

VILLAGE OF DETOUR
Chippewa County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2007

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of DeTour	County Chippewa
Audit Date March 31, 2007	Opinion Date May 11, 2007	Date Accountant Report Submitted to State: June 25, 2007	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- yes no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- yes no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- yes no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- yes no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- yes no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- yes no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- yes no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- yes no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- yes no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686	City Bay City	State MI	Zip 48707
Accountant Signature <i>Campbell, Kusterer & Co., PC</i>			

VILLAGE OF DETOUR
Chippewa County, Michigan

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CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

May 11, 2007

To the Village Council
Village of DeTour
Chippewa County, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of Village of DeTour, Chippewa County, Michigan as of and for the year ended March 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of DeTour's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Village of DeTour, Chippewa County, Michigan as of March 31, 2007, and the respective changes in financial position and cash flows where applicable, of these activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 11, 2007, on our consideration of the Village's internal control over financial reporting and on tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Management's Discussion and Analysis and budgetary comparison information listed 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 an opinion on the Village's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants

VILLAGE OF DETOUR
Chippewa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

The Management's Discussion and Analysis report of the Village of DeTour covers the Village's financial performance during the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2007, totaled \$592,942.92 for governmental activities and \$4,369,940.05 for business activities.

Overall revenues were \$418,120.24 from governmental activities and \$202,342.52 from business-type activities. Governmental activities had a \$41,271.33 increase in net assets. Business-type activities had a \$941.18 decrease in net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and 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 and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental and business-type activities.

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.

ENTITY-WIDE FINANCIAL STATEMENTS

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

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

To assess overall health of the 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 and business-type activities. These include the General Fund, Major Street Fund, Local Street Fund, Housing Fund, Debt Service Fund, Water Fund and the Sewer Fund.

VILLAGE OF DETOUR
Chippewa County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended March 31, 2007

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 expenditures of those resources.

The Village has the following types of funds:

Governmental Funds: Some 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 entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Village's governmental funds include the General Fund, Major Street Fund, Local Street Fund, Housing Fund, and the Debt Service Fund.

Business-Type Funds: The Village has a Water Fund and Sewer Fund which includes the activity of providing water and sewer to Village residents.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Our cash position in both the governmental and business-type activities remains strong.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The General Fund had a \$10,779.90 increase in fund balance. The Major Street Fund had a \$6,353.36 decrease in fund balance. The Local Street Fund had a \$391.24 increase in fund balance. The Debt Service Fund had an \$14,578.27 increase in fund balance. The Housing Fund had a \$11,265.00 decrease in fund balance.

The Water Fund had a \$24,502.61 increase in net assets and the Sewer Fund had a \$25,443.79 decrease in net assets.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Village's governmental activities invested \$19,800.00 in capital assets.

The Village's business-type activities invested \$54,125.70 in capital assets.

The Village's governmental activities paid \$42,745.28 of principal on long-term debt.

The Village's business-type activities paid \$27,000.00 of principal on long-term debt.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE VILLAGE'S MANAGEMENT

This financial report is intended 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 the Village Clerk or Village Treasurer at 906-297-5471.

VILLAGE OF DETOUR
Chippewa County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
CURRENT ASSETS:			
Cash in bank	294 643 29	12 378 74	307 022 03
Cash on hand	100 00	100 00	200 00
Taxes receivable	11 526 05	-	11 526 05
Accounts receivable	-	16 743 35	16 743 35
Due from other funds	16 774 75	-	16 774 75
Due from State of Michigan	12 079 30	-	12 079 30
Total Current Assets	335 123 39	29 222 09	364 345 48
OTHER ASSETS:			
Cash in bank – restricted	-	59 779 81	59 779 81
Total Other Assets	-	59 779 81	59 779 81
CAPITAL ASSETS:			
Capital Assets	932 249 00	6 592 582 55	7 524 831 55
Less: Accumulated Depreciation	(379 590 00)	(1 601 094 53)	(1 980 684 53)
Total Capital Assets	552 659 00	4 991 488 02	5 544 147 02
TOTAL ASSETS	887 782 39	5 080 489 92	5 968 272 31
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	2 399 54	-	2 399 54
Bonds payable	-	28 000 00	28 000 00
Due to other funds	3 224 88	13 549 87	16 774 75
Total Current Liabilities	5 624 42	41 549 87	47 174 29
NON-CURRENT LIABILITIES:			
Bonds payable	200 000 00	669 000 00	869 000 00
Contracts payable	89 215 05	-	89 215 05
Total Non-current Liabilities	289 215 05	669 000 00	958 215 05
Total Liabilities	294 839 47	710 549 87	1 005 389 34
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	263 443 95	4 294 488 02	4 557 931 97
Restricted	71 465 19	59 779 81	131 245 00
Unrestricted	258 033 78	15 672 22	273 706 00
Total Net Assets	592 942 92	4 369 940 05	4 962 882 97
TOTAL LIABILITIES AND NET ASSETS	887 782 39	5 080 489 92	5 968 272 31

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

VILLAGE OF DETOUR
Chippewa County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants - Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Legislative	4 010 00	-	-	(4 010 00)
General government	134 401 23	6 660 50	-	(127 740 73)
Public safety	55 255 71	30 320 46	21 500 00	(3 435 25)
Public works	161 429 52	22 741 49	-	(138 688 03)
Interest on long-term debt	15 158 45	-	-	(15 158 45)
Total Governmental Activities	<u>370 254 91</u>	<u>59 722 45</u>	<u>21 500 00</u>	<u>(289 032 46)</u>
Business-Type Activities:				
Water and sewer	266 249 63	202 342 52	54 100 00	-
Total Business-Type Activities	<u>266 249 63</u>	<u>202 342 52</u>	<u>54 100 00</u>	<u>-</u>
Total Government	<u>636 504 54</u>	<u>262 064 97</u>	<u>75 600 00</u>	<u>(289 032 46)</u>
General Revenues:				
Property taxes				192 120 76
State revenue sharing				118 302 93
Interest				12 974 81
Interfund transfers				(6 594 00)
Miscellaneous				13 499 29
Total General Revenues				<u>330 303 79</u>
Change in net assets				41 271 33
Net assets, beginning of year				<u>551 671 59</u>
Net Assets, End of Year				<u>592 942 92</u>

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

<u>Business-Type Activities</u>	<u>Total</u>
Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets
-	(4 010 00)
-	(127 740 73)
-	(3 435 25)
-	(138 688 03)
<u>-</u>	<u>(15 158 45)</u>
 -	 (289 032 46)
 <u>(9 807 11)</u>	 <u>(9 807 11)</u>
 <u>(9 807 11)</u>	 <u>(9 807 11)</u>
 <u>(9 807 11)</u>	 <u>(298 839 57)</u>
 -	 192 120 76
-	118 302 93
2 271 93	15 246 74
6 594 00	-
<u>-</u>	<u>13 499 29</u>
 <u>8 865 93</u>	 <u>339 169 72</u>
 (941 18)	 40 330 15
 <u>4 370 881 23</u>	 <u>4 922 552 82</u>
 <u>4 369 940 05</u>	 <u>4 962 882 97</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2007

	<u>General</u>	<u>Major Street</u>	<u>Debt Service</u>	<u>Other Funds</u>
<u>Assets</u>				
Cash in bank	170 223 30	33 079 08	64 904 67	26 436 24
Cash on hand	100 00	-	-	-
Taxes receivable	8 190 41	-	3 335 64	-
Due from other funds	13 549 87	-	3 224 88	-
Due from State of Michigan	-	8 786 90	-	3 292 40
Total Assets	<u>192 063 58</u>	<u>41 865 98</u>	<u>71 465 19</u>	<u>29 728 64</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Accounts payable	2 399 54	-	-	-
Due to other funds	<u>3 224 88</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>5 624 42</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Reserved	-	-	71 465 19	-
Unreserved:				
Undesignated	<u>186 439 16</u>	<u>41 865 98</u>	<u>-</u>	<u>29 728 64</u>
Total fund equity	<u>186 439 16</u>	<u>41 865 98</u>	<u>71 465 19</u>	<u>29 728 64</u>
Total Liabilities and Fund Equity	<u>192 063 58</u>	<u>41 865 98</u>	<u>71 465 19</u>	<u>29 728 64</u>

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

Total

294 643 29
100 00
11 526 05
16 774 75
12 079 30

335 123 39

2 399 54

3 224 88

5 624 42

71 465 19

258 033 78

329 498 97

335 123 39

VILLAGE OF DETOUR
Chippewa County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
March 31, 2007

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	329 498 97
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	932 249 00
Accumulated depreciation	(379 590 00)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:	
Bonds payable	(200 000 00)
Contracts payable	<u>(89 215 05)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>592 942 92</u>

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

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year ended March 31, 2007

	General	Major Street	Debt Service	Other Funds
Revenues:				
Property taxes	136 521 82	-	55 598 94	-
Licenses and permits	4 314 50	-	-	-
Federal grant	21 500 00	-	-	-
State revenue sharing	40 006 74	55 445 04	-	22 851 15
Charges for services	55 407 95	-	-	-
Interest	9 631 13	1 422 81	612 12	1 308 75
Miscellaneous	12 972 89	47 57	52 21	426 62
Total revenues	280 355 03	56 915 42	56 263 27	24 586 52
Expenditures:				
Legislative:				
Village Council	4 010 00	-	-	-
General government:				
Clerk	6 249 20	-	-	-
Treasurer	6 210 43	-	-	-
Building and grounds	17 453 19	-	-	-
Village hall	10 896 73	-	-	-
Accounting	22 821 14	-	-	-
Attorney	1 395 60	-	-	-
Unallocated	67 510 94	-	-	-
Public safety:				
Ambulance	32 195 08	-	-	-
Fire protection	9 483 63	-	-	-
Public works:				
Public works	60 001 46	-	-	-
Highways and streets	-	46 274 66	-	41 189 40
Capital outlay	19 800 00	-	-	-
Debt service	16 218 73	-	41 685 00	-
Total expenditures	274 246 13	46 274 66	41 685 00	41 189 40
Excess (deficiency) of revenues over expenditures	6 108 90	10 640 76	14 578 27	(16 602 88)
Other financing sources (uses):				
Operating transfers in	11 265 00	-	-	16 994 12
Operating transfers out	(6 594 00)	(16 994 12)	-	(11 265 00)
Total other financing sources (uses)	4 671 00	(16 994 12)	-	5 729 12
Excess (deficiency) of revenues and other sources over expenditures and other uses	10 779 90	(6 353 36)	14 578 27	(10 873 76)
Fund balances, April 1	175 659 26	48 219 34	56 886 92	40 602 40
Fund Balances, March 31	186 439 16	41 865 98	71 465 19	29 728 64

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

Total

192 120 76
4 314 50
21 500 00
118 302 93
55 407 95
12 974 81
13 499 29

418 120 24

4 010 00
6 249 20
6 210 43
17 453 19
10 896 73
22 821 14
1 395 60
67 510 94

32 195 08
9 483 63

60 001 46
87 464 06
19 800 00
57 903 73

403 395 19

14 725 05

28 259 12
(34 853 12)
(6 594 00)

8 131 05

321 367 92

329 498 97

VILLAGE OF DETOUR
Chippewa County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended March 31, 2007

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS	8 131 05
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation Expense	(29 405 00)
Capital Outlay	19 800 00
Repayment of debt principal is an expenditure in the governmental funds, the repayment does not have an effect in the statement of activities but does reduce the debt balance in the statement of net assets.	
Principal payments on long-term debt	<u>42 745 28</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>41 271 33</u></u>

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

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF NET ASSETS – BUSINESS-TYPE FUNDS
March 31, 2007

	Water	Sewer	Total
ASSETS:			
CURRENT ASSETS:			
Cash in bank	1 093 43	11 285 31	12 378 74
Cash on hand	50 00	50 00	100 00
Accounts receivable	7 357 71	9 385 64	16 743 35
Total Current Assets	8 501 14	20 720 95	29 222 09
OTHER ASSETS:			
Cash in bank – restricted	40 537 98	19 241 83	59 779 81
Total Other Assets	40 537 98	19 241 83	59 779 81
CAPITAL ASSETS:			
Capital Assets	2 879 136 55	3 713 446 00	6 592 582 55
Less: Accumulated Depreciation	(441 044 53)	(1 160 050 00)	(1 601 094 53)
Total Capital Assets	2 438 092 02	2 553 396 00	4 991 488 02
TOTAL ASSETS	2 487 131 14	2 593 358 78	5 080 489 92
LIABILITIES AND NET ASSETS:			
LIABILITIES:			
CURRENT LIABILITIES:			
Current portion of long-term liabilities	13 000 00	15 000 00	28 000 00
Due to other funds	13 549 87	-	13 549 87
Total Current Liabilities	26 549 87	15 000 00	41 549 87
LONG-TERM LIABILITIES:			
Bonds payable	502 000 00	195 000 00	697 000 00
Less current portion	(13 000 00)	(15 000 00)	(28 000 00)
Total Long-Term Liabilities	489 000 00	180 000 00	669 000 00
Total Liabilities	515 549 87	195 000 00	710 549 87
NET ASSETS:			
Invested in Capital Assets, Net of Related Debt	1 936 092 02	2 358 396 00	4 294 488 02
Restricted	40 537 98	19 241 83	59 779 81
Unrestricted	(5 048 73)	20 720 95	15 672 22
Total Net Assets	1 971 581 27	2 398 358 78	4 369 940 05
TOTAL LIABILITIES AND NET ASSETS	2 487 131 14	2 593 358 78	5 080 489 92

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

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS –
BUSINESS-TYPE FUNDS
Year ended March 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES:			
Service charges	89 502 23	84 751 87	174 254 10
Hydrant rental	22 600 00	-	22 600 00
Miscellaneous	<u>2 558 58</u>	<u>2 929 84</u>	<u>5 488 42</u>
Total Operating Revenues	<u>114 660 81</u>	<u>87 681 71</u>	<u>202 342 52</u>
OPERATING EXPENSES:			
Wages	31 898 52	31 741 14	63 639 66
Fringe benefits	14 110 34	14 383 24	28 493 58
Insurance	3 344 12	3 952 12	7 296 24
Supplies	17 454 31	5 132 09	22 586 40
Repairs and maintenance	2 059 20	747 71	2 806 91
Contracted services	1 360 00	1 360 00	2 720 00
Utilities	10 534 70	5 699 67	16 234 37
Miscellaneous	<u>935 00</u>	<u>815 20</u>	<u>1 750 20</u>
Total Operating Expenses	<u>81 696 19</u>	<u>63 831 17</u>	<u>145 527 36</u>
Operating Income (loss) before depreciation	32 964 62	23 850 54	56 815 16
Less: depreciation	<u>(41 130 53)</u>	<u>(46 418 00)</u>	<u>(87 548 53)</u>
Operating income (loss)	<u>(8 165 91)</u>	<u>(22 567 46)</u>	<u>(30 733 37)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest income	1 349 76	922 17	2 271 93
Federal grant	54 100 00	-	54 100 00
Transfers in	-	6 594 00	6 594 00
Interest expense	<u>(22 781 24)</u>	<u>(10 392 50)</u>	<u>(33 173 74)</u>
Total Non-operating Revenues (Expenses)	<u>32 668 52</u>	<u>(2 876 33)</u>	<u>29 792 19</u>
Change in net assets	24 502 61	(25 443 79)	(941 18)
Net assets, beginning of year	<u>1 947 078 66</u>	<u>2 423 802 57</u>	<u>4 370 881 23</u>
Net Assets, End of Year	<u><u>1 971 581 27</u></u>	<u><u>2 398 358 78</u></u>	<u><u>4 369 940 05</u></u>

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

VILLAGE OF DETOUR
Chippewa County, Michigan

STATEMENT OF CASH FLOWS – BUSINESS-TYPE FUNDS
Year ended March 31, 2007

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	117 885 69	87 681 71	205 567 40
Cash payments to suppliers for goods and services	(49 797 67)	(32 090 03)	(81 887 70)
Cash payments to employees for services	(31 898 52)	(31 741 14)	(63 639 66)
Net cash provided (used) by operating activities	36 189 50	23 850 54	60 040 04
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on bonds	(12 000 00)	(15 000 00)	(27 000 00)
Interest paid on bonds	(22 781 24)	(10 392 50)	(33 173 74)
Federal grant proceeds	54 100 00	-	54 100 00
Increase in capital assets	(54 125 70)	-	(54 125 70)
Net cash provided (used) by capital and related financing activities	(34 806 94)	(25 392 50)	(60 199 44)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	-	6 594 00	6 594 00
(Increase) decrease due to other funds	(3 605 88)	(1 082 89)	(4 688 77)
Net cash provided (used) by non-capital financing activities	(3 605 88)	5 511 11	1 905 23
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest income	1 349 76	922 17	2 271 93
Net cash provided (used) by investing activities	1 349 76	922 17	2 271 93
Net increase (decrease) in cash	(873 56)	4 891 32	4 017 76
Cash beginning of year	42 554 97	25 685 82	68 240 79
Cash End of Year	41 681 41	30 577 14	72 258 55
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Income (loss) from operations	(8 165 91)	(22 567 46)	(30 733 37)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	41 130 53	46 418 00	87 548 53
Increase (decrease) in payables	3 224 88	-	3 224 88
Net Cash Provided (Used) in Operating Activities	36 189 50	23 850 54	60 040 04

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

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Village of DeTour, Chippewa County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Village contain all the Village funds that are controlled by or dependent on the Village's executive or legislative branches.

The reporting entity is the Village of DeTour. The Village is governed by an elected Village Council. As required by generally accepted accounting principles, these financial statements present the Village as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental and business-type funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

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 intergovernmental revenues.

Special Revenue Funds

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund

This fund is used to account for long-term debt transactions.

Proprietary Funds

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 operations. The principal operating revenues of the Water and Sewer enterprise funds are charges to customers for services. The enterprise funds also recognize as operating revenues the tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Village. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of July 1 and the related property taxes become a lien on March 1 of the following year. These taxes are due on September 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2006 tax roll millage rate was 13.1310 mills, and the taxable value was \$14,808,850.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Capital Assets

Capital assets are defined by the Village as assets with an initial cost of more than \$2,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	25-50 years
Equipment	5-20 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Post-employment Benefits

The Village provides no post-employment benefits to past employees.

Fund Equity

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

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Village Council for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Village Council.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Village Council.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Village Council during the fiscal year.

Note 3 – Deposits and Investments

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

The Village Council has designated three banks for the deposit of Village funds. The investment policy adopted by the Council in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

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

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 3 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>366 801 84</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	133 379 69
Uninsured and Uncollateralized	<u>241 906 05</u>
Total Deposits	<u>375 285 74</u>

The Village of DeTour did not have any investments as of March 31, 2007.

Note 4 – Capital Assets

Capital asset activity of the Village's Governmental and Business-Type activities for the current year was as follows:

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/07</u>
<u>Governmental Activities:</u>				
Land	163 166 00	-	-	163 166 00
Buildings	134 578 00	-	-	134 578 00
Equipment	<u>614 705 00</u>	<u>19 800 00</u>	<u>-</u>	<u>634 505 00</u>
Total	912 449 00	19 800 00	-	932 249 00
Accumulated Depreciation	<u>(350 185 00)</u>	<u>(29 405 00)</u>	<u>-</u>	<u>(379 590 00)</u>
Net Governmental Capital Assets	<u>562 264 00</u>	<u>(9 605 00)</u>	<u>-</u>	<u>552 659 00</u>
<u>Business-Type Activities:</u>				
Water and Sewer Systems	6 538 456 85	54 125 70	-	6 592 582 55
Accumulated Depreciation	<u>(1 513 546 00)</u>	<u>(87 548 53)</u>	<u>-</u>	<u>(1 601 094 53)</u>
Net Business-Type Capital Assets	<u>5 024 910 85</u>	<u>(33 422 83)</u>	<u>-</u>	<u>4 991 488 02</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 5 – Budget Variances

During the fiscal year ended March 31, 2007, Village expenditures exceeded the budgeted amounts in the activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund Activity:			
Clerk	5 400 00	6 249 20	849 20
Accounting	19 000 00	22 821 14	3 821 14
Attorney	-	1 395 60	1 395 60
Unallocated	43 350 00	67 510 94	24 160 94
Debt service	16 000 00	16 218 73	218 73

Note 6 – Restricted Assets and Retained Earnings – Reserved

In accordance with Village ordinances, specific assets of the Water Fund and Sewer Fund have been restricted for the funding of required reserves. These reserves have been established to provide for the revenue bond debt service and replacement of fixed assets.

The following is a composition of the restricted assets as of March 31, 2007.

	<u>Water Fund</u>	<u>Sewer Fund</u>
Cash in bank:		
Bond Reserve Account	17 137 92	6 176 30
Bond and Interest Redemption Account	8 757 41	13 065 53
Water Repair and Replacement Account	10 833 16	-
Water Debt Service Account	<u>3 809 49</u>	<u>-</u>
Total	<u>40 537 98</u>	<u>19 241 83</u>

Bond Requirements

Water Supply System: Bonds maturing the years 1983 to 2012 inclusive, will be subject to redemption prior to maturity, in inverse numerical order, on any interest payment date on or after January 1, 1982, at par and accrued interest to the date of redemption.

The governing ordinance requires the Village to make quarterly deposits in an account designated "Bond and Interest Redemption Fund," an amount sufficient to pay at least one-half of the amount of the interest due on the next ensuing interest due date and one-fourth of the amount of the principal due each January 1.

In addition, the Village is required to deposit in an account designated "Bond Reserve Account," \$125.00 each quarter until there is accumulated the sum of \$10,000.00. Such funds are to be used for payment of bonds and interest as to which would otherwise be default.

Sanitary Sewer System: Bonds maturing in the years 1991 to 2018 inclusive, will be subject to redemption prior to maturity, in the inverse numerical order, on any interest payment date on or after January 1, 1990, at par and accrued interest date fixed for redemption.

The governing ordinance requires the Village to make quarterly deposits in an account designated "Bond and Interest Redemption Fund," an amount sufficient to pay at least one-half of the amount of the interest due on the next ensuing interest due date and one-fourth of the amount of the principal due each January 1.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 6 – Restricted Assets and Retained Earnings – Reserved (continued)

In addition, the Village is required to deposit in an account designated "Bond Reserve Account," \$250.00 each quarter until there is accumulated the sum of \$22,000.00. Such funds are to be used for payment of bonds and interest as to which otherwise be default.

Note 7 – Proprietary Fund Fixed Assets

	<u>Enterprise</u>	
	<u>Water</u>	<u>Sewer</u>
Plant, property & equipment	2 879 136 55	3 713 446 00
Less accumulated depreciation	<u>(441 044 53)</u>	<u>(1 160 050 00)</u>
Net	<u>2 438 092 02</u>	<u>2 553 396 00</u>

Proprietary Fund fixed assets are depreciated using the straight-line method over the estimated useful lives which are fifty years.

Note 8 – Changes in Governmental Long-Term Debt

A summary of changes in long-term debt follows:

	<u>Balance 4/1/06</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/07</u>
General obligation bonds payable	230 000 00	-	30 000 00	200 000 00
Contract payable – fire truck	48 500 00	-	3 000 00	45 500 00
Contract payable –CAT loader	30 460 33	-	9 745 28	20 715 05
Contract payable – land	<u>23 000 00</u>	<u>-</u>	<u>-</u>	<u>23 000 00</u>
Total	<u>331 960 33</u>	<u>-</u>	<u>42 745 28</u>	<u>289 215 05</u>

Note 9 – General Obligation Bonds Payable

In 1996, the Village of DeTour sold its general obligation bonds. As of March 31, 2007, the principal balance outstanding on the bonds was \$200,000.00.

<u>Due Date</u>	<u>Principal Amount</u>
10-1-07	30 000 00
10-1-08	40 000 00
10-1-09	40 000 00
10-1-10	45 000 00
10-1-11	<u>45 000 00</u>
Total	<u>200 000 00</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 10 – Contract Payable – Fire Truck

As of March 31, 2007, the principal balance outstanding was \$45,500.00. The interest rate is 4.75% per annum.

<u>Due Date</u>	<u>Principal Amount</u>
5-1-07	3 000 00
5-1-08	4 000 00
5-1-09	4 000 00
5-1-10	4 000 00
5-1-11	4 000 00
5-1-12	4 000 00
5-1-13	4 250 00
5-1-14	4 250 00
5-1-15	4 500 00
5-1-16	4 750 00
5-1-17	<u>4 750 00</u>
Total	<u>45 500 00</u>

Note 11 – Contract Payable – CAT Loader

In 2004, the Village obtained a loan in the amount of \$50,499.00 to fund the purchase of a CAT Loader. The loan requires payment in five annual payments in the amount of \$10,976.24 including interest at the rate of 4.00% per annum. As of March 31, 2007, the principal balance outstanding was \$20,715.05.

Note 12 – Contract Payable – Land

The Village entered into a land contract with Cloverland Electric. The Village agreed to pay \$10,000.00 upon the signing of the land contract, and the balance in 20% increments upon the sale or lease of each individual parcel.

Note 13 – 1972 Water Revenue Bonds Payable

In 1972, the Village of DeTour sold its bonds to fund the construction of the water system. As of March 31, 2007, the principal balance outstanding on the bonds was \$40,000.00.

<u>Due Date</u>	<u>Principal Amount</u>
1-1-08	8 000 00
1-1-09	8 000 00
1-1-10	8 000 00
1-1-11	8 000 00
1-1-12	<u>8 000 00</u>
Total	<u>40 000 00</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 14 – 2005 Water Revenue Bonds Payable

In 2005, the Village of DeTour sold \$477,000.00 of its bonds to fund further construction of the water system. As of March 31, 2007, the principal balance outstanding was \$462,000.00 and it is recorded in the Water Fund.

<u>Due Date</u>	<u>Principal Amount</u>
1-1-08	5 000 00
1-1-09	5 000 00
1-1-10	6 000 00
1-1-11	6 000 00
1-1-12	6 000 00
1-1-13	6 000 00
1-1-14	7 000 00
1-1-15	7 000 00
1-1-16	7 000 00
1-1-17	8 000 00
1-1-18	8 000 00
1-1-19	8 000 00
1-1-20	9 000 00
1-1-21	9 000 00
1-1-22	9 000 00
1-1-23	10 000 00
1-1-24	10 000 00
1-1-25	11 000 00
1-1-26	11 000 00
1-1-27	12 000 00
1-1-28	12 000 00
1-1-29	13 000 00
1-1-30	13 000 00
1-1-31	14 000 00
1-1-32	15 000 00
1-1-33	15 000 00
1-1-34	16 000 00
1-1-35	17 000 00
1-1-36	17 000 00
1-1-37	18 000 00
1-1-38	19 000 00
1-1-39	20 000 00
1-1-40	21 000 00
1-1-41	22 000 00
1-1-42	23 000 00
1-1-43	23 000 00
1-1-44	<u>24 000 00</u>
Total	<u>462 000 00</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 15 – 1970 Sewer Revenue Bonds Payable

In 1970, the Village of DeTour sold its bonds to fund the construction of the sewer system. As of March 31, 2007, the principal balance outstanding was \$195,000.00 and it is recorded in the Sewer Fund.

<u>Due Date</u>	<u>Principal Amount</u>
1-1-08	15 000 00
1-1-09	15 000 00
1-1-10	15 000 00
1-1-11	15 000 00
1-1-12	15 000 00
1-1-13	20 000 00
1-1-14	20 000 00
1-1-15	20 000 00
1-1-16	20 000 00
1-1-17	20 000 00
1-1-18	<u>20 000 00</u>
Total	<u>195 000 00</u>

Note 16 – Interfund Transfers

The amounts of interfund transfers are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
Local Street	16 994 12	Major Street	16 994 12
General	11 265 00	Housing	11 265 00
Sewer	<u>6 594 00</u>	General	<u>6 594 00</u>
Total	<u>34 853 12</u>	Total	<u>34 853 12</u>

Note 17 – Deferred Compensation Plan

The Village does not have a deferred compensation plan.

Note 18 – Pension Plan

Plan Description

The Village has a defined benefit pension plan covering substantially all full-time employees. The plan is operated by the State of Michigan Municipal Employees Retirement System (MERS), which is a cost-sharing multiple-employer retirement system.

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

1. Age 60 and 10 or more years of credited service.
2. Age 55 and 15 or more years of credited service.
3. Age 50 and 25 or more years of credited service (reduced benefit)

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

Note 18 – Pension Plan

Plan Description (continued)

The Village's current year covered payroll and its total current year payroll for all employees amounted \$110,088.02 and \$136,048.84 respectively.

Plan Description

Pension Benefit Obligation

The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2005.

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$13,258
Terminated employees not yet receiving benefits	2,072
Current employees – Accumulated employee contributions including allocated Investment income	-
Employer financed	<u>342,018</u>
Total Actuarial Accrued Liability	357,348
Net Assets Available for Benefits, at Actuarial Value (Market Value is \$176,911)	<u>181,699</u>
Overfunded (Unfunded) Actuarial Accrual Liability	<u>(175,649)</u>

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The annual required contribution for the fiscal year beginning April 1, 2007, is \$20,976.00.

Total employer contributions made during the fiscal year ended March 31, 2007, amounted to \$16,909.44.

Note 19 – Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Village has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

VILLAGE OF DETOUR
Chippewa County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Note 20 – Segment Information for Enterprise Funds

The Village maintains two Enterprise Funds which provide water and sewer services. Segment information for the year ended March 31, 2007, is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>
Operating revenues	114 660 81	87 681 71
Depreciation expense	41 130 53	46 418 00
Change in net assets	24 502 61	(25 443 79)
Operating income (loss)	(8 165 91)	(22 567 46)
Bonds payable	502 000 00	195 000 00
Net working capital	(18 048 73)	5 720 95
Net assets	1 971 581 27	2 398 358 78

Note 21 – Building Permits

The Village of DeTour does not issue building permits. Building permits are issued by the County of Chippewa.

VILLAGE OF DETOUR
Chippewa County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended March 31, 2007

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	135 000 00	135 000 00	136 521 82	1 521 82
Licenses and permits	5 500 00	5 500 00	4 314 50	(1 185 50)
Federal grant	-	-	21 500 00	21 500 00
State revenue sharing	33 000 00	33 000 00	40 006 74	7 006 74
Charges for services	86 000 00	86 000 00	55 407 95	(30 592 05)
Interest	4 000 00	4 000 00	9 631 13	5 631 13
Miscellaneous	25 900 00	25 900 00	12 972 89	(12 927 11)
Total revenues	<u>289 400 00</u>	<u>289 400 00</u>	<u>280 355 03</u>	<u>(9 044 97)</u>
Expenditures:				
Legislative:				
Village Council	4 500 00	4 500 00	4 010 00	(490 00)
General government:				
Assessor	100 00	100 00	-	(100 00)
Clerk	5 400 00	5 400 00	6 249 20	849 20
Treasurer	6 850 00	6 850 00	6 210 43	(639 57)
Building and grounds	18 300 00	18 300 00	17 453 19	(846 81)
Village hall	18 200 00	18 200 00	10 896 73	(7 303 27)
Accounting	19 000 00	19 000 00	22 821 14	3 821 14
Attorney	-	-	1 395 60	1 395 60
Unallocated	42 150 00	43 350 00	67 510 94	24 160 94
Public safety:				
Ambulance	38 000 00	38 000 00	32 195 08	(5 804 92)
Fire protection	19 900 00	19 900 00	9 483 63	(10 416 37)
Public works:				
Public works	74 500 00	64 500 00	60 001 46	(4 498 54)
Other:				
Contingency	16 500 00	15 300 00	-	(15 300 00)
Capital outlay	10 000 00	20 000 00	19 800 00	(200 00)
Debt service	16 000 00	16 000 00	16 218 73	218 73
Total expenditures	<u>289 400 00</u>	<u>289 400 00</u>	<u>274 246 13</u>	<u>(15 153 87)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>6 108 90</u>	<u>6 108 90</u>
Other financing sources (uses):				
Operating transfers in	-	-	11 265 00	11 265 00
Operating transfers out	-	-	(6 594 00)	(6 594 00)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>4 671 00</u>	<u>4 671 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>10 779 90</u>	<u>10 779 90</u>
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>175 659 26</u>	<u>175 659 26</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>186 439 16</u>	<u>186 439 16</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

BUDGETARY COMPARISON SCHEDULE – MAJOR STREET FUND
Year ended March 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
State revenue sharing	59 500 00	59 500 00	55 445 04	(4 054 96)
Interest	1 500 00	1 500 00	1 422 81	(77 19)
Miscellaneous	9 100 00	9 100 00	47 57	(9 052 43)
Total revenues	<u>70 100 00</u>	<u>70 100 00</u>	<u>56 915 42</u>	<u>(13 184 58)</u>
Expenditures:				
Public works:				
Highways and streets	55 100 00	55 100 00	46 274 66	(8 825 34)
Total expenditures	<u>55 100 00</u>	<u>55 100 00</u>	<u>46 274 66</u>	<u>(8 825 34)</u>
Excess (deficiency) of revenues over expenditures	<u>15 000 00</u>	<u>15 000 00</u>	<u>10 640 76</u>	<u>(4 359 24)</u>
Other financing sources (uses):				
Operating transfers out	(15 000 00)	(15 000 00)	(16 994 12)	(1 994 12)
Total other financing sources (uses)	<u>(15 000 00)</u>	<u>(15 000 00)</u>	<u>(16 994 12)</u>	<u>(1 994 12)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	(6 353 36)	(6 353 36)
Fund balance, April 1	<u>-</u>	<u>-</u>	<u>48 219 34</u>	<u>48 219 34</u>
Fund Balance, March 31	<u>-</u>	<u>-</u>	<u>41 865 98</u>	<u>41 865 98</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

COMBINING BALANCE SHEET – ALL SPECIAL REVENUE FUNDS
March 31, 2007

	<u>Major Street</u>	<u>Local Street</u>	<u>Housing</u>	<u>Total</u>
<u>Assets</u>				
Cash in bank	33 079 08	26 436 24	-	59 515 32
Due from State of Michigan	<u>8 786 90</u>	<u>3 292 40</u>	-	<u>12 079 30</u>
Total Assets	<u>41 865 98</u>	<u>29 728 64</u>	-	<u>71 594 62</u>
<u>Liabilities and Fund Balances</u>				
Liabilities	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Unreserved:				
Undesignated	<u>41 865 98</u>	<u>29 728 64</u>	-	<u>71 594 62</u>
Total fund balances	<u>41 865 98</u>	<u>29 728 64</u>	-	<u>71 594 62</u>
Total Liabilities and Fund Balances	<u>41 865 98</u>	<u>29 728 64</u>	-	<u>71 594 62</u>

VILLAGE OF DETOUR
Chippewa County, Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL SPECIAL REVENUE FUNDS
Year ended March 31, 2007

	<u>Major Street</u>	<u>Local Street</u>	<u>Housing</u>	<u>Total</u>
Revenues:				
State revenue sharing	55 445 04	22 851 15	-	78 296 19
Interest	1 422 81	1 308 75	-	2 731 56
Miscellaneous	47 57	426 62	-	474 19
	<u>56 915 42</u>	<u>24 586 52</u>	<u>-</u>	<u>81 501 94</u>
Total revenues				
Expenditures – Public Works:				
Highways and streets:				
Construction	-	-	-	-
Routine maintenance	21 729 25	21 288 41	-	43 017 66
Winter maintenance	10 961 86	10 847 35	-	21 809 18
Administration	13 583 58	9 053 64	-	22 637 22
	<u>46 274 66</u>	<u>41 189 40</u>	<u>-</u>	<u>87 464 06</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>10 640 76</u>	<u>(16 602 88)</u>	<u>-</u>	<u>(5 962 12)</u>
Other financing sources (uses):				
Operating transfers in	-	16 994 12	-	16 994 12
Operating transfers out	(16 994 12)	-	(11 265 00)	(28 259 12)
Total other financing sources (uses)	<u>(16 994 12)</u>	<u>16 994 12</u>	<u>(11 265 00)</u>	<u>(11 265 00)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6 353 36)	391 21	(11 265 00)	(17 227 12)
Fund balances, April 1	<u>48 219 34</u>	<u>29 337 40</u>	<u>11 265 00</u>	<u>88 821 74</u>
Fund Balances, March 31	<u>41 865 98</u>	<u>29 728 64</u>	<u>-</u>	<u>71 594 62</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

May 11, 2007

To the Village Council
Village of DeTour
Chippewa County, Michigan

We have audited the financial statements of the Village of DeTour, Chippewa County, Michigan, as of and for the year ended March 31, 2007, and have issued our report thereon dated May 11, 2007. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether Village of DeTour's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect of the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclose no instances of non-compliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of DeTour's internal control over financial reporting in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted an inadequate control over cash transactions caused by an inherent lack of segregation of duties which is due to the limited number of office personnel employed involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

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AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

May 11, 2007

To the Village Council
Village of DeTour
Chippewa County, Michigan

We have audited the financial statements of the Village of DeTour for the year ended March 31, 2007. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Village of DeTour in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Village Council
Village of DeTour
Chippewa County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Village's financial statements and this communication of these matters does not affect our report on the Village's financial statements, dated March 31, 2007.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer & Co., PC
CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants