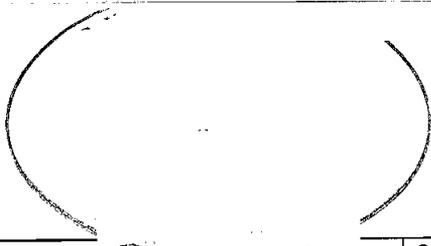


CITY OF ROGERS CITY
PRESQUE ISLE COUNTY
STATE OF MICHIGAN

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2007

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.



Local Unit of Government Type <input type="checkbox"/> County <input checked="" type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CITY OF ROGERS CITY	County PRESQUE ISLE
Fiscal Year End JUNE 30, 2007	Opinion Date SEPTEMBER 27, 2007	Date Audit Report Submitted to State OCTOBER 26, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES **NO** **Check each applicable box below.** (See instructions for further detail.)

1. All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. The local unit has adopted a budget for all required funds.
5. A public hearing on the budget was held in accordance with State statute.
6. The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. The local unit only holds deposits/investments that comply with statutory requirements.
9. The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. The local unit is free of repeated comments from previous years.
12. The audit opinion is UNQUALIFIED.
13. The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. The board or council approves all invoices prior to payment as required by charter or statute.
15. To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

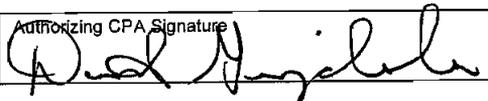
We have enclosed the following:	Enclosed	Not Required (enter a brief justification)
Financial Statements	<input checked="" type="checkbox"/>	
The letter of Comments and Recommendations	<input type="checkbox"/>	NONE
Other (Describe)	<input type="checkbox"/>	
Certified Public Accountant (Firm Name) QUAST JANKE AND COMPANY CPA'S		Telephone Number 989-892-4549
Street Address 1010 N JOHNSON		City BAY CITY
		State MI
		Zip 48708
Authorizing CPA Signature 	Printed Name DAVID GWIZDALA	License Number 1101019683

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Quast, Janke and Company, P.C.
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American Institute of C.P.A.'s
Michigan Association of C.P.A.'s

INDEPENDENT AUDITOR'S REPORT

September 27, 2007

To the City Council
The City of Rogers City
Presque Isle County
Rogers City, Michigan 49779

We have audited the financial statements of the governmental activities, business-type activities, and major funds as of and for the year ended June 30, 2007 which collectively comprise the City of Rogers City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities, business-type activities, the discretely presented component units and each major fund as of June 30, 2007, and the changes in financial position and cash flows, where applicable, of those activities and funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consist principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

To the City Council
The City of Rogers City
September 27, 2007
Page 2

Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements. The individual fund statements and schedules described in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

QUAST, JANKE AND COMPANY


Quast Janke & Co.
Certified Public Accountants, P.C.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

This section of the City of Rogers City's annual Financial Report presents Management's Discussion and Analysis of the City's financial activities during the fiscal year ended June 30, 2007. The analysis focuses on the City's financial performance as a whole. Please read it in conjunction with the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rogers City exceeded liabilities at June 30, 2007, by \$11,278,892. Of this amount \$962,625 is unrestricted and not subject to the constraints of restricted net assets imposed by creditors, contributors, or laws and regulations.
- The City's net assets decreased by \$7,357 during the year. The assets of our governmental activities decreased by \$266,413 and the assets of our business-type activities increased by \$259,056.
- As explained in Note 10, for the current year the City has discretely presented the DDA and housing Commission as component units. In prior years these component units were included (blended) in the City's statements.
- The fund balance in the general fund decreased from \$617,309 to \$439,776.
- During the year the city had street construction expenditures in excess of \$300,000.

USING THIS REPORT

The annual report consists of a series of financial statements as well as other requirements as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- Government-wide Financial Statements consists of a statement of net assets and a statement of activities. These provide information about the activities of the City as a whole and represent an overall view of the City's finances.
- Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. The Fund Financial Statements report the City's operations in more detail than the government-wide statements by providing information about the major funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information, other than MD&A, provides information about the required budgetary comparison information.
- Other Additional Information provides detailed information about the General Fund and Debt.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities - the Government-wide statements report information about the City as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

One of the most important questions asked about the City's finances is: Is the City as a whole better or worse off as a result of the year's activities? The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private sector companies. The two statements report the City's net assets, which are the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors such as changes in the City's property tax base and the condition of the City's infrastructure are also important in making this decision.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, such as public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- **Business-Type Activities** - This activity includes the wastewater treatment, water, marina, and refuse. These activities are financed primarily by user charges.

REPORTING THE CITY'S MAJOR FUNDS

The fund financial statements provide detailed information about individual, significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. The City can establish other funds to control and manage money for particular purposes (such as construction or street projects) and to show that it is properly using certain revenues (such as tax increment financing revenues). The City has two kinds of funds:

Governmental Funds

The Governmental Funds account for most of the City's basic services. They focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include the General Fund; Special Revenue Funds such as Major Street and Local Street. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The financial statements required for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Proprietary Funds

Proprietary Funds account for the City's enterprise funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

Activities. The major difference between the proprietary fund and the business-type activities included in the government-wide statement is the detail and additional information, such as cash flows, provided in the proprietary fund statements. The enterprise fund includes the Wastewater Treatment Plant, Water, Marina, and Refuse Funds, and considered to be major funds of the City. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as useful indicator of financial position. The following analysis shows the City's total net assets at June 30, 2007 and 2006.

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
ASSETS						
Current and other assets	\$ 1,301,379	\$ 1,868,371	\$ 498,273	\$ 602,592	\$ 1,799,652	\$ 2,470,963
Capital assets net of accumulated depreciation	<u>3,668,346</u>	<u>3,355,582</u>	<u>6,789,599</u>	<u>6,552,016</u>	<u>10,457,945</u>	<u>9,907,598</u>
Total Assets	4,969,725	5,223,953	7,287,872	7,154,608	12,257,597	12,378,561
LIABILITIES						
Current liabilities	124,051	147,437	142,226	168,019	266,277	315,456
Long-term liabilities	<u>207,429</u>	<u>171,857</u>	<u>505,000</u>	<u>605,000</u>	<u>712,429</u>	<u>712,429</u>
Total Liabilities	331,480	319,294	647,226	773,019	978,706	1,092,313
NET ASSETS						
Invested in capital assets						
Net of related debt	3,423,346	3,155,584	6,184,599	5,857,016	9,607,945	9,012,600
Restricted	708,321	1,013,219	-	-	708,321	1,013,219
Unrestricted	<u>506,578</u>	<u>735,856</u>	<u>456,047</u>	<u>524,573</u>	<u>962,625</u>	<u>1,260,429</u>
Total Net Assets	<u>\$4,638,245</u>	<u>\$ 4,904,659</u>	<u>\$ 6,640,646</u>	<u>\$ 6,381,589</u>	<u>\$11,278,891</u>	<u>\$ 11,286,248</u>

The largest portion of the City's net assets is invested in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with other sources of assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Total unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements is approximately \$962,625.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

The following analysis provides the changes in the net assets for the City's governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUES						
Program Revenues						
Charges for services	\$ 89,220	\$ 83,882	1,171,966	1,229,140	1,261,206	1,313,022
Operating grants & contributions	376,598	353,443	12,000	-	388,598	353,443
General Revenues						
Property Taxes	1,103,922	1,097,872	-	-	1,103,922	1,097,872
State shared revenue	374,722	380,285	-	-	374,722	380,285
Investment earnings	86,431	77,319	16,643	16,671	103,074	93,990
Asset Transferred	-	(825,146)	-	825,146	-	-
Miscellaneous	<u>9,170</u>	<u>4,339</u>	<u>26,020</u>	<u>17,409</u>	<u>35,190</u>	<u>21,748</u>
Total Revenues	2,212,265	1,171,994	1,297,220	1,526,557	3,260,360	3,714,895
PROGRAM EXPENSES						
Community development	52,160	44,850	-	-	52,160	44,850
General government	567,595	532,684	-	-	567,595	532,684
Public safety	640,859	611,256	-	-	640,859	611,256
Public works	366,366	232,434	-	-	366,366	232,434
Highways and streets	365,996	409,127	-	-	365,996	409,127
Recreation and cultural	209,532	222,788	-	-	209,532	222,788
Interest on long-term debt	-	-	-	-	-	-
Wastewater Treatment	-	-	406,328	413,185	406,328	413,185
Water	-	-	312,769	367,171	312,769	367,171
Marina	-	-	465,301	427,157	465,301	427,157
Refuse	-	-	149,935	148,318	149,935	148,318
Transfers	<u>-</u>	<u>276,170</u>	<u>-</u>	<u>(296,170)</u>	<u>(20,000)</u>	<u>991</u>
Total Expenses	<u>2,478,678</u>	<u>2,053,139</u>	<u>1,038,163</u>	<u>1,356,822</u>	<u>3,516,841</u>	<u>3,409,861</u>
INCREASE (DECREASE)						
IN NET ASSETS	<u>\$ (266,413)</u>	<u>\$(881,145)</u>	<u>\$259,057</u>	<u>\$ 731,544</u>	<u>\$ (7,356)</u>	<u>\$(149,601)</u>

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Rogers City completed its year, its governmental funds reported a total fund balance of \$1,211,600s less than the \$1,735,733 balance at June 30, 2006

- The General Fund, the operating fund for the City, ended FY06 with a \$439,776 balance compared to the prior year ending fund balance of \$617,309.
- Major Street Fund Balance increased by \$72,318.
- Local Street Fund Balance increased by \$17,036.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

INDIVIDUAL MAJOR BUSINESS-TYPE FUND ANALYSIS

As the City of Rogers City completed its year, its business-type funds reported total net assets of \$6,640,646, which is more than the \$6,381,587 total fund balance at June 30, 2006.

- Wastewater Treatment Fund net assets decreased by \$3,401.
- Water Fund net assets increased by \$239,757.
- Marina Fund net assets increased by \$24,738.
- Refuse Fund net assets decreased by \$2,037.

BUDGETARY HIGHLIGHTS

During the year ended June 30, 2007, the City amended the budget four (4) times. The amendments were done to cover unplanned expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The City's investment in capital assets, including land, buildings and improvements, equipment, water systems, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to citizens. Capital assets for governmental activities totaled \$3,668,346 (net of accumulated depreciation) at June 30, 2007. Capital assets for business-type activities totaled \$6,789,599 (net of accumulated depreciation) at June 30, 2007. See the notes to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year included a fire truck and road construction.

For business-type activities, a water line was replaced.

As of June 30, 2007, the City had total debt outstanding of \$1,048,011. Of this amount \$695,000 are general obligation bonds.

CITY OF ROGERS CITY
Presque Isle County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2007

LONG-TERM DEBT

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Additional Borrowing</u>	<u>Beginning Balances</u>	<u>Principal Payments (Deductions)</u>	<u>Ending Balance</u>	<u>Current Portion</u>
GOVERNMENTAL – TYPE ACTIVITIES						
Community Development Grant/Loan	0.00	-	\$ 200,000	-	\$ 200,000	\$ 28,143
Presque Isle County Promissory Note	0.00	\$45,000	0.00	0.00	\$45,000	9,000
BUSINESS – TYPE ACTIVITIES						
Marina Fund Bonds						
1994 General Obligation	5.375 - 5.75	-	\$ 150,000	\$ (35,000)	\$120,000	\$40,000
1995 General Obligation	5.2 - 5.7	-	150,000	(30,000)	120,000	30,000
2000 General Obligation	5.05 - 5.45	-	390,000	(25,000)	365,000	30,000
Total Business-Type Activity			\$ 785,000	\$ (90,000)	\$ 695,000	\$ 90,000
COMPONENT UNIT						
Downtown Development Community Development Loan Huron National Bank	7.51	-	\$ 177,342	\$ (69,331)	\$ 108,011	\$ 20,994

Annual debt service requirements are detailed in the other additional information schedules.

ECONOMIC FACTORS

Our elected officials consider many factors when setting the City's 2007 fiscal year budget. One of the most important factors affecting the budget is the State of Michigan's economy. Other factors affecting the budget are changes in property tax values, state revenue sharing decreases and available grants.

The City's Council has tried to spend conservatively. Costs for health care, insurance and utilities continue to rise. The City maintains its facilities but struggles to provide services to its citizens at the same level as past years. Growth in the City has been slow but the City hopes for new business and industry. Expanding our tax base past single-family homes and increasing water and sewer users is a prime objective.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to present our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information please contact Administration at the City of Rogers City, 193 East Michigan Avenue, Rogers City, MI 49779 or call 989-734-2191.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF NET ASSETS
June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business -Type Units	Total	
ASSETS:				
Cash	\$ 1,136,578.41	\$ 409,140.14	\$ 1,545,718.55	\$ 195,487.45
Receivables	78,903.01	88,095.25	166,998.26	237.00
Receivable from State	76,581.34	-	76,581.34	-
Internal balances	7,500.00	(7,500.00)	-	-
Due from component unit	1,816.39	-	1,816.39	-
Land held for sale	-	-	-	347,515.95
Inventory and prepaids	-	8,537.28	8,537.28	4,020.00
Capital assets:				
Land	595,220.49	-	595,220.49	-
Land and improvements	792,844.91	5,628,936.90	6,421,781.81	42,958.00
Buildings and improvements	523,685.14	867,655.07	1,391,340.21	1,264,800.00
Machinery and equipment	1,779,527.45	192,722.77	1,972,250.22	176,606.00
Infrastructure	3,262,385.50	-	3,262,385.50	-
Water and sewer systems	-	4,302,936.65	4,302,936.65	-
Construction in progress	-	-	-	37,603.00
Accumulated depreciation	(3,285,317.37)	(4,202,652.37)	(7,487,969.74)	(901,644.00)
Total Assets	4,969,725.27	7,287,871.69	12,257,596.96	1,167,583.40
LIABILITIES:				
Accounts payable	37,527.82	11,669.77	49,197.59	10,622.00
Accrued expenses	44,085.40	27,789.55	71,874.95	3,174.10
Deferred revenue	4,866.38	2,766.31	7,632.69	-
Due to other governmental units	-	-	-	-
Due to primary government	-	-	-	1,816.00
Notes and bonds payable				
Amount due within one year	37,571.44	100,000.00	137,571.44	20,994.34
Amount due more than one year	207,428.56	505,000.00	712,428.56	87,017.11
Total Liabilities	331,479.60	647,225.63	978,705.23	123,623.55
NET ASSETS:				
Investment in capital assets net of related debt	3,423,346.12	6,184,599.02	9,607,945.14	620,323.00
Restricted for streets	568,571.07	-	568,571.07	-
Restricted - nonexpendable	139,750.52	-	139,750.52	-
Unrestricted	506,577.96	456,047.04	962,625.00	423,636.85
Total Net Assets	\$ 4,638,245.67	\$ 6,640,646.06	\$ 11,278,891.73	\$ 1,043,959.85

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENT WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 567,594.52	\$ 38,562.65	\$ 2,100.00	\$ -
Public Safety	640,859.09	48,474.10	21,224.40	-
Public Works	366,366.16	-	11,950.12	-
Streets and highways	365,995.84	2,183.08	318,957.71	172,202.00
Community and economic development	52,159.99	-	8,500.00	-
Recreation and Cultural	209,532.11	-	13,866.00	-
Total governmental activities	2,202,507.71	89,219.83	376,598.23	172,202.00
BUSINESS-TYPE ACTIVITIES				
Wastewater Treatment	406,328.03	382,207.11	12,000.00	-
Water	312,769.37	284,836.18	-	70,571.00
Marina	465,300.91	359,563.89	-	-
Refuse	149,935.22	145,378.62	-	-
Total business-type activities	1,334,333.53	1,171,985.80	12,000.00	70,571.00
Total Primary Government	\$ 3,536,841.24	\$ 1,261,205.63	\$ 388,598.23	\$ 242,773.00
COMPONENT UNITS:				
Downtown Development Authority	27,376.95	-	-	-
Housing Commission	205,885.00	120,428.00	38,236.00	37,603.00
Total Component Units	233,261.95	120,428.00	38,236.00	37,603.00
GENERAL PURPOSE REVENUES:				
Property taxes				
State shared revenues				
Rental income				
Special item - Loss on ambulance building sale				
Unrestricted Investment earnings				
Other miscellaneous revenues				
Transfers				
Total General Purpose Revenues and Transfers				
Change in Net Assets				
Net Assets at beginning of year				
Net Assets - End of Year				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

PRIMARY GOVERNMENT

Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (526,931.87)	\$ -	\$ (526,931.87)	\$ -
(571,160.59)	-	(571,160.59)	-
(354,416.04)	-	(354,416.04)	-
127,346.95	-		
(43,659.99)	-	(43,659.99)	-
(195,666.11)	-	(195,666.11)	-
(1,564,487.65)	-	(1,564,487.65)	-
-	(12,120.92)	(12,120.92)	-
-	42,637.81	42,637.81	-
-	(105,737.02)	(105,737.02)	-
-	(4,556.60)	(4,556.60)	-
-	(79,776.73)	(79,776.73)	-
(1,564,487.65)	(79,776.73)	(1,644,264.38)	-
			(27,376.95)
			(9,618.00)
			(36,994.95)
1,103,922.13	-	1,103,922.13	104,079.62
374,722.00	-	374,722.00	-
975.00	26,020.45	26,995.45	5,760.00
-	-	-	-
86,430.68	16,642.68	103,073.36	5,232.49
8,194.67	-	8,194.67	-
(276,170.17)	296,170.17	20,000.00	(20,000.00)
1,298,074.31	338,833.30	1,636,907.61	95,072.11
(266,413.34)	259,056.57	(7,356.77)	58,077.16
4,904,659.01	6,381,589.49	11,286,248.50	985,882.69
\$ 4,638,245.67	\$ 6,640,646.06	\$ 11,278,891.73	\$ 1,043,959.85

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2007

	GENERAL	MAJOR STREETS	LOCAL STREETS	NONMAJOR GOVERNMENTAL	TOTAL
ASSETS:					
Cash and certificates of deposit	\$ 457,652.33	\$ 365,855.53	\$ 129,513.97	\$ 160,965.26	\$ 1,113,987.09
Other receivables	19,225.77	2,375.55	4,123.25	47,413.57	73,138.14
Taxes receivable	5,700.93	-	-	63.94	5,764.87
Due from component unit	1,816.39	-	-	-	1,816.39
Prepaid expenses	-	-	-	-	-
Due from other Funds	27,689.99	-	-	-	27,689.99
Due from State	-	64,359.60	12,221.74	-	76,581.34
	<u>512,085.41</u>	<u>432,590.68</u>	<u>145,858.96</u>	<u>208,442.77</u>	<u>1,298,977.82</u>
TOTAL ASSETS	\$ 512,085.41	\$ 432,590.68	\$ 145,858.96	\$ 208,442.77	\$ 1,298,977.82
LIABILITIES:					
Accounts payable	\$ 21,075.76	\$ 513.37	\$ 3,463.82	\$ -	\$ 25,052.95
Deferred revenue	-	1,176.10	3,690.28	-	4,866.38
Other payable	13,810.71	140.36	133.68	-	14,084.75
Accrued expenses	28,022.81	474.01	286.95	-	28,783.77
Due to other funds	9,400.00	-	-	5,189.99	14,589.99
TOTAL LIABILITIES	<u>72,309.28</u>	<u>2,303.84</u>	<u>7,574.73</u>	<u>5,189.99</u>	<u>87,377.84</u>
FUND BALANCES:					
Reserved	-	-	-	139,750.52	139,750.52
Unreserved - designated for ave of flags	15,854.00	-	-	-	15,854.00
- designated for capital improvements	147,396.97	-	-	-	147,396.97
Unreserved, reported in:					
General Fund	276,525.16	-	-	-	276,525.16
Special Revenue Funds	-	430,286.84	138,284.23	63,502.26	632,073.33
Capital Projects Funds	-	-	-	-	-
Total Fund Balances	<u>439,776.13</u>	<u>430,286.84</u>	<u>138,284.23</u>	<u>203,252.78</u>	<u>1,211,599.98</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 512,085.41	\$ 432,590.68	\$ 145,858.96	\$ 208,442.77	\$ 1,298,977.82

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET ASSETS
June 30, 2007

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 1,211,599.98

Amounts reported for governmental activities in the statement
of net assets are different because -

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental funds
balance sheet:

Capital assets at cost 5,830,778.86
Accumulated depreciation (2,388,662.77)

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the governmental funds (245,000.00)

An internal service fund is used by management to charge the cost of
equipment use to individual funds. The assets and liabilities of the
internal service fund are included in the governmental activities in
the statement of net assets 229,529.60

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 4,638,245.67

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2007

	GENERAL	MAJOR STREETS	LOCAL STREETS	NONMAJOR GOVERNMENTAL	TOTAL
REVENUES:					
Property taxes	\$ 1,092,012.49	\$ -	\$ -	\$ 11,909.64	\$ 1,103,922.13
Licenses and permits	2,292.00	-	-	-	2,292.00
Federal grants	-	172,202.00	-	-	172,202.00
State grants	399,731.67	225,107.31	93,850.40	1,724.85	720,414.23
Contributions from other units	53,030.67	-	-	-	53,030.67
Charges for Services	126,211.32	693.90	1,489.18	472.68	128,867.08
Fines and Forfeits	6,516.18	-	-	-	6,516.18
Interest and Rentals	55,470.85	12,128.36	4,090.56	15,715.91	87,405.68
Other Revenue	47,893.57	-	-	0.00	47,893.57
Total Revenues	1,783,158.75	410,131.57	99,430.14	29,823.08	2,322,543.54
EXPENDITURES:					
General Government	418,506.00	1,000.00	7,443.00	1,265.00	428,214.00
Public Safety	476,336.39	-	-	1,670.00	478,006.39
Public Works	186,057.58	114,870.43	121,415.17	-	422,343.18
Community and economic development	49,592.45	-	-	-	49,592.45
Cultural and Recreation	151,430.03	-	-	11,671.80	163,101.83
Other	542,669.44	-	-	-	542,669.44
Capital Outlay	67,909.45	320,115.32	-	134,154.30	522,179.07
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Total Expenditures	1,892,501.34	435,985.75	128,858.17	148,761.10	2,606,106.36
EXCESS OF REVENUES OVER EXPENDITURES	(109,342.59)	(25,854.18)	(29,428.03)	(118,938.02)	(283,562.82)
OTHER FINANCING SOURCES (USES):					
Loan proceeds	45,000.00	-	-	-	45,000.00
Transfer from other funds	6,209.46	-	46,464.00	-	52,673.46
Transfer to other funds	(119,400.00)	(46,464.00)	-	(172,379.63)	(338,243.63)
Total Other Financing Sources (Uses)	(68,190.54)	(46,464.00)	46,464.00	(172,379.63)	(285,570.17)
NET CHANGE IN FUND BALANCES	(177,533.13)	(72,318.18)	17,035.97	(291,317.65)	(524,132.99)
FUND BALANCE - July 1, 2006	617,309.26	502,605.02	121,248.26	494,570.43	1,735,732.97
FUND BALANCE - June 30, 2007	\$ 439,776.13	\$ 430,286.84	\$ 138,284.23	\$ 203,252.78	\$ 1,211,599.98

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (524,132.99)

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

Governmental funds report capital outlays as expenditures
while in the statement of activities, these costs are allocated
over their estimated lives as depreciation expense.

Capital outlay 522,179.07
Less depreciation expense (207,232.00)

Repayment of debt principal is an expenditure in the governmental
funds, the repayment does not have an effect in the statement
of activities but does reduce the debt balance in the statement
of net assets. Loan proceeds are recorded as revenue
in the fund statements.

Loan proceeds received during year (45,000.00)
Debt payments for year -

An internal service fund is used by management to charge the
net costs of equipment use to individual funds. The net cost
of the internal service fund is reported in the governmental
activities.

(12,227.42)

CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ (266,413.34)

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2007

	Business-type Activities		
	Major Enterprise Funds		
	Wastewater Treatment	Water Fund	Marina Fund
ASSETS:			
Current Assets:			
Cash	\$ 166,960.31	\$ 188,541.54	\$ 50,352.22
Accounts receivable	39,845.43	31,331.55	5,920.37
Prepaid expense	-	-	-
Inventory	-	8,537.28	-
Due from other funds	-	2,900.00	-
Total Current Assets	<u>206,805.74</u>	<u>231,310.37</u>	<u>56,272.59</u>
Noncurrent Assets:			
Capital Assets:			
Land and improvements	-	19,610.06	5,609,326.84
Buildings and Improvements	161,686.09	240,926.09	305,455.91
Equipment	24,114.69	74,123.52	94,484.56
Water and sewer systems	2,456,398.29	1,846,538.36	-
Accumulated depreciation	(1,827,098.98)	(1,035,115.62)	(1,276,602.97)
Construction in progress	-	-	-
Total Noncurrent Assets	<u>815,100.09</u>	<u>1,146,082.41</u>	<u>4,732,664.34</u>
Total Assets	1,021,905.83	1,377,392.78	4,788,936.93
LIABILITIES:			
Current Liabilities			
Accounts payable	4,517.14	3,973.80	3,178.83
Due to other governmental units	-	-	-
Due to other funds	8,300.00	-	-
Deferred revenue	419.73	386.58	1,960.00
Accrued expenses	10,024.60	12,999.09	6,865.86
Current portion - Revenue bonds payable	-	-	100,000.00
Total Current Liabilities	<u>23,261.47</u>	<u>17,359.47</u>	<u>112,004.69</u>
Noncurrent Liabilities			
Revenue bonds payable	-	-	505,000.00
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>505,000.00</u>
Total Liabilities	23,261.47	17,359.47	617,004.69
NET ASSETS:			
Invested in capital assets net of related debt	815,100.09	1,146,082.41	4,127,664.34
Unrestricted	<u>183,544.27</u>	<u>213,950.90</u>	<u>44,267.90</u>
Total Net Assets	<u>\$ 998,644.36</u>	<u>\$ 1,360,033.31</u>	<u>\$ 4,171,932.24</u>

Reconciliation of Government Wide Statement of Net Assets:

Net assets of business-type activities

The accompanying notes are an integral part of the financial statements.

Refuse Fund	Total	Governmental Activities Internal Service
\$ 3,286.07	\$ 409,140.14	\$ 22,591.32
10,997.90	88,095.25	-
-	-	-
-	8,537.28	-
-	2,900.00	-
<u>14,283.97</u>	<u>508,672.67</u>	<u>22,591.32</u>
-	5,628,936.90	19,931.69
159,586.98	867,655.07	71,994.91
-	192,722.77	1,030,958.03
-	4,302,936.65	-
(63,834.80)	(4,202,652.37)	(896,654.60)
-	-	-
<u>95,752.18</u>	<u>6,789,599.02</u>	<u>226,230.03</u>
110,036.15	7,298,271.69	248,821.35
-	11,669.77	3,074.87
-	-	-
-	8,300.00	15,000.00
-	2,766.31	-
-	29,889.55	1,216.88
-	100,000.00	-
-	<u>152,625.63</u>	<u>19,291.75</u>
-	505,000.00	-
-	<u>505,000.00</u>	-
-	657,625.63	19,291.75
95,752.18	6,184,599.02	226,230.03
<u>14,283.97</u>	<u>456,047.04</u>	<u>3,299.57</u>
<u>110,036.15</u>	<u>\$ 6,640,646.06</u>	<u>\$ 229,529.60</u>
	<u>\$ 6,640,646.06</u>	

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year Ended June 30, 2007

	Business-type Activities					Governmental Activities Internal Service
	Major Enterprise Funds				Total	
	Wastewater Treatment	Water Fund	Marina Fund	Refuse Fund		
OPERATING REVENUES:						
Charges for Services						
Water charges	\$ -	\$ 265,585.33	\$ -	\$ -	\$ 265,585.33	\$ -
Sewer charges	378,848.47	-	-	-	378,848.47	-
Water hydrant rental	-	10,000.00	-	-	10,000.00	-
Marina sales of goods	-	-	207,595.86	-	207,595.86	-
Refuse charges	-	-	-	144,257.24	144,257.24	-
Rental income	-	23,500.45	151,968.03	2,520.00	177,988.48	223,305.42
Late payment fees	3,358.64	8,803.59	-	1,121.38	13,283.61	-
Miscellaneous	-	447.26	-	-	447.26	-
Total Operating Revenues	382,207.11	308,336.63	359,563.89	147,898.62	1,198,006.25	223,305.42
OPERATING EXPENSES:						
Salaries	121,105.00	93,900.49	67,447.95	-	282,453.44	56,681.63
Fringes and taxes	69,654.43	24,356.19	5,410.68	-	99,421.30	7,726.28
Chemicals	8,291.54	6,119.36	-	-	14,410.90	-
Supplies	3,798.45	5,138.28	754.90	-	9,691.63	4,040.78
Marina - Cost of goods sold	-	-	203,246.07	-	203,246.07	-
Contractual Services	38,857.24	43,227.67	4,996.00	138,611.33	225,692.24	20,000.00
Office supplies	3,576.82	3,234.53	1,095.29	3,520.15	11,426.79	-
Repairs and Maintenance	5,821.80	16,735.63	10,508.13	150.00	33,215.56	53,036.20
Utilities	65,184.94	19,541.17	17,464.26	-	102,190.37	12,608.62
Insurance	13,083.00	4,811.00	11,025.05	62.00	28,981.05	13,723.00
Equipment rental	6,551.43	69.64	4,716.04	-	11,337.11	-
Other	21,828.61	19,560.89	16,771.97	4,400.00	62,561.47	27,839.21
Depreciation	47,774.77	78,974.52	85,593.32	3,191.74	215,534.35	43,735.32
Total Operating Expenses	405,528.03	315,669.37	429,029.66	149,935.22	1,300,162.28	239,391.04
Operating Income	(23,320.92)	(7,332.74)	(69,465.77)	(2,036.60)	(102,156.03)	(16,085.62)
NONOPERATING REVENUES(EXPENSES)						
Property taxes	-	-	-	-	-	-
Interest Income	8,719.45	7,448.31	474.92	-	16,642.68	1,236.20
Federal grants	12,000.00	70,571.00	-	-	82,571.00	-
Sale of capital asset	-	-	-	-	-	2,622.00
Interest Expense	-	-	(36,271.25)	-	(36,271.25)	-
Total Nonoperating Revenues(Expenses)	20,719.45	78,019.31	(35,796.33)	-	62,942.43	3,858.20
Income before contributions and transfers	(2,601.47)	70,686.57	(105,262.10)	(2,036.60)	(39,213.60)	(12,227.42)
Transfers In	-	169,070.17	130,000.00	-	299,070.17	-
Transfers Out	(800.00)	-	-	-	(800.00)	-
Change in Net Assets	(3,401.47)	239,756.74	24,737.90	(2,036.60)	259,056.57	(12,227.42)
Net Assets Beginning of Year	1,002,045.83	1,120,276.57	4,147,194.34	112,072.75	6,381,589.49	241,757.02
Net Assets End of Year	\$ 998,644.36	1,360,033.31	4,171,932.24	110,036.15	6,640,646.06	229,529.60
Change in Net Assets government wide business activities					259,056.57	

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007

	Business-type Activities		
	Major Enterprise Funds		
	Wastewater Treatment	Water Fund	Marina Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 385,547.73	\$ 278,101.21	\$
Other operating cash receipts	-	33,500.45	
Cash payments to suppliers for goods and services	(247,919.58)	(166,318.09)	3,451.75
Cash payments to employees for services	(104,752.56)	(94,050.77)	
Net cash provided (used) by operating activities	<u>32,875.59</u>	<u>51,232.80</u>	<u>3,451.75</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:			
Transfers from (to) other funds	(800.00)	169,070.17	130,000.00
Other nonoperating income	12,000.00	70,571.00	-
Net cash provided (used) by noncapital financing activities	<u>11,200.00</u>	<u>239,641.17</u>	<u>130,000.00</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(122,772.99)	(330,234.37)	(109.99)
Proceeds from sale of capital assets	-	-	-
Debt Payments			
Interest paid on bonds	-	-	(36,271.25)
Principal payments on bonds	-	-	(90,000.00)
Net cash provided (used) by capital and related financing activities	<u>(122,772.99)</u>	<u>(330,234.37)</u>	<u>(126,381.24)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	8,719.45	7,448.31	474.92
Net increase (decrease) in cash	(69,977.95)	(31,912.09)	7,545.43
Cash beginning of year	<u>236,938.26</u>	<u>220,453.63</u>	<u>42,806.79</u>
Cash end of year	<u>\$ 166,960.31</u>	<u>\$ 188,541.54</u>	<u>\$ 50,352.22</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Income (loss) from operations	\$ (23,320.92)	\$ (7,332.74)	\$ (69,465.77)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:			
Depreciation	47,774.77	78,974.52	85,593.32
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	3,340.62	121.38	(2,732.15)
Increase (decrease) in accounts payable	(4,955.64)	(19,106.33)	(10,841.94)
Increase (decrease) in accrued expenses	10,036.76	(1,424.03)	898.29
Net Cash Provided (Used) in Operating Activities	<u>\$ 32,875.59</u>	<u>\$ 51,232.80</u>	<u>\$ 3,451.75</u>

The accompanying notes are an integral part of the financial statements.

	Refuse Fund	Total	Governmental Activites Internal Service
\$	147,817.57	\$ 811,466.51	\$ 221,121.93
	2,520.00	36,020.45	-
	-	(410,785.92)	(158,227.04)
	<u>(151,743.48)</u>	<u>(350,546.81)</u>	<u>(50,438.24)</u>
	(1,405.91)	86,154.23	12,456.65
	-	298,270.17	-
	-	<u>82,571.00</u>	-
	-	380,841.17	-
	-	(453,117.35)	(41,550.00)
	-	-	2,622.00
	-	(36,271.25)	-
	-	<u>(90,000.00)</u>	-
	-	(579,388.60)	(38,928.00)
	-	16,642.68	1,236.20
	<u>(1,405.91)</u>	<u>(95,750.52)</u>	<u>(25,235.15)</u>
	<u>4,691.98</u>	<u>504,890.66</u>	<u>47,826.47</u>
\$	<u><u>3,286.07</u></u>	<u><u>409,140.14</u></u>	<u><u>22,591.32</u></u>
\$	(2,036.60)	(102,156.03)	(16,085.62)
	3,191.74	215,534.35	43,735.32
	2,438.95	3,168.80	2,183.49
	-	(34,903.91)	(2,686.36)
	<u>(5,000.00)</u>	<u>4,511.02</u>	<u>(14,690.18)</u>
\$	<u><u>(1,405.91)</u></u>	<u><u>86,154.23</u></u>	<u><u>12,456.65</u></u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

FIDUCIARY FUNDS - AGENCY FUNDS
 STATEMENT OF NET ASSETS
June 30, 2007

	<u>Employee Benefit Fund Type Separation Pay Fund</u>	<u>Agency Fund Type Tax Collection Fund</u>
Assets:		
Cash and Certificates of Deposit	\$ 128,277.11	\$ -
Due from WWTP Fund	800.00	-
Due from General Fund	9,400.00	-
Due from Water Fund	-	-
Total Assets	138,477.11	-
Liabilities:		
Due to other funds	2,900.00	\$ -
Total Liabilities	2,900.00	-
Net Assets Held in Trust for Separation Pay	\$ 135,577.11	

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

FIDUCIARY FUND - SEPARATION PAY FUND
STATEMENT OF CHANGES IN NET ASSETS
June 30, 2007

	Employee Benefit Fund Type <u>Separation Pay Fund</u>
ADDITIONS	
Employer Contributions	
General fund	\$ 9,400.00
WWTP fund	800.00
Water fund	<u>(2,900.00)</u>
	7,300.00
Investment Income	
Interest	<u>4,797.18</u>
Total Additions	12,097.18
DEDUCTIONS	
Employee Benefits	<u>24,394.33</u>
Change in Net Assets	<u>(12,297.15)</u>
Net Assets Beginning of Year	147,874.26
Net Assets End of Year	\$ <u><u>135,577.11</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
STATEMENT OF NET ASSETS
June 30, 2007

	DOWNTOWN DEVELOPMENT AUTHORITY	HOUSING COMMISSION	Total
<u>ASSETS:</u>			
Current Assets			
Cash and certificates of deposit	\$ 51,138.45	\$ 144,349.00	\$ 195,487.45
Accounts receivable	-	237.00	237.00
Prepaid expense	-	4,020.00	4,020.00
Land held for sale	347,515.95	-	347,515.95
Due from other funds	-	-	-
Total Current Assets	398,654.40	148,606.00	547,260.40
Noncurrent Assets			
Capital Assets:			
Land and improvements	-	42,958.00	42,958.00
Buildings and Improvements	-	1,264,800.00	1,264,800.00
Construction in progress	-	37,603.00	37,603.00
Equipment	-	176,606.00	176,606.00
Accumulated depreciation	-	(901,644.00)	(901,644.00)
Total Noncurrent Assets	-	620,323.00	620,323.00
Total Assets	398,654.40	768,929.00	1,167,583.40
<u>LIABILITIES:</u>			
Current Liabilities			
Accounts payable	-	10,622.00	10,622.00
Due to other governmental units	-	-	-
Due to primary government	-	1,816.00	1,816.00
Accrued expenses	35.10	3,139.00	3,174.10
Current portion - Bonds payable	20,994.34	-	20,994.34
Total Current Liabilities	21,029.44	15,577.00	36,606.44
Noncurrent Liabilities			
Bonds payable	87,017.11	-	87,017.11
Total Noncurrent Liabilities	87,017.11	-	87,017.11
Total Liabilities	108,046.55	15,577.00	123,623.55
<u>NET ASSETS:</u>			
Invested in capital assets net of related debt	-	620,323.00	620,323.00
Unrestricted	290,607.85	133,029.00	423,636.85
Total Net Assets	\$ 290,607.85	\$ 753,352.00	\$ 1,043,959.85

The accompanying notes are an integral part of the financial statements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

COMPONENT UNITS
 STATEMENT OF ACTIVITIES
Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants/ Contributions</u>	<u>Capital Grants/ Contributions</u>
DOWNTOWN DEVELOPMENT AUTHORITY				
General Government	\$ -	\$ -	\$ -	\$ -
Public Works	-	-	-	-
Community and economic development	18,029.39	-	-	-
Interest on long-term debt	9,347.56	-	-	-
Total Downtown Development Authority	27,376.95	-	-	-
HOUSING COMMISSION				
Community and economic development	205,885.00	120,428.00	38,236.00	37,603.00
Total Housing Commission	205,885.00	120,428.00	38,236.00	37,603.00
Total Component Units	\$ 233,261.95	\$ 120,428.00	\$ 38,236.00	\$ 37,603.00

GENERAL PURPOSE REVENUES:

Property taxes
Unrestricted Investment earnings
Rent
Transfers
Total General Purpose Revenues and Transfers
Change in Net Assets
Net Assets at beginning of year
Net Assets - End of Year

The accompanying notes are an integral part of the financial statements.

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Downtown Development Authority</u>	<u>Housing Commission</u>	<u>Total</u>
\$ -	\$ -	\$ -
(18,029.39)	-	(18,029.39)
<u>(9,347.56)</u>	-	<u>(9,347.56)</u>
(27,376.95)	-	(27,376.95)
-	<u>(9,618.00)</u>	<u>(9,618.00)</u>
-	(9,618.00)	(9,618.00)
104,079.62	-	104,079.62
75.49	5,157.00	5,232.49
5,760.00	-	5,760.00
<u>(20,000.00)</u>	-	<u>(20,000.00)</u>
<u>89,915.11</u>	<u>5,157.00</u>	<u>95,072.11</u>
62,538.16	(4,461.00)	58,077.16
<u>228,069.69</u>	<u>757,813.00</u>	<u>985,882.69</u>
\$ <u><u>290,607.85</u></u>	\$ <u><u>753,352.00</u></u>	\$ <u><u>1,043,959.85</u></u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A: DESCRIPTION OF REPORTING ENTITY:

The City of Rogers City, which is located in Presque Isle County, was incorporated January 10, 1945 under the provisions of Act 279, P.A. 1909, as amended (Home Rule City Act). The City operates under a Council-Manager form of government, and provides highways and streets, sanitation, health and social services, recreation-parks, education, public improvements, planning and zoning, and general administrative services to approximately 3,650 residents. The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B: REPORTING ENTITY:

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City hold the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit//burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Rogers City has two component units, the Downtown Development Authority and the Housing Commission. The Downtown Development Authority is appointed to preside over this specific district, and it is authorized to formulate plans for public improvements, economic development, neighborhood revitalization, and historic preservation within this area. The Housing Commission provides public housing for eligible citizens.

The members of both governing boards are appointed by the City Council. The budgets and expenditures must be approved by the City Council. The City also has the ability to significantly influence operations of the Downtown Development Authority and Housing Commission.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Discretely Presented Component Units

The following component units are reported within the component units' column in the financial statements. They are reported in a separate column to emphasize that they are legally separate from the City of Rogers City.

1. Downtown Development Authority
2. Housing Commission

C: BASIS OF PRESENTATION:

Government – Wide Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of the interfund activity, within the governmental and business-type activities columns, has been removed from these 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 support.

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

Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental funds, proprietary funds and fiduciary funds. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Major Government Funds

General Fund –

General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Major Street Fund -

Major Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of major roads and highways within the City.

Local Street Fund -

Local Street Fund is a legally mandated fund to account for specific proceeds of revenue from the Michigan Department of Transportation and to account for the legally restricted expenditures of those funds related to the maintenance and construction of local roads within the City.

Major Proprietary Funds

Enterprise Funds:

Enterprise Funds are used to account for operations:

- a. that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or
- b. where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

These are comprised in turn of the:

Wastewater Treatment Fund -

Wastewater Treatment Fund accounts for the activities of the sewer collection system, financed primarily by a user charge for the provision of those services.

Water Fund -

Water Fund is used to account for the provision of water to the residents of the City. Activities of the fund include administration, operation and maintenance of the water system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt. Costs are financed through charges to customers.

Marina Fund -

Marina Fund accounts for the activities of the marina system, financed primarily by a user charge for the provision of those services.

Refuse Fund -

Refuse Fund accounts for the activities of garbage collection, financed primarily by a user charge for the provision of those services.

Additionally the city reports the following fund types:

Internal Service Fund -

Internal Service Fund is used to account for major machinery and equipment purchases and maintenance provided to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds -

Fiduciary, or Trust and Agency, Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Nonexpendable Trust, Pension Trust, and Agency Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Separation Pay Fund -

Separation Pay Fund accounts for accumulated separation benefits provided to employees.

Tax Collection Fund -

Tax Collection Fund is an agency fund to account for collection of property taxes of other local units.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer and marina functions and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Propriety funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a propriety fund's principal ongoing operations. Operating expenses for the propriety funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

D: MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for propriety funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

and the operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, charges for service, interest income and state shared governmental revenues. All other governmental fund revenues are recognized when received.

E: CAPITAL ASSETS:

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the entity-wide financial statements. The City defines capital assets as assets with an individual cost of more than \$1,000 and any assets susceptible to theft. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized.

Buildings, equipment, land improvements and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	50 – 10 years
Vehicles	5 – 25 years
Furniture and other equipment	5 – 25 years
Distribution system	50 years

F: FUND EQUITY:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

G: PROPERTY TAXES:

Property taxes are levied each July 1 on taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year at which time penalties and interest are assessed. The 2006 taxable valuation of City properties totaled \$64,213,386. The advalorem taxes levied and the resulting revenue by fund and component unit was as follows:

	<u>Millage Rate</u>	<u>Revenue Net of DDA Capture</u>
Primary Government		
Operating Millage	18.1208	\$ 1,082,701.86
Band	.2000	11,920.24
Total Primary Government		<u>\$ 1,094,622.10</u>
Component Unit		
Downtown Development Authority	N/A	<u>\$ 104,079.62</u>

H: COMPENSATED ABSENCES:

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay.

The Separation Pay Fund was established to provide cash severance payments to any employee upon termination of his/her employment, of one half of his/her accumulated sick leave.

Vacation pay is not allowed to be carried over and no liability existed related to it at June 30, 2007.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A: BUDGETARY INFORMATION:

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

- The City Manager submits to the City Council a proposed operating budget by fund for each year. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to June 1, the budget is legally enacted by adoption of the City Council.
- The City Manager is authorized to transfer certain budgeted amounts between departments within any fund. Any revisions that alter the total expenditure of any fund must be approved by the City Council. The legal level of the control is at the activity level.
- Formal budgetary integration is employed as a management control device during the year for all funds.
- Budgets for the General and Special Revenue Funds are prepared on a modified accrual basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the City Council is included in the required supplemental information.
- All annual appropriations lapse at fiscal year end.

B: EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS:

During the year, the City incurred expenditures that were in excess of the amounts budgeted.

GENERAL FUND:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Land Fill	\$ 8,574.00	\$ 10,274.73	\$ 1,700.73

Fund Deficits - The City had no accumulated fund balance deficits.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 3. LONG-TERM DEBT:

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Additional Borrowing</u>	<u>Beginning Balances</u>	<u>Principal Payments (Deductions)</u>	<u>Ending Balance</u>	<u>Current Portion</u>
GOVERNMENTAL – TYPE ACTIVITIES						
Community Development Grant/Loan	0.00	-	<u>\$ 200,000</u>	<u>-</u>	<u>\$ 200,000</u>	<u>\$ 28,143</u>
Presque Isle County Promissory Note	0.00	\$45,000	<u>0.00</u>	<u>0.00</u>	<u>\$45,000</u>	<u>9,000</u>
BUSINESS – TYPE ACTIVITIES						
Marina Fund Bonds						
1994 General Obligation	5.375 - 5.75	-	\$ 150,000	\$ (35,000)	\$120,000	\$40,000
1995 General Obligation	5.2 - 5.7	-	150,000	(30,000)	120,000	30,000
2000 General Obligation	5.05 - 5.45	-	390,000	(25,000)	365,000	30,000
Total Business-Type Activity			<u>\$ 785,000</u>	<u>\$ (90,000)</u>	<u>\$ 695,000</u>	<u>\$ 90,000</u>
COMPONENT UNIT						
Downtown Development Community Development Loan Huron National Bank	7.51	-	<u>\$ 177,342</u>	<u>\$ (69,331)</u>	<u>\$ 108,011</u>	<u>\$ 20,994</u>

Annual debt service requirements are detailed in the other additional information schedules.

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance <u>July 1</u>	Additions/ <u>Completions</u>	Retirements/ <u>Adjustments</u>	Balance <u>June 30</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 595,220	\$ -	\$ -	595,220
Capital assets being depreciated				
Buildings and improvements	1,316,530	-	-	1,316,530
Furniture and equipment	1,799,362	109,459	(129,294)	1,779,527
Infrastructure	<u>2,808,115</u>	<u>454,270</u>	<u>-</u>	<u>3,262,385</u>
Subtotal	5,924,007	563,729	(129,294)	6,358,442
Less accumulated depreciation	<u>3,163,644</u>	<u>250,967</u>	<u>(129,294)</u>	<u>3,285,317</u>
Net capital assets being depreciated	<u>2,760,363</u>	<u>312,762</u>	-	<u>3,073,312</u>
Total net capital assets	<u>\$ 3,355,584</u>	<u>\$312,762</u>	<u>\$ (1,226,106)</u>	<u>\$3,668,346</u>
Business – Type Activities				
Capital assets not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Capital assets being depreciated				
Buildings and improvements	6,298,580	198,012	-	6,496,592
Water and sewer distribution systems	4,053,529	249,408	-	4,302,937
Furniture and equipment	<u>198,691</u>	<u>5,697</u>	<u>(11,666)</u>	<u>192,722</u>
Subtotal	10,550,800	453,117	(11,666)	10,992,251
Less accumulated depreciation	<u>3,998,784</u>	<u>215,534</u>	<u>(11,666)</u>	<u>4,202,652</u>
Net capital assets being depreciated	<u>6,552,016</u>	<u>237,583</u>	-	<u>6,789,599</u>
Total net capital assets	<u>\$ 6,552,016</u>	<u>\$237,583</u>	-	<u>\$6,789,599</u>

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 4. CAPITAL ASSETS (continued):

Capital assets activity for the City's component unit for the year was as follows:

	<u>Balance</u> <u>July 1</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirements/</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30</u>
Component Unit				
Capital assets not being depreciated				
Land	\$ 42,958	\$ -	\$ -	\$ 42,958
Construction in progress	-	37,603	-	37,603
Capital assets being depreciated				
Buildings and improvements	1,263,996	804	-	1,264,800
Equipment	172,394	4,212	-	176,606
Less accumulated depreciation	<u>(851,164)</u>	<u>(50,480)</u>	<u>-</u>	<u>901,644</u>
Net capital assets being depreciated	<u>585,226</u>	<u>(45,464)</u>	<u>-</u>	<u>539,762</u>
Total net capital assets	<u>\$ 628,184</u>	<u>\$ (7,861)</u>	<u>\$ -</u>	<u>\$ 620,323</u>

Depreciation expense was charged to programs of the primary government and component unit as follows:

Governmental Activities:	
General government	\$ 17,696
Public safety	25,843
Public works	6,227
Recreation and culture	52,753
Streets and highways	145,901
Community Development	<u>2,547</u>
Total depreciation expense	<u>\$ 250,967</u>
Business-Type Activities:	
Wastewater Treatment	\$ 47,775
Water	78,974
Marina	85,593
Refuse	3,192
Total depreciation expense	<u>\$ 215,535</u>
Component Unit:	
Housing Commission	<u>\$ 50,480</u>

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 5. INTERFUND BALANCES AND TRANSFERS:

The composition of interfund receivable and payable balances at June 30, 2007 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Waste Water Treatment	\$ 7,500
General Fund	Equipment Fund	15,000
General Fund	Perpetual Care	5,190
Separation Pay Fund	Waste Water Treatment Plant	800
Separation Pay Fund	General Fund	9,400
Water	Separation Pay	<u>2,900</u>
Total		<u>\$ 40,790</u>

NOTE 6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

Michigan Compiled Laws, §129.91, authorizes local governmental units to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivision which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated five financial agencies for the deposit of local unit funds. The investment policy adopted by the City in accordance with *Public act 196 of 1997* has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above. The City's deposits and investment policy are in accordance with statutory authority.

At year-end, deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and cash equivalents	\$ 1,136,578	\$ 409,140	\$ 128,277	\$ 1,673,995	\$ 195,487
Investments	-	-	-	-	-
Total	<u>\$ 1,136,578</u>	<u>\$ 409,140</u>	<u>\$ 128,277</u>	<u>\$ 1,673,995</u>	<u>\$ 195,487</u>

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (continued):

The breakdown of governmental activities as shown in the fund-based financial statements is as follows:

	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Cash and cash equivalents	<u>\$ 1,113,987</u>	<u>\$ 22,591</u>	<u>\$ 1,136,570</u>

The breakdown of deposits for the City is as follows:

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Insured</u>	<u>Uninsured</u>	<u>Total</u>	<u>Insured</u>	<u>Uninsured</u>	<u>Total</u>
Bank Deposits (checking and savings accounts and certificates of deposits)	\$ 1,223,865	\$ 450,130	\$ 1,173,995	\$ 195,487	-	\$ 195,487
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>	<u>0</u>
Total	<u>\$ 1,223,865</u>	<u>\$ 450,130</u>	<u>\$ 1,173,995</u>	<u>\$ 195,487</u>	<u>\$ -</u>	<u>\$ 195,487</u>

NOTE 7. RISK MANAGEMENT:

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation) and certain medical benefits provided to employees.

The City has purchased commercial insurance for medical benefits, participates in the Michigan Municipal League risk pool program for workers' compensation, liability and property risk. This insurance provider is a public entity risk pool providing coverage to its members. The City pays an annual premium to this provider, subject to certain deductibles, occurrence-based casualty coverage for each incident and occurrence based on property coverage to its members by internally assuring certain risks and reinsuring risks through commercial companies. Various deductibles are maintained to place responsibility for small charges with the insured. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8. DEFINED BENEFIT PENSION PLAN:

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan that covers all employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publically available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, Michigan, 48917. MERS was organized pursuant to *Public Act 156 of 1851, §12a* (MSA 5.333(a); MCLA 46.12a), as amended,

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

State of Michigan. MERS is regulated under *Public Act 427 of 1995*, the sections of which have been approved by the State Pension Commission.

The City is in an agent/multi-employer defined contribution plan with the Municipal Employees Retirement System (MERS administered by the State of Michigan. The most recent period for which actuarial data was available was for the calendar year ended December 31, 2006. The City's covered payroll for employees covered by MERS for the year ended December 31, 2006 was \$1,009,518 per the actuarial report. Data on covered versus total payroll was available in the latest actuarial evaluation.

As of December 31, 2006, employee membership data related to the pension plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>21</u>
Active plan participants:	
Vested members	28
Vested former members	<u>5</u>
Total Active	<u>33</u>
Total Participants	<u>54</u>

Funding Policy

The City is required to contribute at an actuarially determined rate. The rate varies by divisions of employees from 5.86% to 22.64% of annual covered payroll. Employee contributions vary by covered divisions, 4% for general employees, 5.1% for police and fire, and 3.0% for administrative staff of annual covered payroll.

The obligation to contribute to and maintain the system was established by negotiation with collective bargaining units and city policy for non-union employees.

The contribution requirements of plan members are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended June 30, 2007, the City's annual pension cost of \$183,151 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2005, using an entry age normal funding method. Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually, (c) additional projected salary increases ranging from 0 percent

CITY OF ROGERS CITY
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NOTES TO FINANCIAL STATEMENTS
June 30, 2007

to 4.5 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase annually 2.5 percent per year, noncompounded
 NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

after retirement. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a ten-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

UNFUNDED ACTUARIAL ACCRUED LIABILITY

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$ 4,479,685
Terminated employees (vested former members not yet receiving benefits)	110,307
Non-vested terminated employees (pending refunds of accumulated member contributions)	3,431
Current employees -	
Accumulated employee contributions including allocated investment income	555,945
Employer financed	<u>2,671,031</u>
Total Actuarial Accrued Liability	\$ 7,820,399
Net Assets Available for Benefits at Actuarial Value	<u>5,965,596</u>
(Market Value is \$6,049,049)	
Unfunded (Overfunded) Actuarial Accrued Liability	<u>\$1,854,803</u>

TREND INFORMATION

	Year End December 31				
	2002	2003	2004	2005	2006
Annual pension cost (APC)	\$ 85,387	\$ 89,381	\$ 100,450	\$ 129,809	\$ 160,691
Percentage of APC contributed	100%	100%	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 8. DEFINED BENEFIT PENSION PLAN (continued):

REQUIRED SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
12/31/96	\$ 3,171,110	\$ 3,293,865	\$ 122,755	96%	\$ 737,090	17%
12/31/97	3,458,213	3,626,750	168,537	95	766,425	22
12/31/98	3,817,881	4,122,428	304,547	93	776,286	39
12/31/99	4,341,395	4,450,087	108,692	98	815,053	13
12/31/00	4,722,511	5,106,674	384,163	92	858,675	45
12/31/01	5,008,506	5,536,091	527,585	90	897,675	59
12/31/02	5,099,679	5,893,413	793,734	87	942,520	84
12/31/03	5,347,037	6,453,195	1,106,158	83	952,200	86
12/31/04	5,534,066	7,104,960	1,570,894	78	978,746	62
12/31/05	5,706,312	7,612,955	1,906,643	75	945,012	50
12/31/06	5,965,596	7,820,399	1,854,803	76	1,009,518	54

ANNUAL REQUIRED CONTRIBUTIONS

Fiscal Year Beginning	July 1, 2007
Annual Required Contribution (ARC)	\$ 180,552
Amortization Factor Used – Underfunded Liabilities (29 years)	0.054719

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS:

The City provides health care benefits to full time employees upon retirement. The cost of the benefits are covered by purchased commercial insurance. The expenditures for past employment health care benefits are recognized as insurance premiums are paid.

NOTE 10. LONG-TERM DEBT NOT PREVIOUSLY PRESENTED:

In 2002, the City received a Community Block Grant from the Michigan Economic Development Corporation for infrastructure improvements to the Industrial Park. A funding and repayment condition of the original grant was that the proceeds would create ten qualifying net new jobs. As of October 19, 2006 the City has not met the job creation criteria outlined in the grant and, accordingly, must repay \$200,000 of the original amount of the grant with the first payment due August 1, 2007. The original proceeds received were reported as grant revenue and no liability for repayment of the original amount was reported.

CITY OF ROGERS CITY
Presque Isle, Michigan

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

Management now believes the creation of qualifying new jobs is unlikely and the related outstanding debt should now be included in the governmental activities of the Government-wide Statement of Net Assets.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
Year Ended June 30, 2007

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 1,101,851.00	\$ 1,086,226.00	\$ 1,092,012.49	\$ 5,786.49
Licenses and permits	1,250.00	2,050.00	2,292.00	242.00
State and local grants	399,050.00	386,450.00	399,731.67	13,281.67
Contributions from other units	62,495.00	58,272.00	53,030.67	(5,241.33)
Fines and fees	4,500.00	5,648.00	6,516.18	868.18
Charges for services	127,416.00	132,771.00	126,211.32	(6,559.68)
Interest	25,000.00	52,430.00	54,495.85	2,065.85
Rental	875.00	875.00	975.00	100.00
Other Revenue	72,455.00	34,426.00	47,893.57	13,467.57
Total Revenues	1,794,892.00	1,759,148.00	1,783,158.75	24,010.75
EXPENDITURES:				
General Government				
Legislative - Council	53,209.00	38,209.00	28,200.80	10,008.20
Administration	78,638.00	81,974.00	81,840.66	133.34
Elections	6,818.00	10,494.00	7,816.31	2,677.69
Assessor	20,325.00	18,845.00	18,593.69	251.31
Attorney	23,400.00	21,900.00	19,498.36	2,401.64
Board of Review	3,075.00	2,161.00	2,159.44	1.56
Clerk/Treasurer	100,872.00	98,835.00	94,060.73	4,774.27
Accounting & Auditing	76,848.00	75,112.00	71,811.09	3,300.91
City Hall	101,861.00	35,340.00	31,734.76	3,605.24
Cemetary	65,575.00	51,403.00	49,690.91	1,712.09
Promotional	15,210.00	14,910.00	13,099.25	1,810.75
Public Safety				
Fire	77,285.00	55,450.00	54,764.20	685.80
Police	354,393.00	363,069.00	363,068.82	0.18
School Resource Officer	59,993.00	59,207.00	58,503.37	703.63
Public Works				
Landfill	6,209.00	8,574.00	10,274.73	(1,700.73)
Street lighting	39,000.00	42,785.00	42,587.02	197.98
Department of Public works	132,827.00	133,929.00	133,195.83	733.17
Parks & Recreation				
Parks and Recreation	142,645.00	148,078.00	151,430.03	14,882.17
Community and Economic Development				
Planning and Zoning	17,491.00	20,230.00	19,319.50	910.50
Engineering	38,760.00	32,820.00	30,272.95	2,547.05
Capital Outlay	-	68,350.00	67,909.45	440.55
Other Functions - Insurance	24,500.00	25,757.00	25,757.00	-
Other Functions - Fringe Benefits	518,212.00	334,374.00	333,761.83	612.17
Other Functions -Retirement	-	183,500.00	183,150.61	349.39
Total Expenditures	1,957,146.00	1,925,306.00	1,892,501.34	51,038.86
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	45,000.00	45,000.00	-
Transfer from other funds	-	-	6,209.46	6,209.46
Transfer to other funds	(78,574.00)	(149,801.00)	(119,400.00)	30,401.00
Net Other Financing Sources (Uses)	(78,574.00)	(149,801.00)	(68,190.54)	(81,610.46)
NET CHANGE IN FUND BALANCE	(240,828.00)	(315,959.00)	(177,533.13)	138,425.87
FUND BALANCE - BEGINNING OF YEAR	617,309.26	617,309.26	617,309.26	-
FUND BALANCE - END OF YEAR	\$ 376,481.26	\$ 301,350.26	\$ 439,776.13	138,425.87

CITY OF ROGERS CITY
 Presque Isle County, Michigan

MAJOR STREET FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
 Year Ended June 30, 2007

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
State Grants	\$ 225,035.00	\$ 218,818.00	\$ 218,889.98	\$ 71.98
Contribution from Special Assessments	655.00	655.00	693.90	38.90
Interest	6,000.00	11,650.00	12,128.36	478.36
Federal grant	-	191,000.00	172,202.00	(18,798.00)
State grants - Build Michigan	-	6,217.00	6,217.33	0.33
Other	-	-	0.00	0.00
Total Revenues	231,690.00	428,340.00	410,131.57	(18,208.43)
EXPENDITURES:				
Public Works				
Administration	20,251.00	19,251.00	18,585.00	666.00
Construction	1,316.00	388,470.00	334,603.75	53,866.25
Routine Maint.	25,998.00	29,426.00	15,907.65	13,518.35
Traffic signs and signals	1,833.00	5,282.00	4,358.59	923.41
Trunkline Maint.	29,244.00	22,437.00	11,477.34	10,959.66
Winter Maint.	65,604.00	54,293.00	50,011.42	4,281.58
Other Functions - Insurance	800.00	1,042.00	1,042.00	0.00
Total Expenditures	145,046.00	520,201.00	435,985.75	84,215.25
EXCESS REVENUES OVER EXPENDITURES	86,644.00	(91,861.00)	(25,854.18)	66,006.82
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	0.00	0.00	0.00	0.00
Transfer to local street	(48,128.00)	(48,128.00)	(46,464.00)	1,664.00
Total Other Financing Sources	(48,128.00)	(48,128.00)	(46,464.00)	1,664.00
Excess (deficiency) of revenues over expenditures and other uses	38,516.00	(139,989.00)	(72,318.18)	67,670.82
FUND BALANCE - BEGINNING OF YEAR	502,605.02	502,605.02	502,605.02	0.00
FUND BALANCE - END OF YEAR	\$ 541,121.02	\$ 362,616.02	\$ 430,286.84	\$ 67,670.82

CITY OF ROGERS CITY
Presque Isle County, Michigan

LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL
Year Ended June 30, 2007

	Original Budget	Final Amended Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES:				
State Grants	\$ 94,508.00	\$ 94,508.00	\$ 91,360.16	\$ (3,147.84)
Interest	6,700.00	3,850.00	4,090.56	240.56
Contribution from Special Assessments	1,836.00	2,015.00	1,489.18	(525.82)
State Grants - Metro Act	-	12,700.00	-	-
State Grants- Build Mich	-	-	2,490.24	2,490.24
Other	-	1,836.00	-	(1,836.00)
	103,044.00	114,909.00	99,430.14	(2,778.86)
Total Revenues				
EXPENDITURES:				
Public Works				
Administration	8,950.00	7,950.00	7,443.00	507.00
Construction	89,825.00	11,356.00	-	11,356.00
Routine Maint.	73,453.00	71,071.00	63,674.19	7,396.81
Traffic Signs and Signals	2,184.00	2,184.00	530.89	1,653.11
Winter Maint.	76,978.00	57,214.00	57,210.09	3.91
Other Functions - Insurance	700.00	-	-	-
	252,090.00	149,775.00	128,858.17	20,916.83
Total Expenditures				
EXCESS REVENUES OVER EXPENDITURES	(149,046.00)	(34,866.00)	(29,428.03)	5,437.97
OTHER FINANCING SOURCES (USES)				
Transfer from Major street	48,128.00	48,128.00	46,464.00	(1,664.00)
Transfer from general fund	67,559.00	-	-	-
	115,687.00	48,128.00	46,464.00	(1,664.00)
Total transfers				
Excess (deficiency) of revenues over expenditures and other uses	(33,359.00)	13,262.00	17,035.97	3,773.97
FUND BALANCE - BEGINNING OF YEAR	121,248.26	121,248.26	121,248.26	-
FUND BALANCE - END OF YEAR	\$ 87,889.26	\$ 134,510.26	\$ 138,284.23	\$ 3,773.97

OTHER ADDITIONAL INFORMATION

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2007

REVENUES:	
Taxes -	
Property taxes	\$ 1,081,755.19
Payment in lieu of taxes	-
Trailer park taxes	354.00
Penalties and interest	9,903.30
Administration fees	-
Total taxes	<u>1,092,012.49</u>
State and Local Grants -	
State revenue sharing	374,722.00
Other state grants	8,500.00
State metro act	11,950.12
Local grant - general	60.00
Liquor license fees	4,499.55
Total state and local grants	<u>399,731.67</u>
Contributions from other units-	
Fire protection fees	2,309.40
Payment in lieu of taxes	8,194.67
School police officer	42,526.60
Total other unit contributions	<u>53,030.67</u>
Licenses and permits	
Building and inspections	360.00
Zoning	1,932.00
Total licenses and permits	<u>2,292.00</u>
Fines and penalties	6,516.18
Charges for services	
Fire runs	3,638.10
Cemetery	11,535.00
Administrative services	110,279.00
Police/fire reports	330.80
Copies	281.25
Other charges	147.17
Weed Cutting	-
Total Charges for Services	<u>126,211.32</u>
Interest and Rentals -	
Interest	54,495.85
Rents	975.00
Total Interest and Rentals	<u>55,470.85</u>
Other Revenues	
Donations	30,906.00
Sale of Assets	1,188.55
Misc	15,799.02
Total other revenues	<u>47,893.57</u>
Total Revenues	1,783,158.75
Other sources and uses	
Loan proceeds	45,000.00
Out to seperation pay	(9,400.00)
In from perpetual care	6,209.46
Out to marina	(110,000.00)
Total transfers	<u>(68,190.54)</u>
EXPENDITURES	<u>1,892,501.34</u>
NET CHANGE IN FUND BALANCE	(177,533.13)
FUND BALANCE - July 1, 2006	<u>617,309.26</u>
FUND BALANCE - June 30, 2007	<u>\$ 439,776.13</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES
Year Ended June 30, 2007

EXPENDITURES:

GENERAL GOVERNMENT:

Mayor and City Council-

Salaries	\$	9,775.00
Fringes and taxes		747.79
Travel		9,648.23
Printing and publications		4,754.16
Education		1,857.00
Supplies and other		<u>1,418.62</u>

Total Legislative 28,200.80

City Manager-

Wages		53,793.56
Fringes and taxes		17,296.50
Travel		6,617.01
Supplies and other		<u>4,133.59</u>

Total Manager 81,840.66

Accounting-

Wages		30,473.66
Fringes and taxes		7,708.76
Programming outlay		16,977.16
Audit		5,000.00
Equipment repairs		1,854.62
Supplies and other		<u>9,796.89</u>

Total Accounting 71,811.09

Clerk/Treasurer-

Wages		69,567.28
Fringes and taxes		16,978.69
Office and postage		4,102.27
Supplies and other		3,014.29
Printing and publication		<u>398.20</u>

Total Clerk 94,060.73

Board of Review-

Wages		1,800.00
Fringes and taxes		137.72
Other costs		<u>221.72</u>

Total board of review 2,159.44

Attorney-

Contracted services		19,339.78
Other costs		<u>158.58</u>

Total Attorney 19,498.36

Assessor-

Contractual service		17,000.00
Travel		400.00
Printing and other costs		<u>1,193.69</u>

Total Assessor 18,593.69

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
 DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2007

EXPENDITURES (CONT.):
 GENERAL GOVERNMENT (CONT.):

Elections-	\$	6,263.07
Salaries		113.08
Fringes and taxes		877.59
Office supplies		136.60
Printing and publications		425.97
Supplies and other		<u>425.97</u>
Total Elections		7,816.31
Cemetery-		
Salaries		27,509.03
Fringes and taxes		6,031.67
Equipment rental		12,906.90
Utilities		2,219.40
Other costs		<u>1,023.91</u>
Total Cemetery		49,690.91
Promotional-		
Membership and dues		3,980.00
Community promotions		<u>9,119.25</u>
Total Promotional		13,099.25
City Hall and Grounds-		
Contractual services		6,180.00
Supplies		1,022.21
Insurance		0.00
Utilities		10,935.17
Repairs and maintenance		5,392.70
Telephone		8,155.69
Other costs		<u>48.99</u>
Total City Hall		<u>31,734.76</u>
Total General Government		418,506.00

PUBLIC SAFETY:

Police Department-		
Salaries		259,505.82
Fringes and taxes		61,685.34
Office and postage		515.34
Operating supplies		1,788.29
Telephone		2,329.31
Gas and oil		11,988.19
Vehicle maintenance		7,065.84
Uniforms		4,496.24
Vehicle lease		7,374.24
Other		<u>6,320.21</u>
Total Police Department		363,068.82

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
 DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2007

EXPENDITURES (CONT.):
 PUBLIC SAFETY (CONT.)

School Resource Officer-					
Salaries		\$	31,539.25		
Fringes and taxes			25,587.38		
Uniforms			350.00		
Other			<u>1,026.74</u>		

Total SRO 58,503.37

Fire Department-					
Salaries			26,900.24		
Fringes and taxes			2,093.33		
Hydrant rental			10,000.00		
Repairs and maintenance			7,361.22		
Other costs			<u>8,409.41</u>		

Total Fire Department 54,764.20

Total Public Safety 476,336.39

PUBLIC WORKS

Department of Public Works-					
Salaries			35,988.17		
Fringes and taxes			43,140.20		
Supplies			2,174.13		
Uniforms			6,002.76		
Snow removal supplies			18,513.18		
Refuse			436.60		
Equipment rental			24,038.36		
Other			<u>2,902.43</u>		

Total DPW 133,195.83

Landfill-					
Salaries			3,556.49		
Other costs			<u>6,718.24</u>		

Total Landfill 10,274.73

Street lighting 42,587.02

Total Public Works 186,057.58

COMMUNITY AND ECONOMIC DEVELOPMENT:

Engineering-					
Salaries			18,343.65		
Fringes and taxes			4,774.22		
Contractual services			3,975.22		
Other			<u>3,179.86</u>		

Total Engineering 30,272.95

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL FUND
DETAIL OF EXPENDITURES (Continued)
Year Ended June 30, 2007

EXPENDITURES (CONT.):

Planning and Zoning-	
Salaries	13,015.50
Fringes and taxes	1,022.04
Contractual services	1,390.06
Other	<u>3,891.90</u>
Total planning and zoning	<u>19,319.50</u>
Total Comm. and Econ. Development	49,592.45
RECREATION AND CULTURAL:	
Parks and Recreation-	
Wages	56,559.52
Fringes and taxes	4,373.25
Contractual services	15,490.99
Utilities	3,840.54
Repairs and maint.	10,437.42
Equipment rental	46,186.07
Entertainment	4,265.72
Supplies and other	<u>10,276.52</u>
Total Parks and Recreation	151,430.03
Total Recreation and Cultural	151,430.03
OTHER:	
Insurance and bonds	25,757.00
Employee benefits	314,045.83
Employer's share of retirement	183,150.61
Workers compensation	<u>19,716.00</u>
Total Other	542,669.44
CAPITAL OUTLAY:	
General government	913.94
Public safety	65,787.16
Public works	901.00
Parks and recreation	<u>307.35</u>
Total Capital Outlay	67,909.45
Total Expenditures	\$ 1,892,501.34

CITY OF ROGERS CITY
Presque Isle County, Michigan

BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
June 30, 2007

	Special Revenue Funds		
	Band Fund	Small Cities Fund	Justice Training Fund
<u>ASSETS:</u>			
Current Assets:			
Cash and Certificate of Deposit	\$ 458.82	\$ 14,362.33	\$ 1,203.60
Due from other funds	-	-	-
Other receivables	-	47,413.57	-
Taxes receivable	63.94	-	-
	522.76	61,775.90	1,203.60
Total Assets	522.76	61,775.90	1,203.60
 <u>LIABILITIES:</u>			
Liabilities:			
Due to other funds	-	-	-
Accounts payable	-	-	-
	-	-	-
Total Liabilities	-	-	-
 <u>FUND BALANCES:</u>			
Reserved- Nonexpendable	-	-	-
Unreserved - Designated	-	-	-
Unreserved - Undesignated	522.76	61,775.90	1,203.60
	522.76	61,775.90	1,203.60
Total Fund Balances	522.76	61,775.90	1,203.60
Total Liabilities and Fund Balances	\$ 522.76	\$ 61,775.90	\$ 1,203.60

The accompanying notes are an integral part of the financial statements.

<u>Capital Projects</u>		<u>Permannent Fund</u>		
<u>Industrial Park Fund</u>		<u>Perpetual Care Fund</u>		<u>Total</u>
\$ -	\$ 144,940.51	\$ -	\$ 160,965.26	
-	-	-	47,413.57	
-	-	-	63.94	
-	<u>144,940.51</u>		<u>208,442.77</u>	
-	5,189.99	-	5,189.99	
-	5,189.99	-	5,189.99	
-	139,750.52	-	139,750.52	
-	-	-	63,502.26	
-	<u>139,750.52</u>		<u>203,252.78</u>	
\$ -	\$ <u>144,940.51</u>	\$ -	\$ <u>208,442.77</u>	

ements.

CITY OF ROGERS CITY
Presque Isle County, Michigan

NONMAJOR GOVERNMENT FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended June 30, 2007

	Special Revenue Funds		
	Band Fund	Small Cities Fund	Justice Training Fund
REVENUES:			
Property taxes	\$ 11,909.64	\$ -	\$ -
State grants	-	-	1,724.85
Contributions from other units	-	-	-
Charges for services-penalties	22.68	-	-
Interest	-	9,506.45	-
Rental	-	-	-
Other Revenue	-	-	-
Total Revenues	11,932.32	9,506.45	1,724.85
EXPENDITURES:			
General government	-	1,200.00	-
Public Safety	-	-	1,670.00
Public works	-	-	-
Community and economic development	-	-	-
Recreation and culture	11,671.80	-	-
Capital outlay	-	134,154.30	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	11,671.80	135,354.30	1,670.00
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	-	-
Transfer to other funds	-	(166,170.17)	-
Net Other Financing Sources (Uses)	-	(166,170.17)	-
NET CHANGE IN FUND BALANCE	260.52	(292,018.02)	54.85
FUND BALANCE - BEGINNING OF YEAR	262.24	353,793.92	1,148.75
FUND BALANCE - END OF YEAR	\$ 522.76	\$ 61,775.90	\$ 1,203.60

<u>Capital Projects</u>		<u>Trust & Agency</u>		<u>Total</u>	
<u>Industrial Park</u>		<u>Perpetual Care</u>		<u>Nonmajor</u>	
<u>Fund</u>		<u>Fund</u>		<u>Government</u>	
<u>Funds</u>				<u>Funds</u>	
\$	-	\$	-	\$	11,909.64
	-		-		1,724.85
	-		-		-
	-		-		22.68
	-		6,209.46		15,715.91
	-		-		-
	-		450.00		450.00
	-		6,659.46		29,823.08
	-		65.00		1,265.00
	-		-		1,670.00
	-		-		-
	-		-		-
	-		-		11,671.80
	-		-		134,154.30
	-		-		-
	-		-		-
	-		65.00		148,761.10
	-		-		-
	-		(6,209.46)		(172,379.63)
	-		(6,209.46)		(172,379.63)
	-		385.00		(291,317.65)
	-		139,365.52		494,570.43
\$	-	\$	139,750.52	\$	203,252.78

CITY OF ROGERS CITY
Preque Isle County, Michigan

COMPONENT UNIT
DOWNTOWN DEVELOPMENT FUND
SCHEDULE OF INDEBTEDNESS
June 30, 2007

TYPE OF ISSUE: Industrial Park Land Purchase - Huron National Bank
INTEREST RATE: 7.51%
TOTAL AUTHORIZED ISSUE: 250,000

Date	Principal	Interest	Total
12/31/2007	\$ 10,299.94	\$ 4,039.33	\$ 14,339.27
6/30/2008	10,694.40	3,644.87	14,339.27
12/31/2008	11,093.96	3,245.31	14,339.27
6/30/2009	11,500.59	2,838.68	14,339.27
12/31/2009	11,837.38	2,501.89	14,339.27
6/30/2010	12,372.73	1,966.54	14,339.27
12/31/2010	12,835.43	1,503.84	14,339.27
6/30/2011	13,315.44	1,023.83	14,339.27
12/31/2011	14,061.58	525.86	14,587.44
	\$ 108,011.45	\$ 21,290.15	\$ 129,301.60

CITY OF ROGERS CITY
Preque Isle County, Michigan

MARINA FUND
 SCHEDULE OF INDEBTEDNESS
June 30, 2007

TYPE OF ISSUE: 1994 General Obligation Bonds
 PURPOSE OF ISSUE: Harbor Expansion
 INTEREST RATE: 5.375 - 5.75%
 ORIGINAL ISSUE: 450,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
11/1/2007 \$	40,000.00	\$ 3,425.00	\$ 43,425.00
5/1/2008	-	2,300.00	2,300.00
11/1/2008	40,000.00	2,300.00	42,300.00
5/1/2009	-	1,150.00	1,150.00
11/1/2009	40,000.00	1,150.00	41,150.00
\$	<u>120,000.00</u>	<u>\$ 10,325.00</u>	<u>\$ 130,325.00</u>

CITY OF ROGERS CITY
Preque Isle County, Michigan

MARINA FUND
 SCHEDULE OF INDEBTEDNESS
June 30, 2007

TYPE OF ISSUE: 1995 General Obligation Bonds
 PURPOSE OF ISSUE: Harbor Expansion
 INTEREST RATE: 5.2 - 5.7%
 ORIGINAL ISSUE: 475,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
11/1/2007 \$	-	\$ 3,330.00	\$ 3,330.00
5/1/2008	30,000.00	3,330.00	33,330.00
11/1/2008	-	2,520.00	2,520.00
5/1/2009	30,000.00	2,520.00	32,520.00
11/1/2009	-	1,695.00	1,695.00
5/1/2010	30,000.00	1,695.00	31,695.00
11/1/2010	-	855.00	855.00
5/1/2011	30,000.00	855.00	30,855.00
	\$ <u>120,000.00</u>	\$ <u>16,800.00</u>	\$ <u>136,800.00</u>

CITY OF ROGERS CITY
Preque Isle County, Michigan

MARINA FUND
 SCHEDULE OF INDEBTEDNESS
June 30, 2007

TYPE OF ISSUE: 2000 General Obligation Bonds
 PURPOSE OF ISSUE: Harbor Expansion
 INTEREST RATE: 5.05 - 5.45%
 ORIGINAL ISSUE: 465,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
11/1/2007 \$	30,000.00	\$ 9,788.75	\$ 39,788.75
5/1/2008	-	9,023.75	9,023.75
11/1/2008	30,000.00	9,023.75	39,023.75
5/1/2009	-	8,258.75	8,258.75
11/1/2009	35,000.00	8,258.75	43,258.75
5/1/2010	-	7,357.50	7,357.50
11/1/2010	35,000.00	7,357.50	42,357.50
5/1/2011	-	6,403.75	6,403.75
11/1/2011	40,000.00	6,403.75	46,403.75
5/1/2012	-	5,313.75	5,313.75
11/1/2012	45,000.00	5,313.75	50,313.75
5/1/2013	-	4,087.50	4,087.50
11/1/2013	50,000.00	4,087.50	54,087.50
5/1/2014	-	2,725.00	2,725.00
11/1/2014	50,000.00	2,725.00	52,725.00
5/1/2015	-	1,362.50	1,362.50
11/1/2015	50,000.00	1,362.50	51,362.50
	\$ <u>365,000.00</u>	\$ <u>98,853.75</u>	\$ <u>463,853.75</u>

CITY OF ROGERS CITY
Preque Isle County, Michigan

GENERAL INDEBTNESS
COMMUNITY DEVELOPMENT GRANT/LOAN
SCHEDULE OF INDEBTEDNESS
June 30, 2007

INTEREST RATE: 0.00%
ORIGINAL ISSUE: 200,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
9/1/2007	\$ 7,142.86	\$ -	\$ 7,142.86
12/1/2007	7,142.86	-	7,142.86
3/1/2008	7,142.86	-	7,142.86
6/1/2008	7,142.86	-	7,142.86
9/1/2008	7,142.86	-	7,142.86
12/1/2008	7,142.86	-	7,142.86
3/1/2009	7,142.86	-	7,142.86
6/1/2009	7,142.86	-	7,142.86
9/1/2009	7,142.86	-	7,142.86
12/1/2009	7,142.86	-	7,142.86
3/1/2010	7,142.86	-	7,142.86
6/1/2010	7,142.86	-	7,142.86
9/1/2010	7,142.86	-	7,142.86
12/1/2010	7,142.86	-	7,142.86
3/1/2011	7,142.86	-	7,142.86
6/1/2011	7,142.86	-	7,142.86
9/1/2011	7,142.86	-	7,142.86
12/1/2011	7,142.86	-	7,142.86
3/1/2012	7,142.86	-	7,142.86
6/1/2012	7,142.86	-	7,142.86
9/1/2012	7,142.86	-	7,142.86
12/1/2012	7,142.86	-	7,142.86
3/1/2013	7,142.86	-	7,142.86
6/1/2013	7,142.86	-	7,142.86
9/1/2013	7,142.86	-	7,142.86
12/1/2013	7,142.86	-	7,142.86
3/1/2014	7,142.86	-	7,142.86
6/1/2014	7,142.78	-	7,142.78
	\$ <u>200,000.00</u>	\$ <u>-</u>	\$ <u>200,000.00</u>

CITY OF ROGERS CITY
Presque Isle County, Michigan

GENERAL INDEBTNESS
PROMISSORY NOTE TO PRESQUE ISLE COUNTY
SCHEDULE OF INDEBTEDNESS
June 30, 2007

INTEREST RATE: 0.00%
ORIGINAL ISSUE: 45,000

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
4/1/2008	\$ 9,000.00	\$ -	\$ 9,000.00
4/1/2009	9,000.00	-	9,000.00
4/1/2010	9,000.00	-	9,000.00
4/1/2011	9,000.00	-	9,000.00
4/1/2012	9,000.00	-	9,000.00
	<u>\$ 45,000.00</u>	<u>\$ -</u>	<u>\$ 45,000.00</u>

Quast, Janke and Company, P.C.
Certified Public Accountants

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Timothy J. Quast, C.P.A.
Mark G. Janke, C.P.A.
Ned E. Kleinke, C.P.A.
David G. Gwizdala, C.P.A.

January 18, 2008

Members:
American Institute of C.P.A.'s
Michigan Association of C.P.A.'s

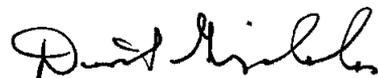
State of Michigan
Local Audit Division

Dear Sirs:

The City of Rogers City was recently contacted regarding the late filing of their audit report. We believe the audit was mailed from our office on October 26, 2007. We log all outgoing mail and our log indicates we mailed out the audit to treasury on that date. We have not been able to locate a return mail receipt. Our secretary who handled all our mailings is no longer employed and we have not been able to locate old return mail receipts. We believe the audit and auditing procedures report were timely filed. Our firm is planning on filing all future reports electronically.

Please contact me if any additional information is needed.

Sincerely,



David Gwizdala