

Auditing Procedures Report

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

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Village of Mancelona	County Antrim
Fiscal Year End February 28, 2007	Opinion Date May 18, 2007	Date Audit Report Submitted to State June 19, 2007	

We affirm that:

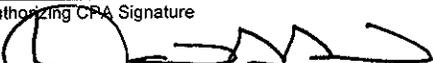
We are certified public accountants licensed to practice in Michigan.

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

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

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

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

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	None	
Certified Public Accountant (Firm Name) Dan Smith, CPA		Telephone Number (989)732-1441	
Street Address 114 S Center Avenue Suite 108		City Gaylord	State Zip MI 49735
Authorizing CPA Signature 	Printed Name Daniel S. Smith	License Number 1101020912	

June 1, 2007

To the Village
Village of Mancelona
120 W. State St.
Mancelona, MI 49659

Dear Village Council Members:

I recently completed my audit fieldwork and financial statement preparation for the Village for the year ended February 28, 2007. During the course of my fieldwork, the following matters came to my attention:

1) Bank Reconciliations

During the past year, and during my fieldwork, I was able to work with Dana to improve her proficiency in reconciling the bank statements for all funds. Additionally, Maureen has had the opportunity as well to go through the reconciling process. This basic procedure in fiscal management will always be of high priority, and I encourage the Clerk and Treasurer to continue to work together on this function so that both are comfortable with the process.

2) Deposits

In the past, the Village has not had a policy for making bank deposits as often as possible. In working with Dana and Maureen, they determined that it would be no problem to make deposits at least twice a week when the Treasurer is working, and daily during the busy tax collection season. We encourage this practice.

3) All Cash Receipts

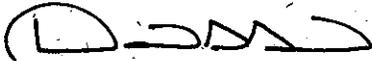
In discussing the handling of certain cash receipts with Dana, it came to my attention that the PBT fees collected by the police officers are not always receipted. I would suggest that a log be kept of every fee collected, initialed by the collecting officer, and the funds be given to the Treasurer on a daily basis. If it is necessary to keep "change" of a nominal amount, then that would be acceptable, but otherwise the Treasurer must be the custodian of those funds.

4) Fiscal Position – General Fund

For the second year running, the General Fund has had a significant reduction to its fund balance. This past year, the fund balance went from \$269,664 to \$191,686. As mentioned last year, that fact alone is not alarming, but what is important to note is the trend. This past year, a significant portion of the reduction was due to the non-payment of personal property taxes by a couple large entities. With these facts in mind, I would recommend that the Council take a very hard look at the current year fiscal plan, and consider making those changes that may be necessary to avoid the possibility of entering a deficit situation in the General Fund.

I want to thank the Council for the opportunity to be of service, with a special thanks to Dana and Maureen for their assistance during the fieldwork process. If I can be of further assistance with these or other matters, please don't hesitate to ask as I am always available.

Respectfully Yours,

A handwritten signature in black ink, appearing to read 'D. Smith', written over a horizontal line.

Daniel S. Smith, CPA

VILLAGE OF MANCELONA
ANTRIM COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FEBRUARY 28, 2007

VILLAGE OFFICIALS

PRESIDENT

DAVID TUCKER

PRESIDENT PRO-TEM

ROBERT WILCOX

CLERK

DANA SUDMAN

TREASURER

MAUREEN NAUMCHEFF

POLICE CHIEF

WILLIAM ROBBINS

COUNCIL MEMBERS

KATHY ALTROCK

PAM CALVIN-MINCH

JUDY ESCHEGOR

KEVIN MILLER

RANDY YALACKI

VILLAGE OF MANCELONA

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INDEPENDENT AUDITOR'S REPORT

May 18, 2007

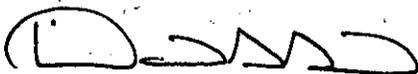
To the Village Council
Village of Mancelona

I have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of the Village of Mancelona, Antrim County, Michigan as of and for the year ended February 28, 2007, which collectively comprise the Village's basic financial statements; as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Village of Mancelona, Antrim County, Michigan as of February 28, 2007, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 - 5 and budgetary comparison information on pages 23 - 28, 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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Daniel S. Smith, CPA

VILLAGE OF MANCELONA
120 West State Street
Mancelona, MI 49659

MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR ENDED FEBRUARY 28, 2007

This section of the Village of Mancelona's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year ended February 28, 2007. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Village assets at February 28, 2007, as reported in the Statement of Net Assets, totaled approximately \$1,837,000 for governmental activities and \$104,000 for our component unit (the Mancelona Downtown Development Authority), compared to \$1,938,000 and \$97,000, respectively, at February 28, 2006. Of the total Village assets, approximately \$1,226,000 represents capital assets net of depreciation.

Overall revenues were approximately \$698,500 (\$221,100 from program revenues and \$477,400 from general revenues). Overall expenses approximated \$757,000.

The Village did not incur additional debt during the year. We spent approximately \$1,100 in capital assets. Long-term debt and capital asset activity is addressed further in a subsequent section of this letter.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion & analysis, the basic financial statements, and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Village.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present the governmental activities of the Village.

The remaining statements are fund financial statements, which focus on individual parts of the Village in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data. Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the Village as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the entity's assets and liabilities. The Statement of Activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Village's assets and liabilities; this is one method to measure the Village's financial health or position.

Over time, increases or decreases in an entity's net assets is an indicator of whether financial position is improving or deteriorating.

To assess overall health of an entity, you may also have to consider additional factors such as tax base changes, facility conditions, and personnel changes.

All of the activities of the Village are reported as governmental activities. These would include the general fund, major streets, and local streets.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Village's funds, focusing on significant (major) funds, not the Village as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Village Council also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditure of those resources.

The Village has the following types of funds:

Governmental Funds: All of the Village's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Village's government-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Assets: The Village's combined net assets decreased approximately \$58,400 during the year ended February 28, 2007 totaling \$1,413,111. The decrease is mainly due to the general fund incurring expenditures in excess of its revenues.

Government Funds: The fund balances for governmental funds decreased approximately \$51,400. The general fund had a reduction of \$78,000. This was due primarily to unpaid personal property tax revenues (\$65,000) and reductions in the State shared revenues.

FINANCIAL ANALYSIS OF THE VILLAGE 'S FUNDS

General Fund: This fund is used to record all activities of the Village not required to be recorded in a separate fund. This would include parks, building and grounds, legislative, administrative, elections and police activities. The major sources of revenue for the general fund are from the Village tax base and the revenue sharing from the State of Michigan. The major expenses for this fiscal year include the general operating activities of the Village.

Major Streets: This fund is used to record revenues and expenses for major (state-owned) streets located within the Village. The major source of revenue comes from the State of Michigan in the form of transportation taxes. The major expenses for this fund are wages and equipment rental for snow removal and street repair, along with significant debt service expenditures incurred this year.

Local Streets: This fund is used to record revenues and expenses for local (Village-owned) streets. Local street revenue comes from property taxes and from the State in the form of gas and weight taxes. The major expenses incurred this year include resurfacing, street light utilities, wages, and equipment rental.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

Capital Assets: Additions to the Village assets for this year include the following: new toys for the park (\$1,126).

Long-Term Debt:

- **Major Streets Debt:** The Village paid \$15,000 in bond principal payments for the fiscal year and \$9,381 of interest.
- **Capital Lease:** The Village paid \$37,374 in capital lease payments, for which the Village was fully reimbursed by the Downtown Development Authority. Both leases are for street lighting downtown.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The Village Council is in the process of looking into a low interest federal loan from U.S.D. A. Rural Development. The purpose of this loan is to remodel or reconstruct the village hall. The original hall was constructed in 1934 and is in need of many updates and repairs. We are considering a loan amount between \$300,000 and \$500,000 to be paid back over a 40 year period.

CONTACTING VILLAGE MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Village's finances and to demonstrate the Village's accountability for the revenues it receives. If you have any questions concerning this report please contact Dana Sudman, Village Clerk or David Tucker, Village President at 120 West State Street, Manvel, MI 49659.


David Tucker, Village President

**VILLAGE OF MANCELONA
STATEMENT OF NET ASSETS
FEBRUARY 28, 2007**

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT DOWNTOWN DEVELOPMENT AUTHORITY</u>
	<u>GOVERNMENTAL ACTIVITIES</u>	
ASSETS		
Current Assets:		
Cash	\$ 219,347	\$ 667
Certificates of Deposit	155,273	40,814
Receivables:		
Delinquent Property Taxes	74,782	26,676
Due from Other Governments	42,027	-
Due from DDA - Capital Leases	37,274	
Due from Primary Government	-	35,525
Total Current Assets	<u>528,703</u>	<u>103,682</u>
Non-Current Assets:		
Due from DDA - Capital Leases	81,822	
Capital Assets, Net	1,226,163	15,961
Total Non-Current Assets	<u>1,307,985</u>	<u>15,961</u>
Total Assets	<u>\$ 1,836,688</u>	<u>\$ 119,643</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 3,216	\$ -
Due to the DDA - Property Taxes	35,525	-
Accrued Interest	2,000	-
Current Portion of Long-Term Debt	52,274	37,274
Total Current Liabilities	<u>93,015</u>	<u>37,274</u>
Long-Term Debt:		
General Obligation Bonds	205,000	
Capital Lease	81,822	
Compensated Absences	43,740	-
Due to Primary Government - Capital Lease	-	81,822
Total Long-Term Debt	<u>330,562</u>	<u>81,822</u>
Total Liabilities	<u>423,577</u>	<u>119,096</u>
NET ASSETS		
Invested in Capital Assets, Net of Debt	1,107,067	15,961
Net Assets, Restricted	234,812	-
Net Assets (Deficit), Unrestricted	71,232	(15,414)
Total Net Assets (Deficit)	<u>\$ 1,413,111</u>	<u>\$ 547</u>

See accompanying notes to the financial statements

**VILLAGE OF MANCELONA
STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2007**

	P R O G R A M R E V E N U E S			NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRI- BUTIONS	CAPITAL GRANTS & CONTRI- BUTIONS	PRIMARY GOVERNMENT COMPONENT UNIT
GOVERNMENTAL ACTIVITIES					
Village Administration	\$ (155,031)	\$ -	4,813	\$ -	\$ (150,218)
Buildings and Grounds	(62,091)	75	-	-	(62,016)
Streets and Highways	(103,400)	-	107,843	-	4,443
Parks and Recreation	(26,034)	1,395	-	-	(24,639)
Law Enforcement	(237,398)	17,389	3,275	-	(216,734)
Motor Pool	(74,579)	-	-	-	(74,579)
Sewer Grant Project	(86,323)	-	-	86,323	-
Interest on Long-Term Debt	(9,381)	-	-	-	(9,381)
Unallocated Depreciation	(2,686)	-	-	-	(2,686)
Downtown Development Authority	-	-	-	-	-
Total Governmental Activities	(756,923)	18,859	115,931	86,323	(535,810)
					8,152
GENERAL REVENUES					
Property Taxes, Levied for:					
General Operations					236,872
Local Streets					54,751
Downtown Development Authority					-
State Shared Revenue - Not Restricted					152,615
Franchise Fees					12,498
Interest Earnings					17,747
Other					2,874
Total General Revenues					477,357
CHANGE IN NET ASSETS					(58,453)
NET ASSETS - MARCH 1, 2006					1,471,564
NET ASSETS - FEBRUARY 28, 2007					(59,217)
					\$ 1,413,111
					\$ 547

See accompanying notes to the financial statements

**VILLAGE OF MANCELONA
BALANCE SHEET
GOVERNMENTAL FUNDS
FEBRUARY 28, 2007**

	M A J O R F U N D S			TOTAL
	GENERAL	MAJOR STREET	LOCAL STREET	
 <u>ASSETS</u>				
Cash	\$ 37,156	\$ 97,297	\$ 84,894	\$ 219,347
Certificates of Deposit	78,086	-	77,187	155,273
Receivables:				
Delinquent Taxes	66,685	-	8,097	74,782
Accounts	31,699	7,222	3,106	42,027
Due From Other Funds	37,989	-	-	37,989
Total Assets	251,615	104,519	173,284	529,418
 <u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts Payable	3,216	-	-	3,216
Due To Other Funds	-	15,639	22,350	37,989
Due to the DDA	28,316	-	7,209	35,525
Deferred Revenue	28,396	-	-	28,396
Accrued Wages	-	-	-	-
Total Liabilities	59,928	15,639	29,559	105,126
 Fund Equity:				
Fund Balance - Unreserved	189,480	-	-	189,480
Fund Balance - Reserved	2,207	88,880	143,725	234,812
Total Fund Equity	191,687	88,880	143,725	424,292
Total Liabilities and Fund Equity	\$ 251,615	\$ 104,519	\$ 173,284	\$ 529,418

See accompanying notes to the financial statements.

**VILLAGE OF MANCELONA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FEBRUARY 28, 2007**

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES (PER THE BALANCE SHEET PAGE 8)	\$	424,292
Amounts reported for governmental activities in the Statement of Net Assets (page 6) are different because:		
Capital assets used in governmental activities are not financial resources and therefore not used in the funds		1,226,163
Long-term liabilities and accrued interest are not due and payable in the current period and therefore not reported in the funds		(384,836)
Long-term notes receivable that are not collected in the current period and are not considered to be available are not recorded in the funds		119,096
Deferred Revenue is recorded in the funds; however, not in the Statement of Net Assets because using "full" accrual it was recognized in an earlier period		28,396
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER STATEMENT OF NET ASSETS - PAGE 6)	\$	1,413,111

See accompanying notes to the financial statements

**VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED FEBRUARY 28, 2007**

	<u>M A J O R F U N D S</u>			<u>TOTAL</u>
	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>	
REVENUES				
Property Taxes	\$ 218,427	\$ -	\$ 54,751	\$ 273,178
State/County Shared Revenue	157,428	71,049	36,794	265,271
Federal Grant - Gateway Project	86,323	-	-	86,323
Charges for Services	1,470	-	-	1,470
Police	20,664	-	-	20,664
Equipment Rental and Admin.	48,193	-	-	48,193
Interest Earnings	7,945	2,637	7,165	17,747
Other	15,372	-	-	15,372
Total Revenue	555,822	73,686	98,710	728,218
EXPENDITURES				
General Government	252,315	-	-	252,315
Public Safety:				
Police	227,463	-	-	227,463
Highways and Streets	-	102,548	80,676	183,224
Motor Pool	67,699	-	-	67,699
Federal Grant - Sewer Project	86,323	-	-	86,323
Total Expenditures	633,800	102,548	80,676	817,024
Excess (Deficiency) of Revenues Over Expenditures	(77,978)	(28,862)	18,034	(88,806)
OTHER FINANCING SOURCES/(USES):				
Transfer from DDA	-	37,374	-	37,374
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(77,978)	8,512	18,034	(51,432)
Fund Balance - Beginning of Year	269,664	80,368	125,691	475,723
Fund Balance - End of Year	\$ 191,686	\$ 88,880	\$ 143,725	\$ 424,291

See accompanying notes to the financial statements

**VILLAGE OF MANCERONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED FEBRUARY 28, 2007**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ (51,432)

Amounts reported for governmental activities in the Statement of Activities (page 7) are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives.	1,126
Depreciation expense is reported in the Statement of Activities but not the governmental funds financial statements.	(39,328)
Governmental funds do not report long-term debt; therefore, debt service payments are recorded as an expenditure. However, in the government-wide financial statements, long-term debt is recorded and debt service payments are applied against the outstanding balance or to interest expense.	52,374
Governmental funds report receipts on long-term receivables as revenues in the current period. However, in the government-wide statements, the receipt is applied against the outstanding receivable balance.	(37,374)
Governmental funds record revenues when it is both available and measurable; however, the government wide statements record revenue when it is earned, regardless of when it is collected.	18,445
Governmental funds do not record the "Compensated Absences"; However, the Government-wide statements do record the liability and the appropriate change in the liability.	(2,264)

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES PER THE STATEMENT OF ACTIVITIES	\$ (58,453)
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See accompanying notes to the financial statements

**VILLAGE OF MANCELONA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 2007**

NOTE A: ENTITY

The Village of Mancelona is a General Law Village of the State of Michigan organized in 1879, located in Antrim County, Michigan. It was incorporated under Act 3 of 1895. The criteria for determining the various governmental functions to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the financial statements include all of the governmental functions of the Village of Mancelona.

DOWNTOWN DEVELOPMENT AUTHORITY

The Village passed Ordinance 74, effective July 27, 1994, creating the Downtown Development Authority (DDA) of the Village of Mancelona. The Authority is a component unit of the Village. The Village Council has the power to dissolve the Authority at will. The Authority may not impose taxes nor obligate the Village in any manner without approval of the Village Council. The activities of the Authority are presented as a discrete component unit of the Village of Mancelona in these financial statements. The DDA is audited under a separate cover, and those financial statements are available for review at the Village offices.

MANCELONA FIRE DISTRICT

This report does not include the financial activity of the Mancelona Fire District. The Mancelona Fire District is part of the Township of Mancelona.

MANCELONA AREA WATER AND SEWER AUTHORITY

The Mancelona Area Water and Sewer Authority was established in 2000 as a joint venture by the Village of Mancelona, the Township of Mancelona, and the Township of Custer. The Authority was established to most effectively meet the water and sewer needs of the Mancelona area. The financial statements of the Authority are audited under separate cover and are not included in this report.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The accounting and reporting framework and the more significant accounting principles and practices of the Village of Mancelona are discussed in subsequent sections of this Note. The remainder of the Notes is organized to provide explanations including required disclosures of the Village's financial activities.

The accounting policies of the Village of Mancelona conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**VILLAGE OF MANCELONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On March 1, 2003, the Village of Mancelona adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Village's financial statements has shifted from a fund focus to a government-wide focus.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities. These statements report financial information for the Village as a whole, excluding fiduciary activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Village general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. At this time, the Village has no business-type activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Village's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included as program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The Village does not maintain any non-major funds.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED MARCH 31, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION
(CONTINUED)
FUND TYPES AND MAJOR FUNDS**

Governmental Funds

The Village reports the following major governmental funds:

General Fund – This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

Major Street Fund – This fund is used to account for all financial transactions related to the Village's "major" (state-owned) streets. Revenues are derived primarily from state grants.

Local Street Fund – This fund is used to account for all financial transactions related to the Village's local streets. Revenues are derived primarily from property taxes and state grants.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Village are prepared in accordance with generally accepted accounting principles (GAAP). The Village applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Village does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND TYPES AND MAJOR FUNDS (CONTINUED)

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 15 with the final collection date of February 28 before they are added to the county delinquent tax rolls. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Village records property tax revenue on the lien date, when it becomes an enforceable legal claim for the Village. Accordingly, taxes levied on July 1, 2005 are recorded as revenue in the current year. Unpaid taxes are recorded as receivables of the respective funds.

Property taxes were levied as follows for the year ended February 28, 2007:

General	11.7827 mills
Local Street	3.0000 mills

The taxable value of the Village for the 2006 tax year totaled \$25,070,936.

CAPITAL ASSETS AND DEPRECIATION

The Villages property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Village maintains infrastructure asset records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The Village generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur.

**VILLAGE OF MANCELONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2007**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50-75
Improvements, other than buildings	10-20
Machinery and equipment	5-10
Vehicles	5-10
Infrastructure	20-40

For information describing capital assets, see Note F.

LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNT/PREMIUMS

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

USE OF ESTIMATES

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

BUDGETS

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Village for these budgetary funds were adopted on a fund level, using the modified accrual basis of accounting. Amendments are made to the budget

**VILLAGE OF MANCELONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2007**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
(BUDGETS CONTINUED)**

when determined to be necessary throughout the year. The budget is presented as originally adopted and as amended. There are no carryover budget items.

NOTE C: CASH AND CASH EQUIVALENTS

At year end, the carrying amount of the Village's bank deposits including certificates of deposit was \$374,620. The bank balance was \$387,382. Of the bank balance, \$100,000 was covered by federal depository insurance and \$287,382 was uninsured. The uninsured deposits are held by the bank in the Village's name and collateralized with securities.

Statutory Authority

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

- (a) Bonds and other direct obligations of the United States or its agencies
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be the depository of surplus money belonging to the state under section 5 or 6 of Act 105, PA 1855, as amended.
- (c) Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
- (d) United States Government or Federal Agency obligation repurchase agreements.
- (e) Banker's acceptance of United States bank.
- (f) Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

The Village's cash deposits and investments are in accordance with statutory authority.

NOTE D: RECEIVABLES

The Village's receivables as of February 28, 2007 are as follows:

Fund Financial Statements:

	<u>GENERAL</u>	<u>MAJOR STREET</u>	<u>LOCAL STREET</u>
Delinquent Taxes	\$ 66,685	\$ -	\$ 8,097
State/County Revenue	25,663	7,222	3,106
Charter Franchise Fees	6,035	-	-
Total	<u>\$ 98,383</u>	<u>\$ 7,222</u>	<u>\$ 11,203</u>

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2007**

NOTE D: RECEIVABLES (CONTINUED)

An additional receivable has been recorded in the government-wide financial statements to reflect the amount to be received from the DDA over the life of two capital leases (described in Note H) in the amount of \$119,096, of which \$37,274 is current.

Management considers all receivables to be fully collectible.

NOTE E: DUE FROM/TO OTHER FUNDS

The amounts of interfund receivables and payable are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General	\$ 37,989	Major Street	\$ 15,639
		Local Street	<u>22,350</u>
	<u>\$ 37,989</u>		<u>\$ 37,989</u>

Interfund receivables are short-term in nature and no interest is charged on the above amounts. Above amounts are the result of fringe benefit allocations, equipment rental and administration.

GASB 34 requires that all interfund receivables and payables are eliminated within each activity type for purposes of the government-wide financial statements.

NOTE F: CAPITAL ASSETS

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>			<u>CAPITAL ASSETS DEPRECIATED</u>		
	<u>LAND & IMPROV.</u>	<u>BUILDINGS</u>	<u>POLICE VEHICLES</u>	<u>MACHINERY & EQUIPMENT</u>	<u>INFRA- STRUCTURE</u>	<u>TOTALS</u>
Governmental Activities						
Balance, March 1, 2006	\$ 370,800	\$ 447,914	\$ 67,740	\$ 423,940	\$ 289,390	\$ 1,599,784
Increases	-	-	-	1,126	-	1,126
Decreases	-	-	-	-	-	-
Balance, Feb. 28, 2007	<u>370,800</u>	<u>447,914</u>	<u>67,740</u>	<u>425,066</u>	<u>289,390</u>	<u>1,600,910</u>
Governmental Activities						
Accumulated Depreciation						
Balance, March 1, 2006	-	80,696	33,807	202,464	18,452	335,419
Increases	-	7,052	6,825	15,805	9,646	39,328
Decreases	-	-	-	-	-	-
Balance, Feb. 28, 2007	<u>-</u>	<u>87,748</u>	<u>40,632</u>	<u>218,269</u>	<u>28,098</u>	<u>374,747</u>
Governmental Activities						
Capital Assets, Net	<u>\$ 370,800</u>	<u>\$ 360,166</u>	<u>\$ 27,108</u>	<u>\$ 206,797</u>	<u>\$ 261,292</u>	<u>\$ 1,226,163</u>

**VILLAGE OF MANCERLONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2007**

NOTE F: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Village as follows:

Motor Pool	\$ 6,880
Village Administration	2,481
Street & Sidewalks	9,646
Parks	2,912
Law Enforcement	7,671
Buildings and Grounds	7,052
Unallocated	<u>2,686</u>
Total	<u>\$ 39,328</u>

NOTE G: DEFERRED REVENUE

The fund financial statements has deferred revenue of \$28,396 in delinquent property tax dollars that were not collected within 60 days after year-end and are consequently considered "unavailable".

NOTE H: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended February 29, 2007:

<u>Description and Purpose</u>	<u>Balance March 1 2006</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance February 28 2007</u>	<u>Due Within 1 Year</u>
Governmental Activities					
2002 MTF Bond	\$ 235,000	\$ -	\$ 15,000	\$ 220,000	\$ 15,000
Capital Leases	<u>156,370</u>	<u>-</u>	<u>37,274</u>	<u>119,096</u>	<u>37,274</u>
Total	<u>\$ 391,370</u>	<u>\$ -</u>	<u>\$ 52,274</u>	<u>\$ 339,096</u>	<u>\$ 52,274</u>

The 2002 Michigan Transportation Fund Bond is a bond due in annual installments from \$15,000 to \$30,000 payable on June 1, of each year beginning in 2007. Interest is due semi-annually on June 1, and December 1, beginning in 2003, at varying rates from 4.05% - 4.40%. Final payment is due on June 1, 2018. The money was borrowed for the purpose of paying construction costs of East State Street. This obligation is serviced by the Major Street Fund.

**VILLAGE OF MANCELONA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED FEBRUARY 28, 2007**

NOTE H: LONG-TERM DEBT (CONTINUED)

The capital lease obligations are due in semi-annual installments of \$10,000 and \$8,637, respectively. The capital leases were entered into in order to finance the street lighting projects on both East State Street and West State Street. There is no calculation for the interest portion of these capital lease payments.

The Mancelona Downtown Development Authority has agreed to service the capital lease obligations; however, the leases are in the name of the Village and therefore included in these financial statements.

The annual principal and interest requirements, to amortize the bonds payable and lease payments as of February 28, 2007, are as follows:

	2002 MTF BOND	2002 MTF INTEREST	CAPITAL LEASES	TOTAL
2008	15,000	8,774	37,274	61,048
2009	15,000	8,166	37,274	60,440
2010	15,000	7,559	27,274	49,833
2011	15,000	6,981	17,274	39,225
2012	15,000	6,344	-	21,344
2013-2018	145,000	19,780	-	164,780
	<u>\$ 220,000</u>	<u>\$ 57,574</u>	<u>\$ 119,096</u>	<u>\$ 396,670</u>

COMPENSATED ABSENCES

All employees (non-elected officials) may accumulate compensated absences (sick, vacation and personal days) in accordance with the employment policies of the Village. Upon termination, employees are either paid one-half their individual accumulated amount or the full amount, depending on the details of each employment contract. At February 28, 2007, the Village was liable for \$43,740 of compensated absences.

NOTE I: FUND BALANCE AND NET ASSETS

RESERVED FUND BALANCE/RESTRICTED NET ASSETS

The reserved fund balance/restricted net assets related to streets and highways include the ending fund balances of the local and major street funds, which totals \$232,605.

The Village also has a reservation/restriction in the amount of \$2,207 related to a donation where the donor has restricted the use of monies to be spent on the Village's fish pond.

**VILLAGE OF MANCELONA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED FEBRUARY 28, 2007**

NOTE J: INTRA/INTER-FUND REVENUE AND EXPENSE

Following is a summary of all equipment rental and administration charges between and within funds (all general fund revenues).

Local Street	\$ 16,602		
Major Street	<u>\$ 11,113</u>		
Motor Pool Equip		Buildings & Grounds	
Rental & Admin.	<u>\$ 27,715</u>	and Parks	<u>\$ 20,478</u>

The Local and Major Street Funds incur the above stated expenditures and pay the General Fund accordingly. The Building and Grounds and Parks incur equipment rental expenses, while matching revenue is recorded, however no payments are made for this **intra-fund** activity.

All inter/intra-fund activity has been eliminated in the government-wide financial statements.

NOTE K: PENSION

The Village of Mancelona has a defined contribution pension plan covering substantially all of its (non-elected) employees. Employees are fully vested in the seventh year of employment. A defined contribution pension plan provides benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under the Village's defined contribution pension plan, the benefits a participant will receive depend on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The plan is maintained with the Principal Mutual Life Insurance Co. The total pension expense for the year approximated \$12,866, which meets the contribution requirements of the Village. The Village contributes 7% of eligible employee wages which was approximately \$183,796 for the period. The policy provides for group retirement annuities and contributions to be used for the purchase of annuity benefits, so there are no separate plan assets.

**VILLAGE OF MANCELONA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 YEAR ENDED FEBRUARY 28, 2007**

NOTE L: INSURANCE COVERAGES

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The Village participates in the Michigan Township Participating Plan, a self-insured group. The pool is considered a public entity risk pool. The Village pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expense for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Village has not been informed of any special assessments being required.

There were no significant changes in coverage, nor were there any significant claims for the year. The Village carries commercial insurance for other types of losses, including employee health and accident insurance.

The Village has the following coverage's:

	<u>COVERAGE'S</u>
Property	\$ 700,000
Liability	5,000,000/7,000,000
Errors & Omissions	5,000,000/6,000,000
Law Enforcement	5,000,000/6,000,000
Automobile	5,000,000
Crime	10,000
Inland Marine	421,000
Boiler	250,000
Bond	10,000
Worker's Compensation	Statutory

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES:				
Property Taxes	\$ 240,000	\$ 290,000	\$ 218,427	\$ (71,573)
State Shared Revenue	155,000	155,000	152,615	(2,385)
Federal Grant - Sewer Project	86,323	86,323	86,323	-
Charges for Services	1,850	1,850	1,470	(380)
Metro Act Funds	5,000	5,000	4,813	(187)
DNR Revenue Sharing	1,100	1,100	-	(1,100)
Sub - Total	<u>489,273</u>	<u>539,273</u>	<u>463,648</u>	<u>(75,625)</u>
Police:				
Ordinance Fines	12,000	12,000	11,564	(436)
PBT Fees	1,000	1,000	5,825	4,825
Liquor License	1,400	1,400	1,560	160
State Training	-	-	1,715	1,715
Total Police	<u>14,400</u>	<u>14,400</u>	<u>20,664</u>	<u>6,264</u>
Equipment Rental and Admin:				
Local and Major Streets	32,000	32,000	27,715	(4,285)
Buildings & Grounds/ Parks	19,000	19,000	20,478	1,478
Total Equipment Rental and Admin.	<u>51,000</u>	<u>51,000</u>	<u>48,193</u>	<u>(2,807)</u>
Other:				
Interest Earnings	8,500	8,500	7,945	(555)
Refunds and Rebates	1,800	1,800	2,336	536
Franchise Fee - Cable Co.	13,000	13,000	12,498	(502)
Miscellaneous	8,000	8,000	538	(7,462)
Total Other	<u>31,300</u>	<u>31,300</u>	<u>23,317</u>	<u>(7,983)</u>
Total Revenues	<u>\$ 585,973</u>	<u>\$ 635,973</u>	<u>\$ 555,822</u>	<u>\$ (80,151)</u>

VILLAGE OF MANCELONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
EXPENDITURES:				
GENERAL GOVERNMENT				
Village Council:				
Wages	\$ 20,500	\$ 20,500	\$ 25,792	\$ (5,292)
Fringe Benefits	-	-	1,976	(1,976)
Insurance	32,000	32,000	29,317	2,683
Professional Fees	18,500	18,500	17,925	575
Printing	4,500	4,500	5,891	(1,391)
Miscellaneous	5,000	5,000	2,415	2,585
Zoning Administrator	500	500	500	-
Capital Outlay/Arch. Fees	3,000	3,000	10,075	(7,075)
Total Village Council	84,000	84,000	93,891	(9,891)
Election:				
Wages	-	-	703	(703)
Fringe Benefits	-	-	53	(53)
Office Supplies	-	-	246	(246)
Total Election	-	-	1,002	(1,002)
Village Clerk:				
Wages	26,000	26,000	28,805	(2,805)
Fringe Benefits	12,000	12,000	12,714	(714)
Office Supplies	4,500	4,500	4,329	171
Telephone	2,000	2,000	2,490	(490)
Capital Outlay	-	-	-	-
Total Village Clerk	44,500	44,500	48,338	(3,838)
Village Treasurer:				
Wages	10,000	10,000	7,467	2,533
Fringe Benefits	1,000	1,000	561	439
Office Supplies	500	500	226	274
Tax Roll	2,000	2,000	1,065	935
Miscellaneous	100	100	-	100
Total Village Treasurer	\$ 13,600	\$ 13,600	\$ 9,319	\$ 4,281

VILLAGE OF MANCELONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2007

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
Buildings and Grounds:				
Wages	\$ 25,000	\$ 25,000	\$ 17,243	\$ 7,757
Fringe Benefits	15,000	15,000	9,087	5,913
Equipment Rental	14,000	14,000	13,057	943
Utilities	11,000	11,000	7,266	3,734
Contractual Services	13,000	13,000	8,407	4,593
Operating Supplies	6,000	6,000	2,641	3,359
Building Supplies	2,400	2,400	512	1,888
Tree Removal	5,000	5,000	3,748	1,252
Capital Outlay	3,000	3,000	6,135	(3,135)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Buildings and Grounds	94,400	94,400	68,096	26,304
Parks and Recreation:				
Wages	13,000	13,000	8,699	4,301
Fringe Benefits	8,000	8,000	4,543	3,457
Equipment Rental	5,000	5,000	7,199	(2,199)
Supplies	3,500	3,500	373	3,127
Contractual Services	2,500	2,500	4,784	(2,284)
Utilities	4,500	4,500	3,828	672
Capital Outlay	4,000	4,000	2,243	1,757
	<hr/>	<hr/>	<hr/>	<hr/>
Total Parks and Recreation	40,500	40,500	31,669	8,831
Public Relations:				
Village Decorations	5,000	5,000	-	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL GENERAL GOVERNMENT	282,000	282,000	252,315	29,685
PUBLIC SAFETY				
Police				
Wages	136,600	136,600	136,714	(114)
Fringes	70,000	70,000	73,615	(3,615)
Operating Supplies	6,000	6,000	3,512	2,488
Gasoline	6,000	6,000	6,615	(615)
Contractual Services	2,500	2,500	2,625	(125)
Telephone	2,000	2,000	2,549	(549)
Training & Mileage	-	-	604	(604)
Capital Outlay	1,000	1,000	1,186	(186)
Miscellaneous	1,500	1,500	43	1,457
	<hr/>	<hr/>	<hr/>	<hr/>
Total Police	\$ 225,600	\$ 225,600	\$ 227,463	\$ (1,863)

VILLAGE OF MANCERLONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED FEBRUARY 28, 2007

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
MOTOR POOL				
Wages	\$ 24,000	\$ 24,000	\$ 24,619	\$ (619)
Fringe Benefits	10,000	10,000	12,889	(2,889)
Operating Supplies	4,500	4,500	1,336	3,164
Contractual Services	5,000	5,000	5,301	(301)
Gasoline	6,500	6,500	7,525	(1,025)
Utilities	6,200	6,200	4,547	1,653
Equipment Supplies	6,000	6,000	5,123	877
Telephone	500	500	676	(176)
Capital Outlay	10,000	10,000	5,531	4,469
Miscellaneous	3,500	3,500	152	3,348
Total Motor Pool	76,200	76,200	67,699	8,501
Federal Grant - Sewer Project	86,323	86,323	86,323	-
Capital Outlay	-	-	-	-
Total Expenditures	670,123	670,123	633,800	36,323
Excess (Deficiency) of Revenues over Expenditures	(84,150)	(34,150)	(77,978)	(43,828)
Fund Balance - Beginning of Year	269,664	269,664	269,664	-
Fund Balance - End of Year	\$ 185,514	\$ 235,514	\$ 191,686	\$ (43,828)

VILLAGE OF MANCERONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - MAJOR STREET FUND
YEAR ENDED FEBRUARY 28, 2007

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET</u>
REVENUES:				
State Funds	72,000	72,000	68,604	(3,396)
County Funds	-	-	2,445	2,445
Interest	1,000	1,000	2,637	1,637
Total Revenues	<u>73,000</u>	<u>73,000</u>	<u>73,686</u>	<u>686</u>
EXPENDITURES:				
Reconstruction	8,500	8,500	15,210	(6,710)
Traffic Signals	1,000	1,000	385	615
Routine Maintenance:				
Wages	2,000	2,000	1,493	507
Supplies, Equip. Rental, Other	8,750	8,750	4,172	4,578
Winter Maintenance:				
Wages	6,000	6,000	6,070	(70)
Supplies, Equip. Rental, Other	9,500	9,500	6,611	2,889
M-88 Maintenance:				
Wages	1,200	1,200	907	293
Contractual Services	1,000	1,000	-	1,000
Equipment Rental	2,000	2,000	1,254	746
Fringe Benefits	6,000	6,000	4,423	1,577
Debt Service:				
Principal and Interest Payments	63,000	63,000	62,023	977
Total Expenditures	<u>108,950</u>	<u>108,950</u>	<u>102,548</u>	<u>6,402</u>
Excess (Deficiency) of Revenues Over Expenditures	(35,950)	(35,950)	(28,862)	7,088
OTHER FINANCING SOURCES				
Transfer from DDA	38,000	38,000	37,374	(626)
Excess (Deficiency) of Revenues and Other Sources over Expenditures	2,050	2,050	8,512	6,462
Fund Deficit - Beginning of Year	<u>80,368</u>	<u>80,368</u>	<u>80,368</u>	<u>-</u>
Fund Deficit - End of Year	<u><u>82,418</u></u>	<u><u>82,418</u></u>	<u><u>88,880</u></u>	<u><u>6,462</u></u>

**VILLAGE OF MANCERONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LOCAL STREET FUND
YEAR ENDED FEBRUARY 28, 2007**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES				
Property Taxes	\$ 63,000	\$ 73,000	\$ 54,751	\$ (18,249)
State Grants	45,000	45,000	36,794	(8,206)
Interest	4,000	4,000	7,165	3,165
Total Revenues	112,000	122,000	98,710	(23,290)
EXPENDITURES				
Resurfacing	25,000	25,000	21,980	3,020
Sidewalk Installation	10,000	10,000	-	10,000
Street Light Utilities	30,000	30,000	22,895	7,105
Miscellaneous	2,000	2,000	190	1,810
Routine Maintenance:				
Wages	5,000	5,000	4,778	222
Supplies, Equip. Rental, Other	18,250	18,250	9,141	9,109
Winter Maintenance:				
Wages	8,000	8,000	6,426	1,574
Supplies, Equip. Rental, Other	4,500	4,500	9,415	(4,915)
Fringes	8,000	8,000	5,851	2,149
Total Expenditures	110,750	110,750	80,676	30,074
Excess (Deficiency) of Revenues Over Expenditures	1,250	11,250	18,034	6,784
Fund Balance - Beginning of Year	125,691	125,691	125,691	-
Fund Balance - End of Year	\$ 126,941	\$ 136,941	\$ 143,725	\$ 6,784