000.00)	(53,000.00)	(54,300.00)	(1,300.00)
Net Change in Fund Balance	(160,000.00)	(160,000.00)	(35,045.67)	124,954.33
Fund Balance - Beginning of Year	160,000.00	160,000.00	211,297.55	51,297.55
Fund Balance - End of Year	\$ -	\$ -	\$ 176,251.88	\$ 176,251.88

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 Downtown Development Authority
 For The Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 207,901.00	\$ 207,901.00	\$ 188,323.87	\$ (19,577.13)
Interest Earnings	12,000.00	12,000.00	8,319.33	(3,680.67)
Other Revenues	3,600.00	3,600.00	6,453.24	2,853.24
Total Revenues	223,501.00	223,501.00	203,096.44	(20,404.56)
<u>Expenditures</u>				
Administration	23,724.00	39,872.00	16,734.78	23,137.22
Promotion - Business	15,000.00	15,000.00	10,696.43	4,303.57
Downtown Maintenance	105,200.00	105,200.00	91,342.03	13,857.97
Future Projects	313,383.00	313,383.00	660.20	312,722.80
Professional Fees	7,200.00	7,200.00	4,433.75	2,766.25
Capital Outlay	100,000.00	100,000.00	-	100,000.00
Debt Service - Principal	22,500.00	22,500.00	22,444.00	56.00
Debt Service - Interest	14,500.00	14,500.00	14,304.31	195.69
Total Expenditures	601,507.00	617,655.00	160,615.50	457,039.50
<u>Excess of Revenues Over (Under) Expenditures</u>	(378,006.00)	(394,154.00)	42,480.94	436,634.94
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balances</u>	(378,006.00)	(394,154.00)	42,480.94	436,634.94
<u>Fund Balance - Beginning of Year</u>	378,006.00	378,006.00	372,210.57	(5,795.43)
<u>Fund Balance - End of Year</u>	\$ -	\$ (16,148.00)	\$ 414,691.51	\$ 430,839.51

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 Waste Water Plant Debt Service Fund
 For The Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	983.42	983.42
Interest Earnings	5.00	5.00	144.16	139.16
<u>Total Revenues</u>	5.00	5.00	1,127.58	1,122.58
<u>Expenditures</u>				
Paying Agent Fees	25,133.00	25,133.00	249.56	24,883.44
Principal	-	-	-	-
Interest	-	-	-	-
<u>Total Expenditures</u>	25,133.00	25,133.00	249.56	24,883.44
<u>Excess of Revenues Over (Under) Expenditures</u>	(25,128.00)	(25,128.00)	878.02	26,006.02
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	(25,128.00)	(25,128.00)	878.02	26,006.02
<u>Fund Balance - Beginning of Year</u>	-	-	13,544.19	13,544.19
<u>Fund Balance - End of Year</u>	\$ (25,128.00)	\$ (25,128.00)	\$ 14,422.21	\$ 39,550.21

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 Water System Improvement Debt Service Fund
 For The Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Property Taxes	\$ 83,236.00	\$ 83,236.00	\$ 71,473.28	\$ (11,762.72)
Interest Earnings	275.00	330.00	328.02	(1.98)
<u>Total Revenues</u>	83,511.00	83,566.00	71,801.30	(11,764.70)
<u>Expenditures</u>				
Paying Agent Fees	800.00	800.00	-	800.00
Debt Service - Principal	57,424.00	57,424.00	50,000.00	7,424.00
Debt Service - Interest	33,175.00	33,175.00	33,175.00	-
<u>Total Expenditures</u>	91,399.00	91,399.00	83,175.00	8,224.00
<u>Excess of Revenues Over (Under) Expenditures</u>	(7,888.00)	(7,833.00)	(11,373.70)	(3,540.70)
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	(7,888.00)	(7,833.00)	(11,373.70)	(3,540.70)
<u>Fund Balance - Beginning of Year</u>	-	-	1,506.08	1,506.08
<u>Fund Balance - End of Year</u>	\$ (7,888.00)	\$ (7,833.00)	\$ (9,867.62)	\$ (2,034.62)

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 W.W.T.P. Improvement Project Debt Service Fund
 For The Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
User Fees	\$ 140,000.00	\$ 140,000.00	\$ 123,249.96	\$ (16,750.04)
Penalties	1,500.00	1,650.00	1,769.42	119.42
Bond Proceeds	35,000.00	35,000.00	-	(35,000.00)
Interest Earnings	7,500.00	7,350.00	34,872.90	27,522.90
<u>Total Revenues</u>	184,000.00	184,000.00	159,892.28	(24,107.72)
<u>Expenditures</u>				
Paying Agent Fees & Other	167,016.00	167,016.00	731.50	166,284.50
<u>Total Expenditures</u>	167,016.00	167,016.00	731.50	166,284.50
<u>Excess of Revenues Over (Under) Expenditures</u>	16,984.00	16,984.00	159,160.78	142,176.78
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	(173,734.00)	(173,734.00)	(173,733.76)	0.24
<u>Net Change in Fund Balance</u>	(156,750.00)	(156,750.00)	(14,572.98)	142,177.02
<u>Fund Balance - Beginning of Year</u>	156,750.00	156,750.00	620,902.06	464,152.06
<u>Fund Balance - End of Year</u>	\$ -	\$ -	\$ 606,329.08	\$ 606,329.08

Village of Almont
 Required Supplemental Information
 Budgetary Comparison Schedule
 W.W.T.P. Improvement Capital Project Fund
 For The Year Ended June 30, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Revenues</u>				
Grant Proceeds	\$ -	\$ -	\$ -	\$ -
Interest Earnings	-	-	4,523.52	4,523.52
<u>Total Revenues</u>	-	-	4,523.52	4,523.52
<u>Expenditures</u>				
Construction	-	-	-	-
Engineering	-	-	-	-
<u>Total Expenditures</u>	-	-	-	-
<u>Excess of Revenues Over (Under) Expenditures</u>	-	-	4,523.52	4,523.52
<u>Other Financing Sources (Uses)</u>				
Transfers In (Out)	-	-	-	-
<u>Net Change in Fund Balance</u>	-	-	4,523.52	4,523.52
<u>Fund Balance - Beginning of Year</u>	-	-	55,398.12	55,398.12
<u>Fund Balance - End of Year</u>	\$ -	\$ -	\$ 59,921.64	\$ 59,921.64

Other Supplemental Information

Village of Almont
 Other Supplemental Information
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Local Streets Fund</u>	<u>Inspection Fund</u>	<u>M-53 Sewer Leads Debt Service Fund</u>	<u>Municipal Building Debt Service Fund</u>	
<u>Assets</u>					
Cash & Cash Equivalents	\$ 22,824.44	\$ 6,289.14	\$ 4,579.40	\$ 1,081.02	\$ 34,774.00
Due From Other Funds	-	-	-	-	-
<u>Total Assets</u>	<u>\$ 22,824.44</u>	<u>\$ 6,289.14</u>	<u>\$ 4,579.40</u>	<u>\$ 1,081.02</u>	<u>\$ 34,774.00</u>
<u>Liabilities</u>					
Accounts Payable	\$ -	\$ 1,293.63	\$ -	\$ -	\$ 1,293.63
Due To Other Funds	374.98	3,885.79	-	-	4,260.77
<u>Total Liabilities</u>	<u>374.98</u>	<u>5,179.42</u>	<u>-</u>	<u>-</u>	<u>5,554.40</u>
<u>Fund Balances</u>					
Fund Balances - Unreserved	22,449.46	1,109.72	4,579.40	1,081.02	29,219.60
<u>Total Liab. & Fund Balances</u>	<u>\$ 22,824.44</u>	<u>\$ 6,289.14</u>	<u>\$ 4,579.40</u>	<u>\$ 1,081.02</u>	<u>\$ 34,774.00</u>

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, 2008

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Local Streets Fund</u>	<u>Inspection Fund</u>	<u>M-53 Sewer Leads Debt Service Fund</u>	<u>Municipal Building Debt Service Fund</u>	
<u>Revenues</u>					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State Shared Rev. - Gas & Wt. Tax	45,065.02	-	-	-	45,065.02
Licenses, Fees, & Permits	-	16,419.00	-	-	16,419.00
Interest Earnings	512.27	235.66	67.97	-	815.90
Other Revenues	-	-	-	-	-
<u>Total Revenues</u>	<u>45,577.29</u>	<u>16,654.66</u>	<u>67.97</u>	<u>-</u>	<u>62,299.92</u>
<u>Expenditures</u>					
Public Safety	-	20,057.70	-	-	20,057.70
Public Works	45,285.48	-	300.00	-	45,585.48
Capital Outlay	49,641.90	-	-	-	49,641.90
Debt Service - Principal	-	-	10,000.00	17,279.30	27,279.30
Debt Service - Interest	-	-	1,343.50	3,794.16	5,137.66
<u>Total Expenditures</u>	<u>94,927.38</u>	<u>20,057.70</u>	<u>11,643.50</u>	<u>21,073.46</u>	<u>147,702.04</u>
<u>Excess of Revenues Over (Under)</u>					
<u>Expenditures</u>	(49,350.09)	(3,403.04)	(11,575.53)	(21,073.46)	(85,402.12)
<u>Other Financing Sources (Uses)</u>					
Transfers In (Out)	54,300.00	8,000.00	12,600.00	21,073.46	95,973.46
<u>Net Change in Fund Balances</u>	4,949.91	4,596.96	1,024.47	-	10,571.34
<u>Fund Balances - Beginning of Year</u>	17,499.55	(3,487.24)	3,554.93	1,081.02	18,648.26
<u>Fund Balances - End of Year</u>	<u>\$ 22,449.46</u>	<u>\$ 1,109.72</u>	<u>\$ 4,579.40</u>	<u>\$ 1,081.02</u>	<u>\$ 29,219.60</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2008

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
		2008	2007	
5.4%	10/1/2007	\$ -	\$ 50,000	\$ -
5.5%	10/1/2008	55,000	55,000	30,313
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>\$ 545,000</u>	<u>\$ 595,000</u>	<u>\$ 140,663</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
		2008	2007	
4.000%	10/1/2008	\$ -	\$ -	\$ 34,093
4.000%	10/1/2009	85,000	-	34,093
4.125%	10/1/2010	85,000	-	32,287
4.250%	10/1/2011	90,000	-	30,481
4.400%	10/1/2012	90,000	-	28,568
4.500%	10/1/2013	95,000	-	26,656
4.500%	10/1/2014	95,000	-	24,637
4.500%	10/1/2015	95,000	-	22,618
4.600%	10/1/2016	100,000	-	20,600
4.750%	10/1/2017	100,000	-	18,475
4.750%	10/1/2018	105,000	-	16,350
4.750%	10/1/2019	105,000	-	14,118
4.800%	10/1/2020	105,000	-	11,887
4.850%	10/1/2021	110,000	-	9,656
4.900%	10/1/2022	110,000	-	7,318
4.900%	10/1/2023	115,000	-	4,981
4.900%	10/1/2024	119,390	-	2,537
<u>Total Sewage Disposal Bonds</u>		<u>\$ 1,604,390</u>	<u>\$ -</u>	<u>\$ 305,262</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness
 June 30, 2008

**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>2008</u>	<u>2007</u>	
4.60%	11/1/2007	\$ -	\$ 10,000	\$ -
4.65%	5/1/2008	-	-	-
4.65%	11/1/2008	11,000	11,000	555
5.00%	5/1/2009	-	-	281
5.10%	11/1/2009	11,000	11,000	281
<u>Total M-53 Sewer Leads Bonds</u>		<u>\$ 22,000</u>	<u>\$ 32,000</u>	<u>\$ 1,117</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>2008</u>	<u>2007</u>	
4.05%	8/1/2007	\$ -	\$ 17,279	\$ -
4.05%	8/1/2008	17,979	17,979	3,094
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>\$ 76,405</u>	<u>\$ 93,684</u>	<u>\$ 7,889</u>

Village of Almont
 Other Supplemental Information
 Schedule of Indebtedness
 June 30, 2008

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</u>		<u>Remaining Annual Interest Payable</u>
		<u>2008</u>	<u>2007</u>	
4.000%	12/1/2007	\$ -	\$ 85,000	\$ -
4.125%	12/1/2008	85,000	85,000	85,280
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>\$ 1,860,000</u>	<u>\$ 1,945,000</u>	<u>\$ 750,558</u>
<u>Total General Obligation Bonds & Contracts</u>		<u>\$ 4,107,795</u>	<u>\$ 2,665,684</u>	<u>\$ 1,205,489</u>

Village of Almont
Other Supplemental Information
Schedule of Indebtedness
June 30, 2008

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>2008</u>	<u>2007</u>	
7.0%	6/30/2008	\$ -	\$ 3,762	\$ -
7.0%	6/30/2009	113,663	113,663	7,188
<u>Total Land Contract</u>		<u>\$ 113,663</u>	<u>\$ 117,425</u>	<u>\$ 7,188</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>2008</u>	<u>2007</u>	
3.75%	11/22/2007	\$ -	\$ 18,682	\$ -
3.75%	11/22/2008	19,383	19,383	5,503
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	18,782	18,782	712
<u>Total Installment Contract</u>		<u>\$ 146,543</u>	<u>\$ 165,225</u>	<u>\$ 22,267</u>
<u>Total DDA Bonds & Contracts</u>		<u>\$ 260,206</u>	<u>\$ 282,650</u>	<u>\$ 29,455</u>

August 15, 2008

Village of Almont
817 North Main Street
Almont, MI 48003

To 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, 2008, and have issued my report thereon dated August 15, 2008. 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, 2008. 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 15, 2008.

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, 2008, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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:

Preparation of Financial Statements - Management prepares internal financial information to assess operations and the financial position of the Village of Almont on an ongoing basis. Although the internal financial information is sufficient to operate the Village, it is not presented in accordance with generally accepted accounting principles. The Village contracts with me, the auditor, to draft the financial statements, including all necessary notes, in accordance with generally accepted accounting principles, since it does not retain staffing that currently have the expertise. I believe this meets the definition of a material weakness under *Statement on Auditing Standards 112*.

A material weakness is a significant deficiency, or a 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 entity's internal control. The AICPA Auditing Standards Board issued Statements on Audit Standards (SAS) 112 which establishes standards and provides guidance on communicating matters related to an entity's internal control over financial reporting and is effective for periods ending after December 15, 2006. According to SAS 112, it is considered to be a control deficiency if a client I am auditing has ineffective controls over the preparation of their financial statements such that client controls are absent or controls are not effective in preventing or detecting material misstatements in the preparation of the financial statements, including the related footnotes.

Accrual Adjustments – During the audit, I generally provide significant assistance in identifying and posting accrual adjustments to the accounting records. Accruals represent any adjustments other than cash that impact the accounting records. I bring this to your attention since it meets the above definition on a matter to be communicated.

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. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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