FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

CITY OF HOUGHTON, MICHIGAN

GENERAL FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 546,446	$ 390,341
Accounts receivable	71,353	66,789
Inventory	7,757	6,094
Taxes receivable	45,614	45,130
Due from other governmental units	104,280	484,962
Due from other funds	77,428	-
Due from component units	4,000	-
TOTAL CURRENT ASSETS	$ 856,878	$ 993,316
OTHER ASSETS		
Long-term loan	$ 90,402	$ 101,798
Investments	372,414	418,855
TOTAL OTHER ASSETS	$ 462,816	$ 520,653
	$1,319,694	$1,513,969
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	$ 58,114	$ 134,765
Accrued expenses	64,938	54,391
Due to other governmental units	-	21,630
Due to other funds	107,595	162,889
Due to component units	15,483	89,483
TOTAL CURRENT LIABILITIES	$ 246,130	$ 463,158
OTHER LIABILITIES		
Deferred revenues	106,778	146,928
TOTAL LIABILITIES	$ 352,908	$ 610,086
FUND BALANCE		
Unreserved	$ 959,029	$ 897,789
Reserved	7,757	6,094
TOTAL FUND BALANCE	$ 966,786	$ 903,883
	$1,319,694	$1,513,969

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended June 30, 2005
With Comparative Actual Amounts for Year Ended June 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	$ 851,500	$ 943,560	$ 92,060	$ 851,043
Licenses and permits	4,150	1,275	(2,875)	1,010
State grants	900,670	860,455	(40,215)	1,286,086
Interest	25,000	54,149	29,149	18,742
Charges for services	722,500	773,925	51,425	710,602
Other revenues	97,500	66,753	(30,747)	331,757
TOTAL REVENUES	$2,601,320	$2,700,117	$ 98,797	$3,199,240
Expenditures:				
General government administration	$ 480,400	$ 575,296	($ 94,896)	$ 685,184
Public safety	477,480	474,456	3,024	533,219
Public works	624,000	603,383	20,617	586,942
Recreation and parks	199,650	200,289	(639)	789,563
Debt service	25,200	25,386	(186)	25,386
Other expenditures	667,590	540,129	127,461	474,519
TOTAL EXPENDITURES	$2,474,320	$2,418,939	$ 55,381	$3,094,813
EXCESS OF REVENUES (EXPENDITURES)	$ 127,000	$ 281,178	$ 154,178	$ 104,427
Other financing sources (uses) - Operating transfers out	(165,000)	(218,275)	(53,275)	(293,310)
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	($ 38,000)	$ 62,903	$ 100,903	($ 188,883)
Fund balance, July 1	903,883	903,883	-	1,092,766
FUND BALANCE, JUNE 30	$ 865,883	$ 966,786	$ 100,903	$ 903,883

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEETS

June 30, 2005
With Totals for June 30, 2004

	Totals (Memorandum Only)	
	2005	2004
ASSETS		
Cash	$ 249,762	$ 388,118
Accounts receivable	-	270
Due from other governmental units	127,448	122,042
Due from other funds	73,771	64,633
Long-term loans	333,637	241,778
	$ 784,618	$ 816,841
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 5,418	$ 8,672
Accrued wages and benefits	7,721	8,526
Due to other funds	158,840	100,486
Deferred revenue	333,637	241,778
TOTAL LIABILITIES	$ 505,616	$ 359,462
FUND BALANCE (DEFICIT)	279,002	457,379
	$ 784,618	$ 816,841

The accompanying notes to financial statements are an integral part of this statement.

Major Street Fund	Local Street Fund	Revolving Fund
$ 80,212	$ 64,083	$ 105,467
-	-	-
66,912	60,536	-
12,408	-	61,363
-	-	333,637
$159,532	$124,619	$ 500,467

$ 696	$ 4,722	$ -
5,304	2,417	-
41,777	117,063	-
-	-	333,637
$ 47,777	$124,202	$ 333,637
111,755	417	166,830
$159,532	$124,619	$ 500,467

CITY OF HOUGHTON, MICHIGAN

SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year ended June 30, 2005
With Totals for Year Ended June 30, 2004

	Totals (Memorandum Only)	
	2005	2004
Revenues:		
Taxes	$ 119,326	$ 104,613
State grants	1,061,733	1,020,592
Interest and rents	7,800	6,233
Other revenue	6,446	5,374
TOTAL REVENUES	$1,195,305	$1,136,812
Expenditures:		
General government administration	$ 34,703	$ 38,119
Public works	1,334,979	900,618
Other expenditures	96,000	114,581
TOTAL EXPENDITURES	$1,465,682	$1,053,318
EXCESS OF REVENUES (EXPENDITURES)	($ 270,377)	$ 83,494
Other financing sources (uses):		
Operating transfers from other funds	$ 92,000	$ 11,100
Operating transfers to other funds	-	(11,100)
TOTAL OTHER FINANCING SOURCES (USES)	$ 92,000	$ -
	($ 178,377)	$ 83,494
Fund balance (deficit), July 1	457,379	373,885
FUND BALANCE (DEFICIT), JUNE 30	$ 279,002	$ 457,379

The accompanying notes to financial statements
are an integral part of this statement.

Major Street Fund	Local Street Fund	Revolving Fund
$ -	$119,326	$ -
813,695	248,038	-
1,735	809	5,256
-	130	6,316
$815,430	$368,303	$ 11,572
$ 16,268	$ 17,131	$ 1,304
848,800	486,179	-
-	-	96,000
$865,068	$503,310	$ 97,304
($ 49,638)	($135,007)	($ 85,732)
$ -	$ 92,000	$ -
-	-	-
$ -	$ 92,000	$ -
($ 49,638)	($ 43,007)	($ 85,732)
161,393	43,424	252,562
$111,755	$ 417	$ 166,830

CITY OF HOUGHTON, MICHIGAN

MAJOR STREET AND TRUNKLINE MAINTENANCE FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash	$ 80,212	$111,488
Accounts receivable	-	270
Due from other governmental units	66,912	65,016
Due from other funds	12,408	3,270
	$159,532	$180,044
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 696	$ 6,864
Accrued wages and benefits	5,304	4,932
Due to other funds	41,777	6,855
TOTAL LIABILITIES	$ 47,777	$ 18,651
FUND BALANCE	111,755	161,393
	$159,532	$180,044

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

MAJOR STREET AND TRUNKLINE MAINTENANCE FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended June 30, 2005
With Actual Amounts for Year Ended June 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
State grants	$375,000	$390,475	$ 15,475	$413,451
Interest and rents	1,000	1,735	735	1,327
TOTAL REVENUES	$376,000	$392,210	$ 16,210	$414,778
Expenditures:				
General government administration	$ 25,700	$ 16,268	$ 9,432	$ 19,506
Public works:				
Construction	-	55,285	(55,285)	-
Routine maintenance	26,150	32,103	(5,953)	31,738
Traffic services	3,400	2,306	1,094	2,860
Snow and ice control	268,500	246,746	21,754	195,445
Roadway inspection	22,800	14,241	8,559	14,909
Other expenditures	51,340	75,446	(24,106)	55,629
TOTAL EXPENDITURES	$397,890	$442,395	($ 44,505)	$320,087
EXCESS OF REVENUES (EXPENDITURES) NOT INCLUDING STATE TRUNKLINE MAINTENANCE	($ 21,890)	($ 50,185)	($ 28,295)	$ 94,691
State trunkline maintenance - Excess of revenues (expenditures)	$ 21,890	$ 547	($ 21,343)	$ 29,688
Other financing sources (uses):				
Operating transfers in	$ 25,000	$ -	($ 25,000)	$ -
Operating transfers out	-	-	-	(11,100)
TOTAL OTHER FINANCING SOURCES (USES)	$ 25,000	$ -	($ 25,000)	($ 11,100)
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	$ 25,000	($ 49,638)	($ 74,638)	$113,279
Fund balance, July 1	161,393	161,393	-	48,114
FUND BALANCE, JUNE 30	$186,393	$111,755	($ 74,638)	$161,393

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

LOCAL STREET FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash	$ 64,083	$ 85,431
Due from other governmental units	60,536	57,026
	$124,619	$142,457
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 4,722	$ 1,808
Accrued wages and benefits	2,417	3,594
Due to other funds	117,063	93,631
TOTAL LIABILITIES	$124,202	$ 99,033
FUND BALANCE	417	43,424
	$124,619	$142,457

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

LOCAL STREET FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended June 30, 2005
With Actual Amounts for Year Ended June 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	$124,000	$119,326	($ 4,674)	$104,613
State grants	221,000	248,038	27,038	230,360
Interest and rents	1,000	809	(191)	493
Other	-	130	130	-
TOTAL REVENUES	$346,000	$368,303	$ 22,303	$335,466
Expenditures:				
General government administration	$ 13,200	$ 17,131	($ 3,931)	$ 17,424
Public works:				
Construction	96,500	90,119	6,381	21,046
Routine maintenance	44,000	62,905	(18,905)	40,036
Traffic services	3,500	4,920	(1,420)	6,306
Snow and ice control	167,000	250,635	(83,635)	241,185
Other expenditures	111,800	77,600	34,200	58,952
TOTAL EXPENDITURES	$436,000	$503,310	($ 67,310)	$384,949
EXCESS OF REVENUES (EXPENDITURES)	($ 90,000)	($135,007)	($ 45,007)	($ 49,783)
Other financing sources (uses) -				
Operating transfers in	$100,000	$ 92,000	($ 8,000)	$ 11,100
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	$ 10,000	($ 43,007)	($ 53,007)	($ 38,383)
Fund balance, July 1	43,424	43,424	-	81,807
FUND BALANCE, JUNE 30	$ 53,424	$ 417	($ 53,007)	$ 43,424

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

REVOLVING FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash	$ 105,467	$ 191,199
Due from other funds	61,363	61,363
Long-term loans	333,637	241,778
	$ 500,467	$ 494,340
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Deferred revenue	$ 333,637	$ 241,778
FUND BALANCE	166,830	252,562
	$ 500,467	$ 494,340

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

REVOLVING FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended June 30, 2005
With Actual Amounts for Year Ended June 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Interest and rents	$ -	$ 5,256	$ 5,256	$ 4,413
Other revenue - loan repayments	6,400	6,316	(84)	5,374
TOTAL REVENUES	$ 6,400	$ 11,572	$ 5,172	$ 9,787
Expenditures:				
General government administration	$ 500	$ 1,304	($ 804)	$ 1,189
Loans and contingencies	-	96,000	(96,000)	-
TOTAL EXPENDITURES	$ 500	$ 97,304	($ 96,804)	$ 1,189
EXCESS OF REVENUES (EXPENDITURES)	$ 5,900	($ 85,732)	($ 91,632)	$ 8,598
Fund Balance, July 1	252,562	252,562	-	243,964
TOTAL FUND BALANCE, JUNE 30	$258,462	$166,830	($ 91,632)	$252,562

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

CAPITAL PROJECTS FUND - PUBLIC IMPROVEMENT FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash	$ 66,800	$ 1,108
Grants receivable	56,518	624
Due from other funds	79,974	211,350
	$ 203,292	$ 213,082
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 394	$ 10,228
Accrued salaries and benefits	4,750	2,090
Due to other funds	68,791	61,363
Due to component units	88,769	88,769
TOTAL LIABILITIES	$ 162,704	$ 162,450
FUND BALANCE	40,588	50,632
	$ 203,292	$ 213,082

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

CAPITAL PROJECTS FUND - PUBLIC IMPROVEMENT FUND
ANALYSES OF CHANGES IN FUND BALANCE

	Year ended June 30, 2005	Year ended June 30, 2004
Fund balance, July 1	$ 50,632	$ 125,059
Revenues for capital outlay -		
Grants	80,894	11,329
TOTAL AVAILABLE FOR CAPITAL OUTLAY	$ 131,526	$ 136,388
Expenditures for capital outlay:		
Springwood Project	$ 1,410	$ 20,879
U.S. 41 Islands	-	35,500
East Houghton Waterfront Docks	4,383	-
Powerhouse	-	8,873
Historic Walking Tour	4,036	1,461
Public Works Facility	1,779	4,426
Nara Nature Park Phase II	72,492	42,746
Nara Nature Park Phase III	14,346	629
College Avenue Park	-	9,476
Beach	-	2,328
Razorback Drive	-	3,730
Downtown Signage	2,698	1,582
Mikkola Property	2,268	3,450
Huron Dam/Creek	-	653
DEQ - Waterfront Plan	26,609	1,191
Townsend Drive Streetlighting	11,343	6,688
General Administration	24,574	45,144
TOTAL EXPENDITURES	$ 165,938	$ 188,756
	($ 34,412)	($ 52,368)
Other financing sources (uses) -		
Operating transfers from other funds	75,000	103,000
FUND BALANCE, JUNE 30	$ 40,588	$ 50,632

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

DEBT SERVICE FUND - 1997 BUILDING AUTHORITY DEBT RETIREMENT FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash	$ 115	$ 115
LIABILITIES AND FUND EQUITY		
Liabilities	$ -	$ -
Fund Equity	115	115
	$ 115	$ 115

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

DEBT SERVICE FUND - 1997 BUILDING AUTHORITY DEBT RETIREMENT FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	Year ended June 30, 2005	Year ended June 30, 2004
Revenues:		
Contributions from other funds	$ 20,145	$ 20,650
Contributions from component units	89,870	93,405
	$110,015	$114,055
Expenditures:		
Redemption of serial bonds	$ 80,000	$ 80,000
Interest on bonds	30,015	34,055
	$110,015	$114,055
EXCESS OF REVENUES	$ -	$ -
Fund balance, July 1	115	115
FUND BALANCE JUNE 30	$ 115	$ 115

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

WATER SUPPLY FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 15,338	$ 30,782
Accounts receivable	88,783	65,368
TOTAL CURRENT ASSETS	$ 104,121	$ 96,150
PROPERTY, PLANT, AND EQUIPMENT		
Water distribution system	$9,316,312	$9,287,512
Less accumulated depreciation	3,286,275	3,101,644
TOTAL PROPERTY, PLANT, AND EQUIPMENT	$6,030,037	$6,185,868
OTHER ASSETS		
Restricted assets:		
Water Bond Reserve Account:		
Cash	$ 1,596	$ 2,970
Investments	29,522	29,231
Junior Lien Bond Reserve Account:		
Cash	22,791	55,930
Investments	212,945	155,771
Junior Lien Bond and Interest Redemption Account	61,023	39,789
1978 Water/Sewer Revenue Bonds - Debt Service Account	28	28
1980 Water/Sewer Revenue Bonds - Debt Service Account	194	194
1995 Water Project - Debt Service Account	119	119
1996 Water Completion - Debt Service Account	39	39
TOTAL OTHER ASSETS	$ 328,257	$ 284,071
	$6,462,415	$6,566,089
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 18,007	$ 35,277
Accrued wages and benefits	8,296	8,489
Accrued interest expense	67,006	67,606
Due to other funds	127,894	38,031
Due to component unit	-	3,455
Current maturities on long-term debt	53,000	39,000
TOTAL CURRENT LIABILITIES	$ 274,203	$ 191,858
LONG-TERM DEBT		
Bonds payable	$4,505,000	$4,544,000
Less current maturities	53,000	39,000
TOTAL LONG-TERM DEBT	$4,452,000	$4,505,000
TOTAL LIABILITIES	$4,726,203	$4,696,858
FUND EQUITY		
Contributed capital	$ 371,815	$ 385,250
Retained earnings	1,364,397	1,483,981
TOTAL FUND EQUITY	$1,736,212	$1,869,231
	$6,462,415	$6,566,089

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

WATER SUPPLY FUND
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30, 2005	Year ended June 30, 2004
Operating revenues:		
Water sales	$ 672,825	$ 533,777
Repairs and new customer installations	12,700	7,903
Other revenue	23,094	25,765
TOTAL OPERATING REVENUES	$ 708,619	$ 567,445
Operating expenses:		
Source of water	$ 159,708	$ 165,951
Meter expenses	4,137	1,580
Customer installations	3,968	18,143
Maintenance of the water supply system, hydrants, and structure	137,988	141,556
Laboratory and office expense	23,871	19,880
Meter reading	9,144	2,923
Engineering and supervision	26,691	36,465
Employee benefits	94,646	68,013
Other	3,055	2,837
	$ 463,208	$ 457,348
Depreciation expense	184,631	181,994
TOTAL OPERATING EXPENSES	$ 647,839	$ 639,342
NET OPERATING INCOME (LOSS)	$ 60,780	($ 71,897)
Non-operating revenues - Interest	$ 10,818	$ 9,109
Non-operating expenses - Interest	$ 204,617	$ 216,424
NET INCOME (LOSS)	($ 133,019)	($ 279,212)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

WATER SUPPLY FUND
ANALYSES OF CHANGES IN FUND EQUITY

	Year ended June 30, 2005	Year ended June 30, 2004
CONTRIBUTED CAPITAL		
Federal grants for construction:		
Balance, July 1	$ 291,750	$ 301,475
Less depreciation attributable to capital grants	9,725	9,725
Balance, June 30	$ 282,025	$ 291,750
State grants for construction:		
Balance, July 1	$ 80,346	$ 83,550
Less depreciation attributable to capital grants	3,204	3,204
Balance, June 30	$ 77,142	$ 80,346
Local grants for construction - MTU:		
Balance, July 1	$ 4,328	$ 4,494
Less depreciation attributable to capital grants	166	166
Balance, June 30	$ 4,162	$ 4,328
Capital contributed by other funds - Public Improvement Fund:		
Balance, July 1	$ 8,826	$ 9,166
Less depreciation attributable to capital grants	340	340
Balance, June 30	$ 8,486	$ 8,826
CONTRIBUTED CAPITAL, JUNE 30	$ 371,815	$ 385,250
RETAINED EARNINGS		
Balance, July 1	$1,483,981	$1,749,758
Add (subtract):		
Net income (loss) for the year	($ 133,019)	($ 279,212)
Depreciation attributable to capital grants	13,435	13,435
	($ 119,584)	($ 265,777)
RETAINED EARNINGS, JUNE 30	$1,364,397	$1,483,981
FUND EQUITY, JUNE 30	$1,736,212	$1,869,231

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

WATER SUPPLY FUND
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2005	Year ended June 30, 2004
Cash flows from operating activities:		
Receipts from customers	$ 685,204	$ 569,576
Payments to suppliers	(282,530)	(300,676)
Payments to employees	(198,141)	(163,494)
Net cash provided (used) by operating activities	$ 204,533	$ 105,406
Cash flows from noncapital financing activities -		
Increase (decrease) in due to other funds and component units	$ 86,408	$ 3,548
Cash flows from capital and related financing activities:		
Acquisition of property, plant, and equipment	($ 28,800)	($ 59,247)
Issuance (reduction) of long-term debt	(39,000)	(37,000)
(Increase) decrease in restricted assets	(44,186)	190,886
Interest paid on long-term debt	(205,217)	(216,901)
Net cash provided (used) by capital and related financing activities	($ 317,203)	($ 122,262)
Cash flows from investing activities -		
Interest received	$ 10,818	$ 9,109
Net increase (decrease) in cash and cash equavalents	($ 15,444)	($ 4,199)
Cash - beginning of year	30,782	34,981
Cash - end of year	$ 15,338	$ 30,782
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 60,780	($ 71,897)
Adjustments to reconcile operating income to net cash provided (used) by operating activities -		
Depreciation expense	184,631	181,994
Changes in assets and liabilities:		
Receivables	(23,415)	2,131
Accounts and other payables	(17,270)	(2,429)
Accrued expenses	(193)	(4,393)
Net cash provided by operating activities	$ 204,533	$ 105,406

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 250,048	$ 276,740
Accounts receivable	194,847	253,172
Due from other funds	90,678	138,112
Due from other governmental units	2,101	-
TOTAL CURRENT ASSETS	$ 537,674	$ 668,024
PROPERTY, PLANT, AND EQUIPMENT		
Underground sewage collection system	$5,472,326	$5,447,436
Less accumulated depreciation	3,252,856	3,152,714
	$2,219,470	$2,294,722
Original investment in Portage Lake Water and Sewer Authority	941,313	941,313
TOTAL PROPERTY, PLANT, AND EQUIPMENT	$3,160,783	$3,236,035
OTHER ASSETS		
Restricted assets:		
1996 Sewer Bond Reserve Accounts:		
Cash	$ 20,339	$ 16,393
Investments	14,761	14,616
Restricted cash - 1996 Sewer Disposal Bonds Debt Service account	100	100
Restricted cash - 1997 Limited General Obligation Bond Debt Service account	172	172
TOTAL OTHER ASSETS	$ 35,372	$ 31,281
	$3,733,829	$3,935,340
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 513	$ 12,390
Accrued interest expense	9,812	10,235
Accrued wages and benefits	6,347	6,035
Due to component unit	-	9,823
Due to other governmental units	-	10,213
Current maturities on long-term debt	40,000	30,000
TOTAL CURRENT LIABILITIES	$ 56,672	$ 78,696
LONG-TERM DEBT		
Bonds payable	$ 590,000	$ 620,000
Less current maturities	40,000	30,000
TOTAL LONG-TERM DEBT	$ 550,000	$ 590,000
TOTAL LIABILITIES	$ 606,672	$ 668,696
FUND EQUITY		
Contributed capital	$1,205,699	$1,256,237
Retained earnings	1,921,458	2,010,407
TOTAL FUND EQUITY	$3,127,157	$3,266,644
	$3,733,829	$3,935,340

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM FUND
STATEMENTS OF REVENUES AND EXPENSES

	Year Ended June 30, 2005	Year Ended June 30, 2004
Operating revenues:		
Sewer charges	$1,530,461	$1,589,832
Repairs and new customer installations	11,050	4,400
Other revenue	1,253	413
TOTAL OPERATING REVENUES	$1,542,764	$1,594,645
Operating expenses:		
Customer installations	$ 183	$ 13,053
Maintenance of the sewage disposal system and structure	146,449	212,474
Laboratory and office expense	25,943	26,710
Engineering and supervision	25,373	13,357
Employee benefits	68,506	69,920
City share of Portage Lake Water and Sewer Authority expense	1,284,095	1,252,693
Other	3,519	3,720
	$1,554,068	$1,591,927
Depreciation expense	100,142	98,318
TOTAL OPERATING EXPENSES	$1,654,210	$1,690,245
NET OPERATING INCOME (LOSS)	($ 111,446)	($ 95,600)
Non-operating revenues - Interest	$ 4,965	$ 1,005
Non-operating expenses - Interest	$ 33,006	$ 34,540
NET INCOME (LOSS)	($ 139,487)	($ 129,135)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM FUND
ANALYSES OF CHANGES IN FUND EQUITY

	Year ended June 30, 2005	Year ended June 30, 2004
CONTRIBUTED CAPITAL		
Federal grants for construction:		
Balance, July 1	$1,256,237	$1,306,775
Less depreciation attributable to capital grants	50,538	50,538
CONTRIBUTED CAPITAL, JUNE 30	$1,205,699	$1,256,237
RETAINED EARNINGS		
Balance, July 1	$2,010,407	$2,089,004
Add (subtract):		
Net income (loss) for the year	($ 139,487)	($ 129,135)
Depreciation attributable to capital grants	50,538	50,538
	($ 88,949)	($ 78,597)
RETAINED EARNINGS, JUNE 30	$1,921,458	$2,010,407
FUND EQUITY, JUNE 30	$3,127,157	$3,266,644

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

SEWAGE DISPOSAL SYSTEM FUND
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2005	Year ended June 30, 2004
Cash flows from operating activities:		
Receipts from customers	$1,600,172	$1,570,035
Payments to suppliers	(1,423,183)	(1,459,019)
Payments to employees	(142,450)	(160,957)
Other receipts (payments)	917	-
Net cash provided (used) by operating activities	$ 35,456	($ 49,941)
Cash flows from noncapital financing activities:		
(Increase) decrease in due from other funds	$ 47,434	$ 8,956
(Increase) decrease in due from other governmental units	(2,101)	62,082
Increase (decrease) in due to other funds and component units	(9,823)	7,008
Increase (decrease) in due to other governmental units	(10,213)	10,213
Net cash flows from noncapital financing activities	$ 25,297	$ 88,259
Cash flows from capital and related financing activities:		
Acquisition of property, plant and equipment	($ 24,890)	($ 30,940)
Issuance (reduction) of long-term debt	(30,000)	(30,000)
(Increase) decrease in restricted assets	(4,091)	(560)
Interest paid on long-term debt	(33,429)	(34,960)
Net cash provided (used) by capital and related financing activities	($ 92,410)	($ 96,460)
Cash flows from investing activities - Interest received	$ 4,965	$ 1,005
Increase (decrease) in cash and cash equavalents	($ 26,692)	($ 57,137)
Cash - beginning of year	276,740	333,877
Cash - end of year	$ 250,048	$ 276,740
Reconciliation of operating income (loss) to net cash provided (used by operating activities:		
Operating income (loss)	($ 111,446)	($ 95,600)
Adjustments to reconcile operating income to net cash provided (used) by operating activities -		
Depreciation expense	100,142	98,318
Changes in assets and liabilities:		
Receivables	58,325	(24,610)
Accounts and other payables	(11,877)	(28,610)
Accrued expenses	312	561
Net cash provided by operating activities	$ 35,456	($ 49,941)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

PARKING SYSTEM FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 5,152	$ 7,726
Accounts receivable	556	5
TOTAL CURRENT ASSETS	$ 5,708	$ 7,731
PROPERTY, PLANT, AND EQUIPMENT		
Parking deck complex	$4,418,758	$4,418,757
Less accumulated depreciation	2,190,496	2,081,952
TOTAL PROPERTY, PLANT, AND EQUIPMENT	$2,228,262	$2,336,805
	$2,233,970	$2,344,536
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 7,036	$ 2,031
Accrued wages and benefits	3,083	2,260
Due to other funds	190,462	177,524
TOTAL CURRENT LIABILITIES	$ 200,761	$ 181,815
FUND EQUITY		
Contributed capital	$1,375,132	$1,447,573
Retained earnings (deficit)	658,077	715,148
TOTAL FUND EQUITY	$2,033,209	$2,162,721
	$2,233,970	$2,344,536

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

PARKING SYSTEM FUND
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30, 2005	2004
Operating revenues:		
Parking fees - Meters	$ 10,914	$ 10,786
Parking space permits	50,870	46,162
Parking fines	40,050	36,930
Towing fees	10,230	198
TOTAL OPERATING REVENUES	$112,064	$ 94,076
Operating expenses:		
Parking system maintenance	$ 51,779	$ 37,425
Parking law enforcement	45,317	24,147
Winter maintenance	74,282	49,561
Insurance	2,302	2,195
Employee benefits	28,190	15,937
Miscellaneous	1,172	1,197
	$203,042	$130,462
Depreciation expense	108,544	108,544
TOTAL OPERATING EXPENSES	$311,586	$239,006
NET OPERATING INCOME (LOSS)	($199,522)	($144,930)
Non-operating revenues - Interest	$ 10	$ 107
INCOME (LOSS) BEFORE OPERATING TRANSFERS	($199,512)	($144,823)
Other financing sources (uses):		
Operating transfers from other funds	$ 40,000	$ -
Operating transfers from component unit	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	$ 70,000	$ -
NET INCOME (LOSS)	($129,512)	($144,823)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

PARKING SYSTEM FUND
ANALYSES OF CHANGES IN FUND EQUITY

	Year ended June 30, 2005	Year ended June 30, 2004
CONTRIBUTED CAPITAL		
Federal Grants - Balance, July 1	$ 723,963	$ 769,632
Less depreciation attributable to Federal grants	45,669	45,669
Balance, June 30	$ 678,294	$ 723,963
Michigan Small Cities Grant - Balance, July 1	$ 233,402	$ 243,379
Less depreciation attributable to State grants	9,977	9,977
Balance, June 30	$ 223,425	$ 233,402
Local contributions for parking deck construction - Balance, July 1	$ 76,466	$ 81,929
Less depreciation attributable to local contributions	5,463	5,463
Balance, June 30	$ 71,003	$ 76,466
City of Houghton General Fund contributions - Balance, July 1	$ 40,710	$ 42,650
Less depreciation attributable to City of Houghton General Fund grants	1,940	1,940
Balance, June 30	$ 38,770	$ 40,710
City of Houghton Downtown Development Authority contributions - Balance, July 1	$ 373,032	$ 382,424
Less depreciation attributable to City of Houghton Downtown Development Authority contributions	9,392	9,392
Balance, June 30	$ 363,640	$ 373,032
CONTRIBUTED CAPITAL, JUNE 30	$1,375,132	$1,447,573
RETAINED EARNINGS		
Balance, July 1	$ 715,148	$ 787,530
Add (subtract):		
Net income (loss) for the year	($ 129,512)	($ 144,823)
Depreciation attributable to capital grants	72,441	72,441
	($ 57,071)	($ 72,382)
RETAINED EARNINGS, JUNE 30	$ 658,077	$ 715,148
FUND EQUITY, JUNE 30	$2,033,209	$2,162,721

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

PARKING SYSTEM FUND
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2005	Year ended June 30, 2004
Cash flows from operating activities:		
Receipts from customers	$111,513	$ 94,071
Payment to suppliers	(107,921)	(75,089)
Payments to employees	(89,294)	(52,942)
Net cash provided (used) by operating activities	($ 85,702)	($ 33,960)
Cash flows from noncapital financing activities:		
Transfers from other funds and component units	$ 70,000	$ -
Increase (decrease) in due to other funds	13,118	18,110
Net cash provided (used) by noncapital financing activities	$ 83,118	$ 18,110
Cash flows from investment activities - Interest received	$ 10	$ 107
Net increase (decrease) in cash and cash equivalents	($ 2,574)	($ 15,743)
Cash - beginning of year	7,726	23,469
Cash - end of year	$ 5,152	$ 7,726
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	($199,522)	($144,930)
Adjustments to reconcile operating income to net cash provided (used) by operating activities -		
Depreciation expense	108,544	108,544
Changes in assets and liabilities:		
Receivables	(551)	(5)
Accounts and other payables	5,004	1,876
Accrued expenses	823	555
Net cash provided by operating activities	($ 85,702)	($ 33,960)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 15,323	$ 29,948
Accounts receivable	5,614	6,562
Grant receivable	-	1,653
Due from Federal government	11,482	1,542
Due from other funds	19,000	-
TOTAL CURRENT ASSETS	$ 51,419	$ 39,705
PROPERTY, PLANT, AND EQUIPMENT		
Property and equipment	$1,250,829	$1,242,622
Less accumulated depreciation	938,021	864,436
TOTAL PROPERTY, PLANT, AND EQUIPMENT	$ 312,808	$ 378,186
	$ 364,227	$ 417,891
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 3,602	$ 15,085
Accrued wages and benefits	13,060	12,700
Due to State - State Operating Assistance	47,881	25,541
Due to other funds	-	10
TOTAL CURRENT LIABILITIES	$ 64,543	$ 53,336
FUND EQUITY		
Contributed capital - State	$ 190,360	$ 246,356
Contributed capital - Federal	108,577	117,582
Retained earnings	747	617
TOTAL FUND EQUITY	$ 299,684	$ 364,555
	$ 364,227	$ 417,891

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30, 2005	Year ended June 30, 2004
Operating revenues	$ 111,727	$ 98,537
Operating expenses	419,283	468,554
OPERATING INCOME (LOSS)	($ 307,556)	($370,017)
Non-operating revenues	292,061	336,623
Non-operating expenses	57,583	58,290
NET INCOME (LOSS)	($ 73,078)	($ 91,684)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
ANALYSES OF CHANGES IN FUND EQUITY

	Year ended June 30, 2005	Year ended June 30, 2004
CONTRIBUTED CAPITAL		
State grants:		
Balance, July 1	$246,356	$311,863
Add grants received in current year:		
Contract 02-0046	1,641	7,610
Less depreciation attributable to State grants	57,637	73,117
Balance, June 30	$190,360	$246,356
Federal grants:		
Balance, July 1	$117,582	$105,591
Add grants received in current year:		
Contract 02-0046	6,566	30,438
Less depreciation attributable to Federal grants	15,571	18,447
Balance, June 30	$108,577	$117,582
TOTAL CONTRIBUTED CAPITAL, JUNE 30	$298,937	$363,938
RETAINED EARNINGS		
Balance, July 1	$ 617	$ 737
Net income (loss)	(73,078)	(91,684)
Add depreciation attributable to capital grants	73,208	91,564
RETAINED EARNINGS, JUNE 30	$ 747	$ 617
FUND EQUITY, JUNE 30	$299,684	$364,555

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2005	Year ended June 30, 2004
Cash flows from operating activities:		
Receipts from customers	$ 112,675	$ 98,485
Payments to suppliers	(115,913)	(141,798)
Payments to employees	(240,908)	(246,090)
Net cash provided (used) by operating activities	($ 244,146)	($ 289,403)
Cash flows from noncapital financing activities:		
Transfers from other funds	$ 69,000	$ 86,000
(Increase) decrease in due from other funds	(19,000)	11,000
(Increase) decrease in due from other governmental units	(9,940)	2,073
Increase (decrease) in due to other funds	(10)	-
Increase (decrease) in due to other governmental units	22,340	(414)
Proceeds from grants	223,036	250,609
Specialized services grants paid	(57,493)	(58,120)
Interest expense and finance charges	(90)	(170)
Net cash provided (used) by noncapital financing activities	$ 227,843	($ 290,978
Cash flows from capital and related financing activities:		
Capital contributions	$ 8,207	$ 38,048
Acquisition of property, plant, and equipment	(8,207)	(37,396)
Issuance (reduction) of long-term debt	-	(6,835)
(Increase) decrease in grants receivable	1,653	12,671
Net cash provided (used) by capital and related financing activities	$ 1,653	$ 6,488
Cash flows from investing activities - Interest received	$ 25	$ 14
Net increase (decrease) in cash and cash equavalents	($ 14,625)	$ 8,077
Cash - beginning of year	29,948	21,871
Cash - end of year	$ 15,323	$ 29,948
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	($ 307,556)	($ 370,017)
Adjustments to reconcile operating income to net cash provided (used) by operating activities -		
Depreciation expense	73,585	97,192
Changes in assets and liabilities:		
Receivables	948	(52)
Accounts and other payables	(11,483)	(19,416)
Accrued expenses	360	2,890
Net cash provided by operating activities	($ 244,146)	($ 289,403)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EQUIPMENT FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 113,458	$ 229,408
Due from other funds	422,810	342,247
Due from component units	16,558	8,086
TOTAL CURRENT ASSETS	$ 552,826	$ 579,741
LAND, BUILDINGS, AND EQUIPMENT		
Land and buildings	$ 331,125	$ 331,125
Equipment	2,997,742	2,809,601
	$3,328,867	$3,140,726
Less accumulated depreciation	2,270,410	2,139,341
TOTAL LAND, BUILDINGS, AND EQUIPMENT	$1,058,457	$1,001,385
	$1,611,283	$1,581,126
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 47,062	$ 45,115
Accrued expenses	4,559	4,364
Due to other funds	112,311	216,040
Current maturities on long-term debt	13,336	13,200
TOTAL CURRENT LIABILITIES	$ 177,268	$ 278,719
LONG-TERM DEBT		
Notes payable	$ 113,913	$ 127,101
Less current maturities	13,336	13,200
TOTAL LONG-TERM DEBT	$ 100,577	$ 113,901
TOTAL LIABILITIES	$ 277,845	$ 392,620
FUND EQUITY		
Contributed capital	$ -	$ 4,067
Retained earnings	1,333,438	1,184,439
TOTAL FUND EQUITY	$1,333,438	$1,188,506
	$1,611,283	$1,581,126

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EQUIPMENT FUND
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30, 2005	2004
Operating revenues:		
Charges for services	$896,903	$824,540
Other revenue	-	254
TOTAL OPERATING REVENUES	$896,903	$824,794
Operating expenses:		
Equipment operations, maintenance, and storage	$419,430	$385,510
Insurance on equipment and garage	25,848	23,686
Employee benefits	39,657	26,938
	$484,935	$436,134
Depreciation expense	212,878	214,493
TOTAL OPERATING EXPENSES	$697,813	$650,627
NET INCOME FROM OPERATIONS	$199,090	$174,167
Non-operating income:		
Interest	$ 38	$ 21
Gain on sale of equipment	29,188	12,549
	$ 29,226	$ 12,570
Non-operating expense -		
Interest	$ 5,514	$ 5,796
Other financing sources (uses):		
Operating transfers from other funds	$ 14,130	$ 13,510
Operating transfers to other funds	(92,000)	-
	($ 77,870)	$ 13,510
NET INCOME (LOSS)	$144,932	$194,451

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EQUIPMENT FUND
ANALYSES OF CHANGES IN FUND EQUITY

	Year ended June 30, 2005	Year ended June 30, 2004
CONTRIBUTED CAPITAL		
City of Houghton General Fund:		
Balance, July 1	$ 4,067	$ 8,425
Less depreciation attributable to City of Houghton General Fund grants	4,067	4,358
TOTAL CONTRIBUTED CAPITAL, JUNE 30	$ -	$ 4,067
RETAINED EARNINGS		
Balance, July 1	$1,184,439	$ 985,630
Add:		
Net income (loss)	$ 144,932	$ 194,451
Depreciation attributable to contributed capital	4,067	4,358
	$ 148,999	$ 198,809
TOTAL RETAINED EARNINGS, JUNE 30	$1,333,438	$1,184,439
FUND EQUITY, JUNE 30	$1,333,438	$1,188,506

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EQUIPMENT FUND
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2005	2004
Cash flows from operating activities:		
Receipts from customers	$612,139	$782,637
Payments to suppliers	(422,550)	(383,670)
Payments to employees	(92,099)	(69,070)
Other receipts (payments)	-	254
Net cash provided (used) by operating activities	$ 97,490	$330,151
Cash flows from noncapital financing activities:		
Transfers from other funds and component units	$ 14,130	13,510
Transfers to other funds and component units	(92,000)	-
(Increase) decrease in due from other funds and component units	92,000	-
Net cash provided (used) by noncapital financing activities	$ 14,130	$ 13,510
Cash flows from capital and related financing activities:		
Proceeds from sale of equipment	$ 54,801	$ 20,198
Acquisition of property, plant and equipment	(263,569)	(260,798)
Issuance (reduction) of long-term debt	(13,187)	11,101
Interest paid on long-term debt	(5,653)	(5,928)
Net cash provided (used) by capital and related financing activities	($227,608)	($235,427)
Cash flows from investing activities - Interest received	$ 38	$ 21
Net increase (decrease) in cash and cash equivalents	($115,950)	$108,255
Cash - beginning of year	229,408	121,153
Cash - end of year	$113,458	$229,408
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$199,090	$174,167
Adjustments to reconcile operating income to net cash provided (used) by operating activities -		
Depreciation expense	212,878	214,493
Changes in assets and liabilities:		
Accounts and other payables	(30,048)	(16,974)
Due from other funds and component units	(181,035)	102,217
Due to other funds	(103,729)	(144,120)
Accrued expenses	334	368
Net cash provided by operating activities	$ 97,490	$330,151

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EMPLOYEE RETIREMENT FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash and cash equivalents	$ 73,353	$ 47,020
Due from participants	-	1,600
Investments	4,403,594	4,080,142
Loans to participants	151,916	168,456
	$4,628,863	$4,297,218
LIABILITIES AND FUND BALANCE		
LIABILITIES	$ -	$ 1,600
FUND BALANCE	4,628,863	4,295,618
	$4,628,863	$4,297,218

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EMPLOYEE RETIREMENT FUND
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30, 2005	2004
Operating revenues:		
Employer contributions	$177,104	$186,053
Investment income (loss)	170,518	104,143
TOTAL OPERATING REVENUES	$347,622	$290,196
Operating expenses - Plan distributions	174,592	278,074
NET OPERATING INCOME (LOSS)	$173,030	$ 12,122
Net appreciation (depreciation) in fair value of investments	160,215	418,117
NET INCOME (LOSS)	$333,245	$430,239

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EMPLOYEE RETIREMENT FUND
STATEMENTS OF CHANGES IN FUND BALANCE

	Year ended June 30, 2005	Year ended June 30, 2004
FUND BALANCE		
Reserved, beginning of year	$4,295,618	$3,865,379
Net operating income (loss) for the year	333,245	430,239
FUND BALANCE RESERVED, JUNE 30	$4,628,863	$4,295,618

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EMPLOYEE BENEFIT FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash	$163,518	$ 80,363
Due from other funds	2,412	-
Prepaid expense	47,218	42,605
	$213,148	$122,968
LIABILITIES AND RETAINED EARNINGS		
LIABILITIES		
Cash overdraft	$ 746	$ -
Accounts payable	3,339	3,985
Accrued expenses and payroll taxes	1,855	318
Accumulated employee sick leave	59,611	71,897
Accumulated employee vacation	87,874	98,169
TOTAL LIABILITIES	$153,425	$174,369
RETAINED EARNINGS (DEFICIT)	59,723	(51,401)
	$213,148	$122,968

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EMPLOYEE BENEFIT FUND
STATEMENTS OF REVENUES AND EXPENSES

	Year ended June 30, 2005	Year ended June 30, 2004
Operating revenues:		
Charges for services	$1,036,244	$ 867,850
Other revenue	4,109	2,182
TOTAL OPERATING REVENUES	$1,040,353	$ 870,032
Operating expenses:		
Payroll taxes - Employer share	$ 121,656	$ 123,358
Hospitalization insurance	393,179	363,760
Sick pay	23,988	65,215
Vacation pay	85,169	83,710
Holiday pay	35,362	35,313
Funeral pay	-	353
Longevity pay	10,050	11,400
Workers' compensation insurance	24,491	13,371
Unemployment insurance	10,754	2,684
Retirement contributions	177,104	186,053
Life insurance	31,346	31,914
Disability insurance	4,806	5,006
Other	11,324	9,951
TOTAL OPERATING EXPENSES	$ 929,229	$ 932,088
NET OPERATING INCOME (LOSS)	$ 111,124	($ 62,056)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EMPLOYEE BENEFIT FUND
ANALYSES OF CHANGES IN RETAINED EARNINGS

	Year ended June 30, 2005	Year ended June 30, 2004
Retained earnings (deficit), July 1	($ 51,401)	$ 10,655
Net operating income (loss) for the year	111,124	(62,056)
RETAINED EARNINGS (DEFICIT), JUNE 30	$ 59,723	($ 51,401)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

EMPLOYEE BENEFIT FUND
STATEMENTS OF CASH FLOWS

	Year ended June 30, 2005	Year ended June 30, 2004
Cash flows from operating activities:		
Receipts from customers	$1,033,831	$867,850
Payments to suppliers	(11,324)	(9,951)
Payments to employees	(944,207)	(952,815)
Other receipts	4,109	2,182
Cash flows provided (used) by operating activities	$ 82,409	($ 92,734)
Cash, beginning of year	80,363	173,097
Cash, end of year	$ 162,772	$ 80,363
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ 111,124	(62,056)
Changes in assets and liabilities:		
Prepaid expense	(4,613)	(4,210)
Due from other funds	(2,412)	-
Accounts payable	(646)	(2,514)
Accrued expenses	1,537	(9,095)
Accumulated employee sick leave	(12,286)	7,244
Accumulated employee vacation	(10,295)	(22,103)
Net cash provided (used) by operating activities	$ 82,409	($ 92,734)

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

AGENCY FUND
TAX COLLECTION FUND

STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
For the Year ended June 30, 2005

	Balance 07-01-04	Additions	Deductions	Balance 06-30-05
ASSETS				
Cash	$ 34,355	$3,753,674	$3,773,690	$ 14,339
LIABILITIES				
Due to (from) component units:				
Downtown Development Authority	$ 4,376	$ 260,607	$ 264,588	$ 395
Tax Increment Finance Authority	1,169	556,982	620,324	(62,173)
Due to other governmental units	28,810	2,936,085	2,888,778	76,117
TOTAL LIABILITIES	$ 34,355	$3,753,674	$3,773,690	$ 14,339

The accompanying notes to financial statements are an integral part of this statement.

GROUPS OF ACCOUNTS

CITY OF HOUGHTON, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS
STATEMENTS OF GENERAL FIXED ASSETS

	June 30, 2005	June 30, 2004
GENERAL FIXED ASSETS		
Land, buildings, and improvements	$4,786,608	$4,744,243
Improvements other than buildings	2,680,053	2,668,846
	$7,466,661	$7,413,089
INVESTMENT IN GENERAL FIXED ASSETS		
Capital Projects Funds:		
State grants	$1,541,140	$1,541,140
Federal grants	1,029,744	1,029,744
County grants	70,000	70,000
Local contributions	56,976	56,976
General Fund and other fund grants	1,947,317	1,947,317
General Fund grants	1,561,791	1,508,219
State grants	877,193	877,193
Gifts	382,500	382,500
	$7,466,661	$7,413,089

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

GENERAL LONG-TERM DEBT GROUP OF ACCOUNTS
STATEMENTS OF GENERAL LONG-TERM DEBT

	June 30, 2005	June 30, 2004
AMOUNT TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount to be provided for the payment of accrued compensated absences	$ 180,669	$ 151,361
Amounts to be provided for retirement of loans and bonds payable	751,333	857,536
	$ 932,002	$1,008,897
GENERAL LONG-TERM DEBT PAYABLE		
Accrued compensated absences payable	$ 180,669	$ 151,361
1997 Building Authority and Building Authority Refunding Bonds	535,000	615,000
Michigan CDBG Economic Development Grant Loan	166,261	186,339
Promissory Note - retirement annuity	50,072	56,197
	$ 932,002	$1,008,897

General Obligation Water Supply and Sewage Disposal System Revenue Bonds of 1978, 1980, 1995 and 1997, aggregating $4,505,000, which are not reflected above, are included in the balance sheet of the Water Supply Fund. Water Supply and Sewage System Bonds of 1996 totalling $355,000, and Sewage System Limited Obligation Revenue Bonds of 1997 totalling $235,000 which are not reflected above, are included in the balance sheet of the Sewage Disposal System Fund. All the above are scheduled in Note H to the financial statements at June 30, 2005.

Notes payable in the amount of $113,913 not reflected above, are included in the balance sheets of the Equipment Fund, and are described in Note H to the financial statements at June 30, 2005.

The accompanying notes to financial statements are an integral part of this statement.

DISCRETELY PRESENTED COMPONENT UNITS

CITY OF HOUGHTON, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A discretely presented component unit
COMBINED BALANCE SHEETS

June 30, 2005

	Totals (Memorandum Only)	
	2005	2004
ASSETS		
Cash	$ 1,329	$ 19,589
Taxes receivable	23,848	13,810
Due from primary government	395	91,654
Amount to be provided for retirement of long-term debt	1,012,490	963,030
	$1,038,062	$1,088,083
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 6,432	$ 106,677
Deferred revenue	2,772	13,810
Due to primary government	5,209	1,979
Long-term debt	1,012,490	963,030
TOTAL LIABILITIES	$1,026,903	$1,085,496
FUND BALANCE (DEFICIT)	11,159	2,587
	$1,038,062	$1,088,083

The accompanying notes to financial statements are an integral part of this statement.

General Fund	Debt Service Funds	Long-Term Debt Group of Accounts
$ 635	$ 694	$ -
23,848	-	-
395	-	-
-	-	1,012,490
$ 24,878	$ 694	$1,012,490
$ 6,432	$ -	$ -
2,772	-	-
5,209	-	-
-	-	1,012,490
$ 14,413	$ -	$1,012,490
10,465	694	-
$ 24,878	$ 694	$1,012,490

CITY OF HOUGHTON, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A discretely presented component unit
COMBINED STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year ended June 30, 2005

	Totals (Memorandum Only)	
	2005	2004
Revenues:		
Taxes	$ 283,771	$ 269,767
Interest and rents	446	634
Miscellaneous	-	443
TOTAL REVENUES	$ 284,217	$ 270,844
Expenditures:		
Administration	$ 19,155	$ 18,183
Capital outlay	121,585	194,777
Debt Service:		
Principal	10,000	10,000
Interest	5,035	5,550
TOTAL EXPENDITURES	$ 155,775	$ 228,510
EXCESS OF REVENUES (EXPENDITURES)	$ 128,442	$ 42,334
Other financing sources (uses):		
Operating transfers from primary government	$ -	$ 74,000
Operating transfers to primary government	(119,870)	(93,405)
Operating transfers from other funds	15,035	15,550
Operating transfers to other funds	(15,035)	(15,550)
TOTAL OTHER FINANCING SOURCES (USES)	($ 119,870)	($ 19,405)
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	$ 8,572	$ 22,929
Fund balance (deficit), July 1	2,587	(20,342)
TOTAL FUND BALANCE (DEFICIT), JUNE 30	$ 11,159	$ 2,587

The accompanying notes to financial statements are an integral part of this statement.

General Fund	Debt Service Funds
$ 283,771	$ -
446	-
-	-
$ 284,217	$ -
$ 19,155	$ -
121,585	-
-	10,000
-	5,035
$ 140,740	$ 15,035
$ 143,477	($ 15,035)
$ -	$ -
(119,870)	-
-	15,035
(15,035)	-
($ 134,905)	$ 15,035
$ 8,572	$ -
1,893	694
$ 10,465	$ 694

CITY OF HOUGHTON, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A discretely presented component unit
GENERAL FUND
BALANCE SHEETS

	June 30, 2004	June 30, 2003
ASSETS		
Cash	$ 635	$ 18,895
Taxes receivable	23,848	13,810
Due from primary government	395	91,654
	$ 24,878	$ 124,359
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 6,432	$ 106,677
Due to primary government	5,209	1,979
Deferred revenue	2,772	13,810
TOTAL LIABILITIES	$ 14,413	$ 122,466
FUND BALANCE (DEFICIT)	10,465	1,893
	$ 24,878	$ 124,359

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A discretely presented component unit
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended June 30, 2005
With Actual Amounts for Year Ended June 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	$273,000	$ 283,771	$ 10,771	$ 269,767
Interest and rents	1,000	446	(554)	634
Miscellaneous	-	-	-	443
TOTAL REVENUES	$274,000	$ 284,217	$ 10,217	$ 270,844
Expenditures:				
General government administration	$ 19,400	$ 19,155	$ 245	$ 18,183
Capital outlay	134,700	121,585	13,115	194,777
TOTAL EXPENDITURES	$154,100	$ 140,740	$ 13,360	$ 212,960
EXCESS OF REVENUES (EXPENDITURES)	$119,900	$ 143,477	$ 23,577	$ 57,884
Other financing sources (uses):				
Operating transfers from primary government	$ -	$ -	$ -	$ 74,000
Operating transfers to primary government	(119,900)	(119,870)	30	(93,405)
Operating transfers to other funds	(15,000)	(15,035)	(35)	(15,550)
TOTAL OTHER FINANCING SOURCES (USES)	($134,900)	($ 134,905)	($ 5)	($ 34,955)
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	($ 15,000)	$ 8,572	$ 23,572	$ 22,929
Fund balance (deficit), July 1	1,893	1,893	-	(21,036)
TOTAL FUND BALANCE (DEFICIT), JUNE 30	($ 13,107)	$ 10,465	$ 23,572	$ 1,893

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A discretely presented component unit
DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS

June 30, 2005
With Totals for June 30, 2004

	Totals (Memorandum Only) 2005	Totals (Memorandum Only) 2004	1996 Building Authority Bonds	1994 DDA Limited Tax General Obligation Bonds
ASSETS				
Cash	$ 694	$ 694	$ 613	$ 81
LIABILITIES AND FUND EQUITY				
Liabilities	$ -	$ -	$ -	$ -
Fund Equity	694	694	613	81
	$ 694	$ 694	$ 613	$ 81

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A discretely presented component unit
DEBT SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND FUND EQUITY

Year ended June 30, 2005
With Totals for June 30, 2004

	Totals (Memorandum Only) 2005	Totals (Memorandum Only) 2004	1996 Building Authority Bonds	1994 DDA Limited Tax General Obligation Bonds
Revenues -				
Contributions from other funds	$ 15,035	$ 15,550	$ 15,035	$ -
Expenditures:				
Redemption of serial bonds	$ 10,000	$ 10,000	$ 10,000	$ -
Interest on bonds	5,035	5,500	5,035	-
TOTAL EXPENDITURES	$ 15,035	$ 15,550	$ 15,035	$ -
EXCESS OF REVENUES	$ -	$ -	$ -	$ -
Fund equity, July 1	694	694	613	81
FUND EQUITY, JUNE 30	$ 694	$ 694	$ 613	$ 81

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

DOWNTOWN DEVELOPMENT AUTHORITY
A discretely presented component unit
STATEMENTS OF GENERAL LONG-TERM DEBT

	June 30, 2005	June 30, 2004
AMOUNT TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amounts to be provided for the retirement of long-term debt	$1,012,490	$ 963,030
GENERAL LONG-TERM DEBT PAYABLE		
Limited tax development bonds, including accrued interest	$ 927,490	$ 868,030
1996 Building Authority Bonds	85,000	95,000
	$1,012,490	$ 963,030

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TAX INCREMENT FINANCE AUTHORITY
A discretely presented component unit
COMBINED BALANCE SHEETS

June 30, 2005

	Totals (Memorandum Only)	
	2005	2004
ASSETS		
Cash	$ 434,515	$ 388,011
Taxes receivable	20,465	26,870
Due from primary government	88,769	89,938
Amount to be provided for retirement of long-term debt	1,584,527	1,740,669
	$2,128,276	$2,245,488
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 47,634	$ 16,111
Accrued wages and benefits	15,071	8,654
Due to primary government	77,522	6,107
Deferred revenue	3,059	26,870
Long-term debt	1,584,527	1,740,669
TOTAL LIABILITIES	$1,727,813	$1,798,411
FUND BALANCE	400,463	447,077
	$2,128,276	$2,245,488

The accompanying notes to financial statements are an integral part of this statement.

General Fund	Debt Service Funds	Long-Term Debt Group of Accounts
$433,981	$ 534	$ -
20,465	-	-
88,769	-	-
-	-	1,584,527
$543,215	$ 534	$1,584,527

$ 47,634	$ -	$ -
15,071	-	-
77,522	-	-
3,059	-	-
-	-	1,584,527
$143,286	$ -	$1,584,527
399,929	534	-
$543,215	$ 534	$1,584,527

CITY OF HOUGHTON, MICHIGAN

TAX INCREMENT FINANCE AUTHORITY
A discretely presented component unit
COMBINED STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year ended June 30, 2005

	Totals (Memorandum Only)	
	2005	2004
Revenues:		
Taxes	$ 560,874	$ 671,090
Interest and rents	9,503	4,215
TOTAL REVENUES	$ 570,377	$ 675,305
Expenditures:		
General government administration	$ 87,057	$ 82,967
Capital outlay	280,550	180,440
Debt Service:		
Principal	156,141	202,758
Interest	92,923	105,878
Other	320	81
TOTAL EXPENDITURES	$ 616,991	$ 572,124
EXCESS OF REVENUES (EXPENDITURES)	($ 46,614)	$ 103,181
Other financing sources (uses):		
Operating transfers from other funds	$ 249,301	$ 308,936
Operating transfers to other funds	(249,301)	(308,936)
TOTAL OTHER FINANCING SOURCES (USES)	$ -	$ -
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	($ 46,614)	$ 103,181
Fund balance (deficit), July 1	447,077	343,896
TOTAL FUND BALANCE (DEFICIT), JUNE 30	$ 400,463	$ 447,077

The accompanying notes to financial statements are an integral part of this statement.

General Fund	Debt Service Funds
$ 560,874	$ -
9,503	-
$ 570,377	$ -
$ 87,057	$ -
280,550	-
-	156,141
-	92,923
-	320
$ 367,607	$ 249,384
$ 202,770	($ 249,384)
$ -	$ 249,301
(249,301)	-
($ 249,301)	$ 249,301
($ 46,531)	($ 83)
446,460	617
$ 399,929	$ 534

CITY OF HOUGHTON, MICHIGAN

TAX INCREMENT FINANCE AUTHORITY
A discretely presented component unit
GENERAL FUND
BALANCE SHEETS

	June 30, 2005	June 30, 2004
ASSETS		
Cash	$433,981	$387,394
Taxes receivable	20,465	26,870
Due from primary government	88,769	89,938
	$543,215	$504,202
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 47,634	$ 16,111
Accrued wages and benefits	15,071	8,654
Due to primary government	77,522	6,107
Deferred revenue	3,059	26,870
TOTAL LIABILITIES	$143,286	$ 57,742
FUND BALANCE	399,929	446,460
	$543,215	$504,202

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TAX INCREMENT FINANCE AUTHORITY
A discretely presented component unit
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended June 30, 2005
With Actual Amounts for Year Ended June 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	$ 528,000	$ 560,874	$ 32,874	$ 671,090
Interest and rents	4,000	9,503	5,503	4,215
TOTAL REVENUES	$ 532,000	$ 570,377	$ 38,377	$ 675,305
Expenditures:				
General government administration	$ 70,280	$ 87,057	($ 16,777)	$ 82,667
Capital outlay	249,500	280,550	(31,050)	180,440
Other	-	-	-	81
TOTAL EXPENDITURES	$ 319,780	$ 367,607	($ 47,827)	$ 263,188
EXCESS OF REVENUES (EXPENDITURES)	$ 212,220	$ 202,770	($ 9,450)	$ 412,117
Other financing sources (uses) -				
Operating transfers to other funds	(308,880)	(249,301)	59,579	(308,936)
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	($ 96,660)	($ 46,531)	$ 50,129	$ 103,181
Fund balance (deficit), July 1	446,460	446,460	-	343,279
TOTAL FUND BALANCE (DEFICIT), JUNE 30	$ 349,800	$ 399,929	$ 50,129	$ 446,460

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TAX INCREMENT FINANCE AUTHORITY
A discretely presented component unit
DEBT SERVICE FUNDS
COMBINING BALANCE SHEETS

Year ended June 30, 2005
With totals for June 30, 2004

	Totals (Memorandum Only)		Tax Increment Revenue Bonds		
	2005	2004	1994 Shopko Project	1993 Wal-mart Project	1995 TIFA Projects
ASSETS					
Cash	$ 534	$ 617	$ -	$ 64	$ 349
LIABILITIES AND FUND EQUITY					
Liabilities	$ -	$ -	$ -	$ -	$ -
Fund Equity	534	617	-	64	349
	$ 534	$ 617	$ -	$ 64	$ 349

The accompanying notes to financial statements are an integral part of this statement.

1998 LTD Refunding Bonds	1999 Bluffs Bond Debt
$ 58	$ 63
$ -	$ -
58	63
$ 58	$ 63

CITY OF HOUGHTON, MICHIGAN

TAX INCREMENT FINANCE AUTHORITY
A discretely presented component unit
DEBT SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND FUND EQUITY

Year ended June 30, 2005
With Totals for June 30, 2004

	Totals (Memorandum Only)		Tax Increment Revenue Bonds		
	2005	2004	1994 Shopko Project	1993 Wal-mart Project	1995 TIFA Projects
Revenues -					
Contributions from other funds	$249,301	$308,936	$ 6,627	$ 73,794	$ 71,425
Expenditures:					
Redemption of serial bonds	$156,141	$202,758	$ 6,282	$ 59,859	$ 65,000
Interest on bonds	92,923	105,878	408	13,935	6,425
Paying agent fees and miscellaneous	320	300	-	-	20
TOTAL EXPENDITURES	$249,384	$308,936	$ 6,690	$ 73,794	$ 71,445
EXCESS OF REVENUES	($ 83)	$ -	($ 63)	$ -	($ 20)
Fund equity, July 1	617	617	63	64	369
FUND EQUITY, JUNE 30	$ 534	$ 617	$ -	$ 64	$ 349

The accompanying notes to financial statements are an integral part of this statement.

1998 LTD Refunding Bonds	1999 Bluffs Bond Debt
$ 55,425	$ 42,030
$ 10,000	$ 15,000
45,425	26,730
-	300
$ 55,425	$ 42,030
$ -	$ -
58	63
$ 58	$ 63

CITY OF HOUGHTON, MICHIGAN

TAX INCREMENT FINANCE AUTHORITY
A discretely presented component unit
STATEMENTS OF GENERAL LONG-TERM DEBT

	June 30, 2005	June 30, 2004
AMOUNT TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amounts to be provided for the retirement of bonds payable	$1,584,527	$1,740,669
GENERAL LONG-TERM DEBT PAYABLE		
Shopko Store Project Bonds	$ -	$ 6,282
Walmart Store Project Bonds	154,527	214,387
1995 TIFA Projects Bonds	70,000	135,000
1998 Limited Tax Development Refunding Bonds	910,000	920,000
1999 Bluffs Project Bonds	450,000	465,000
	$1,584,527	$1,740,669

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

BROWNFIELD REDEVELOPMENT AUTHORITY
A discretely presented component unit
COMBINED BALANCE SHEETS

June 30, 2005

	Totals (Memorandum Only)			Long-Term Debt
	2005	2004	General Fund	Group of Accounts
ASSETS				
Due from primary government	$ 15,483	$ 15,483	$ 15,483	$ -
Due from other governmental units	339,748	378,120	339,748	-
Amount to be provided for retirement of long-term debt	339,748	378,120	-	339,748
	$694,979	$771,723	$355,231	$ 339,748
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Deferred revenue	$339,748	$378,120	$339,748	$ -
Long-term debt	339,748	378,120	-	339,748
TOTAL LIABILITIES	$679,496	$756,240	$339,748	$ 339,748
FUND BALANCE	15,483	15,483	15,483	-
	$694,979	$771,723	$355,231	$ 339,748

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

BROWNFIELD REDEVELOPMENT AUTHORITY
A discretely presented component unit
GENERAL FUND
BALANCE SHEETS

	June 30,	
	2005	2004
ASSETS		
Due from primary government	$ 15,483	$ 15,483
Due from other governmental units	339,748	378,120
	$355,231	$393,603
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Deferred revenue	$339,748	$378,120
FUND BALANCE	15,483	15,483
	$355,231	393,603

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

BROWNFIELD REDEVELOPMENT AUTHORITY
A discretely presented component unit
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

Year ended June 30, 2005
With Actual Amounts for Year Ended June 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues - County	$ 46,880	$ 46,880	$ -	$ 44,040
Expenditures:				
Principal	$ 38,372	$ 38,372	$ -	$ 46,880
Interest	8,508	8,508	-	-
TOTAL EXPENDITURES	$ 46,880	$ 46,880	$ -	$ 46,880
EXCESS OF REVENUES AND OTHER FINANCING SOURCES	$ -	$ -	$ -	($ 2,840)
Fund balance, July 1	15,483	15,483	-	18,323
TOTAL FUND BALANCE, JUNE 30	$ 15,483	$ 15,483	$ -	$ 15,483

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

BROWNFIELD REDEVELOPMENT AUTHORITY
A discretely presented component unit
STATEMENTS OF GENERAL LONG-TERM DEBT

	June 30,	
AMOUNT TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT	2005	2004
Amount to be provided for the retirement of bonds payable	$339,748	$378,120
GENERAL LONG-TERM DEBT PAYABLE		
Limited obligation revenue bonds	$339,748	$378,120

The accompanying notes to financial statements are an integral part of this statement.

OTHER FINANCIAL INFORMATION

CITY OF HOUGHTON, MICHIGAN

GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND FUND BALANCE

	Year ended June 30, 2005	Year ended June 30, 2004
REVENUES:		
Taxes:		
Real property taxes	$ 827,267	$ 730,590
Personal property taxes	45,375	42,266
Payments in lieu of taxes	5,619	5,890
Previously written off	31,232	39,917
Administration fees and interest	34,067	32,380
TOTAL TAXES	$ 943,560	$ 851,043
Licenses and permits	$ 1,275	$ 1,010
State grants:		
Sales and use tax	$ 836,937	$ 876,942
Liquor licenses	7,709	6,835
Fire protection	11,479	10,635
Other	4,330	391,674
TOTAL STATE GRANTS	$ 860,455	$1,286,086
Charges for service:		
Accident reports	$ 1,992	$ 1,405
Lighting - MTU	3,411	3,411
Dee Stadium	112,186	110,195
Sanitation	403,362	402,275
Charges to users	252,974	193,316
TOTAL CHARGES FOR SERVICES	$ 773,925	$ 710,602
Interest and rents -		
Interest income	$ 54,149	$ 18,742
Other revenue:		
Sale of assets	$ 11,397	$ 295,735
Fines and forfeits	11,370	27,840
Contribution from private source	30,000	-
Miscellaneous	13,986	8,182
TOTAL OTHER REVENUE	$ 66,753	$ 331,757
TOTAL REVENUES	$ 2,700,117	$3,199,240

CITY OF HOUGHTON, MICHIGAN

GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND FUND BALANCE (CONTINUED)

	Year ended June 30, 2005	Year ended June 30, 2004
EXPENDITURES:		
General government administration:		
Legislative	$ 16,865	$ 8,794
City manager	44,824	41,090
Elections	10,390	122
Assessor	23,066	21,807
Planning and professional services	36,148	54,526
Clerk	66,049	74,112
Treasurer	32,181	29,273
Accounting and auditing	20,000	17,560
Building and grounds	193,450	166,840
Community promotion	96,915	56,371
Capital outlay	35,408	213,391
Miscellaneous administration	-	1,149
TOTAL GENERAL GOVERNMENT ADMINISTRATION	$ 575,296	$ 685,035
Public safety:		
Police	$ 360,243	$ 379,761
Fire	112,971	120,248
Capital outlay	1,242	50,010
TOTAL PUBLIC SAFETY	$ 474,456	$ 550,019
Public works:		
Department of public works	$ 6,539	$ 5,212
Building inspection	51,252	43,665
Sidewalks and curbs	24,034	19,605
Street lighting	132,065	118,627
Tree trimming	2,416	5,186
Refuse collections	387,077	394,647
TOTAL PUBLIC WORKS	$ 603,383	$ 586,942
Recreation and parks:		
Beach	$ 44,429	$ 94,172
Dee Stadium	101,398	100,199
Parks	54,462	77,148
Capital outlay	-	497,394
TOTAL RECREATION AND PARKS	$ 200,289	$ 768,913

CITY OF HOUGHTON, MICHIGAN

GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND FUND BALANCE (CONTINUED)

	Year ended June 30, 2005	Year ended June 30, 2004
Debt service:		
Principal	$ 20,078	$ 19,557
Interest	5,308	5,829
TOTAL DEBT SERVICE	$ 25,386	$ 25,386
Other expenditures:		
City beautification	$ 3,523	$ 7,048
Insurance, bonds, and fringes	510,732	463,342
Finance charge	542	482
Capital outlay	16,921	-
Miscellaneous	8,411	3,796
TOTAL OTHER EXPENDITURES	$ 540,129	$ 474,668
TOTAL EXPENDITURES	$2,418,939	$3,090,963
EXCESS REVENUES OVER EXPENDITURES	$ 281,178	$ 108,277
Other financing sources (uses) - Operating transfers out	(218,275)	(297,160)
EXCESS OF REVENUES AND OTHER SOURCES (EXPENDITURES AND OTHER USES)	$ 62,903	($ 188,883)
Fund Balance, July 1	903,883	1,092,766
FUND BALANCE, JUNE 30	$ 966,786	$ 903,883

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

MAJOR STREET AND TRUNKLINE MAINTENANCE FUND
SCHEDULES OF EXPENDITURES AND REIMBURSEMENTS
FOR STATE TRUNKLINE MAINTENANCE

	June 30,	
	2005	2004
Expenditures:		
Traffic signals	$ 6,591	$ 6,444
Surface maintenance	6,733	21,497
Sweeping and flushing	10,223	6,300
Culvert/underdrain	9,400	-
Snow and ice control	262,259	259,244
Pavement marking	-	114
Shoulder maintenance	-	1,991
Grass/Weed control	-	2,250
Construction	68,068	-
Other	2,609	2,857
Employee benefits	56,790	46,396
	$422,673	$347,093
Reimbursements - Michigan Department of Highways and Transportation	423,220	376,781
	$ 547	$ 29,688

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
SCHEDULE OF OPERATING REVENUES

	7-1-04 to 9-30-04	10-1-04 to 6-30-05	Total
Fare box	$ 17,893	$ 51,358	$ 69,251
Special contract fares	10,293	31,465	41,758
Other revenue - RTAP reimbursements	-	718	718
TOTAL OPERATING REVENUES	$ 28,186	$ 83,541	$111,727

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
SCHEDULE OF OPERATING EXPENSES

Year ended June 30, 2005

	Operations	Maintenance	General Administration	Total System
Labor:				
Operators' salaries and wages	$118,249	$ -	$ -	$118,249
Other salaries and wages	-	28,040	22,060	50,100
Fringe benefits	25,529	26,442	20,948	72,919
Services:				
Contracted services	680	1,575	-	2,255
Printing and publishing	-	-	60	60
Audit	-	-	3,000	3,000
Materials and supplies consumed:				
Fuel and lubricants	24,779	-	-	24,779
Repairs and maintenance	-	16,870	-	16,870
Other materials and supplies	6,754	4,103	-	10,857
Utilities	2,199	11,108	-	13,307
Casualty and liability cost - Premiums for public liability and property damage insurance	-	28,771	-	28,771
Miscellaneous expenses	1,707	10	2,814	4,531
Depreciation	48,736	7,381	17,468	73,585
TOTAL OPERATING EXPENSES	$228,633	$124,300	$ 66,350	$419,283

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

Year ended June 30, 2005

Non-operating revenues:	
Operating transfers in - General Fund	$ 69,000
State of Michigan operating grants:	
Local Bus Operating Assistance - Act 51	134,014
FY 1999 adjustment	(9,890)
Specialized Services - Contract 02-0046	57,493
Federal Operating Grant - U.S. DOT Operating Grant - Section 5311 - Contract 02-0046	41,419
Interest income	25
TOTAL NON-OPERATING REVENUES	$292,061
Non-operating expenses:	
Specialized Services Grants - Contract 02-0046	$ 57,493
Finance charges	90
TOTAL NON-OPERATING EXPENSES	$ 57,583

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND
MILEAGE SCHEDULE

Year ended June 30, 2005

	Public Transportation Mileage
LINE HAUL AND DEMAND RESPONSE	
First Quarter	22,170
Second Quarter	25,497
Third Quarter	13,752
Fourth Quarter	14,373
	75,792

The methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage. However, the methodology used does not differentiate between Line Haul and Demand Response Mileage.

The accompanying notes to financial statements are an integral part of this statement.

CITY OF HOUGHTON, MICHIGAN

TRANSIT FUND

SCHEDULE OF NET ELIGIBLE COST COMPUTATIONS OF GENERAL OPERATIONS

Year ended June 30, 2005

	Federal Section 5311*	
	02-0046-28	02-0046-212
	7-1-04 to 9-30-04	10-1-04 to 6-30-05
Expenses:		
Labor	$ 32,789	$135,560
Fringe benefits	12,771	60,148
Services	763	4,552
Materials and supplies	8,733	43,773
Utilities	4,859	8,448
Casualty and liability costs	7,193	21,578
Miscellaneous expenses	946	3,585
Depreciation	18,396	55,189
TOTAL OPERATING EXPENSES	$ 86,450	$332,833
Less ineligible expenses:		
RTAP reimbursements	$ -	$ 718
Audit	-	3,000
Depreciation	18,396	55,189
TOTAL INELIGIBLE EXPENSES AND REIMBURSEMENTS	$ 18,396	$ 58,907
NET ELIGIBLE EXPENSES	$ 68,054	$273,926
Maximum Section 5311 reimbursement:		
10.95%	$ 7,452	
12.40%		$ 33,967

State Statutory Operating Assistance - the lower of its:

Reimbursement Amount:

42.236619648% of eligible expenses for non-urbanized areas
(.42236619648 x $68,054)

38.43% of eligible expenses for non-urbanized areas
(.3843 x $273,926)

The percentages are calculated based on budgeted eligible operating expenses. Therefore, the percentages will be recalculated after total eligible operating expenses are determined based on the preliminary reconciliation and the audited close-out. There is a fixed amount of state funds available statewide and the percentages change based on the statewide eligible expenses.

Statutory Cap:

Non-urbanized areas and urbanized areas under 100,000 population can receive up to 60% of eligible operating expenses.

Mandatory Floor:

An agency must receive, as a minimum, the amount received for eligible operating expenses in FY 1997, contingent upon the local share requirements set forth in Act 51, as amended.

*Federal Section 5311 expenses are only those expenses incurred in providing service to non-urbanized areas.

The accompanying notes to financial statements are an integral part of this statement.

Local Bus Operating Assistance

7-1-04 to 9-30-04	10-1-04 to 6-30-05
$ 32,789	$135,560
12,771	60,148
763	4,552
8,733	43,773
4,859	8,448
7,193	21,578
946	3,585
18,396	55,189
$ 86,450	$332,833
$ -	$ 718
-	3,000
18,396	55,189
$ 18,396	$ 58,907
$ 68,054	$273,926

$ 28,744

$105,270

JOSEPH M. DAAVETTILA, P.C.
Certified Public Accountant
417 Shelden Avenue, P.O. Box 488
Houghton, Michigan 49931

December 19, 2005

City Council
City of Houghton
Michigan

Management Letter

In connection with our audit of the financial statements of the CITY OF HOUGHTON, MICHIGAN for the year ended June 30, 2005, the following comments and recommendations concerning accounting procedures and controls in effect in the City are presented for your consideration.

The following items are not a matter of internal accounting control, except as noted. They generally relate to the application of generally accepted accounting principles in the preparation of financial statements.

1. In previous years the City had accumulated significant interfund balances. The City has made some progress in paying off these interfund loans. We recommend that management continue to take the steps necessary to eliminate these balances. Ideally, all interfund balances should be disposed of on a current basis and all contributions should be budgeted. This comment has been included in previous years' reports.

2. During the year ended June 30, 2005, the City incurred expenditures in three funds which were in excess of the amounts appropriated. This is in violation of Public Act 621 of 1978. As purchase orders are approved, care should be taken to ensure that the amounts expended do not exceed the amount budgeted for that category.

3. During the year ended June 30, 2004 the Employee Benefit Fund suffered a loss which resulted in a significant deficit. Management raised the reimbursement rate that the various funds of the City pay to this fund, as a result, this deficit has been eliminated.

4. As is indicated in Note E to the financial statements there are substantial outstanding long-term loans from the Revolving Loan Fund to U.P. Hotel Group, Inc.. These loans were made from funds from an Urban Development Action Grant. The U.P. Hotel Group, Inc., is currently behind in their payments on both of these loans. We recommend that management pursue every avenue available to them to collect the payments which are past due and to collect all scheduled loan payments in a timely manner.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the June 30, 2005 financial statements, and this report does not affect our report on the financial statements dated December 19, 2005.

This report is intended solely for the use of management and should not be used for any other purpose. The comments contained herein are submitted as constructive suggestions to assist the City in strengthening controls and procedures, and are not intended to reflect upon the honesty or integrity of any employee.

We would be happy to discuss any of the comments in this report, and would like to thank the officials and employees of the City for the courtesy and excellent cooperation shown us during our audit.

Joseph M Dasvettila PC

Certified Public Accountant