

### 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 checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CITY OF ALMA	County GRATIOT
Fiscal Year End 6.30.07	Opinion Date 11.30.07	Date Audit Report Submitted to State 12.20.07	

We affirm that:

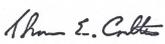
We are certified public accountants licensed to practice in Michigan.

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).

- Check each applicable box below.** (See instructions for further detail.)
- |          |                                     |  |
|----------|-------------------------------------|--|
| YES<br>Y | NO<br>N                             |  |
| 1.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> 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.       | <input type="checkbox"/>            | <input checked="" type="checkbox"/> 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.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.  |
| 4.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> The local unit has adopted a budget for all required funds.   |
| 5.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> A public hearing on the budget was held in accordance with State statute.   |
| 6.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> 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.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.  |
| 8.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> The local unit only holds deposits/investments that comply with statutory requirements.   |
| 9.       | <input checked="" type="checkbox"/> | <input type="checkbox"/> The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the <i>Bulletin for Audits of Local Units of Government in Michigan</i> , as revised (see Appendix H of Bulletin).  |
| 10.      | <input checked="" type="checkbox"/> | <input type="checkbox"/> 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.      | <input checked="" type="checkbox"/> | <input type="checkbox"/> The local unit is free of repeated comments from previous years.  |
| 12.      | <input checked="" type="checkbox"/> | <input type="checkbox"/> The audit opinion is UNQUALIFIED.   |
| 13.      | <input checked="" type="checkbox"/> | <input type="checkbox"/> 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.      | <input checked="" type="checkbox"/> | <input type="checkbox"/> The board or council approves all invoices prior to payment as required by charter or statute.  |
| 15.      | <input checked="" type="checkbox"/> | <input type="checkbox"/> 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.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) YEO & YEO PC CPAS		Telephone Number 989-463-6108	
Street Address 7810 N. ALGER RD		City ALMA	State MI
		Zip 48801	
Authorizing CPA Signature 	Printed Name THOMAS E. COULTER		License Number 1612544

City of Alma, Michigan  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007



Prepared by:  
Paul T. Borle, Finance Director/Treasurer  
Cynthia A. Michels- White, City Controller

City of Alma, Michigan  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2007

**City Commission**

Melvin Nyman	Mayor
Scott Moes	Vice Mayor
Donald Ayers	Commissioner
Lisa Comer	Commissioner
Rodys Dancer	Commissioner
Michael Legene	Commissioner
Greg Mapes	Commissioner

**Other Officers and Officials**

Phillip Moore	City Manager
Aeric Ripley	Assistant City Manager
Paul Borle	Finance Director/Treasurer
Cynthia Michels-White	City Controller
Brian Dancer	City Assessor
Bryan Dinwoody	Library Director
Barbara Gager	City Clerk
Hal Smith	Director of Code Enforcement
Randy Sumner	Transit Director
Ronald Turner	Director of Public Services
David Walsh	Director of Public Safety

City of Alma, Michigan  
 Comprehensive Annual Financial Report  
 Fiscal Year Ended June 30, 2007

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# CITY OF ALMA, MICHIGAN

525 E. Superior, P. O. Box 278 Alma, MI 48801-0278  
www.ci.alma.mi.us

TREASURER  
989 463-8346

FAX  
989 463-5574

November 30, 2007

Honorable Mayor and Alma City Commission:

Michigan State law and the Charter of the City of Alma require that a complete set of audited financial statements be published within six months of the close of each fiscal year. It is with great pleasure that we present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007.

This report has been prepared by the staff of the City of Alma and its management takes full responsibility for the completeness and accuracy for all statements, schedules, notes and analysis. To provide a reasonable basis for making these representations, management has implemented a system of internal controls to protect City assets from theft, loss, or misuse and to compile reliable information for the presentation of our financial statements in conformity with generally accepted accounting principles. The cost of internal controls should not outweigh their benefit; therefore, internal controls have been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Yeo & Yeo CPA's and Business Consultants have issued an unqualified opinion on the City of Alma financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report. The auditors report on the fair presentation of the financial statements, the internal controls, and compliance with legal requirements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

## **The Reporting Entity**

The Alma area was settled in 1853 along the banks of the Pine River in the center of the lower peninsula of Michigan. In 1872, Alma became a village and in 1905 incorporated as a home-rule city. With a population of 9,275, City of Alma is the primary government. In addition to the primary government, this financial report also includes four component units, and a joint venture: Alma Public Library, Alma Housing Commission, Alma Downtown Development Authority, Alma Local Development Financing Authority, and Gratiot Community Airport- a joint venture with Gratiot County.

## **Budgeting and Long-Term Financial Planning**

As part of the City's financial planning process, the staff prepares an annual operating budget and six year capital improvement plan (CIP) for City Commission review and adoption. These two documents serve to address the City's strategy for maintaining and improving the health and well being of the community. The budget document provides a financial framework for planning and control, as well as defining the Commission's vision for the future. The CIP details future major capital items and related financial resources which will be required to implement the Commission's long term vision.

Unreserved, undesignated fund balance in the general fund (62 percent of total general fund revenues) falls well above the policy guidelines set by the City Commission for budgetary and planning purposes. The current general fund balance would fund approximately 215 days of operations. In the last two years, long term debt has gone up 307%. It has been necessary to issue bonds to finance recent and future construction and improvements. In July of 2006, the City issued an additional \$985,000 in bonds; of which \$485,000 are special assessment bonds. No further debt issuances are foreseen for the near future.

The budget process normally begins in January with a City Commission goals setting session. The City Manager is required by charter to present a budget to the City Commission by April 20th. After several work sessions and public

hearings, the City Commission adopts the City's budget at the end of May and sets the property tax millage for the new fiscal year. After the close of the fiscal year, the CAFR is prepared to report on the financial condition of the City. Included in the report are budget to actual comparisons of revenues and expenditures. As in prior years, budget to actual comparisons present the original budget and the final budget. Interested citizens are invited to participate in the budget planning process at the goals setting session, work sessions and public hearings.

### **Economic Condition and Outlook**

In the 2006 fiscal year Sawruk Management expressed interest in the City of Alma as the site for development of an energy research park. While still in the investigative and planning stage, this is an exciting prospect for the City. The development, in its final vision would bring billions of dollars of investment to the Alma area. There is a purchase agreement on a portion of the Valaro site as a part of this project.

The State of Michigan's economy remains a concern for the City's financial well-being. As the State continues to struggle to overcome budget deficits, state revenue sharing, which is the second largest revenue source for the City's General Fund, is always in jeopardy of being cut.

A 15,000 square foot addition and renovation to the library was completed in FY 2007. The citizens of Alma and the surrounding communities have shown their support for this project with their affirmative votes and donation of over \$300,000 in private contributions.

The extension of Pine Avenue to Cheesman Road has been completed. Extending Pine Avenue opens more land for residential development. The new middle school has been constructed on the extension.

The relocation of Alma Iron & Metal Company has been completed and implementation of the Downtown Waterfront Redevelopment Project is continuing to move forward. The riverfront location will provide the City with another opportunity for potential development.

The Gemstone housing development is progressing. Bonds were sold in July, 2006 to fund the necessary infrastructure for 147 building sites.

There are several other construction projects in various stages of construction on Warwick Drive. Walgreen's has constructed a new retail outlet at the corner of Wright and Warwick. The Elk's has constructed a new facility at 610 Warwick Drive. A new medical office on Warwick has been completed and a new strip mall constructed in the Kmart out lot will house four to five retail outlets.

Gratiot Community Hospital is constructing a \$60 million expansion and renovation. It will take three years to complete that project. The project includes a new emergency department, a five story bed tower and other renovations to existing space.

### **Fiscal Year 2007 Initiatives**

In spite of the challenges on the revenues side, the City of Alma has had another successful year in providing quality services to our citizens. The foresight of the City Commission in building a healthy fund balance has permitted the City to continue to invest in the infrastructure and capital needs of the City. During FY 2007, the City was able to accomplish several significant improvements:

- Completed infrastructure for the Gemstone housing development project.
- Completed reconstruction of State Street including new water and sewer mains from Superior Street to Masonic Pathways.
- Relocated Alma Iron & Metal (AIM) which will enable possible development along the river front, which is being provided up to \$900,000 by UDS/Total through a Supplementary Environmental Project (SEP).
- Accepted delivery of two new Transit buses in May of 2007.
- Completed construction of a 3.5 million dollar addition and renovation to Alma Public Library.
- Completed the first Downtown Rental Rehabilitation project using MSHDA funding.

## Future Major Initiatives

In FY 2007, the City laid the groundwork for several future plans and developments. Many of these projects have been highlighted by the City Commission in prior year's goal setting sessions:

- Continue implementation of the City's new Master Plan, which provides the blueprint for future development.
- Begin construction of Panther Parkway, a new street connecting Bridge Street and Pine Street between the middle school and the high school.
- Begin construction of a new Transit Center and 120 ft. radio tower using Federal and State grant money.
- Begin engineering for construction of a new street at the proposed Transit Center site. This would allow development of the riverfront property behind the facility.
- Street rehabilitation on Hannah, Grace and Grassmere and watermain replacement on Hannah.
- Complete construction of transmission lines from wells 2A & 8 to the water treatment plant to enable the City to move from the use of primarily surface water to the use of primarily ground water at its water treatment plant.
- Complete Rails-to Trails within the City limits.
- Complete Phase IV of the Riverwalk.

## Awards

The Government Finance Officers Association of the United States and Canada (G.F.O.A.) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Alma for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the fifteenth consecutive year that the City of Alma achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

In addition, the City of Alma also received the GFOA's Distinguished Budget Presentation Award for its annual budget document relating to the fiscal year end June 30, 2007. It was the sixth year that award was given to the City of Alma. In order to qualify for the Distinguished Budget Presentation award, the government's budget document has to be judged proficient as a policy document, a financial plan, an operations guide and a communication device.

## Acknowledgments

The preparation of this report would not have been possible without the dedication of the entire administrative and finance staff. The staff of the Finance Department in particular has spent many hours working on this project. Cynthia Michels-White, City Controller, deserves special thanks for the completion of this year's financial report.

In closing, the City of Alma is looking forward to prosperity and growth for its citizens as well as its businesses and industries. The leadership and support of the City Commission remain vital to that goal.

Sincerely,



Phillip J. Moore  
City Manager

Sincerely,



Paul T. Borle  
Finance Director/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Alma  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

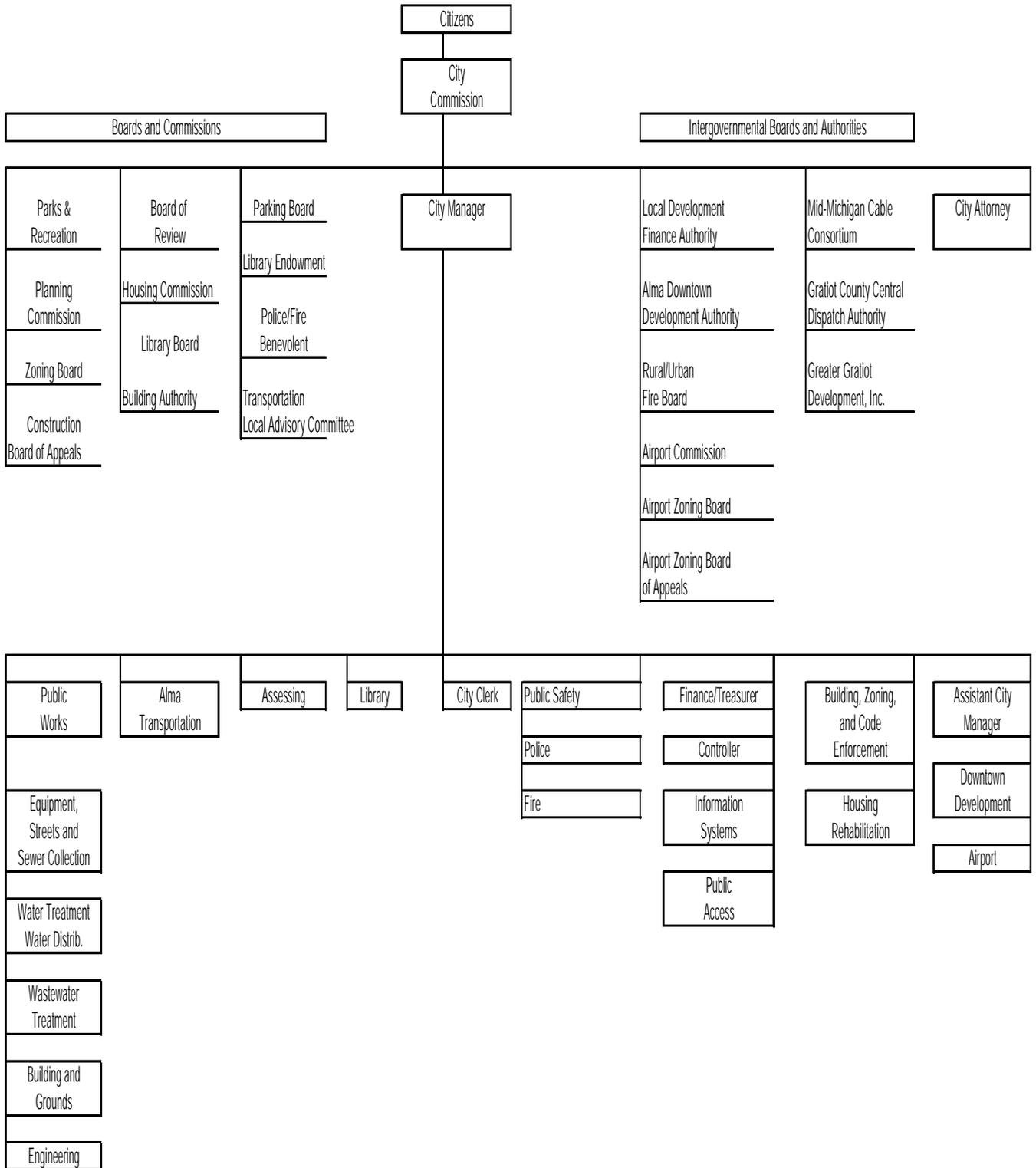
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# City of Alma Organizational Chart





7810 N. Alger Rd.  
Alma, MI 48801  
Phone (989) 463-6108  
Fax (989) 463-8560

## Independent Auditors' Report

City Council  
City of Alma  
Alma, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and joint ventures of the City of Alma as of and for the year ended June 30, 2007, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Alma Housing Commission. Those financial statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Alma Housing Commission, is based on the report of other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and joint ventures of the City of Alma as of June 30, 2007 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 managements' discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alma's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Yeo & Yeo, P.C.*

November 30, 2007  
Alma, Michigan



City of Alma, Michigan  
Management Discussion and Analysis  
June 30, 2007

As management of the City of Alma, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the City of Alma for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal.

**1) Financial Highlights**

- The Net Assets of the City of Alma increased by \$1,921,752 over the fiscal year ending June 30, 2006.
- The assets of the City of Alma exceeded its liabilities at the close of fiscal year 2007 by \$33,688,698 (net assets). Of this amount \$13,132,051 is unrestricted or available to meet the City's ongoing obligations to citizens and creditors.
- At the close of fiscal year 2007, the City of Alma's governmental funds reported combined ending fund balances of \$5,851,000, an increase of \$13,308 from fiscal year 2006. Approximately 73 percent of this total amount, \$4,324,262, is unreserved, undesignated and available for spending at the government's discretion.
- The City's governmental activities combined net assets increased \$754,283 to \$23,586,716.
- The nominal increase in Governmental Fund Balance reflects a year of typical operating results and the increase in Net Assets in the governmental activities is the result of completion of State Street reconstruction and investment in cleaning up the riverfront property at State Street and Mechanic Street.
- The General Fund spent \$592,396 of its fund balance in 2007. The year end fund balance for the General Fund was \$2,503,093.
- At the end of fiscal year 2007, unreserved, undesignated fund balance of the general fund was \$2,326,731, or 58 percent of the total 2007 fiscal year general fund expenditures (excluding transfers to other funds).
- The City of Alma's total bonded debt increased by \$985,000 during fiscal year 2007. The eleven percent increase represents the issuance of \$485,000 of general obligation bonds and \$500,000 of special assessment bonds used to finance infrastructure for Gemstone housing development.
- Net Assets of business-type activities increased \$1,167,469.
- Expenses for governmental activities totaled \$5,108,591.
- Expenses for business-type activities totaled \$3,188,624.

**2) Overview of Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of Alma's basic financial statements. Basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information.

**Government-wide Financial Statements**

The government-wide financial statements summarize all City funds into one statement using the full accrual method of accounting. This method of accounting is similar to private sector accounting.

*Statement of Net Assets*

The Statement of Net Assets provides information on assets and liabilities with the difference between the two reported as net assets. Over time, increases and decreases in net assets can serve as a barometer of financial health. A trend of increasing net assets is viewed as a sign of improving condition. The Statement of Net Assets can be found on page 33.

*Statement of Activities*

The Statement of Activities presents revenues and expenses which reflect the underlying cause of the change in net assets. All changes in net assets are reported as soon as the underlying event to the change occurs, regardless of the timing of related cash flows. This statement includes depreciation on capital assets. Investment in capital projects are reported on the Statement of Net Assets. The Statement of Activities can be found on pages 34 and 35.

The government-wide financial statements distinguish between activities which are principally supported by taxes and intergovernmental revenues (governmental activities) from activities which are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Internal service funds mainly benefit the governmental activities and are included in that section of the government-wide statements.

City of Alma, Michigan  
Management Discussion and Analysis  
June 30, 2007

In addition to the primary government, the government-wide financial statements include four legally separate component units for which the City of Alma has financial responsibility: Downtown Development Authority, Local Development Financing Authority, Alma Public Library and Alma Housing Commission. Financial statements for the component units can be found on pages 52 and 53. More information about the component units can be found in the Notes and the schedules behind the notes. The Notes begin on page 55.

**Fund Financial Statements**

This report also includes information on individual funds. A fund is defined as a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Funds are used to ensure compliance with finance-related legal or regulatory compliance. Funds are classified as either governmental funds, proprietary funds or fiduciary funds.

*Governmental Funds*

Governmental funds use a modified accrual basis of accounting which focuses on near-term inflows and outflows and balances of expendable resources. In the governmental fund statements, capital outlay and debt principal are reported on the *Statement of Revenues, Expenditures and Changes in Fund Balance*, and depreciation and accrued vacation are not recorded. The *Balance Sheet* for governmental funds does not include any capital assets or long-term debt.

The City of Alma maintains fifteen individual governmental funds. The largest funds in terms of assets, liabilities, revenues or expenditures are considered major funds and are presented in separate columns. This allows the reader to see more detailed activity of the major funds. The General Fund, Major Street Fund and Housing Improvement Fund are considered major funds.

In the basic financial statements, non-major funds are consolidated into one column. These are smaller, less active funds. Individual fund data for non-major funds can be found after the Notes.

*Proprietary Funds*

Proprietary funds use a full accrual method of accounting for both government-wide statements and fund level statements. There are two types of proprietary funds. Enterprise funds are used to report business like activities. With the exception, of the Transit System, service fees are expected to recover the cost of providing the service. The City of Alma uses enterprise funds for water, wastewater, solid waste, transit and State Street Plaza. Internal service funds are used to accumulate and allocate the cost of services to other City activities or functions. The City of Alma has three internal service funds. They are Building and Grounds, Equipment Pool and Central Garage, and Administrative Services.

All five of the City's enterprise funds are considered major funds and presented separately in the proprietary fund financial statements. The three internal service funds are aggregated into a single column in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements after the notes.

*Fiduciary Fund*

The fiduciary fund is used to account for resources held for the benefit of other parties outside of the City of Alma. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available for the use of the City of Alma.

**Notes to the Financial Statements**

The notes provide additional detailed information integral to understanding the data provided in the financial statements. The notes to the financial statements begin on page 55 of this report.

**Other information**

This report also presents certain required supplementary information concerning the City of Alma's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information begins on page 79 of this report.

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The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented beginning on page 86 of this report. Budgetary comparison schedules for individual nonmajor funds are found in this section.

3) **Government-wide Financial Analysis**

**Net Assets**

The Statement of Net Assets provides an overview of the City's assets, liabilities and net assets. As mentioned above, over time, this can provide a good indicator of the City's fiscal health. Following is a summarized version of the Statement of Net Assets:

Table A-1						
City of Alma, Michigan's Net Assets						
(in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Current and other assets	\$8.1	\$ 8.0	\$ 6.3	\$ 5.7	\$ 14.4	\$ 13.7
Capital assets	16.6	16.2	9.5	8.4	26.1	24.6
<b>Total assets</b>	<b>24.7</b>	<b>24.2</b>	<b>15.8</b>	<b>14.1</b>	<b>40.5</b>	<b>38.3</b>
Long-term debt	0.6	0.5	5.5	4.5	6.1	5.0
Other liabilities	0.5	0.9	0.2	0.7	.07	1.6
<b>Total liabilities</b>	<b>1.1</b>	<b>1.4</b>	<b>5.7</b>	<b>5.2</b>	<b>6.8</b>	<b>6.6</b>
Net assets						
Invested in capital assets, net of related debt	15.7	15.1	4.0	3.8	19.7	18.9
Restricted	0.9	0.9	0.0	0.0	0.9	0.9
Unrestricted	7.0	6.8	6.1	5.1	13.1	11.9
<b>Total net assets</b>	<b>\$ 23.6</b>	<b>\$ 22.8</b>	<b>\$ 10.1</b>	<b>\$ 8.9</b>	<b>\$ 33.7</b>	<b>\$ 31.7</b>

The total net assets of the City are \$33,688,698. However, \$19,735,518 represents investment in capital assets including infrastructure. The single largest item in capital assets is the investment in streets. The book value for streets at the end of FY2007 was \$9.8 million. Of the more liquid assets, \$821,129 is restricted. The City has \$13,132,051 in unrestricted net assets. Total net assets increased by \$1,921,752 in FY2007.

**Changes in Net Assets**

Table A-2						
Changes in City of Alma, Michigan's Net Assets						
(in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 0.8	\$ 1.3	\$ 3.6	\$ 2.7	\$ 4.4	\$ 4.0
Grants and contributions	1.1	1.1	0.4	0.4	1.5	1.5
<b>General revenues</b>						
Property taxes	2.4	2.5	0.1	0.1	2.5	2.6

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Federal and state contributions	1.1	1.2	-	-	1.1	1.2
Investment earnings	0.4	0.3	0.3	0.2	0.7	0.5
Other	0.0	0.2	0.0	0.0	0.0	0.2
<b>Total revenues</b>	<b>\$ 5.8</b>	<b>\$ 6.6</b>	<b>\$ 4.4</b>	<b>\$ 3.4</b>	<b>\$ 10.2</b>	<b>\$ 10.0</b>
<b>Expenses</b>						
Community development	\$ 0.4	\$ 0.5	-	-	\$ 0.4	\$ 0.5
Community safety	1.9	1.9	-	-	1.9	1.9
Property maintenance	0.5	0.4	-	-	0.5	0.4
Transportation	1.3	1.1	-	-	1.3	1.1
Recreation and cultural services	0.6	0.6	-	-	0.6	0.6
Legislative services	0.1	0.1	-	-	0.1	0.1
Administrative	0.3	0.3	-	-	0.3	0.3
Interest on long-term debt	0.0	0.0	-	-	0.0	0.0
State Street Plaza			0.1	0.1	0.1	0.1
Transit			0.6	0.6	0.6	0.6
Wastewater			1.0	1.0	1.0	1.0
Water			1.1	1.0	1.1	1.0
Solid Waste			0.4	0.5	0.4	0.5
<b>Total expenses</b>	<b>5.1</b>	<b>4.9</b>	<b>3.2</b>	<b>3.2</b>	<b>8.3</b>	<b>8.1</b>
<b>Increase in net assets</b>	<b>0.7</b>	<b>1.7</b>	<b>1.2</b>	<b>0.2</b>	<b>1.9</b>	<b>1.9</b>
<b>Ending net assets</b>	<b>\$ 23.6</b>	<b>\$ 22.8</b>	<b>\$ 10.1</b>	<b>\$ 8.9</b>	<b>\$ 33.7</b>	<b>\$ 31.7</b>

**Governmental revenue sources and changes**

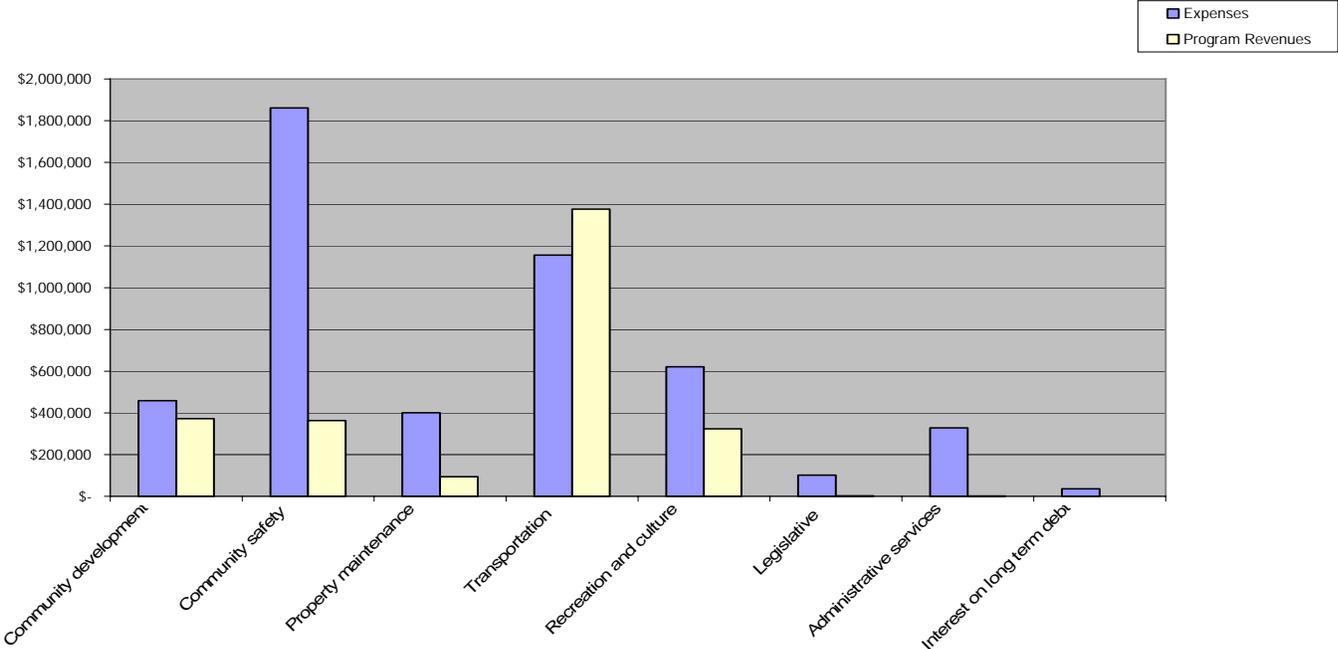
Revenue from all sources increased in 2007 by \$136,334 or 1%. This consisted of a decrease of \$768,139 or 11% in governmental activities and an increase of \$904,473 or 26% in business-type activities. Revenue from all sources totaled \$10,218,967 of which \$5,862,874 was from governmental activities and \$4,356,093 was from business-type activities. The governmental activities received 41% or \$2,416,955 from property taxes. Another 19% or \$1,130,645 was from unrestricted state shared revenue. Twelve percent (12%) or \$758,110 of governmental activities was funded through charges for services. The decrease in governmental activities revenue is related to a large SEP payment received on the Valaro agreement for riverfront development in fiscal year 2006.

**Governmental expense overview**

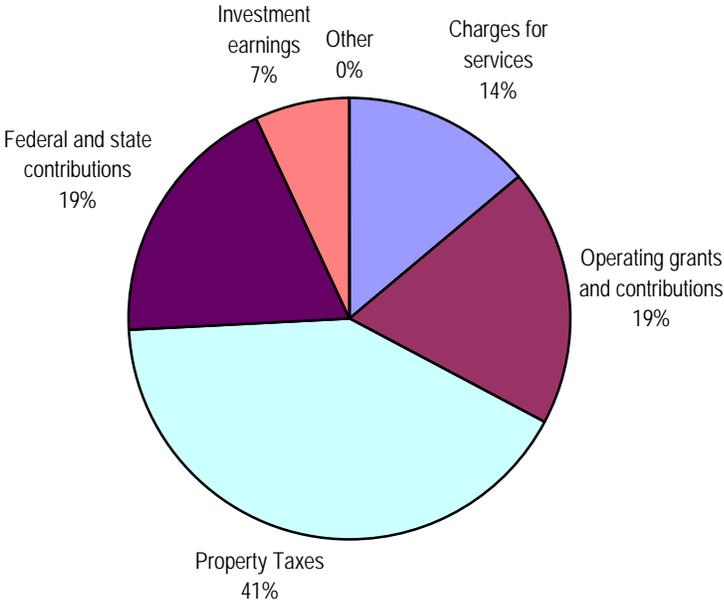
Using a full accrual basis of accounting, the City of Alma spent \$5,108,591 on governmental activities. From the government-wide perspective, the City depreciates capital assets including infrastructure such as streets and sidewalks. The City spent \$1,866,231 on public safety or 36% of the total expenses. The public safety total includes police protection, fire protection, building code enforcement and street lighting. Transportation was the next largest item with \$1,289,974 or 25% of the total expenses. The City of Alma maintains 46.77 miles of streets within the city limits. The transportation total also includes a contribution to the Gratiot Community Airport. In addition, the City of Alma spent \$1,318,107 on capital improvements that appear in the *Statement of the Net Assets*.

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**Expenses and Program Revenues - Governmental Activities**

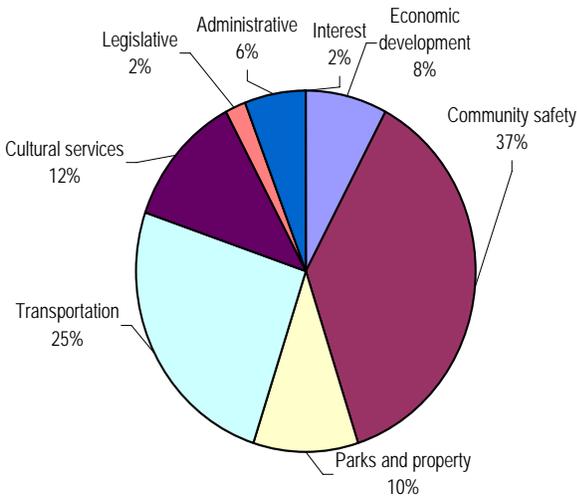


**Revenue by Source - Governmental Activities**



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**Expenses by Function - Governmental Activities**



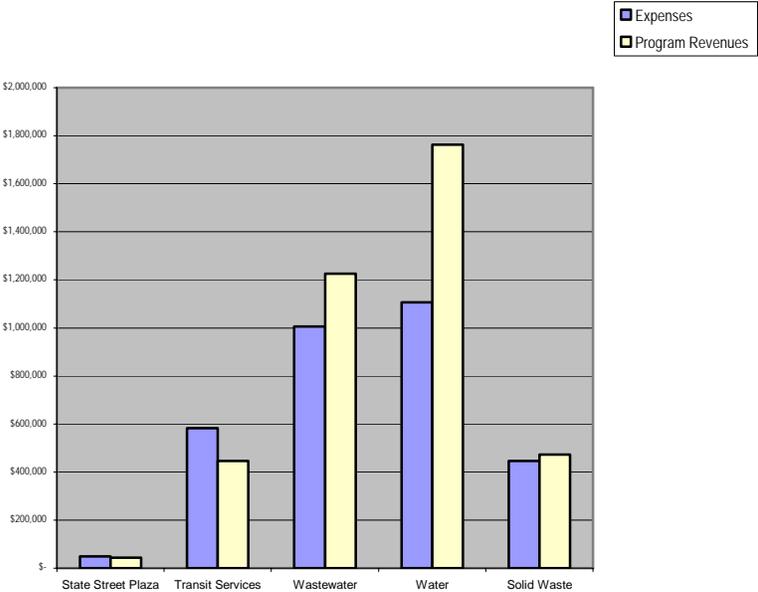
**Business-type activities revenue sources and changes**

The increase in business-type activity revenue is due to service charge increases. The business type activities received 82% of their revenue from charges for services. Most of the non- operating revenue is received by the Transit Fund in the form of grants and a local millage. The business-type activities had an increase in net assets of \$1,167,469, reporting revenues of \$4,356,093. Eighty-two percent of this revenue is from charges for services for \$3,574,665. The charges for services can be further disaggregated as follows:

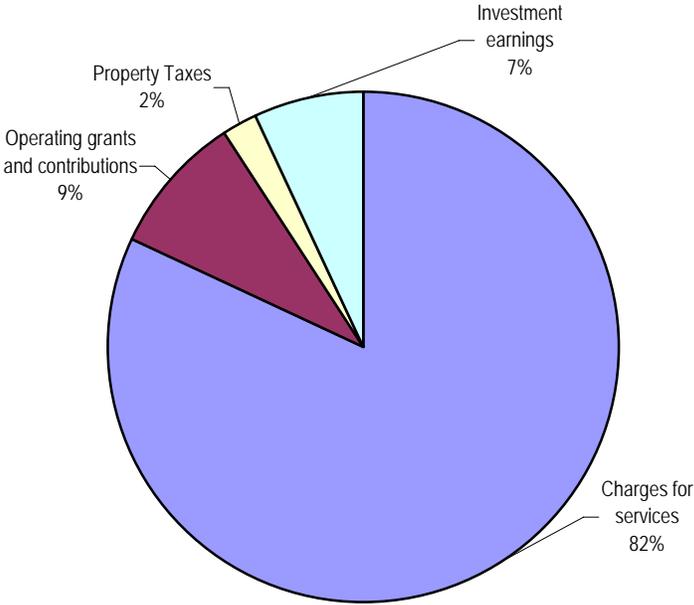
Wastewater	\$ 1,225,542
Water	1,762,890
Solid Waste	472,999
Transit	69,044
State Street Plaza	<u>44,190</u>
Total Charges for Services	<u>\$ 3,574,665</u>

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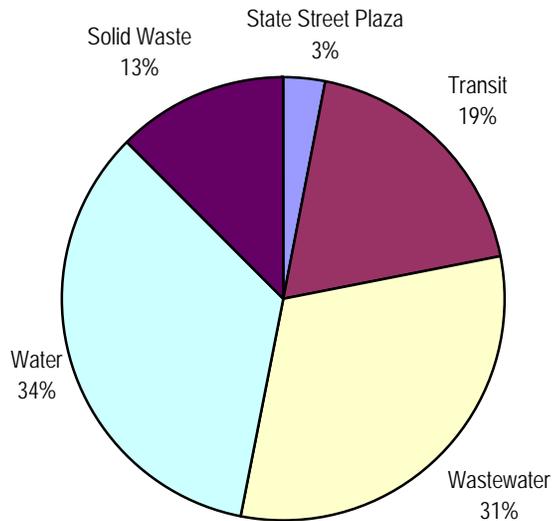
**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



### Expenses by Function - Business-type Activities



#### Business-type activities overview

Water and wastewater are the largest business-type activities with expenses of \$1,106,685 for water and \$1,006,020 for waste water.

#### *Water Utility*

With the implementation of new regulatory requirements two years ago, the City found it necessary to find a new source of water for the water treatment plant. Under the new regulations, the City must either find a source of ground water to eliminate the surface water or the water filtration plant must be rebuilt to more intensively treat the water. An engineering study recommended that the City look for additional ground water sources, and found an aquifer just south of the Pine River. The construction of a new transmission main for supplying ground water to the water treatment plant has been an ongoing project. The City Commission passed a resolution to issue \$2.5 million in general obligation bonds to finance this project. With operating revenues of \$1,763,175, the fund had an increase of \$770,809 in net assets.

#### *Wastewater Utility*

For the last several years, the Wastewater Utility has struggled with pipeline and plant capacity issues due to infiltration. An engineering firm has been engaged to study the infrastructure and develop a plan to alleviate the worst areas of infiltration. With operating revenues of \$1,225,542, the fund had an increase of \$244,973 in net assets.

#### *Dial-A-Ride-Transit System*

The City runs a demand response bus system. The system is funded by a combination of bus fares, property taxes and grants from the state and federal governments. The Transit Fund has a healthy unrestricted net asset position with \$985,646 in cash and investments. The biggest challenge facing the transit system is a decline of the reimbursement rate of operating grants. The City has received approval to construct a new transit facility funded with grants from the state and federal government.

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*Solid Waste*

The City collects solid waste, recyclables, and yard waste at the curbside for residential property. The service is funded through user fees. The City entered into a five year contract with the current waste hauler in FY2003. With current year revenues of \$490,844 and expenses of \$458,005, net assets of the fund are \$420,883. The most costly service to provide is the yard waste program.

*State Street Plaza*

The City owns a complex of offices on State Street. Even though the former MESC office, one of the largest lease spaces, is currently vacant, the fund has few financial fluctuations. The fiscal year closed with \$1,043,398 in net assets. Revenue for the year totaled \$81,879, 46% of which was investment income. Expenses totaled \$48,061.

**4) General Fund and Major Governmental Fund Analysis**

*General Fund*

During the year, there was an increase in General fund appropriations between originally adopted and final amended budget. The majority of the increase is related to expenditures for the Downtown Riverfront Development. The project moved forward significantly this year with most of the demolition of the old Alma Iron and Metal site taking place by the end of the year. General fund completed the year with \$3,736,622 in revenues. The \$3,948,475 in expenditures is an 8.1% increase from the prior year. Most of the fluctuation from year to year is related to investment in capital assets. Net transfers to other funds were \$383,183. The fund balance decreased by \$200,160. Fiscal year 2008 will show an increase in fund balance when reimbursement for demolition of the old Alma Iron and Metal site will be recorded. Interest rates have continued to produce higher investment yields in fiscal year 2007.

*Major Street Fund*

The Major Street fund expended \$263,225 on major street maintenance and transferred an additional \$94,000 to Local Street fund and \$39,000 to the construction of Panther Parkway. Panther Parkway will connect Pine Avenue to Bridge Street near the Alma high school. Major Street fund balance increased by \$355,317. Approximately half of the increase is due to a State of Michigan contribution recorded for the completion of the Pine Avenue Extension project.

*Housing Improvement Revolving Fund*

Over the last two fiscal years, the Housing Improvement Revolving fund has purchased three properties under the MSHDA ADR program. The properties have all been renovated and are currently ready for resale. As prevalent everywhere, the housing market in Alma is currently depressed and new owners are still being sought. The current investment in those homes totals \$472,040.

**5) Capital Assets**

*Summary of capital assets*

The City of Alma has \$25,565,644 invested in capital assets net of depreciation. Capital assets include all tangible assets that exceed \$1,500 in value and have an expected useful life of greater than one year. In addition to the primary government the component units have \$6,509,379 invested in capital assets. Capital assets include: land, land improvements, streets, sidewalks, buildings, equipment and utility systems such as water lines and sewer lines. The City uses straight line depreciation for all depreciable assets. This year, net capital assets increased by \$403,266 in governmental activities, \$1,085,086 in business-type activities and \$2,741,128 in component units.

*Some of the major capital activities during the year include:*

- Completion of the Alma Public Library renovation.
- Demolition of the former Alma Iron and Metal site for riverfront development.
- Began engineering of Panther Parkway.
- Completion of the infrastructure for Gemstone housing development.

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- Completion of State Street reconstruction.

Table A-3						
City of Alma's Capital Assets						
(in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
Land	\$ 1.6	\$ 1.5	\$ 0.2	\$ 0.2	\$ 1.8	\$ 1.7
Construction in Progress	0.9	0.2	2.2	0.9	3.1	1.1
Land improvement	1.1	1.1	0.1	0.2	1.2	1.3
Streets	16.8	16.3	0.0	0.0	16.8	16.3
Sidewalks	1.0	1.0	0.0	0.0	1.0	1.0
Buildings	2.3	2.3	7.7	7.7	10.0	10.0
Equipment	4.6	4.7	2.2	2.0	6.8	6.7
Utility systems	0.0	0.0	7.3	7.3	7.3	7.3
Accumulated Depreciation	(12.2)	(11.5)	(10.3)	(9.9)	(22.5)	(21.4)
<b>Total</b>	<b>\$ 16.1</b>	<b>\$ 15.6</b>	<b>\$ 9.4</b>	<b>\$ 8.4</b>	<b>\$ 25.5</b>	<b>\$ 24.0</b>

*Discussion of future plans*

Each year the City publishes a 6-year Capital Improvement Plan (CIP). The CIP lists and discusses all major capital items that the City Commission and staff envision will be needed over the next six years. The major projects for the next two years include:

- New well system for the water plant
- New facility for the Transit system
- Infrastructure for Transit facility and residential development
- Completing the river walkway
- Connecting the Fred Meijer Rails-to-Trails pathway to Alma
- Reconstruction of utilities and streets for Hannah Street, Grace Street and Grassmere Street.

More detailed information about changes in capital assets can be found in Note 5 of the footnotes.

**6) Debt Administration**

*Summary of debt*

The City of Alma had \$9,130,000 of debt outstanding as of June 30, 2007. During fiscal year 2007, the City issued \$485,000 in general obligation bonds and \$500,000 in special assessment bonds for utility extensions to Gemstone housing development. Of the outstanding debt, \$8,180,000 was general obligation bonded debt. The City has pledged its full faith and credit to back \$650,000 of special assessment debt. The Water Fund has pledged its revenue stream for \$210,000 of revenue bonds and the City has \$90,000 of installment purchase contracts. In 2005, Standard and Poors issued a BBB+ rating for City of Alma's general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City of Alma is \$15.2 million. The City of Alma's outstanding general obligation debt is at 46% of that limit.

City of Alma, Michigan  
Management Discussion and Analysis  
June 30, 2007

Table A-4						
City of Alma, Michigan						
Outstanding Debt						
(In thousands of dollars)						
	Governmental Activities		Business-type Activities		Total	
	FY2007	FY2006	FY2007	FY2006	FY2007	FY2006
General obligation bonds	\$ 3,415	\$ 3,615	\$ 4,765	\$ 4,430	\$ 8,180	\$ 8,045
Special assessment debt with governmental commitment	150	225	500	-	650	225
Purchase contracts	90	135	-	-	90	135
Revenue bonds	-	-	210	270	210	270
<b>Total</b>	<b>\$ 3,655</b>	<b>\$ 3,975</b>	<b>\$ 5,475</b>	<b>\$ 4,700</b>	<b>\$ 9,130</b>	<b>\$ 8,675</b>

The Governmental Activities column includes General Obligation Bonds issued for an expansion and renovation to the Alma Public Library. The City of Alma has pledged full faith and credit on this obligation.

The footnotes include more detailed information on debt and other obligations as well as a complete schedule of debt repayments until maturity.

**7) Economic Forecast**

The City of Alma has three main sources of revenue. These include property taxes, utility charges, and state shared revenue. The economic forecast for the community is dependent on these three revenues. Each main revenue source is discussed and forecast below.

*Tax Base*

The following table shows property values for the past four years as well as the property valuation that will be used in the FY2008 property tax calculations. State equalized value is the Assessor's estimate of 50% of market value. Property taxes are calculated on taxable value. Taxable value growth is capped, by state constitution, to 5% or the rate of inflation which ever is less. In the year when property sells, the taxable value becomes uncapped and equal to the state equalized value. The decline in IFT values is a reflection of the closure of Oxford Automotive and Total Petroleum. In the upcoming fiscal year, the total taxable value increases by five percent.

Fiscal Year	State Equalized Value			
	Real	Personal	IFT and OPRA	Total
2004	\$128,574,900	\$29,419,000	\$13,767,700	\$171,761,600
2005	136,101,800	24,759,600	11,035,000	171,896,400
2006	139,790,300	24,426,900	7,805,700	172,022,900
2007	146,067,600	23,406,500	4,876,600	174,350,700
2008	151,018,000	24,549,000	4,695,800	180,262,800

City of Alma, Michigan  
 Management Discussion and Analysis  
 June 30, 2007

Fiscal Year	Taxable Value			
	Real	Personal	IFT and OPRA	Total
2004	\$107,741,698	\$29,419,000	\$13,767,000	\$150,928,398
2005	114,136,528	24,759,600	11,035,000	149,931,128
2006	117,272,079	24,426,900	7,805,700	149,504,679
2007	121,047,746	23,406,500	4,876,600	149,330,846
2008	127,770,185	24,549,000	4,695,800	157,014,985

*State Shared Revenue*

State shared revenue is the second largest source of revenue for General Fund. The State of Michigan has struggled with budget issues and a bleak economic outlook for the last several years. As funds get tighter, Michigan local units across the board receive less state shared sales tax. State shared sales tax revenue is made of two components. The constitutional component is 15% of the 6% gross collections of the state sales tax. This portion can not be adjusted by the legislature. The statutory component is 21.3% of the 6% gross collections of the state sales tax. This portion can be adjusted by the state legislature. In both components, the overall distribution is dependant on the collection of state sales tax. Therefore, the City of Alma's General Fund is very dependent on the overall State of Michigan economy. In preparing our budgets, the City uses the Michigan Department of Treasury's estimates as published on their web site. Management believes that although the state may fund the constitutional portion of sales tax revenue at the same level as 2007, this will actually result in a reduction in our statutory share of revenue sharing. As sales tax collections continue to increase and constitutional values go up there will be less in the fund to distribute as the statutory share of revenue sharing. The fiscal year 2008 budget was prepared with recognition of decreasing or stagnant revenue sharing proceeds. Our fund balance will enable the City to weather any likely reductions in FY2008 state shared revenue.

*Utility Charges for Services*

From an entity wide perspective, utility charges for services are the third major revenue source. Since the closure of the Total Petroleum refinery, there is no one industrial customer that represents a significant percentage of water sales. Industry is still a major water sales component. Utility sales, while affected by the economy, experience larger swings of revenue from changes in weather conditions. During dry spells, water sales increase. For the FY2008 budget, we assumed that units of sales will be roughly equal to FY2007 volumes. Both the water utility and wastewater utility implemented rate increases in 2007.

*The Future*

Construction activity increased 196% in the City of Alma over the last two years. The largest construction project currently underway is a \$56 million expansion and renovation to Gratiot Medical Center. After several years of industrial downturns, Alma has become home to Merrill Fabricators; specializing in the manufacture and assembly of sophisticated valves and pressure vessels. Over the last two years, the City of Alma has become the focus of M&M Energy for development of the Great Lakes Energy Research Park. The energy park would use Integrated Gasification Combined Cycle technology to convert coal to a clean-burning synthetic gas and then use the carbon dioxide sequestered from that process for enhanced oil recovery. The U.S. Department of Energy estimates up to a billion barrels of oil could be recovered utilizing enhanced oil recovery to rework existing oil wells throughout the state of Michigan. While the project is still in the development stages, this is a very exciting prospect for the City of Alma in terms of increased tax base as well as all levels of peripheral development within the City and the surrounding area.

**8) Contacting the City's Financial Management Team**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Manager or City Controller at PO Box 278; Alma, Michigan 48801 or call at 989-463-8336.

BASIC FINANCIAL STATEMENTS



City of Alma, Michigan  
Statement of Net Assets  
June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,591,666	\$ 690,852	\$ 2,282,518	\$ 1,606,932
Investments	4,555,903	2,114,984	6,670,887	487,835
Receivables (net)	1,320,418	1,069,729	2,390,147	197,641
Inventories and prepaid items	747,013	26,815	773,828	4,522
Internal balances	(102,258)	102,258	-	-
Restricted cash	-	2,290,026	2,290,026	409,558
Investment in joint venture	485,488	-	485,488	-
Land and construction in progress	2,511,158	2,407,901	4,919,059	178,552
Other capital assets, net of depreciation	13,579,116	7,067,469	20,646,585	6,330,827
<b>Total assets</b>	<b>24,688,504</b>	<b>15,770,034</b>	<b>40,458,538</b>	<b>9,215,867</b>
<b>LIABILITIES</b>				
Current payables and accrued expenses	485,541	162,224	647,765	266,239
Portion of long term liabilities due within one year	299,053	320,985	620,038	165,118
Due in more than one year:				
Compensated absences	112,194	29,717	141,911	37,885
General Obligation bonds	90,000	4,532,418	4,622,418	3,088,500
Special Assessment bonds	70,000	480,000	550,000	-
Notes payable	45,000	-	45,000	-
Revenue bonds	-	142,708	142,708	-
<b>Total liabilities</b>	<b>1,101,788</b>	<b>5,668,052</b>	<b>6,769,840</b>	<b>3,557,742</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	15,685,274	4,050,244	19,735,518	3,239,501
Restricted for:				
Capital projects: (deficit)	(43,082)	-	(43,082)	-
Debt service	118,549	-	118,549	-
Permanent funds	745,662	-	745,662	-
Unrestricted	7,080,313	6,051,738	13,132,051	2,418,624
<b>Total net assets</b>	<b>\$ 23,586,716</b>	<b>\$ 10,101,982</b>	<b>\$ 33,688,698</b>	<b>\$ 5,658,125</b>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
Statement of Activities  
For the Year Ended June 30, 2007

Activities/Programs	Expenses	Program Revenues		
		Service Charges	Operating Grants Contributions	Capital Grants Contributions
<b>Primary government</b>				
Governmental activities:				
Community development	\$ 368,425	\$ 80,431	\$ 150,823	\$ -
Community safety	1,866,231	296,120	5,758	17,029
Property maintenance	462,024	62,034	27,081	-
Transportation	1,289,974	241,207	769,564	-
Recreation and cultural	656,351	76,978	20,076	147,068
Legislative	111,556	134	-	-
Administrative services	324,370	1,206	-	-
Interest on long term debt	29,660	-	-	-
Total governmental activities	<u>5,108,591</u>	<u>758,110</u>	<u>973,302</u>	<u>164,097</u>
Business-type activities:				
State Street Plaza	48,489	44,190	-	-
Transit Services	581,928	69,044	257,417	119,260
Wastewater	1,006,020	1,225,542	-	-
Water	1,106,685	1,762,890	-	-
Solid Waste	445,502	472,999	-	-
Total business-type activities	<u>3,188,624</u>	<u>3,574,665</u>	<u>257,417</u>	<u>119,260</u>
<b>Total primary government</b>	<u>\$ 8,297,215</u>	<u>\$ 4,332,775</u>	<u>\$ 1,230,719</u>	<u>\$ 283,357</u>
<b>Component Units</b>				
Downtown Development Authority	\$ 27,109	\$ 2,800	\$ 6,000	\$ -
Alma Public Library	691,270	9,003	484,450	58,812
Alma Housing Commission	999,816	273,573	677,124	249,429
<b>Total component units</b>	<u>\$ 1,718,195</u>	<u>\$ 285,376</u>	<u>\$ 1,167,574</u>	<u>\$ 308,241</u>
General revenues:				
Property taxes				
Intergovernmental				
Investment income				
Other revenue				
Total general revenue				
Change in net assets				
Beginning net assets, as restated				
Ending net assets				

The accompanying notes are an integral part of these financial statements

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (137,171)	\$ -	\$ (137,171)	
(1,547,324)	-	(1,547,324)	
(372,909)	-	(372,909)	
(279,203)	-	(279,203)	
(412,229)	-	(412,229)	
(111,422)	-	(111,422)	
(323,164)	-	(323,164)	
(29,660)	-	(29,660)	
<u>(3,213,082)</u>	<u>-</u>	<u>(3,213,082)</u>	
-	(4,299)	(4,299)	
-	(136,207)	(136,207)	
-	219,522	219,522	
-	656,205	656,205	
-	27,497	27,497	
<u>-</u>	<u>762,718</u>	<u>762,718</u>	
<u>(3,213,082)</u>	<u>762,718</u>	<u>(2,450,364)</u>	
			\$ (18,309)
			(139,005)
			<u>200,310</u>
			<u>42,996</u>
2,416,955	140,409	2,557,364	318,355
1,130,645	-	1,130,645	-
394,999	262,018	657,017	128,693
24,766	2,324	27,090	21,516
<u>3,967,365</u>	<u>404,751</u>	<u>4,372,116</u>	<u>468,564</u>
754,283	1,167,469	1,921,752	511,560
22,832,433	8,934,513	31,766,946	5,146,565
<u>\$ 23,586,716</u>	<u>\$ 10,101,982</u>	<u>\$ 33,688,698</u>	<u>\$ 5,658,125</u>

City of Alma, Michigan  
**Balance Sheet**  
 Governmental Funds  
 6/30/2007

	General	Major Streets	Local Streets	Housing Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 477,048	\$ 289,338	\$ 69,834	\$ -	\$ 383,857	\$ 1,220,077
Investments	1,174,556	886,210	213,892	1	1,143,105	3,417,764
Receivables, net	207,039	85,251	51,344	169	86,705	430,508
Due from other funds	600,862	2,400	110	-	114	603,486
Due from other units	402,435	109,763	27,062	186,924	118,878	845,062
Property held for resale	-	-	-	472,040	-	472,040
Prepaid items	176,362	-	-	-	309	176,671
<b>Total assets</b>	<b>\$ 3,038,302</b>	<b>\$ 1,372,962</b>	<b>\$ 362,242</b>	<b>\$ 659,134</b>	<b>\$ 1,732,968</b>	<b>\$ 7,165,608</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Current payables	\$ 337,044	\$ 1,716	\$ 191	\$ 7,229	\$ 15,387	\$ 361,567
Due to other funds	17,902	-	-	441,872	163,886	623,660
Due to other units	59,285	-	-	-	-	59,285
Deferred revenue	120,978	44,936	47,031	186,924	57,151	457,020
<b>Total liabilities</b>	<b>535,209</b>	<b>46,652</b>	<b>47,222</b>	<b>636,025</b>	<b>236,424</b>	<b>1,501,532</b>
Fund balances:						
Reserved:						
Reserved for prepaid items	176,362	-	-	-	309	176,671
Reserved for public safety employees	-	-	-	-	485,856	485,856
Reserved for debt service	-	-	-	-	118,549	118,549
Reserved for cemetery endowment	-	-	-	-	417,473	417,473
Reserved for library endowment	-	-	-	-	328,189	328,189
Unreserved	2,326,731	1,326,310	315,020	23,109	-	3,991,170
Unreserved, reported in nonmajor:						
Special revenue funds	-	-	-	-	189,250	189,250
Capital project funds: (deficit)	-	-	-	-	(43,082)	(43,082)
<b>Total fund balances</b>	<b>2,503,093</b>	<b>1,326,310</b>	<b>315,020</b>	<b>23,109</b>	<b>1,496,544</b>	<b>5,664,076</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,038,302</b>	<b>\$ 1,372,962</b>	<b>\$ 362,242</b>	<b>\$ 659,134</b>	<b>\$ 1,732,968</b>	<b>\$ 7,165,608</b>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2007

Total fund balances per fund financial statements	\$ 5,664,076
Capital assets are not reported in fund financial statements, but are reported in the statement of net assets	15,006,313
Investment in joint venture, Gratiot Community Airport, is not reported in fund financial statements, but is reported in the statement of net assets	485,488
Long-term receivables are deferred in the fund financial statements, but are reported in the statement of net assets	457,020
Uncollectible receivables are estimated in the statement of net assets, but are not reported in the fund financial statements	(17,090)
Assets and liabilities of internal service funds which are related to governmental programs are presented in the statement of net assets, but not in the fund financial statements	2,617,615
Certain charges to component units are required to eliminate internal service fund charges in the statement of net assets	(6,911)
Certain long term liabilities are not reported in the fund financial statements, but are reported in the statement of net assets	(616,247)
Interest payable on long term debt is accrued in the statement of net assets, but not in the fund financial statements	(3,548)
Net assets for governmental activities	<u>\$ 23,586,716</u>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Governmental Funds  
 For the Year Ended June 30, 2007

	General	Major Streets	Local Streets	Housing Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 2,051,854	\$ -	\$ 2	\$ -	\$ 365,139	\$ 2,416,995
Licenses and permits	131,643	-	-	-	-	131,643
Intergovernmental revenue	1,191,059	604,754	164,810	58,134	156,596	2,175,353
Charges for services	128,218	68,924	21,115	-	267,956	486,213
Fines and forfeits	24,279	-	-	-	1,500	25,779
Investment income	173,380	77,764	12,333	104	89,164	352,745
Other revenue	36,189	100	-	52,106	8,500	96,895
<b>Total revenues</b>	<b>3,736,622</b>	<b>751,542</b>	<b>198,260</b>	<b>110,344</b>	<b>888,855</b>	<b>5,685,623</b>
<b>EXPENDITURES</b>						
Current:						
Economic development	313,333	-	-	52,416	-	365,749
Community safety	1,294,208	-	-	-	381,605	1,675,813
Property maintenance	406,113	-	-	-	-	406,113
Transportation	280,010	263,225	212,001	-	12,338	767,574
Recreation and cultural	567,282	-	-	-	11,850	579,132
Legislative	107,202	-	-	-	-	107,202
Administrative services	318,909	-	-	-	-	318,909
Debt Service:						
Principal	45,000	-	-	-	150,000	195,000
Interest and fiscal charges	6,750	-	-	-	24,655	31,405
Capital improvements	609,668	-	-	-	708,439	1,318,107
<b>Total expenditures</b>	<b>3,948,475</b>	<b>263,225</b>	<b>212,001</b>	<b>52,416</b>	<b>1,288,887</b>	<b>5,765,004</b>
Excess (deficiency) revenues over expenditures	(211,853)	488,317	(13,741)	57,928	(400,032)	(79,381)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from	16,400	-	94,000	-	435,943	546,343
Transfers to	(396,943)	(133,000)	-	-	(16,400)	(546,343)
<b>Total other financing</b>	<b>(380,543)</b>	<b>(133,000)</b>	<b>94,000</b>	<b>-</b>	<b>419,543</b>	<b>-</b>
Net change in fund balances	(592,396)	355,317	80,259	57,928	19,511	(79,381)
Beginning fund balances, as restated	3,095,489	970,993	234,761	(34,819)	1,477,033	5,743,457
<b>Ending fund balances</b>	<b>\$ 2,503,093</b>	<b>\$ 1,326,310</b>	<b>\$ 315,020</b>	<b>\$ 23,109</b>	<b>\$ 1,496,544</b>	<b>\$ 5,664,076</b>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities**  
For the Year Ended June 30, 2007

Net change in total fund balances per fund financial statements	\$ (79,381)
Capital outlays are reported as expenditures in the fund financial statements, but reported as assets in the statement of net assets	1,318,107
Depreciation on capital assets is not reported in the fund financial statements, but is reported in the statement of activities	(829,757)
Principal payments on long term debt are reported as expenditures in the fund financial statements, but reported as a reduction in debt in the statement of net assets	195,000
Compensated absences are accrued in the statement of activities	8,462
Decrease in value of joint venture	(12,212)
Change in interest payable	1,745
The statement of activities includes charges to bring internal service funds to a break-even position	18,031
The statement of activities includes revenues and interest earned on internal service funds	108,927
The fund financial statements includes revenue reported as a reduction in receivables in the statement of net assets	(67,328)
The statement of activities includes revenues deferred in the fund financial statements	92,689
Change in net assets for governmental activities	<u>\$ 754,283</u>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06
	Budgeted Amounts		Actual	Budget Variance	Actual
	Original	Final			
<b>REVENUES</b>					
Taxes	\$2,049,568	\$2,046,000	\$2,051,854	\$5,854	\$2,111,170
Licenses and permits	81,550	92,800	131,643	38,843	97,441
Intergovernmental revenue	1,233,714	1,268,714	1,191,059	(77,655)	1,246,764
Charges for services	139,720	115,000	128,218	13,218	114,025
Fines and forfeits	27,100	27,100	24,279	(2,821)	22,956
Investment income	143,220	158,500	173,380	14,880	143,011
Other revenue	15,500	532,136	36,189	(495,947)	532,014
<b>Total revenues</b>	<b>3,690,372</b>	<b>4,240,250</b>	<b>3,736,622</b>	<b>(503,628)</b>	<b>4,267,381</b>
<b>EXPENDITURES</b>					
<b>Community Development</b>					
Economic development	135,815	633,951	803,624	169,673	337,244
Contribution to Downtown Development Authority	6,000	6,000	6,000	-	6,000
Downtown maintenance	51,202	51,202	41,863	(9,339)	67,484
Parking lots	39,784	39,784	25,749	(14,035)	23,352
Zoning	38,966	38,966	20,034	(18,932)	23,696
<b>Total Community Development</b>	<b>271,767</b>	<b>769,903</b>	<b>897,270</b>	<b>127,367</b>	<b>457,776</b>
<b>Community Safety</b>					
Police	1,203,841	1,203,841	1,203,440	(401)	1,223,474
Building code enforcement	121,779	121,779	110,861	(10,918)	108,365
<b>Total Community Safety</b>	<b>1,325,620</b>	<b>1,325,620</b>	<b>1,314,301</b>	<b>(11,319)</b>	<b>1,331,839</b>
<b>Property Maintenance</b>					
Cemetery	218,708	218,708	179,184	(39,524)	175,860
Municipal building	130,047	130,047	99,465	(30,582)	99,648
Forestry	106,906	132,906	129,107	(3,799)	95,398
<b>Total Property Maintenance</b>	<b>455,661</b>	<b>481,661</b>	<b>407,756</b>	<b>(73,905)</b>	<b>370,906</b>
<b>Transportation</b>					
Contribution to Gratiot Community Airport	35,000	35,000	23,800	(11,200)	17,500
Sidewalks	185,141	185,141	140,751	(44,390)	76,178
Street lighting	107,260	119,260	115,459	(3,801)	105,934
<b>Total Transportation</b>	<b>327,401</b>	<b>339,401</b>	<b>280,010</b>	<b>(59,391)</b>	<b>199,612</b>
<b>Recreation and Cultural</b>					
Parks and recreation	243,490	243,490	198,589	(44,901)	228,026
Contribution to Alma Public Library	291,661	291,661	291,661	-	274,730
Community Center	23,400	23,400	20,995	(2,405)	279,377
Alma Public Access studio	26,701	61,701	56,037	(5,664)	26,395
<b>Total Recreation and Cultural</b>	<b>585,252</b>	<b>620,252</b>	<b>567,282</b>	<b>(52,970)</b>	<b>808,528</b>

City of Alma, Michigan  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				(Concluded)
	Budgeted Amounts		Actual	Budget Variance	Year Ended June-06 Actual
	Original	Final			
Legislative Activities					
City commission	\$ 49,402	\$ 49,402	\$ 47,539	\$ (1,863)	\$ 42,115
Registration and elections	27,166	27,166	26,733	(433)	21,785
City clerk	46,654	46,654	32,930	(13,724)	36,438
Total Legislative Activities	<u>123,222</u>	<u>123,222</u>	<u>107,202</u>	<u>(16,020)</u>	<u>100,338</u>
Administrative Services					
City manager	122,730	129,730	123,072	(6,658)	125,949
City treasurer	65,113	65,113	63,891	(1,222)	68,080
Assessor	150,513	150,513	135,941	(14,572)	139,911
Total Administrative Services	<u>338,356</u>	<u>345,356</u>	<u>322,904</u>	<u>(22,452)</u>	<u>333,940</u>
Debt Service					
Principal	45,000	45,000	45,000	-	40,000
Interest and fiscal charges	6,812	6,812	6,750	(62)	8,726
Total Debt Service	<u>51,812</u>	<u>51,812</u>	<u>51,750</u>	<u>(62)</u>	<u>48,726</u>
Total expenditures	<u>3,479,091</u>	<u>4,057,227</u>	<u>3,948,475</u>	<u>(108,752)</u>	<u>3,651,665</u>
Excess (deficiency) revenues over expenditures	<u>211,281</u>	<u>183,023</u>	<u>(211,853)</u>	<u>(394,876)</u>	<u>615,716</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from	13,760	13,760	16,400	2,640	13,600
Transfers to	(396,943)	(396,943)	(396,943)	-	(639,660)
Total other financing sources (uses)	<u>(383,183)</u>	<u>(383,183)</u>	<u>(380,543)</u>	<u>2,640</u>	<u>(626,060)</u>
Net change in fund balance	(171,902)	(200,160)	(592,396)	(392,236)	(10,344)
Beginning fund balance, as restated	3,095,489	3,095,489	3,095,489	-	3,105,833
Ending fund balance	<u>\$ 2,923,587</u>	<u>\$ 2,895,329</u>	<u>\$ 2,503,093</u>	<u>\$ (392,236)</u>	<u>\$ 3,095,489</u>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Budget and Actual  
 Major Streets Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended
	Budgeted Amounts		Actual	Budget Variance	June-06
	Original	Final			Actual
<b>REVENUES</b>					
Intergovernmental revenue	\$ 435,000	\$ 435,000	\$ 604,754	\$ 169,754	\$ 439,184
Charges for services	77,000	77,000	68,924	(8,076)	55,053
Investment income	33,500	33,500	77,764	44,264	39,846
Other revenue	-	-	100	100	168,800
<b>Total revenues</b>	<b>545,500</b>	<b>545,500</b>	<b>751,542</b>	<b>206,042</b>	<b>702,883</b>
<b>EXPENDITURES</b>					
Engineering	500	500	9,045	8,545	-
Michigan trunkline maintenance	91,706	91,391	52,894	(38,497)	46,748
Road and street maintenance	84,106	84,106	103,209	19,103	97,657
Storm sewer maintenance	14,360	14,360	21,175	6,815	22,570
Bridge maintenance	2,900	2,900	52	(2,848)	322
Grass and weed control	-	-	2,142	2,142	5,201
Traffic services	44,967	44,967	22,687	(22,280)	37,890
Winter maintenance	41,635	41,635	34,394	(7,241)	36,438
Construction	-	-	-	-	168,800
Administration	19,764	19,764	17,627	(2,137)	27,484
<b>Total expenditures</b>	<b>299,938</b>	<b>299,623</b>	<b>263,225</b>	<b>(36,398)</b>	<b>443,110</b>
Excess (deficiency) revenues over expenditures	245,562	245,877	488,317	242,440	259,773
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers to	(133,000)	(133,000)	(133,000)	-	(80,000)
<b>Total other financing sources (uses)</b>	<b>(133,000)</b>	<b>(133,000)</b>	<b>(133,000)</b>	<b>-</b>	<b>(80,000)</b>
Net change in fund balance	112,562	112,877	355,317	242,440	179,773
Beginning fund balance	970,993	970,993	970,993	-	791,220
Ending fund balance	<b>\$ 1,083,555</b>	<b>\$ 1,083,870</b>	<b>\$ 1,326,310</b>	<b>\$ 242,440</b>	<b>\$ 970,993</b>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Budget and Actual  
 Local Streets Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ 2	\$ 2	\$ 103
Intergovernmental revenue	174,000	174,000	164,810	(9,190)	165,326
Charges for services	50	50	21,115	21,065	1,802
Investment income	9,700	9,700	12,333	2,633	6,565
<b>Total revenues</b>	<b>183,750</b>	<b>183,750</b>	<b>198,260</b>	<b>14,510</b>	<b>173,796</b>
<b>EXPENDITURES</b>					
Engineering	-	-	5,882	5,882	2,150
Construction	-	-	-	-	98,200
Road and street maintenance	221,392	221,392	115,767	(105,625)	179,620
Storm sewer maintenance	14,360	14,360	36,492	22,132	35,791
Grass and weed control	-	-	-	-	3,436
Traffic services	10,702	10,702	8,592	(2,110)	7,419
Winter maintenance	25,140	25,140	33,288	8,148	23,621
Administration	13,985	13,985	11,980	11,980	19,980
<b>Total expenditures</b>	<b>285,579</b>	<b>285,579</b>	<b>212,001</b>	<b>(59,593)</b>	<b>370,217</b>
Excess (deficiency) revenues over expenditures	(101,829)	(101,829)	(13,741)	74,103	(196,421)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from	94,000	94,000	94,000	-	80,000
Net change in fund balance	(7,829)	(7,829)	80,259	88,088	(116,421)
Beginning fund balance	234,761	234,761	234,761	-	351,182
Ending fund balance	<b>\$ 226,932</b>	<b>\$ 226,932</b>	<b>\$ 315,020</b>	<b>\$ 88,088</b>	<b>\$ 234,761</b>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Budget and Actual  
 Housing Improvement Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Intergovernmental revenue	\$ 200,000	\$ 200,000	\$ 150,823	\$ (49,177)	\$ 92,541
Investment income	-	-	104	104	1,196
Other revenue	10,000	10,000	52,106	52,106	14,094
<b>Total revenues</b>	<b>210,000</b>	<b>210,000</b>	<b>203,033</b>	<b>(6,967)</b>	<b>107,831</b>
<b>EXPENDITURES</b>					
MSHDA ADR program	29,902	29,902	-	(29,902)	1,846
Homeowner rehabilitation program	207,985	207,985	9,814	(198,171)	37,271
MSHDA rental rehabilitation program	-	320,000	42,602	(277,398)	90,164
<b>Total expenditures</b>	<b>237,887</b>	<b>557,887</b>	<b>52,416</b>	<b>(505,471)</b>	<b>129,281</b>
Net change in fund balances	(27,887)	(347,887)	150,617	498,504	(21,450)
Beginning fund balance	59,416	59,416	59,416	-	80,866
Ending fund balance	<b>\$ 31,529</b>	<b>\$ (288,471)</b>	<b>\$ 210,033</b>	<b>\$ 498,504</b>	<b>\$ 59,416</b>

The accompanying notes are an integral part of these financial statements

City of Alma, Michigan  
**Statement of Net Assets**  
Proprietary Funds  
June 30, 2007

	Enterprise Funds			
	State Street Plaza	Transit Services	Wastewater Utility	Water Utility
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 170,723	\$ 242,793	\$ 114,666	\$ 79,910
Investments	522,905	742,853	350,900	244,840
Receivables, net	14,599	21,414	464,920	455,927
Due from component unit	-	-	-	-
Due from other units	-	4,818	18,643	-
Due from other funds	-	-	63	4,104
Inventories	-	-	4,455	22,360
Prepaid items	-	-	-	-
Restricted assets:				
Restricted cash	-	-	91,469	2,198,557
Total current assets	<u>708,227</u>	<u>1,011,878</u>	<u>1,045,116</u>	<u>3,005,698</u>
Noncurrent assets:				
Capital assets:				
Land	62,300	-	10,000	115,790
Construction in progress	-	190,788	565,644	1,438,379
Land improvements	120,293	-	20,265	7,150
Buildings and improvements	745,367	89,327	5,150,873	1,706,606
Vehicles and equipment	-	703,314	424,417	1,082,515
Distribution and collection systems	-	-	2,142,636	5,203,047
Less accumulated depreciation	(592,454)	(370,123)	(3,981,472)	(5,389,709)
Total noncurrent assets	<u>335,506</u>	<u>613,306</u>	<u>4,332,363</u>	<u>4,163,778</u>
Total assets	<u>1,043,733</u>	<u>1,625,184</u>	<u>5,377,479</u>	<u>7,169,476</u>
<b>LIABILITIES</b>				
Current liabilities:				
Current payables and accrued expenses	335	52,469	30,214	44,542
Due to other funds	-	2,003	890	1,246
Portion of long term liabilities due within one year	-	15,342	115,822	189,821
Total current liabilities	<u>335</u>	<u>69,814</u>	<u>146,926</u>	<u>235,609</u>
Noncurrent liabilities:				
Compensated absences	-	10,989	5,902	12,826
Bonds payable, net of discount	-	-	2,282,542	2,872,584
Total noncurrent liabilities	<u>-</u>	<u>10,989</u>	<u>2,288,444</u>	<u>2,885,410</u>
Total liabilities	<u>335</u>	<u>80,803</u>	<u>2,435,370</u>	<u>3,121,019</u>
<b>NET ASSETS</b>				
Invested in capital assets net of related debt	335,506	613,306	1,950,071	1,120,944
Unrestricted	707,892	931,075	992,038	2,927,513
Total net assets	<u>\$ 1,043,398</u>	<u>\$ 1,544,381</u>	<u>\$ 2,942,109</u>	<u>\$ 4,048,457</u>

The accompanying notes are an integral part of these financial statements

Solid Waste Disposal	Total	Internal Service Funds
\$ 82,760	\$ 690,852	\$ 371,589
253,486	2,114,984	1,138,139
89,408	1,046,268	37,571
-	-	19,537
70	23,531	-
-	4,167	21,605
-	26,815	62,181
-	-	36,121
-	2,290,026	-
<u>425,724</u>	<u>6,196,643</u>	<u>1,686,743</u>
25,000	213,090	18,894
-	2,194,811	-
12,270	159,978	-
-	7,692,173	771,663
6,595	2,216,841	3,130,755
-	7,345,683	-
(13,448)	(10,347,206)	(2,837,351)
<u>30,417</u>	<u>9,475,370</u>	<u>1,083,961</u>
<u>456,141</u>	<u>15,672,013</u>	<u>2,770,704</u>
35,258	162,818	56,140
-	4,139	6,529
-	320,985	42,631
<u>35,258</u>	<u>487,942</u>	<u>105,300</u>
-	29,717	47,789
-	5,155,126	-
-	5,184,843	47,789
<u>35,258</u>	<u>5,672,785</u>	<u>153,089</u>
30,417	4,050,244	1,083,961
390,466	5,948,984	1,533,654
<u>\$ 420,883</u>	<u>\$ 9,999,228</u>	<u>\$ 2,617,615</u>

Reconciliation of Proprietary Funds Net Assets  
To Statement of Net Assets  
June 30, 2007

Net Assets per fund financial statements	\$ 9,999,228
Internal balances related to internal service fund eliminations	102,754
Net assets for business-type activities	<u>\$10,101,982</u>

City of Alma, Michigan  
**Statement of Revenues, Expenses and Changes in Net Assets**  
Proprietary Funds  
For the Year Ended June 30, 2007

	Enterprise Funds			
	State Street Plaza	Transit Services	Wastewater Utility	Water Utility
<b>OPERATING REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ 125	\$ -
Charges for services	-	69,044	1,225,417	1,712,225
Fines and forfeits	-	-	-	50,664
Other revenue	44,190	-	-	286
<b>Total operating revenues</b>	<b>44,190</b>	<b>69,044</b>	<b>1,225,542</b>	<b>1,763,175</b>
<b>OPERATING EXPENSES</b>				
Plant operations	-	-	273,062	156,417
Purifications	-	-	198,721	231,346
Industrial pre-treatment	-	-	5,383	-
Maintenance of mains	-	-	139,108	239,339
Refuse collection and disposal	-	-	-	-
Recycling	-	-	-	-
Yard waste and compost site	-	-	-	-
Vehicle and facility maintenance	19,086	46,129	-	-
Transit operations	-	340,916	-	-
Customer accounting and administration	3,001	107,617	153,870	180,334
Public works services	-	-	-	-
Depreciation	25,974	85,570	147,954	171,116
<b>Total operating expenses</b>	<b>48,061</b>	<b>580,232</b>	<b>918,098</b>	<b>978,552</b>
<b>Operating income (loss)</b>	<b>(3,871)</b>	<b>(511,188)</b>	<b>307,444</b>	<b>784,623</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Taxes	-	140,409	-	-
Intergovernmental revenue	-	257,417	-	-
Investment income	37,689	54,416	33,570	109,116
Other revenue	-	2,038	-	-
Interest expense and fiscal charges	-	-	(96,041)	(122,930)
<b>Nonoperating revenues (expenses)</b>	<b>37,689</b>	<b>454,280</b>	<b>(62,471)</b>	<b>(13,814)</b>
<b>Income (loss) before capital contributions</b>	<b>33,818</b>	<b>(56,908)</b>	<b>244,973</b>	<b>770,809</b>
Capital grants	-	119,260	-	-
<b>Change in net assets</b>	<b>33,818</b>	<b>62,352</b>	<b>244,973</b>	<b>770,809</b>
Beginning net assets, as restated	1,009,580	1,482,029	2,697,136	3,277,648
<b>Ending net assets</b>	<b>\$ 1,043,398</b>	<b>\$ 1,544,381</b>	<b>\$ 2,942,109</b>	<b>\$ 4,048,457</b>

The accompanying notes are an integral part of these financial statements

Solid Waste Disposal	Total	Internal Service Funds
\$ -	\$ 125	\$ -
472,999	3,479,685	2,191,862
-	50,664	-
-	44,476	12,938
<u>472,999</u>	<u>3,574,950</u>	<u>2,204,800</u>
-	429,479	-
-	430,067	-
-	5,383	-
-	378,447	-
196,453	196,453	-
53,622	53,622	-
166,525	166,525	-
-	65,215	813,176
-	340,916	-
40,724	485,546	709,895
-	-	431,821
681	431,295	218,503
<u>458,005</u>	<u>2,982,948</u>	<u>2,173,395</u>
<u>14,994</u>	<u>592,002</u>	<u>31,405</u>
-	140,409	-
-	257,417	-
17,845	252,636	81,842
-	2,038	20,542
-	(218,971)	-
<u>17,845</u>	<u>433,529</u>	<u>102,384</u>
32,839	1,025,531	133,789
-	119,260	-
32,839	1,144,791	133,789
388,044	8,854,437	2,483,826
<u>\$ 420,883</u>	<u>\$ 9,999,228</u>	<u>\$ 2,617,615</u>

Reconciliation of Statement of Revenues, Expenses and  
Changes in Net Assets of Proprietary Funds to  
Statement of Activities  
For the Year Ended June 30, 2007

Change in net assets per fund financial statements	\$ 1,144,791
Change in internal service charges to break even	22,678
Change in net assets per statement of activities	<u>\$ 1,167,469</u>

City of Alma, Michigan  
**Statement of Cash Flows**  
Proprietary Funds  
For the Year Ended June 30, 2007

	Enterprise Funds			
	State Street Plaza	Transit Services	Wastewater Utility	Water Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 44,190	\$ 68,640	\$ 935,008	\$ 1,546,714
Receipts from other funds and component units	-	-	-	-
Payments to vendors	(8,677)	(86,813)	(224,144)	(472,414)
Payments to employees	(1,388)	(377,621)	(290,098)	(397,771)
Internal activity-payments to other funds	(10,381)	(19,812)	(162,065)	(130,676)
Other payments	(1,422)	(19,168)	(164,553)	(120,004)
Net cash provided (used) from operating activities	<u>22,322</u>	<u>(434,774)</u>	<u>94,148</u>	<u>425,849</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Service charges from outside customers	-	2,038	-	-
Insurance proceeds	-	-	-	-
Payments on long term receivables	-	-	8,736	9,103
Subsidies from other governments	-	310,167	-	-
Receipts from voted millage	-	140,767	-	-
Net cash provided from noncapital financing activities	<u>-</u>	<u>452,972</u>	<u>8,736</u>	<u>9,103</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from the issuance of capital debt	-	-	546,750	443,250
Capital contributions	-	119,260	-	-
Acquisitions of capital assets	-	(121,923)	(573,104)	(817,452)
Proceeds from sale of capital assets	-	-	-	-
Principal paid on capital debt	-	-	(75,000)	(140,000)
Interest paid on capital debt	-	-	(91,398)	(120,559)
Net cash used for capital and related financing activities	<u>-</u>	<u>(2,663)</u>	<u>(192,752)</u>	<u>(634,761)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	33,126	49,342	33,254	103,662
Purchase of investments	26,802	50,129	162,130	(106,925)
Net cash provided (used) from investing activities	<u>59,928</u>	<u>99,471</u>	<u>195,384</u>	<u>(3,263)</u>
Net increase (decrease) in cash	82,250	115,006	105,516	(203,072)
Beginning cash balance	88,473	127,787	100,619	2,481,539
Ending cash balance	<u>\$ 170,723</u>	<u>\$ 242,793</u>	<u>\$ 206,135</u>	<u>\$ 2,278,467</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income (loss)	\$ (3,871)	\$ (511,188)	\$ 307,444	\$ 784,623
Depreciation expense	25,974	85,570	147,954	171,116
Change in assets and liabilities:				
Decrease in receivables	-	(404)	(290,535)	(216,461)
Increase in inventory	-	-	(2,364)	(4,649)
Decrease in prepaid expenses	10	6,527	2,697	4,765
Increase in accounts payable	209	(15,279)	(71,048)	(313,545)
Net cash provided (used) by operating activities	<u>\$ 22,322</u>	<u>\$ (434,774)</u>	<u>\$ 94,148</u>	<u>\$ 425,849</u>

The accompanying notes are an integral part of these financial statements

Solid Waste Disposal	Total	Internal Service Funds
\$ 467,604	\$ 3,062,156	\$ -
-	-	2,334,421
(254,649)	(1,046,697)	(260,885)
(7,018)	(1,073,896)	(1,403,401)
(175,360)	(498,294)	(161,921)
(5,060)	(310,207)	(231,757)
<u>25,517</u>	<u>133,062</u>	<u>276,457</u>
-	2,038	1,808
-	-	3,266
-	17,839	-
-	310,167	-
-	140,767	-
<u>-</u>	<u>470,811</u>	<u>5,074</u>
-	990,000	-
-	119,260	-
(3,900)	(1,516,379)	(112,507)
-	-	27,168
-	(215,000)	-
-	(211,957)	-
<u>(3,900)</u>	<u>(834,076)</u>	<u>(85,339)</u>
15,728	235,112	67,937
3,841	135,977	(67,133)
<u>19,569</u>	<u>371,089</u>	<u>804</u>
41,186	140,886	196,996
41,574	2,839,992	174,593
<u>\$ 82,760</u>	<u>\$ 2,980,878</u>	<u>\$ 371,589</u>
\$ 14,994	\$ 592,002	\$ 31,405
681	431,295	218,503
(5,395)	(512,795)	(18,850)
-	(7,013)	-
190	14,189	56,136
15,047	(384,616)	(10,737)
<u>\$ 25,517</u>	<u>\$ 133,062</u>	<u>\$ 276,457</u>

City of Alma, Michigan  
**Statement of Assets and Liabilities**  
 Agency Fund  
 June 30, 2007 with comparative amounts at June 30, 2006

	June 30, 2007	June 30, 2006
<b>ASSETS</b>		
Cash and cash equivalents	\$ 29,325	\$ 25,411
Investments	89,827	157,884
Receivables - net	9,608	5
Total assets	\$ 128,760	\$ 183,300
 <b>LIABILITIES</b>		
Liabilities:		
Current payables	\$ 928	\$ 20,004
Due to other units	127,832	163,296
Total liabilities	\$ 128,760	\$ 183,300

The accompanying notes are an integral part of these financial statements

City of Alma  
**Component Units**  
Combining Statement of Net Assets  
June 30, 2007

	Alma Downtown Development Authority	Local Development Financing Authority	Alma Public Library	at 12/31/2006 Alma Housing Commission	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 6,649	\$ 15,711	\$ 75,940	\$ 1,508,632	\$ 1,606,932
Investments	20,364	48,120	231,770	187,581	487,835
Receivables, net	2,032	1,347	6,231	7,016	16,626
Due from other units	133	-	180,882	-	181,015
Inventories	-	-	2,710	-	2,710
Prepaid items	-	-	125	1,687	1,812
Restricted assets:					
Restricted cash	-	-	409,558	-	409,558
Total current assets	<u>29,178</u>	<u>65,178</u>	<u>907,216</u>	<u>1,704,916</u>	<u>2,706,488</u>
Noncurrent assets:					
Land and construction in progress	8,000	-	46,462	124,090	178,552
Other capital assets, net of depreciation	43,378	-	3,881,406	2,406,043	6,330,827
Total noncurrent assets	<u>51,378</u>	<u>-</u>	<u>3,927,868</u>	<u>2,530,133</u>	<u>6,509,379</u>
Total assets	<u>80,556</u>	<u>65,178</u>	<u>4,835,084</u>	<u>4,235,049</u>	<u>9,215,867</u>
<b>LIABILITIES</b>					
Current liabilities:					
Current payables and accrued expenses	31,728	-	179,873	54,638	266,239
Portion of long term liabilities due within one year	648	-	144,968	19,502	165,118
Total current liabilities	<u>32,376</u>	<u>-</u>	<u>324,841</u>	<u>74,140</u>	<u>431,357</u>
Non-current liabilities:					
Compensated absences	2,079	-	23,751	12,055	37,885
Bonds payable	-	-	3,088,500	-	3,088,500
Total non-current liabilities	<u>2,079</u>	<u>-</u>	<u>3,112,251</u>	<u>12,055</u>	<u>3,126,385</u>
Total liabilities	<u>34,455</u>	<u>-</u>	<u>3,437,092</u>	<u>86,195</u>	<u>3,557,742</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	-	-	709,368	2,530,133	3,239,501
Restricted	-	-	-	-	-
Unrestricted	46,101	65,178	688,624	1,618,721	2,418,624
Total net assets	<u>\$ 46,101</u>	<u>\$ 65,178</u>	<u>\$ 1,397,992</u>	<u>\$ 4,148,854</u>	<u>5,658,125</u>

The accompanying notes are an integral part of these financial statements

City of Alma  
**Component Units**  
 Combining Statement of Activities  
 For The Year Ended June 30, 2007

	Downtown Development Authority	Local Development Financing Authority	Alma Public Library	at 12/31/2006 Alma Housing Commission	Total
<b>Expenses</b>					
Community development	\$ 27,109	\$ -	\$ -	\$ -	\$ 27,109
Recreation and culture	-	-	691,270	-	691,270
Housing and redevelopment	-	-	-	999,816	999,816
<b>Total Component Units</b>	<u>27,109</u>	<u>-</u>	<u>691,270</u>	<u>999,816</u>	<u>1,718,195</u>
<b>Program revenues:</b>					
Charges for services	2,800	-	9,003	273,573	285,376
Operating grants and contributions	6,000	-	484,450	677,124	1,167,574
Capital grants and contributions	-	-	58,812	249,429	308,241
<b>Total program revenues</b>	<u>8,800</u>	<u>-</u>	<u>552,265</u>	<u>1,200,126</u>	<u>1,761,191</u>
<b>Net program expense</b>	18,309	-	139,005	(200,310)	(42,996)
<b>General revenues:</b>					
Property taxes	24,274	-	294,081	-	318,355
Investment income	1,643	3,478	71,052	52,520	128,693
Other revenue	135	-	(1,180)	22,561	21,516
<b>Total general revenue</b>	<u>26,052</u>	<u>3,478</u>	<u>363,953</u>	<u>75,081</u>	<u>468,564</u>
<b>Change in net assets</b>	7,743	3,478	224,948	275,391	511,560
Beginning net assets	38,358	61,700	1,173,044	3,873,463	5,146,565
<b>Ending net assets</b>	<u>\$ 46,101</u>	<u>\$ 65,178</u>	<u>\$ 1,397,992</u>	<u>\$ 4,148,854</u>	<u>\$ 5,658,125</u>

The accompanying notes are an integral part of these financial statements

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Located in Gratiot County, Michigan, Alma was settled in 1853 along the banks of the Pine River, became a village in 1872 and was incorporated in 1905 as the City of Alma. Organized under Michigan's Comprehensive Home Rule City Act, the City of Alma is governed by a seven-member City Commission elected by its 9,275 citizens at large. The City Commission selects the Mayor and Vice Mayor from among its members. A City Manager is appointed to administer the business of the City. By charter, City of Alma is a full service city providing police and fire protection, highways and streets, sanitation, water production and distribution, housing, culture, recreation, public improvements, planning, zoning and general administration. The accounting policies of the City of Alma conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

### (A) THE REPORTING ENTITY

As required by generally accepted accounting principals, the financial statements of the reporting entity include those of the City and its component units. The component units discussed below are included in the City's reporting entity because they are entities for which the City is financially responsible, has influence over the selection of the governing authority and designation of management, and has the ability to exert significant influence on operations.

All component units are presented in a separate column in the government-wide financial statements to emphasize their separate legal status from the primary government. Alma Downtown Development Authority, Alma Local Development Finance Authority and Alma Public Library have a June 30 year end. Alma Housing Commission has a December 31 year end.

#### (i) Discretely Presented Component Units

Alma Downtown Development Authority is responsible for the correction and prevention of deterioration, encouragement of historic preservation, authorization of the creation and implementation of development plans and promotion of economic growth within the central business district. The Mayor appoints the board of the Alma D.D.A. after being ratified by the City Commission. The Alma D.D.A. is legally separate from the City and is fiscally independent of the City. The D.D.A. currently levies a two-mill property tax on the district as authorized by the Alma City Commission. The D.D.A. receives contributions from the City. Two years ago D.D.A received a donation of a downtown building. There is rental income received from that building. There are no separate financial statements.

Alma Local Development Finance Authority is responsible for providing infrastructure improvements in Alma's industrial district. A majority of the board of the Alma L.D.F.A. is appointed by the City Manager. The Alma Public School Board and the Gratiot County Board of Commissioners each appoint one member of the board. Projects are restricted to the established development district. The Alma L.D.F.A. is legally separate from the City but the Alma City Commission must approve all debt issues. There are no separate financial statements.

Alma Public Library operates the local library in Alma. The Library Board is appointed by the City Commission. The Library is legally separate from the City; however, any debt issued by the Library must be approved by the Alma City Commission. The Library is funded primarily by contributions from the City and an allocation of penal fines from the district court. There are no separate financial statements.

Alma Housing Commission provides assistance in low income housing by operating subsidized low-income housing and rent vouchers. The Board of the Housing Commission is appointed by the City Manager. The Commission is legally separate from the City. All debt must be approved by the City of Alma. All land used by the Housing Commission is owned by the City. The Commission receives most of its funding from rental income and federal grants. Fiscal year ended December 31, 2006 has been presented in this report. Complete financial statements for the Housing Commission can be obtain by writing to:

Ms. Marcia Zimmerman  
Alma Housing Commission  
400 E. Warwick  
Alma, MI 48801

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

(ii) Blended Component Units

Alma Building Authority provides bond financing for City of Alma and its component units. The Board is appointed by the Alma City Commission. The Authority is a separate legal entity. With the repayment of the Tartan Terrace Construction bonds, the authority is inactive.

(iii) Joint Ventures

Gratiot Community Airport Commission operates the only public airport in Gratiot County. The City of Alma and Gratiot County each appoint three of the six members of the Gratiot Community Airport Commission. The Commission is responsible for preparing the annual budget (which is approved by the County and the City) and carrying out all activities of the Commission. The Alma City Manager is responsible for the day to day administration and supervision of airport operations and has a contractual agreement with Three Point Aviation for management services. The City Commission must approve all expenditures over \$1,500.

The County and the City are each responsible for funding 50% of the operational deficits. The land and other property acquired during the term of the agreement are held by the County and the City as tenants in common in such proportions as their contributions in the year of acquisition.

The City maintains the accounting records for the Gratiot Community Airport Commission. More details of the Commission are presented at the end of the individual fund statements. The Gratiot Community Airport Commission is a proprietary fund type and does not produce separate financial statements.

Gratiot County Central Dispatch Authority is a joint venture between Gratiot County, the State of Michigan, and the Cities of Alma, St. Louis, Ithaca and Breckenridge. The Authority provides emergency dispatch services for all police, fire and rescue services in Gratiot County. The governing board is comprised of 11 members. Gratiot County appoints six board members: the County Sheriff, one township representative, one village representative, one county citizen, and two county commissioners. Each other unit appoints one board member. The Authority is responsible for preparing the annual budget (which must also be approved by Gratiot County) and carrying out all activities of the Authority.

The Authority receives funding from telephone surcharge fees and local contributions. A formula has been established to allocate the local contributions. The financial activities of Gratiot County Central Dispatch Authority are reported in Gratiot County's financial statements as a component unit. Gratiot County Central Dispatch is on an October 1 to September 30, fiscal year. The City has no equity interest in the Dispatch Authority. There are no separate financial statements produced for Gratiot County Central Dispatch Authority. Copies of Gratiot County financial statements can be obtained by writing:

Ms. Mary Sullivan, County Treasurer  
Gratiot County  
P.O. Drawer 437  
Ithaca, Michigan 48847

(iv) Joint Operation

Mid-Michigan Area Cable Communications Consortium is a joint operation between twelve mid-Michigan communities with cable franchises granted to Charter Communications Inc. The twelve communities include the Cities of Alma, Clare, Harrison, Ithaca, Mt Pleasant and St Louis, the Villages of Breckenridge, North Star and Shepherd, and the Townships of Arcada, Pine River and The Charter Township of Union. The Consortium is responsible for developing, monitoring, and enforcing the cable ordinance, negotiating and monitoring cable franchise agreements, and, to the extent permitted by federal law, regulating cable rates. The Consortium is responsible for the operation of the public, education and government access channels. Each community is permitted two members of the governing board. The Consortium is responsible for preparing the annual budget.

A formula has been established to allocate the local contributions. The local contribution represents cable franchise fees the City forgoes to the consortium. The Consortium is on a January 1 to December 31, fiscal year and produces separate financial statements. Copies of Mid-Michigan Area Cable Communication Consortium financial statements can be obtained by writing:

Ms. Jan Howard, Executive Director  
Mid-Michigan Area Cable Consortium

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

312 West Michigan Street  
Mt. Pleasant, MI. 48858

(B) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government of the City of Alma and its component units. For the most part, the effect of inter-fund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The primary government of the City of Alma is reported separately from certain legally separate component units for which the City of Alma is financially accountable.

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

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

(C) MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. The Agency fund does not have a measurement focus; however it is subject to the accrual basis of accounting. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to offset liabilities of the current period. The City of Alma considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, except debt service expenditures, compensated absences and claims and judgments are recorded only when payment is due.

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

The City of Alma reports the following major governmental funds:

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

The Major Streets Fund accounts for the receipt of allocated state shared gas and weight taxes. The expenditure of these funds is restricted to City of Alma streets that have been designated as major by the Michigan Department of Transportation.

The Local Streets Fund accounts for the receipt of allocated state shared gas and weight taxes. The expenditure of these funds is restricted to City of Alma streets that have been designated as local by the Michigan Department of Transportation.

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The Housing Improvement Fund accounts for existing loans and MHSDA grants used to provide housing rehabilitation to qualifying homeowners and landlords of the citizens of the City of Alma.

The City of Alma reports the following major proprietary funds:

The State Street Plaza Fund accounts for the rental facilities owned and leased by the City.

The Transit Services Fund accounts for the activities of the demand response bus system operated by the City of Alma. The system is supported by federal and state grants, local tax dollars and user fees.

The Wastewater Utility Fund accounts for the activities related to the collection and purification of wastewater.

The Water Utility Fund accounts for the activities related to water production, purification, and distribution.

The Solid Waste Disposal Fund accounts for the activities of collection and disposal of household waste, recyclables, and yard waste.

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

Internal Service Funds are used to account for public works services, fleet maintenance, equipment replacement, engineering services, information systems, accounting, retiree medical insurance, and buildings and grounds maintenance services provided to other departments on a cost reimbursement basis.

The Agency fund is used to collect and distribute State of Michigan, Gratiot County, Alma Public Schools, and Gratiot Isabella Regional Educational School District property tax monies.

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions are charges between the Water Fund, Wastewater Fund, the Solid Waste Fund and other functions and segments and payment in lieu of taxes from the Alma Housing Commission. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

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

- Cemetery lot sales
- Building permits
- Cable franchise fees
- Fire protection services
- Park shelter reservation fees
- Charges for police and fire incident reports

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

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

(D) BUDGETS AND BUDGETARY ACCOUNTING

Under City Charter, the following budget procedures must be followed:

1. The fiscal year shall begin on July 1 and end on June 30th of each year.
2. The City Manager shall submit a proposed operating budget to the City Commission by April 20.
3. A public hearing must be held before the budget is adopted. The budget hearing must be properly noticed seven days before the hearing.
4. The City Commission must adopt the budget by resolution no later than June 1.

Formal budgetary integration is employed as a management control device for all funds except the Agency Fund and permanent funds. The budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriation budgets are adopted for the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all Capital Project Funds. In addition, the City Commission approves budgets for three component units: the Alma Public Library, Local Development Financing Authority and the Alma Downtown Development Authority.

Michigan Public Act 621 governs adoption and amendment of all budgets used by the City. The City was in compliance with Public Act 621 in fiscal year 2006-2007. Public Act 621 requires the City Commission to approve any revisions that alter the total expenditures of any fund. The budget for the General Fund is adopted at the activity level. All other budgets are approved at the fund level. The City Commission must approve any revision that alters the total expenditures above the legal level. For management purposes, the City develops a more detailed budget. The City Manager, or his designee, is authorized to transfer budgeted amounts within these functional areas.

Budgeted amounts are as originally adopted or as amended by the City Commission on June 26, 2007. For the year ending June 30, 2007, the differences in original budget to final budget are displayed in the following table.

Fund Type	Original Budget	Final Budget	Difference
General Fund	\$3,876,034	\$4,454,170	\$578,136
Special Revenue	1,383,414	1,704,614	321,200
Debt Service	174,855	174,855	-0-
Enterprise	3,183,939	3,250,939	67,000
Internal Service	2,738,717	2,738,717	-0-
Component Units	536,387	799,835	263,448
Joint Ventures	969,124	969,124	-0-

The General Fund budget was amended to increase the Economic Development budget for riverfront demolition work not originally budgeted for and to increase the Street Lighting budget for electrical charges. The General Fund was amended to increase the Forestry budget for additional tree trimming work required for storm damage remediation; Public Access was amended to account for contributions made to the Mid-Michigan Area Cable Consortium by agreement, and the City Manager budget for salaries. The General Fund Economic Development activity was over budget by \$169,673, Transit Services fund was over budget by \$5,063 and Wastewater Utility fund was over budget by \$2,157. The Housing Improvement Fund shows a budgeted deficit fund balance in the amount of \$288,471. This will be eliminated when the ADR houses are sold. The Law Enforcement Fund shows a budgeted deficit fund balance in the amount of \$1,068 to spend the balance of the fund.

(E) ENCUMBRANCES

Encumbrances represent commitments to unperformed contracts for goods and services. Encumbrances outstanding at year end lapse and are generally re-appropriated as part of the following year's budget.

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F) RECEIVABLES

Receivables have been recognized for all significant amounts due the City. No allowances have been made for uncollectible amounts in the funds because most delinquent receivables can be added to the tax roll and become a lien against the property. Allowances for uncollectible personal property taxes have been made in the government-wide financial statements.

(G) INVENTORIES AND PREPAID ITEMS

Inventories of proprietary funds are valued at lower of cost (first-in, first-out) or market. Governmental funds have no inventories recorded; materials are expensed when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(H) CAPITAL ASSETS

Capital assets include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks) and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of Alma as tangible assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets.

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

Asset Class	Depreciable life
Land	N/A
Land improvements	10-20 Years
Buildings	10-40 Years
Equipment	5-20 Years
Vehicles	3-10 Years
Utility Systems	10-40 Years
Streets	25 Years
Bridges	25 Years
Sidewalks	50 Years
Library books	20 Years

(I) LONG-TERM OBLIGATIONS

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

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

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(J) ESTIMATES

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

(K) PROPERTY TAXES

City property taxes are assessed as of December 31 and attached as an enforceable lien on property as of July 1 of the following year. The taxes are due without penalty on or before September 15. Real property taxes not collected at March 1 are turned over to Gratiot County for collection. The County advances the City 100% of the delinquent taxes on real property. The City Treasurer is responsible for collecting delinquent personal property taxes, delinquent property taxes on leased land and delinquent industrial facilities property taxes. The City considers property taxes both measurable and available when they are levied on July 1 and recognizes property tax revenue at that time.

The City acts as a collection agent for Gratiot County, Alma Public Schools, and the Gratiot-Isabella Intermediate School District property taxes. Taxes collected on behalf of other units are remitted to those units following collection. The tax collections are received and distributed from an agency fund.

The City collects a 1% property tax administration fee.

(L) COMPARATIVE DATA

Comparative total data for the prior year have been presented in certain accompanying financial statements to provide an understanding of the changes in the City's financial position and operation. However, to facilitate ease of reading, comparative data (i.e. presentation of prior year's data by fund type) have not been displayed in each of the statements. Their inclusion would make the statements unduly complex.

(N) COMPENSATED ABSENCES

The City allows employees to accumulate unused sick leave to a maximum of 720 hours. Sick leave is paid only upon illness while in the employ of the City. Sick leave is not paid upon termination. No provision is made for non-vesting sick leave due to the uncertainty of actual amounts, which may eventually have to be paid.

Earned vacation leave is required to be used within two years of accrual with a maximum carryover of 120 hours. Earned vacation leave is paid upon termination. Accumulated unpaid vacation pay is accrued when incurred in the government wide financial statements and in proprietary fund financial statements.

(O) DEPOSITS AND INVESTMENTS

Cash equivalents are defined as all highly liquid investments (including restricted assets) with a maturity of three months or less at time of purchase. All investments are reported at fair value.

(P) RESTRICTED ASSETS

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

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

**(A) RECONCILIATION OF DEPOSITS AND INVESTMENTS**

A reconciliation of cash, pooled investments and investments as shown in the basic financial statements to the City's deposits and investments is as follows:

**Government-wide Financial Statement Captions:**

Primary Government:		
Cash and cash equivalents	\$	2,282,518
Investments		6,670,887
Restricted cash		2,290,026
Component Units:		
Cash and cash equivalents		1,606,932
Investments		487,835
Restricted cash		409,558
Fiduciary Fund Financial Statement Captions:		
Cash and cash equivalents		29,325
Investments		89,827
Joint Venture Financial Statement Captions:		
Cash and cash equivalents		37,230
Investments		114,032
Total	\$	14,018,170

**Notes to Financial Statements:**

Deposits	\$	13,198,480
Investments		725,276
Cash on Hand		1,555
MMRMA Risk Retention Fund		92,859
Total	\$	14,018,170

**B) DEPOSITS**

For deposits custodial credit risk is the risk that in the event of a bank failure, the government may lose its deposits in that bank. The City's investment policy restricts the amount of deposits in any one financial institution to 50% of the City's total deposits. At June 30, 2007, the carrying amount of the City's deposits was \$12,321,933 and the bank balance was \$12,552,413. Of the bank balance, \$11,552,413 was uninsured and uncollateralized. At December 31, 2006, the carrying amount of the Alma Housing Commission's deposits was \$1,685,519.

Following an Attorney General Opinion, the City restricts its deposits to banks, savings and loan associations or credit unions having their principal office in the State of Michigan. The City Commission has authorized the following financial institutions as depositories for the City of Alma: Firstbank and all holding companies, Commercial Bank, Chemical Bank, National City Bank, LaSalle Bank, Edward Jones Inc., First of America, Flagstar Bank, Citizens, MBIA, Wolverine Bank, Independent Bank, Comerica Bank and Fifth Third Bank.

**C) INVESTMENTS**

Under its investment policy, which follows State statutes, the City restricts its investments to bonds, bills, or notes of the United States; commercial paper rated prime; securities issued or guaranteed by agencies or instrumentalities of the United States; United States government federal agency obligation repurchase agreements composed of eligible collateral whose fair value must be maintained equal to or greater than amounts advanced, and with an undivided interest; bankers' acceptances; and mutual funds and investments pools that are composed entirely of the aforementioned investments that are legal for direct investment by a city.

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As of June 30, 2007 the City of Alma had the following investments:

Investment	Weighted Average Maturity	Fair Value	Ratings
MBIA Class	N/A	\$ 537,695	AAA/V1+; Fitch

Interest Rate Risk

Unless matched to a specific cash flow, the City's investment policy restricts investments to one year for governmental fund types, two years for enterprise fund types, and five years for endowment funds.

Credit Risk

The City's investment policy restricts investment in commercial paper to the top investment rating provided by two nationally recognized rating agencies at the time of purchase and requires immediate sale if the principal invested becomes jeopardized. City of Alma is not invested in commercial paper. The City's investments have not been rated by a rating agency; however, U.S. Treasuries are guaranteed by the Federal Government of the United States.

Concentration of Credit Risk

The City of Alma uses common checking accounts for several of the operating funds. Each fund's share of the cash balance is reported separately. Surplus funds are invested throughout the year. The City allocates interest earnings in relation to the average cash balance of each fund. Investments are carried at cost as declines in fair values are considered temporary except for investments where the term is for more than twelve months or in the case of mutual funds. Investments in long term investments and mutual funds are recorded at fair value.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments are in US Government instruments or securities guaranteed by the US Government.

**NOTE 3 - PENSION PLANS**

(A) Municipal Employees Retirement System of Michigan (MERS)

The City of Alma has a defined benefit plan covering all full-time employees. The plan is operated by the Municipal Employees Retirement System (MERS), which is an agent multiple-employer retirement system. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to:

Municipal Employees Retirement System of Michigan  
447 Canal Road  
Lansing, MI 48917

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Benefits vest after 10 years of service. Normal retirement is based on one of the following requirements:

1. Age 60 with 10 or more years of service.
2. Age 55 with 15 or more years of credited service.
3. Age 50 with 25 or more years of credited service.

Employees who retire after reaching the qualifying age and years of service are entitled to 2.25% of that member's 3 year final average compensation (FAC) times the number of years of credited service for that member.

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The retirement allowance is reduced for employees who retire after reaching requirements two or three by .2 of 1% for each complete month that retirement proceeds the age of 60. Police officers may retire at age 55 with 25 or more years of service without having the retirement allowance reduced. Pension provisions include allowances whereby an employee may terminate employment with the City after accumulating 10 years of service but before reaching age 60 (age 55 or 50 in certain cases). If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching retirement age as discussed above.

Pension provisions include death and disability benefits. A disabled employee is entitled to full benefits after acquiring 10 or more years of credited service. A surviving spouse is entitled to receive 85% of the employee's straight-line life allowance. Children are entitled to 50% of the straight life allowance.

Funding Policy. For the non-union employees, the City Commission has established an employee contribution rate of 5.5% of gross wages to maintain the system. Under an agreement negotiated with the police union, the unionized employees also contribute 5.5% of the employee's gross wages towards the maintenance and operation of the pension program.

Actuarial Assumptions. The actuarial information presented in the required supplementary information was based on the assumptions included below:

Variable	Assumption
Valuation Date	December 31, 2006
Actuarial cost method	Entry age normal cost
Amortization method	Level percentage; open
Amortization period	30 years
Asset valuation method	5-year smoothed market
Investment rate of return	8%
Projected salary increases*	12.9% to 4.5%
* Includes inflation at	4.5%
Cost-of-living adjustments	None

Annual Pension Cost. During the fiscal year ended June 30, 2007 the employees contributed \$162,328 and the City contributed \$159,310 to the plan. The pension numbers included are based on the December 31, 2006 actuarial report. Three-year trend information is presented below:

	Fiscal year beginning July 1,		
	2006	2005	2004
Annual required contribution (ARC)	\$ 159,324	\$ 101,712	\$ 98,316
Accelerated Funding Credit	\$ 14	\$ 51,756	\$ 61,920
Net required contribution	\$ 159,310	\$ 49,956	\$ 36,396
Percentage of ARC contributed	100.0%	100.0%	100.0%
Net pension obligation	\$ -0-	\$ -0-	\$ -0-
	Actuarial Valuation dated December 31,		
	2006	2005	2004
Actuarial value of assets	\$ 16,375,987	\$ 15,709,223	\$ 15,402,864
Actuarial Accrued Liability	\$ 16,282,914	\$ 15,745,190	\$ 15,531,838
Unfunded Accrued Liabilities	\$ (93,073)	\$ 35,967	\$ 128,974
Funded ratio	100.6%	100.0%	99.2%
Covered payroll	\$ 2,941,896	\$ 2,912,728	\$ 2,985,693
UAL as a percentage of Covered Payroll	3.2%	1.0%	4.0%

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(B) Police Defined Contribution Plan

The Police Defined Contribution Plan is a defined contribution pension plan administered by the ICMA Retirement Corporation through MERS. All full-time sworn union police officers hired after July 28, 1997 received the defined contribution plan. As of June 30, 2007 nine officers were participating in the defined contribution plan. Under the contract agreement, the employees contribute 4.65% of gross compensation and the City contributes 5.85% of gross compensation. Over the past year, the employees contributed \$18,821 and the City contributed \$23,677 to the plan. Plan provisions and contribution requirements are established through negotiation between the City and the police unions. The plan can be amended by mutual agreement of the City and the unions.

Middle Tier Police Officers Plan

The Middle Tier Police Officers Plan is a 401A defined contribution plan administered by the ICMA Retirement Corporation. This plan covered all full-time police officers that were hired by July 27 1997 and had less than 20 years of service and were not age 50 or older. This is a supplemental pension plan that is not currently receiving contributions from either the employees or the City. Plan provisions and contribution requirements are established through negotiation between the City and the police unions. The plan can be amended by mutual agreement of the City and the unions.

**NOTE 4 - OTHER POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 3, the City provides post-employment benefit options for health care to eligible retirees and their dependents. The eligibility criteria include employee age, vesting in the pension system and disability status. The retirees of the police union participate under the terms of the union contract. The general employee retirees receive the benefit as part of the personnel policy approved by the City Commission. The City funds the benefits on a pay as you go basis. Eligible employees are required to pay the premium for their portion of the costs. There are 22 retirees and 15 dependents currently eligible. Expenses for post-retirement health benefits are recognized, as insurance premiums are due. Retirees pay 100% of the cost of their health plan.

**NOTE 5 - CAPITAL ASSETS**

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

Governmental Activities	June 30,2006	Additions	Deletions	June 30, 2007
Land	\$ 1,474,572	\$ 95,646	\$ -0-	\$ 1,570,218
Construction in process	163,245	1,225,897	(448,202)	940,940
Capital assets not being depreciated	1,637,817	1,321,543	(448,202)	2,511,158
Land Improvements	1,129,244	-0-	-0-	1,129,244
Streets and bridges	16,361,235	448,202	-0-	16,809,437
Sidewalks	995,913	-0-	-0-	995,913
Buildings	2,315,168	-0-	-0-	2,315,168
Equipment	2,018,997	105,618	(30,662)	2,093,953
Vehicles	2,767,877	42,773	(278,241)	2,532,409
Capital assets being depreciated	25,588,434	596,593	(308,903)	25,876,124
Less: Accumulated depreciation				
Land improvement	(495,531)	(57,783)	-0-	(553,314)
Streets and bridges	(6,353,207)	(626,618)	-0-	(6,979,825)
Sidewalks	(231,159)	(19,949)	-0-	(251,108)
Buildings	(1,323,110)	(75,073)	-0-	(1,398,183)
Equipment	(1,582,738)	(116,191)	18,840	(1,680,089)

City of Alma, Michigan  
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Vehicles	(1,553,498)	(152,646)	271,655	(1,434,489)
Total accumulated depreciation	(11,539,243)	(1,048,260)	290,495	(12,297,008)
Net capital assets being depreciated	14,049,191	(451,667)	(18,408)	13,579,116
Total Net Capital Assets	\$ 15,687,008	\$869,876	\$(466,610)	\$ 16,090,274

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

<u>Governmental Activity</u>	<u>Amount</u>
Community Development	\$ 3,552
Community Safety	64,220
Property Maintenance	42,715
Transportation	646,688
Recreation and Cultural	67,849
Legislative	2,743
Administrative	1,990
Internal service funds charged to above activities	<u>218,503</u>
Total depreciation expense-governmental activities	<u>\$1,048,260</u>

A summary of changes in capital assets for business-type activities is presented below:

Business-type activities	June 30, 2006	Additions	Deletions	June 30, 2007
Land	\$ 213,090	\$ -0-	\$ -0-	\$ 213,090
Construction in process	867,327	1,327,484	-0-	2,194,811
Capital assets not being depreciated	1,080,417	1,327,484	-0-	2,407,901
Land improvements	156,078	3,900	-0-	159,978
Buildings	7,690,505	1,668	-0-	7,692,173
Equipment	2,075,447	141,394	-0-	2,216,841
Utility Systems	7,303,748	41,935	-0-	7,345,683
Capital assets being depreciated	17,225,778	188,897	-0-	17,414,675
Total capital assets	18,306,195	1,516,381	-0-	19,822,576
Less: accumulated depreciation:				
Land improvements	(141,021)	(4,323)	-0-	(145,344)
Buildings	(4,174,670)	(118,108)	-0-	(4,292,778)
Equipment	(1,302,512)	(137,083)	-0-	(1,439,595)
Utility systems	(4,297,708)	(171,781)	-0-	(4,469,489)
Total accumulated depreciation	(9,915,911)	(431,295)	-0-	(10,347,206)
Net capital assets being depreciated	7,309,866	(242,398)	-0-	7,067,469
Total Net Capital Assets	\$ 8,390,284	\$ 1,085,086	\$ -0-	\$ 9,475,370

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

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<u>Business-Type Activity</u>	<u>Amount</u>
State Street Plaza	\$ 25,974
Alma Transit	85,570
Wastewater Utility	147,954
Water Utility	171,116
Solid Waste Disposal	<u>681</u>
Total Business-type activity	<u>\$ 431,295</u>

Summaries of changes in capital assets for component units and the joint venture have been summarized in the tables below:

Downtown Development Authority

The summary of the changes in capital assets associated with Downtown Development Authority is presented below:

Downtown Development Authority	June 30, 2006	Additions	Deletions	June 30, 2007
Land	\$ 8,000	\$ -0-	\$ -0-	\$ 8,000
Buildings and improvements	12,000	31,728	-0-	43,728
Less: Accumulated depreciation	(50)	(300)	-0-	(350)
Net Capital Assets	\$ 19,950	\$ 31,428	-0-	\$ 51,378

Alma Public Library

From FY 1992 to present, additions to the library collection are actual cost. Prior to FY1992, the additions to the library collection are stated at estimated historical cost. A summary of the capital asset activity for the Alma Public Library is displayed in the table below:

Alma Public Library	June 30, 2006	Additions	Deletions	June 30, 2007
Land	\$ 25,000	\$ -0-	\$ -0-	\$ 25,000
Construction in progress	689,585	2,704,525	3,372,648	21,462
Capital assets not being depreciated	714,585	2,704,525	3,372,648	46,462
Land Improvements	6,221	-0-	-0-	6,221
Buildings	417,336	3,372,648	-0-	3,789,984
Collection	911,803	28,344	-0-	940,147
Office furniture/equipment	180,894	28,473	-0-	209,367
Capital assets being depreciated	1,516,254	3,429,465	-0-	4,945,719
Total capital assets	2,230,839	6,133,990	3,372,648	4,992,181
Less: Accumulated depreciation				
Land Improvements	(1,296)	(311)	-0-	(1,607)
Buildings	(248,694)	(23,141)	-0-	(271,835)
Collection	(563,746)	(45,462)	-0-	(609,208)
Office furniture/equipment	(179,284)	(2,379)	-0-	(181,663)
Total accumulated depreciation	(993,020)	(71,293)	-0-	(1,064,313)
Net Capital Assets	\$ 1,237,819	\$ 6,062,697	\$ 3,372,648	\$ 3,927,868

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

Alma Housing Commission

The summary of the changes in capital assets associated with Alma Housing Commission is presented below:

Alma Housing Commission	December 31, 2005	Additions	Deletions	December 31, 2006
Land and improvements	\$ 923,688	\$ 229,866	\$ -0-	\$ 1,153,554
Buildings and improvements	4,892,545	15,422	-0-	4,907,967
Equipment	414,788	4,141	(446)	418,483
Less: Accumulated depreciation	(3,720,539)	(229,778)	446	(3,949,871)
Net Capital Assets	\$ 2,510,482			\$ 2,530,133

Gratiot Community Airport

A summary of the changes in capital assets associated with the Gratiot Community Airport is presented below:

Gratiot Community Airport	June 30, 2006	Additions	Deletions	June 30, 2007
Land	\$ 208,000	\$ -0-	\$ -0-	\$ 208,000
Construction in progress	-0-	900	-0-	900
Capital assets not being depreciated	208,000	900	-0-	208,900
Land Improvements	477,301	-0-	-0-	477,301
Buildings	557,498	4,150	-0-	561,648
Equipment	40,976	-0-	-0-	40,976
Capital assets being depreciated	1,075,775	4,150	-0-	1,079,925
Total capital assets	1,283,775	5,050	-0-	1,288,825
Less: Accumulated depreciation				
Land Improvements	(37,957)	(17,370)	-0-	(55,327)
Buildings	(357,724)	(19,122)	-0-	(376,846)
Equipment	(40,976)	-0-	-0-	(40,976)
Total accumulated depreciation	(436,657)	(36,492)	-0-	(473,149)
Net capital assets being depreciated	639,118	(32,342)	-0-	606,776
Total Net Capital Assets	\$ 847,118	\$(31,442)	\$ -0-	\$ 815,676

**NOTE 6 - CHANGES IN LONG-TERM DEBT**

The following summaries relate to long-term debt transactions of the primary government and discretely presented component units for the year ended June 30, 2007:

Primary Government	At July 1, 2006	Additions	Deductions	At June 30, 2007
Water Revenue Bonds	\$ 270,000	\$ -0-	\$ (60,000)	\$ 210,000
General Obligation Bonds	4,670,000	485,000	(225,000)	4,930,000
Special Assessment Bonds	225,000	500,000	(75,000)	650,000
Notes Payable	135,000	-0-	(45,000)	90,000

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

Compensated Absences	289,437	176,174	(173,662)	291,949
As of June 30, 2007	\$ 5,589,437	\$ 1,161,174	\$ (578,662)	\$ 6,171,949

Component Units	At July 1, 2006	Additions	Deductions	At June 30, 2007
General Obligation Bonds	\$ 3,375,000	\$ -0-	\$(125,000)	\$ 3,250,000
Compensated Absences	57,776	38,550	(23,323)	73,003
As of June 30, 2007	\$ 3,432,776	\$ 38,550	\$ (148,323)	\$ 3,323,003

Long-term debt at June 30, 2007 is comprised of the following individual issues:

Business-type Activities	Balance at July 1, 2006	Additions	(Deductions)	Balance at June 30, 2007	Due within one year
\$750,000 1995 Water System Revenue Bonds. Bonds due in annual installments of \$65,000 to \$75,000 through May 1, 2010; interest at 5.2% to 5.4%. The Statement of Net Assets also includes accrued interest of \$2,367 and \$2,292 in unamortized bond discount.	\$ 270,000 Discount (3,055)	-0-	\$ (60,000) 763	\$ 210,000 (2,292)	\$ 65,000
\$2,000,000 2005 Capital Improvement Limited Tax General Obligation Bonds. Bonds due in annual installments of \$75,000 to \$145,000 through May 1, 2025; interest at 3.75% to 4.3%. The Statement of Net Assets also includes accrued interest of \$12,722 and \$19,458 in unamortized bond discount.	1,930,000 Discount(20,539)	-0-	(70,000) 1,081	1,860,000 (19,458)	75,000
\$2,500,000 2005 Capital Improvement Limited Tax General Obligation Bonds. Bonds due in annual installments of \$85,000 to \$180,000 through May 1, 2026; interest at 3.75% to 4.25%. The Statement of Net Assets also includes accrued interest of \$19,027 and \$28,124 in unamortized bond discount.	2,500,000 Discount(29,687)	-0-	(80,000) 1,563	2,420,000 (28,124)	85,000
\$485,000 2006 General Obligation Bonds. Bonds due in annual installments of \$25,000 to \$45,000 through May 1, 2022; interest at 4.05% to 4.75%. The statement of Net Assets also includes accrued interest of \$3,591. Bonds were sold at par.	-0-	485,000	-0-	485,000	25,000
\$500,000 2006 Special Assessment Bonds. Bonds due in annual installments of \$20,000 to \$35,000 through May 1, 2022; interest at 4.05%	-0-	500,000	-0-	500,000	20,000

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

to 4.75%. The statement of Net Assets also includes accrued interest of \$3,680. Bonds were sold at par.					
Compensated absences	86,257	46,199	(51,754)	80,702	50,985
Total Business-type Activities	\$ 4,732,976	\$ 1,031,199	\$ (258,347)	\$ 5,505,828	\$ 320,985

Governmental Activities	Balance as of July 1, 2006	Additions	(Deductions)	Balance as of June 30, 2007	Due within one year
\$375,000 - 2000 Installment Purchase Contract with National City Bank for the acquisition of property for the extension of Heather Lane; interest 5.3% to 5.4% through 2009; General Fund	\$ 135,000	-0-	\$ (45,000)	\$ 90,000	\$ 45,000
\$615,000 General Obligation Bonds Series 2000 A for street construction. Bonds due in annual installments of \$75,000 to \$85,000 through May 2009; interest 5.3% to 5.4%; Debt Service Fund	240,000	-0-	(75,000)	165,000	75,000
\$675,000 Special Assessment Bonds, Series 2000 A for street and utility construction. Bonds due in annual installments of \$75,000 through May 2009; interest 5.3% to 5.4%; City has pledged full faith and credit of the City; Debt Service Fund	225,000	-0-	(75,000)	150,000	80,000
Compensated absences	203,180	129,975	(121,908)	211,247	99,053
Total Governmental Activities	\$ 803,180	\$ 129,975	\$ (316,908)	\$ 616,247	\$ 299,053

Component Units	Balance as of July 1, 2006	Additions	(Deductions)	Balance as of June 30, 2007	Due within one year
Downtown Development Authority-Compensated absences	\$ 2,620	\$ 1,114	\$ (1,007)	\$ 2,727	\$ 648
Public Library- Compensated absences	33,906	18,842	(14,029)	38,719	14,968
\$3,500,000 General Obligation Unlimited Tax Bonds for Library Construction. Bonds due in annual installments of \$130,000 to \$250,000 through June 2025; interest 4% to 4.35%.	3,375,000 Discount(33,250)	-0- -0-	(125,000) 1,750	3,250,000 (31,500)	130,000
Alma Housing Commission-Compensated absences	21,250	18,594	(8,287)	31,557	19,502
Total Component Units	\$ 3,399,526	\$ 38,550	\$ (146,573)	\$ 3,291,503	\$ 165,118

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

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

Year Ending June 30,		Revenue Bonds	General Obligation Bonds	Special Assessment Bonds	Purchase Contract	Total
2008	Principal	\$ 65,000	\$ 395,000	\$ 95,000	\$ 45,000	\$ 600,000
	Interest	11,140	335,162	30,108	4,435	380,845
	Total	76,140	730,162	125,108	49,435	980,845
2009	Principal	70,000	410,000	100,000	45,000	625,000
	Interest	7,760	318,710	25,323	2,217	354,010
	Total	77,760	728,710	125,323	47,217	979,010
2010	Principal	75,000	335,000	35,000		445,000
	Interest	4,050	301,395	20,248		325,693
	Total	79,050	636,395	55,248		770,693
2011	Principal		340,000	35,000		375,000
	Interest		288,158	18,795		306,953
	Total		628,158	53,795		681,953
2012	Principal		355,000	35,000		390,000
	Interest		274,707	17,325		292,032
	Total		629,707	52,325		682,032
2013	Principal		375,000	35,000		410,000
	Interest		260,658	15,838		276,496
	Total		635,658	50,838		686,496
2014	Principal		390,000	35,000		425,000
	Interest		245,738	14,332		260,070
	Total		635,738	49,332		685,070
2015	Principal		405,000	35,000		440,000
	Interest		230,212	12,810		243,022
	Total		635,212	47,810		683,022
2016	Principal		420,000	35,000		455,000
	Interest		214,083	11,270		225,353
	Total		634,803	46,270		680,353
2017	Principal		445,000	35,000		480,000
	Interest		197,325	9,712		207,037
	Total		642,325	44,712		687,037
2018 to 2022	Principal		2,620,000	175,000		2,795,000
	Interest		704,105	24,587		728,692
	Total		3,324,105	199,587		3,523,692

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

2023 to 2025	Principal		1,690,000			1,690,000
	Interest		172,768			172,768
	Total		1,862,768			1,862,768
Total	Principal	210,000	8,180,000	650,000	90,000	9,130,000
	Interest	22,950	3,543,020	200,348	6,652	3,772,970
	Total	\$ 232,950	\$11,723,020	\$ 850,348	\$ 96,652	\$12,902,970

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions. Internal service funds predominantly serve the governmental funds. Accordingly, compensated absences for them are included as part of the above totals for governmental activities. Compensated absences are generally liquidated by the general fund.

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

	Due from Other Funds
General Fund – construction loans	\$ 600,862
Major Streets – reclassify revenue	2,400
Local Streets – invoice	110
Gratiot Community Airport - invoice	5,000
Park Construction Fund - invoice	114
Wastewater Utility – utility adjustments	63
Water Utility - invoices	4,104
Solid Waste – utility adjustments	70
Administrative Services Fund – distribute employee costs	20,805
Municipal Services Fund – invoices	800
	Due to Other Funds
General Fund – invoices, reclassify costs	\$ 17,902
Alma District Fire Department – distribute employee costs	4,896
Housing Improvement Fund – ADR home acquisitions	441,872
Park Construction Fund – construction loan	109,310
Street Millage – construction loan	49,680
Transit Services Fund – distribute employee costs	2,003
Wastewater Utility – distribute employee costs	890
Water Utility – distribute employee costs, utility adjustments	1,246
Administrative Services Fund – reclassify revenue	605
Buildings/Grounds Maintenance Fund – distribute employee costs	2,226
Municipal Services Fund – invoice, distribute employee costs	3,698

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

During the year, the following transfers and contributions were made between funds:

From General Fund	
To Alma District Fire Department - for operations	\$ 219,313
To Heather/Warwick GO Debt - for debt service	87,930
To Park Construction - for Phase IV Riverwalk	89,700
From Major Street Fund	
To Local Street Fund - for operations	94,000
To Panther Parkway - for construction	39,000
From Cemetery Endowment Fund	
To General Fund - for operations	<u>16,400</u>
Total transfers between funds	<u>\$ 546,343</u>

**NOTE 8 - RECEIVABLES**

Receivables of the primary government have been disaggregated in the table below. All major funds have been shown individually; non major funds are shown in the other line.

	Taxes	Utilities	Accounts	Interest	Special Assessment	Development Agreements	Inter-governmental	Total
General Fund	\$9,790	\$ -0-	\$52,846	\$54,319	\$36,400	\$37,592	\$402,435	\$593,382
Major Streets Fund	-0-	-0-	11,842	28,472	-0-	44,937	109,763	195,014
Local Streets Fund	235	-0-	-0-	4,313	46,695	-0-	27,062	78,305
Housing Improvement Fund	-0-	-0-	-0-	-0-	-0-	169	186,924	187,093
State Street Plaza	-0-	-0-	-0-	14,599	-0-	-0-	-0-	14,599
Transit	851	-0-	404	20,159	-0-	-0-	4,818	26,232
Wastewater Utility	-0-	143,956	2,167	10,661	266,543	41,593	18,643	483,563
Water Utility	-0-	211,594	579	7,468	236,286	-0-	-0-	455,927
Solid Waste Disposal	-0-	82,301	-0-	7,107	-0-	-0-	-0-	89,408
Other	2,092	-0-	1,548	59,388	54,163	-0-	149,433	266,624
Totals	\$12,968	\$437,851	\$69,386	\$206,486	\$640,087	\$124,291	\$899,078	\$2,390,147

Delinquent utility bills are placed as a lien against the property and collected in the next year with the property taxes. At the end of the fiscal year the following components of the receivables are not anticipated to be collected within one year in governmental funds:

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

	General Fund	Major Streets	Other	Total
Delinquent Taxes	\$ 9,311	\$ -0-	\$ 2,227	\$ 11,538
Special Assessments	29,240	-0-	14,209	43,449
Development Agreements	33,760	35,671	-0-	69,431
Lease Receivable	31,000	-0-	-0-	31,000
Totals	\$ 103,311	\$ 35,671	\$ 16,436	\$ 155,418

**NOTE 9 - RISK MANAGEMENT**

The City is exposed to various risk of loss to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City is a member of Michigan Municipal Risk Management Authority, a public entity risk pool of cities, counties, authorities, colleges and other local units of government. MMRMA had approximately 350 members as of June 30, 2007. The purpose of the Authority is to provide cooperative and comprehensive risk financing and risk control services for general and automotive liability, motor vehicle physical damage, and property; purchase or otherwise make other provisions for reinsurance, excess insurance or make other provisions for payment of losses and related expenses; and provide claims, legal defense and related general administrative services to members.

The Authority is governed by a nine member Board of Directors composed of local government representatives from the membership elected by the membership. The Board of Directors establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered to impose sanctions or terminate membership.

The City's maximum retention on general liability and auto liability is \$75,000 per occurrence. The retention limit on auto physical damage is \$15,000 per unit and \$30,000 per occurrence after a \$1,000 deductible. The retention limits for property coverage are subject to a \$1,000 deductible with 10% of the first \$100,000 to be paid by the City. At June 30, 2007, the City had funds on deposit of \$92,859 with the Authority in the Member Risk Retention Fund. The City's member reserve for claims related to the City was \$9,000 at June 30, 2007. Claims have not exceeded coverage in any of the prior three fiscal years.

The City used a risk management program for risks associated with the employees' dental insurance program and for a portion of the deductible associated with health insurance program. For employees that selected the Plan B health insurance, the City self-funds the \$400 deductible. A premium is charged to each fund that accounts for full-time employees. The total cost allocated to each of the funds (allocation is based upon the percentage of each fund's current-year payroll of the City) is calculated using trends in actual claims experience. Liabilities of the program are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. All liabilities are considered current and have not been discounted. The maximum out of pocket cost for the City is \$1,000 for each eligible employee and qualified dependant. Liabilities include an amount for claims that have been incurred but not yet reported (IBNRs).

	Fiscal Year 2007	Fiscal Year 2006
Amount of claim liability at July 1	\$ 5,000	\$ 5,000
Incurred claims	104,674	96,153
Payment on claims	(104,674)	(96,153)
Other material items	-0-	-0-
Amount of claim liability at June 30	\$ 5,000	\$ 5,000

Claims have not exceeded insurance coverage in any of the prior three fiscal years.

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

**NOTE 10 - CONTINGENCIES AND COMMITMENTS**

(A) GRANTS AND REIMBURSEMENTS

The City has received federal and state grants for specific purposes subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursement would not be material.

(B) POTENTIAL LITIGATION

At June 30, 2007 there are no pending legal actions against the City.

(C) CONSTRUCTION COMMITMENTS

At June 30, 2007, the City has the following construction commitments:

D & E Excavating	\$ 1,800
DLZ Engineering	43,447
Earl Davidson Construction	34,936
MacKenzie Environmental	216,420
Robinson Electric	30,833

**NOTE 11 – BUILDING PERMIT REVENUES AND RELATED EXPENDITURES**

Under Public Act 245 of 1999, permit fees for building construction must be restricted to the operation of the enforcing agency. For the fiscal year ending June 30, 2007, the City of Alma collected \$46,423 in building permit fees. For the same time period, the City expended \$110,861. The City subsidized the construction permit program with \$64,438.

**NOTE 12 – OPERATING LEASE AGREEMENTS**

The City currently has three operating lease agreements, all located in the State Street Plaza. The Secretary of State rents 2,314 square feet at a rate of \$1,050 per month. Their lease expires September 30, 2009. The Gratiot Health Systems and MMACC Public Access share a building. Gratiot Health Systems rents 4,225 square feet at a rate of \$2,011 per month and their lease expires on September 30, 2007. The MMACC Public Access rents 1,232 square feet at a rate of \$401 per month. Their lease expires on December 31, 2007.

Lease Period End	Cost	Accumulated Depreciation	Carrying Amount	Contingent Rentals for the Period
9/30/2009	\$ 436,611	\$ 275,437	\$ 161,174	\$ 40,950
9/30/2007	66,734	42,441	24,293	6,033
12/31/2007	19,460	11,970	7,490	2,322

**NOTE 13 – PERMANENT FUNDS**

The City of Alma has two permanent funds that were created by ordinance by the Alma City Commission. The Cemetery Endowment Fund receives half the proceeds from the sale of grave lots. The Library Endowment Fund was created through donations. The creating ordinances permit up to eighty percent of current interest revenue, excluding any gains or losses recorded to adjust investments to market, to be transferred to the designated activity. The Cemetery Endowment Fund earned \$22,953 in investment income in FY2007. Sixteen thousand four hundred dollars was transferred to the General Fund for cemetery operations. The Library Endowment Fund earned \$14,819 in investment income in FY2007. Eleven thousand, eight hundred and fifty dollars was transferred to the Alma Public Library for collection purchases. Transfer of funds was made prior to June 30, 2007.

City of Alma, Michigan  
Notes to Financial Statements  
June 30, 2007

**NOTE 14 – PRIOR PERIOD ADJUSTMENTS**

In the General Fund there is a prior year adjustment to increase previously recorded tax collections in the amount of \$9,044. The Alma Public Library component unit reflects the opposite adjustment for tax collections over allocated to library debt retirement. The General Fund also records a prior period adjustment for an invoice amount recorded as accounts receivable and again as special assessments receivable in the amount of \$8,156. The Housing Improvement Fund records a prior period adjustment deferring federal grant revenue payable upon sale of three homes purchased under the MSHDA ADR Program. The Municipal Services internal services fund reflects a prior period adjustment in the amount of \$60,792 to record parts and materials inventory previously under estimated.

**NOTE 15 – DEFICIT FUND EQUITY**

The City has accumulated a net asset deficit in the Neighborhood Street Millage Fund. The deficit will be eliminated with future tax revenues. The City as also accumulated a net asset deficit in the Parks Construction Fund. The deficit will be eliminated with the receipt of a State of Michigan grant already approved.

## REQUIRED SUPPLEMENTARY INFORMATION

**Municipal Employees Retirement System**  
 Analysis of Funding Progress  
 1992-2006

Valuation Date Dec. 31	(1) Net Assets Available For Benefits	(2) Accrued Liabilities	(3) Percent Funded (1)/(2)	(4) Unfunded Actuarial Liability (2)-(1)	(5) Annual Covered Payroll	(6) Unfunded UAL As a Percent of Covered Payroll (4)/(5)
1992	\$ 6,677,321	\$ 4,513,370	148%	\$ (2,163,951)	\$ 2,355,879	-92%
1993	7,287,281	6,727,222	108%	(560,059)	2,408,309	-23%
1994	7,766,771	7,094,841	109%	(671,930)	2,527,507	-27%
1995	8,503,110	7,526,432	113%	(976,678)	2,616,806	-37%
1996	9,307,603	8,132,241	114%	(1,175,362)	2,760,915	-43%
1997	10,278,637	8,571,457	120%	(1,707,180)	2,772,509	-62%
1998	11,416,160	9,480,714	120%	(1,935,446)	3,054,918	-63%
1999	12,976,559	10,045,692	129%	(2,930,867)	2,996,120	-98%
2000	13,947,137	11,798,166	118%	(2,148,971)	2,580,827	-83%
2001	14,526,113	12,784,316	114%	(1,741,797)	3,428,095	-51%
2002	14,457,361	13,541,206	107%	(916,155)	3,510,060	-26%
2003	14,988,769	14,174,229	106%	(814,540)	3,557,078	-23%
2004	15,402,864	15,531,838	99%	128,974	3,841,063	3%
2005	15,709,223	15,745,190	100%	35,967	3,783,364	1%
2006	16,375,987	16,282,914	101%	(93,073)	3,907,129	-2%

Notes:

- (1) Total retired life liabilities are reflected above beginning in 1984. Actuarial assumptions were revised for 1984 and 1987 valuations. In 1993, the City implemented the MERS B-2 plan.
- (2) Source: The Report of the Municipal Employees' Retirement System of Michigan Annual Actuarial Valuation as of December 31, 2006 By: Gabriel Roeder Smith & Company

## COMBINING AND INDIVIDUAL FUND STATEMENTS AND FINANCIAL SCHEDULES

## NON MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are to record the expenditures associated with specific revenues that are legally restricted for specific purposes.

#### ALMA DISTRICT FIRE DEPARTMENT FUND

Activities related to the cost of providing fire protection services to the City of Alma and the townships of Arcada, Pine River, Seville, and Sumner. Contributions to the cost of providing services are distributed to the units by a contractually specified formula.

#### PUBLIC SAFETY EMPLOYEES SPECIAL BENEFIT FUND

Donations to and related interest income of the Public Safety Employees Special Benefit Fund are restricted to providing financial assistance to police officers and fire fighters who have suffered total disability or the dependents of those who have been killed in the line of duty while employed by the City.

#### LAW ENFORCEMENT FUND

This fund is used to account for monies and property confiscated under Federal law during drug law enforcement.

### PERMANENT FUNDS

Permanent funds are used to account for endowments where investment income may be used, but principal must remain intact.

#### CEMETERY ENDOWMENT FUND

This fund is used to account for endowment fees received pursuant to adoption of ordinance 622. Eighty percent of the annual investment income is transferred to General Fund for Riverside Cemetery maintenance.

#### LIBRARY ENDOWMENT FUND

This fund is used to account for donations received pursuant to adoption of ordinance number 465. Eighty percent of the annual investment income is transferred to Alma Public Library for collection acquisitions.

### DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for payment of general obligation bond principal and interest.

#### ALMA BUILDING AUTHORITY

The payment of principal and interest on Alma Building Authority issued bonds are accounted for in this fund.

#### HEATHER/WARWICK GENERAL OBLIGATION BONDS

The City issued general obligation bonds to pay for its portion of the Warwick Drive and Heather Lane projects. This fund accounts for all related debt service activity.

#### HEATHER/WARWICK SPECIAL ASSESSMENT BONDS FUND

The City issued special assessment bonds with a pledge of full faith and credit of the City to pay for the private portion of the Warwick Drive and Heather Lane extension project. The bonds are repaid with special assessment collections.

## **CAPITAL PROJECT FUNDS**

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

### **PARK CONSTRUCTION PROJECT FUND**

The Park Construction Project Fund records the development, improvement, and rehabilitation of City recreation areas. Local and state revenues have financed the current projects.

### **PANTHER PARKWAY FUND**

The Panther Parkway Construction Fund records revenues and expenditures associated with the construction of a two-way street next to the Alma High School between Pine Avenue and Begole Road.

### **NEIGHBORHOOD STREET MILLAGE**

The Neighborhood Street Millage Fund is used to account for activities related to a special voted millage approved by the constituents of Alma for local street maintenance.

City of Alma, Michigan  
**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2007

	Special Revenue Funds			Permanent Funds	
	Alma District Fire Department	Public Safety Benefit Fund	Law Enforcement	Cemetery Endowment	Library Endowment
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,236	\$ 117,113	\$ -	\$ 100,546	\$ 79,704
Investments	144,679	358,703	-	307,962	244,124
Receivables, net	3,958	10,040	-	8,965	4,361
Due from other funds	-	-	-	-	-
Due from other units	9,529	-	-	-	-
Property held for resale	-	-	-	-	-
Prepaid items	309	-	-	-	-
 Total assets	 <u>\$ 205,711</u>	 <u>\$ 485,856</u>	 <u>\$ -</u>	 <u>\$ 417,473</u>	 <u>\$ 328,189</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Current payables	\$ 11,256	\$ -	\$ -	\$ -	\$ -
Due to other funds	4,896	-	-	-	-
Deferred revenue	-	-	-	-	-
 Total liabilities	 <u>16,152</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund balances:					
Reserved	309	485,856	-	417,473	328,189
Unreserved (deficit)	189,250	-	-	-	-
 Total fund balances (deficit)	 <u>189,559</u>	 <u>485,856</u>	 <u>-</u>	 <u>417,473</u>	 <u>328,189</u>
 Total liabilities and fund balances	 <u>\$ 205,711</u>	 <u>\$ 485,856</u>	 <u>\$ -</u>	 <u>\$ 417,473</u>	 <u>\$ 328,189</u>

Debt Service Funds			Capital Project Funds			Totals
Alma Building Authority	Heather/Warwick GO Bond	Heather/Warwick SA Bond	Park Construction Project	Panther Parkway	Neighborhood Street Millage	30-Jun-07
\$ 10,645	\$ 3,156	\$ 22,854	\$ -	\$ 2,603	\$ -	\$ 383,857
-	9,665	69,999	-	7,971	2	1,143,105
-	677	56,122	-	-	2,582	86,705
-	-	-	114	-	-	114
-	-	-	109,349	-	-	118,878
-	-	-	-	-	-	-
-	-	-	-	-	-	309
<u>\$ 10,645</u>	<u>\$ 13,498</u>	<u>\$ 148,975</u>	<u>\$ 109,463</u>	<u>\$ 10,574</u>	<u>\$ 2,584</u>	<u>\$ 1,732,968</u>
\$ -	\$ -	\$ -	\$ 2,558	\$ 582	\$ 991	\$ 15,387
-	-	-	109,310	-	49,680	163,886
-	406	54,163	-	-	2,582	57,151
<u>-</u>	<u>406</u>	<u>54,163</u>	<u>111,868</u>	<u>582</u>	<u>53,253</u>	<u>236,424</u>
10,645	13,092	94,812	-	-	-	1,350,376
-	-	-	(2,405)	9,992	(50,669)	146,168
<u>10,645</u>	<u>13,092</u>	<u>94,812</u>	<u>(2,405)</u>	<u>9,992</u>	<u>(50,669)</u>	<u>1,496,544</u>
<u>\$ 10,645</u>	<u>\$ 13,498</u>	<u>\$ 148,975</u>	<u>\$ 109,463</u>	<u>\$ 10,574</u>	<u>\$ 2,584</u>	<u>\$ 1,732,968</u>

City of Alma, Michigan  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2007

	Alma			Permanent Funds	
	District Fire Department	Public Safety Benefit Fund	Law Enforcement	Cemetery Endowment	Library Endowment
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	9,528	-	-	-	-
Charges for services	195,068	-	-	800	-
Fines and forfeits	1,500	-	-	-	-
Investment income	9,986	25,906	2	22,953	14,819
Other revenue	8,500	-	-	-	-
<b>Total revenues</b>	<b>224,582</b>	<b>25,906</b>	<b>2</b>	<b>23,753</b>	<b>14,819</b>
<b>EXPENDITURES</b>					
Current:					
Community safety	381,496	-	109	-	-
Transportation	-	-	-	-	-
Recreation and Culture	-	-	-	-	11,850
Capital	10,030	-	-	-	-
Debt Service	-	-	-	-	-
<b>Total expenditures</b>	<b>391,526</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>11,850</b>
Excess revenues over (under) expenditures	(166,944)	25,906	(107)	23,753	2,969
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from	219,313	-	-	-	-
Transfers to	-	-	-	(16,400)	-
<b>Total other financing sources (uses)</b>	<b>219,313</b>	<b>-</b>	<b>-</b>	<b>(16,400)</b>	<b>-</b>
Net change in fund balances	52,369	25,906	(107)	7,353	2,969
Beginning fund balance	137,190	459,950	107	410,120	325,220
Ending fund balance (deficit)	<b>\$ 189,559</b>	<b>\$ 485,856</b>	<b>\$ -</b>	<b>\$ 417,473</b>	<b>\$ 328,189</b>

Debt Service Funds			Capital Project Funds			Totals
Alma Building Authority	Heather/Warwick GO Bond	Heather/Warwick SA Bond	Park Construction Project	Panther Parkway	Neighborhood Street Millage	30-Jun-07
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365,139	\$ 365,139
-	-	-	147,068	-	-	156,596
-	-	72,053	35	-	-	267,956
-	-	-	-	-	-	1,500
22	452	13,599	696	-	729	89,164
-	-	-	-	-	-	8,500
<u>22</u>	<u>452</u>	<u>85,652</u>	<u>147,799</u>	<u>-</u>	<u>365,868</u>	<u>888,855</u>
-	-	-	-	-	-	381,605
-	-	-	-	-	12,338	12,338
-	-	-	-	-	-	11,850
-	-	-	265,202	29,008	404,199	708,439
-	87,730	86,925	-	-	-	174,655
<u>-</u>	<u>87,730</u>	<u>86,925</u>	<u>265,202</u>	<u>29,008</u>	<u>416,537</u>	<u>1,288,887</u>
<u>22</u>	<u>(87,278)</u>	<u>(1,273)</u>	<u>(117,403)</u>	<u>(29,008)</u>	<u>(50,669)</u>	<u>(400,032)</u>
-	87,930	-	89,700	39,000	-	435,943
-	-	-	-	-	-	(16,400)
<u>-</u>	<u>87,930</u>	<u>-</u>	<u>89,700</u>	<u>39,000</u>	<u>-</u>	<u>419,543</u>
22	652	(1,273)	(27,703)	9,992	(50,669)	19,511
10,623	12,440	96,085	25,298	-	-	1,477,033
<u>\$ 10,645</u>	<u>\$ 13,092</u>	<u>\$ 94,812</u>	<u>\$ (2,405)</u>	<u>\$ 9,992</u>	<u>\$ (50,669)</u>	<u>\$ 1,496,544</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Alma District Fire Department  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Intergovernmental revenue	\$ -	\$ -	\$ 9,528	\$ 9,528	\$ -
Charges for services	203,447	203,447	195,068	(8,379)	251,657
Fines and forfeits	-	-	1,500	1,500	-
Investment income	4,000	4,000	9,986	5,986	3,228
Other revenue	-	250	8,500	8,250	790
<b>Total revenues</b>	<b>207,447</b>	<b>207,697</b>	<b>224,582</b>	<b>16,885</b>	<b>255,675</b>
<b>EXPENDITURES</b>					
Personnel	259,598	259,598	270,250	10,652	246,176
Operating and maintenance supplies	38,500	38,500	30,162	(8,338)	33,082
Professional and contractual services	5,500	5,500	4,461	(1,039)	9,082
Internal service charges	35,713	35,713	28,228	(7,485)	28,972
Communications and utilities	10,600	10,600	7,849	(2,751)	8,728
Insurance and fixed charges	41,400	41,400	40,546	(854)	39,216
Capital outlay	35,699	35,699	10,030	(25,669)	241,471
<b>Total expenditures</b>	<b>427,010</b>	<b>427,010</b>	<b>391,526</b>	<b>(35,484)</b>	<b>606,727</b>
Excess (deficiency) revenues over expenditures	(219,563)	(219,313)	(166,944)	52,369	(351,052)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from	219,313	219,313	219,313	-	288,653
Net change in fund balances	(250)	-	52,369	52,369	(62,399)
Beginning fund balance	137,190	137,190	137,190	-	199,589
Ending fund balance	<b>\$ 136,940</b>	<b>\$ 137,190</b>	<b>\$ 189,559</b>	<b>\$ 52,369</b>	<b>\$ 137,190</b>

City of Alma, Michigan  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget and Actual  
 Public Safety Employees Special Benefit Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 19,000	\$ 19,000	\$ 25,906	\$ 6,906	\$ 18,422
Net change in fund balance	19,000	19,000	25,906	6,906	18,422
Beginning fund balance	459,950	459,950	459,950	-	441,528
Ending fund balance	<u>\$ 478,950</u>	<u>\$ 478,950</u>	<u>\$ 485,856</u>	<u>\$ 6,906</u>	<u>\$ 459,950</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Law Enforcement Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 25	\$ 25	\$ 2	\$ 2	\$ 4
Total revenues	<u>25</u>	<u>25</u>	<u>2</u>	<u>(23)</u>	<u>4</u>
<b>EXPENDITURES</b>					
Drug enforcement	1,200	1,200	109	(1,091)	1,360
Total expenditures	<u>1,200</u>	<u>1,200</u>	<u>109</u>	<u>(1,091)</u>	<u>1,360</u>
Net change in fund balance	(1,175)	(1,175)	(107)	1,068	(1,356)
Beginning fund balance	107	107	107	-	1,463
Ending fund balance	<u>\$ (1,068)</u>	<u>\$ (1,068)</u>	<u>\$ -</u>	<u>\$ 1,068</u>	<u>\$ 107</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Alma Building Authority Bond Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 20	\$ 20	\$ 22	\$ 2	\$ 17
Total revenues	<u>20</u>	<u>20</u>	<u>22</u>	<u>2</u>	<u>17</u>
Net change in fund balance	20	20	22	2	17
Beginning fund balance	10,623	10,623	10,623	-	10,606
Ending fund balance	<u>\$ 10,643</u>	<u>\$ 10,643</u>	<u>\$ 10,645</u>	<u>\$ 2</u>	<u>\$ 10,623</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Warwick/Heather General Obligation Bonds  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	-	\$ 103
Investment income	140	140	452	312	251
Total revenues	<u>140</u>	<u>140</u>	<u>452</u>	<u>312</u>	<u>354</u>
<b>EXPENDITURES</b>					
Principal retirement	75,000	75,000	75,000	-	70,000
Interest expense	12,930	12,930	12,730	(200)	16,618
Total expenditures	<u>87,930</u>	<u>87,930</u>	<u>87,730</u>	<u>(200)</u>	<u>86,618</u>
Excess (deficiency) revenues over expenditures	(87,790)	(87,790)	(87,278)	512	(86,264)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from	<u>87,930</u>	<u>87,930</u>	<u>87,930</u>	<u>-</u>	<u>87,200</u>
Net change in fund balance	140	140	652	512	936
Beginning fund balance	<u>12,440</u>	<u>12,440</u>	<u>12,440</u>	<u>-</u>	<u>11,504</u>
Ending fund balance	<u>\$ 12,580</u>	<u>\$ 12,580</u>	<u>\$ 13,092</u>	<u>\$ 512</u>	<u>\$ 12,440</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Warwick/Heather Special Assessment Bonds  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Charges for services	\$ 15,630	\$ 15,630	\$ 72,053	\$ 56,423	\$ 112,704
Investment income	7,400	7,400	13,599	6,199	17,976
Total revenues	<u>23,030</u>	<u>23,030</u>	<u>85,652</u>	<u>62,622</u>	<u>130,680</u>
<b>EXPENDITURES</b>					
Principal	75,000	75,000	75,000	-	75,000
Interest expense	11,925	11,925	11,925	-	15,750
Total expenditures	<u>86,925</u>	<u>86,925</u>	<u>86,925</u>	<u>-</u>	<u>90,750</u>
Net change in fund balance	(63,895)	(63,895)	(1,273)	62,622	39,930
Beginning fund balance	96,085	96,085	96,085	-	56,155
Ending fund balance	<u>\$ 32,190</u>	<u>\$ 32,190</u>	<u>\$ 94,812</u>	<u>\$ 62,622</u>	<u>\$ 96,085</u>

## ENTERPRISE FUNDS

Enterprise Funds are used for operations that are financed and operated in a manner similar to private business enterprise where the intent of the City Commission is for the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the City Commission has decided that periodic determination of net income is appropriate for accountability purposes.

### STATE STREET PLAZA FUND

The City owns rental property at the 200 block between State and Prospect Streets. The Plaza houses an intermodal transportation center for the Dial-A-Ride service and intercity bus service. The City purchased the plaza with assistance from the Michigan Department of Transportation. Under the terms of the original grant agreement, the plaza operations are maintained in a separate fund.

### TRANSIT SERVICES FUND

The City runs a Dial-A-Ride service and an intercity bus depot. The Transit Services Fund is supported by user fees, a voted millage, state grants and federal grants.

### WASTEWATER UTILITY FUND

The Wastewater utility provides sewage collection and treatment systems to treat and dispose of all wastewater. The Wastewater Utility Fund is supported by user fees.

### WATER UTILITY FUND

The Water Utility Fund provides potable water for domestic, commercial and fire protection uses. The fund is supported through user fees and rent.

### SOLID WASTE DISPOSAL FUND

The Solid Waste Disposal Fund provides weekly collection and disposal of household refuse, recyclables and yard waste. The fund is supported through user fees.

City of Alma, Michigan  
 Schedule of Revenues, Expenses and Changes in Net Assets  
 Budget and Actual  
 State Street Plaza  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 41,376	\$ 41,376	\$ 44,190	\$ 2,814	\$ 43,859
Total operating revenues	<u>41,376</u>	<u>41,376</u>	<u>44,190</u>	<u>2,814</u>	<u>43,859</u>
<b>OPERATING EXPENSES</b>					
Buildings and grounds maintenance	24,492	24,492	19,086	(5,406)	21,950
Administration	3,100	3,100	3,001	(99)	3,241
Depreciation	26,000	26,000	25,974	(26)	26,461
Total operating expenses	<u>53,592</u>	<u>53,592</u>	<u>48,061</u>	<u>(5,531)</u>	<u>51,652</u>
Operating income (loss)	<u>(12,216)</u>	<u>(12,216)</u>	<u>(3,871)</u>	<u>8,345</u>	<u>(7,793)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	<u>26,000</u>	<u>26,000</u>	<u>37,689</u>	<u>11,689</u>	<u>25,862</u>
Change in net assets	13,784	13,784	33,818	20,034	18,069
Beginning net assets	1,009,580	1,009,580	1,009,580	-	991,511
Ending net assets	<u>\$ 1,023,364</u>	<u>\$ 1,023,364</u>	<u>\$ 1,043,398</u>	<u>\$ 20,034</u>	<u>\$ 1,009,580</u>

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Transit Services Fund  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 85,200	\$ 85,200	\$ 69,044	\$ (16,156)	\$ 79,640
Total operating revenues	<u>85,200</u>	<u>85,200</u>	<u>69,044</u>	<u>(16,156)</u>	<u>79,640</u>
<b>OPERATING EXPENSES</b>					
Operations	317,945	349,945	340,916	(9,029)	347,754
Building and vehicle maintenance	46,035	46,035	46,129	94	49,823
Administration	100,188	100,188	107,617	7,429	113,704
Depreciation	79,000	79,000	85,570	6,570	82,037
Total operating expenses	<u>543,168</u>	<u>575,168</u>	<u>580,232</u>	<u>5,064</u>	<u>593,318</u>
Operating income (loss)	<u>(457,968)</u>	<u>(489,968)</u>	<u>(511,188)</u>	<u>(21,220)</u>	<u>(513,678)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	141,049	141,049	140,409	(640)	139,970
Intergovernmental revenue	1,412,665	1,412,665	257,417	(1,155,248)	263,561
Investment income	38,000	38,000	54,416	16,416	39,148
Other revenue	5,010	5,010	2,038	(2,972)	2,500
Total nonoperating revenues (expenses)	<u>1,596,724</u>	<u>1,596,724</u>	<u>454,280</u>	<u>(1,142,444)</u>	<u>445,179</u>
Income (loss) before contributions	1,138,756	1,106,756	(56,908)	(1,163,664)	(68,499)
Capital grants	-	-	119,260	119,260	125,521
Change in net assets	1,138,756	1,106,756	62,352	(1,044,404)	57,022
Beginning net assets	1,482,029	1,482,029	1,482,029	-	1,425,007
Ending net assets	<u>\$ 2,620,785</u>	<u>\$ 2,588,785</u>	<u>\$ 1,544,381</u>	<u>\$ (1,044,404)</u>	<u>\$ 1,482,029</u>

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Wastewater Utility Fund  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended
	Budgeted Amounts		Actual	Budget Variance	June-06
	Original	Final			Actual
<b>OPERATING REVENUES</b>					
Licenses and permits	\$ 125	\$ 125	\$ 125	\$ -	\$ 125
Charges for services	918,131	918,131	1,225,417	307,286	930,289
Total operating revenues	<u>918,256</u>	<u>918,256</u>	<u>1,225,542</u>	<u>307,286</u>	<u>930,414</u>
<b>OPERATING EXPENSES</b>					
Plant operations and maintenance	260,536	260,536	273,062	12,526	263,841
Purification	185,272	220,272	198,721	(21,551)	207,781
Industrial pre-treatment	9,597	9,597	5,383	(4,214)	5,490
Maintenance of city collection system	119,468	119,468	121,489	2,021	122,871
Maintenance of township collection system	24,492	24,492	17,619	(6,873)	20,566
Administration	127,474	127,474	120,389	(7,085)	138,623
Customer accounting	28,647	28,647	33,481	4,834	36,820
Depreciation	145,000	145,000	147,954	2,954	93,887
Total operating expenses	<u>900,486</u>	<u>935,486</u>	<u>918,098</u>	<u>(17,388)</u>	<u>889,879</u>
Operating income (loss)	<u>17,770</u>	<u>(17,230)</u>	<u>307,444</u>	<u>324,674</u>	<u>40,535</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	36,500	36,500	33,570	(2,930)	40,549
Interest expense and fiscal charges	(78,310)	(78,310)	(96,041)	(17,731)	(80,334)
Total nonoperating revenue (expenses)	<u>(41,810)</u>	<u>(41,810)</u>	<u>(62,471)</u>	<u>(20,661)</u>	<u>(39,785)</u>
Change in net assets	(24,040)	(59,040)	244,973	304,013	750
Beginning net assets	2,697,136	2,697,136	2,697,136	-	2,696,386
Ending net assets	<u>\$ 2,673,096</u>	<u>\$ 2,638,096</u>	<u>\$ 2,942,109</u>	<u>\$ 304,013</u>	<u>\$ 2,697,136</u>

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Water Utility Fund  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,464,844	\$ 1,464,844	\$ 1,712,225	\$ 247,381	\$ 1,169,376
Fines and forfeits	40,000	40,000	50,664	10,664	42,559
Other revenue	-	-	286	286	1,823
Total operating revenues	<u>1,504,844</u>	<u>1,504,844</u>	<u>1,763,175</u>	<u>258,331</u>	<u>1,213,758</u>
<b>OPERATING EXPENSES</b>					
Plant operations and maintenance	169,179	169,179	156,417	(12,762)	143,104
Purification	216,646	216,646	231,346	14,700	230,663
Maintenance of mains	223,100	223,100	239,339	16,239	248,346
Administration	146,734	146,734	143,964	(2,770)	160,461
Customer accounting	28,636	28,636	36,370	7,734	40,954
Depreciation	200,000	200,000	171,116	(28,884)	176,147
Total operating expenses	<u>984,295</u>	<u>984,295</u>	<u>978,552</u>	<u>(5,743)</u>	<u>999,675</u>
Operating income (loss)	<u>520,549</u>	<u>520,549</u>	<u>784,623</u>	<u>264,074</u>	<u>214,083</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	10,200	10,200	109,116	98,916	56,465
Interest expense and fiscal charges	(140,346)	(140,346)	(122,930)	17,416	(67,150)
Total nonoperating revenue (expenses)	<u>(130,146)</u>	<u>(130,146)</u>	<u>(13,814)</u>	<u>116,332</u>	<u>(10,685)</u>
Change in net assets	390,403	390,403	770,809	380,406	203,398
Beginning net assets	3,277,648	3,277,648	3,277,648	-	3,074,250
Ending net assets	<u>\$ 3,668,051</u>	<u>\$ 3,668,051</u>	<u>\$ 4,048,457</u>	<u>\$ 380,406</u>	<u>\$ 3,277,648</u>

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Solid Waste Disposal Fund  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 457,400	\$ 457,400	\$ 472,999	\$ 15,599	\$ 469,948
Total operating revenues	<u>457,400</u>	<u>457,400</u>	<u>472,999</u>	<u>15,599</u>	<u>469,948</u>
<b>OPERATING EXPENSES</b>					
Refuse collection and disposal	179,976	179,976	196,453	16,477	186,699
Recycling	55,000	55,000	53,622	(1,378)	52,276
Yard waste and compost site	205,717	205,717	166,525	(39,192)	228,943
Administration	20,546	20,546	19,078	(1,468)	25,455
Customer accounting	20,053	20,053	21,646	1,593	26,192
Depreciation	700	700	681	(19)	658
Total operating expenses	<u>481,992</u>	<u>481,992</u>	<u>458,005</u>	<u>(23,987)</u>	<u>520,223</u>
Operating income (loss)	<u>(24,592)</u>	<u>(24,592)</u>	<u>14,994</u>	<u>39,586</u>	<u>(50,275)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	12,800	12,800	17,845	5,045	12,691
Total nonoperating revenue (expenses)	<u>12,800</u>	<u>12,800</u>	<u>17,845</u>	<u>5,045</u>	<u>12,691</u>
Change in net assets	(11,792)	(11,792)	32,839	44,631	(37,584)
Beginning net assets	388,044	388,044	388,044	-	425,628
Ending net assets	<u>\$ 376,252</u>	<u>\$ 376,252</u>	<u>\$ 420,883</u>	<u>\$ 44,631</u>	<u>\$ 388,044</u>

## INTERNAL SERVICE FUNDS

The financing of selected goods and services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis are recorded in Internal Service Funds.

### ADMINISTRATIVE SERVICES FUND

General and administrative charges such as insurance, data processing, accounting and engineering are recorded in the Administrative Services Fund. The other funds are charged for their share of the administrative services.

### BUILDING AND GROUNDS MAINTENANCE FUND

All costs related to the building and grounds maintenance are accounted for in the Building and Grounds Maintenance Fund. Other funds are charged based on the number of hours of maintenance used.

### EQUIPMENT POOL AND CENTRAL GARAGE FUND

The equipment pool and central garage owns most of the vehicles and similar equipment. The fund charges rent to the other departments for use of the equipment. The fund also provides maintenance of equipment for non-participating funds in return for a charge for service. The municipal services department also operates through this fund. Other funds are charged at an hourly rate for maintenance services provided.

City of Alma, Michigan  
**Combining Statement of Net Assets**  
Internal Service Funds  
June 30, 2007 with Comparative Totals for June 30, 2006

	Administrative Services	Buildings and Grounds Maintenance	Equipment Pool and Central Garage	Totals	
				30-Jun-07	30-Jun-06
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 51,137	\$ 4,089	\$ 316,363	\$ 371,589	\$ 174,593
Investments	156,629	12,525	968,985	1,138,139	1,071,006
Receivables, net	5,331	3,616	28,624	37,571	33,383
Due from other funds	20,805	-	800	21,605	2,060
Due from other units	19,537	-	-	19,537	10,180
Inventory	-	-	62,181	62,181	28,312
Prepaid items	36,121	-	-	36,121	65,334
<b>Total current assets</b>	<b>289,560</b>	<b>20,230</b>	<b>1,376,953</b>	<b>1,686,743</b>	<b>1,384,868</b>
Noncurrent assets:					
Land and land improvements	-	-	18,894	18,894	18,894
Buildings and improvements	-	306,748	464,915	771,663	771,663
Vehicles and equipment	629,048	25,497	2,476,210	3,130,755	3,190,605
Less accumulated depreciation	(552,924)	(204,750)	(2,079,677)	(2,837,351)	(2,779,506)
<b>Total noncurrent assets</b>	<b>76,124</b>	<b>127,495</b>	<b>880,342</b>	<b>1,083,961</b>	<b>1,201,656</b>
<b>Total assets</b>	<b>365,684</b>	<b>147,725</b>	<b>2,257,295</b>	<b>2,770,704</b>	<b>2,586,524</b>
<b>LIABILITIES</b>					
Current liabilities:					
Current payables and accrued expenses	25,507	10,351	20,282	56,140	72,275
Due to other funds	605	2,226	3,698	6,529	400
Portion of long term liabilities due within one year	20,918	11,268	10,445	42,631	41,656
<b>Total current liabilities</b>	<b>47,030</b>	<b>23,845</b>	<b>34,425</b>	<b>105,300</b>	<b>114,331</b>
Noncurrent liabilities:					
Compensated absences	30,164	5,025	12,600	47,789	49,159
<b>Total liabilities</b>	<b>77,194</b>	<b>28,870</b>	<b>47,025</b>	<b>153,089</b>	<b>163,490</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	76,124	127,495	880,342	1,083,961	1,201,656
Unrestricted	212,366	(8,640)	1,329,928	1,533,654	1,221,378
<b>Total net assets</b>	<b>\$ 288,490</b>	<b>\$ 118,855</b>	<b>\$ 2,210,270</b>	<b>\$ 2,617,615</b>	<b>2,423,034</b>

City of Alma, Michigan  
 Combining Statement of Revenues, Expenses and Changes in Net Assets  
 Internal Service Funds  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	Administrative Services	Buildings and Grounds Maintenance	Equipment Pool and Central Garage	Totals	
				30-Jun-07	30-Jun-06
<b>OPERATING REVENUES</b>					
Internal service charges	\$ 657,446	\$ 506,624	\$ 1,027,792	\$ 2,191,862	\$ 2,309,770
Service charges	3,129	-	9,809	12,938	100
Total operating revenues	<u>660,575</u>	<u>506,624</u>	<u>1,037,601</u>	<u>2,204,800</u>	<u>2,309,870</u>
<b>OPERATING EXPENSES</b>					
Accounting services	292,854	-	-	292,854	304,775
Information systems	110,942	-	-	110,942	122,528
Engineering	220,663	-	-	220,663	212,084
Buildings/grounds maintenance services	-	523,080	-	523,080	504,280
Public works services	-	-	431,821	431,821	493,921
Equipment maintenance	-	-	290,096	290,096	299,995
Administration	31,640	-	53,796	85,436	71,036
Depreciation	26,137	12,123	180,243	218,503	265,347
Total operating expenses	<u>682,236</u>	<u>535,203</u>	<u>955,956</u>	<u>2,173,395</u>	<u>2,273,966</u>
Operating income (loss)	<u>(21,661)</u>	<u>(28,579)</u>	<u>81,645</u>	<u>31,405</u>	<u>35,904</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	11,261	1,336	69,245	81,842	50,783
Other revenue	-	215	20,327	20,542	27,124
Nonoperating revenues (expenses)	<u>11,261</u>	<u>1,551</u>	<u>89,572</u>	<u>102,384</u>	<u>77,907</u>
Change in net assets	(10,400)	(27,028)	171,217	133,789	113,811
Beginning net assets, as restated	298,890	145,883	2,039,053	2,483,826	2,309,223
Ending net assets	<u>\$ 288,490</u>	<u>\$ 118,855</u>	<u>\$ 2,210,270</u>	<u>\$ 2,617,615</u>	<u>\$ 2,423,034</u>

City of Alma, Michigan  
**Combining Statement of Cash Flows**  
Internal Service Funds  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	Administrative Services	Buildings and Grounds Maintenance	Equipment Pool and Central Garage	Totals	
				30-Jun-07	30-Jun-06
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 791,613	\$ 503,834	\$ 1,038,974	\$ 2,334,421	\$ 2,313,228
Payments to vendors	(110,091)	(29,713)	(121,081)	(260,885)	(315,061)
Payments to employees	(507,499)	(392,231)	(503,671)	(1,403,401)	(1,412,070)
Internal activity-payments to other funds	(11,033)	(75,784)	(75,104)	(161,921)	(225,448)
Other payments	(168,933)	(17,602)	(45,222)	(231,757)	(39,839)
Net cash provided (used) from operating	<u>(5,943)</u>	<u>(11,496)</u>	<u>293,896</u>	<u>276,457</u>	<u>320,810</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Sale of scrap metal	-	215	1,593	1,808	21,021
Insurance proceeds	-	-	3,266	3,266	2,047
Net cash provided from noncapital financing activities	<u>-</u>	<u>215</u>	<u>4,859</u>	<u>5,074</u>	<u>23,068</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisitions of capital assets	(37,853)	(6,355)	(68,299)	(112,507)	(273,036)
Proceeds from sales of capital assets	-	-	27,168	27,168	25,295
Net cash used for capital and related financing	<u>(37,853)</u>	<u>(6,355)</u>	<u>(41,131)</u>	<u>(85,339)</u>	<u>(247,741)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest and dividends	9,507	1,220	57,210	67,937	42,707
Purchase of investments	50,043	15,926	(133,102)	(67,133)	(76,703)
Net cash provided (used) from investing	<u>59,550</u>	<u>17,146</u>	<u>(75,892)</u>	<u>804</u>	<u>(33,996)</u>
Net increase (decrease) in cash	15,754	(490)	181,732	196,996	62,141
Beginning cash balance	35,383	4,579	134,631	174,593	112,452
Ending cash balance	<u>\$ 51,137</u>	<u>\$ 4,089</u>	<u>\$ 316,363</u>	<u>\$ 371,589</u>	<u>\$ 174,593</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>					
Operating income	\$ (21,661)	\$ (28,579)	\$ 81,645	\$ 31,405	\$ 35,904
Depreciation expense	26,137	12,123	180,243	218,503	265,347
Change in assets and liabilities:					
Decrease in receivables	(17,433)	(2,790)	1,373	(18,850)	3,358
Decrease in inventory and prepaid expense	13,324	5,319	37,493	56,136	(7,347)
Increase in accounts and wages payable	(6,310)	2,431	(6,858)	(10,737)	23,548
Net cash provided (used) by operating activities	<u>\$ (5,943)</u>	<u>\$ (11,496)</u>	<u>\$ 293,896</u>	<u>\$ 276,457</u>	<u>\$ 320,810</u>

City of Alma, Michigan  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Administrative Services Fund  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Internal service charges	\$ 738,349	\$ 738,349	\$ 657,446	\$ (80,903)	\$ 754,581
Charges for services	5,000	5,000	3,129	(1,871)	100
Total operating revenues	<u>743,349</u>	<u>743,349</u>	<u>660,575</u>	<u>(82,774)</u>	<u>754,681</u>
<b>OPERATING EXPENSES</b>					
Accounting	341,841	341,841	292,854	(48,987)	304,775
Information systems	123,147	123,147	110,942	(12,205)	122,528
Engineering	216,595	216,595	220,663	4,068	212,084
Administration	36,341	36,341	31,640	(4,701)	25,264
Depreciation	81,124	81,124	26,137	26,137	48,525
Total operating expenses	<u>799,048</u>	<u>799,048</u>	<u>682,236</u>	<u>(35,688)</u>	<u>713,176</u>
Operating income (loss)	<u>(55,699)</u>	<u>(55,699)</u>	<u>(21,661)</u>	<u>(47,086)</u>	<u>41,505</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	7,100	7,100	11,261	11,261	9,153
Change in net assets	(48,599)	(48,599)	(10,400)	38,199	50,658
Beginning net assets	298,890	298,890	298,890	-	248,232
Ending net assets	<u>\$ 250,291</u>	<u>\$ 250,291</u>	<u>\$ 288,490</u>	<u>\$ 38,199</u>	<u>\$ 298,890</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenses and Changes in Net Assets  
 Budget and Actual  
 Buildings and Grounds Maintenance Fund  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Internal service charges	\$ 562,355	\$ 562,355	\$ 506,624	\$ (55,731)	\$ 484,519
Total operating revenues	<u>562,355</u>	<u>562,355</u>	<u>506,624</u>	<u>(55,731)</u>	<u>484,519</u>
<b>OPERATING EXPENSES</b>					
Buildings and grounds maintenance	569,441	569,441	523,080	(46,361)	504,280
Depreciation	14,000	14,000	12,123	12,123	12,018
Total operating expenses	<u>583,441</u>	<u>583,441</u>	<u>535,203</u>	<u>(34,238)</u>	<u>516,298</u>
Operating income (loss)	<u>(21,086)</u>	<u>(21,086)</u>	<u>(28,579)</u>	<u>(21,493)</u>	<u>(31,779)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	2,100	2,100	1,336	(764)	2,491
Other revenue	-	-	215	215	-
Nonoperating revenues (expenses)	<u>2,100</u>	<u>2,100</u>	<u>1,551</u>	<u>(549)</u>	<u>2,491</u>
Change in net assets	(18,986)	(18,986)	(27,028)	(8,042)	(29,288)
Beginning net assets	145,883	145,883	145,883	-	175,171
Ending net assets	<u>\$ 126,897</u>	<u>\$ 126,897</u>	<u>\$ 118,855</u>	<u>\$ (8,042)</u>	<u>\$ 145,883</u>

City of Alma  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Equipment Pool and Central Garage Fund  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Internal service charges	\$ 1,156,844	\$ 1,156,844	\$ 1,027,792	\$ (129,052)	\$ 1,070,670
Charges for service	-	-	9,809	9,809	-
Total operating revenues	<u>1,156,844</u>	<u>1,156,844</u>	<u>1,037,601</u>	<u>(119,243)</u>	<u>1,070,670</u>
<b>OPERATING EXPENSES</b>					
Facility maintenance	57,670	57,670	53,796	(3,874)	45,772
Public works services	565,832	567,903	431,821	(136,082)	493,921
Equipment maintenance	344,726	344,726	290,096	(54,630)	239,203
Depreciation	190,000	190,000	180,243	(9,757)	204,804
Total operating expenses	<u>1,158,228</u>	<u>1,160,299</u>	<u>955,956</u>	<u>(204,343)</u>	<u>983,700</u>
Operating income (loss)	<u>(1,384)</u>	<u>(3,455)</u>	<u>81,645</u>	<u>85,100</u>	<u>86,970</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	40,000	40,000	69,245	29,245	39,139
Other revenue	-	-	1,593	1,593	21,021
Gain on sale of assets	-	-	15,468	15,468	4,056
Insurance proceeds	-	-	3,266	3,266	2,047
Nonoperating revenues (expenses)	<u>40,000</u>	<u>40,000</u>	<u>89,572</u>	<u>49,572</u>	<u>66,263</u>
Change in net assets	38,616	36,545	171,217	134,672	153,233
Beginning net assets, as restated	2,039,053	2,039,053	2,039,053	-	1,885,820
Ending net assets	<u>\$ 2,077,669</u>	<u>\$ 2,075,598</u>	<u>\$ 2,210,270</u>	<u>\$ 134,672</u>	<u>\$ 2,039,053</u>

## AGENCY FUND

Agency Funds are used to account for assets held by the City as an agency for individuals, private organizations other governments and/or funds.

### AGENCY FUND

Monies collected on behalf of the City and other entities are received and disbursed through the General Agency Fund. The Gratiot Community Airport Commission is consolidated in the General Agency Fund. More detailed schedules of activity for the Gratiot Community Airport Commission are included in the footnotes. There is a section for the joint venture included after the combining statements for the City.

City of Alma, Michigan  
**Statement of Changes in Assets and Liabilities**  
 Agency Fund  
 For the Year Ended June 30, 2007

	Balance 6/30/2006	Additions	Deletions	Balance 6/30/2007
<b>ASSETS</b>				
Cash and investments	\$ 183,295	\$ 5,543,507	\$ (5,607,650)	\$ 119,152
Receivables, net	5	10,865	(1,262)	9,608
<b>Total assets</b>	<b>\$ 183,300</b>	<b>\$ 5,554,372</b>	<b>\$ (5,608,912)</b>	<b>\$ 128,760</b>
<b>LIABILITIES</b>				
Current payables	\$ 20,004	\$ 10,227	\$ (29,303)	\$ 928
Due to other governments	163,296	5,289,463	(5,324,927)	127,832
<b>Total liabilities</b>	<b>\$ 183,300</b>	<b>\$ 5,299,690</b>	<b>\$ (5,354,230)</b>	<b>\$ 128,760</b>

## COMPONENT UNITS

### ALMA DOWNTOWN DEVELOPMENT AUTHORITY

The Alma Downtown Development Authority is responsible for the correction and prevention of the deterioration of the central business district, to encourage historic preservation, to authorize the creation and implementation of development plans within the business district and to promote the economic growth of the business district.

### ALMA LOCAL DEVELOPMENT FINANCING AUTHORITY

The Local Development Financing Authority is responsible for providing infrastructure improvements in Alma's industrial district.

### ALMA PUBLIC LIBRARY

The Alma Public Library receives revenues from the state, private donations, and penal fine distributions. The City of Alma, the primary government, also contributes to the Library.

### ALMA HOUSING COMMISSION

The Alma Housing Commission provides low income housing by operating subsidized low-income housing and rent vouchers.

City of Alma, Michigan  
**Statement of Net Assets**  
Alma Downtown Development Authority Component Unit  
June 30, 2007 and June 30, 2006

	30-Jun-07	30-Jun-06
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,649	\$ 2,880
Investments	20,364	17,891
Receivables, net	2,032	885
Due from other units	133	133
Prepaid items	-	137
 Total current assets	 <u>29,178</u>	 <u>21,926</u>
Noncurrent assets:		
Land	8,000	8,000
Buildings and Improvements	43,728	12,000
Less accumulated depreciation	(350)	(50)
 Total noncurrent assets	 <u>51,378</u>	 <u>19,950</u>
 Total assets	 <u>80,556</u>	 <u>41,876</u>
 <b>LIABILITIES</b>		
Current liabilities:		
Current payables and accrued expenses	31,728	898
Portion of long term liabilities due within one year	648	563
 Total current liabilities	 <u>32,376</u>	 <u>1,461</u>
Noncurrent liabilities:		
Portion of long term liabilities due in more than one year	2,079	2,057
 Total noncurrent liabilities	 <u>2,079</u>	 <u>2,057</u>
 Total liabilities	 <u>34,455</u>	 <u>3,518</u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	21,378	19,950
Unrestricted	24,723	18,408
 Total net assets	 <u>\$ 46,101</u>	 <u>\$ 38,358</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenses and Changes in Net Assets  
 Budget and Actual  
 Alma Downtown Development Authority Component Unit  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ -	\$ -	\$ 2,800	\$ 2,800	\$ -
Other revenue	134	134	135	1	20,135
Total operating revenues	<u>134</u>	<u>134</u>	<u>2,935</u>	<u>2,801</u>	<u>20,135</u>
<b>OPERATING EXPENSES</b>					
Community development	34,919	34,919	26,809	(8,110)	27,468
Depreciation	-	-	300	300	50
Total operating expenses	<u>34,919</u>	<u>34,919</u>	<u>27,109</u>	<u>(7,810)</u>	<u>27,518</u>
Operating income (loss)	(34,785)	(34,785)	(24,174)	10,611	(7,383)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	24,449	24,449	24,274	(175)	23,564
Intergovernmental	6,000	6,000	6,000	-	6,000
Investment income	1,200	1,200	1,643	443	1,165
Nonoperating revenues (expenses)	<u>31,649</u>	<u>31,649</u>	<u>31,917</u>	<u>268</u>	<u>30,729</u>
Change in net assets	(3,136)	(3,136)	7,743	10,879	23,346
Beginning net assets	38,358	38,358	38,358	-	15,012
Ending net assets	<u>\$ 35,222</u>	<u>\$ 35,222</u>	<u>\$ 46,101</u>	<u>\$ 10,879</u>	<u>\$ 38,358</u>

City of Alma, Michigan  
**Statement of Cash Flows**  
Alma Downtown Development Authority Component Unit  
For the Year Ended June 30, 2007

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 2,018
Payments to vendors	396
Payments to employees	(21,406)
Internal services-payments to other funds	(2,869)
Other payments	(1,856)

Net cash used from operating activities	<u>(23,717)</u>
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**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Taxes	24,178
Subsidies from other governments	6,000

Net cash provided from noncapital financing activities	<u>30,178</u>
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**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Acquisitions of capital assets	(31,728)
Proceeds from general fund loan	30,000
Interest paid on capital debt	-

Net cash used from capital financing activities	<u>(1,728)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	1,508
Purchase of investments	(2,472)

Net cash used by investing activities	<u>(964)</u>
---------------------------------------	--------------

Net increase (decrease) in cash	3,769
Beginning cash balance	<u>2,880</u>
Ending cash balance	<u>\$ 6,649</u>

**Reconciliation of operating income to net cash provided by operating activities**

Operating income (loss)	\$ (24,174)
Depreciation expense	300
Change in assets and liabilities:	
Increase in accounts receivable	(917)
Decrease in prepaid items	137
Decrease in accounts and wages payable	937

Net cash provided by operating activities	<u>\$ (23,717)</u>
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City of Alma, Michigan  
**Statement of Net Assets and Governmental Fund Balance Sheet**  
 Local Development Financing Authority Component Unit  
 June 30, 2007 and June 30, 2006

	30-Jun-07	Adjustments	Statement of Net Assets	30-Jun-06
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 15,711	\$ -	\$ 15,711	\$ 8,421
Investments	48,120	-	48,120	52,322
Receivables, net	1,347	-	1,347	957
 Total assets	<u>65,178</u>	<u>-</u>	<u>65,178</u>	<u>61,700</u>
<b>FUND BALANCES</b>				
Unreserved	<u>\$ 65,178</u>	(65,178)	-	-
 <b>NET ASSETS</b>				
Unrestricted		65,178	65,178	61,700
 Total net assets		<u>\$ -</u>	<u>\$ 65,178</u>	<u>\$ 61,700</u>

City of Alma, Michigan  
Statement of Activities and Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund  
Local Development Financing Authority Component Unit  
For the Year Ended June 30, 2007

	<u>Local Development Finance Authority</u>
<b>REVENUE</b>	
Investment income	\$ 3,478
	<hr/>
Total revenues	3,478
<b>EXPENDITURES/EXPENSES</b>	
Current:	
Community development	-
	<hr/>
Total expenditures/expenses	-
	<hr/>
Net change in fund balance	3,478
Change in net assets	
Beginning fund balance/net assets	61,700
Ending fund balance/net assets	<u>\$ 65,178</u>

City of Alma, Michigan  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual  
 Local Development Financing Authority Component Unit  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>REVENUES</b>					
Investment income	\$ 2,500	\$ 2,500	\$ 3,478	\$ 978	\$ 2,948
Total operating revenues	<u>2,500</u>	<u>2,500</u>	<u>3,478</u>	<u>978</u>	<u>2,948</u>
<b>EXPENDITURES</b>					
Community development	-	-	-	-	13,829
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,829</u>
Change in net assets	2,500	2,500	3,478	978	(10,881)
Beginning net assets	61,700	61,700	61,700	-	72,581
Ending net assets	<u>\$ 64,200</u>	<u>\$ 64,200</u>	<u>\$ 65,178</u>	<u>\$ 978</u>	<u>\$ 61,700</u>

City of Alma, Michigan  
**Statement of Net Assets**  
Alma Public Library Component Unit  
June 30, 2007 and June 30, 2006

	30-Jun-07	30-Jun-06
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 428,239	\$ 3,095,202
Investments	231,770	287,406
Receivables, net	6,231	3,503
Due from other units	180,882	164,057
Inventories	2,710	2,710
Prepaid items	125	630
Restricted cash	57,259	29,526
	<u>907,216</u>	<u>3,583,034</u>
Noncurrent assets:		
Land	25,000	25,000
Construction in progress	21,462	689,585
Land Improvements	6,221	6,221
Buildings and Improvements	3,789,984	417,336
Equipment	209,367	180,894
Books	940,147	911,803
Less accumulated depreciation	(1,064,313)	(993,020)
	<u>3,927,868</u>	<u>1,237,819</u>
Total assets	<u>4,835,084</u>	<u>4,820,853</u>
<b>LIABILITIES</b>		
Current liabilities:		
Current payables and accrued expenses	179,873	272,153
Portion of noncurrent liabilities due within one year	144,968	137,625
	<u>324,841</u>	<u>409,778</u>
Noncurrent liabilities:		
Compensated absences	23,751	19,531
Bonds payable, net of unamortized discount	3,088,500	3,218,500
	<u>3,112,251</u>	<u>3,238,031</u>
Total liabilities	<u>3,437,092</u>	<u>3,647,809</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	709,368	1,067,994
Unrestricted	688,624	105,050
Total net assets	<u>\$ 1,397,992</u>	<u>\$ 1,173,044</u>

City of Alma, Michigan  
**Statement of Revenues, Expenses and Changes in Net Assets**  
 Budget and Actual  
 Alma Public Library Component Unit  
 For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06
	Budgeted Amounts		Actual	Budget Variance	Actual
	Original	Final			
<b>OPERATING REVENUES</b>					
Charges for services	\$ 9,750	\$ 9,750	\$ 7,585	\$ (2,165)	\$ 8,918
Fines and forfeits	1,400	1,400	1,418	18	1,186
Other revenue	800	800	57,632	56,832	70,133
Total operating revenues	<u>11,950</u>	<u>11,950</u>	<u>66,635</u>	<u>54,685</u>	<u>80,237</u>
<b>OPERATING EXPENSES</b>					
Facility maintenance	36,806	36,806	28,432	(8,374)	30,391
Library services	464,662	464,662	458,458	(6,204)	445,054
Depreciation	-	-	71,294	71,294	56,414
Total operating expenses	<u>501,468</u>	<u>501,468</u>	<u>558,184</u>	<u>56,716</u>	<u>531,859</u>
Operating income (loss)	(489,518)	(489,518)	(491,549)	(2,031)	(451,622)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Taxes	293,730	293,730	294,081	351	281,875
Intergovernmental	488,811	488,811	484,450	(4,361)	434,122
Investment income	13,700	13,700	71,052	57,352	144,243
Interest expense and fiscal charges	(263,448)	(263,448)	(133,086)	130,362	(144,826)
Nonoperating revenues (expenses)	<u>532,793</u>	<u>532,793</u>	<u>716,497</u>	<u>183,704</u>	<u>715,414</u>
Change in net assets	43,275	43,275	224,948	181,673	263,792
Beginning net assets	1,173,044	1,173,044	1,173,044	-	909,252
Ending net assets	<u>\$ 1,216,319</u>	<u>\$ 1,216,319</u>	<u>\$ 1,397,992</u>	<u>\$ 181,673</u>	<u>\$ 1,173,044</u>

City of Alma, Michigan  
**Statement of Cash Flows**  
Alma Public Library Component Unit  
For the Year Ended June 30, 2007

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 66,619
Payments to vendors	(190,502)
Payments to employees	(252,658)
Internal services-payments to other funds	(88,828)
Other payments	(32,403)

Net cash used from operating activities	<u>(497,772)</u>
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**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Taxes	284,486
Subsidies from other governments	467,625

Net cash provided from noncapital financing activities	<u>752,111</u>
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**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Acquisitions of capital assets	(2,761,343)
Principal paid on capital debt	(125,000)
Interest paid on capital debt	(138,448)

Net cash used from capital financing activities	<u>(3,024,791)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	75,585
Purchase of investments	55,637

Net cash provided from investing activities	<u>131,222</u>
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Net increase (decrease) in cash	(2,639,230)
Beginning cash balance	3,124,728
Ending cash balance	<u>\$ 485,498</u>

**Reconciliation of operating income to net cash provided by operating activities**

Operating income (loss)	\$ (491,549)
Depreciation expense	71,294
Change in assets and liabilities:	
Increase in accounts receivable	(16)
Decrease in prepaid items	505
Decrease in accounts and wages payable	(78,006)

Net cash provided by operating activities	<u>\$ (497,772)</u>
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## JOINT VENTURE

### GRATIOT COMMUNITY AIRPORT

The Gratiot Community Airport is a joint venture between the City of Alma and Gratiot County. The City maintains the accounting records for the joint venture.

City of Alma, Michigan  
**Comparative Statement of Net Assets**  
 Gratiot Community Airport  
 June 30, 2007 with Comparative Totals for June 30, 2006

	30-Jun-07	30-Jun-06
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 37,230	\$ 18,228
Investments	114,032	113,254
Receivables, net	10,128	27,173
Due from other units	28,283	28,028
Prepaid items	3,930	3,994
Total current assets	193,603	190,677
Noncurrent assets:		
Land	208,000	208,000
Construction in Progress	900	-
Land Improvements	477,301	477,301
Buildings and Improvements	561,648	557,498
Equipment	40,976	40,976
Less accumulated depreciation	(473,149)	(436,657)
Total noncurrent assets	815,676	847,118
Total assets	1,009,279	1,037,795
 <b>LIABILITIES</b>		
Current liabilities:		
Current payables	3,143	6,985
Total liabilities	3,143	6,985
 <b>NET ASSETS</b>		
Invested in capital assets	815,676	847,118
Unrestricted	190,460	183,692
Total net assets	\$ 1,006,136	\$ 1,030,810

City of Alma  
Schedule of Revenues, Expenses and Changes in Net Assets  
Budget and Actual  
Gratiot Community Airport  
For the Year Ended June 30, 2007, with Comparative Totals for June 30, 2006

	June 30, 2007				Year Ended June-06 Actual
	Budgeted Amounts		Actual	Budget Variance	
	Original	Final			
<b>OPERATING REVENUES</b>					
Licenses and permits	\$ 200	\$ 200	\$ 100	\$ (100)	\$ 300
Charges for services	50,000	50,000	56,655	6,655	53,031
Other revenue	9,500	9,500	5,704	(3,796)	6,382
Total operating revenues	<u>59,700</u>	<u>59,700</u>	<u>62,459</u>	<u>2,759</u>	<u>59,713</u>
<b>OPERATING EXPENSES</b>					
Facility maintenance	13,100	13,100	9,182	(3,918)	7,268
Winter maintenance	20,720	20,720	20,130	(590)	21,684
Airport operations	71,404	71,404	77,140	5,736	70,945
Depreciation	-	-	36,492	36,492	37,733
Total operating expenses	<u>105,224</u>	<u>105,224</u>	<u>142,944</u>	<u>37,720</u>	<u>137,630</u>
Operating income (loss)	(45,524)	(45,524)	(80,485)	(34,961)	(77,917)
<b>NONOPERATING REVENUES</b>					
Intergovernmental	884,942	884,942	47,818	(837,124)	52,650
Investment income	5,400	5,400	7,993	2,593	5,512
Nonoperating revenues	<u>890,342</u>	<u>890,342</u>	<u>55,811</u>	<u>(834,531)</u>	<u>58,162</u>
Change in net assets before capital contribution	844,818	844,818	(24,674)	(869,492)	(19,755)
Capital contribution	-	-	-	-	388,449
Beginning net assets	<u>1,030,810</u>	<u>1,030,810</u>	<u>1,030,810</u>	<u>-</u>	<u>662,116</u>
Ending net assets	<u>\$ 1,875,628</u>	<u>\$ 1,875,628</u>	<u>\$ 1,006,136</u>	<u>\$ (869,492)</u>	<u>\$ 1,030,810</u>

## SCHEDULE OF INDEBTEDNESS

City of Alma, Michigan  
**Schedule of Bond and Note Indebtedness**  
 June 30, 2007

	Interest Rate	Date of Maturity	Outstanding as of June 30,	
			2007	2006
<b>Enterprise Funds</b>				
Water Utility Fund	5.10%	May 1, 2007	\$ -	\$ 60,000
1995 Water Revenue Bonds	5.20%	May 1, 2008	65,000	65,000
Issued: December 12, 1995	5.30%	May 1, 2009	70,000	70,000
Original issue: \$750,000; The Statement of Net Assets includes \$3,055 of unamortized discount.	5.40%	May 1, 2010	75,000	75,000
Total 1995 Water Revenue Bonds			\$ 210,000	\$ 270,000

	3.75%	May 1, 2007	\$ -	\$ 70,000
Wastewater Utility Fund	3.75%	May 1, 2008	75,000	75,000
2005 Capital Improvement Limited Tax	3.75%	May 1, 2009	75,000	75,000
General Obligation Bonds	3.75%	May 1, 2010	80,000	80,000
Issued: June 1, 2005	3.75%	May 1, 2011	80,000	80,000
Original issue: \$2,000,000; The Statement of Net Assets includes \$20,539 of unamortized discount.	3.75%	May 1, 2012	85,000	85,000
	3.80%	May 1, 2013	85,000	85,000
	3.80%	May 1, 2014	90,000	90,000
	3.80%	May 1, 2015	95,000	95,000
	3.80%	May 1, 2016	100,000	100,000
	3.85%	May 1, 2017	105,000	105,000
	3.90%	May 1, 2018	105,000	105,000
	3.95%	May 1, 2019	110,000	110,000
	4.00%	May 1, 2020	115,000	115,000
	4.10%	May 1, 2021	120,000	120,000
	4.15%	May 1, 2022	125,000	125,000
	4.20%	May 1, 2023	130,000	130,000
	4.25%	May 1, 2024	140,000	140,000
	4.30%	May 1, 2025	145,000	145,000
Total 2005 Wastewater General Obligation Bonds			\$ 1,860,000	\$ 1,930,000

	3.625%	May 1, 2007	\$ -	\$ 80,000
Water Utility Fund	3.750%	May 1, 2008	85,000	85,000
2005 Capital Improvement Limited Tax	3.875%	May 1, 2009	90,000	90,000
General Obligation Bonds	4.000%	May 1, 2010	90,000	90,000
Issued: December 29, 2005	4.000%	May 1, 2011	95,000	95,000
Original issue: \$2,500,000; The Statement of Net Assets includes \$29,687 of unamortized discount.	4.000%	May 1, 2012	100,000	100,000
	4.000%	May 1, 2013	105,000	105,000
	4.000%	May 1, 2014	110,000	110,000
	4.000%	May 1, 2015	115,000	115,000
	4.000%	May 1, 2016	115,000	115,000
	4.000%	May 1, 2017	125,000	125,000
	4.000%	May 1, 2018	130,000	130,000
	4.000%	May 1, 2019	135,000	135,000
	4.000%	May 1, 2020	140,000	140,000
	4.000%	May 1, 2021	145,000	145,000
	4.000%	May 1, 2022	155,000	155,000
	4.150%	May 1, 2023	160,000	160,000

	4.150%	May 1, 2024	170,000	170,000
	4.250%	May 1, 2025	175,000	175,000
	4.250%	May 1, 2026	180,000	180,000
Total 2005 Water General Obligation Bonds			\$ 2,420,000	\$ 2,500,000

	4.05%	May 1, 2007	\$ -	-
	4.05%	May 1, 2008	25,000	-
	4.10%	May 1, 2009	25,000	-
	4.15%	May 1, 2010	25,000	-
	4.20%	May 1, 2011	25,000	-
	4.25%	May 1, 2012	25,000	-
	4.30%	May 1, 2013	30,000	-
	4.35%	May 1, 2014	30,000	-
	4.40%	May 1, 2015	30,000	-
	4.45%	May 1, 2016	35,000	-
	4.50%	May 1, 2017	35,000	-
	4.55%	May 1, 2018	35,000	-
	4.60%	May 1, 2019	40,000	-
	4.65%	May 1, 2020	40,000	-
	4.70%	May 1, 2021	40,000	-
	4.75%	May 1, 2022	45,000	-
Total 2006 Water & Wastewater General Obligation Bonds			\$ 485,000	\$ -

	4.05%	May 1, 2007	\$ -	-
	4.05%	May 1, 2008	20,000	-
	4.10%	May 1, 2009	25,000	-
	4.15%	May 1, 2010	35,000	-
	4.20%	May 1, 2011	35,000	-
	4.25%	May 1, 2012	35,000	-
	4.30%	May 1, 2013	35,000	-
	4.35%	May 1, 2014	35,000	-
	4.40%	May 1, 2015	35,000	-
	4.45%	May 1, 2016	35,000	-
	4.50%	May 1, 2017	35,000	-
	4.55%	May 1, 2018	35,000	-
	4.60%	May 1, 2019	35,000	-
	4.65%	May 1, 2020	35,000	-
	4.70%	May 1, 2021	35,000	-
	4.75%	May 1, 2022	35,000	-
Total 2006 Water & Wastewater Special Assessment Bonds			\$ 500,000	\$ -

Total Enterprise Funds \$ 5,475,000 \$ 4,700,000

Governmental Funds and Component Unit	Interest Rate	Date of Maturity	Outstanding as of June 30,	
			2007	2006
2000 General Obligation Street Improvement Bonds - Warwick Drive and Heather Lane	5.10%	May 1, 2007	\$ -	75,000
Issued: February 1, 2000	5.30%	May 1, 2008	80,000	80,000
	5.40%	May 1, 2009	85,000	85,000

Original Issue: \$615,000  
 Total 2000 GO Street Improvement Bonds

		\$ 165,000	\$ 240,000

2000 Special Assessment Street  
 Improvement Bonds - Warwick Drive and  
 Heather Lane  
 Issued: February 1, 2000  
 Original Issue: \$675,000  
 Total 2000 Special Assessment Street Bonds

Interest Rate	Date of Maturity	Outstanding as of June 30,	
		2007	2006
5.20%	May 1, 2007	\$ -	\$ 75,000
5.30%	May 1, 2008	75,000	75,000
5.40%	May 1, 2009	75,000	75,000
		\$ 150,000	\$ 225,000

2000 Installment Purchase Contract  
 Right away Heather Lane  
 Issued: November 9, 1999  
 Original Issue: \$375,000  
 Total 2000 Installment Purchase Contract

Interest Rate	Date of Maturity	Outstanding as of June 30,	
		2007	2006
5.20%	May 1, 2007	\$ -	\$ 45,000
5.30%	May 1, 2008	45,000	45,000
5.40%	May 1, 2009	45,000	45,000
4.9273%	Annually	\$ 90,000	\$ 135,000

2005 General Obligation Unlimited Tax Bond  
 Library Expansion  
 Issued: June 1, 2005  
 Original Issue: \$3,500,000; The Statement of Net  
 Assets includes \$33,250 in unamortized discount.

Interest Rate	Date of Maturity	Outstanding as of June 30,	
		2007	2006
4.00%	June 1, 2007	\$ -	\$ 125,000
4.00%	June 1, 2008	130,000	130,000
4.00%	June 1, 2009	135,000	135,000
4.00%	June 1, 2010	140,000	140,000
4.00%	June 1, 2011	140,000	140,000
4.00%	June 1, 2012	145,000	145,000
4.00%	June 1, 2013	155,000	155,000
4.00%	June 1, 2014	160,000	160,000
4.00%	June 1, 2015	165,000	165,000
4.00%	June 1, 2016	170,000	170,000
4.00%	June 1, 2017	180,000	180,000
4.00%	June 1, 2018	185,000	185,000
4.05%	June 1, 2019	195,000	195,000
4.10%	June 1, 2020	200,000	200,000
4.15%	June 1, 2021	210,000	210,000
4.20%	June 1, 2022	220,000	220,000
4.25%	June 1, 2023	230,000	230,000
4.30%	June 1, 2024	240,000	240,000
4.35%	June 1, 2025	250,000	250,000
		\$ 3,250,000	\$ 3,375,000

Total 2005 General Obligation Bond

Total Governmental Funds and Component Unit

\$ 3,655,000 \$ 3,975,000

Total Long-Term Bond and Note  
 Debt- All Funds

\$ 9,130,000 \$ 8,675,000

## STATISTICAL SECTION

## Statistical Section

This part of the City of Alma's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Changes in Net Assets</b>	<b>138</b>
These schedules contain information to help the reader understand how the financial position has changed over time.	
<b>Financial Trends</b>	<b>140</b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>145</b>
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	
<b>Debt Capacity</b>	<b>151</b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b>	<b>156</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
<b>Operating Information</b>	<b>158</b>
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of Alma implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Table 1

City of Alma, Michigan  
**Changes in Net Assets**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Expenses</b>										
Governmental activities:										
Economic Development	\$ -	\$ -	\$ -	\$ -	\$ 385,761	\$ 442,589	\$ 909,686	\$ 507,454	\$ 458,567	\$ 367,968
Community Safety	-	-	-	-	1,505,290	1,530,039	1,726,504	1,845,335	1,861,105	1,866,231
Property Maintenance	-	-	-	-	646,606	664,717	426,074	424,979	400,452	462,024
Transportation	-	-	-	-	1,120,951	1,162,323	1,244,766	1,352,456	1,155,820	1,289,974
Recreation & Culture	-	-	-	-	292,541	321,612	626,498	587,676	620,657	656,351
Legislative	-	-	-	-	82,698	85,138	90,390	109,743	101,578	111,556
Administrative Services	-	-	-	-	297,502	373,400	354,837	321,924	327,708	324,370
Interest on Long Term Debt	-	-	-	-	91,629	74,196	62,712	57,705	36,148	29,660
Total governmental activities expenses	-	-	-	-	<b>4,422,978</b>	<b>4,654,014</b>	<b>5,441,467</b>	<b>5,207,272</b>	<b>4,962,035</b>	<b>5,108,134</b>
Business-type expenses										
State Street Plaza	-	-	-	-	48,610	49,709	53,085	52,973	50,960	48,489
Transit Services	-	-	-	-	558,150	572,431	594,037	615,085	595,833	581,928
Sewer	-	-	-	-	802,637	995,976	856,111	861,200	969,814	1,006,020
Water	-	-	-	-	877,973	969,976	993,336	940,382	1,077,069	1,106,685
Refuse Collection	-	-	-	-	409,316	451,554	503,053	437,976	509,578	445,502
Total business-type activities expenses	-	-	-	-	<b>2,696,686</b>	<b>3,039,646</b>	<b>2,999,622</b>	<b>2,907,616</b>	<b>3,203,254</b>	<b>3,188,624</b>
Total primary government expenses	-	-	-	-	<b>7,119,664</b>	<b>7,693,660</b>	<b>8,441,089</b>	<b>8,114,888</b>	<b>8,165,289</b>	<b>8,296,758</b>
<b>Program Revenues</b>										
Governmental activities: Revenues										
Charges for services	-	-	-	-	50,927	111,477	171,465	54,482	279,453	80,431
Community Development	-	-	-	-	203,837	235,081	251,699	250,073	339,238	296,120
Community Safety	-	-	-	-	56,162	59,095	75,865	57,960	64,252	62,034
Property Maintenance	-	-	-	-	123,903	92,772	174,213	117,924	383,166	241,207
Transportation	-	-	-	-	42,847	109,843	36,631	30,979	295,615	76,978
Recreation & Culture	-	-	-	-	191	386	50	3,085	3,055	134
Legislative	-	-	-	-	3,356	4,184	1,213	623	1,561	1,206
Administrative Services	-	-	-	-	67,548	-	89,089	86,506	-	-
Interest	-	-	-	-	895,611	602,463	846,929	1,323,158	1,166,878	973,302
Operating grants & contributions	-	-	-	-	61,875	82,946	167,244	19,400	-	164,097
Capital grants & contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	-	-	-	-	<b>1,506,257</b>	<b>1,298,247</b>	<b>1,814,398</b>	<b>1,944,190</b>	<b>2,533,218</b>	<b>1,895,509</b>

continued

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Business-type activities: Revenues</b>										
Charges for services	-	-	-	-	79,047	63,288	41,081	39,542	43,858	44,191
State Street Plaza	-	-	-	-	73,297	66,307	66,534	64,676	77,730	69,044
Transit Services	-	-	-	-	722,286	674,937	708,893	685,968	930,414	1,225,993
Sewer	-	-	-	-	1,000,575	1,063,648	1,103,670	1,034,110	1,211,936	1,768,327
Water	-	-	-	-	471,797	478,024	473,052	464,606	469,948	473,325
Refuse Collection	-	-	-	-	315,364	288,891	298,338	439,058	260,247	257,417
Operating grants & contributions	-	-	-	-	154,399	308,397	44,965	-	125,521	119,260
Capital grants & contributions	-	-	-	-	2,816,765	2,943,492	2,736,533	2,727,960	3,119,654	3,957,557
Total business-type activities: program revenues	-	-	-	-	4,323,022	4,241,739	4,550,931	4,672,150	5,652,872	5,853,066
Total primary government program revenues	-	-	-	-	(2,916,721)	(3,355,767)	(3,627,069)	(3,263,082)	(2,428,817)	(3,212,625)
Net (expenses)/revenue	-	-	-	-	120,079	(96,154)	(263,089)	(179,656)	(83,600)	768,933
Governmental activities	-	-	-	-	(2,796,642)	(3,451,921)	(3,890,158)	(3,442,738)	(2,512,417)	(2,443,692)
Business-type activities:										
Total primary government net expenses	-	-	-	-	-	-	-	-	-	-
<b>General Revenues &amp; Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	-	-	-	-	2,356,169	2,225,123	2,373,574	2,387,317	2,462,946	2,415,955
Intergovernmental	-	-	-	-	1,421,775	1,262,367	1,457,643	1,175,817	1,165,766	1,130,645
Investment income	-	-	-	-	290,306	240,002	81,896	193,812	276,736	394,999
Other Revenue	-	-	-	-	77,057	56,881	38,270	77,029	192,347	24,766
Transfers	-	-	-	-	(200,000)	-	-	-	-	-
Total governmental activities	-	-	-	-	3,945,307	3,784,373	3,951,383	3,833,975	4,097,795	3,966,365
Business-type activities										
Property taxes	-	-	-	-	139,160	132,580	139,917	138,634	139,970	140,409
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	104,212	96,251	48,752	87,597	182,452	262,017
Other Revenue	-	-	-	-	-	17,604	6,003	5,167	6,231	2,324
Transfers	-	-	-	-	200,000	-	-	-	-	-
Total business-type activities	-	-	-	-	443,372	246,435	194,672	231,398	328,653	404,750
Change in Net Assets										
Governmental activities	-	-	-	-	1,028,586	428,606	324,314	570,893	1,668,978	754,740
Business-type activities	-	-	-	-	563,451	150,281	(68,417)	51,742	245,053	1,173,683
Total primary government	\$	\$	\$	\$	\$ 1,592,037	\$ 578,887	\$ 255,897	\$ 622,635	\$ 1,914,031	\$ 1,928,423

Table 2

City of Alma, Michigan  
**Net Assets By Component**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ 12,535,834	\$ 13,046,873	\$ 12,130,720	\$ 12,213,599	\$ 15,087,008	\$ 15,690,273
Restricted	-	-	-	-	2,333,471	2,443,447	774,703	1,248,587	880,253	880,253
Unrestricted	-	-	-	-	5,400,312	5,295,201	7,590,800	7,562,016	6,822,227	7,001,878
<b>Total governmental activities net assets</b>	-	-	-	-	<b>20,269,617</b>	<b>20,785,521</b>	<b>20,496,223</b>	<b>21,024,202</b>	<b>22,789,488</b>	<b>23,572,404</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	-	-	-	-	4,015,781	4,165,397	4,207,492	3,652,609	3,743,565	4,593,650
Restricted	-	-	-	-	112,063	109,774	168,426	173,854	-	-
Unrestricted	-	-	-	-	4,474,471	4,467,317	4,298,153	4,899,350	5,187,635	5,514,546
<b>Total business-type activities net assets</b>	-	-	-	-	<b>8,602,315</b>	<b>8,742,488</b>	<b>8,674,071</b>	<b>8,725,813</b>	<b>8,931,200</b>	<b>10,108,196</b>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	-	-	-	-	16,551,615	17,212,270	16,338,212	15,866,208	18,830,573	20,283,923
Restricted	-	-	-	-	2,445,534	2,553,221	943,129	1,422,441	880,253	880,253
Unrestricted	-	-	-	-	9,874,783	9,762,518	11,888,953	12,461,366	12,009,862	12,516,424
<b>Total primary government activities net assets</b>	\$ -	\$ -	\$ -	\$ -	<b>28,871,932</b>	<b>29,528,009</b>	<b>29,170,294</b>	<b>29,750,015</b>	<b>31,720,688</b>	<b>33,680,600</b>

Table 3

City of Alma, Michigan  
**Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund:</b>										
Reserved	\$ 129,684	\$ 128,366	\$ 149,023	\$ 125,001	\$ 16,062	\$ 50,861	\$ 30,998	\$ 63,764	\$ 42,190	\$ 176,362
Unreserved	2,290,922	2,530,943	2,565,207	3,048,811	3,232,602	3,376,593	3,427,819	2,993,596	3,059,914	2,326,731
<b>Total general fund</b>	<b>\$ 2,420,606</b>	<b>\$ 2,659,309</b>	<b>\$ 2,714,230</b>	<b>\$ 3,173,812</b>	<b>\$ 3,248,664</b>	<b>\$ 3,427,454</b>	<b>\$ 3,458,817</b>	<b>\$ 3,057,360</b>	<b>\$ 3,102,104</b>	<b>\$ 2,503,093</b>
<b>All other governmental funds:</b>										
Reserved	\$ 124,301	\$ 99,122	\$ 109,044	\$ 134,998	\$ 83,931	\$ 87,573	\$ 496,457	\$ 643,022	\$ 586,525	\$ 604,714
Unreserved, reported in:										
Special revenue funds	985,758	1,079,641	1,311,600	1,126,812	951,043	1,467,101	1,492,506	1,406,772	1,395,040	2,040,613
Capital projects funds	228,485	105,895	818,986	415,779	43,006	80,766	361,699	253,731	25,298	(43,082)
Permanent funds	650,456	647,004	649,404	683,114	707,204	727,545	709,201	727,331	735,340	745,662
<b>Total all other governmental funds</b>	<b>\$ 1,989,000</b>	<b>\$ 1,931,662</b>	<b>\$ 2,889,034</b>	<b>\$ 2,360,703</b>	<b>\$ 1,785,184</b>	<b>\$ 2,362,985</b>	<b>\$ 3,059,863</b>	<b>\$ 3,030,856</b>	<b>\$ 2,742,203</b>	<b>\$ 3,347,907</b>

Table 4

City of Alma, Michigan  
**Changes in Fund Balances of Governmental Funds**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Taxes	\$ 2,333,040	\$ 2,433,711	\$ 2,516,279	\$ 2,519,686	\$ 2,487,074	\$ 2,359,704	\$ 2,354,929	\$ 2,382,832	\$ 2,465,874	\$ 2,416,995
Licenses & Permits	50,717	55,026	68,018	77,680	70,825	79,163	77,649	77,492	97,441	131,643
Intergovernmental	2,062,318	2,105,346	2,069,341	2,097,884	2,290,637	1,946,776	2,341,068	2,119,848	2,332,644	2,268,042
Charges for Services	282,946	266,380	252,910	228,185	372,485	434,556	458,987	543,652	607,377	486,213
Fines & Forfeitures	20,545	25,277	22,813	22,576	27,744	33,099	22,394	27,331	22,956	25,779
Investment Income	184,822	194,130	246,577	366,658	281,490	214,961	109,926	212,479	263,114	352,745
Other Revenue	566,278	357,572	250,941	283,421	137,218	158,166	397,093	72,476	716,198	96,895
Total Revenues	5,500,666	5,437,442	5,426,879	5,596,090	5,667,473	5,226,425	5,762,046	5,436,110	6,505,604	5,778,312
<b>Expenditures</b>										
Economic Development	796,298	525,064	500,048	560,563	419,221	447,458	877,343	556,511	458,304	365,749
Community Safety	1,114,380	1,426,613	1,826,500	1,504,491	1,518,855	1,562,344	1,656,465	1,929,500	1,688,579	1,675,813
Parks & Properties	598,807	808,959	657,237	628,855	651,522	650,498	356,377	504,858	370,906	406,113
Transportation	517,501	785,741	618,101	636,158	732,719	665,737	701,634	803,550	749,469	767,574
Cultural & Community	448,985	506,474	89,775	36,864	293,191	321,509	539,871	543,721	558,928	579,132
Legislative Services	116,232	120,284	120,491	86,826	82,762	85,601	89,363	125,545	100,338	107,202
Administrative Services	286,185	298,846	308,180	298,798	302,006	376,379	333,338	313,157	326,437	318,909
Capital Outlay	646,937	591,082	1,643,487	1,279,560	1,389,038	428,232	416,959	1,210,613	2,318,931	1,318,107
Debt Service										
Principal	204,461	235,116	250,961	474,874	432,615	310,000	175,000	180,000	185,000	195,000
Interest	57,840	47,008	31,623	37,488	41,629	74,196	60,327	49,856	41,094	31,405
Total Expenditures	4,787,626	5,345,187	6,046,403	5,544,477	5,863,558	4,921,954	5,206,677	6,217,311	6,797,986	5,765,004
<b>Excess of Revenues over Expenditures</b>	<b>713,040</b>	<b>92,255</b>	<b>(619,524)</b>	<b>51,613</b>	<b>(196,085)</b>	<b>304,471</b>	<b>555,369</b>	<b>(781,201)</b>	<b>(292,382)</b>	<b>13,308</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In	266,630	388,453	502,810	489,922	682,992	408,296	729,003	1,094,359	733,260	546,343
Transfers Out	(608,391)	(275,423)	(524,534)	(665,028)	(827,117)	(408,296)	(729,003)	(700,831)	(733,260)	(546,343)
Proceeds from Installment Purchase	80,375	-	375,000	-	-	-	-	-	-	-
Bonds Issued	-	-	1,290,000	-	-	-	-	-	-	-
Total Other Financing	(261,386)	113,030	1,643,276	(175,106)	(144,125)	-	-	393,528	-	-
<b>Net Change in Fund Balance</b>	<b>\$ 451,654</b>	<b>\$ 205,285</b>	<b>\$ 1,023,752</b>	<b>\$ (123,493)</b>	<b>\$ (340,210)</b>	<b>\$ 304,471</b>	<b>\$ 555,369</b>	<b>\$ (387,673)</b>	<b>\$ (292,382)</b>	<b>\$ 13,308</b>
Debt Service as a Percentage of Noncapital Expenditures	6.33%	5.93%	6.42%	12.01%	10.60%	8.55%	4.91%	4.59%	5.05%	5.09%

City of Alma, Michigan  
**General Governmental Revenues By Source**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

Table 5

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines and Forfeits	Investment Income	Other Revenue	Bond/Note Proceeds	Total Revenues
1998	\$ 2,333,040	\$ 50,717	\$ 2,062,318	\$ 81,835	\$ 221,656	\$ 184,822	\$ 566,278	\$ 80,375	\$ 5,581,041
1999	2,453,945	55,026	2,105,346	75,545	216,112	210,223	357,572	-	5,473,769
2000	2,516,279	68,018	2,069,341	79,488	196,235	246,577	250,941	1,665,000	7,091,879
2001	2,519,686	77,680	2,097,884	228,185	22,576	366,658	283,421	-	5,596,090
2002	2,487,074	70,825	2,290,637	372,485	27,744	281,490	137,218	-	5,667,473
2003	2,359,704	79,163	1,946,776	434,556	33,099	214,961	158,166	-	5,226,425
2004	2,354,929	77,649	2,341,068	458,987	22,394	109,926	397,093	-	5,762,046
2005	2,382,832	77,492	2,513,375	543,652	27,331	212,480	72,476	-	5,829,638
2006	2,465,874	97,441	2,332,644	607,377	22,956	263,114	716,198	-	6,505,604
2007	2,416,995	131,643	2,268,042	486,213	25,779	352,745	96,895	-	5,778,312

Table 6

City of Alma, Michigan  
**Governmental Activities Tax Revenues By Source**  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

Fiscal Year	Real Property Taxes	Personal Property Taxes	Voted Property Taxes	Delinquent Personal Property	Tax Reverted Land Sale	Tax on Rented Land	Payment In Lieu of Taxes	Industrial/Commercial Facility Taxes	Tax Penalty & Interest	Tax Administration Fee	Total Taxes
1998	\$ 1,125,650	\$ 522,651	\$ 308,253	\$ 1,358	\$ -	\$ 811	\$ 12,884	\$ 283,856	\$ 15,308	\$ 62,369	\$ 2,333,140
1999	1,184,470	560,195	321,147	5,141	-	777	11,193	272,758	13,840	64,189	2,433,711
2000	1,228,061	642,287	317,519	4,657	-	791	13,447	227,026	15,443	67,047	2,516,279
2001	1,294,084	613,073	343,619	237	-	739	26,740	154,688	19,525	66,981	2,519,686
2002	1,316,342	530,959	388,949	3,089	-	760	23,788	142,250	18,043	62,894	2,487,074
2003	1,357,995	427,434	322,616	4,274	80	801	39,423	123,372	21,176	62,533	2,359,704
2004	1,392,681	425,627	264,234	433	10	773	37,469	144,013	27,161	62,528	2,354,929
2005	1,498,025	382,920	284,225	63	(25)	797	15,690	88,820	41,321	70,997	2,382,832
2006	1,547,958	372,469	293,698	4,617	-	819	16,274	119,021	34,140	76,878	2,465,874
2007	1,594,603	362,600	301,364	40	-	781	15,663	38,561	27,499	75,884	2,416,995

Table 7

City of Alma, Michigan  
**Assessed Value and Estimated Actual Value of Taxable Property**  
 Last Ten Fiscal Years

Fiscal Year	Real Property					Less Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
	Assessed Value Residential Property	Assessed Value Commercial Property	Assessed Value Industrial Property	Assessed Value Agricultural Property	Total Assessed Value Real Property					
1998	61,296,600	18,213,300	10,074,300	102,100	89,686,300	3,625,330	117,781,660	17.6558	242,813,980	50.00%
1999	66,793,400	20,284,400	10,578,300	110,800	97,766,900	7,568,699	123,999,801	17.6558	263,137,000	50.00%
2000	74,746,600	22,538,400	10,649,600	119,600	108,054,200	14,358,605	132,704,395	17.6886	294,126,000	50.00%
2001	79,524,700	23,604,700	9,499,800	122,400	112,751,600	16,800,544	131,869,956	17.5886	297,341,000	50.00%
2002	84,103,800	24,272,700	9,430,900	124,900	117,932,300	17,680,766	134,656,634	17.5886	304,674,800	50.00%
2003	87,143,800	25,106,000	8,618,200	134,500	121,002,500	17,246,941	131,849,759	17.1886	298,193,400	50.00%
2004	92,313,100	26,351,100	9,769,100	141,600	128,574,900	20,833,202	137,160,698	16.5816	315,967,800	50.00%
2005	97,150,400	27,183,400	11,625,900	142,100	136,101,800	21,965,272	138,896,128	16.5816	321,722,800	50.00%
2006	100,469,000	27,917,700	11,248,200	155,400	139,790,300	22,518,221	141,698,979	18.5816	328,434,400	50.00%
2007	106,722,200	30,152,800	9,024,900	167,700	146,067,600	25,019,854	144,454,246	18.5816	338,948,200	50.00%

Table 8

City of Alma, Michigan  
**Property Tax Rates**  
**Direct and Overlapping Debt**  
 Last Ten Fiscal Years

Fiscal Year	City of Alma				Alma Public Schools		Intermediate Schools		State Education		Grafton County			County Total	Road Patrol	Parks	Total	DDA District	DDA District Total
	General	Streets	Debt Service	Capital Projects	School Operating	Debt	Special Education	School District	State Education	Operating	Senior Citizens	County	Total						
1998	12.1300	0.8700	1.1900	2.5000	18.0000	3.0000	2.3356	0.2725	6.0000	5.6993	0.5000	6.1983	53.4632	0	0.0000	6.1983	53.4632	53.4632	
1999	12.2600	0.8700	1.0600	2.5000	18.0000	3.0000	2.3135	0.2899	6.0000	5.6799	0.5000	6.1799	53.4191	0.0000	0.0000	6.1799	53.4191	53.4191	
2000	12.2600	0.8700	0.9000	2.4948	18.0000	2.5000	4.1007	0.2884	6.0000	5.6475	0.4971	6.1446	54.5023	0.0000	0.0000	6.1446	54.5023	54.5023	
2001	12.4300	0.7000	1.0000	2.4948	18.0000	2.5000	4.0751	0.2867	6.0000	5.6243	0.4950	6.1193	54.5497	0.0000	0.0000	6.1193	54.5497	54.5497	
2002	12.4300	0.7000	1.0000	2.4948	18.0000	2.4000	4.0662	0.2861	6.0000	5.5916	0.4921	6.0837	54.4046	0.0000	0.0000	6.0837	54.4046	1.9922	
2003	12.4300	0.7000	0.6000	2.4948	18.0000	2.4000	4.0419	0.2845	6.0000	5.5882	0.6500	6.2382	54.1332	0.0000	0.0000	6.2382	54.1332	1.9762	
2004	12.7800	0.3500	0.0000	2.4972	18.0000	2.4000	4.0345	0.2840	6.0000	5.5407	0.6444	6.1851	52.4652	0.0000	0.0000	6.1851	52.4652	1.9716	
2005	13.1300	0.0000	0.0000	2.4972	18.0000	7.0000	4.0345	0.2840	6.0000	5.5401	0.6443	6.5344	60.4145	0.0000	0.0000	6.5344	60.4145	1.9716	
2006	13.1300	0.0000	2.0000	2.4972	18.0000	7.0000	4.0345	0.2840	6.0000	5.5401	0.6443	6.5344	60.4145	0.0000	0.0000	6.5344	60.4145	1.9716	
2007	13.1300	0.0000	2.0000	2.4972	18.0000	7.0000	4.0345	0.2840	6.0000	5.5373	0.6500	6.9671	60.8672	0.4500	0.3498	6.9671	60.8672	1.9716	

Notes:

(1) Table in mills

(2) Source: Tax Warrants issued by City Assessor

City of Alma, Michigan  
**Principal Property Taxpayers**  
 June 30, 2007 Compared with June 30, 1997

Table 9

Taxpayer	Type of Business	2006		Percent of Total Taxable Value (1)	1996		Percent of Total Taxable Value (1)
		Taxable Valuation (1)	Rank		Taxable Valuation (1)	Rank	
Consumers Energy	Utility	\$ 9,772,747	1	6.77%	\$ 8,395,075	3	7.49%
International Automobile Components (Lear)	Plastics manufacturer	5,495,800	2	3.80%	-	-	0.00%
SPX Corp. Contech Division	Automotive parts manufacturer	3,964,900	3	2.74%	-	-	0.00%
Alma Products Holding	Automotive parts manufacturer	3,365,799	4	2.33%	4,977,595	5	4.44%
Bobenal Investments	Real estate	2,802,672	5	1.94%	1,195,600	10	1.07%
Terry Materials	Asphalt materials	2,231,200	6	1.54%	1,773,300	8	1.58%
Countryside / DeShano	Real estate (apartments)	1,419,991	7	0.98%	-	-	0.00%
Susan Sandelman	Real estate	1,378,269	8	0.95%	-	-	0.00%
JLJB LLC	Manufacturer/Warehouse	1,305,300	9	0.90%	-	-	0.00%
Keyland Investment Property	Real Estate ( Apartments)	990,940	10	0.69%	-	-	0.00%
Total Petroleum	Petroleum refinery	-	-	0.00%	24,096,791	1	21.49%
Lobdell Emery	Automotive parts manufacturer	-	-	0.00%	11,099,394	2	9.90%
Consolidated Die Cast	Automotive parts manufacturer	-	-	0.00%	5,182,377	4	4.62%
United Technologies	Plastics manufacturer	-	-	0.00%	4,708,700	6	4.20%
Broadmoor Apartments	Real estate	-	-	0.00%	2,116,017	7	1.89%
Alma Partners	Real estate	-	-	0.00%	1,678,939	9	1.50%
Total Principal Taxpayers		<u>32,727,618</u>		<u>22.66%</u>	<u>65,223,788</u>		<u>58.18%</u>

Notes:

(1) Includes Real, Personal, and Industrial Facilities Assessment

(2) Source: City Assessor

Table 10

City of Alma, Michigan  
**Property Tax Levies and Collections**  
 Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collections within the Fiscal Year of Levy		Collections in Subsequent years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
1998	\$ 2,030,212	\$ 2,027,780	99.88%	\$ 2,406	\$ 2,030,186	100.00%
1999	2,189,441	2,183,690	99.74%	5,737	2,189,427	100.00%
2000	2,318,954	2,315,474	99.85%	2,248	2,317,722	99.95%
2001	2,387,258	2,383,675	99.85%	2,315	2,385,991	99.95%
2002	2,355,763	2,349,016	99.71%	5,109	2,354,125	99.93%
2003	2,266,209	2,231,569	98.47%	33,090	2,264,659	99.93%
2004	2,274,343	2,245,252	98.72%	28,852	2,274,104	99.99%
2005	2,302,687	2,292,709	99.57%	3,066	2,295,775	99.70%
2006	2,632,994	2,630,368	99.90%	-	2,630,368	99.90%
2007	2,706,608	2,547,709	94.13%	4,724	2,552,433	94.30%

## Notes:

- (1) Gratiot County pays the City of Alma the full amount of the delinquent real property taxes upon settlement in March of each year.
- (2) The table includes Ad Valorem taxes only. It excludes commercial and industrial facilities taxes as provided under Public Acts 198 and 255.
- (3) Source: City of Alma Finance Department

City of Alma, Michigan  
**Ratios of Outstanding Debt By Type**  
 Last Ten Fiscal Years

Table 11

Fiscal Year	Governmental Activities		Business-Type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Special Assessment Bonds	General Obligation Bonds	Water Revenue Bonds	Special Assessment Bonds			
1998	\$ 1,023,032	\$ -	\$ -	\$ 670,000		\$ 1,693,032	1.02%	\$ 187.41
1999	788,450	-	-	630,000		1,418,450	0.80%	157.01
2000	1,542,489	675,000	-	585,000		2,802,489	1.59%	310.22
2001	1,232,615	600,000	-	540,000		2,372,615	1.26%	262.63
2002	925,000	525,000	-	490,000		1,940,000	1.02%	209.16
2003	690,000	450,000	-	440,000		1,580,000	0.79%	170.35
2004	590,000	375,000	-	385,000		1,350,000	0.67%	145.55
2005	310,000	300,000	2,000,000	330,000		2,940,000	1.46%	316.98
2006	240,000	225,000	4,430,000	270,000		5,165,000	2.56%	556.87
2007	165,000	150,000	4,765,000	210,000	500,000	5,790,000	2.87%	624.26

Table 12

City of Alma, Michigan  
**Ratios of General Bonded Debt Outstanding**  
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value	Per Capita
1998	1,023,032	119,397	\$ 903,635	0.39%	\$ 100.03
1999	788,450	99,122	689,328	0.28%	76.30
2000	1,542,489	92,107	1,450,382	0.55%	160.55
2001	1,232,615	87,786	1,144,829	0.39%	126.72
2002	925,000	80,928	844,072	0.28%	91.01
2003	690,000	20,181	669,819	0.22%	72.22
2004	590,000	21,893	568,107	0.19%	61.25
2005	3,985,000	119,148	3,865,852	1.22%	416.80
2006	8,045,000	312,820	7,732,180	2.40%	833.66
2007	8,180,000	-	8,180,000	2.49%	881.94

Table 13

City of Alma, Michigan  
**Direct and Overlapping Governmental Activities Debt**  
 June 30, 2007

	Net Tax Dedicated to Debt	Percent Applicable to City of Alma	Amount Applicable to the City of Alma
City of Alma	\$ 5,790,000	100.0%	\$ 5,790,000
Alma Public Schools	27,927,727	51.90%	14,494,490
Gratiot-Isabella Intermediate School District	150,000	7.3%	11,010
Gratiot County	<u>4,213,608</u>	17.7%	<u>745,387</u>
	<u><u>\$38,081,335</u></u>		<u><u>\$21,040,888</u></u>

## Notes:

(1) Source: Municipal Advisory Council of Michigan

Table 14

City of Alma, Michigan  
**Legal Debt Margin Information**  
 Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 13,954,224	\$ 14,632,025	\$ 15,059,483	\$ 15,329,049	\$ 16,537,120	\$ 17,176,160	\$ 17,189,640	\$ 17,202,293	\$ 14,950,638	\$ 15,225,995
Total net debt applicable to limit	825,603	630,878	1,062,893	807,214	559,072	419,819	363,107	5,962,890	6,300,353	7,069,732
Legal debt margin	13,128,621	14,001,147	13,996,590	14,521,835	15,978,048	16,756,341	16,826,533	11,239,403	8,650,285	8,156,263
Total net debt applicable to the limit as a percentage of debt limit	5.92%	4.31%	7.06%	5.27%	3.38%	2.44%	2.11%	34.66%	42.14%	46.43%

City of Alma, Michigan  
**Computation of Legal Debt Margin**  
 June 30, 2007  
 (Unaudited)

Assessed Value	
Real Property	\$ 121,047,746
Personal Property	23,406,500
Industrial and Commercial Facilities (1)	7,805,700
Total Assessed Value	<u>\$ 152,259,946</u>
Debt Limit	15,225,995
10% of assessed value	9,040,000
Amount of Debt Applicable to Debt Limit	
Total Bonded Debt (2)	
Less:	
Assets available for debt service	
Amount Available in Debt Service Funds	118,549
Less: Amount in Special Assessment Funds	<u>(94,812)</u>
Net assets available for debt service	23,737
Special assessment bonds	650,000
Revenue bonds	<u>210,000</u>
Total Deductions	<u>(883,737)</u>
Total amount of debt applicable to debt limit	8,156,263
Legal Debt Margin	<u>\$ 7,069,732</u>

Table 15

City of Alma, Michigan  
**Pledged Revenue Coverage**  
 Last Ten Fiscal Years

Fiscal Year	Water Gross Revenue(1)	Direct Operating Expenses (2)	Net Revenue	Debt Service Requirements			Coverage
				Principal	Interest and Fees	Total	
1998	1,049,339	886,285	163,054	40,000	35,745	75,745	2.15
1999	1,157,048	867,346	289,702	40,000	34,435	74,435	3.89
2000	1,063,335	855,319	208,016	45,000	32,193	77,193	2.69
2001	916,490	724,461	192,029	45,000	30,103	75,103	2.56
2002	1,006,997	702,715	304,282	50,000	28,149	78,149	3.89
2003	1,073,837	790,253	283,584	50,000	25,829	75,829	3.74
2004	1,106,897	801,793	305,104	55,000	22,549	77,549	3.93
2005	1,069,253	750,927	318,326	60,000	18,548	78,548	4.05
2006	1,270,224	823,529	446,695	60,000	14,200	74,200	6.02
2007	1,877,728	807,436	1,070,292	65,000	11,140	76,140	14.06

## Notes:

(1) Operating revenues plus interest.

(2) Operating expenses exclusive of depreciation.

(3) Source: City of Alma Comprehensive Annual Financial Reports

Table 16

City of Alma, Michigan  
**Demographic and Economic Statistics**  
 Last Ten Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1998	9,034	746,608	18,615	30.5	3,050	5.5%
1999	9,034	796,952	19,793	30.5	3,050	5.0%
2000	9,275	806,271	19,918	32.5	3,050	4.4%
2001	9,348	853,066	21,181	32.5	2,700	4.5%
2002	9,256	848,312	20,048	32.5	2,700	5.3%
2003	9,341	913,424	21,562	35.6	2,700	5.4%
2004	9,308	921,029	21,776	35.6	2,600	6.6%
2005	9,308	949,263	22,388	35.6	2,601	7.0%
2006	9,275	987,022	23,322	35.6	2,549	8.3%
2007	9,275	1,005,453	23,794	35.6	2,406	8.5%

Note: Income amounts relate to Gratiot County as a whole

Sources: Bureau of Economic Analysis, US Department of Commerce  
 Greater Gratiot Development

City of Alma, Michigan  
Principal Employers  
June 30, 2007 Compared with June 30, 1997

Table 17

Taxpayer	Type of Business	2007			1997		
		Number of Employees	Rank	Percent of Total City Employment	Number of Employees	Rank	Percent of Total City Employment
Gratiot Medical Center	Hospital	1,134	1	25.54%	640	1	15.64%
Masonic Pathways	Retirement community	360	2	8.11%	420	4	10.26%
Alma College	Educational Institution	341	3	7.68%	225	6	5.50%
Alma Products	Remanufacturing of automotive components	302	4	6.80%	535	2	13.07%
International Automotive Components	Plastics manufacturer	284	5	6.40%	-	-	0.00%
Alma Public Schools	Public education	259	6	5.83%	-	-	0.00%
Avalon & Tahoe Manufacturing	Boat manufacturing	146	7	3.29%	-	-	0.00%
Contech	Aluminum castings	138	8	3.11%	-	-	0.00%
Consumers Energy	Utility	134	9	3.02%	160	7	3.91%
Great Lakes Petroleum	Gasoline wholesale	128	10	2.88%	-	-	0.00%
Ashcrafts	Groceries	-	-	0.00%	150	8	3.67%
Total Petroleum	Petroleum refinery	-	-	0.00%	475	3	11.61%
Lobdell Emery	Automotive parts manufacturer	-	-	0.00%	400	5	9.78%
City of Alma	Local government	-	-	0.00%	125	9	3.05%
K-Mart	Department Store	-	-	0.00%	103	10	2.52%
Total Principal Employers		<u>3,226</u>		<u>72.65%</u>	<u>3,233</u>		<u>79.01%</u>

Sources: Bureau of Economic Analysis, US Department of Commerce,  
Greater Gratiot Development

City of Alma, Michigan  
**Full-Time Equivalent City Government Employees By Fund**  
 Last Ten Fiscal Years

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>General Fund</b>	28.10	28.09	28.29	25.82	25.99	25.35	24.70	24.42	24.07	23.58
<b>Special Revenue Funds</b>										
Major Streets Fund	2.34	2.96	2.90	2.95	2.73	2.41	0.00	0.00	0.00	0.00
Local Streets Fund	2.88	2.92	2.89	2.55	2.45	2.48	0.00	0.00	0.00	0.00
Alma Fire District Fund (See Note 1)	0.69	0.78	0.73	0.78	0.78	0.78	0.81	0.81	0.82	0.54
Downtown Development Authority	0.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.45
Alma Public Library Fund	6.94	6.35	6.35	5.11	5.42	5.42	5.60	5.48	5.48	5.48
Housing Rehabilitation	0.24	0.33	0.33	0.33	0.33	0.25	0.24	0.24	0.24	0.24
Airport Fund	0.02	0.05	0.50	0.03	0.03	0.03	0.07	0.12	0.09	0.06
<b>Enterprise Funds</b>										
State Street Plaza	0.02	0.05	0.40	0.09	0.03	0.02	0.02	0.02	0.02	0.02
Transit Services	9.02	9.57	9.29	9.29	9.87	9.48	9.95	9.71	7.82	8.38
Wastewater Fund	8.95	8.12	7.96	7.44	7.13	6.42	5.32	5.10	5.03	5.05
Water Fund	11.76	11.46	11.33	8.06	8.21	8.22	8.42	8.25	7.19	7.18
Solid Waste Fund	3.93	3.22	3.10	3.21	4.00	3.89	3.17	2.92	0.08	0.08
<b>Internal Service Funds (See Note 2)</b>										
Administrative Services	7.83	8.34	8.25	7.99	8.96	9.31	8.12	8.88	8.96	9.28
Buildings and Grounds	10.96	9.41	10.41	8.43	9.26	10.41	9.42	9.41	9.39	9.45
Equipment Pool	4.64	4.06	4.11	2.62	2.62	3.07	2.86	2.98	3.03	3.12
Public Works Services	0.00	0.00	0.00	0.00	0.00	0.00	8.14	8.56	11.13	10.76
<b>Grand Total</b>	98.32	96.21	97.34	85.20	88.31	88.04	87.34	87.40	83.84	83.84

Note 1: The Fire Department is staffed with 24 volunteer/part time firefighters. The City does not track accurate hours worked, therefore their time has not been calculated into the full time equivalent figures.

Note 2: The Internal Service Funds perform work and services for other funds. The costs of these services is charged back to the other funds using various cost allocation plans.

Note 3: Full Time Equivalent: Total staffing hours paid (including overtime, vacation and sick leave) divided by 2080.

Note 4: In FY 1999, a payroll system upgrade changed the capture of FTE's by general ledger number. Management believes that the budget and actual were substantially the same.

Table 19

City of Alma, Michigan  
Operating Indicators By Function  
Last Ten Years

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>General Fund</b>										
<b>Community Development</b>										
Planning and Zoning										
Special use permits	7	8	9	23	21	21	23	22	18	22
ZBA Meetings	10	8	7	12	6	7	9	10	7	10
Zoning ordinance appeals	17	15	8	21	7	10	18	12	8	12
Housing rehab and development										
PIP loans	5	7	8	-	-	-	-	-	-	-
Local deferred loans (CDBG)	17	17	17	1	2	-	2	6	1	-
Acquisition/development/resale	-	2	1	2	-	2	1	2	3	-
Downtown rental rehab projects	-	-	-	-	-	-	-	-	8	1
Downtown Development Authority	11	10	10	9	8	7	7	11	15	14
Community activities coordinated										
<b>Community Safety</b>										
Police	676	802	623	590	679	554	630	659	827	850
Police - arrests	3,645	4,163	4,254	3,292	2,842	2,797	2,499	1,950	1,873	1,920
Fire Department	437	391	383	348	400	684	570	501	480	559
Fire Dept. - inspections	151	177	148	176	169	222	185	180	247	196
Building code enforcement	557	571	631	809	763	752	678	735	755	758
Building inspections	187	167	169	149	156	168	146	162	140	143
Building permits	5	5	3	4	5	5	3	5	6	2
Unsafe structures removed or repaired	685	386	2,803	2,447	2,410	2,902	2,325	2,785	2,673	2,792
Violation notices										
<b>Property Maintenance</b>										
Cemetery	74	77	76	71	71	79	72	74	55	72
Burials	43	51	46	45	45	52	54	49	23	45
Foundations set										
Municipal building	349	57	30	49	57	50	40	47	57	50
Maintenance requests										
Forestry	40	90	66	111	114	34	29	62	19	63
Trees planted	439	318	418	350	400	400	300	378	500	389
Trees trimmed	195	49	56	33	21	37	39	59	35	58
Trees removed										
Slate Street Plaza	5	5	5	5	5	3	4	4	5	4
Units leased										
<b>Environmental Services</b>										
Wastewater Fund	666	679	754	774	811	654	776	754	842	756
Wastewater treated (million gallons)										
Water Fund	748	863	537	413	430	394	373	403	375	386
Water treated (million gallons)										
Solid Waste Fund	2,461	2,467	2,478	2,487	2,499	2,499	2,499	2,499	2,499	2,499
Dwelling units served	10,921	7,033	9,707	11,807	11,439	15,076	15,076	15,000	11,547	15,000
Yard waste (cubic yards)	5,955	4,335	4,835	4,486	5,152	4,896	4,533	4,767	3,695	4,473
Leaves collected (cubic yards)										

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
continued										
<b>Transportation</b>										
Transit Services										
Buses	8	8	9	9	9	10	10	10	9	9
Passengers	67,190	74,318	78,350	71,576	65,817	65,738	62,624	65,900	52,366	61,000
Vehicle miles	90,605	107,862	114,654	101,787	98,089	104,524	99,225	99,909	86,099	99,000
Major Streets										
Miles of major streets	12.52	13.02	13.02	14.58	14.99	14.66	14.66	15.31	15.31	15.31
Salt used (tons)	393	326	398	697	689	766	481	645	581	646
Local Streets										
Miles of local streets	30.44	30.78	30.78	29.90	30.78	30.90	30.78	30.65	30.65	30.65
Salt used (tons)	57	71	48	63	50	83	50	59	128	74
Street Lighting										
Utility owned street lights	483	485	484	482	482	482	484	484	494	494
Community owned street lights	215	215	215	226	229	232	234	234	236	236
<b>Recreation &amp; Cultural</b>										
Parks and recreation										
Number of parks maintained	10	10	10	10	10	10	10	10	10	10
Alma Public Library										
Items circulated	40,079	108,412	123,599	110,381	116,245	131,646	131,646	141,857	49,163	70,000
New material acquisitions	1,729	2,779	2,500	2,384	2,312	1,526	2,150	2,286	1,472	2,000
<b>Legislative Activities</b>										
City Commission										
Number of meetings convened	24	25	24	24	24	24	24	24	24	24
Number of advisory boards	20	21	21	21	21	21	21	21	21	21
Registration & elections										
Registered voters	5,340	5,161	5,393	5,400	5,400	4,772	5,394	5,242	5,487	5,224
Voter registration changes processed	200	235	325	1,775	1,775	1,744	1,514	1,702	680	1,410
Elections conducted	2	2	2	1	2	1	2	1	3	1
City clerk										
Licenses issued	35	11	14	11	11	15	15	13	3	11
<b>Administrative Services</b>										
City treasurer										
Tax bills issued	7,080	6,417	7,056	7,310	7,310	7,060	7,152	7,208	7,136	7,139
Cash receipts processed	43,500	42,885	40,371	40,425	45,699	45,500	39,352	42,744	40,572	42,042
Assessor										
Real property parcels	3,118	3,128	3,142	3,152	3,160	3,162	3,177	3,243	3,254	3,271
Personal property parcels	508	511	525	503	510	510	522	527	547	579
Parcels appealed At board of review	66	60	70	85	100	54	60	66	67	65
Transfer of ownership	206	195	250	225	250	225	235	216	208	187
<b>Internal Service Funds</b>										
Finance & Treasury										
GFOA Budget Presentation Award	Yes	Pending								
GFOA Certificate of Achievement for Excellence in										
Financial Reporting	Yes	Pending								
Information Systems										
PC/ Terminals maintained	62	64	63	66	76	63	78	78	78	85
Buildings and Grounds										
Completed work orders	300	146	117	128	155	160	199	151	264	176
Municipal Garage										
Equipment maintained	252	237	256	260	246	248	249	249	252	252
Work orders completed	1,750	1,800	1,839	1,595	1,093	964	912	990	1034	979

Table 20

City of Alma, Michigan  
Capital Asset Statistics By Function  
Last Ten Years

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>General Fund</b>										
<b>Community Development</b>										
Economic development										
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 306,287	\$ 361,302	\$ 415,696	\$ 569,356
Downtown maintenance										
Buildings	-	-	-	-	-	-	11,915	11,915	31,259	43,175
Equipment	-	-	-	-	-	-	4,200	4,200	4,200	12,719
Parking lots										
Land	150,075	150,075	150,075	150,075	150,075	150,075	150,075	150,075	150,075	150,075
Downtown Development Authority										
Land									8,000	8,000
Buildings net of accumulated depreciation									11,950	43,378
<b>Community Safety</b>										
Police										
Buildings	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420	4,420
Equipment	83,903	85,111	66,120	81,449	82,407	91,296	87,273	100,834	110,710	121,020
Fire										
Buildings	18,950	18,950	18,950	18,950	22,731	22,731	22,730	22,730	22,730	22,730
Equipment	152,572	155,680	116,330	120,729	137,620	175,500	186,789	181,789	181,789	191,580
Vehicles	576,054	584,565	531,065	531,065	542,937	564,329	564,329	564,329	1,051,605	830,713
Building code enforcement										
Buildings	-	-	-	-	-	-	-	5,808	5,808	11,616
Equipment	3,710	3,039	2,995	4,867	4,867	4,867	-	2,995	2,995	1,123
Street lighting										
Cemetery										
Land	39,767	39,767	19,421	37,499	37,499	37,499	37,499	37,499	37,499	37,499
Land improvements	24,747	24,747	27,015	27,015	27,015	27,015	27,015	29,765	29,765	29,765
Equipment	-	-	-	-	-	-	1,895	1,895	1,895	5,952
Buildings	60,434	60,434	68,827	71,088	89,423	89,423	89,423	89,423	89,423	89,423
Municipal building & unclassified										
Land	525,404	518,037	924,930	896,037	896,037	896,037	24,761	24,761	24,761	24,761
Land improvements	29,879	29,878	10,738	18,361	33,051	18,361	18,361	18,361	18,361	18,361
Buildings	1,009,623	955,129	938,018	1,031,878	1,073,683	1,311,553	983,876	990,930	1,091,330	1,092,827
Equipment	33,766	39,290	19,485	31,243	36,070	28,073	19,097	19,097	19,097	8,778
Forestry										
Equipment	-	-	-	-	-	-	4,827	4,827	4,827	4,827
<b>Transportation</b>										
Streets & Bridges										
Equipment	-	-	-	-	12,785,606	13,211,407	7,946	7,946	7,946	7,946
Infrastructure	-	-	-	-	-	-	13,617,863	14,843,018	16,524,480	16,809,437
Sidewalks										
Infrastructure	-	-	-	-	928,398	966,195	995,913	995,913	995,913	995,913

continued

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>Airport</b>										
Land	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000	\$ 208,000
Land improvements	34,434	37,184	37,184	37,184	52,184	52,184	52,184	50,223	477,301	477,301
Buildings	416,351	416,351	414,825	414,825	416,390	471,242	557,499	642,756	557,498	562,549
Equipment	42,845	42,845	39,481	40,975	40,976	40,976	40,976	40,976	40,976	40,976
Less: Accumulated Depreciation	-	-	-	-	-	(357,531)	(376,512)	(417,905)	(436,657)	(473,150)
<b>Recreation &amp; Cultural</b>										
<b>Parks and recreation</b>										
Land	476,765	476,765	744,211	755,026	755,026	755,026	755,026	769,026	769,026	766,526
Land improvement & parks	846,665	1,074,076	671,676	1,074,076	1,029,682	1,069,252	1,069,252	1,074,725	1,074,725	1,074,725
Buildings	193,016	193,016	205,819	206,035	206,035	206,035	206,035	206,035	48,535	206,035
Equipment	4,122	4,122	126,025	117,159	117,159	135,357	138,322	149,847	149,847	149,848
Alma Public Library										
Land	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Land improvement	-	-	-	-	6,221	6,221	6,221	6,221	6,221	6,221
Buildings	481,017	487,714	417,336	417,336	417,336	439,558	439,558	439,558	1,106,921	3,789,984
Equipment	123,233	110,961	180,175	204,830	204,830	204,830	204,830	204,830	180,894	209,367
Library Collection	-	-	-	-	773,384	810,028	10,028	883,073	911,803	940,148
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	(993,020)	(1,064,313)
Alma Community Center										
Land	-	-	-	-	-	-	-	-	10,000	10,000
Building	-	-	-	-	-	-	-	-	250,000	250,000
<b>Legislative Activities</b>										
City Commission	6,558	6,558	9,433	9,433	9,433	-	3,105	3,105	3,105	3,105
Equipment	-	-	-	-	-	-	-	-	-	-
Registration & elections	-	-	-	-	-	-	28,731	29,700	29,700	29,700
Equipment	-	-	-	-	-	-	-	-	-	-
City Clerk	35,851	33,398	34,779	29,886	29,886	29,886	1,155	-	-	-
<b>Administrative Services</b>										
City manager	16,965	23,060	7,271	12,164	12,164	12,164	12,164	12,164	12,164	12,164
Equipment	5,464	4,264	3,238	3,238	3,238	3,238	3,238	3,238	3,238	3,238
City Treasurer	-	-	-	-	-	-	-	-	-	-
Equipment	9,368	5,942	5,522	3,650	9,145	5,495	5,495	5,495	5,495	9,490
Assessor	-	-	-	-	-	-	-	-	-	-
Engineering	39,148	23,183	7,745	7,745	7,745	7,745	7,745	7,745	7,745	7,745
<b>Housing</b>										
Land	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300
Buildings & improvements	107,002	107,002	120,292	120,292	120,292	120,292	120,292	120,292	120,292	120,292
Equipment	668,202	699,926	698,364	698,354	707,040	707,040	720,267	720,267	743,368	745,367
Less: Accumulated Depreciation	(338,934)	(366,171)	(394,852)	(424,504)	(454,101)	(483,557)	(513,500)	(540,019)	(586,480)	(592,454)
State Street Plaza										
Land	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300	62,300
Parking lots	-	-	-	-	-	-	-	-	-	-
Buildings & Equipment	-	-	-	-	-	-	-	-	-	-
Less: Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-
Transit Services										
Buildings	8,335	8,335	8,335	8,335	8,335	8,335	8,335	17,205	89,327	89,327
Equipment	56,278	56,278	50,869	57,889	-	-	-	-	72,141	72,141
Vehicles	334,063	334,063	348,857	354,216	470,722	597,933	622,234	633,318	523,959	631,173
Construction in progress	-	-	-	-	500	8,118	10,919	17,6079	176,079	190,788
Less: Accumulated Depreciation	(205,047)	(249,507)	(247,643)	(298,089)	(354,511)	(232,079)	(245,632)	(245,033)	(284,533)	(370,123)

continued

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
<b>Wastewater Fund</b>										
Land	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Land improvements	17,846	17,846	17,846	20,265	20,265	20,265	20,265	20,285	20,265	20,265
Distribution & Collection systems	1,603,596	1,768,445	1,823,569	1,964,368	1,972,159	1,977,453	1,983,137	2,052,672	2,114,483	2,142,636
Buildings	2,257,369	2,257,369	2,195,895	2,231,195	2,502,349	2,525,401	2,252,878	5,149,205	5,149,205	5,150,873
Equipment	212,910	221,936	239,744	260,577	-	-	-	418,153	424,416	424,416
Construction in progress	23,768	-	208	-	-	-	-	1,045,820	22,360	565,644
Less: Accumulated Depreciation	(2,869,934)	(2,995,339)	(3,046,664)	(3,185,015)	(3,321,240)	(3,458,367)	(3,595,152)	(3,739,630)	(3,833,517)	(3,981,472)
<b>Water Fund</b>										
Land	115,790	115,790	115,790	115,790	115,790	115,790	115,790	115,790	115,790	115,790
Land improvements	4,045	4,045	4,045	4,045	4,045	4,045	7,150	7,150	7,150	7,150
Distribution & Collection systems	3,431,108	3,742,070	3,908,892	4,199,872	4,545,297	4,615,977	4,851,052	5,023,688	5,189,266	5,203,047
Buildings	1,698,264	1,692,879	1,697,006	1,706,606	1,706,606	1,706,606	1,706,606	1,706,606	1,706,606	1,706,606
Equipment	771,587	753,136	846,855	879,079	905,251	974,046	985,630	1,002,438	1,048,334	1,082,516
Construction in progress	26,285	2,165	3,089	-	-	-	-	70,096	668,888	1,438,378
Less: Accumulated Depreciation	(4,030,289)	(4,153,119)	(4,242,425)	(4,386,569)	(4,542,925)	(4,700,387)	(4,869,180)	(5,042,448)	(5,218,594)	(5,389,709)
<b>Solid Waste Fund</b>										
Land	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Land improvements	8,370	8,370	8,370	8,370	8,370	8,370	8,370	8,370	8,370	12,270
Equipment	-	-	6,595	6,595	6,595	6,595	6,595	6,595	6,595	6,595
Less: Accumulated Depreciation	(5,999)	(6,835)	(8,112)	(9,469)	(10,129)	(10,788)	(11,448)	(12,107)	(12,767)	(13,448)
<b>Internal Service Funds</b>										
<b>Administrative Services</b>										
Equipment	418,121	448,366	463,414	513,073	557,167	655,669	689,948	724,536	606,437	629,048
Less: Accumulated Depreciation	(273,909)	(322,348)	(356,297)	(410,320)	(459,348)	(496,334)	(563,384)	(619,663)	(642,029)	(652,924)
<b>Buildings and Grounds</b>										
Buildings	-	3,803	126,382	126,382	153,688	151,448	147,044	285,748	306,748	306,748
Equipment	-	11,655	13,706	13,706	-	-	11,467	19,142	19,142	25,497
Construction in progress	14,120	6,055	-	-	-	-	-	-	-	-
Less: Accumulated Depreciation	(9,336)	(11,201)	(8,957)	(15,760)	(22,695)	(27,003)	(32,755)	(180,609)	(192,627)	(204,751)
<b>Equipment Pool</b>										
Land	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500
Land improvements	6,394	6,394	6,394	6,394	6,394	6,394	6,394	6,394	6,394	6,394
Buildings	303,495	307,931	313,232	313,232	313,232	313,232	464,915	464,915	1,313,670	464,915
Construction in progress	-	1,299	2,699	2,699	2,909	-	-	-	-	-
Vehicles & Equipment	1,935,369	1,917,472	1,826,274	1,805,915	2,057,125	2,174,611	2,208,238	2,299,922	1,716,272	2,476,270
Less: Accumulated Depreciation	(1,420,235)	(1,508,701)	(1,486,385)	(1,556,563)	(1,585,470)	(1,668,105)	(1,725,008)	(1,847,808)	(2,044,849)	(2,079,677)
<b>Grand Total</b>	\$ 11,439,810	\$ 11,596,178	\$ 11,883,355	\$ 12,133,892	\$ 26,718,690	\$ 27,469,485	\$ 26,069,822	\$ 29,813,903	\$ 38,237,506	\$ 41,473,163