

**City of Corunna
Shiawassee County, Michigan**

FINANCIAL STATEMENTS

June 30, 2002

City of Corunna

Shiawassee County, Michigan

June 30, 2002

CITY COUNCIL AND ADMINISTRATION

Mr. Steve Corey	Mayor
Mr. Dan Wagner	Council Member
Mr. Donald Mehigh	Council Member
Mr. Arnie Jessen	Council Member
Ms. Dawn Johnson	Council Member
Mr. Gene Sanderson	Council Member
Mr. Larry Runyan	Council Member
Mr. Joseph Sawyer	City Manager
Ms. Nichole Smolinski	Treasurer
Ms. Yvonne Long	City Clerk

City of Corunna

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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

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, 2002, 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, 2002, 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 September 5, 2002 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.
Certified Public Accountants

September 5, 2002

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GENERAL PURPOSE FINANCIAL STATEMENTS

City of Corunna

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2002

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS					
Cash and cash equivalents	\$ 57,870	\$ 648,694	\$ 20,825	\$ 310,013	\$ 92,915
Cash and cash equivalents - restricted	-	-	-	-	6,505
Investments	375,000	423,654	45,373	-	250,000
Investments - restricted	14,495	-	-	-	-
Receivables					
Taxes	4,723	-	-	-	-
Accounts	-	-	-	-	251,189
Contracts	-	168,964	-	-	-
Accrued interest	9,016	9,549	548	-	2,398
Special assessments	82,789	-	-	-	-
Due from other funds	21,190	16,699	-	-	15,505
Due from other governmental units					
State	52,466	120,670	-	-	-
Federal	10,080	-	-	-	-
Local	36,106	-	-	-	-
Due from primary government	-	-	-	-	-
Treatment rights (net of accumulated amortization)	-	-	-	-	127,028
Advances to other funds	10,000	-	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	-	3,649,046
Amount available for retirement of general long-term debt	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
TOTAL ASSETS	\$ 673,735	\$1,388,230	\$ 66,746	\$ 310,013	\$4,394,586

See accompanying notes to general purpose financial statements.

Fund Types	Government				Totals (Memorandum Only)	Component Unit	Reporting Entity Totals (Memorandum Only)
	Fiduciary Fund Types	Account Groups		Downtown Development Authority			
Internal Service (Motor Pool)	Trust and Agency	General Fixed Assets	General Long-Term Debt				
\$ 67,264	\$ 99,645	\$ -	\$ -	\$ 1,297,226	\$ 65,760	\$ 1,362,986	
-	-	-	-	6,505	-	6,505	
-	35,354	-	-	1,129,381	-	1,129,381	
-	-	-	-	14,495	-	14,495	
-	-	-	-	4,723	-	4,723	
-	-	-	-	251,189	22,931	274,120	
-	-	-	-	168,964	-	168,964	
-	160	-	-	21,671	-	21,671	
-	-	-	-	82,789	-	82,789	
-	-	-	-	53,394	-	53,394	
-	-	-	-	173,136	-	173,136	
-	-	-	-	10,080	-	10,080	
-	-	-	-	36,106	-	36,106	
-	-	-	-	-0-	6,133	6,133	
-	-	-	-	127,028	-	127,028	
-	-	-	-	10,000	-	10,000	
182,759	-	3,289,974	-	7,121,779	777,917	7,899,696	
-	-	-	14,111	14,111	-	14,111	
-	-	-	2,021,586	2,021,586	311,039	2,332,625	
<u>\$ 250,023</u>	<u>\$ 135,159</u>	<u>\$ 3,289,974</u>	<u>\$ 2,035,697</u>	<u>\$ 12,544,163</u>	<u>\$ 1,183,780</u>	<u>\$ 13,727,943</u>	

City of Corunna

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

June 30, 2002

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES					
Payables					
Accounts	\$ 33,949	\$ 88,396	\$ -	\$ 6,358	\$ 28,936
Wages	30,116	2,723	-	-	1,769
Other accrued liabilities	2,116	210	-	-	15,722
Due to other funds	4,897	21,988	-	-	5,064
Due to component units	-	-	-	-	-
Due to other governmental units	-	-	-	-	-
Due to individuals and agencies	-	-	-	-	-
Deferred revenue	82,789	168,964	-	-	-
Bonds payable	-	-	-	-	1,207,324
Capital lease payable	-	-	-	-	-
Loans and contracts payable	-	-	-	-	233,846
Advances from other funds	-	10,000	-	-	-
TOTAL LIABILITIES	153,867	292,281	-0-	6,358	1,492,661
FUND EQUITY (DEFICITS)					
Contributed capital	-	-	-	-	2,239,282
Investment in general fixed assets	-	-	-	-	-
Retained earnings					
Reserved for bonds	-	-	-	-	72,188
Reserved for debt service	-	-	-	-	10,875
Reserved for replacement	-	-	-	-	76,781
Unreserved	-	-	-	-	502,799
Fund balance (deficits)					
Reserved for					
Debt service	-	-	14,111	-	-
Advances to other funds	10,000	-	-	-	-
Trust activities	-	-	-	-	-
Retirement benefits	14,495	-	-	-	-
Unreserved - undesignated	495,373	1,095,949	52,635	303,655	-
TOTAL FUND EQUITY	519,868	1,095,949	66,746	303,655	2,901,925
TOTAL LIABILITIES AND FUND EQUITY	\$ 673,735	\$1,388,230	\$ 66,746	\$ 310,013	\$4,394,586

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			
\$ 1,230	\$ -	\$ -	\$ -	\$ 158,869	\$ 330	\$ 159,199
949	-	-	-	35,557	-	35,557
628	-	-	30,697	49,373	-	49,373
-	21,445	-	-	53,394	-	53,394
-	6,133	-	-	6,133	-	6,133
-	39,057	-	-	39,057	8,766	47,823
-	(5,417)	-	-	(5,417)	4,462	(955)
-	-	-	-	251,753	13,298	265,051
-	-	-	2,005,000	3,212,324	-	3,212,324
24,259	-	-	-	24,259	-	24,259
-	-	-	-	233,846	311,039	544,885
-	-	-	-	10,000	-	10,000
27,066	61,218	-0-	2,035,697	4,069,148	337,895	4,407,043
-	-	-	-	2,239,282	-	2,239,282
-	-	3,289,974	-	3,289,974	777,917	4,067,891
-	-	-	-	72,188	-	72,188
-	-	-	-	10,875	-	10,875
-	-	-	-	76,781	-	76,781
222,957	-	-	-	725,756	-	725,756
-	-	-	-	14,111	-	14,111
-	-	-	-	10,000	-	10,000
-	73,941	-	-	73,941	-	73,941
-	-	-	-	14,495	-	14,495
-	-	-	-	1,947,612	67,968	2,015,580
222,957	73,941	3,289,974	-0-	8,475,015	845,885	9,320,900
<u>\$ 250,023</u>	<u>\$ 135,159</u>	<u>\$ 3,289,974</u>	<u>\$ 2,035,697</u>	<u>\$ 12,544,163</u>	<u>\$ 1,183,780</u>	<u>\$ 13,727,943</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, 2002

	Primary	
	Governmental	
	General	Special Revenue
REVENUES		
Taxes	\$ 743,646	\$ 273,217
Licenses and permits	29,245	-
Intergovernmental	439,664	321,622
Charges for services	255,508	8,952
Fines and forfeits	17,443	21,947
Interest and rents	83,182	29,924
Special assessments	34,736	-
Other	53,732	121,915
TOTAL REVENUES	1,657,156	777,577
EXPENDITURES		
Legislative	29,029	-
General government	450,405	-
Public safety	519,487	-
Highways and streets	-	96,255
Public works	295,343	-
Health and welfare	-	32,012
Recreation and cultural	131,209	259,308
Other	32,985	41,031
Debt service	-	-
TOTAL EXPENDITURES	1,458,458	428,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	198,698	348,971
OTHER FINANCING SOURCES (USES)		
Operating transfers in	5,000	179,102
Operating transfers out	(178,500)	(495,813)
TOTAL OTHER FINANCING SOURCES (USES)	(173,500)	(316,711)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	25,198	32,260
Fund balances, beginning of year	494,670	1,063,689
Prior period adjustments	-	-
Fund balances, end of year	\$ 519,868	\$1,095,949

See accompanying notes to general purpose financial statements.

Government			Component Unit	
Fund Types				Reporting Entity
Debt Service	Capital Projects	Totals (Memorandum Only)	Downtown Development Authority	Totals (Memorandum Only)
\$ -	\$ -	1,016,863	\$ 40,095	\$ 1,056,958
-	-	29,245	-	29,245
-	-	761,286	-	761,286
-	-	264,460	-	264,460
-	-	39,390	-	39,390
1,593	5,425	120,124	65,498	185,622
-	-	34,736	-	34,736
-	-	175,647	100	175,747
1,593	5,425	2,441,751	105,693	2,547,444
-	-	29,029	-	29,029
-	-	450,405	-	450,405
-	-	519,487	-	519,487
-	-	96,255	-	96,255
-	563,783	859,126	-	859,126
-	-	32,012	-	32,012
-	-	390,517	-	390,517
80	-	74,096	50,774	124,870
254,955	-	254,955	43,385	298,340
255,035	563,783	2,705,882	94,159	2,800,041
(253,442)	(558,358)	(264,131)	11,534	(252,597)
259,285	418,426	861,813	-	861,813
-	(127,500)	(801,813)	-	(801,813)
259,285	290,926	60,000	-0-	60,000
5,843	(267,432)	(204,131)	11,534	(192,597)
60,903	571,087	2,190,349	49,550	2,239,899
-	-	-	6,884	6,884
\$ 66,746	\$ 303,655	\$ 1,986,218	\$ 67,968	\$ 2,054,186

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, 2002

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 738,332	\$ 743,646	\$ 5,314
Licenses and permits	27,840	29,245	1,405
Intergovernmental	428,100	439,664	11,564
Charges for services	245,075	255,508	10,433
Fines and forfeits	18,000	17,443	(557)
Interest and rents	69,170	83,182	14,012
Special assessments	30,000	34,736	4,736
Other	36,650	53,732	17,082
TOTAL REVENUES	1,593,167	1,657,156	63,989
EXPENDITURES			
Legislative	19,381	29,029	(9,648)
General government	482,455	450,405	32,050
Public safety	534,303	519,487	14,816
Highways and streets	-	-	-0-
Public works	307,367	295,343	12,024
Health and welfare	-	-	-0-
Recreation and cultural	134,609	131,209	3,400
Other	34,329	32,985	1,344
TOTAL EXPENDITURES	1,512,444	1,458,458	53,986
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	80,723	198,698	117,975
OTHER FINANCING SOURCES (USES)			
Operating transfers in	5,000	5,000	-0-
Operating transfers out	(178,500)	(178,500)	-0-
TOTAL OTHER FINANCING SOURCES (USES)	(173,500)	(173,500)	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(92,777)	25,198	117,975
Fund balances, beginning of year	494,670	494,670	-0-
Fund balances, end of year	\$ 401,893	\$ 519,868	\$ 117,975

See accompanying notes to general purpose financial statements.

Special Revenue Funds

Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ 265,558	\$ 273,217	\$ 7,659
-	-	-0-
362,939	321,622	(41,317)
24,000	8,952	(15,048)
19,100	21,947	2,847
36,069	29,924	(6,145)
-	-	-0-
105,880	121,915	16,035
813,546	777,577	(35,969)
-	-	-0-
-	-	-0-
-	-	-0-
246,517	96,255	150,262
-	-	-0-
32,132	32,012	120
330,391	259,308	71,083
250,550	41,031	209,519
859,590	428,606	430,984
(46,044)	348,971	395,015
206,102	179,102	(27,000)
(474,887)	(495,813)	(20,926)
(268,785)	(316,711)	(47,926)
(314,829)	32,260	347,089
1,063,689	1,063,689	-0-
<u>\$ 748,860</u>	<u>\$ 1,095,949</u>	<u>\$ 347,089</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, 2002

	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	\$ 756,107	\$ 143,724	\$ 2,262	\$ 902,093
Capital charges	140,234	-	-	140,234
Other	100	-	-	100
TOTAL OPERATING REVENUES	896,441	143,724	2,262	1,042,427
OPERATING EXPENSES				
Salaries and wages	110,418	13,430	-	123,848
Fringe benefits	55,293	10,972	-	66,265
Contractual services	177,392	28,693	-	206,085
Supplies	18,316	22,205	-	40,521
Utilities	13,117	6,034	-	19,151
Treatment costs	320,773	-	-	320,773
Repairs and maintenance	3,523	-	-	3,523
Equipment rental	14,573	-	-	14,573
Other	1,791	170	-	1,961
Depreciation and amortization	165,939	50,465	-	216,404
TOTAL OPERATING EXPENSES	881,135	131,969	-0-	1,013,104
OPERATING INCOME	15,306	11,755	2,262	29,323
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	8,162	1,118	1,402	10,682
Rent revenue	3,612	-	-	3,612
Gain on sale of assets	-	6,325	-	6,325
Interest expense and fees	(75,822)	(3,740)	-	(79,562)
TOTAL NONOPERATING REVENUES (EXPENSES)	(64,048)	3,703	1,402	(58,943)
INCOME (LOSS) BEFORE TRANSFERS	(48,742)	15,458	3,664	(29,620)
TRANSFERS (OUT)				
Transfers out	(60,000)	-	-	(60,000)
NET INCOME (LOSS)	(108,742)	15,458	3,664	(89,620)
Retained earnings, beginning of year	771,385	207,499	70,277	1,049,161
Retained earnings, end of year	\$ 662,643	\$ 222,957	\$ 73,941	\$ 959,541

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, 2002

	Proprietary Fund Types	
	Enterprise	Internal Service (Motor Pool)
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 15,306	\$ 11,755
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	165,939	50,465
(Increase) in receivables	(25,107)	-
Increase (decrease) in accounts payable	16,874	(12)
Increase (decrease) in accrued liabilities	(756)	525
(Decrease) in accrued interest payable	(762)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	171,494	62,733
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent revenue	3,612	-
Transfer out	(60,000)	-
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(56,388)	-0-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense	(75,822)	(3,740)
Proceeds from sale of fixed asset	-	6,325
Capital purchases	(155,799)	(37,866)
Payment of borrowing	(88,965)	(43,231)
Contract payable proceeds	107,180	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(213,406)	(78,512)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	8,162	1,118
Purchase of investments	(250,000)	-
Maturity of investments	151,647	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(90,191)	1,118
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(188,491)	(14,661)
Cash and cash equivalents, beginning of year	287,911	81,925
Cash and cash equivalents, end of year	\$ 99,420	\$ 67,264

See accompanying notes to general purpose financial statements.

<u>Fiduciary Fund Type</u> Nonexpendable Trust Funds (Cemetery Perpetual Care)	<u>Totals</u> (Memorandum Only)
\$ 2,262	\$ 29,323
-	216,404
-	(25,107)
-	16,862
-	(231)
-	(762)
2,262	236,489
-	3,612
-	(60,000)
-0-	(56,388)
-	(79,562)
-	6,325
-	(193,665)
-	(132,196)
-	107,180
-0-	(291,918)
1,402	10,682
(35,354)	(285,354)
33,953	185,600
1	(89,072)
2,263	(200,889)
36,164	406,000
<u>\$ 38,427</u>	<u>\$ 205,111</u>

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

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 accounting principles generally accepted in the United States of America (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 accounting principles generally accepted in the United States of America; 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, 2001.

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, 2001 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 \$3,394 to the Board for the year ended June 30, 2002.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

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 \$16,020 in per dwelling charges to Corunna Area Ambulance Service, Inc. for the year ended June 30, 2002.

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, 2002

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, 2002

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 and Special Revenue Funds budgets shown in the financial statements were prepared on a basis consistent with the modified accrual basis used to reflect actual results. 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 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, 2002

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 maturity 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, 2002, the City levied 13.6830 mills per \$1,000 of assessed valuation for general governmental services and 4.9720 mills for City Public Improvements. The total Taxable Value for the 2001 levy for property within the City was \$53,410,698.

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, 2002 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, 2002

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, 2002

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 accounting principles generally accepted in the United States of America. 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

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, 2002, 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	\$ 815,951	\$ 867,550
Money market checking	407,090	400,586
Savings and certificates of deposit	<u>1,187,727</u>	<u>1,187,727</u>
	<u>\$ 2,410,768</u>	<u>\$ 2,455,863</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, 2002, the City accounts were insured by the FDIC for \$454,577, and the amount of \$2,001,286 was uninsured and uncollateralized.

Investments

As of June 30, 2002, 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>\$ 102,599</u>	<u>\$ 102,599</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, 2002:

Cash and cash equivalents	\$ 1,362,986
Cash and cash equivalents - restricted	6,505
Investments	1,129,381
Investments - restricted	<u>14,495</u>
	<u>\$ 2,513,367</u>

The amounts identified above include General Fund restricted investments of \$14,495 as of June 30, 2002 to be used to fund retirement benefits in the future and Enterprise (Sewer System) Fund restricted cash of \$6,505 as of June 30, 2002 to be used to fund Sewer System improvements.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2002, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General		General	
Water System	\$ 295	City Improvements	\$ 4,897
Tax	<u>20,895</u>		
	21,190	Special Revenue	
		Major Street	
		Local Street	6,483
		Local Street	
		Sewer System	<u>15,505</u>
Special Revenue			21,988
Local Street		Enterprise	
Major Street	6,483	Water System	
H.U.D. Grant		General Fund	295
Sewer	4,769	Sewer	
City Improvements		H.U.D. Grant	<u>4,769</u>
Tax	550		5,064
General	<u>4,897</u>		
	16,699	Trust and Agency	
		Current Tax Collections	
Enterprise		General Fund	20,895
Sewer System		City Improvements	<u>550</u>
Local Street	<u>15,505</u>		<u>21,445</u>
			<u>\$ 53,394</u>
	<u>\$ 53,394</u>		

The following schedule details interfund receivable and payable between the primary government and the component units at June 30, 2002.

Downtown Development Authority		Trust and Agency	
Current Tax Collections	<u>\$ 6,133</u>	Current Tax Collections	
		Downtown Development Authority	<u>\$ 6,133</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, 2002

NOTE D: ADVANCES RECEIVABLE AND PAYABLE - CONTINUED

The following summarizes the outstanding balances of advances receivable and payable to other funds at June 30, 2002:

<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>10,000</u>	General Fund	\$ <u>10,000</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 contracts receivable and deferred revenue. The following is a summary of future annual revenue from debtors that currently have signed promissory notes with the City:

<u>Years ending June 30,</u>	
2003	\$ 27,234
2004	27,234
2005	27,234
2006	27,234
2007	23,767
2008-2012	90,000
2013	<u>15,359</u>
	238,062
Less: interest	<u>(69,098)</u>
	<u>\$ 168,964</u>

NOTE F: FIXED ASSETS

A summary of Proprietary Fund Type fixed assets at June 30, 2002, follows:

PRIMARY GOVERNMENT

	<u>Enterprise</u>	<u>Internal Service (Motor Pool)</u>
Land	\$ 127	\$ -
System and improvements	5,744,626	-
Equipment	<u>88,995</u>	<u>567,847</u>
Total	5,833,748	567,847
Less: accumulated depreciation	<u>(2,184,702)</u>	<u>(385,088)</u>
Net fixed assets	<u>\$ 3,649,046</u>	<u>\$ 182,759</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE F: FIXED ASSETS - CONTINUED

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

PRIMARY GOVERNMENT

	Restated Balance <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2002</u>
Land, buildings, and improvements	\$ 2,130,219	\$ 115,100	\$ -	\$ 2,245,319
Vehicles and equipment	<u>1,018,144</u>	<u>40,661</u>	<u>(14,150)</u>	<u>1,044,655</u>
	<u>\$ 3,148,363</u>	<u>\$ 155,761</u>	<u>\$(14,150)</u>	<u>\$ 3,289,974</u>

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

	Balance <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2002</u>
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Parking lot	42,171	-	-	42,171
Building	688,363	8,000	-	696,363
Improvements	<u>7,965</u>	<u>4,418</u>	<u>-</u>	<u>12,383</u>
	<u>\$ 765,499</u>	<u>\$ 12,418</u>	<u>\$ -0-</u>	<u>\$ 777,917</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, 2002:

	Balance <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2002</u>
PRIMARY GOVERNMENT				
General Long-Term Debt				
1998 Transportation Bonds	\$ 190,000	\$ -	\$ 10,000	\$ 180,000
1996 G.O. Public Improvement Bonds	585,000	-	85,000	500,000
2000 G.O. Public Improvement Bonds	895,000	-	40,000	855,000
2001 G.O. Public Improvement Bonds	490,000	-	20,000	470,000
Accumulated Vacation	<u>29,051</u>	<u>1,646</u>	<u>-</u>	<u>30,697</u>
	2,189,051	1,646	155,000	2,035,697
Enterprise Funds				
Sewer System Fund				
Improvement Bonds - 1980	285,000	-	10,000	275,000
Improvement Bonds - 1996	465,000	-	20,000	445,000
Contracts payable	-	107,180	15,180	92,000
Water Fund				
General Obligation Bonds	475,000	-	25,000	450,000
Water Tower IPA - 1999	<u>197,955</u>	<u>-</u>	<u>18,785</u>	<u>179,170</u>
	1,422,955	107,180	88,965	1,441,170

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE G: LONG-TERM DEBT - CONTINUED

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2002</u>
Internal Service Fund				
Capital Lease - Dump truck	\$ 15,202	\$ -	\$ 15,202	\$ -0-
Capital Lease - Police car	19,210	-	19,210	-0-
Capital Lease - Backhoe	<u>33,078</u>	<u>-</u>	<u>8,819</u>	<u>24,259</u>
	<u>67,490</u>	<u>-0-</u>	<u>43,231</u>	<u>24,259</u>
TOTAL PRIMARY GOVERNMENT	3,679,496	108,826	287,196	3,501,126
COMPONENT UNIT FUND				
Downtown Development Authority				
Loan payable	<u>332,028</u>	<u>-</u>	<u>20,989</u>	<u>311,039</u>
	<u>\$ 4,011,524</u>	<u>\$ 108,826</u>	<u>\$ 308,185</u>	<u>\$ 3,812,165</u>

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

PRIMARY GOVERNMENT

Contracts Payable

\$107,180 City of Owosso contract payable dated July 18, 2001, due in annual installments ranging from \$17,480 to \$20,240 through October 1, 2006, with no interest. \$ 92,000

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. 180,000

\$870,000 1996 County of Shiawassee, City of Corunna Public Improvement Bonds dated September 1, 1996, due in annual installments ranging from \$90,000 to \$110,000 through September 1, 2006, with interest ranging from 4.90 to 5.30 percent, payable semi-annually. 500,000

\$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 4.65 to 5.30 percent payable annually. 855,000

\$700,000 1992 Shiawassee County, City of Corunna Water Supply System Improvement Bonds dated May 1, 1991, due in annual installments of \$50,000 through May 1, 2011, with interest ranging from 5.70 to 6.25 percent, payable annually. 450,000

\$490,000 2001 County of Shiawassee, City of Corunna Public Improvement Bonds dated June 1, 2001, due in annual installments ranging from \$30,000 to \$90,000 through May 1, 2011, with interest ranging from 3.45 to 4.75 percent, payable semi-annually. 470,000

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE G: LONG-TERM DEBT - CONTINUED

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 4.50 to 5.35 percent, payable annually. \$ 445,000

\$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. 275,000

Installment Purchase Agreement

\$224,200 1999 Installment Purchase Agreement dated September 20, 1999, due in semi-annual installments ranging from \$9,786 to \$14,435 through November 1, 2009, with interest at 5.56 percent. 179,170

TOTAL PRIMARY GOVERNMENT 3,446,170

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. 311,039

\$ 3,757,209

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:

<u>Years Ending June 30,</u>			
2003	\$	10,518	
2004		10,519	
2005		<u>5,260</u>	
		26,297	
Less: amount representing interest		<u>(2,038)</u>	
Present value of minimum lease payments	\$	<u>24,259</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 \$30,697 at June 30, 2002.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE G: LONG-TERM DEBT - CONTINUEDAccrued Vacation - continued

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>Contracts Payable</u>	<u>General Obligation Bonds</u>	<u>Revenue Improvements Bonds</u>	<u>Installment Purchase Agreement</u>	<u>Total</u>
2003	\$ 17,480	\$ 341,872	\$ 66,325	\$ 29,530	\$ 455,207
2004	17,020	345,784	69,800	29,530	462,134
2005	18,860	338,946	73,130	29,530	460,466
2006	18,400	346,273	70,705	29,530	464,908
2007	20,240	342,650	68,755	29,530	461,175
2008-2012	-	1,098,710	357,815	73,825	1,530,350
2013-2017	-	369,805	279,525	-	649,330
2018-2020	-	-	59,375	-	59,375
	92,000	3,184,040	1,045,430	221,475	4,542,945
Less: interest	(-)	(729,040)	(325,430)	(42,305)	(1,096,775)
	<u>\$ 92,000</u>	<u>\$ 2,455,000</u>	<u>\$ 720,000</u>	<u>\$ 179,170</u>	<u>\$ 3,446,170</u>

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 PLANPlan 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.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE H: RETIREMENT PLAN - CONTINUED**Annual Pension Cost**

For year ended June 30, 2002 the City's annual pension cost of \$112,585 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, 1999, 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>1999</u>	<u>2000</u>	<u>2001</u>
Actuarial value of assets	\$ 1,933,336	\$ 2,126,444	\$ 2,305,321
Actuarial accrued liability (AAL) (entry age)	2,595,046	2,857,551	2,927,511
Unfunded AAL	661,710	731,107	622,190
Funded ratio	75 %	74 %	78 %
Covered payroll	\$ 390,185	\$ 490,035	\$ 515,046
UAAL as a percentage of covered payroll	170 %	149%	121 %

	Year Ended June 30,		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Annual pension cost	\$ 95,953	\$ 95,823	\$ 112,585
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

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

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, 2002, is as follows:

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
Operating revenues	\$ 478,363	\$ 418,078	\$ 896,441
Operating expenses			
Depreciation and amortization	107,350	58,589	165,939
Other	405,495	309,701	715,196
Operating income (loss)	(34,482)	49,788	15,306
Net (loss)	(65,886)	(42,856)	(108,742)
Contributed capital	2,075,344	169,938	2,245,282
Net working capital	180,722	18,975	199,697
Total assets	3,047,296	1,347,290	4,394,586
Long-term liabilities			
Contracts payable	74,520	159,326	233,846
General obligation bonds payable	-	400,000	400,000
Revenue improvement bonds payable	690,000	-	690,000
Total equity	2,210,029	691,896	2,901,925

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

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, 2002, the City incurred expenditures in the General Fund and one (1) Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Legislative			
Councils, boards, and commissions	\$ 19,381	\$ 29,029	\$ 9,648
Recreation and Cultural			
Parks maintenance	92,982	94,267	1,285
Special Revenue Funds			
Fourth of July Commission	24,400	26,511	2,111

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 that the City has set aside for specific purposes.

The following are the various fund balance and retained earnings reserves as of June 30, 2002:

Fund Balance

General Fund	
Reserved for retirement benefits	\$ 14,495
Reserved for advances to other funds	<u>10,000</u>
	24,495
Debt Service Funds	
1996 G.O. Limited Tax Bonds	
Reserved for debt service	4,791
2000 G.O. Limited Tax Bonds	
Reserved for debt service	5,341
2001 G.O. Limited Tax Bonds	
Reserved for debt service	<u>3,979</u>
	14,111
Fiduciary Funds	
Cemetery Perpetual Care	
Reserved for perpetual care	<u>73,547</u>
	<u>\$ 112,547</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE K: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

Retained Earnings

Enterprise Funds

Sewer System Fund

Reserved for bonds	\$ 72,188
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Reserved for debt service	10,875
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Reserved for replacement	<u>76,781</u>
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	<u>\$ 159,844</u>
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NOTE L: FUND DEFICITS

The following fund had a fund equity deficit at June 30, 2002:

	<u>Deficit</u>
Special Revenue Funds	
Cemetery	<u>\$ 4,396</u>

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.

<u>Years Ending</u> <u>June 30,</u>	
2003	\$ 33,190
2004	16,840
2005	<u>14,033</u>
	<u>\$ 64,063</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, 2002, three retirees received benefits. The costs for the year ended June 30, 2002 totaled \$22,927 and were paid from the General Fund.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

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:

	<u>2002</u>	June 30, <u>2001</u>	<u>Description</u>
Component Unit			
Downtown Development Authority			
Special Revenue			
Due from primary government	\$ -	\$ 6,884	Correct understated property taxes due from primary government
Revenues over/(under) expenditures	-	6,884	
Fund balance - beginning	6,884	-	

NOTE Q: CONTRACTUAL COMMITMENTS

At June 30, 2002 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 \$57,751 as of March 31, 2002, which was the Township's last audited financial statement information. The City is responsible for 42% (\$24,255) 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, 2002. The total contractual commitments outstanding at June 30, 2002, totaled \$35,770. 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE R: 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, 2002:

REVENUES	
Building Permits	\$ 7,102
EXPENDITURES	
Salaries	17,762
Supplies	973
Administrative charges	<u>4,890</u>
TOTAL EXPENDITURES	<u>23,625</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>\$(16,523)</u>

NOTE S: 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.

NOTE T: GASB STATEMENT NO. 34

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (Statement). Certain of the significant changes in the Statement include the following:

For the first time the financial statements will include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities, including reporting infrastructure assets (roads, bridges, etc.).
- A change in the fund financial statements to focus on the major funds.

The general provisions of GASB No. 34 must be implemented by the City of Corunna no later than the fiscal year ending June 30, 2004; the retroactive reporting of infrastructures is optional. If the City elects to retroactively report infrastructure, it must be implemented no later than the year ending June 30, 2008.

SUPPLEMENTAL FINANCIAL INFORMATION

City of Corunna

General Fund

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL

Year Ended June 30, 2002

With Actual Amounts for Year Ended June 30, 2001

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Taxes				
Property taxes	\$ 716,867	\$ 722,207	\$ 5,340	\$ 680,899
Industrial and commercial facilities	21,465	21,439	(26)	23,699
Total taxes	738,332	743,646	5,314	704,598
Licenses and permits				
Cable television license	15,500	19,922	4,422	15,362
City licenses and permits	12,340	9,323	(3,017)	9,273
Total licenses and permits	27,840	29,245	1,405	24,635
Intergovernmental				
State				
Sales tax	420,000	422,487	2,487	433,041
Michigan justice training	1,500	1,279	(221)	1,594
Traffic grant	-	2,356	2,356	-
Federal				
COPS grant	6,600	13,542	6,942	10,875
Total intergovernmental	428,100	439,664	11,564	445,510
Charges for services				
Fire protection - Townships	60,099	52,572	(7,527)	62,060
Tax collection fees	31,811	32,615	804	40,142
Recreational fees	15,100	16,380	1,280	12,528
Administration charges	138,065	153,941	15,876	128,829
Total charges for services	245,075	255,508	10,433	243,559

City of Corunna

General Fund

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

Year Ended June 30, 2002

With Actual Amounts for Year Ended June 30, 2001

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES - CONTINUED				
Fines and forfeits				
Parking	\$ 2,000	\$ 1,215	\$ (785)	\$ 1,955
Ordinance	16,000	16,228	228	12,600
Total fines and forfeits	18,000	17,443	(557)	14,555
Interest and rents				
Interest	40,000	50,410	10,410	97,812
Rents	29,170	32,772	3,602	28,183
Total interest and rents	69,170	83,182	14,012	125,995
Special assessments				
Sidewalk and other	30,000	34,736	4,736	426
Other				
Reimbursements	23,500	46,020	22,520	27,773
Contributions	5,000	5,142	142	3,924
Other	8,150	2,570	(5,580)	1,902
Total other	36,650	53,732	17,082	33,599
TOTAL REVENUES	1,593,167	1,657,156	63,989	1,592,877
OTHER FINANCING SOURCES				
Operating transfers in	5,000	5,000	-0-	10,608
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 1,598,167	\$ 1,662,156	\$ 63,989	\$ 1,603,485

City of Corunna

General Fund

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

Year Ended June 30, 2002

With Actual Amounts for Year Ended June 30, 2001

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
EXPENDITURES				
Legislative				
Council, boards, and commissions	\$ 19,381	\$ 29,029	\$ (9,648)	\$ 7,627
General government				
City Manager	96,605	95,534	1,071	84,714
Treasurer/Assessor	80,750	77,418	3,332	92,676
Clerk	81,045	79,257	1,788	76,182
Internal services	68,583	67,558	1,025	61,809
Legal services	24,000	22,293	1,707	16,843
Elections	8,000	7,494	506	8,774
City hall and grounds	53,486	48,608	4,878	41,379
City services	69,986	52,243	17,743	46,219
Total general government	482,455	450,405	32,050	428,596
Public safety				
Police department	407,823	406,262	1,561	386,601
Crossing guard	2,511	1,969	542	1,729
Fire department	103,619	92,413	11,206	92,355
Zoning	17,400	17,289	111	18,286
Planning commission	2,950	1,554	1,396	1,047
Total public safety	534,303	519,487	14,816	500,018
Public Works				
General services	305,867	294,445	11,422	222,288
Sidewalk construction	1,500	898	602	7,939
Total public works	307,367	295,343	12,024	230,227
Recreation and cultural				
Parks maintenance	92,982	94,267	(1,285)	85,927
Community promotion	-	-	-0-	6,571
Summer recreation	18,661	17,174	1,487	20,886
Historical village	2,316	1,421	895	1,649
Community center	20,650	18,347	2,303	20,298
Total recreation and cultural	134,609	131,209	3,400	135,331

City of Corunna

General Fund

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

Year Ended June 30, 2002

With Actual Amounts for Year Ended June 30, 2001

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
EXPENDITURES - CONTINUED				
Other				
Insurance	\$ 10,828	\$ 10,058	\$ 770	\$ 9,827
Fringe benefits	23,501	22,927	574	18,652
Total other	<u>34,329</u>	<u>32,985</u>	<u>1,344</u>	<u>28,479</u>
TOTAL EXPENDITURES	1,512,444	1,458,458	53,986	1,330,278
OTHER FINANCING USES				
Operating transfers out				
Local Street	80,000	80,000	-0-	45,000
Library Fund	27,000	27,000	-0-	31,700
Fourth of July Commission	3,000	3,000	-0-	2,000
Historical Commission	7,000	7,000	-0-	7,000
Municipal Building	20,000	20,000	-0-	17,500
Heritage Park	1,000	1,000	-0-	-
Park Improvements	7,000	7,000	-0-	35,000
Cemetery Fund	13,500	13,500	-0-	12,000
Sewer Fund	-	-	-0-	15,000
North Shiawassee Construction	20,000	20,000	-0-	-
Streetscape Construction	-	-	-0-	20,000
King/Kingsley/McArthur Construction	-	-	-0-	30,000
TOTAL OTHER FINANCING USES	<u>178,500</u>	<u>178,500</u>	<u>-0-</u>	<u>215,200</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u><u>\$ 1,690,944</u></u>	<u><u>\$ 1,636,958</u></u>	<u><u>\$ 53,986</u></u>	<u><u>\$ 1,545,478</u></u>

City of Corunna

Special Revenue Funds

COMBINING BALANCE SHEET

June 30, 2002

	Major Street	Local Street	Cemetery	Library	Historical Commission
ASSETS					
Cash and cash equivalents	\$ 137,363	\$ 58,777	\$ (3,877)	\$ 11,223	\$ 19,446
Investments	30,000	-	-	14,999	-
Receivables					
Contracts	-	-	-	-	-
Interest	674	-	-	337	-
Due from other funds	-	6,483	-	-	-
Due from other governmental units					
State	26,738	9,985	-	975	-
TOTAL ASSETS	\$ 194,775	\$ 75,245	\$ (3,877)	\$ 27,534	\$ 19,446
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 4,061	\$ -	\$ -	\$ 1,210	\$ 1,403
Accrued wages	61	486	481	1,659	-
Other accrued liabilities	5	37	38	127	-
Due to other funds	6,483	15,505	-	-	-
Deferred revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	10,000
TOTAL LIABILITIES	10,610	16,028	519	2,996	11,403
FUND BALANCES (DEFICITS)					
Unreserved - undesignated	184,165	59,217	(4,396)	24,538	8,043
TOTAL FUND BALANCES (DEFICITS)	184,165	59,217	(4,396)	24,538	8,043
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 194,775	\$ 75,245	\$ (3,877)	\$ 27,534	\$ 19,446

<u>Softball Commission</u>	<u>Fourth of July Commission</u>	<u>Stu Coutts Recreation</u>	<u>Asset Seizure</u>	<u>Economic Development</u>	<u>H.U.D. Grant</u>	<u>Heritage Park</u>	<u>Library Building</u>
\$ 2,542	\$ 17,965	\$ 13,580	\$ 346	\$ 183,554	\$ 1	\$ 1,724	\$ 17,910
9,637	-	30,000	-	50,000	-	-	17,442
-	-	-	-	168,964	-	-	-
-	-	674	-	667	-	-	392
-	-	-	-	-	4,769	-	-
-	-	-	-	-	-	-	-
<u>\$ 12,179</u>	<u>\$ 17,965</u>	<u>\$ 44,254</u>	<u>\$ 346</u>	<u>\$ 403,185</u>	<u>\$ 4,770</u>	<u>\$ 1,724</u>	<u>\$ 35,744</u>
\$ -	\$ 1,012	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	36	-	-	-	-	-
-	-	3	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	168,964	-	-	-
-	-	-	-	-	-	-	-
-0-	1,012	119	-0-	168,964	-0-	-0-	-0-
<u>12,179</u>	<u>16,953</u>	<u>44,135</u>	<u>346</u>	<u>234,221</u>	<u>4,770</u>	<u>1,724</u>	<u>35,744</u>
<u>12,179</u>	<u>16,953</u>	<u>44,135</u>	<u>346</u>	<u>234,221</u>	<u>4,770</u>	<u>1,724</u>	<u>35,744</u>
<u>\$ 12,179</u>	<u>\$ 17,965</u>	<u>\$ 44,254</u>	<u>\$ 346</u>	<u>\$ 403,185</u>	<u>\$ 4,770</u>	<u>\$ 1,724</u>	<u>\$ 35,744</u>

City of Corunna

Special Revenue Funds

COMBINING BALANCE SHEET - CONTINUED

June 30, 2002

	City Improvements	Library Technology	Municipal Building	Parks Improvements	Total
ASSETS					
Cash and cash equivalents	\$ 97,898	\$ 18,706	\$ 37,500	\$ 34,036	\$ 648,694
Investments	269,000	-	-	2,576	423,654
Receivables					
Contracts	-	-	-	-	168,964
Interest	6,695	-	-	110	9,549
Due from other funds	5,447	-	-	-	16,699
Due from other governmental units					
State	-	-	-	82,972	120,670
TOTAL ASSETS	\$ 379,040	\$ 18,706	\$ 37,500	\$ 119,694	\$ 1,388,230
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 80,630	\$ 88,396
Accrued wages	-	-	-	-	2,723
Other accrued liabilities	-	-	-	-	210
Due to other funds	-	-	-	-	21,988
Deferred revenue	-	-	-	-	168,964
Advance from other funds	-	-	-	-	10,000
TOTAL LIABILITIES	-0-	-0-	-0-	80,630	292,281
FUND BALANCES (DEFICITS)					
Unreserved - undesignated	379,040	18,706	37,500	39,064	1,095,949
TOTAL FUND BALANCES (DEFICITS)	379,040	18,706	37,500	39,064	1,095,949
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 379,040	\$ 18,706	\$ 37,500	\$ 119,694	\$ 1,388,230

City of Corunna

Special Revenue Funds

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

Year ended June 30, 2002

	Major Street	Local Street	Cemetery	Library	Historical Commission
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	158,964	59,408	-	20,278	-
Charges for services	-	-	8,496	456	-
Fines and forfeits	-	-	-	21,947	-
Interest and rents	1,363	-	-	666	7,953
Other	-	-	-	-	9,310
TOTAL REVENUES	160,327	59,408	8,496	43,347	17,263
EXPENDITURES					
Highways and streets	38,144	58,111	-	-	-
Health and welfare	-	-	32,012	-	-
Recreation and cultural	-	-	-	70,354	12,927
Other	-	-	-	-	-
TOTAL EXPENDITURES	38,144	58,111	32,012	70,354	12,927
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	122,183	1,297	(23,516)	(27,007)	4,336
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	90,000	13,500	27,000	7,000
Operating transfers out	(170,000)	(50,926)	-	(10,602)	-
TOTAL OTHER FINANCING SOURCES (USES)	(170,000)	39,074	13,500	16,398	7,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(47,817)	40,371	(10,016)	(10,609)	11,336
Fund balances (deficits), beginning of year	231,982	18,846	5,620	35,147	(3,293)
Fund balances (deficits), end of year	<u>\$ 184,165</u>	<u>\$ 59,217</u>	<u>\$ (4,396)</u>	<u>\$ 24,538</u>	<u>\$ 8,043</u>

<u>Softball Commission</u>	<u>Fourth of July Commission</u>	<u>Stu Coutts Recreation</u>	<u>Asset Seizure</u>	<u>Economic Development</u>	<u>H.U.D. Grant</u>	<u>Heritage Park</u>	<u>Library Building</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	105	3,437	-	1,899	-	-	1,043
<u>33,620</u>	<u>20,791</u>	<u>-</u>	<u>-</u>	<u>29,897</u>	<u>-</u>	<u>-</u>	<u>-</u>
33,620	20,896	3,437	-0-	31,796	-0-	-0-	1,043
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
27,655	26,511	3,570	-	-	-	161	-
-	-	-	-	41,031	-	-	-
<u>27,655</u>	<u>26,511</u>	<u>3,570</u>	<u>-0-</u>	<u>41,031</u>	<u>-0-</u>	<u>161</u>	<u>-0-</u>
5,965	(5,615)	(133)	-	(9,235)	-0-	(161)	1,043
-	3,000	-	-	-	-	1,000	5,301
-	-	-	-	-	-	-	-
<u>-0-</u>	<u>3,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,000</u>	<u>5,301</u>
5,965	(2,615)	(133)	-0-	(9,235)	-0-	839	6,344
<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>\$ 12,179</u>	<u>\$ 16,953</u>	<u>\$ 44,135</u>	<u>\$ 346</u>	<u>\$ 234,221</u>	<u>\$4,770</u>	<u>\$ 1,724</u>	<u>\$35,744</u>

City of Corunna

Special Revenue Funds

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

Year ended June 30, 2002

	City Improvements	Library Technology	Municipal Building	Parks Improvements	Total
REVENUES					
Taxes	\$ 273,217	\$ -	\$ -	\$ -	\$ 273,217
Intergovernmental	-	-	-	82,972	321,622
Charges for services	-	-	-	-	8,952
Fines and forfeits	-	-	-	-	21,947
Interest and rents	12,958	115	-	385	29,924
Other	-	-	-	28,297	121,915
TOTAL REVENUES	286,175	115	-0-	111,654	777,577
EXPENDITURES					
Highways and streets	-	-	-	-	96,255
Health and welfare	-	-	-	-	32,012
Recreation and cultural	-	-	-	118,130	259,308
Other	-	-	-	-	41,031
TOTAL EXPENDITURES	-0-	-0-	-0-	118,130	428,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	286,175	115	-0-	(6,476)	348,971
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	5,301	20,000	7,000	179,102
Operating transfers out	(259,285)	-	-	(5,000)	(495,813)
TOTAL OTHER FINANCING SOURCES (USES)	(259,285)	5,301	20,000	2,000	(316,711)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	26,890	5,416	20,000	(4,476)	32,260
Fund balances (deficits), beginning of year	352,150	13,290	17,500	43,540	1,063,689
Fund balances (deficits), end of year	<u>\$ 379,040</u>	<u>\$ 18,706</u>	<u>\$ 37,500</u>	<u>\$ 39,064</u>	<u>\$ 1,095,949</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Major Street

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 160,638	\$ 158,964	\$ (1,674)	\$ 150,594
Interest	4,000	1,363	(2,637)	6,023
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	164,638	160,327	(4,311)	156,617
EXPENDITURES				
Highways and streets				
Construction				
Contracted services	-	141	(141)	13,286
Routine maintenance				
Salaries and wages	23,100	12,025	11,075	9,795
Fringe benefits	6,947	4,922	2,025	3,947
Contractual services	1,000	-	1,000	1,122
Supplies	5,000	-	5,000	5,923
Equipment rental	4,000	3,845	155	3,667
	<hr/>	<hr/>	<hr/>	<hr/>
Total routine maintenance	40,047	20,792	19,255	24,454
Traffic services				
Salaries and wages	500	463	37	412
Fringe benefits	38	35	3	32
Contractual services	2,000	9,256	(7,256)	3,080
Supplies	1,000	1,590	(590)	3,209
Utilities	-	70	(70)	-
Equipment rental	800	157	643	2,287
	<hr/>	<hr/>	<hr/>	<hr/>
Total traffic services	4,338	11,571	(7,233)	9,020
Winter maintenance				
Salaries and wages	6,000	2,263	3,737	3,603
Fringe benefits	459	174	285	276
Contractual services	400	245	155	235
Supplies	4,000	-	4,000	3,087
Equipment rental	9,000	2,958	6,042	7,960
	<hr/>	<hr/>	<hr/>	<hr/>
Total winter maintenance	19,859	5,640	14,219	15,161

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Major Street

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
TOTAL EXPENDITURES	\$ 64,244	\$ 38,144	\$ 26,100	\$ 61,921
EXCESS OF REVENUES OVER EXPENDITURES	100,394	122,183	21,789	94,696
OTHER FINANCING USES Operating transfers out	<u>(200,000)</u>	<u>(170,000)</u>	<u>30,000</u>	<u>(135,200)</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(99,606)	(47,817)	51,789	(40,504)
Fund balance, beginning of year	<u>231,982</u>	<u>231,982</u>	<u>-0-</u>	<u>272,486</u>
Fund balance, end of year	<u>\$ 132,376</u>	<u>\$ 184,165</u>	<u>\$ 51,789</u>	<u>\$ 231,982</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Local Street

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 62,273	\$ 59,408	\$ (2,865)	\$ 56,587
EXPENDITURES				
Highway and streets				
Construction	105,858	7,800	98,058	-
Routine maintenance				
Salaries and wages	24,348	19,162	5,186	16,792
Fringe benefits	7,917	7,617	300	5,961
Contractual services	1,000	-	1,000	134,225
Supplies	8,500	506	7,994	3,863
Equipment rental	12,000	13,537	(1,537)	12,080
Total routine maintenance	53,765	40,822	12,943	172,921
Traffic services				
Salaries and wages	2,000	595	1,405	669
Fringe benefits	153	48	105	51
Contractual services	-	50	(50)	-
Supplies	500	15	485	-
Equipment rental	2,000	306	1,694	1,431
Total traffic services	4,653	1,014	3,639	2,151
Winter maintenance				
Salaries and wages	6,500	2,262	4,238	3,653
Fringe benefits	497	173	324	280
Supplies	3,000	-	3,000	1,868
Equipment rental	8,000	6,040	1,960	8,440
Total winter maintenance	17,997	8,475	9,522	14,241
TOTAL EXPENDITURES	182,273	58,111	124,162	189,313
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(120,000)	1,297	121,297	(132,726)

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Local Street

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
OTHER FINANCING SOURCES (USES)				
Operating transfers in	\$ 120,000	\$ 90,000	\$ (30,000)	\$ 84,000
Operating transfers out	-	(50,926)	(50,926)	-
TOTAL OTHER FINANCING SOURCES (USES)	120,000	39,074	(80,926)	84,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-0-	40,371	40,371	(48,726)
Fund balance, beginning of year	18,846	18,846	-0-	67,572
Fund balance, end of year	<u>\$ 18,846</u>	<u>\$ 59,217</u>	<u>\$ 40,371</u>	<u>\$ 18,846</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Cemetery

	<u>Amended Budget</u>	<u>2002 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2001 Actual</u>
REVENUES				
Charges for services	\$ 23,500	\$ 8,496	\$ (15,004)	\$ 11,486
EXPENDITURES				
Health and welfare				
Salaries and wages	10,540	10,162	378	10,870
Fringe benefits	4,813	4,091	722	4,949
Supplies	4,500	1,547	2,953	3,210
Contractual services	-	660	(660)	-
Utilities	279	188	91	186
Equipment rental	12,000	15,364	(3,364)	17,614
TOTAL EXPENDITURES	<u>32,132</u>	<u>32,012</u>	<u>120</u>	<u>36,829</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(8,632)	(23,516)	(14,884)	(25,343)
OTHER FINANCING SOURCES				
Operating transfers in	<u>13,500</u>	<u>13,500</u>	<u>-0-</u>	<u>12,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	4,868	(10,016)	(14,884)	(13,343)
Fund balance, beginning of year	<u>5,620</u>	<u>5,620</u>	<u>-0-</u>	<u>18,963</u>
Fund balance (deficit), end of year	<u>\$ 10,488</u>	<u>\$ (4,396)</u>	<u>\$ (14,884)</u>	<u>\$ 5,620</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Library

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Intergovernmental				
State	\$ 7,000	\$ 6,262	\$ (738)	\$ 6,928
Local	15,300	14,016	(1,284)	14,768
Charges for services	500	456	(44)	270
Fines and forfeits	19,100	21,947	2,847	18,242
Interest	600	666	66	900
TOTAL REVENUES	42,500	43,347	847	41,108
EXPENDITURES				
Recreation and cultural				
Salaries and wages	43,389	42,456	933	40,387
Fringe benefits	7,492	8,054	(562)	6,923
Contractual services	5,180	3,435	1,745	4,612
Supplies	11,500	11,385	115	10,322
Repairs and maintenance	1,000	579	421	498
Utilities	3,468	2,697	771	2,285
Communication	1,400	1,432	(32)	1,658
Equipment rental	200	163	37	231
Miscellaneous	500	153	347	49
TOTAL EXPENDITURES	74,129	70,354	3,775	66,965
EXCESS OF REVENUES (UNDER) EXPENDITURES	(31,629)	(27,007)	4,622	(25,857)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	27,000	27,000	-0-	31,700
Operating transfers out	(10,602)	(10,602)	-0-	-
TOTAL OTHER FINANCING SOURCES (USES)	16,398	16,398	-0-	31,700
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(15,231)	(10,609)	4,622	5,843
Fund balance, beginning of year	35,147	35,147	-0-	29,304
Fund balance, end of year	\$ 19,916	\$ 24,538	\$ 4,622	\$ 35,147

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

	<u>Historical Commission</u>			
	<u>Amended Budget</u>	<u>2002 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2001 Actual</u>
REVENUES				
Interest and rents	\$ 10,050	\$ 7,953	\$ (2,097)	\$ 8,667
Other				
Contributions	<u>10,450</u>	<u>9,310</u>	<u>(1,140)</u>	<u>2,673</u>
TOTAL REVENUES	20,500	17,263	(3,237)	11,340
EXPENDITURES				
Recreation and cultural				
Office supplies	6,400	3,565	2,835	1,020
Repairs and maintenance	13,500	4,969	8,531	3,381
Janitorial services	3,000	1,900	1,100	2,272
Utilities	<u>4,600</u>	<u>2,493</u>	<u>2,107</u>	<u>4,939</u>
TOTAL EXPENDITURES	<u>27,500</u>	<u>12,927</u>	<u>14,573</u>	<u>11,612</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(7,000)	4,336	11,336	(272)
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-	11,336	11,336	6,728
Fund (deficit), beginning of year	<u>(3,293)</u>	<u>(3,293)</u>	<u>-0-</u>	<u>(10,021)</u>
Fund balance (deficit), end of year	<u><u>\$ (3,293)</u></u>	<u><u>\$ 8,043</u></u>	<u><u>\$ 11,336</u></u>	<u><u>\$ (3,293)</u></u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Softball Commission

	<u>Amended Budget</u>	<u>2002 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>2001 Actual</u>
REVENUES				
Other				
Fees	\$ 23,140	\$ 23,040	\$ (100)	\$ 15,095
Concessions	5,003	5,003	-0-	2,507
Donations	4,500	4,500	-0-	3,610
Miscellaneous	610	1,077	467	219
	<u>33,253</u>	<u>33,620</u>	<u>367</u>	<u>21,431</u>
EXPENDITURES				
Recreation and cultural				
Contractual services	18,422	18,422	-0-	13,435
Registration and fees	1,997	1,997	-0-	525
Field improvements	2,745	2,745	-0-	-
Supplies	1,027	1,027	-0-	1,871
Concession supplies	1,056	700	356	2,107
Awards	1,972	2,040	(68)	364
Refunds	324	324	-0-	450
Miscellaneous	450	400	50	628
	<u>27,993</u>	<u>27,655</u>	<u>338</u>	<u>19,380</u>
EXCESS OF REVENUES OVER EXPENDITURES	5,260	5,965	705	2,051
Fund balance, beginning of year	6,214	6,214	\$ -0-	4,163
Fund balance, end of year	<u>\$ 11,474</u>	<u>\$ 12,179</u>	<u>\$ 705</u>	<u>\$ 6,214</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Fourth of July Commission

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Interest	\$ -	\$ 105	\$ 105	\$ 521
Other				
Festivities	22,400	17,967	(4,433)	15,933
Contributions	3,000	2,824	(176)	4,587
TOTAL REVENUES	25,400	20,896	(4,504)	21,041
EXPENDITURES				
Recreation and cultural				
Festivities	19,550	24,074	(4,524)	13,795
Seminars and dues	600	523	77	600
Office supplies	750	1,794	(1,044)	450
Fundraising	3,500	120	3,380	77
TOTAL EXPENDITURES	24,400	26,511	(2,111)	14,922
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,000	(5,615)	(6,615)	6,119
OTHER FINANCING SOURCES				
Operating transfers in	-	3,000	3,000	2,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	1,000	(2,615)	(3,615)	8,119
Fund balance, beginning of year	19,568	19,568	-0-	11,449
Fund balance, end of year	<u>\$ 20,568</u>	<u>\$ 16,953</u>	<u>\$ (3,615)</u>	<u>\$ 19,568</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
<u>Stu Couatts Recreation</u>				
REVENUES				
Interest and rents	\$ 7,069	\$ 3,437	\$ (3,632)	\$ 5,135
EXPENDITURES				
Recreation and cultural				
Salaries and wages	1,400	1,334	66	1,177
Fringe benefits	658	466	192	285
Contractual services	1,000	75	925	25
Supplies	750	385	365	264
Utilities	2,161	1,076	1,085	1,192
Equipment rental	1,100	234	866	939
TOTAL EXPENDITURES	7,069	3,570	3,499	3,882
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	(133)	(133)	1,253
Fund balance, beginning of year	44,268	44,268	\$ -0-	43,015
Fund balance, end of year	\$ 44,268	\$ 44,135	\$ (133)	\$ 44,268
<u>Asset Seizure</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
Fund balance, beginning of year	346	346	-0-	346
Fund balance, end of year	\$ 346	\$ 346	\$ -0-	\$ 346

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
<u>Economic Development</u>				
REVENUES				
Interest	\$ 7,500	\$ 1,899	\$ (5,601)	\$ 12,085
Other				
Loan repayment	26,777	29,897	3,120	33,001
TOTAL REVENUES	34,277	31,796	(2,481)	45,086
EXPENDITURES				
Other				
Loans and other	250,550	41,031	209,519	196
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(216,273)	(9,235)	207,038	44,890
Fund balance, beginning of year	243,456	243,456	-0-	198,566
Fund balance, end of year	<u>\$ 27,183</u>	<u>\$ 234,221</u>	<u>\$ 207,038</u>	<u>\$ 243,456</u>
<u>H.U.D. GRANT</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
Fund balance, beginning of year	4,770	4,770	-0-	4,770
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, 2002
With Actual Amounts for Year Ended June 30, 2001

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
<u>Heritage Park</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES				
Recreation and cultural				
Salaries and wages	500	139	361	-
Fringe benefits	-	10	(10)	-
Supplies	500	12	488	-
TOTAL EXPENDITURES	1,000	161	839	-0-
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,000)	(161)	839	-0-
OTHER FINANCING SOURCES				
Operating transfers in	1,000	1,000	-0-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	839	839	-0-
Fund balance, beginning of year	885	885	-0-	885
Fund balance, end of year	\$ 885	\$ 1,724	\$ 839	\$ 885
<u>Library Building</u>				
REVENUES				
Interest	\$ 800	\$ 1,043	\$ 243	\$ 1,771
EXPENDITURES	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	800	1,043	243	1,771
OTHER FINANCING SOURCES				
Operating transfers in	5,301	5,301	-0-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	6,101	6,344	243	1,771
Fund balance, beginning of year	29,400	29,400	-0-	27,629
Fund balance, end of year	\$ 35,501	\$ 35,744	\$ 243	\$ 29,400

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

City Improvements

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Taxes	\$ 265,558	\$ 273,217	\$ 7,659	\$ 260,179
Interest	6,000	12,958	6,958	6,425
TOTAL REVENUES	271,558	286,175	14,617	266,604
EXPENDITURES	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	271,558	286,175	14,617	266,604
OTHER FINANCING (USES)				
Operating transfers out	(259,285)	(259,285)	-0-	(162,239)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	12,273	26,890	14,617	104,365
Fund balance, beginning of year	352,150	352,150	-0-	251,902
Prior period adjustment	-	-	-0-	(4,117)
Fund balance, end of year	<u>\$ 364,423</u>	<u>\$ 379,040</u>	<u>\$ 14,617</u>	<u>\$ 352,150</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Library Technology

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Interest	\$ 50	\$ 115	\$ 65	\$ 2,038
Other Contributions	-	-	-0-	1,483
TOTAL REVENUES	50	115	65	3,521
EXPENDITURES				
Recreational and cultural	1,200	-	1,200	20,951
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,150)	115	1,265	(17,430)
OTHER FINANCING SOURCES				
Operating transfers in	5,301	5,301	-0-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	4,151	5,416	1,265	(17,430)
Fund balance, beginning of year	13,290	13,290	-0-	30,720
Fund balance, end of year	\$ 17,441	\$ 18,706	\$ 1,265	\$ 13,290

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

	<u>Municipal Building</u>			
	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
OTHER FINANCING SOURCES Operating transfers in	20,000	20,000	-0-	17,500
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	20,000	20,000	-0-	17,500
Fund balance, beginning of year	17,500	17,500	-0-	-
Fund balance, end of year	<u>\$ 37,500</u>	<u>\$ 37,500</u>	<u>\$ -0-</u>	<u>\$ 17,500</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 2002
With Actual Amounts for Year Ended June 30, 2001

Parks Improvement

	Amended Budget	2002 Actual	Variance Favorable (Unfavorable)	2001 Actual
REVENUES				
Intergovernmental - State	\$ 117,728	\$ 82,972	\$ (34,756)	\$ -
Interest	-	385	385	-
Other				
Donations	10,000	10,026	26	2,650
Other	-	18,271	18,271	10,328
TOTAL REVENUES	127,728	111,654	(16,074)	12,978
EXPENDITURES				
Recreational and cultural	167,100	118,130	48,970	4,438
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(39,372)	(6,476)	32,896	8,540
OTHER FINANCING SOURCES SOURCES (USES)				
Operating transfers in	7,000	7,000	-0-	35,000
Operating transfers out	(5,000)	(5,000)	-0-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,000	2,000	-0-	35,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(37,372)	(4,476)	32,896	43,540
Fund balance, beginning of year	43,540	43,540	-0-	-
Fund balance, end of year	<u>\$ 6,168</u>	<u>\$ 39,064</u>	<u>\$ 32,896</u>	<u>\$ 43,540</u>

City of Corunna

Debt Service Funds

COMBINING BALANCE SHEET

June 30, 2002

	Fire Truck Loan	2000 G.O. Limited Tax Bonds	1996 G.O. Limited Tax Bonds	Building Authority
ASSETS				
Cash and cash equivalents	\$ -	\$ 5,341	\$ 4,791	\$ 6,714
Investments	23,000	-	-	22,373
Interest receivable	516	-	-	32
TOTAL ASSETS	<u>\$ 23,516</u>	<u>\$ 5,341</u>	<u>\$ 4,791</u>	<u>\$ 29,119</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
	\$ -	\$ -	\$ -	\$ -
FUND BALANCES				
Reserved for debt service	-	5,341	4,791	-
Unreserved-undesignated	23,516	-	-	29,119
TOTAL FUND BALANCES	<u>23,516</u>	<u>5,341</u>	<u>4,791</u>	<u>29,119</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 23,516</u>	<u>\$ 5,341</u>	<u>\$ 4,791</u>	<u>\$ 29,119</u>

<u>1998 MTF Bonds</u>	<u>2001 G.O. Limited Tax Bonds</u>	<u>Total</u>
\$ -	\$ 3,979	\$ 20,825
-	-	45,373
-	-	548
<u>\$ -0-</u>	<u>\$ 3,979</u>	<u>\$ 66,746</u>
\$ -	\$ -	\$ -0-
-	3,979	14,111
-	-	52,635
<u>-0-</u>	<u>3,979</u>	<u>66,746</u>
<u>\$ -0-</u>	<u>\$ 3,979</u>	<u>\$ 66,746</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 2002

	Fire Truck Loan	2000 G.O. Limited Tax Bonds	1996 G.O. Limited Tax Bonds	Building Authority
REVENUES				
Interest	\$ 985	\$ -	\$ 62	\$ 546
EXPENDITURES				
Other	-	-	-	80
Debt service				
Principal redemption	-	40,000	85,000	-
Interest and fiscal charges	-	44,817	27,781	-
TOTAL EXPENDITURES	-0-	84,817	112,781	80
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	985	(84,817)	(112,719)	466
OTHER FINANCING SOURCES				
Operating transfers in	-	84,955	112,994	-
EXCESS OF REVENUES AND AND OTHER FINANCING SOURCES OVER EXPENDITURES	985	138	275	466
Fund balances, beginning of year	22,531	5,203	4,516	28,653
Fund balances, end of year	<u>\$ 23,516</u>	<u>\$ 5,341</u>	<u>\$ 4,791</u>	<u>\$ 29,119</u>

<u>1998 MTF Bonds</u>	<u>2001 G.O. Limited Tax Bonds</u>	<u>Total</u>
\$ -	\$ -	\$ 1,593
-	-	80
10,000	20,000	155,000
<u>9,248</u>	<u>18,109</u>	<u>99,955</u>
<u>19,248</u>	<u>38,109</u>	<u>255,035</u>
(19,248)	(38,109)	(253,442)
<u>19,248</u>	<u>42,088</u>	<u>259,285</u>
-0-	3,979	5,843
<u>-</u>	<u>-</u>	<u>60,903</u>
<u>\$ -0-</u>	<u>\$ 3,979</u>	<u>\$ 66,746</u>

City of Corunna

Capital Projects Funds

COMBINING BALANCE SHEET

June 30, 2002

	Streetscape Construction Fund	Bridge Construction Fund	King/Kingsley/ McArthur Construction	North Shiawassee Construction Fund	Total
ASSETS					
Cash and cash equivalents	\$ 111,510	\$ 185,857	\$ 2,892	\$ 9,754	\$ 310,013
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 6,358	\$ -	\$ -	\$ 6,358
FUND BALANCES					
Unreserved - undesignated	111,510	179,499	2,892	9,754	303,655
TOTAL LIABILITIES AND FUND BALANCES	\$ 111,510	\$ 185,857	\$ 2,892	\$ 9,754	\$ 310,013

City of Corunna

Capital Projects Funds

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

Year Ended June 30, 2002

	Streetscape Construction Fund	Bridge Construction Fund	King/Kingsley/ McArthur Construction	North Shiawassee Construction Fund	Total
REVENUES					
LOCAL SOURCES					
Interest	\$ 5,425	\$ -	\$ -	\$ -	\$ 5,425
EXPENDITURES					
Public Works					
Engineering	24,059	82,375	47,044	71,764	225,242
Capital outlay	169,652	1,826	148,581	18,482	338,541
TOTAL EXPENDITURES	193,711	84,201	195,625	90,246	563,783
EXCESS OF REVENUES (UNDER) EXPENDITURES	(188,286)	(84,201)	(195,625)	(90,246)	(558,358)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	187,500	130,926	100,000	418,426
Transfers to other funds	(127,500)	-	-	-	(127,500)
TOTAL OTHER FINANCING SOURCES (USES)	(127,500)	187,500	130,926	100,000	290,926
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(315,786)	103,299	(64,699)	9,754	(267,432)
Fund balances, beginning of year	427,296	76,200	67,591	-	571,087
Fund balances, end of year	<u>\$ 111,510</u>	<u>\$ 179,499</u>	<u>\$ 2,892</u>	<u>\$ 9,754</u>	<u>\$ 303,655</u>

City of Corunna

Enterprise Funds

COMBINING BALANCE SHEET

June 30, 2002

	Sewer System	Water System	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 41,952	\$ 50,963	\$ 92,915
Cash and cash equivalents-restricted	6,505	-	6,505
Accounts receivable	188,676	62,513	251,189
Accrued interest receivable	831	1,567	2,398
Due from other funds	15,505	-	15,505
	<u>253,469</u>	<u>115,043</u>	<u>368,512</u>
Total current assets			
Other assets			
Treatment rights	662,344	-	662,344
Accumulated amortization	(535,316)	-	(535,316)
	<u>127,028</u>	<u>-0-</u>	<u>127,028</u>
Net treatment rights			
Investments	<u>75,000</u>	<u>175,000</u>	<u>250,000</u>
Total other assets			
	202,028	175,000	377,028
Fixed assets			
Equipment	88,995	-	88,995
Land	1	126	127
System and improvements	4,058,745	1,685,881	5,744,626
Accumulated depreciation	(1,555,942)	(628,760)	(2,184,702)
	<u>2,591,799</u>	<u>1,057,247</u>	<u>3,649,046</u>
Total fixed assets, net of accumulated depreciation			
TOTAL ASSETS			
	<u>\$ 3,047,296</u>	<u>\$ 1,347,290</u>	<u>\$ 4,394,586</u>

City of Corunna

Enterprise Funds

COMBINING BALANCE SHEET - CONTINUED

June 30, 2002

	Sewer System	Water System	Total
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 10,382	\$ 18,554	\$ 28,936
Accrued wages	583	1,186	1,769
Due to other funds	4,769	295	5,064
Accrued interest payable	9,533	6,189	15,722
Current portion of long-term debt	47,480	69,844	117,324
Total current liabilities	72,747	96,068	168,815
Other liabilities			
Contracts payable	74,520	159,326	233,846
General obligation bond payable	-	400,000	400,000
Revenue improvement bond payable	690,000	-	690,000
Total other liabilities	764,520	559,326	1,323,846
TOTAL LIABILITIES	837,267	655,394	1,492,661
FUND EQUITY			
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	10,875	-	10,875
Reserved for replacement	76,781	-	76,781
Unreserved	(25,159)	527,958	502,799
TOTAL FUND EQUITY	2,210,029	691,896	2,901,925
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,047,296	\$ 1,347,290	\$ 4,394,586

City of Corunna

Enterprise Funds

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

Year Ended June 30, 2002

	Sewer System	Water System	Total
OPERATING REVENUES			
Charges for services			
User charges	\$ 395,124	\$ 345,458	\$ 740,582
Tap in fees	9,525	6,000	15,525
Capital charges	73,714	66,520	140,234
Other	-	100	100
TOTAL OPERATING REVENUES	478,363	418,078	896,441
OPERATING EXPENSES			
Salaries and wages	41,087	69,331	110,418
Fringe benefits	22,246	33,047	55,293
Contractual service	160,788	16,604	177,392
Supplies	4,776	13,540	18,316
Utilities	5,290	7,827	13,117
Treatment costs	164,428	156,345	320,773
Repairs and maintenance	3,523	-	3,523
Equipment rental	3,145	11,428	14,573
Other	212	1,579	1,791
Depreciation and amortization	107,350	58,589	165,939
TOTAL OPERATING EXPENSES	512,845	368,290	881,135
OPERATING INCOME (LOSS)	(34,482)	49,788	15,306
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	1,894	6,268	8,162
Rent revenue	3,612	-	3,612
Interest expense and fees	(36,910)	(38,912)	(75,822)
TOTAL NONOPERATING REVENUES (EXPENSES)	(31,404)	(32,644)	(64,048)
INCOME (LOSS) BEFORE TRANSFERS	(65,886)	17,144	(48,742)
TRANSFERS (OUT)			
Transfer out	-	(60,000)	(60,000)
NET (LOSS)	(65,886)	(42,856)	(108,742)
Retained earnings, beginning of year	200,571	570,814	771,385
Retained earnings, end of year	<u>\$ 134,685</u>	<u>\$ 527,958</u>	<u>\$ 662,643</u>

City of Corunna

Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2002

	Sewer System	Water System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (34,482)	\$ 49,788	\$ 15,306
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	107,350	58,589	165,939
(Increase) in receivables	(23,597)	(1,510)	(25,107)
Increase (decrease) in accounts payable	(216)	17,090	16,874
Increase (decrease) in accrued liabilities	489	(1,245)	(756)
(Decrease) in accrued interest payable	(355)	(407)	(762)
NET CASH PROVIDED BY OPERATING ACTIVITIES	49,189	122,305	171,494
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rent revenue	3,612	-	3,612
Transfers out	-	(60,000)	(60,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,612	(60,000)	(56,388)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest expense and fees	(36,910)	(38,912)	(75,822)
Capital purchases	(155,799)	-	(155,799)
Payment of borrowing	(45,180)	(43,785)	(88,965)
Contract payable proceeds	107,180	-	107,180
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(130,709)	(82,697)	(213,406)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	1,894	6,268	8,162
Purchase of investments	(75,000)	(175,000)	(250,000)
Maturity of investments	75,824	75,823	151,647
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	2,718	(92,909)	(90,191)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(75,190)	(113,301)	(188,491)
Cash and cash equivalents, beginning of year	123,647	164,264	287,911
Cash and cash equivalents, end of year	<u>\$ 48,457</u>	<u>\$ 50,963</u>	<u>\$ 99,420</u>

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM

June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 41,952	\$ 117,238
Cash and cash equivalents - restricted	6,505	6,409
Accounts receivable	188,676	165,550
Accrued interest receivable	831	360
Due from other funds	<u>15,505</u>	<u>15,505</u>
Total current assets	253,469	305,062
Other assets		
Treatment rights	662,344	555,164
Accumulated amortization	<u>(535,316)</u>	<u>(524,286)</u>
Net treatment rights	127,028	30,878
Investments	<u>75,000</u>	<u>75,824</u>
Total other assets	202,028	106,702
Fixed assets		
Equipment	88,995	80,000
Land	1	1
System and improvements	4,058,745	4,019,121
Accumulated depreciation	<u>(1,555,942)</u>	<u>(1,459,622)</u>
Total fixed assets, net of accumulated depreciation	<u>2,591,799</u>	<u>2,639,500</u>
TOTAL ASSETS	<u><u>\$ 3,047,296</u></u>	<u><u>\$ 3,051,264</u></u>

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM - CONTINUED

June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,382	\$ 10,598
Accrued wages	583	94
Due to other funds	4,769	4,769
Accrued interest payable	9,533	9,888
Current portion of long-term debt	<u>47,480</u>	<u>30,000</u>
Total current liabilities	72,747	55,349
Other liabilities		
Contracts payable	74,520	-
Revenue improvement bond payable	<u>690,000</u>	<u>720,000</u>
Total other liabilities	<u>764,520</u>	<u>720,000</u>
TOTAL LIABILITIES	837,267	775,349
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	72,188
Reserved for debt service	10,875	11,063
Reserved for replacement	76,781	158,866
Unreserved	<u>(25,159)</u>	<u>(41,546)</u>
TOTAL FUND EQUITY	<u>2,210,029</u>	<u>2,275,915</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 3,047,296</u>	<u>\$ 3,051,264</u>

City of Corunna

Enterprise Funds

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

Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
OPERATING REVENUES		
Charges for services		
User charges	\$ 395,124	\$ 386,864
Tap in fees	9,525	7,900
Capital charges	<u>73,714</u>	<u>75,096</u>
TOTAL OPERATING REVENUES	478,363	469,860
OPERATING EXPENSES		
Salaries and wages	41,087	39,723
Fringe benefits	22,246	13,444
Contractual service	160,788	131,971
Supplies	4,776	3,702
Utilities	5,290	5,060
Treatment costs	164,428	153,660
Repairs and maintenance	3,523	7,947
Equipment rental	3,145	2,389
Other	212	475
Depreciation and Amortization	<u>107,350</u>	<u>103,735</u>
TOTAL OPERATING EXPENSES	<u>512,845</u>	<u>462,106</u>
OPERATING INCOME (LOSS)	(34,482)	7,754
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	1,894	15,500
Rent revenue	3,612	5,649
Interest expense and fees	<u>(36,910)</u>	<u>(39,069)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(31,404)</u>	<u>(17,920)</u>
(LOSS) BEFORE TRANSFERS	(65,886)	(10,166)
TRANSFERS IN (OUT)		
Transfer in	-	15,000
Transfer out	<u>-</u>	<u>(250,000)</u>
TOTAL TRANSFER IN (OUT)	<u>-0-</u>	<u>(235,000)</u>
NET (LOSS)	(65,886)	(245,166)
Retained earnings, beginning of year	<u>200,571</u>	<u>445,737</u>
Retained earnings, end of year	<u>\$ 134,685</u>	<u>\$ 200,571</u>

City of Corunna

Enterprise Funds

COMPARATIVE STATEMENT OF CASH FLOWS - SEWER SYSTEM

Years Ended June 30, 2002 and 2001

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (34,482)	\$ 7,754
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	107,350	103,735
(Increase) in receivables	(23,597)	(1,536)
Increase (decrease) in accounts payable	(216)	6,544
Increase (decrease) in accrued liabilities	489	(32)
(Decrease) in accrued interest payable	(355)	(697)
NET CASH PROVIDED BY OPERATING ACTIVITIES	49,189	115,768
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent revenue	3,612	5,649
Transfers in	-	15,000
Transfers out	-	(250,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	3,612	(229,351)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense	(36,910)	(39,069)
Capital purchases	(155,799)	(23,573)
Payment of borrowing	(45,180)	(53,000)
Contracts payable proceeds	107,180	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(130,709)	(115,642)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	1,894	15,500
Purchase of investments	(75,000)	(75,824)
Maturity of investments	75,824	142,937
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,718	82,613
NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(75,190)	(146,612)
Cash and cash equivalents, beginning of year	123,647	270,259
Cash and cash equivalents, end of year	<u>\$ 48,457</u>	<u>\$ 123,647</u>

City of Corunna

Trust and Agency Funds

COMBINING BALANCE SHEET

June 30, 2002

	<u>Trust Funds</u>	<u>Agency Funds</u>		<u>Total</u>
	<u>Nonexpendable</u>			
	Cemetery Perpetual Care	Current Tax Collection	Payroll Clearing	
ASSETS				
Cash and cash equivalents	\$ 38,427	\$ 57,428	\$ 3,790	\$ 99,645
Investments	35,354	-	-	35,354
Accrued interest receivable	160	-	-	160
TOTAL ASSETS	<u>\$ 73,941</u>	<u>\$ 57,428</u>	<u>\$ 3,790</u>	<u>\$ 135,159</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ 21,445	\$ -	\$ 21,445
Due to component unit	-	6,133	-	6,133
Due to other governmental units				
Local	-	25,323	-	25,323
State	-	-	11,796	11,796
Federal	-	-	1,938	1,938
Due to individuals and agencies	-	4,527	(9,944)	(5,417)
TOTAL LIABILITIES	-0-	57,428	3,790	61,218
FUND BALANCES				
Reserved for Perpetual care	73,941	-	-	73,941
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 73,941</u>	<u>\$ 57,428</u>	<u>\$ 3,790</u>	<u>\$ 135,159</u>

City of Corunna

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 2002

	<u>Balance</u> <u>July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2002</u>
<u>Current Tax Collections Fund</u>				
ASSETS				
Cash	\$ 16,228	\$ 2,684,878	\$ 2,643,678	\$ 57,428
LIABILITIES				
Due to other funds				
General	\$ 14,533	\$ 782,384	\$ 776,022	\$ 20,895
Water	-	7,349	7,349	-0-
City Improvement	150	273,217	272,817	550
Due to component unit				
Downtown Development Authority	1,545	46,979	42,391	6,133
Due to other governmental units				
State	-	52,718	52,718	-0-
County				
State Education Tax	-	296,180	293,362	2,818
Other	-	373,944	368,418	5,526
Schools	-	814,656	797,677	16,979
Other local governments	-	4,248	4,248	-0-
Due to individuals and agencies	-	33,203	28,676	4,527
	<u>\$ 16,228</u>	<u>\$ 2,684,878</u>	<u>\$ 2,643,678</u>	<u>\$ 57,428</u>
<u>Payroll Clearing</u>				
ASSETS				
Cash	\$ 3,435	\$ 768,403	\$ 768,048	\$ 3,790
LIABILITIES				
Due to other governmental units				
State	\$ 5,360	\$ 32,693	\$ 26,257	\$ 11,796
Federal	1,938	148,117	148,117	1,938
Due to individuals and agencies	<u>(3,863)</u>	<u>685,305</u>	<u>691,386</u>	<u>(9,944)</u>
	<u>\$ 3,435</u>	<u>\$ 866,115</u>	<u>\$ 865,760</u>	<u>\$ 3,790</u>

City of Corunna

Component Unit Funds

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

June 30, 2002

	Governmental		Account Groups		Total
	Special Revenue	General Fixed Assets	General Long- Term Debt		
ASSETS					
Cash	\$ 65,760	\$ -	\$ -	\$ 65,760	
Accounts receivable	22,931	-	-	22,931	
Due from primary government	6,133	-	-	6,133	
Fixed assets	-	777,917	-	777,917	
Amount to be provided for retirement of general long-term debt	-	-	311,039	311,039	
TOTAL ASSETS	\$ 94,824	\$ 777,917	\$ 311,039	\$ 1,183,780	
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 330	\$ -	\$ -	\$ 330	
Due to individuals	4,462	-	-	4,462	
Due to other governmental units					
State	8,766	-	-	8,766	
Loans payable	-	-	311,039	311,039	
Deferred revenue	13,298	-	-	13,298	
TOTAL LIABILITIES	26,856	-0-	311,039	337,895	
FUND EQUITY					
Investment in general fixed assets	-	777,917	-	777,917	
Unreserved - undesignated	67,968	-	-	67,968	
TOTAL FUND EQUITY	67,968	777,917	-0-	845,885	
TOTAL LIABILITIES AND FUND EQUITY	\$ 94,824	\$ 777,917	\$ 311,039	\$ 1,183,780	

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
9/1/02	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>\$ 500,000</u>	<u>\$ 67,425</u>	<u>\$ 567,425</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
5/1/03	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>\$ 450,000</u>	<u>\$ 138,025</u>	<u>\$ 588,025</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
11/1/02	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>\$ 445,000</u>	<u>\$ 196,555</u>	<u>\$ 641,555</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
8/1/02	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>\$ 275,000</u>	<u>\$ 128,875</u>	<u>\$ 403,875</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
5/1/03	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>\$ 470,000</u>	<u>\$ 118,066</u>	<u>\$ 588,066</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
5/1/03	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>\$ 855,000</u>	<u>\$ 352,276</u>	<u>\$ 1,207,276</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
8/1/2002	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>\$ 180,000</u>	<u>\$ 53,248</u>	<u>\$ 233,248</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
07/31/02	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>\$ 24,259</u>	<u>\$ 2,038</u>	<u>\$ 26,297</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

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>
11/1/02	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>\$ 179,170</u>	<u>\$ 42,305</u>	<u>\$ 221,475</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 2002

City of Owosso - Contract Payable

Purpose: To finance payments for the City of Owosso wastewater treatment plant capital charges agreement of July 18, 2001

Issue: \$ 107,180

Dated: July 18, 2001

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
10/1/02	0.00	\$ 17,480	\$ -	\$ 17,480
10/1/03	0.00	17,020	-	17,020
10/1/04	0.00	18,860	-	18,860
10/1/05	0.00	18,400	-	18,400
10/1/06	0.00	20,240	-	20,240
		<u>\$ 92,000</u>	<u>\$ -0-</u>	<u>\$ 92,000</u>

Principals

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Steven R. Kirinovic, CPA

Eric J. Glashouwer, CPA
Aaron M. Stevens, CPA
Karen A. Roka, CPA
James A. Huguelet, CPA
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ABRAHAM & GAFFNEY, P.C.

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**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, 2002, and have issued our report thereon dated September 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 September 5, 2002.

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

September 5, 2002

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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, 2002. 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 September 5, 2002.

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

September 5, 2002