

CITY OF MARINE CITY
St. Clair County, Michigan
AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

CITY OF MARINE CITY

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CITY OF MARINE CITY
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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's combined net assets increased by 4.4% from a year ago from \$10.930 million to \$11.410 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 \$767,000 during the year, a 17.4% increase. This was the result of increases in Debt Service Fund Net Assets and General Fund Net Assets. The business-type activities experienced a \$287,000 decrease in net assets, primarily as a result of depreciation in the Water and Sewer Fund. 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	
	2011	2010	2011	2010	2011	2010
Current Assets *	\$ 2,198	\$ 1,981	\$ 984	\$ 800	\$ 3,157	\$ 2,780
Noncurrent Assets	4,816	4,885	8,316	8,867	13,132	13,752
Total Assets	7,014	6,866	9,300	9,667	16,289	16,532
Long-Term Debt Outstanding	1,007	1,548	2,660	2,870	3,667	4,418
Other Liabilities *	835	913	402	272	1,212	1,184
Total Liabilities	1,842	2,461	3,062	3,142	4,879	5,602
Net Assets						
Invested in Capital Assets - Net of Debt	3,667	3,089	5,482	5,828	9,149	8,917
Restricted	866	733	14	14	880	747
Unrestricted	639	583	742	683	1,381	1,266
Total Net Assets	\$ 5,172	\$ 4,405	\$ 6,238	\$ 6,525	\$ 11,410	\$ 10,930

* Internal balances eliminated in total column.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, increased by \$56,000 for the governmental activities. This represents an increase of approximately 10%. The current level of unrestricted net assets for our governmental activities stands at \$639,000, or about 18% of expenditures. This is within the targeted range set during the last budget process.

CITY OF MARINE CITY
Management's Discussion and Analysis
For the Year Ended June 30, 2011

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services	\$ 784	\$ 803	\$ 1,612	\$ 1,633	\$ 2,396	\$ 2,436
Operating Grants and Contributions	397	339	24	-	421	339
Capital Grants and Contributions	52	108	-	-	52	108
General Revenues						
Taxes and Payments in Lieu of Taxes	1,990	2,179	-	-	1,990	2,179
State-Shared Revenues	421	421	-	-	421	421
Unrestricted Investment Earnings	7	12	1	2	8	14
Other	694	691	-	-	694	691
Total Revenues	4,345	4,553	1,637	1,635	5,982	6,188
Program Expenses						
Legislative	12	15	-	-	12	15
General Government	659	772	-	-	659	772
Public Safety	1,277	1,442	-	-	1,277	1,442
Highways and Streets	319	309	-	-	319	309
Public Works	832	816	-	-	832	816
Planning and Economic Development	2	9	-	-	2	9
Recreation and Cultural	165	204	-	-	165	204
Other	280	311	-	-	280	311
Debt Service	32	54	-	-	32	54
Water and Sewer	-	-	1,924	1,878	1,924	1,878
Total Expenses	3,578	3,932	1,924	1,878	5,502	5,810
Change in Net Assets	\$ 767	\$ 621	\$ (287)	\$ (243)	\$ 480	\$ 378

The City's net assets continue to remain healthy. Total net assets increased by \$480,000. This was primarily because of increases in Net Assets of Governmental Activities.

Governmental Activities

The City's total governmental revenues decreased by approximately \$208,000, primarily due to decreases in property tax revenues. Expenses of the governmental activities decreased by \$354,000 over those of the previous year. This was primarily due to contracting fire and emergency protection services to the Marine City Fire Authority, and staff reductions over the past few years.

CITY OF MARINE CITY
Management's Discussion and Analysis
For the Year Ended June 30, 2011

Business-Type Activities

The City's business-type activities consist of the Water and Sewer Fund. We provide water and sewer treatments to all City residents. We experienced a net loss consistent with the prior year.

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 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 governmental services. The most significant are police, fire, and inspections, which incurred expenses of approximately \$1,275,000. These services are supported by general tax revenues of the City and State Revenue Sharing. In addition, the General Fund expended approximately \$815,000 on Public Works. These two areas represent approximately 69% of the General Fund's total expenditures.

General Fund Budgetary Highlights

Over the course of the year, we amended the budget to take into account events occurring during the year. The total budgeted expenditures for the General Fund were increased by approximately 5% during the year. The various departments overall stayed within the budget, resulting in total expenditures \$148,936 below the budget. The General Fund's fund balance increased by \$37,189 from a year ago.

Capital Asset and Debt Administration

As of the balance sheet date, there was \$13,132,598 invested in a broad range of capital assets, including buildings, police 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 budget for the year ending June 30, 2012, kept tax levels 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 the 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 the 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 taxpayers must make a decision as to the future of this building and permanent location of these offices.

**CITY OF MARINE CITY
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

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, 2011.

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 12.01% to 16.27% for the fiscal year 07/01/11-06/30/12. 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 the City increase contributions in order to maintain the level of benefits currently in place.

Contacting 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 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
& Miller P.C.**

Certified Public Accountants

Marine City, MI (810) 765-4700

Chesterfield, MI (586) 598-4600

INDEPENDENT AUDITORS' REPORT

November 2, 2011

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, 2011, which collectively comprise the 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 estimate made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marine City, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparisons for the Consolidated 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 2, 2011, 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 result of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Pension and Retiree Health Trust schedules on pages i through iv and 39 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Marine City's financial statements as a whole. 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 presented in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "McBride Manley & Miller".

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

CITY OF MARINE CITY
Statement of Net Assets
June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,718,861	\$ 520,447	\$ 2,239,308	\$ 1,583,411
Restricted cash	2,045	88,200	90,245	--
Accounts and assessments receivable	22,062	375,344	397,406	--
Taxes receivable	93,646	--	93,646	--
Due from other units of government	224,042	--	224,042	--
Accrued revenue	64,516	--	64,516	--
Prepaid expenses	35,208	--	35,208	--
Other assets	12,383	--	12,383	--
<i>Internal Balances*</i>	25,512	--	--	--
Total Current Assets	2,198,275	983,991	3,156,754	1,583,411
<i>Noncurrent Assets</i>				
Capital assets, net of accumulated depreciation	4,816,112	8,316,486	13,132,598	--
<i>Internal Balances*</i>	--	--	--	--
Total Assets	7,014,387	9,300,477	16,289,352	1,583,411
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	100,376	125,617	225,993	3,797
Due to agency	64	50,655	50,719	--
Accrued wages and vacation pay	152,335	11,755	164,090	--
Accrued interest payable	5,225	13,747	18,972	2,685
Current portion of debt	558,177	175,000	733,177	25,000
Due to other units and taxpayers	18,970	--	18,970	--
<i>Internal Balances*</i>	--	25,512	--	--
Total Current Liabilities	835,147	402,286	1,211,921	31,482
<i>Noncurrent Liabilities</i>				
Accrued sick pay	128,229	--	128,229	--
Long-term obligations, net of current portion	541,519	2,660,000	3,201,519	205,000
Other postemployment benefit obligation	337,501	--	337,501	--
<i>Internal Balances*</i>	--	--	--	--
Total Liabilities	1,842,396	3,062,286	4,879,170	236,482
NET ASSETS				
Investment in capital assets, net of related debt	3,666,787	5,481,486	9,148,273	--
<i>Restricted for:</i>				
Debt service	59,478	--	59,478	--
Drug enforcement	9,449	--	9,449	--
Perpetual care	137,107	--	137,107	--
Highways and streets - Act 51	618,318	--	618,318	--
Cemetery	41,910	--	41,910	--
Asset replacement	--	14,266	14,266	--
<i>Unrestricted</i>	638,942	742,439	1,381,381	1,346,929
Total Net Assets	\$ 5,171,991	\$ 6,238,191	\$ 11,410,182	\$ 1,346,929

* Amounts have been eliminated in total column

CITY OF MARINE CITY
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
Legislative	\$ 12,488	\$ --	\$ --	\$ --
General government	659,374	244,813	799	--
Public safety	1,276,716	137,216	31,010	50,626
Public works	831,648	243,212	--	--
Community and economic development	1,782	150	71,623	--
Recreation and cultural	165,489	14,664	22,287	1,705
Highways and streets	318,689	1,197	270,797	--
Other	180,516	12,159	--	--
Debt service interest	31,539	115,913	--	--
Cemetery operations	37,958	14,497	--	--
Transfers to other governments	61,408	--	--	--
Total Governmental Activities	3,577,607	783,821	396,516	52,331
Business-type Activities:				
Water and Sewer Disposal	1,923,678	1,611,587	--	23,800
Total Business-type Activities	1,923,678	1,611,587	--	23,800
Total Primary Government	\$ 5,501,285	\$ 2,395,408	\$ 396,516	\$ 76,131
Component Units				
T.I.F.A. #1	\$ 74,183	\$ --	\$ --	\$ --
T.I.F.A. #2	87,154	--	--	--
T.I.F.A. #3	531,845	--	--	--
Total Component Units	\$ 693,182	\$ --	\$ --	\$ --

General Purpose Revenues and Transfers:

Revenues

Tax collections
Interest revenue
Distributions from State of Michigan
Reimbursements from other funds and local units
Intergovernmental
Other
User fees and other charges
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

Net (Expense) Revenue			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (12,488)	\$ --	\$ (12,488)	\$ --
(413,762)	--	(413,762)	--
(1,057,864)	--	(1,057,864)	--
(588,436)	--	(588,436)	--
69,991	--	69,991	--
(126,833)	--	(126,833)	--
(46,695)	--	(46,695)	--
(168,357)	--	(168,357)	--
84,374	--	84,374	--
(23,461)	--	(23,461)	--
(61,408)	--	(61,408)	--
<u>(2,344,939)</u>	<u>--</u>	<u>(2,344,939)</u>	<u>--</u>
--	(288,291)	(288,291)	--
--	(288,291)	(288,291)	--
<u>\$ (2,344,939)</u>	<u>\$ (288,291)</u>	<u>\$ (2,633,230)</u>	<u>--</u>
--	--	--	(74,183)
--	--	--	(87,154)
--	--	--	<u>(531,845)</u>
--	--	--	<u>(693,182)</u>
1,989,620	--	1,989,620	442,253
7,168	1,082	8,250	3,113
421,221	--	421,221	--
114,026	--	114,026	--
55,836	--	55,836	--
28,560	--	28,560	--
30,812	--	30,812	--
465,100	--	465,100	--
--	--	--	--
<u>3,112,343</u>	<u>1,082</u>	<u>3,113,425</u>	<u>445,366</u>
767,404	(287,209)	480,195	(247,816)
<u>4,404,587</u>	<u>6,525,400</u>	<u>10,929,987</u>	<u>1,594,745</u>
\$ 5,171,991	\$ 6,238,191	\$ 11,410,182	\$ 1,346,929

CITY OF MARINE CITY
Balance Sheet
Governmental Funds
June 30, 2011

	<u>Special Revenue</u>		
	<u>General</u>	<u>Local Street</u>	<u>Major Street</u>
ASSETS			
Cash and cash equivalents	\$ 922,713	\$ 225,523	\$ 341,994
Restricted cash	2,045	--	--
Accounts and assessments receivable	21,030	730	302
Taxes receivable	163,988	--	--
Due from other units of government	181,251	11,637	31,130
Accrued revenue	64,516	--	--
Other assets	12,383	--	--
Due from other funds	14,453	37,866	14,000
Total Assets	\$ 1,382,379	\$ 275,756	\$ 387,426
LIABILITIES			
Accounts payable	\$ 93,939	\$ 3,128	\$ 2,264
Due to agency	64	--	--
Accrued wages and vacation pay	97,273	846	392
Due to other units and taxpayers	18,970	--	--
Deferred revenue	345,460	411	--
Due to other funds	28,000	10,306	27,928
Total Liabilities	583,706	14,691	30,584
FUND BALANCE			
Restricted	9,449	261,065	356,842
Committed	230,980	--	--
Assigned	71,025	--	--
Unassigned	487,219	--	--
Total Fund Balance	798,673	261,065	356,842
Total Liabilities and Fund Balance	\$ 1,382,379	\$ 275,756	\$ 387,426

Debt Service		
1991 Unlimited Bond Series A Fund	Other Governmental Funds	Total Governmental Funds
\$ 29,396	\$ 199,234	\$ 1,718,860
--	--	2,045
--	--	22,062
21,799	1,504	187,291
--	--	224,018
--	--	64,516
--	--	12,383
12,406	13,021	91,746
\$ 63,601	\$ 213,759	\$ 2,322,921
\$ --	\$ 1,045	\$ 100,376
--	--	64
--	1,376	99,887
--	--	18,970
21,799	1,504	369,174
--	--	66,234
21,799	3,925	654,705
41,802	200,444	869,602
--	9,390	240,370
--	--	71,025
--	--	487,219
41,802	209,834	1,668,216
\$ 63,601	\$ 213,759	\$ 2,322,921

CITY OF MARINE CITY

**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2011**

Total Fund Balance - Governmental Funds	\$	1,668,216
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements		(5,225)
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements		(93,645)
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		(180,676)
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities		369,198
Fixed assets net of accumulated depreciation not reflected on governmental balance sheets and expensed in fund level statements at time of purchase		4,816,112
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		(1,099,696)
Prepaid expenses treated as asset in Statement of Net Assets, expensed in governmental fund statements		35,208
The current cost of other postemployment benefits not due and payable in the current year is not reported in the fund level statements		(337,501)
Total Net Assets-Governmental Funds	\$	5,171,991

CITY OF MARINE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2011

	<u>Special Revenue</u>		
	<u>General</u>	<u>Local Street</u>	<u>Major Street</u>
Revenues			
Tax collections	\$ 1,778,468	\$ --	\$ --
Distributions from State of Michigan	403,368	72,124	207,668
Licenses, permits, fines, and fees	322,320	1,767	285
Recreation	35,612	--	--
Grant proceeds and reimbursements	151,315	--	--
Telecommunications	12,159	--	--
Zoning and site plan fees	1,350	--	--
Reimbursements from other funds and local units	--	--	--
Refuse	237,062	--	--
Intergovernmental	55,836	--	--
Other	32,527	--	--
User fees and other charges	22,163	--	--
Interest revenue	40,068	809	1,062
Total Revenues	<u>3,092,248</u>	<u>74,700</u>	<u>209,015</u>
Expenditures			
Legislative	11,871	--	--
General government	572,942	--	--
Public safety	1,275,025	--	--
Public works	814,612	--	--
Community and economic development	1,782	--	--
Recreation and cultural	144,546	--	--
Highways and streets	--	121,812	79,571
Other	180,516	--	--
Debt service principal	29,247	--	--
Debt service interest	3,518	--	--
Cemetery operations	--	--	--
Total Expenditures	<u>3,034,059</u>	<u>121,812</u>	<u>79,571</u>
Excess of Revenues Over (Under) Expenditures	<u>58,189</u>	<u>(47,112)</u>	<u>129,444</u>
Other Financing Sources (Uses)			
Transfers from component units	--	--	--
Transfers from other funds	--	47,077	--
Transfers to other funds	(21,000)	--	(47,077)
Net Other Financing Sources (Uses)	<u>(21,000)</u>	<u>47,077</u>	<u>(47,077)</u>
Net Change in Fund Balance	37,189	(35)	82,367
<i>Fund Balance at Beginning of Period</i>	<u>761,484</u>	<u>261,100</u>	<u>274,475</u>
Fund Balance at End of Period	\$ 798,673	\$ 261,065	\$ 356,842

Debt Service		
1991 Unlimited Bond Series A Fund	Other Governmental Funds	Total Governmental Funds
\$ 207,105	\$ 19,471	\$ 2,005,044
--	--	683,160
--	--	324,372
--	--	35,612
--	--	151,315
--	--	12,159
--	--	1,350
114,026	--	114,026
--	--	237,062
--	--	55,836
--	--	32,527
115,913	45,309	183,385
2,303	544	44,786
<u>439,347</u>	<u>65,324</u>	<u>3,880,634</u>
--	--	11,871
315	144	573,401
--	--	1,275,025
--	--	814,612
--	--	1,782
--	3,781	148,327
--	--	201,383
--	--	180,516
500,000	45,000	574,247
30,500	1,300	35,318
--	31,798	31,798
<u>530,815</u>	<u>82,023</u>	<u>3,848,280</u>
<u>(91,468)</u>	<u>(16,699)</u>	<u>32,354</u>
120,000	--	120,000
--	21,235	68,312
--	(235)	(68,312)
<u>120,000</u>	<u>21,000</u>	<u>120,000</u>
28,532	4,301	152,354
<u>13,270</u>	<u>205,533</u>	<u>1,515,862</u>
\$ 41,802	\$ 209,834	\$ 1,668,216

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, 2011**

Total Net Change in Fund Balances - Governmental Funds	\$	152,354
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements		3,779
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements		(5,096)
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		103,871
Principal payments on long-term debt expensed in governmental fund statements, treated as reductions of outstanding debt in entity-wide statements		574,247
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities		4,374
Fixed assets net of accumulated depreciation not reflected on governmental balance sheets and expensed in fund level statements at time of purchase - capital outlay in excess of depreciation		114,209
Prepaid expenses treated as asset in Statement of Net Assets, expensed in governmental fund statements		35,208
The current cost of other postemployment benefits not due and payable in the current year is not reported in the fund level statements		(154,134)
Transfer of fixed assets and related debt to Fire Authority not recognized on fund level statements		(61,408)
Changes in Net Assets-Governmental Funds	\$	767,404

CITY OF MARINE CITY
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities - Enterprise Funds	
	Water and Sewer Disposal	Total Enterprise Funds
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 520,447	\$ 520,447
Restricted cash	88,200	88,200
Accounts and assessments receivable	375,344	375,344
Total Current Assets	983,991	983,991
<i>Noncurrent Assets</i>		
Capital assets, net of accumulated depreciation	8,316,486	8,316,486
Total Assets	9,300,477	9,300,477
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable	125,617	125,617
Due to agency	50,655	50,655
Accrued wages and vacation pay	11,755	11,755
Accrued interest payable	13,747	13,747
Current portion of debt	175,000	175,000
Due to other funds	25,512	25,512
Total Current Liabilities	402,286	402,286
<i>Noncurrent Liabilities</i>		
Long-term obligations, net of current portion	2,660,000	2,660,000
Total Liabilities	3,062,286	3,062,286
NET ASSETS		
Investment in capital assets, net of related debt	5,481,486	5,481,486
<i>Restricted for:</i>		
Asset replacement	14,266	14,266
<i>Unrestricted</i>	742,439	742,439
Total Net Assets	\$ 6,238,191	\$ 6,238,191

CITY OF MARINE CITY

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

For the Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds	
	Water and Sewer Disposal	Total Enterprise Funds
Operating Revenues		
Licenses, permits, fines, and fees	\$ 1,200	\$ 1,200
Interest and penalties earned	355	355
Metered sales	1,462,264	1,462,264
Sewage treatment contract	96,568	96,568
Hydrant rental and city usage	24,000	24,000
Other	1,231	1,231
Total Operating Revenues	1,585,618	1,585,618
Operating Expenses		
Water	911,370	911,370
Sewer	936,224	936,224
Total Operating Expenses	1,847,594	1,847,594
Operating Income (Loss)	(261,976)	(261,976)
Non-Operating Revenues (Expenses)		
Interest revenue	1,082	1,082
Debt service	25,969	25,969
Capital contributions	23,800	23,800
Interest expense and agent fees	(76,084)	(76,084)
Net Non-Operating Revenues (Expenses)	(25,233)	(25,233)
Income Before Contributions and Transfers	(287,209)	(287,209)
Transfers from other funds	--	--
Transfers to other funds	--	--
Change In Net Assets	(287,209)	(287,209)
<i>Net Assets at Beginning of Period as Restated</i>	6,525,400	6,525,400
Net Assets at End of Period	\$ 6,238,191	\$ 6,238,191

CITY OF MARINE CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2011

	<u>Water and Sewer Disposal</u>
Cash Flows From Operating Activities:	
Receipts from customers	\$ 1,676,172
Payments to suppliers	(940,096)
Payments to employees	(157,941)
Other receipts (payments)	1,586
Net Cash Provided By (Used In) Operating Activities	<u>579,721</u>
Cash Flows From Capital and Related Financing Activities:	
Capital contributions	23,800
Acquisition of capital assets	(72,756)
Principal paid on bonds	(205,000)
Interest and agent fees paid on revenue bonds	(77,044)
Debt service charges	25,969
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>(305,031)</u>
Cash Flows From Investing Activities:	
Interest on investments	1,082
Net Cash Provided By (Used In) Investing Activities	<u>1,082</u>
Net Increase (Decrease) In Cash and Cash Equivalents	<u>275,772</u>
Cash and Cash Equivalents at July 1, 2010	332,875
Cash and Cash Equivalents at June 30, 2011	<u>\$ 608,647</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Operating loss	\$ (261,976)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	623,859
Change in assets and liabilities:	
Accounts receivable	92,140
Accounts payable	88,047
Due to other funds	33,500
Accrued wages and compensated absences	4,151
Net Cash Provided By (Used In) Operating Activities	<u>\$ 579,721</u>

CITY OF MARINE CITY
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Pension and Benefit Trust		Agency	
	Retiree Health Trust	Pension Fund	Tax Collection Fund	Special Assessment Trust
ASSETS				
Cash and cash equivalents	\$ --	\$ --	\$ 24,662	\$ 48,684
Investments - at fair value	227,983	5,891,633	--	--
Accounts and assessments receivable	--	--	--	8,781
Taxes receivable	--	--	835,635	--
Due from other funds	50,655	--	64	--
Total Assets	278,638	5,891,633	860,361	57,465
LIABILITIES				
Accounts payable	812	--	--	--
Accrued interest payable	--	--	--	933
Current portion of debt	--	--	--	5,000
Due to other units and taxpayers	--	--	667,192	--
Due to other funds	452	--	193,169	532
Long-term obligations, net of current portion	--	--	--	51,000
Total Liabilities	1,264	--	860,361	57,465
NET ASSETS				
Held in Trust for Pension and OPEB	\$ 277,374	\$ 5,891,633	\$ --	\$ --

CITY OF MARINE CITY

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended June 30, 2011

	<u>Retiree Health Trust</u>	<u>Pension Fund</u>
Additions		
Employer contributions	\$ 221,447	\$ 97,480
Employee contributions	--	41,381
Net appreciation in fair value of investments	23,312	739,987
Interest, dividends, and realized gains	4,484	21,353
Total Additions	<u>249,243</u>	<u>900,201</u>
Deductions		
Benefits	232,445	390,471
Administrative expenses	11,432	58,570
Total Deductions	<u>243,877</u>	<u>449,041</u>
Change in Net Assets	5,366	451,160
<i>Net Assets at Beginning of Period</i>	<u>272,008</u>	<u>5,440,473</u>
Net Assets at End of Period	\$ 277,374	\$ 5,891,633

CITY OF MARINE CITY

**Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		(Unfavorable) Final to Actual
Revenues				
Tax collections	\$ 1,925,600	\$ 1,803,600	\$ 1,778,468	\$ (25,132)
Distributions from State of Michigan	410,000	410,000	403,368	(6,632)
Licenses, permits, fines, and fees	161,680	326,030	322,320	(3,710)
Fire protection fees	115,500	--	--	--
Recreation	36,400	36,400	35,612	(788)
Grant proceeds and reimbursements	39,500	177,000	151,315	(25,685)
Telecommunications	12,500	12,500	12,159	(341)
Zoning and site plan fees	800	800	1,350	550
Refuse	248,000	248,000	237,062	(10,938)
Intergovernmental	42,000	64,000	55,836	(8,164)
Other	35,950	37,625	32,527	(5,098)
User fees and other charges	21,600	21,600	22,163	563
Interest	43,075	38,275	40,068	1,793
Total Revenues	3,092,605	3,175,830	3,092,248	(83,582)
Other Financing Sources				
Transfers from other funds	120,800	65,800	37,800	(28,000)
Total Revenues and Other Financing Sources	3,213,405	3,241,630	3,130,048	(111,582)
Expenditures				
Legislative	15,810	14,600	11,871	2,729
General government	635,745	617,335	572,942	44,393
Public safety	1,313,045	1,322,245	1,275,025	47,220
Public works	679,380	820,765	814,612	6,153
Community and economic development	16,750	7,750	1,782	5,968
Recreation and cultural	176,825	163,830	144,546	19,284
Other	132,670	203,670	180,516	23,154
Debt service principal	27,600	27,600	29,247	(1,647)
Debt service interest	5,200	5,200	3,518	1,682
Total Expenditures	3,003,025	3,182,995	3,034,059	148,936
Other Financing Uses				
Transfers to other funds	78,750	61,800	58,800	3,000
Total Expenditures and Other Financing Uses	3,081,775	3,244,795	3,092,859	151,936
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	131,630	(3,165)	37,189	40,354
Net Change in Fund Balance	131,630	(3,165)	37,189	40,354
<i>Fund Balance at Beginning of Period</i>	761,484	761,484	761,484	--
Fund Balance at End of Period	\$ 893,114	\$ 758,319	\$ 798,673	\$ 40,354

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, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Distributions from State of Michigan	\$ 195,000	\$ 195,000	\$ 207,668	\$ 12,668
Licenses, permits, fines, and fees	8,000	8,000	285	(7,715)
Interest	2,800	2,800	1,062	(1,738)
Total Revenues	205,800	205,800	209,015	3,215
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	205,800	205,800	209,015	3,215
Expenditures				
Highways and streets	161,740	158,415	79,571	78,844
Total Expenditures	161,740	158,415	79,571	78,844
Other Financing Uses				
Transfers to other funds	60,250	60,250	47,077	13,173
Total Expenditures and Other Financing Uses	221,990	218,665	126,648	92,017
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(16,190)	(12,865)	82,367	95,232
Net Change in Fund Balance	(16,190)	(12,865)	82,367	95,232
Fund Balance at Beginning of Period	274,475	274,475	274,475	--
Fund Balance at End of Period	\$ 258,285	\$ 261,610	\$ 356,842	\$ 95,232

CITY OF MARINE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

Local Street

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Distributions from State of Michigan	\$ 70,000	\$ 70,000	\$ 72,124	\$ 2,124
Licenses, permits, fines, and fees	8,000	8,000	1,767	(6,233)
Interest	1,600	1,600	809	(791)
Total Revenues	79,600	79,600	74,700	(4,900)
Other Financing Sources				
Transfers from other funds	46,250	46,250	47,077	827
Total Revenues and Other Financing Sources	125,850	125,850	121,777	(4,073)
Expenditures				
Highways and streets	172,675	195,415	121,812	73,603
Total Expenditures	172,675	195,415	121,812	73,603
Other Financing Uses				
Transfers to other funds	14,000	15,000	--	15,000
Total Expenditures and Other Financing Uses	186,675	210,415	121,812	88,603
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(60,825)	(84,565)	(35)	84,530
Net Change in Fund Balance	(60,825)	(84,565)	(35)	84,530
Fund Balance at Beginning of Period	261,100	261,100	261,100	--
Fund Balance at End of Period	\$ 200,275	\$ 176,535	\$ 261,065	\$ 84,530

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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, 2011, 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.

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.

CITY OF MARINE CITY

Notes to Financial Statements For the Year Ended June 30, 2011

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.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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 the 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 \$93,645.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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 the government-wide financial statements only.

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. 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:

<u>Asset Type</u>	<u>Life</u>
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.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent Property Taxes	\$ 187,291	\$ --
State and Local Revenue	115,981	--
Special Assessments	1,386	--
Contract revenue	<u>64,516</u>	<u>--</u>
Total	<u>\$ 369,174</u>	<u>\$ --</u>

FUND EQUITY

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent amounts committed by the government's highest level of decision-making authority and require Council resolution. Assignments represent tentative management plans that are subject to change. Management's authority to create these assignments are established by Council.

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 fund balance are available. Committed or assigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

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:

	<u>Library Fund</u>	
Recreation and cultural		\$3,506
	<u>General Fund</u>	
Debt service principal		\$1,647

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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' Healthcare Trust.

The deposits and investments of the City are not limited beyond statutory authority and are in compliance as of June 30, 2011. 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	\$ 1,720,905
Total proprietary funds	608,647
Total fiduciary funds	73,346
Total component units	1,583,411
Less cash on hand	(1,070)
Less cash held in agency	(9,510)
Total Deposits	<u>\$ 3,975,729</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 3: CASH AND INVESTMENTS (Continued)

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

<u>Deposits</u>	<u>Insured (FDIC)</u>	<u>Uninsured and Uncollateralized</u>	<u>Carrying Amount</u>	<u>Bank Balance / Market Value</u>
Demand deposits	\$ 1,094,293	\$ 2,806,432	\$ 3,900,725	\$ 3,934,932
Savings and CD's	73,934	--	73,934	73,934
Cash on hand	--	1,070	1,070	--
Total Cash	<u>\$ 1,168,227</u>	<u>\$ 2,807,502</u>	<u>3,975,729</u>	<u>\$ 4,008,866</u>
<u>Investments - Nonrisk</u>				
<u>Categorized</u>				
Mutual funds			6,043,926	\$ 6,043,926
Money Market Account			75,690	41,994
Total Investments			<u>6,119,616</u>	<u>\$ 10,094,786</u>
Total Cash and Investments			<u>\$ 10,095,345</u>	

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, 2011, \$2,807,502 of the government's bank balance of \$4,008,866 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.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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	73,934
	<u>\$ 88,200</u>

General Fund - Restricted Assets:

Unadjudicated drug forfeitures	\$ 1841
Cash restricted for police	204
	<u>\$ 2,045</u>

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 carried at market value as follows:

<u>Investment</u>	<u>Interest Rate</u>	<u>Amount</u>
Wilmington Trust		
Money Market Portfolio	Variable	\$ 5,850,801
Raymond James Money Market	Variable	75,690
Raymond James		
Mutual Fund Portfolio	Variable	193,125
		<u>\$ 6,119,616</u>

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

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 5: CAPITAL ASSETS

Governmental Activities Fixed Assets:

A summary of changes in governmental fixed assets follows:

	Balance 06/30/10	Additions	Disposals	Balance 06/30/11
Legislative:				
Equipment	\$ 3,087	\$ --	\$ --	\$ 3,087
General Government:				
Equipment and vehicles	1,305,718	1,004	--	1,306,722
Buildings	620,534	3,656	--	624,190
Land	1,471,177	--	--	1,471,177
Public Safety:				
Equipment and vehicles	1,067,992	17,977	612,262	473,707
Buildings	711,136	12,780	44,606	679,310
Capitalized leases	574,748	--	519,051	55,697
Public Works:				
Equipment and vehicles	285,901	33,359	--	319,260
Buildings	242,719	--	--	242,719
Capitalized leases	77,214	--	--	77,214
Recreation and Culture:				
Land	258,116	--	--	258,116
Equipment	343,592	11,399	--	354,991
Buildings	256,440	328,349	--	584,789
Highways and Streets:				
Equipment	240,802	2,182	--	780,770
Roads and sidewalks	2,075,255	1,585	--	1,539,054
Cemetery:				
Equipment	33,690	4,805	--	38,495
Buildings	241,770	--	--	241,770
Total Capital Assets	9,809,891	417,096	1,175,919	9,051,068
Accumulated Depreciation	4,924,813	302,887	992,744	4,234,956
Total Carrying Value of Fixed Assets	<u>\$ 4,885,078</u>	<u>\$ 114,209</u>	<u>\$ 183,175</u>	<u>\$ 4,816,112</u>

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 \$132,911 and accumulated depreciation of \$81,557.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 5: CAPITAL ASSETS (Continued)

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

Legislative	\$ 617
General Government	32,105
Public Safety	87,564
Public Works	25,972
Recreation and Culture	24,763
Highways and Streets	120,900
Cemetery	10,966
Total	<u>\$ 302,887</u>

The above expense includes amortization on capitalized leases.

Business-Type Activities Fixed Assets:

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

	Balance 06/30/10	Additions	Disposals	Balance 06/30/11
Water plant, lines, and equipment	\$ 6,371,887	\$ 59,140	\$ --	\$ 6,431,027
Sewer plant, lines, and equipment	14,645,709	13,616	--	14,659,325
Land	63,174	--	--	63,174
Total Capital Assets	<u>21,080,770</u>	<u>72,756</u>	--	<u>21,153,526</u>
Accumulated Depreciation	12,213,181	623,859	--	12,837,040
Total Carrying Value of Fixed Assets	<u>\$ 8,867,589</u>	<u>\$ (551,103)</u>	<u>\$ --</u>	<u>\$ 8,316,486</u>

Depreciation for the water and sewer systems totaled \$196,901 and \$426,958, respectively, for the year ended June 30, 2011.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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:

<u>Fund/Component Unit</u>	<u>Receivable</u>	<u>Fund/Component Unit</u>	<u>Payable</u>
Major Street	<u>\$ 14,000</u>	General Fund (Capital Improvements)	<u>\$ 14,000</u>
		General Fund (Capital Improvements)	14,000
		Major Street	<u>23,866</u>
Local Street	<u>\$ 37,866</u>		<u>\$ 37,866</u>
		Water and Sewer Fund	12,406
Debt Service Fund-1991		Tax Fund (treated as taxes receivable)	<u>21,799</u>
Unlimited Tax Bonds Series A	<u>\$ 34,205</u>		<u>\$ 34,205</u>
		Tax Fund (treated as taxes receivable)	163,988
		Major Street	4,062
		Local Street	10,306
		Water and Sewer Fund	<u>85</u>
General Fund	<u>\$ 178,441</u>		<u>\$ 178,441</u>
		Water and Sewer Fund	5,869
Debt Service Fund-1992		Tax Fund (treated as taxes receivable)	<u>1,280</u>
Unlimited Tax Bonds Series C	<u>\$ 7,149</u>		<u>\$ 7,149</u>
		Water and Sewer Fund	\$ 7,152
Debt Service Fund-1992		Tax Fund (treated as taxes receivable)	<u>224</u>
Limited Tax Bonds	<u>\$ 7,376</u>		<u>\$ 7,376</u>
Retiree Health Trust	<u>\$ 50,655</u>	Water and Sewer Fund	<u>\$ 50,655</u>
Tax Fund	<u>\$ 64</u>	General Fund	<u>\$ 64</u>

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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

Interfund and component unit transfer:

<u>Transfers In</u>		<u>Transfers Out</u>	
Local Street Fund	<u>\$ 47,077</u>	Major Street Fund	<u>\$ 47,077</u>
		T.I.F.A. #2	\$ 35,000
1991 Unlimited Tax Bonds- Series A	<u>\$ 120,000</u>	T.I.F.A. #3	<u>85,000</u>
			<u>\$ 120,000</u>
		General Fund	\$ 21,000
Cemetery Fund	<u>\$ 21,235</u>	Cemetery Trust	<u>235</u>
			<u>\$ 21,235</u>
Special Assessment	<u>\$ 2,870</u>	Water and Sewer Fund	<u>\$ 2,870</u>

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

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.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 7: LEASE OBLIGATIONS

The City has entered into a lease for copying equipment and postage. These leases are on a month-to-month basis and are being treated as operating leases. Lease expense for the period amounted to \$8,489.

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.

CHANGES IN INDEBTEDNESS BY TYPE

	Payable at 06/30/10	Increase	Decrease	Payable at 06/30/11
General Obligation:				
General obligation bonds	\$1,590,000	\$ --	\$545,000	\$1,045,000
Fire truck leases	121,743	--	121,743	--
Mortgage	86,092	--	31,396	54,696
Accrued sick pay	193,386	--	65,157	128,229
Other postemployment benefits	183,367	154,134	--	337,501
Total General Obligation	2,174,588	154,134	763,296	1,565,426
Revenue Bonds:				
Water supply and sewage disposal	375,000	--	35,000	340,000
Drinking Water Revolving Fund	2,665,000	--	170,000	2,495,000
Special assessments	61,000	--	5,000	56,000
Total Indebtedness	\$5,275,588	\$154,134	\$973,296	\$4,456,426

CHANGES IN INDEBTEDNESS BY FUND TYPE

	Payable at 06/30/10	Increase	Decrease	Payable at 06/30/11
Total Business-Type Activities Indebtedness	\$3,040,000	\$ --	\$205,000	\$2,835,000
Total Governmental Indebtedness	2,174,588	154,134	763,296	1,565,426
Special Assessments	61,000	--	5,000	56,000
Total Indebtedness	\$5,275,588	\$154,134	\$973,296	\$4,456,426

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.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 8: LONG-TERM DEBT (Continued)

SUMMARY OF INDEBTEDNESS

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
General Obligations:				
1991 Unlimited Tax Bonds - Series A	1	2.00%	2013	\$ 1,025,000
1992 Unlimited Tax Bonds - Series C	1	2.00	2012	20,000
Mortgage - 131 S. Water Street	1	4.84	2013	54,696
Accrued sick pay	N/A	N/A	N/A	128,229
Other postemployment benefits	N/A	N/A	N/A	337,501
Total General Obligations				<u>\$ 1,565,426</u>
Special Assessment Bonds				<u>\$ 56,000</u>
Revenue Bonds:				
Water supply and sewer system				\$ 340,000
Drinking Water Revolving Funds				2,495,000
Total Revenue Bonds				<u>\$ 2,835,000</u>

SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Obligations	\$ 583,665	\$ 552,286	\$ --	\$ --	\$ --
Revenue Bonds	17,875	51,125	49,375	47,625	45,875
Drinking Water Revolving Fund Bonds	221,963	218,019	219,075	220,006	220,831
Special Assessment Bonds	<u>7,675</u>	<u>7,425</u>	<u>7,175</u>	<u>6,925</u>	<u>7,650</u>
Total Principal and Interest Requirements	<u>\$ 831,178</u>	<u>\$ 828,855</u>	<u>\$ 275,625</u>	<u>\$ 274,556</u>	<u>\$ 274,356</u>
	<u>2017-2021</u>	<u>2022-2026</u>	<u>2027-2030</u>	<u>Total</u>	
General Obligations	\$ --	\$ --	\$ --	\$1,135,951	
Revenue Bonds	225,000	--	--	436,875	
Drinking Water Revolving Fund Bonds	954,694	738,218	--	2,792,806	
Special Assessment Bonds	<u>33,751</u>	<u>--</u>	<u>--</u>	<u>70,601</u>	
Total Principal and Interest Requirements	<u>\$ 1,213,445</u>	<u>\$ 738,218</u>	<u>\$ --</u>	<u>\$4,436,233</u>	

Total interest expense for the City for the year was \$110,761.

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 10/11, the state equalized value of the City of Marine City was \$124,820,000; therefore, the legal debt margin is \$12,482,000.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 8: LONG-TERM DEBT (Continued)

COMPONENT UNIT INDEBTEDNESS

At June 30, 2011, T.I.F.A. #1 had a total of \$230,000 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 77 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, 2011, was approximately \$815,000 with payroll for the year totaling approximately \$1,400,000. Membership in the Retirement System as of June 30, 2010 (latest actuarial report available), is comprised of the following:

<u>Group</u>	<u>Employees</u>
Retirees and beneficiaries currently receiving benefits	21
Active employees - fully vested	18
- nonvested	3

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.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

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 \$221,447, and benefits paid totaled \$232,445. Plan members are not responsible for contributions to the plan and the City funds the plan on a pay-as-you-go basis.

There are currently 20 active employees covered by the plan and 9 retirees receiving benefits.

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 (Interest on net OPEB obligation included)	\$ 375,581
Adjustment to Annual Required Contribution	--
Annual OPEB Cost	375,581
Contributions made	<u>(221,447)</u>
Increase in net OPEB obligation	154,134
Net OPEB obligation - beginning of year	<u>183,367</u>
Net OPEB obligation - end of year	<u>\$ 337,501</u>

The City's annual OPEB costs, the percentage of annual OPEB costs contributed to the plan, and the net OPEB obligations for the current and post year are as follows:

	<u>6/30/11</u>	<u>6/30/10</u>
Annual OPEB costs	\$ 375,581	\$ 362,006
Percentage contributed	41%	49%
Net OPEB obligation	\$ 221,447	\$ 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).

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 11: FUND BALANCE/RETAINED EARNINGS RESTRICTIONS, COMMITMENTS AND ASSIGNMENTS

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Fund:				
General				
Drug enforcement	\$ --	\$ 9,449	\$ --	\$ --
Police equipment	--	--	--	6,902
Park signs	--	--	--	128
Playground equipment	--	--	--	63,995
Capital projects	--	--	230,980	--
Local Street				
Highways and streets - Act 51	--	261,065	--	--
Major Street				
Highways and streets - Act 51	--	356,842	--	--
1991 Unlimited Bond Series A				
Debt Service	--	41,802	--	--
Woodlawn Cemetery				
Cemetery	--	41,909	--	--
Library Fund				
Library	--	--	9,390	--
1992 Limited Tax Bonds				
Debt Service	--	11,789	--	--
1992 Unlimited Tax Bonds - Series C				
Debt Service	--	9,639	--	--
Cemetery Perpetual Care				
Perpetual care	--	137,107	--	--
Total Governmental Funds	<u>\$ --</u>	<u>\$ 869,602</u>	<u>\$ 240,370</u>	<u>\$ 71,025</u>

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 \$6,949, and employer contributions amounted to \$13,898 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.

CITY OF MARINE CITY
Notes to Financial Statements
For the Year Ended June 30, 2011

NOTE 13: CONTINGENCIES AND RISKS (Continued)

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.

NOTE 14: JOINT VENTURE/RELATED PARTY TRANSACTIONS

The City of Marine City entered into an agreement with the Township of Cottrellville, the Township of East China, and China Township for an area fire authority to provide fire and emergency services to the residents of the City and Townships. The Marine City Fire Authority is funded by contract revenues paid by the municipalities. The amount due from each municipality is determined based on total budgeted expenditures of the Authority and allocated to each government based on an average of fire and emergency runs from the previous three years.

During the fiscal year, the City paid \$289,372 to the Marine City Fire Authority for its portion of fire and emergency services. The City also transferred personal property and the related debt to the Marine City Fire Authority in the amount of \$61,408 during the year. These assets are subject to an annual lease of \$1 through June 30, 2035.

As part of the Marine City Fire Authority agreement, the City of Marine City maintains the Marine City Fire Authority's accounting records and performs payroll services. The Marine City Fire Authority reimburses the City for these expenses. Total revenue recognized from administrative services performed for the Marine City Fire Authority was \$15,000 for the year.

As of year end, the Marine City Fire Authority owed the City of Marine City \$5,200 for payroll and miscellaneous expenditures. This amount is included in "Due from other units".

The Marine City Fire Authority is a separate legal entity and issues its own financial statements. These statements are available from the City of Marine City at 303 S. Water Street, Marine City, MI 48039.

NOTE 15: PRIOR PERIOD ADJUSTMENT

A prior period adjustment has been made due to an understatement of accrued revenue in the prior year as follows:

Water and Sewer Fund	
Net assets at June 30, 2010	\$ 6,467,814
Understatement of accrued revenue	<u>57,586</u>
Restated net assets	<u>\$ 6,525,400</u>

SUPPLEMENTAL INFORMATION

CITY OF MARINE CITY

Pension Trust Fund

Required Supplementary Information

June 30, 2011

(Per latest actuarial report dated June 30, 2010)

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)						
06/30/01	\$ 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
06/30/10	6,257	7,309	1,052	85.6	931	113.0

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
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	95,469	100

Market value

CITY OF MARINE CITY
Retiree Health Trust
Required Supplementary Information
June 30, 2011
(Per latest actuarial report dated June 30, 2010)

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
Market value

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 at 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, 2011

	<u>T.I.F.A. #1</u>	<u>T.I.F.A. #2</u>	<u>T.I.F.A. #3</u>	<u>Total Component Units</u>
ASSETS				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 18,314	\$ 529,985	\$ 1,035,112	\$ 1,583,411
Total Current Assets	<u>18,314</u>	<u>529,985</u>	<u>1,035,112</u>	<u>1,583,411</u>
<i>Noncurrent Assets</i>				
	--	--	--	--
Total Assets	<u>18,314</u>	<u>529,985</u>	<u>1,035,112</u>	<u>1,583,411</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	3,797	--	--	3,797
Accrued interest payable	2,685	--	--	2,685
Current portion of debt	25,000	--	--	25,000
Total Current Liabilities	<u>31,482</u>	<u>--</u>	<u>--</u>	<u>31,482</u>
<i>Noncurrent Liabilities</i>				
Long-term obligations, net of current portion	205,000	--	--	205,000
Total Liabilities	<u>236,482</u>	<u>--</u>	<u>--</u>	<u>236,482</u>
NET ASSETS				
<i>Unrestricted</i>	(218,168)	529,985	1,035,112	1,346,929
Total Net Assets	<u>\$ (218,168)</u>	<u>\$ 529,985</u>	<u>\$ 1,035,112</u>	<u>\$ 1,346,929</u>

CITY OF MARINE CITY
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2011

	<u>T.I.F.A. #1</u>	<u>T.I.F.A. #2</u>	<u>T.I.F.A. #3</u>	<u>Total Component Units</u>
Expenses				
General government	\$ 29,243	\$ 52,067	\$ 105,629	\$ 186,939
Community and economic development	29,211	--	--	29,211
Debt service interest	11,932	--	--	11,932
Transfers to primary government	3,797	35,087	426,216	465,100
Total Expenses	<u>74,183</u>	<u>87,154</u>	<u>531,845</u>	<u>693,182</u>
Program Revenues				
Charges for services	--	--	--	--
Operating grants and contributions	--	--	--	--
Capital grants and contributions	--	--	--	--
Total Program Revenues	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Program Revenues (Expenses)	<u>(74,183)</u>	<u>(87,154)</u>	<u>(531,845)</u>	<u>(693,182)</u>
General Revenue				
Tax collections	75,966	88,728	277,559	442,253
Interest revenue	76	976	2,061	3,113
Total General Revenues	<u>76,042</u>	<u>89,704</u>	<u>279,620</u>	<u>445,366</u>
Change in Net Assets	<u>1,859</u>	<u>2,550</u>	<u>(252,225)</u>	<u>(247,816)</u>
<i>Net Assets at Beginning of Period</i>	<u>(220,027)</u>	<u>527,435</u>	<u>1,287,337</u>	<u>1,594,745</u>
Net Assets at End of Period	<u>\$ (218,168)</u>	<u>\$ 529,985</u>	<u>\$ 1,035,112</u>	<u>\$ 1,346,929</u>

CITY OF MARINE CITY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	Special Revenue		Debt Service	
	Woodlawn Cemetery	Library Fund	1992 Limited Tax Bonds	1992 Unlimited Tax Bonds-Series C
ASSETS				
Cash and cash equivalents	\$ 44,330	\$ 9,390	\$ 4,637	\$ 3,770
Taxes receivable	--	--	224	1,280
Due from other funds	--	--	7,152	5,869
Total Assets	\$ 44,330	\$ 9,390	\$ 12,013	\$ 10,919
LIABILITIES				
Accounts payable	\$ 1,045	\$ --	\$ --	\$ --
Accrued wages and vacation pay	1,376	--	--	--
Deferred revenue	--	--	224	1,280
Total Liabilities	2,421	--	224	1,280
FUND BALANCE				
Restricted	41,909	--	11,789	9,639
Committed	--	9,390	--	--
Unassigned	--	--	--	--
Total Fund Balance	41,909	9,390	11,789	9,639
Total Liabilities and Fund Balance	\$ 44,330	\$ 9,390	\$ 12,013	\$ 10,919

<u>Permanent</u>		
<u>Cemetery</u>		<u>Total Nonmajor</u>
<u>Perpetual Care</u>		<u>Governmental</u>
		<u>Funds</u>
\$ 137,107	\$	199,234
--		1,504
--		13,021
\$ 137,107	\$	213,759
\$ --	\$	1,045
--		1,376
--		1,504
--		3,925
137,107		200,444
--		9,390
--		--
137,107		209,834
\$ 137,107	\$	213,759

CITY OF MARINE CITY

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2011**

	Special Revenue		Debt Service	
	Woodlawn Cemetery	Library Fund	1992 Limited Tax Bonds	1992 Unlimited Tax Bonds-Series C
Revenues				
Tax collections	\$ --	\$ --	\$ --	\$ 19,471
User fees and other charges	14,497	--	24,943	5,869
Interest revenue	57	22	--	226
Total Revenues	14,554	22	24,943	25,566
Expenditures				
General government	--	--	93	51
Recreation and cultural	--	3,781	--	--
Debt service principal	--	--	20,000	25,000
Debt service interest	--	--	400	900
Cemetery operations	31,798	--	--	--
Total Expenditures	31,798	3,781	20,493	25,951
Excess of Revenues Over (Under) Expenditures	(17,244)	(3,759)	4,450	(385)
Other Financing Sources (Uses)				
Transfers from other funds	21,235	--	--	--
Transfers to other funds	--	--	--	--
Net Other Financing Sources (Uses)	21,235	--	--	--
Net Change in Fund Balance	3,991	(3,759)	4,450	(385)
<i>Fund Balance at Beginning of Period</i>	<i>37,918</i>	<i>13,149</i>	<i>7,339</i>	<i>10,024</i>
Fund Balance at End of Period	\$ 41,909	\$ 9,390	\$ 11,789	\$ 9,639

<u>Permanent</u>		
<u>Cemetery</u>		<u>Total Nonmajor</u>
<u>Perpetual Care</u>		<u>Governmental</u>
		<u>Funds</u>
\$ --	\$	19,471
--		45,309
239		544
<u>239</u>		<u>65,324</u>
--		144
--		3,781
--		45,000
--		1,300
--		31,798
<u>--</u>		<u>82,023</u>
239		(16,699)
--		21,235
(235)		(235)
<u>(235)</u>		<u>21,000</u>
4		4,301
137,103		205,533
<u>\$ 137,107</u>	<u>\$</u>	<u>209,834</u>

CITY OF MARINE CITY
General Fund Combining Balance Sheet
All Funds Treated as General
June 30, 2011

	Capital Improvement	General Fund	Total General Funds
ASSETS			
Cash and cash equivalents	\$ 258,980	\$ 663,733	\$ 922,713
Restricted cash	--	2,045	2,045
Accounts and assessments receivable	--	21,030	21,030
Taxes receivable	--	163,988	163,988
Due from other units of government	--	181,251	181,251
Accrued revenue	--	64,516	64,516
Other assets	--	12,383	12,383
Due from other funds	--	14,453	14,453
	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 258,980	\$ 1,123,399	\$ 1,382,379
LIABILITIES			
Accounts payable	\$ --	\$ 93,939	\$ 93,939
Due to agency	--	64	64
Accrued wages and vacation pay	--	97,273	97,273
Due to other units and taxpayers	--	18,970	18,970
Deferred revenue	--	345,460	345,460
Due to other funds	28,000	--	28,000
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	28,000	555,706	583,706
FUND BALANCE			
Restricted	--	9,449	9,449
Committed	230,980	--	230,980
Assigned	--	71,025	71,025
Unassigned	--	487,219	487,219
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	230,980	567,693	798,673
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	\$ 258,980	\$ 1,123,399	\$ 1,382,379

CITY OF MARINE CITY

General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

All Funds Treated as General

For the Year Ended June 30, 2011

	Capital Improvement	General Fund	Total General Funds
Revenues			
Tax collections	\$ --	\$ 1,778,468	\$ 1,778,468
Distributions from State of Michigan	--	403,368	403,368
Licenses, permits, fines, and fees	--	322,320	322,320
Recreation	--	35,612	35,612
Grant proceeds and reimbursements	--	151,315	151,315
Telecommunications	--	12,159	12,159
Zoning and site plan fees	--	1,350	1,350
Refuse	--	237,062	237,062
Intergovernmental	--	55,836	55,836
Other	--	32,527	32,527
User fees and other charges	--	22,163	22,163
Interest revenue	385	39,683	40,068
Total Revenues	385	3,091,863	3,092,248
Expenditures			
Legislative	--	11,871	11,871
General government	--	572,942	572,942
Public safety	--	1,275,025	1,275,025
Public works	--	814,612	814,612
Community and economic development	--	1,782	1,782
Recreation and cultural	--	144,546	144,546
Other	--	180,516	180,516
Debt service principal	--	29,247	29,247
Debt service interest	--	3,518	3,518
Total Expenditures	--	3,034,059	3,034,059
Excess of Revenues Over (Under) Expenditures	385	57,804	58,189
Other Financing Sources (Uses)			
Transfers from other funds	--	--	--
Transfers to other funds	37,800	(58,800)	(21,000)
Net Other Financing Sources (Uses)	37,800	(58,800)	(21,000)
Net Change in Fund Balance	38,185	(996)	37,189
<i>Fund Balance at Beginning of Period</i>	192,795	568,689	761,484
Fund Balance at End of Period	\$ 230,980	\$ 567,693	\$ 798,673

CITY OF MARINE CITY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund (a consolidated component of the General Fund)
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Tax collections	\$ 1,925,600	\$ 1,803,600	\$ 1,778,468	\$ (25,132)
Distributions from State of Michigan	410,000	410,000	403,368	(6,632)
Licenses, permits, fines, and fees	161,680	326,030	322,320	(3,710)
Fire protection fees	115,500	--	--	--
Recreation	36,400	36,400	35,612	(788)
Grant proceeds and reimbursements	39,500	177,000	151,315	(25,685)
Telecommunications	12,500	12,500	12,159	(341)
Zoning and site plan fees	800	800	1,350	550
Refuse	248,000	248,000	237,062	(10,938)
Intergovernmental	42,000	64,000	55,836	(8,164)
Other	35,950	37,625	32,527	(5,098)
User fees and other charges	21,600	21,600	22,163	563
Interest	42,025	37,225	39,683	2,458
Total Revenues	3,091,555	3,174,780	3,091,863	(82,917)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	3,091,555	3,174,780	3,091,863	(82,917)
Expenditures				
Legislative	15,810	14,600	11,871	2,729
General government	635,745	617,335	572,942	44,393
Public safety	1,313,045	1,322,245	1,275,025	47,220
Public works	679,380	820,765	814,612	6,153
Community and economic development	16,750	7,750	1,782	5,968
Recreation and cultural	176,825	163,830	144,546	19,284
Other	132,670	203,670	180,516	23,154
Debt service principal	27,600	27,600	29,247	(1,647)
Debt service interest	5,200	5,200	3,518	1,682
Total Expenditures	3,003,025	3,182,995	3,034,059	148,936
Other Financing Uses				
Transfers to other funds	78,750	61,800	58,800	3,000
Total Expenditures and Other Financing Uses	3,081,775	3,244,795	3,092,859	151,936
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	9,780	(70,015)	(996)	69,019
Net Change in Fund Balance	9,780	(70,015)	(996)	69,019
<i>Fund Balance at Beginning of Period</i>	<i>568,689</i>	<i>568,689</i>	<i>568,689</i>	<i>--</i>
Fund Balance at End of Period	\$ 578,469	\$ 498,674	\$ 567,693	\$ 69,019

CITY OF MARINE CITY

**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Capital Improvement (a consolidated component of the General Fund)
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Interest	\$ 1,050	\$ 1,050	\$ 385	\$ (665)
Total Revenues	1,050	1,050	385	(665)
Other Financing Sources				
Transfers from other funds	120,800	65,800	37,800	(28,000)
Total Revenues and Other Financing Sources	121,850	66,850	38,185	(28,665)
Expenditures	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	--	--	--	--
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	121,850	66,850	38,185	(28,665)
Net Change in Fund Balance	121,850	66,850	38,185	(28,665)
Fund Balance at Beginning of Period	192,795	192,795	192,795	--
Fund Balance at End of Period	\$ 314,645	\$ 259,645	\$ 230,980	\$ (28,665)

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

Woodlawn Cemetery

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
User fees and other charges	\$ 16,300	\$ 16,300	\$ 14,497	\$ (1,803)
Interest	100	100	57	(43)
Total Revenues	<u>16,400</u>	<u>16,400</u>	<u>14,554</u>	<u>(1,846)</u>
Other Financing Sources				
Transfers from other funds	26,950	24,000	21,235	(2,765)
Total Revenues and Other Financing Sources	<u>43,350</u>	<u>40,400</u>	<u>35,789</u>	<u>(4,611)</u>
Expenditures				
Cemetery operations	43,350	40,400	31,798	8,602
Total Expenditures	<u>43,350</u>	<u>40,400</u>	<u>31,798</u>	<u>8,602</u>
Other Financing Uses	--	--	--	--
Total Expenditures and Other Financing Uses	<u>43,350</u>	<u>40,400</u>	<u>31,798</u>	<u>8,602</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	3,991	3,991
Net Change in Fund Balance	--	--	3,991	3,991
<i>Fund Balance at Beginning of Period</i>	37,918	37,918	37,918	--
Fund Balance at End of Period	<u>\$ 37,918</u>	<u>\$ 37,918</u>	<u>\$ 41,909</u>	<u>\$ 3,991</u>

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, 2011**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Interest	\$ 625	\$ 625	\$ 239	\$ (386)
Total Revenues	625	625	239	(386)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	625	625	239	(386)
Expenditures	--	--	--	--
Total Expenditures	--	--	--	--
Other Financing Uses				
Transfers to other funds	625	625	235	390
Total Expenditures and Other Financing Uses	625	625	235	390
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	4	4
Net Change in Fund Balance	--	--	4	4
<i>Fund Balance at Beginning of Period</i>	137,103	137,103	137,103	--
Fund Balance at End of Period	\$ 137,103	\$ 137,103	\$ 137,107	\$ 4

CITY OF MARINE CITY

Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual

Library Fund

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Interest	\$ 60	\$ 60	\$ 22	\$ (38)
Total Revenues	60	60	22	(38)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	60	60	22	(38)
Expenditures				
Recreation and cultural	--	275	3,781	(3,506)
Total Expenditures	--	275	3,781	(3,506)
Other Financing Uses				
Transfers to other funds	--	12,900	--	12,900
Total Expenditures and Other Financing Uses	--	13,175	3,781	9,394
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	60	(13,115)	(3,759)	9,356
Net Change in Fund Balance	60	(13,115)	(3,759)	9,356
Fund Balance at Beginning of Period	13,149	13,149	13,149	--
Fund Balance at End of Period	\$ 13,209	\$ 34	\$ 9,390	\$ 9,356

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, 2011

(Modified Accrual Basis)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Tax collections	\$ 75,000	\$ 75,000	\$ 75,966	\$ 966
Interest	475	475	76	(399)
Total Revenues	75,475	75,475	76,042	567
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	75,475	75,475	76,042	567
Expenditures				
General government	34,675	34,675	29,243	5,432
Community and economic development	29,211	29,211	29,211	--
Debt service principal	25,000	25,000	25,000	--
Debt service interest	12,200	12,200	12,183	17
Total Expenditures	101,086	101,086	95,637	5,449
Other Financing Uses				
Transfers to primary government	7,864	7,864	3,797	4,067
Total Expenditures and Other Financing Uses	108,950	108,950	99,434	9,516
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(33,475)	(33,475)	(23,392)	10,083
Net Change in Fund Balance	(33,475)	(33,475)	(23,392)	10,083
Fund Balance at Beginning of Period	37,909	37,909	37,909	--
Fund Balance at End of Period	\$ 4,434	\$ 4,434	\$ 14,517	\$ 10,083

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, 2011

(Modified Accrual Basis)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Tax collections	\$ 88,400	\$ 88,400	\$ 88,728	\$ 328
Interest	2,300	2,300	976	(1,324)
Total Revenues	90,700	90,700	89,704	(996)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	90,700	90,700	89,704	(996)
Expenditures				
General government	133,750	133,750	52,067	81,683
Total Expenditures	133,750	133,750	52,067	81,683
Other Financing Uses				
Transfers to primary government	35,000	35,000	35,087	(87)
Total Expenditures and Other Financing Uses	168,750	168,750	87,154	81,596
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(78,050)	(78,050)	2,550	80,600
Net Change in Fund Balance	(78,050)	(78,050)	2,550	80,600
Fund Balance at Beginning of Period	527,435	527,435	527,435	--
Fund Balance at End of Period	\$ 449,385	\$ 449,385	\$ 529,985	\$ 80,600

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, 2011

(Modified Accrual Basis)

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Tax collections	\$ 280,000	\$ 280,000	\$ 277,559	\$ (2,441)
Interest	6,000	6,000	2,061	(3,939)
Total Revenues	286,000	286,000	279,620	(6,380)
Other Financing Sources	--	--	--	--
Total Revenues and Other Financing Sources	286,000	286,000	279,620	(6,380)
Expenditures				
General government	248,750	248,750	105,629	143,121
Total Expenditures	248,750	248,750	105,629	143,121
Other Financing Uses				
Transfers to primary government	448,000	448,000	426,216	21,784
Total Expenditures and Other Financing Uses	696,750	696,750	531,845	164,905
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(410,750)	(410,750)	(252,225)	158,525
Net Change in Fund Balance	(410,750)	(410,750)	(252,225)	158,525
Fund Balance at Beginning of Period	1,287,337	1,287,337	1,287,337	--
Fund Balance at End of Period	\$ 876,587	\$ 876,587	\$ 1,035,112	\$ 158,525

CITY OF MARINE CITY
Schedule of General Fund Revenue and Other Financing Sources
For The Year Ended June 30, 2011

	ACTUAL	AMENDED BUDGET	VARIANCE
REVENUE DETAILS			
CURRENT PROPERTY TAX	\$ 1,727,302.67	\$ 1,772,000.00	\$ (44,697.33)
DELINQUENT PROP TAX	32,557.98	13,000.00	19,557.98
PROPERTY TAX-IFT	18,606.92	18,600.00	6.92
PENALTY & INTEREST-TAXES	37,617.77	35,000.00	2,617.77
LICENSES	2,997.96	6,500.00	(3,502.04)
CABLE TV FRANCHISE FEE	55,186.06	55,000.00	186.06
TRAILER PARK FEE	105.00	80.00	25.00
HAP GRANT - RECREATION DEPT	1,338.75	-	1,338.75
PERMITS	19,103.00	19,000.00	103.00
FEDERAL GRANT-HOMELAND SEC.	-	30,000.00	(30,000.00)
MICHIGAN STATE HOUSING DEV. AUTH. GRANT	5,000.00	5,000.00	-
MICHIGAN JUSTICE TRAINING FUNDS	1,652.12	500.00	1,152.12
STONEGARDEN GRANT PROCEEDS	40,778.00	35,000.00	5,778.00
2006 HOMELAND SECURITY GRANT FUNDS	6,245.63	5,000.00	1,245.63
STATE GRANT FUNDS - FAÇADE PROG-PHASE I	61,623.00	82,000.00	(20,377.00)
MCPD 2010 BYRNE TECHNOLOGY GRANT - STATE	14,583.00	14,500.00	83.00
STATE GRANT - SAFETY BELT ZONE	3,711.67	-	3,711.67
STATE GRANT FUNDS-RENTAL REHAB PHASE II	5,000.00	5,000.00	-
2008 HOMELAND SECURITY GRANT-EQUIPMENT	9,847.74	-	9,847.74
2009 OPERATION STONEGARDEN GRANT	734.92	-	734.92
CAAT GRANT PROCEEDS	799.30	-	799.30
SALES TAX	403,368.00	410,000.00	(6,632.00)
TELECOMMUNICATIONS ROW FUNDS	12,158.77	12,500.00	(341.23)
LIQUOR LICENSE	4,081.55	4,000.00	81.55
ZONING & VARIANCE FEE	150.00	700.00	(550.00)
SITE PLAN FEE	1,200.00	100.00	1,100.00
SEX OFFENDER REGISTRATION FEE	110.00	200.00	(90.00)
RECREATION	14,663.53	16,400.00	(1,736.47)
RECREATION MILLAGE	20,947.96	20,000.00	947.96
SALVAGE RECERTIFICATION FEES	54,600.00	60,000.00	(5,400.00)
REFUSE	237,061.92	248,000.00	(10,938.08)
CHARGE FOR SERVICES	103,897.10	105,000.00	(1,102.90)
ADMINISTRATIVE SERVICES-M.C. FIRE AUTH.	15,000.00	15,000.00	-
CHARGE FOR SERVICES-SPECIAL EVENTS	543.62	-	543.62
MISCELLANEOUS REVENUE	15,034.58	20,000.00	(4,965.42)
MISC. REV.-LIBRARY EXP.	13,157.78	11,500.00	1,657.78
ACCIDENT REPORT COPIES-PD	874.00	600.00	274.00
PBT TESTING-PD	1,136.00	600.00	536.00
FINGER PRINTING FEE-PD	230.00	600.00	(370.00)
DIGITAL VIDEO FEE-PD	75.00	150.00	(75.00)
GUN PERMIT FEES-PD	120.00	-	120.00
WEED CUTTING SERVICES	6,150.49	4,000.00	2,150.49
COURT FINES	7,481.13	6,000.00	1,481.13
MUNICIPAL CIVIL INFRACTION-PD	28,475.00	26,350.00	2,125.00
MUNICIPAL CIVIL INFRACTION-BD	-	600.00	(600.00)
OWI FORFEITURE FEES	70.00	200.00	(130.00)
DRUG FORFEITURE FUNDS	15,419.00	15,000.00	419.00
INTEREST	2,064.89	2,200.00	(135.11)
INTEREST-SPECIAL ASSESSMENT	-	25.00	(25.00)
RENT	55,835.83	64,000.00	(8,164.17)
CELLULAR TOWER LEASE	9,100.00	9,100.00	-
HOMELAND SECURITY TOWER LEASE	22,162.64	21,600.00	562.64
SALE OF FIXED ASSETS	200.00	2,000.00	(1,800.00)
DONATIONS	33.34	500.00	(466.66)
DONATIONS-PARK BENCHES	1,672.00	1,675.00	(3.00)
CONT. FROM OTHER FUNDS	-	-	-
TOTAL REVENUE AND OTHER FINANCING SOURCES	\$ 3,091,865.62	\$ 3,174,780.00	\$ (82,914.38)

CITY OF MARINE CITY
Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
City Commission			
OFFICIALS COMPENSATION	\$ 4,866.84	\$ 4,875.00	\$ 8.16
FICA-EMPLOYER	372.32	375.00	2.68
PRINTING	10.29	100.00	89.71
GENERAL SUPPLY	50.14	500.00	449.86
DUES/MEMBERSHIPS	3,997.00	5,000.00	1,003.00
MEALS	50.00	250.00	200.00
COMMUNITY PROMOTION	2,500.00	2,500.00	-
TRAINING/TUITION	25.00	1,000.00	975.00
Total City Commission	\$ 11,871.59	\$ 14,600.00	\$ 2,728.41
EXPENDITURE DETAILS			
City Manager			
WAGES-FULL TIME	\$ 50,051.60	\$ 50,000.00	\$ (51.60)
WAGES-PART TIME	1,393.00	5,500.00	4,107.00
FICA-EMPLOYER	3,872.04	4,450.00	577.96
HOSPITAL INSURANCE	24,299.44	25,925.00	1,625.56
LIFE INSURANCE	281.52	300.00	18.48
RETIREMENT	5,005.15	5,800.00	794.85
OFFICE SUPPLY	788.32	1,500.00	711.68
POSTAGE	140.38	100.00	(40.38)
PRINTING	24.29	200.00	175.71
GENERAL SUPPLY	-	150.00	150.00
FURNISHING/HOUSEHOLD	-	500.00	500.00
DUES/MEMBERSHIPS/CERTIFICATION	604.00	1,000.00	396.00
PHONE EXPENSE	1,400.89	900.00	(500.89)
LODGING	134.47	350.00	215.53
MEALS	-	600.00	600.00
TRAVEL EXPENSE	352.45	600.00	247.55
TRAINING/TUITION	474.00	700.00	226.00
CAPITAL OUTLAY	1,004.25	1,100.00	95.75
Total City Manager	\$ 89,825.80	\$ 99,675.00	\$ 9,849.20
EXPENDITURE DETAILS			
Assessor			
OFFICIALS COMPENSATION	\$ 817.50	\$ 1,400.00	\$ 582.50
OFFICE SUPPLY	144.31	350.00	205.69
POSTAGE	1,731.14	1,800.00	68.86
PRINTING	10.29	100.00	89.71
CONTRACTUAL SERV.	32,585.50	32,525.00	(60.50)
REGISTRATION FEES	100.00	25.00	(75.00)
PHONE EXPENSE	580.38	850.00	269.62
TRAVEL EXPENSE	-	50.00	50.00
ADVERTISING	301.50	350.00	48.50
TRAINING/TUITION	-	400.00	400.00
CAPITAL OUTLAY	-	-	-
Total Assessor	\$ 36,270.62	\$ 37,850.00	\$ 1,579.38
EXPENDITURE DETAILS			
Legal & Professional			
PROFESSIONAL SERV.	\$ 83,703.64	\$ 100,000.00	\$ 16,296.36
Total Legal & Professional	\$ 83,703.64	\$ 100,000.00	\$ 16,296.36

CITY OF MARINE CITY

**Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011**

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
City Clerk			
WAGES-FULL TIME	\$ 51,432.11	\$ 51,510.00	\$ 77.89
WAGES-PART TIME	11,835.54	11,725.00	(110.54)
LONGEVITY	650.00	650.00	-
FICA-EMPLOYER	4,556.22	4,635.00	78.78
HOSPITAL INSURANCE	20,695.75	21,625.00	929.25
LIFE INSURANCE	199.92	300.00	100.08
RETIREMENT	7,252.28	7,150.00	(102.28)
EMPLOYER RETIREE HLTH INS CONT	5,208.35	6,300.00	1,091.65
OFFICE SUPPLY	580.15	1,425.00	844.85
POSTAGE	2,261.99	2,000.00	(261.99)
PRINTING	97.42	100.00	2.58
GENERAL SUPPLY	5,810.10	3,875.00	(1,935.10)
EQUIPMENT MAINTENANCE	-	550.00	550.00
CONTRACTUAL SERV.	1,699.77	3,975.00	2,275.23
DUES/MEMBERSHIPS/CERTIFICATION	360.00	350.00	(10.00)
REGISTRATION FEES	43.00	25.00	(18.00)
PHONE EXPENSE	1,060.34	1,300.00	239.66
LODGING	570.00	900.00	330.00
MEALS	732.10	500.00	(232.10)
TRAVEL EXPENSE	669.90	900.00	230.10
ADVERTISING	2,592.90	4,000.00	1,407.10
TRAINING/TUITION	375.00	1,000.00	625.00
Total City Clerk	\$ 118,682.84	\$ 124,795.00	\$ 6,112.16
EXPENDITURE DETAILS			
City Treasurer			
WAGES-FULL TIME	\$ 43,250.07	\$ 42,800.00	\$ (450.07)
LONGEVITY	650.00	650.00	-
FICA-EMPLOYER	3,267.58	3,350.00	82.42
HOSPITAL INSURANCE	42,304.26	43,025.00	720.74
LIFE INSURANCE	354.96	360.00	5.04
RETIREMENT	5,347.66	5,225.00	(122.66)
EMPLOYER RETIREE HLTH INS CONT	4,390.04	4,350.00	(40.04)
OFFICE SUPPLY	1,073.37	1,600.00	526.63
POSTAGE	3,633.82	4,300.00	666.18
PRINTING	784.38	1,000.00	215.62
PUBLICATIONS	-	50.00	50.00
CONTRACTUAL SERV.	4,035.00	4,945.00	910.00
DUES/MEMBERSHIPS/CERTIFICATION	685.00	685.00	-
SERVICE CHARGES	(849.66)	200.00	1,049.66
PHONE EXPENSE	1,060.36	1,300.00	239.64
LODGING	1,252.08	1,300.00	47.92
MEALS	142.17	100.00	(42.17)
TRAVEL EXPENSE	708.65	725.00	16.35
TRAINING/TUITION	1,425.00	1,600.00	175.00
Total City Treasurer	\$ 113,514.74	\$ 117,565.00	\$ 4,050.26

CITY OF MARINE CITY

**Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011**

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Buildings and Grounds			
WAGES-FULL TIME	\$ 11,708.04	\$ 12,725.00	\$ 1,016.96
WAGES-PART TIME	3,230.84	2,450.00	(780.84)
FICA-EMPLOYER	1,133.83	1,850.00	716.17
RETIREMENT	1,400.87	2,000.00	599.13
EMPLOYER RETIREE HLTH INS CONT	1,170.83	1,800.00	629.17
OFFICE SUPPLY	921.36	800.00	(121.36)
GENERAL SUPPLY	738.18	2,000.00	1,261.82
EQUIPMENT MAINTENANCE	13,215.98	13,000.00	(215.98)
CONTRACTUAL SERV.	62,042.10	62,000.00	(42.10)
ELECTRIC	7,072.51	7,500.00	427.49
WATER/SEWER USAGE-CITY BUILDINGS	10,000.00	10,000.00	-
NATURAL GAS	2,450.69	3,000.00	549.31
GENERAL REPAIRS	744.05	2,000.00	1,255.95
EQUIPMENT LEASE	8,488.76	9,300.00	811.24
CAPITAL OUTLAY	3,655.78	3,675.00	19.22
Total Buildings and Grounds	\$ 127,973.82	\$ 134,100.00	\$ 6,126.18
EXPENDITURE DETAILS			
Water Shed Council			
WAGES-FULL TIME	\$ -	\$ 1,000.00	\$ 1,000.00
FICA-EMPLOYER	-	75.00	75.00
RETIREMENT	-	125.00	125.00
EMPLOYER RETIREE HLTH INS CONT	-	100.00	100.00
PROFESSIONAL SERV.	972.31	1,000.00	27.69
PERMIT FEES	2,000.00	1,000.00	(1,000.00)
TRAVEL EXPENSE	-	50.00	50.00
Total Water Shed Council	\$ 2,972.31	\$ 3,350.00	\$ 377.69

CITY OF MARINE CITY
Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011

EXPENDITURE DETAILS	ACTUAL	AMENDED BUDGET	VARIANCE
Police			
WAGES-FULL TIME	\$ 295,277.35	\$ 300,000.00	\$ 4,722.65
WAGES-PART TIME	202,623.93	214,940.00	12,316.07
OVERTIME WAGES	49,399.50	49,000.00	(399.50)
LONGEVITY	2,600.00	3,250.00	650.00
FICA-EMPLOYER	42,389.01	43,390.00	1,000.99
HOSPITAL INSURANCE	94,565.53	97,725.00	3,159.47
LIFE INSURANCE	571.20	750.00	178.80
RETIREMENT	40,799.44	40,025.00	(774.44)
EMPLOYER RETIREE HLTH INS CONT	32,738.12	33,325.00	586.88
PHYSICAL EXAMS	267.00	300.00	33.00
OFFICE SUPPLY	3,010.39	3,000.00	(10.39)
POSTAGE	628.13	700.00	71.87
PRINTING	719.45	1,500.00	780.55
GENERAL SUPPLY	2,567.57	2,000.00	(567.57)
FUEL	27,671.37	25,000.00	(2,671.37)
FIREARM SUPPLIES	5,042.82	8,000.00	2,957.18
CLOTHING	11,697.81	11,000.00	(697.81)
FURNISHING/HOUSEHOLD	44.10	3,000.00	2,955.90
EQUIPMENT MAINTENANCE	2,915.63	3,500.00	584.37
CONTRACTUAL SERV.	27,888.52	30,000.00	2,111.48
SALVAGE VEHICLE INSPECTION FEES	49,140.00	54,000.00	4,860.00
DUES/MEMBERSHIPS/CERTIFICATION	430.00	300.00	(130.00)
WITNESS FEES	-	50.00	50.00
SERVICE CHARGES	25.85	25.00	(0.85)
REGISTRATION FEES	52.00	100.00	48.00
RADIO MAINTENANCE	663.00	-	(663.00)
PHONE EXPENSE	9,453.97	8,000.00	(1,453.97)
VEHICLE MAINTENANCE	10,373.53	10,000.00	(373.53)
LODGING	-	750.00	750.00
MEALS	12.33	400.00	387.67
TRAVEL EXPENSE	143.82	250.00	106.18
COMMUNITY PROMOTION	254.80	500.00	245.20
ADVERTISING	-	50.00	50.00
ELECTRIC	4,165.31	3,500.00	(665.31)
NATURAL GAS	560.04	2,000.00	1,439.96
BUILDING REPAIR	326.94	1,000.00	673.06
MISCELLANEOUS EXPENSE	1,449.95	200.00	(1,249.95)
DRUG ENFORCEMENT	585.00	-	(585.00)
TRAINING/TUITION	4,145.51	5,000.00	854.49
CAPITAL OUTLAY	17,976.75	30,000.00	12,023.25
MAJOR REPAIR/REPLACE	16,275.00	16,275.00	-
Total Police	\$ 959,450.67	\$ 1,002,805.00	\$ 43,354.33

CITY OF MARINE CITY

**Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011**

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Fire			
CONTRACTUAL SERV.	\$ 289,372.00	\$ 289,375.00	\$ 3.00
Total Fire	\$ 289,372.00	\$ 289,375.00	\$ 3.00
EXPENDITURE DETAILS			
Inspections			
WAGES-PART TIME	\$ 18,578.46	\$ 17,720.00	\$ (858.46)
WAGES-PART TIME-BUILDING INSPECTOR	39.35	-	(39.35)
FICA-EMPLOYER	1,424.23	1,890.00	465.77
RETIREMENT	-	2,955.00	2,955.00
OFFICE SUPPLY	348.25	300.00	(48.25)
POSTAGE	29.38	500.00	470.62
PRINTING	24.29	300.00	275.71
PUBLICATIONS	410.50	400.00	(10.50)
GENERAL SUPPLY	-	50.00	50.00
FUEL	-	700.00	700.00
CLOTHING	101.54	-	(101.54)
EQUIPMENT MAINTENANCE	7.88	-	(7.88)
CONTRACTUAL SERV.	19,601.00	18,875.00	(726.00)
DUES/MEMBERSHIPS/CERTIFICATION	100.00	350.00	250.00
PHONE EXPENSE	820.34	1,225.00	404.66
VEHICLE MAINTENANCE	991.82	600.00	(391.82)
TRAVEL EXPENSE	-	200.00	200.00
ADVERTISING	-	100.00	100.00
TRAINING/TUITION	-	175.00	175.00
Total Inspections	\$ 42,477.04	\$ 46,340.00	\$ 3,862.96

CITY OF MARINE CITY

**Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011**

<i>EXPENDITURE DETAILS</i>	ACTUAL	AMENDED BUDGET	VARIANCE
<i>General Maintenance</i>			
WAGES-FULL TIME	\$ 181,352.80	\$ 174,000.00	\$ (7,352.80)
WAGES-PART TIME	2,200.39	2,625.00	424.61
LONGEVITY	3,250.00	3,250.00	-
FICA-EMPLOYER	14,245.20	13,775.00	(470.20)
HOSPITAL INSURANCE	134,985.51	136,000.00	1,014.49
LIFE INSURANCE	1,015.58	1,150.00	134.42
RETIREMENT	19,587.89	21,290.00	1,702.11
EMPLOYER RETIREE HLTH INS CONT	16,786.23	17,750.00	963.77
OFFICE SUPPLY	658.19	2,000.00	1,341.81
POSTAGE	23.26	100.00	76.74
PRINTING	-	100.00	100.00
PUBLICATIONS	-	200.00	200.00
GENERAL SUPPLY	1,706.69	4,150.00	2,443.31
CLOTHING	5,008.28	6,500.00	1,491.72
FUEL	25,438.08	24,000.00	(1,438.08)
FURNISHING/HOUSEHOLD	42.39	300.00	257.61
CUSTODIAL SUPPLY	479.60	300.00	(179.60)
EQUIPMENT MAINTENANCE	6,645.28	5,400.00	(1,245.28)
CONTRACTUAL SERV.	1,540.96	1,040.00	(500.96)
DUES/MEMBERSHIPS/CERTIFICATION	295.00	400.00	105.00
SERVICE CHARGES	44.55	175.00	130.45
CDL CONSORTIUM FEE	512.23	600.00	87.77
PHONE EXPENSE	4,331.51	4,000.00	(331.51)
VEHICLE MAINTENANCE	9,909.71	14,900.00	4,990.29
LODGING	447.81	400.00	(47.81)
MEALS	515.53	600.00	84.47
TRAVEL EXPENSE	403.62	800.00	396.38
ADVERTISING	100.50	200.00	99.50
ELECTRIC	6,508.76	5,725.00	(783.76)
NATURAL GAS	5,452.69	5,500.00	47.31
GENERAL REPAIRS	2,165.92	4,175.00	2,009.08
TRAINING/TUITION	700.00	1,000.00	300.00
CAPITAL OUTLAY	33,359.00	33,360.00	1.00
INTEREST EXPENSE	-	-	-
<i>Total General Maintenance</i>	<u>\$ 479,713.16</u>	<u>\$ 485,765.00</u>	<u>\$ 6,051.84</u>

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Street Lighting			
STREET LIGHTING	\$ 85,182.08	\$ 85,000.00	\$ (182.08)
Total Street Lighting	\$ 85,182.08	\$ 85,000.00	\$ (182.08)
EXPENDITURE DETAILS			
Refuse			
CONTRACTUAL SERV.	\$ 249,714.03	\$ 250,000.00	\$ 285.97
Total Refuse	\$ 249,714.03	\$ 250,000.00	\$ 285.97
EXPENDITURE DETAILS			
Community and Economic Development			
OFFICE SUPPLY	\$ 19.99	\$ 50.00	\$ 30.01
POSTAGE	-	300.00	300.00
PRINTING	-	200.00	200.00
PROFESSIONAL SERV.	1,599.00	6,000.00	4,401.00
MEALS	-	100.00	100.00
TRAVEL EXPENSE	-	150.00	150.00
ADVERTISING	87.10	750.00	662.90
TRAINING/TUITION	76.00	200.00	124.00
Total Community and Economic Development	\$ 1,782.09	\$ 7,750.00	\$ 5,967.91
EXPENDITURE DETAILS			
Recreation			
WAGES-PART TIME	\$ 24,084.19	\$ 24,250.00	\$ 165.81
FICA-EMPLOYER	2,032.63	1,875.00	(157.63)
RETIREMENT	2,059.54	2,025.00	(34.54)
OFFICE SUPPLY	218.03	400.00	181.97
POSTAGE	-	25.00	25.00
PRINTING	150.00	220.00	70.00
GENERAL SUPPLY	1,871.08	5,200.00	3,328.92
CONTRACTUAL SERV.	4,597.37	4,750.00	152.63
DUES/MEMBERSHIPS/CERTIFICATION	271.00	320.00	49.00
PHONE EXPENSE	1,336.55	1,650.00	313.45
MEALS	359.35	450.00	90.65
TRAVEL EXPENSE	-	50.00	50.00
COMMUNITY PROMOTION	500.00	500.00	-
ADVERTISING	-	250.00	250.00
MISCELLANEOUS EXPENSE	-	200.00	200.00
TRAINING/TUITION	352.00	450.00	98.00
Total Recreation	\$ 37,831.74	\$ 42,615.00	\$ 4,783.26

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For the Year Ended June 30, 2011

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Parks and Beach			
WAGES-FULL TIME	\$ 21,283.73	\$ 25,000.00	\$ 3,716.27
WAGES-PART TIME	51.99	-	(51.99)
WAGES-PART TIME-RECREATION	23,696.22	22,925.00	(771.22)
WAGES-PART TIME-GENERAL MAINTENANCE	14,380.66	12,000.00	(2,380.66)
FICA-EMPLOYER	4,528.74	4,600.00	71.26
RETIREMENT	2,607.71	3,025.00	417.29
EMPLOYER RETIREE HLTH INS CONT	2,123.64	2,500.00	376.36
OFFICE SUPPLY	-	250.00	250.00
GENERAL SUPPLY	3,902.73	12,725.00	8,822.27
EQUIPMENT MAINTENANCE	1,399.57	1,000.00	(399.57)
CONTRACTUAL SERV.	6,696.32	5,400.00	(1,296.32)
PHONE EXPENSE	485.33	400.00	(85.33)
ELECTRIC	2,888.74	2,000.00	(888.74)
GENERAL REPAIRS	4,916.34	5,025.00	108.66
CAPITAL OUTLAY	4,079.50	5,765.00	1,685.50
Total Parks and Beach	\$ 93,041.22	\$ 102,615.00	\$ 9,573.78
EXPENDITURE DETAILS			
Safety Program			
GENERAL SUPPLY	\$ 23.38	\$ 500.00	\$ 476.62
EQUIPMENT MAINTENANCE	-	600.00	600.00
MEALS	-	50.00	50.00
Total Safety Program	\$ 23.38	\$ 1,150.00	\$ 1,126.62
EXPENDITURE DETAILS			
Library			
GENERAL SUPPLY	\$ 54.00	\$ 350.00	\$ 296.00
CONTRACTUAL SERV.	5,147.45	6,800.00	1,652.55
PHONE EXPENSE	1,384.31	1,300.00	(84.31)
ELECTRIC	5,647.75	5,600.00	(47.75)
NATURAL GAS	1,017.01	600.00	(417.01)
GENERAL REPAIRS	397.85	2,800.00	2,402.15
Total Library	\$ 13,648.37	\$ 17,450.00	\$ 3,801.63

CITY OF MARINE CITY

Schedule of General Fund Expenditures and Other Financing Uses
For The Year Ended June 30, 2011

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
<i>Insurance</i>			
UNEMPLOYMENT	\$ 14,746.80	\$ 8,000.00	\$ (6,746.80)
HOSPITAL INSURANCE	309.32	-	(309.32)
WORKERS COMP	10,762.00	11,670.00	908.00
LIABILITY INSURANCE	51,911.80	51,000.00	(911.80)
Total Insurance	\$ 77,729.92	\$ 70,670.00	\$ (7,059.92)
EXPENDITURE DETAILS			
<i>Special Projects</i>			
GENERAL SUPPLY	\$ 34.00	\$ -	\$ (34.00)
CONTRACTUAL SERV.	14,055.00	20,000.00	5,945.00
HYDRANT RENTAL	14,000.00	14,000.00	-
MISC. EXPENSE-FAÇADE PROGRAM PHASE I	61,623.00	82,000.00	20,377.00
RENTAL REHAB-PHASE II	5,000.00	5,000.00	-
TARGETED NEIGHBORHOOD PROJECT	5,000.00	5,000.00	-
PROPERTY TAX	3,074.30	7,000.00	3,925.70
PRINCIPAL PAYMENT	29,247.00	27,600.00	(1,647.00)
INTEREST EXPENSE	3,517.92	5,200.00	1,682.08
CONTRIBUTION TO OTHER FUNDS	42,525.00	45,525.00	3,000.00
Total Special Projects	\$ 178,076.22	\$ 211,325.00	\$ 33,248.78
TOTAL EXPENDITURES AND FINANCING USES	\$ 3,092,857.28	\$ 3,244,795.00	\$ 151,937.72

CITY OF MARINE CITY

**Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2011**

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
General Administrative - Sewer			
WAGES-FULL TIME	\$ 32,351.32	\$ 33,600.00	\$ 1,248.68
WAGES-PART TIME	3,414.06	3,400.00	(14.06)
FICA-EMPLOYER	2,677.23	2,850.00	172.77
RETIREMENT	4,125.31	4,450.00	324.69
WORKERS COMP	1,397.25	2,500.00	1,102.75
EMPLOYER RETIREE HLTH INS CONT	2,162.55	3,700.00	1,537.45
OFFICE SUPPLY	507.65	700.00	192.35
POSTAGE	2,786.58	3,000.00	213.42
PRINTING	136.39	700.00	563.61
PROFESSIONAL SERV.	4,872.00	5,000.00	128.00
CONTRACTUAL SERV.	7,401.52	7,400.00	(1.52)
SERVICE CHARGES	0.65	-	(0.65)
PHONE EXPENSE	290.13	425.00	134.87
LIABILITY INSURANCE	5,975.20	9,000.00	3,024.80
INTEREST EXPENSE	9,375.00	9,825.00	450.00
Total General Administrative - Sewer	\$ 77,472.84	\$ 86,550.00	\$ 9,077.16
EXPENDITURE DETAILS			
System Maintenance - Sewer			
WAGES-FULL TIME	\$ 5,287.50	\$ 6,800.00	\$ 1,512.50
WAGES-PART TIME	7.45	-	(7.45)
FICA-EMPLOYER	401.06	525.00	123.94
RETIREMENT	619.12	825.00	205.88
PRINTING	-	50.00	50.00
EMPLOYER RETIREE HLTH INS CONT	525.21	680.00	154.79
GENERAL SUPPLY	99.80	500.00	400.20
CLOTHING	-	75.00	75.00
EQUIPMENT MAINTENANCE	-	400.00	400.00
ROAD/STREET MATERIAL	849.22	1,760.00	910.78
PROFESSIONAL SERV.	-	175.00	175.00
DUES/MEMBERSHIPS	172.80	100.00	(72.80)
GENERAL REPAIRS	2,576.09	7,000.00	4,423.91
Total System Maintenance - Sewer	\$ 10,538.25	\$ 18,890.00	\$ 8,351.75

CITY OF MARINE CITY

Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2011

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
Wastewater Treatment Plant			
WAGES-FULL TIME	\$ 22,118.37	\$ 23,000.00	\$ 881.63
WAGES-PART TIME	733.42	1,350.00	616.58
FICA-EMPLOYER	1,756.26	1,875.00	118.74
RETIREMENT	2,280.18	2,275.00	(5.18)
EMPLOYER RETIREE HLTH INS CONT	37,733.53	33,175.00	(4,558.53)
OFFICE SUPPLY	154.51	150.00	(4.51)
GENERAL SUPPLY	3,268.27	5,000.00	1,731.73
FUEL	819.72	500.00	(319.72)
LAB SUPPLY	539.39	1,000.00	460.61
TREATMENT SUPPLY	7,829.40	8,000.00	170.60
CUSTODIAL SUPPLY	-	250.00	250.00
EQUIPMENT MAINTENANCE	3,132.61	3,000.00	(132.61)
CONTRACTUAL SERV.	209,008.29	213,350.00	4,341.71
BIOSOLIDS REMOVAL	44,815.52	55,000.00	10,184.48
DUES/MEMBERSHIPS/CERTIFICATION	50.00	50.00	-
SERVICE CHARGES	-	25.00	25.00
LAND APPL. & GENERATION FEE	2,161.36	10,000.00	7,838.64
PERMIT FEES	5,500.00	5,500.00	-
PHONE EXPENSE	1,231.26	2,000.00	768.74
LODGING	-	100.00	100.00
MEALS	-	100.00	100.00
TRAVEL EXPENSE	-	150.00	150.00
ADVERTISING	-	255.00	255.00
ELECTRIC	48,810.33	48,000.00	(810.33)
NATURAL GAS	7,868.81	10,000.00	2,131.19
GENERAL REPAIRS	10,315.65	12,000.00	1,684.35
BUILDING REPAIR	1,988.00	2,000.00	12.00
TRAINING/TUITION	-	500.00	500.00
DEPRECIATION	426,958.00	-	(426,958.00)
Total Wastewater Treatment Plant	\$ 839,072.88	\$ 438,605.00	\$ (400,467.88)
EXPENDITURE DETAILS			
Pump/Lift Station - Sewer			
WAGES-FULL TIME	\$ 1,456.32	\$ 2,100.00	\$ 643.68
WAGES-PART TIME	8.85	350.00	341.15
FICA-EMPLOYER	110.99	200.00	89.01
RETIREMENT	191.62	260.00	68.38
EMPLOYER RETIREE HLTH INS CONT	145.64	225.00	79.36
GENERAL SUPPLY	656.96	1,000.00	343.04
EQUIPMENT MAINTENANCE	597.75	1,000.00	402.25
CONTRACTUAL SERV.	2,360.85	2,300.00	(60.85)
PHONE EXPENSE	643.42	700.00	56.58
ELECTRIC	8,744.41	10,000.00	1,255.59
NATURAL GAS	1,313.39	2,000.00	686.61
GENERAL REPAIRS	2,286.32	3,000.00	713.68
Total Pump/Lift Station - Sewer	\$ 18,516.52	\$ 23,135.00	\$ 4,618.48

CITY OF MARINE CITY

**Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2011**

	ACTUAL	AMENDED BUDGET	VARIANCE
EXPENDITURE DETAILS			
General Administrative - Water			
WAGES-FULL TIME	\$ 32,349.34	\$ 33,600.00	\$ 1,250.66
WAGES-PART TIME	3,414.41	3,400.00	(14.41)
FICA-EMPLOYER	2,676.88	2,850.00	173.12
RETIREMENT	4,124.79	4,450.00	325.21
WORKERS COMP	1,239.22	5,000.00	3,760.78
EMPLOYER RETIREE HLTH INS CONT	2,162.48	3,700.00	1,537.52
OFFICE SUPPLY	507.66	700.00	192.34
POSTAGE	2,786.58	3,000.00	213.42
PRINTING	136.39	800.00	663.61
PROFESSIONAL SERV.	4,872.00	5,000.00	128.00
CONTRACTUAL SERV.	2,109.52	2,300.00	190.48
SERVICE CHARGES	0.65	-	(0.65)
PHONE EXPENSE	290.14	425.00	134.86
LIABILITY INSURANCE	7,765.20	11,000.00	3,234.80
INTEREST EXPENSE	66,709.00	68,650.00	1,941.00
CONTRIBUTION TO OTHER FUNDS	2,870.00	2,165.00	(705.00)
Total General Administrative - Water	\$ 134,014.26	\$ 147,040.00	\$ 13,025.74
EXPENDITURE DETAILS			
System Maintenance - Water			
WAGES-FULL TIME	\$ 39,685.24	\$ 35,250.00	\$ (4,435.24)
WAGES-PART TIME	31.50	-	(31.50)
FICA-EMPLOYER	3,007.99	2,700.00	(307.99)
RETIREMENT	4,923.68	4,250.00	(673.68)
EMPLOYER RETIREE HLTH INS CONT	3,968.57	3,525.00	(443.57)
OFFICE SUPPLY	53.56	150.00	96.44
POSTAGE	-	75.00	75.00
PRINTING	-	50.00	50.00
GENERAL SUPPLY	234.59	600.00	365.41
ROAD/STREET MATERIAL	2,135.67	3,000.00	864.33
CONTRACTUAL SERV.	925.00	2,000.00	1,075.00
DUES/MEMBERSHIPS	272.80	275.00	2.20
WATER PURCHASE-EAST CHINA TWP	25,271.62	-	(25,271.62)
GENERAL REPAIRS	20,193.32	23,000.00	2,806.68
Total System Maintenance - Water	\$ 100,703.54	\$ 74,875.00	\$ (25,828.54)

CITY OF MARINE CITY

Schedule of Water and Sewer Fund Expenses and Other Financing Uses
For The Year Ended June 30, 2011

EXPENDITURE DETAILS	ACTUAL	AMENDED BUDGET	VARIANCE
Water Plant			
WAGES-FULL TIME	\$ 21,236.12	\$ 21,000.00	\$ (236.12)
FICA-EMPLOYER	1,633.12	1,625.00	(8.12)
RETIREMENT	2,195.37	2,500.00	304.63
EMPLOYER RETIREE HLTH INS CONT	102,331.18	79,125.00	(23,206.18)
OFFICE SUPPLY	257.15	300.00	42.85
POSTAGE	0.44	25.00	24.56
GENERAL SUPPLY	3,395.48	3,200.00	(195.48)
LAB SUPPLY	15,748.99	6,000.00	(9,748.99)
TREATMENT SUPPLY	24,859.45	26,000.00	1,140.55
EQUIPMENT MAINTENANCE	1,889.56	7,000.00	5,110.44
CONTRACTUAL SERV.	327,359.95	358,100.00	30,740.05
PUBLIC SUPPLY FEE	977.10	1,250.00	272.90
PHONE EXPENSE	7,626.15	8,000.00	373.85
ADVERTISING	1,987.41	1,000.00	(987.41)
ELECTRIC	24,940.50	26,000.00	1,059.50
NATURAL GAS	5,742.24	6,000.00	257.76
GENERAL REPAIRS	1,439.75	1,000.00	(439.75)
BUILDING REPAIR	2,839.83	3,500.00	660.17
DEPRECIATION	196,901.00	-	(196,901.00)
Total Water Plant	\$ 743,360.79	\$ 551,625.00	\$ (191,735.79)
TOTAL EXPENDITURES AND FINANCING USES	\$ 1,923,679.08	\$ 1,340,720.00	\$ (582,959.08)

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2011

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%	2012	\$ -	\$ 17,875	\$ 17,875
Principal due July 1			2013	35,000	16,125	51,125
Interest due July 1			2014	35,000	14,375	49,375
and January 1			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				340,000	\$ 96,875	\$ 436,875

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2011

Drinking Water Revolving Fund Bonds:

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Total		
				Principal	Interest	Total
9-29-98	\$ 1,155,000	2.50%	2012	\$ 60,000	\$ 13,125	\$ 73,125
Principal due April 1			2013	60,000	11,625	71,625
Interest due October 1 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				525,000	\$ 60,750	\$ 585,750

Date of Issue	Amount of Issue	Interest Rate	Payable In Fiscal Year Ended June 30	Total		
				Principal	Interest	Total
12-23-05	\$ 2,500,000	2.125%	2012	\$ 115,000	\$ 33,838	\$ 148,838
Principal due April 1			2013	115,000	31,394	146,394
Interest due October 1 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				1,970,000	\$ 237,056	\$ 2,207,056

Total Water and Sewer Fund Bonded Indebtedness

2,835,000

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2011

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%	2012	\$ 5,000	\$ 2,675	\$ 7,675
Principal due September 1			2013	5,000	2,425	7,425
Interest due September 1 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				56,000	\$ 14,601	\$ 70,601

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2011

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%	2012	\$ 30,677	\$ 2,088	\$ 32,765
Payments of \$2,730.41 due monthly			2013	26,185	801	26,986
				56,862	\$ 2,889	\$ 59,751
	Total Amount Outstanding					

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2011

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%	2012	\$ 510,000	\$ 20,500	\$ 530,500
Principal due April 1			2013	515,000	10,300	525,300
Interest due April 1 and October 1						
Total Issue Outstanding				1,025,000	\$ 30,800	\$ 1,055,800

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%	2012	\$ 20,000	\$ 400	\$ 20,400
Principal due April 1						
Interest due April 1 and October 1						
Total Issue Outstanding				20,000	\$ 400	\$ 20,400

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%	2012	\$ -	\$ -	\$ -
Principal due April 1						
Interest due April 1 and October 1						
Total Issue Outstanding				-	\$ -	\$ -

**Total Governmental Funds
Indebtedness**

1,101,862

CITY OF MARINE CITY
Schedule of Indebtedness
June 30, 2011

Xerox Leases:

	Monthly <u>Payment</u>	Payments <u>Remaining</u>	Total <u>Payments</u>
<u>Collateral</u> Xerox Copier	\$ 222	month-to-month	\$ -

TOTAL INDEBTEDNESS **\$ 3,992,862**

CITY OF MARINE CITY
Component Units
Schedule of Indebtedness
June 30, 2011

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	4.60%	2012	\$ 25,000	\$ 10,770	\$ 35,770
Principal due October 1		4.70	2013	25,000	9,608	34,608
Interest due October 1		4.80	2014	25,000	8,420	33,420
and April 1		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				\$ 230,000	\$ 49,078	\$ 279,078