

August 6, 2010

Village Council
Village of Mackinaw City

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the *Village of Mackinaw City* (the “Village”) for the year ended February 28, 2010, and have issued our report thereon dated August 6, 2010. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter dated January 4, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing the audit, we considered the Village’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the Village’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the Village’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the Village’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the Village’s compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated January 4, 2010, and our meeting about planning matters on May 11, 2010.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Village are described in Note 1 to the financial statements. Management has implemented GASB 45 – Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pension in the current year. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

- Management's estimate of the useful lives of depreciable capital assets which is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences which is based on current hourly rates and policies regarding payment of sick and vacation benefits.
- Management's estimate of the unfunded OPEB which is based on current health insurance rates and other assumptions made by management.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attached is the schedule of corrected financial statement misstatements, which includes the material misstatements detected as a result of audit procedures and corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the attached management representation letter.

Management Consultations with Other Independent Accountants

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

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Other Audit Findings or Issues

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

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

A handwritten signature in cursive script that reads "Lehmann Johnson".

August 6, 2010

Village Council
Village of Mackinaw City

In planning and performing our audit of the financial statements of the Village of Mackinaw City (the "Village") as of and for the year ended February 28, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider finding 2010-1 and 2010-2, which are documented in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* to be material weaknesses in internal control.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. In addition to the above noted material weaknesses, we consider finding 2010-3, which is also documented in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* to be a significant deficiency in internal control.

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Village of Mackinaw City
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Certain other matters related to operational or administrative efficiencies and improvements to internal controls are included on the following pages.

This communication is intended solely for the information and use of the Village Council and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

This letter does not affect our report dated August 6, 2010, on the financial statements of the Village.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large initial 'L' and a long, sweeping underline.

VILLAGE OF MACKINAW CITY

Addendum A – SAS 115 – Internal Control Over Financial Reporting

Year Ended February 28, 2010

Current Year Comments

New Standard Regarding Fund Balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement changes the classifications of fund balance in governmental funds, and somewhat modifies the definition of special revenue funds. GASB 54 will be effective for the Village's fiscal year ending February 29, 2012. However, the provisions of the Statement may require the Village Council to take formal action well before then in order to meet the revised guidelines. We have provided management with a separate letter that details the specific requirements of this new standard, and encourage the government to review it to determine what action, if any, may be required. As always, we are available to assist the government with any questions relating to the implementation of GASB 54.

Recording of Prepaid Assets and Accrued Liabilities

At present, the Village does not record certain prepaid assets and accrued liabilities. Although at the present time, these assets and liabilities are immaterial to the Village for audit purposes, we recommend the Village consider record these items.

Current and Prior Year Recommendations

Michigan Finance Qualifying Statement

All governmental units subject to the Revised Municipal Finance Act (PA34 of 2001) must submit a Michigan Finance Qualifying Statement that allows governmental units to be eligible to apply for financing during the fiscal year. The Village must submit their qualifying statement electronically using the Michigan Department of Treasury's website. The Village Manager must contact the Local Audit and Finance Division of the Department of Treasury to establish a password to access the system and electronically submit their qualifying statement. The qualifying statement is due to the Michigan Department of Treasury by August 28, 2010.

VILLAGE OF MACKINAW CITY

Addendum A – SAS 115 – Internal Control Over Financial Reporting

Year Ended February 28, 2010

Electronically Filing the Financial Statements

The Michigan Department of Treasury has issued Numbered Letter 2005-2 which requires (under the authority of Michigan Compiled Law 141.427(1) that all audits required in accordance with Public Act 2 of 1968 and Public Act 71 of 1919 be submitted electronically to the Treasury in a Portable Document Format (PDF) compatible with Adobe Acrobat. We have provided the necessary information, in this electronic format, to the Village Clerk to enable the Village to comply.

Conclusion

We would like to thank Village Council for its business and to thank the Village's management team for their assistance during the audit.

Village of Mackinaw City

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

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

www.mackinawcity.org village@mackinawcity.org

August 6, 2010

Rehmann Robson
PO Box 250
Cheboygan, MI 49721

We are providing this letter in connection with your audit of the financial statements of the ***Village of Mackinaw City*** (the "Village") as of February 28, 2010 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village and the respective changes in financial position and, where applicable, cash flows thereof in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, make it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 6, 2010, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
2. We have made available to you all –
 - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.



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- b. Minutes of the meetings of Village Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. The Village has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities or fund equity.
10. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

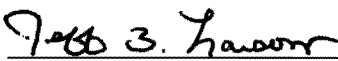
For the purpose of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.

- b. Guarantees, whether written or oral, under which the Village is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.

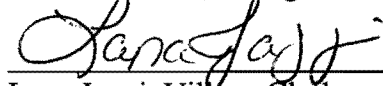
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; including tax on debt limits and debt contracts and we have identified, and disclosed to you, all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
12. There are no –
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except as made known to you and disclosed in the financial statements.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, Accounting for Contingencies.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
 - d. Reservations or designation of fund equity that was not properly authorized and approved.
13. As part of your audit, you prepared the draft financial statements and related notes. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
14. We are in agreement with the adjusting journal entries you have recommended and they have been recorded in the Village's books and records.
15. The Village has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
16. The Village has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance, except as made known to you and disclosed in the financial statements.
17. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
18. The financial statements included all component units as well as joint ventures with an equity interest, if any, and properly disclose all other joint ventures and other related organizations.
19. The financial statements properly classify all funds and activities.
20. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

21. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
22. Provisions for uncollectible receivables have been properly identified and recorded.
23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
24. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
26. Deposits and investment securities are properly classified as to risk, and investments, if any, are appropriately valued.
27. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
28. Required supplementary information (RSI) is measured and presented within prescribed guidelines. The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
29. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.



Jeff B. Lawson, Village Manager



Lana Jaggi, Village Clerk



Patricia B. Pepler, Village Treasurer

Village of Mackinaw City
Schedule of Corrected Financial Statement Misstatements
February 28, 2010

<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
Fund Financial Adjustments			
101-000-2640	Fringe Benefit	\$ 23,025	\$ -
101-101-7140	Fringe Benefit	-	509
101-172-7140	Fringe Benefit	-	2,929
101-215-7140	Fringe Benefit	-	1,048
101-253-7140	Fringe Benefit	-	1,088
101-265-7140	Fringe Benefit	-	822
101-269-7140	Fringe Benefit	-	1,063
101-285-7140	Fringe Benefit	-	537
101-301-7140	Fringe Benefit	-	12,669
101-336-7140	Fringe Benefit	-	1,429
101-448-7140	Sidewalk Fringe Benefits	-	5
101-691-7140	Fringe Benefit	-	926
To reclassify overcharge of benefits in the General Fund.			
101-000-2640	Fringe Benefit	25,671	-
101-000-7140	Fringe-Fringe	-	25,671
To close fringe benefit account.			
101-000-2640	Fringe Benefits	5,719	-
101-000-2140	Due To Other Funds	-	5,719
202-000-0670	Due From Other Funds	5,719	-
202-463-7140	Fringe Benefit	-	3,018
202-478-7140	Fringe Benefit	-	1,409
202-483-7140	Fringe Benefit	-	1,292
To record amount the General Fund owes back to Major Street Fund due to an over-allocation of fringe benefits.			
101-000-2640	Fringe Benefit	2,281	-
101-000-2140	Due To Other Funds	-	2,281
203-000-0670	Due From Other Funds	2,281	-
203-463-7140	Fringe Benefit	-	1,076
203-474-7140	Fringe Benefit	-	1
203-478-7140	Fringe Benefit	-	548
203-483-7140	Fringe Benefit	-	656
To record amount General Fund owes back to Local Street Fund because of fringe over-allocation.			

Village of Mackinaw City
Schedule of Corrected Financial Statement Misstatements
February 28, 2010

Account Number	Account Description	Debit	Credit
101-000-2640	Fringe Benefit	\$ 869	\$ -
101-000-2140	Due To Other Funds	-	869
209-000-0670	Due From Other Funds	869	-
209-276-7140	Fringe Benefit	-	869
To record amount General Fund owes back to Cemetary Fund because of fringe over-allocation.			
101-000-2640	Fringe Benefit	7,021	-
101-000-2140	Due To Other Funds	-	7,021
210-000-0670	Due From Other Funds	7,021	-
210-346-7140	Fringe Benefit	-	7,021
To record amount General Fund owes back to Ambulence Fund because of fringe over-allocation.			
101-000-2640	Fringe Benefit	533	-
101-000-2140	Due to Other Funds	-	533
216-000-0670	Due From Other Funds	533	-
216-691-7140	Fringe Benefit	-	533
To record amount General Fund owes back to Recreation Fund because of fringe over-allocation.			
101-000-2640	Fringe Benefit	929	-
101-000-2140	Due To Other Funds	-	929
425-000-0670	Due From Other Funds	929	-
425-691-7140	Fringe Benefit	-	929
To record amount General Fund owes back to Fund 425 because of fringe over-allocation.			
101-000-2640	Fringe Benefit	308	-
101-000-2140	Due to Other Funds	-	308
490-000-0670	Due From Other Funds	308	-
490-801-7140	Fringe Benefit	-	308
To record General Fund owes back to Fund 409 because of fringe over-allocation.			
101-000-2640	Fringe Benefit	9,330	-
101-000-2140	Due To Other Funds	-	9,330
590-000-0670	Due From Other Funds	9,330	-
590-548-7140	Fringe Benefit	-	5,293
590-556-7140	Fringe Benefit	-	4,037
To record amount General Fund owes back to the Water and Sewer Fund because of fringe over-allocation.			

Village of Mackinaw City
Schedule of Corrected Financial Statement Misstatements
February 28, 2010

Account Number	Account Description	Debit	Credit
101-000-2640	Fringe Benefit	\$ 3,732	\$ -
101-000-2140	Due To Other Funds	-	3,732
594-000-0675	Due From Other Funds	3,732	-
594-544-7140	Fringe Benefit	-	3,732
To record amount General Fund owes back to Marina Fund because of fringe over-allocation.			
101-000-2640	Fringe Benefit	1,403	-
101-000-2140	Due To Other Funds	-	1,403
661-000-0671	Due From Other Funds	1,403	-
661-901-7140	Fringe Benefit	-	1,403
To record amount General Fund owes back to Internal Service Fund because of fringe over-allocation.			
101-000-0670	Due From Other Funds	2,000	-
101-444-9650	South Huron/23/Straits Contribution	-	2,000
To reclassify due to/due from that was recorded as a transfer.			
101-000-2640	Fringe Benefit	6,957	-
101-000-3900	Fund Balance	-	6,957
204-000-6643	Interest Income - Louvigny	247	-
204-000-3900	Fund Balance	-	247
590-556-9000	Printing and Publishing	876	-
590-000-3690	Sewer Contribution Federal	-	876
To adjust beginning fund balance to agree to prior year ending fund balance.			
101-999-9991	Project Graduation - Cash	141	-
101-999-9992	Project Graduation - Contribution Payable	-	141
101-999-9993	Canine Fund - Cash	226	-
101-999-9994	Canine Fund - Contribution Payable	-	226
101-999-9995	Shop With A Cop - Cash	17,790	-
101-999-9996	Shop With A Cop - Contribution Payable	-	17,790
To record ending cash balance in small police accounts not maintained by the Village.			
101-000-2143	Advance From Water/Sewer	54,908	-
101-269-9950	Interest Expense - W/S Advance	6,856	-
101-444-9656	Water/Sewer Debt Payment	-	61,764
To reclassify payoff of advance from Expense to advance.			

Village of Mackinaw City
Schedule of Corrected Financial Statement Misstatements
February 28, 2010

Account Number	Account Description	Debit	Credit
703-000-6640	Interest Income	\$ 331	\$ -
703-102-1990	Due To/From Combined Fund	-	331
102-703-1990	Tax Collection	331	-
102-101-1990	General Fund Cash	-	331
101-102-1990	Due To/From Combined Fund	331	-
101-000-6640	Interest Income	-	331
To record interest income in appropriate Fund.			
101-000-2020	Accounts Payable	790	-
101-000-6980	Miscellaneous Income	-	790
202-483-9620	Miscellaneous	1,955	-
202-000-2020	Accounts Payable	-	1,955
209-276-9620	Miscellaneous	126	-
209-000-2020	Accounts Payable	-	126
244-000-2020	Accounts Payable	2,731	-
244-000-2140	Due To Other Funds	2,163	-
244-000-6980	Miscellaneous Income	-	4,894
To close accounts payable balances to revenue.			
102-477-1990	Do Not Use	169,161	-
102-202-1990	Majoe Street Cash	-	169,161
To record cash for 2009 improvement bond.			

Village of Mackinaw City
Schedule of Corrected Financial Statement Misstatements
February 28, 2010

<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
101-000-2640	Fringe Benefits	\$ 510	\$ -
101-000-2020	Accounts Payable	-	510
101-172-7270	Office Supplies	53	-
101-301-8640	Conferences/Workshop	83	-
101-336-8640	Conferences/Workshop	114	-
101-172-8730	Travel Allowance	114	-
101-215-7270	Office Supplies	507	-
101-253-9620	Miscellaneous	5	-
101-000-2020	Accounts Payable	-	876
661-901-8640	Conferences/Workshop	240	-
661-901-9620	Miscellaneous	20	-
661-000-2020	Accounts Payable	-	260
101-301-7680	Uniforms	763	-
101-000-2020	Accounts Payable	-	763
101-203-8010	Attorney Contracted Services	2,242	-
101-000-2020	Accounts Payable	-	2,242
101-301-7510	Gas/Oil	619	-
101-336-7510	Gas/Oil	14	-
101-000-2020	Accounts Payable	-	633
661-901-7510	Gas/Oil	1,115	-
661-000-2020	Accounts Payable	-	1,115
210-346-7510	Gas/Oil	180	-
210-000-2020	Accounts Payable	-	180
594-544-7510	Gas/Oil	28	-
594-000-2020	Accounts Payable	-	28
425-691-7510	Gas/Oil	58	-
425-000-2020	Accounts Payable	-	58
590-556-7510	Gas/Oil	241	-
590-548-7510	Gas/Oil	241	-
590-000-2020	Accounts Payable	-	482
To record accounts payable as of February 28, 2010.			
202-102-1990	Due To/From Combined Fund	169,161	-
202-000-6750	Bond Proceeds	-	169,161
477-932-9650	Transfer Out	169,161	-
477-102-1990	Due To/From Combined Funds	-	169,161
To reverse duplicate posting recorded in error.			

Village of Mackinaw City
Schedule of Corrected Financial Statement Misstatements
February 28, 2010

Account Number	Account Description	Debit	Credit
703-102-1990	Due To/From Combined Fund	\$ 7,971	\$ -
703-000-2144	Due To/From Sewer Fund	-	7,971
102-590-1990	Water Sewer Cash	7,971	-
102-703-1990	Tax Collection	-	7,971
590-000-6420	Sewer Charges Sales	5,261	-
590-000-6421	Water Charges Sales	2,710	-
590-102-1990	Due To/From Combined Fund	-	7,971
To record cash and delinquent water/sewer payment in appropriate fund.			
703-000-2141	Due To General Fund	21,877	-
703-000-2142	Due To Municipal Street Fund	7,187	-
703-000-2143	Due To Cemetary Fund	459	-
703-000-2146	Due To Downtown Development Authority	556	-
703-102-1990	Due To/From Combined Fund	-	30,079
102-703-1990	Tax Collection	30,079	-
102-101-1990	General Fund Cash	-	21,877
102-204-1990	Municipal Streets Cash	-	7,187
102-209-1990	Cemetery Cash	-	459
102-244-1990	Downtown Development Authority Cash	-	556
101-102-1990	Due To/From Combined Fund	21,877	-
101-000-4030	Current Property Tax	-	21,877
204-102-1990	Due To/From Combined Fund	7,187	-
204-000-4030	Current Property Tax	-	7,187
209-102-1990	Due To/From Combined Fund	459	-
209-000-4030	Current Property Tax	-	459
244-102-1990	Due To/From Combined Fund	556	-
244-000-4030	Current Property Tax	-	556
To record cash and property tax revenue in appropriate funds.			
204-000-6910	Contribution to Other Funds	3,115	-
204-000-0675	Due from Other Funds	-	3,115
302-000-2140	Due to Other Funds	3,115	-
302-932-9653	Transfer to General Fund	-	3,115
To reclasses the transfer to close out fund 302.			
204-444-9650	Contribution to Other Funds	15,504	-
204-000-0675	Due from Other Funds	-	15,504
To record special assessment revenue that was recorded in the incorrect fund.			

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Account Number	Account Description	Debit	Credit
101-172-7020	Wages	\$ 2,121	\$ -
101-215-7020	Wages	842	-
101-253-7020	Wages	974	-
101-256-7020	Wages	516	-
101-269-7020	Wages	32	-
101-269-7021	Vps/S/V	286	-
101-301-7020	Wages	5,356	-
101-691-7020	Wages	16	-
101-000-2040	Accrued Payroll	-	10,143
202-463-7020	Wages	30	-
202-478-7020	Wages	629	-
202-483-7020	Wages	585	-
202-000-2040	Accrued Payroll	-	1,244
203-463-7020	Wages	70	-
203-478-7020	Wages	110	-
203-483-720	Wages	585	-
203-000-2040	Accrued Payroll	-	765
210-346-7020	Wages	1,998	-
210-000-2040	Accrued Payroll	-	1,998
425-691-7020	Wages	877	-
425-000-2040	Accrued Payroll	-	877
590-548-7020	Wages	3,195	-
590-556-7020	Wages	2,162	-
590-000-2040	Accrued Payroll	-	5,357
594-544-7020	Wages	1,051	-
594-000-2040	Accrued Payroll	-	1,051
661-901-7020	Wages	598	-
661-000-2040	Accrued Payroll	-	598
To record accrued payroll as of February 28, 2010.			
202-000-0400	Accounts Receivable	6,896	-
202-000-5690	Gas and Weight Tax	-	6,896
203-000-0400	Accounts Receivable	3,493	-
203-000-5690	Gas and Weight Tax	-	3,493
To record PA 51 receivable.			

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Account Number	Account Description	Debit	Credit
101-000-4030	Current Property	\$ 43,278	\$ -
101-000-0200	Taxes Receivable	-	43,278
101-000-4030	Current Property Tax	4,918	-
101-000-6180	Administration Fees - Taxes	-	4,918
101-000-4030	Current Property Tax	7,902	-
101-000-6641	Combined Interest Income	-	7,902
101-000-0200	Taxes Receivable	3,292	-
101-000-6180	Administration Fees - Taxes	-	3,292
204-000-4030	Current Property Tax	3,015	-
204-000-0200	Taxes Receivable	-	3,015
209-000-4030	Current Property Tax	1,431	-
209-000-0200	Taxes Receivable	-	1,431
To adjust property tax receivable and revenue.			
204-000-3100	Deferred Revenue - West Jamet	2,557	-
204-000-0410	Special Assessment Receivable - West Jamet	-	2,557
204-000-3102	Deferred Revenue - M-108	3,105	-
204-000-0412	Special Assessment Receivable - M-108	-	3,105
204-000-3101	Deferred Revenue - West Central	8,973	-
204-000-0411	Special Assessment Receivable - West Central	-	8,973
204-000-3103	Deferred Revenue - Louvigny	1,150	-
204-000-0413	Special Assessment Receivable - Louvigny	-	1,150
204-000-0413	Special Assessment Receivable - Louvigny	4,792	-
204-000-3103	Deferred Revenue - Louvigny	-	4,792
310-000-0410	Receivable	5,087	-
310-000-3100	Deferred Revenue	-	5,087
374-000-3100	Deferred Revenue	27,307	-
374-000-0410	Special Assessment Receivable	-	27,307
374-000-0410	Special Assessment Receivable	-	4,792
374-000-3100	Deferred Revenue	4,792	-
375-000-3100	Deferred Revenue	1,698	-
375-000-0410	Special Assessment Receivable	-	1,698
To adjust the deferred revenue and special assessment receivable for current year collections.			
375-000-3100	Deferred Revenue	543	-
374-000-0410	Special Assessment Receivable	-	543
To close out special assessment that was completed during the year.			

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<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
375-000-6720	Special Assessments	\$ 53	\$ -
375-000-6640	Interest Income	-	53
To correct incorrect posting of interest income on special assessment receipt.			
204-000-0675	Due From Other Funds	14,112	-
204-000-6724	Special Assessment Revenue - Louvigny Phase II	-	8,634
204-000-6644	Interest Income - West Central	-	5,478
310-000-6720	Special Assessments	8,634	-
310-000-6640	Interest Income	5,478	-
310-000-2140	Due To Other Funds	-	14,112
To reclassify special assessment revenue that was receipted into the incorrect fund.			
204-000-0675	Due From Other Funds	1,392	-
204-000-6721	Speical Assessments Revenue - West Central	-	1,150
204-000-6643	Interest Income - Louvigny	-	242
375-000-6720	Special Assessments	1,150	-
375-000-6640	Interest Income	242	-
375-000-2140	Due To Other Fund	-	1,392
To reclassify special assessment revenue that was receipted into the incorrect fund.			
204-000-0415	Special Assessment Receivable - North Huron	16,579	-
204-000-3105	Deferred Revenue - Norht Huron	-	16,579
To record North Huron special assessment receivable and deferred revenue.			
210-000-0401	Allowance For Doubtful Accounts	4,000	-
210-346-9631	Ambulence Uncollectible	-	4,000
To adjust allowance to reflect decreased write offs due to Medicare and Medicaid.			
210-000-0010	Checking	44,000	-
210-000-3900	Fund Balance	-	44,000
411-000-3900	Fund Balance	44,000	-
411-000-0010	Ambulence Capital Improv Cash	-	44,000
To close out Ambulence Fund cash.			
310-000-2140	Due to Other Funds	14,112	-
310-000-6910	Contribution from the General Fund	-	14,112
To record special assessment revenue that was recorded in the incorrect fund.			

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<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
362-932-9100	Principal On Bonds	\$ 12,136	\$ -
362-932-9950	Interest Expense	261	-
362-000-6910	Operating Transfers In	-	12,397
To record payment on Martin Properties.			
590-000-2020	Accounts Payable	8,243	-
590-548-9300	Repairs and Maintenance Equipment	-	6,391
590-556-7750	Repairs and Maintenance Supplies	-	1,852
To write off accounts payable.			
590-000-3011	Water Bonds Payable	15,000	-
590-000-3010	Sewer Bonds Payable	-	15,000
To reclassify water payment that is improperly classified as sewer bond payment.			
594-000-0400	Accounts Payable	6,448	-
594-000-3100	Deferred Revenue-Seasonal	28,926	-
594-000-6531	Temporary Moorage	-	5,013
594-000-6534	Seasonal Moorage	-	30,361
To record fiscal year 2010 seasonal moorage receivable and revenue.			
594-544-7510	Gas/Oil	10,195	-
594-000-1110	Marina Inventory Gasoline	-	10,195
To adjust Marina Fund inventory to actual at year end.			
590-223-9951	Water Debt Administrative Interest	6,125	-
590-223-9953	Water Bond Payment	-	6,125
To reclassify interest expense from principal expense.			
590-000-1401	Water Equipment	22,067	-
590-556-9770	Water Capital Outlay	-	10,387
590-548-9770	Capital Outlay	-	11,680
To record fixed asset additions.			
375-000-2140	Due to Other Fund	1,392	-
375-000-6910	Contribution to Sewer Fund	-	1,392
To record special assessment revenue that was recorded in the incorrect fund.			

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Account Number	Account Description	Debit	Credit
590-548-9590	Depreciation Expense - Sewer	\$ 130,594	\$ -
590-556-9590	Depreciation Expense - Water	43,797	-
590-000-1370	Sewer Deperciation Buildings	-	3,410
590-000-1371	Water Depreciation Buildings	-	1,128
590-000-1510	Depreciation Other Than Buildings - Sewer	-	113,450
590-000-1511	Depreciation Other Than Buildings - Water	-	33,444
590-000-1410	Sewer Deperciation Equipment	-	13,735
590-000-1411	Water Depreciation Equipment	-	9,224
594-544-9590	Depreciation Expense - Marina	51,502	-
594-000-1530	Depreciation Land Improvements	-	2,856
594-000-1410	Marina Depreciation Machinery/Equip	-	1,605
594-000-1550	Marina Accum/Depreciation	-	47,041
661-901-9590	Equipment Depreciation	60,951	-
661-000-1410	Equipment Depreciation	-	60,951
To record current year depreciation expense.			
101-000-6680	Rents & Royalties	68,793	-
101-000-2140	Due To Other Funds	-	68,793
594-000-1411	Water Depreciation Equipment	5,624	-
590-000-1401	Water Equipment	-	5,624
590-000-1410	Sewer Depreciation Equipment	7,614	-
590-000-1400	Sewer Equipment	-	7,614
590-000-1511	Depreciation Other Than Buildings - Water	4,238	-
590-548-9999	Loss On Sale Of Fixed Assets	1,735	-
590-000-1501	Depreciation Other Than Buildings - Water	-	5,973
590-000-0670	Due From Other Funds	68,793	-
590-000-6980	Sewer Miscellaneous Revenue	-	286
590-000-1300	Sewer Land	-	947
590-548-9999	Loss On Sale Of Fixed Assets	-	67,560
594-000-1410	Marina Depreciation Machinery/Equip	11,805	-
594-000-1400	Marina Machinery and Equip	-	11,805
661-000-1400	Machinery/Equipment	-	19,954
661-000-1410	Equip Depreciation	19,954	-
To record fixed asset disposals.			

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<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
Government -Wide Financial Adjustments			
934-000-6880	Internal Service Fund Net Income	\$ 56,609	\$ -
934-170-0000	General Governement Expense	-	7,981
934-640-0000	Highways And Streets Expense	-	45,674
934-740-0000	Health And Welfare Expense	-	599
934-840-0000	Recreation	-	2,355
To allocate internal service funds' net income to appropriate governmental and proprietary funds.			
934-000-3010	Current Portion Of Long-Term Debt	209,982	-
934-905-9910	Principal Expense	-	209,982
To record debt service principal payments.			
934-000-6980	Bond Proceeds	650,000	-
934-000-3000	Long-Term Debt	-	650,000
To record new bonded debt for 2009 capital improvement bonds.			
934-000-3000	Long-Term Debt	208,405	-
934-000-3010	Current Portion Of Long -Term Debt	-	208,405
To adjust current portion of long-term debt for governmental funds.			
934-000-2980	Deferred Revenue	60,066	-
934-000-4010	Special Assessment Revenue	-	60,066
To record revenue for special assessments collected and recorded as current year revenue for the governmental funds.			
934-000-4010	Special Assessment Revenue	24,890	-
934-000-2890	Deferred Revenue	-	24,890
934-000-1322	Capital Assets Construction in Process	86,427	-
934-902-0000	Capital Outlay Expense-Highway and Streets	-	86,427
To record construction in process.			

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<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
934-000-1320	Capital Gains	\$ 822,527	\$ -
934-000-1321	Cap Assets Land	63,844	-
934-902-0000	Capital Outlay Expense-Highway and Streets	-	434,873
934-640-0000	Highways And Streets Expense	-	2,000
934-170-0000	General Government Expense	-	63,844
934-903-0000	Capital Outlay Expense-Health and Welfare	-	8,675
934-901-0000	Capital Outlay Expense - Public Safety	-	376,979
Capitalize governmental funds capital outlay for current year.			
934-905-9950	Interest Expense	48	-
934-905-9910	Principal Expense	-	48
To reclass principal to interest Expense.			
934-170-0000	General Government Expense	8,691	-
934-300-0000	Pubic Safety Expense	76,583	-
934-440-0000	Public Works Expense	27,169	-
934-840-0000	Recreation	512	-
934-740-0000	Health and Welfare Expense	604	-
934-640-0000	Highways And Streets Expense	67,945	-
934-900-0000	Capital Outlay Expense - General Government	-	181,504
Reclass capital outlay accounts that were not capitalized.			
934-170-0000	General Government Expense	33,766	-
934-300-0000	Public Safety Expense	58,374	-
934-440-0000	Public Works Expense	8,593	-
934-640-0000	Highways And Streets Expense	191,296	-
934-740-0000	Health And Welfare Expense	10,851	-
934-840-0000	Recreation	95,384	-
934-000-1330	Accumulated Depreciation	-	398,264
Record current year depreciation Expense by function for governmental assets.			
934-000-3001	Accrued Compensation	17,001	-
934-170-0000	General Government Expense	5,552	-
934-440-0000	Public Works Expense	184	-
934-840-0000	Recreation	4,744	-
934-300-0000	Public Safety Expense	-	27,481
To adjust accrued sick and vacation to actual.			

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<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
934-170-0000	General Government Expense	\$ 4,812	\$ -
934-000-2990	Other Postemployment Benefits Liability	-	4,812
To record liability related to retiree health care.			
934-905-9950	Interest Expense	8,409	-
934-000-2020	Accounts Payable	-	8,409
To adjust accrued interest payable.			