

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 Lake Orion	County Oakland
Fiscal Year End June 30, 2007	Opinion Date August 30, 2007	Date Audit Report Submitted to State November 15, 2007	

We affirm that:

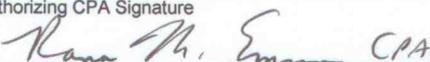
We are certified public accountants licensed to practice in Michigan.

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 | NO
YES | 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 type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Post, Smythe, Lutz and Ziel of Plymouth LLP		Telephone Number 248-644-9125	
Street Address 3707 W. Maple Road, Suite 101		City Bloomfield Hills	State MI
			Zip 48301
Authorizing CPA Signature  CPA		Printed Name Rana M. Emmons, CPA	
		License Number 1101022716	

**VILLAGE OF LAKE ORION
Oakland County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2007**

VILLAGE OF LAKE ORION
For the Year Ended June 30, 2007
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For the Year Ended June 30, 2007

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FINANCIAL SECTION

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Independent Auditor's Report

August 30, 2007

To the Members of the Village Council
Village of Lake Orion, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lake Orion, Michigan as of and for the year ended June 30, 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 of Lake Orion'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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Lake Orion as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Members of the Village Council
Village of Lake Orion, Michigan
August 30, 2007

The management's discussion and analysis and the defined benefit pension plans-trend information, as 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 them.

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

Respectfully,

A handwritten signature in black ink that reads "Post, Smythe, Lutz + Ziel of Plymouth". The signature is written in a cursive, slightly slanted style.

Post, Smythe, Lutz and Ziel of Plymouth LLP
Certified Public Accountants



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Management's Discussion and Analysis

As management of the Village of Lake Orion, we offer readers of the Village of Lake Orion's financial statements this narrative overview and analysis of the financial activities of the Village of Lake Orion for the fiscal year ended June 30, 2007. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets of the Village of Lake Orion exceeded its liabilities at the close of the most recent fiscal year by \$10,558,942 (*net assets*). Of this amount, \$5,305,479 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Village's total net assets increased by \$482,079.
- At the close of the most recent fiscal year, the Village of Lake Orion's governmental funds reported combined ending fund balances of \$1,141,778. Approximately 77 percent of this total amount, \$883,962 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$469,790, or 30 percent of total general fund expenditures.
- The Village of Lake Orion's total debt, including the DDA, decreased by \$46,000 (1 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Lake Orion's basic financial statements, which have three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Lake Orion's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Village of Lake Orion's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village of Lake Orion is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village of Lake Orion that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Lake Orion include general government, public works, police, streets, debt service, capital improvements, and cemetery. The business-type activity of the Village of Lake Orion is the Water and Sewer Fund.

The government-wide financial statements include not only the Village of Lake Orion itself (known as the *primary government*), but also a legally separate Downtown Development Authority (DDA) district for which the Village of Lake Orion is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 11-13 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Lake Orion, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Lake Orion can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the public works fund, and the police fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data

for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-16 of this report.

Proprietary funds. The Village of Lake Orion maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village of Lake Orion uses an enterprise fund to account for its Water and Sewer operation.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund which is considered to be a major fund of the Village of Lake Orion.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village of Lake Orion's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-39 of this report.

Government-wide Financial Analysis

Assets exceeded liabilities by \$10,558,942 at the close of the most recent fiscal year. Of the Village of Lake Orion's net assets, 46 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Village of Lake Orion uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Village of Lake Orion's Net Assets					
	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Current and other assets	1,357,243	1,171,612	5,030,328	4,722,459	6,387,571	5,894,071
Capital Assets	2,998,944	3,062,367	5,103,731	5,303,510	8,102,675	8,365,877
Total Assets	4,356,187	4,233,979	10,134,059	10,025,969	14,490,246	14,259,948
Long-term liabilities outstanding	1,401,052	1,506,094	2,017,599	2,320,535	3,418,651	3,826,629
Other liabilities	215,465	204,777	297,188	151,679	512,653	356,456
Total Liabilities	1,616,517	1,710,871	2,314,787	2,472,214	3,931,304	4,183,085
Net Assets:						
Invested in capital assets, net of related debt	1,868,944	1,556,273	3,009,404	2,995,608	4,878,348	4,551,881
Restricted	234,322	222,169	140,793	158,100	375,115	380,269
Unrestricted	636,404	744,666	4,669,075	4,400,047	5,305,479	5,144,713
Total Net Assets	2,739,670	2,523,108	7,819,272	7,553,755	10,558,942	10,076,863

At the end of the current fiscal year, the Village of Lake Orion is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Net assets increased by \$482,079 during the current fiscal year.

Governmental activities. Governmental activities increased net assets by \$216,562, accounting for 45 percent of the total growth in the net assets of the Village of Lake Orion.

Village of Lake Orion - Change in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	702,613	626,581	1,124,489	869,625	1,827,102	1,496,206
Operating Grants & Contributions	442,234	435,056	0	0	442,234	435,056
Capital Grants & Contributions	0	0	24,175	38,484	24,175	38,484
General Revenues:						
Property Taxes	1,137,758	1,083,187	161,358	153,064	1,299,116	1,236,251
State Shared Revenues	238,293	241,309	0	0	238,293	241,309
Unrestricted Investment Earnings	64,791	47,067	232,293	181,039	297,084	228,106
Gain on Sale of Assets	0	0	0	0	0	0
Total Revenues	2,585,689	2,433,200	1,542,315	1,242,212	4,128,004	3,675,412
Expenses:						
General Government	664,952	678,403	0	0	664,952	678,403
Public Safety	875,941	845,764	0	0	875,941	845,764
Public Works	752,057	747,071	0	0	752,057	747,071
Health and Welfare	12,092	2,454	0	0	12,092	2,454
Community Development	65,990	63,055	0	0	65,990	63,055
Recreation and Cultural	43,295	54,515	0	0	43,295	54,515
Interest on Long-Term Debt	54,800	60,275	0	0	54,800	60,275
Water and Sewer	0	0	1,276,798	1,205,822	1,276,798	1,205,822
Total Expenses	2,469,127	2,451,537	1,276,798	1,205,822	3,745,925	3,657,359
Change in Net Assets before Transfers	116,562	-18,337	265,517	36,390	382,079	18,053
Transfers	100,000	225,000	0	0	100,000	225,000
Change in Net Assets	216,562	206,663	265,517	36,390	482,079	243,053

Key elements of the net asset increase for Governmental activities (\$ rounded to thousands) are as follows:

- Increase due to reduction in Long term debt, \$105,000
- Increase from property tax revenue, \$55,000
- Increased Investment earnings, \$18,000
- Cemetery Revenue rate increase, \$14,000
- Parking/Penal/OUIL fine increases, \$25,000
- Health insurance expense reduction, \$18,000 (net of rate increase and first year deductibles)
- Legal expense reduction, \$18,000
- Administrative revenue increase, \$30,000

Reduced by decreases in net assets including:

- Employee pension expense increase, \$12,000.
- Net employee wages increase, \$12,000
- Depreciation exceeded capital outlay, \$63,000

Business-type activities. Business-type activities increased net assets by \$265,517, accounting for 55 percent of the total growth in net assets. This growth is mostly due to an increase in service charges and interest revenue.

Financial Analysis of the Government's Funds

As noted earlier, the Village of Lake Orion uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Village of Lake Orion's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources.

Fund Balance Comparison for Governmental Funds

	General Fund	Public Works	Police	Other Govt Funds	Total Funds
Fund Balance 6-30-2006	506,996	22,271	4,256	433,312	966,835
Fund Balance 6-30-2007	511,360	63,875	79,946	486,597	1,141,778
Net Change in Fund Balance	4,364	41,604	75,690	53,285	174,943

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$1,141,778, approximately 77 percent of this total amount (\$883,962) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for prepaid expenses (\$20,021), 2) to pay debt service (\$20,748), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$183,161) or 4) for other restricted purposes (\$33,886).

Total governmental fund balances increased \$174,943 for the 2006-2007 fiscal year as compared to a decrease of \$40,560 in the 2005-2006 fiscal year.

The General Fund is the chief operating fund of the Village of Lake Orion. At the end of the current fiscal year, unreserved fund balance of the general fund was \$469,790, while total fund balance was \$511,360. Unreserved fund balance represents 30 percent of total general fund expenditures, while total fund balance represents 32 percent of that same amount. The fund balance of the Village of Lake Orion's General Fund increased \$4,364 during the current fiscal year.

General Fund contributions support the Public Works Fund and the Police Fund. Thus an increase in those two fund balances would result in a reduced General Fund balance.

The Public Works Fund has a total fund balance of \$63,875; unreserved fund balance in the Public Works Fund was \$51,538. The total Public Works fund balance represents an increase of \$41,604 in comparison with the prior year. This increase is mostly attributable to cemetery rate increases and cost reductions from implementation of a new health plan.

The Police Fund has a total fund balance of \$79,946; unreserved fund balance in the Police Fund was \$79,946. The total Police fund balance represents an increase of \$75,690 in comparison with the prior year. This increase is due to revenue increases in parking/penal fines, OUIL collections, drug forfeiture revenue, and cost reductions from implementation of a new health plan.

Proprietary funds. The Village of Lake Orion's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Fund at the end of the year amounted to \$4,669,075.

General Fund Budgetary Highlights

There was a \$41,800 increase between the original budget and the final amended budget total in revenues and a total \$106,600 decrease in expenditures and transfers out. These changes were made mostly due to cemetery rate changes, and implementation of a new Health Insurance plan.

Capital Asset and Debt Administration

Capital assets. The Village of Lake Orion's investment in capital assets for its governmental and business type activities is \$7,494,694 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, park facilities, roads, and bridges. The decrease in the Village of Lake Orion's investment in capital assets for the current fiscal year was 2 percent for governmental activities, and a 4 percent decrease in business-type activities.

Major capital asset events during the current fiscal year included the following:

- Purchase DPW dump truck \$84,971

Additional information on the Village of Lake Orion's capital assets can be found in note IV.B on pages 31-32 of this report.

Long-term debt.

At the end of the current fiscal year, the Village of Lake Orion had total bond debt outstanding of \$3,240,000. Of this amount, \$1,130,000 is governmental, \$2,110,000 is business-type. The Village of Lake Orion's total bond debt decreased by \$345,000 (11 percent) during the current fiscal year.

At the end of the current fiscal year, the Village of Lake Orion's Component Unit (DDA) had land contract debt outstanding of \$299,000. This debt was incurred during the current fiscal year.

The Village of Lake Orion received an "A" rating from Standard & Poor's in 2006 for bond debt.

Additional information on the Village of Lake Orion's long-term debt can be found in note IV.E on pages 33-34 of this report.

Economic Factors and Future Budgets and Rates

Property taxes make up over 50 percent of our General Fund Budget. Taxable values experienced a 5 percent increase for 2007/2008.

In an effort to maintain financial stability into the future, the Village has actively pursued expense reductions and revenue increases with full year effects in future years, including the following:

- New health insurance plan for all active employees and some retirees in September, 2006.
- Joined MIDeal, a state cooperative purchasing group for a 30% reduction in road salt costs(beginning in 2007/2008)
- Completed a feasibility study to move pensions from Defined Benefit to Defined Contribution; and secured agreement from one of the two employee unions.
- Successfully increased awareness and effort to contain legal fees
- Changed source for office supplies to reduce costs
- Implemented mailing consolidations and expanded Internet use to decrease postage costs
- Deferred purchase of police vehicle
- Deferred purchase of new lawn mowers
- Conducted cost alternative studies for telephones, dental coverage, and disability coverage
- Increased cemetery burial and lot fees; after researching local competitor fees
- Increased police fines
- Negotiated an increase fire dispatch revenue agreement with Orion Township
- Added investment depositories for increased interest revenues
- Negotiated hydrant maintenance agreement with Orion Township including hydrant revenue
- Increased water/sewer rates

These efforts will help offset possible future expense increases/revenue reductions that include:

- Health Insurance rate increase of 18.5% for 2008 active employees.
- Reduced interest revenues due to Fed rate reductions.
- GASB 45 accounting requirements to include the liability for retiree health care promises (OPEB's) on our financial statements in 2008/2009. This requirement will create a need to fund these expenses or risk reductions in our bond ratings. Annual funding will add a substantial expense.
- Local/State economic conditions may jeopardize State Shared Revenues and Property Tax Revenues.

The Village purchases its water from Orion Township (City of Detroit water) and its sewer services from the City of Detroit through Oakland County. The operations of the Water and Sewer Fund resulted in an operation loss of \$53,383. In July and October, 2006 the Village changed the rate structure for these services based on a Water and Sewer Rate Study completed by Bendzinski & Co.

Requests for Information

This financial report is designed to provide a general overview of the Village of Lake Orion's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 37 E. Flint Street, Lake Orion, Michigan 48362.

BASIC FINANCIAL STATEMENTS

VILLAGE OF LAKE ORION
Statement of Net Assets
June 30, 2007

	Primary Government			Component Unit - DDA
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 1,074,948	\$ 4,242,040	\$ 5,316,988	\$ 356,937
Receivables (net of allowance for uncollectibles)	219,142	409,978	629,120	6,721
Due from Other Governmental Units	25,235	-	25,235	-
Inventory	-	13,707	13,707	-
Prepaid Expenditures	37,918	-	37,918	1,472
Restricted Assets - Cash and Cash Equivalents	-	364,603	364,603	-
Capital Assets (net of accumulated depreciation)	2,998,944	4,495,750	7,494,694	1,358,504
Intangible Assets (net of accumulated amortization)	-	607,981	607,981	-
Total Assets	<u>4,356,187</u>	<u>10,134,059</u>	<u>14,490,246</u>	<u>1,723,634</u>
LIABILITIES				
Accounts Payable	63,438	192,407	255,845	13,463
Accrued Liabilities	28,914	-	28,914	-
Deferred Revenue	123,113	2,910	126,023	3,677
Liabilities payable from restricted assets	-	101,871	101,871	-
Noncurrent Liabilities:				
Due within one year	140,000	135,639	275,639	75,000
Due in more than one year	<u>1,261,052</u>	<u>1,881,960</u>	<u>3,143,012</u>	<u>224,000</u>
Total Liabilities	<u>1,616,517</u>	<u>2,314,787</u>	<u>3,931,304</u>	<u>316,140</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	1,868,944	3,009,404	4,878,348	1,059,504
Restricted for:				
Highways and Streets	30,413	-	30,413	-
Debt Service	20,748	140,793	161,541	-
Perpetual Care	183,161	-	183,161	-
Unrestricted	<u>636,404</u>	<u>4,669,075</u>	<u>5,305,479</u>	<u>347,990</u>
Total Net Assets	<u>\$ 2,739,670</u>	<u>\$ 7,819,272</u>	<u>\$ 10,558,942</u>	<u>\$ 1,407,494</u>

VILLAGE OF LAKE ORION
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 664,952	\$ 130,541	\$ 440	\$ -
Public Safety	875,941	197,704	276,014	-
Public Works	752,057	346,297	153,688	-
Health and Welfare	12,092	-	12,092	-
Community Development	65,990	20,610	-	-
Recreation and Cultural	43,295	7,461	-	-
Interest on Long-Term Debt	54,800	-	-	-
Total Governmental Activities	<u>2,469,127</u>	<u>702,613</u>	<u>442,234</u>	<u>-</u>
Business-type Activities:				
Water and Sewer	<u>1,276,798</u>	<u>1,124,489</u>	<u>-</u>	<u>24,175</u>
Total Primary Government	<u>\$ 3,745,925</u>	<u>\$ 1,827,102</u>	<u>\$ 442,234</u>	<u>\$ 24,175</u>
Component Units	<u>\$ 465,054</u>	<u>\$ 27,013</u>	<u>\$ 67,928</u>	<u>\$ -</u>

General Revenues:
Property Taxes
State Shared Revenue
Unrestricted Investment Earnings
Transfers
Total General Revenues and Transfers

Change in Net Assets
Net Assets - Beginning

Net Assets - Ending

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit - DDA
\$ (533,971)	\$ -	\$ (533,971)	\$ -
(402,223)	-	(402,223)	-
(252,072)	-	(252,072)	-
-	-	-	-
(45,380)	-	(45,380)	-
(35,834)	-	(35,834)	-
(54,800)	-	(54,800)	-
(1,324,280)	-	(1,324,280)	-
-	(128,134)	(128,134)	-
(1,324,280)	(128,134)	(1,452,414)	-
-	-	-	(370,113)
1,137,758	161,358	1,299,116	654,058
238,293	-	238,293	-
64,791	232,293	297,084	17,386
100,000	-	100,000	(100,000)
1,540,842	393,651	1,934,493	571,444
216,562	265,517	482,079	201,331
2,523,108	7,553,755	10,076,863	1,206,163
\$ 2,739,670	\$ 7,819,272	\$ 10,558,942	\$ 1,407,494

VILLAGE OF LAKE ORION
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>Public Works</u>	<u>Police</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 457,723	\$ 72,866	\$ 81,520	\$ 462,839	\$ 1,074,948
Receivables (net of allowance for uncollectibles)	109,424	-	100,121	4,068	213,613
Special Assessment Receivable	-	-	-	5,529	5,529
Due from State	-	-	-	25,235	25,235
Advance to Other Funds	3,473	-	-	-	3,473
Prepaid Expenditures	7,684	12,337	17,897	-	37,918
Total Assets	\$ <u>578,304</u>	\$ <u>85,203</u>	\$ <u>199,538</u>	\$ <u>497,671</u>	\$ <u>1,360,716</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 30,832	\$ 5,526	\$ 19,479	\$ 7,601	\$ 63,438
Accrued and Other Liabilities	7,507	15,802	5,605	-	28,914
Advance from Other Funds	-	-	-	3,473	3,473
Deferred Revenue	28,605	-	94,508	-	123,113
Total Liabilities	<u>66,944</u>	<u>21,328</u>	<u>119,592</u>	<u>11,074</u>	<u>218,938</u>
Fund Balances:					
Reserved for:					
Highways and Streets	30,413	-	-	-	30,413
Perpetual Care	-	-	-	183,161	183,161
Advances	3,473	-	-	-	3,473
Prepays	7,684	12,337	-	-	20,021
Debt Service	-	-	-	20,748	20,748
Unreserved, reported in:					
General Fund	469,790	-	-	-	469,790
Special Revenue Funds	-	51,538	79,946	108,610	240,094
Capital Projects Funds	-	-	-	174,078	174,078
Total Fund Balance	<u>511,360</u>	<u>63,875</u>	<u>79,946</u>	<u>486,597</u>	<u>1,141,778</u>
Total Liabilities and Fund Balance	\$ <u>578,304</u>	\$ <u>85,203</u>	\$ <u>199,538</u>	\$ <u>497,671</u>	

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 funds.

2,998,944

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(1,401,052)

Net Assets of Governmental Activities

\$ 2,739,670

VILLAGE OF LAKE ORION
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2007

	<u>General</u>	<u>Public Works</u>	<u>Police</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 970,626	\$ -	\$ -	\$ 167,132	\$ 1,137,758
Intergovernmental:					
Federal, State and Local	250,385	-	267,656	153,688	671,729
Charges for Services	189,091	173,933	-	-	363,024
Fines and Forfeitures	-	-	79,776	-	79,776
Special Assessments	3,944	-	-	-	3,944
Interest	39,007	1,924	1,108	22,752	64,791
Other	127,037	-	126,286	11,344	264,667
Total Revenues	<u>1,580,090</u>	<u>175,857</u>	<u>474,826</u>	<u>354,916</u>	<u>2,585,689</u>
Expenditures					
Current:					
General Government	521,808	-	-	-	521,808
Public Safety	-	-	856,336	-	856,336
Public Works	183,536	338,253	-	153,243	675,032
Health and Welfare	12,092	-	-	-	12,092
Community Development	65,990	-	-	-	65,990
Recreation and Cultural	35,085	-	-	-	35,085
Other Functions	60,015	-	-	5,768	65,783
Debt Service:					
Principal	-	-	-	130,000	130,000
Interest and Other Charges	-	-	-	54,800	54,800
Capital Outlay	-	-	-	93,820	93,820
Total Expenditures	<u>878,526</u>	<u>338,253</u>	<u>856,336</u>	<u>437,631</u>	<u>2,510,746</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>701,564</u>	<u>(162,396)</u>	<u>(381,510)</u>	<u>(82,715)</u>	<u>74,943</u>
Other Financing Sources (Uses)					
Transfers In	-	204,000	457,200	83,500	744,700
Transfers Out	(697,200)	-	-	(47,500)	(744,700)
Transfer In - Component Unit	-	-	-	100,000	100,000
Total Other Financing Sources (Uses)	<u>(697,200)</u>	<u>204,000</u>	<u>457,200</u>	<u>136,000</u>	<u>100,000</u>
Net Change in Fund Balance	4,364	41,604	75,690	53,285	174,943
Fund Balance - Beginning	<u>506,996</u>	<u>22,271</u>	<u>4,256</u>	<u>433,312</u>	<u>966,835</u>
Fund Balance - Ending	<u>\$ 511,360</u>	<u>\$ 63,875</u>	<u>\$ 79,946</u>	<u>\$ 486,597</u>	<u>\$ 1,141,778</u>

VILLAGE OF LAKE ORION
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - total governmental funds	\$	174,943
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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		(63,423)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>105,042</u>
Change in net assets in governmental activities	\$	<u><u>216,562</u></u>

VILLAGE OF LAKE ORION
Balance Sheet
Proprietary Fund
June 30, 2007

	Enterprise Fund
ASSETS	Water & Sewer
Current Assets:	
Cash and Cash Equivalents	\$ 4,242,040
Accounts Receivable	409,978
Inventory	13,707
Total Current Assets	4,665,725
Restricted Assets - Cash	364,603
Property, Plant and Equipment	8,945,140
Less: Accumulated Depreciation	(4,449,390)
Net Property, Plant and Equipment	4,495,750
Intangible Assets (net of accumulated amortization)	607,981
Total Assets	\$ 10,134,059
<u>LIABILITIES AND EQUITY</u>	
Current Liabilities:	
Accounts Payable	\$ 192,407
Compensated Absences Payable	639
Deferred Revenue	2,910
General Obligation Bonds Payable	135,000
Total Current Liabilities	330,956
Current Liabilities Payable from Restricted Assets:	
Revenue Bonds Payable	90,000
Accrued Interest Payable	11,871
Total Current Liabilities Payable from Restricted Assets	101,871
Long-Term Liabilities:	
Compensated Absences Payable	12,633
General Obligation Bonds Payable	695,000
Revenue Bonds Payable (net of unamortized discount)	1,174,327
Total Long-Term Liabilities	1,881,960
Total Liabilities	2,314,787
Equity:	
Invested in Capital Assets, Net of Related Debt	3,009,404
Restricted for Debt Service	140,793
Unrestricted	4,669,075
Total Equity	7,819,272
Total Liabilities and Equity	\$ 10,134,059

VILLAGE OF LAKE ORION
Statement of Revenues, Expenses and Changes in Fund Equity
Proprietary Fund
For the Year Ended June 30, 2007

	Enterprise Fund
	Water & Sewer
<u>Operating Revenues:</u>	
Charges for Services	\$ 1,107,102
Penalty Charges	17,287
Miscellaneous	100
Total Operating Revenues	1,124,489
<u>Operating Expenses:</u>	
Salaries and Fringe Benefits	54,561
Water Purchases	357,135
Sewage Treatment	413,237
General and Administrative	51,500
Supplies	14,181
Contract Services	44,578
Equipment Repairs & Rentals	40,083
Depreciation and Amortization	199,779
Other	2,818
Total Operating Expenses	1,177,872
Operating Income (Loss)	(53,383)
<u>Non-Operating Revenues (Expenses):</u>	
Property Taxes	161,358
Interest Earned	232,293
Interest Expense and Related Fees	(98,926)
Total Non-Operating Revenues (Expenses)	294,725
Income before Contributions and Transfers	241,342
Capital Contributions - Tap Fees	24,175
Net Income (Loss)	265,517
Fund Equity, Beginning	7,553,755
Fund Equity, Ending	\$ 7,819,272

VILLAGE OF LAKE ORION
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2007

	Enterprise Fund
	Water & Sewer
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from customers and users	\$ 1,023,710
Payments to Suppliers	(868,734)
Payments to Employees	(54,561)
Net Cash Provided by Operating Activities	100,415
<u>CASH FLOWS FROM NONCAPITAL FINANCING</u>	
<u>ACTIVITIES</u>	
Property Taxes Levied	161,358
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>	
<u>FINANCING ACTIVITIES</u>	
Capital Contributions	24,175
Principal Paid on Capital Debt	(215,000)
Interest Paid on Capital Debt	(97,501)
Net Cash Provided (Used) by Capital and Related Financing Activities	(288,326)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest Earned	232,293
Net Increase (Decrease) in Cash and Cash Equivalents	205,740
Cash and Cash Equivalents, Beginning	4,400,903
Cash and Cash Equivalents, Ending	\$ 4,606,643
Balance Sheet Classification of Cash and Cash Equivalents:	
Cash and Cash Equivalents	\$ 4,242,040
Restricted Assets	364,603
Total	\$ 4,606,643
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided (Used) by Operating Activities:</u>	
Operating Income (Loss)	\$ (53,383)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization Expense	199,779
(Increase) Decrease in Receivables	(102,129)
Increase (Decrease) in Accounts Payable	55,944
Increase (Decrease) in Accrued Interest Payable	(1,146)
Increase (Decrease) in Deferred Revenue	1,350
Net Cash Provided by Operating Activities	\$ 100,415

VILLAGE OF LAKE ORION
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash	\$ <u>102,566</u>
<u>LIABILITIES</u>	
Due to Other	\$ <u>102,566</u>

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of Lake Orion, Michigan, was incorporated in 1859. The Village operates under an elected Village Council, with a full-time Village Manager appointed by the Council to carry out the policies that it establishes. Services are provided to approximately 2,700 residents in the areas of police, refuse removal, parks and recreation, road construction, lighting, maintenance, and water and sewer.

As required by generally accepted accounting principles, these financial statements present the Village of Lake Orion and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Discretely Presented Component Unit

Downtown Development Authority

The Village of Lake Orion Downtown Development Authority (DDA) was established to promote economic growth and revitalization of the Village's business district. The DDA Board is appointed by the Village Council and the annual operating budget and any modifications require the approval of the Village Council. The DDA has a June 30 fiscal year end.

B. Government-Wide and Fund Financial Statements

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

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

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements – Continued

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Governmental Funds

The Village reports the following major governmental funds:

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

The Public Works Fund is a special revenue fund used to account for the activity of the Department of Public Works, including cemetery operations.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

The Police Fund is a special revenue fund used to account for the revenues and expenditures of the police department.

In addition, the Village reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital project fund is used to account for the financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Funds.)

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. This includes the perpetual care fund for the municipal cemetery.

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the enterprise fund types.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Village Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Village has one enterprise fund which is the Water and Sewer Fund.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Agency Fund is used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Village to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the Village, as well as for its component units, are recorded at fair value.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which are recorded at \$-0- at June 30, 2007.

3. Inventory

Inventories are valued at cost using the first-in/first out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

4. Restricted Assets

Assets of the Water and Sewer Fund have been restricted for debt service payments which are to be funded out of bond proceeds and as required by other agreements.

Retained earnings have been reserved for property taxes levied for debt retirement. Retained earnings have not been reserved for the restricted assets resulting from the issuance of debt and the receipt of contributed capital.

Restricted assets at June 30, 2007 consist of the following:

	<u>Restricted Assets</u>
Revenue Bond Reserve	\$ 210,820
Revenue Bond Debt Retirement	140,793
General Obligation Bonds Debt Retirement	<u>12,990</u>
	<u>\$ 364,603</u>

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of capitalized value of the assets constructed. Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15-50
Buildings	40
Streets	50
Equipment	5-15

6. Compensated Absences

In accordance with contracts negotiated with the various employee groups of the Village and the Village's internal policy, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Assets. This liability is composed of employees who retire and any unused vacation paid upon termination of employment. The total liability at June 30, 2007 is \$284,284.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

7. Long-term Obligations – Continued

as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

8. 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 a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet And the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$1,401,052 difference are as follows:

General Obligation Bonds Payable	\$1,130,000
Compensated Absences Payable	<u>271,052</u>
	<u>\$1,401,052</u>

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – Continued

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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 and reported as depreciation expense.” The details of this \$(63,423) difference are as follows:

Capital Outlay	\$ 93,820
Disposal of Assets	(420)
Depreciation Expense	<u>(156,823)</u>
	<u>\$ (63,423)</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$105,042 difference are as follows:

Compensated Absences	\$ (24,958)
Principal Repayments:	
General Obligation Bonds	<u>130,000</u>
	<u>\$ 105,042</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Village is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

A. Budgetary Information – Continued

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Village Charter requires two regular council meetings per month. By the second meeting in April, a proposed operating budget must be submitted to the Village Council for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year.
2. A public hearing and adoption of the budget is required by the second meeting in May.
3. On or before June 15, the tax rate must be set and the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund and Special Revenue Fund budgets are adopted at the activity level.
5. Budget appropriations lapse at year end.
6. The Village Council may authorize supplemental appropriations (budget amendments) during the year. In 2007 several budget amendments were made and are reflected in the financial statements.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of June 30, 2007.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

Budgets for the General Fund and Special Revenue Funds are adopted at the activity level. Expenditures did not exceed budget appropriations for any activities as of June 30, 2007.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Village is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information, as required by the Governmental Accounting Standards Board Statement number 40 is presented, regarding the Village's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Village's deposits may not be recovered. Neither State law nor the Village's investment policy requires consideration of custodial credit risk. As of June 30, 2007, the Village's book balance of its deposits was \$5,783,682; the total book balance was \$5,784,157, due to \$475 in cash on hand. The bank balance was \$5,846,505 which was exposed to custodial credit risk, as follows:

	<u>Bank</u>
	<u>Balance</u>
Insured by F.D.I.C.	\$1,061,400
Uninsured and Uncollateralized	<u>4,785,105</u>
Total	<u>\$5,846,505</u>

A reconciliation of cash for the primary government follows:

Cash and Cash Equivalents per:	
Statement of Net Assets	\$5,316,988
Restricted Assets-Statement of Net Assets	364,603
Statement of Fiduciary Net Assets	<u>102,566</u>
Total	<u>\$5,784,157</u>

At June 30, 2007, the carrying amount and bank balances of the component units of the Village of Lake Orion are as follows:

	<u>Carrying</u>	<u>Bank</u>	<u>FDIC</u>
	<u>Amount</u>	<u>Balance</u>	<u>Insured</u>
Downtown Development Authority	<u>\$356,937</u>	<u>\$356,937</u>	<u>\$200,000</u>

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Interest Rate Risk. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Villages deposits and investments consisted of the following:

<u>Deposits and Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Savings and Checking Accounts	\$ 918,111	Demand
Money Market Accounts (Share price=\$1)	157,010	Demand
Pooled Investments(Share price=\$1)	471,384	Demand
Certificates of Deposits-Less than one year	4,200,000	309 days
Certificates of Deposits-More than one year	<u>100,000</u>	510 days
	<u>\$ 5,846,505</u>	

Concentration of Credit Risk. The Village's investment policy places no limit on the amount the Village may invest in any one issuer.

B. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<u>Governmental Activities:</u>				
Capital Assets, not depreciated:				
Land	\$ 498,484	\$ -	\$ -	\$ 498,484
Capital Assets, being depreciated:				
Land Improvements	394,963	-	-	394,963
Street and Road Improvements	1,995,390	4,117	-	1,999,507
Buildings and Improvements	897,891	-	-	897,891
Machinery and Equipment	289,214	4,732	(15,747)	278,199
Vehicles	<u>454,587</u>	<u>84,971</u>	<u>(37,221)</u>	<u>502,337</u>
	<u>4,032,045</u>	<u>93,820</u>	<u>(52,968)</u>	<u>4,072,897</u>
Less: Accumulated Depreciation:				
Land Improvements	(67,371)	(24,633)	-	(92,004)
Street and Road Improvements	(289,000)	(36,995)	-	(325,995)
Buildings and Improvements	(531,273)	(24,096)	-	(555,369)
Machinery and Equipment	(200,566)	(35,375)	15,327	(220,614)
Vehicles	<u>(379,952)</u>	<u>(35,724)</u>	<u>37,221</u>	<u>(378,455)</u>
	<u>(1,468,162)</u>	<u>(156,823)</u>	<u>52,548</u>	<u>(1,572,437)</u>
Governmental Activities				
Capital Assets, Net	<u>\$3,062,367</u>	<u>\$ (63,003)</u>	<u>\$ (420)</u>	<u>\$2,998,944</u>

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

Business-type Activities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, being depreciated:				
Water and Sewer Transmission Facilities	\$8,766,938	\$ -	\$ -	\$8,766,938
Equipment	<u>178,202</u>	<u>-</u>	<u>-</u>	<u>178,202</u>
	<u>8,945,140</u>	<u>-</u>	<u>-</u>	<u>8,945,140</u>
Less: Accumulated Depreciation:				
Water and Sewer Transmission Facilities	(4,143,980)	(166,386)	-	(4,310,366)
Equipment	<u>(128,149)</u>	<u>(10,875)</u>	<u>-</u>	<u>(139,024)</u>
	<u>(4,272,129)</u>	<u>(177,261)</u>	<u>-</u>	<u>(4,449,390)</u>
Business-type Activities, Capital Assets, Net	<u>\$4,673,011</u>	<u>\$ (177,261)</u>	<u>\$ -</u>	<u>\$4,495,750</u>

Component Unit-DDA:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 460,720	\$ -	\$ -	\$ 460,720
Building	-	499,000	-	499,000
Street and Road Improvements	905,000	-	-	905,000
Equipment	<u>3,808</u>	<u>3,220</u>	<u>-</u>	<u>7,028</u>
	<u>1,369,528</u>	<u>502,220</u>	<u>-</u>	<u>1,871,748</u>
Less: Accumulated Depreciation				
Land Improvements	(302,004)	(30,594)	-	(332,598)
Building	-	(6,238)	-	(6,238)
Street and Road Improvements	(153,850)	(18,100)	-	(171,950)
Equipment	<u>(1,233)</u>	<u>(1,225)</u>	<u>-</u>	<u>(2,458)</u>
	<u>(457,087)</u>	<u>(56,157)</u>	<u>-</u>	<u>(513,244)</u>
Component Units Capital Assets, Net	<u>\$ 912,441</u>	<u>\$ 446,063</u>	<u>\$ -</u>	<u>\$ 1,358,504</u>

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

Governmental Activities:

General Government	\$ 58,638
Public Safety	17,728
Public Works	72,247
Recreation and Cultural	<u>8,210</u>
Total	<u>\$ 156,823</u>

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

C. Interfund Receivables, Payables and Transfers

Advances Receivable and Payable

The composition of interfund balances as of June 30, 2007, is as follows:

<u>Advance Receivable Fund</u>	<u>Advance Payable Fund</u>	<u>Amount</u>
General Fund	Longpointe Special Assessment	<u>\$ 3,473</u>

D. Intangible Assets

The Village has paid a capital charge to Orion Township for the connection to the Township's water lines. The capital charge is being amortized over 40 years using the straight-line method. Amortization expense in 2007 was \$22,518.

Capital Charge	\$ 900,713
Less: Accumulated Amortization	<u>(292,732)</u>
Net Capital Charge	<u>\$ 607,981</u>

E. Long-Term Debt

The following is a summary of long-term debt transactions of the Village for the year ended June 30, 2007:

	<u>Balance July 1, 2006</u>	<u>Add: Additional Debt Incurred</u>	<u>Less: Retirements and Payments on Debt</u>	<u>Balance June 30, 2007</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 1,115,000	\$ -	\$ 120,000	\$ 995,000	\$ 130,000
MTF Bonds	145,000	-	10,000	135,000	10,000
Compensated Absences	246,094	24,958	-	271,052	13,697
	<u>1,506,094</u>	<u>24,958</u>	<u>130,000</u>	<u>1,401,052</u>	<u>153,697</u>
Business Type Activities:					
Revenue Bonds	1,365,000	-	85,000	1,280,000	90,000
G.O. Refunding Bonds	960,000	-	130,000	830,000	135,000
Compensated Absences	13,272	-	-	13,272	370
	<u>2,338,272</u>	<u>-</u>	<u>215,000</u>	<u>2,123,272</u>	<u>225,370</u>
	<u>\$ 3,844,366</u>	<u>\$ 24,958</u>	<u>\$ 345,000</u>	<u>\$ 3,524,324</u>	<u>\$ 379,067</u>
Component Unit - DDA:					
Land Contract	<u>\$ -</u>	<u>\$ 299,000</u>	<u>\$ -</u>	<u>\$ 299,000</u>	<u>\$ 75,000</u>

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

F. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at June 30, 2007, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>
<u>Fund Balance</u>					
Reserved for:					
Public Right of Ways	\$30,413	\$ -	\$ -	\$ -	\$ -
Perpetual Care	-	-	-	-	183,161
Advances	3,473	-	-	-	-
Prepaid Expenditures	7,684	12,337	-	-	-
Debt	-	-	<u>20,748</u>	-	-
Total Reserved	41,570	12,337	20,748	-	183,161
Unreserved:					
Designated for:					
Subsequent Year's Expenditures	138,894	102,388	-	-	-
Undesignated	<u>330,896</u>	<u>137,706</u>	-	<u>174,078</u>	-
Total Fund Balance	<u>\$511,360</u>	<u>\$252,431</u>	<u>\$20,748</u>	<u>\$ 174,078</u>	<u>\$183,161</u>

G. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31. Taxes are levied on July 1 of the following year. These taxes are due on August 31 with the final collection date of February 28 before they are added to the county delinquent tax roll. The Village bills and collects its own property taxes which are accounted for in the General Fund, Downtown Development Authority Fund, 1998 G.O. Bond Debt Fund, and Water and Sewer Fund. Village property tax revenues are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

The Village is permitted by State law to levy taxes up to \$20 per \$1,000 of equalized valuation for general governmental services. The following is a summary of the tax rates levied on the 2006 tax roll:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate</u>	<u>Per \$1,000 of State Equalized Value Authorized Rate Post "Roll Back"</u>	<u>Rate Levied</u>	<u>Tax Margin</u>
Operating	State Law	20.00	12.0923	9.8000	2.2923
Debt	Voted	-	-	1.0395	-
Debt	Voted	-	-	1.2770	-

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

IV. DETAILED NOTES ON ALL FUNDS – Continued

G. Property Taxes – Continued

Under terms of an agreement with the Charter Township of Orion, the Township remits to the Village the equivalent of two mills (as rolled back by State law) of property taxes, which represents a special-voted tax levied on all Township residents (including Village residents) for police services. In accordance with the agreement, the Village will decrease its tax levy by an equal amount. The December 1, 2006 Township tax levy is paid by residents through February 2007. The Township remits its payment to the Village through June 2007, which will be used to replace the July 1, 2007 tax levy.

V. OTHER INFORMATION

A. Employee Retirement Systems and Plans

1. Municipal Employees Retirement System Defined Benefit Plan

a. Plan Description

The Village contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers substantially all full time employees of the Village. The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2006.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of the State of Michigan (MSA 5.333(a); MCLA 46.12(a)). MERS is regulated under Act No. 427 of the Public Acts of 1984, sections of which have been approved by the State Pension Council. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 447 N. Canal St., Lansing, Michigan 48917-9755.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

V. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

1. Municipal Employees Retirement System Defined Benefit Plan – Continued

b. Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Village's collective bargaining units and personnel policy. The Village is required to contribute at an actuarially determined rate; the current rate was a percentage of annual compensation at December 31, 2004 as follows:

General - Union	9.03%
General Non-Union	16.03%
Police	6.30%
Police-Dispatchers**	\$1,717 per month

**No longer includes active employees.

c. Annual Pension Cost

During the fiscal year ended June 30, 2007, the Village's contributions totaling \$106,244 were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2004. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Fiscal Year Ended <u>June 30,</u>	Valuation Date <u>Dec. 31</u>	<u>Trend Information</u>		
		Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2000	1997	\$46,547	100%	\$-0-
2001	1998	41,322	100%	-0-
2002	1999	20,587	100%	-0-
2003	2000	33,514	100%	-0-
2004	2001	47,011	100%	-0-
2005	2002	80,649	100%	-0-
2006	2003	91,387	100%	-0-
2007	2004	106,244	100%	-0-

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

V. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

2. Defined Contribution Money Purchase Pension Plan

a. Plan Description

The Village of Lake Orion Money Purchase Plan is a single employer P.E.R.S. that administers the Village's defined contribution pension plan for the Village Manager. The Village is the only non-employee contributor to the plan. Only the Village Manager is eligible for the plan. As of June 30, 2007 the plan's membership was 1. A defined contribution pension plan provides pension 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 a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' account. As established by Village policy, the Manager is eligible for the plan on the date of commencement of their employment (following election). Voluntary contributions made by participants and employer contributions vest immediately as provided by the plan. The Village contributes up to 15% of the employee's gross earnings. The employee may make voluntary contributions up to 10% of his or her gross earnings.

b. Summary of Significant Accounting Policies and Plan Asset Matters

The Village's Money Purchase Plan financial statements are prepared on the accrual basis of accounting. Contributions from the Village and the Village employees are recognized as revenue in the period in which employees provide services to the Village. Investment income is recognized as earned by the pension plan.

Investments in Securities are valued at fair value. The Village's plan assets are invested through ICMA Retirement Corporation, in mutual funds administered by ICMA-RC. Investment concentrations information required by GASB 25 is not available.

c. Contributions Required and Contributions Made

The Village is required to contribute an amount equal to 9.20% of the employee's gross earnings. During the year, the Village's required and actual contributions amounted to \$5,654. There were no employee contributions.

VILLAGE OF LAKE ORION
Notes to Financial Statements
June 30, 2007

V. OTHER INFORMATION – Continued

A. Employee Retirement Systems and Plans – Continued

3. Post Retirement Health Care Benefits

The Village provides health care benefits to nine retirees in accordance with their respective labor contracts. The Village includes these retirees and their dependents in its insured health care plan, with four having no contribution required by the participants and five that have 25% contribution requirements. Expenditures for post employment health care benefits are recognized as the insurance premiums become due. During the year, this amounted to \$95,260, net of participant contributions.

B. Risk Management

The Village of Lake Orion is a member of the Michigan Municipal Liability and Property Pool for its general liability insurance coverage and a member of the Michigan Municipal Workers Compensation Fund for its workers compensation coverage. The Village pays annual premiums to the pools. The pools are self-sustaining through member premiums, and each carries reinsurance through commercial companies for claims in excess of the pool loss reserve fund.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, or in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made.

No such event has occurred with the Village of Lake Orion and the pools to which it belongs in any of the past three fiscal years.

C. Joint Venture

North Oakland Transportation Authority

The Authority provides transportation services for the following six entities, the Charter Township of Oxford, the Charter Township of Orion, the Township of Addison, the Village of Lake Orion, the Village of Leonard and the Village of Oxford. The Authority's board consists of nine members of which the Village of Lake Orion appoints one. The North Oakland Transportation Authority is not considered a part of the reporting entity of the Village of Lake Orion. Separate financial statements of the joint venture may be obtained at North Oakland Transportation Authority, 720 James Hunt Dr., PO Box 96, Oxford, Michigan 48371.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE ORION
Required Supplementary Information – (Unaudited)
Defined Benefit Pension Plans – Trend Information
For the Year Ended June 30, 2007

Required Supplementary Information for GASB 27

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Underfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
12/31/95	\$1,786,206	\$1,951,491	\$165,285	92%	\$583,606	28%
12/31/96	1,921,965	2,148,582	226,617	89	592,929	38
12/31/97	2,084,296	2,253,909	169,613	92	603,062	28
12/31/98	2,294,440	2,296,960	2,520	100	628,208	-0-
12/31/99	2,619,818	2,446,538	(173,280)	107	682,067	-0-
12/31/00	2,863,422	2,681,729	(181,693)	107	682,298	-0-
12/31/01	2,987,853	3,293,592	305,739	91	611,424	50
12/31/02	2,897,735	3,531,780	634,045	82	711,796	89
12/31/03	2,917,657	3,635,754	718,097	80	745,628	96
12/31/04	2,942,036	3,697,534	755,498	80	709,702	106
12/31/05	2,976,858	3,828,505	851,647	78	797,523	107
12/31/06	3,073,182	3,889,352	816,170	79	826,567	99

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2006 the latest actual valuation, follows:

Actuarial cost method	Entry age normal cost
Amortization method	Level percent
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases	
Includes inflation at 4.5%	3.6 - 7.9%
Cost of living adjustments	None

VILLAGE OF LAKE ORION
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 918,000	\$ 933,000	\$ 934,432	\$ 1,432
Penalties and Interest	12,000	12,000	13,743	1,743
In Lieu of Taxes	22,000	22,000	22,451	451
Special Assessments	3,500	3,500	3,944	444
Intergovernmental - Federal/CDBG	19,250	19,250	12,092	(7,158)
Intergovernmental - State	225,000	241,000	238,293	(2,707)
Charges for Services	180,000	180,000	189,091	9,091
Interest Earnings	24,000	24,000	39,007	15,007
Administration Fees	96,000	106,800	106,800	-
Other Revenues	6,000	6,000	20,237	14,237
Total Revenues	<u>1,505,750</u>	<u>1,547,550</u>	<u>1,580,090</u>	<u>32,540</u>
Expenditures:				
General Government:				
Village Council	5,500	5,500	3,795	1,705
Village Manager	83,639	83,139	82,027	1,112
Clerk	105,935	105,935	103,848	2,087
Treasurer	148,220	138,120	136,347	1,773
Municipal Building	160,180	143,980	132,822	11,158
Data Processing	6,500	6,500	5,251	1,249
Professional Services	66,600	66,600	57,718	8,882
	<u>576,574</u>	<u>549,774</u>	<u>521,808</u>	<u>27,966</u>
Public Works:				
Sanitation	150,000	150,000	145,440	4,560
Street Lighting	42,000	42,000	38,096	3,904
	<u>192,000</u>	<u>192,000</u>	<u>183,536</u>	<u>8,464</u>
Health and Welfare:				
Community Development Block Grant	19,250	19,250	12,092	7,158
Community and Economic Development:				
Planning and Zoning	82,930	82,930	65,990	16,940
Recreation and Cultural:				
Parks and Recreation	37,550	37,550	35,085	2,465
Other Functions:				
Insurance	63,000	63,000	57,793	5,207
Community Promotion	2,500	2,500	2,222	278
	<u>65,500</u>	<u>65,500</u>	<u>60,015</u>	<u>5,485</u>
Total Expenditures	<u>973,804</u>	<u>947,004</u>	<u>878,526</u>	<u>68,478</u>
Excess of Revenues Over Expenditures	531,946	600,546	701,564	101,018
Other Financing Uses:				
Operating Transfers Out	(777,000)	(697,200)	(697,200)	-
Net Change in Fund Balance	(245,054)	(96,654)	4,364	101,018
Fund Balance - July 1	506,996	506,996	506,996	-
Fund Balance - June 30	<u>\$ 261,942</u>	<u>\$ 410,342</u>	<u>\$ 511,360</u>	<u>\$ 101,018</u>

VILLAGE OF LAKE ORION
Public Works Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$ 30,000	\$ 30,000	\$ 30,000	\$ -
Equipment Rental	100,000	100,000	96,240	(3,760)
Cemetery	25,000	40,000	43,789	3,789
Interest Income	1,000	1,000	1,924	924
Other	-	-	3,904	3,904
Total Revenues	<u>156,000</u>	<u>171,000</u>	<u>175,857</u>	<u>4,857</u>
Expenditures:				
Wages and Benefits	296,100	231,100	201,877	29,223
Repairs and Maintenance	10,000	10,000	13,002	(3,002)
Other	43,250	43,250	31,445	11,805
Cemetery	50,550	60,550	59,327	1,223
Phase II Stormwater	36,000	36,000	32,602	3,398
Total Expenditures	<u>435,900</u>	<u>380,900</u>	<u>338,253</u>	<u>42,647</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(279,900)</u>	<u>(209,900)</u>	<u>(162,396)</u>	<u>47,504</u>
Other Financing Sources:				
Transfers In	<u>247,500</u>	<u>204,000</u>	<u>204,000</u>	<u>-</u>
Net Change in Fund Balance	(32,400)	(5,900)	41,604	47,504
Fund Balance, July 1	<u>22,271</u>	<u>22,271</u>	<u>22,271</u>	<u>-</u>
Fund Balance, June 30	<u>\$ (10,129)</u>	<u>\$ 16,371</u>	<u>\$ 63,875</u>	<u>\$ 47,504</u>

VILLAGE OF LAKE ORION
Police Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental-State	\$ 7,100	\$ 7,100	\$ 4,005	\$ (3,095)
Intergovernmental-Local	254,300	254,300	263,651	9,351
Fines and Forfeitures	70,000	70,000	79,776	9,776
Interest Income	2,000	2,000	1,108	(892)
Other	119,500	119,500	126,286	6,786
Total Revenues	<u>452,900</u>	<u>452,900</u>	<u>474,826</u>	<u>21,926</u>
Expenditures:				
Wages and Benefits	768,531	735,531	711,633	23,898
Other	160,340	160,340	144,703	15,637
Total Expenditures	<u>928,871</u>	<u>895,871</u>	<u>856,336</u>	<u>39,535</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(475,971)</u>	<u>(442,971)</u>	<u>(381,510)</u>	<u>61,461</u>
Other Financing Sources (Uses):				
Transfers In	<u>492,000</u>	<u>457,200</u>	<u>457,200</u>	<u>-</u>
Net Change in Fund Balance	16,029	14,229	75,690	61,461
Fund Balance, July 1	<u>4,256</u>	<u>4,256</u>	<u>4,256</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 20,285</u>	<u>\$ 18,485</u>	<u>\$ 79,946</u>	<u>\$ 61,461</u>

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF LAKE ORION
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project Flint Street</u>	<u>Permanent Fund Cemetery</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 90,976	\$ 18,692	\$ 174,078	\$ 179,093	\$ 462,839
Accounts Receivable	-	-	-	4,068	4,068
Special Assessment Receivable	-	5,529	-	-	5,529
Due from State	25,235	-	-	-	25,235
Total Assets	<u>\$ 116,211</u>	<u>\$ 24,221</u>	<u>\$ 174,078</u>	<u>\$ 183,161</u>	<u>\$ 497,671</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ 7,601	\$ -	\$ -	\$ -	\$ 7,601
Advance from Other Funds	-	3,473	-	-	3,473
Total Liabilities	<u>7,601</u>	<u>3,473</u>	<u>-</u>	<u>-</u>	<u>11,074</u>
Fund Balance:					
Reserved for Debt Service	-	20,748	-	-	20,748
Reserved for Perpetual Care	-	-	-	183,161	183,161
Unreserved:					
Designated for Subsequent Year's Expenditures	55,250	-	-	-	55,250
Undesignated	53,360	-	174,078	-	227,438
Total Fund Balance	<u>108,610</u>	<u>20,748</u>	<u>174,078</u>	<u>183,161</u>	<u>486,597</u>
Total Liabilities and Fund Balance	<u>\$ 116,211</u>	<u>\$ 24,221</u>	<u>\$ 174,078</u>	<u>\$ 183,161</u>	<u>\$ 497,671</u>

VILLAGE OF LAKE ORION
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2007

	Special Revenue	Debt Service	Capital Project Flint Street	Permanent Fund Cemetery	Total
Revenues:					
Property Tax Revenue	\$ -	\$ 167,132	\$ -	\$ -	\$ 167,132
State-Shared Revenue	153,688	-	-	-	153,688
Interest Earned	5,414	2,359	5,603	9,376	22,752
Other Revenues	2,314	-	-	9,030	11,344
Total Revenues	161,416	169,491	5,603	18,406	354,916
Expenditures:					
Highways, Streets, Sidewalks and Other Maintenance	153,243	-	-	-	153,243
Other	5,768	-	-	-	5,768
Debt Service:					
Principal	-	130,000	-	-	130,000
Interest and Other Charges	-	54,800	-	-	54,800
Capital Outlay	89,703	-	4,117	-	93,820
Total Expenditures	248,714	184,800	4,117	-	437,631
Excess (Deficiency) of Revenues Over Expenditures	(87,298)	(15,309)	1,486	18,406	(82,715)
Other Financing Sources (Uses):					
Operating Transfers In	72,500	11,000	-	-	83,500
Operating Transfers Out	(38,500)	-	-	(9,000)	(47,500)
Operating Transfers In-Component Unit	-	-	100,000	-	100,000
Total Other Financing Sources (Uses)	34,000	11,000	100,000	(9,000)	136,000
Change in Fund Balance	(53,298)	(4,309)	101,486	9,406	53,285
Fund Balance - July 1	161,908	25,057	72,592	173,755	433,312
Fund Balance - June 30	\$ 108,610	\$ 20,748	\$ 174,078	\$ 183,161	\$ 486,597

VILLAGE OF LAKE ORION
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2007

	<u>Major Street</u>	<u>Local Street</u>	<u>Capital Improvement</u>	<u>Total</u>
<u>ASSETS</u>				
Cash	\$ 19,075	\$ 18,520	\$ 53,381	\$ 90,976
Due from State	<u>17,491</u>	<u>7,744</u>	<u>-</u>	<u>25,235</u>
Total Assets	<u>\$ 36,566</u>	<u>\$ 26,264</u>	<u>\$ 53,381</u>	<u>\$ 116,211</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts Payable	\$ <u>2,611</u>	\$ <u>635</u>	\$ <u>4,355</u>	\$ <u>7,601</u>
Fund Balance:				
Designated for Subsequent Year's Expenditures	8,550	11,400	35,300	55,250
Undesignated	<u>25,405</u>	<u>14,229</u>	<u>13,726</u>	<u>53,360</u>
Total Fund Balance	<u>33,955</u>	<u>25,629</u>	<u>49,026</u>	<u>108,610</u>
Total Liabilities and Fund Balance	<u>\$ 36,566</u>	<u>\$ 26,264</u>	<u>\$ 53,381</u>	<u>\$ 116,211</u>

VILLAGE OF LAKE ORION
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2007

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Capital Improvement</u>	<u>Total</u>
<u>Revenues:</u>				
State-Shared Revenue	\$ 106,526	\$ 47,162	\$ -	\$ 153,688
Interest Earned	651	398	4,365	5,414
Other Revenues	-	2,314	-	2,314
Total Revenues	<u>107,177</u>	<u>49,874</u>	<u>4,365</u>	<u>161,416</u>
<u>Expenditures:</u>				
Highways, Streets, Sidewalks and Other Maintenance	63,252	89,991	-	153,243
Other	-	-	5,768	5,768
Capital Outlay	-	-	89,703	89,703
Total Expenditures	<u>63,252</u>	<u>89,991</u>	<u>95,471</u>	<u>248,714</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>43,925</u>	<u>(40,117)</u>	<u>(91,106)</u>	<u>(87,298)</u>
Other Financing Sources (Uses):				
Operating Transfers In	-	72,500	-	72,500
Operating Transfers Out	(27,500)	(11,000)	-	(38,500)
Total Other Financing Sources (Uses)	<u>(27,500)</u>	<u>61,500</u>	<u>-</u>	<u>34,000</u>
Change in Fund Balance	16,425	21,383	(91,106)	(53,298)
Fund Balance - July 1	<u>17,530</u>	<u>4,246</u>	<u>140,132</u>	<u>161,908</u>
Fund Balance - June 30	<u>\$ 33,955</u>	<u>\$ 25,629</u>	<u>\$ 49,026</u>	<u>\$ 108,610</u>

VILLAGE OF LAKE ORION
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2007

	<u>1998</u> <u>G.O. Bonds</u>	<u>Longpointe</u> <u>Special</u> <u>Assessment</u>	<u>North Shore</u> <u>Bridge</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 17,350	\$ 776	\$ 566	\$ 18,692
Special Assessments Receivable	<u>-</u>	<u>5,529</u>	<u>-</u>	<u>5,529</u>
Total Assets	\$ <u>17,350</u>	\$ <u>6,305</u>	\$ <u>566</u>	\$ <u>24,221</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Advance from Other Funds	\$ -	\$ 3,473	\$ -	\$ 3,473
Fund Balance				
Reserved for Debt Service	<u>17,350</u>	<u>2,832</u>	<u>566</u>	<u>20,748</u>
Total Liabilities and Fund Balance	\$ <u>17,350</u>	\$ <u>6,305</u>	\$ <u>566</u>	\$ <u>24,221</u>

VILLAGE OF LAKE ORION
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2007

	<u>1998</u> <u>G.O. Bonds</u>	<u>Longpointe</u> <u>Special</u> <u>Assessment</u>	<u>North Shore</u> <u>Bridge</u>	<u>Total</u>
<u>Revenues:</u>				
Property Taxes	\$ 167,132	\$ -	\$ -	\$ 167,132
Interest Income	<u>2,016</u>	<u>308</u>	<u>35</u>	<u>2,359</u>
Total Revenues	<u>169,148</u>	<u>308</u>	<u>35</u>	<u>169,491</u>
<u>Expenditures:</u>				
Principal	120,000	-	10,000	130,000
Interest and Other Charges	<u>49,550</u>	<u>-</u>	<u>5,250</u>	<u>54,800</u>
Total Expenditures	<u>169,550</u>	<u>-</u>	<u>15,250</u>	<u>184,800</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(402)	308	(15,215)	(15,309)
<u>Other Financing Sources:</u>				
Operating Transfer In	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>11,000</u>
Change in Fund Balance	(402)	308	(4,215)	(4,309)
Fund Balance - July 1	<u>17,752</u>	<u>2,524</u>	<u>4,781</u>	<u>25,057</u>
Fund Balance - June 30	\$ <u>17,350</u>	\$ <u>2,832</u>	\$ <u>566</u>	\$ <u>20,748</u>

VILLAGE OF LAKE ORION
Combined Balance Sheet
Component Unit - DDA
June 30, 2007

	<u>Downtown Development Authority</u>	<u>DDA Property Acquisition Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 326,615	\$ 30,322	\$ 356,937
Accounts Receivable	3,044	-	3,044
Delinquent Taxes Receivable	3,677	-	3,677
Prepaid Expenditures	<u>1,472</u>	<u>-</u>	<u>1,472</u>
Total Assets	<u>\$ 334,808</u>	<u>\$ 30,322</u>	<u>\$ 365,130</u>

Liabilities and Fund Balance

Liabilities:			
Accounts Payable	\$ 13,463	\$ -	\$ 13,463
Deferred Revenue	<u>3,677</u>	<u>-</u>	<u>3,677</u>
Total Liabilities	17,140	-	17,140
Fund Balance	<u>317,668</u>	<u>30,322</u>	<u>347,990</u>
Total Liabilities and Fund Balance	<u>\$ 334,808</u>	<u>\$ 30,322</u>	<u>\$ 365,130</u>

Reconciliation to Statement of Net Assets (page 11):

Fund Balance at June 30, 2007	\$ 347,990
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,358,504
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(299,000)</u>
Net Assets of Governmental Activities-Component Unit	<u>\$ 1,407,494</u>

VILLAGE OF LAKE ORION
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Component Unit - DDA
June 30, 2007

	<u>Downtown Development Authority</u>	<u>DDA Property Acquisition Fund</u>	<u>Total</u>
<u>Revenues</u>			
Property Taxes	\$ 654,058	\$ -	\$ 654,058
Intergovernmental:			
Federal, State and Local	67,928	-	67,928
Charges for Services	11,853	-	11,853
Rent	-	15,160	15,160
Interest	14,542	2,844	17,386
Total Revenues	<u>748,381</u>	<u>18,004</u>	<u>766,385</u>
<u>Expenditures</u>			
Community Development	391,211	7,221	398,432
Debt Service:			
Interest and Other Charges	-	10,465	10,465
Capital Outlay	3,220	499,000	502,220
Total Expenditures	<u>394,431</u>	<u>516,686</u>	<u>911,117</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>353,950</u>	<u>(498,682)</u>	<u>(144,732)</u>
<u>Other Financing Sources (Uses)</u>			
Loan Proceeds	-	299,000	299,000
Transfers In	-	75,000	75,000
Transfers Out	(75,000)	-	(75,000)
Transfer Out - Primary Government	(100,000)	-	(100,000)
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>374,000</u>	<u>199,000</u>
Net Change in Fund Balance	178,950	(124,682)	54,268
Fund Balance - Beginning	<u>138,718</u>	<u>155,004</u>	<u>293,722</u>
Fund Balance - Ending	\$ <u>317,668</u>	\$ <u>30,322</u>	\$ <u>347,990</u>

Reconciliation to Statement of Activities (pages 12-13):

Net Change in Fund Balance at June 30, 2007 \$ 54,268

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 and reported as depreciation expense. This amount represents capital outlay in excess of depreciation in the current period. 446,063

Repayment of the principal of long-term debt is recorded as an expenditure in governmental funds. In the Statement of Net Assets, it is a reduction in the long-term debt payable. This amount represents the principal paid on long-term debt in the current year plus additional debt incurred. (299,000)

Change in Net Assets-Component Unit \$ 201,331

VILLAGE OF LAKE ORION
Schedule of Indebtedness
Governmental Funds
June 30, 2007

1998 General Obligation Unlimited Tax Bonds

Date of Issue: April 1, 1998

Total Issue \$ 1,700,000

Interest Due May 1 and November 1

Due As Follows:

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.50%	11/01/07	\$ 130,000	\$ 43,625	\$ 173,625
4.50%	11/01/08	145,000	37,437	182,437
4.60%	11/01/09	155,000	30,610	185,610
4.70%	11/01/10	175,000	22,933	197,933
4.80%	11/01/11	190,000	14,260	204,260
4.85%	11/01/12	200,000	4,850	204,850
		<u>\$ 995,000</u>	<u>\$ 153,715</u>	<u>\$ 1,148,715</u>

2003 Michigan Transportation Fund Bonds

Date of Issue: May 1, 2003

Total Issue \$ 175,000

Interest Due April 1 and October 1

Due As Follows:

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
5.00%	10/01/07	\$ 10,000	\$ 6,750	\$ 16,750
5.00%	10/01/08	10,000	6,250	16,250
5.00%	10/01/09	10,000	5,750	15,750
5.00%	10/01/10	10,000	5,250	15,250
5.00%	10/01/11	10,000	4,750	14,750
5.00%	10/01/12	10,000	4,250	14,250
5.00%	10/01/13	15,000	3,750	18,750
5.00%	10/01/14	15,000	3,000	18,000
5.00%	10/01/15	15,000	2,250	17,250
5.00%	10/01/16	15,000	1,500	16,500
5.00%	10/01/17	15,000	750	15,750
		<u>\$ 135,000</u>	<u>\$ 44,250</u>	<u>\$ 179,250</u>

2006 DDA Land Contract

Date of Loan: November 14, 2006

Total Loan \$ 299,000

Due As Follows:

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
6.00%	11/14/07	\$ 75,000	\$ 15,315	\$ 90,315
6.00%	11/14/08	75,000	10,815	85,815
6.00%	11/14/09	75,000	6,315	81,315
6.00%	11/14/10	74,000	1,850	75,850
		<u>\$ 299,000</u>	<u>\$ 34,295</u>	<u>\$ 333,295</u>

VILLAGE OF LAKE ORION
Schedule of Indebtedness
Proprietary Fund
June 30, 2007

1998 Water Supply and Sewage Disposal System Revenue Bonds
Series 1998
Date of Issue - April 1, 1999

Total Issue \$1,900,000
Interest Due June 1 and December 1
Bonds Due as Follows:

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.85%	06/01/08	\$ 90,000	\$ 63,517	\$ 153,517
4.85%	06/01/09	95,000	59,152	154,152
4.90%	06/01/10	100,000	54,545	154,545
4.90%	06/01/11	105,000	49,645	154,645
5.00%	06/01/12	110,000	44,500	154,500
5.00%	06/01/13	115,000	39,000	154,000
5.00%	06/01/14	120,000	33,250	153,250
5.00%	06/01/15	125,000	27,250	152,250
5.00%	06/01/16	135,000	21,000	156,000
5.00%	06/01/17	140,000	14,250	154,250
5.00%	06/01/18	145,000	7,250	152,250
		\$ <u>1,280,000</u>	\$ <u>413,359</u>	\$ <u>1,693,359</u>

2003 General Obligation Unlimited Tax
Water Refunding Bonds
Date of Issue - April 2003

Total Issue \$1,295,000
Interest Due April 1 and October 1
Bonds Due as Follows:

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
2.60%	04/01/08	\$ 135,000	\$ 26,808	\$ 161,808
3.00%	04/01/09	145,000	23,297	168,297
3.20%	04/01/10	135,000	18,947	153,947
3.40%	04/01/11	140,000	14,627	154,627
3.55%	04/01/12	135,000	9,867	144,867
3.63%	04/01/13	140,000	5,075	145,075
		\$ <u>830,000</u>	\$ <u>98,621</u>	\$ <u>928,621</u>