

**NOTICE OF PUBLIC MEETING  
COUNCIL CHAMBERS – VILLAGE HALL  
102 South Huron Avenue  
Phone: 436-5351**

7:00 P.M.

August 15, 2013

**AGENDA-REGULAR MEETING  
MACKINAW CITY VILLAGE COUNCIL**

- I. Call to Order/Taking of Roll
- II. Pledge of Allegiance
- III. Approval of Agenda
- IV. Clerks Report
  - A. Approval of Minutes
    - 1. Regular Meeting of August 01, 2013
  - B. Bills
    - 1. Accounts Payable for August 15, 2013-\$66,168.89
  - C. Communications:
    - 1. Thank You-Fort Michilimackinac Pageant Com.
    - 2. MML Special Award Recognition for Adam Smith
- V. Manager Report/President Report
- VI. Public Comments-Agenda/Non Agenda Items
- VII. Old Business:
- VIII. New Business:
  - A. Fiscal Year 2013 Audit Presentation-Jason Kelly, Rehmann Group
  - B. Special Event Application-Fort Michilimackinac Pageant, Inc.
  - C. Special Event Application- Mackinaw Historical Society
- IX. Reports/Committees/Village Committees
- X. Closing Public Comments
- XI. Scheduling of Council Sub Committee Meetings
- XIII. Adjournment

All communication, petitions, etc. must be in the office of the Village Clerk by 12 o'clock noon on  
the Tuesday proceeding the first and third Thursday of every month to be on the  
**THURSDAY August 15, 2013 -6:45 PM**  
**FINANCE COMMITTEE-REVIEW BILLS**

**UNAPPROVED**  
**MINUTES REGULAR COUNCIL MEETING**  
**MACKINAW CITY**

7:00 P.M.

August 01, 2013

I. President Hingston called the meeting to order and with the following Trustees present – Robert Glenn, Matt Yoder, Belinda Mollen, Sandy Planisek, Richard Perlick and Paul Michalak. Also present Manager Adam Smith and Clerk Lana Jaggi.

**Department Heads Present:**

**Chief Pat Wyman-Police**

**Ken Newsome-DPW**

**Pat Rivera-Water/Sewer**

**Dave Paquet-Rec/Marina-excused absence**

**Fred Thompson, Jr.-Ambulance/Fire/Zoning Administrator**

**Visitors – List Attached.**

II. **Pledge of Allegiance**

III. **Motion Yoder seconded Perlick to approve the agenda with Voice vote – motion carried unanimously.**

IV. **Clerks Report**

**A. Approval of Minutes:**

1. **Motion Glenn seconded Mollen to approve the regular meeting minutes of July 18, 2013 as presented. Voice vote-motion carried unanimously.**

**B. Bills:**

1. **Motion Mollen seconded Perlick to pay the bills for 8/01/2013 in the amount of \$77,923.58. Voice vote-motion carried unanimously.**

**C. Communications-None**

V. **Manager Report was submitted and placed on file.**

**Addition-Thanked Sandy Planisek for submitting grant to North West Council of Governments grant for trail signs,**

**President's Report-none**

**Department Reports submitted and placed on file.**

**Additional comments:**

- **Police: Reminder, Mini Cooper Parade over bride and Rendevious Event on Central Ave. 8/13/13.**

- **W/S: UIS in town upgrading controls for Barbara St., DEQ water inspection complete, water tower power wash complete.**

- **DPW: Donations for the Thompson Family appreciated.**

- **Fire/Amb: Emmet Co. Ambulance Committee talks are ongoing, new rescue IMMM donated rescue boat is receiving new parts and will be up and running next week.**

- **Treasurer: report updated.**



User: LANA

DB: Mackinaw City

EXP CHECK RUN DATES 08/15/2013 - 08/15/2013

BOTH JOURNALIZED AND UNJOURNALIZED

BOTH OPEN AND PAID

INVOICE NUMBER	VENDOR NAME	DESCRIPTION	AMOUNT
887321103	ARCTIC GLACIER U.S.A.	MARINA ICE	64.80
892321605	ARCTIC GLACIER U.S.A.	MARINA ICE	60.00
071301440	BARCO PRODUCTS COMPAN	MEMORIAL BENCH KATE PAQUET	666.50
0095108	BELL EQUIPMENT COMPAN	STREET SWEEPER PART	64.98
0487457	BLARNEY CASTLE OIL CO	MARINA GAS	24,858.20
6114321813	CHASE PLATINUM MASTER	SUPPLIES	2,760.58
7282013 STATEMENT	CHEBOYGAN LUMBER CENT	SUPPLIES	159.92
12304	DORNBOS SIGN & SAFETY	HANDICAP SIGNS	401.25
895706	DUBOIS-COOPER ASSOCIA	BLOWER	161.75
252820	ELHORN ENGINEERING CO	CHEMICALS	1,880.00
43491	FEDERAL PUBLISHING	OSHA COMPLIANCE MANNUAL	278.50
11064	FORT FUDGE SHOP, INC.	SHIPPING WATER SAMPLES	7.78
11080	FORT FUDGE SHOP, INC.	SHIPPING WATER SAMPLES	72.60
9168885169	GRAINGER	CONNECTOR	101.25
9203364659	GRAINGER	COUPLINGS	82.05
REIMBURSEMENT	JEFF HINGSTON	MAM WORKSHOP	118.65
1398299	JOHN DEERE FINANCIAL	LOADER PAYMENT	2,954.42
10939	MERCER CO.	TANK TIGHTNESS TEST-MARINA GAS TANK	600.00
71010513	NORTH AMERICAN SALT C	ROAD SALT	6,375.34
STATEMENT	NORTHERN ENERGY, INC	OIL	388.23
1061728	NXTEC SALES GROUP INC	HACKSAW BLADE	82.97
1061502	NXTEC SALES GROUP INC	AQUA LIGHT LED	111.87
072313	O'BRIEN'S WHOLESALE	SOFTBALL LEAGUE SHIRTS	279.00
51997	OTEC RADIO COMM. EQUI	RADIO BATTERY	121.50
51938	OTEC RADIO COMM. EQUI	RADIO	243.00
51605	OTEC RADIO COMM. EQUI	CHARGER	30.00
4430873	QUILL CORPORATION	POLICE PRINTING MATERIALS	54.99
4540965, 4541760	QUILL CORPORATION	4346204, 4330838, 4330821	1,085.93
358	R & M DUST CONTROL IN	DUST CONTROL ROADS	1,326.00
2450456	SCOTT DAHLGREN	FLOTATON DEVICE	312.00
718597	SPORTS AWARDS	TOURNAMENT TROPHYS	55.40
LICENSE 171223	STATE OF MICHIGAN	RENEWAL APP MOTOR FUEL RETAIL LICENSE	100.00
LICENSE PLATES	STATE OF MICHIGAN	4 MUNICIPAL LICENSE PLATES	52.00
085066	TANK TRUCK SVC & SLS,	1/2" PUMPOUT ADAPTOR	47.86
530341698	UIS SCADA	BARBARA ST MOTOROLA	9,867.00
530341699	UIS SCADA	BABRARA ST 911 ALARM SOFTWARE	3,838.00
7/31/2013	VPS CONVENIENCE STORE	MONTHLY GAS BILLS JULY 2013	6,504.57
			66,168.89



Thank you so much for your support and help in making the Rendezvous in Mackinaw Trade Fair a great success. If it wasn't for all the help and support we get, we would not be able to have this great event. We want to make this event bigger and better next year.

Thank you  
Chuck Kibby and Cindy Snider  
Fort Michilimackinaw Pageant Committee

*Thank you for shutting down the streets & everything else you do to make this event great !!*



michigan municipal league

Better Communities. Better Michigan.

July 13, 2012

Mr. Adam R. Smith  
Mackinaw City Village Manager  
102 S. Huron Ave.  
PO Box 580  
Mackinaw City, MI 49701-0580

Dear Adam:

I am very pleased to inform you that the Board of Trustees has selected you to receive a Special Award of Merit in recognition of your tireless promotion and continued dedication to the League. Your award will be presented during our Annual Banquet on September 19, which is a gala event with dinner and entertainment, held as a part of our Annual Convention, which runs September 17-20, 2013 in Detroit, Michigan.

Please accept our gratitude, as well as complimentary admission to the Banquet for you and a guest and one night's lodging. There will be a pre-Banquet reception at 6:00 pm, followed by the League's Annual Banquet at 7:00 pm in the Columbus Ballroom. Samantha Harkins will meet you at 6:45 pm at the registration desk outside of the Columbus Ballroom to direct you to your reserved seating for the dinner. All other Convention details can be found on our website at [convention.mml.org](http://convention.mml.org).

Please contact Tawny Pearson at 1-800-653-2483 or via e-mail ([tpearson@mml.org](mailto:tpearson@mml.org)) to let her know your plans. We also ask that you provide Tawny with an updated digital photo and a biographical sketch (up to 400 words) no later than July 26, 2013.

Let me be the first to offer my congratulations to you for this special honor. I am looking forward to seeing you, and we hope you can be with us on the evening of September 19.

Sincerely,

Daniel P. Gilmartin  
Executive Director & CEO



# Village of Mackinaw City

102 South Huron Avenue, P.O. Box 580, Mackinaw City, Michigan 49701

Telephone: (231) 436-5351 Fax: (231) 436-4166

[www.mackinawcity.org](http://www.mackinawcity.org) [village@mackinawcity.org](mailto:village@mackinawcity.org)

To: Mackinaw City Council

From: Adam R. Smith, Village Manager

Date: August 13, 2013

Re: Manager Report & Recommendations for August 15, 2013 Council Meeting



## Village Council Sub-Committees Briefings

[Informational Item]

It is necessary that we have an accurate and thorough understanding of the village's policy structure, to that extent initial meetings have been conducted with Facilities, Finance, Ordinance, Safety, Utilities, Marina/Recreation Sub-Committees. The Council members of the Tree Board Sub-Committee will meet Wednesday August 14, 2013 at 4:00 p.m. The intent of the sub-committee briefings are to: 1) become familiar with past and ongoing committee activity; 2) develop and define the function, tasks, and responsibilities of each sub-committee; 3) realign sub-committee structure as needed to streamline our processes and procedures in a comprehensive manner. In the near term I will be requesting consideration of scheduling a Village Council Committee of the Whole meeting to ascertain and establish a Village Council Sub-Committee Procedures document.

## VIII. A. Receive Fiscal Year 2013 Audit

[ROLL CALL] [Action Item]

Item reserved for presentation of Fiscal Year 2013 Audit (March 1, 2012-February 28, 2013) by Rehmann. A motion is necessary to receive the FY13 Audit and place it on file. *Please refer to attached Fiscal Year 2013 Audit.*



"Crossroads of the Great Lakes."

Equal Employment Opportunity and Service Provider



Rehmann Robson  
902 South Huron  
Cheboygan, MI 49721  
Ph: 231.627.5787  
Fx: 231.627.5787  
rehmann.com

August 13, 2013

Village Council  
Village of Mackinaw City  
Mackinaw City, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the *Village of Mackinaw City* (the "Village") for the year ended February 28, 2013, and have issued our report thereon dated August 13, 2013. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and Government Auditing Standards**

As stated in our engagement letter dated February 19, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Village. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Village's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

**Other Information in Documents Containing Audited Financial Statements**

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and our meeting about planning matters on April 23, 2013.

### Significant Results of the Audit

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 1 to the financial statements. As described in Note 17 to the financial statements, the City adopted Statement of Governmental Accounting Standards (GASB Statement) No. 63, *Deferred Inflows, Outflows and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred, other than the restatement described in Note 16 to the financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- The assumptions used in the actuarial valuations of the pension and other postemployment benefits plans are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

Attachment B is the schedule of corrected financial statement misstatements, which includes the misstatements detected as a result of audit procedures and corrected by management.

*Upcoming Changes in Accounting Standards*

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, Attachment C to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the attached management representation letter dated August 13, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Village's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the **Village of Mackinaw City** and is not intended to be and should not be used by anyone other than these specified parties.

*Rehmann Johnson LLC*

## VILLAGE OF MACKINAW CITY

### Attachment A - Consideration of Internal Control Over Financial Reporting For the February 28, 2013 Audit

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the *Village of Mackinaw City* (the "Village") for the year ended February 28, 2013, and have issued our report thereon dated August 13, 2013.

In planning and performing our audit in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. The deficiencies we noted that we consider to be material weaknesses are described in our report on internal control over financial reporting issued in accordance with *Government Auditing Standards*.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### Other Matters

##### *Ambulance Billing Information*

Billing information for ambulance runs completed during the period of August 2012 through February 2013 was not provided by the Village to their third-party billing company, MHR, until March 2013. We recommend that the Village provides billing information to the third-party billing company in a timely manner as recent receivables are easier to collect and in order to better improve the timeliness of cash flows.



# Village of Mackinaw City

## Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
<b>Government-wide Financial Statement Adjustments</b>			
1.	934-900-000.000 Capital Outlay Expense - General Government	\$ 56,753	\$ -
	934-902-000.000 Capital Outlay Expense - Highway and Streets	132,613	-
	934-000-381.000 Net Assets	300,235	-
	934-170-000.000 General Government Expenses	-	65,160
	934-300-000.000 Public Safety Expenses	-	104,648
	934-440-000.000 Public Works Expenses	-	10,780
	934-640-000.000 Highways and Streets Expenses	-	234,017
	934-740-000.000 Health and Welfare Expenses	-	12,412
	934-840-000.000 Recreation Expenses	-	62,584
	<i>To close out prior year activity to net assets.</i>		
2.	934-000-688.000 ISF Net Income	54,992	-
	934-170-000.000 General Government Expenses	-	10,308
	934-640-000.000 Highways and Streets Expenses	-	38,838
	934-740-000.000 Health and Welfare Expenses	-	897
	934-840-000.000 Recreation Expenses	-	4,949
	<i>To allocate net income from Internal Service Funds back to participating governmental and enterprise funds.</i>		
3.	934-000-301.000 Current Portion of Long-Term Debt	34,358	-
	934-000-300.000 Long-Term Debt	200,236	-
	934-170-000.000 General Government Expenses	-	2
	934-905-991.000 Principal Expense	-	234,592
	<i>Record debt service principal payments expense as a offset to long term debt.</i>		
4.	934-905-995.000 Interest Expense	11,565	-
	934-000-202.000 Accounts Payable	-	11,565
	<i>To adjust accrued interest payable.</i>		
5.	934-000-401.000 Special Assessment Revenue	22,090	-
	934-000-298.000 Deferred Revenue	-	22,090
	<i>To reduce current year revenue for special assessments collected and recorded as current year revenue for the individual fund statements.</i>		
6.	934-000-132.000 Capital Assets	386,048	-
	934-900-000.000 Capital Outlay Expense - General Government	-	76,617
	934-902-000.000 Capital Outlay Expense - Highways and Streets	-	309,431
	<i>To capitalize governmental funds capital outlay for current year additions.</i>		
7.	934-000-132.000 Capital Assets	26,000	-
	934-000-133.000 Accumulated Depreciation	-	26,000
	<i>To record transfer of truck from water and sewer to DPW.</i>		

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

	Account Number	Account Description	Debit	Credit
8.	934-170-000.000	General Government Expenses	\$ 216	\$ -
	934-300-000.000	Public Safety Expenses	9,237	-
	934-840-000.000	Recreation Expenses	8,958	-
	934-740-000.000	Health and Welfare Expenses	1,466	-
	934-900-000.000	Capital Outlay Expense - General Government	-	19,877
	<i>To reclassify capital outlay accounts that were not capitalized.</i>			
9.	934-170-000.000	General Government Expenses	59,741	-
	934-300-000.000	Public Safety Expenses	64,297	-
	934-440-000.000	Public Works Expenses	10,399	-
	934-640-000.000	Highways and Streets Expenses	247,094	-
	934-740-000.000	Health and Welfare Expenses	11,574	-
	934-840-000.000	Recreation Expenses	77,063	-
	934-000-133.000	Accumulated Depreciation	-	470,168
	<i>To record current year depreciation expense by function for governmental assets.</i>			
10.	934-000-132.200	Capital Assets - Construction In Process	122,658	-
	934-440-000.000	Public Works Expenses	-	15,878
	934-904-000.000	Capital Outlay Expense - Recreation	-	106,780
	<i>To record construction-in-progress related to Conkling Park project.</i>			
11.	934-300-000.000	Public Safety Expenses	10,211	-
	934-440-000.000	Public Works Expenses	7,196	-
	934-840-000.000	Recreation Expenses	5,507	-
	934-000-300.100	Accrued Compensation	-	12,677
	934-170-000.000	General Government Expenses	-	10,237
	<i>To adjust accrued sick and vacation to actual.</i>			
12.	934-000-300.100	Accrued Compensation	16,663	-
	934-000-300.200	Accrued Compensation - Current	-	16,663
	<i>To adjust current portion of accrued sick and vacation.</i>			
13.	934-170-000.000	General Government Expenses	10,639	-
	934-000-299.000	OPEB Liability	-	10,639
	<i>To record change in liability related to other postemployment benefits.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
<b>Adjusting Entries</b>			
14.	101-000-020.100 Receivable From Federal DNR Grant	\$ 1,594	\$ -
	101-000-698.000 Miscellaneous Income	-	1,594
	<i>To adjust state shared revenue and receivable to actual.</i>		
15.	101-203-801.000 Attorney Contracted Services	13,589	-
	101-000-698.000 Miscellaneous Income	-	13,589
	<i>To reclassify expense and revenue.</i>		
16.	101-269-962.000 Miscellaneous	1,188	-
	101-000-390.000 Fund Balance	-	1,188
	<i>To adjust fund balance to actual.</i>		
17.	101-999-999.100 Project Graduation-Cash	143	-
	101-999-999.300 Canine Fund - Cash	2,276	-
	101-999-999.500 Shop With A Cop - Cash	12,929	-
	101-999-999.200 Project Graduation-Contribution Payable	-	143
	101-999-999.400 Canine Fund - Contribution Payable	-	2,276
	101-999-999.600 Shop With A Cop - Contributions Payable	-	12,929
	<i>To record ending cash balance for the police accounts.</i>		
18.	101-101-801.000 Contracted Services	44	-
	101-101-873.000 Travel	74	-
	101-172-727.000 Office Supplies	264	-
	101-172-873.000 Travel Allowance	14	-
	101-215-900.000 Print/Publishing	539	-
	101-301-740.000 Operating Supplies	40	-
	101-301-864.000 Conferences/Wrkshp	512	-
	101-301-962.000 Miscellaneous	19	-
	101-203-801.000 Attorney Contracted Services	3,246	-
	101-101-900.000 Print/Publishing	316	-
	101-172-900.000 Printing/Publish	69	-
	101-285-900.000 Prom. Printing/Publishing	127	-
	101-000-202.000 Accounts Payable	-	3,246
	101-000-202.000 Accounts Payable	-	1,506
	101-000-202.000 Accounts Payable	-	512
	<i>To record 2013 expenses which were paid in 2014 into accounts payable.</i>		

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

	Account Number	Account Description	Debit	Credit
19.	101-000-204.000	Accrued Payroll	\$ 8,442	\$ -
	101-172-702.000	Wages	-	937
	101-215-702.000	Wages	-	230
	101-253-702.000	Wages	-	266
	101-265-702.000	Wages	-	432
	101-269-702.000	Wages	-	1,371
	101-285-702.000	Wages	-	22
	101-301-702.000	Wages	-	5,011
	101-448-702.000	Sidewalk Wages	-	22
	101-691-702.000	Wages	-	151
	<i>To reverse prior year accrued payroll.</i>			
20.	101-172-702.000	Wages	702	-
	101-215-702.000	Wages	262	-
	101-253-702.000	Wages	304	-
	101-265-702.000	Wages	332	-
	101-269-702.000	Wages	317	-
	101-285-702.000	Wages	18	-
	101-301-702.000	Wages	6,799	-
	101-336-702.000	Wages	32	-
	101-448-702.000	Sidewalk Wages	8	-
	101-691-702.000	Wages	182	-
	101-000-204.000	Accrued Payroll	-	8,956
	<i>To record current year accrued payroll.</i>			
21.	101-691-974.600	Conkling Heritage Park Improvements	2,638	-
	101-000-202.000	Accounts Payable	-	2,638
	<i>To record retainage for Conkling Park Restrooms.</i>			
22.	101-000-018.100	General Fund Payroll	8,503	-
	102-101-199.000	General Fund Cash	8,503	-
	101-000-018.100	General Fund Payroll	4,198	-
	101-102-199.000	Due To/From Combined Fund	-	8,503
	102-000-002.000	Payroll Checking	-	8,503
	101-000-264.000	Fringe Benefits	-	4,198
	<i>To move cash to payroll account to adjust to actual balance.</i>			
23.	101-000-020.000	Taxes Receivable	3,647	-
	101-000-403.000	Current Property Tax	-	3,647
	<i>To adjust property tax revenue and related receivable to actual.</i>			
24.	101-000-040.000	Accounts Receivable	4,122	-
	101-000-698.000	Miscellaneous Income	-	4,122
	<i>To reclassify revenue from receivable for legal fees which were reimbursed related to the casino.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
25. 101-691-801.000	Contracted Service	\$ 73,534	\$ -
101-691-974.600	Conkling Heritage Park Improvements	-	73,534
	<i>To reclassify expenses related to Conkling Park project.</i>		
26. 101-000-264.000	Fringe Benefits	78,139	-
202-102-199.000	Due To/From Combined Fund	5,651	-
203-102-199.000	Due To/From Combined Fund	4,497	-
209-102-199.000	Due To/From Combined Fund	1,640	-
210-102-199.000	Due To/From Combined Fund	6,956	-
216-102-199.000	Due From/To Combined Funds	1,793	-
425-102-199.000	Due To/From Combined Fund	903	-
490-102-199.000	Due To/From Combined Fund	73	-
590-102-199.000	Due To/From Combined Fund	7,918	-
594-102-199.000	Due To/From Combined Fund	2,889	-
661-102-199.000	Due To/From Combined Fund	3,243	-
214-102-199.000	Due To/From Combined Fund	302	-
244-102-199.000	Due To/From Combined Fund	8	-
591-102-199.000	Due To/From Fund	6,402	-
102-101-199.000	General Fund Cash	42,275	-
101-000-714.000	Fringe Benefit	-	2,448
101-101-714.000	Fringe Benefit	-	163
101-172-714.000	Fringe Benefit	-	3,196
101-215-714.000	Fringe Benefit	-	622
101-253-714.000	Fringe Benefit	-	720
101-265-714.000	Fringe Benefit	-	1,150
101-269-714.000	Fringe Benefit	-	6,036
101-285-714.000	Fringe Benefit	-	595
101-301-714.000	Fringe Benefit	-	18,755
101-336-714.000	Fringe Benefit	-	466
101-448-714.000	Sidewalk Fringe Benefits	-	247
101-691-714.000	Fringe Benefit	-	1,466
202-451-714.000	Fringe Benefit	-	194
202-463-714.000	Fringe Benefit	-	2,992
202-474-714.000	Fringe Benefit	-	147
202-478-714.000	Fringe Benefit	-	1,621
202-483-714.000	Fringe Benefit	-	697
203-451-714.000	Fringe Benefit	-	141
203-463-714.000	Fringe Benefit	-	2,237
203-474-714.000	Fringe Benefit	-	97
203-478-714.000	Fringe Benefit	-	1,325
203-483-714.000	Fringe Benefit	-	697
209-276-714.000	Fringe Benefit	-	1,640
210-346-714.000	Fringe Benefit	-	6,956
214-691-714.000	Fringe Benefit	-	302
244-412-714.000	Fringe Benefit	-	8

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
216-691-714.000	Fringe Benefit	\$ -	\$ 1,793
425-691-714.000	Fringe Benefit	-	903
490-801-714.000	Fringe Benefit	-	73
590-548-714.000	Fringe Benefit	-	7,897
590-556-714.000	Fringe Benefit	-	21
591-556-714.000	Fringe Benefit	-	6,402
594-544-714.000	Fringe Benefit	-	2,889
661-901-714.000	Fringe Benefit	-	3,243
101-102-199.000	Due To/From Combined Fund	-	42,275
102-202-199.000	Major Streets Cash	-	5,651
102-203-199.000	Local Streets Cash	-	4,497
102-209-199.000	Cemetery Cash	-	1,640
102-210-199.000	Ambulance Cash	-	6,956
102-216-199.000	Recreation Complex-Special Revenue	-	1,793
102-425-199.000	Recreation Cash	-	903
102-490-199.000	Planning Commission Cash	-	73
102-590-199.000	Water Sewer Cash	-	7,918
102-594-199.000	Marina Cash	-	2,889
102-661-199.000	Equipment Fund Cash	-	3,243
102-214-199.000	Performace Shell Fund Cash	-	302
102-244-199.000	DDA Cash	-	8
102-591-199.000	Water Cash	-	6,402

*To reallocate overpayments into fringe account back into the correct accounts.*

27.	101-102-199.000	Due To/From Combined Fund	9,481	-
	102-590-199.000	Water Sewer Cash	9,481	-
	590-548-801.400	Legal Fees	9,481	-
	101-203-801.000	Attorney Contracted Services	-	9,481
	102-101-199.000	General Fund Cash	-	9,481
	590-102-199.000	Due To/From Combined Fund	-	9,481

*To reverse journal entry 337 - provided by client.*

28.	101-265-923.000	Building and Grounds Heat	214	-
	101-336-923.000	Fire Department Heat	590	-
	210-346-923.000	Ambulance Heat	214	-
	216-691-923.000	Rec Center Heat	1,705	-
	590-548-923.000	Sewer Heat	936	-
	661-901-923.000	Equipment Heat	466	-
	101-000-202.000	Accounts Payable	-	804
	210-000-202.000	Accounts Payable	-	214
	216-000-202.000	Accounts Payable	-	1,705
	590-000-202.000	Accounts Payable	-	936
	661-000-202.000	Accounts Payable	-	466

*To record accounts payable and expense which weren't paid until fiscal 2014.*

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

	Account Number	Account Description	Debit	Credit
29.	101-000-668.000	Rents & Royalties	\$ 500	\$ -
	102-101-199.000	General Fund Cash	500	-
	591-102-199.000	Due To/From Fund	500	-
	101-102-199.000	Due To/From Combined Fund	-	500
	102-591-199.000	Water Cash	-	500
	591-000-698.100	Water Misc. Revenue	-	500
	<i>To reverse cash receipt and record receipt through tower rent account - provided by client.</i>			
30.	202-000-569.000	Gas & Weight Tax	8,223	-
	202-000-040.000	Accounts Receivable	-	8,223
	<i>To reverse prior year PA 51 receivable.</i>			
31.	202-000-040.000	Accounts Receivable	8,566	-
	202-000-569.000	Gas & Weight Tax	-	8,566
	<i>To record current year PA 51 receivable.</i>			
32.	102-202-199.000	Major Streets Cash	6,781	-
	202-000-569.000	Gas & Weight Tax	6,781	-
	102-000-004.000	Imma	-	6,781
	202-102-199.000	Due To/From Combined Fund	-	6,781
	<i>To reverse entry for receipt of PA51 monies which was posted twice.</i>			
33.	202-000-204.000	Accrued Payroll	961	-
	202-463-702.000	Wages	-	290
	202-474-702.000	Wages	-	33
	202-478-702.000	Wages	-	392
	202-483-702.000	Wages	-	246
	<i>To reverse prior year accrued wages.</i>			
34.	202-451-702.000	Wages	6	-
	202-463-702.000	Wages	13	-
	202-474-702.000	Wages	4	-
	202-478-702.000	Wages	2,206	-
	202-483-702.000	Wages	230	-
	202-000-204.000	Accrued Payroll	-	2,459
	<i>To record current year accrued wages.</i>			
35.	203-000-569.000	Gas & Weight Tax	3,799	-
	203-000-040.000	Accounts Receivable	-	3,799
	<i>To reverse prior year PA 51 receivable.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
36. 203-000-040.000	Accounts Receivable	\$ 3,959	\$ -
203-000-569.000	Gas & Weight Tax	-	3,959
<i>To record current year PA 51 receivable.</i>			
37. 102-203-199.000	Local Streets Cash	3,133	-
203-000-569.000	Gas & Weight Tax	3,133	-
102-000-004.000	Imma	-	3,133
203-102-199.000	Due To/From Combined Fund	-	3,133
<i>To reverse entry for receipt of PA51 monies which was posted twice.</i>			
38. 203-000-204.000	Accrued Payroll	632	-
203-451-702.000	Wages	-	33
203-463-702.000	Wages	-	66
203-474-702.000	Wages	-	22
203-478-702.000	Wages	-	265
203-483-702.000	Wages	-	246
<i>To reverse prior year accrued wages.</i>			
39. 203-451-702.000	Wages	4	-
203-463-702.000	Wages	8	-
203-474-702.000	Wages	3	-
203-478-702.000	Wages	1,682	-
203-483-702.000	Wages	230	-
203-000-204.000	Accrued Payroll	-	1,927
<i>To record current year accrued wages.</i>			
40. 204-000-020.000	Taxes Receivable	377	-
204-000-403.000	Current Property Tax	-	377
<i>To adjust property tax revenue and receivable to actual.</i>			
41. 204-000-403.000	Current Property Tax	169	-
204-000-672.200	Special Assessment Revenue - W. Jamet	1,071	-
204-000-664.100	Interest Income - M-108	-	169
204-000-672.000	Special Assessments Revenue - M-108	-	1,071
<i>To reclassify M-108 special assessment collections from W. Jamet.</i>			
42. 375-000-672.000	Special Assessments	412	-
375-000-664.000	Interest Income	-	412
<i>To reclassify interest income from special assessment revenue.</i>			
43. 204-000-310.100	Deferred Revenue-West Central	11,096	-
204-000-041.100	Special Assessment Receivable-West Central	-	11,096
<i>To adjust special assessment receivable and deferred revenue for amounts collected in the current year - W Central.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
44. 204-000-310.200	Deferred Revenue-M-108	\$ 1,071	\$ -
204-000-041.200	Special Assessment Receivable-M-108	-	1,071
<i>To adjust special assessment receivable and deferred revenue for amounts collected in the current year - M-108.</i>			
45. 204-000-310.000	Deferred Revenue-West Jamet	5,920	-
204-000-041.000	Special Assessment Receivable-West Jamet	-	5,920
<i>To adjust special assessment A/R and deferred revenue for principal amounts collected related to West Jamet.</i>			
46. 204-000-310.500	Deferred Revenue-N Huron	2,176	-
204-000-041.500	Special Assessment Receivable-N Huron	-	2,176
<i>To adjust special assessment A/R and deferred revenue for principal amounts collected during the year related to North Huron.</i>			
47. 204-000-672.100	Special Assessments Revenue - W. Central	1,149	-
204-000-664.400	Interest Income - W. Central	-	1,149
<i>To reclassify delinquent special assessment interest and penalty.</i>			
48. 204-000-672.300	Special Assessment Revenue - Louigny	2,434	-
204-000-390.000	Fund Balance	-	2,434
<i>To record revenue which was recognized in the prior year to fund balance.</i>			
49. 310-000-664.000	Interest Income	3,481	-
204-000-067.500	Due From Other Funds	739	-
376-000-664.000	Interest	739	-
204-444-965.000	Contribution To Other Funds	3,481	-
310-000-691.100	Contribution Special Assessment	-	3,481
204-000-664.400	Interest Income - W. Central	-	4,220
376-000-214.000	Due To Other Fund	-	739
<i>To reclassify interest income from debt service fund to municipal streets fund.</i>			
50. 376-000-672.000	Special Assessments	2,505	-
204-000-067.500	Due From Other Funds	2,505	-
310-000-672.000	Special Assessments	13,131	-
204-444-965.000	Contribution To Other Funds	13,131	-
376-000-214.000	Due To Other Fund	-	2,505
204-000-672.100	Special Assessments Revenue - W. Central	-	15,636
310-000-214.000	Due To Other Funds	-	13,131
<i>To reclassify special assessment revenue from the debt service funds.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
51. 204-444-965.000	Contribution To Other Funds	\$ 275	\$ -
310-000-067.000	Due From Other Funds	275	-
204-000-214.000	Due To Other Funds	-	275
310-000-691.100	Contribution Special Assessment	-	275
<i>To record transfer to cover deficit in fund 310.</i>			
52. 204-000-672.100	Special Assessments Revenue - W. Central	2,613	-
204-000-664.200	Interest Income-W. Jamet	646	-
204-000-672.200	Special Assessment Revenue - W. Jamet	1,416	-
204-000-664.000	Interest Income	-	1,049
204-000-672.500	N Huron Spec Asst Princ	-	2,176
204-000-672.100	Special Assessments Revenue - W. Central	-	1,416
204-000-664.400	Interest Income - W. Central	-	34
<i>To reclassify special assessment receipts to the correct accounts.</i>			
53. 204-000-672.100	Special Assessments Revenue - W. Central	2,194	-
204-000-664.400	Interest Income - W. Central	-	112
204-000-664.300	Interest Income - Louvigny	-	2,082
<i>To adjust special assessment and interest revenue to actual.</i>			
54. 209-000-403.000	Current Property Tax	31	-
209-000-020.000	Taxes Receivable	-	31
<i>To adjust property tax revenue and receivable to actual.</i>			
55. 209-000-204.000	Accrued Payroll	151	-
209-276-702.000	Wages	-	151
<i>To reverse prior year accrued wages.</i>			
56. 209-276-702.000	Wages	273	-
209-000-204.000	Accrued Payroll	-	273
<i>To record current year accrued wages.</i>			
57. 202-102-199.000	Due To/From Combined Fund	92	-
209-276-930.000	R/M Equipment	92	-
102-209-199.000	Cemetery Cash	92	-
202-000-040.000	Accounts Receivable	-	92
209-102-199.000	Due To/From Combined Fund	-	92
102-202-199.000	Major Streets Cash	-	92
<i>To reverse accounts receivable in major street and record expense in cemetery</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
58. 210-000-204.000	Accrued Payroll	\$ 1,865	\$ -
210-346-702.000	Wages	-	1,865
<i>To reverse prior year accrued wages.</i>			
59. 210-346-702.000	Wages	2,233	-
210-346-702.100	Wages Part Time	173	-
210-000-204.000	Accrued Payroll	-	2,406
<i>To record current year accrued wages.</i>			
60. 210-000-040.000	Accounts Receivable	122,744	-
210-000-626.000	Charge For Services	-	122,744
<i>To record revenue and related receivable which was billed in March 2013.</i>			
61. 210-000-040.000	Accounts Receivable	64,043	-
210-000-676.100	Contribution Emmet County	-	64,043
<i>To record revenue and receivable related to Emmet County ambulance millage.</i>			
62. 210-346-963.100	Ambulance Uncollectible	37,000	-
210-000-040.100	Allowance For Doubtful Accounts	-	37,000
<i>To increase allowance for doubtful accounts.</i>			
63. 216-000-040.000	Accounts Receivable	27,434	-
216-000-310.000	Deferred Revenue	7,500	-
216-000-642.200	Ice Revenue	-	34,934
<i>To record receivable and revenue for 2012/13 Skating Association fees.</i>			
64. 216-691-962.000	Miscellaneous	10,629	-
216-000-040.000	Accounts Receivable	-	10,629
<i>To adjust accounts receivable balance to actual at fiscal year end.</i>			
65. 216-000-642.200	Ice Revenue	22,500	-
216-000-040.000	Accounts Receivable	-	22,500
<i>To reclassify Skating Association payments that were recorded to revenue instead of reducing the receivable.</i>			
66. 216-000-642.200	Ice Revenue	10,000	-
102-216-199.000	Recreation Complex-Special Revenue	10,000	-
216-102-199.000	Due From/To Combined Funds	-	10,000
102-000-004.000	Imma	-	10,000
<i>To reverse payment received on 3/7/2013 which was recorded to 2/28/2013 (#2824).</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
67. 216-691-930.000	Repair and Maintenance - Equipment	\$ 86	\$ -
216-000-202.000	Accounts Payable	-	86
<i>To move 2013 expenses which were paid in 2014 into A/P.</i>			
68. 216-000-204.000	Accrued Payroll	500	-
216-691-702.000	Wages - Rec Center	-	500
<i>To reverse prior year accrued wages.</i>			
69. 216-691-702.000	Wages - Rec Center	826	-
216-000-204.000	Accrued Payroll	-	826
<i>To record current year accrued wages.</i>			
70. 216-102-199.000	Due From/To Combined Funds	16,576	-
101-000-067.000	Due From Other Funds	16,576	-
102-101-199.000	General Fund Cash	16,576	-
216-000-214.000	Due To Other Funds	-	16,576
101-102-199.000	Due To/From Combined Fund	-	16,576
102-216-199.000	Recreation Complex-Special Revenue	-	16,576
<i>To eliminate negative cash.</i>			
71. 244-000-020.000	Taxes Receivable	6,685	-
244-000-403.000	Current Property Tax	-	6,685
<i>To adjust property tax revenue and receivable to actual.</i>			
72. 295-102-199.000	Due To/From Other Funds	1,184	-
102-000-004.000	Imma	1,184	-
295-295-977.000	Capital Outlay	-	1,184
102-295-199.000	Due To/From Other Funds	-	1,184
<i>To record transfer of cash from individual to pooled which was originally recorded to a transfer account.</i>			
73. 297-000-690.100	Cheboygan County Mlg	9,100	-
102-297-199.000	Due To/From Other Funds	9,100	-
297-102-199.000	245	-	9,100
102-000-004.000	Imma	-	9,100
<i>To adjust county millage revenue to actual.</i>			
74. 308-000-008.000	N. Nicolet Special Assessment Receivable	20	-
308-932-999.800	N. Nicolet Special Assessment Expenses	-	20
<i>To reverse a transfer which was inappropriately recorded.</i>			
75. 309-000-008.000	N. Nicolet Debt Service	10	-
309-932-999.800	N. Nicolet Debt Service Expenses	-	10
<i>To reverse a transfer which was inappropriately recorded.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

	Account Number	Account Description	Debit	Credit
76.	352-906-995.000	Interest Expense	\$ 1,351	\$ -
	352-000-699.200	Contribution From Equipment Fund	-	783
	352-000-699.000	Contribution from DDA	-	568
	<i>To record transfer of debt payment which was not recorded.</i>			
77.	375-000-310.000	Deferred Revenue	1,828	-
	375-000-041.000	Special Assessment Receivable	-	1,828
	<i>To adjust deferred revenue and A/R Louvingney II.</i>			
78.	102-376-199.000	Due To/From Combined Fund	1,565	-
	102-000-004.000	Imma	-	1,565
	<i>To record Fund 102 portion of JE which was not recorded.</i>			
79	377-000-123.000	Prepaid Expense	15,725	-
	377-932-995.000	Interest Expense	-	15,725
	<i>To reclassify interest payment to prepaid expense.</i>			
80.	377-102-199.000	Due To/From Combined Fund	13,783	-
	102-478-199.000	2011 Capital Improvement Construction	13,783	-
	377-000-008.000	2011 Capital Improvement Payment Debt Service Cash	-	13,783
	102-377-199.000	Due To/From Combined Fund	-	13,783
	<i>To reverse JE 486 which was posted incorrectly.</i>			
81.	377-000-008.000	2011 Capital Improvement Payment Debt Service Cash	13,783	-
	478-932-965.800	Transfer To 2011 Capital Improvement Bond Payment	13,783	-
	377-000-691.900	Transfer In From 2011 Capital Improvement Construction Fund	-	13,783
	478-102-199.000	Due To/From Combined Fund	-	13,783
	<i>To record transfer of cash between funds.</i>			
82.	425-000-204.000	Accrued Payroll	120	-
	425-691-702.000	Wages	-	120
	<i>To reverse prior year accrued wages.</i>			
83.	425-691-702.000	Wages	126	-
	425-000-204.000	Accrued Payroll	-	126
	<i>To record current year accrued wages.</i>			
84.	478-000-977.000	Capital Outlay	173,684	-
	478-000-202.000	Accounts Payable	-	173,684
	<i>To record expense for Honeywell light project which was original posted to accounts payable.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
85. 590-000-131.000	Construction In Process	\$ 30,037	\$ -
590-548-801.400	Legal Fees	-	30,037
<i>To record sewer additions.</i>			
86. 590-000-150.000	Improvements Other Than Buildings-Sewer	59,842	-
590-000-151.000	Depreciation Other Than Buildings-Sewer	1	-
590-000-140.000	Sewer Equipment	22,615	-
590-000-141.100	Water Depreciation Equipment	905	-
590-000-150.100	Improvements Other Than Buildings-Water	-	59,842
590-000-151.100	Depreciation Other Than Buildings-Water	-	1
590-000-140.100	Water Equipment	-	22,615
590-000-141.000	Sewer Depreciation Equipment	-	905
<i>To reclassify amounts to the appropriate GL accounts.</i>			
87. 590-548-959.000	Depreciation Expense-Sewer	137,425	-
590-000-137.000	Sewer Depreciation Buildings	-	3,410
590-000-151.000	Depreciation Other Than Buildings-Sewer	-	122,673
590-000-141.000	Sewer Depreciation Equipment	-	11,342
<i>To record current year depreciation.</i>			
88. 590-000-151.000	Depreciation Other Than Buildings-Sewer	7,986	-
590-556-999.900	Loss On Sale Of Fixed Assets	3,216	-
590-000-141.000	Sewer Depreciation Equipment	17,416	-
590-000-150.000	Improvements Other Than Buildings-Sewer	-	11,202
590-000-140.000	Sewer Equipment	-	17,416
<i>To record current year disposals of equipment.</i>			
89. 590-000-204.000	Accrued Payroll	2,051	-
590-548-702.000	Wages	-	2,051
<i>To reverse prior year accrued wages.</i>			
90. 590-548-702.000	Wages	2,513	-
590-000-204.000	Accrued Payroll	-	2,513
<i>To record current year accrued wages.</i>			
91. 590-000-150.000	Improvements Other Than Buildings-Sewer	14,325	-
590-000-140.000	Sewer Equipment	11,518	-
590-548-977.000	Capital Outlay	-	14,325
590-548-977.000	Capital Outlay	-	11,518
<i>To record current year capital asset additions.</i>			
92. 590-548-864.000	Conferences/Wrkshp	140	-
590-548-900.000	Printing/Publish	293	-
590-000-202.000	Accounts Payable	-	140
590-000-202.000	Accounts Payable	-	293
<i>To move 2013 expenses which were paid in 2014 into accounts payable.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
93. 590-000-390.200	Ppa Sewer	\$ 320,000	\$ -
590-000-396.000	Ppa Sewer	-	320,000
<i>Reversing entry postd to wrong account</i>			
94. 590-548-965.400	2007 Capital Improvement	5,391	-
375-000-067.000	Due From Other Funds	5,391	-
590-000-214.000	Due To Other Funds	-	5,391
375-000-691.000	Contributions Sewer Fund	-	5,391
<i>To record correct amount of principal payments to 2007 Capital Improvement</i>			
95. 591-556-864.000	Conferences/Workshop	140	-
591-556-900.000	Printing/Publish	311	-
591-000-202.000	Accounts Payable	-	140
591-000-202.000	Accounts Payable	-	311
<i>To move 2013 expenses which were paid in 2014 into accounts payable.</i>			
96. 591-556-702.000	Wages	22	-
591-000-204.000	Accrued Payroll	-	22
<i>To record current year accrued wages.</i>			
97. 591-000-141.000	Water Depreciation Equipment	13,000	-
591-000-140.000	Water Equipment	-	13,000
<i>To record transfer of truck to DPW.</i>			
98. 591-556-959.000	Depreciation Expense	58,509	-
591-000-137.000	Water Depreciation Buildings	-	1,128
591-000-151.000	Depreciation Other Than Buildings-Water	-	39,240
591-000-141.000	Water Depreciation Equipment	-	18,141
<i>To record current year depreciation.</i>			
99. 594-544-751.000	Gas/Oil	3,588	-
594-000-111.000	Marina Inventory Gasoline	-	3,588
<i>To adjust inventory to actual.</i>			
100. 594-000-040.000	Accounts Receivable	4,313	-
594-000-310.000	Deferred Revenue-Seasonal	22,947	-
594-000-653.400	Seasonal Moorage 2000	-	24,693
594-000-698.000	Miscellaneous Income	-	2,567
<i>To adjust seasonal moorage revenue.</i>			
101. 594-000-653.000	Moorage Transient	273	-
594-102-199.000	Due To/From Combined Fund	-	273
<i>To reverse a journal entry which was recorded twice.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
102. 594-544-702.000	Wages	\$ 717	\$ -
594-000-204.000	Accrued Payroll	-	717
<i>To record current year accrued wages.</i>			
103. 594-544-959.000	Depreciation Expense-Marina	37,407	-
594-000-153.000	Depreciation Land Improvements	-	2,308
594-000-155.000	Marina Accumulated Depreciation	-	35,099
<i>To record current year depreciation.</i>			
104. 594-000-653.000	Moorage Transient	6,374	-
594-000-001.200	Due From Spherix Credit Cards	-	6,374
<i>To adjust accounts receivable from spherix to actual.</i>			
105. 594-000-154.000	Marina	20,980	-
594-544-977.000	Capital Outlay	-	20,980
<i>To record current year additions.</i>			
106. 594-000-204.000	Accrued Payroll	649	-
594-544-702.000	Wages	-	649
<i>To reverse prior year accrued wages.</i>			
107. 594-544-864.000	Conferences/Workshop	80	-
594-544-873.000	Travel Allowance	92	-
594-000-202.000	Accounts Payable	-	172
<i>To move 2013 expenses which were paid in 2014 into accounts payable.</i>			
108. 661-000-141.000	Equipment Depreciation	30,900	-
661-000-140.000	Machinery/Equipment	-	30,900
<i>To record current year disposals.</i>			
109. 661-901-959.000	Equipment Depreciation	62,802	-
661-000-141.000	Equipment Depreciation	-	62,802
<i>To adjust internal service fund depreciation for year.</i>			
110. 661-000-204.000	Accrued Payroll	2,414	-
661-901-702.000	Wages	-	2,414
<i>To reverse prior year accrued wages.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
111. 661-901-702.000	Wages	\$ 1,219	\$ -
661-000-204.000	Accrued Payroll	-	1,219
<i>To record current year accrued wages.</i>			
112. 661-901-775.000	R/M/Supplies	57	-
661-000-202.000	Accounts Payable	-	57
<i>To move 2013 expenses which were paid in 2014 into accounts payable.</i>			
113. 661-000-300.000	Long Term Debt	26,288	-
661-000-300.100	Cp Long-Term Debt	-	26,288
<i>To record current portion of long-term debt.</i>			
114. 661-000-300.100	Cp Long-Term Debt	34,218	-
661-000-995.100	Interest Expense	1,235	-
661-901-977.000	Capital Outlay Equipment	-	35,453
<i>To reduce long-term debt for payments which were recorded to expense.</i>			
115. 661-901-965.100	Transfer '04 Bond Fund	23,524	-
352-102-199.000	2004 Bond Payment Fund	23,524	-
102-661-199.000	Equipment Fund Cash	23,524	-
244-412-965.600	Contribution To '04 Bond Fund	850	-
102-244-199.000	Dda Cash	850	-
352-102-199.000	2004 Bond Payment Fund	850	-
352-906-994.000	Principal On Bonds	17,650	-
661-102-199.000	Due To/From Combined Fund	-	23,524
352-000-699.200	Contribution From Equipment Fund	-	23,524
102-352-199.000	2004 Bond Payment Fund	-	23,524
244-102-199.000	Due To/From Combined Fund	-	850
102-352-199.000	2004 Bond Payment Fund	-	850
352-000-699.000	Contribution From Dda	-	18,500
<i>To reverse entry 331 (gl detail) portion effect bond payment.</i>			
116. 204-444-965.400	2007 Capital Improvement	3,409	-
375-000-067.000	Due From Other Funds	3,409	-
204-000-214.000	Due To Other Funds	-	3,409
375-000-691.000	Contribution Sewer Fund	-	3,409
<i>To correct allocation of debt payment bewteen municipal streets and fund 375.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries February 28, 2013

Account Number	Account Description	Debit	Credit
117. 594-000-040.000	Accounts Receivable	\$ 2,005	\$ -
202-000-040.000	Accounts Receivable	20	-
203-000-040.000	Accounts Receivable	20	-
591-000-040.000	Accounts Receivable	428	-
590-000-040.000	Accounts Receivable	802	-
210-000-040.000	Accounts Receivable	100	-
594-000-698.000	Miscellaneous Income	-	2,005
202-000-698.000	Miscellaneous Income	-	20
203-000-698.000	Miscellaneous Income	-	20
591-000-656.000	Penalties	-	428
590-000-698.100	Water Miscellaneous Revenue	-	802
210-000-698.000	Miscellaneous Income	-	100

*To reclassify revenue which was recorded to accounts receivable.*

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries February 28, 2013

Account Number	Account Description	Debit	Credit
118. 101-000-705.000	Fringe Fica	\$ 6,138	\$ -
101-172-962.000	Miscellaneous	90	-
202-463-705.000	Employer Fica	692	-
203-463-705.000	Employer Fica	834	-
209-276-705.000	Employer Fica	287	-
210-346-705.000	Employer Fica	479	-
214-691-705.000	Employer Fica	40	-
216-691-705.000	Employer Fica	126	-
425-691-705.000	Employer Fica	122	-
590-548-705.000	Employer Fica	1,232	-
591-556-705.000	Employer Fica	908	-
594-544-705.000	Employer Fica	1,278	-
661-901-705.000	Employer Fica	151	-
102-101-199.000	General Fund Cash	6,228	-
102-202-199.000	Major Streets Cash	692	-
102-203-199.000	Local Streets Cash	834	-
102-209-199.000	Cemetery Cash	287	-
102-210-199.000	Ambulance Cash	479	-
102-214-199.000	Performace Shell Fund Cash	40	-
102-216-199.000	Recreation Complex-Special Revenue	126	-
102-425-199.000	Recreation Cash	122	-
102-590-199.000	Water Sewer Cash	1,232	-
102-591-199.000	Water Cash	908	-
102-594-199.000	Marina Cash	1,278	-
102-661-199.000	Equipment Fund Cash	151	-
101-102-199.000	Due To/From Combined Fund	-	6,228
202-102-199.000	Due To/From Combined Fund	-	692
203-102-199.000	Due To/From Combined Fund	-	834
209-102-199.000	Due To/From Combined Fund	-	287
210-102-199.000	Due To/From Combined Fund	-	479
214-102-199.000	Due To/From Combined Fund	-	40
216-102-199.000	Due To/From Combined Fund	-	126
425-102-199.000	Due To/From Combined Fund	-	122
590-102-199.000	Due To/From Combined Fund	-	1,232
591-102-199.000	Due To/From Fund	-	908
594-102-199.000	Due To/From Combined Fund	-	1,278
661-102-199.000	Due To/From Combined Fund	-	151
102-000-002.000	Payroll Checking	-	12,377

To record payment to IRS.

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
119. 101-000-403.000	Current Property Tax	\$ 19,317	\$ -
204-000-403.000	Current Property Tax	6,892	-
209-000-403.000	Current Property Tax	440	-
244-000-403.000	Current Property Tax	3,127	-
101-000-202.000	Accounts Payable	-	19,317
204-000-202.000	Accounts Payable	-	6,892
209-000-202.000	Accounts Payable	-	440
244-000-202.000	Accounts Payable	-	3,127

*To accrue Crossing tribunal settlement payment to Cheboygan County.*

#### Separation of Water and Sewer Adjusting Entries

120. 590-102-199.000	Due To/From Combined Fund	27,681	-
590-223-995.200	Sewer bond payments	20,000	-
591-000-301.000	Water Bonds Payable	20,000	-
591-556-995.100	Berkadia Payment 82 Bond Interest	18,881	-
102-591-199.000	Water Cash	27,681	-
590-548-965.100	Berkadia 82 Bond Payment	-	38,881
590-548-965.100	Berkadia 82 Bond Payment	-	8,800
591-102-199.000	Due To/From Fund	-	27,681
591-000-642.000	Charge For Services Sales	-	11,200
102-590-199.000	Water Sewer Cash	-	27,681

*Transfer Berkadia 82 water debt payment to water fund.*

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
121. 590-000-137.100	Water Depreciation Buildings	\$ 13,632	\$ -
590-000-141.100	Water Depreciation Equipment	110,067	-
590-000-151.100	Depreciation Other Than Buildings-Water	862,086	-
590-000-369.100	Water Contribution Federal	108,655	-
590-000-371.100	Water Contribution Municipal	193,998	-
590-000-377.100	Water Replacement Reserve	50,000	-
590-000-390.000	Fund Balance	1,019,228	-
590-000-390.100	Ppa Water	240,000	-
590-000-395.100	Water Fund Balance	226,240	-
591-000-130.000	Water Land	14,725	-
591-000-136.000	Water Buildings	28,211	-
591-000-140.000	Water Equipment	191,568	-
591-000-150.000	Improvements Other Than Buildings-Water	2,349,402	-
590-000-130.100	Water Land	-	14,725
590-000-136.100	Water Buildings	-	28,211
590-000-140.100	Water Equipment	-	191,568
590-000-150.100	Improve Other Than Buildings-Water	-	2,349,402
590-000-396.100	Ppa Water	-	240,000
591-000-137.000	Water Depreciation Buildings	-	13,632
591-000-141.000	Water Depreciation Equipment	-	110,067
591-000-151.000	Depreciation Other Than Buildings-Water	-	862,086
591-000-390.000	Fund Balance	-	1,598,121
<i>To reclassify water fixed assets to fund 591.</i>			
122. 590-000-300.000	Current Portion Long-term debt-Water	20,000	-
590-000-301.100	Water Bonds Payable	170,000	-
591-000-390.000	Fund Balance	190,000	-
590-000-390.000	Fund Balance	-	190,000
591-000-300.000	Current Portion Long-term debt-Water	-	20,000
591-000-301.000	Water Bonds Payable	-	170,000
<i>To reclassify water long-term debt to fund 591.</i>			
123. 590-000-390.000	Fund Balance	70,000	-
591-000-003.100	Cash Bond Reserve	60,000	-
591-000-003.200	Cash Replacement Reserve	10,000	-
590-000-003.100	Cash Bond Reserve	-	60,000
590-000-003.200	Cash Replacement Reserve	-	10,000
591-000-390.000	Fund Balance	-	70,000
<i>To reclassify restricted investments to fund 591.</i>			
124. 590-000-204.000	Accrued Payroll	1,818	-
591-000-390.000	Fund Balance	1,818	-
590-000-390.000	Fund Balance	-	1,818
591-000-204.000	Accrued Payroll	-	1,818
<i>To reclassify accrued expenses to fund 591.</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
125. 590-000-202.000	Accounts Payable	\$ 7,338	\$ -
591-000-390.000	Fund Balance	7,338	-
590-000-390.000	Fund Balance	-	7,338
591-000-202.000	Accounts Payable	-	7,338
<i>To reclassify accounts payable to fund 591.</i>			
126. 590-000-390.000	Fund Balance	4,012	-
591-000-067.000	Due From Other Funds	4,012	-
590-000-067.000	Due From Other Funds	-	4,012
591-000-390.000	Fund Balance	-	4,012
<i>To reclassify due from other funds to fund 591.</i>			
127. 590-000-214.000	Due To Other Funds	36,086	-
591-000-390.000	Fund Balance	36,086	-
590-000-390.000	Fund Balance	-	36,086
591-000-214.000	Due To Other Funds	-	36,086
<i>To reclassify due to other funds to fund 591.</i>			
128. 590-000-390.000	Fund Balance	35,403	-
591-000-040.000	Accounts Receivable	35,403	-
590-000-040.000	Accounts Receivable	-	35,403
591-000-390.000	Fund Balance	-	35,403
<i>Split 2/29/12 accounts receivable balance between Water and Sewer fund.</i>			
129. 590-000-040.000	Accounts Receivable	18,255	-
591-000-642.000	Charge For Services Sales	18,255	-
590-000-642.000	Sewer Charges Sales	-	18,255
591-000-040.000	Accounts Receivable	-	18,255
<i>Billings posted in general ledger that did not agree with billings in utility billing system.</i>			
130. 590-000-040.000	Accounts Receivable	2,606	-
591-102-199.000	Due To/From Fund	2,606	-
102-590-199.000	Water Sewer Cash	2,606	-
590-102-199.000	Due To/From Combined Fund	-	2,606
591-000-040.000	Accounts Receivable	-	2,606
102-591-199.000	Water Cash	-	2,606
<i>Adjust accounts receivable split between Water and Sewer to match subsidiary ledger.</i>			
131. 591-000-040.000	Accounts Receivable	891	-
591-000-642.000	Charge For Services Sales	-	891
<i>Adjust accounts receivable to match subsidiary ledger</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
132. 590-556-962.000	Miscellaneous	\$ 1,000	\$ -
590-000-642.300	Meter/Parts Charge	1,990	-
591-556-702.000	Wages	84	-
591-556-705.000	Employer Fica	6	-
591-556-713.000	Unemployment	8	-
591-556-714.000	Fringe Benefit	38	-
591-556-727.000	Office Supplies	53	-
591-556-740.000	Operating Supplies	384	-
591-556-751.000	Gas/Oil	922	-
591-556-850.000	Communications	60	-
591-556-921.000	Water Electricity	692	-
591-556-930.000	Repair and Maintenance - Equipment	288	-
591-556-958.000	Water - Membership/Dues	340	-
591-556-977.000	Capital Outlay	10	-
591-000-642.000	Charge For Services Sales	43	-
591-102-199.000	Due To/From Fund	62	-
102-590-199.000	Water Sewer Cash	62	-
590-556-702.000	Wages	-	84
590-556-705.000	Employer Fica	-	6
590-556-713.000	Unemployment	-	8
590-556-714.000	Fringe Benefit	-	38
590-556-727.000	Office Supplies	-	53
590-556-740.000	Operating Supplies	-	384
590-556-751.000	Gas/Oil	-	922
590-556-850.000	Communications	-	60
590-556-921.000	Water Electricity	-	692
590-556-930.000	Repair and Maintenance - Equipment	-	288
590-556-958.000	Membership & Dues	-	340
590-556-977.000	Water Capital Outlay	-	10
590-000-642.100	Water Charges Sales	-	43
590-102-199.000	Due To/From Combined Fund	-	62
591-556-962.000	Miscellaneous	-	1,000
591-000-642.300	Charge For Meter Parts	-	1,990
102-591-199.000	Water Cash	-	62
<i>Reclass Water Fund expenses/revenue recorded in the Sewer Fund.</i>			
133. 590-000-034.000	Water/Sewer Delinquent Bills	2,271	-
591-102-199.000	Due To/From Fund	2,271	-
102-590-199.000	Water Sewer Cash	2,271	-
590-102-199.000	Due To/From Combined Fund	-	2,271
591-000-034.000	Water Delinquent Bills	-	2,271
102-591-199.000	Water Cash	-	2,271
<i>Reclass penalties that were receipted into Fund #590 but were billed out of Fund #591 (receipt #1820).</i>			

## Village of Mackinaw City

### Attachment B - Adjusting Journal Entries

February 28, 2013

Account Number	Account Description	Debit	Credit
134. 590-000-034.000	Water/Sewer Delinquent Bills	\$ 14,426	\$ -
590-000-642.000	Sewer Charges Sales	-	7,530
590-000-642.000	Sewer Charges Sales	-	6,896
<i>Reclass credit balance in A/R account at beginning of year and recognize revenue for 2011 delinquent bills that were not recorded in accounts receivable at 2/29/12.</i>			
135. 591-000-034.000	Water Delinquent Bills	6,324	-
591-000-642.000	Charge For Services Sales	-	6,324
<i>Reclass 2011 delinquents that were not recorded in A/R at beginning of year to revenue.</i>			
136. 590-000-390.000	Fund Balance	272,830	-
591-102-199.000	Due To/From Fund	272,830	-
102-590-199.000	Water Sewer Cash	272,830	-
590-102-199.000	Due To/From Combined Fund	-	272,830
591-000-390.000	Fund Balance	-	272,830
102-591-199.000	Water Cash	-	272,830
<i>To reclassify cash to Fund 591.</i>			

## VILLAGE OF MACKINAW CITY

### Attachment C - Upcoming Changes in Accounting Standards

For the February 28, 2013 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Village in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Village. For the complete text of these and other GASB standards, visit [www.gasb.org](http://www.gasb.org) and click on the "pronouncements" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

#### **GASB 66 ■ 2012 Technical Corrections (an Amendment to GASB 10 and GASB 62)** *Effective 12/15/2013 (your FY 2014)*

This standard was issued to eliminate conflicting guidance that resulted from the issuance of GASB 54 and GASB 62, which are both already effective. GASB 10 was amended to allow for risk financing activities to be accounted for in whichever fund type is most applicable (no longer limited to the general fund or an internal service fund). GASB 62 was amended to modify specific guidance related to (1) operating leases with scheduled rent increases, (2) purchase of loans at an amount other than the principal amount, and (3) service fees related to mortgages that are sold when the service rate varies significantly from the current (normal) service fees.

We do not expect GASB 66 to have any significant impact on the Village at this time.

#### **GASB 67 ■ Financial Reporting for Pension Plans** *Effective 06/15/2014 (your FY 2015)*

This standard establishes the requirements for pension plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total pension liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 67, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarial valuations conducted in accordance with GASB 67 will have to match the government's fiscal year, or be rolled forward to that date by the actuary.

#### **GASB 68 ■ Accounting and Financial Reporting for Pensions** *Effective 06/15/2015 (your FY 2016)*

This standard establishes new requirements for governments to report a "net pension liability" for the unfunded portion of its pension plan. Governments that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund. Governments that participate in a cost sharing plan will report a liability for their "proportionate share" of the net pension liability of the entire system.

Historically, governments have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net pension liability based on the current funded status of their pension plans. This liability would be limited to the government-wide financial statements and proprietary funds. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

## VILLAGE OF MACKINAW CITY

### Attachment C - Upcoming Changes in Accounting Standards For the February 28, 2013 Audit

GASB 68 also requires more extensive note disclosures and required supplementary information, including 10 years of historical information. The methods used to determine the discount rate (the assumed rate of return on plan assets held in trust) are mandated and must be disclosed, along with what the impact would be on the net pension liability if that rate changed by 1% in either direction. Other new disclosure requirements include details of the changes in the components of the net pension liability, comparisons of actual employer contributions to actuarially determined contributions, and ratios to put the net pension liability in context. For single-employer and agent multiple-employer plans, the information for these statements will come from the annual actuarial valuation. For cost sharing plans, this information will be derived from the financial reports of the plan itself, multiplied by the government's proportionate share of plan.

GASB 67 and 68 are only applicable to pension plans. However, the GASB has announced its intent to issue similar standards for other postemployment benefits (e.g., retiree healthcare) on a two year delay from these standards.

#### **GASB 69 ■ Government Combinations and Disposals of Government Operations** *Effective 12/15/2014 (your FY 2015)*

This standard provides detailed requirements for the accounting and disclosure of various types of government combinations, such as mergers, acquisitions, and transfers of operations. The guidance available previously was limited to nongovernmental entities, and therefore did not provide practical examples for situations common in government-specific combinations and disposals. The accounting and disclosure requirements for these events vary based on whether a significant payment is made, the continuation or termination of services, and the legal structure of the new or continuing entity.

Given the infrequent nature of these types of events, we do not expect this standard to have any impact on the Village at this time.

#### **GASB 70 ■ Nonexchange Financial Guarantees** *Effective 06/15/2014 (your FY 2015)*

This standard addresses the accounting and disclosure of situations in which one government offers a financial guarantee on behalf of another government, not-for-profit organization, private entity, or individual without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). A government that extends a nonexchange financial guarantee will be required to recognize a liability when qualitative factors and/or historical data indicate that it is "more likely than not" that the government will be required to make a payment on the guarantee. It further requires governments to disclose any outstanding financial guarantees in the notes to the financial statements.

We do not expect GASB 70 to have any significant impact on the Village at this time.



# Village of Mackinaw City

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August 13, 2013

Rehmann Robson  
PO Box 250  
Cheboygan, MI 49721

We are providing this letter in connection with your audit of the financial statements of *Village of Mackinaw City* (the "Village") as of February 28, 2013 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village and the respective changes in financial position and, where applicable, cash flows thereof in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, as of August 13, 2013 the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all—
  - a. Financial records and related data.
  - b. Minutes of the meetings of Village Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We are in agreement with the adjusting journal entries you have proposed, and they have been posted.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.



7. We have no knowledge of any fraud or suspected fraud affecting the Village involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village received in communications from employees, former employees, analysts, regulators, or others.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
11. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
12. The Village has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, deferred inflows, or equity.
13. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
  - b. Guarantees, whether written or oral, under which the Village is contingently liable.
  - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

15. There are no—
  - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
  - b. Unasserted claims or assessments that our lawyer has advised us are probably of assertion and must be disclosed in accordance with generally accepted accounting principles. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
16. As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
17. The Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
18. The Village has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
19. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
20. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
21. The financial statements properly classify all funds and activities.
22. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
23. Components of net position (net investment in capital assets, restricted, and unrestricted) and equity amounts are properly classified and, if applicable, approved.
24. Provisions for uncollectible receivables have been properly identified and recorded.
25. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
26. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
27. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
28. Deposits and investments are properly classified as to risk and are properly disclosed.

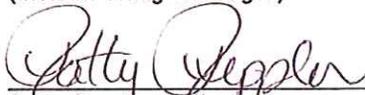
29. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
30. We have appropriately disclosed the Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position was properly recognized under the policy.
31. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
32. We acknowledge our responsibility for the required supplementary information (RSI). The required supplementary information is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
33. With respect to the combining individual fund financial statements and schedules ("supplementary information"), we acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
34. We have evaluated the Village's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the financial statements.
35. Expenditures of federal awards were below the \$500,000 threshold in the audit period and we were not required to have an audit in accordance with OMB Circular A-133.
36. We have appropriately allocated the assets, liabilities, and net position between the Sewer and Water Funds as a result of accounting for sewer and water activities in separate funds beginning in fiscal year 2013.
37. We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Patrick Wyman, Chief of Police  
(Interim Village Manager)



Lana Jaggi, Village Clerk



Patty Peppler, Village Treasurer

Village of  
Mackinaw City,  
Michigan



Fiscal Year  
Ended  
February 28,  
2013

Financial  
Statements

# VILLAGE OF MACKINAW CITY

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# VILLAGE OF MACKINAW CITY

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**INDEPENDENT AUDITORS' REPORT**

August 13, 2013

Village Council  
Village of Mackinaw City  
Mackinaw City, Michigan**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the *Village of Mackinaw City, Michigan* (the "Village") as of and for the year ended February 28, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Independent Auditors' Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village, as of February 28, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and each major special revenue fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedules of Funding Progress and Employer Contributions for the pension and other postemployment benefit plans listed in the table of contents 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.

#### *Other Information*

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, our report dated August 13, 2013, on our consideration of the Village's internal control over financial reporting and 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* in considering the Village's internal control over financial reporting and compliance.

*Rehmann Lohman LLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# VILLAGE OF MACKINAW CITY

## Management's Discussion and Analysis

As management of the Village of Mackinaw City, Michigan (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended February 28, 2013.

### Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by approximately \$14,830,000 (net position). Of this amount, approximately \$2,317,000 (unrestricted net position) may be used to meet the Village's ongoing obligations to citizens and creditors.
- The Village's total net position decreased by approximately \$541,000.
- The Village repaid approximately \$289,000 of long-term debt during the current fiscal year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was approximately \$789,000 or 50 percent of fiscal 2013 total General Fund expenditures and transfers.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., bonds and notes payable and compensated absences).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include legislative, general government, public safety, public works, highways and streets, health and welfare, and recreation and culture. The business-type activities of the Village include sewer, water, and marina.

## VILLAGE OF MACKINAW CITY

### Management's Discussion and Analysis

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

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

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

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

The Village maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Municipal Street Fund, and the Ambulance Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Village adopts an annual appropriated budget for its General Fund and each special revenue fund. Budgetary comparison statements have been provided herein to demonstrate compliance with the General Fund and all major special revenue funds budgets.

**Proprietary Funds.** The Village maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Village uses enterprise funds to account for its sewer, water, and marina operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions.

The Village uses an internal service fund to account for its equipment operations. Because these services predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

## VILLAGE OF MACKINAW CITY

### Management's Discussion and Analysis

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer Fund, Water Fund and the Marina Fund, which are considered to be major funds of the Village.

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

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI). RSI includes this management discussion and analysis, along with the schedules of funding progress and employer contributions for the Village's defined benefit pension plan and retiree health care plan.

The combining statements and schedules referred to earlier in connection with the general fund and nonmajor governmental funds are presented immediately following the notes to the financial statements.

#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by approximately \$14,829,000 at the close of fiscal 2013.

A significant portion of the Village's net position (81%) is invested in capital assets (e.g., land, buildings, vehicles, equipment, water and sewer systems, marina, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position represents the resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (15%) may be used to meet the Village's ongoing obligations to citizens and creditors.

## VILLAGE OF MACKINAW CITY

### Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Cash and other assets	\$ 2,059,623	\$ 2,765,051	\$ 1,320,433	\$ 1,146,108	\$ 3,380,056	\$ 3,911,159
Capital assets, net	6,784,541	6,808,805	7,086,823	7,246,520	13,871,364	14,055,325
<b>Total assets</b>	<b>8,844,164</b>	<b>9,573,856</b>	<b>8,407,256</b>	<b>8,392,628</b>	<b>17,251,420</b>	<b>17,966,484</b>
Current and other liabilities	192,181	86,166	106,299	99,105	298,480	185,271
Long-term liabilities	1,914,899	2,171,034	170,000	190,000	2,084,899	2,361,034
<b>Total liabilities</b>	<b>2,107,080</b>	<b>2,257,200</b>	<b>276,299</b>	<b>289,105</b>	<b>2,383,379</b>	<b>2,546,305</b>
Deferred inflow of resources	37,847	44,833	-	3,946	37,847	48,779
Net position:						
Net investment in capital assets	5,103,914	4,859,368	6,916,823	7,056,520	12,020,737	11,915,888
Restricted	492,645	25,365	-	60,000	492,645	85,365
Unrestricted	1,102,678	2,387,090	1,214,134	983,057	2,316,812	3,370,147
<b>Total net position</b>	<b>\$ 6,699,237</b>	<b>\$ 7,271,823</b>	<b>\$ 8,130,957</b>	<b>\$ 8,099,577</b>	<b>\$14,830,194</b>	<b>\$15,371,400</b>

At the end of fiscal 2013, the Village is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities. The same situation held true for the prior year.

The Village's net position decreased by approximately \$541,000 during fiscal 2013. This decrease is mainly attributable to budgeted use of fund balance and repairs and maintenance expenditures.

# VILLAGE OF MACKINAW CITY

## Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 449,929	\$ 427,077	\$ 1,091,869	\$ 1,038,691	\$ 1,541,798	\$ 1,465,768
Operating grants and contributions	547,087	514,475	372	1,833	547,459	516,308
Capital grants and contributions	101,130	1,656	18,051	-	119,181	1,656
General revenues:						
Property taxes	1,547,281	1,571,129	-	-	1,547,281	1,571,129
Grants and contributions not restricted to specific programs	65,341	64,096	-	-	65,341	64,096
Unrestricted interest income	9,325	13,465	5	-	9,330	13,465
<b>Total revenues</b>	<b>2,720,093</b>	<b>2,591,898</b>	<b>1,110,297</b>	<b>1,040,524</b>	<b>3,830,390</b>	<b>3,632,422</b>
Expenses:						
Legislative	32,499	-	-	-	32,499	-
General government	603,410	783,023	-	-	603,410	783,023
Public safety	647,998	670,510	-	-	647,998	670,510
Highways and streets	733,435	644,618	-	-	733,435	644,618
Health and welfare	533,496	541,988	-	-	533,496	541,988
Recreation and culture	337,225	273,501	-	-	337,225	273,501
Interest on long-term debt	78,889	52,929	-	-	78,889	52,929
Sewer	-	-	739,562	887,651	739,562	887,651
Water	-	-	328,068	-	328,068	-
Marina	-	-	337,014	330,204	337,014	330,204
<b>Total expenses</b>	<b>2,966,952</b>	<b>2,966,569</b>	<b>1,404,644</b>	<b>1,217,855</b>	<b>4,371,596</b>	<b>4,184,424</b>
Change in net position before transfers	(246,859)	(374,671)	(294,347)	(177,331)	(541,206)	(552,002)
Transfers	(325,727)	45,689	325,727	(45,689)	-	-
<b>Change in net position</b>	<b>(572,586)</b>	<b>(328,982)</b>	<b>31,380</b>	<b>(223,020)</b>	<b>(541,206)</b>	<b>(552,002)</b>
Net position:						
Beginning of year	7,271,823	7,600,805	8,099,577	8,322,597	15,371,400	15,923,402
<b>End of year</b>	<b>\$ 6,699,237</b>	<b>\$ 7,271,823</b>	<b>\$ 8,130,957</b>	<b>\$ 8,099,577</b>	<b>\$14,830,194</b>	<b>\$15,371,400</b>

# VILLAGE OF MACKINAW CITY

## Management's Discussion and Analysis

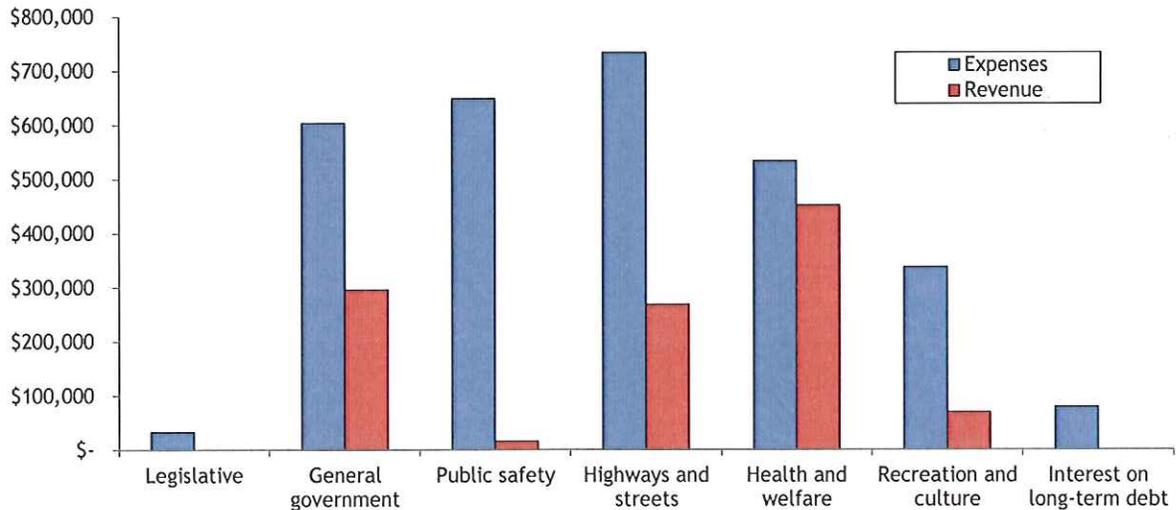
**Governmental Activities.** Governmental activities decreased the Village's net position by approximately \$574,000. Transfers increased by approximately \$317,000 from the prior year attributable to transfers of bond proceeds to the sewer fund for improvements.

Key elements of this decrease are as follows:

- Budgeted use of fund balance during fiscal year 2013.
- Expenditures incurred on the LED lighting upgrade.

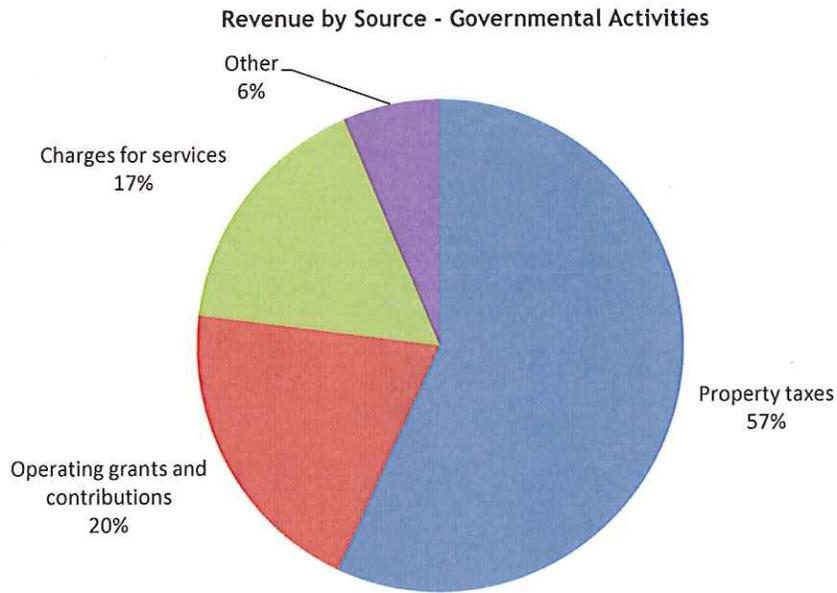
Capital grants and contributions increased from the prior year by approximately \$100,000 due to the receipt of state grants for highway and street projects. General government expenditures decreased by approximately \$147,000 related to a reallocation of certain employees wages and fringes to various functions. Highways and streets expenditures increased approximately \$98,000 from the prior year mainly related to the street light project and increased winter maintenance costs.

Expenses and Program Revenues - Governmental Activities



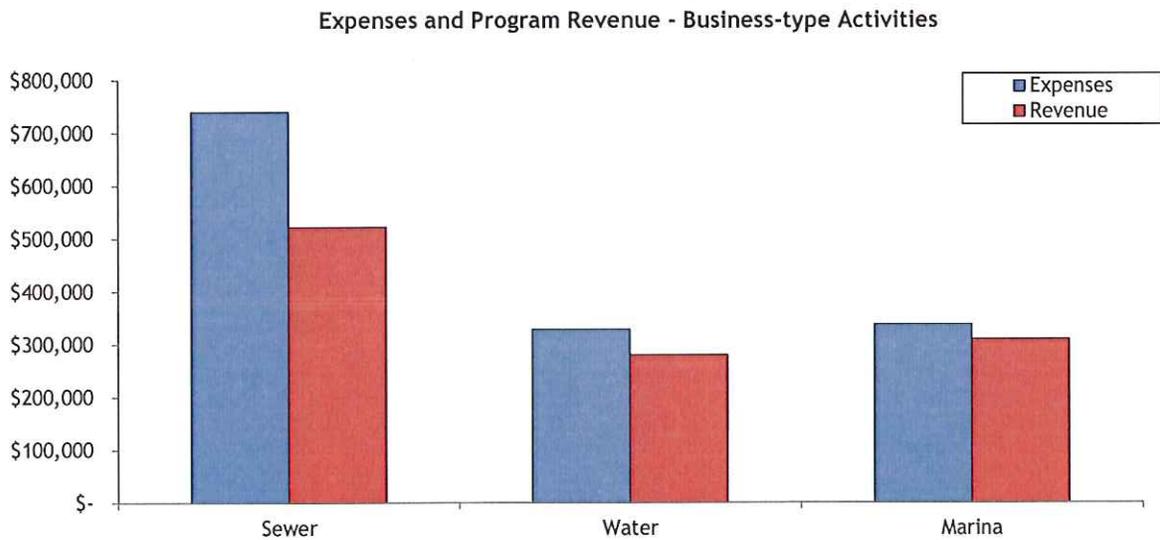
# VILLAGE OF MACKINAW CITY

## Management's Discussion and Analysis



**Business-type Activities.** Business-type activities increased the Village's net position by approximately \$31,000.

This increase was directly related mainly to bond proceeds transferred into the sewer fund during the year. The increase in sewer and water expenses is related to the sewer project which occurred during the year and the accounting for sewer and water activities in separate funds, respectively.



Substantially, all revenues for the business-type activities resulted from charges for services.

## VILLAGE OF MACKINAW CITY

### Management's Discussion and Analysis

#### Financial Analysis of the Government's Funds

**Governmental Funds.** The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2013 fiscal year, the Village's governmental funds reported combined ending fund balances of approximately \$1,579,000, a decrease of approximately \$818,000. Unassigned fund balance of approximately \$789,000 is available for spending at the Village's discretion. The remainder of fund balance is restricted or assigned to indicate that it is not available for new spending because it has been restricted or assigned to be spent for specific purposes.

The fund balance of the Village's General Fund decreased by approximately \$127,000 during the current fiscal year, which was mainly attributable to budgeting the use of fund balance to cover operating expenses.

The fund balance of the Village's Municipal Street special revenue fund decreased by approximately \$32,000 during the current fiscal year, which was mainly attributable to transfers to the Major Street and Local Street special revenue funds.

The fund balance of the Village's Ambulance fund increased by approximately \$11,000 during the current fiscal year, which was mainly attributable to decreased expenditures resulting from outsourcing the billing for ambulance runs.

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

Unrestricted net position of the Sewer Fund at the end of the year amounted to approximately \$807,000. The Sewer Fund had an increase in net position for the year of approximately \$108,000. Factors attributable to this increase in net position were addressed in the discussion of the Village's business-type activities.

Unrestricted net position of the Water Fund at the end of the year amounted to approximately \$327,000. The Water Fund had a decrease in net position for the year of approximately \$48,000 mainly due to repair and maintenance expenditures exceeding the amounts originally anticipated.

Unrestricted net position of the Marina fund at the end of the year amounted to approximately \$80,000. The Marina Fund had a decrease in net position for the year of approximately \$28,000. This decrease in net position is mainly attributable to planned expenditures for operations and repairs and maintenance to marina assets.

#### General Fund Budgetary Highlights

General Fund revenues and transfers out were greater than the final budget while expenditures were lower than the final budget. No budget amendments were made during the current year.

## VILLAGE OF MACKINAW CITY

### Management's Discussion and Analysis

#### Capital Assets and Debt Administration

**Capital Assets.** The Village's investment in capital assets for its governmental and business-type activities as of February 28, 2013, amounted to approximately \$13,871,000 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, infrastructure, water and sewer systems, marina, vehicles and equipment.

Additional information on the Village's capital assets can be found in the notes to the financial statements.

Major capital assets purchased during the current fiscal year included the following:

- LED Lighting Project
- Village Hall Roof Project
- Conkling Park Restroom Project

**Long-Term Debt.** At February 28, 2013, the Village had total debt (less accrued compensated absences) outstanding of approximately \$1,851,000. Of this amount, approximately \$1,716,000 is comprised of debt backed by the full faith and credit of the Village. The remainder of the Village's bonded debt represents bonds secured solely by specified revenue sources.

Additional information on the City's long-term debt can be found in the notes to the financial statements.

#### Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Village's budget for the 2013-2014 fiscal year:

- Economic factors.
- Estimated revenues.
- Planned capital improvements.
- Operating expenditures.

#### Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Village Manager, P.O. Box 580, Mackinaw City, Michigan 49701.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Statement of Net Position

February 28, 2013

	Primary Government			Downtown Development Authority Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 986,399	\$ 627,579	\$ 1,613,978	\$ 52,686
Investments	533,722	365,516	899,238	30,670
Receivables, net	518,261	170,126	688,387	8,755
Internal balances	5,516	(5,516)	-	-
Other assets	15,725	25,437	41,162	-
Restricted investments	-	137,291	137,291	-
Capital assets not being depreciated	1,042,581	103,177	1,145,758	-
Capital assets being depreciated, net	5,741,960	6,983,646	12,725,606	-
<b>Total assets</b>	<b>8,844,164</b>	<b>8,407,256</b>	<b>17,251,420</b>	<b>92,111</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	163,590	24,553	188,143	3,127
Unearned revenue	-	81,746	81,746	-
Long-term liabilities:				
Due within one year	269,767	20,000	289,767	-
Due in more than one year	1,645,132	150,000	1,795,132	-
Net other postemployment benefits obligation	28,591	-	28,591	-
<b>Total liabilities</b>	<b>2,107,080</b>	<b>276,299</b>	<b>2,383,379</b>	<b>3,127</b>
<b>Deferred inflow of resources</b>				
Unavailable revenue	37,847	-	37,847	-
<b>Net position</b>				
Net investment in capital assets	5,103,914	6,916,823	12,020,737	-
Restricted for:				
Highways and streets	379,135	-	379,135	-
Cemetery	62,286	-	62,286	-
WaWatam area seniors	3,850	-	3,850	-
Debt service	47,374	-	47,374	-
Unrestricted	1,102,678	1,214,134	2,316,812	88,984
<b>Total net position</b>	<b>\$ 6,699,237</b>	<b>\$ 8,130,957</b>	<b>\$ 14,830,194</b>	<b>\$ 88,984</b>

The accompanying notes are an integral part of these basic financial statements.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Statement of Activities

For the Year Ended February 28, 2013

Functions/Programs	Expenses	Program Revenue			Net Expense
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 32,499	\$ -	\$ -	\$ -	\$ (32,499)
General government	603,410	203,329	92,192	-	(307,889)
Public safety	647,998	6,616	7,500	1,130	(632,752)
Highways and streets	733,435	-	167,712	100,000	(465,723)
Health and welfare	533,496	231,656	219,136	-	(82,704)
Recreation and culture	337,225	8,328	60,547	-	(268,350)
Interest on long-term debt	78,889	-	-	-	(78,889)
<b>Total governmental activities</b>	<b>2,966,952</b>	<b>449,929</b>	<b>547,087</b>	<b>101,130</b>	<b>(1,868,806)</b>
Business-type activities:					
Sewer	739,562	521,274	372	-	(217,916)
Water	328,068	279,647	-	-	(48,421)
Marina	337,014	290,948	-	18,051	(28,015)
<b>Total business-type activities</b>	<b>1,404,644</b>	<b>1,091,869</b>	<b>372</b>	<b>18,051</b>	<b>(294,352)</b>
<b>Total primary government</b>	<b>\$ 4,371,596</b>	<b>\$ 1,541,798</b>	<b>\$ 547,459</b>	<b>\$ 119,181</b>	<b>\$ (2,163,158)</b>
<b>Component unit</b>					
Downtown Development Authority	\$ 19,110	\$ -	\$ -	\$ -	\$ (19,110)

Continued...

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Statement of Activities

For the Year Ended February 28, 2013

	Primary Government			Downtown Development Authority Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net position</b>				
Net expense	\$ (1,868,806)	\$ (294,352)	\$ (2,163,158)	\$ (19,110)
<b>General revenues:</b>				
Property taxes	1,547,281	-	1,547,281	31,375
Grants and contributions not restricted to specific programs	65,341	-	65,341	-
Unrestricted interest income	9,325	5	9,330	-
Transfers - internal activities	(325,727)	325,727	-	-
<b>Total general revenues and transfers</b>	<b>1,296,220</b>	<b>325,732</b>	<b>1,621,952</b>	<b>31,375</b>
<b>Change in net position</b>	<b>(572,586)</b>	<b>31,380</b>	<b>(541,206)</b>	<b>12,265</b>
Net position, beginning of year	7,271,823	8,099,577	15,371,400	76,719
<b>Net position, end of year</b>	<b>\$ 6,699,237</b>	<b>\$ 8,130,957</b>	<b>\$ 14,830,194</b>	<b>\$ 88,984</b>

Concluded

The accompanying notes are an integral part of these basic financial statements.

**FUND FINANCIAL STATEMENTS**

VILLAGE OF MACKINAW CITY, MICHIGAN

**Balance Sheet**

Governmental Funds  
February 28, 2013

	General Fund	Municipal Street Fund	Ambulance Fund	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 485,545	\$ 57,804	\$ 61,439	\$ 243,296	\$ 848,084
Investments	265,623	33,650	35,736	118,195	453,204
Accounts receivable, net	6,399	-	150,188	43,500	200,087
Taxes receivable	129,042	42,953	-	2,742	174,737
Special assessments receivable	-	87,730	-	32,510	120,240
Other assets	-	-	-	15,725	15,725
Due from other funds	168,209	17,404	7,021	46,831	239,465
Due from other governmental units	10,673	-	-	12,524	23,197
<b>Total assets</b>	<b>\$ 1,065,491</b>	<b>\$ 239,541</b>	<b>\$ 254,384</b>	<b>\$ 515,323</b>	<b>\$ 2,074,739</b>
<b>Liabilities</b>					
Accounts payable	\$ 75,947	\$ 8,590	\$ 4,151	\$ 9,523	\$ 98,211
Accrued liabilities	8,956	-	2,406	5,611	16,973
Due to other funds	129,313	3,684	20,887	68,657	222,541
<b>Total liabilities</b>	<b>214,216</b>	<b>12,274</b>	<b>27,444</b>	<b>83,791</b>	<b>337,725</b>
<b>Deferred inflow of resources</b>					
Unavailable revenue	15,348	87,730	-	55,010	158,088
<b>Fund balances</b>					
<b>Restricted</b>					
Highways and streets	-	139,537	-	239,598	379,135
Cemetery	-	-	-	62,286	62,286
WaWatom area seniors	-	-	-	3,850	3,850
Debt service	-	-	-	47,374	47,374
<b>Assigned</b>					
Capital projects	-	-	-	1,547	1,547
Ambulance services	-	-	226,940	-	226,940
Recreation center	-	-	-	17,075	17,075
Iron workers walk foundation	-	-	-	4,792	4,792
Planning commission	12,618	-	-	-	12,618
Economic development commission	17,257	-	-	-	17,257
Performance Shell	17,340	-	-	-	17,340
Unassigned	788,712	-	-	-	788,712
<b>Total fund balances</b>	<b>835,927</b>	<b>139,537</b>	<b>226,940</b>	<b>376,522</b>	<b>1,578,926</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 1,065,491</b>	<b>\$ 239,541</b>	<b>\$ 254,384</b>	<b>\$ 515,323</b>	<b>\$ 2,074,739</b>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
February 28, 2013

Fund balances - total governmental funds	\$ 1,578,926
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the fund statements.

Capital assets, net	6,555,393
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The focus of governmental funds is on short-term financing; some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Unavailable special assessment revenue	120,240
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Internal service funds are used by management to charge the costs of certain activities, such as equipment costs, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Net position of governmental activities accounted for in an internal service fund	393,436
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Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest on long-term liabilities	(31,556)
Bonds and notes payable	(1,654,339)
Compensated absences	(234,272)
Net other postemployment benefit obligation	<u>(28,591)</u>

<b>Net position of governmental activities</b>	<b><u>\$ 6,699,237</u></b>
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Concluded

The accompanying notes are an integral part of these basic financial statements.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended February 28, 2013

	General Fund	Municipal Street Fund	Ambulance Fund	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
Property taxes	\$ 1,088,595	\$ 384,932	\$ -	\$ 73,754	\$ 1,547,281
State revenue	84,579	100,000	-	157,904	342,483
Special assessments	-	20,263	-	1,828	22,091
Licenses and permits	7,579	-	-	-	7,579
Contributions	47,262	-	165,465	56,071	268,798
Charges for services	554	-	222,131	16,853	239,538
Fines and forfeitures	4,461	-	-	-	4,461
Interest	9,325	9,111	-	676	19,112
Rents	182,040	-	-	52,117	234,157
Local contribution	-	-	-	19,068	19,068
Miscellaneous	32,195	-	1,300	4,120	37,615
<b>Total revenues</b>	<b>1,456,590</b>	<b>514,306</b>	<b>388,896</b>	<b>382,391</b>	<b>2,742,183</b>
<b>Expenditures</b>					
Current:					
Legislative	32,499	-	-	-	32,499
General government	605,163	-	-	46,965	652,128
Public safety	594,447	-	-	-	594,447
Highways and streets	-	43,392	-	480,070	523,462
Health and welfare	-	-	366,387	108,001	474,388
Recreation and culture	215,587	-	-	145,221	360,808
Other functions	4,074	-	-	-	4,074
Debt service:					
Principal	-	-	-	234,592	234,592
Interest and paying agent fees	-	-	-	66,091	66,091
Capital outlay	-	135,747	1,466	179,260	316,473
<b>Total expenditures</b>	<b>1,451,770</b>	<b>179,139</b>	<b>367,853</b>	<b>1,260,200</b>	<b>3,258,962</b>
<b>Revenue over (under) expenditures</b>	<b>4,820</b>	<b>335,167</b>	<b>21,043</b>	<b>(877,809)</b>	<b>(516,779)</b>
<b>Other financial sources (uses)</b>					
Transfers in	-	-	-	651,168	651,168
Transfers out	(132,023)	(366,761)	(10,021)	(443,783)	(952,588)
<b>Total other financing sources (uses)</b>	<b>(132,023)</b>	<b>(366,761)</b>	<b>(10,021)</b>	<b>207,385</b>	<b>(301,420)</b>
<b>Net change in fund balances</b>	<b>(127,203)</b>	<b>(31,594)</b>	<b>11,022</b>	<b>(670,424)</b>	<b>(818,199)</b>
Fund balances, beginning of year	963,130	171,131	215,918	1,046,946	2,397,125
<b>Fund balances, end of year</b>	<b>\$ 835,927</b>	<b>\$ 139,537</b>	<b>\$ 226,940</b>	<b>\$ 376,522</b>	<b>\$ 1,578,926</b>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Changes in Net Position of Governmental Activities  
For the Year Ended February 28, 2013

Net change in fund balances - total governmental funds \$ (818,199)

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

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

Capital outlay	534,707
Depreciation expense	(496,169)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to a future fiscal year.

Current year collections on special assessments	(22,091)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	234,592
Increase in net other postemployment benefit obligation	(10,639)

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

Current year increase in accrued interest on bonds	(11,564)
Increase in the accrual of compensated absences	(12,675)

Internal service funds are used by management to charge the costs of certain activities, such as equipment costs, to individual funds. The activity of the internal service fund is reported with governmental activities.

Change in net position from governmental activities accounted for in internal service fund	<u>29,452</u>
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Change in net position of governmental activities	<u>\$ (572,586)</u>
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The accompanying notes are an integral part of these basic financial statements.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended February 28, 2013

	Original and Final Budget	Actual	Variance With Original and Final Budget Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 1,112,634	\$ 1,088,595	\$ (24,039)
State revenue	73,998	84,579	10,581
Licenses and permits	7,500	7,579	79
Contributions	50,659	47,262	(3,397)
Charges for services	2,225	554	(1,671)
Fines and forfeitures	1,000	4,461	3,461
Interest	12,500	9,325	(3,175)
Rents	174,500	182,040	7,540
Miscellaneous	6,550	32,195	25,645
<b>Total revenues</b>	<b>1,441,566</b>	<b>1,456,590</b>	<b>15,024</b>
<b>Expenditures</b>			
Legislative	23,709	32,499	(8,790)
General government	629,436	605,163	24,273
Public safety	585,271	594,447	(9,176)
Recreation and culture	321,739	215,587	106,152
Other functions	6,000	4,074	1,926
<b>Total expenditures</b>	<b>1,566,155</b>	<b>1,451,770</b>	<b>114,385</b>
<b>Revenue (under) over expenditures</b>	<b>(124,589)</b>	<b>4,820</b>	<b>129,409</b>
<b>Other financing uses</b>			
Transfers out	(122,225)	(132,023)	(9,798)
<b>Net change in fund balance</b>	<b>(246,814)</b>	<b>(127,203)</b>	<b>119,611</b>
Fund balance beginning of year, as restated	963,130	963,130	-
<b>Fund balance, end of year</b>	<b>\$ 716,316</b>	<b>\$ 835,927</b>	<b>\$ 119,611</b>

The accompanying notes are an integral part of these basic financial statements.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Municipal Street Fund For the Year Ended February 28, 2013

	Original and Final Budget	Actual	Variance With Original and Final Budget Positive (Negative)
<b>Revenues</b>			
Property taxes	\$ 452,817	\$ 384,932	\$ (67,885)
State revenue	105,400	100,000	(5,400)
Special assessments	31,599	20,263	(11,336)
Interest	11,695	9,111	(2,584)
<b>Total revenues</b>	<u>601,511</u>	<u>514,306</u>	<u>(87,205)</u>
<b>Expenditures</b>			
Current:			
Highways and streets	28,581	43,392	(14,811)
Capital outlay	511,605	135,747	375,858
<b>Total expenditures</b>	<u>540,186</u>	<u>179,139</u>	<u>361,047</u>
<b>Revenue over expenditures</b>	<u>61,325</u>	<u>335,167</u>	<u>273,842</u>
<b>Other financing sources (uses)</b>			
Bond proceeds	380,000	-	(380,000)
Transfers out	(372,717)	(366,761)	5,956
<b>Total other financing sources (uses)</b>	<u>7,283</u>	<u>(366,761)</u>	<u>(374,044)</u>
<b>Net change in fund balance</b>	<u>68,608</u>	<u>(31,594)</u>	<u>(100,202)</u>
Fund balance, beginning of year	<u>171,131</u>	<u>171,131</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 239,739</u>	<u>\$ 139,537</u>	<u>\$ (100,202)</u>

The accompanying notes are an integral part of these basic financial statements.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Ambulance Fund For the Year Ended February 28, 2013

	Original and Final Budget	Actual	Variance With Original and Final Budget Positive (Negative)
<b>Revenues</b>			
Contributions from other governmental units	\$ 165,300	\$ 165,465	\$ 165
Charges for services	222,727	222,131	(596)
Interest	200	-	(200)
Miscellaneous	1,050	1,300	250
<b>Total revenues</b>	<b>389,277</b>	<b>388,896</b>	<b>(381)</b>
<b>Expenditures</b>			
Current:			
Health and welfare	365,468	366,387	(919)
Capital outlay	2,500	1,466	1,034
<b>Total expenditures</b>	<b>367,968</b>	<b>367,853</b>	<b>115</b>
<b>Revenue over expenditures</b>	<b>21,309</b>	<b>21,043</b>	<b>(266)</b>
<b>Other financing uses</b>			
Transfers out	(10,821)	(10,021)	800
<b>Net change in fund balance</b>	<b>10,488</b>	<b>11,022</b>	<b>534</b>
Fund balance, beginning of year	215,918	215,918	-
<b>Fund balance, end of year</b>	<b>\$ 226,406</b>	<b>\$ 226,940</b>	<b>\$ 534</b>

The accompanying notes are an integral part of these basic financial statements.

VILLAGE OF MACKINAW CITY, MICHIGAN

Statement of Net Position

Proprietary Funds  
February 28, 2013

	Business-type Activities -Enterprise Funds				Governmental Activities
	Sewer	Water	Marina	Total	Internal Service Fund
<b>Assets</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 398,639	\$ 161,004	\$ 67,936	\$ 627,579	\$ 138,315
Investments	232,059	93,725	39,732	365,516	80,518
Accounts receivable	79,568	45,638	44,920	170,126	-
Due from other funds	74,111	4,012	3,732	81,855	1,403
Inventory	-	-	25,437	25,437	-
<b>Total current assets</b>	<b>784,377</b>	<b>304,379</b>	<b>181,757</b>	<b>1,270,513</b>	<b>220,236</b>
<b>Noncurrent assets:</b>					
<b>Property and equipment</b>					
Land	36,915	14,725	21,500	73,140	-
Construction-in-process	30,037	-	-	30,037	-
Buildings	121,971	28,211	-	150,182	-
Improvements other than buildings	7,064,498	2,349,402	113,358	9,527,258	-
Machinery and equipment	225,896	178,568	63,467	467,931	959,768
Marina	-	-	1,741,592	1,741,592	-
Accumulated depreciation	(2,596,725)	(1,031,294)	(1,275,298)	(4,903,317)	(730,620)
<b>Net property and equipment</b>	<b>4,882,592</b>	<b>1,539,612</b>	<b>664,619</b>	<b>7,086,823</b>	<b>229,148</b>
<b>Other assets</b>					
Restricted investments	67,291	70,000	-	137,291	-
<b>Total noncurrent assets</b>	<b>4,949,883</b>	<b>1,609,612</b>	<b>664,619</b>	<b>7,224,114</b>	<b>229,148</b>
<b>Total assets</b>	<b>5,734,260</b>	<b>1,913,991</b>	<b>846,376</b>	<b>8,494,627</b>	<b>449,384</b>
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Accounts payable	8,934	9,357	1,192	19,483	15,630
Accrued liabilities	2,513	1,840	717	5,070	1,219
Due to other funds	33,350	36,086	17,935	87,371	12,811
Unearned revenue	-	-	81,746	81,746	-
Bonds payable, current portion	-	20,000	-	20,000	-
Note payable, current portion	-	-	-	-	26,288
<b>Total current liabilities</b>	<b>44,797</b>	<b>67,283</b>	<b>101,590</b>	<b>213,670</b>	<b>55,948</b>
<b>Long-term debt</b>					
Bonds payable, net of current portion	-	150,000	-	150,000	-
<b>Total liabilities</b>	<b>44,797</b>	<b>217,283</b>	<b>101,590</b>	<b>363,670</b>	<b>55,948</b>
<b>Net position</b>					
Net investment in capital assets	4,882,592	1,369,612	664,619	6,916,823	202,860
Unrestricted	806,871	327,096	80,167	1,214,134	190,576
<b>Total net position</b>	<b>\$ 5,689,463</b>	<b>\$ 1,696,708</b>	<b>\$ 744,786</b>	<b>\$ 8,130,957</b>	<b>\$ 393,436</b>

The accompanying notes are an integral part of these basic financial statements.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended February 28, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer	Water	Marina	Total	Internal Service Fund
<b>Operating revenues</b>					
Sales and charges for services	\$ 521,274	\$ -	\$ 290,948	\$ 812,222	\$ 266,371
Sales and charges for services pledged as security for revenue bonds	-	279,647	-	279,647	-
<b>Total operating revenues</b>	<b>521,274</b>	<b>279,647</b>	<b>290,948</b>	<b>1,091,869</b>	<b>266,371</b>
<b>Operating expenses</b>					
Salaries and wages	123,468	99,598	83,339	306,405	31,422
Fringe benefits	70,872	59,272	26,550	156,694	19,389
Supplies	66,977	17,793	10,109	94,879	10,527
Gasoline and oil	5,537	5,404	88,457	99,398	39,539
Repairs and maintenance	3,575	34,614	9,501	47,690	30,046
Contracted services	230,687	16,124	38,257	285,068	4,670
Communications	2,770	2,980	2,940	8,690	2,568
Conferences and workshops	262	276	380	918	75
Travel	-	-	121	121	-
Insurance	3,406	2,323	6,284	12,013	5,400
Utilities	83,199	10,533	21,614	115,346	4,941
Equipment rental	2,698	1,493	755	4,946	-
Depreciation	137,425	58,509	37,407	233,341	62,802
Miscellaneous	6,886	268	11,300	18,454	-
<b>Total operating expenses</b>	<b>737,762</b>	<b>309,187</b>	<b>337,014</b>	<b>1,383,963</b>	<b>211,379</b>
<b>Operating (loss) income</b>	<b>(216,488)</b>	<b>(29,540)</b>	<b>(46,066)</b>	<b>(292,094)</b>	<b>54,992</b>
<b>Nonoperating revenues (expenses)</b>					
Interest earnings	372	5	-	377	-
State revenue	-	-	18,051	18,051	-
Interest and fiscal charges	(1,800)	(18,881)	-	(20,681)	(1,233)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,428)</b>	<b>(18,876)</b>	<b>18,051</b>	<b>(2,253)</b>	<b>(1,233)</b>
<b>(Loss) income before transfers</b>	<b>(217,916)</b>	<b>(48,416)</b>	<b>(28,015)</b>	<b>(294,347)</b>	<b>53,759</b>
<b>Transfers</b>					
Transfers in	370,000	-	-	370,000	-
Transfers out	(44,273)	-	-	(44,273)	(24,307)
<b>Total transfers</b>	<b>325,727</b>	<b>-</b>	<b>-</b>	<b>325,727</b>	<b>(24,307)</b>
<b>Change in net position</b>	<b>107,811</b>	<b>(48,416)</b>	<b>(28,015)</b>	<b>31,380</b>	<b>29,452</b>
Net position, beginning of year, as restated	5,581,652	1,745,124	772,801	8,099,577	363,984
<b>Net position, end of year</b>	<b>\$ 5,689,463</b>	<b>\$ 1,696,708</b>	<b>\$ 744,786</b>	<b>\$ 8,130,957</b>	<b>\$ 393,436</b>

The accompanying notes are an integral part of these basic financial statements.

VILLAGE OF MACKINAW CITY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended February 28, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer	Water	Marina	Total	Internal Service Fund
<b>Cash flows from operating activities</b>					
Cash collected from customers	\$ 537,222	\$ 269,412	\$ 293,009	\$ 1,099,643	\$ -
Cash collected from other funds	-	-	-	-	266,371
Cash paid for employee wages and benefits	(188,487)	(158,848)	(109,821)	(457,156)	(52,006)
Cash paid for other operating and administrative expenses	(395,327)	(89,789)	(192,907)	(678,023)	(91,566)
<b>Net cash (used in) provided by operating activities</b>	<b>(46,592)</b>	<b>20,775</b>	<b>(9,719)</b>	<b>(35,536)</b>	<b>122,799</b>
<b>Cash flows from capital and related financing activities</b>					
Interest payments	(1,800)	(18,881)	-	(20,681)	(1,233)
Principal payments	-	(20,000)	-	(20,000)	(34,218)
Purchase of property and equipment	(55,880)	-	(20,980)	(76,860)	-
State grant	-	-	18,051	18,051	-
Transfers in	370,000	-	-	370,000	-
Transfers out	(44,273)	-	-	(44,273)	(24,307)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>268,047</b>	<b>(38,881)</b>	<b>(2,929)</b>	<b>226,237</b>	<b>(59,758)</b>
<b>Cash flows from investing activities</b>					
Interest received	372	5	-	377	-
(Purchases) sales of investments	(82,433)	6,275	4,483	(71,675)	(23,416)
<b>Net cash (used in) provided by investing activities</b>	<b>(82,061)</b>	<b>6,280</b>	<b>4,483</b>	<b>(71,298)</b>	<b>(23,416)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>139,394</b>	<b>(11,826)</b>	<b>(8,165)</b>	<b>119,403</b>	<b>39,625</b>
Cash and cash equivalents, beginning of year	259,245	172,830	76,101	508,176	98,690
<b>Cash and cash equivalents, end of year</b>	<b>\$ 398,639</b>	<b>\$ 161,004</b>	<b>\$ 67,936</b>	<b>\$ 627,579</b>	<b>\$ 138,315</b>

Continued...

The accompanying notes are an integral part of these basic financial statements.

VILLAGE OF MACKINAW CITY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended February 28, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewer	Water	Marina	Total	Internal Service Fund
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$ (216,488)	\$ (29,540)	\$ (46,066)	\$ (292,094)	\$ 54,992
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities					
Depreciation	137,425	58,509	37,407	233,341	62,802
Loss on disposal of capital assets	3,216	-	-	3,216	-
Changes in operating assets and liabilities which provided (used) cash					
Accounts receivable	15,948	(10,235)	2,061	7,774	-
Inventory	-	-	3,588	3,588	-
Accounts payable	7,454	2,019	(469)	9,004	6,200
Accrued liabilities	462	22	68	552	(1,195)
Due to other funds	5,391	-	-	5,391	-
Unearned revenue	-	-	(6,308)	(6,308)	-
<b>Net cash (used in) provided by operating activities</b>	<b>\$ (46,592)</b>	<b>\$ 20,775</b>	<b>\$ (9,719)</b>	<b>\$ (35,536)</b>	<b>\$ 122,799</b>

Concluded

The accompanying notes are an integral part of these basic financial statements.

VILLAGE OF MACKINAW CITY, MICHIGAN

**Statement of Net Position - Fiduciary Funds**  
 Fiduciary Funds  
 February 28, 2013

	Pension Trust Fund	Employees' Retirement System	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -		\$ 7,656
Investments	1,002,595		-
<b>Total assets</b>	<u>1,002,595</u>		<u>\$ 7,656</u>
<b>Liabilities</b>			
Accounts payable		-	\$ 767
Due to employees		-	6,889
<b>Total liabilities</b>		<u>-</u>	<u>\$ 7,656</u>
<b>Net position - restricted for pension benefits</b>	<u>\$ 1,002,595</u>		

The accompanying notes are an integral part of these basic financial statements.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Statement of Changes in Net Position - Fiduciary Fund

Pension Trust Fund

For the Year Ended February 28, 2013

<b>Additions</b>	
Contributions	\$ 124,924
Investment gain	<u>8,995</u>
<b>Total additions</b>	133,919
<b>Deductions</b>	
Benefit payments	<u>490,808</u>
<b>Change in net position</b>	(356,889)
Net position - restricted for pension benefits, beginning of year	<u>1,359,484</u>
<b>Net position - restricted for pension benefits, end of year</b>	<u>\$ 1,002,595</u>

The accompanying notes are an integral part of these basic financial statements.

## NOTES TO FINANCIAL STATEMENTS

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the *Village of Mackinaw City, Michigan* (the "Village") and its component unit. The component unit discussed below is included in the Village's reporting entity because of the significance of its operational or financial relationship with the Village.

#### *Discretely Presented Component Unit*

Downtown Development Authority ("DDA") - The amounts reported as the component unit in the basic financial statements include the financial data of the Village's DDA to emphasize that it is legally separate from the Village. The members of the governing board of the DDA are appointed by the Village Council. The budgets and expenditures of the DDA must be approved by the Village Council. The Village also has the ability to significantly influence operations of the DDA. Separate financial statements of the DDA have not been prepared.

#### *Government-Wide and Fund Financial Statements*

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

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

The fund financial statements provide information about the Village's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Village reports the following major governmental funds:

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

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

The Municipal Street Fund accounts for the use of a tax levy which is used to supplement the Major and Local Street Funds.

The Ambulance Fund accounts for the operations of the Village-operated ambulance service.

The Village reports the following major enterprise funds:

The Sewer Fund accounts for the activities of the Village's sewage disposal and sewage treatment systems.

The Water Fund accounts for the activities of the Village's water distribution and water treatment systems.

The Marina Fund accounts for the operations of the Village-owned marina.

Additionally, the Village reports the following fund types:

The Special Revenue Funds are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Internal Service Fund accounts for operations that provide machinery and equipment to other departments of the Village on a cost-reimbursement basis.

The Pension Trust Fund accounts for the activities of the Village's employee retirement system, which accumulates resources for retirement benefit payments to qualified employees.

The Agency Funds account for assets held for other governments and employees in an agency capacity.

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when both measurable and available. The Village considers all revenues reported in the governmental funds to be available if they are collected within sixty (60) days of the end of the current fiscal period. Property taxes, state shared revenue and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position includes assets that are subject to restrictions beyond the Village's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

#### Assets, liabilities, deferred inflows of resources and equity

##### *Deposits and investments*

The Village pools cash and investment resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable and is displayed on the statement of net position/balance sheet as "Cash and cash equivalents" and "Investments." The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various certificates of deposit. The debt service and trust and agency funds cash resources are separate as required by law.

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Village to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

The Village's investments during the year consisted of certificate of deposits with original maturities of more than three months and pension trust investments held with a life insurance company.

##### *Receivables and payables*

All receivables are reported at their gross value, and where appropriate are reduced by the estimated portion that is expected to be uncollectible. The Ambulance Fund accounts receivable is shown net of an estimated allowance for uncollectible accounts of \$87,000.

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

##### *Inventories*

All inventories are valued at cost using the first-in/first-out (FIFO) method of accounting.

##### *Restricted investments*

Certain resources are set aside for repayment of the Village's Water bonds and repairs and replacements in the sewer and water funds and are classified as restricted assets on the Statement of Net Position because their use is limited.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### *Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, water and wastewater system and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

	Years
Land improvements	10-15
Infrastructure	20
Buildings and improvements	15-40
Machinery and equipment	5-25
Improvements other than buildings	20-75
Marina	7-40

### *Compensated absences*

It is the Village's policy to permit employees to accumulate earned but unused sick and vacation time benefits, subject to certain limitations. All sick and vacation time pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or 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 position.

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 uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### *Deferred inflows of resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from two sources: property taxes and special assessment receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

### *Fund equity*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village Council (the Village's highest level of decision-making authority). A formal resolution of the Village Council is required to establish, modify, or rescind a fund balance commitment. The Village reports assigned fund balance for amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. The Village Council has delegated the authority to assign fund balance to the Village Manager or his designee. Unassigned fund balance is the residual classification for the General Fund.

When the Village incurs an expenditure for purposes for which various fund balance classifications can be used, it is the Village's practice to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

### *Property taxes*

The Village's property taxes are levied each July 1 on the taxable valuation of property located in the Village as of the preceding December 31, the lien date. Property taxes are payable without penalty and interest through September 14; as of March 1 of the succeeding year, unpaid real property taxes are sold to and collected by Cheboygan and Emmet Counties. Assessed values, as established annually by the Village and subject to acceptance by the counties, are equalized by the State at an estimated 50% of current market value. The taxable value of real and personal property in the Village for the 2012 levy was approximately \$99,000,000. The Village's general operating tax rate for fiscal 2012-13 was 10.5386 mills with an additional 3.9792 mills for streets and 0.2541 mills for the cemetery. Property taxes are recognized in the fiscal year in which they are levied.

Property taxes for the DDA are derived from a 1.8056 mill tax levied on the properties located within the DDA district under the authority of Public Act 197 of 1975.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### *Interfund transactions*

During the course of normal operations, the Village has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. The internal service fund is used to record charges for services to all Village departments as operating revenue.

### *Use of Estimates*

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

## 2. BUDGETARY INFORMATION

Annual budgets are adopted on the same basis as the accounting method used to reflect actual results. The General Fund and special revenue funds are subject to legal budgetary accounting controls and all are budgeted annually. All annual appropriations lapse at fiscal year-end.

On or before the third Thursday in February of each year, the Village Manager must present the proposed budget to the Village Council for review. The Council holds public hearings and a final budget must be prepared and adopted by resolution no later than the first day in March.

The budget document presents information by fund, function, department, and line item. The legal level of budgetary control adopted by the Village Council is the function level which is the level at which expenditures may not exceed appropriations. The Village Manager may make transfers of appropriations within a function. Transfers of appropriations between functions require the approval of the Village Council.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### 3. EXCESS OF EXPENDITURES OVER BUDGET

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the Village were adopted on the functional level basis for all governmental funds, which is the legal level of control. During the year ended February 28, 2013 the Village had expenditures in budgetary funds which were in excess of the amounts budgeted as follows:

	Final Budget	Actual Expenditures	Unfavorable Variance
<b>General Fund</b>			
Legislative	\$ 23,709	\$ 32,499	\$ 8,790
Public safety	585,271	594,447	9,176
Transfers out	122,225	132,023	9,798
<b>Municipal Street Fund</b>			
Highway and streets	28,581	43,392	14,811
<b>Ambulance Fund</b>			
Health and welfare	365,468	366,387	919

### 4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances as of February 28, 2013:

	Primary Government	Component Unit	Totals
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 1,613,978	\$ 52,686	\$ 1,666,664
Investments	899,238	30,670	929,908
Restricted investments	137,291	-	137,291
<b>Total Statement of Net Position</b>	<u>\$ 2,650,507</u>	<u>\$ 83,356</u>	2,733,863
<b>Statement of Net Position - Fiduciary Funds</b>			
Cash and cash equivalents			7,656
Investments			1,002,595
<b>Total</b>			<u>\$ 3,744,114</u>
<b>Deposits and investments</b>			
Bank deposits:			
Checking and savings accounts and CDs			\$ 2,741,519
Investments:			
Securities, mutual funds and similar vehicles			1,002,595
<b>Total</b>			<u>\$ 3,744,114</u>

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments below. The Village's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The investments included in the Statement of Net Position - Fiduciary Funds do not have specific maturity dates.

*Credit Risk.* The Village's investment policy does not have specific limits in excess of state law on investment credit risk. The Village has no investments for which ratings are required.

*Custodial Credit Risk-Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. State law does not require and the Village does not have a policy for deposit custodial credit risk. As of year-end, \$1,824,318 of the Village's bank balance of \$2,746,772 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk-Investments.* The Village's Pension Trust Fund holds securities of \$1,002,595 in a trust fund of a life insurance company, which are not in the Village's name. The carrying amount of the Pension Trust Fund investments is stated at fair value.

The Village is authorized by statute to invest surplus funds in the following:

Bonds, securities, other obligations, and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.

Bankers acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds registered under the Investment Company Act of 1940, limited to mutual fund securities whose intention is to maintain a net asset value of \$1.00 per share.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The Village Council is authorized to designate depositories for Village funds, and to determine that the funds are invested in accordance with State of Michigan statutory authority. The Village's deposits are in accordance with statutory authority.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### 5. RECEIVABLES

Receivables are comprised of the following at February 28, 2013:

	Governmental Activities	Business-type Activities	Component Unit
Accounts receivable	\$ 200,087	\$ 170,126	\$ -
Taxes receivable	174,737	-	8,755
Special assessment receivable, due in one year	36,185	-	-
Special assessment receivable, due in more than one year	84,055	-	-
Due from other governmental units	23,197	-	-
	<u>\$ 518,261</u>	<u>\$ 170,126</u>	<u>\$ 8,755</u>

Governmental funds report unearned revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period of \$120,240 and resources that have been received, but not earned of \$38,848 at the end of the current fiscal year.

### 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The composition of accounts payable and accrued liabilities is as follows at February 28, 2013:

	Governmental Activities	Business-type Activities	Component Unit
Accounts payable	\$ 113,841	\$ 19,483	\$ 3,127
Accrued liabilities	49,749	5,070	-
	<u>\$ 163,590</u>	<u>\$ 24,553</u>	<u>\$ 3,127</u>

### 7. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

The composition of interfund balances as of February 28, 2013, was as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 168,209	\$ 129,313
Municipal Street Fund	17,404	3,684
Ambulance Fund	7,021	20,887
Nonmajor governmental funds	46,831	68,657
Sewer Fund	74,111	33,350
Water Fund	4,012	36,086
Marina Fund	3,732	17,935
Internal Service Fund	1,403	12,811
	<u>\$ 322,723</u>	<u>\$ 322,723</u>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended February 28, 2013, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 132,023
Municipal Street Fund	-	366,761
Ambulance Fund	-	10,021
Nonmajor governmental funds	651,168	443,783
Sewer Fund	370,000	44,273
Internal Service Fund	-	24,307
	<u>\$ 1,021,168</u>	<u>\$ 1,021,168</u>

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### 8. CAPITAL ASSETS

#### Primary government

Capital asset activity for the primary government for the year ended February 28, 2013 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 919,923	\$ -	\$ -	\$ -	\$ 919,923
Construction in progress	132,613	122,658	-	(132,613)	122,658
<b>Total capital assets not being depreciated</b>	<b>1,052,536</b>	<b>122,658</b>	<b>-</b>	<b>(132,613)</b>	<b>1,042,581</b>
Capital assets, being depreciated:					
Buildings and improvements	2,301,906	56,781	-	-	2,358,687
Land improvements	939,830	-	-	-	939,830
Equipment	2,789,865	329,267	(30,900)	158,614	3,246,846
Infrastructure	4,680,118	-	-	-	4,680,118
<b>Total capital assets being depreciated</b>	<b>10,711,719</b>	<b>386,048</b>	<b>(30,900)</b>	<b>158,614</b>	<b>11,225,481</b>
Less accumulated depreciation for:					
Buildings and improvements	(754,936)	(64,420)	-	-	(819,356)
Land improvements	(698,005)	(31,264)	-	-	(729,269)
Equipment	(1,792,895)	(203,280)	30,900	(26,001)	(1,991,276)
Infrastructure	(1,709,614)	(234,006)	-	-	(1,943,620)
<b>Total accumulated depreciation</b>	<b>(4,955,450)</b>	<b>(532,970)</b>	<b>30,900</b>	<b>(26,001)</b>	<b>(5,483,521)</b>
<b>Total capital assets being depreciated, net</b>	<b>5,756,269</b>	<b>(146,922)</b>	<b>-</b>	<b>132,613</b>	<b>5,741,960</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 6,808,805</b>	<b>\$ (24,264)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,784,541</b>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
<b>Business-type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 73,140	\$ -	\$ -	\$ -	\$ 73,140
Construction in progress	-	30,037	-	-	30,037
Total capital assets not being depreciated	73,140	30,037	-	-	103,177
Capital assets, being depreciated:					
Buildings and improvements	150,182	-	-	-	150,182
Improvements other than buildings	9,524,135	14,325	(11,202)	-	9,527,258
Machinery and equipment	486,829	11,518	(30,416)	-	467,931
Marina	1,720,612	20,980	-	-	1,741,592
Total capital assets being depreciated	11,881,758	46,823	(41,618)	-	11,886,963
Less accumulated depreciation for:					
Buildings and improvements	(49,156)	(4,538)	-	-	(53,694)
Improvements other than buildings	(3,213,555)	(164,221)	7,986	-	(3,369,790)
Machinery and equipment	(360,197)	(29,483)	30,416	-	(359,264)
Marina	(1,085,470)	(35,099)	-	-	(1,120,569)
Total accumulated depreciation	(4,708,378)	(233,341)	38,402	-	(4,903,317)
Total capital assets being depreciated, net	7,173,380	(186,518)	(3,216)	-	6,983,646
<b>Business-type activities capital assets, net</b>	<b>\$ 7,246,520</b>	<b>\$ (156,481)</b>	<b>\$ (3,216)</b>	<b>\$ -</b>	<b>\$ 7,086,823</b>

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

Depreciation expense charged to functions/programs of the primary government is as follows for the year ended February 28, 2013:

<b>Depreciation of governmental activities by function</b>	
General government	\$ 59,741
Public safety	64,297
Highways and streets	257,493
Health and welfare	11,574
Recreation and culture	77,063
Depreciation charged to the internal service fund	<u>62,802</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 532,970</u></b>
<b>Depreciation of business-type activities by function</b>	
Sewer	137,425
Water	58,509
Marina	<u>37,407</u>
<b>Total depreciation expense - business-type activities</b>	<b><u>\$ 233,341</u></b>

## 9. LONG-TERM DEBT

A summary of long-term debt and transactions related thereto is as follows for the year ended February 28, 2013:

	Beginning of Year	Additions	Deductions	End of Year	Due Within One Year
<b>Governmental Activities</b>					
2012 Capital Improvement Bonds maturing serially through fiscal 2032 in annual payments ranging from \$25,000 to \$55,000 and bearing interest from 2.00% to 6.00%.	\$ 750,000	\$ -	\$ (35,000)	\$ 715,000	\$ 25,000
2009 Capital Improvement Bonds maturing serially through 2020 in annual payments ranging from \$55,000 to \$85,000 and bearing interest ranging from 3.25% to 4.50%.	545,000	-	(55,000)	490,000	60,000

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

	Beginning of Year	Additions	Deductions	End of Year	Due Within One Year
<b>Governmental Activities (continued)</b>					
2007 Capital Improvement Bonds, maturing serially through 2018 in annual payments ranging from \$55,000 to \$75,000 and bearing interest ranging from 4.40% to 4.60%.	\$ 385,000	\$ -	\$ (55,000)	\$ 330,000	\$ 60,000
2004 Capital Improvement Bonds maturing serially through fiscal 2015 in annual payments of \$40,000 and bearing interest at 3.38%.	120,000	-	(40,000)	80,000	40,000
2002 Capital Improvement Bonds repaid in fiscal 2013.	35,000	-	(35,000)	-	-
<b>Total bonded debt</b>	<b>1,835,000</b>	<b>-</b>	<b>(220,000)</b>	<b>1,615,000</b>	<b>185,000</b>
2005 Act 99 installment contract maturing in fiscal 2016 in semi-annual payments of \$8,382 including interest at 4.25%.	53,931	-	(14,592)	39,339	15,234
Note payable to John Deere Credit due in monthly installments of \$2,954 including interest at 2.75% through 2014.	60,506	-	(34,218)	26,288	26,288
<b>Total installment debt</b>	<b>114,437</b>	<b>-</b>	<b>(48,810)</b>	<b>65,627</b>	<b>41,522</b>
Accrued compensated absences absences	221,597	53,580	(40,905)	234,272	43,245
<b>Total governmental activities</b>	<b>\$ 2,171,034</b>	<b>\$ 53,580</b>	<b>\$ (309,715)</b>	<b>\$ 1,914,899</b>	<b>\$ 269,767</b>
<b>Business-type Activities</b>					
Water Revenue Bonds, maturing serially through fiscal 2020 in annual payments ranging from \$20,000 to \$30,000 and bearing interest at 5.00%.	\$ 190,000	\$ -	\$ (20,000)	\$ 170,000	\$ 20,000

Compensated absences are generally liquidated by the general fund.

The Village's Water Enterprise Fund Water Revenue Bond requires the Village to maintain cash reserves of approximately \$50,000. The Water Enterprise Fund had excess reserves of approximately \$10,000 at February 28, 2013.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

Annual debt service requirements to maturity for the above obligations except for the liability for accrued compensated absences is as follows:

Year Ended February 28,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 226,522	\$ 70,669	\$ 20,000	\$ 17,000
2015	205,896	63,203	20,000	15,000
2016	168,209	56,035	25,000	13,000
2017	170,000	49,670	25,000	10,500
2018	180,000	42,750	25,000	8,000
2019-2023	320,000	140,325	55,000	8,500
2024-2028	210,000	90,000	-	-
2029-2032	200,000	30,450	-	-
	<u>\$ 1,680,627</u>	<u>\$ 543,102</u>	<u>\$ 170,000</u>	<u>\$ 72,000</u>

Total interest expense for the primary government for the year ending February 28, 2013 was \$111,134.

## 10. LEASES

The Village entered into lease agreements with three communication companies to lease a water tower as a site for the companies' telecommunications equipment. The initial term of the first lease agreement, which began in June 2001 was for five years with the right to extend the lease for four additional five year terms. The initial term of the second lease agreement, which began in May 1999 was for five years with the right to extend the lease for three additional five year terms. The third lease agreement, which began in February 2013 was for five years with the right to extend the lease for five additional five year terms.

Rental income from the lease of the water tower reported in the Recreation Center Special Revenue Fund amounted to \$29,703 for the year ended February 28, 2013. Future minimum rentals related to these leases are as follows:

2014	\$	35,703
2015		24,138
2016		20,283
2017		10,761
2018		<u>5,500</u>
Total	\$	<u>96,385</u>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

The Village entered into a lease agreement with a company for use of the Village pier. The Village renewed this lease for a period from January 1, 2007 through December 30, 2016. The annual lease amount in 2007 was \$126,978, with increases based on the performance of the franchise fee revenues as reported by all boat lines to Mackinac Island each year as follows:

- Up to 1.50% increase in the franchise fee revenues equals 1.50% increase in pier lease.
- Increase greater than 1.60% in franchise fee revenues equals the increase in the pier lease capped at 5.00%.

Rental income from the lease reported in the General Fund amounted to \$156,658 for the year ended February 28, 2013.

### 11. RISK MANAGEMENT

The Village is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which it obtains coverage from commercial insurance companies. The Village has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

### 12. COMMITMENTS

As of February 28, 2013, the Village had entered into a construction contract for the Conkling Park restroom project. The total estimated cost of this project is approximately \$138,000. As of February 28, 2013, approximately \$123,000 was recorded as construction-in-progress related to this project.

### 13. BENEFIT PLANS

#### Defined Benefit Pension Plan

*Plan Description.* The Village established a defined benefit pension plan which provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The police officers at the Village are the only employees eligible to participate in this plan. The Village participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan, 48917 or by calling (800) 767-6377.

*Funding Policy.* The Village is required to contribute at an actuarially determined rate; the current rate is 10.13% of annual covered payroll. Per the Village's contract with the Police Officers Labor Council, the Village's costs and contributions to this plan shall be limited to 10% of gross wages per year, with the employee responsible for any remainder. The Village is also responsible for the additional 0.13% as actuarially determined. Employees are currently required to contribute 5.09%. The contribution requirements of the Village are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Village, depending on the MERS contribution program adopted by the Village.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

*Annual Pension Cost.* For the year ended February 28, 2013, the Village’s annual pension cost of \$26,679 for MERS was equal to the Village’s required and actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% (1% for calendar years 2012-2014) plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases, and (c) an inflationary rate of 4.5%. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Village’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, the date of the latest actuarial valuation, was 27 years.

Three-Year Trend Information			
Years Ended February 28,	Annual Pension Cost (APC)	Percentage Contributed	Net Pension Obligation
2011	\$ 25,860	100%	\$ -
2012	28,668	100%	-
2013	26,679	100%	-

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent valuation date, the Plan was 89% funded. The actuarial accrued liability for benefits was \$745,249 and the actuarial value of assets was \$663,851, resulting in an unfunded actuarial accrued liability of \$81,398, which means the Plan is underfunded. The covered payroll (annual payroll for active employees covered by the Plan) was \$257,059 and the ratio for the underfunded actuarial accrued liability to the covered payroll was 32%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, 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.

### Defined Contribution Pension Plan

The Village provides pension benefits for all of its full-time employees through a defined contribution plan, the Village of Mackinaw City Pension Plan and Trust, which is administered and maintained through a life insurance company. Benefits depend solely on amounts contributed to the Plan, plus investment earnings. Each individual employee has a flexible retirement annuity. Employees are eligible to participate after one year of continuous employment and having attained the age of 19. The contribution to the Plan is made by the Village based upon 10% of employee’s base pay, excluding overtime.

Plan provisions and contribution requirements are established and may be amended by the Village Council. Normal retirement age is the employee’s 55th birthday or the 10th anniversary of the participation commencement date. Participants are 100% vested upon entry date into the Plan. The Village made the required 10% contribution in the amount of \$82,416 and employees made contributions of \$42,508 for the plan year ended February 28, 2013.

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Notes To Financial Statements

### 14. OTHER POSTEMPLOYMENT BENEFITS

#### *Primary Government*

*Plan Description.* The Village of Mackinaw City administers a single employer defined benefit healthcare plan established by the Village Council. In addition to the retirement benefits described in Note 13, the Village provides health insurance benefits to certain retirees, which are advance funded on a discretionary basis. In accordance with Village policy, eligible retirees receive healthcare benefits for two years after retirement. At February 29, 2012, the date of the last plan valuation, the Village's healthcare plan covered sixteen members (fifteen active plan members and one retiree receiving benefits). The plan does not issue a separate financial report.

*Funding Policy.* The contribution requirements of Plan members and the Village are established and may be amended by the Village Council. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually by Village Council. For the year ended February 28, 2013, the Village contributed \$13,123 to the Plan, all of which was to fund current year benefits. Current retirees receiving benefits contributed \$2,476 to the Plan, based on agreed upon amounts.

*Annual OPEB Cost and Net OPEB Obligation.* The Village's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents 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 (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Village's net OPEB obligation:

Annual required contribution	\$	23,656
Interest on net OPEB obligation		987
Adjustment to annual required contribution		<u>(881)</u>
Net OPEB cost (expense)		23,762
Contributions made		<u>(13,123)</u>
Increase in net OPEB obligation		10,639
Net OPEB obligation, beginning of year		<u>17,952</u>
Net OPEB obligation, end of year	\$	<u><u>28,591</u></u>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal 2013 and the preceding two years was as follows:

Three-Year Trend Information			
Year Ended February 28,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 23,168	94%	\$ 6,226
2012	23,700	51%	17,952
2013	23,762	55%	28,591

*Funded Status and Funding Progress.* As of February 29, 2012, the actuarial accrued liability for benefits was \$240,803, all of which was unfunded. The covered payroll (annual payroll of the active employees covered by the Plan) was \$656,408 and the ratio of the UAAL to the covered payroll was 37%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits calculations.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

*Retirement age for active employees*—Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62.

*Mortality*—Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2006 United States Life Tables for Males and for Females were used.

*Turnover*—Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

*Healthcare cost trend rate*—The expected rate of increase in healthcare insurance premiums was based on projections by Village management. A rate of 8.00% was used.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

*Health insurance premiums*—Fiscal year 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

*Inflation rate*—The expected long-term inflation assumption of 3.30% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2006 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

*Payroll growth rate*—The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 5.50% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at February 29, 2012, was thirty years.

### 15. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of February 28, 2013, was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 1,042,581	\$ 103,177
Capital assets being depreciated, net	5,741,960	6,983,646
	<u>6,784,541</u>	<u>7,086,823</u>
Related debt:		
Due within one year	269,767	20,000
Due in more than one year	1,645,132	150,000
Less: accrued compensated absences	(234,272)	-
	<u>1,680,627</u>	<u>170,000</u>
Net investment in capital assets	<u>\$ 5,103,914</u>	<u>\$ 6,916,823</u>

### 16. RESTATEMENTS

The Village's water and sewer operations historically were presented as one fund. For the year ended February 28, 2013 the Village began accounting for the water and sewer operations in separate funds, which resulted in the elimination of the water and sewer enterprise fund and the respective net position. The net position of the water and sewer fund at February 29, 2012 was allocated to the new Sewer enterprise fund in the amount of \$5,581,652 and the new Water enterprise fund of \$1,745,124. This change in accounting for the Water and Sewer operations had no effect on the beginning net position of business-type activities.

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Notes To Financial Statements

#### 17. NEW ACCOUNTING PRONOUNCEMENT

The Village adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. While the classification of certain financial elements in the financial statements were revised, the implementation of this standard had no effect on net position.

**REQUIRED SUPPLEMENTARY INFORMATION**

## VILLAGE OF MACKINAW CITY

### Required Supplementary Information

The following schedules of employer contributions and schedules of funding progress, present 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.

#### 1. DEFINED BENEFIT PENSION PLAN

Schedule of Employer Contributions Six -Year Trend Information		
Years Ended February 28,	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2008	\$ 27,486	100%
2009	24,742	100%
2010	25,540	100%
2011	25,860	100%
2012	28,668	100%
2013	26,679	100%

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Under- funded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2006	\$ 372,623	\$ 393,638	\$ 21,015	95%	\$ 228,445	9%
12/31/2007	434,949	458,888	23,939	95%	239,318	10%
12/31/2008	491,574	533,118	41,544	92%	246,990	17%
12/31/2009	562,601	629,153	66,552	89%	210,361	32%
12/31/2010	611,067	686,902	75,835	89%	260,064	29%
12/31/2011	663,851	745,249	81,398	89%	257,059	32%

# VILLAGE OF MACKINAW CITY

## Required Supplementary Information

### 2. OTHER POST EMPLOYMENT BENEFITS

Schedule of Employer Contributions		
Years Ended February 28,	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	\$ 16,699	71%
2011	23,128	94%
2012	23,656	55%

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Under-funded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2/28/2010	\$ -	\$ 166,543	\$ 166,543	-%	\$ 1,336,033	13%
2/28/2011	-	219,317	219,317	-%	766,616	29%
2/29/2012	-	240,803	240,803	-%	656,408	37%

\* A plan this size is not required to be valued each year. Additional years of data will be included in future years as revised valuations are necessary.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS**

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Detail Schedule of Revenues, Expenditures and Other Financing Uses

Budget and Actual - General Fund  
For the Year Ended February 28, 2013

	Original and Final Budget	Actual	Variance With Original and Final Budget Positive (Negative)
<b>Property taxes</b>			
Current property taxes	\$ 1,101,923	\$ 1,073,136	\$ (28,787)
Property tax administration fees	10,711	15,459	4,748
<b>Total property taxes</b>	<u>1,112,634</u>	<u>1,088,595</u>	<u>(24,039)</u>
<b>State revenue</b>			
Liquor licenses	8,500	8,695	195
Other state revenue	65,498	75,884	10,386
<b>Total state revenue</b>	<u>73,998</u>	<u>84,579</u>	<u>10,581</u>
<b>Licenses and permits</b>			
Business licenses and permits	5,000	5,628	628
Non-business licenses and permits	2,500	1,951	(549)
<b>Total licenses and permits</b>	<u>7,500</u>	<u>7,579</u>	<u>79</u>
<b>Contributions</b>			
Other governmental units	43,159	44,128	969
Other	7,500	3,134	(4,366)
<b>Total contributions</b>	<u>50,659</u>	<u>47,262</u>	<u>(3,397)</u>
<b>Charges for services</b>	2,225	554	(1,671)
<b>Fines and forfeitures</b>	1,000	4,461	3,461
<b>Interest earnings</b>	12,500	9,325	(3,175)
<b>Rents</b>	174,500	182,040	7,540
<b>Miscellaneous</b>	6,550	32,195	25,645
<b>Total revenues</b>	<u>1,441,566</u>	<u>1,456,590</u>	<u>15,024</u>

Continued...

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Detail Schedule of Revenues, Expenditures and Other Financing Uses

Budget and Actual - General Fund

For the Year Ended February 28, 2013

	Original and Final Budget	Actual	Variance With Original and Final Budget Positive (Negative)
<b>Legislative</b>			
Village council	\$ 23,709	\$ 32,499	\$ (8,790)
<b>General government</b>			
Village manager	48,903	90,214	(41,311)
Professional services	85,690	99,003	(13,313)
Clerk	25,571	27,636	(2,065)
Treasurer	27,108	30,829	(3,721)
Community development director	8,500	7,549	951
Village hall and grounds	141,712	110,336	31,376
Village property - other	196,124	170,881	25,243
Promotional	95,828	61,133	34,695
Planning commission	-	5,582	(5,582)
Economic development corporation	-	2,000	(2,000)
<b>Total general government</b>	<b>629,436</b>	<b>605,163</b>	<b>24,273</b>
<b>Public safety</b>			
Police department	475,465	493,999	(18,534)
Fire department	109,806	100,448	9,358
<b>Total public safety</b>	<b>585,271</b>	<b>594,447</b>	<b>(9,176)</b>
<b>Recreation and culture</b>	<b>321,739</b>	<b>215,587</b>	<b>106,152</b>
<b>Other functions</b>	<b>6,000</b>	<b>4,074</b>	<b>1,926</b>
<b>Total expenditures</b>	<b>1,566,155</b>	<b>1,451,770</b>	<b>114,385</b>
<b>Revenue (under) over expenditures</b>	<b>(124,589)</b>	<b>4,820</b>	<b>129,409</b>
<b>Other financing uses</b>			
Transfers out	(122,225)	(132,023)	(9,798)
<b>Net change in fund balance</b>	<b>\$ (246,814)</b>	<b>\$ (127,203)</b>	<b>\$ 119,611</b>

Concluded

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Balance Sheet Nonmajor Governmental Funds February 28, 2013

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 210,672	\$ 31,646	\$ 978	\$ 243,296
Investments	117,610	16	569	118,195
Special assessments receivable	-	32,510	-	32,510
Accounts receivable	43,500	-	-	43,500
Other assets	-	15,725	-	15,725
Due from other funds	26,325	20,506	-	46,831
Due from other governmental units	12,524	-	-	12,524
Taxes receivable	2,742	-	-	2,742
<b>Total assets</b>	<b>\$ 413,373</b>	<b>\$ 100,403</b>	<b>\$ 1,547</b>	<b>\$ 515,323</b>
<b>Liabilities</b>				
Accounts payable	\$ 9,523	\$ -	\$ -	\$ 9,523
Accrued liabilities	5,611	-	-	5,611
Due to other funds	48,138	20,519	-	68,657
<b>Total liabilities</b>	<b>63,272</b>	<b>20,519</b>	<b>-</b>	<b>83,791</b>
<b>Deferred inflow of resources</b>				
Unavailable revenue	22,500	32,510	-	55,010
<b>Fund balances</b>				
<b>Restricted:</b>				
Highways and streets	239,598	-	-	239,598
Cemetery	62,286	-	-	62,286
WaWatam area seniors	3,850	-	-	3,850
Debt service	-	47,374	-	47,374
<b>Assigned:</b>				
Recreation center	17,075	-	-	17,075
Iron workers walk foundation	4,792	-	-	4,792
Capital projects	-	-	1,547	1,547
<b>Total fund balances</b>	<b>327,601</b>	<b>47,374</b>	<b>1,547</b>	<b>376,522</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 413,373</b>	<b>\$ 100,403</b>	<b>\$ 1,547</b>	<b>\$ 515,323</b>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended February 28, 2013

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total
<b>Revenues</b>				
Property taxes	\$ 73,754	\$ -	\$ -	\$ 73,754
State revenue	157,904	-	-	157,904
Contributions	56,071	-	-	56,071
Charges for services	16,853	-	-	16,853
Interest	-	628	48	676
Rents	52,117	-	-	52,117
Local contribution	-	19,068	-	19,068
Special assessments	-	1,828	-	1,828
Miscellaneous	3,720	-	400	4,120
<b>Total revenues</b>	<b>360,419</b>	<b>21,524</b>	<b>448</b>	<b>382,391</b>
<b>Expenditures</b>				
Current:				
General government	46,965	-	-	46,965
Highways and streets	480,070	-	-	480,070
Health and welfare	108,001	-	-	108,001
Recreation	145,221	-	-	145,221
Debt service:				
Principal payments	-	234,592	-	234,592
Interest and paying agent fees	-	66,091	-	66,091
Capital outlay	5,576	-	173,684	179,260
<b>Total expenditures</b>	<b>785,833</b>	<b>300,683</b>	<b>173,684</b>	<b>1,260,200</b>
<b>Revenue under expenditures</b>	<b>(425,414)</b>	<b>(279,159)</b>	<b>(173,236)</b>	<b>(877,809)</b>
<b>Other financing sources (uses)</b>				
Transfers in	350,000	301,168	-	651,168
Transfers out	-	-	(443,783)	(443,783)
<b>Total other financing sources (uses)</b>	<b>350,000</b>	<b>301,168</b>	<b>(443,783)</b>	<b>207,385</b>
<b>Net change in fund balances</b>	<b>(75,414)</b>	<b>22,009</b>	<b>(617,019)</b>	<b>(670,424)</b>
Fund balances, beginning of year	403,015	25,365	618,566	1,046,946
<b>Fund balances, end of year</b>	<b>\$ 327,601</b>	<b>\$ 47,374</b>	<b>\$ 1,547</b>	<b>\$ 376,522</b>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Balance Sheet

Nonmajor Special Revenue Funds  
February 28, 2013

	Major Street	Local Street	Cemetery	Recreation Center
<b>Assets</b>				
Cash and cash equivalents	\$ 94,155	\$ 68,606	\$ 39,270	\$ -
Investments	54,810	39,938	22,861	-
Accounts receivable	-	-	-	43,500
Due from other funds	-	2,281	869	23,175
Due from other governmental units	8,565	3,959	-	-
Taxes receivable	-	-	2,742	-
<b>Total assets</b>	<b>\$ 157,530</b>	<b>\$ 114,784</b>	<b>\$ 65,742</b>	<b>\$ 66,675</b>
<b>Liabilities</b>				
Accounts payable	\$ 3,209	\$ 3,287	\$ 440	\$ 2,587
Accrued expenditures	2,459	1,927	273	952
Due to other funds	14,267	7,567	2,743	23,561
<b>Total liabilities</b>	<b>19,935</b>	<b>12,781</b>	<b>3,456</b>	<b>27,100</b>
<b>Deferred inflow of resources</b>				
Unavailable revenue	-	-	-	22,500
<b>Fund balances</b>				
Restricted:				
Highways and streets	137,595	102,003	-	-
Cemetery	-	-	62,286	-
WaWatam area seniors	-	-	-	-
Assigned:				
Recreation center	-	-	-	17,075
Iron workers walk foundation	-	-	-	-
<b>Total fund balances</b>	<b>137,595</b>	<b>102,003</b>	<b>62,286</b>	<b>17,075</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 157,530</b>	<b>\$ 114,784</b>	<b>\$ 65,742</b>	<b>\$ 66,675</b>



WaWata Area Seniors	Iron Workers Walk Foundation	Total
\$ 3,849	\$ 4,792	\$ 210,672
1	-	117,610
-	-	43,500
-	-	26,325
-	-	12,524
-	-	2,742
<u>\$ 3,850</u>	<u>\$ 4,792</u>	<u>\$ 413,373</u>
\$ -	\$ -	\$ 9,523
-	-	5,611
-	-	48,138
-	-	63,272
-	-	22,500
-	-	239,598
-	-	62,286
3,850	-	3,850
-	-	17,075
-	4,792	4,792
<u>3,850</u>	<u>4,792</u>	<u>327,601</u>
<u>\$ 3,850</u>	<u>\$ 4,792</u>	<u>\$ 413,373</u>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended February 28, 2013

	Major Street	Local Street	Cemetery	Recreation Center
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 24,567	\$ -
State revenue	106,386	51,518	-	-
Contributions	-	-	-	2,500
Charges for services	-	-	8,325	8,528
Rents	-	-	-	52,117
Miscellaneous	-	20	-	-
<b>Total revenues</b>	<b>106,386</b>	<b>51,538</b>	<b>32,892</b>	<b>63,145</b>
<b>Expenditures</b>				
Current:				
General government	-	-	46,965	-
Highways and streets	261,008	219,062	-	-
Health and welfare	-	-	-	-
Recreation	-	-	-	143,405
Capital outlay	-	-	-	4,047
<b>Total expenditures</b>	<b>261,008</b>	<b>219,062</b>	<b>46,965</b>	<b>147,452</b>
Revenue (under) over expenditures	(154,622)	(167,524)	(14,073)	(84,307)
<b>Other financing sources</b>				
Transfers in	125,000	165,000	-	60,000
<b>Net change in fund balances</b>	<b>(29,622)</b>	<b>(2,524)</b>	<b>(14,073)</b>	<b>(24,307)</b>
Fund balances, beginning of year	167,217	104,527	76,359	41,382
<b>Fund balances, end of year</b>	<b>\$ 137,595</b>	<b>\$ 102,003</b>	<b>\$ 62,286</b>	<b>\$ 17,075</b>



WaWatam Area Seniors	Iron Workers Walk Foundation	Total
\$ 49,187	\$ -	\$ 73,754
-	-	157,904
53,571	-	56,071
-	-	16,853
-	-	52,117
-	3,700	3,720
<u>102,758</u>	<u>3,700</u>	<u>360,419</u>
-	-	46,965
-	-	480,070
108,001	-	108,001
-	1,816	145,221
-	1,529	5,576
<u>108,001</u>	<u>3,345</u>	<u>785,833</u>
(5,243)	355	(425,414)
-	-	350,000
(5,243)	355	(75,414)
<u>9,093</u>	<u>4,437</u>	<u>403,015</u>
<u>\$ 3,850</u>	<u>\$ 4,792</u>	<u>\$ 327,601</u>

# VILLAGE OF MACKINAW CITY, MICHIGAN

## Combining Balance Sheet Nonmajor Debt Service Funds February 28, 2013

	1998 Act 99 Installment Contract Ice System	1999 Special Assessment Bonds	2002 General Obligation Bonds	2004 General Obligation Bonds
<b>Assets</b>				
Cash and cash equivalents	\$ 28	\$ 12,484	\$ 3	\$ -
Investments	16	-	-	-
Special assessments receivable	-	-	-	-
Other assets	-	-	-	-
Due from other funds	-	-	11,706	-
<b>Total assets</b>	<u>\$ 44</u>	<u>\$ 12,484</u>	<u>\$ 11,709</u>	<u>\$ -</u>
<b>Liabilities</b>				
Due to other funds	\$ -	\$ -	\$ 11,709	\$ -
<b>Deferred inflow of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Restricted	<u>44</u>	<u>12,484</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<u>\$ 44</u>	<u>\$ 12,484</u>	<u>\$ 11,709</u>	<u>\$ -</u>

2005 Act 99 Installment Contract Fire Truck	2007 Special Assessment Bonds	2009 General Obligation Bonds	2011 Capital Improvement Bonds	Total
\$ -	\$ 8,853	\$ 6,510	\$ 3,768	\$ 31,646
-	-	-	-	16
-	32,510	-	-	32,510
-	-	-	15,725	15,725
-	8,800	-	-	20,506
<u>\$ -</u>	<u>\$ 50,163</u>	<u>\$ 6,510</u>	<u>\$ 19,493</u>	<u>\$ 100,403</u>
\$ -	\$ 4,001	\$ 4,809	\$ -	\$ 20,519
-	32,510	-	-	32,510
-	13,652	1,701	19,493	47,374
<u>\$ -</u>	<u>\$ 50,163</u>	<u>\$ 6,510</u>	<u>\$ 19,493</u>	<u>\$ 100,403</u>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended February 28, 2013

	1998 Act 99 Installment Contract Ice System	1999 Special Assessment Bonds	2002 General Obligation Bonds	2004 General Obligation Bonds
<b>Revenues</b>				
Interest	\$ -	\$ 6	\$ -	\$ -
Special assessments	-	-	-	-
Local contributions	-	-	-	19,068
<b>Total revenues</b>	-	6	-	19,068
<b>Expenditures</b>				
Principal payments	-	-	35,000	40,000
Interest and paying agent fees	-	-	1,685	3,375
<b>Total expenditures</b>	-	-	36,685	43,375
<b>Revenue over (under) expenditures</b>	-	6	(36,685)	(24,307)
<b>Other financing sources</b>				
Transfers in	-	-	36,685	24,307
<b>Net change in fund balances</b>	-	6	-	-
Fund balances, beginning of year	44	12,478	-	-
<b>Fund balances, end of year</b>	\$ 44	\$ 12,484	\$ -	\$ -

2005 Act 99 Installment Contract Fire Truck	2007 Special Assessment Bonds	2009 General Obligation Bonds	2011 Capital Improvement Bonds	Total
\$ -	\$ 622	\$ -	\$ -	\$ 628
-	1,828	-	-	1,828
-	-	-	-	19,068
-	2,450	-	-	21,524
14,592	55,000	55,000	35,000	234,592
2,173	17,480	22,088	19,290	66,091
16,765	72,480	77,088	54,290	300,683
(16,765)	(70,030)	(77,088)	(54,290)	(279,159)
16,765	72,540	77,088	73,783	301,168
-	2,510	-	19,493	22,009
-	11,142	1,701	-	25,365
\$ -	\$ 13,652	\$ 1,701	\$ 19,493	\$ 47,374

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Balance Sheet Nonmajor Capital Project Funds February 28, 2013

	Waterfront Development Bond	2011 Capital Project Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 978	\$ -	\$ 978
Investments	569	-	569
<b>Total assets</b>	<u>\$ 1,547</u>	<u>\$ -</u>	<u>\$ 1,547</u>
<b>Fund balances</b>			
Assigned	<u>\$ 1,547</u>	<u>\$ -</u>	<u>\$ 1,547</u>

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Project Funds  
For the Year Ended February 28, 2013

	Waterfront Development Bond	2011 Capital Project Fund	Total
<b>Revenues</b>			
Interest	\$ -	\$ 48	\$ 48
Miscellaneous Income	400	-	400
<b>Total revenues</b>	400	48	448
<b>Expenditures</b>			
Capital outlay	-	173,684	173,684
<b>Revenue over (under) expenditures</b>	400	(173,636)	(173,236)
<b>Other financing uses</b>			
Transfers out	-	(443,783)	(443,783)
<b>Net change in fund balances</b>	400	(617,419)	(617,019)
Fund balances, beginning of year	1,147	617,419	618,566
<b>Fund balances, end of year</b>	\$ 1,547	\$ -	\$ 1,547

## VILLAGE OF MACKINAW CITY, MICHIGAN

### Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended February 28, 2013

	Balance March 1, 2012	Additions	Deductions	Balance February 28, 2013
<b>TAX COLLECTION FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 299	\$ 1,615,831	\$ 1,615,363	\$ 767
<b>Liabilities</b>				
Accounts payable	\$ 299	\$ 1,487,049	\$ 1,486,581	\$ 767
Due to component unit	-	36,548	36,548	-
Due to other governmental units	-	92,234	92,234	-
<b>Total liabilities</b>	<b>\$ 299</b>	<b>\$ 1,615,831</b>	<b>\$ 1,615,363</b>	<b>\$ 767</b>
<b>EMPLOYEE FLEX PLAN FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,124	\$ 21,029	\$ 18,264	\$ 6,889
<b>Liabilities</b>				
Due to employees	\$ 4,124	\$ 21,029	\$ 18,264	\$ 6,889
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,423	\$ 1,636,860	\$ 1,633,627	\$ 7,656
<b>Liabilities</b>				
Accounts payable	\$ 299	\$ 1,487,049	\$ 1,486,581	\$ 767
Due to component unit	-	36,548	36,548	-
Due to other governmental units	-	92,234	92,234	-
Due to employees	4,124	21,029	18,264	6,889
<b>Total liabilities</b>	<b>\$ 4,423</b>	<b>\$ 1,636,860</b>	<b>\$ 1,633,627</b>	<b>\$ 7,656</b>

**INTERNAL CONTROL AND COMPLIANCE**

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

August 13, 2013

Village Council  
Village of Mackinaw City, Michigan  
Mackinaw City, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Mackinaw City, Michigan (the "Village"), as of and for the year ended February 28, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 13, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below to be material weaknesses.

**Finding 2013-FS-1:** Management is unable to produce financial statements in accordance with accounting principles generally accepted in the United States of America.

**Criteria:** All Michigan governmental units are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the Village's management. The preparation of the financial statements in accordance with GAAP requires internal controls over both (1) recording, processing and summarizing account data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

**Condition:** As is the case with many smaller and medium-sized entities, the Village has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the Village's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the Village's internal controls.

**Cause:** This condition was caused by the Village's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Village to perform this task internally.

**Effect:** As a result of this condition, the Village lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

**Recommendation:** When feasible, the Village should consider training internal accounting personnel to prepare the financial statements.

**Village's Response:** The Village has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that the hiring of accounting personnel capable of writing the Village's financial statements and footnotes in accordance with accounting principles generally accepted in the United States of America is cost prohibitive.

**Finding 2013-FS-2: Recording, processing and summarizing accounting data.**

- Criteria:** All governmental units are required to have in place internal controls over recording, processing, and summarizing accounting data (i.e., maintaining internal books and records).
- Condition:** As is the case with many smaller and medium-sized entities, the Village has historically relied on its independent external auditors to assist in the recording, processing and summarizing of certain accounting data as part of its external financial reporting process. Accordingly, the Village has placed reliance on its external auditors, who cannot by definition be considered a part of the Village's internal controls.
- Cause:** This condition was caused by the Village's decision that it is more cost effective to have the external auditors recommend the necessary adjusting journal entries to its general ledger than to incur the time and expense of obtaining the necessary training and expertise required for the Village to perform this task internally.
- Effect:** As a result of this condition, the Village lacks internal controls over the recording, processing, and summarizing of accounting data, and instead relies, in part, on its external auditors for assistance with this task. Additionally, the Village's financial statements were initially misstated by amounts that were material to the financial statements under audit.
- Recommendation:** The Village should record all journal entries necessary to arrive at a reasonably adjusted trial balance prior to generating trial balances to be used for preparation of year-end financial statements.
- Village's Response:** The Village will continue its efforts to record all known adjustments in order to provide a reasonably adjusted trial balance for the purposes of the audit.

**Finding 2013-FS-3:** Lack of segregation of duties exists in the accounting function due to the limited number of accounting personnel.

**Criteria:** All governmental units are required to establish internal control with segregation of responsibilities necessary to prevent a misappropriation of assets or fraudulent financial reporting. This is a responsibility of the Village's management. Adequate segregation of duties as relates to the cash cycle of a municipality requires separation of the management function, the custody of assets function and the accounting function.

**Condition:** The Village's staff does not allow for adequate segregation of duties. Certain members of the accounting department are responsible for the custody of assets as well as for the accounting of those assets. Further, certain employees collect or disburse cash and account for the transactions of the Village.

**Cause:** As is the case with many organizations of similar size, the Village lacks a sufficient number of accounting personnel in order to ensure a complete segregation of duties within the accounting function.

**Effect:** As a result of this condition, the Village's system of internal control has no safeguards in place to ensure that fraud or abuse is being prevented, specifically in the transactions of the cash cycle. Ideally, no single individual should ever be able to authorize a transaction, record the transaction in the accounting records, and maintain custody of the assets resulting from the transaction. Effectively, proper segregation of duties is intended to prevent an individual from committing an act of fraud or abuse and being able to conceal it.

**Recommendation:** While there are, of course, no easy answers to the challenge of balancing the costs and benefits of internal controls and segregation of duties, we would nevertheless encourage management to actively seek ways to further strengthen its internal controls by requiring as much independent review, reconciliation, and approval of accounting transactions by qualified members of management or the Village Council.

**Village's Response:** Management has determined that the cost exceeds the benefit to employ the number of accounting personnel required to attain an adequate separation of duties between management functions, accounting functions, and custody of the Village's assets. To the extent possible, duties are allocated between accounting personnel to mitigate risk of material misappropriation of assets. In addition, the Village Council assumes a higher level of oversight responsibilities to mitigate risks related to this lack of segregation of duties.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### **Compliance and Other Matters**

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

We noted certain other matters that we reported to the Village Council in a separate letter dated August 13, 2013.

#### **Village's Response to Findings**

The Village's responses to the findings identified in our audit are described above. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rehmann Loham LLC*

To Admin. Staff: 8-9-13  
To Council: 8-15-13  
Decision:  Approved  Denied  
Minutes to Applicant: \_\_\_\_\_

**SPECIAL EVENT APPLICATION**  
**VILLAGE OF MACKINAW CITY**  
**102 S. HURON AVENUE, MACKINAW CITY, MI 49701**  
**(231) 436-5351**

*Agenda  
8-15-13*

Must be filled out in its entirety and returned to the Village Clerk's Office 45 days prior to scheduled event

**SPONSORING ORGANIZATION INFORMATION**

LEGAL BUSINESS NAME: FORT MICHILIMACKINAC PAGEANT, INC. TELEPHONE: 231-436-5489  
MAILING ADDRESS: P.O. BOX 312, MACKINAW CITY, MICH. 49701  
CONTACT NAME: MEGHAN MICHALAK TELEPHONE: 231-436-5489  
E-MAIL ADDRESS: MICHALAK.MEGHAN@GMAIL.COM CELL PHONE: 231-420-3221

**CONTACT PERSON ON DAY OF EVENT**

CONTACT NAME: CHUCK KIBBY OR CINDY SNIDER TELEPHONE: 231-352-4943 OR 231-537-48  
E-MAIL ADDRESS: LAPERLE15@CHAFTER.ORG SNIDER.CONST@CENTURYLINK CELL PHONE: 231-303-1258 OR 231-420-82

**EVENT INFORMATION**

NAME OF EVENT: RENDEZVOUS IN MACKINAW & 18TH CENTURY TRADE FAIR  
PURPOSE OF EVENT: PRIMARY PURPOSE OF THIS EVENT IS TO EDUCATE THE PUBLIC AND IT IS OUR INTENT TO PRESERVE THE NATIVE AMERICANS, AMERICAN INDIAN AND ENGLISH PEOPLES AS THEY LIVED AND TRADED TOGETHER IN THE YEAR 1760 IN THE MACKINAW REGION.

- Non-Profit     For-Profit     Village Operated/Sponsored     Co-Sponsored  
 Marathon/Race     Festival/Fair     Arts & Crafts Show     Other \_\_\_\_\_

DATE(S): JULY 31, 2014 FROM 10:00  A.M.  P.M. TO 10:00  A.M.  P.M.  
AUG. 01 FROM 10:00  A.M.  P.M. TO 10:00  A.M.  P.M.  
AUG. 02 FROM 10:00  A.M.  P.M. TO 10:00  A.M.  P.M.  
AUG. 03 FROM 10:00  A.M.  P.M. TO 4:00  A.M.  P.M.

RAIN DATE(S): \_\_\_\_\_ FROM \_\_\_\_\_  A.M.  P.M. TO \_\_\_\_\_  A.M.  P.M.  
\_\_\_\_\_ FROM \_\_\_\_\_  A.M.  P.M. TO \_\_\_\_\_  A.M.  P.M.

EVENT LOCATION: CONKLING HERITAGE PARK -

ESTIMATED NUMBER OF ATTENDEES: 200/250

WILL YOU UTILIZE SHOWERS:     Yes     No

ESTIMATED NUMBER OF VOLUNTEERS: 10 TO 15

ESTIMATE DATE/TIME FOR SET-UP: JULY 30, 2014    10:00  A.M.  P.M.

ESTIMATE DATE/TIME FOR CLEAN-UP: AUGUST 4, 2014    8:00  A.M.  P.M.

**PARADE PERMIT**

Includes runs, walks, and other uses of the Village public right-of-way.

POLICE ESCORT NEEDED:  Yes  No

PARADE ROUTE PROVIDED WITH APPLICATION:  Yes  No

PROPOSED ROUTE: WALKING PARADE FROM CONKLING HERITAGE PARK NORTH ON SOUTH HURON AVE. TURNING WEST ON SOUTH SIDE OF CENTRAL AVE UNTIL ENTRANCE INTO MACKINAW CROSSINGS WALKING PARADE WILL WALK THROUGH MACKINAW CROSSINGS AND THEN BACK TO CONKLING PARK.

Date and time Parade will start: Aug. 1, 2014 3:00  A.M.  P.M.

Date and time Parade will end: Aug. 1, 2014 3:45  A.M.  P.M.

**EVENT DETAILS**

SITE MAP: All applicants must provide a drawing of the event area and are due at application. Site map must be legible, be pre approved by Village Staff, and include and/or identify the following, if applicable:

- Lot lines
- Fire Hydrants
- Tents
- Table and chair diagram
- Bicycle Routes (including route into and out of town)
- All bicycle events will utilize the Village's Hike and Bike Trail
- Label roads and closest cross roads
- Locate and label buildings
- Portable Restrooms
- Placement of food vendors
- Sidewalks
- Parking lots
- Ingress and egress points
- Parade Route
- All proposed modifications

WILL MUSIC BE PROVIDED DURING THIS EVENT:  Yes  No

TYPE OF MUSIC PROPOSED:  Live  Amplification  Recorded  Loudspeakers

PROPOSED TIME MUSIC WILL BEGIN: \_\_\_\_\_ END: \_\_\_\_\_

*WE PLAN TO HAVE THE 42ND ROYAL HIGHLANDERS RETURN IN 2014. THEY WILL PLAY AT DIFFERENT TIMES AND LOCATIONS WITHIN MACKINAW CITY. NO MUSIC AFTER 9:00 PM. (NO LATER THAN 10 P.M.)*

FOOD VENDORS/CONCESSIONS: (Contact Emmet or Cheboygan County Health Department)

Yes  No  Provide Copy of Health Department Food Service License

WILL ALCOHOL BE SERVED AT THIS EVENT:  Yes  No

Provide Copy of Liquor Liability Insurance

See page 4 for required language naming the Village as an additional insured

Provide Copy of Michigan Liquor Control License

If yes, describe measures to be taken to prohibit the sale of alcohol to minors: \_\_\_\_\_

COPY OF LIABILITY INSURANCE PROVIDED WITH APPLICATION:  Yes  No

Date insurance binder provided: FORT MICHILIMACKWIC PAGEANT INSURANCE TO COVER THIS EVENT AS IN THE PAST.  
See page 4 for required language naming the Village as an additional insured

WILL FIREWORKS BE APART OF EVENT:  Yes  No

Provide Copy of Liability Insurance

Provide Copy of Fireworks Permit

See page 4 for required language naming the Village as an additional insured

**EVENT SIGNAGE:** Village Council approval is required for any temporary signing in the public right-of-way, across a street or on Village property. Which of the following signs are requested for this event:

"YARD" SIGNS - Number requested: \_\_\_\_ (Maximum size is 2' x2'. Cannot be displayed no more than 15 days prior to first day of event and must be removed 24 hours after end of event.)

**SIGNAGE AT EVENT SITE** - Location(s): Temporary 2' x10' EVENT BANNER placed July 31st behind East sidewalk along South Huron Ave. Mid way through Conkling Heritage Park and removed on Aug. 04.  
Description of signs: \_\_\_\_\_

(Signs at event site cannot be displayed prior to day of the event and must at the end of the event.)

**VENDOR PARKING:** Have you made arrangement for vendor parking?  Yes  No

If yes, where do you propose your vendors park? Grass & parking area north side of Conkling Heritage Park

**EVENT LONG TERM PARKING:** Will there be long term parking?  Yes  No

If yes, from date July 31, 2014 to ending date: August 3, 2014

Long term parking identified on the site map?  Yes  No

**OVERNIGHT CAMPING:** Will there be camping over night?  Yes  No

Name of Facility where camping: Individual

If yes, from date: July 31 to ending date: Aug. 3, 2014

Camp sites identified on the site map?  Yes  No

**TENTS/CANOPIES/MISC:** The Village of Mackinaw City does have tables and/or chairs available for rental. You will need to provide a diagram of the area for set up. Will the following be constructed or located in the event area?:

- BOOTHS – QUANTITY \_\_\_\_\_
- TENTS – QUANTITY \_\_\_\_\_
- Size \_\_\_\_\_
- CHAIRS – QUANTITY \_\_\_\_\_
- AWNINGS – QUANTITY \_\_\_\_\_
- TABLES – QUANTITY \_\_\_\_\_

Seating diagram for booths, awnings, tables and chairs provided with application:  Yes  No

**PORTABLE RESTROOMS/TOILETS**

Have you made arrangements to provide portable restroom facilities at your event?  Yes  No

If yes, total number of portable toilets: 4/6 Number of ADA accessible portable toilets: 1

If no, explain: \_\_\_\_\_

Restroom Company Name: Ross's Septic Service

Address Street: 4296 Levee Road

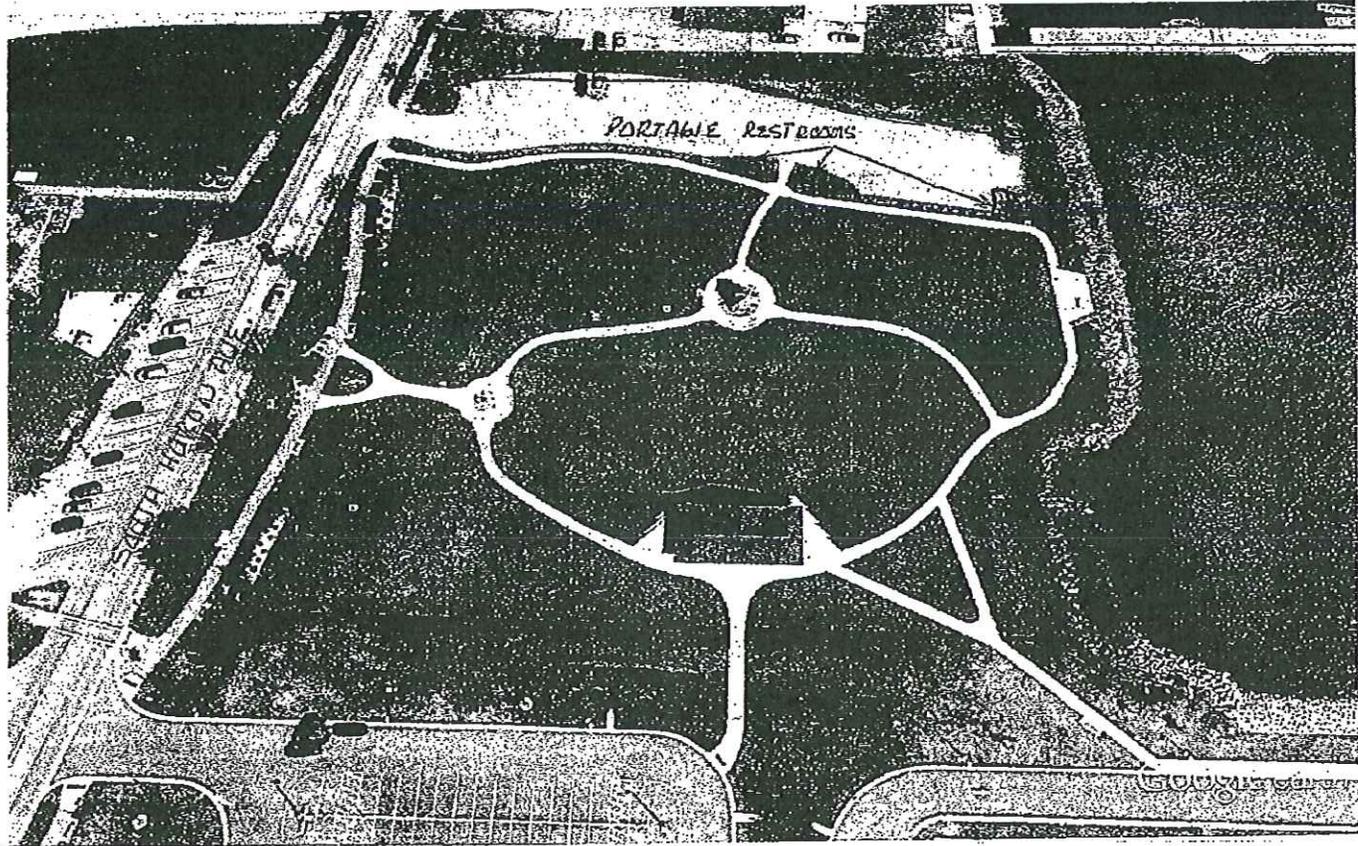
City: Cheboygan State: Mich. Zip: 49721

Telephone Day: 231-627-3662 Evening: 231-627- Fax: UNK- Cell: UNK-

Equipment set up: Date: July 31 Time: Prior to 10:00 AM

Equipment pick up: Date: Aug 3 Time: after 7:00 PM

Portable restrooms identified on the site map?  Yes  No



### Additional

The 2014 event time line will be the 1760's. We plan a return visit from the 42<sup>nd</sup>. Royal Highlanders who were here for our 2012 event.

Also we are requesting to be able to close down a portion of Central Avenue the same as we did this year, On Saturday from 1:00 to 1:30 pm. for the purpose of a skirmish in the street and the looting of merchant stores. The change this year worked well and as a safety factor should continue. Assistance from the Police Department on traffic control during this time would be appreciated also.

Respectfully,

Chuck Kibby

Cindy Snider

Co-chairman - Rendezvous in Mackinaw & 18<sup>th</sup>. Century Trade Fair

**APPLICATION CHECK LIST**

A = Applicant      V = Village

A      V

      Completed Application

~~DNA~~  Special Event Fee received on \_\_\_\_\_, receipt no \_\_\_\_\_  
amount: \$ \_\_\_\_\_

      Event Map Received (includes detailed event layout for vendors, booths, portable restrooms, fire hydrants, parking, ingress, egress, roads, sidewalks, table and chair diagram, etc.)

~~DNA~~  Bicycle Route Map (use of the Mackinaw City Bike Trail is required)

      Certificate of Insurance (listing the Village of Mackinaw City, its Village Council, Boards and Commissions, Citizens, Employees and Agents, 102 S. Huron Avenue, Mackinaw City, MI 49701 as an additional insured)

~~DNA~~  Ambulance Standby included with Application paid on \_\_\_\_\_, receipt no. \_\_\_\_\_  
amount \$ \_\_\_\_\_

~~DNA~~  Fireworks Permit (if applicable)

~~DNA~~  Michigan Liquor Control Commission Special Event License (if applicable)

~~DNA~~  Health Department Food Service License (if applicable)

If document is missing, please explain: \_\_\_\_\_

The applicant and sponsoring organization understand and agrees to:

Provide a certificate of insurance with all coverage deemed necessary for the event, naming the Village of Mackinaw City, its Village Council, Boards and Commissions, Citizens, Employees and Agents, 102 S. Huron Avenue, Mackinaw City, MI 49701, as an additional insured on all applicable policies and submit the certificate to the Village Clerk's Office no later than thirty (30) days prior to the event.

Comply with all Village Ordinances and Policies and applicable State laws, and acknowledges that the special event permit does not relieve the applicant or organization from meeting any application requirements of law or other public bodies or agencies.

Applicant and sponsoring organization further understands the approval of this special event may include additional requirements and/or limitations based on the Village's review of this application. The applicant and sponsoring organization understand that it may be necessary to meet with Village staff during, as well as after the event, for the review of this application and that Village Council approval is necessary.

Applicant understands that he/she is responsible for contacting the Michigan Liquor Control Commission and/or Cheboygan or Emmet County Health Department to secure all permits required for this event.

Applicant further agrees to defend, indemnify and hold harmless the Village of Mackinaw City, Michigan from any claim, demand, suit, loss, cost of expense or any damage which may be asserted, claimed or recovered against or from this Special Event by reason of any damage to property, personal injury or bodily injury,

including death, sustained by any person whomsoever and which damage, injury or death arises out of or is incident to or in any way connected with the performance of this contract, and regardless of which claim, demand, damage, loss cost of expense is caused in whole or in part by the negligence of the Village of Mackinaw City or by third parties, or by the agents, servants, employees or factors of any of them.

As the duly authorized agent of the sponsoring organization, I hereby apply for approval of this Special Event and affirm the above understandings. The information provided on this application is true and complete to the best of my knowledge.

The Village of Mackinaw City expressly reserves the right in its sole discretion to cancel a private event for Village purposes and the Site user agrees, as a term of its use of a site, to release and waive all claims of any kind (including a claim for consequential damages), against the Village, its officers or employees arising out of cancellation of the user's event.

Is this an annual event?  Yes  No  
Is this event expected to occur next year?  Yes  No  
How many years has this event occurred? \_\_\_\_\_

Charles J. Kibby

Aug. 07, 2013

Applicant Signature

Date

Print name of applicant: CHARLES J. KIBBY

**VILLAGE USE ONLY** – Department representative please initial if approved

[ CK ] DPW    [ CK ] FACILITY SERVICES  
[ CK ] POLICE    [ CK ] FIRE    [ CK ] AMBULANCE  
[ CK ] RECREATION

VILLAGE COUNCIL COUNCIL APPROVAL DATE: \_\_\_\_\_

CONDITIONS, IF ANY: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AUTHORIZED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

VILLAGE MANAGER

**FOR VILLAGE USE ONLY**

**DEPARTMENT OF PUBLIC WORKS**

APPROVED

DENIED

Will this event require the use of any of the following municipal equipment:

Yes  No

LOADER – MODEL \_\_\_\_\_ TOTAL MEN \_\_\_\_\_

TOTAL MAN HOURS \_\_\_\_\_

PICK UP TRUCKS \_\_\_\_\_ TOTAL MEN \_\_\_\_\_

TOTAL MAN HOURS \_\_\_\_\_

OTHER EQUIPMENT \_\_\_\_\_ TOTAL MEN \_\_\_\_\_

TOTAL MAN HOURS \_\_\_\_\_

OTHER SERVICES PROVIDED OR REQUIRED \_\_\_\_\_

SITE MAP APPROVED:  Yes  No

**FACILITIES SERVICES DEPARTMENT**

APPROVED

DENIED

Will this event require the use of any of the following municipal equipment:

Yes  No

TRASH RECEPTACLES – QUANTITY \_\_\_\_\_

BARRICADES – QUANTITY \_\_\_\_\_

TRAFFIC CONES – QUANTITY \_\_\_\_\_

PARKING SIGNS – QUANTITY \_\_\_\_\_

FENCING  WATER  ELECTRIC

RESTROOM CLEANING

OTHER \_\_\_\_\_

SITE MAP APPROVED:  Yes  No

**MACKINAW CITY POLICE DEPARTMENT**

APPROVED

DENIED

ADDITIONAL OFFICERS REQUIRED?  Yes  No

If yes please describe & include times \_\_\_\_\_

Other (describe): \_\_\_\_\_

PARADE ROUTE RECEIVED AND APPROVED:  Yes  No

POLICE ESCORT NEEDED:  Yes  No LIQUOR APPLICATION RECEIVED AND REVIEWED:  Yes  No

SITE MAP APPROVED:  Yes  No

**MACKINAW CITY FIRE DEPARTMENT**

APPROVED

DENIED

STREET CLOSURES:  Yes  No (use attached map to outline proposed closures)

Street closure date/time: \_\_\_\_/\_\_\_\_/\_\_\_\_  A.M.  P.M.

Street re-open date/time: \_\_\_\_/\_\_\_\_/\_\_\_\_  A.M.  P.M.

SITE MAP APPROVED:  Yes  No

**RECREATION DEPARTMENT**

APPROVED

DENIED

SHOWERS:  Yes  No

TABLES:  Yes  No Quantity: \_\_\_\_\_

CHAIRS:  Yes  No Quantity: \_\_\_\_\_

CAMPING:  Yes  No (identified on map)

LONG TERM PARKING:  Yes  No (identified on map)

PORTABLE RESTROOMS:  Yes  No (identified on map)

SITE MAP APPROVED:  Yes  No

#5  
Non-Profit Labor Day

CEAL 248 719 2905

To Admin. Staff: 8-13-13  
To Council: 8-15-13  
Decision:  Approved  Denied  
Minutes to Applicant: \_\_\_\_\_

**SPECIAL EVENT APPLICATION**  
**VILLAGE OF MACKINAW CITY**  
102 S. HURON AVENUE, MACKINAW CITY, MI 49701  
(231) 436-5351

Must be filled out in its entirety and returned to the Village Clerk's Office 45 days prior to scheduled event

**SPONSORING ORGANIZATION INFORMATION**

LEGAL BUSINESS NAME: Mackinaw Area Historical Society TELEPHONE: 231 373 9793  
MAILING ADDRESS: PO Box 999, Mackinaw City, MI 49701  
CONTACT NAME: Susie Safford TELEPHONE: \_\_\_\_\_  
E-MAIL ADDRESS: susiesafford@gmail.com CELL PHONE: 231 373 9793

**CONTACT PERSON ON DAY OF EVENT**

CONTACT NAME: Susie Safford TELEPHONE: \_\_\_\_\_  
E-MAIL ADDRESS: susiesafford@gmail.com CELL PHONE: 231 373 9793

**EVENT INFORMATION**

NAME OF EVENT: Labor Day Bridge Walk - Request to sell Bridge Tower Raffle Tickets  
PURPOSE OF EVENT: Request to sell Bridge Tower Raffle Tickets / Promotion of MAHS

- Non-Profit     For-Profit     Village Operated/Sponsored     Co-Sponsored  
 Marathon/Race     Festival/Fair     Arts & Crafts Show     Other \_\_\_\_\_

DATE(S): September 2 FROM 7:00  A.M.  P.M. TO 3:00  A.M.  P.M.  
\_\_\_\_\_ FROM \_\_\_\_\_  A.M.  P.M. TO \_\_\_\_\_  A.M.  P.M.  
\_\_\_\_\_ FROM \_\_\_\_\_  A.M.  P.M. TO \_\_\_\_\_  A.M.  P.M.  
\_\_\_\_\_ FROM \_\_\_\_\_  A.M.  P.M. TO \_\_\_\_\_  A.M.  P.M.

RAIN DATE(S): \_\_\_\_\_ FROM \_\_\_\_\_  A.M.  P.M. TO \_\_\_\_\_  A.M.  P.M.  
\_\_\_\_\_ FROM \_\_\_\_\_  A.M.  P.M. TO \_\_\_\_\_  A.M.  P.M.

EVENT LOCATION: Booth at end of bridge walk

ESTIMATED NUMBER OF ATTENDEES: Those who would be walking the bridge that day

WILL YOU UTILIZE SHOWERS:     Yes     No

ESTIMATED NUMBER OF VOLUNTEERS: 5-6 Volunteers to sell tickets

ESTIMATE DATE/TIME FOR SET-UP: 6:00 \_\_\_\_\_  A.M.  P.M.

ESTIMATE DATE/TIME FOR CLEAN-UP: 3:00 \_\_\_\_\_ 3:30  A.M.  P.M.

**PARADE PERMIT**

Includes runs, walks, and other uses of the Village public right-of-way.

POLICE ESCORT NEEDED:  Yes  No

PARADE ROUTE PROVIDED WITH APPLICATION:  Yes  No

PROPOSED ROUTE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date and time Parade will start: \_\_\_\_\_  A.M.  P.M.

Date and time Parade will end: \_\_\_\_\_  A.M.  P.M.

**EVENT DETAILS**

**SITE MAP:** All applicants must provide a drawing of the event area and are due at application. Site map must be legible, be pre approved by Village Staff, and include and/or identify the following, if applicable:

- Lot lines
- Fire Hydrants
- Tents
- Table and chair diagram
- Bicycle Routes (including route into and out of town)
- All bicycle events will utilize the Village’s Hike and Bike Trail
- Label roads and closest cross roads
- Locate and label buildings
- Portable Restrooms
- Placement of food vendors
- Sidewalks
- Parking lots
- Ingress and egress points
- Parade Route
- All proposed modifications

WILL MUSIC BE PROVIDED DURING THIS EVENT:  Yes  No

TYPE OF MUSIC PROPOSED:  Live  Amplification  Recorded  Loudspeakers

PROPOSED TIME MUSIC WILL BEGIN: \_\_\_\_\_ END: \_\_\_\_\_  
(NO LATER THAN 10 P.M.)

**FOOD VENDORS/CONCESSIONS:** (Contact Emmet or Cheboygan County Health Department)

Yes  No  Provide Copy of Health Department Food Service License

WILL ALCOHOL BE SERVED AT THIS EVENT:  Yes  No

- Provide Copy of Liquor Liability Insurance  
See page 4 for required language naming the Village as an additional insured
- Provide Copy of Michigan Liquor Control License

If yes, describe measures to be taken to prohibit the sale of alcohol to minors: \_\_\_\_\_

COPY OF LIABILITY INSURANCE PROVIDED WITH APPLICATION:  Yes  No

Date insurance binder provided: \_\_\_\_\_  
See page 4 for required language naming the Village as an additional insured

WILL FIREWORKS BE APART OF EVENT:  Yes  No

- Provide Copy of Liability Insurance
  - Provide Copy of Fireworks Permit
- See page 4 for required language naming the Village as an additional insured

**EVENT SIGNAGE:** Village Council approval is required for any temporary signing in the public right-of-way, across a street or on Village property. Which of the following signs are requested for this event:

- "YARD" SIGNS** - Number requested: \_\_\_\_ (Maximum size is 2' x2'. Cannot be displayed no more than 15 days prior to first day of event and must be removed 24 hours after end of event.)
- SIGNAGE AT EVENT SITE** - Location(s): Booth Banner listing Mackinaw Area Historical Society as raffle seller

Description of signs: Paper printed banner size appropriate to the booth  
(Signs at event site cannot be displayed prior to day of the event and must at the end of the event.)

**VENDOR PARKING:** Have you made arrangement for vendor parking?  Yes  No  
If yes, where do you propose your vendors park? \_\_\_\_\_

**EVENT LONG TERM PARKING:** Will there be long term parking?  Yes  No  
If yes, from date \_\_\_\_\_ to ending date: \_\_\_\_\_  
Long term parking identified on the site map?  Yes  No

**OVERNIGHT CAMPING:** Will there be camping over night?  Yes  No  
Name of Facility where camping: \_\_\_\_\_  
If yes, from date: \_\_\_\_\_ to ending date: \_\_\_\_\_  
Camp sites identified on the site map?  Yes  No

**TENTS/CANOPIES/MISC:** The Village of Mackinaw City does have tables and/or chairs available for rental. You will need to provide a diagram of the area for set up. Will the following be constructed or located in the event area?:

- BOOTHS – QUANTITY** \_\_\_\_\_  **TENTS – QUANTITY** \_\_\_\_\_  
Size \_\_\_\_\_  **CHAIRS – QUANTITY** \_\_\_\_\_
- AWNINGS – QUANTITY** \_\_\_\_\_  **TABLES – QUANTITY** \_\_\_\_\_

Seating diagram for booths, awnings, tables and chairs provided with application:  Yes  No

**PORTABLE RESTROOMS/TOILETS**

Have you made arrangements to provide portable restroom facilities at your event?  Yes  No  
If yes, total number of portable toilets: \_\_\_\_\_ Number of ADA accessible portable toilets: \_\_\_\_\_  
If no, explain: \_\_\_\_\_

Restroom Company Name: \_\_\_\_\_  
Address Street: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Telephone Day: \_\_\_\_\_ Evening: \_\_\_\_\_ Fax: \_\_\_\_\_ Cell: \_\_\_\_\_

Equipment set up: Date: \_\_\_\_\_ Time: \_\_\_\_\_  
Equipment pick up: Date: \_\_\_\_\_ Time: \_\_\_\_\_  
Portable restrooms identified on the site map?  Yes  No

## APPLICATION CHECK LIST

A = Applicant

V = Village

- | <u>A</u>                 | <u>V</u>                 |   |
|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | Completed Application   |
| <input type="checkbox"/> | <input type="checkbox"/> | Special Event Fee received on _____, receipt no _____<br>amount: \$ _____   |
| <input type="checkbox"/> | <input type="checkbox"/> | Event Map Received (includes detailed event layout for vendors, booths, portable restrooms, fire hydrants, parking, ingress, egress, roads, sidewalks, table and chair diagram, etc.)                               |
| <input type="checkbox"/> | <input type="checkbox"/> | Bicycle Route Map (use of the Mackinaw City Bike Trail is required)   |
| <input type="checkbox"/> | <input type="checkbox"/> | Certificate of Insurance (listing the Village of Mackinaw City, its Village Council, Boards and Commissions, Citizens, Employees and Agents, 102 S. Huron Avenue, Mackinaw City, MI 49701 as an additional insured) |
| <input type="checkbox"/> | <input type="checkbox"/> | Ambulance Standby included with Application paid on _____, receipt no. _____<br>amount \$ _____   |
| <input type="checkbox"/> | <input type="checkbox"/> | Fireworks Permit (if applicable)  |
| <input type="checkbox"/> | <input type="checkbox"/> | Michigan Liquor Control Commission Special Event License (if applicable)  |
| <input type="checkbox"/> | <input type="checkbox"/> | Health Department Food Service License (if applicable)  |

If document is missing, please explain: \_\_\_\_\_

The applicant and sponsoring organization understand and agrees to:

Provide a certificate of insurance with all coverage deemed necessary for the event, naming the Village of Mackinaw City, its Village Council, Boards and Commissions, Citizens, Employees and Agents, 102 S. Huron Avenue, Mackinaw City, MI 49701, as an additional insured on all applicable policies and submit the certificate to the Village Clerk's Office no later than thirty (30) days prior to the event.

Comply with all Village Ordinances and Policies and applicable State laws, and acknowledges that the special event permit does not relieve the applicant or organization from meeting any application requirements of law or other public bodies or agencies.

Applicant and sponsoring organization further understands the approval of this special event may include additional requirements and/or limitations based on the Village's review of this application. The applicant and sponsoring organization understand that it may be necessary to meet with Village staff during, as well as after the event, for the review of this application and that Village Council approval is necessary.

Applicant understands that he/she is responsible for contacting the Michigan Liquor Control Commission and/or Cheboygan or Emmet County Health Department to secure all permits required for this event.

Applicant further agrees to defend, indemnify and hold harmless the Village of Mackinaw City, Michigan from any claim, demand, suit, loss, cost of expense or any damage which may be asserted, claimed or recovered against or from this Special Event by reason of any damage to property, personal injury or bodily injury,

including death, sustained by any person whomsoever and which damage, injury or death arises out of or is incident to or in any way connected with the performance of this contract, and regardless of which claim, demand, damage, loss cost of expense is caused in whole or in part by the negligence of the Village of Mackinaw City or by third parties, or by the agents, servants, employees or factors of any of them.

As the duly authorized agent of the sponsoring organization, I hereby apply for approval of this Special Event and affirm the above understandings. The information provided on this application is true and complete to the best of my knowledge.

The Village of Mackinaw City expressly reserves the right in its sole discretion to cancel a private event for Village purposes and the Site user agrees, as a term of its use of a site, to release and waive all claims of any kind (including a claim for consequential damages), against the Village, its officers or employees arising out of cancellation of the user's event.

Is this an annual event?  Yes  No  
Is this event expected to occur next year?  Yes  No  
How many years has this event occurred? \_\_\_\_\_

\_\_\_\_\_  
**Applicant Signature**  
**Print name of applicant:** \_\_\_\_\_

\_\_\_\_\_  
**Date**

**VILLAGE USE ONLY – Department representative please initial if approved**

[ *GV* ] DPW    [ *GV* ] FACILITY SERVICES  
[ *pcw* ] POLICE    [ *hnt* ] FIRE    [ *hnt* ] AMBULANCE  
[ *DP* ] RECREATION

VILLAGE COUNCIL COUNCIL APPROVAL DATE: \_\_\_\_\_

CONDITIONS, IF ANY: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AUTHORIZED BY: \_\_\_\_\_ DATE: \_\_\_\_\_  
**VILLAGE MANAGER**

**FOR VILLAGE USE ONLY**

**DEPARTMENT OF PUBLIC WORKS**

APPROVED

DENIED

Will this event require the use of any of the following municipal equipment:

Yes  No

LOADER – MODEL \_\_\_\_\_ TOTAL MEN \_\_\_\_\_

TOTAL MAN HOURS \_\_\_\_\_

PICK UP TRUCKS \_\_\_\_\_ TOTAL MEN \_\_\_\_\_

TOTAL MAN HOURS \_\_\_\_\_

OTHER EQUIPMENT \_\_\_\_\_ TOTAL MEN \_\_\_\_\_

TOTAL MAN HOURS \_\_\_\_\_

OTHER SERVICES PROVIDED OR REQUIRED \_\_\_\_\_

SITE MAP APPROVED:  Yes  No

**FACILITIES SERVICES DEPARTMENT**

APPROVED

DENIED

Will this event require the use of any of the following municipal equipment:

Yes  No

TRASH RECEPTACLES – QUANTITY \_\_\_\_\_

BARRICADES – QUANTITY \_\_\_\_\_

TRAFFIC CONES – QUANTITY \_\_\_\_\_

PARKING SIGNS – QUANTITY \_\_\_\_\_

FENCING  WATER  ELECTRIC

RESTROOM CLEANING

OTHER \_\_\_\_\_

SITE MAP APPROVED:  Yes  No

**MACKINAW CITY POLICE DEPARTMENT**

APPROVED

DENIED

ADDITIONAL OFFICERS REQUIRED?  Yes  No

If yes please describe & include times \_\_\_\_\_

Other (describe): \_\_\_\_\_

PARADE ROUTE RECEIVED AND APPROVED:  Yes  No

POLICE ESCORT NEEDED:  Yes  No LIQUOR APPLICATION RECEIVED AND REVIEWED:  Yes  No

SITE MAP APPROVED:  Yes  No

**MACKINAW CITY FIRE DEPARTMENT**

APPROVED

DENIED

STREET CLOSURES:  Yes  No (use attached map to outline proposed closures)

Street closure date/time: \_\_\_\_/\_\_\_\_/\_\_\_\_  A.M.  P.M.

Street re-open date/time: \_\_\_\_/\_\_\_\_/\_\_\_\_  A.M.  P.M.

SITE MAP APPROVED:  Yes  No

**RECREATION DEPARTMENT**

APPROVED

DENIED

SHOWERS:  Yes  No

TABLES:  Yes  No

Quantity: \_\_\_\_\_

CHAIRS:  Yes  No

Quantity: \_\_\_\_\_

CAMPING:  Yes  No

(identified on map)

LONG TERM PARKING:  Yes  No

(identified on map)

PORTABLE RESTROOMS:  Yes  No

(identified on map)

SITE MAP APPROVED:  Yes  No