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INDEPENDENT AUDITOR'S REPORT

To the Village Council  
Village of Jonesville  
Jonesville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Jonesville, as of and for the year ended June 30, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Jonesville'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Jonesville, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2008, on our consideration of Village of Jonesville's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Village Council  
Village of Jonesville

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and pages 32 through 38, 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Jonesville's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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.

*Bailey, Hodshire & Company, P.C.*

Jonesville, Michigan  
November 12, 2008

Village of Jonesville, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended June 30, 2008

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**Introduction**

This section of the annual financial report presents management's discussion and analysis of the Village's financial performance during the year ended June 30, 2008. Please read it in conjunction with the Village's financial statements, which immediately follow this section.

**Financial Highlights**

- The Village's assets exceeded its liabilities by \$10,011,047 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$9,766,403, showing an increase of \$244,644 during the current year.
- The Village's governmental funds reported total ending fund balance of \$1,901,092, of which \$1,228,884 is unreserved and undesignated and available for spending at the Village's discretion. This compares to the prior year ending fund balance of \$1,471,556, showing an increase of \$429,536 during the current year.
- At the end of the current year, unreserved fund balance for the General Fund was \$570,486, or 48% of total General Fund expenditures. This is a decrease of \$147,743 from last year's ending fund balance.

**Overview of the Financial Statements**

This MD&A is intended to serve as an introduction to the Village's basic financial statements. The basic financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The Village also includes in this report additional information to supplement the basic financial statements.

**Government-wide Financial Statements**

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

*Statement of Net Assets* - This statement presents information of all of the Village's assets and liabilities, with the difference being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the Village's financial position as a whole is improving or deteriorating.

*Statement of Activities* - This reports how the Village's net assets changed during the fiscal year. All current year revenues and expenses are included regardless of when the cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the taxpayers.

Both of the above statements distinguish governmental activities from business-type activities. Governmental activities include general government, public safety, public services, zoning, and recreation, and are principally supported by property taxes and revenues from other governments. Business-type activities include water and sewer, and are intended to recover all or a significant portion of their costs through user fees and charges.

Village of Jonesville, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended June 30, 2008

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**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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Village's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds* are used to account for essentially the same functions as governmental activities in the government-wide financial statements. However, these statements report short-term fiscal accountability focusing on the use of expendable resources during the year and balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide reconciliations to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included as required supplementary information for the general fund and major special revenue funds. These statements and schedules demonstrate compliance with the Village's adopted and final revised budget.

*Proprietary Funds* generally report services for which the Village charges customers a fee. There are two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report functions presented as business-type activities, while Internal Service Funds primarily service the governmental unit and are included with governmental activities. The Water and Sewer Funds are Enterprise Funds, and the Motor Vehicle Pool is an Internal Service Fund.

*Fiduciary Funds* such as the imprest payroll fund are reported in the fiduciary fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund Village Programs.

*Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other Supplementary Information* can be found immediately following the notes to the financial statements. This information includes statements for non-major governmental funds.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. The Village's assets exceeded its liabilities by \$10,011,047 (net assets) at the close of this fiscal year. Net assets at the beginning of the fiscal year totaled \$9,766,403, showing an increase of \$244,644 over the prior year. The following table provides a summary of the Village's net assets:

Village of Jonesville, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended June 30, 2008

NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Current Assets	\$ 1,876,229	\$ 2,375,062	\$ 1,199,109	\$ 1,254,185	\$ 3,075,338	\$ 3,629,247
Non-current Assets	<u>2,824,339</u>	<u>3,108,237</u>	<u>10,286,423</u>	<u>9,937,894</u>	<u>13,110,762</u>	<u>13,046,131</u>
Total Assets	<u>\$ 4,700,568</u>	<u>\$ 5,483,299</u>	<u>\$11,485,532</u>	<u>\$11,192,079</u>	<u>\$16,186,100</u>	<u>\$16,675,378</u>
Current Liabilities	\$ 158,114	\$ 233,672	\$ 238,054	\$ 236,812	\$ 396,168	\$ 470,484
Non-current Liabilities	<u>665,002</u>	<u>1,036,886</u>	<u>5,358,527</u>	<u>5,156,961</u>	<u>6,023,529</u>	<u>6,193,847</u>
Total Liabilities	<u>\$ 823,116</u>	<u>\$ 1,270,558</u>	<u>\$ 5,596,581</u>	<u>\$ 5,393,773</u>	<u>\$ 6,419,697</u>	<u>\$ 6,664,331</u>
Net Assets:						
Invested in Capital Assets, Net of Related Debt	\$ 2,234,446	\$ 2,835,964	\$ 4,755,515	\$ 4,605,121	\$ 6,989,961	\$ 7,441,085
Restricted	60,277	33,713	648,857	791,412	709,134	825,125
Unrestricted	<u>1,582,729</u>	<u>1,343,064</u>	<u>484,579</u>	<u>401,773</u>	<u>2,067,308</u>	<u>1,744,837</u>
Total Net Assets	<u>\$ 3,877,452</u>	<u>\$ 4,212,741</u>	<u>\$ 5,888,951</u>	<u>\$ 5,798,306</u>	<u>\$ 9,766,403</u>	<u>\$10,011,047</u>

The Village reported positive balances in net assets for governmental and business-type activities. Net assets increased \$335,289 for governmental activities and decreased \$90,645 for business-type activities; therefore, the Village's overall financial position improved during fiscal year 2008.

The following table reflects the change in net assets of the Village's governmental and business-type activities:

Village of Jonesville, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended June 30, 2008

CHANGES IN NET ASSETS

	<u>Governmental</u> <u>Activities</u>		<u>Business-type</u> <u>Activities</u>		<u>Total</u> <u>Primary</u> <u>Government</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Program Revenue						
Charges for Services	\$ 62,213	\$ 66,571	\$ 833,444	\$ 841,387	\$ 895,657	\$ 907,958
Operating Grants and Contributions	257,885	269,721	0	0	257,885	269,721
Capital Grants and Contributions	0	0	0	0	0	0
General Revenue						
Property Taxes	755,441	762,265	0	0	755,441	762,265
State Shared Revenue	230,555	229,379	0	0	230,555	229,379
Unrestricted Investment Income	90,200	68,551	48,354	43,200	138,554	111,751
Transfers from Component Units	117,085	253,359	56,869	172,340	173,954	425,699
Capital Assets Transferred from Component Units	221,015	0	0	0	221,015	0
Other	<u>23,821</u>	<u>19,586</u>	<u>16,755</u>	<u>11,541</u>	<u>40,576</u>	<u>31,127</u>
Total Revenue	<u>\$ 1,758,215</u>	<u>\$ 1,669,432</u>	<u>\$ 955,422</u>	<u>\$ 1,068,468</u>	<u>\$ 2,713,637</u>	<u>\$ 2,737,900</u>
Expenses						
General Government	\$ 502,355	\$ 453,487	\$ 0	\$ 0	\$ 502,355	\$ 453,487
Public Safety	427,016	448,760	0	0	427,016	448,760
Economic & Community Development	0	3,124	0	0	0	3,124
Public Improvements	24,376	34,163	0	0	24,376	34,163
Streets, Highways, Drains	243,316	280,946	0	0	243,316	280,946
Sanitation	2,831	1,951	0	0	2,831	1,951
Culture & Recreation	60,230	49,544	0	0	60,230	49,544
Interest on Long-Term Debt	32,092	26,580	0	0	32,092	26,580
Depreciation - Unallocated	34,194	35,588	0	0	34,194	35,588
Water Utility	0	0	306,100	306,141	306,100	306,141
Sewer Utility	<u>0</u>	<u>0</u>	<u>866,539</u>	<u>852,972</u>	<u>866,539</u>	<u>852,972</u>
Total Expenses	<u>\$ 1,326,410</u>	<u>\$ 1,334,143</u>	<u>\$ 1,172,639</u>	<u>\$ 1,159,113</u>	<u>\$ 2,499,049</u>	<u>\$ 2,493,256</u>
CHANGE IN NET ASSETS	<u>\$ 431,805</u>	<u>\$ 335,289</u>	<u>\$ (217,217)</u>	<u>\$ (90,645)</u>	<u>\$ 214,588</u>	<u>\$ 244,644</u>

*Governmental Activities* increased the Village's net assets by \$335,289, which represents a decrease from last year's change in net assets.

Revenues from governmental activities totaled \$1,669,432. Property tax revenue represented the largest portion of those revenues (45.7%), operating grants and contributions was 16.2%, and state shared revenue was 13.7% of the total.

The largest components of governmental activities' expenses were general government (34.0%), public safety (33.6%), and streets, highways, and drains (21.1%). General government consists of Village Council, Administration, Motor Vehicle Pool, etc. Public safety includes police and fire.

*Business-type Activities* decreased the Village's net assets by \$90,645. Net assets will be used to repay debt on the sewer plant improvements, as well as planning for future improvements in the water and sewer systems. The decrease in net assets is a result of debt payments and capital improvement.

Village of Jonesville, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended June 30, 2008

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*Governmental Funds* - The focus of the Village's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2008, the Village's governmental funds reported combined ending fund balances of \$1,901,092. Of this total, approximately 64.6% was unreserved, indicating availability for continuing Village service requirements. Although a substantial amount is unrestricted, a portion of the fund balances has been designated for subsequent year's projects, such as the development of another Village park, expanding the Industrial Park, rehabilitating the downtown streetscape, and other projects. Restricted fund balance represents the amount designated to complete the East Street reconstruction and repay debt through the Debt Service Fund.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the General Fund showed a healthy fund balance of \$570,486. Other Major Governmental Funds include Major Streets, Local Streets, Capital Projects (East Street), and Debt Service (DDA debt). Non-major governmental funds include the State Highway fund. With the exception of the Capital Projects Fund, which received \$700,000 in June for the East Street Construction Project, most of these funds showed a decrease in fund balance for the current fiscal year. The General Fund decrease is due to improvements made to the Village Hall, the South alley and parking lot, and Police and Fire equipment purchases. The Major and Local Streets decrease is due to street repairs.

*Proprietary Funds* - The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The Village's proprietary funds consist of the Water Fund, Sewer Fund, and the Motor Vehicle Pool. Total net assets of the Water and Sewer Funds were \$5,798,306 at June 30, 2008, a decrease of \$90,645 from the previous fiscal year. The Motor Vehicle Pool's net assets at the end of this fiscal year were \$797,753, an improvement of \$37,409 over the previous fiscal year.

**Major Governmental Funds Budgeting and Operating Highlights**

*General Fund* - The difference between the original and final amended budget for the General Fund revenues was \$91,500, with the original budget being \$1,048,125, and the final budget being \$1,139,625. The difference between the two numbers includes an increase in Transfers from Component Units. The final budget included funds transferred from the DDA for the South Alley and Parking Lot Project, and for the purchase of the Verdin Clock, which stands in the G. Carl Fast Park. The difference between the appropriations originally budgeted and the final appropriations budget was \$330,515 (\$1,099,490 vs. \$1,430,005). General Government expenditures increased by \$63,565; Public Safety decreased by \$570; Planning and Zoning increased by \$500; Public Works increased by \$2,870; Streets, Highways, and Drains increased by \$1,225; Culture and Recreation increased by \$2,450; and Capital Outlay increased by \$260,475 (due to the South Alley and Parking Lot and Street improvements, and the purchase of the Verdin clock).

Village of Jonesville, Michigan  
Management's Discussion and Analysis (MD&A)  
For the year ended June 30, 2008

**Capital Asset and Debt Administration**

Capital assets at year-end were as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Primary Government</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Land	\$ 65,204	\$ 103,666	\$ 2,061	\$ 2,061	\$ 67,265	\$ 105,727
Land Improvements	48,879	58,304	0	0	48,879	58,304
Buildings and Improvements	723,019	749,467	0	0	723,019	749,467
Facilities and Mains	0	0	14,102,380	14,103,505	14,102,380	14,103,505
Furniture and Equipment	539,561	621,800	458,924	482,837	998,485	1,104,637
Vehicles	990,135	1,049,320	8,138	8,138	998,273	1,057,458
Infrastructure	1,652,502	1,889,514	0	0	1,652,502	1,889,514
Less: Acc. Depreciation	<u>(1,194,961)</u>	<u>(1,363,834)</u>	<u>(4,310,080)</u>	<u>(4,680,869)</u>	<u>(5,505,041)</u>	<u>(6,044,703)</u>
Total Capital Assets, Net Of Depreciation	<u>\$ 2,824,339</u>	<u>\$ 3,108,237</u>	<u>\$10,261,423</u>	<u>\$ 9,915,672</u>	<u>\$13,085,762</u>	<u>\$13,023,909</u>

Bonds and contracts outstanding at year-end were as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Primary Government</u>	
	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
General Government	\$ 585,000	\$ 970,000	\$ 0	\$ 0	\$ 585,000	\$ 970,000
Revenue Bonds	0	0	4,379,000	4,288,000	4,379,000	4,288,000
County Contract	<u>0</u>	<u>0</u>	<u>1,140,000</u>	<u>1,035,000</u>	<u>1,140,000</u>	<u>1,035,000</u>
Total Long-Term Debt	<u>\$ 585,000</u>	<u>\$ 970,000</u>	<u>\$ 5,519,000</u>	<u>\$ 5,323,000</u>	<u>\$ 6,104,000</u>	<u>\$ 6,293,000</u>

**Factors Bearing on the Village's Future**

As homes continue to transfer in Jonesville, taxable values are anticipated to rise, increasing property tax revenues. There was no change in property tax millages for fiscal year 2008-09.

We continue to depend on state revenue sharing and investment income as major funding sources for the Village. As revenues change, we will continue to strive to cut expenditures, and to maintain quality services.

The major focus for the 2008-09 fiscal year is to finish the reconstruction of East Street, Gaige Street, and Reading Avenue. There will also be some sidewalk improvements, and updates to the Village's Master Plan and Recreation Plan.

**Contacting the Village's Financial Management**

This financial report is designed to provide a general overview of the Village of Jonesville's finances. Questions or comments concerning any of the information provided in this report should be addressed to Adam Smith, Village Manager, or Lenore Spahr, Finance Director/Treasurer, Village of Jonesville, 265 E. Chicago Street, Jonesville, Michigan 49250.

VILLAGE OF JONESVILLE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 171,291	\$ 315,560	\$ 486,851	\$ 51,836
Investments	2,046,461	925,837	2,972,298	1,096,736
Accounts Receivable	4,467	20,379	24,846	180,024
Internal Balances	13,004	(13,004)	0	0
Due from Other Governmental Units	110,009	0	110,009	0
Inventory	2,374	3,688	6,062	0
Prepaid Expense	27,456	1,725	29,181	23
Total Current Assets	<u>\$ 2,375,062</u>	<u>\$ 1,254,185</u>	<u>\$ 3,629,247</u>	<u>\$ 1,328,619</u>
<b>Noncurrent Assets</b>				
<b>Capital Assets</b>				
Contract Refinancing Costs	\$ 0	\$ 22,222	\$ 22,222	\$ 0
Land	103,666	2,061	105,727	97,544
Land Improvements	58,304	0	58,304	0
Buildings & Improvements	749,467	0	749,467	0
Facilities & Mains	0	14,103,505	14,103,505	0
Furniture & Equipment	621,800	482,837	1,104,637	0
Vehicles	1,049,320	8,138	1,057,458	0
Infrastructure	1,889,514	0	1,889,514	0
Less: Accumulated Depreciation	(1,363,834)	(4,680,869)	(6,044,703)	0
Total Noncurrent Assets	<u>\$ 3,108,237</u>	<u>\$ 9,937,894</u>	<u>\$13,046,131</u>	<u>\$ 97,544</u>
Total Assets	<u>\$ 5,483,299</u>	<u>\$11,192,079</u>	<u>\$16,675,378</u>	<u>\$ 1,426,163</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 142,930	\$ 11,636	\$ 154,566	\$ 3,433
Accrued Payroll	13,469	4,643	18,112	0
Customer Deposits	0	400	400	0
Interest Payable	2,273	17,133	19,406	0
Current Portion of Long-Term Debt	75,000	203,000	278,000	0
Total Current Liabilities	<u>\$ 233,672</u>	<u>\$ 236,812</u>	<u>\$ 470,484</u>	<u>\$ 3,433</u>
<b>Noncurrent Liabilities</b>				
Bonds, County Contract	\$ 895,000	\$ 5,120,000	\$ 6,015,000	\$ 0
Less: Bond Discount	0	(7,360)	(7,360)	0
Compensated Absences	141,886	44,321	186,207	0
Total Noncurrent Liabilities	<u>\$ 1,036,886</u>	<u>\$ 5,156,961</u>	<u>\$ 6,193,847</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 1,270,558</u>	<u>\$ 5,393,773</u>	<u>\$ 6,664,331</u>	<u>\$ 3,433</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	\$ 2,835,964	\$ 4,605,121	\$ 7,441,085	\$ 97,544
Restricted for: Replacement	0	385,657	385,657	0
Debt Service	33,713	405,755	439,468	0
Unrestricted	1,343,064	401,773	1,744,837	1,325,186
Total Net Assets	<u>\$ 4,212,741</u>	<u>\$ 5,798,306</u>	<u>\$10,011,047</u>	<u>\$ 1,422,730</u>
Total Liabilities and Net Assets	<u>\$ 5,483,299</u>	<u>\$11,192,079</u>	<u>\$16,675,378</u>	<u>\$ 1,426,163</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental Activities:					
General Government	\$ 453,487	\$ 13,482	\$ 5,353	\$ 0	\$ (434,652)
Public Safety	448,760	44,514	0	0	(404,246)
Economic & Community Development	3,124	0	0	0	(3,124)
Public Works	34,163	0	0	0	(34,163)
Streets, Highways, and Drains	280,946	0	257,328	0	(23,618)
Sanitation	1,951	0	0	0	(1,951)
Culture and Recreation	49,544	8,575	7,040	0	(33,929)
Interest on Long-Term Debt	26,580	0	0	0	(26,580)
Depreciation - Unallocated <sup>1</sup>	35,588	0	0	0	(35,588)
Total Governmental Activities	<u>\$ 1,334,143</u>	<u>\$ 66,571</u>	<u>\$ 269,721</u>	<u>\$ 0</u>	<u>\$ (997,851)</u>
Business-type Activities:					
Water	\$ 306,141	\$ 281,683	\$ 0	\$ 0	\$ (24,458)
Sewer	852,972	559,704	0	0	(293,268)
Total Business-type Activities	<u>\$ 1,159,113</u>	<u>\$ 841,387</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (317,726)</u>
Total Primary Government	<u>\$ 2,493,256</u>	<u>\$ 907,958</u>	<u>\$ 269,721</u>	<u>\$ 0</u>	<u>\$ (1,315,577)</u>
Component Units:					
Downtown Development Authority	\$ 247,361	\$ 0	\$ 0	\$ 0	\$ (247,361)
Local Development Finance Authority	273,197	0	0	0	(273,197)
Total Component Units	<u>\$ 520,558</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (520,558)</u>
Primary Government					
		<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Component</u>
		<u>Activities</u>	<u>Activities</u>		<u>Units</u>
Change in Net Assets:					
Net (Expense) Revenue		\$ (997,851)	\$ (317,726)	\$(1,315,577)	\$ (520,558)
General Revenue:					
Property Taxes Levied for General Purposes		\$ 546,634	\$ 0	\$ 546,634	\$ 0
Property Taxes Levied for Local Streets		215,631	0	215,631	0
Property Taxes Captured		0	0	0	581,249
State Shared Revenue		229,379	0	229,379	0
Unrestricted Investment Income		68,551	43,200	111,751	41,949
Transfers from Component Units		253,359	172,340	425,699	0
Miscellaneous		19,586	11,541	31,127	10,562
Total General Revenue		<u>\$ 1,333,140</u>	<u>\$ 227,081</u>	<u>\$ 1,560,221</u>	<u>\$ 633,760</u>
Change in Net Assets		\$ 335,289	\$ (90,645)	\$ 244,644	\$ 113,202
Net Assets – Beginning		<u>3,877,452</u>	<u>5,888,951</u>	<u>9,766,403</u>	<u>1,309,528</u>
Net Assets – Ending		<u>\$ 4,212,741</u>	<u>\$ 5,798,306</u>	<u>\$10,011,047</u>	<u>\$ 1,422,730</u>

<sup>1</sup>This amount does not include depreciation that is reported in the direct expenses of the various programs.

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>ASSETS</b>					
Cash	\$ 32,783	\$ 11,696	\$ 13,207	\$ 0	\$ 33,713
Investments	503,162	3,737	637,050	670,582	1,462
Accounts Receivable	3,333	40	616	0	0
Due from Other Funds	20,280	0	0	0	0
Due from Other Governmental Units	71,795	21,273	6,701	0	0
Inventory	2,374	0	0	0	0
Prepaid Expense	<u>26,792</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 660,519</u>	<u>\$ 36,746</u>	<u>\$ 657,574</u>	<u>\$ 670,582</u>	<u>\$ 35,175</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 76,771	\$ 28,704	\$ 157	\$ 32,087	\$ 1,462
Due to Other Funds	1,647	2,785	3,472	0	0
Salaries Payable	<u>11,615</u>	<u>993</u>	<u>598</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 90,033</u>	<u>\$ 32,482</u>	<u>\$ 4,227</u>	<u>\$ 32,087</u>	<u>\$ 1,462</u>
<b>FUND BALANCES</b>					
Unreserved, reported in:					
General Fund	\$ 570,486	\$ 0	\$ 0	\$ 0	\$ 0
Special Revenue Funds	0	4,264	653,347	0	0
Reserved, reported in:					
Capital Projects Fund	0	0	0	638,495	0
Debt Retirement Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,713</u>
Total Fund Balances	<u>\$ 570,486</u>	<u>\$ 4,264</u>	<u>\$ 653,347</u>	<u>\$ 638,495</u>	<u>\$ 33,713</u>
Total Liabilities and Fund Balances	<u>\$ 660,519</u>	<u>\$ 36,746</u>	<u>\$ 657,574</u>	<u>\$ 670,582</u>	<u>\$ 35,175</u>

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 508	\$ 91,907
0	1,815,993
91	4,080
0	20,280
10,240	110,009
0	2,374
<u>0</u>	<u>26,792</u>
<u>\$ 10,839</u>	<u>\$ 2,071,435</u>
\$ 2,375	\$ 141,556
7,606	15,510
<u>71</u>	<u>13,277</u>
<u>\$ 10,052</u>	<u>\$ 170,343</u>
\$ 0	\$ 570,486
787	658,398
0	638,495
<u>0</u>	<u>33,713</u>
<u>\$ 787</u>	<u>\$ 1,901,092</u>
<u>\$ 10,839</u>	<u>\$ 2,071,435</u>

VILLAGE OF JONESVILLE  
 Reconciliation of Fund Balances on the Balance Sheet  
 for Governmental Funds to Net Assets of  
 Governmental Activities on the Statement of Net Assets  
 June 30, 2008

Fund Balances - total governmental funds \$ 1,901,092

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.

Add: Capital assets	4,472,071
Deduct: Accumulated depreciation	(1,363,834)

An Internal Service Fund is used by management to charge the cost of equipment and vehicle usage to individual funds. Assets and liabilities of the Internal Service Fund are included in governmental activities in the statement of net assets.

Add: Internal Service Fund assets	319,858
Deduct: Internal Service Fund liabilities	(2,287)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: Bonds and notes payable	(970,000)
Deduct: Accrued interest on bonds and notes payable	(2,273)
Deduct: Compensated absences	<u>(141,886)</u>

Net assets of governmental activities \$ 4,212,741

The accompanying notes are an integral part of this statement.

VILLAGE OF JONESVILLE  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Capital Projects</u>	<u>Debt Service</u>
<b>REVENUE</b>					
Property Taxes	\$ 558,191	\$ 0	\$ 215,631	\$ 0	\$ 0
Licenses and Permits	785	0	0	0	0
State Shared Revenue	229,379	129,918	40,897	0	0
METRO Act	0	6,118	1,953	0	0
Charges and Fees	45,654	0	0	0	0
State Highway Contract	0	0	0	0	0
Recreation	15,615	0	0	0	0
Rents and Royalties	11,647	0	0	0	0
Contributions	5,353	0	2,141	0	0
Interest	34,113	198	32,575	0	1,659
Transfers from Component Units	132,912	68,297	35,067	0	52,150
Miscellaneous	1,819	3,584	0	0	0
Total Revenue	<u>\$ 1,035,468</u>	<u>\$ 208,115</u>	<u>\$ 328,264</u>	<u>\$ 0</u>	<u>\$ 53,809</u>
<b>EXPENDITURES</b>					
General Government	\$ 476,709	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	381,679	0	0	0	0
Economic & Community Development	3,124	0	0	0	0
Public Works	23,750	0	0	0	0
Streets, Highways, and Drains	25,522	192,558	100,672	61,505	0
Sanitation	1,951	0	0	0	0
Culture and Recreation	37,347	0	0	0	0
Capital Outlay	249,715	0	0	0	0
Debt Service					
Principal	0	0	0	0	315,000
Interest	0	0	0	0	29,200
Total Expenditures	<u>\$ 1,199,797</u>	<u>\$ 192,558</u>	<u>\$ 100,672</u>	<u>\$ 61,505</u>	<u>\$ 344,200</u>
REVENUE OVER (UNDER)					
EXPENDITURES	<u>\$ (164,329)</u>	<u>\$ 15,557</u>	<u>\$ 227,592</u>	<u>\$ (61,505)</u>	<u>\$(290,391)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers In	\$ 63,925	\$ 253,727	\$ 0	\$ 0	\$ 263,827
Bond Proceeds	0	0	0	700,000	0
Operating Transfers Out	(47,339)	(270,852)	(260,752)	0	0
Total Other Financing Sources (Uses)	<u>\$ 16,586</u>	<u>\$ (17,125)</u>	<u>\$(260,752)</u>	<u>\$ 700,000</u>	<u>\$ 263,827</u>
NET CHANGE IN FUND BALANCES	\$ (147,743)	\$ (1,568)	\$ (33,160)	\$ 638,495	\$ (26,564)
FUND BALANCES - Beginning	<u>718,229</u>	<u>5,832</u>	<u>686,507</u>	<u>0</u>	<u>60,277</u>
FUND BALANCES - Ending	<u>\$ 570,486</u>	<u>\$ 4,264</u>	<u>\$ 653,347</u>	<u>\$ 638,495</u>	<u>\$ 33,713</u>

The accompanying notes are an integral part of this statement.

Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
\$ 0	\$ 773,822
0	785
0	400,194
0	8,071
0	45,654
41,234	41,234
0	15,615
0	11,647
0	7,494
6	68,551
0	288,426
0	5,403
<u>\$ 41,240</u>	<u>\$ 1,666,896</u>
\$ 0	\$ 476,709
0	381,679
0	3,124
0	23,750
41,164	421,421
0	1,951
0	37,347
0	249,715
0	315,000
0	29,200
<u>\$ 41,164</u>	<u>\$ 1,939,896</u>
<u>\$ 76</u>	<u>\$ (273,000)</u>
\$ 0	\$ 581,479
0	700,000
<u>0</u>	<u>(578,943)</u>
<u>\$ 0</u>	<u>\$ 702,536</u>
\$ 76	\$ 429,536
<u>711</u>	<u>1,471,556</u>
<u>\$ 787</u>	<u>\$ 1,901,092</u>

VILLAGE OF JONESVILLE  
Reconciliation of Statement of Revenue, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2008

Net changes in fund balances - total governmental funds \$ 429,536

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: Capital outlay	381,488
Deduct: Depreciation expense	(215,639)

An Internal Service Fund is used by management to charge the cost of equipment and vehicle usage to individual funds. Net revenue of the Internal Service Fund of \$109,168 (before depreciation) is reported with governmental activities in the statement of net assets.

109,168

Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Deduct: New debt issued	(700,000)
Add: Principal payments on long-term debt	315,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: Decrease in interest payable on long-term liabilities	2,620
Add: Decrease in accrual for compensated absences	<u>13,116</u>

Change in net assets of governmental activities \$ 335,289

The accompanying notes are an integral part of this statement.

VILLAGE OF JONESVILLE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2008

	<u>Enterprise Funds</u>		Total Enterprise Funds	Internal Service Funds
	<u>Water</u>	<u>Sewer</u>		
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash	\$ 81,797	\$ 3,253	\$ 85,050	\$ 79,384
Investments	361,877	3,058	364,935	230,468
Accounts Receivable	4,993	15,386	20,379	387
Due from Other Funds	0	0	0	8,955
Inventory	2,147	1,541	3,688	0
Prepaid Expense	<u>220</u>	<u>1,505</u>	<u>1,725</u>	<u>664</u>
Total Current Assets	<u>\$ 451,034</u>	<u>\$ 24,743</u>	<u>\$ 475,777</u>	<u>\$ 319,858</u>
<b>Restricted Assets</b>				
General Purpose	\$ 31,030	\$ 16,360	\$ 47,390	\$ 0
Bond Interest and Redemption	79,617	94,121	173,738	0
Bond Reserve	40,037	191,980	232,017	0
Replacement	<u>0</u>	<u>338,267</u>	<u>338,267</u>	<u>0</u>
Total Restricted Assets	<u>\$ 150,684</u>	<u>\$ 640,728</u>	<u>\$ 791,412</u>	<u>\$ 0</u>
<b>Noncurrent Assets</b>				
Loan Refinancing Costs	\$ 22,222	\$ 0	\$ 22,222	\$ 0
Capital Assets - Not Depreciated	2,061	0	2,061	0
Other Capital Assets, Net of Accumulated Depreciation	<u>1,856,700</u>	<u>8,056,911</u>	<u>9,913,611</u>	<u>477,895</u>
Total Noncurrent Assets	<u>\$ 1,880,983</u>	<u>\$ 8,056,911</u>	<u>\$ 9,937,894</u>	<u>\$ 477,895</u>
Total Assets	<u>\$ 2,482,701</u>	<u>\$ 8,722,382</u>	<u>\$11,205,083</u>	<u>\$ 797,753</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 2,447	\$ 9,189	\$ 11,636	\$ 1,374
Accrued Payroll	1,065	3,578	4,643	192
Due to Other Funds	3,096	9,908	13,004	721
Customer Deposits	<u>200</u>	<u>200</u>	<u>400</u>	<u>0</u>
Total Current Liabilities	<u>\$ 6,808</u>	<u>\$ 22,875</u>	<u>\$ 29,683</u>	<u>\$ 2,287</u>
<b>Liabilities Payable from Restricted Assets</b>				
Accrued Interest Payable	\$ 11,383	\$ 5,750	\$ 17,133	\$ 0
Revenue Bonds - Current	25,000	68,000	93,000	0
Contract Payable - Current	<u>110,000</u>	<u>0</u>	<u>110,000</u>	<u>0</u>
Total Liabilities Payable from Restricted Assets	<u>\$ 146,383</u>	<u>\$ 73,750</u>	<u>\$ 220,133</u>	<u>\$ 0</u>
<b>Noncurrent Liabilities</b>				
Contract Payable	\$ 925,000	\$ 0	\$ 925,000	\$ 0
Less: Bond Discount	(7,360)	0	(7,360)	0
Revenue Bonds/USDA Loan Payable	139,000	4,056,000	4,195,000	0
Compensated Absences	<u>16,349</u>	<u>27,972</u>	<u>44,321</u>	<u>0</u>
Total Noncurrent Liabilities	<u>\$ 1,072,989</u>	<u>\$ 4,083,972</u>	<u>\$ 5,156,961</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 1,226,180</u>	<u>\$ 4,180,597</u>	<u>\$ 5,406,777</u>	<u>\$ 2,287</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	\$ 677,960	\$ 3,927,161	\$ 4,605,121	\$ 477,895
Restricted by Bond Covenants	150,684	640,728	791,412	0
Unrestricted	<u>427,877</u>	<u>(26,104)</u>	<u>401,773</u>	<u>317,571</u>
Total Net Assets	<u>\$ 1,256,521</u>	<u>\$ 4,541,785</u>	<u>\$ 5,798,306</u>	<u>\$ 795,466</u>
Total Liabilities and Net Assets	<u>\$ 2,482,701</u>	<u>\$ 8,722,382</u>	<u>\$11,205,083</u>	<u>\$ 797,753</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>		
<b>OPERATING REVENUE</b>				
Sales	\$ 258,275	\$ 559,704	\$ 817,979	\$ 0
Connections Fees	0	0	0	0
Equipment Rental	23,408	0	23,408	122,693
Other	<u>6,460</u>	<u>5,081</u>	<u>11,541</u>	<u>5,682</u>
Total Operating Revenue	<u>\$ 288,143</u>	<u>\$ 564,785</u>	<u>\$ 852,928</u>	<u>\$ 128,375</u>
<b>OPERATING EXPENSES</b>				
Sewage Disposal	\$ 0	\$ 343,915	\$ 343,915	\$ 0
Water Plant Operation	76,800	0	76,800	0
Water Distribution Expenses	63,479	0	63,479	0
Depreciation	83,033	288,757	371,790	71,759
Motor Vehicle Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,836</u>
Total Operating Expenses	<u>\$ 223,312</u>	<u>\$ 632,672</u>	<u>\$ 855,984</u>	<u>\$ 162,595</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 64,831</u>	<u>\$ (67,887)</u>	<u>\$ (3,056)</u>	<u>\$ (34,220)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>				
Interest Income	\$ 22,068	\$ 21,132	\$ 43,200	\$ 8,133
Interest Expense	<u>(58,954)</u>	<u>(189,300)</u>	<u>(248,254)</u>	<u>0</u>
Total Non-operating Revenue (Expense)	<u>\$ (36,886)</u>	<u>\$ (168,168)</u>	<u>\$ (205,054)</u>	<u>\$ 8,133</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 27,945</u>	<u>\$ (236,055)</u>	<u>\$ (208,110)</u>	<u>\$ (26,087)</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Contributions from Component Units	\$ 162,340	\$ 10,000	\$ 172,340	\$ 0
Contributions from Other Governments	0	0	0	11,157
Transfers From Other Funds	0	0	0	52,339
Transfers To Other Funds	<u>(23,875)</u>	<u>(31,000)</u>	<u>(54,875)</u>	<u>0</u>
Total Contributions and Transfers	<u>\$ 138,465</u>	<u>\$ (21,000)</u>	<u>\$ 117,465</u>	<u>\$ 63,496</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 166,410</u>	<u>\$ (257,055)</u>	<u>\$ (90,645)</u>	<u>\$ 37,409</u>
<b>NET ASSETS – Beginning</b>	<u>1,090,111</u>	<u>4,798,840</u>	<u>5,888,951</u>	<u>758,057</u>
<b>NET ASSETS - Ending</b>	<u>\$ 1,256,521</u>	<u>\$ 4,541,785</u>	<u>\$ 5,798,306</u>	<u>\$ 795,466</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 280,732	\$ 558,616	\$ 839,348	\$ 900
Cash received from interfund services provided	0	0	0	117,993
Cash payments to suppliers for goods and services	(95,603)	(198,650)	(294,253)	(79,393)
Cash payments to employees and professional contractors for services	(44,622)	(142,677)	(187,299)	(28,253)
Other operating receipts	<u>6,460</u>	<u>5,081</u>	<u>11,541</u>	<u>4,782</u>
Net cash provided (used) by operating activities	<u>\$ 146,967</u>	<u>\$ 222,370</u>	<u>\$ 369,337</u>	<u>\$ 16,029</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Contributions from Component Units	\$ 162,340	\$ 10,000	\$ 172,340	\$ 0
Contributions from other governments	0	0	0	11,157
Transfers from other funds	0	0	0	52,339
Transfers to other funds	<u>(23,875)</u>	<u>(31,000)</u>	<u>(54,875)</u>	<u>0</u>
Net cash provided (used) by non-capital financing activities	<u>\$ 138,465</u>	<u>\$ (21,000)</u>	<u>\$ 117,465</u>	<u>\$ 63,496</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	\$ (16,858)	\$ (9,180)	\$ (26,038)	\$(118,049)
Principal paid on bonds	(130,000)	(66,000)	(196,000)	0
Interest paid on bonds	<u>(57,811)</u>	<u>(189,800)</u>	<u>(247,611)</u>	<u>0</u>
Net cash provided (used) by capital and related financing activities	<u>\$(204,669)</u>	<u>\$(264,980)</u>	<u>\$ (469,649)</u>	<u>\$(118,049)</u>
<b>CASH FLOWS FORM INVESTING ACTIVITIES</b>				
Investment income	<u>\$ 22,068</u>	<u>\$ 21,132</u>	<u>\$ 43,200</u>	<u>\$ 8,133</u>
Net cash provided (used) by investment activities	<u>\$ 22,068</u>	<u>\$ 21,132</u>	<u>\$ 43,200</u>	<u>\$ 8,133</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>\$ 102,831</b>	<b>\$ (42,478)</b>	<b>\$ 60,353</b>	<b>\$ (30,391)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning</b>	<u>491,527</u>	<u>689,517</u>	<u>1,181,044</u>	<u>340,243</u>
<b>CASH AND CASH EQUIVALENTS - Ending</b>	<u>\$ 594,358</u>	<u>\$ 647,039</u>	<u>\$ 1,241,397</u>	<u>\$ 309,852</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 64,831	\$ (67,887)	\$ (3,056)	\$ (34,220)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	83,033	288,757	371,790	71,759
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(951)	(1,088)	(2,039)	(252)
(Increase) decrease in due from other funds	0	0	0	(4,448)
(Increase) decrease in inventories	213	231	444	0
(Increase) decrease in prepaid expense	17	79	96	167
Increase (decrease) in accounts payable	(2,054)	(4,620)	(6,674)	(16,813)
Increase (decrease) in wages and benefits payable	211	1,275	1,486	(139)
Increase (decrease) in due to other funds	1,149	5,627	6,776	(25)
Increase (decrease) in customer deposits	0	0	0	0
Increase (decrease) in compensated absences	<u>518</u>	<u>(4)</u>	<u>514</u>	<u>0</u>
Net cash provided (used) by operating activities	<u>\$ 146,967</u>	<u>\$ 222,370</u>	<u>\$ 369,337</u>	<u>\$ 16,029</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
STATEMENT OF ASSETS AND LIABILITIES  
AGENCY FUND  
JUNE 30, 2008

ASSETS

Cash

\$ 637

LIABILITIES

Payroll deductions withheld

\$ 637

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
 COMBINING STATEMENT OF NET ASSETS  
 COMPONENT UNITS  
 JUNE 30, 2008

	<u>DDA</u>	<u>LDFA</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
Current Assets			
Cash	\$ 20,487	\$ 31,349	\$ 51,836
Investments	436,583	660,153	1,096,736
Accounts Receivable	81,909	98,115	180,024
Prepaid Expense	<u>23</u>	<u>0</u>	<u>23</u>
Total Current Assets	<u>\$ 539,002</u>	<u>\$ 789,617</u>	<u>\$ 1,328,619</u>
Noncurrent Assets			
Capital Assets			
Land	\$ 0	\$ 97,544	\$ 97,544
Total Noncurrent Assets	<u>\$ 0</u>	<u>\$ 97,544</u>	<u>\$ 97,544</u>
Total Assets	<u>\$ 539,002</u>	<u>\$ 887,161</u>	<u>\$ 1,426,163</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	<u>\$ 2,497</u>	<u>\$ 936</u>	<u>\$ 3,433</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	\$ 0	\$ 97,544	\$ 97,544
Unrestricted	<u>536,505</u>	<u>788,681</u>	<u>1,325,186</u>
Total Net Assets	<u>\$ 536,505</u>	<u>\$ 886,225</u>	<u>\$ 1,422,730</u>
Total Liabilities and Net Assets	<u>\$ 539,002</u>	<u>\$ 887,161</u>	<u>\$ 1,426,163</u>

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
 COMBINING STATEMENT OF ACTIVITIES  
 COMPONENT UNITS  
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>DDA</u>	<u>LDFA</u>	<u>Total Component Units</u>
<b>EXPENSES</b>			
Downtown Development	\$ 247,361	\$ 0	\$ 247,361
Industrial Development	<u>0</u>	<u>273,197</u>	<u>273,197</u>
Total Expenses	<u>\$ 247,361</u>	<u>\$ 273,197</u>	<u>\$ 520,558</u>
<b>PROGRAM REVENUE</b>			
Charges for Services	\$ 0	\$ 0	\$ 0
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Total Program Revenue	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET (EXPENSE) REVENUE</b>	<u>\$(247,361)</u>	<u>\$(273,197)</u>	<u>\$ (520,558)</u>
<b>GENERAL REVENUE</b>			
Property Taxes Captured	\$ 264,462	\$ 316,787	\$ 581,249
Land Rent	0	10,546	10,546
Investment Income	18,660	23,289	41,949
Other Income	<u>16</u>	<u>0</u>	<u>16</u>
Total General Revenue	<u>\$ 283,138</u>	<u>\$ 350,622</u>	<u>\$ 633,760</u>
<b>CHANGE IN NET ASSETS</b>	\$ 35,777	\$ 77,425	\$ 113,202
<b>NET ASSETS – Beginning</b>	<u>500,728</u>	<u>808,800</u>	<u>1,309,528</u>
<b>NET ASSETS - Ending</b>	<u>\$ 536,505</u>	<u>\$ 886,225</u>	<u>\$ 1,422,730</u>

See Note 1 for descriptions of component units shown in column headings

See accompanying notes to the basic financial statements.

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Jonesville comprises a population of approximately 2,337 residents in Hillsdale County, Michigan. It is governed by a seven-member council with a president as its head. As required by generally accepted accounting principles, these financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationship with the Village (as distinct from legal relationships).

The following component units are reported in the Village's financial statements:

- The Local Development Finance Authority (LDFA) was created under Public Act 281 of 1986 of the State of Michigan. The LDFA's purpose is to work towards the elimination of the causes of unemployment, underemployment and joblessness, and to promote economic growth in the Village of Jonesville.
- The Downtown Development Authority (DDA) was created under Public Act 197 of 1975 of the State of Michigan. The DDA's purpose is to eliminate the causes of deterioration of property values in the business district of the Village and to promote economic growth.

The Village appoints the Boards of Directors of the LDFA and DDA. The budgets of both entities require the Village's approval, and their main revenue source (tax increment financing) is a financial restraint on the Village.

The accounting policies of Village of Jonesville conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of significant accounting policies used by Village of Jonesville:

**Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements - The statement of net assets and the statement of activities display financial information about the Village as a whole, excluding fiduciary activities. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by property taxes and Village general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, State Revenue Sharing, and other items not properly included among program revenues are reported as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

Fund Financial Statements - Fund financial statements report detailed information about the Village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Measurement Focus and Basis of Accounting**

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Village departments. Proprietary fund and component unit financial statements also report using this same focus and basis of accounting. Revenue is recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Under the modified accrual basis, property taxes, State revenue sharing, interest, and grants are considered to be both measurable and available at fiscal year-end. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Operating income reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenue for proprietary funds is charged to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as non-operating in the financial statements.

**Financial Statement Presentation**

The Village uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

The Village reports the following major governmental funds:

General Fund - used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Michigan.

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes (i.e. Major Streets, Local Streets, and State Highway).

Capital Projects Fund – used to account for the 2007 bond proceeds that are being used for the reconstruction of East Street between Liberty Street and Adrian Street.

Debt Retirement Fund - used to account for the accumulation of resources for and the payment of principal and interest on the Village’s general obligation debt.

The Village reports the following major enterprise funds:

Water Utilities Fund - accounts for the operating activities of the Village’s water utilities services.

Sewer Utilities Fund - accounts for the operating activities of the Village’s sewer utilities services.

Additionally, the Village reports the following fund types:

Internal Service Fund - accounts for the financing of goods and services provided by one department to other departments within the Village on a cost-reimbursement basis (i.e. equipment and vehicle usage). This is a proprietary fund reported with governmental activities in the government-wide statements.

Agency Fund - accounts for fiduciary assets held by the Village in a custodial capacity as an agent on behalf of others (i.e. employee payroll deductions).

**Assets, Liabilities, and Net Assets**

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less. Investments in this account are stated at cost which equals market value.

Inventories - Inventories are stated at cost, which approximates market, using the first-in/first-out method.

Capital Assets - General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets paid for by component units are transferred to the primary government and are also reported in the government-wide statements. Proprietary Fund capital assets are reported in their respective fund financial statements. The Village has opted to report infrastructure prospectively (not retroactively) as allowed by GASB 34.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Village maintains a capitalization threshold of \$1,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	0 - 50 years
Furniture & Equipment	5 - 20 years
Vehicles	5 years
Infrastructure	20 – 30 years

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated Absences (Vacation and Sick Leave) - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vacation and sick leave are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation, retirement, or death.

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds." These amounts are eliminated on the government-wide statement of net assets.

Long-Term Obligations - In the government-wide financial statements, all payables, accrued liabilities and long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt retirement expenditures.

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

Interfund Activity - Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Village Council at the function level. Any budgetary modifications may only be made by resolution of the Village Council. All annual appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements:

- 1) Prior to June 30, the Village Manager submits to the Village Council a proposed operating budget for the fiscal year commencing on July 1.
- 2) A public hearing is conducted during June to obtain taxpayer comments.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution.
- 4) For purposes of meeting emergency needs of the Village, transfer of appropriations may be made by the authorization of the Village Manager. Such transfers appropriations must be approved by the Village Council at its next regularly scheduled meeting.

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

- 5) The Village Manager is charged with general supervision of the budget and shall hold the department heads responsible for performance of their responsibilities.
- 6) During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

During the year, the Village incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Description</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Major Streets	Routine Maintenance	\$ 84,075	\$ 84,709	\$ 634

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State of Michigan laws authorize the Village to invest in bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Village's investment policy puts no further limits on its investment choices.

Deposits

Following are the components of the Village's bank deposits at June 30, 2008:

	<u>Primary Government</u>	<u>Component Units</u>
Cash on hand	\$ 450	\$ 0
Checking and savings accounts	398,974	51,836
Certificates of deposit	<u>87,427</u>	<u>0</u>
	<u>\$ 486,851</u>	<u>\$ 51,836</u>

Investments

Following are the components of the Village's investments at June 30, 2008:

Fifth Third Bank Government Money Market	\$ 1,506,757	\$ 1,096,736
Federated Automated Government Money Trust	631,256	0
MBIA CLASS Investment Pool	<u>834,285</u>	<u>0</u>
	<u>\$ 2,972,298</u>	<u>\$ 1,096,736</u>

The Village's deposits and investments are subject to several types of risk, which are examined in more detail as follows:

*Interest Rate Risk* - In accordance with its investment policy, the Village manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools that limit the average maturity in accordance with the Village's cash requirements.

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

*Credit Risk* – The Village minimizes credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities listed in its investment policy. As of June 30, 2008, the Fifth Third Bank Government Money Market and the Federated Automated Government Money Trust were rated AAAM by Standard & Poor’s, and the MBIA CLASS Investment Pool was rated AAA/V1+ by Fitch.

*Concentration of credit risk* – The Village does not have limits on the amount the Village may deposit in any one issuer.

*Custodial credit risk* – Custodial credit risk for deposits is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. The Village does not have a formal policy for custodial credit risk. At June 30, 2008, the carrying amount of the Village’s deposits was \$538,237 and the bank balance was \$541,725. Of the bank balance, \$221,141 was covered by federal depository insurance and \$320,584 was uninsured. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Foreign currency risk* – The Village is not authorized to invest in investments which have this type of risk.

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2008, consist of State revenue sharing, State highway contract revenue, utility and other receivables. All receivables are considered collectible in full due to the ability to lien for the nonpayment of utility bills and the stable condition of State programs.

A summary of the principal items of receivables follows:

	General	Major	Local	Other		
	<u>Fund</u>	<u>Street</u>	<u>Street</u>	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
State Revenue Sharing	\$ 71,795	\$ 21,274	\$ 6,701	\$ 0	\$ 0	\$ 99,770
Property Taxes	1,550	0	615	0	0	2,165
State Highway Contract	0	0	0	10,240	0	10,240
Utility customers	0	0	0	0	20,380	20,380
Other Receivables	1,783	40	0	0	0	1,823
Total	<u>\$ 75,128</u>	<u>\$ 21,314</u>	<u>\$ 7,316</u>	<u>\$ 10,240</u>	<u>\$ 20,380</u>	<u>\$ 134,378</u>

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>PRIMARY GOVERNMENT</b>				
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$ 65,204	\$ 38,462	\$ 0	\$ 103,666
Capital assets being depreciated				
Land Improvements	\$ 48,879	\$ 9,425	\$ 0	\$ 58,304
Buildings & Improvements	723,019	26,448	0	749,467
Furniture & Equipment	539,561	84,084	(1,845)	621,800
Vehicles	990,135	104,106	(44,921)	1,049,320
Infrastructure	1,652,502	237,012	0	1,889,514
Less accumulated depreciation	<u>(1,194,961)</u>	<u>(215,639)</u>	<u>46,766</u>	<u>(1,363,834)</u>
Total capital assets being depreciated, net	<u>\$ 2,759,135</u>	<u>\$ 245,436</u>	<u>\$ 0</u>	<u>\$ 3,004,571</u>
Total capital assets, net	<u>\$ 2,824,339</u>	<u>\$ 283,898</u>	<u>\$ 0</u>	<u>\$ 3,108,237</u>
 <u>Business-Type Activities</u>				
Capital assets not being depreciated				
Land	\$ 2,061	\$ 0	\$ 0	\$ 2,061
Capital assets being depreciated				
Facilities & Mains	\$14,102,380	\$ 2,125	\$ (1,000)	\$14,103,505
Machinery & Equipment	458,924	23,913	0	482,837
Vehicles	8,138	0	0	8,138
Less accumulated depreciation	<u>(4,310,080)</u>	<u>(371,789)</u>	<u>1,000</u>	<u>(4,680,869)</u>
Total capital assets being depreciated, net	<u>\$10,259,362</u>	<u>\$ (345,751)</u>	<u>\$ 0</u>	<u>\$ 9,913,611</u>
Total capital assets, net	<u>\$10,261,423</u>	<u>\$ (345,751)</u>	<u>\$ 0</u>	<u>\$ 9,915,672</u>
<b>PRIMARY GOVERNMENT</b>				
Total capital assets, net	<u>\$13,085,762</u>	<u>\$ (61,853)</u>	<u>\$ 0</u>	<u>\$13,023,909</u>
 <b>COMPONENT UNITS</b>				
Capital assets not being depreciated				
Land	\$ 97,544	\$ 0	\$ 0	\$ 97,544

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

<b>Governmental Activities:</b>		<b>Business-Type Activities:</b>	
General Government	\$ 9,894	Water	\$ 83,032
Public Safety	94,420	Sewer	288,757
Public Improvements	10,413	Total	<u>\$ 371,789</u>
Streets, Highways and Drains	53,127		
Culture and Recreation	12,197		
Unallocated	<u>35,588</u>		
Total	<u>\$ 215,639</u>		

VILLAGE OF JONESVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances at June 30, 2008, is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund	\$ 20,280	Major Streets	\$ 1,326
		Local Streets	1,465
		State Highway	5,634
		Sewer Fund	8,798
		Water Fund	2,336
		Motor Vehicle Pool	721
Motor Vehicle Pool	8,955	General Fund	1,647
		Major Streets	1,459
		Local Streets	2,007
		State Highway	1,972
		Sewer Fund	1,110
		Water Fund	760
	<u>\$ 29,235</u>		<u>\$ 29,235</u>

Interfund transfers during the year consisted of the following:

	<u>Transfer From</u>					<u>Total</u>
	<u>General Fund</u>	<u>Major Streets</u>	<u>Local Streets</u>	<u>Sewer</u>	<u>Water</u>	
Transfer to:						
General Fund	\$ 0	\$ 7,025	\$ 7,025	\$ 27,000	\$ 22,875	\$ 63,925
Major Streets	0	0	253,727	0	0	253,727
Debt Service	0	263,827	0	0	0	263,827
Motor Vehicle Pool	<u>47,339</u>	<u>0</u>	<u>0</u>	<u>4,000</u>	<u>1,000</u>	<u>52,339</u>
Total	<u>\$ 47,339</u>	<u>\$ 270,852</u>	<u>\$ 260,752</u>	<u>\$ 31,000</u>	<u>\$ 23,875</u>	<u>\$ 633,818</u>

Transfers are used to (1) account for overhead services provided by the General Fund to other funds, (2) move resources for the payment of long-term debt, and (3) to provide for future acquisition of assets.

**NOTE 7 - LONG-TERM DEBT**

The Village issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

Downtown Development Bonds - During the year 1999-2000, the Village issued bonds in the amount of \$450,000 for streetscape improvements in the downtown district. The bond payments are to be made from the tax increment revenues of the DDA; however, they are also backed by the full faith and credit of the Village.

Michigan Transportation Fund Bonds - During the year 1997-98, the Village issued bonds in the amount of \$550,000 for Major Street Fund Projects on Wright Street and South Street. These bonds were paid off in 2007-08

East Street Bonds – During the year 2007-08, the Village issued bonds in the amount of \$700,000 for the reconstruction of East Street between Liberty Street and Adrian Street.

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Revenue Bonds - The Village has three bond issues with GMAC Commercial Mortgage Corp. which funded water and sewer projects. These are revenue bond issues, whereby revenue derived from the utility systems is used to pay the debt service.

USDA Loan - During the year 2005-06, the Village completed construction on a new sewage treatment plant, funded partially by a \$4,065,000 loan from the USDA Rural Development Office.

County Contract - During the year 1995-96, the Village entered into a contract with the Hillsdale County Board of Public Works to issue \$1,360,000 in bonds for Water Supply System and other improvements. On March 22, 2007, the County refinanced the bonds for a lower interest rate and revised the related contract payment schedule.

The following is a summary of changes in long-term debt for the year ended June 30, 2008:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Primary Government</b>				
<i>Governmental Activities</i>				
Downtown Streetscape Bonds	\$ 305,000	\$ 0	\$ (35,000)	\$ 270,000
Michigan Transportation Fund Bonds	280,000	0	(280,000)	0
East Street Bonds	0	700,000	0	700,000
Compensated Absences	<u>155,002</u>	<u>0</u>	<u>(13,116)</u>	<u>141,886</u>
Total Governmental Activities	<u>\$ 740,002</u>	<u>\$ 700,000</u>	<u>\$ (328,116)</u>	<u>\$1,111,886</u>
<i>Business-type Activities</i>				
Revenue Bonds - Sewer Fund	\$ 250,000	\$ 0	\$ (20,000)	\$ 230,000
USDA Loan - Sewer Fund	3,940,000	0	(46,000)	3,894,000
Revenue Bonds - Water Fund	189,000	0	(25,000)	164,000
County Contract - Water Fund	1,140,000	0	(105,000)	1,035,000
Compensated Absences	<u>43,807</u>	<u>514</u>	<u>0</u>	<u>44,321</u>
Total Business-type Activities	<u>\$5,562,807</u>	<u>\$ 514</u>	<u>\$ (196,000)</u>	<u>\$5,367,321</u>
Total Primary Government Long-Term Debt	<u>\$6,302,809</u>	<u>\$ 700,514</u>	<u>\$ (524,116)</u>	<u>\$6,479,207</u>

Interest rates, maturity dates, and current portions for the above obligations are as follows:

	<u>Interest Rate(s)</u>	<u>Maturity Date</u>	<u>Current Portion</u>
Downtown Streetscape Bonds	5.00 %	5/1/14	\$ 40,000
East Street Bonds	3.00% - 4.90%	5/1/23	35,000
Revenue Bonds - Sewer Fund	5.00%	1/1/18	20,000
USDA Loan - Sewage Treatment Plan	4.00%	4/22/43	48,000
Revenue Bonds - Water Fund - Project #1	5.00%	1/1/12	10,000
Revenue Bonds - Water Fund - Project #2	5.00%	1/1/16	15,000
County Contract	4.30% - 5.70%	11/1/15	<u>110,000</u>
			<u>\$ 278,000</u>

VILLAGE OF JONESVILLE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 7 - LONG-TERM DEBT (CONTINUED)**

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 75,000	\$ 40,431	\$ 203,000	233,988
2010	75,000	39,797	210,000	225,217
2011	80,000	36,728	219,000	216,135
2012	80,000	33,240	226,000	206,605
2013	90,000	29,733	226,000	196,725
2014-2018	280,000	101,188	929,000	838,538
2019-2023	290,000	42,215	403,000	708,705
2024-2028	0	0	505,000	609,375
2029-2033	0	0	629,000	484,965
2034-2038	0	0	782,000	330,210
2039-2043	0	0	991,000	137,655
Total	<u>\$ 970,000</u>	<u>\$ 323,332</u>	<u>\$ 5,323,000</u>	<u>\$ 4,188,118</u>

**NOTE 8 - COMPENSATED ABSENCES**

Vested or accumulated vacation days and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The entire compensated absence liability is reported on the government-wide financial statements. Employees of the Village can accumulate vacation pay up to a maximum of 16 to 39 days depending on years of service, and employees have a vested right of 100% of allowable accumulated vacation pay upon termination. Accumulated sick time is vested based on years of service and the vested amount is payable upon termination.

**NOTE 9 - PROPERTY TAXES**

Real estate and personal property taxes are recorded as revenue in amounts equal to the total taxes levied. The total levy for 2007 was 16.388 mills - 11.7057 mills allocated to General Fund, and 4.6823 mills allocated to Street Funds. The 2007 total state taxable value was approximately \$77,112,000 (\$63,185,000 ad valorem and \$13,927,000 industrial facilities tax). Village properties are assessed as of December 31 (the lien date) - taxes levied July 1 of the succeeding year and are due without interest to September 15. After the final collection date, unpaid real property taxes are added to the county delinquent tax rolls. Personal property taxes unpaid continue to be collected by the Village Treasurer.

**NOTE 10 - SEGMENT INFORMATION**

The Village issues separate revenue bonds to finance its water and sewer departments. The fund financial statements report major funds with revenue - supported debt for the water and sewer funds. Services provided by these funds are described in Note 1.

VILLAGE OF JONESVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2008

**NOTE 11 - DEFINED CONTRIBUTION PENSION PLAN**

The Village of Jonesville provides pension benefits for all of its full-time employees through a defined contribution money purchase plan administered by the International City Managers Association Retirement Corporation (ICMA-RC). All full-time employees are eligible to participate in the plan after 6 months of full-time service. Participants are vested incrementally, with full vesting after four years of continuous full-time service. The Village is required to contribute 5 percent of covered payroll. If the employee makes a voluntary contribution of 5 percent, then the Village contributes an additional 2 percent. The activity in the plan for 2007-08 is as follows:

Asset Value - July 1, 2007	\$ 1,044,494
Employer Contributions	48,882
Employee Contributions	43,823
Investment Gain (Loss)	(65,560)
Distributions	<u>(2,542)</u>
Asset Value - June 30, 2008	<u>\$ 1,069,097</u>

**NOTE 12 - RISK MANAGEMENT**

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Village has purchased commercial insurance for each of these areas of risk and there have been no significant reduction in insurance coverages. Settled claims have not exceeded the amount of insurance coverage for the current or the three prior years.

**NOTE 13 - UNEMPLOYMENT TAXES**

The Village is a reimbursing employer to the Michigan Unemployment Insurance Agency and, as such, is responsible to pay the Agency for those benefits paid and charged to its account. As of June 30, appropriate liabilities have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or not filed.

**NOTE 14 - COMMITMENTS**

On June 19, 2008, the Village issued \$700,000 in general obligation bonds for the reconstruction of East Street between Liberty Street and Adrian Street. As of June 30, 2008, a total of \$61,505 had been spent, with the remainder of the project to be completed in the 2008-09 fiscal year.

The Village has also committed to reconstruction, curb & gutter, storm sewer, and sanitary sewer on Gaige Street, Reading Avenue, and the related intersection with State Highway M-99. Bids for the project were awarded subsequent to June 30, 2008, at a total cost of \$1,254,113. \$720,484 will be funded through Federal and State grants, with the remaining cost (\$533,629) covered by the Local Development Finance Authority (LDFA) since the project will benefit industries within the LDFA District.

**VILLAGE OF JONESVILLE**  
**SCHEDULE OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Budget Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final Budget</u>
<b>REVENUE</b>				
Property Taxes	\$ 519,600	\$ 519,600	\$ 558,191	\$ 38,591
Licenses and Permits	1,500	1,500	785	(715)
State Shared Revenue	239,500	239,500	229,379	(10,121)
Charges and Fees	41,100	41,100	45,654	4,554
Recreation	15,300	15,300	15,615	315
Rents and Royalties	0	0	11,647	11,647
Contributions	5,350	5,350	5,353	3
Reimbursements	116,300	116,300	0	(116,300)
Interest	48,000	48,000	34,113	(13,887)
Transfers from Component Units	60,475	151,975	132,912	(19,063)
Miscellaneous	1,000	1,000	1,819	819
Total Revenue	<u>\$ 1,048,125</u>	<u>\$ 1,139,625</u>	<u>\$ 1,035,468</u>	<u>\$ (104,157)</u>
<b>EXPENDITURES</b>				
General Government				
Village Council	\$ 24,000	\$ 31,875	\$ 30,530	\$ (1,345)
Village Manager	66,000	71,330	69,674	(1,656)
General Office	150,350	151,500	150,449	(1,051)
Treasurer	1,000	2,425	2,277	(148)
Data Processing	4,250	7,900	7,709	(191)
Village Hall	14,410	22,385	20,039	(2,346)
Fringe Benefits	258,950	296,385	138,561	(157,824)
Payroll Taxes	41,000	41,000	40,976	(24)
Insurance	17,750	17,750	16,001	(1,749)
Promotions	1,950	675	493	(182)
Public Safety				
Police	295,710	294,230	285,490	(8,740)
Fire	100,050	100,960	96,189	(4,771)
Economic & Community Development				
Planning & Zoning	3,475	3,975	3,124	(851)
Public Works				
Parking Lots	4,925	12,000	11,673	(327)
Sidewalks	7,800	5,780	2,688	(3,092)
Other	12,070	9,885	9,389	(496)
Streets, Highways, and Drains				
Street Lighting	24,300	25,525	25,522	(3)
Sanitation				
Landfill	4,400	4,400	1,951	(2,449)
Culture and Recreation				
Recreation	19,050	21,350	21,129	(221)
Parks	32,050	32,200	16,218	(15,982)
Capital Outlay	16,000	276,475	249,715	(26,760)
Total Expenditures	<u>\$ 1,099,490</u>	<u>\$ 1,430,005</u>	<u>\$ 1,199,797</u>	<u>\$ (230,208)</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<u>\$ (51,365)</u>	<u>\$ (290,380)</u>	<u>\$ (164,329)</u>	<u>\$ 126,051</u>

**VILLAGE OF JONESVILLE**  
**SCHEDULE OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2008**  
 (continued)

	<u>Budget Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final Budget</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 63,925	\$ 63,925	\$ 63,925	\$ 0
Transfers Out	<u>(48,400)</u>	<u>(48,400)</u>	<u>(47,339)</u>	<u>1,061</u>
Total Other Financing Sources (Uses)	<u>\$ 15,525</u>	<u>\$ 15,525</u>	<u>\$ 16,586</u>	<u>\$ 1,061</u>
NET CHANGE IN FUND BALANCES	\$ (35,840)	\$ (274,855)	\$ (147,743)	\$ 127,112
FUND BALANCES - Beginning	<u>718,229</u>	<u>718,229</u>	<u>718,229</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 682,389</u>	<u>\$ 443,374</u>	<u>\$ 570,486</u>	<u>\$ 127,112</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF JONESVILLE  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
MAJOR STREETS FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under) <u>Final Budget</u>
REVENUE				
State Shared Revenue	\$ 133,000	\$ 133,000	\$ 129,918	\$ (3,082)
METRO Act	0	0	6,118	6,118
Interest	500	500	198	(302)
Transfers from Component Units	0	0	68,297	68,297
Miscellaneous	<u>0</u>	<u>0</u>	<u>3,584</u>	<u>3,584</u>
Total Revenue	<u>\$ 133,500</u>	<u>\$ 133,500</u>	<u>\$ 208,115</u>	<u>\$ 74,615</u>
EXPENDITURES				
Street Construction	\$ 0	\$ 74,110	\$ 70,268	\$ (3,842)
Routine Maintenance	75,450	84,075	84,709	634
Traffic Control	10,150	10,150	5,312	(4,838)
Winter Maintenance	17,150	32,450	32,159	(291)
Administration	<u>100</u>	<u>110</u>	<u>110</u>	<u>0</u>
Total Expenditures	<u>\$ 102,850</u>	<u>\$ 200,895</u>	<u>\$ 192,558</u>	<u>\$ (8,337)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 30,650</u>	<u>\$ (67,395)</u>	<u>\$ 15,557</u>	<u>\$ 82,952</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 30,000	\$ 254,000	\$ 253,727	\$ (273)
Transfers Out	<u>(56,825)</u>	<u>(271,025)</u>	<u>(270,852)</u>	<u>173</u>
Total Other Financing Sources (Uses)	<u>\$ (26,825)</u>	<u>\$ (17,025)</u>	<u>\$ (17,125)</u>	<u>\$ (100)</u>
NET CHANGE IN FUND BALANCES	\$ 3,825	\$ (84,420)	\$ (1,568)	\$ 82,852
FUND BALANCES - Beginning	<u>5,832</u>	<u>5,832</u>	<u>5,832</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 9,657</u>	<u>\$ (78,588)</u>	<u>\$ 4,264</u>	<u>\$ 82,852</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF JONESVILLE  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
LOCAL STREETS FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under) <u>Final Budget</u>
REVENUE				
Property Taxes	\$ 200,300	\$ 200,300	\$ 215,631	\$ 15,331
State Shared Revenue	42,000	42,000	40,897	(1,103)
METRO Act	0	0	1,953	1,953
Contributions	2,140	2,140	2,141	1
Transfers from Component Units	37,000	37,000	35,067	(1,933)
Interest	<u>30,000</u>	<u>30,000</u>	<u>32,575</u>	<u>2,575</u>
Total Revenue	<u>\$ 311,440</u>	<u>\$ 311,440</u>	<u>\$ 328,264</u>	<u>\$ 16,824</u>
EXPENDITURES				
Street Construction	\$ 0	\$ 0	\$ 0	\$ 0
Routine Maintenance	93,300	89,700	78,395	(11,305)
Traffic Control	3,825	3,400	1,365	(2,035)
Winter Maintenance	14,200	21,000	20,802	(198)
Administration	<u>100</u>	<u>110</u>	<u>110</u>	<u>0</u>
Total Expenditures	<u>\$ 111,425</u>	<u>\$ 114,210</u>	<u>\$ 100,672</u>	<u>\$ (13,538)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 200,015</u>	<u>\$ 197,230</u>	<u>\$ 227,592</u>	<u>\$ 30,362</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>\$ (37,025)</u>	<u>\$(261,025)</u>	<u>\$(260,752)</u>	<u>\$ (273)</u>
NET CHANGE IN FUND BALANCES	\$ 162,990	\$ (63,795)	\$ (33,160)	\$ 30,635
FUND BALANCES - Beginning	<u>686,507</u>	<u>686,507</u>	<u>686,507</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 849,497</u>	<u>\$ 622,712</u>	<u>\$ 653,347</u>	<u>\$ 30,635</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF JONESVILLE  
SCHEDULE OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
REVENUE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES				
Street Construction	<u>\$ 0</u>	<u>\$ 61,800</u>	<u>\$ 61,505</u>	<u>\$ (295)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>\$ 0</u>	<u>\$ (61,800)</u>	<u>\$ (61,505)</u>	<u>\$ 295</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	<u>\$ 0</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 0</u>
NET CHANGE IN FUND BALANCES	<u>\$ 0</u>	<u>\$ 638,200</u>	<u>\$ 638,495</u>	<u>\$ 295</u>
FUND BALANCES - Beginning	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCES - Ending	<u>\$ 0</u>	<u>\$ 638,200</u>	<u>\$ 638,495</u>	<u>\$ 295</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF JONESVILLE  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008

	Special Revenue State Highway Fund
<b>ASSETS</b>	
Cash	\$ 508
Accounts Receivable	91
Due from Other Governmental Units	<u>10,240</u>
Total Assets	<u>\$ 10,839</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 2,375
Due to Other Funds	7,606
Salaries Payable	<u>71</u>
Total Liabilities	<u>\$ 10,052</u>
<b>FUND BALANCE</b>	
Unreserved/Undesignated	<u>\$ 787</u>
Total Liabilities and Fund Balances	<u>\$ 10,839</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF JONESVILLE  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2008

	<u>Special Revenue State Highway Fund</u>
<b>REVENUE</b>	
State Highway Contract	\$ 41,234
Interest Income	<u>6</u>
Total Revenue	<u>\$ 41,240</u>
<b>EXPENDITURES</b>	
Routine Maintenance	\$ 16,658
Traffic Control	2,603
Winter Maintenance	<u>21,903</u>
Total Expenditures	<u>\$ 41,164</u>
Excess of Revenue Over (Under) Expenditures	\$ 76
FUND BALANCES - Beginning	<u>711</u>
FUND BALANCES - Ending	<u><u>\$ 787</u></u>

The accompanying notes are an integral part of this statement.

# Bailey, Hodshire & Company, P.C.

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

To the Village Council  
Village of Jonesville  
Jonesville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Village of Jonesville as of and for the year ended June 30, 2008, which collectively comprise the Village of Jonesville's basic financial statements and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village of Jonesville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Jonesville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Jonesville's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village of Jonesville's financial statements that is more than inconsequential will not be prevented or detected by the Village of Jonesville's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. **We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.**

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the Village of Jonesville in a separate letter dated November 12, 2008.

This report is intended solely for the information and use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

*Bailey, Hodshire & Company, P.C.*

Jonesville, Michigan

November 12, 2008

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November 12, 2008

To the Manager and Village Council  
Village of Jonesville

As a result of our audit of the financial statements of the Village of Jonesville as of and for the year ended June 30, 2008, we would like to make the following comments and recommendations:

1. The Village should revise its investment policy to comply with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 40. We have sample language available to accomplish this.
3. In light of the recent turmoil in the finance markets, the Village may wish to review its exposure with regards to FDIC coverage. As of June 30, 2008, a total of \$320,584 was uninsured; however, the situation has improved with the temporary increase in FDIC coverage from \$100,000 to \$250,000.

If we can be of assistance regarding these recommendations, please contact our office.

Respectfully,

*Bailey, Hodshire & Company, P.C.*

Bailey, Hodshire & Company, P.C.  
Certified Public Accountants