

CITY OF SAUGATUCK
FINANCIAL STATEMENTS
JUNE 30, 2003

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August 7, 2003

Honorable Mayor and
Members of the City Council
City of Saugatuck, Michigan

We have audited the accompanying general purpose financial statements of the City of Saugatuck, Michigan as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Saugatuck, Michigan as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Saugatuck, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Ferris, Busscher & Zwierns, P.C.

FERRIS, BUSSCHER & ZWIERS, P.C.
Certified Public Accountants
Holland, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF SAUGATUCK
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2003

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS				
Cash and investments	\$ 491,748	\$ 203,976	\$ 149,970	\$ 95,486
Accounts receivable	3,000	-	-	-
Grant receivable	10,087	-	-	-
Loan receivable	9,300			
Special assessments receivable	-	-	-	34,943
Taxes receivable	2,528	-	-	-
Interest receivable	3,126	146	604	119
Due from other funds	-	-	-	-
Due from other governmental entities	-	7,988	-	-
Prepaid expenses	30,000	-	-	-
Fixed assets, net	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 549,789</u>	<u>\$ 212,110</u>	<u>\$ 150,574</u>	<u>\$ 130,548</u>
LIABILITIES				
Accounts payable	\$ 105,306	\$ 6,162	\$ -	\$ -
Deferred revenue	-	-	-	34,943
Due to other funds	370	-	-	-
Long-term debt	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 105,676</u>	<u>\$ 6,162</u>	<u>\$ -</u>	<u>\$ 34,943</u>
FUND EQUITY				
Investment in general fixed assets	\$ -	\$ -	\$ -	\$ -
Contributed capital	-	-	-	-
Retained earnings (deficit)				
Unreserved	-	-	-	-
Fund balances				
Reserved	171,962	-	150,574	-
Unreserved	272,151	205,948	-	95,605
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND EQUITY	<u>\$ 444,113</u>	<u>\$ 205,948</u>	<u>\$ 150,574</u>	<u>\$ 95,605</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 549,789</u>	<u>\$ 212,110</u>	<u>\$ 150,574</u>	<u>\$ 130,548</u>

See notes to financial statements

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-term Debt</u>	
\$ 207,684	\$ 72,852	\$ 237,081	\$ -	\$ -	\$ 1,458,797
43,310	-	-	-	-	46,310
-	-	-	-	-	10,087
-	-	-	-	-	9,300
14,821	-	-	-	-	49,764
-	-	-	-	-	2,528
-	87	599	-	-	4,681
-	-	370	-	-	370
-	-	-	-	-	7,988
-	-	-	-	-	30,000
679,556	179,311	-	5,819,375	-	6,678,242
-	-	-	-	150,574	150,574
-	-	-	-	1,047,527	1,047,527
<u>\$ 945,371</u>	<u>\$ 252,250</u>	<u>\$ 238,050</u>	<u>\$ 5,819,375</u>	<u>\$ 1,198,101</u>	<u>\$ 9,496,168</u>
\$ -	\$ 737	\$ 137	\$ -	\$ -	\$ 112,342
-	-	-	-	-	34,943
-	-	-	-	-	370
-	-	-	-	1,198,101	1,198,101
<u>\$ -</u>	<u>\$ 737</u>	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 1,198,101</u>	<u>\$ 1,345,756</u>
\$ -	\$ -	\$ -	\$ 5,819,375	\$ -	\$ 5,819,375
483,206	251,844	-	-	-	735,050
462,165	(331)	237,913	-	-	699,747
-	-	-	-	-	322,536
-	-	-	-	-	573,704
<u>\$ 945,371</u>	<u>\$ 251,513</u>	<u>\$ 237,913</u>	<u>\$ 5,819,375</u>	<u>\$ -</u>	<u>\$ 8,150,412</u>
<u>\$ 945,371</u>	<u>\$ 252,250</u>	<u>\$ 238,050</u>	<u>\$ 5,819,375</u>	<u>\$ 1,198,101</u>	<u>\$ 9,496,168</u>

CITY OF SAUGATUCK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 YEAR ENDED JUNE 30, 2003

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
REVENUES			
Taxes and special assessments	\$ 1,044,937	\$ 250,908	\$ 93,131
Licenses and permits	3,861	-	-
State shared revenues	116,468	89,699	-
Grant revenue	12,527	-	-
Charges for services	304,153	4,540	-
Fines	8,147	-	-
Interest	13,959	2,274	2,377
Other revenue	<u>109,105</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>\$ 1,613,157</u>	<u>\$ 347,421</u>	<u>\$ 95,508</u>
EXPENDITURES			
Legislative	\$ 25,583	\$ -	\$ -
General government	497,361	-	-
Public safety	361,000	-	-
Highways and streets	175,639	401,058	-
Parks and recreation	362,410	-	-
Other governmental functions	74,332	-	-
Debt service			
Principal retirement	-	-	212,869
Interest	-	-	68,124
Fees and charges	<u>-</u>	<u>-</u>	<u>574</u>
TOTAL EXPENDITURES	<u>\$ 1,496,325</u>	<u>\$ 401,058</u>	<u>\$ 281,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 116,832</u>	<u>\$ (53,637)</u>	<u>\$ (186,059)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 150,000	\$ 74,258
Transfers out	<u>(220,000)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (220,000)</u>	<u>\$ 150,000</u>	<u>\$ 74,258</u>

See notes to financial statements

	<u>Fiduciary Fund Type</u>	
<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ 3,883	\$ -	\$ 1,392,859
29,738	-	33,599
-	-	206,167
-	-	12,527
-	-	308,693
-	-	8,147
817	2,533	21,960
<u>-</u>	<u>-</u>	<u>109,105</u>
<u>\$ 34,438</u>	<u>\$ 2,533</u>	<u>\$ 2,093,057</u>
\$ -	\$ -	\$ 25,583
-	-	497,361
-	-	361,000
-	-	576,697
-	6,053	368,463
13,595	-	87,927
-	-	212,869
-	-	68,124
<u>-</u>	<u>-</u>	<u>574</u>
<u>\$ 13,595</u>	<u>\$ 6,053</u>	<u>\$ 2,198,598</u>
<u>\$ 20,843</u>	<u>\$ (3,520)</u>	<u>\$ (105,541)</u>
\$ -	\$ -	\$ 224,258
<u>-</u>	<u>-</u>	<u>(220,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,258</u>

CITY OF SAUGATUCK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 (CONTINUED)
 YEAR ENDED JUNE 30, 2003

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (103,168)	\$ 96,363	\$ (111,801)
FUND BALANCES - JULY 1	\$ 547,281	\$ 109,585	\$ 262,375
FUND BALANCES - JUNE 30	<u>\$ 444,113</u>	<u>\$ 205,948</u>	<u>\$ 150,574</u>

See notes to financial statements

<u>Capital Projects</u>	<u>Fiduciary Fund Type</u> <u>Expendable Trust</u>	<u>Totals</u> <u>(Memorandum Only)</u>
\$ <u>20,843</u>	\$ <u>(3,520)</u>	\$ <u>(101,283)</u>
\$ <u>74,762</u>	\$ <u>241,433</u>	\$ <u>1,235,436</u>
\$ <u>95,605</u>	\$ <u>237,913</u>	\$ <u>1,134,153</u>

CITY OF SAUGATUCK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2003

	<u>General Fund</u>		Variance Favorable (Unfavorable)
REVENUES	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Taxes and special assessments	\$ 929,000	\$ 1,044,937	\$ 115,937
Licenses and permits	3,000	3,861	861
State shared revenues	128,000	116,468	(11,532)
Grant revenue	-	12,527	12,527
Charges for services	213,000	304,153	91,153
Fines	7,000	8,147	1,147
Interest	35,000	13,959	(21,041)
Other revenues	-	109,105	109,105
	-	109,105	109,105
TOTAL REVENUES	\$ 1,315,000	\$ 1,613,157	\$ 298,157
EXPENDITURES			
Legislative	\$ 23,500	\$ 25,583	\$ (2,083)
General government	435,900	497,361	(61,461)
Public safety	353,000	361,000	(8,000)
Highways and streets	163,500	175,639	(12,139)
Parks and recreation	310,800	362,410	(51,610)
Other governmental functions	70,800	74,332	(3,532)
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Fees and charges	-	-	-
	-	-	-
TOTAL EXPENDITURES	\$ 1,357,500	\$ 1,496,325	\$ (138,825)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (42,500)	\$ 116,832	\$ 159,332
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 250,000	\$ -	\$ (250,000)
Transfers out	(226,000)	(220,000)	6,000
	-	(220,000)	6,000
TOTAL OTHER FINANCING SOURCES (USES)	\$ 24,000	\$ (220,000)	\$ (244,000)

See notes to financial statements

<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
\$ 228,000	\$ 250,908	\$ 22,908	\$ 84,000	\$ 93,131	\$ 9,131
-	-	-	-	-	-
77,000	89,699	12,699	-	-	-
-	-	-	-	-	-
5,000	4,540	(460)	-	-	-
-	-	-	-	-	-
2,000	2,274	274	10,000	2,377	(7,623)
-	-	-	-	-	-
<u>\$ 312,000</u>	<u>\$ 347,421</u>	<u>\$ 35,421</u>	<u>\$ 94,000</u>	<u>\$ 95,508</u>	<u>\$ 1,508</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
422,000	401,058	20,942	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	196,900	212,869	(15,969)
-	-	-	72,000	68,124	3,876
-	-	-	-	574	(574)
<u>\$ 422,000</u>	<u>\$ 401,058</u>	<u>\$ 20,942</u>	<u>\$ 268,900</u>	<u>\$ 281,567</u>	<u>\$ (12,667)</u>
<u>\$ (110,000)</u>	<u>\$ (53,637)</u>	<u>\$ 56,363</u>	<u>\$ (174,900)</u>	<u>\$ (186,059)</u>	<u>\$ (11,159)</u>
\$ 150,000	\$ 150,000	\$ -	\$ 174,900	\$ 74,258	\$ (100,642)
<u>(40,000)</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 110,000</u>	<u>\$ 150,000</u>	<u>\$ 40,000</u>	<u>\$ 174,900</u>	<u>\$ 74,258</u>	<u>\$ (100,642)</u>

CITY OF SAUGATUCK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - GOVERNMENTAL FUND TYPES
 (CONTINUED)
 YEAR ENDED JUNE 30, 2003

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ (18,500)	\$ (103,168)	\$ (84,668)
FUND BALANCES - JULY 1	\$ 547,281	\$ 547,281	\$ -
FUND BALANCES - JUNE 30	<u>\$ 528,781</u>	<u>\$ 444,113</u>	<u>\$ (84,668)</u>

See notes to financial statements

<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ -	\$ 96,363	\$ 96,363	\$ -	\$ (111,801)	\$ (111,801)
\$ 109,585	\$ 109,585	\$ -	\$ 262,375	\$ 262,375	\$ -
<u>\$ 109,585</u>	<u>\$ 205,948</u>	<u>\$ 96,363</u>	<u>\$ 262,375</u>	<u>\$ 150,574</u>	<u>\$ (111,801)</u>

CITY OF SAUGATUCK
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 2003

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	
OPERATING REVENUES			
Charges for service	\$ 29,692	\$ 82,000	\$ 111,692
OPERATING EXPENSES			
Salaries and wages	\$ -	\$ 13,516	\$ 13,516
Fringe benefits	-	6,790	6,790
Operating supplies	-	3,858	3,858
Professional services	62,123	12,097	74,220
Insurance and bonds	2,649	10,000	12,649
Depreciation	15,695	41,721	57,416
Repairs and maintenance	-	17,298	17,298
TOTAL OPERATING EXPENSES	<u>\$ 80,467</u>	<u>\$ 105,280</u>	<u>\$ 185,747</u>
OPERATING LOSS	<u>\$ (50,775)</u>	<u>\$ (23,280)</u>	<u>\$ (74,055)</u>
NON-OPERATING REVENUES			
Sale of excess sewer capacity	\$ 118,125	\$ -	\$ 118,125
Interest income	<u>2,959</u>	<u>810</u>	<u>3,769</u>
TOTAL NON-OPERATING REVENUES	<u>\$ 121,084</u>	<u>\$ 810</u>	<u>\$ 121,894</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 70,309</u>	<u>\$ (22,470)</u>	<u>\$ 47,839</u>
OPERATING TRANSFERS			
Transfers in	\$ -	\$ 20,000	\$ 20,000
Transfers out	<u>-</u>	<u>(24,258)</u>	<u>(24,258)</u>
TOTAL OPERATING TRANSFERS	<u>\$ -</u>	<u>\$ (4,258)</u>	<u>\$ (4,258)</u>
NET INCOME (LOSS)	<u>\$ 70,309</u>	<u>\$ (26,728)</u>	<u>\$ 43,581</u>
DEPRECIATION CLOSED TO CONTRIBUTED CAPITAL	<u>\$ 11,407</u>	<u>\$ -</u>	<u>\$ 11,407</u>
INCREASE (DECREASE) IN RETAINED EARNINGS	\$ 81,716	\$ (26,728)	\$ 54,988
RETAINED EARNINGS - JULY 1	<u>380,449</u>	<u>26,397</u>	<u>406,846</u>
RETAINED EARNINGS (DEFICIT) - JUNE 30	<u>\$ 462,165</u>	<u>\$ (331)</u>	<u>\$ 461,834</u>

See notes to financial statements

CITY OF SAUGATUCK
 COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 2003

	Enterprise Fund	Internal Service Fund	Totals (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (50,775)	\$ (23,280)	\$ (74,055)
Noncash items included in operating loss			
Depreciation	15,695	41,721	57,416
Change in operating assets and liabilities			
Increase in accounts and interest receivable and due from's	(15,656)	(56)	(15,712)
Increase in accounts payable	<u>-</u>	<u>302</u>	<u>302</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (50,736)</u>	<u>\$ 18,687</u>	<u>\$ (32,049)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Operating transfers in	\$ -	\$ 20,000	\$ 20,000
Operating transfers out	<u>-</u>	<u>(24,258)</u>	<u>(24,258)</u>
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ (4,258)</u>	<u>\$ (4,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	\$ -	\$ 1,729	\$ 1,729
Purchase of vehicle	-	(20,770)	(20,770)
Sale of excess sewer capacity	118,125	-	118,125
Interest income	<u>2,959</u>	<u>810</u>	<u>3,769</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ 121,084</u>	<u>\$ (18,231)</u>	<u>\$ 102,853</u>
NET INCREASE (DECREASE) IN CASH	\$ 70,348	\$ (3,802)	\$ 66,546
CASH BALANCE - JULY 1	<u>137,336</u>	<u>54,689</u>	<u>192,025</u>
CASH BALANCE - JUNE 30	<u>\$ 207,684</u>	<u>\$ 50,887</u>	<u>\$ 258,571</u>

See notes to financial statements

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Saugatuck was incorporated as a City in 1984, 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 the following services as authorized by its charter: general administrative services, public safety, highway and street maintenance, health, culture, recreation and other governmental functions.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

Reporting Equity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City. There are no entities which have significant operational or financial relationships with the City which should be included as component units.

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into the following fund types and account groups:

Governmental Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

Enterprise Funds – Enterprise Funds report operations that provide services to citizens financed primarily by a user charge or activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds follow Financial Accounting Standards Board statements issued prior to November 30, 1989 only.

Internal Service Funds – These funds are used to record the financing of goods or services by the City or other departments and funds or to other governmental units on a cost reimbursement basis.

Fiduciary Funds

Trust and Agency Funds – 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 an Expendable Trust Fund and Agency Fund.

Account Groups

General Fixed Assets Account Group – This account group is established to account for all fixed assets of the City, other than those accounted for in the Proprietary Funds.

General Long-Term Debt Account Group – This account group presents the balance of general obligation long-term debt which is not recorded in Proprietary Funds.

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Fund Types, Expendable Trust Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected within sixty days after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include most state revenues and charges for services. Fees and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid sick pay, and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

All Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available, spendable resources”.

Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available, spendable resources” during a period.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

All Proprietary Funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (“infrastructure”) general fixed assets consisting of certain improvements other than building, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The City had not maintained a record of its general fixed assets prior to 1987. During 1987 the City of Saugatuck inventoried their general fixed assets. Since documentation as to original cost was not available on many of the assets, they have been recorded on the balance sheet at estimated historical cost.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Deferred Revenues

Under the modified accrual basis of accounting, revenues that are measurable but not available to pay liabilities of the current period are classified as deferred revenues.

Encumbrances

The City does not formally record encumbrances in the accounting records during the year as a normal practice. Material amounts of known commitments are sometimes recognized at the end of an accounting period to properly match the commitments with the applicable appropriations. No such commitments existed at June 30, 2003. The general practice is to consider appropriations to lapse at the end of the year and to reappropriate amounts for expenditures to be incurred in the next fiscal year.

Fund Equity

Contributed capital is recorded in Proprietary Funds that have received capital grants, contributions from developers, customers, or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Property Taxes

The City bills and collects its own property taxes which are levied and payable July 1. The City also collects taxes for other governmental units which are payable on July 1 and December 1. Property tax revenues are recognized as revenue when levied to the extent that they result in current receivables. Collection of all the taxes are accounted for in the current tax collection fund. The City’s operating tax for the year was 12.77 mills.

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The taxable value of real and personal property located in the City at June 30, 2003, totaled \$82,482,627, representing 50% of estimated current value.

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. The amounts recorded as subsidies, advances, or equity contributions are determined by the City.

Vacation, Sick Leave and Other Compensated Absences

The City's employees accrue vacation pay based on length of service. Vacation pay is payable to the employee at their current rate at termination. Sick leave and other compensated absences are not payable at the employee's termination. The accumulated vacation pay at June 30, 2003 is \$17,463 and is accounted for as a long-term liability in the General Long-Term Debt Account Group.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2003, the City carried commercial insurance to cover all risks of losses. The City has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

NOTE 2 – LEGAL COMPLIANCE

Budgets and Budgetary Accounting

Comparisons to budget are presented for General, Special Revenue and Debt Service Funds as required by generally accepted accounting principles. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget is adopted by activity.
2. The proposed budget is on file for public inspection in the office of the City clerk for a period of not less than one week prior to adoption.
3. A public hearing regarding the proposed budget is held before the budget is legally adopted by resolution.
4. Formal budgetary integration is employed as a management control device during the year for all funds except Trust and Agency Funds.

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 2 – LEGAL COMPLIANCE (CONTINUED)

5. Budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Adoption and amendments of all budgets used by the City are governed by Public Act 621, which was followed during the year ended June 30, 2003. Any amendment to the original budget must meet the requirements of Public Act 621. The City did amend its budget for the year ended June 30, 2003. Any revisions that alter the total expenditures of any fund must be approved by the City Commission.

Budgets for expenditures are adopted on an activity basis. Budgeted amounts are as originally adopted, or as amended, by the City Council.

Excess of Expenditures over Appropriations in Budgeted Funds

P.A. 621 of 1978, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the City's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the City for these budgetary funds were adopted on an activity level.

During the year ended June 30, 2003, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>(Unfavorable)</u>
General Fund			
Legislative	\$ 23,500	\$ 25,583	\$ (2,083)
General Government			
Contracted Services	85,000	129,792	(44,792)
City Manager	81,600	90,791	(9,191)
Clerk/Treasurer	146,100	148,583	(2,483)
Buildings and Grounds	90,200	95,617	(5,417)
Public Safety	353,000	361,000	(8,000)
Highways and Streets	143,500	157,923	(14,423)
Parks and Recreation	310,800	362,410	(51,610)
Other Governmental Functions	70,800	74,332	(3,532)
Special Revenue Fund			
Local Streets	283,000	327,503	(44,503)
Debt Service Fund			
Principal, interest and fees	268,900	281,567	(12,667)

CITY OF SAUGATUCK
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 2 – LEGAL COMPLIANCE (CONTINUED)

Accumulated Fund Deficits

The City has accumulated fund balance/retained earning deficits in the following individual funds:

<u>Funds</u>	<u>Deficit</u>
Motor Pool	\$ (331)
Local Street	(11,879)

Public Act 275 of 1980 (MCL 141.921) requires that the City file a deficit elimination plan to the Michigan Department of Treasury within 90 days after the end of the fiscal year for each fund that ended that year in a deficit condition. The City has not filed the required plan. The City feels the following addresses the deficits and will be filing the plans shortly:

Motor Pool – The City will provide additional funding to the Motor Pool through transfers from the General Fund to eliminate the deficit balance.

Local Street – The City levies a property tax July 1, 2003, which includes a street millage. Along with this additional revenue, the City budgeted less expenditures in the local street fund to eliminate the deficit balance.

NOTE 3 – CASH AND INVESTMENTS

A summary of deposits by type are:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Deposits:		
Insured (FDIC)	\$ 100,000	\$ 100,000
Uninsured, uncollateralized	<u>304,821</u>	<u>317,386</u>
Total Deposits	<u>\$ 404,821</u>	<u>\$ 417,386</u>

These deposits are in four financial institutions located in Michigan. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the City and specific fund or common account. They are recorded in City records at cost. Interest is recorded when deposits mature or is credited to the applicable account.

Statutory Authority

The governmental entity is authorized by the governing body to invest surplus funds, in the following:

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

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools are authorized by Public Act 20 as amended through December 31, 1997.

Investments held by the City at June 30, 2003 include certificates of deposit. At June 30, 2003, the carrying amount and bank balance of the City's certificates of deposit was \$1,053,976. Of the bank balance, \$200,000 was covered by federal depository insurance and \$853,976 was uninsured and uncollateralized.

NOTE 4 – FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2003</u>
Land	\$ 3,071,917	\$ -	\$41,220	\$ 3,030,697
Land improvements	1,344,411	-	-	1,344,411
Buildings	1,067,389	-	-	1,067,389
Machinery and equipment	218,446	-	-	218,446
Furniture and fixtures	<u>158,432</u>	<u>-</u>	<u>-</u>	<u>158,432</u>
	<u>\$ 5,860,595</u>	<u>\$ -</u>	<u>\$41,220</u>	<u>\$ 5,819,375</u>

CITY OF SAUGATUCK
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 4 – FIXED ASSETS (CONTINUED)

Components of the City's proprietary fund type fixed assets at June 30, 2003 are as follows:

	<u>Enterprise Fund</u>		<u>Internal Service Fund</u>
	<u>Depreciable Life-Years</u>	<u>Improvement Fund</u>	<u>Motor Pool Fund</u>
Sewer and water system	50	\$ 784,729	\$ -
Vehicles and equipment	3-20	<u>-</u>	<u>574,757</u>
		\$ 784,729	\$ 574,757
Accumulated depreciation		<u>(105,173)</u>	<u>(395,446)</u>
		<u>\$ 679,556</u>	<u>\$ 179,311</u>

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables at June 30, 2003 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Trust and Agency Agency Fund	\$ 370	General Fund	\$ 370

NOTE 6 – LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended June 30, 2003:

	<u>Balance July 1, 2002</u>	<u>Additions (Deletions)</u>	<u>Balance June 30, 2003</u>
\$875,000 Allegan County Water Supply Bonds. Payments due in annual installments of \$25,000 to \$50,000 through November 1, 2002; interest at 6.7% - 9%.	\$ 50,000	\$ (50,000)	\$ -
\$977,282 Allegan County Sewer Disposal Bonds. Payments due in annual installments of \$45,000 to \$57,000 through May 1, 2005; interest at 5% - 7%.	170,457	(56,819)	113,638
\$925,000 Allegan County Sanitary Sewer System No. 13. Payments due in annual installments of \$25,000 to \$75,000 through October 1, 2014; interest at 4.2% - 5.6%.	750,000	(50,000)	700,000

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 6 – LONG-TERM DEBT (CONTINUED)

\$85,522, Caterpillar financial services note. Payments due in annual installments of \$19,768 to \$22,780 through March 15, 2003; interest at 5.25%.	23,050	(23,050)	-
\$400,000, Huntington National Bank note. Payments due in annual installments of \$33,000 to \$48,000 through November 19, 2011, interest at 4.3%.	<u>400,000</u>	<u>(33,000)</u>	<u>367,000</u>
Total Debt Outstanding	\$ <u>1,393,507</u>	\$ <u>(212,869)</u>	\$ <u>1,180,638</u>
Compensated Absences	\$ <u>19,159</u>	\$ <u>(1,696)</u>	\$ <u>17,463</u>
	<u>\$ 1,412,666</u>	<u>\$ (214,565)</u>	<u>\$ 1,198,101</u>

The annual requirements to maturity on the long-term obligations outstanding at June 30, 2003, including interest of \$334,034 are as follows:

	General Long-Term <u>Debt</u>
2004	\$ 198,242
2005	192,975
2006	129,788
2007	127,629
2008	125,326
Thereafter	<u>740,712</u>
	<u>\$ 1,514,672</u>

NOTE 7 – DEFINED BENEFIT PENSION PLAN

The information for the Board's defined benefit pension plan is as of December 31, 2002, which is the most recent information available.

Plan Description

The City's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The City participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. The MERS Retirement Board, establishes and amends the benefits provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement Systems of Michigan, 447 N. Canal Road, Lansing, Michigan 48917 or by calling (800) 767-6377.

CITY OF SAUGATUCK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

The City is required to contribute at an actuarially determined rate; the rate as of June 30, 2003 is approximately 10.13% of annual covered payroll. Employees are currently not required to contribute to the Plan. The contribution requirements of the City are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the City, depending on the MERS contribution program adopted by the City.

Annual Pension Cost

For the year ended June 30, 2003, the City's annual pension cost of \$19,338 for MERS was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions includes (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect market value. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis over 30 years.

Three Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$ 20,226	100%	\$ -
6/30/02	18,073	100%	-
6/30/03	19,338	100%	-

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll (b-a)/(c)</u>
12/31/00	\$ 699,698	\$ 759,168	\$ 59,470	92%	\$ 217,278	27%
12/31/01	754,821	829,971	75,150	91	228,156	33
12/31/02	783,243	894,781	111,538	88	236,349	47

CITY OF SAUGATUCK
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The following is an analysis of the unfunded actuarial accrued liability of the City at December 31, 2002.

Actuarial Accrued Liability

Retirees and beneficiaries currently receiving benefits	\$ 185,596
Terminated employees not yet receiving benefits	40,304
Current employees – Accumulated employee contributions including allocated investment income	23,667
Employer Financed	<u>645,214</u>
Total Actuarial Accrued Liability	\$ 894,781
Net Assets Available for Benefits at Actuarial Value (Market Value is \$622,385)	<u>783,243</u>
Unfunded Actuarial Accrued Liability	<u>\$ 111,538</u>

NOTE 8 – CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 2003 are as follows:

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
	<u>Water and Sewer Improvement</u>	<u>Motor Pool</u>
Contributed capital at July 1, 2002	\$ 494,613	\$ 251,844
Less: Depreciation on fixed assets acquired with contributed capital	<u>11,407</u>	<u>-</u>
Contributed capital at June 30, 2003	<u>\$ 483,206</u>	<u>\$ 251,844</u>

CITY OF SAUGATUCK
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2003

NOTE 9 – SEGMENT INFORMATION FOR ENTERPRISE FUND

The City maintains an Enterprise Fund which provides for water and sewer improvements. Segment information for the year ended June 30, 2003 is as follows:

	Water and Sewer Improvement <u>Fund</u>
Operating revenues	\$ 29,692
Depreciation	15,695
Operating loss	(50,775)
Net income	70,309
Net working capital	265,815
Total assets	945,371
Total equity	945,371

NOTE 10 – RELATED PARTY TRANSACTIONS

General fund loan receivable is a loan to the City Manager for the purchase of a home. The loan is payable in sixty monthly installments of \$775, at 0% interest. Additionally, during all times that the City Manager is in good standing as an employee of the City, the monthly payments can be deferred until July 1 of each year at which time the City has the option to forgive all monthly payments based on the performance of the City Manager.

NOTE 11 – RESERVED FUND BALANCES

	<u>General Fund</u>
Park improvements	\$ 162,662
Loan receivable	<u>9,300</u>
	<u>\$ 171,962</u>
	<u>Debt Service</u>
Principal and interest	<u>\$ 150,574</u>

NOTE 12 – SUBSEQUENT EVENT

The City has received grant approval in the amount of \$300,350 for Lake Street improvements. The City is committed to provide funds in the amount of \$497,000 towards this improvement. Construction is scheduled to begin in fiscal year ending June 30, 2004.

COMBINING AND INDIVIDUAL FUND

FINANCIAL STATEMENTS

CITY OF SAUGATUCK
GENERAL FUND
BALANCE SHEET
JUNE 30, 2003

ASSETS

Cash and investments	\$ 491,748
Accounts receivable	3,000
Grant receivable	10,087
Loan receivable	9,300
Taxes receivable	2,528
Interest receivable	3,126
Prepaid expenses	<u>30,000</u>
 TOTAL ASSETS	 <u>\$ 549,789</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 105,306
Due to other funds	<u>370</u>
 TOTAL LIABILITIES	 <u>\$ 105,676</u>
 Fund Balance	
Reserved	\$ 171,962
Unreserved	<u>272,151</u>
 TOTAL FUND BALANCE	 <u>\$ 444,113</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 549,789</u>

CITY OF SAUGATUCK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 929,000	\$ 1,044,937	\$ 115,937
Licenses and permits	3,000	3,861	861
State shared revenues	128,000	116,468	(11,532)
Grant revenue	-	12,527	12,527
Charges for services	213,000	304,153	91,153
Fines	7,000	8,147	1,147
Interest	35,000	13,959	(21,041)
Other revenues	<u>-</u>	<u>109,105</u>	<u>109,105</u>
TOTAL REVENUES	<u>\$ 1,315,000</u>	<u>\$ 1,613,157</u>	<u>\$ 298,157</u>
EXPENDITURES			
Legislative	\$ 23,500	\$ 25,583	\$ (2,083)
General government	435,900	497,361	(61,461)
Public safety	353,000	361,000	(8,000)
Highways and streets	163,500	175,639	(12,139)
Parks and recreation	310,800	362,410	(51,610)
Other governmental functions	<u>70,800</u>	<u>74,332</u>	<u>(3,532)</u>
TOTAL EXPENDITURES	<u>\$ 1,357,500</u>	<u>\$ 1,496,325</u>	<u>\$ (138,825)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (42,500)</u>	<u>\$ 116,832</u>	<u>\$ 159,332</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 250,000	\$ -	\$ (250,000)
Transfers out	<u>(226,000)</u>	<u>(220,000)</u>	<u>6,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 24,000</u>	<u>\$ (220,000)</u>	<u>\$ (244,000)</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (18,500)</u>	<u>\$ (103,168)</u>	<u>\$ (84,668)</u>
FUND BALANCE - JULY 1	<u>\$ 547,281</u>	<u>\$ 547,281</u>	<u>\$ -</u>
FUND BALANCE - JUNE 30	<u>\$ 528,781</u>	<u>\$ 444,113</u>	<u>\$ (84,668)</u>

CITY OF SAUGATUCK
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TAXES			
Current property taxes	\$ 929,000	\$ 1,044,937	\$ 115,937
LICENSES AND PERMITS			
Building and zoning fees	\$ 3,000	\$ 3,861	\$ 861
STATE SHARED REVENUES			
Sales and use tax	\$ 122,000	\$ 110,349	\$ (11,651)
Liquor license	6,000	6,119	119
TOTAL STATE SHARED REVENUES	<u>\$ 128,000</u>	<u>\$ 116,468</u>	<u>\$ (11,532)</u>
GRANT REVENUE	<u>\$ -</u>	<u>\$ 12,527</u>	<u>\$ 12,527</u>
CHARGES FOR SERVICES			
Rental fees	\$ 21,000	\$ 23,220	\$ 2,220
Ramp fees	10,000	13,878	3,878
Parking waiver fee	10,000	12,000	2,000
Administration fees	<u>172,000</u>	<u>255,055</u>	<u>83,055</u>
TOTAL CHARGES FOR SERVICES	<u>\$ 213,000</u>	<u>\$ 304,153</u>	<u>\$ 91,153</u>
FINES			
Parking and magistrates	\$ 7,000	\$ 8,147	\$ 1,147
INTEREST EARNED	<u>\$ 35,000</u>	<u>\$ 13,959</u>	<u>\$ (21,041)</u>
OTHER REVENUES			
Reimbursements and refunds	\$ -	\$ 11,546	\$ 11,546
Sale of land	-	76,083	76,083
Miscellaneous	<u>-</u>	<u>21,476</u>	<u>21,476</u>
TOTAL OTHER REVENUES	<u>\$ -</u>	<u>\$ 109,105</u>	<u>\$ 109,105</u>
TOTAL REVENUES	<u>\$ 1,315,000</u>	<u>\$ 1,613,157</u>	<u>\$ 298,157</u>

CITY OF SAUGATUCK
GENERAL FUND
STATEMENT OF EXPENDITURES BY ACTIVITY - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
LEGISLATIVE			
Council wages, dues and promotion	\$ 11,000	\$ 11,903	\$ (903)
Elections, inspectors and supplies	<u>12,500</u>	<u>13,680</u>	<u>(1,180)</u>
TOTAL LEGISLATIVE	<u>\$ 23,500</u>	<u>\$ 25,583</u>	<u>\$ (2,083)</u>
GENERAL GOVERNMENT			
Contracted Services			
Attorney fees	\$ 14,000	\$ 22,484	\$ (8,484)
Consulting/Auditing	19,000	24,961	(5,961)
Recreational contributions	15,000	15,000	-
Recycling	25,000	37,515	(12,515)
Township cemetery	11,000	28,979	(17,979)
Tax tribunal refunds	<u>1,000</u>	<u>853</u>	<u>147</u>
Total Contracted Services	<u>\$ 85,000</u>	<u>\$ 129,792</u>	<u>\$ (44,792)</u>
City Manager			
Salary	\$ 56,000	\$ 56,233	\$ (233)
Fringe benefits	16,000	16,215	(215)
Computer rental	3,000	3,053	(53)
Postage	400	531	(131)
Telephone	1,500	2,402	(902)
Travel	3,000	687	2,313
Supplies	700	1,253	(553)
Dues and publications	1,000	1,001	(1)
Miscellaneous	<u>-</u>	<u>9,416</u>	<u>(9,416)</u>
Total City Manager	<u>\$ 81,600</u>	<u>\$ 90,791</u>	<u>\$ (9,191)</u>

CITY OF SAUGATUCK
GENERAL FUND
STATEMENT OF EXPENDITURES BY ACTIVITY - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2003

	Budget	<u>Actual</u>	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT (CONTINUED)			
Assessor			
Salaries	\$ 1,400	\$ 1,341	\$ 59
Fringe benefits	400	143	257
Professional fees	23,000	23,250	(250)
Computer rental	3,000	3,803	(803)
Telephone	800	722	78
Supplies	3,400	2,935	465
Capital outlay	500	-	500
Dues and publications	500	384	116
	<u>500</u>	<u>384</u>	<u>116</u>
Total Assessor	\$ 33,000	\$ 32,578	\$ 422
Clerk and Treasurer			
Salaries	\$ 84,400	\$ 82,456	\$ 1,944
Fringe benefits	35,500	37,139	(1,639)
Insurance	500	500	-
Professional fees	6,100	6,112	(12)
Computer rental	3,000	3,225	(225)
Postage	1,500	2,311	(811)
Telephone	2,500	2,403	97
Travel	1,000	856	144
Supplies	2,800	3,133	(333)
Printing and publishing	6,000	8,081	(2,081)
Seminars and education	2,000	1,360	640
Miscellaneous	800	1,007	(207)
	<u>800</u>	<u>1,007</u>	<u>(207)</u>
Total Clerk and Treasurer	\$ 146,100	\$ 148,583	\$ (2,483)

CITY OF SAUGATUCK
GENERAL FUND
STATEMENT OF EXPENDITURES BY ACTIVITY - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
GENERAL GOVERNMENT (CONTINUED)			
Buildings and Grounds			
Salaries	\$ 14,000	\$ 15,799	\$ (1,799)
Fringe benefits	4,200	9,202	(5,002)
Professional fees	16,000	22,345	(6,345)
Insurance and appraisals	1,000	1,000	-
Utilities	26,000	26,587	(587)
Repairs and maintenance	9,000	5,808	3,192
Equipment rental	7,000	7,000	-
Computer rental	3,000	2,341	659
Capital outlay	<u>10,000</u>	<u>5,535</u>	<u>4,465</u>
Total Buildings and Grounds	<u>\$ 90,200</u>	<u>\$ 95,617</u>	<u>\$ (5,417)</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 435,900</u>	<u>\$ 497,361</u>	<u>\$ (61,461)</u>
PUBLIC SAFETY			
Police Department			
Professional fees	<u>\$ 353,000</u>	<u>\$ 361,000</u>	<u>\$ (8,000)</u>
TOTAL PUBLIC SAFETY	<u>\$ 353,000</u>	<u>\$ 361,000</u>	<u>\$ (8,000)</u>
HIGHWAYS AND STREETS			
Street Lighting			
	<u>\$ 20,000</u>	<u>\$ 17,716</u>	<u>\$ 2,284</u>
Highways and Streets			
Salaries	\$ 70,800	\$ 71,828	\$ (1,028)
Fringe benefits	22,200	20,744	1,456
Equipment rental	20,000	22,962	(2,962)
Printing and publishing	300	1,498	(1,198)
Professional fees	2,500	13,734	(11,234)
Sidewalk repair	20,000	19,976	24
Telephone	1,500	2,301	(801)
Miscellaneous	<u>6,200</u>	<u>4,880</u>	<u>1,320</u>
Total Highways and Streets	<u>\$ 143,500</u>	<u>\$ 157,923</u>	<u>\$ (14,423)</u>
TOTAL HIGHWAYS AND STREETS	<u>\$ 163,500</u>	<u>\$ 175,639</u>	<u>\$ (12,139)</u>

CITY OF SAUGATUCK
GENERAL FUND
STATEMENT OF EXPENDITURES BY ACTIVITY - BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
PARKS AND RECREATION			
Salaries	\$ 35,700	\$ 39,505	\$ (3,805)
Fringe benefits	10,500	18,320	(7,820)
Repairs and maintenance	2,500	6,101	(3,601)
Insurance	3,500	3,500	-
Telephone	1,600	2,666	(1,066)
Equipment	1,000	712	288
Equipment rental	19,000	20,463	(1,463)
Supplies	16,700	14,589	2,111
Professional fees	50,000	97,829	(47,829)
Trash disposal	3,000	4,899	(1,899)
Capital outlay	10,500	8,523	1,977
Miscellaneous	1,000	287	713
Recreational contribution	5,000	7,500	(2,500)
Oval Beach	110,000	101,079	8,921
Chain Ferry	<u>40,800</u>	<u>36,437</u>	<u>4,363</u>
TOTAL PARKS AND RECREATION	<u>\$ 310,800</u>	<u>\$ 362,410</u>	<u>\$ (51,610)</u>
OTHER GOVERNMENTAL FUNCTIONS			
Planning and Zoning			
Commissioners, per diem	\$ 8,200	\$ 8,310	\$ (110)
Fringe benefits	1,000	913	87
Professional fees	44,500	39,393	5,107
Printing and publishing	1,600	5,092	(3,492)
Miscellaneous	500	960	(460)
Supplies and other expenses	<u>3,200</u>	<u>3,789</u>	<u>(589)</u>
Total Planning and Zoning	<u>\$ 59,000</u>	<u>\$ 58,457</u>	<u>\$ 543</u>
Contingencies	<u>\$ 11,800</u>	<u>\$ 15,875</u>	<u>\$ (4,075)</u>
Total Contingencies	<u>\$ 11,800</u>	<u>\$ 15,875</u>	<u>\$ (4,075)</u>
TOTAL OTHER GOVERNMENTAL FUNCTIONS	<u>\$ 70,800</u>	<u>\$ 74,332</u>	<u>\$ (3,532)</u>
TOTAL EXPENDITURES	<u>\$ 1,357,500</u>	<u>\$ 1,496,325</u>	<u>\$ (138,825)</u>

CITY OF SAUGATUCK
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2003

	Major <u>Street</u>	Local <u>Street</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 216,111	\$ (12,135)	\$ 203,976
Interest receivable	126	20	146
Due from other governmental entities	<u>5,151</u>	<u>2,837</u>	<u>7,988</u>
 TOTAL ASSETS	 <u>\$ 221,388</u>	 <u>\$ (9,278)</u>	 <u>\$ 212,110</u>
LIABILITIES AND FUND BALANCE			
Accounts payable	<u>\$ 3,561</u>	<u>\$ 2,601</u>	<u>\$ 6,162</u>
 TOTAL LIABILITIES	 <u>\$ 3,561</u>	 <u>\$ 2,601</u>	 <u>\$ 6,162</u>
Fund Balance			
Unreserved	<u>\$ 217,827</u>	<u>\$ (11,879)</u>	<u>\$ 205,948</u>
 TOTAL FUND BALANCE	 <u>\$ 217,827</u>	 <u>\$ (11,879)</u>	 <u>\$ 205,948</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 221,388</u>	 <u>\$ (9,278)</u>	 <u>\$ 212,110</u>

CITY OF SAUGATUCK
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2003

	<u>Major Street</u>	<u>Local Street</u>	<u>Total</u>
REVENUES			
Taxes	\$ 125,454	\$ 125,454	\$ 250,908
State shared revenue	57,844	31,855	89,699
Snow removal	2,517	2,023	4,540
Interest	<u>1,688</u>	<u>586</u>	<u>2,274</u>
TOTAL REVENUES	<u>\$ 187,503</u>	<u>\$ 159,918</u>	<u>\$ 347,421</u>
EXPENDITURES			
Routine maintenance	\$ 56,512	\$ 310,212	\$ 366,724
Winter maintenance	<u>17,043</u>	<u>17,291</u>	<u>34,334</u>
TOTAL EXPENDITURES	<u>\$ 73,555</u>	<u>\$ 327,503</u>	<u>\$ 401,058</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 113,948</u>	<u>\$ (167,585)</u>	<u>\$ (53,637)</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>\$ -</u>	<u>\$ 150,000</u>	<u>\$ 150,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ 113,948	\$ (17,585)	\$ 96,363
FUND BALANCES - JULY 1	<u>103,879</u>	<u>5,706</u>	<u>109,585</u>
FUND BALANCES (DEFICIT) - JUNE 30	<u>\$ 217,827</u>	<u>\$ (11,879)</u>	<u>\$ 205,948</u>

CITY OF SAUGATUCK
 MAJOR STREET FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Taxes	\$ 122,000	\$ 125,454	\$ 3,454
State shared revenue	53,000	57,844	4,844
Snow removal	3,000	2,517	(483)
Interest	<u>1,000</u>	<u>1,688</u>	<u>688</u>
TOTAL REVENUES	<u>\$ 179,000</u>	<u>\$ 187,503</u>	<u>\$ 8,503</u>
EXPENDITURES			
Routine maintenance	\$ 119,000	\$ 56,512	\$ 62,488
Winter maintenance	<u>20,000</u>	<u>17,043</u>	<u>2,957</u>
TOTAL EXPENDITURES	<u>\$ 139,000</u>	<u>\$ 73,555</u>	<u>\$ 65,445</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 40,000	\$ 113,948	\$ 73,948
OTHER FINANCING USES			
Operating transfers out	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ 40,000</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 113,948	\$ 113,948
FUND BALANCE - JULY 1	<u>103,879</u>	<u>103,879</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 103,879</u>	<u>\$ 217,827</u>	<u>\$ 113,948</u>

CITY OF SAUGATUCK
 MAJOR STREET FUND
 STATEMENT OF EXPENDITURES BY ACTIVITY
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
EXPENDITURES			
Routine Maintenance			
Personal services	\$ 15,000	\$ 9,934	\$ 5,066
Fringe benefits	5,000	4,876	124
Material	6,000	5,435	565
Professional and contractual services	83,000	28,204	54,796
Maintenance	2,000	63	1,937
Equipment rental	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total Routine Maintenance	<u>\$ 119,000</u>	<u>\$ 56,512</u>	<u>\$ 62,488</u>
Winter Maintenance			
Personal services	\$ 5,000	\$ 3,637	\$ 1,363
Fringe benefits	2,000	1,495	505
Materials	5,000	3,911	1,089
Equipment rental	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total Winter Maintenance	<u>\$ 20,000</u>	<u>\$ 17,043</u>	<u>\$ 2,957</u>
TOTAL EXPENDITURES	<u>\$ 139,000</u>	<u>\$ 73,555</u>	<u>\$ 65,445</u>

CITY OF SAUGATUCK
LOCAL STREET FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 106,000	\$ 125,454	\$ 19,454
State shared revenue	24,000	31,855	7,855
Snow removal	2,000	2,023	23
Interest	<u>1,000</u>	<u>586</u>	<u>(414)</u>
TOTAL REVENUES	<u>\$ 133,000</u>	<u>\$ 159,918</u>	<u>\$ 26,918</u>
EXPENDITURES			
Routine maintenance	\$ 265,000	\$ 310,212	\$ (45,212)
Winter maintenance	<u>18,000</u>	<u>17,291</u>	<u>709</u>
TOTAL EXPENDITURES	<u>\$ 283,000</u>	<u>\$ 327,503</u>	<u>\$ (44,503)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (150,000)</u>	<u>\$ (167,585)</u>	<u>\$ (17,585)</u>
OTHER FINANCING SOURCES			
Operating transfers in	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ -</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES	\$ -	\$ (17,585)	\$ (17,585)
FUND BALANCE - JULY 1	<u>5,706</u>	<u>5,706</u>	<u>-</u>
FUND BALANCE (DEFICIT) - JUNE 30	<u>\$ 5,706</u>	<u>\$ (11,879)</u>	<u>\$ (17,585)</u>

CITY OF SAUGATUCK
LOCAL STREET FUND
STATEMENT OF EXPENDITURES BY ACTIVITY
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES			
Routine Maintenance			
Personal services	\$ 12,000	\$ 10,730	\$ 1,270
Fringe benefits	4,600	5,030	(430)
Professional and contractual services	231,000	277,647	(46,647)
Repairs and maintenance	1,200	750	450
Supplies	7,700	8,055	(355)
Printing and publishing	500	-	500
Equipment rental	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total Routine Maintenance	<u>\$ 265,000</u>	<u>\$ 310,212</u>	<u>\$ (45,212)</u>
Winter Maintenance			
Personal services	\$ 4,000	\$ 3,804	\$ 196
Fringe benefits	2,000	1,576	424
Supplies	4,000	3,911	89
Equipment rental	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total Winter Maintenance	<u>\$ 18,000</u>	<u>\$ 17,291</u>	<u>\$ 709</u>
TOTAL EXPENDITURES	<u>\$ 283,000</u>	<u>\$ 327,503</u>	<u>\$ (44,503)</u>

CITY OF SAUGATUCK
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2003

	Allegan County Sewage Disposal and Water <u>Supply Bonds</u>	Caterpillar <u>Note</u>	Huntington National Bank <u>Note</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 149,668	\$ -	\$ 302	\$ 149,970
Interest receivable	<u>604</u>	<u>-</u>	<u>-</u>	<u>604</u>
 TOTAL ASSETS	 <u>\$ 150,272</u>	 <u>\$ -</u>	 <u>\$ 302</u>	 <u>\$ 150,574</u>
FUND BALANCE				
Fund Balance				
Reserved	<u>\$ 150,272</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 150,574</u>
 TOTAL FUND BALANCE	 <u>\$ 150,272</u>	 <u>\$ -</u>	 <u>\$ 302</u>	 <u>\$ 150,574</u>

CITY OF SAUGATUCK
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2003

	Allegan County Sewage and Water <u>Supply Bonds</u>	Caterpillar <u>Note</u>	Huntington National Bank <u>Note</u>	<u>Total</u>
REVENUES				
Taxes and assessments	\$ 93,131	\$ -	\$ -	\$ 93,131
Interest	<u>2,377</u>	<u>-</u>	<u>-</u>	<u>2,377</u>
TOTAL REVENUES	<u>\$ 95,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,508</u>
EXPENDITURES				
Principal	\$ 156,819	\$ 23,050	\$ 33,000	\$ 212,869
Interest	50,218	1,208	16,698	68,124
Fees and charges	<u>574</u>	<u>-</u>	<u>-</u>	<u>574</u>
TOTAL EXPENDITURES	<u>\$ 207,611</u>	<u>\$ 24,258</u>	<u>\$ 49,698</u>	<u>\$ 281,567</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>\$ (112,103)</u>	<u>\$ (24,258)</u>	<u>\$ (49,698)</u>	<u>\$ (186,059)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>\$ -</u>	<u>\$ 24,258</u>	<u>\$ 50,000</u>	<u>\$ 74,258</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	\$ (112,103)	\$ -	\$ 302	\$ (111,801)
FUND BALANCE - JULY 1	<u>262,375</u>	<u>-</u>	<u>-</u>	<u>262,375</u>
FUND BALANCE - JUNE 30	<u>\$ 150,272</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 150,574</u>

CITY OF SAUGATUCK
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2003

	Public Improvement #1	Public Improvement #3	<u>Total</u>
ASSETS			
Cash and investments	\$ 6,622	\$ 88,864	\$ 95,486
Special assessments receivable	34,943	-	34,943
Interest receivable	<u>27</u>	<u>92</u>	<u>119</u>
TOTAL ASSETS	<u>\$ 41,592</u>	<u>\$ 88,956</u>	<u>\$ 130,548</u>
LIABILITIES AND FUND BALANCE			
Deferred revenue	<u>\$ 34,943</u>	<u>\$ -</u>	<u>\$ 34,943</u>
TOTAL LIABILITIES	<u>\$ 34,943</u>	<u>\$ -</u>	<u>\$ 34,943</u>
Fund Balance			
Unreserved	<u>\$ 6,649</u>	<u>\$ 88,956</u>	<u>\$ 95,605</u>
TOTAL FUND BALANCE	<u>\$ 6,649</u>	<u>\$ 88,956</u>	<u>\$ 95,605</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 41,592</u>	<u>\$ 88,956</u>	<u>\$ 130,548</u>

CITY OF SAUGATUCK
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2003

	Public Improvement <u>#1</u>	Public Improvement <u>#3</u>	<u>Total</u>
REVENUES			
Special assessments	\$ 3,883	\$ -	\$ 3,883
Business license fees	-	29,738	29,738
Interest	<u>188</u>	<u>629</u>	<u>817</u>
TOTAL REVENUES	<u>\$ 4,071</u>	<u>\$ 30,367</u>	<u>\$ 34,438</u>
EXPENDITURES			
Christmas decorations	\$ -	\$ 5,000	\$ 5,000
Events and services	-	1,981	1,981
Miscellaneous	<u>-</u>	<u>6,614</u>	<u>6,614</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ 13,595</u>	<u>\$ 13,595</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 4,071	\$ 16,772	\$ 20,843
FUND BALANCES - JULY 1	<u>2,578</u>	<u>72,184</u>	<u>74,762</u>
FUND BALANCES - JUNE 30	<u>\$ 6,649</u>	<u>\$ 88,956</u>	<u>\$ 95,605</u>

CITY OF SAUGATUCK
PUBLIC IMPROVEMENT FUND #1
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Special assessments	\$ 4,000	\$ 3,883	\$ (117)
Interest	<u>500</u>	<u>188</u>	<u>(312)</u>
TOTAL REVENUES	<u>\$ 4,500</u>	<u>\$ 4,071</u>	<u>\$ (429)</u>
EXPENDITURES			
Contracted services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 4,500</u>	<u>\$ 4,071</u>	<u>\$ (429)</u>
OTHER FINANCING USES			
Transfers out	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ 4,500</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 4,071	\$ 4,071
FUND BALANCE - JULY 1	<u>2,578</u>	<u>2,578</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 2,578</u>	<u>\$ 6,649</u>	<u>\$ 4,071</u>

CITY OF SAUGATUCK
PUBLIC IMPROVEMENT FUND #3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Business license fees	\$ 23,000	\$ 29,738	\$ 6,738
Interest	<u>1,000</u>	<u>629</u>	<u>(371)</u>
TOTAL REVENUES	<u>\$ 24,000</u>	<u>\$ 30,367</u>	<u>\$ 6,367</u>
EXPENDITURES			
Christmas decorations	\$ 5,000	\$ 5,000	\$ -
Events and services	8,000	1,981	6,019
Miscellaneous	<u>11,000</u>	<u>6,614</u>	<u>4,386</u>
TOTAL EXPENDITURES	<u>\$ 24,000</u>	<u>\$ 13,595</u>	<u>\$ 10,405</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ 16,772	\$ 16,772
FUND BALANCE - JULY 1	<u>72,184</u>	<u>72,184</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 72,184</u>	<u>\$ 88,956</u>	<u>\$ 16,772</u>

CITY OF SAUGATUCK
 ENTERPRISE FUND
 BALANCE SHEET
 JUNE 30, 2003

		Water and Sewer Improvement <u>Fund</u>
ASSETS		
CURRENT ASSETS		
Cash	\$	207,684
Accounts receivable		43,310
Special assessment receivable		<u>14,821</u>
TOTAL CURRENT ASSETS	\$	<u>265,815</u>
PROPERTY, PLANT AND EQUIPMENT		
Property and equipment	\$	784,729
Less accumulated depreciation		<u>105,173</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	\$	<u>679,556</u>
TOTAL ASSETS	\$	<u>945,371</u>
FUND EQUITY		
FUND EQUITY		
Contributed capital	\$	483,206
Retained earnings		
Unreserved		<u>462,165</u>
TOTAL FUND EQUITY	\$	<u>945,371</u>

CITY OF SAUGATUCK
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 2003

	Water and Sewer Improvement <u>Fund</u>
OPERATING REVENUES	
Charges for service	\$ <u>29,692</u>
OPERATING EXPENSES	
Professional services	\$ 62,123
Miscellaneous	2,649
Depreciation	<u>15,695</u>
TOTAL OPERATING EXPENSES	\$ <u>80,467</u>
OPERATING LOSS	\$ <u>(50,775)</u>
NON-OPERATING REVENUES	
Sale of excess sewer capacity	\$ 118,125
Interest income	<u>2,959</u>
TOTAL NON-OPERATING REVENUES	\$ <u>121,084</u>
NET INCOME	\$ <u>70,309</u>
DEPRECIATION CLOSED TO CONTRIBUTED CAPITAL	\$ <u>11,407</u>
INCREASE IN RETAINED EARNINGS	\$ 81,716
RETAINED EARNINGS - JULY 1	<u>380,449</u>
RETAINED EARNINGS - JUNE 30	<u>\$ 462,165</u>

CITY OF SAUGATUCK
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2003

	Water and Sewer Improvement <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (50,775)
Noncash items included in operating loss	
Depreciation	15,695
Change in operating assets and liabilities	
Increase in accounts and interest receivable and due from's	<u>(15,656)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (50,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of excess sewer capacity	\$ 118,125
Interest income	<u>2,959</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 121,084</u>
NET INCREASE IN CASH	\$ 70,348
CASH BALANCE - JULY 1	<u>137,336</u>
CASH BALANCE - JUNE 30	<u><u>\$ 207,684</u></u>

CITY OF SAUGATUCK
INTERNAL SERVICE FUND
BALANCE SHEET
JUNE 30, 2003

	ASSETS	
CURRENT ASSETS		Motor Pool <u>Fund</u>
Cash		\$ 50,887
Investments		21,965
Interest receivable		<u>87</u>
TOTAL CURRENT ASSETS		<u>\$ 72,939</u>
PROPERTY, PLANT AND EQUIPMENT		
Property and equipment		\$ 574,757
Less accumulated depreciation		<u>395,446</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT		<u>\$ 179,311</u>
TOTAL ASSETS		<u>\$ 252,250</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable		<u>\$ 737</u>
TOTAL LIABILITIES		<u>\$ 737</u>
FUND EQUITY		
Contributed capital		\$ 251,844
Retained earnings (deficit)		<u>(331)</u>
TOTAL FUND EQUITY		<u>\$ 251,513</u>
TOTAL LIABILITIES AND FUND EQUITY		<u>\$ 252,250</u>

CITY OF SAUGATUCK
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED JUNE 30, 2003

	Motor Pool Fund
OPERATING REVENUES	
Charges for service	\$ <u>82,000</u>
OPERATING EXPENSES	
Salaries and wages	\$ 13,516
Fringe benefits	6,790
Operating supplies	3,858
Professional services	12,097
Insurance and bonds	10,000
Depreciation	41,721
Repairs and maintenance	<u>17,298</u>
TOTAL OPERATING EXPENSES	\$ <u>105,280</u>
OPERATING LOSS	\$ <u>(23,280)</u>
NON-OPERATING REVENUES	
Interest income	\$ <u>810</u>
LOSS BEFORE OPERATING TRANSFERS	\$ <u>(22,470)</u>
OPERATING TRANSFERS	
Transfers in	\$ 20,000
Transfers out	<u>(24,258)</u>
TOTAL OPERATING TRANSFERS	\$ <u>(4,258)</u>
NET LOSS	\$ (26,728)
RETAINED EARNINGS - JULY 1	<u>26,397</u>
RETAINED EARNINGS (DEFICIT) - JUNE 30	<u>\$ (331)</u>

CITY OF SAUGATUCK
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2003

	Motor Pool <u>Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	\$ (23,280)
Noncash items included operating loss	
Depreciation	41,721
Change in operating assets and liabilities	
Increase in interest receivable	(56)
Increase in accounts payable	<u>302</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 18,687</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating transfers in	\$ 20,000
Operating transfers out	<u>(24,258)</u>
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	<u>\$ (4,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	\$ 1,729
Purchase of vehicle	(20,770)
Interest income	<u>810</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>\$ (18,231)</u>
NET DECREASE IN CASH	\$ (3,802)
CASH BALANCE - JULY 1	<u>54,689</u>
CASH BALANCE - JUNE 30	<u>\$ 50,887</u>

CITY OF SAUGATUCK
 FIDUCIARY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2003

	<u>Expendable Trust Fund Park Endowment</u>	<u>Agency Fund Tax Trust</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 237,451	\$ (370)	\$ 237,081
Interest receivable	599	-	599
Due from other funds	<u>-</u>	<u>370</u>	<u>370</u>
TOTAL ASSETS	<u>\$ 238,050</u>	<u>\$ -</u>	<u>\$ 238,050</u>
LIABILITIES AND FUND EQUITY			
Accounts payable	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 137</u>
TOTAL LIABILITIES	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ 137</u>
Retained earnings			
Unreserved	<u>\$ 237,913</u>	<u>\$ -</u>	<u>\$ 237,913</u>
TOTAL FUND EQUITY	<u>\$ 237,913</u>	<u>\$ -</u>	<u>\$ 237,913</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 238,050</u>	<u>\$ -</u>	<u>\$ 238,050</u>

CITY OF SAUGATUCK
 FIDUCIARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 YEAR ENDED JUNE 30, 2003

	<u>Park Endowment</u>
OPERATING REVENUES	
Interest income	\$ <u>2,533</u>
TOTAL OPERATING REVENUES	\$ <u>2,533</u>
OPERATING EXPENSES	
Professional services	\$ 5,978
Repairs and maintenance	<u>75</u>
TOTAL OPERATING EXPENSES	\$ <u>6,053</u>
NET LOSS	\$ (3,520)
RETAINED EARNINGS - JULY 1	<u>241,433</u>
RETAINED EARNINGS - JUNE 30	<u>\$ 237,913</u>

CITY OF SAUGATUCK
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
 FOR THE YEAR ENDED JUNE 30, 2003

	Balance July 1, <u>2002</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2003</u>
ASSETS				
Cash and investments	\$ 8,755	\$ 3,342,304	\$ 3,351,429	\$ (370)
Due from other funds	<u>-</u>	<u>370</u>	<u>-</u>	<u>370</u>
TOTAL ASSETS	<u>\$ 8,755</u>	<u>\$ 3,342,674</u>	<u>\$ 3,351,429</u>	<u>\$ -</u>
LIABILITIES				
Due to other entities	\$ -	\$ 3,342,674	\$ 3,342,674	\$ -
Due to other funds	<u>8,755</u>	<u>-</u>	<u>8,755</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 8,755</u>	<u>\$ 3,342,674</u>	<u>\$ 3,351,429</u>	<u>\$ -</u>

CITY OF SAUGATUCK
GENERAL FIXED ASSETS GROUP OF ACCOUNTS
STATEMENT OF GENERAL FIXED ASSETS
JUNE 30, 2003

GENERAL FIXED ASSETS

Land	\$ 3,030,697
Land improvements	1,344,411
Buildings	1,067,389
Machinery and equipment	218,446
Office furniture and fixtures	<u>158,432</u>

TOTAL GENERAL FIXED ASSETS \$ 5,819,375

INVESTMENT IN GENERAL FIXED ASSETS

(Without allocation as to source) \$ 5,819,375

TOTAL INVESTMENT IN GENERAL FIXED ASSETS \$ 5,819,375

CITY OF SAUGATUCK
GENERAL LONG-TERM DEBT GROUP OF ACCOUNTS
STATEMENT OF GENERAL LONG-TERM DEBT
JUNE 30, 2003

AMOUNT AVAILABLE AND TO BE PROVIDED
FOR THE PAYMENT OF LONG-TERM DEBT

Amount available in debt service funds	\$ 150,574
Amount to be provided	<u>1,047,527</u>
 TOTAL AVAILABLE AND TO BE PROVIDED	 <u>\$ 1,198,101</u>

LONG-TERM DEBT PAYABLE

Allegan County Sanitary Sewer System No. 13	\$ 700,000
Allegan County Sewage Disposal System (Saugatuck - Douglas)	113,638
Huntington National Bank Note	367,000
Compensated absences	<u>17,463</u>
 TOTAL LONG-TERM DEBT PAYABLE	 <u>\$ 1,198,101</u>

CITY OF SAUGATUCK
SCHEDULE OF REVENUES AND EXPENDITURES FOR
THE BUILDING DEPARTMENT IN ACCORDANCE WITH
STATE OF MICHIGAN PUBLIC ACT 245 OF 1999
YEAR ENDED JUNE 30, 2003

REVENUES		
Inspection fees	\$	26,611
EXPENDITURES		
Contract labor		<u>23,950</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$	<u>2,661</u>
CUMULATIVE EXCESS OF REVENUES OVER EXPENDITURES JUNE 30, 2003	\$	<u>9,507</u>

CITY OF SAUGATUCK
 SCHEDULE OF INDEBTEDNESS
 June 30, 2003

General Obligation Debt	Interest Rates	Interest Dates	Issue Date	Final Maturity Date	Obligations		Outstanding	Principal Payments		Interest Amount	Total Amount
					Retired	Issued		Date	Amount		
Allegan County Sewer Diposal Bond	5-7%	5/1,11/1	9/1/1977	11/1/2005	\$ 977,282.00	\$ 863,644.00	\$ 113,638.00	5/1/2004 5/1/2005	\$ 56,819 56,819	\$ 6,648 3,324	\$ 63,467 60,143
									\$ 113,638	\$ 9,972	\$ 123,610
Allegan County Sanitary Sewer System No. 13	4.2-5.6%	4/1,10/1	11/1/1995	10/1/2014	\$ 925,000.00	\$ 225,000.00	\$ 700,000.00	10/1/2003 10/1/2004 10/1/2005 10/1/2006 10/1/2007	50,000 50,000 50,000 50,000 50,000	35,725 33,288 30,813 28,288 25,713	85,725 83,288 80,813 78,288 75,713
							10/1/2008-10/1/2012 10/1/2013-10/1/2014		300,000 150,000	86,412 8,380	386,412 158,380
									\$ 700,000	\$ 248,619	\$ 948,619
Huntington National Bank installment note	4.30%	5/19,11/19	11/19/2001	11/19/2011	\$ 400,000.00	\$ 33,000.00	\$ 367,000.00	11/19/2003 11/19/2004 11/19/2005 11/19/2006 11/19/2007	34,000 36,000 37,000 39,000 41,000	15,050 13,545 11,976 10,342 8,613	49,050 49,545 48,976 49,342 49,613
							11/19/2008-11/19/2011		180,000	15,917	195,917
Compensated absences									\$ 367,000	\$ 75,443	\$ 442,443
									\$ 17,463	\$ -	\$ 17,463
TOTAL GENERAL OBLIGATION DEBT									\$ 1,198,101	\$ 334,034	\$ 1,532,135