

**City of Corunna
Shiawassee County, Michigan**

FINANCIAL STATEMENTS

June 30, 1996

City of Corunna

Shiawassee County, Michigan

June 30, 1996

CITY COUNCIL AND ADMINISTRATION

Mr. Michael Sarrazin	Mayor
Mr. Stephen Corey	Council Member
Ms. Deborah Bendall	Council Member
Mr. Calvin Hornus	Council Member
Mr. John DeGood	Council Member
Ms. Cecilia Sumner	Council Member
Ms. Janet Washburn	Council Member
Ms. Lisa Hitchcock	City Manager
Mr. Ronald Smith	Finance Director/ Treasurer
Ms. Yvonne Long	City Clerk

City of Corunna

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Dale J. Abraham, CPA
Michael T. Gaffney, CPA

Steven R. Kirinovic, CPA
Ronald A. Simon, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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, 1996, 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 generally accepted auditing standards 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, 1996, 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 generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 6, 1996 on our consideration of the City of Corunna's internal control structure and a report dated September 6, 1996 on its compliance with laws and regulations.

As discussed in Note F, the City has included in the financial statements this year the General Fixed Asset Account Group as required by generally accepted accounting principles.

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 6, 1996

GENERAL PURPOSE FINANCIAL STATEMENTS

City of Corunna

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP

June 30, 1996

	<u>Primary</u>		
	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
ASSETS			
Cash and cash equivalents	\$ 215,442	\$ 363,385	\$ 20,178
Cash and cash equivalents - restricted	10,733	-	-
Investments	-	37,295	22,638
Receivables			
Taxes	4,554	-	-
Accounts	-	-	-
Contracts	-	154,437	-
Special assessments	5,322	16,560	-
Accrued interest	-	262	191
Due from other funds	6,428	11,252	-
Due from primary government	-	-	-
Due from other governmental units	30,399	30,340	-
Advances to component units	-	275,231	-
Treatment rights (net of accumulated amortization)	-	-	-
Prepaid expenditure	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-
Construction in progress	-	-	-
Amount available for retirement of general long-term debt	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	-	-	-
TOTAL ASSETS	<u>\$ 272,878</u>	<u>\$ 888,762</u>	<u>\$ 43,007</u>

See accompanying notes to general purpose financial statements.

Government						Component	
Proprietary		Fiduciary	Account Groups		Totals	Downtown	Reporting
Fund Types	Internal	Fund	General	General	(Memo-	Develop-	Entity
Enterprise	Service	Trust	Fixed	Long-	random	ment	Totals
	(Motor	and	Assets	term	Only)	Authority	(Memo-
	Pool)	Agency		Debt			random
							Only)
\$ 759,480	\$ 33,584	\$ 27,114	\$ -	\$ -	\$ 1,419,183	\$ 9,378	\$ 1,428,561
166,499	-	-	-	-	177,232	-	177,232
-	-	59,525	-	-	119,458	-	119,458
-	-	-	-	-	4,554	-	4,554
161,227	-	-	-	-	161,227	4,470	165,697
-	-	-	-	-	154,437	-	154,437
-	-	-	-	-	21,882	-	21,882
756	-	321	-	-	1,530	-	1,530
15,505	7,900	-	-	-	41,085	-	41,085
-	-	-	-	-	-0-	213	213
-	-	-	-	-	60,739	-	60,739
-	-	-	-	-	275,231	-	275,231
124,368	-	-	-	-	124,368	-	124,368
-	-	-	-	-	-0-	3,009	3,009
1,702,458	131,326	-	2,469,170	-	4,302,954	752,024	5,054,978
456,167	-	-	-	-	456,167	-	456,167
-	-	-	-	18,128	18,128	-	18,128
-	-	-	-	164,888	164,888	402,509	567,397
<u>\$ 3,386,460</u>	<u>\$ 172,810</u>	<u>\$ 86,960</u>	<u>\$ 2,469,170</u>	<u>\$ 183,016</u>	<u>\$ 7,503,063</u>	<u>\$ 1,171,603</u>	<u>\$ 8,674,666</u>

City of Corunna

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

June 30, 1996

	<u>Primary</u>		
	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
LIABILITIES			
Payables			
Accounts	\$ 12,458	\$ 5,665	\$ -
Wages	28,992	1,103	-
Other accrued liabilities	8,341	-	-
Due to other funds	2,000	27,888	-
Due to component unit	-	-	-
Due to other governmental units	-	-	-
Due to individuals and agencies	362	-	-
Deferred revenue	5,322	170,437	-
Loans and contracts payable	-	-	-
Bonds payable	-	-	-
Capital leases	-	-	-
Advances from primary government	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	57,475	205,093	-0-
FUND EQUITY			
Investment in general fixed assets	-	-	-
Contributed capital	-	-	-
Retained earnings			
Reserved for bonds	-	-	-
Reserved for debt service	-	-	-
Reserved for replacement	-	-	-
Unreserved	-	-	-
Fund balance (deficits)			
Reserved for retirement benefits	10,733	-	-
Reserved for debt service	-	-	18,128
Reserved for advances to component units	-	275,231	-
Reserved for trust activities	-	-	-
Unreserved			
Undesignated	204,670	408,438	24,879
	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	215,403	683,669	43,007
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 272,878</u>	<u>\$ 888,762</u>	<u>\$ 43,007</u>

See accompanying notes to general purpose financial statements.

Government					Component Unit		Reporting Entity Totals (Memo-random Only)
Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memo-random Only)	Downtown Development Authority	
Enterprise	Internal Service (Motor Pool)	Trust and Agency	General Fixed Assets	General Long-term Debt			
\$ 111,034	\$ 708	\$ -	\$ -	\$ -	\$ 129,865	\$ 421	\$ 130,286
560	155	-	-	-	30,810	-	30,810
29,294	-	-	-	31,164	68,799	-	68,799
5,064	-	6,133	-	-	41,085	-	41,085
-	-	213	-	-	213	-	213
-	-	-	-	-	-0-	8,766	8,766
-	-	25,571	-	-	25,933	2,686	28,619
-	-	-	-	-	175,759	-	175,759
165,412	-	-	-	151,852	317,264	402,509	719,773
1,485,000	-	-	-	-	1,485,000	-	1,485,000
60,111	7,172	-	-	-	67,283	-	67,283
-	-	-	-	-	-0-	275,231	275,231
1,856,475	8,035	31,917	-0-	183,016	2,342,011	689,613	3,031,624
-	-	-	2,469,170	-	2,469,170	752,024	3,221,194
984,403	-	-	-	-	984,403	-	984,403
46,431	-	-	-	-	46,431	-	46,431
11,688	-	-	-	-	11,688	-	11,688
392,819	-	-	-	-	392,819	-	392,819
94,644	164,775	-	-	-	259,419	-	259,419
-	-	-	-	-	10,733	-	10,733
-	-	-	-	-	18,128	-	18,128
-	-	-	-	-	275,231	-	275,231
-	-	55,043	-	-	55,043	-	55,043
-	-	-	-	-	637,987	(270,034)	367,953
1,529,985	164,775	55,043	2,469,170	-0-	5,161,052	481,990	5,643,042
<u>3,386,460</u>	<u>\$ 172,810</u>	<u>\$ 86,960</u>	<u>\$ 2,469,170</u>	<u>\$ 183,016</u>	<u>\$ 7,503,063</u>	<u>\$ 1,171,603</u>	<u>\$ 8,674,666</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, 1996

	<u>Primary</u>	
	<u>Governmental Fund</u>	
	<u>General</u>	<u>Special Revenue</u>
REVENUES		
Taxes	\$ 470,542	\$ -
Licenses and permits	26,994	-
Intergovernmental	308,856	173,635
Charges for services	170,594	16,595
Fines and forfeits	14,900	13,947
Interest and rents	54,829	14,243
Special assessments	3,456	13,570
Other	<u>36,084</u>	<u>156,459</u>
TOTAL REVENUES	1,086,255	388,449
EXPENDITURES		
Legislative	5,855	-
General government	241,609	-
Public safety	284,002	-
Highways and streets	-	80,467
Public works	103,821	-
Health and welfare	-	28,283
Recreation and cultural	81,346	125,312
Other	252,580	55,400
Debt service	<u>-</u>	<u>13,795</u>
TOTAL EXPENDITURES	<u>969,213</u>	<u>303,257</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	117,042	85,192
OTHER FINANCING SOURCES (USES)		
Operating transfers in	7,189	110,358
Operating transfers out	<u>(71,750)</u>	<u>(63,833)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(64,561)</u>	<u>46,525</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	52,481	131,717
Fund balances (deficit), beginning of year	<u>162,922</u>	<u>551,952</u>
Fund balances (deficit), end of year	<u>\$ 215,403</u>	<u>\$ 683,669</u>

See accompanying notes to general purpose financial statements.

<u>Types</u>	<u>Government</u>		<u>Component Unit</u>		<u>Reporting Entity Totals (Memorandum Only)</u>
	<u>Fiduciary Fund Type Expendable Trust (Fireworks)</u>	<u>Totals (Memorandum Only)</u>	<u>Downtown Development Authority</u>		
\$ -	\$ -	\$ 470,542	\$ 23,583	\$ 494,125	
-	-	26,994	-	26,994	
-	-	482,491	-	482,491	
-	-	187,189	-	187,189	
-	-	28,847	-	28,847	
3,420	67	72,559	52,977	125,536	
-	-	17,026	-	17,026	
-	<u>6,666</u>	<u>199,209</u>	-	<u>199,209</u>	
3,420	6,733	1,484,857	76,560	1,561,417	
-	-	5,855	-	5,855	
-	-	241,609	-	241,609	
-	-	284,002	-	284,002	
-	-	80,467	-	80,467	
-	-	103,821	-	103,821	
-	-	28,283	-	28,283	
-	-	206,658	-	206,658	
-	-	307,980	21,058	329,038	
<u>62,645</u>	-	<u>76,440</u>	<u>39,308</u>	<u>115,748</u>	
<u>62,645</u>	<u>-0-</u>	<u>1,335,115</u>	<u>60,366</u>	<u>1,395,481</u>	
(59,225)	6,733	149,742	16,194	165,936	
62,833	-	180,380	-	180,380	
<u>(37,608)</u>	<u>(7,189)</u>	<u>(180,380)</u>	-	<u>(180,380)</u>	
<u>25,225</u>	<u>(7,189)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	
(34,000)	(456)	149,742	16,194	165,936	
<u>77,007</u>	<u>7,550</u>	<u>799,431</u>	<u>(286,228)</u>	<u>513,203</u>	
<u>\$ 43,007</u>	<u>\$ 7,094</u>	<u>\$ 949,173</u>	<u>\$ (270,034)</u>	<u>\$ 679,139</u>	

City of Corunna

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

Year Ended June 30, 1996

	General Fund		
	Amended <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 469,549	\$ 470,542	\$ 993
Licenses and permits	26,250	26,994	744
Intergovernmental	310,188	308,856	(1,332)
Charges for services	184,018	170,594	(13,424)
Fines and forfeits	16,500	14,900	(1,600)
Interest and rents	51,420	54,829	3,409
Special assessments	3,456	3,456	-0-
Other	<u>35,000</u>	<u>36,084</u>	<u>1,084</u>
TOTAL REVENUES	1,096,381	1,086,255	(10,126)
EXPENDITURES			
Legislative	6,130	5,855	275
General government	245,774	241,609	4,165
Public safety	285,357	284,002	1,355
Highways and streets	-	-	-0-
Public works	106,946	103,821	3,125
Health and welfare	-	-	-0-
Recreation and cultural	84,810	81,346	3,464
Other	257,798	252,580	5,218
Debt service	-	-	-0-
TOTAL EXPENDITURES	<u>986,815</u>	<u>969,213</u>	<u>17,602</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	109,566	117,042	7,476
OTHER FINANCING SOURCES (USES)			
Operating transfers in	7,189	7,189	-0-
Operating transfers out	<u>(71,750)</u>	<u>(71,750)</u>	<u>-0-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(64,561)</u>	<u>(64,561)</u>	<u>-0-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	45,005	52,481	7,476
Fund balances, beginning of year	<u>162,922</u>	<u>162,922</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ 207,927</u>	<u>\$ 215,403</u>	<u>\$ 7,476</u>

See accompanying notes to general purpose financial statements.

<u>Special Revenue Funds</u>			<u>Debt Service Funds</u>		
<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -0-	\$ -	\$ -	\$ -0-
-	-	-0-	-	-	-0-
172,821	173,635	814	-	-	-0-
10,350	16,595	6,245	-	-	-0-
13,864	13,947	83	-	-	-0-
4,200	14,243	10,043	1,650	3,420	1,770
9,800	13,570	3,770	-	-	-0-
<u>114,227</u>	<u>156,459</u>	<u>42,232</u>	<u>-</u>	<u>-</u>	<u>-0-</u>
325,262	388,449	63,187	1,650	3,420	1,770
-	-	-0-	-	-	-0-
-	-	-0-	-	-	-0-
172	-	172	-	-	-0-
136,400	80,467	55,933	-	-	-0-
-	-	-0-	-	-	-0-
28,500	28,283	217	-	-	-0-
115,453	125,312	(9,859)	-	-	-0-
109,406	55,400	54,006	-	-	-0-
<u>13,779</u>	<u>13,795</u>	<u>(16)</u>	<u>52,999</u>	<u>62,645</u>	<u>(9,646)</u>
<u>403,710</u>	<u>303,257</u>	<u>100,453</u>	<u>52,999</u>	<u>62,645</u>	<u>(9,646)</u>
(78,448)	85,192	163,640	(51,279)	(59,225)	(7,946)
113,231	110,358	(2,873)	53,833	62,833	9,000
<u>(63,833)</u>	<u>(63,833)</u>	<u>-0-</u>	<u>(37,100)</u>	<u>(37,608)</u>	<u>(508)</u>
<u>49,398</u>	<u>46,525</u>	<u>(2,873)</u>	<u>16,733</u>	<u>25,225</u>	<u>8,492</u>
(29,050)	131,717	160,767	(34,546)	(34,000)	546
<u>551,952</u>	<u>551,952</u>	<u>-0-</u>	<u>77,007</u>	<u>77,007</u>	<u>-0-</u>
<u>\$ 522,902</u>	<u>\$ 683,669</u>	<u>\$ 160,767</u>	<u>\$ 42,461</u>	<u>\$ 43,007</u>	<u>\$ 546</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, 1996

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service (Motor Pool)</u>
OPERATING REVENUES		
Charges for services	\$ 690,578	\$ -
Rents	-	114,407
Capital charges	103,425	-
Other	<u>5,335</u>	<u>1,660</u>
TOTAL OPERATING REVENUES	799,338	116,067
OPERATING EXPENSES		
Salaries and wages	86,565	9,697
Fringe benefits	4,099	-
Administrative charges	7,300	3,881
Contractual services	111,411	6,114
Supplies	30,559	23,466
Utilities	12,817	4,063
Treatment costs	291,458	-
Communications	-	835
Other	138	-
Repairs and maintenance	7,644	-
Equipment rental	27,840	-
Depreciation	97,015	25,951
Amortization	<u>26,306</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>703,152</u>	<u>74,007</u>
OPERATING INCOME	96,186	42,060
NONOPERATING REVENUES (EXPENSES)		
Accrued interest	1,143	-
Interest revenue	26,737	-
Rent	26,005	-
Interest expense	(79,982)	(1,305)
Bond discount	<u>(5,497)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(31,594)</u>	<u>(1,305)</u>
NET INCOME	64,592	40,755
Retained earnings/fund balance, beginning of year	<u>480,990</u>	<u>124,020</u>
Retained earnings/fund balance, end of year	<u>\$ 545,582</u>	<u>\$ 164,775</u>

See accompanying notes to general purpose financial statements.

<u>Fiduciary Fund Type</u>	
Nonexpendable Trust Fund (Cemetery Perpetual Care)	<u>Totals (Memorandum Only)</u>
\$ 3,070	\$ 693,648
-	114,407
-	103,425
<u>-</u>	<u>6,995</u>
3,070	918,475
-	96,262
-	4,099
-	11,181
-	117,525
-	54,025
-	16,880
-	291,458
-	835
-	138
-	7,644
-	27,840
-	122,966
<u>-</u>	<u>26,306</u>
<u>-0-</u>	<u>777,159</u>
3,070	141,316
-	1,143
1,730	28,467
-	26,005
-	(81,287)
<u>-</u>	<u>(5,497)</u>
<u>1,730</u>	<u>(31,169)</u>
4,800	110,147
<u>43,149</u>	<u>648,159</u>
<u>\$ 47,949</u>	<u>\$ 758,306</u>

City of Corunna

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

Year Ended June 30, 1996

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service (Motor Pool)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 96,186	\$ 42,060
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	123,321	25,951
Decrease (increase) in receivables	(18,302)	-
Decrease in prepaid expense	7,052	-
Decrease in due from other funds	368	-
Decrease in due from other governmental units	-	5,000
Increase (decrease) in accounts payable	85,280	(863)
Increase (decrease) in accrued liabilities	188	(827)
Increase in accrued interest payable	<u>10,771</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	304,864	71,321
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent revenue	26,005	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond proceeds	550,000	-
Capital purchases	(456,167)	(44,849)
Interest expense	(79,982)	(1,305)
Payments on borrowings	(84,840)	(13,577)
Accrued interest	1,143	-
Bond discount	<u>(5,497)</u>	<u>-</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(75,343)	(59,731)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	26,737	-
Purchase of investments	-	-
Maturities of investments	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>26,737</u>	<u>-0-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	282,263	11,590
Cash and cash equivalents, beginning of year	<u>643,716</u>	<u>21,994</u>
Cash and cash equivalents, end of year	<u>\$ 925,979</u>	<u>\$ 33,584</u>

See accompanying notes to general purpose financial statements.

<u>Fiduciary Fund Type</u>		<u>Totals</u>
Nonexpendable Trust Fund (Cemetery Perpetual Care)		(Memorandum Only)
\$ 3,070		\$ 141,316
-		149,272
24	(18,278)
-		7,052
-		368
-		5,000
-		84,417
-	(639)
-		<u>10,771</u>
3,094		379,279
-		26,005
-		550,000
-	(501,016)
-	(81,287)
-	(98,417)
-		1,143
-	(<u>5,497)</u>
-0-	(135,074)
1,730		28,467
(33,954)	(33,954)
<u>33,954</u>		<u>33,954</u>
<u>1,730</u>		<u>28,467</u>
4,824		298,677
<u>8,850</u>		<u>674,560</u>
<u>\$ 13,674</u>		<u>\$ 973,237</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

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

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

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

1. Reporting Entity

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

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

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

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

The Corunna Softball Commission activities are reported on the fiscal year end of October 31, 1995.

2. 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:

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

2. Jointly Governed Organizations - continued

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 \$13,633 in per dwelling charges to Corunna Area Ambulance Service, Inc. for the year ended June 30, 1996.

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 each from the City of Corunna, City of Owosso, Caledonia Township, and Owosso Township and two (2) members from Shiawassee County. The Airport has been reported as a fund in the December 31, 1995 financial statements of Shiawassee County. The Airport is expected to be self-sufficient but if expenditures exceed revenues, the City would make an appropriation as needed. The City paid \$2,850 to the Board for the year ended June 30, 1996.

3. 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

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.

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. Expendable trust funds are accounted for in essentially the same manner as governmental 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 FUND

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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

- 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.

4. 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.

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.

5. 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

5. Basis of Accounting - continued

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.

6. Budgets and Budgetary Accounting

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

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

7. 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 deferred compensation fund securities and certificates of deposit with an original maturities of greater than 90 days from the date of purchase. All certificates of deposit are stated at cost, which approximates market value. The deferred compensation fund securities are stated at market value.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

8. 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 assessed valuation) for general governmental services other than the payment of Debt Service Fund expenses. The City levied six (6) mills for the State Education Tax on all property in the City. All property classified as nonhomestead had an additional eighteen (18) mills levied against it for school operations. For the year ended June 30, 1996, the City levied the following mills per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
July Levy	
General Fund	13.7600
State of Michigan (State Education Tax)	3.0000
December Levy	
County	6.3173
State of Michigan (State Education Tax)	3.0000
Schools	
Corunna (nonhomestead)	18.0000
Corunna Debt	2.8000
Shiawassee County Intermediate School District	3.8119

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

9. Advances to Component Units

Long-term advances from some funds to component unit funds are made to finance new activities during their initial operations. The applicable fund balance is reserved for such advances to reflect the amount of fund balance not currently available for expenditure.

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, 1996 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.

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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

13. Fixed Assets and Long-Term Liabilities - continued

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

14. 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.

15. 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

16. Total Columns on Combined Statements

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

NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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 in which the principal and interest is fully guaranteed by the United States. This subdivision shall include securities issued or guaranteed by the Government National Mortgage Association.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging 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 21.156 of the 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. Not more than 50% of any fund may be invested in commercial paper at any time.
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.

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 do not allow collateralization of government deposits.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

Deposits

As of June 30, 1996, 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	\$ 247,992	\$ 301,556
Money market checking	2,050	2,050
Savings and certificates of deposit	<u>827,878</u>	<u>827,878</u>
	<u>\$ 1,077,920</u>	<u>\$ 1,131,484</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, 1996, the City accounts were insured by the FDIC for \$505,569, and the amount of \$625,915 was uninsured and uncollateralized.

Investments

As of June 30, 1996, 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>\$ 621,760</u>	<u>\$ 619,610</u>

As of June 30, 1996, the City had investments amounting to \$7,094 within one (1) mutual fund, (Dean Witter U.S. Government Money Market Trust Account), which was comprised of obligations issued or guaranteed as to principal and interest by the U.S. government, its agencies, or instrumentalities. As part of this mutual fund, there are investments in the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Tennessee Valley Authority, and other U.S. government agencies securities which do not appear to comply with the Michigan Compiled Laws Section 129.91 as amended.

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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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

Deferred compensation is deposited with the Public Employees Benefit Service Corporation (PEBSCO), which is administered by the United State Conference of Mayors (USCM). Investments are directed by participants into money market funds, fixed interest accounts, and mutual stock and bond funds. As of June 30, 1996, the market value which is the carrying amount of the deferred compensation plan assets is \$25,571. The deferred compensation plan assets include uninsured and registered investments for which the securities are held by the insurance carrier's trust department but not in the City's name.

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, 1996:

Cash and cash equivalents	\$ 1,428,561
Cash and cash equivalents - restricted	177,232
Investments	<u>119,458</u>
	<u>\$ 1,725,251</u>

The amounts identified above include General Fund restricted cash of \$10,733 as of June 30, 1996 to be used to fund retirement benefits in the future and Enterprise (Sewer System) Fund restricted cash of \$166,499 as of June 30, 1996 to be used to fund Sewer System improvements.

NOTE C: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 1996, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General		General	
Water System	\$ 295	Motor Pool	\$ 2,000
Trust and Agency	<u>6,133</u>		
	6,428	Special Revenue	
		Major Street	
		Local Street	6,483
Special Revenue		Local Street	
Local Street		Sewer System	15,505
Major Street	6,483	Softball Commission	
H.U.D. Grant		Motor Pool	<u>5,900</u>
Sewer system	<u>4,769</u>		
			27,888
	11,252		

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE C: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Enterprise		Enterprise	
Sewer System		Sewer System	
Local Street	\$ 15,505	H.U.D. Grant	\$ 4,769
		Water System	
Internal Service		General Fund	<u>295</u>
Motor Pool			
General Fund	2,000		5,064
Corunna Softball		Trust and Agency	
Commission	<u>5,900</u>	Current Tax	
		Collections	
	<u>7,900</u>	General Fund	<u>6,133</u>
	<u>\$ 41,085</u>		<u>\$ 41,085</u>

NOTE D: ADVANCES RECEIVABLE AND PAYABLE

On July 6, 1993, the City of Corunna (primary government) loaned the Downtown Development Authority (component unit) \$250,000 which was used to construct the Corunna City Center. The amount is due in fifteen (15) annual installments, including interest at 4 percent, commencing on August 20, 1998 through August 30, 2007. Interest does not begin to accrue until August 20, 1998. The City, pursuant to the May 2, 1994 subordination agreement, agreed to forego any payments on this advance until the commercial loan with Old Kent Bank is paid in full.

In May, 1994, the City of Corunna (primary government) loaned the Downtown Development Authority (component unit) \$50,000 which was used to complete the Corunna City Center project. The amount is due in annual installments commencing in May 1999 in the sum of \$10,000 plus annual interest on the unpaid balance at a rate of .5 percent under the prime rate. The Downtown Development Authority (component unit) made a principal payment of \$10,000, plus accrued interest of \$3,200 in the current year, ahead of schedule.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE D: ADVANCES RECEIVABLE AND PAYABLE - CONTINUED

The following summarizes the outstanding balances of advances receivable and payable at June 30, 1996:

<u>Fund</u>	<u>Advance To</u>	<u>Fund</u>	<u>Advance From</u>
Special Revenue Funds		Component Unit Funds	
H.U.D. Grant		Downtown Development	
Component Unit Fund		Authority	
Downtown Development		Special Revenue Funds	
Authority	\$ 245,231	H.U.D.	\$ 245,231
Economic Development		Economic	
Component Unit Fund		Development	<u>30,000</u>
Authority	<u>30,000</u>		
	<u>\$ 275,231</u>		<u>\$ 275,231</u>

NOTE E: LONG-TERM CONTRACTS RECEIVABLE

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

Years ending <u>June 30,</u>	
1997	\$ 52,162
1998	91,552
1999	17,870
2000	12,140
2001	<u>2,221</u>
	175,945
Less: interest	<u>(21,508)</u>
	<u>\$ 154,437</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE F: FIXED ASSETS

A summary of Proprietary Fund Type fixed assets at June 30, 1996 follows:

PRIMARY GOVERNMENT

	<u>Enterprise</u>	<u>Internal Service (Motor Pool)</u>
Land	\$ 127	\$ -
System and improvements	3,020,328	-
Equipment	<u>80,000</u>	<u>534,542</u>
Total	3,100,455	534,542
Less: accumulated depreciation	<u>(1,397,997)</u>	<u>(403,216)</u>
Net fixed assets	<u>\$ 1,702,458</u>	<u>\$ 131,326</u>

During the current year the City formalized an inventory process for all general fixed assets owned by the City. As a result, in accordance with generally accepted accounting principles, the General Fixed Asset Account Group has been included in the financial statements.

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

PRIMARY GOVERNMENT

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1996</u>
Land, buildings, and improvements	\$ 2,016,079	\$ 2,496	\$ -	\$ 2,018,575
Vehicles and equipment	<u>445,074</u>	<u>5,521</u>	<u>-</u>	<u>450,595</u>
	<u>\$ 2,461,153</u>	<u>\$ 8,017</u>	<u>\$ -0-</u>	<u>\$ 2,469,170</u>

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1996</u>
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Parking lot	39,748	-	-	39,748
Building	<u>685,276</u>	<u>-</u>	<u>-</u>	<u>685,276</u>
	<u>\$ 752,024</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 752,024</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

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, 1996:

	Restated Balance <u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1996</u>
PRIMARY GOVERNMENT				
General Long-Term Debt				
Building Authority				
Revenue Bonds	\$ 9,000	\$ -	\$ 9,000	\$ -0-
Comstock Street Loan	28,571	-	5,714	22,857
Michigan Bond Loan Fund	20,480	-	4,380	16,100
1985 Michigan Local				
Project Loan	130,104	-	27,938	102,166
Fire Truck Loan	20,433	-	9,704	10,729
Accumulated Vacation	<u>30,097</u>	<u>1,067</u>	<u>-</u>	<u>31,164</u>
	238,685	1,067	56,736	183,016
Enterprise Funds				
Sewer System Fund				
Improvement Bonds				
- 1980	345,000	-	10,000	335,000
Improvement Bonds				
- 1996	-	550,000	-	550,000
Loans payable	41,163	-	12,011	29,152
Contracts payable	164,200	-	27,940	136,260
Capital lease	70,000	-	9,889	60,111
Water Fund				
General Obligation				
Bonds	<u>625,000</u>	<u>-</u>	<u>25,000</u>	<u>600,000</u>
	1,245,363	550,000	84,840	1,710,523
Internal Service Fund				
Capital Lease	<u>20,749</u>	<u>-</u>	<u>13,577</u>	<u>7,172</u>
TOTAL PRIMARY GOVERNMENT				
	1,504,797	551,067	155,153	1,900,711
COMPONENT UNIT FUND				
Downtown Development Authority				
Loan payable	<u>413,685</u>	<u>-</u>	<u>11,176</u>	<u>402,509</u>
	<u>\$ 1,918,482</u>	<u>\$ 551,067</u>	<u>\$ 166,329</u>	<u>\$ 2,303,220</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE G: LONG-TERM DEBT - CONTINUED

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

PRIMARY GOVERNMENT

Loans Payable

\$80,000 Comstock Street loan dated August 7, 1992, due in annual installments ranging from \$11,428 to \$11,429 through July 1, 1999, with interest at 5.14 percent, payable semi-annually. This loan is split between the Local Street Special Revenue and the Sewer System Enterprise Funds, \$22,857 and \$22,856, respectively. \$ 45,713

\$50,000 1984 Michigan Bond Loan Fund loan dated July 5, 1984, due in annual installments ranging from \$4,840 to \$5,910 through June 1, 1999, with interest at 5.0 percent, payable annually. 16,100

\$310,000 1985 Michigan Local Projects Loan dated June 6, 1985, due in annual installments ranging from \$30,790 to \$37,424 through June 1, 1999, with interest at 10.22 percent, payable annually. 102,166

\$60,000 Fire Truck loan dated May 15, 1990, due in annual installments of \$10,729 through June 1, 1997, with interest at 7.0 percent, payable annually. 10,729

\$25,186 Sewer pump loan dated September 3, 1992, due in annual installments of \$6,296 through August 1, 1996 with interest at 6.0 percent, payable annually. 6,296

Contracts Payable

\$253,000 1978 City of Owosso contract payable dated June 1, 1978 due in annual installments ranging from \$16,100 to \$23,000 through April 1, 2001, with interest at 7.25 percent, payable annually. 98,900

\$36,000 1980 City of Owosso contract payable dated September 1, 1980 due in annual principal installments of \$1,840 through June 1, 2000. 7,360

\$199,000 1978 Owosso-Caledonia Township Utility Authority contract payable dated December 1, 1978, due in annual installments of \$10,000 through December 1, 1998, with interest at 5.0 percent, payable annually. 30,000

General Obligation Bonds

\$700,000 1992 Shiawassee County, City of Corunna Water Supply System Improvement Bonds dated May 1, 1991, due in annual installments ranging from \$25,000 to \$50,000 through May 1, 2011, with interest ranging from 4.80 to 6.25 percent, payable annually. 600,000

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE G: LONG-TERM DEBT - CONTINUED

Revenue Bonds

\$550,000 1996 Wastewater Treatment System Revenue Bonds dated February 1, 1996, due in annual installments ranging from \$15,000 to \$40,000 through November 1, 2015, with interest ranging from 4.3 to 8.0 percent, payable annually.	\$ 550,000
\$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.	<u>335,000</u>
TOTAL PRIMARY GOVERNMENT	1,802,264

COMPONENT UNIT

\$420,000 Downtown Development Authority bank promissory note dated May 3, 1994, due in monthly payments of \$3,009 the first of each month including monthly interest on the unpaid balance at 6.0 percent.	<u>402,509</u>
	<u>\$ 2,204,773</u>

Capital Leases - Primary Government

The City has entered into a lease purchase agreement to finance the acquisition of a street sweeper, for which the liability is recorded in the Internal Service Fund. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at end of lease term at bargain price) and, therefore, has been recorded at the present value of future minimum lease payments as of the date of inception. The cost of equipment acquired under the lease purchase agreement amounted to \$76,000.

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

Year ending	
<u>June 30,</u>	
1997	\$ 7,441
Less: amount representing interest	<u>(269)</u>
Present value of minimum lease payments	<u>\$ 7,172</u>

The City has entered into a lease purchase agreement to finance the acquisition of a sewer vector, for which the liability is recorded in the Sewer System 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 \$80,000.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE G: LONG-TERM DEBT - CONTINUED

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

Year ending <u>June 30,</u>	
1997	\$ 17,489
1998	17,490
1999	17,490
2000	<u>17,489</u>
	69,958
Less: amount representing interest	<u>(9,847)</u>
Present value of minimum lease payments	<u>\$ 60,111</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 \$31,164 at June 30, 1996.

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

Year Ending <u>June 30,</u>	Loans <u>Payable</u>	Contracts <u>Payable</u>	Capital <u>Leases</u>	General Obligation <u>Bonds</u>	Revenue Improvements <u>Bonds</u>	<u>Total</u>
1997	\$ 116,391	\$ 35,124	\$ 24,930	\$ 60,050	\$ 68,537	\$ 305,032
1998	97,700	35,958	17,490	58,850	68,783	278,781
1999	97,099	34,354	17,490	57,600	67,083	273,626
2000	48,123	27,600	17,489	56,300	65,382	214,894
2001	36,108	24,380	-	54,950	69,065	184,503
2002-2006	180,540	-	-	344,975	347,665	873,180
2007-2011	180,540	-	-	296,625	353,995	831,160
2012-2016	124,262	-	-	-	333,975	458,237
2017-2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,500</u>	<u>77,500</u>
	880,763	157,416	77,399	929,350	1,451,985	3,496,913
Less: interest	<u>(297,250)</u>	<u>(21,156)</u>	<u>(10,116)</u>	<u>(329,350)</u>	<u>(566,985)</u>	<u>(1,224,857)</u>
	<u>\$ 583,513</u>	<u>\$ 136,260</u>	<u>\$ 67,283</u>	<u>\$ 600,000</u>	<u>\$ 885,000</u>	<u>\$ 2,272,056</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE H: RETIREMENT PLAN

Plan Description

The City contributes to the Michigan Municipal Employees Retirement System (the "System") as an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of Michigan. The City's payroll for employees covered by the System for the year ended December 31, 1995 was \$380,968 which approximated total payroll.

All full-time City employees are eligible to participate in the System. City employees who retire at or after 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 are entitled to annual retirement benefits in an amount equal to 2.5% of final average compensation, computed over five years, with a maximum benefit of 80% of final average compensation. The system also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City Ordinance.

City employees are required to contribute 0% of their salary to the system. The City is required to contribute the remaining amounts necessary to fund the System using the actuarial basis specified by statute.

Funding Status and Progress

The amount shown below as the "pension benefits obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is called the "actuarial present value of credited projected benefits" and is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and allow for comparisons among public employee retirement plans. The measure is independent of the funding method used to determine contributions to the plan.

The pension benefits obligation was determined as part of an actuarial valuation performed as of December 31, 1995, which is the latest valuation available. Significant actuarial assumptions used in determining the pension obligation include (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 5% per year compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0% to 4.2% per year, depending on age, attributable to seniority/merit, and (d) the assumption benefits will increase 2.5% per year (annually) after retirement.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE H: RETIREMENT PLAN - CONTINUED

At January 1, 1996, the unfunded pension benefit obligation was \$524,791 determined as follows:

Pension benefit obligation	
Retirees and beneficiaries currently receiving benefits	\$ 723,278
Terminated employees not yet receiving benefits	27,926
Current employees:	
Accumulated employee contributions including allocated investment income	64,217
Employer financed, vested	772,020
Employer financed, nonvested	<u>38,279</u>
Total pension benefit obligation	1,625,720
Net assets available for benefits, at cost (market value of \$1,293,592)	<u>1,100,929</u>
Unfunded Pension Benefit Obligation	<u>\$ 524,791</u>

During the plan year December 31, 1995, the plan experienced a net change of \$193,960 in the pension benefit obligation. The combined change in the pension benefit obligation resulting from benefit changes, if any, and revisions in actuarial assumptions is \$0.

Actuarially Determined Contribution Requirements and Contributions Made

The system's funding policy provides for actuarially determined periodic contributions at rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The contribution rate for normal cost is determined using an attained age actuarial cost method of valuation. Unfunded accrued liabilities are amortized as a level percent of payroll over a period of 30 future years.

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described above.

During the year ended June 30, 1996, contributions amounted to \$33,356 in accordance with contribution requirements determined by the actuarial valuation of the plan as of December 31, 1993.

The effect of changes in actuarial assumptions or methods affecting the December 31, 1993 actuarial valuation and the effect of changes in benefit provisions, if any, on the computed employer contribution was not computed.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE H: RETIREMENT PLAN - CONTINUED

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Ten-year trend information may be found in the City's annual actuarial valuation report. For the three plan years ended December 1995, 1994, and 1993, available assets were sufficient to fund 68%, 71%, and 91% of the pension benefits earned. For the plan years ended December 1995, 1994, and 1993, net assets (less than) the pension benefits obligation were (138%), (108%), and (23%), respectively, of the covered annual payroll. In addition, for the three years ended June 30, 1996, 1995, and 1994, the City's contributions to the system, all made in accordance with actuarially determined requirements, were 9%, 10%, and 0%, respectively, of annual covered payroll.

NOTE I: DEFERRED COMPENSATION PLAN

The City of Corunna offers its employees a deferred compensation plan sponsored by the United States Conference of Mayors (USCM) which is a compensation plan created in accordance with IRC Section #457. The plan, available to all City employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

The City's deferred compensation program is administered by the United States Conference of Mayors (USCM) through the Public Employees Benefit Services Corporation (PEBSCO). The property and rights held under the City deferred compensation plan are reported in an Agency Fund at market value under the caption "Investments".

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are, until made available to the employee or other beneficiary, solely the property and rights of the City without being restricted to the provisions of benefits under the plan, subject only to the claims of the City of Corunna's general creditors. Participants' rights created under the plan are equivalent to those of general creditors of the City of Corunna and only in an amount equal to the fair market value of the deferred account maintained with respect to each participant.

The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors. It is the opinion of the City of Corunna that the City has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE J: 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, 1996, is as follows:

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
Operating revenues	\$ 420,792	\$ 378,546	\$ 799,338
Operating expenses			
Depreciation and amortization	80,521	42,800	123,321
Other	320,084	259,747	579,831
Operating income	20,187	75,999	96,186
Net income (loss)	(850)	65,442	64,592
Contributed capital	888,614	95,789	984,403
Net working capital	482,110	366,939	849,049
Total assets	2,286,727	1,099,733	3,386,460
Long-term liabilities			
Loans payable	17,141	-	17,141
Contracts payable	108,320	-	108,320
Capital lease payable	46,596	-	46,596
General obligation bonds payable	-	575,000	575,000
Revenue improvement bonds payable	855,000	-	855,000
Total equity	1,050,725	479,260	1,529,985

NOTE K: 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, 1996, the City incurred expenditures in the General Fund, three (3) Special Revenue Funds, and one (1) Debt Service Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
General government			
Treasurer/Assessor	\$ 43,622	\$ 45,353	\$ 1,731
City services	43,150	43,944	794
Public safety			
Fire department	74,350	75,785	1,435
Zoning	14,000	14,005	5

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE K: EXCESS OF EXPENDITURES OVER APPROPRIATIONS - CONTINUED

	<u>Amounts</u> <u>Appropriated</u>	<u>Amounts</u> <u>Expended</u>	<u>Variance</u>
Public Works			
Sidewalk program	\$ 10,570	\$ 11,232	\$ 662
Special Revenue Funds			
Historical Commission	-	14,983	14,983
Softball Commission	39,062	44,180	5,118
Fourth of July Commission	12,045	12,370	325
Debt Service Fund			
Building Authority	-	9,647	9,647

NOTE L: FUND EQUITY RESERVES AND DESIGNATIONS

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

The following are the various fund balance and retained earnings reserves as of June 30, 1996:

Fund Balance

General Fund		
Reserved for retirement benefits		\$ 10,733
Special Revenue		
Economic Development		
Reserved for advances to component units		30,000
H.U.D. Grant		
Reserved for advances to component units		<u>\$ 245,231</u>
		275,231
Debt Service Funds		
Fire Truck loan		
Reserved for debt service		17,218
1985 Loan program		
Reserved for debt service		<u>910</u>
		18,128

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE L: . FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

Fiduciary Funds	
Cemetery Perpetual Care	
Reserved for perpetual care	\$ 47,949
Fireworks	
Reserved for Fourth of July fireworks	<u>7,094</u>
	<u>55,043</u>
	<u>\$ 384,014</u>
<u>Retained Earnings</u>	
Enterprise Funds	
Sewer System Fund	
Reserved for bonds	46,431
Reserved for debt service	11,688
Reserved for replacement	<u>102,327</u>
	160,446
Water System Fund	
Reserved for replacement	<u>290,492</u>
	<u>\$ 450,938</u>

NOTE M: FUND DEFICITS

The following fund had a fund equity deficit at June 30, 1996:

	<u>Deficit</u>
Component Unit Funds	
Downtown Development Authority	\$ 270,034

NOTE N: 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 which currently have non-cancelable lease agreements.

<u>Year ending</u> <u>June 30,</u>	
1997	\$ 37,152
1998	20,590
1999	13,587
2000	12,788
2001	13,464
2002-2005	<u>49,204</u>
	<u>\$ 146,785</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1996

NOTE O: 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, 1996, three retirees received benefits. The costs for the year ended June 30, 1996 totalled \$13,575 and were paid from the General Fund.

NOTE P: 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 Q: CONTRACT COMMITMENTS

The City has entered into various contracts related to constructing improvements to the Wastewater Treatment System that were not completed at June 30, 1996. The total contractual commitments outstanding at June 30, 1996 totaled \$74,057. The City has sufficient bond proceeds available to cover these commitments.

NOTE R: SUBSEQUENT EVENT

On September 5, 1996, the City of Corunna issued City of Corunna General Obligation Limited Tax Public Improvement Bonds, Series 1996 in the amount of \$870,000 for the purpose of defraying the cost of constructing additional new storm sewers and repairing and renovating the existing sewer system.

SUPPLEMENTAL FINANCIAL INFORMATION

City of Corunna

General Fund

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL

Year Ended June 30, 1996

With Actual Amounts for Year Ended June 30, 1995

	<u>Amended Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
REVENUES				
Taxes				
Property taxes	\$ 452,937	\$ 453,930	\$ 993	\$ 430,315
Industrial and commercial facilities	<u>16,612</u>	<u>16,612</u>	<u>-0-</u>	<u>16,812</u>
Total taxes	469,549	470,542	993	447,127
Licenses and permits				
Cable television license	10,500	10,643	143	10,551
Inspection fees	1,000	1,335	335	1,610
City licenses and permits	<u>14,750</u>	<u>15,016</u>	<u>266</u>	<u>12,144</u>
Total licenses and permits	26,250	26,994	744	24,305
Intergovernmental				
State				
Income tax	63,358	63,358	-0-	64,786
Sales tax	164,575	164,575	-0-	156,618
Single business tax	51,971	52,613	642	48,331
Personal inventory tax	12,784	12,784	-0-	12,630
Michigan justice training	1,000	467	(533)	581
McCurdy Park grant	-	-	-0-	2,500
Historical Village grant	3,000	-	(3,000)	3,000
Federal				
COPS grant	<u>13,500</u>	<u>15,059</u>	<u>1,559</u>	<u>-</u>
Total intergovernmental	310,188	308,856	(1,332)	288,446
Charges for services				
Fire protection - townships	62,588	50,756	(11,832)	53,742
Tax collection fees	18,230	18,230	-0-	17,518
Administration charges	101,900	100,266	(1,634)	79,341
Other fees	<u>1,300</u>	<u>1,342</u>	<u>42</u>	<u>5,572</u>
Total charges for services	184,018	170,594	(13,424)	156,173
Fines and forfeits				
Parking	1,500	1,519	19	876
Ordinance	<u>15,000</u>	<u>13,381</u>	<u>(1,619)</u>	<u>13,988</u>
Total fines and forfeits	16,500	14,900	(1,600)	14,864

City of Corunna

General Fund

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

Year Ended June 30, 1996

With Actual Amounts for Year Ended June 30, 1995

	<u>Amended Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
REVENUES - continued				
Interest and rents				
Interest	\$ 30,000	\$ 32,339	\$ 2,339	\$ 20,940
Rents	<u>21,420</u>	<u>22,490</u>	<u>1,070</u>	<u>27,793</u>
Total interest and rents	51,420	54,829	3,409	48,733
Special assessments				
Sidewalk and other	3,456	3,456	-0-	2,439
Other				
Reimbursements	7,000	7,237	237	8,337
Refunds	11,550	11,756	206	4,448
Contributions	4,900	4,976	76	-
Sale of fixed assets	4,550	4,757	207	-
Other	<u>7,000</u>	<u>7,358</u>	<u>358</u>	<u>12,921</u>
Total other	<u>35,000</u>	<u>36,084</u>	<u>1,084</u>	<u>25,706</u>
TOTAL REVENUES	1,096,381	1,086,255	(10,126)	1,007,793
OTHER FINANCING SOURCES				
Operating transfers in	<u>7,189</u>	<u>7,189</u>	<u>-0-</u>	<u>-</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,103,570</u>	<u>\$ 1,093,444</u>	<u>\$(10,126)</u>	<u>\$ 1,007,793</u>

City of Corunna

General Fund

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

	<u>Amended</u> <u>Budget</u>	<u>1996</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>1995</u> <u>Actual</u>
EXPENDITURES				
Legislative				
Council, boards, and commissions	\$ 6,130	\$ 5,855	\$ 275	\$ 6,018
General government				
City Manager	40,033	38,584	1,449	33,654
Treasurer/Assessor	43,622	45,353	(1,731)	44,290
Clerk	38,165	37,653	512	30,143
Internal services	28,215	25,269	2,946	25,308
Legal services	14,000	13,490	510	9,542
Elections	6,039	5,993	46	2,446
City hall and grounds	32,550	31,323	1,227	23,646
City services	<u>43,150</u>	<u>43,944</u>	<u>(794)</u>	<u>43,613</u>
Total general government	245,774	241,609	4,165	212,642
Public safety				
Police department	192,907	190,352	2,555	154,300
Crossing guard	1,400	1,353	47	1,359
Fire department	74,350	75,785	(1,435)	73,090
Zoning	14,000	14,005	(5)	13,908
Planning commission	<u>2,700</u>	<u>2,507</u>	<u>193</u>	<u>1,077</u>
Total public safety	285,357	284,002	1,355	243,734
Public works				
General services	96,376	92,589	3,787	73,788
Sidewalk program	<u>10,570</u>	<u>11,232</u>	<u>(662)</u>	<u>7,500</u>
Total public works	106,946	103,821	3,125	81,288
Recreation and cultural				
Parks maintenance	54,325	53,209	1,116	42,657
Community promotion	11,500	10,596	904	2,317
Historical village	7,045	5,605	1,440	4,295
Casino building	<u>11,940</u>	<u>11,936</u>	<u>4</u>	<u>13,624</u>
Total recreation and cultural	84,810	81,346	3,464	62,893

City of Corunna

General Fund

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

	<u>Amended Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
EXPENDITURES - CONTINUED				
Other				
Insurance	\$ 35,732	\$ 35,332	\$ 400	\$ 38,686
Fringe benefits	<u>222,066</u>	<u>217,248</u>	<u>4,818</u>	<u>212,592</u>
Total other	<u>257,798</u>	<u>252,580</u>	<u>5,218</u>	<u>251,278</u>
TOTAL EXPENDITURES	986,815	969,213	17,602	857,853
OTHER FINANCING USES				
Operating transfers out				
Local Street Fund	-	-	-0-	1,000
Cemetery Fund	18,750	18,750	-0-	15,067
Library Fund	24,000	24,000	-0-	15,000
Fire Truck Fund	12,000	12,000	-0-	12,000
1985 Debt Fund	5,000	5,000	-0-	-
Building Authority	9,000	9,000	-0-	11,000
Fourth of July Commission	<u>3,000</u>	<u>3,000</u>	<u>-0-</u>	<u>2,900</u>
TOTAL OTHER FINANCING USES	<u>71,750</u>	<u>71,750</u>	<u>-0-</u>	<u>56,967</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,058,565</u>	<u>\$ 1,040,963</u>	<u>\$ 17,602</u>	<u>\$ 914,820</u>

City of Corunna

Special Revenue Funds

COMBINING BALANCE SHEET

June 30, 1996

	Major <u>Street</u>	Local <u>Street</u>	<u>Cemetery</u>	<u>Library</u>	<u>Historical Commission</u>	<u>Softball Commission</u>
ASSETS						
Cash and cash equivalents	\$ 117,112	\$ 12,734	\$ 14,053	\$ 24,293	\$ 14,637	\$ 6,684
Investments	-	-	-	-	-	-
Receivables						
Special assessment	-	16,560	-	-	-	-
Contracts	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Due from other funds	-	6,483	-	-	-	-
Due from other governmental units						
State	18,651	6,847	-	-	-	-
County	-	-	-	4,842	-	-
Advances to component units	-	-	-	-	-	-
TOTAL ASSETS	\$ 135,763	\$ 42,624	\$ 14,053	\$ 29,135	\$ 14,637	\$ 6,684
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 2,901	\$ 25	\$ 17	\$ 1,112	\$ 358	\$ -
Accrued wages	50	170	238	565	-	-
Due to other funds	6,483	15,505	-	-	-	5,900
Deferred revenue	-	16,000	-	-	-	-
TOTAL LIABILITIES	9,434	31,700	255	1,677	358	5,900
FUND BALANCES						
Reserved for advances to component units	-	-	-	-	-	-
Unreserved						
Undesignated	126,329	10,924	13,798	27,458	14,279	784
TOTAL FUND BALANCES	126,329	10,924	13,798	27,458	14,279	784
TOTAL LIABILITIES AND FUND BALANCES	\$ 135,763	\$ 42,624	\$ 14,053	\$ 29,135	\$ 14,637	\$ 6,684

<u>Fourth</u> <u>of July</u> <u>Commission</u>	<u>Stu Coutts</u> <u>Recreation</u>	<u>Asset</u> <u>Seizure</u>	<u>Economic</u> <u>Develop-</u> <u>ment</u>	<u>H.U.D.</u> <u>Grant</u>	<u>Heritage</u> <u>Park</u>	<u>Library</u> <u>Building</u>	<u>Total</u>
\$ 3,695	\$ 53,607	\$ 172	\$ 102,732	\$ 1	\$ 891	\$ 12,774	\$ 363,385
-	-	-	37,295	-	-	-	37,295
-	-	-	-	-	-	-	16,560
-	-	-	154,437	-	-	-	154,437
-	-	-	262	-	-	-	262
-	-	-	-	4,769	-	-	11,252
-	-	-	-	-	-	-	25,498
-	-	-	-	-	-	-	4,842
-	-	-	30,000	245,231	-	-	275,231
<u>\$ 3,695</u>	<u>\$ 53,607</u>	<u>\$ 172</u>	<u>\$ 324,726</u>	<u>\$ 250,001</u>	<u>\$ 891</u>	<u>\$ 12,774</u>	<u>\$ 888,762</u>
\$ 506	\$ 746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,665
-	80	-	-	-	-	-	1,103
-	-	-	-	-	-	-	27,888
-	-	-	154,437	-	-	-	170,437
506	826	-0-	154,437	-0-	-0-	-0-	205,093
-	-	-	30,000	245,231	-	-	275,231
<u>3,189</u>	<u>52,781</u>	<u>172</u>	<u>140,289</u>	<u>4,770</u>	<u>891</u>	<u>12,774</u>	<u>408,438</u>
<u>3,189</u>	<u>52,781</u>	<u>172</u>	<u>170,289</u>	<u>250,001</u>	<u>891</u>	<u>12,774</u>	<u>683,669</u>
<u>\$ 3,695</u>	<u>\$ 53,607</u>	<u>\$ 172</u>	<u>\$ 324,726</u>	<u>\$ 250,001</u>	<u>\$ 891</u>	<u>\$ 12,774</u>	<u>\$ 888,762</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996

	Major Street	Local Street	Cemetery	Library	Historical Commission	Softball Commission
REVENUES						
Intergovernmental	\$ 114,419	\$ 42,009	\$ -	\$ 17,207	\$ -	\$ -
Charges for services	-	-	16,060	535	-	-
Fines and forfeits	-	-	-	13,775	-	-
Interest and rents	-	-	-	582	4,749	40
Special assessments	-	13,570	-	-	-	-
Other	-	100	-	-	9,672	48,846
TOTAL REVENUES	114,419	55,679	16,060	32,099	14,421	48,886
EXPENDITURES						
Highways and streets	37,091	43,376	-	-	-	-
Health and welfare	-	-	28,283	-	-	-
Recreation and cultural	-	-	-	45,737	14,983	44,180
Other	-	-	-	-	-	-
Debt service	-	13,795	-	-	-	-
TOTAL EXPENDITURES	37,091	57,171	28,283	45,737	14,983	44,180
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES						
	77,328	(1,492)	(12,223)	(13,638)	(562)	4,706
OTHER FINANCING SOURCES (USES)						
Operating transfers in	37,608	27,000	18,750	24,000	-	-
Operating transfers out	(47,833)	(16,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(10,225)	11,000	18,750	24,000	-0-	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES						
	67,103	9,508	6,527	10,362	(562)	4,706
Fund balances (deficits), beginning of year	59,226	1,416	7,271	17,096	14,841	(3,922)
Fund balances, end of year	\$ 126,329	\$ 10,924	\$ 13,798	\$ 27,458	\$ 14,279	\$ 784

<u>Fourth of July Commission</u>	<u>Stu Coutts Recreation</u>	<u>Asset Seizure</u>	<u>Economic Develop- ment</u>	<u>H.U.D. Grant</u>	<u>Heritage Park</u>	<u>Library Building</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,635
-	-	-	-	-	-	-	16,595
-	-	172	-	-	-	-	13,947
-	4,737	-	3,453	-	-	682	14,243
-	-	-	-	-	-	-	13,570
<u>8,065</u>	<u>-</u>	<u>-</u>	<u>89,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,459</u>
8,065	4,737	172	93,229	-0-	-0-	682	388,449
-	-	-	-	-	-	-	80,467
-	-	-	-	-	-	-	28,283
12,370	7,837	-	-	-	205	-	125,312
-	-	-	55,400	-	-	-	55,400
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,795</u>
<u>12,370</u>	<u>7,837</u>	<u>-0-</u>	<u>55,400</u>	<u>-0-</u>	<u>205</u>	<u>-0-</u>	<u>303,257</u>
(4,305)	(3,100)	172	37,829	-0-	(205)	682	85,192
3,000	-	-	-	-	-	-	110,358
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,833)</u>
<u>3,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>46,525</u>
(1,305)	(3,100)	172	37,829	-0-	(205)	682	131,717
<u>4,494</u>	<u>55,881</u>	<u>-</u>	<u>132,460</u>	<u>250,001</u>	<u>1,096</u>	<u>12,092</u>	<u>551,952</u>
<u>\$ 3,189</u>	<u>\$ 52,781</u>	<u>\$ 172</u>	<u>\$ 170,289</u>	<u>\$ 250,001</u>	<u>\$ 891</u>	<u>\$ 12,774</u>	<u>\$ 683,669</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Major Street

	<u>Amended</u> <u>Budget</u>	<u>1996</u> <u>Actual</u>	Variance <u>Favorable</u> <u>(Unfavorable)</u>	<u>1995</u> <u>Actual</u>
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 118,712	\$ 114,419	\$(4,293)	\$ 113,497
Interest	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>391</u>
TOTAL REVENUES	118,712	114,419	(4,293)	113,888
EXPENDITURES				
Highways and streets				
Construction				
Contracted services	24,000	1,440	22,560	28,285
Routine maintenance				
Salaries and wages	5,600	3,998	1,602	5,182
Fringe benefits	2,700	2,923	(223)	1,443
Contractual services	21,100	4,022	17,078	1,160
Supplies	4,400	2,058	2,342	2,213
Equipment rental	<u>11,000</u>	<u>4,384</u>	<u>6,616</u>	<u>12,113</u>
Total routine maintenance	44,800	17,385	27,415	22,111
Traffic services				
Salaries and wages	788	634	154	868
Fringe benefits	432	468	(36)	241
Contractual services	3,500	287	3,213	1,882
Supplies	200	1,993	(1,793)	118
Equipment rental	<u>1,000</u>	<u>302</u>	<u>698</u>	<u>6,577</u>
Total traffic services	5,920	3,684	2,236	9,686
Winter maintenance				
Salaries and wages	5,012	3,354	1,658	3,202
Fringe benefits	2,268	2,456	(188)	891
Contractual services	100	240	(140)	-
Supplies	3,900	5,661	(1,761)	3,674
Equipment rental	<u>5,000</u>	<u>2,871</u>	<u>2,129</u>	<u>2,211</u>
Total winter maintenance	<u>16,280</u>	<u>14,582</u>	<u>1,698</u>	<u>9,978</u>
TOTAL EXPENDITURES	<u>91,000</u>	<u>37,091</u>	<u>53,909</u>	<u>70,060</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Major Street

	<u>Amended</u> <u>Budget</u>	1996 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1995 <u>Actual</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 27,712	\$ 77,328	\$ 49,616	\$ 43,828
OTHER FINANCING SOURCES (USES)				
Operating transfer in	40,273	37,608	(2,665)	-
Operating transfers out	<u>(47,833)</u>	<u>(47,833)</u>	<u>-0-</u>	<u>(38,925)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,560)</u>	<u>(10,225)</u>	<u>(2,665)</u>	<u>(38,925)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	20,152	67,103	46,951	4,903
Fund balance, beginning of year	<u>59,226</u>	<u>59,226</u>	<u>-0-</u>	<u>54,323</u>
Fund balance, end of year	<u>\$ 79,378</u>	<u>\$ 126,329</u>	<u>\$ 46,951</u>	<u>\$ 59,226</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Local Street

	<u>Amended</u> <u>Budget</u>	<u>1996</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>1995</u> <u>Actual</u>
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 39,078	\$ 42,009	\$ 2,931	\$ 41,662
Special assessments	9,800	13,570	3,770	14,080
Other	<u>-</u>	<u>100</u>	<u>100</u>	<u>-</u>
TOTAL REVENUES	48,878	55,679	6,801	55,742
EXPENDITURES				
Highways and streets				
Routine maintenance				
Salaries and wages	9,503	7,259	2,244	12,090
Fringe benefits	7,337	5,139	2,198	4,317
Contractual services	750	80	670	-
Maintenance	850	-	850	218
Supplies	2,000	6,477	(4,477)	4,053
Equipment rental	<u>11,000</u>	<u>12,170</u>	<u>(1,170)</u>	<u>14,116</u>
Total routine maintenance	31,440	31,125	315	34,794
Traffic services				
Salaries and wages	632	599	33	882
Fringe benefits	647	453	194	315
Contractual services	100	24	76	76
Supplies	200	268	(68)	18
Equipment rental	<u>1,000</u>	<u>230</u>	<u>770</u>	<u>1,388</u>
Total traffic services	2,579	1,574	1,005	2,679
Winter maintenance				
Salaries and wages	3,325	2,745	580	2,750
Fringe benefits	2,806	1,965	841	982
Contractual services	-	120	(120)	-
Supplies	3,000	2,290	710	3,848
Equipment rental	<u>2,250</u>	<u>3,557</u>	<u>(1,307)</u>	<u>2,031</u>
Total winter maintenance	<u>11,381</u>	<u>10,677</u>	<u>704</u>	<u>9,611</u>
Total highways and streets	45,400	43,376	2,024	47,084

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Local Street

	<u>Amended Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
Debt service				
Principal retirement	\$ 10,094	\$ 10,094	\$ -0-	\$ 9,705
Interest and fiscal charges	<u>3,685</u>	<u>3,701</u>	<u>(16)</u>	<u>4,380</u>
Total debt service	<u>13,779</u>	<u>13,795</u>	<u>(16)</u>	<u>14,085</u>
TOTAL EXPENDITURES	<u>59,179</u>	<u>57,171</u>	<u>2,008</u>	<u>61,169</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(10,301)	(1,492)	8,809	(5,427)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	27,000	27,000	-0-	21,175
Operating transfers out	<u>(16,000)</u>	<u>(16,000)</u>	<u>-0-</u>	<u>(13,600)</u>
TOTAL FINANCING SOURCES (USES)	<u>11,000</u>	<u>11,000</u>	<u>-0-</u>	<u>7,575</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	699	9,508	8,809	2,148
Fund balance, beginning of year	<u>1,416</u>	<u>1,416</u>	<u>-0-</u>	<u>(732)</u>
Fund balance, end of year	<u>\$ 2,115</u>	<u>\$ 10,924</u>	<u>\$ 8,809</u>	<u>\$ 1,416</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Cemetery

	<u>Amended</u> <u>Budget</u>	<u>1996</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>1995</u> <u>Actual</u>
REVENUES				
Charges for services	\$ 9,750	\$ 16,060	\$ 6,310	\$ 10,390
EXPENDITURES				
Health and welfare				
Salaries and wages	10,750	9,757	993	7,571
Administrative charges	4,500	3,727	773	2,046
Supplies	1,000	642	358	656
Contractual services	2,000	-	2,000	-
Utilities	250	193	57	146
Equipment rental	<u>10,000</u>	<u>13,964</u>	<u>(3,964)</u>	<u>10,943</u>
TOTAL EXPENDITURES	<u>28,500</u>	<u>28,283</u>	<u>217</u>	<u>21,362</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(18,750)	(12,223)	6,527	(10,972)
OTHER FINANCING SOURCES				
Operating transfers in	<u>18,750</u>	<u>18,750</u>	<u>-0-</u>	<u>15,067</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	6,527	6,527	4,095
Fund balance, beginning of year	<u>7,271</u>	<u>7,271</u>	<u>-0-</u>	<u>3,176</u>
Fund balance, end of year	<u>\$ 7,271</u>	<u>\$ 13,798</u>	<u>\$ 6,527</u>	<u>\$ 7,271</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Library

	<u>Amended Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
REVENUES				
Intergovernmental				
State	\$ 5,581	\$ 6,899	\$ 1,318	\$ 2,706
Local	9,450	10,308	858	9,795
Charges for services	600	535	(65)	684
Fines and forfeits	13,692	13,775	83	12,319
Interest	500	582	82	293
Other	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>4</u>
TOTAL REVENUES	29,823	32,099	2,276	25,801
EXPENDITURES				
Recreation and cultural				
Salaries and wages	30,670	28,539	2,131	24,571
Administrative charges	-	-	-0-	2,094
Contractual services	8,909	7,271	1,638	1,223
Supplies	6,917	6,558	359	7,593
Utilities	2,250	2,347	(97)	1,902
Communication	900	894	6	637
Equipment rental	1,500	14	1,486	40
Miscellaneous	<u>2,950</u>	<u>114</u>	<u>2,836</u>	<u>415</u>
TOTAL EXPENDITURES	<u>54,096</u>	<u>45,737</u>	<u>8,359</u>	<u>38,475</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(24,273)	(13,638)	10,635	(12,674)
OTHER FINANCING SOURCES				
Operating transfers in	<u>24,000</u>	<u>24,000</u>	<u>-0-</u>	<u>15,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	(273)	10,362	10,635	2,326
Fund balance, beginning of year	<u>17,096</u>	<u>17,096</u>	<u>-0-</u>	<u>14,770</u>
Fund balance, end of year	<u>\$ 16,823</u>	<u>\$ 27,458</u>	<u>\$ 10,635</u>	<u>\$ 17,096</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Historical Commission

	<u>Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
REVENUES				
Interest and rents	\$ -	\$ 4,749	\$ 4,749	\$ 4,297
Other				
Dues and contributions	-	5,712	5,712	3,849
Fundraising	-	<u>3,960</u>	<u>3,960</u>	<u>2,919</u>
TOTAL REVENUES	-0-	14,421	14,421	11,065
EXPENDITURES				
Recreation and cultural				
Contracted services	-	1,187	(1,187)	1,275
Repairs and maintenance	-	12,031	(12,031)	2,211
Fundraising	-	567	(567)	942
Office supplies	-	177	(177)	66
Reimbursements	-	446	(446)	79
Miscellaneous	-	575	(575)	279
Utilities - Church building	-	-	-0-	<u>525</u>
TOTAL EXPENDITURES	-0-	<u>14,983</u>	<u>(14,983)</u>	<u>5,377</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	(562)	(562)	5,688
Fund balance, beginning of year	<u>14,841</u>	<u>14,841</u>	<u>-0-</u>	<u>9,153</u>
Fund balance, end of year	<u>\$ 14,841</u>	<u>\$ 14,279</u>	<u>\$ (562)</u>	<u>\$ 14,841</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Softball Commission

	<u>Budget</u>	1996 <u>Actual</u>	Variance Favorable (Unfavorable)	1995 <u>Actual</u>
REVENUES				
Interest	\$ -	\$ 40	\$ 40	\$ -
Other				
Fees	32,455	36,120	3,665	33,305
Concessions	6,200	4,895	(1,305)	5,720
Shirt sales	654	678	24	421
Advertising	1,200	4,275	3,075	1,245
Parking fees	500	261	(239)	410
Sale of fixed assets	-	-	-0-	515
Refunds and reimbursements	-	170	170	590
Field rental	-	776	776	-
Donations	-	1,362	1,362	-
Miscellaneous	<u>300</u>	<u>309</u>	<u>9</u>	<u>306</u>
TOTAL REVENUES	41,309	48,886	7,577	42,512
EXPENDITURES				
Recreation and cultural				
Contracted services	27,091	28,152	(1,061)	28,088
Registration and fees	2,275	4,766	(2,491)	3,540
Advertising signs	360	2,525	(2,165)	-
Supplies	2,422	2,261	161	2,080
Concession supplies	2,900	2,713	187	2,557
Awards	1,944	464	1,480	453
Telephone	575	584	(9)	529
Insurance	200	200	-0-	200
Miscellaneous	1,295	2,515	(1,220)	2,608
Field improvements	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>2,297</u>
TOTAL EXPENDITURES	<u>39,062</u>	<u>44,180</u>	<u>(5,118)</u>	<u>42,352</u>
EXCESS OF REVENUES OVER EXPENDITURES	2,247	4,706	2,459	160
OTHER FINANCING SOURCES				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>778</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Softball Commission

	<u>Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ 2,247	\$ 4,706	\$ 2,459	\$ 938
Fund balance (deficit), beginning of year	<u>(3,922)</u>	<u>(3,922)</u>	<u>-0-</u>	<u>(4,860)</u>
Fund (deficit), end of year	<u>\$(1,675)</u>	<u>\$ 784</u>	<u>\$ 2,459</u>	<u>\$(3,922)</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Fourth of July Commission

	<u>Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
REVENUES				
Other				
Contributions	\$ 3,387	\$ 2,615	\$ (772)	\$ 1,020
Festivities	<u>5,450</u>	<u>5,450</u>	<u>-0-</u>	<u>4,279</u>
TOTAL REVENUES	8,837	8,065	(772)	5,299
EXPENDITURES				
Recreation and cultural				
Festivities	11,265	11,591	(326)	5,094
Office supplies	428	428	-0-	579
Seminars and dues	<u>352</u>	<u>351</u>	<u>1</u>	<u>140</u>
TOTAL EXPENDITURES	<u>12,045</u>	<u>12,370</u>	<u>(325)</u>	<u>5,813</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(3,208)	(4,305)	(1,097)	(514)
OTHER FINANCING SOURCES				
Operating transfers in	<u>3,208</u>	<u>3,000</u>	<u>(208)</u>	<u>2,900</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-0-	(1,305)	(1,305)	2,386
Fund balance, beginning of year	<u>4,494</u>	<u>4,494</u>	<u>-0-</u>	<u>2,108</u>
Fund balance, end of year	<u>\$ 4,494</u>	<u>\$ 3,189</u>	<u>\$ (1,305)</u>	<u>\$ 4,494</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

	<u>Amended</u> <u>Budget</u>	<u>1996</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>1995</u> <u>Actual</u>
<u>Stu Coutts Recreation</u>				
REVENUES				
Interest and rents	\$ 2,500	\$ 4,737	\$ 2,237	\$ 3,115
EXPENDITURES				
Recreation and cultural				
Salaries and wages	1,500	1,561	(61)	1,513
Administrative charges	1,000	789	211	1,138
Contractual services	4,000	232	3,768	115
Supplies	1,000	826	174	1,274
Utilities	2,000	3,398	(1,398)	1,849
Equipment rental	<u>500</u>	<u>1,031</u>	<u>(531)</u>	<u>263</u>
TOTAL EXPENDITURES	<u>10,000</u>	<u>7,837</u>	<u>2,163</u>	<u>6,152</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(7,500)	(3,100)	4,400	(3,037)
Fund balance, beginning of year	<u>55,881</u>	<u>55,881</u>	<u>-0-</u>	<u>58,918</u>
Fund balance, end of year	<u>\$ 48,381</u>	<u>\$ 52,781</u>	<u>\$ 4,400</u>	<u>\$ 55,881</u>

Asset Seizure

REVENUES				
Fines and forfeits	\$ 172	\$ 172	\$ -0-	\$ -
EXPENDITURES				
Public safety				
Supplies	<u>172</u>	<u>-</u>	<u>172</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	172	172	-0-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -0-</u>	<u>\$ 172</u>	<u>\$ 172</u>	<u>\$ -0-</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

	<u>Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
<u>Economic Development</u>				
REVENUES				
Interest	\$ 1,000	\$ 3,453	\$ 2,453	\$ 4,603
Other				
Loan repayments	64,081	89,643	25,562	49,789
Miscellaneous	<u>-</u>	<u>133</u>	<u>133</u>	<u>-</u>
TOTAL REVENUES	65,081	93,229	28,148	54,392
EXPENDITURES				
Other				
Loans	109,406	55,400	54,006	-
Other	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>20</u>
TOTAL EXPENDITURES	<u>109,406</u>	<u>55,400</u>	<u>54,006</u>	<u>20</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(44,325)	37,829	82,154	54,372
Fund balance, beginning of year	<u>132,460</u>	<u>132,460</u>	<u>-0-</u>	<u>78,088</u>
Fund balance, end of year	<u>\$ 88,135</u>	<u>\$ 170,289</u>	<u>\$ 82,154</u>	<u>\$ 132,460</u>

	<u>H.U.D. Grant</u>			
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
Fund balance, beginning of year	<u>250,001</u>	<u>250,001</u>	<u>-0-</u>	<u>250,001</u>
Fund balance, end of year	<u>\$ 250,001</u>	<u>\$ 250,001</u>	<u>\$ -0-</u>	<u>\$ 250,001</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

	<u>Amended Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
<u>Heritage Park</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES				
Recreation and culture				
Salaries and wages	200	-	200	-
Supplies	<u>50</u>	<u>205</u>	<u>(155)</u>	<u>-</u>
TOTAL EXPENDITURES	<u>250</u>	<u>205</u>	<u>45</u>	<u>-0-</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(250)	(205)	45	-0-
Fund balance, beginning of year	<u>1,096</u>	<u>1,096</u>	<u>-0-</u>	<u>1,096</u>
Fund balance, end of year	<u>\$ 846</u>	<u>\$ 891</u>	<u>\$ 45</u>	<u>\$ 1,096</u>

Library Building

REVENUES				
Interest	\$ 200	\$ 682	\$ 482	\$ 442
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	200	682	482	442
Fund balance, beginning of year	<u>12,092</u>	<u>12,092</u>	<u>-0-</u>	<u>11,650</u>
Fund balance, end of year	<u>\$ 12,292</u>	<u>\$ 12,774</u>	<u>\$ 482</u>	<u>\$ 12,092</u>

City of Corunna

Debt Service Funds

COMBINING BALANCE SHEET

June 30, 1996

	<u>Fire Truck Loan</u>	<u>1985 Loan Program</u>	<u>1980 Street Debt</u>	<u>Building Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 17,218	\$ 910	\$ -	\$ 2,050	\$ 20,178
Investments	-	-	-	22,638	22,638
Accrued interest receivable	-	-	-	191	191
TOTAL ASSETS	<u>\$ 17,218</u>	<u>\$ 910</u>	<u>\$ -0-</u>	<u>\$ 24,879</u>	<u>\$ 43,007</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES	\$ -	\$ -	\$ -	\$ -	\$ -0-
FUND BALANCES					
Reserved for debt service	17,218	910	-	-	18,128
Unreserved - undesignated	-	-	-	24,879	24,879
TOTAL FUND BALANCE	<u>17,218</u>	<u>910</u>	<u>-0-</u>	<u>24,879</u>	<u>43,007</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,218</u>	<u>\$ 910</u>	<u>\$ -0-</u>	<u>\$ 24,879</u>	<u>\$ 43,007</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1996

	<u>Fire Truck Loan</u>	<u>1985 Loan Program</u>	<u>1980 Street Debt</u>	<u>Building Authority</u>	<u>Total</u>
REVENUES					
Interest	\$ 840	\$ -	\$ 1,191	\$ 1,389	\$ 3,420
EXPENDITURES					
Debt service					
Principal redemption	9,704	27,938	-	9,000	46,642
Interest and fiscal charges	1,461	13,895	-	482	15,838
Services charges	-	-	-	62	62
Miscellaneous	-	-	-	103	103
TOTAL EXPENDITURES	<u>11,165</u>	<u>41,833</u>	<u>-0-</u>	<u>9,647</u>	<u>62,645</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,325)	(41,833)	1,191	(8,258)	(59,225)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	12,000	41,833	-	9,000	62,833
Operating transfers out	-	-	(37,608)	-	(37,608)
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>41,833</u>	<u>(37,608)</u>	<u>9,000</u>	<u>25,225</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,675	-0-	(36,417)	742	(34,000)
Fund balances, beginning of year	<u>15,543</u>	<u>910</u>	<u>36,417</u>	<u>24,137</u>	<u>77,007</u>
Fund balances, end of year	<u>\$ 17,218</u>	<u>\$ 910</u>	<u>\$ -0-</u>	<u>\$ 24,879</u>	<u>\$ 43,007</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Fire Truck Loan

	<u>Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
REVENUES				
Interest	\$ 150	\$ 840	\$ 690	\$ 597
EXPENDITURES				
Debt service				
Principal redemption	9,770	9,704	66	9,130
Interest and fiscal charges	<u>1,396</u>	<u>1,461</u>	<u>(65)</u>	<u>2,036</u>
TOTAL EXPENDITURES	<u>11,166</u>	<u>11,165</u>	<u>1</u>	<u>11,166</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(11,016)	(10,325)	691	(10,569)
OTHER FINANCING SOURCES				
Operating transfers in	<u>12,000</u>	<u>12,000</u>	<u>-0-</u>	<u>12,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	984	1,675	691	1,431
Fund balance, beginning of year	<u>15,543</u>	<u>15,543</u>	<u>-0-</u>	<u>14,112</u>
Fund balance, end of year	<u>\$ 16,527</u>	<u>\$ 17,218</u>	<u>\$ 691</u>	<u>\$ 15,543</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

1985 Loan Program

	<u>Budget</u>	<u>1996 Actual</u>	Variance Favorable (Unfavorable)	<u>1995 Actual</u>
REVENUES				
Other	\$ -	\$ -	\$ -0-	\$ 9,680
EXPENDITURES				
Debt service				
Principal redemption	27,938	27,938	-0-	25,489
Interest and fiscal charges	<u>13,895</u>	<u>13,895</u>	<u>-0-</u>	<u>16,362</u>
TOTAL EXPENDITURES	<u>41,833</u>	<u>41,833</u>	<u>-0-</u>	<u>41,851</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(41,833)	(41,833)	-0-	(32,171)
OTHER FINANCING SOURCES				
Operating transfers in	<u>41,833</u>	<u>41,833</u>	<u>-0-</u>	<u>32,350</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	-0-	-0-	179
Fund balance, beginning of year	<u>910</u>	<u>910</u>	<u>-0-</u>	<u>731</u>
Fund balance, end of year	<u>\$ 910</u>	<u>\$ 910</u>	<u>\$ -0-</u>	<u>\$ 910</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

1980 Street Debt

	<u>Amended</u> <u>Budget</u>	<u>1996</u> <u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>1995</u> <u>Actual</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -0-	\$ 65,376
Interest	<u>1,500</u>	<u>1,191</u>	<u>(309)</u>	<u>1,103</u>
TOTAL REVENUES	1,500	1,191	(309)	66,479
EXPENDITURES				
Debt service				
Principal redemption	-	-	-0-	75,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>2,824</u>
TOTAL EXPENDITURES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>77,824</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,500	1,191	(309)	(11,345)
OTHER FINANCING USES				
Operating transfers out	<u>(37,100)</u>	<u>(37,608)</u>	<u>(508)</u>	<u>-</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES AND OTHER FINANCING USES	(35,600)	(36,417)	(817)	(11,345)
Fund balance, beginning of year	<u>36,417</u>	<u>36,417</u>	<u>-0-</u>	<u>47,762</u>
Fund balance, end of year	<u>\$ 817</u>	<u>\$ -0-</u>	<u>\$ (817)</u>	<u>\$ 36,417</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1996
With Actual Amounts for Year Ended June 30, 1995

Building Authority

	<u>Budget</u>	<u>1996 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1995 Actual</u>
REVENUES				
Interest	\$ -	\$ 1,389	\$ 1,389	\$ 1,052
EXPENDITURES				
Debt service				
Principal redemption	-	9,000	(9,000)	9,000
Interest and fiscal charges	-	482	(482)	963
Service charges	-	62	(62)	49
Miscellaneous	-	<u>103</u>	<u>(103)</u>	<u>128</u>
TOTAL EXPENDITURES	<u>-0-</u>	<u>9,647</u>	<u>(9,647)</u>	<u>10,140</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	-0-	(8,258)	(8,258)	(9,088)
OTHER FINANCING SOURCES				
Operating transfers in	-	<u>9,000</u>	<u>9,000</u>	<u>11,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	742	742	1,912
Fund balance, beginning of year	<u>24,137</u>	<u>24,137</u>	<u>-0-</u>	<u>22,225</u>
Fund balance, end of year	<u>\$ 24,137</u>	<u>\$ 24,879</u>	<u>\$ 742</u>	<u>\$ 24,137</u>

City of Corunna
Enterprise Funds
COMBINING BALANCE SHEET
June 30, 1996

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 396,868	\$ 362,612	\$ 759,480
Cash and cash equivalents - restricted	- 166,499	-	166,499
Accounts receivable	111,856	49,371	161,227
Accrued interest receivable	327	429	756
Due from other funds	<u>15,505</u>	<u>-</u>	<u>15,505</u>
Total current assets	691,055	412,412	1,103,467
Other assets			
Treatment rights	529,657	-	529,657
Accumulated amortization	<u>(405,289)</u>	<u>-</u>	<u>(405,289)</u>
Net treatment rights	124,368	-0-	124,368
Construction in progress	<u>456,167</u>	<u>-</u>	<u>456,167</u>
Total other assets	580,535	-0-	580,535
Fixed assets			
Land	1	126	127
Equipment	80,000	-	80,000
System and improvements	2,011,657	1,008,671	3,020,328
Accumulated depreciation	<u>(1,076,521)</u>	<u>(321,476)</u>	<u>(1,397,997)</u>
Total fixed assets, net of accumulated depreciation	<u>1,015,137</u>	<u>687,321</u>	<u>1,702,458</u>
TOTAL ASSETS	<u>\$ 2,286,727</u>	<u>\$ 1,099,733</u>	<u>\$ 3,386,460</u>

City of Corunna

Enterprise Funds

COMBINING BALANCE SHEET - CONTINUED

June 30, 1996

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 97,142	\$ 13,892	\$ 111,034
Accrued wages	115	445	560
Due to other funds	4,769	295	5,064
Accrued interest payable	23,453	5,841	29,294
Current portion of long-term debt	<u>83,466</u>	<u>25,000</u>	<u>108,466</u>
Total current liabilities	208,945	45,473	254,418
Other liabilities			
Loans payable	17,141	-	17,141
Contracts payable	108,320	-	108,320
Capital lease payable	46,596	-	46,596
General obligation bonds payable	-	575,000	575,000
Revenue improvement bonds payable	<u>855,000</u>	<u>-</u>	<u>855,000</u>
Total other liabilities	<u>1,027,057</u>	<u>575,000</u>	<u>1,602,057</u>
TOTAL LIABILITIES	1,236,002	620,473	1,856,475
FUND EQUITY			
Contribution in aid of construction			
Other governmental units	42,308	-	42,308
Other funds	54,134	-	54,134
Taxpayers	792,172	95,789	887,961
Retained earnings			
Reserved for bonds	46,431	-	46,431
Reserved for debt service	11,688	-	11,688
Reserved for replacement	102,327	290,492	392,819
Unreserved	<u>1,665</u>	<u>92,979</u>	<u>94,644</u>
TOTAL FUND EQUITY	<u>1,050,725</u>	<u>479,260</u>	<u>1,529,985</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,286,727</u>	<u>\$ 1,099,733</u>	<u>\$ 3,386,460</u>

City of Corunna

Enterprise Funds

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

Year Ended June 30, 1996

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services			
Usage charges	\$ 352,589	\$ 330,739	\$ 683,328
Tap in fees	4,000	3,250	7,250
Capital charges	62,569	40,856	103,425
Other	<u>1,634</u>	<u>3,701</u>	<u>5,335</u>
 TOTAL OPERATING REVENUES	 420,792	 378,546	 799,338
OPERATING EXPENSES			
Salaries and wages	35,986	50,579	86,565
Fringe benefits	1,458	2,641	4,099
Administrative charges	3,650	3,650	7,300
Contractual services	91,365	20,046	111,411
Supplies	4,933	25,626	30,559
Utilities	4,287	8,530	12,817
Treatment costs	152,904	138,554	291,458
Repairs and maintenance	7,644	-	7,644
Equipment rental	17,857	9,983	27,840
Other	-	138	138
Depreciation	54,215	42,800	97,015
Amortization	<u>26,306</u>	<u>-</u>	<u>26,306</u>
 TOTAL OPERATING EXPENSES	 <u>400,605</u>	 <u>302,547</u>	 <u>703,152</u>
 OPERATING INCOME	 20,187	 75,999	 96,186
NONOPERATING REVENUES (EXPENSES)			
Accrued interest	1,143	-	1,143
Interest revenue	15,886	10,851	26,737
Rent revenue	11,405	14,600	26,005
Interest expense	(43,974)	(36,008)	(79,982)
Bond discount	<u>(5,497)</u>	<u>-</u>	<u>(5,497)</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(21,037)</u>	 <u>(10,557)</u>	 <u>(31,594)</u>
 NET INCOME (LOSS)	 (850)	 65,442	 64,592
Retained earnings, beginning of year	<u>162,961</u>	<u>318,029</u>	<u>480,990</u>
Retained earnings, end of year	<u>\$ 162,111</u>	<u>\$ 383,471</u>	<u>\$ 545,582</u>

City of Corunna

Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 1996

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 20,187	\$ 75,999	\$ 96,186
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	80,521	42,800	123,321
(Increase) in accounts receivable	(15,645)	(2,827)	(18,472)
Decrease in prepaid expense	7,052	-	7,052
Decrease in accrued interest receivable	162	8	170
Decrease in due from other funds	-	368	368
Increase (decrease) in accounts payable	88,021	(2,741)	85,280
Increase (decrease) in accrued liabilities	(95)	283	188
Increase (decrease) in accrued interest payable	<u>10,963</u>	<u>(192)</u>	<u>10,771</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 191,166	 113,698	 304,864
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rent revenue	11,405	14,600	26,005
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bond proceeds	550,000	-	550,000
Capital purchases	(456,167)	-	(456,167)
Interest expense	(43,974)	(36,008)	(79,982)
Payments of borrowing	(59,840)	(25,000)	(84,840)
Accrued interest	1,143	-	1,143
Bond discount	<u>(5,497)</u>	<u>-</u>	<u>(5,497)</u>
 NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	 (14,335)	 (61,008)	 (75,343)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	<u>15,886</u>	<u>10,851</u>	<u>26,737</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	 204,122	 78,141	 282,263
Cash and cash equivalents, beginning of year	<u>359,245</u>	<u>284,471</u>	<u>643,716</u>
Cash and cash equivalents, end of year	<u>\$ 563,367</u>	<u>\$ 362,612</u>	<u>\$ 925,979</u>

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM

June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 396,868	\$ 359,245
Cash and cash equivalents - restricted	166,499	-
Accounts receivable	111,856	96,211
Accrued interest receivable	327	489
Due from other funds	<u>15,505</u>	<u>15,505</u>
Total current assets	691,055	471,450
Other assets		
Treatment rights	529,657	536,709
Accumulated amortization	<u>(405,289)</u>	<u>(378,983)</u>
Net treatment rights	124,368	157,726
Construction in progress	<u>456,167</u>	<u>-</u>
Total other assets	580,535	157,726
Fixed assets		
Land	1	1
Equipment	80,000	80,000
System and improvements	2,011,657	2,011,657
Accumulated depreciation	<u>(1,076,521)</u>	<u>(1,022,306)</u>
Total fixed assets, net of accumulated depreciation	<u>1,015,137</u>	<u>1,069,352</u>
TOTAL ASSETS	<u>\$ 2,286,727</u>	<u>\$ 1,698,528</u>

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM - CONTINUED

June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 97,142	\$ 9,121
Accrued wages	115	210
Due to other funds	4,769	4,769
Accrued interest payable	23,453	12,490
Current portion of long-term debt	<u>83,466</u>	<u>62,122</u>
Total current liabilities	208,945	88,712
Other liabilities		
Loans payable	17,141	29,153
Contracts payable	108,320	136,260
Capital lease payable	46,596	57,828
Revenue improvement bonds payable	<u>855,000</u>	<u>335,000</u>
Total other liabilities	<u>1,027,057</u>	<u>558,241</u>
TOTAL LIABILITIES	1,236,002	646,953
FUND EQUITY		
Contribution in aid of construction		
Other governmental units	42,308	42,308
Other funds	54,134	54,134
Taxpayers	792,172	792,172
Retained earnings		
Reserved for bonds	46,431	30,000
Reserved for debt service	11,688	11,813
Reserved for replacement	102,327	91,372
Unreserved	<u>1,665</u>	<u>29,776</u>
TOTAL FUND EQUITY	<u>1,050,725</u>	<u>1,051,575</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 2,286,727</u>	<u>\$ 1,698,528</u>

City of Corunna

Enterprise Funds

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

Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
OPERATING REVENUES		
Charges for services		
Usage charges	\$ 352,589	\$ 326,030
Tap in fees	4,000	26,500
Capital charges	62,569	31,910
Other	<u>1,634</u>	<u>282</u>
 TOTAL OPERATING REVENUES	 420,792	 384,722
OPERATING EXPENSES		
Salaries and wages	35,986	26,540
Fringe benefits	1,458	1,775
Administrative charges	3,650	3,650
Contractual services	91,365	39,009
Supplies	4,933	5,762
Utilities	4,287	4,119
Treatment costs	152,904	175,409
Repairs and maintenance	7,644	10,694
Equipment rental	17,857	3,786
Depreciation	54,215	53,215
Amortization	<u>26,306</u>	<u>26,248</u>
 TOTAL OPERATING EXPENSES	 <u>400,605</u>	 <u>350,207</u>
 OPERATING INCOME	 20,187	 34,515
NONOPERATING REVENUES (EXPENSES)		
Accrued interest	1,143	-
Interest revenue	15,886	13,289
Rent revenue	11,405	10,330
Interest expense	(43,974)	(28,600)
Bond discount	<u>(5,497)</u>	<u>-</u>
 TOTAL NONOPERATING REVENUES (EXPENSES)	 <u>(21,037)</u>	 <u>(4,981)</u>
 NET INCOME (LOSS)	 (850)	 29,534
Retained earnings, beginning of year	<u>162,961</u>	<u>133,427</u>
Retained earnings, end of year	<u>\$ 162,111</u>	<u>\$ 162,961</u>

City of Corunna

Enterprise Funds

COMPARATIVE STATEMENT OF CASH FLOWS - SEWER SYSTEM

Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 20,187	\$ 34,515
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	80,521	79,463
(Increase) in accounts receivable	(15,645)	(7,548)
(Increase) in interest receivable	7,052	(489)
Decrease in special assessment receivable	162	740
(Increase) decrease in due from other funds	-	(1,345)
Increase in accounts payable	88,021	5,928
Increase (decrease) in accrued liabilities	(95)	174
Increase in due to other funds	-	-
Increase (decrease) in accrued interest payable	<u>10,963</u>	<u>(1,986)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	191,166	109,452
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent revenue	11,405	10,330
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond proceeds	550,000	-
Capital purchases	(456,167)	(33,512)
Interest expense	(43,974)	(28,600)
Payments of borrowing	(59,840)	(47,651)
Accrued interest	1,143	-
Bond discount	<u>(5,497)</u>	<u>-</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(14,335)	(109,763)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	<u>15,886</u>	<u>13,289</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	204,122	23,308
Cash and cash equivalents, beginning of year	<u>359,245</u>	<u>335,937</u>
Cash and cash equivalents, end of year	<u>\$ 563,367</u>	<u>\$ 359,245</u>

City of Corunna

Trust and Agency Funds

COMBINING BALANCE SHEET

June 30, 1996

	<u>Trust Funds</u>		<u>Agency Funds</u>		
	<u>Nonexpendable</u>	<u>Expendable</u>			
	Cemetery Perpetual Care	Fireworks	Current Tax Collection	Deferred Compensation	Total
ASSETS					
Cash and cash equivalents	\$ 13,674	\$ 7,094	\$ 6,346	\$ -	\$ 27,114
Investments	33,954	-	-	25,571	59,525
Accrued interest receivable	<u>321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321</u>
TOTAL ASSETS	<u>\$ 47,949</u>	<u>\$ 7,094</u>	<u>\$ 6,346</u>	<u>\$ 25,571</u>	<u>\$ 86,960</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 6,133	\$ -	\$ 6,133
Due to component unit	-	-	213	-	213
Due to individuals	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,571</u>	<u>25,571</u>
TOTAL LIABILITIES	-0-	-0-	6,346	25,571	31,917
FUND BALANCES					
Reserved for Perpetual care	47,949	-	-	-	47,949
Fourth of July fireworks	<u>-</u>	<u>7,906</u>	<u>-</u>	<u>-</u>	<u>7,094</u>
TOTAL FUND BALANCES	<u>47,949</u>	<u>7,094</u>	<u>-0-</u>	<u>-0-</u>	<u>55,043</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 47,949</u>	<u>\$ 7,094</u>	<u>\$ 6,346</u>	<u>\$ 25,571</u>	<u>\$ 86,960</u>

City of Corunna

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 1996

	<u>Balance</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1996</u>
<u>Current Tax Collections Fund</u>				
ASSETS				
Cash	\$ 2,001	\$ 1,460,829	\$ 1,456,484	\$ 6,346
LIABILITIES				
Due to other funds				
General	\$ 1,633	\$ 494,641	\$ 490,141	\$ 6,133
Local	-	13,009	13,009	-0-
Water	368	6,222	6,590	-0-
Sewer	-	828	828	-0-
Due to component unit	-	23,583	23,370	213
Due to other governmental units				
County				
State Education Tax	-	183,985	183,985	-0-
Other	-	196,537	196,537	-0-
State	-	43,618	43,618	-0-
Schools	-	477,018	477,018	-0-
Due to individuals and agencies	-	21,388	21,388	-0-
	<u>\$ 2,001</u>	<u>\$ 1,460,829</u>	<u>\$ 1,456,484</u>	<u>\$ 6,346</u>

Deferred Compensation Fund

ASSETS				
Investments	\$ 14,639	\$ 11,410	\$ 478	\$ 25,571
LIABILITIES				
Due to individuals	\$ 14,639	\$ 11,410	\$ 478	\$ 25,571

City of Corunna

Component Unit Funds

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

June 30, 1996

	Governmental	Account Groups		Totals
	Fund Type	General	General Long-	
	Special	Fixed Assets	Term Debt	
	Revenue			
ASSETS				
Cash	\$ 9,378	\$ -	\$ -	\$ 9,378
Accounts receivable	4,470	-	-	4,470
Due from primary government	213	-	-	213
Prepaid expenditures	3,009	-	-	3,009
Fixed assets	-	752,024	-	752,024
Amount to be provided for retirement of general long-term debt	-	-	402,509	402,509
TOTAL ASSETS	\$ 17,070	\$ 752,024	\$ 402,509	\$ 1,171,603
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 421	\$ -	\$ -	\$ 421
Due to individuals	2,686	-	-	2,686
Due to other governmental units - State	8,766	-	-	8,766
Advances from primary government	275,231	-	-	275,231
Loans payable	-	-	402,509	402,509
TOTAL LIABILITIES	287,104	-0-	402,509	689,613
FUND EQUITY (DEFICIT)				
Investment in general fixed assets	-	752,024	-	752,024
Unreserved - undesignated	(270,034)	-	-	(270,034)
TOTAL FUND EQUITY (DEFICIT)	(270,034)	752,024	-0-	481,990
TOTAL LIABILITIES AND FUND EQUITY	\$ 17,070	\$ 752,024	\$ 402,509	\$ 1,171,603

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

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>
5/1/97	4.80 %	\$ 25,000	\$ 35,050	\$ 60,050
5/1/98	5.00	25,000	33,850	58,850
5/1/99	5.20	25,000	32,600	57,600
5/1/2000	5.40	25,000	31,300	56,300
5/1/01	5.50	25,000	29,950	54,950
5/1/02	5.60	25,000	28,575	53,575
5/1/03	5.70	50,000	27,175	77,175
5/1/04	5.80	50,000	24,325	74,325
5/1/05	5.90	50,000	21,425	71,425
5/1/06	6.00	50,000	18,475	68,475
5/1/07	6.10	50,000	15,475	65,475
5/1/08	6.15	50,000	12,425	62,425
5/1/09	6.20	50,000	9,350	59,350
5/1/10	6.25	50,000	6,250	56,250
5/1/11	6.25	<u>50,000</u>	<u>3,125</u>	<u>53,125</u>
		<u>\$ 600,000</u>	<u>\$ 329,350</u>	<u>\$ 929,350</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

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>
11/1/96	8.00 %	\$ 20,000	\$ 22,037	\$ 42,037
11/1/97	8.00	15,000	27,783	42,783
11/1/98	8.00	15,000	26,583	41,583
11/1/99	5.45	15,000	25,382	40,382
11/1/2000	4.30	20,000	24,565	44,565
11/1/01	4.40	20,000	23,705	43,705
11/1/02	4.50	20,000	22,825	42,825
11/1/03	4.60	20,000	21,925	41,925
11/1/04	4.70	25,000	21,005	46,005
11/1/05	4.80	25,000	19,830	44,830
11/1/06	4.90	25,000	18,630	43,630
11/1/07	5.00	30,000	17,405	47,405
11/1/08	5.10	30,000	15,905	45,905
11/1/09	5.20	35,000	14,375	49,375
11/1/10	5.30	35,000	12,555	47,555
11/1/11	5.35	40,000	10,700	50,700
11/1/12	5.35	40,000	8,560	48,560
11/1/13	5.35	40,000	6,420	46,420
11/1/14	5.35	40,000	4,280	44,280
11/1/15	5.35	40,000	2,140	42,140
		<u>\$ 550,000</u>	<u>\$ 346,610</u>	<u>\$ 896,610</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

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>
8/1/96	5.00 %	\$ 10,000	\$ 16,500	\$ 26,500
8/1/97	5.00	10,000	16,000	26,000
8/1/98	5.00	10,000	15,500	25,500
8/1/99	5.00	10,000	15,000	25,000
8/1/2000	5.00	10,000	14,500	24,500
8/1/01	5.00	10,000	14,000	24,000
8/1/02	5.00	10,000	13,500	23,500
8/1/03	5.00	15,000	12,875	27,875
8/1/04	5.00	15,000	12,125	27,125
8/1/05	5.00	15,000	10,875	25,875
8/1/06	5.00	15,000	10,125	25,125
8/1/07	5.00	15,000	9,375	24,375
8/1/08	5.00	15,000	8,625	23,625
8/1/09	5.00	15,000	7,875	22,875
8/1/10	5.00	15,000	7,125	22,125
8/1/11	5.00	15,000	6,375	21,375
8/1/12	5.00	15,000	5,625	20,625
8/1/13	5.00	15,000	4,875	19,875
8/1/14	5.00	15,000	4,125	19,125
8/1/15	5.00	15,000	3,375	18,375
8/1/16	5.00	15,000	2,625	17,625
8/1/17	5.00	15,000	1,875	16,875
8/1/18	5.00	20,000	1,125	21,125
8/1/19	5.00	<u>20,000</u>	<u>500</u>	<u>20,500</u>
		<u>\$ 335,000</u>	<u>\$ 220,375</u>	<u>\$ 555,375</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

1984 Michigan Bond Loan Fund

Purpose: To defray the costs of constructing roadway improvements and paying capital costs for transportation purposes.

Issue: \$50,000

Dated: July 5, 1984

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/1/97	5.00 %	\$ 4,840	\$ 1,756	\$ 6,596
6/1/98	5.00	5,350	1,248	6,598
6/1/99	5.00	<u>5,910</u>	<u>686</u>	<u>6,596</u>
		<u>\$ 16,100</u>	<u>\$ 3,690</u>	<u>\$ 19,790</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

1985 Michigan Local Project Loan

Purpose: To defray the costs of constructing roadway improvements and paying capital costs for transportation purposes.

Issue: \$310,000

Dated: June 6, 1985

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/1/97	10.22 %	\$ 30,790	\$ 11,003	\$ 41,793
6/1/98	10.22	33,952	7,852	41,804
6/1/99	10.22	<u>37,424</u>	<u>4,369</u>	<u>41,793</u>
		<u>\$ 102,166</u>	<u>\$ 23,224</u>	<u>\$ 125,390</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

Fire Truck Loan

Purpose: To finance the cost of acquiring and equipping a custom pumper fire truck.

Issue: \$60,000

Dated: May 15, 1990

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/1/97	7.00 %	<u>\$ 10,729</u>	<u>\$ 712</u>	<u>\$ 11,441</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

Comstock Street Loan

Purpose: To defray the cost of acquiring and constructing improvements to the street system of the city.

Issue: \$80,000

Dated: August 7, 1992

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
7/1/96	5.14 %	\$ 11,429	\$ 2,350	\$ 13,779
7/1/97	5.14	11,428	1,762	13,190
7/1/98	5.14	11,428	1,174	12,602
7/1/99	5.14	<u>11,428</u>	<u>587</u>	<u>12,015</u>
		<u>\$ 45,713</u>	<u>\$ 5,873</u>	<u>\$ 51,586</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

Sewer Pump Loan

Purpose: To finance the cost of acquiring a sewer pump in conjunction with the Owosso-Caledonia Township Utility Authority.

Issue: \$25,186

Dated: September 3, 1992

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
8/1/96	6.00 %	<u>\$ 6,296</u>	<u>\$ 378</u>	<u>\$ 6,674</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

Street Sweeper Capital Lease

Purpose: To finance the cost of acquiring a street sweeper to be used in the public works department.

Issue: \$76,000

Dated: July 15, 1991

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
7/10/96	7.49 %	<u>\$ 7,172</u>	<u>\$ 269</u>	<u>\$ 7,441</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

1978 City of Owosso - Contract Payable

Purpose: To finance payments for the City of Owosso wastewater treatment plant debt service agreement of August 17, 1977.

Issue: \$253,000

Dated: June 1, 1978

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
4/1/97	7.25 %	\$ 16,100	\$ 5,934	\$ 22,034
4/1/98	7.25	18,400	4,968	23,368
4/1/99	7.25	18,400	3,864	22,264
4/1/2000	7.25	23,000	2,760	25,760
4/1/01	7.25	<u>23,000</u>	<u>1,380</u>	<u>24,380</u>
		<u>\$ 98,900</u>	<u>\$ 18,906</u>	<u>\$ 117,806</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

1980 City of Owosso - Contract Payable

Purpose: To finance payments for the City of Owosso wastewater treatment plant capital charges agreement of August 17, 1977.

Issue: \$36,000

Dated: September 1, 1980

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/1/97	0.00 %	\$ 1,840	\$ -	\$ 1,840
6/1/98	0.00	1,840	-	1,840
6/1/99	0.00	1,840	-	1,840
6/1/2000	0.00	<u>1,840</u>	<u>-</u>	<u>1,840</u>
		<u>\$ 7,360</u>	<u>\$ -0-</u>	<u>\$ 7,360</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

1978 Owosso - Caledonia Township Utility Authority - Contract Payable

Purpose: To finance the payments to the Authority for a project to construct additions and improvements to the sanitary sewer system used by the City of Corunna.

Issue: \$199,000

Dated: December 1, 1978

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
12/1/96	5.00 %	\$ 10,000	\$ 1,250	\$ 11,250
12/1/97	5.00	10,000	750	10,750
12/1/98	5.00	<u>10,000</u>	<u>250</u>	<u>10,250</u>
		<u>\$ 30,000</u>	<u>\$ 2,250</u>	<u>\$ 32,250</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1996

Sewer Vactor Capital Lease

Purpose: To finance the cost of acquiring a sewer vactor to be used as part of the sanitary sewer system.

Issue: \$70,000

Dated: August 15, 1994

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
8/15/96	7.00 %	\$ 13,514	\$ 3,975	\$ 17,489
8/15/97	7.00	14,477	3,013	17,490
8/15/98	7.00	15,508	1,982	17,490
8/15/99	7.00	<u>16,612</u>	<u>877</u>	<u>17,489</u>
		<u>\$ 60,111</u>	<u>\$ 9,847</u>	<u>\$ 69,958</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1994

Corunna Downtown Development Authority Commercial Loan

Purpose: To defray the cost of acquiring land and constructing the City Center building. Repayment of loan is due in monthly installments.

Issue: \$420,000

Dated: May 3, 1994

<u>Due Dates</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
7/1/96-6/30/97	6.00 %	\$ 12,318	\$ 23,790	\$ 36,108
7/1/97-6/30/98	6.00	13,078	23,030	36,108
7/1/98-6/30/99	6.00	13,885	22,223	36,108
7/1/99-6/30/2000	6.00	14,741	21,367	36,108
7/1/2000-6/30/01	6.00	15,650	20,458	36,108
7/1/01-6/30/02	6.00	16,615	19,493	36,108
7/1/02-6/30/03	6.00	17,640	18,468	36,108
7/1/03-6/30/04	6.00	18,728	17,380	36,108
7/1/04-6/30/05	6.00	19,883	16,225	36,108
7/1/05-6/30/06	6.00	21,110	14,998	36,108
7/1/06-6/30/07	6.00	22,412	13,696	36,108
7/1/07-6/30/08	6.00	23,794	12,314	36,108
7/1/08-6/30/09	6.00	25,261	10,847	36,108
7/1/09-6/30/10	6.00	26,820	9,288	36,108
7/1/10-6/30/11	6.00	28,474	7,634	36,108
7/1/11-6/30/12	6.00	30,230	5,878	36,108
7/1/12-6/30/13	6.00	32,094	4,014	36,108
7/1/13-6/30/14	6.00	34,074	2,034	36,108
7/1/14-11/30/14	6.00	<u>15,702</u>	<u>236</u>	<u>15,938</u>
		<u>\$ 402,509</u>	<u>\$ 263,373</u>	<u>\$ 665,882</u>

Dale J. Abraham, CPA
Michael T. Gaffney, CPA

Steven R. Kirinovic, CPA
Ronald A. Simon, CPA



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE
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, 1996, and have issued our report thereon dated September 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards 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.

The management of the City of Corunna is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the combined financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City of Corunna for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. We noted the following reportable conditions.

BOND ORDINANCE

During the course of our audit, we noted the City did not comply with the bond ordinance for the bonds issued in 1996. We noted that the transfer to the "bond and interest" bank account for the accrued interest had not been made and instead the "good faith" deposit check was deposited into this account.

The 1996 Wastewater Treatment System Revenue bond ordinance required that the accrued interest portion of the bond proceeds be deposited into the "bond and interest" bank account which was established by the City in accordance with the bond ordinance.

We recommend the City transfer the necessary amounts from the 1996 Wastewater Treatment System "bond and interest" bank account into the 1996 Wastewater Treatment Capital Projects bank account as required by the bond ordinance.

INVESTMENTS

As noted in the financial statements, the City has invested in a mutual fund comprised of obligations issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities. Some of the investments within this mutual fund do not appear to comply with Michigan Compiled Laws Section 129.91 as amended.

We recommend the City contact the investment company to determine whether the mutual fund can be brought into compliance with Michigan law or remove the funds and place them in another investment which is in compliance with Michigan law.

JOINTLY GOVERNED ACTIVITIES

As discussed in Note A to the combined financial statements, the City is party to a "jointly governed" activity (Owosso Community Airport).

In our discussions with City officials, it was indicated that a formal written agreement between the participants of the jointly governed unit does not exist. This issue was noted and reported in our audit comments last year.

We recommend implementing a formal written agreement between all the parties to the Owosso Community Airport.

ADMINISTRATIVE CODE MANUAL

During our review of the City's Administrative Code, we noted the City's practice has been to convert accrued sick leave to vacation leave or cash at a rate of 75% of accrual for non-union employees. The Administrative Code indicates the conversion or payoff should be at a rate of 50% of the sick leave accrual. We could not locate documentation supporting any modification to the Administrative Code. This issue was noted and reported in last years audit comments.

We recommend the Administrative Code be updated periodically to reflect current practices and intent. We understand the City finalized the new administrative code manual in September 1996 and assures it will be updated periodically.

BUDGETS

As noted in the annual financial statements, the Building Authority (Debt Service) and Historical Commission (Special Revenue) Funds had not properly adopted budgets.

The Michigan Public Act 621 of 1978, as amended, provides that the City adopt formal budgets for the applicable General, Special Revenue, and Debt Service Funds, and shall not incur expenditures in excess of the amounts appropriated.

We recommend the City require the Building Authority and Historical Commission to formally adopt budgets.

A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the combined 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the reportable conditions referred to above are believed to be material weaknesses.

We also noted another matter involving the internal control structure and its operations that we have reported to the management of the City of Corunna in a separate letter dated September 6, 1996.

This report is intended solely 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 6, 1996

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON THE
AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the City of Corunna, Michigan as of and for the year ended June 30, 1996, and have issued our report thereon dated September 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards 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 combined financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Corunna is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests on the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended solely for the information of management and the 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.

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September 6, 1996

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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, 1996. 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. This suggestion is a result of our evaluation of the internal control structure and our discussions with management. As noted in our Report on the Internal Control Structure, dated September 6, 1996, this weakness was not considered a reportable condition in relation to the general purpose financial statements of the City of Corunna, Michigan but may be an area of possible improvement.

1. Documentation to support the liability related to unused sick leave should be retained.

During our analysis of accrued liabilities, it was noted that although each payroll check stub indicates unused sick time at a particular point in time, the City payroll system does not provide a past history of earnings and usage. As a result, it was difficult to analyze sick leave activity. This issue was noted and reported in last years audit comments.

We suggest the City generate periodic reports from the payroll system to support the amounts of sick leave earnings, usage, and balances.

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 combined financial statements dated September 6, 1996.

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 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 Mayor and Members of the City Council, is a matter of public record.

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.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 6, 1996