

**City of Corunna  
Shiawassee County, Michigan**

**FINANCIAL STATEMENTS**

**June 30, 2001**

City of Corunna

Shiawassee County, Michigan

June 30, 2001

CITY COUNCIL AND ADMINISTRATION

Dr. James Billis	Mayor
Mr. David Dumond	Council Member
Mr. Donald Mehigh	Council Member
Mr. Robert Ockerman	Council Member
Mr. Cal Hornus	Council Member
Mr. Albert Bayless	Council Member
Mr. Larry Runyan	Council Member
Mr. Joseph Sawyer	City Manager
Mr. Jeremy Boyd	Treasurer
Ms. Yvonne Long	City Clerk

City of Corunna

TABLE OF CONTENTS

June 30, 2001

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups	2-5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental and Expendable Trust Fund Types	6-7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Special Revenue Fund Types	8-9
Combined Statement of Revenues, Expenses/Expenditures, and Changes in Retained Earnings/Fund Balance - Proprietary Fund Types and Similar Trust Fund	10
Combined Statement of Cash Flows - Proprietary Fund Types and Similar Trust Fund	11-12
Notes to General Purpose Financial Statements	13-32
SUPPLEMENTAL FINANCIAL INFORMATION	
GENERAL FUND	
Statement of Revenues and Other Financing Sources - Budget and Actual	33-34
Statement of Expenditures by Activity and Other Financing Uses - Budget and Actual	35-36
SPECIAL REVENUE FUNDS	
Combining Balance Sheet	37-39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	40-42
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	43-57
DEBT SERVICE FUNDS	
Combining Balance Sheet	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	59
CAPITAL PROJECTS FUNDS	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	61

City of Corunna

TABLE OF CONTENTS - CONTINUED

June 30, 2001

PAGE

ENTERPRISE FUNDS

Combining Balance Sheet	62-63
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings	64
Combining Statement of Cash Flows	65
Comparative Balance Sheet - Sewer System	66-67
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings - Sewer System	68
Comparative Statement of Cash Flows - Sewer System	69

TRUST AND AGENCY FUNDS

Combining Balance Sheet	70
Statement of Changes in Assets and Liabilities - Agency Funds	71

COMPONENT UNIT FUNDS

Combining Balance Sheet - All Fund Types and Account Groups - Downtown Development Authority	72
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SCHEDULE OF DEBT OUTSTANDING

1996 County of Shiawassee, City of Corunna G.O. Public Improvement Bonds	73
1992 Shiawassee County, City of Corunna Water Supply System Improvement Bonds	74
1996 Wastewater Treatment System Revenue Bonds	75
USDA - FmHA Sewer Revenue Bonds	76
2001 G.O. Public Improvement Bonds	77
2000 G.O. Public Improvement Bonds	78
1998 Michigan Transportation Bonds	79
Dump Truck and Police Car Leases	80
Backhoe Lease	81
1999 Water Tower Installment Purchase Agreement	82

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	83-84
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**ABRAHAM & GAFFNEY, P.C.**  
Certified Public Accountants

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American Institute of Certified  
Public Accountants  
and  
Michigan Association of  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Corunna  
Corunna, Michigan

We have audited the accompanying general purpose financial statements of the City of Corunna, Michigan as of and for the year ended June 30, 2001, 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 financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Corunna, Michigan as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types and similar trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated August 31, 2001 on our consideration of the City of Corunna's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the Table of Contents under Supplemental Financial Information are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Corunna, 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 stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

August 31, 2001

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## **GENERAL PURPOSE FINANCIAL STATEMENTS**

City of Corunna

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<b>ASSETS</b>					
Cash and cash equivalents	\$ 280,099	\$ 766,388	\$ 18,686	\$ 863,090	\$ 281,502
Cash and cash equivalents - restricted	13,762	-	-	-	6,409
Investments	137,667	282,806	41,355	-	151,647
Receivables					
Taxes	4,723	-	-	-	-
Accounts	211	-	-	-	224,610
Contracts	-	168,150	-	-	-
Accrued interest	5,524	4,817	862	-	3,870
Due from other funds	14,828	16,298	-	-	15,505
Due from other governmental units					
State	72,601	35,403	-	-	-
Federal	4,647	-	-	-	-
Local	35,683	-	-	-	-
Due from primary government	-	-	-	-	-
Treatment rights (net of accumulated amortization)	-	-	-	-	30,878
Inventory	-	68	-	-	-
Advances to other funds	15,000	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	-	3,755,336
Amount available for retirement of general long-term debt	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 584,745</b>	<b>\$1,273,930</b>	<b>\$ 60,903</b>	<b>\$ 863,090</b>	<b>\$4,469,757</b>

See accompanying notes to general purpose financial statements.

Government					Component Unit		
Fund Types	Fiduciary Fund Types	Account Groups			Totals (Memorandum Only)	Downtown Development Authority	Reporting Entity Totals (Memorandum Only)
Internal Service (Motor Pool)	Trust and Agency	General Fixed Assets	General Long-Term Debt				
\$ 81,925	\$ 55,827	\$ -	\$ -	\$ 2,347,517	\$ 46,978	\$ 2,394,495	
-	-	-	-	20,171	-	20,171	
-	33,953	-	-	647,428	-	647,428	
-	-	-	-	4,723	-	4,723	
-	-	-	-	224,821	14,997	239,818	
-	-	-	-	168,150	-	168,150	
-	160	-	-	15,233	-	15,233	
-	-	-	-	46,631	-	46,631	
-	-	-	-	108,004	-	108,004	
-	-	-	-	4,647	-	4,647	
-	-	-	-	35,683	-	35,683	
-	-	-	-	-0-	1,545	1,545	
-	-	-	-	30,878	-	30,878	
-	-	-	-	68	-	68	
-	-	-	-	15,000	-	15,000	
195,358	-	2,630,299	-	6,580,993	765,499	7,346,492	
-	-	-	9,719	9,719	-	9,719	
-	-	-	2,179,332	2,179,332	332,028	2,511,360	
<u>\$ 277,283</u>	<u>\$ 89,940</u>	<u>\$ 2,630,299</u>	<u>\$ 2,189,051</u>	<u>\$ 12,438,998</u>	<u>\$ 1,161,047</u>	<u>\$ 13,600,045</u>	

City of Corunna

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - CONTINUED

June 30, 2001

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<b>LIABILITIES</b>					
Payables					
Accounts	\$ 49,111	\$ 2,058		\$ 292,003	\$ 12,062
Wages	30,803	2,770	-	-	2,525
Other accrued liabilities	4,135	275	-	-	16,484
Due to other funds	4,896	21,988	-	-	5,064
Due to component units	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Due to individuals and agencies	655	-	-	-	-
Deferred revenue	-	168,150	-	-	-
Bonds payable	-	-	-	-	1,422,955
Capital lease payable	475	-	-	-	-
Loans and contracts payable	-	-	-	-	-
Advances from other funds	-	15,000	-	-	-
<b>TOTAL LIABILITIES</b>	<b>90,075</b>	<b>210,241</b>	<b>-0-</b>	<b>292,003</b>	<b>1,459,090</b>
<b>FUND EQUITY (DEFICITS)</b>					
Contributed capital	-	-	-	-	2,239,282
Investment in general fixed assets	-	-	-	-	-
Retained earnings					
Reserved for bonds	-	-	-	-	72,188
Reserved for debt service	-	-	-	-	11,063
Reserved for replacement	-	-	-	-	158,866
Unreserved	-	-	-	-	529,268
Fund balance (deficits)					
Reserved for					
Inventory	-	68	-	-	-
Debt service	-	-	9,719	-	-
Advances to other funds	15,000	-	-	-	-
Trust activities	-	-	-	-	-
Retirement benefits	13,762	-	-	-	-
Unreserved - undesignated	465,908	1,063,621	51,184	571,087	-
<b>TOTAL FUND EQUITY (DEFICITS)</b>	<b>494,670</b>	<b>1,063,689</b>	<b>60,903</b>	<b>571,087</b>	<b>3,010,667</b>
<b>TOTAL LIABILITIES AND FUND EQUITY (DEFICITS)</b>	<b>\$ 584,745</b>	<b>\$ 1,273,930</b>	<b>\$ 60,903</b>	<b>\$ 863,090</b>	<b>\$ 4,469,757</b>

See accompanying notes to general purpose financial statements.

Government					Component Unit	
Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Downtown Development Authority	Reporting Entity Totals (Memorandum Only)
Internal Service (Motor Pool)	Trust and Agency	General Fixed Assets	General Long-Term Debt			
\$ 1,242	\$ -	\$ -	\$ -	\$ 356,476	\$ 1,912	\$ 358,388
174	-	-	-	36,272	-	36,272
878	-	-	29,051	50,823	-	50,823
-	14,683	-	-	46,631	-	46,631
-	1,545	-	-	1,545	-	1,545
-	7,298	-	-	7,298	8,766	16,064
-	(3,863)	-	-	(3,208)	3,292	84
-	-	-	-	168,150	-	168,150
-	-	-	2,160,000	3,582,955	-	3,582,955
67,490	-	-	-	67,965	-	67,965
-	-	-	-	-0-	332,028	332,028
-	-	-	-	15,000	-	15,000
69,784	19,663	-0-	2,189,051	4,329,907	345,998	4,675,905
-	-	-	-	2,239,282	-	2,239,282
-	-	2,630,299	-	2,630,299	765,499	3,395,798
-	-	-	-	72,188	-	72,188
-	-	-	-	11,063	-	11,063
-	-	-	-	158,866	-	158,866
207,499	-	-	-	736,767	-	736,767
-	-	-	-	68	-	68
-	-	-	-	9,719	-	9,719
-	-	-	-	15,000	-	15,000
-	70,277	-	-	70,277	-	70,277
-	-	-	-	13,762	-	13,762
-	-	-	-	2,151,800	49,550	2,201,350
207,499	70,277	2,630,299	-0-	8,109,091	815,049	8,924,140
<u>\$ 277,283</u>	<u>\$ 89,940</u>	<u>\$ 2,630,299</u>	<u>\$ 2,189,051</u>	<u>\$ 12,438,998</u>	<u>\$ 1,161,047</u>	<u>\$ 13,600,045</u>

City of Corunna

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
ALL GOVERNMENTAL AND EXPENDABLE TRUST FUND TYPES

Year Ended June 30, 2001

	Primary	
	General	Special Revenue
REVENUES		
Taxes	\$ 704,598	\$ 260,179
Licenses and permits	24,635	-
Intergovernmental	445,510	228,877
Charges for services	243,559	11,756
Fines and forfeits	14,555	18,242
Interest and rents	125,995	43,565
Special assessments	426	-
Other	33,599	92,086
TOTAL REVENUES	1,592,877	654,705
EXPENDITURES		
Legislative	7,627	-
General government	428,596	-
Public safety	500,018	-
Highways and streets	-	251,234
Public works	230,227	-
Health and welfare	-	36,829
Recreation and cultural	135,331	142,150
Other	-	196
Debt service	28,479	-
TOTAL EXPENDITURES	1,330,278	430,409
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	262,599	224,296
OTHER FINANCING SOURCES (USES)		
Accrued interest on bonds	-	-
Bond proceeds	-	-
Operating transfers in	10,608	189,200
Operating transfers out	(215,200)	(297,439)
TOTAL OTHER FINANCING SOURCES (USES)	(204,592)	(108,239)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	58,007	116,057
Fund balances (deficit), beginning of year	436,663	951,749
Prior period adjustments	-	(4,117)
Fund balances (deficit), end of year	\$ 494,670	\$1,063,689

See accompanying notes to general purpose financial statements.

Government			Component Unit	
Fund Types			Reporting Entity Totals	
Debt Service	Capital Projects	Totals (Memorandum Only)	Downtown Development Authority	(Memorandum Only)
\$ -	\$ -	964,777	\$ 41,680	\$ 1,006,457
-	-	24,635	-	24,635
-	-	674,387	-	674,387
-	-	255,315	-	255,315
-	-	32,797	-	32,797
2,851	17,142	189,553	61,170	250,723
-	-	426	-	426
-	-	125,685	-	125,685
2,851	17,142	2,267,575	102,850	2,370,425
-	-	7,627	-	7,627
-	-	428,596	-	428,596
-	-	500,018	-	500,018
-	-	251,234	-	251,234
-	1,487,848	1,718,075	-	1,718,075
-	-	36,829	-	36,829
-	-	277,481	-	277,481
66	-	262	52,874	53,136
162,102	-	190,581	44,863	235,444
162,168	1,487,848	3,410,703	97,737	3,508,440
(159,317)	(1,470,706)	(1,143,128)	5,113	(1,138,015)
5,066	-	5,066	-	5,066
-	1,385,000	1,385,000	-	1,385,000
162,239	701,200	1,063,247	-	1,063,247
-	-	(512,639)	-	(512,639)
167,305	2,086,200	1,940,674	-0-	1,940,674
7,988	615,494	797,546	5,113	802,659
48,586	(44,407)	1,392,591	44,437	1,437,028
4,329	-	212	-	212
<u>\$ 60,903</u>	<u>\$ 571,087</u>	<u>\$ 2,190,349</u>	<u>\$ 49,550</u>	<u>\$ 2,239,899</u>

City of Corunna

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

Year Ended June 30, 2001

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 715,932	\$ 704,598	\$ (11,334)
Licenses and permits	25,340	24,635	(705)
Intergovernmental	434,707	445,510	10,803
Charges for services	231,785	243,559	11,774
Fines and forfeits	16,600	14,555	(2,045)
Interest and rents	97,220	125,995	28,775
Special assessments	-	426	426
Other	27,680	33,599	5,919
<b>TOTAL REVENUES</b>	<b>1,549,264</b>	<b>1,592,877</b>	<b>43,613</b>
<b>EXPENDITURES</b>			
Legislative	8,425	7,627	798
General government	456,749	428,596	28,153
Public safety	524,866	500,018	24,848
Highways and streets	-	-	-0-
Public works	266,585	230,227	36,358
Health and welfare	-	-	-0-
Recreation and cultural	123,090	135,331	(12,241)
Other	-	-	-0-
Debt service	29,550	28,479	1,071
<b>TOTAL EXPENDITURES</b>	<b>1,409,265</b>	<b>1,330,278</b>	<b>78,987</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>139,999</b>	<b>262,599</b>	<b>122,600</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	10,608	10,608
Operating transfers out	(215,200)	(215,200)	-0-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(215,200)</b>	<b>(204,592)</b>	<b>10,608</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>(75,201)</b>	<b>58,007</b>	<b>133,208</b>
Fund balances, beginning of year	436,663	436,663	-0-
Prior period adjustments	-	-	-0-
<b>Fund balances, end of year</b>	<b>\$ 361,462</b>	<b>\$ 494,670</b>	<b>\$ 133,208</b>

See accompanying notes to general purpose financial statements.

Special Revenue Funds

Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ 251,989	\$ 260,179	\$ 8,190
-	-	-0-
237,693	228,877	(8,816)
11,500	11,756	256
13,500	18,242	4,742
28,930	43,565	14,635
-	-	-0-
80,777	92,086	11,309
<hr/>	<hr/>	<hr/>
624,389	654,705	30,316
-	-	-0-
-	-	-0-
-	-	-0-
296,739	251,234	45,505
-	-	-0-
33,025	36,829	(3,804)
169,926	142,150	27,776
100	196	(96)
-	-	-0-
<hr/>	<hr/>	<hr/>
499,790	430,409	69,381
<hr/>	<hr/>	<hr/>
124,599	224,296	99,697
191,700	189,200	(2,500)
(297,439)	(297,439)	-0-
<hr/>	<hr/>	<hr/>
(105,739)	(108,239)	(2,500)
<hr/>	<hr/>	<hr/>
18,860	116,057	97,197
951,749	951,749	-0-
-	(4,117)	(4,117)
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<u>\$ 970,609</u>	<u>\$ 1,063,689</u>	<u>\$ 93,080</u>

City of Corunna

COMBINED STATEMENT OF REVENUES, EXPENSES/EXPENDITURES, AND  
CHANGES IN RETAINED EARNINGS/FUND BALANCE - PROPRIETARY  
FUND TYPES AND SIMILAR TRUST FUND

Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service (Motor Pool)	Nonexpendable Trust Fund (Cemetery Perpetual Care)	
OPERATING REVENUES				
Charges for services	\$ 760,533	\$ 160,369	\$ 4,062	\$ 924,964
Capital charges	143,013	-	-	143,013
Other	200	-	-	200
<b>TOTAL OPERATING REVENUES</b>	<b>903,746</b>	<b>160,369</b>	<b>4,062</b>	<b>1,068,177</b>
OPERATING EXPENSES				
Salaries and wages	110,798	11,383	-	122,181
Fringe benefits	30,653	11,903	-	42,556
Contractual services	147,134	7,276	-	154,410
Supplies	19,576	37,172	-	56,748
Utilities	12,455	5,375	-	17,830
Treatment costs	273,446	-	-	273,446
Repairs and maintenance	7,947	-	-	7,947
Equipment rental	17,335	-	-	17,335
Other	1,635	6,845	-	8,480
Depreciation and amortization	162,841	52,107	-	214,948
<b>TOTAL OPERATING EXPENSES</b>	<b>783,820</b>	<b>132,061</b>	<b>-0-</b>	<b>915,881</b>
OPERATING INCOME	119,926	28,308	4,062	152,296
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	30,906	-	2,122	33,028
Rent revenue	5,649	-	-	5,649
Gain on sale of assets	-	10,608	-	10,608
Interest expense and fees	(80,373)	(3,894)	-	(84,267)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(43,818)</b>	<b>6,714</b>	<b>2,122</b>	<b>(34,982)</b>
INCOME BEFORE TRANSFERS	76,108	35,022	6,184	117,314
TRANSFERS IN (OUT)				
Transfers in	15,000	-	-	15,000
Transfers out	(555,000)	(10,608)	-	(565,608)
<b>NET INCOME</b>	<b>(463,892)</b>	<b>24,414</b>	<b>6,184</b>	<b>(433,294)</b>
Retained earnings, beginning of year	1,235,277	183,085	64,093	1,482,455
Retained earnings, end of year	\$ 771,385	\$ 207,499	\$ 70,277	\$ 1,049,161

See accompanying notes to general purpose financial statements.

City of Corunna

COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES  
AND SIMILAR TRUST FUND

Year Ended June 30, 2001

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service (Motor Pool)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 119,926	\$ 28,308
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	162,841	52,107
Decrease (increase) in receivables	(15,985)	-
(Decrease) in due to other funds	810	-
Increase (decrease) in accounts payable	(8,490)	414
Increase (decrease) in accrued liabilities	1,786	(342)
(Decrease) in accrued interest payable	(1,091)	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>259,797</b>	<b>80,487</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Rent revenue	5,649	-
Transfer in	15,000	-
Transfer out	(555,000)	(10,608)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(534,351)</b>	<b>(10,608)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest expense	(80,373)	(3,894)
Proceeds from sale of fixed asset	-	10,608
Capital purchases	(23,573)	(3,425)
Payment of borrowing	(95,782)	(41,974)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(199,728)</b>	<b>(38,685)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	30,906	-
Purchase of investments	(151,647)	-
Maturity of investments	312,951	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>192,210</b>	<b>-0-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(282,072)</b>	<b>31,194</b>
Cash and cash equivalents, beginning of year	569,983	50,731
Cash and cash equivalents, end of year	<u>\$ 287,911</u>	<u>\$ 81,925</u>

Note: The City purchased two (2) police cars in the current year through a capital lease agreement totaling \$38,420

See accompanying notes to general purpose financial statements.

<u>Fiduciary Fund Type</u>		<u>Totals</u>
Nonexpendable		(Memorandum
Trust Funds		Only)
(Cemetery		
Perpetual Care)		
\$	4,062	\$
		152,296
	-	214,948
	271	(15,714)
	-	810
	-	(8,076)
	-	1,444
	-	(1,091)
	4,333	344,617
	-	5,649
	-	15,000
	-	(565,608)
	-0-	(544,959)
	-	(84,267)
	-	10,608
	-	(26,998)
	-	(137,756)
	-0-	(238,413)
	2,122	33,028
	-	(151,647)
	-	312,951
	2,122	194,332
	6,455	(244,423)
	29,709	650,423
\$	36,164	\$
		406,000

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Corunna is located in Shiawassee County, Michigan and has a population of approximately 3,100. The City of Corunna operates with a City Manager/Council form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The City has six (6) City Council members who are elected at large for overlapping four (4) year terms and a Mayor elected at large for a two (2) year term. The Council appoints the City Manager, Finance Director/Treasurer, and Assessor.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to City governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

1. Reporting Entity

As required by generally accepted accounting principles; GASB Statement 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of the City of Corunna (primary government) and its component unit (Downtown Development Authority).

The component unit columns in the general purpose financial statements include the financial data of the City's component unit (Downtown Development Authority). It is reported in a separate column to emphasize that it is legally separate from the City.

The governing body of the Downtown Development Authority is appointed by the City Council, the Authority's budget is subject to the approval of the City Council, the City temporarily relinquishes part of its tax base to the Authority (tax increment revenues), and the City has pledged its full faith and credit toward payment of the Authority's debt.

The financial statements of the City of Corunna Building Authority have been blended with the City's Debt Service Funds and General Long-Term Debt Account Group. The financial statements of the Corunna Historical Commission, Softball Commission, and Corunna Fourth of July Commission have been blended with the City's Special Revenue Funds.

The Corunna Softball Commission activities are reported on the fiscal year end of October 31, 2000.

2. Joint Venture

The City participates in the following activity which is considered to be a joint venture in relation to the City, due to there being ongoing financial interest or responsibility:

Owosso Community Airport Board - The City of Corunna along with the City of Owosso, Shiawassee County, and Owosso and Caledonia Townships have entered into an agreement which created the Owosso Community Airport Board. The Airport Board is composed of one (1) member from each of the member municipalities. The Airport has been reported as a fund in the December 31, 1997 financial statements of Shiawassee County. The Airport is expected to be self-sufficient but based on a "10 Year Funding Model" approved by the Board each participating municipality shall make a direct appropriation to cover operations and development costs. The percentage share for the funding model for each municipality is Shiawassee County and the City of Owosso 33%, Owosso and Caledonia Townships 13%, and the City of Corunna 8%. The City paid \$2,423 to the Board for the year ended June 30, 2001.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Jointly Governed Organizations

The City participates in the following activities which are considered to be jointly governed organizations in relation to the City, due to there being no ongoing financial interest or responsibility:

Corunna Area Ambulance Service, Inc. - The City of Corunna along with the Townships of New Haven and Caledonia have entered into a service agreement with Corunna Area Ambulance Service, Inc., a Michigan nonprofit Corporation. The Corporation's board is composed of seven (7) members appointed by the corporation and one each from the City of Corunna, and New Haven and Caledonia Townships. The City is responsible to pay a per dwelling or equivalent unit charge for all dwellings in the City limits which is assessed to all residents on their summer tax bills. The City paid \$16,373 in per dwelling charges to Corunna Area Ambulance Service, Inc. for the year ended June 30, 2001.

4. Basis of Presentation

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 comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. City 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 and account groups reported in the financial statements are categorized and described as follows:

GOVERNMENTAL FUNDS

- a. 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.
- b. Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.
- c. Debt Service Funds - The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.
- d. Capital Projects Funds - The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

- a. Enterprise Funds - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.
- b. Internal Service Fund - The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Basis of Presentation - continued

FIDUCIARY FUNDS

- a. Trust Funds - The Trust Funds are used to account for assets held by the City in a trustee capacity. Nonexpendable trust funds are reported similar to proprietary funds.
- b. Agency Funds - The Agency Funds are used to account for assets held by the City in a trustee capacity as an agent for individuals, other organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

- a. General Fixed Assets Account Group - The General Fixed Assets Account Group is a self-balancing group of accounts used to establish accounting control over the fixed assets of the City.
- b. General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded in the Proprietary Funds.

COMPONENT UNIT FUNDS

The City of Corunna Downtown Development Authority component unit funds and account groups have been aggregated for presentation within the City General Purpose Financial Statements as one column on the Combined Balance Sheet and Combined Statement of Revenues, Expenditures, and Changes in Fund Balances. The detailed Annual Financial Statements of the City of Corunna Downtown Development Authority are available for public inspection at the Corunna City Hall.

- a. Special Revenue Fund - The Component Unit Special Revenue Fund is used to account for the proceeds of specific revenue and rent sources (tax increment financing and rent revenues) that are legally restricted to expenditures for specified purposes.
- b. General Fixed Assets Account Group - The Component Unit General Fixed Assets Account Group is a self-balancing group of accounts used to establish accounting control over the fixed assets of the component unit.
- c. General Long-Term Debt Account Group - The Component Unit General Long-Term Debt Account Group is used to establish accounting control and accountability for the unmatured principal on the unit's long-term debt.

5. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental, component unit, and similar trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet, except for the component unit funds which, with discrete presentation, includes an amount available and an amount payable related to a commercial loan. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current and long-term assets.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

5. Measurement Focus - continued

All proprietary and similar trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Balance Sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

There is no measurement focus for the agency fund since assets equal liabilities.

6. Basis of Accounting

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

All governmental, agency, and component unit funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary and similar trust funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

7. Budgets and Budgetary Accounting

The General, Special Revenue, and Debt Service Funds' budgets shown in the financial statements were prepared on a basis consistent with the modified accrual basis used to reflect actual results. A budget was not properly adopted for the Building Authority (Debt Service) Fund as required by generally accepted accounting principles. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. On the council meeting nearest but no later than the third Monday in May, the City Manager submits to City Council the proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is conducted to obtain taxpayers' comments.
- c. Prior to July 1, the budget is legally adopted with passage by Council vote.
- d. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue and Debt Service Funds; however, they are maintained at the account level for control purposes.
- e. The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- f. Budgeted amounts are reported as originally adopted or amended by the City Council during the year. Individual amendments were appropriately approved by the City Council as required.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

8. Cash, Cash Equivalents, and Investments

The City pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the City's investments. Cash equivalents consist of temporary investments in mutual funds and certificates of deposit with original maturities of 90 days or less.

Investments include certificates of deposit with an original maturities of greater than 90 days from the date of purchase. All certificates of deposit are stated at market value.

9. Property Tax

The City of Corunna bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph.

Property taxes are levied by the City of Corunna on July 1 and December 1 and are payable without penalty through September 15 and February 14, respectively. The July 1 levy is composed of the City's millage, special assessments, and the school taxes. The December 1 levy is composed of county and schools taxes. All real property taxes not paid to the City by March 1 are turned over to the Shiawassee County Treasurer for collection. The Shiawassee County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes are retained by the City for subsequent collection. Collections and remittances of all taxes are accounted for in the Current Tax Collections Agency Fund. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted to levy taxes up to 15 mills (\$15 per \$1,000 of taxable valuation) for general governmental services other than the payment of Debt Service Fund expenses and up to an additional five (5) mills (\$5 per \$1,000 of taxable valuation) for City Public Improvements. For the year ended June 30, 2001, the City levied 13.7284 mills per \$1,000 of assessed valuation for general governmental services and 4.9885 mills for City Public Improvements. The total Taxable Value for the 2000 levy for property within the City was \$50,423,436.

10. 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.

The Internal Service Fund (Motor Pool) records charges for equipment rental to various City departments and funds as operating revenue. All City funds record these payments as operating expenditures/expenses.

11. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation days. Employees are not paid for accumulated sick leave. All employees with accumulated unused vacation pay at June 30, 2001 were vested and the total due to them, along with the related payroll taxes, is recorded entirely in the General Long-Term Debt Account Group.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

12. 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. All governmental 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".

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group, rather than in the governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types. Fixed assets with a unit cost of \$1,500 or greater are capitalized in the General Fixed Asset Account Group.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

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.

Long-term liabilities expected to be financed from component unit funds are accounted for within the respective component unit fund to show proper primary government and component unit segregation of debt.

Fixed assets are recorded at cost, or if donated, at fair market value at the date of donation. Expenditures which materially extend the useful life of existing assets are capitalized. Public domain (infrastructure) general fixed assets which include roads, bridges, curbs and gutters, sidewalks, and drains are not capitalized.

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 is computed on the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

Sewer and Water systems and improvements	10 - 40 years
Equipment	5 - 15 years

13. Treatment Rights

The City of Corunna has contracted with the Owosso Township - Caledonia Township Utility Authority for the right to distribute wastewater through authority pipe to the City of Owosso for the treatment rights to treat its wastewater.

These rights are being amortized over the period of the related contract's liability.

14. Comparative Data

Comparative data for the prior year has been presented in some of the accompanying financial statements in order to provide an understanding of changes in financial position and operations.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

15. 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 changes in financial position 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.

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The City utilizes various pooled cash accounts and investments for approximately thirty funds. The City's pooled cash accounts consist of a common checking account, savings accounts, certificates of deposit, and investment trust funds.

The City's pooled cash accounts and investments are utilized by the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Fund, and the Trust and Agency Funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents and investments captions on the combined balance sheet.

The other funds of the City utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit are held separately by several of the City's funds.

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of the State or the United States, but only if the bank, savings and loan association, savings bank, or credit union is eligible to be a depository of surplus funds belong to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of Michigan Compiled Laws.
3. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
4. The United States government or federal agency obligations repurchase agreements.
5. Bankers acceptances of United States banks.
6. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National mortgage Association, or Government National Mortgage Association.

Deposits

As of June 30, 2001, the carrying amounts and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Regular checking	\$ 457,488	\$ 495,057
Money market checking	210,614	210,614
Savings and certificates of deposit	<u>1,073,728</u>	<u>1,073,728</u>
	<u>\$ 1,741,830</u>	<u>\$ 1,779,399</u>

Deposits of the City are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the City. As of June 30, 2001, the City accounts were insured by the FDIC for \$747,000, and the amount of \$1,032,399 was uninsured and uncollateralized.

Investments

As of June 30, 2001, the carrying amounts and market values for the investment is as follows:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Uncategorized pooled investment funds	<u>\$ 1,320,264</u>	<u>\$ 1,320,264</u>

Due to significantly higher cash flow at certain periods during the year, the amount the City held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the combined balance sheet, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2001:

Cash and cash equivalents	\$ 2,394,495
Cash and cash equivalents - restricted	20,171
Investments	<u>647,428</u>
	<u>\$ 3,062,094</u>

The amounts identified above include General Fund restricted cash of \$13,762 as of June 30, 2001 to be used to fund retirement benefits in the future and Enterprise (Sewer System) Fund restricted cash of \$6,409 as of June 30, 2001 to be used to fund Sewer System improvements.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE C: INTERFUND RECEIVABLES AND PAYABLES**

The amount of interfund receivables and payables at June 30, 2000, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General		General	
Water System	\$ 295	City Improvements	\$ 4,896
Tax	<u>14,533</u>		
	14,828	Special Revenue	
		Major Street	
		Local Street	6,483
Special Revenue		Local Street	
Local Street		Sewer System	<u>15,505</u>
Major Street	6,483		21,988
H.U.D. Grant		Enterprise	
Sewer	4,769	Water System	
City Improvements		General Fund	295
Tax	150	Sewer	
General	<u>4,896</u>	H.U.D. Grant	<u>4,769</u>
	16,298		5,064
		Trust and Agency	
Enterprise		Current Tax Collections	
Sewer System		General Fund	14,533
Local Street	<u>15,505</u>	City Improvements	<u>150</u>
			<u>14,683</u>
			<u>\$ 46,631</u>
	<u>\$ 46,631</u>		

The following schedule details interfund receivable and payable between the primary government and the component units at June 30, 2001.

Downtown Development Authority		Trust and Agency	
Current Tax Collections	<u>\$ 1,545</u>	Current Tax Collections	
		Downtown Development Authority	<u>\$ 1,545</u>

**NOTE D: ADVANCES RECEIVABLE AND PAYABLE**

On July 7, 1997, the City General Fund loaned the Historical Commission (Special Revenue) Fund \$30,000, which was used to move a home into the historical village. The amount is due with no interest. During the current year the commission repaid \$5,000 in principal.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE D: ADVANCES RECEIVABLE AND PAYABLE - CONTINUED**

The following summarizes the outstanding balances of advances receivable and payable to other funds at June 30, 2001:

<u>Fund</u>	<u>Advance To</u>	<u>Fund</u>	<u>Advance From</u>
General Fund		Special Revenue Funds	
Special Revenue Funds		Historical Commission Fund	
Historical Commission Fund	<u>\$ 15,000</u>	General Fund	<u>\$ 15,000</u>

**NOTE E: LONG-TERM CONTRACTS RECEIVABLE**

The City has several loans to individuals and businesses made through the Economic Development Fund. The amounts attributable to these long-term contracts receivable have been recorded in the Economic Development (Special Revenue) Fund as a contracts receivable and deferred revenue. The following is a summary of future annual revenue from debtors which currently have signed promissory notes with the City:

<u>Years ending June 30,</u>	
2002	\$ 44,145
2003	14,777
2004	14,777
2005	14,777
2006	14,777
2007-2011	73,885
2012-2016	73,885
2017-2019	<u>42,059</u>
	293,082
Less: interest	<u>( 124,932 )</u>
	<u>\$ 168,150</u>

**NOTE F: FIXED ASSETS**

A summary of Proprietary Fund Type fixed assets at June 30, 2001 follows:

PRIMARY GOVERNMENT

	<u>Enterprise</u>	<u>Internal Service (Motor Pool)</u>
Land	\$ 127	\$ -
System and improvements	5,705,002	-
Equipment	<u>80,000</u>	<u>572,583</u>
Total	5,785,129	572,583
Less: accumulated depreciation	<u>( 2,029,793 )</u>	<u>( 377,225 )</u>
Net fixed assets	<u>\$ 3,755,336</u>	<u>\$ 195,358</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE F: FIXED ASSETS - CONTINUED**

The following schedule summarizes the changes in components of the General Fixed Assets Account Group:

PRIMARY GOVERNMENT

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2001</u>
Land, buildings, and improvements	\$ 2,128,850	\$ -	\$ -	\$ 2,128,850
Vehicles and equipment	<u>502,484</u>	<u>85,136</u>	<u>( 86,172 )</u>	<u>501,449</u>
	<u>\$ 2,631,335</u>	<u>\$ 85,136</u>	<u>\$ ( 86,172 )</u>	<u>\$ 2,630,299</u>

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2001</u>
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Parking lot	42,171	-	-	42,171
Building	688,363	-	-	688,363
Improvements	<u>7,965</u>	<u>-</u>	<u>-</u>	<u>7,965</u>
	<u>\$ 765,499</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 765,499</u>

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2001:

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2001</u>
<b>PRIMARY GOVERNMENT</b>				
General Long-Term Debt				
1998 Transportation Bonds	\$ 200,000	\$ -	\$ 10,000	\$ 190,000
1996 G.O. Public Improvement Bonds	665,000	-	80,000	585,000
2000 G.O. Public Improvement Bonds	-	895,000	-	895,000
2001 G.O. Public Improvement Bonds	-	490,000	-	490,000
Accumulated Vacation	<u>27,146</u>	<u>1,905</u>	<u>-</u>	<u>29,051</u>
	892,146	1,386,905	90,000	2,189,051
<b>Enterprise Funds</b>				
Sewer System Fund				
Improvement Bonds - 1980	295,000	-	10,000	285,000
Improvement Bonds - 1996	485,000	-	20,000	465,000
Contracts payable	23,000	-	23,000	-0-
Water Fund				
General Obligation Bonds	500,000	-	25,000	475,000
Water Tower IPA - 1999	<u>215,737</u>	<u>-</u>	<u>17,782</u>	<u>197,955</u>
	1,518,737	-	95,782	1,422,955

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE G: LONG-TERM DEBT - CONTINUED**

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2001</u>
<b>Internal Service Fund</b>				
Capital Lease - Dump truck	\$ 29,613	\$ -	\$ 14,411	\$ 15,202
Capital Lease - Police car	-	38,420	19,210	19,210
Capital Lease - Backhoe	<u>41,431</u>	<u>-</u>	<u>8,353</u>	<u>33,078</u>
	<u>71,044</u>	<u>38,420</u>	<u>41,974</u>	<u>67,490</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	2,481,927	1,425,325	227,756	3,679,496
<b>COMPONENT UNIT FUND</b>				
Downtown Development Authority				
Loan payable	<u>345,636</u>	<u>346,227</u>	<u>359,835</u>	<u>332,028</u>
	<u>\$ 2,827,563</u>	<u>\$ 1,771,552</u>	<u>\$ 587,591</u>	<u>\$ 4,011,524</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**PRIMARY GOVERNMENT**

General Obligation Bonds

\$220,000 1998 County of Shiawassee, City of Corunna Transportation Bonds dated April 1, 1998, due in annual installments ranging from \$10,000 to \$20,000 through August 1, 2012, with interest ranging from 4.70 to 5.05 percent, payable annually. \$ 190,000

\$870,000 1996 County of Shiawassee, City of Corunna Public Improvement Bonds dated September 1, 1996, due in annual installments ranging from \$85,000 to \$110,000 through September 1, 2006, with interest ranging from 4.75 to 5.30 percent, payable semi-annually. 585,000

\$895,000 2000 County of Shiawassee, City of Corunna Public Improvement Bonds dated October 11, 2000, due in annual installments ranging from \$40,000 to \$85,000 through November 1, 2015, with interest ranging from 4.55 to 5.30 percent payable annually. 895,000

\$700,000 1992 Shiawassee County, City of Corunna Water Supply System Improvement Bonds dated May 1, 1991, due in annual installments ranging from \$25,000 to \$50,000 through May 1, 2011, with interest ranging from 5.60 to 6.25 percent, payable annually. 475,000

\$490,000 2001 County of Shiawassee, City of Corunna Public Improvement Bonds dated June 1, 2001, due in annual installments ranging from \$20,000 to \$90,000 through May 1, 2011, with interest ranging from 3.15 to 4.75 percent, payable semi-annually. 490,000

Revenue Bonds

\$550,000 1996 Wastewater Treatment System Revenue Bonds dated February 1, 1998, due in annual installments ranging from \$20,000 to \$40,000 through November 1, 2015, with interest ranging from 4.40 to 5.35 percent, payable annually. 465,000

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE G: LONG-TERM DEBT - CONTINUED**

Revenue Bonds - Continued

\$420,000 USDA-FMHA Sewer Revenue Bonds dated August 15, 1980, due in annual installments ranging from \$10,000 to \$20,000 through August 1, 2019, with interest at 5.0 percent, payable annually. \$ 285,000

Installment Purchase Agreement

\$224,200 1999 Installment Purchase Agreement dated September 20, 1999, due in semi-annual installments ranging from \$9,264 to \$14,435 through November 1, 2009, with interest at 5.56 percent. 197,955

TOTAL PRIMARY GOVERNMENT 3,582,955

COMPONENT UNIT

\$346,227 Downtown Development Authority bank promissory note dated September 27, 2000, due in monthly payments of \$4,243 the first of each month including monthly interest on the unpaid balance at .5 percent below the prime rate. 332,028

\$ 3,914,983

Capital Leases - Primary Government

The City has entered into a lease purchase agreement to finance the acquisition of a backhoe, for which the liability is recorded in the Motor Vehicle Fund. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term at bargain price) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The cost of equipment acquired under the lease purchase agreement amounted to \$50,700.

Commitments under this lease agreement provide for minimum annual payments as follows:

Years Ending <u>June 30, ___</u>	
2002	\$ 10,518
2003	10,518
2004	10,519
2005	<u>5,260</u>
	36,815
Less: amount representing interest	<u>( 3,737 )</u>
Present value of minimum lease payments	<u>\$ 33,078</u>

The City has entered into a lease purchase agreement to finance the acquisition of a dump truck, for which the liability is recorded in the Motor Vehicle Fund. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term at bargain price) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The cost of equipment acquired under the lease purchase agreement amounted to \$69,936.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE G: LONG-TERM DEBT - CONTINUED**

Year Ending <u>June 30,</u>	
2002	\$ 15,822
Less: amount representing interest	( 620 )
Present value of minimum lease payments	<u>\$ 15,202</u>

The City has entered into a lease purchase agreement to finance the acquisition of police cars for which the liability is recorded in the Internal Service Fund. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term at bargain price) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The cost of equipment acquired under the lease purchase agreement amounted to \$38,420.

Years Ending <u>June 30,</u>	
2002	\$ 19,815
Less: amount representing interest	( 605 )
Present value of minimum lease payments	<u>\$ 19,210</u>

Accrued Vacation

Individual employees have vested rights upon termination of employment to receive payments for unused vacation. The dollar amount of these vested rights including related payroll taxes, which have been accrued on the financial statements in the General Long-Term Debt Account Group, amounted to approximately \$29,051 at June 30, 2001.

The annual requirements to pay the debt principal and interest outstanding for the bonds and contracts are as follows:

<u>Years Ending June 30,</u>	<u>General Obligation Bonds</u>	<u>Revenue Improvements Bonds</u>	<u>Installment Purchase Agreement</u>	<u>Total</u>
2002	\$ 308,874	\$ 67,705	\$ 29,530	\$ 406,109
2003	341,872	66,325	29,530	437,727
2004	345,784	69,800	29,530	445,114
2005	338,946	73,130	29,530	441,606
2006	346,273	70,705	29,530	446,508
2007-2011	1,331,355	353,995	103,355	1,788,705
2012-2016	479,810	333,975	-	813,785
2017-2020	-	77,500	-	77,500
	3,492,914	1,113,135	251,005	4,857,054
Less: interest	( 857,914 )	( 363,135 )	( 53,050 )	( 1,274,099 )
	<u>\$ 2,635,000</u>	<u>\$ 750,000</u>	<u>\$ 197,955</u>	<u>\$ 3,582,955</u>

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE G: LONG-TERM DEBT - CONTINUED**

It is not possible to project a payment schedule for the Downtown Development Authority bank promissory note due to the varying interest rates based on the prime rate at time of repayment. As a result, it is not included in the schedule above.

**NOTE H: RETIREMENT PLAN**Plan Description

The City participates in the Michigan Municipal Employees Retirement System, an agent multiple-employer defined benefit pension plan that covers all eligible full-time employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 447 N. Canal Road, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by the City Commission and by negotiation with the City's collective bargaining units. The plan requires no contribution from the employees.

Annual Pension Cost

For year ended June 30, 2001 the City's annual pension cost of \$95,823 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 1998, using the entry age normal cost method. Significant actuarial assumptions used include (a) a 8.00 percent investment rate of return (b) projected salary increases of 4.5 percent per year compounded annually, attributable to inflation (c) additional salary increases ranging from 0% to 4.2% per year depending on age, seniority and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is ten (10) years.

Three (3) year trend information

	Year Ended December 31,		
	<u>1998</u>	<u>1999</u>	<u>2000</u>
Actuarial value of assets	\$ 1,199,132	\$ 1,933,336	\$ 2,126,444
Actuarial accrued liability (AAL) (entry age)	1,848,396	2,595,046	2,857,551
Unfunded AAL	649,264	661,710	731,107
Funded ratio	65 %	75 %	74 %
Covered payroll	\$ 380,968	\$ 390,185	\$ 490,035
UAAL as a percentage of covered payroll	170 %	170 %	149 %
	Year Ended June 30,		
	<u>1999</u>	<u>2000</u>	<u>2001</u>
Annual pension cost	\$ 115,032	\$ 95,953	\$ 95,823
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE I: SEGMENT INFORMATION**

The City operates the Sewer System and Water System utilities providing services to the various City residents. Segment information for the fiscal year ending June 30, 2001, is as follows:

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
Operating revenues	\$ 469,860	\$ 433,886	\$ 903,746
Operating expenses			
Depreciation and amortization	103,735	59,106	162,841
Other	322,371	262,608	594,979
Operating income	7,754	112,172	119,926
Net loss	( 245,166 )	( 218,726 )	( 463,892 )
Contributed capital	2,075,344	163,938	2,239,282
Net working capital	249,713	172,263	421,976
Total assets	3,051,264	1,418,493	4,469,757
Long-term liabilities			
Contracts payable	-	179,170	179,170
General obligation bonds payable	-	450,000	450,000
Revenue improvement bonds payable	720,000	-	720,000
Total equity	2,275,915	734,752	3,010,667

**NOTE J: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the body of the combined financial statements, the City's budgeted expenditures in the General, Special Revenue, and Debt Service Funds have been shown at the functional classification level. The approved budgets of the City have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue and Debt Service Funds.

During the year ended June 30, 2001, the City incurred expenditures in the General Fund, one (1) Special Revenue Fund, and three (3) Debt Service Funds in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General Government			
City Manager	\$ 83,590	\$ 84,714	\$ 1,124
Recreation and Cultural			
Parks maintenance	68,900	85,927	17,027
Summer recreation	20,350	20,886	536
Other			
Fringe benefits	18,550	18,652	102
Special Revenue Funds			
Cemetery	33,025	36,829	3,804
Softball Commission	17,855	19,380	1,525
Economic Development	100	196	96
Parks Improvement	-	4,438	4,438

## NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE K: FUND EQUITY RESERVES AND DESIGNATIONS**

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the City has set aside for specific purposes.

The following are the various fund balance and retained earnings reserves as of June 30, 2001:

Fund Balance

General Fund	
Reserved for retirement benefits	\$ 13,762
Reserved for advances to other funds	<u>15,000</u>
	28,762
Special Revenue	
Softball Commission	
Reserved for inventory	68
Debt Service Funds	
1996 G.O. Limited Tax Bonds	
Reserved for debt service	4,516
2000 G.O. Limited Tax Bonds	
Reserved for debt service	<u>5,203</u>
	9,719
Fiduciary Funds	
Cemetery Perpetual Care	
Reserved for perpetual care	<u>70,277</u>
	<u>\$ 108,826</u>

Retained Earnings

Enterprise Funds	
Sewer System Fund	
Reserved for bonds	\$ 72,188
Reserved for debt service	11,063
Reserved for replacement	<u>158,866</u>
	<u>\$ 242,117</u>

**NOTE L: FUND DEFICITS**

The following fund had a fund equity deficit at June 30, 2001:

	<u>Deficit</u>
Special Revenue Funds	
Historical Commission	<u>\$ 3,293</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE M: COMPONENT UNIT LONG-TERM OPERATING LEASES**

The component unit Downtown Development Authority (lessor) owns the Corunna City Center and has long-term lease contracts with various tenants.

The following is a summary of future annual rental revenue from the tenants that currently have non-cancelable lease agreements.

Years Ending <u>June 30,</u>	
2002	\$ 45,269
2003	<u>21,057</u>
	<u>\$ 66,326</u>

**NOTE N: POST-RETIREMENT HEALTH CARE BENEFITS**

In addition to providing pension benefits, the City provides certain health care benefits for employees who retire under the City's pension plan. All City employees may become eligible for those benefits if they reach the normal retirement age 50 with 25 years of credited service or age 55 with 15 years of credited service or after age 60 with 10 years of credited service with the City.

The cost of retiree health care benefits is recognized as an expenditure as insurance premiums are paid.

For the year ended June 30, 2001, three retirees received benefits. The costs for the year ended June 30, 2001 totaled \$18,652 and were paid from the General Fund.

**NOTE O: RISK MANAGEMENT**

The City participates in a pool, the Michigan Municipal Liability and Property Pool, with other municipalities for auto, property, liability, in-land marine, electronic data processing, crime and bonds, and boiler and machinery losses. The pool is organized under Public Act 138 of 1982, as amended. The City has no liability for additional assessments based on the claims filed against the pool nor do they have rights to dividends

The City also participates in a pool, the Michigan Municipal Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The City has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends.

**NOTE P: PRIOR PERIOD ADJUSTMENTS**

The following prior period adjustments were made during the year which were the result of corrections of accounting errors. These adjustments were reported as changes to beginning retained earnings. The effect of operations and other affected balances for the current and prior year are as follows:

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

**NOTE P: PRIOR PERIOD ADJUSTMENTS - CONTINUED**

	<u>2001</u>	June 30, <u>2000</u>	<u>Description</u>
Special Revenue Fund			
City Improvements			
Due to other funds	\$ -	\$( 4,117 )	Correct overstatement of due from other funds
Fund Balance - beginning	( 4,117 )	-	
1996 G.O. Limited Tax Bonds			
Due from other funds	-	4,329	Correct understatement of due to other funds
Fund Balance - beginning	4,329	-	

**NOTE R: CONTRACTUAL COMMITMENTS**

At June 30, 2001 the City had the following contractual commitments:

The City of Corunna and the Township of Caledonia entered into an agreement to purchase a fire truck that the City and the Township have both pledged their full faith and credit to secure. The fire activity is recorded as a fund in the Township's accounting records. The Township makes all debt payments related to this loan from funds generated from fire runs. The City would only have to assist in making payments if the Township did not have adequate run revenue to cover the debt payments. The loan had an outstanding balance of \$71,705 as of March 31, 2001, which was the Township's last audited financial statement information. The City is responsible for 42% (\$30,116) of the loan per the December 21, 1998 resolution.

The City had entered into various contracts related to the purchase, acquisition, and construction of public improvements that were not completed at June 30, 2001. The total contractual commitments outstanding at June 30, 2001, totaled \$290,709. The City's remaining bond proceeds (i.e., fund balance) along with future anticipated investment earnings are expected to be sufficient to cover these commitments.

**NOTE S: BUILDING AND ZONING FINANCIAL INFORMATION**

The City elected to report the financial activities of the building and zoning department in the general fund. The following is the required information as it relates to this department for the year ended June 30, 2001:

REVENUES	
Building Permits	\$ 6,836
EXPENDITURES	
Salaries	15,209
Supplies	62
Capital outlay	4,465
Administrative charges	<u>4,353</u>
 TOTAL EXPENDITURES	 <u>24,089</u>
 EXCESS OF REVENUES UNDER EXPENDITURES	 <u>\$( 17,253 )</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2000

**NOTE T: CONTINGENT LIABILITIES**

There are various legal actions pending against the City. Due to the inconclusive nature of many of the actions, it is not possible for Corporation Counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. These actions for which a reasonable estimate can be determined of the potential liability, if any, are considered by City and/or component unit management and legal council to be immaterial.



**SUPPLEMENTAL FINANCIAL INFORMATION**

City of Corunna

General Fund

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL

Year Ended June 30, 2001

With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES</b>				
Taxes				
Property taxes	\$ 692,233	\$ 680,899	\$ (11,334)	\$ 599,411
Industrial and commercial facilities	23,699	23,699	-0-	27,304
Total taxes	715,932	704,598	(11,334)	626,715
Licenses and permits				
Cable television license	13,500	15,362	1,862	13,385
City licenses and permits	11,840	9,273	(2,567)	18,751
Total licenses and permits	25,340	24,635	(705)	32,136
Intergovernmental				
State				
Sales tax	420,707	433,041	12,334	386,598
Michigan justice training	1,000	1,594	594	847
Federal				
FEMA	-	-	-0-	25,554
COPS grant	13,000	10,875	(2,125)	9,230
Total intergovernmental	434,707	445,510	10,803	422,229
Charges for services				
Fire protection - Townships	66,085	62,060	(4,025)	56,850
Tax collection fees	26,000	40,142	14,142	22,180
Recreational fees	15,900	12,528	(3,372)	14,000
Administration charges	123,800	128,829	5,029	107,110
Total charges for services	231,785	243,559	11,774	200,140

City of Corunna

General Fund

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001

With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES - CONTINUED</b>				
Fines and forfeits				
Parking	\$ 1,600	\$ 1,955	\$ 355	\$ 1,810
Ordinance	15,000	12,600	(2,400)	15,506
Total fines and forfeits	16,600	14,555	(2,045)	17,316
Interest and rents				
Interest	70,800	97,812	27,012	62,662
Rents	26,420	28,183	1,763	23,339
Total interest and rents	97,220	125,995	28,775	86,001
Special assessments				
Sidewalk and other	-	426	426	156
Other				
Reimbursements	18,700	27,773	9,073	24,559
Contributions	800	3,924	3,124	2,123
Other	8,180	1,902	(6,278)	582
Total other	27,680	33,599	5,919	27,264
TOTAL REVENUES	1,549,264	1,592,877	43,613	1,411,957
OTHER FINANCING SOURCES				
Operating transfers in	-	10,608	10,608	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,549,264</u>	<u>\$ 1,603,485</u>	<u>\$ 54,221</u>	<u>\$ 1,411,957</u>

City of Corunna

General Fund

STATEMENT OF EXPENDITURES BY ACTIVITY AND OTHER FINANCING USES -  
BUDGET AND ACTUAL

Year Ended June 30, 2001

With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>EXPENDITURES</b>				
<b>Legislative</b>				
Council, boards, and commissions	\$ 8,425	\$ 7,627	\$ 798	\$ 8,941
<b>General government</b>				
City Manager	83,590	84,714	(1,124)	79,007
Treasurer/Assessor	95,979	92,676	3,303	74,314
Clerk	78,245	76,182	2,063	77,336
Internal services	66,885	61,809	5,076	59,238
Legal services	25,000	16,843	8,157	22,907
Elections	11,700	8,774	2,926	4,682
City hall and grounds	42,350	41,379	971	43,476
City services	53,000	46,219	6,781	51,516
Total general government	456,749	428,596	28,153	412,476
<b>Public safety</b>				
Police department	400,610	386,601	14,009	372,014
Crossing guard	2,262	1,729	533	2,708
Fire department	98,611	92,355	6,256	90,578
Zoning	21,383	18,286	3,097	14,393
Planning commission	2,000	1,047	953	978
Total public safety	524,866	500,018	24,848	480,671
<b>Public Works</b>				
General services	256,585	222,288	34,297	208,253
Sidewalk construction	10,000	7,939	2,061	1,183
Total public works	266,585	230,227	36,358	209,436
<b>Recreation and cultural</b>				
Parks maintenance	68,900	85,927	(17,027)	61,324
Community promotion	9,350	6,571	2,779	4,369
Summer recreation	20,350	20,886	(536)	14,243
Historical village	2,475	1,649	826	1,445
Community center	22,015	20,298	1,717	11,841
Total recreation and cultural	123,090	135,331	(12,241)	93,222

City of Corunna

General Fund

STATEMENT OF EXPENDITURES BY ACTIVITY AND OTHER FINANCING USES -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001

With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>EXPENDITURES - CONTINUED</b>				
Other				
Insurance	\$ 11,000	\$ 9,827	\$ 1,173	\$ 9,998
Fringe benefits	18,550	18,652	(102)	17,974
Total other	<u>29,550</u>	<u>28,479</u>	<u>1,071</u>	<u>27,972</u>
<b>TOTAL EXPENDITURES</b>	<b>1,409,265</b>	<b>1,330,278</b>	<b>78,987</b>	<b>1,232,718</b>
<b>OTHER FINANCING USES</b>				
Operating transfers out				
Local Street	45,000	45,000	-0-	-
Library Fund	31,700	31,700	-0-	35,375
Fourth of July Commission	2,000	2,000	-0-	2,000
Historical Commission	7,000	7,000	-0-	7,000
Municipal Building	17,500	17,500	-0-	-
Park Improvements	35,000	35,000	-0-	-
Cemetery Fund	12,000	12,000	-0-	-
Sewer Fund	15,000	15,000	-0-	-
Streetscape Construction	20,000	20,000	-0-	-
King/Kingsley/McArthur Construction	<u>30,000</u>	<u>30,000</u>	<u>-0-</u>	<u>-</u>
<b>TOTAL OTHER FINANCING USES</b>	<b><u>215,200</u></b>	<b><u>215,200</u></b>	<b><u>-0-</u></b>	<b><u>44,375</u></b>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>\$ 1,624,465</u></b>	<b><u>\$ 1,545,478</u></b>	<b><u>\$ 78,987</u></b>	<b><u>\$ 1,277,093</u></b>

City of Corunna

Special Revenue Funds

COMBINING BALANCE SHEET

June 30, 2001

	Major Street	Local Street	Cemetery	Library	Historical Commission
<b>ASSETS</b>					
Cash and cash equivalents	\$ 183,061	\$ 19,082	\$ 6,083	\$ 23,844	\$ 12,143
Investments	29,066	-	-	13,861	-
Receivables					
Contracts	-	-	-	-	-
Interest	860	-	-	409	-
Inventory	-	-	-	-	-
Due from other funds	-	6,483	-	-	-
Due from other governmental units					
State	25,729	9,674	-	-	-
Local	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 238,716</b>	<b>\$ 35,239</b>	<b>\$ 6,083</b>	<b>\$ 38,114</b>	<b>\$ 12,143</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 161	\$ -	\$ -	\$ 1,461	\$ 436
Accrued wages	45	767	451	1,412	-
Other accrued liabilities	45	121	12	94	-
Due to other funds	6,483	15,505	-	-	-
Deferred revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	15,000
<b>TOTAL LIABILITIES</b>	<b>6,734</b>	<b>16,393</b>	<b>463</b>	<b>2,967</b>	<b>15,436</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for inventory	-	-	-	-	-
Unreserved - undesignated	231,982	18,846	5,620	35,147	(3,293)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>231,982</b>	<b>18,846</b>	<b>5,620</b>	<b>35,147</b>	<b>(3,293)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 238,716</b>	<b>\$ 35,239</b>	<b>\$ 6,083</b>	<b>\$ 38,114</b>	<b>\$ 12,143</b>

Softball Commission	Fourth of July Commission	Stu Coutts Recreation	Asset Seizure	Economic Development	H.U.D. Grant	Heritage Park	Library Building
\$ 1,536	\$ 19,568	\$ 1,428	\$ 346	\$ 190,111	\$ 1	\$ 885	\$ 12,351
4,610	-	41,704	-	51,582	-	-	16,559
-	-	-	-	168,150	-	-	-
-	-	1,234	-	1,763	-	-	490
68	-	-	-	-	-	-	-
-	-	-	-	-	4,769	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 6,214</u>	<u>\$ 19,568</u>	<u>\$ 44,366</u>	<u>\$ 346</u>	<u>\$ 411,606</u>	<u>\$ 4,770</u>	<u>\$ 885</u>	<u>\$ 29,400</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	95	-	-	-	-	-
-	-	3	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	168,150	-	-	-
-	-	-	-	-	-	-	-
-0-	-0-	98	-0-	168,150	-0-	-0-	-0-
68	-	-	-	-	-	-	-
6,146	19,568	44,268	346	243,456	4,770	885	29,400
<u>6,214</u>	<u>19,568</u>	<u>44,268</u>	<u>346</u>	<u>243,456</u>	<u>4,770</u>	<u>885</u>	<u>29,400</u>
<u>\$ 6,214</u>	<u>\$ 19,568</u>	<u>\$ 44,366</u>	<u>\$ 346</u>	<u>\$ 411,606</u>	<u>\$ 4,770</u>	<u>\$ 885</u>	<u>\$ 29,400</u>

City of Corunna

Special Revenue Funds

COMBINING BALANCE SHEET - CONTINUED

June 30, 2001

	City Improvements	Library Technology	Municipal Building	Parks Improvements	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 224,219	\$ 13,290	\$ 17,500	\$ 40,940	\$ 766,388
Investments	122,824	-	-	2,600	282,806
Receivables					
Contracts	-	-	-	-	168,150
Interest	61	-	-	-	4,817
Inventory	-	-	-	-	68
Due from other funds	5,046	-	-	-	16,298
Due from other governmental units					
State	-	-	-	-	35,403
Local	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 352,150</b>	<b>\$ 13,290</b>	<b>\$ 17,500</b>	<b>\$ 43,540</b>	<b>\$ 1,273,930</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,058
Accrued wages	-	-	-	-	2,770
Other accrued liabilities	-	-	-	-	275
Due to other funds	-	-	-	-	21,988
Deferred revenue	-	-	-	-	168,150
Advance from other funds	-	-	-	-	15,000
<b>TOTAL LIABILITIES</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>210,241</b>
<b>FUND BALANCES (DEFICITS)</b>					
Reserved for inventory	-	-	-	-	68
Unreserved - undesignated	352,150	13,290	17,500	43,540	1,063,621
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>352,150</b>	<b>13,290</b>	<b>17,500</b>	<b>43,540</b>	<b>1,063,689</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 352,150</b>	<b>\$ 13,290</b>	<b>\$ 17,500</b>	<b>\$ 43,540</b>	<b>\$ 1,273,930</b>

City of Corunna

Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE

Year ended June 30, 2001

	Major Street	Local Street	Cemetery	Library	Historical Commission
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	150,594	56,587	-	21,696	-
Charges for services	-	-	11,486	270	-
Fines and forfeits	-	-	-	18,242	-
Interest and rents	6,023	-	-	900	8,667
Other	-	-	-	-	2,673
<b>TOTAL REVENUES</b>	<b>156,617</b>	<b>56,587</b>	<b>11,486</b>	<b>41,108</b>	<b>11,340</b>
<b>EXPENDITURES</b>					
Highways and streets	61,921	189,313	-	-	-
Health and welfare	-	-	36,829	-	-
Recreation and cultural	-	-	-	66,965	11,612
Other	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>61,921</b>	<b>189,313</b>	<b>36,829</b>	<b>66,965</b>	<b>11,612</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>94,696</b>	<b>(132,726)</b>	<b>(25,343)</b>	<b>(25,857)</b>	<b>(272)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	84,000	12,000	31,700	7,000
Operating transfers out	(135,200)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(135,200)</b>	<b>84,000</b>	<b>12,000</b>	<b>31,700</b>	<b>7,000</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USE</b>	<b>(40,504)</b>	<b>(48,726)</b>	<b>(13,343)</b>	<b>5,843</b>	<b>6,728</b>
Fund balances (deficits), beginning of year	272,486	67,572	18,963	29,304	(10,021)
Prior period adjustments	-	-	-	-	-
<b>Fund balances (deficits), end of year</b>	<b>\$ 231,982</b>	<b>\$ 18,846</b>	<b>\$ 5,620</b>	<b>\$ 35,147</b>	<b>\$ (3,293)</b>

Softball Commission	Fourth of July Commission	Stu Coutts Recreation	Asset Seizure	Economic Development	H.U.D. Grant	Heritage Park	Library Building
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	521	5,135	-	12,085	-	-	1,771
21,431	20,520	-	-	33,001	-	-	-
21,431	21,041	5,135	-0-	45,086	-0-	-0-	1,771
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,380	14,922	3,882	-	-	-	-	-
-	-	-	-	196	-	-	-
19,380	14,922	3,882	-0-	196	-0-	-0-	-0-
2,051	6,119	1,253	-	44,890	-0-	-0-	1,771
-	2,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-0-	2,000	-0-	-0-	-0-	-0-	-0-	-0-
2,051	8,119	1,253	-	44,890	-0-	-0-	1,771
4,163	11,449	43,015	346	198,566	4,770	885	27,629
-	-	-	-	-	-	-	-
<u>\$ 6,214</u>	<u>\$ 19,568</u>	<u>\$ 44,268</u>	<u>\$ 346</u>	<u>\$ 243,456</u>	<u>\$4,770</u>	<u>\$ 885</u>	<u>\$29,400</u>

City of Corunna

Special Revenue Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - CONTINUED

Year ended June 30, 2001

	City Improvements	Library Technology	Municipal Building	Parks Improvements	Total
<b>REVENUES</b>					
Taxes	\$ 260,179	\$ -	\$ -	\$ -	\$ 260,179
Intergovernmental	-	-	-	-	228,877
Charges for services	-	-	-	-	11,756
Fines and forfeits	-	-	-	-	18,242
Interest and rents	6,425	2,038	-	-	43,565
Other	-	1,483	-	12,978	92,086
<b>TOTAL REVENUES</b>	<b>266,604</b>	<b>3,521</b>	<b>-0-</b>	<b>12,978</b>	<b>654,705</b>
<b>EXPENDITURES</b>					
Highways and streets	-	-	-	-	251,234
Health and welfare	-	-	-	-	36,829
Recreation and cultural	-	20,951	-	4,438	142,150
Other	-	-	-	-	196
<b>TOTAL EXPENDITURES</b>	<b>-0-</b>	<b>20,951</b>	<b>-0-</b>	<b>4,438</b>	<b>430,409</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>266,604</b>	<b>(17,430)</b>	<b>-0-</b>	<b>8,540</b>	<b>224,296</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	17,500	35,000	189,200
Operating transfers out	(162,239)	-	-	-	(297,439)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(162,239)</b>	<b>-0-</b>	<b>17,500</b>	<b>35,000</b>	<b>(108,239)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USE</b>	<b>104,365</b>	<b>(17,430)</b>	<b>17,500</b>	<b>43,540</b>	<b>116,057</b>
Fund balances (deficits), beginning of year	251,902	30,720	-	-	951,749
Prior period adjustments	(4,117)	-	-	-	(4,117)
Fund balances (deficits), end of year	<u>\$ 352,150</u>	<u>\$ 13,290</u>	<u>\$ 17,500</u>	<u>\$ 43,540</u>	<u>\$1,063,689</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Major Street

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES</b>				
Intergovernmental - State				
Gas and weight tax	\$ 156,149	\$ 150,594	\$ (5,555)	\$ 149,149
Interest	1,000	6,023	5,023	3,033
<b>TOTAL REVENUES</b>	<b>157,149</b>	<b>156,617</b>	<b>(532)</b>	<b>152,182</b>
<b>EXPENDITURES</b>				
Highways and streets				
Construction				
Contracted services	46,979	13,286	33,693	26,393
Routine maintenance				
Salaries and wages	10,500	9,795	705	3,511
Fringe benefits	5,000	3,947	1,053	2,694
Contractual services	1,000	1,122	(122)	8,694
Supplies	6,000	5,923	77	2,006
Equipment rental	3,000	3,667	(667)	2,213
<b>Total routine maintenance</b>	<b>25,500</b>	<b>24,454</b>	<b>1,046</b>	<b>19,118</b>
Traffic services				
Salaries and wages	1,000	412	588	390
Fringe benefits	70	32	38	123
Contractual services	1,000	3,080	(2,080)	1,796
Supplies	3,000	3,209	(209)	34
Equipment rental	500	2,287	(1,787)	144
<b>Total traffic services</b>	<b>5,570</b>	<b>9,020</b>	<b>(3,450)</b>	<b>2,487</b>
Winter maintenance				
Salaries and wages	5,000	3,603	1,397	5,395
Fringe benefits	400	276	124	2,340
Contractual services	500	235	265	-
Supplies	7,000	3,087	3,913	2,296
Equipment rental	5,000	7,960	(2,960)	2,662
<b>Total winter maintenance</b>	<b>17,900</b>	<b>15,161</b>	<b>2,739</b>	<b>12,693</b>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Major Street

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
TOTAL EXPENDITURES	95,949	61,921	34,028	60,691
EXCESS OF REVENUES OVER EXPENDITURES	\$ 61,200	\$ 94,696	\$ 33,496	\$ 91,491
OTHER FINANCING USES Operating transfers out	(135,200)	(135,200)	-0-	(31,240)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(74,000)	(40,504)	33,496	60,251
Fund balance, beginning of year	272,486	272,486	-0-	212,235
Fund balance, end of year	<u>\$ 198,486</u>	<u>\$ 231,982</u>	<u>\$ 33,496</u>	<u>\$ 272,486</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Local Street

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES</b>				
Intergovernmental - State				
Gas and weight tax	\$ 60,544	\$ 56,587	\$ (3,957)	\$ 56,876
<b>EXPENDITURES</b>				
Highway and streets				
Routine maintenance				
Salaries and wages	17,440	16,792	648	12,210
Fringe benefits	7,210	5,961	1,249	5,905
Contractual services	138,000	134,225	3,775	580
Supplies	5,000	3,863	1,137	2,498
Equipment rental	10,000	12,080	(2,080)	8,788
Total routine maintenance	177,650	172,921	4,729	29,981
Traffic services				
Salaries and wages	2,500	669	1,831	1,386
Fringe benefits	220	51	169	538
Contractual services	-	-	-0-	-
Supplies	1,000	-	1,000	394
Equipment rental	1,000	1,431	(431)	589
Total traffic services	4,720	2,151	2,569	2,907
Winter maintenance				
Salaries and wages	6,000	3,653	2,347	4,501
Fringe benefits	420	280	140	3,438
Contractual services	-	-	-0-	-
Supplies	2,500	1,868	632	-
Equipment rental	9,500	8,440	1,060	4,522
Total winter maintenance	18,420	14,241	4,179	12,461
<b>TOTAL EXPENDITURES</b>	<b>200,790</b>	<b>189,313</b>	<b>11,477</b>	<b>45,349</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(140,246)</b>	<b>(132,726)</b>	<b>(15,434)</b>	<b>11,527</b>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Local Street

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
OTHER FINANCING SOURCES				
Operating transfers in	84,000	84,000	-0-	31,240
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURE	(56,246)	(48,726)	(15,434)	42,767
Fund balance, beginning of year	67,572	67,572	-0-	24,805
Fund balance, end of year	\$ 11,326	\$ 18,846	\$ (15,434)	\$ 67,572

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Cemetery

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES</b>				
Charges for services	\$ 11,000	\$ 11,486	\$ 486	\$ 13,796
<b>EXPENDITURES</b>				
Health and welfare				
Salaries and wages	10,540	10,870	(330)	9,331
Fringe benefits	5,735	4,949	786	3,399
Supplies	4,500	3,210	1,290	2,456
Contractual services	-	-	-0-	19
Utilities	250	186	64	188
Equipment rental	12,000	17,614	(5,614)	7,842
<b>TOTAL EXPENDITURES</b>	<b>33,025</b>	<b>36,829</b>	<b>(3,804)</b>	<b>23,235</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(22,025)</b>	<b>(25,343)</b>	<b>(3,318)</b>	<b>(9,439)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	12,000	12,000	-0-	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(10,025)</b>	<b>(13,343)</b>	<b>(3,318)</b>	<b>(9,439)</b>
Fund balance, beginning of year	18,963	18,963	-0-	28,402
Fund balance, end of year	<u>\$ 8,938</u>	<u>\$ 5,620</u>	<u>\$ (3,318)</u>	<u>\$ 18,963</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Library

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES</b>				
Intergovernmental				
State	\$ 7,000	\$ 6,928	\$ (72)	\$ 6,928
Local	14,000	14,768	768	13,266
Charges for services	500	270	(230)	661
Fines and forfeits	13,500	18,242	4,742	20,474
Interest	600	900	300	733
<b>TOTAL REVENUES</b>	<b>35,600</b>	<b>41,108</b>	<b>5,508</b>	<b>42,062</b>
<b>EXPENDITURES</b>				
Recreation and cultural				
Salaries and wages	41,000	40,387	613	36,234
Fringe benefits	3,660	6,923	(3,263)	6,140
Contractual services	6,000	4,612	1,388	4,164
Supplies	11,665	10,322	1,343	12,738
Repairs and maintenance	1,000	498	502	2,005
Utilities	2,400	2,285	115	2,032
Communication	1,200	1,658	(458)	1,102
Equipment rental	100	231	(131)	209
Miscellaneous	400	49	351	48
<b>TOTAL EXPENDITURES</b>	<b>67,425</b>	<b>66,965</b>	<b>460</b>	<b>64,672</b>
<b>EXCESS OF REVENUES (UNDER) EXPENDITURES</b>	<b>(31,825)</b>	<b>(25,857)</b>	<b>5,968</b>	<b>(22,610)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	31,700	31,700	-0-	35,375
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<b>(125)</b>	<b>5,843</b>	<b>5,968</b>	<b>12,765</b>
Fund balance, beginning of year	29,304	29,304	-0-	16,539
<b>Fund balance, end of year</b>	<b>\$ 29,179</b>	<b>\$ 35,147</b>	<b>\$ 5,968</b>	<b>\$ 29,304</b>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Historical Commission

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
REVENUES				
Interest and rents	\$ 8,300	\$ 8,667	\$ 367	\$ 7,777
Other				
Contributions	<u>10,500</u>	<u>2,673</u>	<u>(7,827)</u>	<u>5,858</u>
TOTAL REVENUES	18,800	11,340	(7,460)	13,635
EXPENDITURES				
Recreation and cultural				
Office supplies	6,400	1,020	5,380	848
Repairs and maintenance	12,400	3,381	9,019	13,334
Janitorial services	3,000	2,272	728	2,065
Utilities	4,000	4,939	(939)	4,285
Miscellaneous	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>28</u>
TOTAL EXPENDITURES	<u>25,800</u>	<u>11,612</u>	<u>14,188</u>	<u>20,560</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(7,000)	(272)	6,728	(6,925)
OTHER FINANCING SOURCES				
Operating transfers in	<u>7,000</u>	<u>7,000</u>	<u>-0-</u>	<u>7,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	6,728	6,728	75
Fund deficit, beginning of year	(10,021)	(10,021)	-0-	(15,096)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>5,000</u>
Fund deficit, end of year	<u>\$ (10,021)</u>	<u>\$ (3,293)</u>	<u>\$ 6,728</u>	<u>\$ (10,021)</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Softball Commission

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES</b>				
Other				
Fees	\$ 15,400	\$ 15,095	\$ (305)	\$ 17,671
Concessions	3,500	2,507	(993)	4,168
Donations	-	3,610	3,610	1,495
Miscellaneous	-	219	219	791
	<u>18,900</u>	<u>21,431</u>	<u>2,531</u>	<u>24,125</u>
<b>EXPENDITURES</b>				
Recreation and cultural				
Contractual services	14,155	13,435	720	15,552
Registration and fees	550	525	25	575
Field improvements	-	-	-0-	1,036
Supplies	-	1,871	(1,871)	2,032
Concession supplies	2,000	2,107	(107)	2,510
Awards	350	364	(14)	329
Refunds	500	450	50	300
Miscellaneous	300	628	(328)	389
	<u>17,855</u>	<u>19,380</u>	<u>(1,525)</u>	<u>22,723</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,045	2,051	1,006	1,402
Fund balance (deficit), beginning of year	4,163	4,163	\$ -0-	(1,239)
Prior period adjustments	-	-	-0-	4,000
Fund balance, end of year	<u>\$ 5,208</u>	<u>\$ 6,214</u>	<u>\$ 1,006</u>	<u>\$ 4,163</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Fourth of July Commission

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<b>REVENUES</b>				
Interest	\$ -	\$ 521	\$ 521	\$ 323
Other				
Festivities	18,225	15,933	(2,292)	13,006
Contributions	4,175	4,587	412	680
<b>TOTAL REVENUES</b>	<b>22,400</b>	<b>21,041</b>	<b>(1,359)</b>	<b>14,009</b>
<b>EXPENDITURES</b>				
Recreation and cultural				
Festivities	17,550	13,795	3,755	17,238
Seminars and dues	600	600	-0-	848
Office supplies	2,750	450	2,300	1,497
Fundraising	3,500	77	3,423	215
<b>TOTAL EXPENDITURES</b>	<b>24,400</b>	<b>14,922</b>	<b>9,478</b>	<b>19,798</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(2,000)</b>	<b>6,119</b>	<b>8,119</b>	<b>(5,789)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	2,000	2,000	-0-	2,000
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>-0-</b>	<b>8,119</b>	<b>8,119</b>	<b>(3,789)</b>
Fund balance, beginning of year	11,449	11,449	-0-	15,238
Fund balance, end of year	<u>\$ 11,449</u>	<u>\$ 19,568</u>	<u>\$ 8,119</u>	<u>\$ 11,449</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<u>Stu Coutts Recreation</u>				
REVENUES				
Interest and rents	\$ 6,580	\$ 5,135	\$ (1,445)	\$ 4,422
EXPENDITURES				
Recreation and cultural				
Salaries and wages	1,200	1,177	23	1,280
Fringe benefits	880	285	595	325
Contractual services	1,000	25	975	-
Supplies	1,000	264	736	55
Utilities	2,000	1,192	808	1,316
Equipment rental	500	939	(439)	208
TOTAL EXPENDITURES	<u>6,580</u>	<u>3,882</u>	<u>2,698</u>	<u>3,184</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	1,253	1,253	1,238
Fund balance, beginning of year	<u>43,015</u>	<u>43,015</u>	\$ -0-	<u>41,777</u>
Fund balance, end of year	<u>\$ 43,015</u>	<u>\$ 44,268</u>	<u>\$ 1,253</u>	<u>\$ 43,015</u>
<u>Asset Seizure</u>				
REVENUES				
Fines and forfeits	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES				
Public safety				
Supplies	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>346</u>	<u>346</u>	-0-	<u>346</u>
Fund balance, end of year	<u>\$ 346</u>	<u>\$ 346</u>	<u>\$ -0-</u>	<u>\$ 346</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<u>Economic Development</u>				
REVENUES				
Interest	\$ 5,000	\$ 12,085	\$ 7,085	\$ 9,318
Other				
Loan repayment	<u>26,777</u>	<u>33,001</u>	<u>6,224</u>	<u>31,437</u>
TOTAL REVENUES	31,777	45,086	13,309	40,755
EXPENDITURES				
Other				
Loans and other	<u>100</u>	<u>196</u>	<u>(96)</u>	<u>151,410</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURE	31,677	44,890	13,213	(110,655)
Fund balance, beginning of year	<u>198,566</u>	<u>198,566</u>	<u>-0-</u>	<u>309,221</u>
Fund balance, end of year	<u>\$ 230,243</u>	<u>\$ 243,456</u>	<u>\$ 13,213</u>	<u>\$ 198,566</u>
<u>H.U.D. GRANT</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
Fund balance, beginning of year	4,770	4,770	\$ -0-	4,770
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,770</u>	<u>\$ 4,770</u>	<u>\$ -0-</u>	<u>\$ 4,770</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<u>Heritage Park</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES				
Recreation and cultural				
Salaries and wages	-	-	-0-	-
Fringe benefits	-	-	-0-	-
Supplies	416	-	416	-
TOTAL EXPENDITURES	416	-0-	416	-0-
EXCESS OF REVENUES (UNDER) EXPENDITURES	(416)	-0-	(416)	-0-
Fund balance, beginning of year	885	885	-0-	885
Fund balance, end of year	\$ 469	\$ 885	\$ (416)	\$ 885
<u>Library Building</u>				
REVENUES				
Interest	\$ 1,000	\$ 1,771	\$ 771	\$ 1,380
EXPENDITURES				
Recreational and cultural	1,000	-	1,000	-
EXCESS OF REVENUES OVER EXPENDITURES	-0-	1,771	1,771	1,380
Fund balance, beginning of year	27,629	27,629	-0-	26,249
Fund balance, end of year	\$ 27,629	\$ 29,400	\$ 1,771	\$ 27,629

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

City Improvements

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
REVENUES				
Taxes	\$ 251,989	\$ 260,179	\$ 8,190	\$ 227,155
Interest	6,000	6,425	425	7,829
<b>TOTAL REVENUES</b>	<b>257,989</b>	<b>266,604</b>	<b>8,615</b>	<b>234,984</b>
EXPENDITURES	-	-	-0-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>257,989</b>	<b>266,604</b>	<b>8,615</b>	<b>234,984</b>
OTHER FINANCING USES				
Operating transfers out	(162,239)	(162,239)	-0-	(130,531)
<b>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>95,750</b>	<b>104,365</b>	<b>8,615</b>	<b>104,453</b>
Fund balance, beginning of year	251,902	251,902	-0-	161,087
Prior period adjustment	-	(4,117)	-0-	(13,638)
<b>Fund balance, end of year</b>	<b>\$ 347,652</b>	<b>\$ 352,150</b>	<b>\$ 8,615</b>	<b>\$ 251,902</b>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

Library Technology

	<u>Amended Budget</u>	<u>2001 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2000 Actual</u>
<b>REVENUES</b>				
Interest	\$ 450	\$ 2,038	\$ 1,588	\$ 237
Other Contributions	-	1,483	1,483	20,483
<b>TOTAL REVENUES</b>	<b>450</b>	<b>3,521</b>	<b>3,071</b>	<b>20,720</b>
<b>EXPENDITURES</b>				
Recreational and cultural	26,450	20,951	5,499	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURE</b>	<b>(26,000)</b>	<b>(17,430)</b>	<b>8,570</b>	<b>20,720</b>
Fund balance, beginning of year	30,720	30,720	-0-	10,000
Fund balance, end of year	<u>\$ 4,720</u>	<u>\$ 13,290</u>	<u>\$ 8,570</u>	<u>\$ 30,720</u>

City of Corunna

Special Revenue Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 2001  
With Actual Amounts for Year Ended June 30, 2000

	Amended Budget	2001 Actual	Variance Favorable (Unfavorable)	2000 Actual
<u>Municipal Building</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
OTHER FINANCING SOURCES				
Operating transfers in	17,500	17,500	-0-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	17,500	17,500	-0-	-0-
Fund balance, beginning of year	-	-	-0-	-
Fund balance, end of year	\$ 17,500	\$ 17,500	\$ -0-	\$ -0-
<u>Parks Improvement</u>				
REVENUES				
Other				
Donations	\$ 2,200	\$ 2,650	\$ 450	\$ -
Other	-	10,328	10,328	-
TOTAL REVENUES	2,200	12,978	10,778	-0-
EXPENDITURES				
Recreational and cultural	-	4,438	(4,438)	-
EXCESS OF REVENUES OVER EXPENDITURES	2,200	8,540	(3,988)	-0-
OTHER FINANCING SOURCES				
Operating transfers in	37,500	35,000	(2,500)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	39,700	43,540	(6,488)	-0-
Fund balance, beginning of year	-	-	-0-	-
Fund balance, end of year	\$ 39,700	\$ 43,540	\$ (3,988)	\$ -0-

City of Corunna

Debt Service Funds

COMBINING BALANCE SHEET

June 30, 2001

	Fire Truck Loan	2000 G.O. Limited Tax Bonds	1996 G.O. Limited Tax Bonds	Building Authority	1998 MTF Bonds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,228	\$ 5,203	\$ 4,516	\$ 6,739	\$ -	\$ 18,686
Investments	19,721	-	-	21,634	-	41,355
Interest receivable	582	-	-	280	-	862
<b>TOTAL ASSETS</b>	<b>\$22,531</b>	<b>\$ 5,203</b>	<b>\$ 4,516</b>	<b>\$ 28,653</b>	<b>\$ -0-</b>	<b>\$ 60,903</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -0-
<b>FUND BALANCES</b>						
Reserved for debt service	-	5,203	4,516	-	-	9,719
Unreserved-undesignated	22,531	-	-	28,653	-	51,184
<b>TOTAL FUND BALANCES</b>	<b>22,531</b>	<b>5,203</b>	<b>4,516</b>	<b>28,653</b>	<b>-0-</b>	<b>60,903</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$22,531</b>	<b>\$ 5,203</b>	<b>\$ 4,516</b>	<b>\$ 28,653</b>	<b>\$ -0-</b>	<b>\$ 60,903</b>

City of Corunna

Debt Service Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended June 30, 2001

	Fire Truck Loan	2000 G.O Limited Tax Bonds	1996 G.O. Limited Tax Bonds	Building Authority	1998 MTF Bonds	Total
<b>REVENUES</b>						
Interest	\$ 1,280	\$ -	\$ 94	\$ 1,477	\$ -	\$ 2,851
<b>EXPENDITURES</b>						
Other	-	-	-	66	-	66
Debt service						
Principal redemption	-	-	80,000	-	10,000	90,000
Interest and fiscal charges	-	30,531	31,853	-	9,718	72,102
<b>TOTAL EXPENDITURES</b>	<b>-0-</b>	<b>30,531</b>	<b>111,853</b>	<b>66</b>	<b>19,718</b>	<b>162,168</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,280</b>	<b>(30,531)</b>	<b>(111,759)</b>	<b>1,411</b>	<b>(19,718)</b>	<b>(159,317)</b>
<b>OTHER FINANCING SOURCES</b>						
Accrued interest on bonds	-	5,066	-	-	-	5,066
Operating transfers in	-	30,668	111,853	-	19,718	162,239
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-0-</b>	<b>35,734</b>	<b>111,853</b>	<b>-0-</b>	<b>19,718</b>	<b>167,305</b>
<b>EXCESS OF REVENUES AND AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<b>1,280</b>	<b>5,203</b>	<b>94</b>	<b>1,411</b>	<b>-0-</b>	<b>7,988</b>
Fund balances beginning of year	21,251	-	93	27,242	-	48,586
Prior period adjustments	-	-	4,329	-	-	4,329
<b>Fund balances, end of year</b>	<b>\$22,531</b>	<b>\$ 5,203</b>	<b>\$ 4,516</b>	<b>\$ 28,653</b>	<b>\$ -0-</b>	<b>\$ 60,903</b>

City of Corunna

Capital Projects Funds

COMBINING BALANCE SHEET

June 30, 2001

	Streetscape Construction Fund	Bridge Construction Fund	King/Kingsley/ McArthur Construction	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 459,056	\$ 76,200	\$ 327,834	\$ 863,090
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	31,760	-	260,243	292,003
<b>FUND BALANCES</b>				
Unreserved - undesignated	427,296	76,200	67,591	571,087
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 459,056</b>	<b>\$ 76,200</b>	<b>\$ 327,834</b>	<b>\$ 863,090</b>

City of Corunna

Capital Projects Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

Year Ended June 30, 2001

	Streetscape Construction Fund	Bridge Construction Fund	King/Kingsley/ McArthur Construction	Total
<b>REVENUES</b>				
<b>LOCAL SOURCES</b>				
Interest	\$ 513	\$ -	\$ 16,629	\$ 17,142
<b>EXPENDITURES</b>				
<b>Public Works</b>				
Engineering	18,491	-	118,040	136,531
Capital outlay	115,238	-	1,236,079	1,351,317
<b>TOTAL EXPENDITURES</b>	<b>133,729</b>	<b>-0-</b>	<b>1,354,119</b>	<b>1,487,848</b>
<b>EXCESS REVENUES (UNDER) EXPENDITURES</b>	<b>(133,216)</b>	<b>-0-</b>	<b>(1,337,490)</b>	<b>(1,470,706)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	145,000	76,200	480,000	701,200
Bond proceeds	490,000	-	895,000	1,385,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>635,000</b>	<b>76,200</b>	<b>1,375,000</b>	<b>2,086,200</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>501,784</b>	<b>76,200</b>	<b>37,510</b>	<b>615,494</b>
Fund balances (deficit), beginning of year	(74,488)	-	30,081	(44,407)
Fund balances, end of year	<u>\$ 427,296</u>	<u>\$ 76,200</u>	<u>\$ 67,591</u>	<u>\$ 571,087</u>

## City of Corunna

## Enterprise Funds

## COMBINING BALANCE SHEET

June 30, 2001

	Sewer System	Water System	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 117,238	\$ 164,264	\$ 281,502
Cash and cash equivalents-restricted	6,409	-	6,409
Accounts receivable	165,550	59,060	224,610
Accrued interest receivable	360	3,510	3,870
Due from other funds	15,505	-	15,505
	<u>305,062</u>	<u>226,834</u>	<u>531,896</u>
Total current assets			
Other assets			
Treatment rights	555,164	-	555,164
Accumulated amortization	(524,286)	-	(524,286)
	<u>30,878</u>	<u>-0-</u>	<u>30,878</u>
Net treatment rights			
Investments	<u>75,824</u>	<u>75,823</u>	<u>151,647</u>
Total other assets			
	106,702	75,823	182,525
Fixed assets			
Equipment	80,000	-	80,000
Land	1	126	127
System and improvements	4,019,121	1,685,881	5,705,002
Accumulated depreciation	(1,459,622)	(570,171)	(2,029,793)
	<u>2,639,500</u>	<u>1,115,836</u>	<u>3,755,336</u>
Total fixed assets, net of accumulated depreciation			
TOTAL ASSETS			
	<u>\$ 3,051,264</u>	<u>\$ 1,418,493</u>	<u>\$ 4,469,757</u>

City of Corunna

Enterprise Funds

COMBINING BALANCE SHEET - CONTINUED

June 30, 2001

	Sewer System	Water System	Total
<b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 10,598	\$ 1,464	\$ 12,062
Accrued wages	94	2,431	2,525
Due to other funds	4,769	295	5,064
Accrued interest payable	9,888	6,596	16,484
Current portion of long-term debt	30,000	43,785	73,785
<b>Total current liabilities</b>	<b>55,349</b>	<b>54,571</b>	<b>109,920</b>
Other liabilities			
Contracts payable	-	179,170	179,170
General obligation bond payable	-	450,000	450,000
Revenue improvement bond payable	720,000	-	720,000
<b>Total other liabilities</b>	<b>720,000</b>	<b>629,170</b>	<b>1,349,170</b>
<b>TOTAL LIABILITIES</b>	<b>775,349</b>	<b>683,741</b>	<b>1,459,090</b>
<b>FUND EQUITY</b>			
Contribution in aid of construction			
Other governmental units	292,308	-	292,308
Other funds	54,134	-	54,134
Taxpayers	1,728,902	163,938	1,892,840
Retained earnings			
Reserved for bonds	72,188	-	72,188
Reserved for debt service	11,063	-	11,063
Reserved for replacement	158,866	-	158,866
Unreserved	(41,546)	570,814	529,268
<b>TOTAL FUND EQUITY</b>	<b>2,275,915</b>	<b>734,752</b>	<b>3,010,667</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 3,051,264</b>	<b>\$ 1,418,493</b>	<b>\$ 4,469,757</b>

## City of Corunna

## Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS

Year Ended June 30, 2001

	Sewer System	Water System	Total
<b>OPERATING REVENUES</b>			
Charges for services			
User charges	\$ 386,864	\$ 360,894	\$ 747,758
Tap in fees	7,900	4,875	12,775
Capital charges	75,096	67,917	143,013
Other	-	200	200
<b>TOTAL OPERATING REVENUES</b>	<b>469,860</b>	<b>433,886</b>	<b>903,746</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages	39,723	71,075	110,798
Fringe benefits	13,444	17,209	30,653
Contractual service	131,971	15,163	147,134
Supplies	3,702	15,874	19,576
Utilities	5,060	7,395	12,455
Treatment costs	153,660	119,786	273,446
Repairs and maintenance	7,947	-	7,947
Equipment rental	2,389	14,946	17,335
Other	475	1,160	1,635
Depreciation and amortization	103,735	59,106	162,841
<b>TOTAL OPERATING EXPENSES</b>	<b>462,106</b>	<b>321,714</b>	<b>783,820</b>
<b>OPERATING INCOME</b>	<b>7,754</b>	<b>112,172</b>	<b>119,926</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest revenue	15,500	15,406	30,906
Rent revenue	5,649	-	5,649
Interest expense and fees	(39,069)	(41,304)	(80,373)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(17,920)</b>	<b>(25,898)</b>	<b>(43,818)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(10,166)</b>	<b>86,274</b>	<b>76,108</b>
<b>TRANSFERS IN (OUT)</b>			
Transfer out	(250,000)	(305,000)	(555,000)
Transfer in	15,000	-	15,000
<b>TRANSFERS IN (OUT)</b>	<b>(235,000)</b>	<b>(305,000)</b>	<b>(540,000)</b>
<b>NET INCOME</b>	<b>(245,166)</b>	<b>(218,726)</b>	<b>(463,892)</b>
Retained earnings, beginning of year	445,737	789,540	1,235,277
Retained earnings, end of year	<u>\$ 200,571</u>	<u>\$ 570,814</u>	<u>\$ 771,385</u>

## City of Corunna

## Enterprise Funds

## COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2001

	Sewer System	Water System	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 7,754	\$ 112,172	\$ 119,926
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	103,735	59,106	162,841
(Increase) decrease in receivables	(1,536)	(14,449)	(15,985)
(Increase) decrease in due from other funds	-	810	810
Increase (decrease) in accounts payable	6,544	(15,034)	(8,490)
Increase (decrease) in accrued liabilities	(32)	1,818	1,786
Increase (decrease) in accrued interest payable	(697)	(394)	(1,091)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>115,768</b>	<b>144,029</b>	<b>259,797</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Rent revenue	5,649	-	5,649
Transfers in	15,000	-	15,000
Transfers out	(250,000)	(305,000)	(555,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(229,351)</b>	<b>(305,000)</b>	<b>(534,351)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Interest expense and fees	(39,069)	(41,304)	(80,373)
Capital purchases	(23,573)	-	(23,573)
Proceeds from loans	-	-	-
Payment of borrowing	(53,000)	(42,782)	(95,782)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(115,642)</b>	<b>(84,086)</b>	<b>(199,728)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest revenue	15,500	15,406	30,906
Purchase of investments	(75,824)	(75,823)	(151,647)
Maturity of investments	142,937	170,014	312,951
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>82,613</b>	<b>109,597</b>	<b>192,210</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(146,612)</b>	<b>(135,460)</b>	<b>(282,072)</b>
Cash and cash equivalents, beginning of year	270,259	299,724	569,983
Cash and cash equivalents, end of year	<u>\$ 123,647</u>	<u>\$ 164,264</u>	<u>\$ 287,911</u>

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM

June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 117,238	\$ 263,967
Cash and cash equivalents - restricted	6,409	6,292
Accounts receivable	165,550	160,226
Accrued interest receivable	360	4,148
Due from other funds	<u>15,505</u>	<u>15,505</u>
Total current assets	305,062	450,138
Other assets		
Treatment rights	555,164	555,164
Accumulated amortization	<u>(524,286)</u>	<u>(515,684)</u>
Net treatment rights	30,878	39,480
Investments	<u>75,824</u>	<u>142,937</u>
Total other assets	106,702	182,417
Fixed assets		
Equipment	80,000	80,000
Land	1	1
System and improvements	4,019,121	4,001,847
Accumulated depreciation	<u>(1,459,622)</u>	<u>(1,370,788)</u>
Total fixed assets, net of accumulated depreciation	<u>2,639,500</u>	<u>2,711,060</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,051,264</u></u>	<u><u>\$ 3,343,615</u></u>

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM - CONTINUED

June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,598	\$ 4,054
Accrued wages	94	126
Due to other funds	4,769	4,769
Accrued interest payable	9,888	10,585
Current portion of long-term debt	<u>30,000</u>	<u>53,000</u>
Total current liabilities	55,349	72,534
Other liabilities		
Revenue improvement bond payable	<u>720,000</u>	<u>750,000</u>
TOTAL LIABILITIES	775,349	822,534
FUND EQUITY		
Contribution in aid of construction		
Other governmental units	292,308	292,308
Other funds	54,134	54,134
Taxpayers	1,728,902	1,728,902
Retained earnings		
Reserved for bonds	72,188	69,327
Reserved for debt service	11,063	11,187
Reserved for replacement	158,866	107,343
Unreserved	<u>(41,546)</u>	<u>257,880</u>
TOTAL FUND EQUITY	<u>2,275,915</u>	<u>2,521,081</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,051,264</u>	<u>\$ 3,343,615</u>

## City of Corunna

## Enterprise Funds

COMPARATIVE STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS - SEWER SYSTEM

Years Ended June 30, 2001 and 2000

	<u>2001</u>	<u>2000</u>
OPERATING REVENUES		
Charges for services		
User charges	\$ 386,864	\$ 414,642
Tap in fees	7,900	12,000
Capital charges	75,096	74,799
Other	-	370
	<u>469,860</u>	<u>501,811</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Salaries and wages	39,723	35,595
Fringe benefits	13,444	11,382
Contractual service	131,971	44,888
Supplies	3,702	4,287
Utilities	5,060	4,071
Treatment costs	153,660	133,739
Repairs and maintenance	7,947	218
Equipment rental	2,389	4,833
Other	475	425
Depreciation and Amortization	103,735	122,270
	<u>462,106</u>	<u>361,708</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	7,754	140,103
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	15,500	13,510
Rent revenue	5,649	3,872
Interest expense and fees	(39,069)	(42,704)
	<u>(17,920)</u>	<u>(25,322)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
INCOME BEFORE TRANSFERS	(10,166)	114,781
TRANSFERS IN (OUT)		
Transfer in	15,000	-
Transfer out	(250,000)	-
	<u>(235,000)</u>	<u>-0-</u>
TOTAL TRANSFER IN (OUT)		
NET INCOME (LOSS)	(245,166)	114,781
Retained earnings, beginning of year	445,737	330,956
Retained earnings, end of year	<u>\$ 200,571</u>	<u>\$ 445,737</u>

## City of Corunna

## Enterprise Funds

## COMPARATIVE STATEMENT OF CASH FLOWS - SEWER SYSTEM

Years Ended June 30, 2001 and 2000

	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 7,754	\$ 140,103
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	103,735	122,270
(Increase) decrease in receivables	(1,536)	(22,330)
Increase in due to other funds	-	-
Increase (decrease) in accounts payable	6,544	926
(Decrease) in accrued liabilities	(32)	(103)
(Decrease) in accrued interest payable	(697)	(908)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>115,768</b>	<b>239,958</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Rent revenue	5,649	3,872
Transfers in	15,000	-
Transfers out	(250,000)	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(229,351)</b>	<b>3,872</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Interest expense	(39,069)	(42,704)
Capital purchases	(23,573)	(13,487)
Payment of borrowing	(53,000)	(66,452)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(115,642)</b>	<b>(122,643)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest revenue	15,500	13,510
Purchase of investments	(75,824)	(142,937)
Maturity of investments	142,937	138,571
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>82,613</b>	<b>9,144</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR</b>	<b>(146,612)</b>	<b>130,331</b>
Cash and cash equivalents, beginning of year	270,259	139,928
Cash and cash equivalents, end of year	<u>\$ 123,647</u>	<u>\$ 270,259</u>

City of Corunna

Trust and Agency Funds

COMBINING BALANCE SHEET

June 30, 2001

	Trust Funds	Agency Funds		Total
	<u>Nonexpendable</u>			
	Cemetery Perpetual Care	Current Tax Collection	Payroll Clearing	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 36,164	\$ 16,228	\$ 3,435	\$ 55,827
Investments	33,953	-	-	33,953
Accrued interest receivable	160	-	-	160
<b>TOTAL ASSETS</b>	<u>\$ 70,277</u>	<u>\$ 16,228</u>	<u>\$ 3,435</u>	<u>\$ 89,940</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 14,683	\$ -	\$ 14,683
Due to component unit	-	1,545	-	1,545
Due to other governmental units				
Local	-	-	-	-
State	-	-	5,360	5,360
Federal	-	-	1,938	1,938
Due to individuals and agencies	-	-	(3,863)	(3,863)
<b>TOTAL LIABILITIES</b>	-0-	16,228	3,435	19,663
<b>FUND BALANCES</b>				
Reserved for Perpetual care	70,277	-	-	70,277
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 70,277</u>	<u>\$ 16,228</u>	<u>\$ 3,435</u>	<u>\$ 89,940</u>

City of Corunna

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 2001

	Balance July 1, 2000	Additions	Deductions	Balance June 30, 2001
<u>Current Tax Collections Fund</u>				
<b>ASSETS</b>				
Cash	\$ 12,695	\$ 2,407,813	\$ 2,404,280	\$ 16,228
<b>LIABILITIES</b>				
Due to other funds				
General	\$ 3,933	\$ 721,550	\$ 710,950	\$ 14,533
Water	810	4,459	5,269	-0-
City Improvement	-	249,871	249,721	150
Due to component unit				
Downtown Development Authority	2,128	41,680	42,263	1,545
Due to other governmental units				
State	-	48,044	48,044	-0-
County				
State Education Tax	591	287,856	288,447	-0-
Other	480	352,531	353,011	-0-
Schools	1,538	687,956	689,494	-0-
Other local governments	-	44	44	-0-
Due to individuals and agencies	3,215	13,822	17,037	-0-
	<u>\$ 12,695</u>	<u>\$ 2,407,813</u>	<u>\$ 2,404,280</u>	<u>\$ 16,228</u>
<u>Payroll Clearing</u>				
<b>ASSETS</b>				
Cash	\$ 3,129	\$ 784,580	\$ 784,274	\$ 3,435
<b>LIABILITIES</b>				
Due to other governmental units				
State	\$ 21	\$ 33,276	\$ 27,937	\$ 5,360
Federal	1,938	151,997	151,997	1,938
Due to individuals and agencies	1,170	706,951	711,984	(3,863)
	<u>\$ 3,129</u>	<u>\$ 892,224</u>	<u>\$ 891,918</u>	<u>\$ 3,435</u>

City of Corunna

Component Unit Funds

COMBINING BALANCE SHEET - ALL FUND TYPES AND ACCOUNT  
GROUPS - DOWNTOWN DEVELOPMENT AUTHORITY

June 30, 2001

	Governmental		Account Groups		Total
	Special Revenue	General Fixed Assets	General	Long- Term Debt	
<b>ASSETS</b>					
Cash	\$ 46,978	\$ -	\$ -	\$ -	\$ 46,978
Accounts receivable	14,997	-	-	-	14,997
Due from primary government	1,545	-	-	-	1,545
Fixed assets	-	765,499	-	-	765,499
Amount to be provided for retirement of general long-term debt	-	-	332,028	-	332,028
<b>TOTAL ASSETS</b>	<b>\$ 63,520</b>	<b>\$ 765,499</b>	<b>\$ 332,028</b>	<b>\$ -</b>	<b>\$ 1,161,047</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 1,912	\$ -	\$ -	\$ -	\$ 1,912
Due to individuals	3,292	-	-	-	3,292
Due to other governmental units					
State	8,766	-	-	-	8,766
Loans payable	-	-	332,028	-	332,028
<b>TOTAL LIABILITIES</b>	<b>13,970</b>	<b>-0-</b>	<b>332,028</b>	<b>-</b>	<b>345,998</b>
<b>FUND EQUITY</b>					
Investment in general fixed assets	-	765,499	-	-	765,499
Unreserved - undesignated	49,550	-	-	-	49,550
<b>TOTAL FUND EQUITY</b>	<b>49,550</b>	<b>765,499</b>	<b>-0-</b>	<b>-</b>	<b>815,049</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 63,520</b>	<b>\$ 765,499</b>	<b>\$ 332,028</b>	<b>\$ -</b>	<b>\$ 1,161,047</b>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

1996 County of Shiawassee, City of Corunna G.O. Public Improvement Bonds

Purpose: To defray the costs of acquiring and constructing additions and improvements to the City of Corunna's Water supply, sanitary sewer, and storm sewer system.

Issue: \$ 870,000

Dated: September 1, 1996

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
9/1/01	4.75	\$ 85,000	\$ 27,569	\$ 112,569
9/1/02	4.90	90,000	23,345	113,345
9/1/03	5.00	95,000	18,765	113,765
9/1/04	5.10	100,000	13,840	113,840
9/1/05	5.20	105,000	8,560	113,560
9/1/06	5.30	110,000	2,915	112,915
		<u>\$ 585,000</u>	<u>\$ 94,994</u>	<u>\$ 679,994</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

1992 Shiawassee County, City of Corunna Water Supply System Improvement Bonds

Purpose: To defray the cost of acquiring and constructing additions and improvements to the water system of the City of Corunna.

Issue: \$ 700,000

Dated: May 1, 1991

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
5/1/02	5.60	\$ 25,000	\$ 28,575	\$ 53,575
5/1/03	5.70	50,000	27,175	77,175
5/1/04	5.80	50,000	24,325	74,325
5/1/05	5.90	50,000	21,425	71,425
5/1/06	6.00	50,000	18,475	68,475
5/1/07	6.10	50,000	15,475	65,475
5/1/08	6.15	50,000	12,425	62,425
5/1/09	6.20	50,000	9,350	59,350
5/1/10	6.25	50,000	6,250	56,250
5/1/11	6.25	50,000	3,125	53,125
		<u>\$ 475,000</u>	<u>\$ 166,600</u>	<u>\$ 641,600</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

1996 Wastewater Treatment System Revenue Bonds

Purpose: To defray the cost of acquiring and constructing improvements to the wastewater treatment system of the City of Corunna.

Issue: \$ 550,000

Dated: February 1, 1996

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
11/1/01	4.40	\$ 20,000	\$ 23,705	\$ 43,705
11/1/02	4.50	20,000	22,825	42,825
11/1/03	4.60	20,000	21,925	41,925
11/1/04	4.70	25,000	21,005	46,005
11/1/05	4.80	25,000	19,830	44,830
11/1/06	4.90	25,000	18,630	43,630
11/1/07	5.00	30,000	17,405	47,405
11/1/08	5.10	30,000	15,905	45,905
11/1/09	5.20	35,000	14,375	49,375
11/1/10	5.30	35,000	12,555	47,555
11/1/11	5.35	40,000	10,700	50,700
11/1/12	5.35	40,000	8,560	48,560
11/1/13	5.35	40,000	6,420	46,420
11/1/14	5.35	40,000	4,280	44,280
11/1/15	5.35	40,000	2,140	42,140
		<u>\$ 465,000</u>	<u>\$ 220,260</u>	<u>\$ 685,260</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

USDA - FmHA Sewer Revenue Bonds

Purpose: To defray the cost of acquiring and constructing additions and improvements to the sanitary sewer system of the City of Corunna.

Issue: \$ 420,000

Dated: August 15, 1980

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
8/1/01	5.00	\$ 10,000	\$ 14,000	\$ 24,000
8/1/02	5.00	10,000	13,500	23,500
8/1/03	5.00	15,000	12,875	27,875
8/1/04	5.00	15,000	12,125	27,125
8/1/05	5.00	15,000	10,875	25,875
8/1/06	5.00	15,000	10,125	25,125
8/1/07	5.00	15,000	9,875	24,875
8/1/08	5.00	15,000	9,125	24,125
8/1/09	5.00	15,000	8,375	23,375
8/1/10	5.00	15,000	7,625	22,625
8/1/11	5.00	15,000	6,875	21,875
8/1/12	5.00	15,000	6,125	21,125
8/1/13	5.00	15,000	5,375	20,375
8/1/14	5.00	15,000	4,625	19,625
8/1/15	5.00	15,000	3,875	18,875
8/1/16	5.00	15,000	3,125	18,125
8/1/17	5.00	15,000	2,375	17,375
8/1/18	5.00	20,000	1,500	21,500
8/1/19	5.00	20,000	500	20,500
		<u>\$ 285,000</u>	<u>\$ 142,875</u>	<u>\$ 427,875</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

2001 G.O. Public Improvement Bonds

Purpose: To finance the cost to purchase, acquire and construct public improvements.

Issue: \$ 490,000

Dated: June 1, 2001

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
5/1/02	3.15	\$ 20,000	\$ 19,102	\$ 39,102
5/1/03	3.45	30,000	20,035	50,035
5/1/04	3.70	30,000	18,963	48,963
5/1/05	3.95	30,000	17,815	47,815
5/1/06	4.15	40,000	16,393	56,393
5/1/07	4.30	45,000	14,595	59,595
5/1/08	4.45	55,000	12,404	67,404
5/1/09	4.55	70,000	9,588	79,588
5/1/10	4.65	80,000	6,135	86,135
5/1/11	4.75	90,000	2,138	92,138
		<u>\$ 490,000</u>	<u>\$ 137,168</u>	<u>\$ 627,168</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

2000 G.O. Public Improvement Bonds

Purpose: To finance the cost to purchase, acquire and construct public improvements.

Issue: \$ 895,000

Dated: September 1, 2000

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
5/1/02	4.55	\$ 40,000	\$ 44,680	\$ 84,680
5/1/03	4.65	40,000	42,840	82,840
5/1/04	4.75	45,000	40,841	85,841
5/1/05	4.85	45,000	38,681	83,681
5/1/06	4.90	50,000	36,365	86,365
5/1/07	5.00	50,000	33,890	83,890
5/1/08	5.05	55,000	31,251	86,251
5/1/09	5.10	60,000	28,333	88,333
5/1/10	5.15	60,000	25,257	85,257
5/1/11	5.20	65,000	22,023	87,023
5/1/12	5.25	70,000	18,495	88,495
5/1/13	5.25	75,000	14,689	89,689
5/1/14	5.30	75,000	10,733	85,733
5/1/15	5.30	80,000	6,625	86,625
5/1/16	5.30	85,000	2,253	87,253
		<u>\$ 895,000</u>	<u>\$ 396,956</u>	<u>\$ 1,291,956</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

1998 Michigan Transportation Bonds

Purpose: To help defray a portion of the costs of improvements and additions to the major and local streets in the City.

Issue: \$ 220,000

Dated: April 1, 1998

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
8/1/2001	4.70	\$ 10,000	\$ 8,948	\$ 18,948
8/1/2002	4.70	10,000	8,477	18,477
8/1/2003	4.70	15,000	7,890	22,890
8/1/2004	4.70	15,000	7,185	22,185
8/1/2005	4.70	15,000	6,480	21,480
8/1/2006	4.70	15,000	5,775	20,775
8/1/2007	4.70	15,000	5,066	20,066
8/1/2008	4.80	15,000	4,350	19,350
8/1/2009	4.90	20,000	3,500	23,500
8/1/2010	5.00	20,000	2,510	22,510
8/1/2011	5.00	20,000	1,510	21,510
8/1/2012	5.05	20,000	505	20,505
		<u>\$ 190,000</u>	<u>\$ 62,196</u>	<u>\$ 252,196</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

Dump Truck Lease

Purpose: To finance the cost of acquiring a dump truck to be used as part of the motor pool. Payments on the lease are due in semi-annual installments.

Issue: \$ 69,936

Dated: September 15, 1997

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/15/2002	5.42	<u>\$ 15,202</u>	<u>\$ 620</u>	<u>\$ 15,822</u>

Police Car Lease

Purpose: To finance the cost of acquiring two (2) police cars to be used as part of the motor pool. Payments on the lease are due in annual installments.

Issue: \$ 38,420

Dated: February 20, 2001

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
2/20/02	6.5	<u>\$ 19,210</u>	<u>\$ 605</u>	<u>\$ 19,815</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

Backhoe Lease

Purpose: To finance costs of acquiring a backhoe to be used as part of the motor pool. Payments on the lease are due in semi-annual installments.

Issue: \$ 50,700

Dated: July 30, 1999

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
07/31/01	5.5	\$ 4,350	\$ 909	\$ 5,259
01/31/02	5.5	4,469	790	5,259
07/31/02	5.5	4,592	667	5,259
01/31/03	5.5	4,718	541	5,259
07/31/03	5.5	4,848	411	5,259
01/31/04	5.5	4,982	278	5,260
07/31/04	5.5	5,119	141	5,260
		<u>\$ 33,078</u>	<u>\$ 3,737</u>	<u>\$ 36,815</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2001

1999 Water Tower Installment Purchase Agreement

Purpose: To finance payments for the Installment Purchase Agreement with Old Kent Bank-Central for water tower improvements.

Issue: \$ 224,200

Dated: November 1, 1999

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
11/1/01	5.56	\$ 9,264	\$ 5,501	\$ 14,765
5/1/02	5.56	9,521	5,244	14,765
11/1/02	5.56	9,786	4,979	14,765
5/1/03	5.56	10,058	4,707	14,765
11/1/03	5.56	10,338	4,427	14,765
5/1/04	5.56	10,625	4,140	14,765
11/1/04	5.56	10,920	3,845	14,765
5/1/05	5.56	11,224	3,541	14,765
11/1/05	5.56	11,536	3,229	14,765
5/1/06	5.56	11,857	2,908	14,765
11/1/06	5.56	12,186	2,579	14,765
5/1/07	5.56	12,525	2,240	14,765
11/1/07	5.56	12,873	1,892	14,765
5/1/08	5.56	13,231	1,534	14,765
11/1/08	5.56	13,599	1,166	14,765
5/1/09	5.56	13,977	788	14,765
11/1/09	5.56	14,435	330	14,765
		<u>\$ 197,955</u>	<u>\$ 53,050</u>	<u>\$ 251,005</u>

Principals

Dale J. Abraham, CPA  
Michael T. Gaffney, CPA  
Steven R. Kirinovic, CPA

Eric J. Glashouwer, CPA  
Aaron M. Stevens, CPA  
Karen A. Roka, CPA  
James A. Huguelet, CPA



**ABRAHAM & GAFFNEY, P.C.**

Certified Public Accountants

Member:  
American Institute of Certified  
Public Accountants  
and  
Michigan Association of  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of City Council  
City of Corunna  
Corunna, Michigan

We have audited the general purpose financial statements of the City of Corunna as of and for the year ended June 30, 2001, and have issued our report thereon dated August 31, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Corunna'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 and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Corunna's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one of more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to material weaknesses.

We noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Corunna in a separate letter dated August 31, 2001.

This report is intended for the information and use of management and City Council and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by the City Council, is a matter of public record.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

August 31, 2001

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MANAGEMENT LETTER

To the Honorable Mayor and  
Members of the City Council  
City of Corunna  
Corunna, Michigan

As you know, we have recently completed our audit of the records of the City of Corunna, Michigan as of and for the year ended June 30, 2001. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are a result of our evaluation of the internal control structure and our discussions with management.

1. The City should review the status of individual fund balances (deficits) near year-end

As noted in the general purpose financial statements, the City has one (1) fund which ended the year in a deficit financial position. As a result, the City will be required to submit a deficit reduction plan to the State of Michigan for this fund.

We suggest the City review the status of individual funds near year-end and make appropriate adjustments when possible to eliminate deficits.

This condition was considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the general purpose financial statements, and this report does not affect our report on the general purpose financial statements dated August 31, 2001.

This report is intended solely for the information of management and the Mayor and Members of the City Council of the City of Corunna and is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to express our appreciation for the courtesy and cooperation extended to us during our audit. We are available to discuss any or all of these suggestions with you and to provide assistance in the implementation of improvements.

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

August 31, 2001