

**CITY OF MARINE CITY**  
St. Clair County, Michigan  
**AUDITED FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2012

# CITY OF MARINE CITY

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**CITY OF MARINE CITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

**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 0.2% from a year ago from \$11.410 million to \$11.433 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 \$416,000 during the year, a 8.04% increase. This was the result of increases in Debt Service Fund Net Assets and General Fund Net Assets. The business-type activities experienced a \$393,000 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	
	2012	2011	2012	2011	2012	2011
Current Assets *	\$ 2,192	\$ 2,198	\$ 677	\$ 984	\$ 2,869	\$ 3,157
Noncurrent Assets	4,841	4,816	7,852	8,316	12,693	13,132
<b>Total Assets</b>	<b>7,033</b>	<b>7,014</b>	<b>8,529</b>	<b>9,300</b>	<b>15,562</b>	<b>16,289</b>
Long-Term Debt Outstanding	684	1,007	2,450	2,660	3,134	3,667
Other Liabilities *	761	835	234	402	995	1,212
<b>Total Liabilities</b>	<b>1,445</b>	<b>1,842</b>	<b>2,684</b>	<b>3,062</b>	<b>4,129</b>	<b>4,879</b>
<b>Net Assets</b>						
Invested in Capital Assets - Net of Debt	4,308	3,667	5,227	5,482	9,535	9,149
Restricted	839	866	26	14	865	880
Unrestricted	441	639	592	742	1,033	1,381
<b>Total Net Assets</b>	<b>\$ 5,588</b>	<b>\$ 5,172</b>	<b>\$ 5,845</b>	<b>\$ 6,238</b>	<b>\$ 11,433</b>	<b>\$ 11,410</b>

\* Internal balances eliminated in total column.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, decreased by \$198,000 for the governmental activities. This represents a decrease of approximately 30%. The current level of unrestricted net assets for our governmental activities stands at \$441,000, or about 12% 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, 2012**

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			
	2012	2011	2012	2011	2012	2011
<b>Program Revenues</b>						
Charges for Services	\$ 864	\$ 784	\$ 1,506	\$ 1,612	\$ 2,370	\$ 2,396
Operating Grants and Contributions	555	397	-	24	555	421
Capital Grants and Contributions	10	52	-	-	10	52
<b>General Revenues</b>						
Taxes and Payments in Lieu of Taxes	1,772	1,990	-	-	1,772	1,990
State-Shared Revenues	390	421	-	-	390	421
Unrestricted Investment Earnings	4	7	-	1	4	8
Other	576	694	-	-	576	694
<b>Total Revenues</b>	<b>4,171</b>	<b>4,345</b>	<b>1,506</b>	<b>1,637</b>	<b>5,677</b>	<b>5,982</b>
<b>Program Expenses</b>						
Legislative	15	12	-	-	15	12
General Government	614	659	-	-	614	659
Public Safety	1,336	1,277	-	-	1,336	1,277
Highways and Streets	365	319	-	-	365	319
Public Works	786	832	-	-	786	832
Planning and Economic Development	2	2	-	-	2	2
Recreation and Cultural	182	165	-	-	182	165
Other	435	280	-	-	435	280
Debt Service	20	32	-	-	20	32
Water and Sewer	-	-	1,899	1,924	1,899	1,924
<b>Total Expenses</b>	<b>3,755</b>	<b>3,578</b>	<b>1,899</b>	<b>1,924</b>	<b>5,654</b>	<b>5,502</b>
<b>Change in Net Assets</b>	<b>\$ 416</b>	<b>\$ 767</b>	<b>\$ (393)</b>	<b>\$ (287)</b>	<b>\$ 23</b>	<b>\$ 480</b>

The City's net assets continue to remain healthy. Total net assets increased by \$23,000. This was primarily because of increases in Net Assets of Governmental Activities.

**Governmental Activities**

The City's total governmental revenues decreased by approximately \$174,000, primarily due to decreases in property tax revenues. Expenses of the governmental activities increased by \$177,000 over those of the previous year. This was primarily due to increases grant expenditures for miscellaneous projects in the downtown area.

**CITY OF MARINE CITY**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**

**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 \$1,249,000. These services are supported by general tax revenues of the City and State Revenue Sharing. In addition, the General Fund expended approximately \$693,000 on Public Works. These two areas represent approximately 64% 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 11% during the year. The various departments overall stayed within the budget, resulting in total expenditures \$111,115 below the budget. The General Fund's fund balance increased by \$148,529 from a year ago.

**Capital Asset and Debt Administration**

As of the balance sheet date, there was \$12,693,105 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, 2013, 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, 2012**

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, 2012.

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 for the fiscal year 07/01/12-06/30/13 has not been adjusted as of the balance sheet date. However, it is expected to increase from the rate of 20.41% for the fiscal year 07/01/12-06/30/13. 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

& COMPANY P.C.



CERTIFIED PUBLIC  
ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

November 5, 2012

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, 2012, 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 estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Marine City, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows 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.

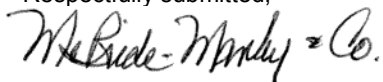
In accordance with Government Auditing Standards, we have also issued our report dated November 5, 2012, on our consideration of the City of Marine City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 and individual 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 financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

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

MCBRIDE-MANLEY & COMPANY P.C.  
Certified Public Accountants

**CITY OF MARINE CITY**  
**Statement of Net Assets**  
**June 30, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 1,846,161	\$ 192,846	\$ 2,039,007	\$ 1,309,975
Restricted cash	2,044	99,851	101,895	--
Accounts and assessments receivable	18,698	384,166	402,864	--
Taxes receivable	107,316	--	107,316	--
Due from other units of government	153,797	--	153,797	--
Prepaid expenses	50,684	--	50,684	--
Other assets	4,995	--	4,995	--
Other restricted assets	8,000	--	8,000	--
<i>Internal Balances*</i>	742	--	--	--
<b>Total Current Assets</b>	<b>2,192,437</b>	<b>676,863</b>	<b>2,868,558</b>	<b>1,309,975</b>
<i>Noncurrent Assets</i>				
Capital assets, net of accumulated depreciation	4,840,726	7,852,379	12,693,105	--
<i>Internal Balances*</i>	--	--	--	--
<b>Total Assets</b>	<b>7,033,163</b>	<b>8,529,242</b>	<b>15,561,663</b>	<b>1,309,975</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts payable	80,142	35,171	115,313	--
Due to agency	37	--	37	--
Accrued wages and vacation pay	118,927	10,184	129,111	--
Accrued interest payable	2,575	12,761	15,336	2,402
Current portion of debt	538,993	175,000	713,993	25,000
Due to other units and taxpayers	10,905	--	10,905	--
Non-adjudicated funds	9,740	--	9,740	--
<i>Internal Balances*</i>	--	742	--	--
<b>Total Current Liabilities</b>	<b>761,319</b>	<b>233,858</b>	<b>994,435</b>	<b>27,402</b>
<i>Noncurrent Liabilities</i>				
Accrued sick pay	122,833	--	122,833	--
Long-term obligations, net of current portion	--	2,450,000	2,450,000	180,000
Other postemployment benefit obligation	561,199	--	561,199	--
<i>Internal Balances*</i>	--	--	--	--
<b>Total Liabilities</b>	<b>1,445,351</b>	<b>2,683,858</b>	<b>4,128,467</b>	<b>207,402</b>
<b>NET ASSETS</b>				
Investment in capital assets, net of related debt	4,308,298	5,227,379	9,535,677	--
<i>Restricted for:</i>				
Debt service	29,750	--	29,750	--
Drug enforcement	6,623	--	6,623	--
Perpetual care	137,120	--	137,120	--
Highways and streets - Act 51	627,266	--	627,266	--
Cemetery	38,170	--	38,170	--
Asset replacement	--	14,266	14,266	--
Water monitoring system	--	11,502	11,502	--
<i>Unrestricted</i>	440,585	592,237	1,032,822	1,102,573
<b>Total Net Assets</b>	<b>\$ 5,587,812</b>	<b>\$ 5,845,384</b>	<b>\$ 11,433,196</b>	<b>\$ 1,102,573</b>

\* Amounts have been eliminated in total column

**CITY OF MARINE CITY**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
Legislative	\$ 15,211	\$ --	\$ --	\$ --
General government	614,046	243,819	--	--
Public safety	1,336,169	191,396	12,262	9,627
Public works	785,930	256,448	--	--
Community and economic development	1,942	380	255,961	--
Recreation and cultural	181,585	18,568	21,553	--
Highways and streets	364,896	200	265,119	--
Other	392,832	12,481	--	--
Debt service interest	20,312	121,815	--	--
Cemetery operations	42,271	18,371	--	--
<b>Total Governmental Activities</b>	<b>3,755,194</b>	<b>863,478</b>	<b>554,895</b>	<b>9,627</b>
<b>Business-type Activities:</b>				
Water and Sewer Disposal	1,899,125	1,505,688	--	--
<b>Total Business-type Activities</b>	<b>1,899,125</b>	<b>1,505,688</b>	<b>--</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 5,654,319</b>	<b>\$ 2,369,166</b>	<b>\$ 554,895</b>	<b>\$ 9,627</b>
<b>Component Units</b>				
T.I.F.A. #1	\$ 32,421	\$ --	\$ --	\$ --
T.I.F.A. #2	194,710	--	--	--
T.I.F.A. #3	400,338	--	--	--
<b>Total Component Units</b>	<b>\$ 627,469</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

**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**

<b>Net (Expense) Revenue</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (15,211)	\$ --	\$ (15,211)	\$ --
(370,227)	--	(370,227)	--
(1,122,884)	--	(1,122,884)	--
(529,482)	--	(529,482)	--
254,399	--	254,399	--
(141,464)	--	(141,464)	--
(99,577)	--	(99,577)	--
(380,351)	--	(380,351)	--
101,503	--	101,503	--
(23,900)	--	(23,900)	--
<u>(2,327,194)</u>	<u>--</u>	<u>(2,327,194)</u>	<u>--</u>
--	(393,437)	(393,437)	--
--	(393,437)	(393,437)	--
<u>\$ (2,327,194)</u>	<u>\$ (393,437)</u>	<u>\$ (2,720,631)</u>	<u>--</u>
--	--	--	(32,421)
--	--	--	(194,710)
--	--	--	<u>(400,338)</u>
--	--	--	<u>(627,469)</u>
1,772,316	--	1,772,316	381,401
4,097	632	4,729	1,712
390,330	--	390,330	--
114,026	--	114,026	--
41,882	--	41,882	--
55,164	--	55,164	--
6,411	--	6,411	--
358,788	--	358,788	--
--	--	--	--
<u>2,743,014</u>	<u>632</u>	<u>2,743,646</u>	<u>383,113</u>
<b>415,820</b>	<b>(392,805)</b>	<b>23,015</b>	<b>(244,356)</b>
<u>5,171,992</u>	<u>6,238,189</u>	<u>11,410,181</u>	<u>1,346,929</u>
<b>\$ 5,587,812</b>	<b>\$ 5,845,384</b>	<b>\$ 11,433,196</b>	<b>\$ 1,102,573</b>

See accompanying notes.

**CITY OF MARINE CITY**

**Balance Sheet  
Governmental Funds  
June 30, 2012**

	<u>Special Revenue</u>		
	<u>General</u>	<u>Local Street</u>	<u>Major Street</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,023,067	\$ 251,109	\$ 353,758
Restricted cash	204	--	--
Accounts and assessments receivable	18,461	237	--
Taxes receivable	189,201	--	--
Due from other units of government	109,277	11,857	32,640
Other assets	4,995	--	--
Other restricted assets	--	--	--
Due from other funds	18,072	--	--
<b>Total Assets</b>	<b>\$ 1,363,277</b>	<b>\$ 263,203</b>	<b>\$ 386,398</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 77,465	\$ 1,003	\$ 989
Due to agency	37	--	--
Accrued wages and vacation pay	61,344	1,053	1,299
Due to other units and taxpayers	10,905	--	--
Deferred revenue	274,811	--	1,626
Non-adjudicated funds	--	--	--
Due to other funds	--	12,417	5,574
<b>Total Liabilities</b>	<b>424,562</b>	<b>14,473</b>	<b>9,488</b>
<b>FUND BALANCE</b>			
Restricted	--	248,730	376,910
Committed	214,949	--	--
Assigned	88,686	--	--
Unassigned	635,080	--	--
<b>Total Fund Balance</b>	<b>938,715</b>	<b>248,730</b>	<b>376,910</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,363,277</b>	<b>\$ 263,203</b>	<b>\$ 386,398</b>

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<b>Debt Service</b>		
<b>1991 Unlimited Bond Series A Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 16,191	\$ 202,036	\$ 1,846,161
--	1,840	2,044
--	--	18,698
24,035	1,350	214,586
--	--	153,774
--	--	4,995
--	8,000	8,000
590	71	18,733
<b>\$ 40,816</b>	<b>\$ 213,297</b>	<b>\$ 2,266,991</b>

\$ 517	\$ 168	\$ 80,142
--	--	37
--	1,950	65,646
--	--	10,905
24,035	1,350	301,822
--	9,740	9,740
--	--	17,991
<b>24,552</b>	<b>13,208</b>	<b>486,283</b>

16,264	191,847	833,751
--	8,242	223,191
--	--	88,686
--	--	635,080
<b>16,264</b>	<b>200,089</b>	<b>1,780,708</b>
<b>\$ 40,816</b>	<b>\$ 213,297</b>	<b>\$ 2,266,991</b>

**CITY OF MARINE CITY**

**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets  
June 30, 2012**

---

Total Fund Balance - Governmental Funds	\$	1,780,708
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements		(2,575)
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements		(107,270)
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		(176,114)
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities		301,822
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		4,840,726
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		(538,970)
Prepaid expenses treated as asset in Statement of Net Assets, expensed in governmental fund statements		50,684
The current cost of other postemployment benefits not due and payable in the current year is not reported in the fund level statements		(561,199)
<b>Total Net Assets - Governmental Funds</b>	<b>\$</b>	<b>5,587,812</b>

**CITY OF MARINE CITY**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**

**Governmental Funds**

**For the Year Ended June 30, 2012**

	<u>Special Revenue</u>		
	<u>General</u>	<u>Local Street</u>	<u>Major Street</u>
<b>Revenues</b>			
Tax collections	\$ 1,611,173	\$ --	\$ --
Distributions from State of Michigan	422,067	72,244	191,249
Licenses, permits, fines, and fees	378,698	611	--
Recreation	37,698	--	--
Grant proceeds and reimbursements	272,038	--	--
Telecommunications	12,481	--	--
Zoning and site plan fees	380	--	--
Reimbursements from other funds and local units	--	--	--
Refuse	255,103	--	--
Intergovernmental	41,883	--	--
Other	119,563	8,214	--
User fees and other charges	22,828	--	--
Interest revenue	33,792	465	678
<b>Total Revenues</b>	<u>3,207,704</u>	<u>81,534</u>	<u>191,927</u>
<b>Expenditures</b>			
Legislative	14,594	--	--
General government	492,392	--	--
Public safety	1,249,342	--	--
Public works	692,675	--	--
Community and economic development	1,942	--	--
Recreation and cultural	162,633	--	--
Highways and streets	--	117,149	148,582
Other	392,832	--	--
Debt service principal	30,703	--	--
Debt service interest	2,062	--	--
Cemetery operations	--	--	--
<b>Total Expenditures</b>	<u>3,039,175</u>	<u>117,149</u>	<u>148,582</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>168,529</u>	<u>(35,615)</u>	<u>43,345</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from component units	--	--	--
Transfers from other funds	16,275	23,276	--
Transfers to other funds	(36,275)	--	(23,276)
<b>Net Other Financing Sources (Uses)</b>	<u>(20,000)</u>	<u>23,276</u>	<u>(23,276)</u>
<b>Net Change in Fund Balance</b>	<b>148,529</b>	<b>(12,339)</b>	<b>20,069</b>
<i>Fund Balance at Beginning of Period as Restated</i>	<u>790,186</u>	<u>261,069</u>	<u>356,841</u>
<b>Fund Balance at End of Period</b>	<b>\$ 938,715</b>	<b>\$ 248,730</b>	<b>\$ 376,910</b>



<b>Debt Service</b>		
<b>1991 Unlimited Bond Series A Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 139,494	\$ 8,027	\$ 1,758,694
--	--	685,560
--	4,612	383,921
--	--	37,698
--	--	272,038
--	--	12,481
--	--	380
114,026	--	114,026
--	--	255,103
--	--	41,883
--	--	127,777
121,815	24,782	169,425
1,419	264	36,618
<u>376,754</u>	<u>37,685</u>	<u>3,895,604</u>
--	--	14,594
3,526	444	496,362
--	6,476	1,255,818
--	--	692,675
--	--	1,942
--	1,156	163,789
--	--	265,731
--	--	392,832
510,000	20,000	560,703
20,500	400	22,962
--	35,706	35,706
<u>534,026</u>	<u>64,182</u>	<u>3,903,114</u>
<u>(157,272)</u>	<u>(26,497)</u>	<u>(7,510)</u>
120,000	--	120,000
11,734	20,125	71,410
--	(11,859)	(71,410)
<u>131,734</u>	<u>8,266</u>	<u>120,000</u>
<b>(25,538)</b>	<b>(18,231)</b>	<b>112,490</b>
<u>41,802</u>	<u>218,320</u>	<u>1,668,218</u>
<b>\$ 16,264</b>	<b>\$ 200,089</b>	<b>\$ 1,780,708</b>

**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, 2012**

Total Net Change in Fund Balances - Governmental Funds	\$	112,490
Accrued interest expense included in Statement of Activities, expensed as paid in governmental fund statements		2,650
Allowance for uncollectible taxes reflected in Statement of Net Assets, not reflected in governmental fund statements		(13,625)
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		4,563
Revenue earned but not collected within sixty days deferred in governmental fund statements, recognized as revenue in Statement of Activities		(67,352)
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		24,614
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		560,702
Prepaid expenses treated as asset in Statement of Net Assets, expensed in governmental fund statements		15,476
The current cost of other postemployment benefits not due and payable in the current year is not reported in the fund level statements		(223,698)
<b>Changes in Net Assets - Governmental Funds</b>	<b>\$</b>	<b>415,820</b>

**CITY OF MARINE CITY**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Water and Sewer Disposal</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 192,846	\$ 192,846
Restricted cash	99,851	99,851
Accounts and assessments receivable	384,166	384,166
<b>Total Current Assets</b>	<b>676,863</b>	<b>676,863</b>
<i>Noncurrent Assets</i>		
Capital assets, net of accumulated depreciation	7,852,379	7,852,379
<b>Total Assets</b>	<b>8,529,242</b>	<b>8,529,242</b>
<b>LIABILITIES</b>		
<i>Current Liabilities</i>		
Accounts payable	35,171	35,171
Accrued wages and vacation pay	10,184	10,184
Accrued interest payable	12,761	12,761
Current portion of debt	175,000	175,000
Due to other funds	742	742
<b>Total Current Liabilities</b>	<b>233,858</b>	<b>233,858</b>
<i>Noncurrent Liabilities</i>		
Long-term obligations, net of current portion	2,450,000	2,450,000
<b>Total Liabilities</b>	<b>2,683,858</b>	<b>2,683,858</b>
<b>NET ASSETS</b>		
Investment in capital assets, net of related debt	5,227,379	5,227,379
<i>Restricted for:</i>		
Asset replacement	14,266	14,266
Water monitoring system	11,502	11,502
<i>Unrestricted</i>	592,237	592,237
<b>Total Net Assets</b>	<b>\$ 5,845,384</b>	<b>\$ 5,845,384</b>

**CITY OF MARINE CITY**

**Statement of Revenues, Expenses, and Changes in Net Assets**

**Proprietary Funds**

**For the Year Ended June 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>	
	<b>Water and Sewer Disposal</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>		
Interest and penalties earned	\$ 137	\$ 137
Metered sales	1,346,306	1,346,306
Sewage treatment contract	101,339	101,339
Hydrant rental and city usage	22,000	22,000
Other	1,935	1,935
<b>Total Operating Revenues</b>	<b>1,471,717</b>	<b>1,471,717</b>
<b>Operating Expenses</b>		
Water	953,711	953,711
Sewer	874,492	874,492
<b>Total Operating Expenses</b>	<b>1,828,203</b>	<b>1,828,203</b>
<b>Operating Income (Loss)</b>	<b>(356,486)</b>	<b>(356,486)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Interest revenue	632	632
Debt service	33,971	33,971
Interest expense and agent fees	(70,922)	(70,922)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>(36,319)</b>	<b>(36,319)</b>
<b>Income Before Contributions and Transfers</b>	<b>(392,805)</b>	<b>(392,805)</b>
Transfers from other funds	--	--
Transfers to other funds	--	--
<b>Change In Net Assets</b>	<b>(392,805)</b>	<b>(392,805)</b>
<i>Net Assets at Beginning of Period</i>	<i>6,238,189</i>	<i>6,238,189</i>
<b>Net Assets at End of Period</b>	<b>\$ 5,845,384</b>	<b>\$ 5,845,384</b>

**CITY OF MARINE CITY**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2012**

	<u>Water and Sewer Disposal</u>
<b>Cash Flows From Operating Activities:</b>	
Receipts from customers	\$ 1,460,823
Payments to suppliers	(1,253,164)
Payments to employees	(175,304)
Other receipts (payments)	2,070
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b><u>34,425</u></b>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of capital assets	(103,070)
Principal paid on bonds	(210,000)
Interest and agent fees paid on revenue bonds	(71,908)
Debt service charges	33,971
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b><u>(351,007)</u></b>
<b>Cash Flows From Investing Activities:</b>	
Interest on investments	632
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b><u>632</u></b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b><u>(315,950)</u></b>
Cash and Cash Equivalents at July 1, 2011	608,647
<b>Cash and Cash Equivalents at June 30, 2012</b>	<b><u>\$ 292,697</u></b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>	
Operating loss	\$ (356,486)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:</b>	
Depreciation	567,177
<b>Change in assets and liabilities:</b>	
Accounts receivable	(8,823)
Accounts payable	(90,447)
Due to other funds	(75,425)
Accrued wages and compensated absences	(1,571)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b><u>\$ 34,425</u></b>

**CITY OF MARINE CITY**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2012**

	Pension and Benefit Trust		Agency	
	Retiree Health Trust	Pension Fund	Tax Collection Fund	Special Assessment Trust
<b>ASSETS</b>				
Cash and cash equivalents	\$ --	\$ --	\$ 5,713	\$ 44,008
Investments - at fair value	238,840	5,532,014	--	--
Accounts and assessments receivable	--	--	--	7,922
Taxes receivable	--	--	947,119	--
Due from other units of government	--	--	11,509	--
Due from other funds	--	--	37	--
<b>Total Assets</b>	<b>238,840</b>	<b>5,532,014</b>	<b>964,378</b>	<b>51,930</b>
<b>LIABILITIES</b>				
Accounts payable	186	1,650	--	--
Accrued interest payable	--	--	--	850
Current portion of debt	--	--	--	5,000
Due to other units and taxpayers	--	--	749,739	--
Due to other funds	142	--	214,639	80
Long-term obligations, net of current portion	--	--	--	46,000
<b>Total Liabilities</b>	<b>328</b>	<b>1,650</b>	<b>964,378</b>	<b>51,930</b>
<b>NET ASSETS</b>				
Held in Trust for OPEB and Pension	<b>\$ 238,512</b>	<b>\$ 5,530,364</b>	<b>\$ --</b>	<b>\$ --</b>

**CITY OF MARINE CITY**

**Statement of Changes in Fiduciary Net Assets**

**Fiduciary Funds**

**For the Year Ended June 30, 2012**

	<u>Retiree Health Trust</u>	<u>Pension Fund</u>
<b>Additions</b>		
Employer contributions	\$ 165,967	\$ 110,871
Employee contributions	--	34,871
Net appreciation in fair value of investments	(8,289)	(5,518)
Interest, dividends, and realized gains	6,822	(5,822)
<b>Total Additions</b>	<u>164,500</u>	<u>134,402</u>
<b>Deductions</b>		
Benefits	201,233	437,658
Administrative expenses	2,130	58,014
<b>Total Deductions</b>	<u>203,363</u>	<u>495,672</u>
<b>Change in Net Assets</b>	<b>(38,863)</b>	<b>(361,270)</b>
<i>Net Assets at Beginning of Period</i>	<u>277,375</u>	<u>5,891,634</u>
<b>Net Assets at End of Period</b>	<b>\$ 238,512</b>	<b>\$ 5,530,364</b>

**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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Tax collections	\$ 1,616,790	\$ 1,616,790	\$ 1,611,173	\$ (5,617)
Distributions from State of Michigan	309,000	323,225	422,067	98,842
Licenses, permits, fines, and fees	312,990	312,990	378,698	65,708
Recreation	29,900	29,900	37,698	7,798
Grant proceeds and reimbursements	25,200	252,375	272,038	19,663
Telecommunications	13,200	13,200	12,481	(719)
Zoning and site plan fees	600	600	380	(220)
Refuse	257,550	257,550	255,103	(2,447)
Intergovernmental	55,000	55,000	41,883	(13,117)
Other	31,100	95,625	119,563	23,938
User fees and other charges	22,825	22,825	22,828	3
Interest	37,350	37,350	33,792	(3,558)
<b>Total Revenues</b>	<b>2,711,505</b>	<b>3,017,430</b>	<b>3,207,704</b>	<b>190,274</b>
<b>Other Financing Sources</b>				
Transfers from other funds	66,275	66,275	16,275	(50,000)
<b>Total Revenues and Other Financing Sources</b>	<b>2,777,780</b>	<b>3,083,705</b>	<b>3,223,979</b>	<b>140,274</b>
<b>Expenditures</b>				
Legislative	15,310	18,085	14,594	3,491
General government	557,625	567,625	492,392	75,233
Public safety	1,169,600	1,205,125	1,249,342	(44,217)
Public works	711,895	728,045	692,675	35,370
Community and economic development	7,700	7,700	1,942	5,758
Recreation and cultural	226,570	227,070	162,633	64,437
Other	109,100	363,565	392,832	(29,267)
Debt service principal	29,675	29,675	30,703	(1,028)
Debt service interest	3,400	3,400	2,062	1,338
<b>Total Expenditures</b>	<b>2,830,875</b>	<b>3,150,290</b>	<b>3,039,175</b>	<b>111,115</b>
<b>Other Financing Uses</b>				
Transfers to other funds	136,625	122,625	36,275	86,350
<b>Total Expenditures and Other Financing Uses</b>	<b>2,967,500</b>	<b>3,272,915</b>	<b>3,075,450</b>	<b>197,465</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(189,720)</b>	<b>(189,210)</b>	<b>148,529</b>	<b>337,739</b>
<b>Net Change in Fund Balance</b>	<b>(189,720)</b>	<b>(189,210)</b>	<b>148,529</b>	<b>337,739</b>
<i>Fund Balance at Beginning of Period as Restated</i>	790,186	790,186	790,186	--
<b>Fund Balance at End of Period</b>	<b>\$ 600,466</b>	<b>\$ 600,976</b>	<b>\$ 938,715</b>	<b>\$ 337,739</b>



**CITY OF MARINE CITY**

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

**Major Street**

**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Distributions from State of Michigan	\$ 201,000	\$ 201,000	\$ 191,249	\$ (9,751)
Licenses, permits, fines, and fees	2,000	2,000	--	(2,000)
Interest	50	50	678	628
<b>Total Revenues</b>	<b>203,050</b>	<b>203,050</b>	<b>191,927</b>	<b>(11,123)</b>
<b>Other Financing Sources</b>				
Transfers from other funds	14,000	14,000	--	(14,000)
<b>Total Revenues and Other Financing Sources</b>	<b>217,050</b>	<b>217,050</b>	<b>191,927</b>	<b>(25,123)</b>
<b>Expenditures</b>				
Highways and streets	265,695	265,695	148,582	117,113
<b>Total Expenditures</b>	<b>265,695</b>	<b>265,695</b>	<b>148,582</b>	<b>117,113</b>
<b>Other Financing Uses</b>				
Transfers to other funds	46,500	46,500	23,276	23,224
<b>Total Expenditures and Other Financing Uses</b>	<b>312,195</b>	<b>312,195</b>	<b>171,858</b>	<b>140,337</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(95,145)</b>	<b>(95,145)</b>	<b>20,069</b>	<b>115,214</b>
<b>Net Change in Fund Balance</b>	<b>(95,145)</b>	<b>(95,145)</b>	<b>20,069</b>	<b>115,214</b>
Fund Balance at Beginning of Period	356,841	356,841	356,841	--
<b>Fund Balance at End of Period</b>	<b>\$ 261,696</b>	<b>\$ 261,696</b>	<b>\$ 376,910</b>	<b>\$ 115,214</b>

**CITY OF MARINE CITY**

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

**Local Street**

**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Distributions from State of Michigan	\$ 71,000	\$ 71,000	\$ 72,244	\$ 1,244
Licenses, permits, fines, and fees	3,000	3,000	611	(2,389)
Other	--	8,225	8,214	(11)
Interest	1,150	1,150	465	(685)
<b>Total Revenues</b>	<b>75,150</b>	<b>83,375</b>	<b>81,534</b>	<b>(1,841)</b>
<b>Other Financing Sources</b>				
Transfers from other funds	60,500	60,500	23,276	(37,224)
<b>Total Revenues and Other Financing Sources</b>	<b>135,650</b>	<b>143,875</b>	<b>104,810</b>	<b>(39,065)</b>
<b>Expenditures</b>				
Highways and streets	181,125	197,575	117,149	80,426
<b>Total Expenditures</b>	<b>181,125</b>	<b>197,575</b>	<b>117,149</b>	<b>80,426</b>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<b>181,125</b>	<b>197,575</b>	<b>117,149</b>	<b>80,426</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(45,475)</b>	<b>(53,700)</b>	<b>(12,339)</b>	<b>41,361</b>
<b>Net Change in Fund Balance</b>	<b>(45,475)</b>	<b>(53,700)</b>	<b>(12,339)</b>	<b>41,361</b>
Fund Balance at Beginning of Period	261,069	261,069	261,069	--
<b>Fund Balance at End of Period</b>	<b>\$ 215,594</b>	<b>\$ 207,369</b>	<b>\$ 248,730</b>	<b>\$ 41,361</b>

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

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**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, 2012, 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 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 (Marine City Fire Authority) to provide fire and emergency services to the residents of the City and Townships. This entity is not treated as a component unit. See Note 14.

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, 2012

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#### **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, 2012**

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**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 \$107,293.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

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**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, 2012**

**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	\$ 214,538	\$ --
State and Local Revenue	66,350	--
Contract revenue	20,934	--
Total	<u>\$ 301,822</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>TIFA #3</u>		
General Government		\$27,546
<u>Drug Law Enforcement Fund</u>		
Public Safety		\$ 651
<u>General Fund</u>		
Public Safety		\$44,217
Other		\$29,267
Debt Service Principal		\$ 1,028

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

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**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, 2012. 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	\$ 1,848,205
Total proprietary funds	292,697
Total fiduciary funds	49,721
Total component units	1,309,975
Less cash on hand	(1,030)
Less cash held in agency	(6,922)
Total Deposits	<u>\$ 3,492,646</u>



**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**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	\$1,165,275	\$ 2,252,258	\$ 3,417,533	\$ 3,478,460
Savings and CD's	74,083	--	74,083	74,083
Cash on hand	--	1,030	1,030	--
Total Cash	<u>\$ 1,239,358</u>	<u>\$ 2,253,288</u>	<u>3,492,646</u>	<u>\$ 3,552,543</u>
<u>Investments - Nonrisk</u>				
<u>Categorized</u>				
Mutual funds			5,684,027	\$ 5,684,027
Money Market Account			86,827	86,827
Total Investments			<u>5,770,854</u>	<u>\$ 5,770,854</u>
Total Cash and Investments			<u>\$ 9,263,500</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, 2012, \$2,253,288 of the government's bank balance of \$3,552,543 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, 2012**

**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
Restricted for water monitoring system	11,502
Cash restricted to pay for FMHA Series III Bond	74,083
	<u>\$ 99,851</u>

*General Fund - Restricted Assets:*

Cash restricted for police	\$ 204
	<u>\$ 204</u>

*Drug Law Enforcement Fund - Restricted Assets:*

Restricted cash for unadjudicated drug forfeitures	\$ 1,840
Assets restricted for unadjudicated drug forfeitures	8,000
	<u>\$ 9,840</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	\$ 5,492,544
Raymond James Money Market	Variable	86,827
Raymond James		
Mutual Fund Portfolio	Variable	191,483
		<u>\$ 5,770,854</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, 2012**

**NOTE 5: CAPITAL ASSETS**

*Governmental Activities Fixed Assets:*

A summary of changes in governmental fixed assets follows:

	<u>Balance</u> <u>06/30/11</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/12</u>
Legislative:				
Equipment	\$ 3,087	\$ --	\$ --	\$ 3,087
General Government:				
Equipment and vehicles	1,306,722	4,139	--	1,310,861
Buildings	624,190	239,738	--	863,928
Land	1,471,177	--	--	1,471,177
Public Safety:				
Equipment and vehicles	473,707	47,581	4,000	517,288
Buildings	679,310	--	--	679,310
Capitalized leases	55,697	--	34,853	20,844
Public Works:				
Equipment and vehicles	319,260	--	--	319,260
Buildings	242,719	--	--	242,719
Capitalized leases	77,214	--	--	77,214
Recreation and Culture:				
Land	258,116	--	--	258,116
Equipment	354,991	11,988	--	366,979
Buildings	584,789	--	--	584,789
Highways and Streets:				
Equipment	780,770	--	--	780,770
Roads and sidewalks	1,539,054	16,428	--	1,555,482
Cemetery:				
Equipment	38,495	797	--	39,292
Buildings	241,770	--	--	241,770
Total Capital Assets	<u>9,051,068</u>	<u>320,671</u>	<u>38,853</u>	<u>9,332,886</u>
Accumulated Depreciation	<u>4,234,956</u>	<u>293,657</u>	<u>36,453</u>	<u>4,492,160</u>
Total Carrying Value of Fixed Assets	<u>\$ 4,816,112</u>	<u>\$ 27,014</u>	<u>\$ 2,400</u>	<u>\$ 4,840,726</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 \$98,058 and accumulated depreciation of \$78,755.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**NOTE 5: CAPITAL ASSETS (Continued)**

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

Legislative	\$ 617
General Government	34,704
Public Safety	79,730
Public Works	25,868
Recreation and Culture	29,783
Highways and Streets	115,593
Cemetery	7,362
Total	<u>\$ 293,657</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 06/30/11	Additions	Disposals	Balance 06/30/12
Water plant, lines, and equipment	\$ 6,431,027	\$ 102,925	\$ --	\$ 6,533,952
Sewer plant, lines, and equipment	14,659,325	145	--	14,659,470
Land	63,174	--	--	63,174
Total Capital Assets	<u>21,153,526</u>	<u>103,070</u>	<u>--</u>	<u>21,256,596</u>
Accumulated Depreciation	12,837,040	567,177	--	13,404,217
Total Carrying Value of Fixed Assets	<u>\$ 8,316,486</u>	<u>\$ (464,107)</u>	<u>\$ --</u>	<u>\$ 7,852,379</u>

Depreciation for the water and sewer systems totaled \$195,279 and \$371,898, respectively, for the year ended June 30, 2012.

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**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>
		Tax Fund (treated as cash)	\$ 496
		Tax Fund (treated as taxes receivable)	24,035
Debt Service Fund-1991		Water and Sewer Fund	<u>590</u>
Unlimited Tax Bonds Series A	<u>\$ 25,121</u>		<u>\$ 25,121</u>
		Tax Fund (treated as taxes receivable)	\$ 189,201
		Tax Fund (treated as cash)	6,372
		Major Street	5,574
		Local Street	12,417
		Water and Sewer Fund	<u>81</u>
General Fund	<u>\$ 213,645</u>		<u>\$ 213,645</u>
		Water and Sewer Fund	\$ 71
		Tax Fund (treated as cash)	54
		Tax Fund (treated as taxes receivable)	<u>1,350</u>
Debt Service Fund-1992			<u>\$ 1,475</u>
Unlimited Tax Bonds Series C	<u>\$ 1,475</u>		<u>\$ 1,475</u>
General Fund	<u>\$ 142</u>	Retiree Health (treated as cash)	<u>\$ 142</u>
Tax Fund	<u>\$ 37</u>	General Fund	<u>\$ 37</u>
Water and Sewer Fund	<u>\$ 80</u>	Special Assessment	<u>\$ 80</u>

**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

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**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>\$ 23,276</u>	Major Street Fund	<u>\$ 23,276</u>
		T.I.F.A. #2	\$ 35,000
		T.I.F.A. #3	85,000
1991 Unlimited Tax Bonds- Series A	<u>\$ 131,734</u>	1992 Limited Tax Bonds	<u>11,734</u>
			<u>\$ 131,734</u>
		General Fund	\$ 20,000
Cemetery Fund	<u>\$ 20,125</u>	Cemetery Trust	<u>125</u>
			<u>\$ 20,125</u>
Special Assessment	<u>\$ 2,235</u>	Water and Sewer Fund (treated as interest)	<u>\$ 2,235</u>
General Fund	<u>\$ 16,275</u>	Capital Projects	<u>\$ 16,275</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 part of 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, 2012**

**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 \$8,670.

**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 06/30/11	Increase	Decrease	Payable at 06/30/12
General Obligation:				
General obligation bonds	\$1,045,000	\$ --	\$ 530,000	\$ 515,000
Mortgage	54,696	--	30,703	23,993
Accrued sick pay	128,229	--	5,396	122,833
Other postemployment benefits	337,501	223,698	--	561,199
Total General Obligation	<u>1,565,426</u>	<u>223,698</u>	<u>566,099</u>	<u>1,223,025</u>
Revenue Bonds:				
Water supply and sewage disposal	340,000	--	35,000	305,000
Drinking Water Revolving Fund	2,495,000	--	175,000	2,320,000
Special assessments	56,000	--	5,000	51,000
Total Indebtedness	<u>\$4,456,426</u>	<u>\$ 223,698</u>	<u>\$ 781,099</u>	<u>\$3,899,025</u>

*CHANGES IN INDEBTEDNESS BY FUND TYPE*

	Payable at 06/30/11	Increase	Decrease	Payable at 06/30/12
Total Business-Type Activities Indebtedness	\$2,835,000	\$ --	\$ 210,000	\$2,625,000
Total Governmental Indebtedness	1,565,426	223,698	566,099	1,223,025
Special Assessments	56,000	--	5,000	51,000
Total Indebtedness	<u>\$4,456,426</u>	<u>\$ 223,698</u>	<u>\$ 781,099</u>	<u>\$3,899,025</u>

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, 2012**

**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	\$ 515,000
Mortgage - 131 S. Water Street	1	4.84	2013	23,993
Accrued sick pay	N/A	N/A	N/A	122,833
Other postemployment benefits	N/A	N/A	N/A	561,199
Total General Obligations				<u>\$ 1,223,025</u>
Special Assessment Bonds				<u>\$ 51,000</u>
Revenue Bonds:				
Water supply and sewer system				\$ 305,000
Drinking Water Revolving Funds				2,320,000
Total Revenue Bonds				<u>\$ 2,625,000</u>

*SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS*

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Obligations	\$ 552,286	\$ --	\$ --	\$ --	\$ --
Revenue Bonds	16,125	49,375	47,625	45,875	49,000
Drinking Water Revolving Fund Bonds	218,019	219,075	220,006	220,831	221,550
Special Assessment Bonds	<u>7,425</u>	<u>7,175</u>	<u>6,925</u>	<u>7,650</u>	<u>7,350</u>
Total Principal and Interest Requirements	<u>\$ 793,855</u>	<u>\$ 275,625</u>	<u>\$ 274,556</u>	<u>\$ 274,356</u>	<u>\$ 277,900</u>
	<u>2018-2022</u>	<u>2023-2027</u>	<u>Total</u>		
General Obligations	\$ --	\$ --	\$ 552,286		
Revenue Bonds	176,000	--	384,000		
Drinking Water Revolving Fund Bonds	880,525	590,837	2,570,843		
Special Assessment Bonds	<u>26,401</u>	<u>--</u>	<u>62,926</u>		
Total Principal and Interest Requirements	<u>\$ 1,082,926</u>	<u>\$ 590,837</u>	<u>\$3,570,055</u>		

Total interest expense for the City for the year was \$94,870.

*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 11/12, the state equalized value of the City of Marine City was \$111,327,530; therefore, the legal debt margin is \$11,132,753.



**CITY OF MARINE CITY**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

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

*COMPONENT UNIT INDEBTEDNESS*

At June 30, 2012, T.I.F.A. #1 had a total of \$205,000 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 63 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, 2012, was approximately \$683,000 with payroll for the year totaling approximately \$1,300,000. Membership in the Retirement System as of June 30, 2011 (latest actuarial report available), is comprised of the following:

<u>Group</u>	<u>Employees</u>
Retirees and beneficiaries currently receiving benefits	22
Active employees - fully vested	19
- 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, 2012**

**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 \$165,967, and benefits paid totaled \$201,233. 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)	\$ 389,665	(Represents approximately 50% of covered payroll)
Adjustment to Annual Required Contribution	--	
Annual OPEB Cost	<u>389,665</u>	
Contributions made	<u>(165,967)</u>	
Increase in net OPEB obligation	223,698	
Net OPEB obligation - beginning of year	<u>337,501</u>	
Net OPEB obligation - end of year	<u>\$ 561,199</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>6/30/12</u>	<u>6/30/11</u>
Annual OPEB costs	\$ 389,665	\$ 375,581
Percentage contributed	43%	41%
Net OPEB obligation	\$ 561,199	\$ 337,501

*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, 2012**

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

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
Fund:				
General				
Police equipment	\$ --	\$ --	\$ --	\$ 9,524
Park signs	--	--	--	98
Playground equipment	--	--	--	79,064
Capital projects	--	--	214,949	--
Drug Law Enforcement Fund				
Drug Forfeitures	--	6,623	--	--
Local Street				
Highways and streets - Act 51	--	248,730	--	--
Major Street				
Highways and streets - Act 51	--	376,910	--	--
1991 Unlimited Bond Series A				
Debt Service	--	16,264	--	--
Woodlawn Cemetery				
Cemetery	--	44,735	--	--
Library Fund				
Library	--	--	8,242	--
1992 Unlimited Tax Bonds - Series C				
Debt Service	--	3,369	--	--
Cemetery Perpetual Care				
Perpetual care	--	137,120	--	--
Total Governmental Funds	<u>\$ --</u>	<u>\$ 833,751</u>	<u>\$ 223,191</u>	<u>\$ 88,686</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 \$7,019, and employer contributions amounted to \$14,039 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, 2012**

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**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 \$237,045 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 upon formation of the Authority 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 \$8,393 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 to reclassify net assets in Drug Law Enforcement Fund, as required by State of Michigan in the prior year as follows:

Fund financial statements:

<u>General Fund (Consolidated)</u>	
Fund Balance at June 30, 2011	\$ 798,673
Fund Balance contributed to Drug Fund	<u>(8,487)</u>
Restated Fund Balance	<u>\$ 790,186</u>
<u>Drug Law Enforcement Fund</u>	
Fund Balance at June 30, 2011	\$ --
Fund Balance transferred from General	<u>8,487</u>
Restated net Fund Balance	<u>\$ 8,487</u>
<u>General Fund</u>	
Fund Balance at June 30, 2011	\$ 567,693
Fund Balance contributed to Drug Fund	<u>(8,487)</u>
Restated Fund Balance	<u>\$ 559,206</u>

**SUPPLEMENTAL INFORMATION**

**CITY OF MARINE CITY**

**Pension Trust Fund**

**Required Supplementary Information**

**June 30, 2012**

**(Per latest actuarial report dated June 30, 2011)**

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
06/30/11	6,001	7,326	1,324	81.9	795	166.5

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
2010	2009	97,480	100

# Market value

**CITY OF MARINE CITY**  
**Retiree Health Trust**  
**Required Supplementary Information**  
**June 30, 2012**  
**(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, 2012**

	<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>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 26,945	\$ 417,800	\$ 865,230	\$ 1,309,975
<b>Total Current Assets</b>	<u>26,945</u>	<u>417,800</u>	<u>865,230</u>	<u>1,309,975</u>
<i>Noncurrent Assets</i>				
<b>Total Assets</b>	<u>26,945</u>	<u>417,800</u>	<u>865,230</u>	<u>1,309,975</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accrued interest payable	2,402	--	--	2,402
Current portion of debt	25,000	--	--	25,000
<b>Total Current Liabilities</b>	<u>27,402</u>	<u>--</u>	<u>--</u>	<u>27,402</u>
<i>Noncurrent Liabilities</i>				
Long-term obligations, net of current portion	180,000	--	--	180,000
<b>Total Liabilities</b>	<u>207,402</u>	<u>--</u>	<u>--</u>	<u>207,402</u>
<b>NET ASSETS</b>				
<i>Unrestricted</i>				
	(180,457)	417,800	865,230	1,102,573
<b>Total Net Assets</b>	<u>\$ (180,457)</u>	<u>\$ 417,800</u>	<u>\$ 865,230</u>	<u>\$ 1,102,573</u>

**CITY OF MARINE CITY**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended June 30, 2012**

	<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>
<b>Expenses</b>				
General government	\$ 21,659	\$ 80,114	\$ 156,146	\$ 257,919
Debt service interest	10,762	--	--	10,762
Transfers to primary government	--	114,596	244,192	358,788
<b>Total Expenses</b>	<u>32,421</u>	<u>194,710</u>	<u>400,338</u>	<u>627,469</u>
<b>Program Revenues</b>				
Charges for services	--	--	--	--
Operating grants and contributions	--	--	--	--
Capital grants and contributions	--	--	--	--
<b>Total Program Revenues</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Program Revenues (Expenses)</b>	<u>(32,421)</u>	<u>(194,710)</u>	<u>(400,338)</u>	<u>(627,469)</u>
<b>General Revenue</b>				
Tax collections	70,096	81,975	229,330	381,401
Interest revenue	35	551	1,126	1,712
<b>Total General Revenues</b>	<u>70,131</u>	<u>82,526</u>	<u>230,456</u>	<u>383,113</u>
<b>Change in Net Assets</b>	<u>37,710</u>	<u>(112,184)</u>	<u>(169,882)</u>	<u>(244,356)</u>
<i>Net Assets at Beginning of Period</i>	<u>(218,167)</u>	<u>529,984</u>	<u>1,035,112</u>	<u>1,346,929</u>
<b>Net Assets at End of Period</b>	<u>\$ (180,457)</u>	<u>\$ 417,800</u>	<u>\$ 865,230</u>	<u>\$ 1,102,573</u>

**CITY OF MARINE CITY**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	Special Revenue			Debt Service	
	Woodlawn Cemetery	Library Fund	Drug Enforcement Law Fund	1992 Limited Tax Bonds	1992 Unlimited Tax Bonds-Series C
<b>ASSETS</b>					
Cash and cash equivalents	\$ 46,811	\$ 8,242	\$ 6,523	\$ --	\$ 3,340
Restricted cash	--	--	1,840	--	--
Taxes receivable	--	--	--	--	1,350
Other restricted assets	--	--	8,000	--	--
Due from other funds	--	--	--	--	71
<b>Total Assets</b>	<b>\$ 46,811</b>	<b>\$ 8,242</b>	<b>\$ 16,363</b>	<b>\$ --</b>	<b>\$ 4,761</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 126	\$ --	\$ --	\$ --	\$ 42
Accrued wages and vacation pay	1,950	--	--	--	--
Deferred revenue	--	--	--	--	1,350
Non-adjudicated funds	--	--	9,740	--	--
<b>Total Liabilities</b>	<b>2,076</b>	<b>--</b>	<b>9,740</b>	<b>--</b>	<b>1,392</b>
<b>FUND BALANCE</b>					
Restricted	44,735	--	6,623	--	3,369
Committed	--	8,242	--	--	--
Unassigned	--	--	--	--	--
<b>Total Fund Balance</b>	<b>44,735</b>	<b>8,242</b>	<b>6,623</b>	<b>--</b>	<b>3,369</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 46,811</b>	<b>\$ 8,242</b>	<b>\$ 16,363</b>	<b>\$ --</b>	<b>\$ 4,761</b>

<u>Permanent</u>			
<u>Cemetery</u>		<u>Total Nonmajor</u>	
<u>Perpetual Care</u>		<u>Governmental</u>	
		<u>Funds</u>	
\$	137,120	\$	202,036
	--		1,840
	--		1,350
	--		8,000
	--		71
	<u>137,120</u>		<u>213,297</u>
\$	--	\$	168
	--		1,950
	--		1,350
	--		9,740
	--		<u>13,208</u>
	137,120		191,847
	--		8,242
	--		--
	<u>137,120</u>		<u>200,089</u>
\$	<u>137,120</u>	\$	<u>213,297</u>

**CITY OF MARINE CITY**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2012**

	Special Revenue			Debt Service	
	Woodlawn Cemetery	Library Fund	Drug Enforcement Law Fund	1992 Limited Tax Bonds	1992 Unlimited Tax Bonds-Series C
<b>Revenues</b>					
Tax collections	\$ --	\$ --	\$ --	\$ --	\$ 8,027
Licenses, permits, fines, and fees	--	--	4,612	--	--
User fees and other charges	18,371	--	--	--	6,411
Interest revenue	36	9	--	--	81
<b>Total Revenues</b>	<b>18,407</b>	<b>9</b>	<b>4,612</b>	<b>--</b>	<b>14,519</b>
<b>Expenditures</b>					
General government	--	--	--	55	389
Public safety	--	--	6,476	--	--
Recreation and cultural	--	1,156	--	--	--
Debt service principal	--	--	--	--	20,000
Debt service interest	--	--	--	--	400
Cemetery operations	35,706	--	--	--	--
<b>Total Expenditures</b>	<b>35,706</b>	<b>1,156</b>	<b>6,476</b>	<b>55</b>	<b>20,789</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(17,299)</b>	<b>(1,147)</b>	<b>(1,864)</b>	<b>(55)</b>	<b>(6,270)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers from other funds	20,125	--	--	--	--
Transfers to other funds	--	--	--	(11,734)	--
<b>Net Other Financing Sources (Uses)</b>	<b>20,125</b>	<b>--</b>	<b>--</b>	<b>(11,734)</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>2,826</b>	<b>(1,147)</b>	<b>(1,864)</b>	<b>(11,789)</b>	<b>(6,270)</b>
<i>Fund Balance at Beginning of Period as Restated</i>	41,909	9,389	8,487	11,789	9,639
<b>Fund Balance at End of Period</b>	<b>\$ 44,735</b>	<b>\$ 8,242</b>	<b>\$ 6,623</b>	<b>\$ --</b>	<b>\$ 3,369</b>

<u>Permanent</u>		
<u>Cemetery</u>		<u>Total Nonmajor</u>
<u>Perpetual Care</u>		<u>Governmental</u>
		<u>Funds</u>
\$	--	\$ 8,027
	--	4,612
	--	24,782
	138	264
	<u>138</u>	<u>37,685</u>
	--	444
	--	6,476
	--	1,156
	--	20,000
	--	400
	--	35,706
	--	<u>64,182</u>
	<u>138</u>	<u>(26,497)</u>
	--	20,125
	(125)	(11,859)
	(125)	8,266
	<b>13</b>	<b>(18,231)</b>
	137,107	218,320
<b>\$</b>	<b>137,120</b>	<b>\$ 200,089</b>

**CITY OF MARINE CITY**  
**General Fund Combining Balance Sheet**  
**All Funds Treated as General**  
**June 30, 2012**

	<b>Capital Improvement</b>	<b>General Fund</b>	<b>Total General Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 214,949	\$ 808,118	\$ 1,023,067
Restricted cash	--	204	204
Accounts and assessments receivable	--	18,461	18,461
Taxes receivable	--	189,201	189,201
Due from other units of government	--	109,277	109,277
Other assets	--	4,995	4,995
Due from other funds	--	18,072	18,072
	<u>214,949</u>	<u>1,148,328</u>	<u>1,363,277</u>
<b>Total Assets</b>	<b>\$ 214,949</b>	<b>\$ 1,148,328</b>	<b>\$ 1,363,277</b>
<b>LIABILITIES</b>			
Accounts payable	\$ --	\$ 77,465	\$ 77,465
Due to agency	--	37	37
Accrued wages and vacation pay	--	61,344	61,344
Due to other units and taxpayers	--	10,905	10,905
Deferred revenue	--	274,811	274,811
	<u>--</u>	<u>424,562</u>	<u>424,562</u>
<b>Total Liabilities</b>	<b>--</b>	<b>424,562</b>	<b>424,562</b>
<b>FUND BALANCE</b>			
Committed	214,949	--	214,949
Assigned	--	88,686	88,686
Unassigned	--	635,080	635,080
	<u>214,949</u>	<u>723,766</u>	<u>938,715</u>
<b>Total Fund Balance</b>	<b>214,949</b>	<b>723,766</b>	<b>938,715</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 214,949</b>	<b>\$ 1,148,328</b>	<b>\$ 1,363,277</b>

**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, 2012**

	<b>Capital Improvement</b>	<b>General Fund</b>	<b>Total General Funds</b>
<b>Revenues</b>			
Tax collections	\$ --	\$ 1,611,173	\$ 1,611,173
Distributions from State of Michigan	--	422,067	422,067
Licenses, permits, fines, and fees	--	378,698	378,698
Recreation	--	37,698	37,698
Grant proceeds and reimbursements	--	272,038	272,038
Telecommunications	--	12,481	12,481
Zoning and site plan fees	--	380	380
Refuse	--	255,103	255,103
Intergovernmental	--	41,883	41,883
Other	--	119,563	119,563
User fees and other charges	--	22,828	22,828
Interest revenue	244	33,548	33,792
<b>Total Revenues</b>	<b>244</b>	<b>3,207,460</b>	<b>3,207,704</b>
<b>Expenditures</b>			
Legislative	--	14,594	14,594
General government	--	492,392	492,392
Public safety	--	1,249,342	1,249,342
Public works	--	692,675	692,675
Community and economic development	--	1,942	1,942
Recreation and cultural	--	162,633	162,633
Other	--	392,832	392,832
Debt service principal	--	30,703	30,703
Debt service interest	--	2,062	2,062
<b>Total Expenditures</b>	<b>--</b>	<b>3,039,175</b>	<b>3,039,175</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>244</b>	<b>168,285</b>	<b>168,529</b>
<b>Other Financing Sources (Uses)</b>			
Transfers from other funds	--	16,275	16,275
Transfers to other funds	(16,275)	(20,000)	(36,275)
<b>Net Other Financing Sources (Uses)</b>	<b>(16,275)</b>	<b>(3,725)</b>	<b>(20,000)</b>
<b>Net Change in Fund Balance</b>	<b>(16,031)</b>	<b>164,560</b>	<b>148,529</b>
<i>Fund Balance at Beginning of Period as Restated</i>	230,980	559,206	790,186
<b>Fund Balance at End of Period</b>	<b>\$ 214,949</b>	<b>\$ 723,766</b>	<b>\$ 938,715</b>



**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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Tax collections	\$ 1,616,790	\$ 1,616,790	\$ 1,611,173	\$ (5,617)
Distributions from State of Michigan	309,000	323,225	422,067	98,842
Licenses, permits, fines, and fees	312,990	312,990	378,698	65,708
Recreation	29,900	29,900	37,698	7,798
Grant proceeds and reimbursements	25,200	252,375	272,038	19,663
Telecommunications	13,200	13,200	12,481	(719)
Zoning and site plan fees	600	600	380	(220)
Refuse	257,550	257,550	255,103	(2,447)
Intergovernmental	55,000	55,000	41,883	(13,117)
Other	31,100	95,625	119,563	23,938
User fees and other charges	22,825	22,825	22,828	3
Interest	37,000	37,000	33,548	(3,452)
<b>Total Revenues</b>	<b>2,711,155</b>	<b>3,017,080</b>	<b>3,207,460</b>	<b>190,380</b>
<b>Other Financing Sources</b>				
Transfers from other funds	66,275	66,275	16,275	(50,000)
<b>Total Revenues and Other Financing Sources</b>	<b>2,777,430</b>	<b>3,083,355</b>	<b>3,223,735</b>	<b>140,380</b>
<b>Expenditures</b>				
Legislative	15,310	18,085	14,594	3,491
General government	557,625	567,625	492,392	75,233
Public safety	1,169,600	1,205,125	1,249,342	(44,217)
Public works	711,895	728,045	692,675	35,370
Community and economic development	7,700	7,700	1,942	5,758
Recreation and cultural	226,570	227,070	162,633	64,437
Other	109,100	363,565	392,832	(29,267)
Debt service principal	29,675	29,675	30,703	(1,028)
Debt service interest	3,400	3,400	2,062	1,338
<b>Total Expenditures</b>	<b>2,830,875</b>	<b>3,150,290</b>	<b>3,039,175</b>	<b>111,115</b>
<b>Other Financing Uses</b>				
Transfers to other funds	42,350	28,350	20,000	8,350
<b>Total Expenditures and Other Financing Uses</b>	<b>2,873,225</b>	<b>3,178,640</b>	<b>3,059,175</b>	<b>119,465</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(95,795)</b>	<b>(95,285)</b>	<b>164,560</b>	<b>259,845</b>
<b>Net Change in Fund Balance</b>	<b>(95,795)</b>	<b>(95,285)</b>	<b>164,560</b>	<b>259,845</b>
<i>Fund Balance at Beginning of Period as Restated</i>	559,206	559,206	559,206	--
<b>Fund Balance at End of Period</b>	<b>\$ 463,411</b>	<b>\$ 463,921</b>	<b>\$ 723,766</b>	<b>\$ 259,845</b>

**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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Interest	\$ 350	\$ 350	\$ 244	\$ (106)
<b>Total Revenues</b>	350	350	244	(106)
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	350	350	244	(106)
<b>Expenditures</b>	--	--	--	--
<b>Total Expenditures</b>	--	--	--	--
<b>Other Financing Uses</b>				
Transfers to other funds	94,275	94,275	16,275	78,000
<b>Total Expenditures and Other Financing Uses</b>	94,275	94,275	16,275	78,000
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(93,925)	(93,925)	(16,031)	77,894
<b>Net Change in Fund Balance</b>	<b>(93,925)</b>	<b>(93,925)</b>	<b>(16,031)</b>	<b>77,894</b>
Fund Balance at Beginning of Period	230,980	230,980	230,980	--
<b>Fund Balance at End of Period</b>	<b>\$ 137,055</b>	<b>\$ 137,055</b>	<b>\$ 214,949</b>	<b>\$ 77,894</b>

**CITY OF MARINE CITY**

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

**Woodlawn Cemetery**

**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
User fees and other charges	\$ 13,400	\$ 13,400	\$ 18,371	\$ 4,971
Interest	50	50	36	(14)
<b>Total Revenues</b>	<u>13,450</u>	<u>13,450</u>	<u>18,407</u>	<u>4,957</u>
<b>Other Financing Sources</b>				
Transfers from other funds	28,575	28,575	20,125	(8,450)
<b>Total Revenues and Other Financing Sources</b>	<u>42,025</u>	<u>42,025</u>	<u>38,532</u>	<u>(3,493)</u>
<b>Expenditures</b>				
Cemetery operations	42,025	42,025	35,706	6,319
<b>Total Expenditures</b>	<u>42,025</u>	<u>42,025</u>	<u>35,706</u>	<u>6,319</u>
<b>Other Financing Uses</b>				
<b>Total Expenditures and Other Financing Uses</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>				
<b>Net Change in Fund Balance</b>			<u>2,826</u>	<u>2,826</u>
Fund Balance at Beginning of Period	41,909	41,909	41,909	--
<b>Fund Balance at End of Period</b>	<u>\$ 41,909</u>	<u>\$ 41,909</u>	<u>\$ 44,735</u>	<u>\$ 2,826</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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Interest	\$ 200	\$ 200	\$ 138	\$ (62)
<b>Total Revenues</b>	200	200	138	(62)
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	200	200	138	(62)
<b>Expenditures</b>	--	--	--	--
<b>Total Expenditures</b>	--	--	--	--
<b>Other Financing Uses</b>				
Transfers to other funds	225	225	125	100
<b>Total Expenditures and Other Financing Uses</b>	225	225	125	100
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(25)	(25)	13	38
<b>Net Change in Fund Balance</b>	(25)	(25)	13	38
Fund Balance at Beginning of Period	137,107	137,107	137,107	--
<b>Fund Balance at End of Period</b>	<b>\$ 137,082</b>	<b>\$ 137,082</b>	<b>\$ 137,120</b>	<b>\$ 38</b>

**CITY OF MARINE CITY**

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

**Library Fund**

**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Interest	\$ 25	\$ 25	\$ 9	\$ (16)
<b>Total Revenues</b>	<u>25</u>	<u>25</u>	<u>9</u>	<u>(16)</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>25</u>	<u>25</u>	<u>9</u>	<u>(16)</u>
<b>Expenditures</b>				
Recreation and cultural	--	1,175	1,156	19
<b>Total Expenditures</b>	<u>--</u>	<u>1,175</u>	<u>1,156</u>	<u>19</u>
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	<u>--</u>	<u>1,175</u>	<u>1,156</u>	<u>19</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>25</u>	<u>(1,150)</u>	<u>(1,147)</u>	<u>3</u>
<b>Net Change in Fund Balance</b>	<u>25</u>	<u>(1,150)</u>	<u>(1,147)</u>	<u>3</u>
<i>Fund Balance at Beginning of Period</i>	9,389	9,389	9,389	--
<b>Fund Balance at End of Period</b>	<u>\$ 9,414</u>	<u>\$ 8,239</u>	<u>\$ 8,242</u>	<u>\$ 3</u>

**CITY OF MARINE CITY**

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

**Drug Enforcement Law Fund**

**For the Year Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Licenses, permits, fines, and fees	\$ 20,000	\$ 20,000	\$ 4,612	\$ (15,388)
<b>Total Revenues</b>	20,000	20,000	4,612	(15,388)
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	20,000	20,000	4,612	(15,388)
<b>Expenditures</b>				
Public safety	5,825	5,825	6,476	(651)
<b>Total Expenditures</b>	5,825	5,825	6,476	(651)
<b>Other Financing Uses</b>	--	--	--	--
<b>Total Expenditures and Other Financing Uses</b>	5,825	5,825	6,476	(651)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	14,175	14,175	(1,864)	(16,039)
<b>Net Change in Fund Balance</b>	<b>14,175</b>	<b>14,175</b>	<b>(1,864)</b>	<b>(16,039)</b>
<i>Fund Balance at Beginning of Period as Restated</i>	8,487	8,487	8,487	--
<b>Fund Balance at End of Period</b>	<b>\$ 22,662</b>	<b>\$ 22,662</b>	<b>\$ 6,623</b>	<b>\$ (16,039)</b>

**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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Tax collections	\$ 71,400	\$ 71,400	\$ 70,096	\$ (1,304)
Interest	75	75	35	(40)
<b>Total Revenues</b>	<b>71,475</b>	<b>71,475</b>	<b>70,131</b>	<b>(1,344)</b>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<b>71,475</b>	<b>71,475</b>	<b>70,131</b>	<b>(1,344)</b>
<b>Expenditures</b>				
General government	32,875	32,875	21,659	11,216
Debt service principal	25,000	25,000	25,000	--
Debt service interest	11,050	11,050	11,045	5
<b>Total Expenditures</b>	<b>68,925</b>	<b>68,925</b>	<b>57,704</b>	<b>11,221</b>
<b>Other Financing Uses</b>				
Transfers to primary government	6,000	6,000	--	6,000
<b>Total Expenditures and Other Financing Uses</b>	<b>74,925</b>	<b>74,925</b>	<b>57,704</b>	<b>17,221</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>12,427</b>	<b>15,877</b>
<b>Net Change in Fund Balance</b>	<b>(3,450)</b>	<b>(3,450)</b>	<b>12,427</b>	<b>15,877</b>
<i>Fund Balance at Beginning of Period</i>	14,518	14,518	14,518	--
<b>Fund Balance at End of Period</b>	<b>\$ 11,068</b>	<b>\$ 11,068</b>	<b>\$ 26,945</b>	<b>\$ 15,877</b>

**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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Tax collections	\$ 84,250	\$ 84,250	\$ 81,975	\$ (2,275)
Interest	750	750	551	(199)
<b>Total Revenues</b>	<u>85,000</u>	<u>85,000</u>	<u>82,526</u>	<u>(2,474)</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>85,000</u>	<u>85,000</u>	<u>82,526</u>	<u>(2,474)</u>
<b>Expenditures</b>				
General government	83,075	83,075	80,114	2,961
<b>Total Expenditures</b>	<u>83,075</u>	<u>83,075</u>	<u>80,114</u>	<u>2,961</u>
<b>Other Financing Uses</b>				
Transfers to primary government	285,000	285,000	114,596	170,404
<b>Total Expenditures and Other Financing Uses</b>	<u>368,075</u>	<u>368,075</u>	<u>194,710</u>	<u>173,365</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(283,075)</u>	<u>(283,075)</u>	<u>(112,184)</u>	<u>170,891</u>
<b>Net Change in Fund Balance</b>	<u>(283,075)</u>	<u>(283,075)</u>	<u>(112,184)</u>	<u>170,891</u>
Fund Balance at Beginning of Period	529,984	529,984	529,984	--
<b>Fund Balance at End of Period</b>	<u>\$ 246,909</u>	<u>\$ 246,909</u>	<u>\$ 417,800</u>	<u>\$ 170,891</u>



**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, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Tax collections	\$ 264,150	\$ 264,150	\$ 229,330	\$ (34,820)
Interest	2,000	2,000	1,126	(874)
<b>Total Revenues</b>	<u>266,150</u>	<u>266,150</u>	<u>230,456</u>	<u>(35,694)</u>
<b>Other Financing Sources</b>	--	--	--	--
<b>Total Revenues and Other Financing Sources</b>	<u>266,150</u>	<u>266,150</u>	<u>230,456</u>	<u>(35,694)</u>
<b>Expenditures</b>				
General government	128,600	128,600	156,146	(27,546)
<b>Total Expenditures</b>	<u>128,600</u>	<u>128,600</u>	<u>156,146</u>	<u>(27,546)</u>
<b>Other Financing Uses</b>				
Transfers to primary government	705,000	705,000	244,192	460,808
<b>Total Expenditures and Other Financing Uses</b>	<u>833,600</u>	<u>833,600</u>	<u>400,338</u>	<u>433,262</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(567,450)</u>	<u>(567,450)</u>	<u>(169,882)</u>	<u>397,568</u>
<b>Net Change in Fund Balance</b>	<u>(567,450)</u>	<u>(567,450)</u>	<u>(169,882)</u>	<u>397,568</u>
Fund Balance at Beginning of Period	1,035,112	1,035,112	1,035,112	--
<b>Fund Balance at End of Period</b>	<u>\$ 467,662</u>	<u>\$ 467,662</u>	<u>\$ 865,230</u>	<u>\$ 397,568</u>

**CITY OF MARINE CITY**  
**Schedule of Indebtedness**  
**June 30, 2012**

***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%	2013	\$ -	\$ 16,125	\$ 16,125
Principal due July 1			2014	35,000	14,375	49,375
Interest due July 1			2015	35,000	12,625	47,625
and January 1			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
<b>Total Revenue Bonds</b>				<b>305,000</b>	<b>\$ 79,000</b>	<b>\$ 384,000</b>

**CITY OF MARINE CITY**  
**Schedule of Indebtedness**  
**June 30, 2012**

**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%	2013	\$ 60,000	\$ 11,625	\$ 71,625
Principal due April 1			2014	65,000	10,125	75,125
Interest due October 1 and April 1			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
<b>Total Issue Outstanding</b>				<b>465,000</b>	<b>\$ 47,625</b>	<b>\$ 512,625</b>

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%	2013	\$ 115,000	\$ 31,394	\$ 146,394
Principal due April 1			2014	115,000	28,950	143,950
Interest due October 1 and April 1			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
<b>Total Issue Outstanding</b>				<b>1,855,000</b>	<b>\$ 203,218</b>	<b>\$ 2,058,218</b>

**Total Water and Sewer Fund Bonded Indebtedness**

**2,625,000**

**CITY OF MARINE CITY**  
**Schedule of Indebtedness**  
**June 30, 2012**

**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%	2013	5,000	2,425	7,425
Principal due September 1			2014	5,000	2,175	7,175
Interest due September 1 and March 1			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
<b>Total Special Assessment Bonded Indebtedness</b>				<b>51,000</b>	<b>\$ 11,926</b>	<b>\$ 62,926</b>

**CITY OF MARINE CITY**  
**Schedule of Indebtedness**  
**June 30, 2012**

**Mortgage - 131 S. Water Street:**

<u>Date of Mortgage</u>	<u>Amount of Mortgage</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4-09-08	\$ 145,000	4.84%	2013	26,185	801	26,986
Payments of \$2,730.41 due monthly						
<b>Total Amount Outstanding</b>				<b>26,185</b>	<b>\$ 801</b>	<b>\$ 26,986</b>

**1991 General Obligation Unlimited Tax Bonds - Series A:**

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Payable In Fiscal Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6-27-91	\$ 9,010,000	2.00%	2013	515,000	10,300	525,300
Principal due April 1 Interest due April 1 and October 1						
<b>Total Issue Outstanding</b>				<b>515,000</b>	<b>\$ 10,300</b>	<b>\$ 525,300</b>
<b>Total Governmental Funds Indebtedness</b>				<b>541,185</b>		

**CITY OF MARINE CITY**  
**Schedule of Indebtedness**  
**June 30, 2012**

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***Xerox Leases:***

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

***Neopost Leases:***

		Monthly <u>Payment</u>	Payments <u>Remaining</u>	Total <u>Payments</u>
<u>Collateral</u>				
Postage Machine	\$	349	month-to-month	\$ <u>-</u>

***TOTAL INDEBTEDNESS***

**\$ 3,217,185**

**CITY OF MARINE CITY**  
**Component Units**  
**Schedule of Indebtedness**  
**June 30, 2012**

*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	4.70	2013	25,000	9,608	34,608
Principal due October 1		4.80	2014	25,000	8,420	33,420
Interest due October 1 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
<b>Total Component Unit Indebtedness</b>				<b>\$ 205,000</b>	<b>\$ 38,308</b>	<b>\$ 243,308</b>