CITY OF MARINE CITY
St. Clair County, Michigan
AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2010

CITY OF MARINE CITY
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CITY OF MARINE CITY

Management's Discussion and Analysis

June 30, 2010

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements.

The City as a Whole

The City combined net assets increased 3.1% from a year ago from $10.551 million to $10.873 million. As we look at the governmental activities separately from the business-type activities, we can see that the governmental activities experienced an increase of approximately $622,000 during the year (16% increase). This was the result of increases in Debt Service Fund Net Assets and General Fund Net Assets. The business-type activities experienced a $300,000 decrease in net assets, primarily as a result of depreciation of $623,830. In a condensed format, the table below shows a comparison of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current Assets	$1,981	$2,969	$ 743	$ 957	$ 2,722	$ 3,919
Noncurrent Assets	4,885	3,835	8,867	9,323	13,753	13,158
Total Assets	6,866	6,804	9,610	10,280	16,475	17,077
Long-Term Debt Outstanding	1,548	1,973	2,870	3,184	4,418	5,157
Other Liabilities	913	1,048	272	328	1,185	1,369
Total Liabilities	2,461	3,021	3,142	3,512	5,603	6,526
Net Assets						
Invested in Capital Assets - Net of Debt	3,089	1,411	5,828	6,078	8,917	7,489
Restricted	733	1,353	14	14	747	1,367
Unrestricted	583	1,019	626	676	1,209	1,695
Total Net Assets	$4,405	$3,783	$ 6,468	$ 6,768	$10,873	$10,551

Unrestricted net assets, the part of net assets that can be used to finance day to day operations, decreased by $436,000 for the governmental activities. This represents a decrease of approximately 43% and is due to an increase in investments in capital assets of approximately $1.3 million during the year. The current level of unrestricted net assets for our governmental activities stands at $583 thousand, or about 15% of expenditures. This is within the targeted range set by the City during its last budget process.

The following table shows the changes of the net assets (in thousands of dollars) as of the current date to the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program Revenues						
Charges for Services	$ 803	$ 724	$1,576	$1,636	$2,379	$2,360
Operating Grants and Contributions	339	274	-	-	339	274
Capital Grants and Contributions	108	44	-	-	108	44
General Revenues						
Property Taxes	2,179	2,222	-	-	2,179	2,222
State-Shared Revenues	421	452	-	-	421	452
Unrestricted Investments Earnings	12	61	2	8	14	69
Other	691	642	-	63	691	705
Total Revenues	4,553	4,419	1,578	1,707	6,131	6,126
Program Expenses						
Legislative	15	14	-	-	15	14
General Government	772	600	-	-	772	600
Public Safety	1,442	1,353	-	-	1,442	1,353
Highways and Streets	309	314	-	-	309	314
Public Works	816	766	-	-	816	766
Community and Economic Development	9	20	-	-	9	20
Recreation and Cultural	204	199	-	-	204	199
Other	311	226	-	-	311	226
Debt Service	54	71	-	-	54	71
Water and Sewer	-	-	1,878	1,820	1,878	1,820
Total Expenses	3,932	3,563	1,878	1,820	5,810	5,383
Change in Net Assets	$ 621	$ 856	($ 300)	($ 113)	$ 321	$ 743

The City's net assets continue to remain healthy. Total net assets grew by $321,000. This was primarily because of increases in Net Assets of Governmental Activities.

Governmental Activities

The City's total governmental revenues increased by approximately $134,000, primarily due to contributions from component units of $498,955. Expenses of the governmental activities increased by $369,000 over those of the previous year.

Business-Type Activities

The City's business-type activities consist of the Water and Sewer Fund. We provide water and sewer treatment to all City residents. We experienced an increase in our net loss. This was primarily due to a decrease in user fees of $60,000.

The City's Funds

Our analysis of the City's major funds begins on page 6, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major funds include the General Fund, the Major & Local Street Funds, and the 1991 Unlimited Bond Series A Debt Fund.

The General Fund pays for most of the City's governmental services. The most significant are police, fire, and inspections, which incurred expenses of approximately $1,682,000. These services are supported by general tax revenues of the City and State Revenue Sharing. In addition, the General Fund expended approximately $804,000 on Public Works. These two areas represent approximately 66% of the General Fund's total expenditures.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. The total budgeted expenditures for the General Fund were increased by approximately 24.6% during the year. The City's departments overall stayed within the budget, resulting in total expenditures $161,053 below the budget. The General Fund's fund balance decreased by $270,000 from a year ago due to a decrease in property tax and state revenue sharing of a combined amount of $159,000.

Capital Asset and Debt Administration

At the end of June 30, 2010, the City had $13,752,667 invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the City has invested significantly in streets. Streets constructed prior to July 1, 2003, are not reported on the City's financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's budget for the year ending June 30, 2011, kept Operating Mills at 16.8707 mills which was at the same level as in the previous year. Because of the impact of Proposal A, however, the City needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value on any individual property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result of this is that the total taxable value for the City will grow by less than inflation, before considering new property additions. In addition, as the City prepares for next fiscal year, the property tax revenue is expected to decrease due to property sales and the current economic state of affairs, which could present some problems in balancing the budget.

The building at 300 Broadway, the City Administrative facility, has been vacated due to structural problems. Therefore, the City officials and the City taxpayers must make a decision as to the future of this building and permanent location of these offices.

Water/Sewer usage rates have been increased by the rate of inflation plus amounts to offset expenditures that exceeded the revenue for Wastewater operations for the year ending June 30, 2010.

Due to the State of Michigan's budget problems, the City of Marine City is concerned about State Revenue Sharing funds. In addition, the City's fringe benefit costs have increased. The City's pension contribution rate increased from 9.73% to 12.01% for fiscal year 7/1/10 - 6/30/11. However, the City is also responsible to set aside funds for retiree's health care cost. The City funds this on a pay-as-you-go basis. However, the City's actuary has recommended that the City increase contributions in order to maintain the level of benefits currently in place.

Contacting the City Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Treasurer's office.

McBride, Manley & Miiller P.C.

Certified Public Accountants

Marine City, MI (810) 765-4700

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INDEPENDENT AUDITORS' REPORT

November 12, 2010

Honorable Mayor and City Commission
City of Marine City
303 S. Water Street
Marine City, Michigan 48039

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 CITY OF MARINE CITY, as of and for the year ended June 30, 2010, which collectively comprise the City of Marine City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Marine City'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 the 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 previously 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 City of Marine City, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Major Street Fund, and Local Street Fund 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, 2010, on our consideration of the City of Marine City's internal control over financial reporting and on our tests of its 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 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.

The management discussion and analysis on pages i through iv and the Pension and Retiree Health Trust schedules on pages 40 and 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marine City's basic financial statements. The combining nonmajor fund financial statements, and supplemental schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

McBride Manley & Miller

MCBRIDE, MANLEY & MIILLER P.C.
Certified Public Accountants

CITY OF MARINE CITY
Statement of Net Assets
June 30, 2010

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 1,526,057	$ 244,854	$ 1,770,911	$ 1,860,569
Restricted cash	--	88,021	88,021	--
Accounts and assessments receivable	38,801	409,897	448,698	--
Taxes receivable	88,549	--	88,549	--
Due from other units of government	247,524	--	247,524	--
Accrued revenue	57,991	--	57,991	--
Other assets	20,588	--	20,588	--
Due from agency	--	--	--	526
Capital assets, net of accumulated depreciation	4,885,078	8,867,589	13,752,667	--
*Internal Balances**	1,231	--	--	--
Total Assets	6,865,819	9,610,361	16,474,949	1,861,095
LIABILITIES				
Accounts payable	111,625	37,570	149,195	7,891
Due to agency	--	41,436	41,436	349
Accrued wages and vacation pay	153,412	7,604	161,016	174
Accrued interest payable	9,004	14,706	23,710	2,936
Current portion of debt	624,600	170,000	794,600	25,000
Due to other units and taxpayers	14,746	--	14,746	--
Accrued sick pay	193,386	--	193,386	--
Long-term obligations, net of current portion	1,171,086	2,870,000	4,041,086	230,000
Other postemployment benefit obligation	183,367	--	183,367	--
*Internal Balances**	--	1,231	--	--
Total Liabilities	2,461,226	3,142,547	5,602,542	266,350
NET ASSETS				
Investment in capital assets, net of related debt	3,089,391	5,827,589	8,916,980	--
Restricted for:				
Debt service	33,363	--	33,363	--
Perpetual care - nonexpendable	137,103	--	137,103	--
Highways and streets - Act 51	545,839	--	545,839	--
Asset replacement	--	14,266	14,266	--
Drug enforcement	15,994	--	15,994	--
Unrestricted	582,903	625,959	1,208,862	1,594,745
Total Net Assets	**$ 4,404,593**	**$ 6,467,814**	**$ 10,872,407**	**$ 1,594,745**

* Amounts have been eliminated in total column

See accompanying notes.

CITY OF MARINE CITY
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Legislative	$ 15,167	$ --	$ --	$ --
General government	772,158	264,675	--	--
Public safety	1,441,572	225,357	36,636	100,101
Public works	816,324	251,203	--	--
Community and economic development	9,119	550	--	--
Recreation and cultural	203,514	11,701	30,071	8,230
Highways and streets	308,587	6,387	271,993	--
Other	248,370	13,216	--	--
Debt service interest	54,235	--	--	--
Cemetery operations	63,886	30,309	--	--
Total Governmental Activities	3,932,932	803,398	338,700	108,331
Business-type Activities:				
Water and Sewer Disposal	1,878,389	1,576,075	--	--
Total Business-type Activities	1,878,389	1,576,075	--	--
Total Primary Government	$ 5,811,321	$ 2,379,473	$ 338,700	$ 108,331
Component Units				
T.I.F.A. #1	$ 178,737	$ --	$ --	$ --
T.I.F.A. #2	65,123	--	--	--
T.I.F.A. #3	350,014	--	--	--
Total Component Units	$ 593,874	$ --	$ --	$ --

General Purpose Revenues and Transfers:
Revenues
Tax collections
Interest revenue
Distributions from State of Michigan
Reimbursements from other funds and local units
Other
Transfers from component units
Transfers
Total General Revenues and Transfers
Change in Net Assets
Net Assets at Beginning of Period

Net Assets at End of Period

See accompanying notes.

Net (Expense) Revenue			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (15,167)	$ --	$ (15,167)	$ --
(507,483)	--	(507,483)	--
(1,079,478)	--	(1,079,478)	--
(565,121)	--	(565,121)	--
(8,569)	--	(8,569)	--
(153,512)	--	(153,512)	--
(30,207)	--	(30,207)	--
(235,154)	--	(235,154)	--
(54,235)	--	(54,235)	--
(33,577)	--	(33,577)	--
(2,682,503)	--	(2,682,503)	--
--	(302,314)	(302,314)	--
--	(302,314)	(302,314)	--
$ (2,682,503)	$ (302,314)	$ (2,984,817)	--
--	--	--	(178,737)
--	--	--	(65,123)
--	--	--	(350,014)
--	--	--	(593,874)
2,179,427	--	2,179,427	454,468
12,387	2,234	14,621	8,283
421,221	--	421,221	--
113,983	--	113,983	--
34,793	--	34,793	--
541,749	--	541,749	--
--	--	--	--
3,303,560	2,234	3,305,794	462,751
621,057	**(300,080)**	**320,977**	**(131,123)**
3,783,536	6,767,894	10,551,430	1,725,868
$ **4,404,593**	$ **6,467,814**	$ **10,872,407**	$ **1,594,745**

See accompanying notes.

CITY OF MARINE CITY
Balance Sheet
Governmental Funds
June 30, 2010

		Special Revenue	
	General Fund	**Local Street**	**Major Street**
ASSETS			
Cash and cash equivalents	$ 588,007	$ 242,865	$ 281,812
Accounts and assessments receivable	36,981	1,227	593
Taxes receivable	155,741	--	--
Due from other units of government	196,494	11,639	39,391
Other assets	20,588	--	--
Due from other funds	24,047	23,535	--
Total Assets	$ **1,021,858**	$ **279,266**	$ **321,796**
LIABILITIES			
Accounts payable	$ 105,256	$ 1,514	$ 3,688
Accrued wages and vacation pay	57,976	1,244	1,269
Due to other units and taxpayers	14,746	--	--
Deferred revenue	275,191	981	9,280
Due to other funds	--	14,425	33,082
Total Liabilities	453,169	18,164	47,319
FUND BALANCE			
Reserved for:			
Perpetual care - nonexpendable	--	--	--
Drug enforcement	15,994	--	--
Unreserved reported in:			
General Fund	552,695	--	--
Special Revenue	--	261,102	274,477
Debt Service	--	--	--
Capital Projects	--	--	--
Permanent	--	--	--
Total Fund Balance	568,689	261,102	274,477
Total Liabilities and Fund Balance	$ **1,021,858**	$ **279,266**	$ **321,796**

See accompanying notes.

Debt Service		
1991 Unlimited Bond Series A Fund	Other Governmental Funds	Total Governmental Funds
$ 24,873	$ 388,500	$ 1,526,057
--	--	38,801
19,954	1,403	177,098
--	--	247,524
--	--	20,588
--	12,758	60,340
$ 44,827	**$ 402,661**	**$ 2,070,408**
$ --	$ 1,167	$ 111,625
--	1,763	62,252
--	--	14,746
19,954	1,403	306,809
11,602	--	59,109
31,556	4,333	554,541
--	7,493	7,493
--	--	15,994
--	--	552,695
--	51,067	586,646
13,271	17,364	30,635
--	192,794	192,794
--	129,610	129,610
13,271	398,328	1,515,867
$ 44,827	**$ 402,661**	**$ 2,070,408**

See accompanying notes.

CITY OF MARINE CITY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2010

Total Fund Balance - Governmental Funds	$	1,515,867
Accrued interest payable reflected on Statement of Net Assets, not on governmental balance sheets		(9,004)
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements		(88,549)
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements and reflected as liability on Statement of Net Assets		(284,546)
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities		364,800
Fixed assets net of accumulated depreciation not reflected on governmental balance sheets and expensed in fund level statements at time of purchase		4,885,078
Long-term debt reflected on Statement of Net Assets not in governmental funds balance sheet and proceeds of long-term debt treated as revenue in fund level statements		(1,795,686)
The current cost of other postemployment benefits not due and payable in the current year is not reported in the fund level statements		(183,367)
Total Net Assets - Governmental Funds	$	**4,404,593**

See accompanying notes.

CITY OF MARINE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2010

		Special Revenue	
	General Fund	**Local Street**	**Major Street**
Revenues			
Tax collections	$ 1,935,699	$ --	$ --
Distributions from State of Michigan	419,416	71,061	193,847
Licenses, permits, fines, and fees	183,499	4,619	2,576
Fire protection fees	115,981	--	--
Recreation	41,772	--	--
Grant proceeds and reimbursements	132,508	--	--
Telecommunications	13,216	--	--
Zoning and site plan fees	1,000	--	--
Reimbursements from other funds and local units	--	--	--
Refuse	240,750	--	--
Intergovernmental	44,423	--	--
Other	50,735	--	--
User fees and other charges	18,755	--	--
Interest revenue	41,231	1,408	2,358
Total Revenues	3,238,985	77,088	198,781
Expenditures			
Legislative	14,549	--	--
General government	679,713	--	--
Public safety	1,682,020	--	--
Public works	804,136	--	--
Community and economic development	9,119	--	--
Recreation and cultural	185,317	--	--
Highways and streets	--	270,375	815,990
Other	326,271	--	--
Debt service principal	27,848	--	--
Debt service interest	15,444	--	--
Cemetery operations	--	--	--
Total Expenditures	3,744,417	270,375	815,990
Excess of Revenues Over (Under) Expenditures	(505,432)	(193,287)	(617,209)
Other Financing Sources (Uses)			
Transfers from component units	214,455	14,500	150,000
Transfers from other funds	47,000	46,398	--
Transfers to other funds	(26,415)	--	(46,398)
Net Other Financing Sources (Uses)	235,040	60,898	103,602
Net Change in Fund Balance	**(270,392)**	**(132,389)**	**(513,607)**
Fund Balance at Beginning of Period	839,081	393,491	788,084
Fund Balance at End of Period	$ **568,689**	$ **261,102**	$ **274,477**

See accompanying notes.

Debt Service		
1991 Unlimited Bond Series A Fund	Other Governmental Funds	Total Governmental Funds
$ 174,898	$ 20,632	$ 2,131,229
--	--	684,324
--	--	190,694
--	--	115,981
--	--	41,772
--	--	132,508
--	--	13,216
--	--	1,000
113,983	--	113,983
--	--	240,750
--	--	44,423
--	--	50,735
119,107	58,067	195,929
2,317	1,949	49,263
410,305	80,648	4,005,807
--	--	14,549
223	47	679,983
--	--	1,682,020
--	--	804,136
--	--	9,119
--	--	185,317
--	--	1,086,365
--	--	326,271
490,000	45,000	562,848
40,300	2,200	57,944
--	53,054	53,054
530,523	100,301	5,461,606
(120,218)	(19,653)	(1,455,799)
120,000	--	498,955
--	26,905	120,303
--	(47,490)	(120,303)
120,000	(20,585)	498,955
(218)	**(40,238)**	**(956,844)**
13,489	438,566	2,472,711
$ **13,271**	$ **398,328**	$ **1,515,867**

See accompanying notes.

CITY OF MARINE CITY

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2010

Total Net Change in Fund Balances - Governmental Funds	$	(956,844)
Accrued interest payable reflected on Statement of Net Assets, not on governmental balance sheets		3,709
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements		(27,675)
Compensated absences expensed as paid in governmental fund statements, expensed as incurred in entity wide statements and reflected as liability on Statement of Net Assets		26,392
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities		80,009
Fixed assets net of accumulated depreciation not reflected on governmental balance sheets and expensed in fund level statements at time of purchase		1,050,041
Principal paid on debt expensed in governmental statements, treated as reductions of outstanding debt on entity-wide statements		628,792
The current cost of other postemployment benefits not due and payable in the current year is not reported in the fund level statements		(183,367)
Changes in Net Assets - Governmental Funds	$	**621,057**

See accompanying notes.

CITY OF MARINE CITY

Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds	
	Water and Sewer Disposal	**Total Enterprise Funds**
ASSETS		
Current Assets		
Cash and cash equivalents	$ 244,854	$ 244,854
Restricted cash - expendable	88,021	88,021
Accounts and assessments receivable	409,897	409,897
Total Current Assets	742,772	742,772
Noncurrent Assets		
Capital assets, net of accumulated depreciation	8,867,589	8,867,589
Total Assets	9,610,361	9,610,361
LIABILITIES		
Current Liabilities		
Accounts payable	37,570	37,570
Due to agency	41,436	41,436
Accrued wages and vacation pay	7,604	7,604
Accrued interest payable	14,706	14,706
Current portion of debt	170,000	170,000
Due to other funds	1,231	1,231
Total Current Liabilities	272,547	272,547
Noncurrent Liabilities		
Long-term obligations, net of current portion	2,870,000	2,870,000
Total Liabilities	3,142,547	3,142,547
NET ASSETS		
Investment in capital assets, net of related debt	5,827,589	5,827,589
Restricted for:		
Asset replacement	14,266	14,266
Unrestricted	625,959	625,959
Total Net Assets	$ **6,467,814**	$ **6,467,814**

See accompanying notes.

CITY OF MARINE CITY

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds	
	Water and Sewer Disposal	**Total Enterprise Funds**
Operating Revenues		
Licenses, permits, fines, and fees	$ 201	$ 201
Interest and penalties earned	845	845
Metered sales	1,451,331	1,451,331
Sewage treatment contract	49,119	49,119
Hydrant rental and city usage	24,000	24,000
Other	24,276	24,276
Total Operating Revenues	1,549,772	1,549,772
Operating Expenses		
Water	808,361	808,361
Sewer	987,894	987,894
Total Operating Expenses	1,796,255	1,796,255
Operating Income	(246,483)	(246,483)
Non-Operating Revenues (Expenses)		
Interest revenue	2,234	2,234
Debt service	26,303	26,303
Interest expense and agent fees	(82,134)	(82,134)
Net Non-Operating Revenues (Expenses)	(53,597)	(53,597)
Change In Net Assets	**(300,080)**	**(300,080)**
Net Assets at Beginning of Period	6,767,894	6,767,894
Net Assets at End of Period	$ **6,467,814**	$ **6,467,814**

See accompanying notes.

CITY OF MARINE CITY

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Water and Sewer Disposal
Cash Flows From Operating Activities:	
Receipts from customers	$ 1,536,395
Payments to suppliers	(1,067,508)
Payments to employees	(267,965)
Other receipts (payments)	25,121
Net Cash Provided By Operating Activities	**226,043**
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(168,511)
Principal paid on bonds	(205,000)
Interest and paying agent fees paid on revenue bonds	(83,098)
Debt service charges	26,303
Net Cash Used In Capital and Related Financing Activities	**(430,306)**
Cash Flows From Investing Activities:	
Interest on investments	2,234
Net Cash Provided By Investing Activities	**2,234**
Net Decrease In Cash and Cash Equivalents	**(202,029)**
Cash and Cash Equivalents at July 1, 2009	534,904
Cash and Cash Equivalents at June 30, 2010	$ **332,875**
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Operating loss	$ (246,483)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	623,830
Change in assets and liabilities:	
Accounts receivable	11,744
Accounts payable	(82,141)
Due to other funds	35,962
Accrued wages and compensated absences	(116,869)
Net Cash Provided By Operating Activities	$ **226,043**

See accompanying notes.

CITY OF MARINE CITY

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Pension and Benefit Trust		
	Retiree Health Trust	Pension Fund	Police Trust & Agency Fund
ASSETS			
Cash and cash equivalents	$ --	$ --	$ 204
Investments - at fair value	232,817	5,441,725	--
Accounts and assessments receivable	--	--	--
Taxes receivable	--	--	--
Due from other funds	41,436	--	36
Total Assets	274,253	5,441,725	240
LIABILITIES			
Accounts payable	--	1,250	--
Accrued interest payable	--	--	--
Current portion of debt	--	--	--
Due to other units and taxpayers	--	--	240
Due to other funds	2,245	--	--
Long-term obligations, net of current portion	--	--	--
Total Liabilities	2,245	1,250	240
NET ASSETS			
Held in Trust for Pension and OPEB	$ **272,008**	$ **5,440,475**	$ **--**

See accompanying notes.

Agency	
Tax Collection Fund	Special Assessment Trust
$ 61,424	$ 52,527
--	--
--	9,559
763,792	--
349	--
825,565	62,086
--	--
--	1,017
--	5,000
646,196	--
179,369	69
--	56,000
825,565	62,086
$ --	$ --

See accompanying notes.

CITY OF MARINE CITY

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2010

	Retiree Health Trust	Pension Fund
Additions		
Employer contributions	$ 178,639	$ 95,469
Employee contributions	--	49,064
Net appreciation in fair value of investments	9,748	243,962
Interest, dividends, and realized gains	5,468	50,336
Total Additions	193,855	438,831
Deductions		
Benefits	166,812	526,904
Administrative expenses	2,782	52,421
Total Deductions	169,594	579,325
Change in Net Assets	**24,261**	**(140,494)**
Net Assets at Beginning of Period	247,747	5,580,969
Net Assets at End of Period	$ **272,008**	$ **5,440,475**

See accompanying notes.

CITY OF MARINE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Tax collections	$ 1,988,400	$ 1,928,400	$ 1,935,699	$ 7,299
Distributions from State of Michigan	493,000	433,000	419,416	(13,584)
Licenses, permits, fines, and fees	102,045	159,945	183,499	23,554
Fire protection fees	115,500	115,500	115,981	481
Recreation	34,000	34,000	41,772	7,772
Grant proceeds and reimbursements	40,675	77,950	132,508	54,558
Telecommunications	12,500	12,500	13,216	716
Zoning and site plan fees	300	300	1,000	700
Refuse	241,500	241,500	240,750	(750)
Intergovernmental	68,000	68,000	44,423	(23,577)
Other	25,500	39,375	50,735	11,360
User fees and other charges	--	19,800	18,755	(1,045)
Interest	62,100	36,300	41,231	4,931
Total Revenues	3,183,520	3,166,570	3,238,985	72,415
Other Financing Sources				
Transfers from component units	--	214,455	214,455	--
Transfers from other funds	--	47,000	47,000	--
Total Revenues and Other Financing Sources	3,183,520	3,428,025	3,500,440	72,415
Expenditures				
Legislative	19,160	19,160	14,549	4,611
General government	620,620	708,770	679,713	29,057
Public safety	1,229,510	1,714,705	1,682,020	32,685
Public works	824,830	869,785	804,136	65,649
Community and economic development	16,750	16,750	9,119	7,631
Recreation and cultural	185,950	196,075	185,317	10,758
Other	193,090	336,890	326,271	10,619
Debt service principal	27,800	27,800	27,848	(48)
Debt service interest	15,535	15,535	15,444	91
Total Expenditures	3,133,245	3,905,470	3,744,417	161,053
Other Financing Uses				
Transfers to other funds	60,880	40,000	26,415	13,585
Total Expenditures and Other Financing Uses	3,194,125	3,945,470	3,770,832	174,638
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(10,605)	(517,445)	(270,392)	247,053
Fund Balance at Beginning of Period	839,081	839,081	839,081	--
Fund Balance at End of Period	$ **828,476**	$ **321,636**	$ **568,689**	$ **247,053**

See accompanying notes.

CITY OF MARINE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Major Street
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Distributions from State of Michigan	$ 193,000	$ 193,000	$ 193,847	$ 847
Licenses, permits, fines, and fees	15,000	15,000	2,576	(12,424)
Grant proceeds and reimbursements	--	182,925	--	(182,925)
Interest	9,300	9,300	2,358	(6,942)
Total Revenues	217,300	400,225	198,781	(201,444)
Other Financing Sources				
Transfers from component units	--	150,000	150,000	--
Total Revenues and Other Financing Sources	217,300	550,225	348,781	(201,444)
Expenditures				
Highways and streets	330,030	1,042,320	815,990	226,330
Total Expenditures	330,030	1,042,320	815,990	226,330
Other Financing Uses				
Transfers to other funds	141,650	46,250	46,398	(148)
Total Expenditures and Other Financing Uses	471,680	1,088,570	862,388	226,182
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(254,380)	(538,345)	(513,607)	24,738
Fund Balance at Beginning of Period	788,084	788,084	788,084	--
Fund Balance at End of Period	$ **533,704**	$ **249,739**	$ **274,477**	$ **24,738**

See accompanying notes.

CITY OF MARINE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Local Street
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Distributions from State of Michigan	$ 70,000	$ 70,000	$ 71,061	$ 1,061
Licenses, permits, fines, and fees	20,000	20,000	4,619	(15,381)
Interest	6,600	6,600	1,408	(5,192)
Total Revenues	96,600	96,600	77,088	(19,512)
Other Financing Sources				
Transfers from component units	--	14,500	14,500	--
Transfers from other funds	46,250	46,250	46,398	148
Total Revenues and Other Financing Sources	142,850	157,350	137,986	(19,364)
Expenditures				
Highways and streets	241,000	420,355	270,375	149,980
Total Expenditures	241,000	420,355	270,375	149,980
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	241,000	420,355	270,375	149,980
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(98,150)	(263,005)	(132,389)	130,616
Fund Balance at Beginning of Period	393,491	393,491	393,491	--
Fund Balance at End of Period	$ **295,341**	$ **130,486**	$ **261,102**	$ **130,616**

See accompanying notes.

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

DESCRIPTION OF ENTITY AND ITS OPERATIONS
The City of Marine City covers an area of four square miles. The Entity operates under an elected Mayor and Board of six commissioners and provides services to its residents, approximately 4,500, in many areas including law enforcement, fire protection, and sanitation.

REPORTING ENTITY
The financial reporting entity consists of the primary government of the City of Marine City and its discretely presented component units. The financial reporting entity consists of (a) the primary government; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria for determining the inclusion of a related entity are the makeup of its governing body, legal status, degree of fiscal independence, the primary entity's ability to appoint a voting majority of its governing body, or to impose its will, and the potential for benefit or burden. Certain other organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units. A legally separate, tax-exempt organization would be reported as a component unit of the reporting entity if all of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Using this criteria, the following have been determined to be discretely presented component units of the City of Marine City:

- T.I.F.A. #1
- T.I.F.A. #2
- T.I.F.A. #3

During the year ended June 30, 2010, T.I.F.A. #2 contributed $35,000 and T.I.F.A. #3 contributed $85,000 to Debt Service in fulfillment of bond obligations. The T.I.F.A.'s also contributed an additional $378,955 to the primary government to reimburse it for T.I.F.A. expenditures made by the primary government.

All of the component units were established to prevent urban deterioration and encourage economic development and activity as well as to encourage neighborhood revitalization and historic preservation.

The financial statements of the City do not include the Building Authority. This entity is inactive and has no assets, liabilities, or fund balance. The City retains its existence for possible future use. Educational services are provided to citizens through local school districts which are separate governmental entities.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS
The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the 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, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

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 revenue.

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.

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 fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes and other revenues are recognized in the accounting period when they become measurable and available to finance operations. Properties are assessed as of December 31, and the related property taxes are levied on July 1, and become a lien on that date. These taxes are due on August 31, with a final collection date of February 28, before they are delinquent.

The government reports the following major governmental funds:

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

MAJOR AND LOCAL STREET FUNDS - The Major Street Fund accounts for all financial resources of state gas and weight tax revenues that are restricted for use on major streets. The Local Street Fund accounts for all financial resources of state gas and weight tax revenues that are restricted for use on local streets.

1991 UNLIMITED BONDS SERIES A FUND - The 1991 Unlimited Bonds Series A Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This fund is not legally required to adopt a budget, and a budgetary comparison statement has not been presented for the Fund.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

The government reports the following major proprietary funds:

ENTERPRISE FUNDS - The Water Supply and Sewage Disposal System Fund reports operations that provide services which are financed by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control, or other purposes.

Additionally, the government reports the following fund types:

PENSION FUND - This fund is an agent for retirement contributions for the City's employees.

RETIREE HEALTH TRUST - This fund is an agent for health insurance contributions for the City's employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges for functions of the government when eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. Residual balances between the business-type activities and the governmental activities are reported as "internal balances."

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Private-sector standards of accounting 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 the standards of the Governmental Accounting Standards Board. The government has elected not to follow private sector standards issued after November 30, 1989, for its business-type activities.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

ASSETS, LIABILITIES, AND EQUITY

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 when acquired. Investments are stated at fair value.

RECEIVABLES AND PAYABLES
In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible amounts, totaling $88,549.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

INVENTORY AND PREPAID ITEMS
Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

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. Capital assets are defined by the government as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. 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.

Infrastructure assets acquired prior to July 1, 2003, have not been capitalized and are omitted from the Statement of Net Assets.

Assets are depreciated using the straight-line method over the following useful lives:

Asset Type	Life
Office Equipment	3-15 years
Buildings and Additions	15-60 years
Roads and Sidewalks	20 years
Machinery and Equipment	5-10 years
Water and Sewer System	20-40 years
Water and Sewer Plant and Equipment	20 years

CAPITALIZED ASSETS
The Entity capitalizes interest during the construction phase of proprietary fund assets if financed by revenue bonds. Interest is not capitalized for assets constructed with general obligation debt. There was no interest capitalized for the period.

COMPENSATED ABSENCES
The Entity accrues the liability for future vacation, sick, and other leave benefits that are attributable to employee services already rendered if this obligation relates to vested obligations, the payment of which is probable and can be reasonably estimated. Vacation benefits are treated as current, as they are payable within one year.

All vacation and vested sick 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, for example, as a result of employee resignations and retirements.

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, 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.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

DEFERRED REVENUE
Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Delinquent Property Taxes	$ 197,619	$ --
State and Local Revenue	103,377	--
Special Assessments	5,813	--
Total	$ 306,809	$ --

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

It is the policy of the City to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2: *STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY*

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS
P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets, as amended, of the City for these budgetary funds were adopted to the departmental level and are shown in the supplemental schedules to this statement. Budget amendments require approval from a majority of the City Council. Actual expenditures exceeding those budgeted are as follows:

Major Street Fund	
Transfers	$ 148
General Fund	
Police	$5,564
Parks and Beach	714

NOTE 3: *CASH AND INVESTMENTS*

DEPOSITS
Deposits are carried at cost. Deposits are at Michigan banks in the name of the City of Marine City Treasurer. Michigan Act 20 P.A. 1943 allows a city to make various investments with public monies including, but not limited to, the following:

1. Direct bonds and obligations of the U.S., its agencies, or instrumentalities
2. Certificates of deposit, savings accounts with banks, savings and loan associations, or credit unions which are insured with the applicable federal agency and located in the State of Michigan
3. Commercial paper - rated within 2 highest rate classifications by at least 2 rating services and matures not later than 270 days
4. U.S. or agency repurchase agreements
5. Mutual funds - investments which local unit can make directly
6. Bankers' acceptances of U.S. banks
7. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service

Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The above investment restrictions do not apply to the Entity's Pension Fund or the Retirees' Health Care Trust.

The deposits and investments of the City are not limited beyond statutory authority and are in compliance as of June 30, 2010. Deposits and investments are recorded at cost. The carrying amounts are included on the balance sheet as "Cash and cash equivalents."

The City's cash deposits are as follows:

Deposits are reflected on the individual fund balance sheet as follows:

Total governmental funds	$ 1,526,057
Total proprietary funds	332,875
Total fiduciary funds	114,155
Total component units	1,860,569
Less cash on hand	(360)
Less cash held in agency	(24,395)
Total Deposits	$ 3,808,901

NOTE 3: ***CASH AND INVESTMENTS (Continued)***

Deposits and investments at the balance sheet date consisted of the following:

Deposits	Insured (FDIC)	Uninsured and Uncollateralized	Carrying Amount	Bank Balance / Market Value
Demand deposits	$ 1,081,065	$ 2,653,721	$ 3,734,786	$ 3,788,834
Savings and CD's	73,755	--	73,755	73,755
Cash on hand	--	360	360	--
Total Cash	$ 1,154,820	$ 2,654,081	3,808,901	$ 3,862,589
Investments - Nonrisk Categorized				
Mutual funds			5,539,269	$ 5,539,269
Money Market Account			127,273	127,273
Certificate of Deposit			8,000	8,000
Total Investments			5,674,542	$ 5,674,542
Total Cash and Investments			$ 9,483,443	

INTEREST RATE RISK
The City 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. However, the City made no investments that have market value risk during the current fiscal year.

CREDIT RISK
Statutes limit investments as stated above. The City's investment policy does not limit its investment choices beyond the statute. The authority to make investment decisions has been granted to the City Treasurer.

CONCENTRATION OF CREDIT RISK
The City places no limit on the amount that it may invest in any one issuer. Ninety-nine percent of the City's investments are mutual funds invested with Raymond James & Associates.

CUSTODIAL CREDIT RISK
Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of June 30, 2010, $2,654,081 of the government's bank balance of $3,862,589 was exposed to custodial credit risk because it was uninsured.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have exposure to this type of risk.

NOTE 4: ***RESTRICTED ASSETS AND INVESTMENTS***

As of the balance sheet date, certain assets were subject to restrictions as follows:

Water and Sewer Fund - Restricted Assets:

Per Bond Ordinance 48, as amended by 48A and 57 - cash restricted to pay for asset replacement	$ 5,000
Per City's designation - cash restricted for sewer construction	9,266
Cash restricted to pay for FMHA Series III Bond	73,755
	$ 88,021

Pension Fund and Retiree Health Care Trust:

Michigan state statute authorizes a political subdivision to make various investments with assets of public employee retirement systems including, but not limited to, the following:

1. The general account of a life insurer authorized to do business in this state, but the total of the assets invested shall not exceed 50% of the capital and surplus of the insurer.
2. Obligations of the United States or its agencies.
3. Banker's acceptances, commercial accounts, certificates of deposit or depository receipts issued by a bank, trust company, savings and loan association, or a credit union.
4. Commercial paper rated within 3 highest rate classifications by at least 2 rating services and matures not later than 270 days.

The City of Marine City's Pension and Retiree Health Care Trust deposits and investments are in accordance with statutory authority.

The Pension and Retiree Health Care Trust investments are as follows:

Investment	Interest Rate	Amount
Wilmington Trust		
Money Market Portfolio	Variable	$ 5,387,499
Raymond James Money Market	Variable	127,273
Raymond James		
Mutual Fund Portfolio	Variable	151,770
Raymond James		
Certificate of Deposit	Variable	8,000
		$ 5,674,542

All of the investments are held in the name of the City's Pension and Retiree Health Care Trust.

NOTE 5: *CAPITAL ASSETS*

Governmental Activities Fixed Assets:

A summary of changes in governmental fixed assets follows:

	Balance 06/30/09	Additions	Disposals	Balance 06/30/10
Legislative:				
Equipment	$ 3,087	$ --	$ --	$ 3,087
General Government:				
Equipment and vehicles	1,296,735	8,983	--	1,305,718
Buildings	589,029	31,505	--	620,534
Land	1,393,294	77,883	--	1,471,177
Public Safety:				
Equipment and vehicles	921,879	174,739	28,626	1,067,992
Buildings	529,670	181,466	--	711,136
Capitalized leases	574,748	--	--	574,748
Public Works:				
Equipment and vehicles	285,901	--	--	285,901
Buildings	242,719	--	--	242,719
Capitalized leases	77,214	--	--	77,214
Recreation:				
Land	258,116	--	--	258,116
Equipment	341,246	2,346	--	343,592
Buildings	233,724	22,716	--	256,440
Highways and Streets:				
Equipment	758,554	20,034	--	778,588
Roads and sidewalks	705,173	832,296	--	1,537,469
Cemetery:				
Equipment	33,690	--	--	33,690
Buildings	241,770	--	--	241,770
Total Capital Assets	8,486,549	1,351,968	28,626	9,809,891
Accumulated Depreciation	4,651,512	300,449	27,148	4,924,813
Total Carrying Value of Fixed Assets	$ 3,835,037	$ 1,051,519	$ 1,478	$ 4,885,078

The above amounts include land with a cost of $1,729,293 not subject to depreciation.

The assets above include assets acquired through capital leases with a cost of $651,962 and accumulated depreciation of $495,399.

NOTE 5: *CAPITAL ASSETS (Continued)*

Governmental activity depreciation, included on the Statement of Activities, was allocated as follows:

Legislative	$ 618
General Government	31,677
Public Safety	112,551
Public Works	25,288
Recreation	20,543
Highways and Streets	98,940
Cemetery	10,832
Total	$ 300,449

The above expense includes amortization on capitalized leases.

Business-Type Activities Fixed Assets:

A summary of changes in business-type fixed assets follows:

	Balance 06/30/09	Additions	Disposals	Balance 06/30/10
Water plant, lines, and equipment	$ 6,371,887	$ --	$ --	$ 6,371,887
Sewer plant, lines, and equipment	14,477,198	168,511	--	14,645,709
Land	63,174	--	--	63,174
Total Capital Assets	20,912,259	168,511	--	21,080,770
Accumulated Depreciation	11,589,351	623,830	--	12,213,181
Total Carrying Value of Fixed Assets	$ 9,322,908	$ (455,319)	$ --	$ 8,867,589

Depreciation for the water and sewer systems totaled $197,799 and $426,031, respectively, for the year ended June 30, 2010.

NOTE 6: ***INTERFUND/COMPONENT UNIT RECEIVABLES, PAYABLES AND TRANSFERS***

During the course of operations, numerous transactions occur between individual funds and component units for goods provided or services rendered. The amounts of interfund/component units receivables and payables are as follows:

Fund/Component Unit	Receivable	Fund/Component Unit	Payable
		Major Street Fund	$ 9,547
		Local Street Fund	14,425
		Water and Sewer Fund	75
		Tax Fund (treated as taxes receivable)	155,741
General Fund	$ 179,788		$ 179,788
Local Street Fund	$ 23,535	Major Street Fund	$ 23,535
		Debt Service Fund-1991 Unlimited Tax Bond Series A	$ 4,719
		Water and Sewer Fund	1,156
Debt Service Fund-1992		Tax Fund (treated as taxes receivable)	1,179
Unlimited Tax Bonds Series C	$ 7,054		$ 7,054
Water and Sewer Fund	$ 69	Special Assessment (treated as cash)	$ 69
Debt Service Fund-1991 Unlimited Tax Bonds Series A	$ 19,954	Tax Fund (treated as taxes receivable)	$ 19,954
		Debt Service Fund-1991 Unlimited Tax Bond Series A	$ 6,883
Debt Service Fund-1992		Tax Fund (treated as taxes receivable)	224
Limited Tax Bonds	$ 7,107		$ 7,107
Police Trust and Agency	$ 36	General Fund	$ 36
Tax Fund	$ 349	T.I.F.A. #2	$ 349

NOTE 6: ***INTERFUND/COMPONENT UNIT RECEIVABLES, PAYABLES AND TRANSFERS (Continued)***

Interfund and component unit transfer:

Transfers In		Transfers Out	
		T.I.F.A. #2	$ 10,450
		Capital Projects	47,000
		T.I.F.A. #3	204,005
General Fund	$ 261,455		$ 261,455
Major Street Fund	$ 150,000	T.I.F.A. #1	$ 150,000
		Major Street Fund	$ 46,398
		T.I.F.A. #3	14,500
Local Street Fund	$ 60,898		$ 60,898
		T.I.F.A. #2	$ 35,000
1991 Unlimited Tax Bonds-		T.I.F.A. #3	85,000
Series A	$ 120,000		$ 120,000
		General Fund	$ 26,415
		Cemetery Trust	490
Cemetery Fund	$ 26,905		$ 26,905
Special Assessment	$ 2,390	Water and Sewer Fund	$ 2,390

The above transfers were made to provide various permissible interfund subsidies and reimbursements.

The transfers from the Capital Projects Fund and T.I.F.A.'s to the General Fund were subsidies for specific projects.

The transfer from the Major Street Fund to the Local Street Fund is an annual subsidy equal to 25% of the State highway funds received by the Major Street Fund.

The transfers from T.I.F.A. #2 and T.I.F.A. #3 to the 1991 Unlimited Tax Bond - Series A Fund is an annual transfer of those funds' share of the annual debt obligation paid by the debt fund.

NOTE 7: *LEASE OBLIGATIONS*

The City has entered into a lease for copying equipment. This lease is on a month-to-month basis and is being treated as an operating lease. Lease expense for the period amounted to $18,133.

FIRE TRUCK LEASES
These leases are capital leases. Interest has been imputed at the rate of 6.61% and 5.63% per annum. These leases have been included in "Summary of Principal and Interest Requirements" below, under General Obligations. Future minimum lease payments are as follows:

Date of Lease	Amount	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Imputed Interest	Total
9/14/98	$275,975	6.61%	2011	$ --	$ --	$ --
			2012	32,161	1,859	34,020
				$ 32,161	$ 1,859	$ 34,020

Annual lease payments of $34,020 are due each July 1.

Date of Lease	Amount	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Imputed Interest	Total
4/23/07	$144,999	5.63%	2011	$ 20,590	$ 5,044	$ 25,634
			2012	21,750	3,884	25,634
			2013	22,974	2,660	25,634
			2014	24,268	1,366	25,634
				$ 89,582	$ 12,954	$ 102,536

Annual lease payments of $25,634 are due each April 1.

NOTE 8: *LONG-TERM DEBT*

The government 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. Certain contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

NOTE 8: ***LONG-TERM DEBT (Continued)***

CHANGES IN INDEBTEDNESS BY TYPE

	Payable at 06/30/09	Increase	Decrease	Payable at 06/30/10
General Obligation:				
General obligation bonds	$2,125,000	$ --	$ 535,000	$1,590,000
Fire truck leases	171,640	--	49,897	121,743
Backhoe lease	16,047	--	16,047	--
Mortgage	113,944	--	27,852	86,092
Accrued sick pay	283,786	--	90,400	193,386
Total General Obligation	2,710,417	--	719,196	1,991,221
Revenue Bonds:				
Water supply and sewage disposal	410,000	--	35,000	375,000
Drinking Water Revolving Fund	2,835,000	--	170,000	2,665,000
Special assessments	65,000	--	4,000	61,000
Total Indebtedness	$6,020,417	$ --	$ 928,196	$5,092,221

CHANGES IN INDEBTEDNESS BY FUND TYPE

	Payable at 06/30/09	Increase	Decrease	Payable at 06/30/10
Total Business-Type Activities Indebtedness	$3,353,780	$ --	$ 313,780	$3,040,000
Total Governmental Indebtedness	2,601,637	--	610,416	1,991,221
Special Assessments	65,000	--	4,000	61,000
Total Indebtedness	$6,020,417	$ --	$ 928,196	$5,092,221

The general obligation bonds and indebtedness are to be financed by revenues of the Debt Service Fund. The installment loan revenue bonds are to be retired by the revenues of the Water and Sewer Fund. The special assessment bonds are to be retired from collection of special assessments.

NOTE 8: ***LONG-TERM DEBT (Continued)***

SUMMARY OF INDEBTEDNESS

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
General Obligations:				
1991 Unlimited Tax Bonds - Series A	1	2.00%	2013	$ 1,525,000
1992 Unlimited Tax Bonds - Series C	1	2.00	2012	45,000
1992 Limited Tax Wastewater Treatment System Bonds	1	2.00	2011	20,000
Fire truck leases	2	6.61,5.63	2014	121,743
Mortgage - 131 S. Water Street	1	4.84	2013	86,092
Accrued sick pay	N/A	N/A	N/A	193,386
Total General Obligations				$ 1,991,221
Special Assessment Bonds				$ 61,000
Revenue Bonds:				
Water supply and sewer system				$ 375,000
Drinking Water Revolving Funds				2,665,000
Total Revenue Bonds				$ 3,040,000

SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS

	2011	2012	2013	2014	2015
General Obligations	$ 609,565	$ 583,665	$ 552,286	$ --	$ --
Revenue Bonds	19,625	52,875	51,125	49,375	47,625
Drinking Water Revolving Fund Bonds	220,800	221,963	218,019	219,075	220,006
Special Assessment Bonds	7,925	7,675	7,425	7,175	6,925
Total Principal and Interest Requirements	$ 857,915	$ 866,178	$ 828,855	$ 275,625	$ 274,556

	2016-2020	2021-2025	2026-2030	Total
General Obligations	$ --	$ --	$ --	$1,745,516
Revenue Bonds	229,875	41,000	--	491,500
Drinking Water Revolving Fund Bonds	1,030,275	733,468	150,000	3,013,606
Special Assessment Bonds	35,251	6,150	--	78,526
Total Principal and Interest Requirements	$1,295,401	$ 780,618	$ 150,000	$5,329,148

Total interest expense for the City for the year was $156,121.

PERMITTED DEBT

Michigan Compiled Law limits indebtedness incurred by cities to 10% of the total state equalized valuation of the city. For the fiscal year 09/10, the state equalized value of the City of Marine City was $130,632,528; therefore, the legal debt margin is $13,063,253.

NOTE 8: *LONG-TERM DEBT (Continued)*

COMPONENT UNIT INDEBTEDNESS
At June 30, 2010, T.I.F.A. #1 had a total of $255,000 of Tax Increment Bonds, series 2001 outstanding. The City has pledged its full faith and credit in the event the Component Unit Debt Retirement Fund does not pay the principal and interest payments as they come due. See Page 74 for details on this obligation.

NOTE 9: *EMPLOYEE RETIREMENT SYSTEM*

PLAN DESCRIPTION
The City of Marine City Retirement System is a single-employer defined benefit pension plan administered by the City of Marine City. The plan provides retirement benefits to plan members and beneficiaries. The City Council of the City of Marine City has the authority to establish and amend benefit provisions. The City does not issue a stand-alone financial report for this Fund.

Substantially all of the City's employees participate in the City of Marine City Retirement System. The payroll for employees covered by the Retirement System for the year ended June 30, 2010, was approximately $1,015,000 with payroll for the year totaling approximately $1,800,000. Membership in the Retirement System as of June 30, 2009 (latest actuarial report available), is comprised of the following:

Group	Employees
Retirees and beneficiaries currently receiving benefits	19
Active employees - fully vested	15
- nonvested	6

Employees attaining the age of 55 who have completed 25 or more continuous years of service or who have attained the age of 60 with 10 or more years of service are entitled to annual benefits of 2.25 percent (2.0 percent prior to 2003) of their final average compensation for each year of continuous service. Benefits are reduced by .005 for each month, or fraction thereof, by which the date of benefit commencement precedes the member's attainment of age 60.

The Retirement System allows early retirement at the completion of 15 years of continuous service. Active employees, with 10 or more years of service, who become disabled, are entitled to the same benefit as if voluntarily retired. Disability benefits are paid until the earlier of death or recovery from disability. If the disabled member becomes gainfully employed, the pension benefit is reduced by the amount so earned.

If an employee terminates employment with the City and is not eligible for any other benefits under the Retirement System, the employee is entitled to the following:

- If voluntary retirement conditions have not been met - may receive lump sum payment equal to the larger of (1) the actuarial equivalent of the deferred pension, or (2) their accumulated contributions.

- If voluntary retirement conditions have been met - may receive vested benefits at normal retirement age.

NOTE 9: *EMPLOYEE RETIREMENT SYSTEM (Continued)*

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS
The Pension Fund uses the accrual method of accounting. Contributions from the City and the City's employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the pension plan. Benefits and refunds are recognized when paid.

Assets are recorded at market for reporting purposes and at market for actuarial valuation.

Investments, other than U.S. Government securities, that represent 5% or more of the plan's assets are as follows:

Investments	% of Plan Assets
Wilmington Trust Fundamental Value Portfolio	7%
Wilmington Trust Short Duration Portfolio	63
Wilmington Trust Growth/Value Portfolio	7
Wilmington Trust Large Co Value Portfolio	6

FUNDING POLICY AND OTHER MATTERS
The contribution requirements of plan members and the City are established and may be amended by the City Council. Plan members are required to contribute 5% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 12.01% of annual covered payroll.

The costs of administering the plan are paid from plan assets.

FUND BALANCE ALLOCATION
The Fund Balance allocation for the City of Marine City Employee Retirement System in compliance with the City's ordinance is as follows:

Fund Balance Reserved for Employee Contribution	$ 1,392,366
Fund Balance Reserved for Employer Contribution	2,399,451
Fund Balance Reserved for Annuity	1,648,658
Balance at June 30, 2010	$ 5,440,475

ANNUAL PENSION COST AND NET PENSION OBLIGATION
The City's annual pension cost for the current year totaled $95,469, and there was no net pension obligation as of the latest valuation date of June 30, 2009. The annual required contribution for the current year was determined as part of the June 30, 2009, actuarial valuation, using an individual entry-age actuarial funding method.

There was an unfunded actuarial accrued liability of $702,259 at June 30, 2009.

The schedule of funding progress for the plan follows the notes to the financial statements.

ACTUARIAL METHODS AND SIGNIFICANT ASSUMPTIONS

Cost Method	Asset Value Assumptions		Amortization Method
Individual Entry Age	Inflation rate	3.75%	Level Percent-of-Payroll, Open
	Investment return	7.25%	20 year amortization period
	Projected salary increases	2.0%-4.0%	
	Asset Valuation Method	Smoothed Market	

NOTE 10: *OTHER POSTEMPLOYMENT BENEFITS (OPEB)*

PLAN DESCRIPTION
The City is a single-employer which has a public employee retirement system plan administered by the City.

DESCRIPTION OF BENEFITS AND AUTHORITY
The plan provides postretirement hospitalization insurance to all employees who were full-time employees on or before December 31, 2007, and who were eligible for the medical plan and the retirement system. The City Council has the authority to establish and amend benefit provisions.

PENSION FUND FINANCIAL STATEMENTS
The plan does not issue a stand-alone financial report for this Fund.

FUNDING POLICY AND OTHER MATTERS
The City's obligations for these benefits are established by labor contracts. Currently, under these contracts, the City is responsible for 100% of these benefits. Contributions for the current year were $178,639, and benefits paid totaled $166,812. Plan members are not responsible for contributions to the plan and the City funds the plan on a pay-as-you-go basis.

ANNUAL OPEB COST AND NET OPEB OBLIGATION
The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC presents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The amount actually contributed to the plan, and changes in the net OPEB obligation are summarized as follows:

Annual Required Contribution (ARC)	$ 362,006
Interest on net OPEB obligation	--
Adjustment to Annual Required Contribution	--
Annual OPEB Cost	362,006
Contributions made	(178,639)
Increase in net OPEB obligation	183,367
Net OPEB obligation - beginning of year	--
Net OPEB obligation - end of year	$ 183,367

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year were as follows:

Annual OPEB costs	$ 362,006
Percentage contributed	49%
Net OPEB obligation	$ 183,367

FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
Assets are valued at market value. The schedule of funding progress for the plan can be found following the notes.

The City implemented GASB Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension" prospectively (zero net OPEB obligation at transition).

NOTE 11: ***FUND BALANCE/RETAINED EARNINGS RESERVATIONS/DESIGNATIONS***

Water and Sewer Fund:	
Retained Earnings Reserved:	
For asset replacement per Bond Ordinance 48, as amended by 48A and 57	$ 5,000
For sewer construction	9,266
Total	$ 14,266
General Fund:	
Fund Balance Designated for:	
Park signs	$ 500
Air compressor	24,000
Playground equipment	43,047
Police equipment	3,946
Total	$ 71,493

NOTE 12: ***DEFERRED COMPENSATION PLAN***

The City offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years.

The City matches employee contributions for those employees who elect not to participate in the City's pension plan. Currently, the City is matching contributions for 2 employees. The City Council approves the matching contribution rate each year. Employee deferrals amounted to $6,966, and employer contributions amounted to $13,864 for the period.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

It is the opinion of the City that the City has no liability for losses under the plan, but does have the duty of care that would be required of an ordinary prudent investor.

NOTE 13: ***CONTINGENCIES AND RISKS***

LOSS CONTINGENCIES
The City is currently involved in litigation regarding bidding procedures, as well as civil actions. No risk of loss can be determined at the time.

RISK FINANCING
The City of Marine City purchases insurance coverage from independent third parties and is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent third parties. Settled claims from these risks have not exceeded insurance coverage during the year.

SUPPLEMENTAL INFORMATION

CITY OF MARINE CITY

Pension Trust Fund
Required Supplementary Information
June 30, 2010
(Per latest actuarial report dated June 30, 2009)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets# (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b - a)/c)
($ amounts in thousands)						
06/30/94	$ **	$ **	$ **	** %	$ **	** %
06/30/95	2,790	2,215	(575)	126.0	1,097	--
06/30/96	3,201	2,610	(591)	122.6	1,140	--
06/30/97	3,732	2,850	(882)	130.9	1,264	--
06/30/98	4,299	3,435	(863)	125.2	1,293	--
06/30/99	4,685	3,866	(819)	121.2	1,401	--
06/30/00	4,985	4,167	(818)	119.6	1,342	--
06/30/01	5,286	4,527	(815)	118.2	1,468	--
06/30/02	5,464	4,854	(610)	112.6	1,471	--
06/30/03	5,397	5,901	505	91.4	1,317	38.3
06/30/04	5,384	5,952	568	90.5	1,370	41.5
06/30/05	5,575	6,358	783	87.7	1,510	51.9
06/30/06	5,911	6,536	625	90.4	1,513	41.3
06/30/07	6,395	6,868	473	93.1	1,493	31.7
06/30/08	6,649	6,907	258	96.3	1,294	19.9
06/30/09	6,624	7,326	702	90.4	1,181	59.4

Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability, or unfunded actuarial accrued liability in isolation can be misleading. Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the system's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan. The unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of the progress being made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Beginning July 1	Actuarial Valuation Date June 30	Annual Required Contribution	Percent Contributed
1995	1994	$ 95,068	100 %
1996	1995	91,298	100
1997	1996	97,430	100
1998	1997	83,597	100
1999	1998	52,432	100
2000	1999	43,795	100
2001	2000	40,921	100
2002	2001	50,414	100
2003	2002	58,921	100
2004	2003	161,159	100
2005	2004	164,557	100
2006	2005	172,895	100
2007	2006	155,056	100
2008	2007	138,971	100
2009	2008	144,533	100

Market value
** Actuarial information is unavailable for these years.

CITY OF MARINE CITY

Retiree Health Trust
Required Supplementary Information
June 30, 2010
(Per latest actuarial report dated June 30, 2009)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets# (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Active Member Covered Payroll (c)	Unfunded AAL as a Percentage of Active Member Covered Payroll ((b - a)/c)
($ amounts in thousands)						
06/30/07	$ **	$ **	$ **	** %	$ **	** %
06/30/08	**	**	**	**	**	**
06/30/09	247	6,125	5,878	4.0	1,167	503.7

**Actuarial information is unavailable for these years

Summary of Actuarial Methods and Assumptions

Valuation Date	June 30, 2009
Actuarial Cost Method	Individual Entry-Age
Amortization Method	Level Percent-of-Payroll Assuming 3.75% Payroll Growth Rate
Remaining Amortization Period	30 Years, Closed
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate (Investment Rate)	4.00% per year
Projected Salary Increases	3.9%-7.7%, 3.75% due to inflation
Valuation Health Care Cost Trend Rate	9% in 2009, grading to 3.75% in 2022

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made.

The required schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point.

Actuarial calculations reflect a long-term perspective, and consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

CITY OF MARINE CITY

Combining Statement of Net Assets
Component Units
June 30, 2010

	T.I.F.A. #1	T.I.F.A. #2	T.I.F.A. #3	Total Component Units
ASSETS				
Cash and cash equivalents	$ 41,851	$ 529,181	$ 1,289,537	$ 1,860,569
Due from agency	--	--	526	526
Total Assets	41,851	529,181	1,290,063	1,861,095
LIABILITIES				
Accounts payable	3,884	1,339	2,668	7,891
Due to agency	--	349	--	349
Accrued wages and vacation pay	58	58	58	174
Accrued interest payable	2,936	--	--	2,936
Current portion of debt	25,000	--	--	25,000
Long-term obligations, net of current portion	230,000	--	--	230,000
Total Liabilities	261,878	1,746	2,726	266,350
NET ASSETS				
Unrestricted	(220,027)	527,435	1,287,337	1,594,745
Total Net Assets	$ **(220,027)**	$ **527,435**	$ **1,287,337**	$ **1,594,745**

See accompanying letter.

CITY OF MARINE CITY

Combining Statement of Activities
Component Units
For the Year Ended June 30, 2010

	T.I.F.A. #1	T.I.F.A. #2	T.I.F.A. #3	Total Component Units
Expenses				
General government	$ 7,191	$ 9,650	$ 13,738	$ 30,579
Community and economic development	8,653	--	--	8,653
Debt service interest	12,893	--	--	12,893
Transfers to primary government	150,000	55,473	336,276	541,749
Total Expenses	178,737	65,123	350,014	593,874
Program Revenues				
Charges for services	--	--	--	--
Operating grants and contributions	--	--	--	--
Capital grants and contributions	--	--	--	--
Total Program Revenues	--	--	--	--
Net Program Revenues (Expenses)	(178,737)	(65,123)	(350,014)	(593,874)
General Revenue				
Tax collections	81,590	72,970	299,908	454,468
Interest revenue	455	2,274	5,554	8,283
Total General Revenues	82,045	75,244	305,462	462,751
Change in Net Assets	**(96,692)**	**10,121**	**(44,552)**	**(131,123)**
Net Assets at Beginning of Period	(123,335)	517,314	1,331,889	1,725,868
Net Assets at End of Period	$ **(220,027)**	$ **527,435**	$ **1,287,337**	$ **1,594,745**

See accompanying letter.

CITY OF MARINE CITY

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue		Debt Service	
	Woodlawn Cemetery	Library Fund	1992 Limited Tax Bonds	1992 Unlimited Tax Bonds-Series C
ASSETS				
Cash and cash equivalents	$ 40,849	$ 13,148	$ 456	$ 4,150
Taxes receivable	--	--	224	1,179
Due from other funds	--	--	6,883	5,875
Total Assets	$ **40,849**	$ **13,148**	$ **7,563**	$ **11,204**
LIABILITIES				
Accounts payable	$ 1,167	$ --	$ --	$ --
Accrued wages and vacation pay	1,763	--	--	--
Deferred revenue	--	--	224	1,179
Total Liabilities	2,930	--	224	1,179
FUND BALANCE				
Reserved for:				
Perpetual care - nonexpendable	--	--	--	--
Unreserved	37,919	13,148	7,339	10,025
Total Fund Balance	37,919	13,148	7,339	10,025
Total Liabilities and Fund Balance	$ **40,849**	$ **13,148**	$ **7,563**	$ **11,204**

See accompanying letter.

Capital Projects	Permanent	
Capital Improvement	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
$ 192,794	$ 137,103	$ 388,500
--	--	1,403
--	--	12,758
$ 192,794	**$ 137,103**	**$ 402,661**
$ --	$ --	$ 1,167
--	--	1,763
--	--	1,403
--	--	4,333
--	7,493	7,493
192,794	129,610	390,835
192,794	137,103	398,328
$ 192,794	**$ 137,103**	**$ 402,661**

CITY OF MARINE CITY

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue		Debt Service	
	Woodlawn Cemetery	Library Fund	1992 Limited Tax Bonds	1992 Unlimited Tax Bonds-Series C
Revenues				
Tax collections	$ --	$ --	$ --	$ 20,632
User fees and other charges	30,309	--	21,883	5,875
Interest revenue	102	54	7	259
Total Revenues	30,411	54	21,890	26,766
Expenditures				
General government	--	--	19	28
Debt service principal	--	--	20,000	25,000
Debt service interest	--	--	800	1,400
Cemetery operations	53,054	--	--	--
Total Expenditures	53,054	--	20,819	26,428
Excess of Revenues Over (Under) Expenditures	(22,643)	54	1,071	338
Other Financing Sources (Uses)				
Transfers from other funds	26,905	--	--	--
Transfers to other funds	--	--	--	--
Net Other Financing Sources (Uses)	26,905	--	--	--
Net Change in Fund Balance	**4,262**	**54**	**1,071**	**338**
Fund Balance at Beginning of Period	33,657	13,094	6,268	9,687
Fund Balance at End of Period	$ **37,919**	$ **13,148**	$ **7,339**	$ **10,025**

See accompanying letter.

Capital Projects	Permanent	
Capital Improvement	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
$ --	$ --	$ 20,632
--	--	58,067
960	567	1,949
960	567	80,648
--	--	47
--	--	45,000
--	--	2,200
--	--	53,054
--	--	100,301
960	567	(19,653)
--	--	26,905
(47,000)	(490)	(47,490)
(47,000)	(490)	(20,585)
(46,040)	**77**	**(40,238)**
238,834	137,026	438,566
$ **192,794**	$ **137,103**	$ **398,328**

See accompanying letter.

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Woodlawn Cemetery
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
User fees and other charges	$ 15,050	$ 30,750	$ 30,309	$ (441)
Interest	250	250	102	(148)
Total Revenues	15,300	31,000	30,411	(589)
Other Financing Sources				
Transfers from other funds	20,880	26,905	26,905	--
Total Revenues and Other Financing Sources	36,180	57,905	57,316	(589)
Expenditures				
Cemetery operations	36,180	57,905	53,054	4,851
Total Expenditures	36,180	57,905	53,054	4,851
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	36,180	57,905	53,054	4,851
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	4,262	4,262
Fund Balance at Beginning of Period	33,657	33,657	33,657	--
Fund Balance at End of Period	$ **33,657**	$ **33,657**	$ **37,919**	$ **4,262**

See accompanying letter.

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Cemetery Perpetual Care
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Interest	$ 1,800	$ 1,800	$ 567	$ (1,233)
Total Revenues	1,800	1,800	567	(1,233)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	1,800	1,800	567	(1,233)
Expenditures	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to other funds	1,800	1,800	490	1,310
Total Expenditures and Other Financing Uses	1,800	1,800	490	1,310
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	77	77
Fund Balance at Beginning of Period	137,026	137,026	137,026	--
Fund Balance at End of Period	$ **137,026**	$ **137,026**	$ **137,103**	$ **77**

See accompanying letter.

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Library Fund
For the Year Ended June 30, 2010

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Interest	$ 200	$ 200	$ 54	$ (146)
Total Revenues	200	200	54	(146)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	200	200	54	(146)
Expenditures				
Recreation and cultural	13,000	13,000	--	13,000
Total Expenditures	13,000	13,000	--	13,000
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	13,000	13,000	--	13,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(12,800)	(12,800)	54	12,854
Fund Balance at Beginning of Period	13,094	13,094	13,094	--
Fund Balance at End of Period	$ **294**	$ **294**	$ **13,148**	$ **12,854**

See accompanying letter.

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
T.I.F.A. #1
For the Year Ended June 30, 2010

(Modified Accrual Basis)

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Tax collections	$ 73,440	$ 73,440	$ 81,590	$ 8,150
Grant proceeds and reimbursements	182,925	--	--	--
Interest	3,500	3,500	455	(3,045)
Total Revenues	259,865	76,940	82,045	5,105
Other Financing Sources				
Transfers from primary government	95,400	--	--	--
Total Revenues and Other Financing Sources	355,265	76,940	82,045	5,105
Expenditures				
General government	12,450	12,450	7,191	5,259
Community and economic development	--	8,653	8,653	--
Debt service principal	20,000	20,000	20,000	--
Debt service interest	13,210	13,210	13,185	25
Total Expenditures	45,660	54,313	49,029	5,284
Other Financing Uses				
Transfers to primary government	476,900	171,347	150,000	21,347
Total Expenditures and Other Financing Uses	522,560	225,660	199,029	26,631
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(167,295)	(148,720)	(116,984)	31,736
Fund Balance at Beginning of Period	154,893	154,893	154,893	--
Fund Balance at End of Period	**$ (12,402)**	**$ 6,173**	**$ 37,909**	**$ 31,736**

See accompanying letter.

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
T.I.F.A. #2
For the Year Ended June 30, 2010

	(Modified Accrual Basis)			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Tax collections	$ 73,500	$ 73,500	$ 72,970	$ (530)
Interest	6,500	6,500	2,274	(4,226)
Total Revenues	80,000	80,000	75,244	(4,756)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	80,000	80,000	75,244	(4,756)
Expenditures				
General government	19,650	19,650	9,650	10,000
Total Expenditures	19,650	19,650	9,650	10,000
Other Financing Uses				
Transfers to primary government	210,000	210,000	55,473	154,527
Total Expenditures and Other Financing Uses	229,650	229,650	65,123	164,527
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(149,650)	(149,650)	10,121	159,771
Fund Balance at Beginning of Period	517,314	517,314	517,314	--
Fund Balance at End of Period	$ **367,664**	$ **367,664**	$ **527,435**	$ **159,771**

See accompanying letter.

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
T.I.F.A. #3
For the Year Ended June 30, 2010

	(Modified Accrual Basis)			
	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Tax collections	$ 301,000	$ 301,000	$ 299,908	$ (1,092)
Interest	22,000	22,000	5,554	(16,446)
Total Revenues	323,000	323,000	305,462	(17,538)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	323,000	323,000	305,462	(17,538)
Expenditures				
General government	20,050	20,050	13,738	6,312
Total Expenditures	20,050	20,050	13,738	6,312
Other Financing Uses				
Transfers to primary government	1,545,000	1,403,105	336,276	1,066,829
Total Expenditures and Other Financing Uses	1,565,050	1,423,155	350,014	1,073,141
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,242,050)	(1,100,155)	(44,552)	1,055,603
Fund Balance at Beginning of Period	1,331,889	1,331,889	1,331,889	--
Fund Balance at End of Period	$ **89,839**	$ **231,734**	$ **1,287,337**	$ **1,055,603**

See accompanying letter.

CITY OF MARINE CITY
Schedule of General Fund Revenue and Other Financing Sources
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
REVENUE DETAILS			
CURRENT PROPERTY TAX	$ 1,911,481.67	$ 1,900,000.00	$ (11,481.67)
DELINQUENT PROP TAX	3,763.06	7,000.00	3,236.94
PROPERTY TAX-IFT	20,453.63	21,400.00	946.37
PENALTY & INTEREST-TAXES	35,008.89	30,000.00	(5,008.89)
LICENSES	4,094.63	9,000.00	4,905.37
CABLE TV FRANCHISE FEE	43,789.50	30,000.00	(13,789.50)
TRAILER PARK FEE	71.00	120.00	49.00
PERMITS	16,386.22	16,100.00	(286.22)
FEDERAL GRANT-HOMELAND SEC.	34,036.78	34,025.00	(11.78)
MICHIGAN JUSTICE TRAINING FUNDS	1,411.95	675.00	(736.95)
STONEGARDEN GRANT PROCEEDS	66,063.75	40,000.00	(26,063.75)
2006 HOMELAND SECURITY GRANT FUNDS	27,461.33	3,250.00	(24,211.33)
VOLUNTEER FIRE ASSISTANCE GRANT	683.50	0.00	(683.50)
SALES TAX	419,416.00	433,000.00	13,584.00
TELECOMMUNICATIONS ROW FUNDS	13,216.38	12,500.00	(716.38)
LIQUOR LICENSE	4,228.95	3,800.00	(428.95)
LOCAL GRANT FUNDS-SCC DRUG FORFEITURE	2,850.00	0.00	(2,850.00)
ZONING & VARIANCE FEE	550.00	200.00	(350.00)
SITE PLAN FEE	450.00	100.00	(350.00)
SEX OFFENDER REGISTRATION FEE	10.00	25.00	15.00
RECREATION	11,700.91	16,000.00	4,299.09
RECREATION MILLAGE	30,070.53	18,000.00	(12,070.53)
SALVAGE RECERTIFICATION FEES	47,900.00	45,500.00	(2,400.00)
FIRE PROTECTION	115,981.00	115,500.00	(481.00)
REFUSE	240,750.13	241,500.00	749.87
CHARGE FOR SERVICES	8,767.88	6,000.00	(2,767.88)
MISCELLANEOUS REVENUE	20,933.24	13,325.00	(7,608.24)
MISC. REV.-LIBRARY EXP.	12,526.90	10,000.00	(2,526.90)
ACCIDENT REPORT COPIES-PD	615.00	600.00	(15.00)
PBT TESTING-PD	755.00	800.00	45.00
FINGER PRINTING FEE-PD	450.00	450.00	0.00
DIGITAL VIDEO FEE-PD	75.00	75.00	0.00
GUN PERMIT FEES-PD	190.00	200.00	10.00
WEED CUTTING SERVICES	10,453.16	5,000.00	(5,453.16)
COURT FINES	10,517.44	10,000.00	(517.44)
MUNICIPAL CIVIL INFRACTION-PD	5,400.00	4,700.00	(700.00)
MUNICIPAL CIVIL INFRACTION-BD	600.00	600.00	0.00
OWI FORFEITURE FEES	562.50	1,000.00	437.50
DRUG FORFEITURE FUNDS	21,617.00	19,000.00	(2,617.00)
INTEREST	6,222.00	6,200.00	(22.00)
INTEREST-SPECIAL ASSESSMENT	0.00	100.00	100.00
RENT	44,422.61	68,000.00	23,577.39
CELLULAR TOWER LEASE	9,100.00	9,100.00	0.00
HOMELAND SECURITY TOWER LEASE	18,754.84	19,800.00	1,045.16
SALE OF FIXED ASSETS	6,959.95	5,700.00	(1,259.95)
DONATIONS	5,008.00	5,000.00	(8.00)
DONATIONS-PARK BENCHES	3,222.00	3,225.00	3.00
CONT. FROM OTHER FUNDS	261,455.00	261,455.00	0.00
TOTAL REVENUE AND OTHER FINANCING SOURCES	**$ 3,500,437.33**	**$ 3,428,025.00**	**$ (72,412.33)**

See accompanying letter.

CITY OF MARINE CITY
Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
City Commission			
OFFICIALS COMPENSATION	$ 6,000.00	$ 6,000.00	$ 0.00
FICA-EMPLOYER	459.00	460.00	1.00
PRINTING	165.80	250.00	84.20
PUBLICATIONS	150.00	0.00	(150.00)
GENERAL SUPPLY	91.58	500.00	408.42
DUES/MEMBERSHIPS	4,361.00	5,000.00	639.00
LODGING	0.00	1,000.00	1,000.00
MEALS	219.23	250.00	30.77
TRAVEL EXPENSE	0.00	500.00	500.00
COMMUNITY PROMOTION	3,092.35	4,200.00	1,107.65
TRAINING/TUITION	10.00	1,000.00	990.00
Total City Commission	$ 14,548.96	$ 19,160.00	$ 4,611.04
EXPENDITURE DETAILS			
City Manager			
WAGES-FULL TIME	$ 47,710.31	$ 47,725.00	$ 14.69
WAGES-PART TIME	11,717.50	11,600.00	(117.50)
FICA-EMPLOYER	4,496.68	4,550.00	53.32
HOSPITAL INSURANCE	19,276.90	17,900.00	(1,376.90)
LIFE INSURANCE	277.44	325.00	47.56
RETIREMENT	4,771.08	4,700.00	(71.08)
OFFICE SUPPLY	622.53	1,500.00	877.47
POSTAGE	168.94	125.00	(43.94)
PRINTING	44.56	225.00	180.44
GENERAL SUPPLY	0.00	175.00	175.00
FURNISHING/HOUSEHOLD	0.00	800.00	800.00
EQUIPMENT MAINTENANCE	165.02	175.00	9.98
DUES/MEMBERSHIPS/CERTIFICATION	603.57	1,000.00	396.43
PHONE EXPENSE	1,318.38	1,325.00	6.62
LODGING	315.00	325.00	10.00
MEALS	218.00	600.00	382.00
TRAVEL EXPENSE	56.30	100.00	43.70
TRAINING/TUITION	405.00	750.00	345.00
Total City Manager	$ 92,167.21	$ 93,900.00	$ 1,732.79
EXPENDITURE DETAILS			
Assessor			
OFFICIALS COMPENSATION	$ 1,192.50	$ 1,400.00	$ 207.50
OFFICE SUPPLY	309.15	350.00	40.85
POSTAGE	1,772.38	1,275.00	(497.38)
PRINTING	44.56	200.00	155.44
CONTRACTUAL SERV.	31,770.00	32,200.00	430.00
REGISTRATION FEES	0.00	25.00	25.00
PHONE EXPENSE	828.14	675.00	(153.14)
TRAVEL EXPENSE	0.00	75.00	75.00
ADVERTISING	281.40	460.00	178.60
TRAINING/TUITION	0.00	400.00	400.00
CAPITAL OUTLAY	4,455.00	5,350.00	895.00
Total Assessor	$ 40,653.13	$ 42,410.00	$ 1,756.87
EXPENDITURE DETAILS			
Legal & Professional			
PROFESSIONAL SERV.	$ 155,245.06	$ 165,000.00	$ 9,754.94
Total Legal & Professional	$ 155,245.06	$ 165,000.00	$ 9,754.94

CITY OF MARINE CITY
Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
City Clerk			
WAGES-FULL TIME	$ 60,728.44	$ 61,800.00	$ 1,071.56
WAGES-PART TIME	1,748.00	5,150.00	3,402.00
LONGEVITY	825.00	825.00	0.00
FICA-EMPLOYER	4,674.97	5,200.00	525.03
HOSPITAL INSURANCE	37,022.60	29,875.00	(7,147.60)
LIFE INSURANCE	289.68	300.00	10.32
RETIREMENT	6,016.11	6,200.00	183.89
EMPLOYER RETIREE HLTH INS CONT	6,036.09	6,300.00	263.91
OFFICE SUPPLY	1,461.30	1,800.00	338.70
POSTAGE	1,733.11	2,400.00	666.89
PRINTING	44.55	250.00	205.45
GENERAL SUPPLY	2,588.32	4,000.00	1,411.68
EQUIPMENT MAINTENANCE	542.00	0.00	(542.00)
CONTRACTUAL SERV.	1,831.80	5,000.00	3,168.20
DUES/MEMBERSHIPS/CERTIFICATION	485.00	485.00	0.00
PHONE EXPENSE	1,308.17	1,200.00	(108.17)
LODGING	357.00	900.00	543.00
MEALS	334.27	900.00	565.73
TRAVEL EXPENSE	328.80	1,100.00	771.20
ADVERTISING	2,868.71	5,000.00	2,131.29
TRAINING/TUITION	600.00	865.00	265.00
Total City Clerk	$ 131,823.92	$ 139,550.00	$ 7,726.08
EXPENDITURE DETAILS			
City Treasurer			
WAGES-FULL TIME	$ 42,356.76	$ 42,350.00	$ (6.76)
LONGEVITY	650.00	650.00	0.00
FICA-EMPLOYER	3,229.31	3,200.00	(29.31)
HOSPITAL INSURANCE	29,796.26	31,550.00	1,753.74
LIFE INSURANCE	358.36	340.00	(18.36)
RETIREMENT	4,286.20	4,000.00	(286.20)
EMPLOYER RETIREE HLTH INS CONT	4,300.78	4,050.00	(250.78)
OFFICE SUPPLY	1,491.59	1,600.00	108.41
POSTAGE	5,232.66	5,250.00	17.34
PRINTING	1,091.42	1,100.00	8.58
PUBLICATIONS	49.99	50.00	0.01
CONTRACTUAL SERV.	5,400.00	5,400.00	0.00
DUES/MEMBERSHIPS/CERTIFICATION	475.00	520.00	45.00
SERVICE CHARGES	1,212.68	830.00	(382.68)
PHONE EXPENSE	1,308.15	1,300.00	(8.15)
LODGING	1,212.72	1,225.00	12.28
MEALS	144.00	150.00	6.00
TRAVEL EXPENSE	663.40	850.00	186.60
TRAINING/TUITION	1,490.00	1,500.00	10.00
CAPITAL OUTLAY	9,715.00	9,725.00	10.00
Total City Treasurer	$ 114,464.28	$ 115,640.00	$ 1,175.72

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Buildings and Grounds			
WAGES-FULL TIME	$ 15,065.30	$ 26,525.00	$ 11,459.70
WAGES-PART TIME	2,081.54	2,450.00	368.46
FICA-EMPLOYER	1,300.27	2,225.00	924.73
RETIREMENT	1,482.82	2,625.00	1,142.18
EMPLOYER RETIREE HLTH INS CONT	1,506.53	2,675.00	1,168.47
OFFICE SUPPLY	943.90	800.00	(143.90)
GENERAL SUPPLY	1,961.34	2,000.00	38.66
FURNISHING/HOUSEHOLD	1,449.84	0.00	(1,449.84)
EQUIPMENT MAINTENANCE	14,011.65	13,000.00	(1,011.65)
PROFESSIONAL SERV.	991.82	0.00	(991.82)
CONTRACTUAL SERV.	51,456.78	43,000.00	(8,456.78)
PHONE EXPENSE	15.34	0.00	(15.34)
ELECTRIC	8,496.22	7,225.00	(1,271.22)
NATURAL GAS	2,305.36	4,025.00	1,719.64
GENERAL REPAIRS	3,170.81	6,000.00	2,829.19
EQUIPMENT LEASE	9,707.20	9,200.00	(507.20)
CAPITAL OUTLAY	18,717.88	22,500.00	3,782.12
MAJOR REPAIR/REPLACE	7,600.00	4,400.00	(3,200.00)
CONTRIBUTION TO OTHER FUNDS	10,000.00	10,000.00	0.00
Total Buildings and Grounds	$ 152,264.60	$ 158,650.00	$ 6,385.40
EXPENDITURE DETAILS			
Water Shed Council			
WAGES-FULL TIME	$ 87.19	$ 2,040.00	$ 1,952.81
FICA-EMPLOYER	6.60	155.00	148.40
RETIREMENT	8.62	225.00	216.38
EMPLOYER RETIREE HLTH INS CONT	8.72	200.00	191.28
PROFESSIONAL SERV.	942.81	1,000.00	57.19
PERMIT FEES	2,000.00	0.00	(2,000.00)
TRAVEL EXPENSE	38.70	0.00	(38.70)
Total Water Shed Council	$ 3,092.64	$ 3,620.00	$ 527.36

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Police			
WAGES-FULL TIME	$ 313,994.92	$ 313,000.00	$ (994.92)
WAGES-PART TIME	209,725.98	211,000.00	1,274.02
OVERTIME WAGES	63,151.35	68,000.00	4,848.65
LONGEVITY	3,250.00	3,250.00	0.00
FICA-EMPLOYER	45,171.38	45,325.00	153.62
HOSPITAL INSURANCE	88,260.03	92,000.00	3,739.97
LIFE INSURANCE	702.10	775.00	72.90
RETIREMENT	37,461.10	37,550.00	88.90
EMPLOYER RETIREE HLTH INS CONT	34,428.88	34,750.00	321.12
PHYSICAL EXAMS	0.00	500.00	500.00
OFFICE SUPPLY	2,446.40	5,000.00	2,553.60
POSTAGE	449.56	750.00	300.44
PRINTING	1,226.68	1,500.00	273.32
PUBLICATIONS	0.00	100.00	100.00
GENERAL SUPPLY	3,872.36	4,500.00	627.64
FUEL	19,057.17	19,175.00	117.83
FIREARM SUPPLIES	4,908.44	5,500.00	591.56
CLOTHING	5,220.10	5,500.00	279.90
LAUNDRY/CLEAN	159.98	3,000.00	2,840.02
FURNISHING/HOUSEHOLD	4,692.94	5,000.00	307.06
EQUIPMENT MAINTENANCE	1,258.82	1,500.00	241.18
PROFESSIONAL SERV.	0.00	1,000.00	1,000.00
CONTRACTUAL SERV.	26,283.45	34,000.00	7,716.55
SALVAGE VEHICLE INSPECTION FEES	43,110.00	41,000.00	(2,110.00)
DUES/MEMBERSHIPS/CERTIFICATION	310.00	325.00	15.00
WITNESS FEES	18.00	0.00	(18.00)
SERVICE CHARGES	29.73	25.00	(4.73)
REGISTRATION FEES	67.00	0.00	(67.00)
RADIO MAINTENANCE	15.00	2,000.00	1,985.00
PHONE EXPENSE	9,786.21	9,750.00	(36.21)
VEHICLE MAINTENANCE	14,601.41	15,000.00	398.59
LODGING	400.38	500.00	99.62
MEALS	64.97	250.00	185.03
TRAVEL EXPENSE	417.90	1,000.00	582.10
COMMUNITY PROMOTION	217.44	500.00	282.56
ADVERTISING	0.00	500.00	500.00
ELECTRIC	2,246.85	5,000.00	2,753.15
NATURAL GAS	604.08	4,000.00	3,395.92
BUILDING REPAIR	583.91	1,000.00	416.09
BUILDING LEASE	6,900.00	6,900.00	0.00
EQUIPMENT LEASE	1,525.76	1,650.00	124.24
MISCELLANEOUS EXPENSE	85.00	0.00	(85.00)
DRUG ENFORCEMENT	190.00	0.00	(190.00)
TRAINING/TUITION	3,252.96	9,000.00	5,747.04
CAPITAL OUTLAY	346,688.50	300,000.00	(46,688.50)
MAJOR REPAIR/REPLACE	2,802.61	3,000.00	197.39
Total Police	$ 1,299,639.35	$ 1,294,075.00	$ (5,564.35)

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Fire			
WAGES-FULL TIME	$ 66,345.69	$ 66,350.00	$ 4.31
WAGES-PART TIME	86,809.29	90,000.00	3,190.71
LONGEVITY	650.00	650.00	0.00
FIRE DEPARTMENT DEATH BENEFIT	2,000.00	3,000.00	1,000.00
FICA-EMPLOYER	11,701.87	12,050.00	348.13
HOSPITAL INSURANCE	14,216.48	14,950.00	733.52
LIFE INSURANCE	1,389.47	1,575.00	185.53
RETIREMENT	5,240.68	5,200.00	(40.68)
EMPLOYER RETIREE HLTH INS CONT	5,258.31	5,275.00	16.69
PHYSICAL EXAMS	1,642.00	1,500.00	(142.00)
OFFICE SUPPLY	876.85	1,000.00	123.15
POSTAGE	24.78	50.00	25.22
PRINTING	150.80	300.00	149.20
PUBLICATIONS	67.95	200.00	132.05
GENERAL SUPPLY	3,550.29	5,000.00	1,449.71
FUEL	3,033.35	3,550.00	516.65
CLOTHING	8,123.55	9,000.00	876.45
LAUNDRY/CLEAN	0.00	150.00	150.00
FURNISHING/HOUSEHOLD	339.31	340.00	0.69
CUSTODIAL SUPPLY	686.13	1,000.00	313.87
EQUIPMENT MAINTENANCE	3,260.92	2,760.00	(500.92)
CONTRACTUAL SERV.	3,039.28	4,000.00	960.72
DUES/MEMBERSHIPS/CERTIFICATION	335.00	350.00	15.00
SERVICE CHARGES	82.83	55.00	(27.83)
RADIO MAINTENANCE	702.00	2,500.00	1,798.00
PHONE EXPENSE	2,027.27	2,000.00	(27.27)
VEHICLE MAINTENANCE	11,908.05	11,950.00	41.95
MEALS	115.10	300.00	184.90
TRAVEL EXPENSE	0.00	100.00	100.00
COMMUNITY PROMOTION	308.00	1,000.00	692.00
ELECTRIC	9,793.03	9,900.00	106.97
NATURAL GAS	2,953.92	4,300.00	1,346.08
BUILDING REPAIR	2,039.54	4,000.00	1,960.46
EQUIPMENT LEASE	49,896.93	49,900.00	3.07
TRAINING/TUITION	6,765.00	8,000.00	1,235.00
CAPITAL OUTLAY	5,198.96	9,300.00	4,101.04
MAJOR REPAIR/REPLACE	0.00	4,600.00	4,600.00
NON-MOTORIZED EQUIPMENT	1,452.00	2,400.00	948.00
INTEREST EXPENSE	9,757.22	9,760.00	2.78
CONTRIBUTION TO OTHER FUNDS	14,000.00	14,000.00	0.00
Total Fire	$ 335,741.85	$ 362,315.00	$ 26,573.15

CITY OF MARINE CITY
Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Inspections			
WAGES-FULL TIME	$ 23,524.09	$ 24,000.00	$ 475.91
WAGES-PART TIME	508.00	0.00	(508.00)
FICA-EMPLOYER	1,838.45	1,850.00	11.55
HOSPITAL INSURANCE	2,117.04	2,125.00	7.96
LIFE INSURANCE	14.62	0.00	(14.62)
RETIREMENT	2,081.23	2,400.00	318.77
OFFICE SUPPLY	284.84	300.00	15.16
POSTAGE	250.93	700.00	449.07
PRINTING	117.91	300.00	182.09
PUBLICATIONS	0.00	500.00	500.00
GENERAL SUPPLY	9.29	100.00	90.71
FUEL	352.54	900.00	547.46
CLOTHING	100.00	0.00	(100.00)
CONTRACTUAL SERV.	22,783.65	32,050.00	9,266.35
DUES/MEMBERSHIPS/CERTIFICATION	340.00	500.00	160.00
SERVICE CHARGES	2.72	0.00	(2.72)
PHONE EXPENSE	1,228.25	1,200.00	(28.25)
VEHICLE MAINTENANCE	693.59	700.00	6.41
TRAVEL EXPENSE	0.00	200.00	200.00
ADVERTISING	0.00	100.00	100.00
TRAINING/TUITION	150.00	150.00	0.00
Total Inspections	$ 56,397.15	$ 68,075.00	$ 11,677.85
EXPENDITURE DETAILS			
General Maintenance			
WAGES-FULL TIME	$ 206,478.18	$ 235,125.00	$ 28,646.82
WAGES-PART TIME	545.56	1,025.00	479.44
LONGEVITY	4,525.00	4,525.00	0.00
FICA-EMPLOYER	16,085.81	18,450.00	2,364.19
HOSPITAL INSURANCE	128,973.69	122,500.00	(6,473.69)
LIFE INSURANCE	1,141.04	1,150.00	8.96
RETIREMENT	20,811.97	22,780.00	1,968.03
EMPLOYER RETIREE HLTH INS CONT	21,100.38	23,525.00	2,424.62
PHYSICAL EXAMS	55.00	55.00	0.00
OFFICE SUPPLY	409.51	1,075.00	665.49
POSTAGE	71.92	100.00	28.08
PRINTING	0.00	100.00	100.00
PUBLICATIONS	0.00	200.00	200.00
GENERAL SUPPLY	3,027.70	4,000.00	972.30
CLOTHING	6,071.72	6,500.00	428.28
FUEL	18,661.09	20,500.00	1,838.91
FURNISHING/HOUSEHOLD	0.00	300.00	300.00
CUSTODIAL SUPPLY	0.00	300.00	300.00
EQUIPMENT MAINTENANCE	6,529.20	6,125.00	(404.20)
CONTRACTUAL SERV.	1,652.39	2,000.00	347.61
DUES/MEMBERSHIPS/CERTIFICATION	190.00	400.00	210.00
SERVICE CHARGES	606.64	650.00	43.36
CDL CONSORTIUM FEE	560.00	600.00	40.00
PHONE EXPENSE	4,344.19	4,350.00	5.81
VEHICLE MAINTENANCE	13,234.06	14,325.00	1,090.94
LODGING	458.99	475.00	16.01
MEALS	210.00	600.00	390.00
TRAVEL EXPENSE	582.95	800.00	217.05
ADVERTISING	93.80	200.00	106.20
ELECTRIC	6,113.36	6,125.00	11.64
NATURAL GAS	5,217.57	5,500.00	282.43
GENERAL REPAIRS	3,428.94	4,000.00	571.06
EQUIPMENT LEASE	16,046.96	16,050.00	3.04
TRAINING/TUITION	783.00	1,000.00	217.00
CAPITAL OUTLAY	0.00	27,375.00	27,375.00
INTEREST EXPENSE	770.25	775.00	4.75
Total General Maintenance	$ 488,780.87	$ 553,560.00	$ 64,779.13

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Street Lighting			
STREET LIGHTING	$ 85,527.39	$ 86,000.00	$ 472.61
Total Street Lighting	$ 85,527.39	$ 86,000.00	$ 472.61
EXPENDITURE DETAILS			
Refuse			
CONTRACTUAL SERV.	$ 230,597.16	$ 231,000.00	$ 402.84
Total Refuse	$ 230,597.16	$ 231,000.00	$ 402.84
EXPENDITURE DETAILS			
Community and Economic Development			
OFFICE SUPPLY	$ 62.25	$ 50.00	$ (12.25)
POSTAGE	0.44	300.00	299.56
PRINTING	10.56	200.00	189.44
PROFESSIONAL SERV.	8,292.75	15,000.00	6,707.25
CONTRACTUAL SERV.	250.00	0.00	(250.00)
MEALS	75.00	100.00	25.00
TRAVEL EXPENSE	0.00	150.00	150.00
ADVERTISING	348.40	750.00	401.60
TRAINING/TUITION	80.00	200.00	120.00
Total Community and Economic Development	$ 9,119.40	$ 16,750.00	$ 7,630.60
EXPENDITURE DETAILS			
Recreation			
WAGES-PART TIME	$ 38,441.38	$ 40,000.00	$ 1,558.62
FICA-EMPLOYER	2,961.21	3,675.00	713.79
RETIREMENT	1,685.50	1,675.00	(10.50)
OFFICE SUPPLY	467.08	525.00	57.92
POSTAGE	1.76	30.00	28.24
PRINTING	402.49	220.00	(182.49)
GENERAL SUPPLY	2,463.92	6,000.00	3,536.08
CONTRACTUAL SERV.	7,604.36	7,000.00	(604.36)
DUES/MEMBERSHIPS/CERTIFICATION	270.00	750.00	480.00
SERVICE CHARGES	2.22	0.00	(2.22)
PHONE EXPENSE	1,610.53	1,625.00	14.47
LODGING	440.24	450.00	9.76
MEALS	323.75	500.00	176.25
TRAVEL EXPENSE	49.64	50.00	0.36
COMMUNITY PROMOTION	500.00	1,000.00	500.00
ADVERTISING	466.20	250.00	(216.20)
MISCELLANEOUS EXPENSE	255.00	300.00	45.00
TRAINING/TUITION	406.00	450.00	44.00
Total Recreation	$ 58,351.28	$ 64,500.00	$ 6,148.72

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Parks and Beach			
WAGES-FULL TIME	$ 32,035.17	$ 30,000.00	$ (2,035.17)
WAGES-PART TIME-RECREATION	28,014.21	28,000.00	(14.21)
WAGES-PART TIME-GENERAL MAINTENANCE	8,885.27	12,000.00	3,114.73
FICA-EMPLOYER	5,248.99	5,400.00	151.01
RETIREMENT	3,205.97	3,000.00	(205.97)
EMPLOYER RETIREE HLTH INS CONT	3,203.60	3,000.00	(203.60)
OFFICE SUPPLY	0.00	500.00	500.00
GENERAL SUPPLY	10,691.84	9,525.00	(1,166.84)
EQUIPMENT MAINTENANCE	1,024.68	1,000.00	(24.68)
CONTRACTUAL SERV.	8,572.46	7,500.00	(1,072.46)
PHONE EXPENSE	490.65	625.00	134.35
ELECTRIC	2,674.02	2,725.00	50.98
GENERAL REPAIRS	7,096.15	6,500.00	(596.15)
MAJOR REPAIR/REPLACE	2,346.00	3,000.00	654.00
Total Parks and Beach	$ 113,489.01	$ 112,775.00	$ (714.01)
EXPENDITURE DETAILS			
Safety Program			
GENERAL SUPPLY	$ 0.00	$ 500.00	$ 500.00
EQUIPMENT MAINTENANCE	0.00	600.00	600.00
MEALS	0.00	50.00	50.00
Total Safety Program	$ 0.00	$ 1,150.00	$ 1,150.00
EXPENDITURE DETAILS			
Library			
GENERAL SUPPLY	$ 150.44	$ 350.00	$ 199.56
CONTRACTUAL SERV.	5,603.49	6,800.00	1,196.51
PHONE EXPENSE	1,188.09	1,500.00	311.91
ELECTRIC	5,082.28	5,600.00	517.72
NATURAL GAS	600.77	600.00	(0.77)
GENERAL REPAIRS	853.26	2,800.00	1,946.74
Total Library	$ 13,478.33	$ 17,650.00	$ 4,171.67

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Insurance			
UNEMPLOYMENT	$ 10,868.36	$ 12,000.00	$ 1,131.64
HOSPITAL INSURANCE	250.00	250.00	0.00
WORKERS COMP	17,766.78	22,250.00	4,483.22
LIABILITY INSURANCE	115,842.08	120,840.00	4,997.92
Total Insurance	$ 144,727.22	$ 155,340.00	$ 10,612.78
EXPENDITURE DETAILS			
Special Projects			
GENERAL SUPPLY	$ 12.34	$ 0.00	$ (12.34)
CONTRACTUAL SERV.	25,381.32	35,000.00	9,618.68
COMMUNITY PROMOTION	55,037.00	55,250.00	213.00
MISCELLANEOUS EXPENSE	202.00	250.00	48.00
PROPERTY TAX	7,625.82	7,650.00	24.18
REFUND/REBATE	5,385.10	5,400.00	14.90
PROPERTY ACQUISITION	77,901.21	78,000.00	98.79
PRINCIPAL PAYMENT	27,848.21	27,800.00	(48.21)
INTEREST EXPENSE	4,916.71	5,000.00	83.29
CONTRIBUTION TO OTHER FUNDS	26,415.00	30,000.00	3,585.00
Total Special Projects	$ 230,724.71	$ 244,350.00	$ 13,625.29
TOTAL EXPENDITURES AND FINANCING USES	$ **3,770,833.52**	$ **3,945,470.00**	$ **174,636.48**

CITY OF MARINE CITY

Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
General Administrative - Sewer			
WAGES-FULL TIME	$ 37,217.17	$ 36,650.00	$ (567.17)
FICA-EMPLOYER	2,806.16	2,825.00	18.84
RETIREMENT	3,654.02	3,675.00	20.98
WORKERS COMP	1,698.27	1,700.00	1.73
EMPLOYER RETIREE HLTH INS CONT	2,639.69	2,650.00	10.31
OFFICE SUPPLY	450.64	1,000.00	549.36
POSTAGE	2,704.74	3,000.00	295.26
PRINTING	703.01	900.00	196.99
PROFESSIONAL SERV.	0.00	4,750.00	4,750.00
CONTRACTUAL SERV.	7,171.50	7,300.00	128.50
PHONE EXPENSE	414.10	425.00	10.90
LIABILITY INSURANCE	9,733.20	10,500.00	766.80
INTEREST EXPENSE	10,250.00	10,700.00	450.00
Total General Administrative - Sewer	$ 79,442.50	$ 86,075.00	$ 6,632.50
EXPENDITURE DETAILS			
System Maintenance - Sewer			
WAGES-FULL TIME	$ 3,201.96	$ 6,650.00	$ 3,448.04
WAGES-PART TIME	205.00	0.00	(205.00)
FICA-EMPLOYER	258.17	525.00	266.83
RETIREMENT	316.67	675.00	358.33
EMPLOYER RETIREE HLTH INS CONT	320.18	675.00	354.82
PRINTING	0.00	50.00	50.00
GENERAL SUPPLY	101.85	500.00	398.15
CLOTHING	0.00	75.00	75.00
EQUIPMENT MAINTENANCE	613.70	700.00	86.30
ROAD/STREET MATERIAL	233.01	1,700.00	1,466.99
DUES/MEMBERSHIPS	172.80	200.00	27.20
GENERAL REPAIRS	5,091.91	7,000.00	1,908.09
Total System Maintenance - Sewer	$ 10,515.25	$ 18,750.00	$ 8,234.75

CITY OF MARINE CITY
Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Wastewater Treatment Plant			
WAGES-FULL TIME	$ 24,352.22	$ 62,000.00	$ 37,647.78
WAGES-PART TIME	1,108.62	1,200.00	91.38
LEAVE HOURS PAY	1,625.72	0.00	(1,625.72)
FICA-EMPLOYER	1,938.35	4,850.00	2,911.65
HOSPITAL INSURANCE	1,051.15	1,100.00	48.85
LIFE INSURANCE	11.90	15.00	3.10
RETIREMENT	2,432.18	3,850.00	1,417.82
EMPLOYER RETIREE HLTH INS CONT	19,908.69	17,750.00	(2,158.69)
OFFICE SUPPLY	0.00	200.00	200.00
POSTAGE	0.00	100.00	100.00
GENERAL SUPPLY	1,861.17	2,050.00	188.83
FUEL	0.00	500.00	500.00
FURNISHING/HOUSEHOLD	0.00	200.00	200.00
TREATMENT SUPPLY	11,914.22	13,000.00	1,085.78
CUSTODIAL SUPPLY	182.80	250.00	67.20
EQUIPMENT MAINTENANCE	2,951.66	4,900.00	1,948.34
PROFESSIONAL SERV.	0.00	5,000.00	5,000.00
CONTRACTUAL SERV.	236,148.59	256,000.00	19,851.41
BIOSOLIDS REMOVAL	49,913.79	55,000.00	5,086.21
DUES/MEMBERSHIPS/CERTIFICATION	50.00	50.00	0.00
SERVICE CHARGES	0.00	25.00	25.00
LAND APPL. & GENERATION FEE	1,949.28	10,000.00	8,050.72
PERMIT FEES	5,500.00	5,500.00	0.00
PHONE EXPENSE	1,087.72	2,000.00	912.28
LODGING	0.00	100.00	100.00
MEALS	0.00	100.00	100.00
TRAVEL EXPENSE	38.83	150.00	111.17
ELECTRIC	48,860.62	49,000.00	139.38
NATURAL GAS	6,924.55	10,000.00	3,075.45
GENERAL REPAIRS	9,849.57	12,500.00	2,650.43
BUILDING REPAIR	485.27	4,000.00	3,514.73
DEPRECIATION	426,031.00	0.00	(426,031.00)
Total Wastewater Treatment Plant	$ 856,177.90	$ 521,390.00	$ (334,787.90)
EXPENDITURE DETAILS			
Pump/Lift Station - Sewer			
WAGES-FULL TIME	$ 8,715.51	$ 8,850.00	$ 134.49
WAGES-PART TIME	297.85	350.00	52.15
FICA-EMPLOYER	682.88	725.00	42.12
RETIREMENT	861.94	900.00	38.06
EMPLOYER RETIREE HLTH INS CONT	871.58	900.00	28.42
GENERAL SUPPLY	172.35	500.00	327.65
EQUIPMENT MAINTENANCE	0.00	325.00	325.00
PROFESSIONAL SERV.	13,632.10	14,000.00	367.90
CONTRACTUAL SERV.	2,237.21	3,000.00	762.79
PHONE EXPENSE	577.10	700.00	122.90
ELECTRIC	7,932.51	7,800.00	(132.51)
NATURAL GAS	1,307.70	2,000.00	692.30
GENERAL REPAIRS	14,714.73	16,000.00	1,285.27
Total Pump/Lift Station - Sewer	$ 52,003.46	$ 56,050.00	$ 4,046.54

CITY OF MARINE CITY

Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
General Administrative - Water			
WAGES-FULL TIME	$ 37,214.54	$ 36,650.00	$ (564.54)
FICA-EMPLOYER	2,805.56	2,825.00	19.44
RETIREMENT	3,653.79	3,675.00	21.21
WORKERS COMP	3,140.95	3,150.00	9.05
EMPLOYER RETIREE HLTH INS CONT	2,639.38	2,650.00	10.62
OFFICE SUPPLY	450.63	1,000.00	549.37
POSTAGE	2,704.76	3,000.00	295.24
PRINTING	703.01	900.00	196.99
PROFESSIONAL SERV.	0.00	4,750.00	4,750.00
CONTRACTUAL SERV.	1,987.50	2,200.00	212.50
PHONE EXPENSE	414.09	425.00	10.91
LIABILITY INSURANCE	12,328.72	13,350.00	1,021.28
INTEREST EXPENSE	71,883.50	73,500.00	1,616.50
CONTRIBUTION TO OTHER FUNDS	2,390.00	1,850.00	(540.00)
Total General Administrative - Water	$ 142,316.43	$ 149,925.00	$ 7,608.57
EXPENDITURE DETAILS			
System Maintenance - Water			
WAGES-FULL TIME	$ 30,197.61	$ 32,650.00	$ 2,452.39
FICA-EMPLOYER	2,287.10	2,500.00	212.90
RETIREMENT	3,007.37	3,250.00	242.63
EMPLOYER RETIREE HLTH INS CONT	3,019.71	3,275.00	255.29
OFFICE SUPPLY	113.93	150.00	36.07
POSTAGE	75.32	100.00	24.68
PRINTING	0.00	50.00	50.00
GENERAL SUPPLY	1,019.16	1,500.00	480.84
ROAD/STREET MATERIAL	5,258.20	6,000.00	741.80
CONTRACTUAL SERV.	1,826.00	4,000.00	2,174.00
DUES/MEMBERSHIPS	172.80	200.00	27.20
GENERAL REPAIRS	27,184.90	32,000.00	4,815.10
Total System Maintenance - Water	$ 74,162.10	$ 85,675.00	$ 11,512.90

CITY OF MARINE CITY

Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2010

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Water Plant			
WAGES-FULL TIME	$ 6,931.35	$ 72,000.00	$ 65,068.65
LEAVE HOURS PAY	27.40	0.00	(27.40)
FICA-EMPLOYER	530.52	5,500.00	4,969.48
HOSPITAL INSURANCE	3,557.65	3,575.00	17.35
LIFE INSURANCE	35.70	25.00	(10.70)
RETIREMENT	685.50	6,750.00	6,064.50
EMPLOYER RETIREE HLTH INS CONT	65,326.21	71,800.00	6,473.79
OFFICE SUPPLY	0.00	400.00	400.00
POSTAGE	32.90	100.00	67.10
GENERAL SUPPLY	706.15	1,500.00	793.85
TREATMENT SUPPLY	18,408.40	20,000.00	1,591.60
CUSTODIAL SUPPLY	0.00	400.00	400.00
EQUIPMENT MAINTENANCE	1,623.21	7,000.00	5,376.79
CONTRACTUAL SERV.	322,976.52	358,100.00	35,123.48
SERVICE CHARGES	2.00	0.00	(2.00)
FINES/CITATIONS	200.00	0.00	(200.00)
PUBLIC SUPPLY FEE	978.67	1,250.00	271.33
PHONE EXPENSE	6,893.56	6,925.00	31.44
ADVERTISING	1,206.00	1,500.00	294.00
ELECTRIC	22,966.30	22,500.00	(466.30)
NATURAL GAS	5,183.58	5,000.00	(183.58)
GENERAL REPAIRS	7,601.76	4,500.00	(3,101.76)
BUILDING REPAIR	90.00	750.00	660.00
EQUIPMENT LEASE	0.00	350.00	350.00
DEPRECIATION	197,799.00	0.00	(197,799.00)
Total Water Plant	$ 663,762.38	$ 589,925.00	$ (73,837.38)
TOTAL EXPENDITURES AND FINANCING USES	$ 1,878,380.02	$ 1,507,790.00	$ (370,590.02)

See accompanying letter.

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2010

Water Supply and Sewage Disposal System Revenue Bonds - Series III:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
10-2-81	$ 628,000	5.00%	2011	$ -	$ 19,625	$ 19,625
Principal due July 1			2012	35,000	17,875	52,875
Interest due July 1			2013	35,000	16,125	51,125
and January 1			2014	35,000	14,375	49,375
			2015	35,000	12,625	47,625
			2016	35,000	10,875	45,875
			2017	40,000	9,000	49,000
			2018	40,000	7,000	47,000
			2019	40,000	5,000	45,000
			2020	40,000	3,000	43,000
			2021	40,000	1,000	41,000
	Total Revenue Bonds			**375,000**	$ **116,500**	$ **491,500**

See accompanying letter.

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2010

Drinking Water Revolving Fund Bonds:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
9-29-98	$ 1,155,000	2.50%	2011	$ 60,000	$ 14,625	$ 74,625
Principal due April 1			2012	60,000	13,125	73,125
Interest due October 1			2013	60,000	11,625	71,625
and April 1			2014	65,000	10,125	75,125
			2015	65,000	8,500	73,500
			2016	65,000	6,875	71,875
			2017	70,000	5,250	75,250
			2018	70,000	3,500	73,500
			2019	70,000	1,750	71,750
	Total Issue Outstanding			585,000	$ **75,375**	$ **660,375**

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
12-23-05	$ 2,500,000	2.125%	2011	$ 110,000	$ 36,175	$ 146,175
Principal due April 1			2012	115,000	33,838	148,838
Interest due October 1			2013	115,000	31,394	146,394
and April 1			2014	115,000	28,950	143,950
			2015	120,000	26,506	146,506
			2016	125,000	23,956	148,956
			2017	125,000	21,300	146,300
			2018	130,000	18,644	148,644
			2019	130,000	15,881	145,881
			2020	135,000	13,119	148,119
			2021	135,000	10,250	145,250
			2022	140,000	7,381	147,381
			2023	140,000	4,406	144,406
			2024	145,000	1,431	146,431
			2025	150,000	-	150,000
			2026	150,000	-	150,000
	Total Issue Outstanding			2,080,000	$ **273,231**	$ **2,353,231**

Total Water and Sewer Fund Bonded Indebtedness	**3,040,000**

See accompanying letter.

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2010

Special Assessment Bonds - 1981:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
10-2-81	$ 167,000	5.00%	2011	$ 5,000	$ 2,925	$ 7,925
Principal due September 1			2012	5,000	2,675	7,675
Interest due September 1			2013	5,000	2,425	7,425
and March 1			2014	5,000	2,175	7,175
			2015	5,000	1,925	6,925
			2016	6,000	1,650	7,650
			2017	6,000	1,350	7,350
			2018	6,000	1,050	7,050
			2019	6,000	751	6,751
			2020	6,000	450	6,450
			2021	6,000	150	6,150
	Total Special Assessment Bonded Indebtedness			**61,000**	$ **17,526**	$ **78,526**

See accompanying letter.

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2010

Mortgage - 131 S. Water Street:

Date of Mortgage	Amount of Mortgage	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
4-09-08	$ 145,000	4.84%	2011	$ 29,230	$ 3,535	$ 32,765
Payments of $2,730.41			2012	30,677	2,088	32,765
due monthly			2013	26,185	801	26,986
	Total Amount Outstanding			**86,092**	$ **6,424**	$ **92,516**

See accompanying letter.

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2010

1991 General Obligation Unlimited Tax Bonds - Series A:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
6-27-91	$ 9,010,000	2.00%	2011	$ 500,000	$ 30,500	$ 530,500
Principal due April 1			2012	510,000	20,500	530,500
Interest due April 1			2013	515,000	10,300	525,300
and October 1						
	Total Issue Outstanding			1,525,000	$ **61,300**	$ **1,586,300**

1992 General Obligation Unlimited Tax Bonds - Series C:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
9-24-92	$ 760,000	2.00%	2011	$ 25,000	$ 900	$ 25,900
Principal due April 1			2012	20,000	400	20,400
Interest due April 1						
and October 1						
	Total Issue Outstanding			45,000	$ **1,300**	$ **46,300**

1992 Limited Tax General Obligation Wastewater Treatment System Bonds:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
9-24-92	$ 645,000	2.00%	2011	$ 20,000	$ 400	$ 20,400
Principal due April 1						
Interest due April 1						
and October 1						
	Total Issue Outstanding			20,000	$ **400**	$ **20,400**

Total Governmental Funds Indebtedness	**1,676,092**

See accompanying letter.

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2010

Xerox Leases:

Collateral	Monthly Payment	Payments Remaining	Total Payments
Xerox Copier	$ 222	month-to-month	$ -

Fire Truck Capitalized Leases:

Date of Lease	Amount	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
9-14-98	$ 275,975	6.61%	2011	$ -	$ -	$ -
Annual payments due each			2012	32,161	1,859	34,020
July 1 in the amount of						
$34,020						
				32,161	$ **1,859**	$ **34,020**

Date of Lease	Amount	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
4-23-07	$ 144,999	5.63%	2011	$ 20,590	$ 5,044	$ 25,634
Annual payments due each			2012	21,750	3,884	25,634
April 1 in the amount of			2013	22,974	2,660	25,634
$25,634			2014	24,268	1,366	25,634
				89,582	$ **12,954**	$ **102,536**

TOTAL INDEBTEDNESS $ **4,898,835**

See accompanying letter.

CITY OF MARINE CITY

Component Units
Schedule of Indebtedness
June 30, 2010

Tax Increment Bonds, Series 2001:

Date of Issue	Amount	Interest Rate	Payable In Fiscal Year Ended June 30	Principal	Interest	Total
5-1-01	$ 425,000	4.5%	2011	$ 25,000	$ 11,908	$ 36,908
Principal due October 1		4.60	2012	25,000	10,770	35,770
Interest due October 1		4.70	2013	25,000	9,608	34,608
and April 1		4.80	2014	25,000	8,420	33,420
		4.90	2015	30,000	7,085	37,085
		5.00	2016	30,000	5,600	35,600
		5.00	2017	30,000	4,100	34,100
		5.10	2018	30,000	2,585	32,585
		5.20	2019	35,000	910	35,910
	Total Component Unit Indebtedness			$ **255,000**	$ **60,986**	$ **315,986**

See accompanying letter.