

**City of Corunna
Shiawassee County, Michigan**

FINANCIAL STATEMENTS

June 30, 1998

City of Corunna

Shiawassee County, Michigan

June 30, 1998

CITY COUNCIL AND ADMINISTRATION

Mr. Avery Weaver	Mayor
Mr. David Dumond	Council Member
Ms. Deborah Bendall	Council Member
Mr. Robert Ockerman	Council Member
Mr. Joseph Williams, Jr.	Council Member
Mr. Martin Reid	Council Member
Ms. Beth Greiger	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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City of Corunna

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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, 1998, 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, 1998, 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 22, 1998 on our consideration of the City of Corunna's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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 22, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS

City of Corunna

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1998

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS					
Cash and cash equivalents	\$ 290,767	\$ 454,302	\$ 26,010	\$ 415,494	\$ 430,856
Cash and cash equivalents - restricted	12,028	-	-	-	20,095
Investments	-	96,077	23,590	-	-
Receivables					
Taxes	5,504	-	-	-	-
Accounts	3,960	-	-	-	186,339
Special assessments	1,381	-	-	-	-
Contracts	-	131,756	-	-	-
Accrued interest	-	3,767	-	-	1,845
Due from other funds	18,267	29,007	-	-	253,550
Due from other governmental units					
State	-	31,741	-	-	-
Federal	4,377	-	-	-	-
Local	45,774	3,797	-	-	-
Treatment rights (net of accumulated amortization)	-	-	-	-	94,996
Inventory	-	1,073	-	-	-
Advances to other funds	35,000	-	-	-	-
Advances to component unit	-	255,231	-	-	-
Fixed assets (net of accumulated depreciation)	-	-	-	-	2,765,527
Construction in progress	-	-	-	-	1,134,653
Amount available for retirement of general long-term debt	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
TOTAL ASSETS	\$ 417,058	\$ 1,006,751	\$ 49,600	\$ 415,494	\$ 4,887,861

See accompanying notes to general purpose financial statements.

Fund Types	Government				Totals (Memorandum Only)	Component Unit	Reporting Entity Totals (Memorandum Only)
	Fiduciary Fund Types	Account Groups		Downtown Development Authority			
Internal Service (Motor Pool)	Trust and Agency	General Fixed Assets	General Long-Term Debt				
\$ 20,723	\$ 41,626	\$ -	\$ -	\$ 1,679,778	\$ 14,146	\$ 1,693,924	
-	-	-	-	32,123	-	32,123	
-	100,463	-	-	220,130	-	220,130	
-	-	-	-	5,504	-	5,504	
-	-	-	-	190,299	5,312	195,611	
-	-	-	-	1,381	-	1,381	
-	-	-	-	131,756	-	131,756	
-	320	-	-	5,932	-	5,932	
7,900	-	-	-	308,724	-	308,724	
-	-	-	-	31,741	-	31,741	
-	-	-	-	4,377	-	4,377	
-	-	-	-	49,571	-	49,571	
-	-	-	-	94,996	-	94,996	
-	-	-	-	1,073	-	1,073	
-	-	-	-	35,000	-	35,000	
-	-	-	-	255,231	-	255,231	
216,570	-	2,665,181	-	5,647,278	757,534	6,404,812	
-	-	-	-	1,134,653	-	1,134,653	
-	-	-	(12,620)	(12,620)	-	(12,620)	
-	-	-	1,119,069	1,119,069	377,483	1,496,552	
<u>\$ 245,193</u>	<u>\$ 142,409</u>	<u>\$ 2,665,181</u>	<u>\$1,106,449</u>	<u>\$10,935,996</u>	<u>\$ 1,154,475</u>	<u>\$12,090,471</u>	

City of Corunna

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

June 30, 1998

	Primary				
	Governmental Fund Types				Proprietary
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES					
Payables					
Accounts	\$ 68,315	\$ 5,608		\$ 10,466	\$ 332,552
Wages	28,811	1,262	-	-	529
Other accrued liabilities	5,511	243	-	-	17,958
Due to other funds	3,000	26,888	17,755	238,045	5,064
Due other governmental units	-	-	-	-	-
Due to individuals and agencies	476	-	-	-	-
Deferred revenue	1,381	131,756	-	-	-
Bonds payable	-	-	-	-	1,380,000
Capital lease payable	-	-	-	-	32,120
Loans and contracts payable	-	-	-	-	78,080
Advances from other funds	-	35,000	-	-	-
Advances from primary government	-	-	-	-	-
TOTAL LIABILITIES	107,494	200,757	17,755	248,511	1,846,303
FUND EQUITY					
Contributed capital	-	-	-	-	2,171,133
Investment in general fixed assets	-	-	-	-	-
Retained earnings					
Reserved for bonds	-	-	-	-	57,879
Reserved for debt service	-	-	-	-	11,375
Reserved for replacement	-	-	-	-	300,407
Unreserved	-	-	-	-	500,764
Fund balance (deficits)					
Reserved for					
Inventory	-	1,073	-	-	-
Debt service	-	-	(12,620)	-	-
Advances to other funds	35,000	-	-	-	-
Advances to component unit	-	255,231	-	-	-
Trust activities	-	-	-	-	-
Retirement benefits	12,028	-	-	-	-
Unreserved - undesignated	262,536	549,690	44,465	166,983	-
TOTAL FUND EQUITY	309,564	805,994	31,845	166,983	3,041,558
TOTAL LIABILITIES AND FUND EQUITY	\$ 417,058	\$ 1,006,751	\$ 49,600	\$ 415,494	\$ 4,887,861

See accompanying notes to general purpose financial statements.

Government					Component Unit	Reporting Entity Totals (Memorandum Only)
Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Downtown Development Authority	
Internal Service (Motor Pool)	Trust and Agency	General Fixed Assets	General Long-Term Debt			
\$ 5,261	\$ -	\$ -	\$ -	\$ 422,202	\$ 489	\$ 422,691
109	-	-	-	30,711	-	30,711
50	-	-	33,997	57,759	-	57,759
-	17,972	-	-	308,724	-	308,724
-	1,926	-	-	1,926	8,766	10,692
-	66,448	-	-	66,924	3,082	70,006
-	-	-	-	133,137	-	133,137
-	-	-	1,025,000	2,405,000	-	2,405,000
56,223	-	-	4,118	92,461	-	92,461
-	-	-	43,334	121,414	377,483	498,897
-	-	-	-	35,000	-	35,000
-	-	-	-	-0-	255,231	255,231
61,643	86,346	-0-	1,106,449	3,675,258	645,051	4,320,309
-	-	-	-	2,171,133	-	2,171,133
-	-	2,665,181	-	2,665,181	757,534	3,422,715
-	-	-	-	57,879	-	57,879
-	-	-	-	11,375	-	11,375
-	-	-	-	300,407	-	300,407
183,550	-	-	-	684,314	-	684,314
-	-	-	-	1,073	-	1,073
-	-	-	-	(12,620)	-	(12,620)
-	-	-	-	35,000	-	35,000
-	-	-	-	255,231	-	255,231
-	56,063	-	-	56,063	-	56,063
-	-	-	-	12,028	-	12,028
-	-	-	-	1,023,674	(248,110)	775,564
183,550	56,063	2,665,181	-0-	7,260,738	509,424	7,770,162
<u>\$ 245,193</u>	<u>\$ 142,409</u>	<u>\$ 2,665,181</u>	<u>\$1,106,449</u>	<u>\$10,935,996</u>	<u>\$ 1,154,475</u>	<u>\$12,090,471</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, 1998

	<u>Primary</u>	
	<u>General</u>	<u>Special Revenue</u>
REVENUES		
Taxes	\$ 539,280	\$ 196,252
Licenses and permits	23,638	-
Intergovernmental	368,518	214,024
Charges for services	221,990	12,553
Fines and forfeits	30,027	15,507
Interest and rents	67,671	28,325
Special assessments	1,575	8,000
Other	56,286	82,658
TOTAL REVENUES	1,308,985	557,319
EXPENDITURES		
Legislative	7,662	-
General government	358,328	-
Public safety	473,644	-
Highways and streets	-	82,278
Public works	202,272	-
Health and welfare	-	19,173
Recreation and cultural	127,011	154,753
Other	-	-
Debt service	27,065	25,007
TOTAL EXPENDITURES	1,195,982	281,211
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	113,003	276,108
OTHER FINANCING SOURCES (USES)		
Operating transfers in	-	76,594
Operating transfers out	(46,000)	(378,434)
Accrued interest	-	-
Bond proceeds	-	-
Bond discount	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(46,000)	(301,840)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	67,003	(25,732)
Fund balances (deficit), beginning of year	242,561	831,726
Prior period adjustment	-	-
Fund balances (deficit), end of year	<u>\$ 309,564</u>	<u>\$ 805,994</u>

See accompanying notes to general purpose financial statements.

Government			Component Unit		
Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	Downtown Development Authority	Reporting Entity Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust (Fireworks)			
\$ -	\$ -	\$ -	735,532	\$ 30,288	\$ 765,820
-	-	-	23,638	-	23,638
-	-	-	582,542	-	582,542
-	-	-	234,543	-	234,543
-	-	-	45,534	-	45,534
2,307	1,810	-	100,113	54,807	154,920
-	-	-	9,575	-	9,575
-	-	8,836	147,780	-	147,780
2,307	1,810	8,836	1,879,257	85,095	1,964,352
-	-	-	7,662	-	7,662
-	-	-	358,328	-	358,328
-	-	-	473,644	-	473,644
-	-	-	82,278	-	82,278
-	253,863	-	456,135	-	456,135
-	-	-	19,173	-	19,173
-	-	16,115	297,879	-	297,879
545	-	-	545	27,166	27,711
147,842	-	-	199,914	37,708	237,622
148,387	253,863	16,115	1,895,558	64,874	1,960,432
(146,080)	(252,053)	(7,279)	(16,301)	20,221	3,920
147,840	200,000	-	424,434	-	424,434
-	-	-	(424,434)	-	(424,434)
-	1,236	-	1,236	-	1,236
-	220,000	-	220,000	-	220,000
-	(2,200)	-	(2,200)	-	(2,200)
147,840	419,036	-0-	219,036	-0-	219,036
1,760	166,983	(7,279)	202,735	20,221	222,956
30,085	-	6,225	1,110,597	(268,331)	842,266
-	-	-	-	-	-
\$ 31,845	\$ 166,983	\$ (1,054)	\$ 1,313,332	\$ (248,110)	\$ 1,065,222

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, 1998

	General Fund		
	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 534,500	\$ 539,280	\$ 4,780
Licenses and permits	23,360	23,638	278
Intergovernmental	372,168	368,518	(3,650)
Charges for services	218,213	221,990	3,777
Fines and forfeits	30,000	30,027	27
Interest and rents	61,620	67,671	6,051
Special assessments	1,300	1,575	275
Other	42,000	56,286	14,286
TOTAL REVENUES	1,283,161	1,308,985	25,824
EXPENDITURES			
Legislative	8,235	7,662	573
General government	368,870	358,328	10,542
Public safety	482,412	473,644	8,768
Highways and streets	-	-	-0-
Public works	211,965	202,272	9,693
Health and welfare	-	-	-0-
Recreation and cultural	168,239	127,011	41,228
Other	-	-	-0-
Debt service	27,386	27,065	321
TOTAL EXPENDITURES	1,267,107	1,195,982	71,125
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	16,054	113,003	96,949
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-0-
Operating transfers out	(46,054)	(46,000)	54
TOTAL OTHER FINANCING SOURCES (USES)	(46,054)	(46,000)	54
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(30,000)	67,003	97,003
Fund balances, beginning of year	242,561	242,561	-0-
Fund balances, end of year	\$ 212,561	\$ 309,564	\$ 97,003

See accompanying notes to general purpose financial statements.

Special Revenue Funds		
Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ 196,980	\$ 196,252	\$ (728)
-	-	-0-
208,507	214,024	5,517
12,450	12,553	103
16,446	15,507	(939)
21,025	28,325	7,300
8,560	8,000	(560)
116,482	82,658	(33,824)
580,450	557,319	(23,131)
-	-	-0-
-	-	-0-
-	-	-0-
109,749	82,278	27,471
-	-	-0-
24,150	19,173	4,977
150,237	154,753	(4,516)
-	-	-0-
150,510	25,007	125,503
434,646	281,211	153,435
145,804	276,108	130,304
71,394	76,594	5,200
(389,650)	(378,434)	11,216
(318,256)	(301,840)	16,416
(172,452)	(25,732)	146,720
831,726	831,726	-0-
\$ 659,274	\$ 805,994	\$ 146,720

Debt Service Funds		
Amended Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -0-
-	-	-0-
-	-	-0-
-	-	-0-
-	-	-0-
850	2,307	1,457
-	-	-0-
-	-	-0-
850	2,307	1,457
-	-	-0-
-	-	-0-
-	-	-0-
-	-	-0-
-	-	-0-
-	-	-0-
-	545	(545)
147,630	147,842	(212)
147,630	148,387	(757)
(146,780)	(146,080)	700
147,628	147,840	212
-	-	-0-
147,628	147,840	212
848	1,760	912
30,085	30,085	-0-
\$ 30,933	\$ 31,845	\$ 912

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, 1998

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service (Motor Pool)	Nonexpendable Trust Fund (Cemetery Perpetual Care)	
OPERATING REVENUES				
Charges for services	\$ 760,386	\$ 117,649	\$ 1,677	\$ 879,712
Capital charges	133,322	-	-	133,322
Other	861	1,633	-	2,494
TOTAL OPERATING REVENUES	894,569	119,282	1,677	1,015,528
OPERATING EXPENSES				
Salaries and wages	83,006	8,956	-	91,962
Fringe benefits	32,617	9,073	-	41,690
Administrative charges	7,300	3,349	-	10,649
Contractual services	69,871	13,387	-	83,258
Supplies	35,305	25,919	-	61,224
Utilities	13,717	5,593	-	19,310
Treatment costs	275,691	-	-	275,691
Repairs and maintenance	22,280	-	-	22,280
Equipment rental	20,864	19	-	20,883
Other	460	1,603	-	2,063
Depreciation	103,214	36,478	-	139,692
Amortization	27,758	-	-	27,758
TOTAL OPERATING EXPENSES	692,083	104,377	-0-	796,460
OPERATING INCOME	202,486	14,905	1,677	219,068
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	25,925	-	2,222	28,147
Rent revenue	22,322	-	-	22,322
Interest expense and fees	(86,583)	(2,110)	-	(88,693)
TOTAL NONOPERATING REVENUES (EXPENSES)	(38,336)	(2,110)	2,222	(38,224)
NET INCOME	164,150	12,795	3,899	180,844
Retained earnings, beginning of year	577,675	181,074	53,218	811,967
Prior period adjustments	128,600	(10,319)	-	-0-
Retained earnings, end of year	<u>\$ 870,425</u>	<u>\$ 183,550</u>	<u>\$ 57,117</u>	<u>\$ 992,811</u>

See accompanying notes to general purpose financial statements.

City of Corunna

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

Year Ended June 30, 1998

	Proprietary Fund Types	
	Enterprise	Internal Service (Motor Pool)
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 202,486	\$ 14,905
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	130,972	36,478
(Increase) in accounts receivables	(23,436)	-
(Increase) in interest receivable	(238,045)	-
(Decrease) in due to other funds	(48,600)	-
Increase (decrease) in accounts payable	294,681	(5,928)
Increase (decrease) in accrued liabilities	(2,139)	5
NET CASH PROVIDED BY OPERATING ACTIVITIES	315,919	45,460
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent revenue	22,322	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of investments	-	-
Interest expense	(86,583)	(2,110)
Capital purchases	(538,331)	(58,896)
Payment of borrowing	(111,860)	(13,713)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(736,774)	(74,719)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	25,925	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(372,608)	(29,259)
Cash and cash equivalents, beginning of year	823,559	49,982
Cash and cash equivalents, end of year	<u>\$ 450,951</u>	<u>\$ 20,723</u>

Note: For the year ended June 30, 1998 the Enterprise (Sewer System) Fund recorded an increase to Construction in Progress and Contributed Capital - Taxpayers of \$31,325 as a result of construction costs related to sewer improvement projects. These expenditures are reported in the Capital Projects Funds.

See accompanying notes to general purpose financial statements.

<u>Fiduciary Fund Type</u> Nonexpendable Trust Funds (Cemetery Perpetual Care)	Totals (Memorandum Only)
\$ 1,677	\$ 219,068
-	167,450
-	(23,436)
-	(238,045)
-	(48,600)
-	288,753
-	(2,134)
<hr/>	<hr/>
\$ 1,677	\$ 149,108
-	22,322
(438)	(438)
-	(88,693)
-	(597,227)
-	(125,573)
<hr/>	<hr/>
(438)	(811,931)
<hr/>	<hr/>
2,222	28,147
<hr/>	<hr/>
3,461	(398,406)
<hr/>	<hr/>
18,943	892,484
<hr/>	<hr/>
<u>\$ 22,404</u>	<u>\$ 494,078</u>

Note: For the year ended June 30, 1998, the Internal Service (Motor Pool) Fund entered into a capital lease agreement in the amount of \$69,936.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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, 1997.

2. Joint Venture

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

Owosso Community Airport Board - The City of Corunna along with the City of Owosso, Shiawassee County, and Owosso and Caledonia Townships have entered into an agreement which created the Owosso Community Airport Board. The Airport Board is composed of one (1) member from each of the member municipalities. The Airport has been reported as a fund in the December 31, 1997 financial statements of Shiawassee County. The Airport is expected to be self-sufficient but based on a "10 Year Funding Model" approved by the Board each participating municipality shall make a direct appropriation to cover operations and development costs. The percentage share for the funding model for each municipality is Shiawassee County and the City of Owosso 33%, Owosso and Caledonia Townships 13%, and the City of Corunna 8%. The City paid \$2,850 to the Board for the year ended June 30, 1998.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

3. Jointly Governed Organizations

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

Corunna Area Ambulance Service, Inc. - The City of Corunna along with the Townships of New Haven and Caledonia have entered into a service agreement with Corunna Area Ambulance Service, Inc., a Michigan nonprofit Corporation. The Corporation's board is composed of seven (7) members appointed by the corporation and one each from the City of Corunna, and New Haven and Caledonia Townships. The City is responsible to pay a per dwelling or equivalent unit charge for all dwellings in the City limits which is assessed to all residents on their summer tax bills. The City paid \$18,586 in per dwelling charges to Corunna Area Ambulance Service, Inc. for the year ended June 30, 1998.

4. Basis of Presentation

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

GOVERNMENTAL FUNDS

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

PROPRIETARY FUNDS

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

4. Basis of Presentation - continued

FIDUCIARY FUNDS

- a. Trust Funds - The Trust Funds are used to account for assets held by the City in a trustee capacity. Nonexpendable trust funds are reported similar to proprietary funds. 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 FUNDS

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

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

5. Measurement Focus

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

5. Measurement Focus - continued

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

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

6. Basis of Accounting

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

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

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

7. Budgets and Budgetary Accounting

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

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

8. Cash, Cash Equivalents, and Investments

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

Investments include 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.

9. Property Tax

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

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

The City is permitted to levy taxes up to 15 mills (\$15 per \$1,000 of taxable valuation) for general governmental services other than the payment of Debt Service Fund expenses and up to an additional five (5) mills (\$5 per \$1,000 of taxable valuation) for City Public Improvements. For the year ended June 30, 1998, the City levied 13.76 mills per \$1,000 of assessed valuation for general governmental services and five (5) mills for City Public Improvements. The total Taxable Value for the 1997 levy for property within the City was \$38,585,506.

10. 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.

11. 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

12. 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, 1998 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.

13. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources".

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

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

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

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

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

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

The estimated useful lives are:

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

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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

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.

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: POOLING OF CASH AND CASH EQUIVALENTS AND CASH OVERDRAFT

The City utilizes pooled cash accounts for approximately twenty funds. Cash overdrafts of individual funds as of June 30, 1998, are as follows:

<u>Fund</u>	<u>Pooled Cash Overdraft</u>	<u>Nonpooled Cash and Cash Equivalents</u>	<u>Financial Statements</u>
PRIMARY GOVERNMENT			
Special Revenue Fund			
City Improvements Fund	\$(62,312)	\$ 104,137	\$ 41,825
Enterprise Fund			
Sewer Fund	(57,370)	231,086	173,716
Trust Fund			
Expendable Trust			
Fireworks	<u>(1,054)</u>	<u>-</u>	<u>(1,054)</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$(120,736)</u>	 <u>\$ 335,223</u>	 <u>\$ 214,487</u>

NOTE C: CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

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

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a 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.
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 allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National mortgage Association, or Government National Mortgage Association.

Deposits

As of June 30, 1998, 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	\$ 75,908	\$ 89,091
Money market checking	1,376	1,376
Savings and certificates of deposit	<u>1,093,325</u>	<u>1,093,282</u>
	<u>\$ 1,170,609</u>	<u>\$ 1,183,749</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, 1998, the City accounts were insured by the FDIC for \$550,621, and the amount of \$633,128 was uninsured and uncollateralized.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

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

Investments

As of June 30, 1998, 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>709,498</u>	\$ <u>709,498</u>

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

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, 1998, the market value which is the carrying amount of the deferred compensation plan assets is \$66,070. 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, 1998:

Cash and cash equivalents	\$ 1,693,924
Cash and cash equivalents - restricted	32,123
Investments	<u>220,130</u>
	\$ <u>1,946,177</u>

The amounts identified above include General Fund restricted cash of \$12,028 as of June 30, 1998 to be used to fund retirement benefits in the future and Enterprise (Sewer System) Fund restricted cash of \$20,096 as of June 30, 1998 to be used to fund Sewer System improvements.

NOTE D: INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 1998, are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General		General	
Water System	\$ 295	Motor Pool	\$ 3,000
Tax	<u>17,972</u>		
	18,267	Special Revenue	
		Major Street	
		Local Street	6,483

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE D: INTERFUND RECEIVABLES AND PAYABLES - CONTINUED

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Special Revenue		Special Revenue - continued	
Local Street		Local Street	
Major Street	\$ 6,483	Sewer System	\$ 15,505
H.U.D. Grant		Softball Commission	
Sewer system	4,769	Motor Pool	<u>4,900</u>
City Improvements			26,888
1996 G.O. Limited Tax Bonds	<u>17,755</u>		
	29,007	Debt Service	
		1996 G.O. Limited Tax Bonds	
		City Improvements	17,755
		Capital Projects	
		1997 Construction	
		Water System	234,523
		1996 Construction	
		Sewer	<u>3,522</u>
			238,045
Enterprise		Enterprise	
Sewer System		Sewer System	
Local Street	15,505	H.U.D. Grant	4,769
1996 Construction	<u>3,522</u>	Water System	
	19,027	General Fund	<u>295</u>
Water System			5,064
1997 Construction	<u>234,523</u>		
	253,550	Trust and Agency	
		Current Tax Collections	
Internal Service		General Fund	<u>17,972</u>
Motor Pool			
General Fund	3,000		
Corunna Softball			
Commission	<u>4,900</u>		
	<u>7,900</u>		
	<u>\$ 308,724</u>		<u>\$ 308,724</u>

NOTE E: 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE E: ADVANCES RECEIVABLE AND PAYABLE - CONTINUED

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) has made principal payments totaling \$40,000 plus accrued interest in the current year and prior years, ahead of schedule.

On July 7, 1997, the City General Fund loaned the Historical Commission (Special Revenue) Fund \$35,000, which was used to move a home into the historical village. The amount is due within three (3) years with no interest.

The following summarizes the outstanding balances of advances receivable and payable to other funds at June 30, 1998:

<u>Fund</u>	<u>Advance To</u>	<u>Fund</u>	<u>Advance From</u>
General Fund		Special Revenue Funds	
Special Revenue Funds		Historical Commission Fund	
Historical Commission Fund	<u>\$ 35,000</u>	General Fund	<u>\$ 35,000</u>

The following summarizes the outstanding balances of advances receivable and payable to component units at June 30, 1998:

<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 Development	<u>10,000</u>
Component Unit Fund			
Downtown Development			
Authority	<u>10,000</u>		
	<u>\$ 255,231</u>		<u>\$ 255,231</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE F: 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>	
1999	\$ 27,701
2000	27,701
2001	24,864
2002	37,557
2003	7,189
2004-2008	35,944
2009-2013	<u>5,991</u>
	166,947
Less: interest	<u>(35,191)</u>
	<u>\$ 131,756</u>

NOTE G: FIXED ASSETS

A summary of Proprietary Fund Type fixed assets at June 30, 1998 follows:

PRIMARY GOVERNMENT

	<u>Enterprise</u>	<u>Internal Service (Motor Pool)</u>
Land	\$ 127	\$ -
System and improvements	4,283,627	-
Equipment	<u>80,000</u>	<u>729,363</u>
Total	4,363,754	729,363
Less: accumulated depreciation	<u>(1,598,227)</u>	<u>(512,793)</u>
Net fixed assets	<u>\$ 2,765,527</u>	<u>\$ 216,570</u>

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

PRIMARY GOVERNMENT

	Restated Balance <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1998</u>
Land, buildings, and improvements	\$ 2,018,575	\$ 110,275	\$ -	\$ 2,128,850
Vehicles and equipment	<u>473,923</u>	<u>62,408</u>	<u>-</u>	<u>536,331</u>
	<u>\$ 2,492,498</u>	<u>\$ 172,683</u>	<u>\$ -0-</u>	<u>\$ 2,665,181</u>

Current year additions to the primary government General Fixed Assets Account Group include \$124,000 of assets contributed for outside sources.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE G: FIXED ASSETS - CONTINUED

COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY

	Balance <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1998</u>
Land	\$ 27,000	\$ -	\$ -	\$ 27,000
Parking lot	42,171	-	-	42,171
Building	<u>688,363</u>	-	-	<u>688,363</u>
	<u>\$ 757,534</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 757,534</u>

NOTE H: 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, 1998:

	Balance <u>July 1, 1997</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 1998</u>
PRIMARY GOVERNMENT				
General Long-Term Debt				
1998 Transportation Bonds	\$ -	\$ 220,000	\$ -	\$ 220,000
1996 G.O. Public Improvement Bonds	870,000	-	65,000	805,000
Comstock Street Loan	17,142	-	17,142	-0-
Michigan Bond Loan Fund	11,260	-	5,350	5,910
1985 Michigan Local Project Loan	71,376	-	33,952	37,424
Capital lease	6,000	-	1,882	4,118
Accumulated Vacation	<u>27,981</u>	<u>6,016</u>	-	<u>33,997</u>
	1,003,759	226,016	123,326	1,106,449
Enterprise Funds				
Sewer System Fund				
Improvement Bonds - 1980	325,000	-	10,000	315,000
Improvement Bonds - 1996	530,000	-	15,000	515,000
Loans payable	17,143	-	17,143	-0-
Contracts payable	108,320	-	30,240	78,080
Capital lease	46,597	-	14,477	32,120
Water Fund				
General Obligation Bonds	<u>575,000</u>	-	<u>25,000</u>	<u>550,000</u>
	1,602,060	-0-	111,860	1,490,200
Internal Service Fund				
Capital Lease	<u>-</u>	<u>69,936</u>	<u>13,713</u>	<u>56,223</u>
TOTAL PRIMARY GOVERNMENT	2,605,819	295,952	248,899	2,652,872
COMPONENT UNIT FUND				
Downtown Development Authority				
Loan payable	<u>390,561</u>	-	<u>13,078</u>	<u>377,483</u>
	<u>\$ 2,996,380</u>	<u>\$ 295,952</u>	<u>\$ 261,977</u>	<u>\$ 3,030,355</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE H: LONG-TERM DEBT - CONTINUED

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

PRIMARY GOVERNMENT

Loans Payable

\$50,000 1984 Michigan Bond Loan Fund loan dated July 5, 1984, due in annual installments of \$5,910 through June 1, 1999, with interest at 5.0 percent, payable annually.	\$ 5,910
\$310,000 1985 Michigan Local Projects Loan dated June 6, 1985, due in annual installments of \$37,424 through June 1, 1999, with interest at 10.22 percent, payable annually.	37,424

Contracts Payable

\$253,000 1978 City of Owosso contract payable dated June 1, 1978 due in annual installments ranging from \$18,400 to \$23,000 through April 1, 2001, with interest at 7.25 percent, payable annually.	64,400
\$36,000 1980 City of Owosso contract payable dated September 1, 1980 due in annual principal installments of \$1,840 through June 1, 2000.	3,680
\$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.	10,000

General Obligation Bonds

\$220,000 1998 County of Shiawassee, City of Corunna Transportation Bonds dated April 1, 1998, due in annual installments ranging from \$10,000 to \$20,000 through August 1, 2012, with interest ranging from 4.70 to 5.05 percent, payable annually.	220,000
\$870,000 1996 County of Shiawassee, City of Corunna Public Improvement Bonds dated September 1, 1996, due in annual installments ranging from \$65,000 to \$110,000 through September 1, 2006, with interest ranging from 4.15 to 5.30 percent, payable semi-annually.	805,000
\$700,000 1992 Shiawassee County, City of Corunna Water Supply System Improvement Bonds dated May 1, 1991, due in annual installments ranging from \$25,000 to \$50,000 through May 1, 2011, with interest ranging from 5.20 to 6.25 percent, payable annually.	550,000

Revenue Bonds

\$550,000 1996 Wastewater Treatment System Revenue Bonds dated February 1, 1998, 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.	515,000
\$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>315,000</u>

TOTAL PRIMARY GOVERNMENT

2,526,414

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE H: LONG-TERM DEBT - CONTINUED

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.

\$ 377,483

\$ 2,903,897

Capital Leases - Primary Government

The City has entered into a lease purchase agreement to finance the acquisition of a copier. 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 \$6,750.

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

Years ending <u>June 30,</u>	
1999	\$ 3,447
2000	<u>1,723</u>
	5,170
Less: amount representing interest	<u>(1,052)</u>
Present value of minimum lease payments	<u>\$ 4,118</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.

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

Years ending <u>June 30,</u>	
1999	\$ 17,490
2000	<u>17,489</u>
	34,979
Less: amount representing interest	<u>(2,859)</u>
Present value of minimum lease payments	<u>\$ 32,120</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE H: LONG-TERM DEBT - CONTINUED

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

<u>Years ending June 30,</u>	
1999	\$ 15,823
2000	15,823
2001	15,823
2002	<u>15,823</u>
	63,292
Less: amount representing interest	<u>(7,069)</u>
Present value of minimum lease payments	<u>\$ 56,223</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 \$33,997 at June 30, 1998.

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

<u>Year Ending June 30,</u>	<u>Loans Payable</u>	<u>Contracts Payable</u>	<u>General Obligation Bonds</u>	<u>Revenue Improvements Bonds</u>	<u>Total</u>
1999	\$ 84,497	\$ 34,354	\$ 179,109	\$ 67,083	\$ 365,043
2000	36,108	27,600	186,106	65,382	315,196
2001	36,108	24,380	185,794	69,065	315,347
2002	36,108	-	185,092	67,705	288,905
2003	36,108	-	208,997	66,325	311,430
2004-2008	180,540	-	903,601	354,670	1,438,811
2009-2013	180,540	-	276,100	355,220	811,860
2014-2018	52,416	-	-	227,215	279,631
2019-2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,000</u>	<u>42,000</u>
	642,425	86,334	2,124,799	1,314,665	4,168,223
Less: interest	<u>(221,608)</u>	<u>(8,254)</u>	<u>(549,799)</u>	<u>(484,665)</u>	<u>(1,264,326)</u>
	<u>\$ 420,817</u>	<u>\$ 78,080</u>	<u>\$ 1,575,000</u>	<u>\$ 830,000</u>	<u>\$ 2,903,897</u>

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE I: RETIREMENT PLAN

Plan Description

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

Funding Policy

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

Annual Pension Cost

For year ended June 30, 1998 the City's annual pension cost of \$76,240 for the plan was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 1995, using the entry actual age cost method. Significant actuarial assumptions used include (a) a 8.00 percent investment rate of return (b) projected salary increases of 5.0 percent per year compounded annually, attributable to inflation (c) additional salary increases ranging from 0% to 4.2% per year depending on age, seniority and merit, and (d) assumption benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short term volatility over a four (4) year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is ten (10) years.

Three (3) year trend information

	Year Ended December 31,		
	<u>1994</u>	<u>1995</u>	<u>1996</u>
Actuarial value of assets	\$ 1,100,124	\$ 1,199,132	\$ 1,312,058
Actuarial accrued liability (AAL) (entry age)	1,654,522	1,848,396	2,075,723
Unfunded AAL	554,398	649,264	763,665
Funded ratio	66 %	65 %	63 %
Covered payroll	\$ 387,832	\$ 380,968	\$ 395,506
UAAL as a percentage of covered payroll	143 %	170 %	193 %

	Year Ended June 30,		
	<u>1996</u>	<u>1997</u>	<u>1998</u>
Annual pension cost	\$ 33,356	\$ 55,716	\$ 76,240
Percentage of APC contributed	100 %	100 %	100 %
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports. The actuarial report for the year ended December 31, 1997 was not yet available due to a delay in issuance of the report.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE J: 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.

NOTE K: 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, 1998, is as follows:

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
Operating revenues	\$ 473,009	\$ 421,560	\$ 894,569
Operating expenses			
Depreciation and amortization	88,173	42,799	130,972
Other	292,859	268,252	561,111
Operating income	91,977	110,509	202,486
Net income	61,185	102,965	164,150
Contributed capital	2,075,344	95,789	2,171,133
Net working capital	256,285	184,549	440,834
Total assets	3,320,818	1,567,043	4,887,861
Long-term liabilities			
Contracts payable	47,840	-	47,840
Capital lease payable	16,612	-	16,612
General obligation bonds payable	-	525,000	525,000
Revenue improvement bonds payable	805,000	-	805,000
Total equity	2,352,213	689,345	3,041,558

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE L: 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, 1998, the City incurred expenditures in the General Fund, two (2) Special Revenue Funds, and two (2) Debt Service Funds in excess of the amounts appropriated as follows:

	<u>Appropriated</u>	<u>Amounts Expended</u>	<u>Amounts Variance</u>
General Fund			
General government			
City services	\$ 47,311	\$ 47,682	\$ 371
Public safety			
Police department	340,360	341,808	1,448
Crossing guard	2,665	2,685	20
Planning Commission	4,843	5,544	701
Recreation and Cultural			
Community promotion	30,132	32,030	1,898
Summer recreation	11,400	14,463	3,063
Special Revenue Funds			
Historical Commission	31,500	42,595	11,095
Softball Commission	29,322	38,224	8,902
Debt Service Fund			
1996 G.O. Limited Tax Bonds	105,778	105,990	212
Building Authority	-	515	515

NOTE M: 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, 1998:

Fund Balance

General Fund	
Reserved for retirement benefits	\$ 12,028
Reserved for advances to other funds	<u>35,000</u>
	47,028

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE M: FUND EQUITY RESERVES AND DESIGNATIONS - CONTINUED

Special Revenue	
Softball Commission	
Reserved for inventory	\$ 1,073
Economic Development	
Reserved for advances to component units	10,000
H.U.D. Grant	
Reserved for advances to component units	<u>245,231</u>
	256,304
Debt Service Funds	
1985 Loan program	
Reserved for debt service	908
1996 G.O. Limited Tax Bonds	
Reserved for debt service	<u>(13,528)</u>
	(12,620)
Fiduciary Funds	
Cemetery Perpetual Care	
Reserved for perpetual care	57,117
Fireworks	
Reserved for Fourth of July fireworks	<u>(1,054)</u>
	<u>56,063</u>
	<u>\$ 346,775</u>
<u>Retained Earnings</u>	
Enterprise Funds	
Sewer System Fund	
Reserved for bonds	57,879
Reserved for debt service	<u>11,375</u>
	69,254
Water System Fund	
Reserved for replacement	<u>300,407</u>
	<u>\$ 369,661</u>

NOTE N: FUND DEFICITS

The following funds had fund equity deficits at June 30, 1998:

	<u>Deficit</u>
Special Revenue Funds	
Historical Commission	\$ 24,982
Trust and Agency	
Expendable Trust Fund	
Fireworks Fund	1,054
Component Unit Funds	
Downtown Development Authority	248,110

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE O: 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.

Year ending <u>June 30,</u>	
1999	\$ 55,654
2000	52,917
2001	51,143
2002	46,973
2003	<u>21,057</u>
	<u>\$ 227,744</u>

NOTE P: 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, 1998, three retirees received benefits. The costs for the year ended June 30, 1998 totaled \$13,183 and were paid from the General Fund.

NOTE Q: 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.

City of Corunna

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 1998

NOTE R: PRIOR PERIOD ADJUSTMENTS

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

	June 30,		
	<u>1998</u>	<u>1997</u>	<u>Description</u>
Enterprise Funds			
Sewer System Fund			
Contributed capital	\$ -	\$(128,600)	Correct overstatement of contributed capital
Retained Earnings - beginning	128,600	-	
Net income	-	128,600	
Internal Service Fund			
Motor Pool Fund			
Equipment	-	(10,319)	Correct overstatement of equipment
Retained earnings - beginning	(10,319)	-	
Net income	-	(10,319)	

NOTE S: CONTRACT COMMITMENTS

The City has entered into various contracts related to infrastructure improvements that were not completed at June 30, 1998. The total contractual commitments outstanding at June 30, 1998 totaled \$79,203. The City has sufficient bond proceeds available to cover these commitments.

SUPPLEMENTAL FINANCIAL INFORMATION

City of Corunna

General Fund

STATEMENT OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL

Year Ended June 30, 1998

With Actual Amounts for Year Ended June 30, 1997

	Amended Budget	1998 Actual	Variance Favorable (Unfavorable)	1997 Actual
REVENUES				
Taxes				
Property taxes	\$ 518,013	\$ 522,793	\$ 4,780	\$ 472,614
Industrial and commercial facilities	16,487	16,487	-0-	16,487
Total taxes	534,500	539,280	4,780	489,101
Licenses and permits				
Cable television license	13,600	13,646	46	11,925
Inspection fees	-	-	-0-	1,181
City licenses and permits	9,760	9,992	232	23,136
Total licenses and permits	23,360	23,638	278	36,242
Intergovernmental				
State				
Income tax	-	-	-0-	4,190
Sales tax	346,338	346,357	19	279,107
Single business tax	-	-	-0-	27,945
Personal inventory tax	-	-	-0-	11,162
Michigan justice training	3,000	3,607	607	566
Federal				
COPS grant	22,830	18,554	(4,276)	20,069
Total intergovernmental	372,168	368,518	(3,650)	343,039
Charges for services				
Fire protection - Townships	70,113	68,301	(1,812)	66,763
Tax collection fees	20,000	22,471	2,471	22,016
Recreational fees	16,400	17,281	881	-
Administration charges	110,000	112,092	2,092	108,076
Other fees	1,700	1,845	145	1,270
Total charges for services	218,213	221,990	3,777	198,125

City of Corunna

General Fund

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

Year Ended June 30, 1998

With Actual Amounts for Year Ended June 30, 1997

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
REVENUES - CONTINUED				
Fines and forfeits				
Parking	\$ 1,400	\$ 1,452	\$ 52	\$ 1,435
Ordinance	28,600	28,575	(25)	23,981
Total fines and forfeits	30,000	30,027	27	25,416
Interest and rents				
Interest	42,000	47,187	5,187	45,850
Rents	19,620	20,484	864	16,468
Total interest and rents	61,620	67,671	6,051	62,318
Special assessments				
Sidewalk and other	1,300	1,575	275	2,631
Other				
Reimbursements	26,000	28,676	2,676	13,757
Refunds	-	3,960	3,960	25,698
Contributions	-	3,200	3,200	710
Other	16,000	20,450	4,450	5,718
Total other	42,000	56,286	14,286	45,883
TOTAL REVENUES	1,283,161	1,308,985	25,824	1,202,755
OTHER FINANCING SOURCES				
Capital lease proceeds	-	-	-0-	6,750
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,283,161</u>	<u>\$ 1,308,985</u>	<u>\$ 25,824</u>	<u>\$ 1,209,505</u>

City of Corunna

General Fund

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

	<u>Amended Budget</u>	<u>1998 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997 Actual</u>
EXPENDITURES				
Legislative				
Council, boards, and commissions	\$ 8,235	\$ 7,662	\$ 573	\$ 6,510
General government				
City Manager	63,105	62,132	973	57,127
Treasurer/Assessor	67,918	67,011	907	65,151
Clerk	64,931	63,079	1,852	57,560
Internal services	51,047	50,014	1,033	43,402
Legal services	25,000	22,762	2,238	25,219
Elections	12,010	11,535	475	3,887
City hall and grounds	37,548	34,113	3,435	33,663
City services	47,311	47,682	(371)	45,331
Total general government	368,870	358,328	10,542	331,340
Public safety				
Police department	340,360	341,808	(1,448)	303,728
Crossing guard	2,665	2,685	(20)	1,522
Fire department	117,384	106,885	10,499	94,415
Zoning	17,160	16,722	438	14,357
Planning commission	4,843	5,544	(701)	3,941
Total public safety	482,412	473,644	8,768	417,963
Public Works				
General services	203,387	198,694	4,693	183,944
Storm drain program	3,578	3,578	-0-	45,365
Sidewalk program	5,000	-	5,000	306
Total public works	211,965	202,272	9,693	229,615
Recreation and cultural				
Parks maintenance	73,937	64,787	9,150	52,250
Community promotion	30,132	32,030	(1,898)	7,102
Summer recreation	11,400	14,463	(3,063)	-
Historical village	40,508	4,625	35,883	6,610
Casino building	12,262	11,106	1,156	53,584
Total recreation and cultural	168,239	127,011	41,228	119,546

City of Corunna

General Fund

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

	Amended Budget	1998 Actual	Variance Favorable (Unfavorable)	1997 Actual
EXPENDITURES - CONTINUED				
Other				
Insurance	\$ 11,950	\$ 11,947	\$ 3	\$ 11,557
Fringe benefits	15,436	15,118	318	12,003
Total other	<u>27,386</u>	<u>27,065</u>	<u>321</u>	<u>23,560</u>
TOTAL EXPENDITURES	1,267,107	1,195,982	71,125	1,128,534
OTHER FINANCING USES				
Operating transfers out				
Cemetery Fund	12,000	12,000	-0-	7,813
Library Fund	26,000	26,000	-0-	26,000
Fire Truck Fund	-	-	-0-	12,000
1985 Debt Fund	5,000	5,000	-0-	5,000
Fourth of July Commission	3,054	3,000	54	3,000
TOTAL OTHER FINANCING USES	<u>46,054</u>	<u>46,000</u>	<u>54</u>	<u>53,813</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,313,161</u>	<u>\$ 1,241,982</u>	<u>\$ 71,179</u>	<u>\$ 1,182,347</u>

City of Corunna

Special Revenue Funds

COMBINING BALANCE SHEET

June 30, 1998

	<u>Major Street</u>	<u>Local Street</u>	<u>Cemetery</u>	<u>Library</u>	<u>Historical Commission</u>	<u>Softball Commission</u>
ASSETS						
Cash and cash equivalents	\$124,493	\$ 31,877	\$ 20,429	\$ 34,380	\$ 11,711	\$ 4,969
Investments	-	-	-	-	-	-
Receivables						
Contracts	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Inventory	-	-	-	-	-	1,073
Due from other funds	-	6,483	-	-	-	-
Due from other governmental units						
State	23,228	8,513	-	-	-	-
Local	-	-	-	3,797	-	-
Advances to component units	-	-	-	-	-	-
TOTAL ASSETS	<u>\$147,721</u>	<u>\$ 46,873</u>	<u>\$ 20,429</u>	<u>\$ 38,177</u>	<u>\$ 11,711</u>	<u>\$ 6,042</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 956	\$ -	\$ 502	\$ 1,167	\$ 1,693	\$ -
Accrued wages	-	6	345	851	-	-
Other accrued liabilities	42	121	-	80	-	-
Due to other funds	6,483	15,505	-	-	-	4,900
Deferred revenue	-	-	-	-	-	-
Advance from other funds	-	-	-	-	35,000	-
TOTAL LIABILITIES	<u>7,481</u>	<u>15,632</u>	<u>847</u>	<u>2,098</u>	<u>36,693</u>	<u>4,900</u>
FUND BALANCES (DEFICITS)						
Reserved for inventory	-	-	-	-	-	1,073
Reserved for advances to component units	-	-	-	-	-	-
Unreserved - undesignated	140,240	31,241	19,582	36,079	(24,982)	69
TOTAL FUND BALANCES (DEFICITS)	<u>140,240</u>	<u>31,241</u>	<u>19,582</u>	<u>36,079</u>	<u>(24,982)</u>	<u>1,142</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$147,721</u>	<u>\$ 46,873</u>	<u>\$ 20,429</u>	<u>\$ 38,177</u>	<u>\$ 11,711</u>	<u>\$ 6,042</u>

Fourth of July Commission	Stu Coutts Recreation	Asset Seizure	Economic Develop- ment	H.U.D. Grant	Heritage Park	Library Building	City Improve- ments	Library Tech- nology	Total
\$ 6,813	\$ 43,338	\$ 194	\$116,198	\$ 1	\$ 885	\$ 14,989	\$ 41,825	\$ 2,200	\$ 454,302
5,139	-	-	90,938	-	-	-	-	-	96,077
-	-	-	131,756	-	-	-	-	-	131,756
32	-	-	3,735	-	-	-	-	-	3,767
-	-	-	-	-	-	-	-	-	1,073
-	-	-	-	4,769	-	-	17,755	-	29,007
-	-	-	-	-	-	-	-	-	31,741
-	-	-	-	-	-	-	-	-	3,797
-	-	-	10,000	245,231	-	-	-	-	255,231
<u>\$ 11,984</u>	<u>\$ 43,338</u>	<u>\$ 194</u>	<u>\$352,627</u>	<u>\$250,001</u>	<u>\$ 885</u>	<u>\$ 14,989</u>	<u>\$ 59,580</u>	<u>\$ 2,200</u>	<u>\$1,006,751</u>
\$ 511	\$ 779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,608
-	60	-	-	-	-	-	-	-	1,262
-	-	-	-	-	-	-	-	-	243
-	-	-	-	-	-	-	-	-	26,888
-	-	-	131,756	-	-	-	-	-	131,756
-	-	-	-	-	-	-	-	-	35,000
511	839	-0-	131,756	-0-	-0-	-0-	-0-	-0-	200,757
-	-	-	-	-	-	-	-	-	1,073
-	-	-	10,000	245,231	-	-	-	-	255,231
11,473	42,499	194	210,871	4,770	885	14,989	59,580	2,200	549,690
11,473	42,499	194	220,871	250,001	885	14,989	59,580	2,200	805,994
<u>\$ 11,984</u>	<u>\$ 43,338</u>	<u>\$ 194</u>	<u>\$352,627</u>	<u>\$250,001</u>	<u>\$ 885</u>	<u>\$ 14,989</u>	<u>\$ 59,580</u>	<u>\$ 2,200</u>	<u>\$1,006,751</u>

City of Corunna

Special Revenue Funds

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

Year ended June 30, 1998

	Major Street	Local Street	Cemetery	Library	Historical Commission	Softball Commission
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	137,790	59,710	-	16,524	-	-
Charges for services	-	-	12,167	386	-	-
Fines and forfeits	-	-	-	15,365	-	-
Interest and rents	1,456	-	-	696	8,397	93
Special assessments	-	8,000	-	-	-	-
Other revenues	-	-	-	-	3,656	34,372
TOTAL REVENUES	139,246	67,710	12,167	32,971	12,053	34,465
EXPENDITURES						
Highways and streets	36,234	46,044	-	-	-	-
Health and welfare	-	-	19,173	-	-	-
Recreation and cultural	-	-	-	52,131	42,595	38,224
Public safety	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt service	-	25,007	-	-	-	-
TOTAL EXPENDITURES	36,234	71,051	19,173	52,131	42,595	38,224
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	103,012	(3,341)	(7,006)	(19,160)	(30,542)	(3,759)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	33,394	12,000	26,000	-	-
Operating transfers out	(54,244)	(16,000)	-	(2,200)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(54,244)	17,394	12,000	23,800	-0-	-0-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	48,768	14,053	4,994	4,640	(30,542)	(3,759)
Fund balances, beginning of year	91,472	17,188	14,588	31,439	5,560	4,901
Fund balances (deficits), end of year	<u>\$140,240</u>	<u>\$ 31,241</u>	<u>\$ 19,582</u>	<u>\$ 36,079</u>	<u>\$ (24,982)</u>	<u>\$ 1,142</u>

<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>City Improve- ments</u>	<u>Library Tech- nology</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 196,252	\$ -	\$ 196,252
-	-	-	-	-	-	-	-	-	214,024
-	-	-	-	-	-	-	-	-	12,553
-	-	142	-	-	-	-	-	-	15,507
129	3,944	-	8,678	-	-	794	4,138	-	28,325
-	-	-	-	-	-	-	-	-	8,000
9,164	-	-	34,903	-	-	563	-	-	82,658
9,293	3,944	142	43,581	-0-	-0-	1,357	200,390	-0-	557,319
-	-	-	-	-	-	-	-	-	82,278
-	-	-	-	-	-	-	-	-	19,173
9,367	12,436	-	-	-	-	-	-	-	154,753
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	25,007
9,367	12,436	-0-	-0-	-0-	-0-	-0-	-0-	-0-	281,211
(74)	(8,492)	142	43,581	-0-	-0-	1,357	200,390	-0-	276,108
3,000	-	-	-	-	-	-	-	2,200	76,594
-	-	-	-	-	-	-	(305,990)	-	(378,434)
3,000	-0-	-0-	-0-	-0-	-0-	-0-	(305,990)	2,200	(301,840)
2,926	(8,492)	142	43,581	-0-	-0-	1,357	(105,600)	2,200	(25,732)
8,547	50,991	52	177,290	250,001	885	13,632	165,180	-	831,726
<u>\$ 11,473</u>	<u>\$ 42,499</u>	<u>\$ 194</u>	<u>\$220,871</u>	<u>\$250,001</u>	<u>\$ 885</u>	<u>\$ 14,989</u>	<u>\$ 59,580</u>	<u>\$ 2,200</u>	<u>\$ 805,994</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Major Street

	<u>Amended Budget</u>	<u>1998 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997 Actual</u>
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 133,804	\$ 137,790	\$ 3,986	\$ 113,874
Interest	1,250	1,456	206	1,199
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	135,054	139,246	4,192	115,073
EXPENDITURES				
Highways and streets				
Construction				
Contracted services	10,350	349	10,001	48,030
Routine maintenance				
Salaries and wages	3,326	2,741	585	1,128
Fringe benefits	1,057	939	118	2,318
Contractual services	1,500	2,279	(779)	15,404
Supplies	5,300	2,747	2,553	451
Equipment rental	5,000	2,469	2,531	751
	<hr/>	<hr/>	<hr/>	<hr/>
Total routine maintenance	16,183	11,175	5,008	20,052
Traffic services				
Salaries and wages	546	288	258	210
Fringe benefits	155	125	30	175
Contractual services	5,000	4,648	352	2,229
Supplies	3,000	2,794	206	452
Equipment rental	500	20	480	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total traffic services	9,201	7,875	1,326	3,066
Winter maintenance				
Salaries and wages	5,588	5,100	488	5,296
Fringe benefits	3,477	3,142	335	4,678
Supplies	6,500	6,405	95	7,550
Equipment rental	3,000	2,188	812	2,842
	<hr/>	<hr/>	<hr/>	<hr/>
Total winter maintenance	18,565	16,835	1,730	20,366
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	54,299	36,234	18,065	91,514

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Major Street

	<u>Amended Budget</u>	<u>1998 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997 Actual</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 80,755	\$ 103,012	\$ 22,257	\$ 23,559
OTHER FINANCING USES				
Operating transfers out	<u>(54,244)</u>	<u>(54,244)</u>	<u>-0-</u>	<u>(58,416)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	26,511	48,768	22,257	(34,857)
Fund balance, beginning of year	<u>91,472</u>	<u>91,472</u>	<u>-0-</u>	<u>126,329</u>
Fund balance, end of year	<u>\$ 117,983</u>	<u>\$ 140,240</u>	<u>\$ 22,257</u>	<u>\$ 91,472</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Local Street

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1997 <u>Actual</u>
REVENUES				
Intergovernmental - State				
Gas and weight tax	\$ 58,249	\$ 50,501	\$ (7,748)	\$ 41,764
Other	-	9,209	9,209	-
Special assessments	8,560	8,000	(560)	9,120
Other	-	-	-0-	3,535
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	66,809	67,710	901	54,419
EXPENDITURES				
Highways and streets				
Construction				
Contracted services	200	200	-0-	27,942
Routine maintenance				
Salaries and wages	12,859	10,305	2,554	5,618
Fringe benefits	5,031	4,318	713	5,007
Contractual services	500	469	31	-
Supplies	4,000	1,293	2,707	3,997
Equipment rental	14,000	13,616	384	8,106
	<hr/>	<hr/>	<hr/>	<hr/>
Total routine maintenance	36,390	30,001	6,389	22,728
Traffic services				
Salaries and wages	2,749	2,007	742	807
Fringe benefits	961	811	150	514
Contractual services	-	-	-0-	46
Supplies	1,500	1,324	176	-
Equipment rental	1,000	667	333	39
	<hr/>	<hr/>	<hr/>	<hr/>
Total traffic services	6,210	4,809	1,401	1,406
Winter maintenance				
Salaries and wages	3,702	3,065	637	4,523
Fringe benefits	1,448	1,245	203	2,915
Supplies	4,000	3,737	263	5,193
Equipment rental	3,500	2,987	513	2,994
	<hr/>	<hr/>	<hr/>	<hr/>
Total winter maintenance	12,650	11,034	1,616	15,625
	<hr/>	<hr/>	<hr/>	<hr/>
Total highways and streets	55,450	46,044	9,406	67,701

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Local Street

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1997 <u>Actual</u>
Debt service				
Principal retirement	\$ 22,930	\$ 22,492	\$ 438	\$ 10,555
Interest and fiscal charges	<u>2,580</u>	<u>2,515</u>	<u>65</u>	<u>2,978</u>
Total debt service	<u>25,510</u>	<u>25,007</u>	<u>503</u>	<u>13,533</u>
TOTAL EXPENDITURES	<u>80,960</u>	<u>71,051</u>	<u>9,909</u>	<u>81,234</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(14,151)	(3,341)	10,810	(26,815)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	33,394	33,394	-0-	49,079
Operating transfers out	<u>(16,000)</u>	<u>(16,000)</u>	<u>-0-</u>	<u>(16,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>17,394</u>	<u>17,394</u>	<u>-0-</u>	<u>33,079</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,243	14,053	10,810	6,264
Fund balance, beginning of year	<u>17,188</u>	<u>17,188</u>	<u>-0-</u>	<u>10,924</u>
Fund balance, end of year	<u>\$ 20,431</u>	<u>\$ 31,241</u>	<u>\$ 10,810</u>	<u>\$ 17,188</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Cemetery

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1997 <u>Actual</u>
REVENUES				
Charges for services	\$ 12,150	\$ 12,167	\$ 17	\$ 13,160
EXPENDITURES				
Health and welfare				
Salaries and wages	7,000	6,262	738	6,086
Fringe benefits	1,000	839	161	3,660
Administrative charges	2,000	1,172	828	1,851
Supplies	2,000	861	1,139	1,363
Contractual services	2,020	1,505	515	960
Utilities	130	155	(25)	130
Equipment rental	10,000	8,379	1,621	6,133
TOTAL EXPENDITURES	<u>24,150</u>	<u>19,173</u>	<u>4,977</u>	<u>20,183</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(12,000)	(7,006)	4,994	(7,023)
OTHER FINANCING SOURCES				
Operating transfers in	<u>12,000</u>	<u>12,000</u>	<u>-0-</u>	<u>7,813</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	-0-	4,994	4,994	790
Fund balance, beginning of year	<u>14,588</u>	<u>14,588</u>	<u>-0-</u>	<u>13,798</u>
Fund balance, end of year	<u>\$ 14,588</u>	<u>\$ 19,582</u>	<u>\$ 4,994</u>	<u>\$ 14,588</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Library

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
REVENUES				
Intergovernmental				
State	\$ 6,616	\$ 6,616	\$ -0-	\$ 6,350
Local	9,838	9,908	70	10,763
Charges for services	300	386	86	468
Fines and forfeits	16,446	15,365	(1,081)	16,070
Interest	600	696	96	614
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	33,800	32,971	(829)	34,265
EXPENDITURES				
Recreation and cultural				
Salaries and wages	32,000	28,708	3,292	30,363
Fringe benefits	2,835	2,375	460	3,931
Administrative charges	100	42	58	204
Contractual services	5,808	5,834	(26)	4,955
Supplies	15,457	11,956	3,501	13,506
Utilities	2,300	2,306	(6)	2,363
Communication	1,000	800	200	723
Equipment rental	100	29	71	14
Miscellaneous	200	81	119	225
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	59,800	52,131	7,669	56,284
EXCESS OF REVENUES (UNDER) EXPENDITURES	(26,000)	(19,160)	6,840	(22,019)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	26,000	26,000	-0-	26,000
Operating transfer out	-	(2,200)	(2,200)	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	26,000	23,800	(2,200)	26,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-0-	4,640	4,640	3,981
Fund balance, beginning of year	31,439	31,439	-0-	27,458
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	\$ 31,439	\$ 36,079	\$ 4,640	\$ 31,439
	<hr/>	<hr/>	<hr/>	<hr/>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Historical Commission

	Amended Budget	1998 Actual	Variance Favorable (Unfavorable)	1997 Actual
REVENUES				
Interest and rents	\$ 5,000	\$ 8,397	\$ 3,397	\$ 5,961
Other				
Contributions	24,500	2,380	(22,120)	2,954
Fundraising	2,000	1,020	(980)	2,081
Miscellaneous	-	256	256	-
	<u>31,500</u>	<u>12,053</u>	<u>(19,447)</u>	<u>10,996</u>
TOTAL REVENUES	31,500	12,053	(19,447)	10,996
EXPENDITURES				
Recreation and cultural				
Office supplies	200	331	(131)	72
Repairs and maintenance	22,800	38,607	(15,807)	16,697
Janitorial services	5,000	1,800	3,200	1,545
Utilities	2,000	1,334	666	1,056
Miscellaneous	1,500	523	977	345
	<u>31,500</u>	<u>42,595</u>	<u>(11,095)</u>	<u>19,715</u>
TOTAL EXPENDITURES	31,500	42,595	(11,095)	19,715
EXCESS OF REVENUES (UNDER) EXPENDITURES	-0-	(30,542)	(30,542)	(8,719)
Fund balance, beginning of year	<u>5,560</u>	<u>5,560</u>	<u>-0-</u>	<u>14,279</u>
Fund balance (deficit), end of year	<u>\$ 5,560</u>	<u>\$ (24,982)</u>	<u>\$ (30,542)</u>	<u>\$ 5,560</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Softball Commission

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
REVENUES				
Interest	\$ -	\$ 93	\$ 93	\$ 42
Other				
Fees	22,980	23,655	675	29,875
Concessions	4,500	2,675	(1,825)	3,833
Shirt sales	-	-	-0-	203
Advertising	-	1,400	1,400	2,100
Parking fees	400	-	(400)	241
Sale of fixed assets	-	-	-0-	120
Donations	-	6,115	6,115	635
Miscellaneous	800	527	(273)	462
	<u>28,680</u>	<u>34,465</u>	<u>5,785</u>	<u>37,511</u>
TOTAL REVENUES	28,680	34,465	5,785	37,511
EXPENDITURES				
Recreation and cultural				
Contractual services	18,974	20,323	(1,349)	23,231
Registration and fees	1,200	1,586	(386)	2,545
Field improvements	-	7,037	(7,037)	-
Supplies	1,344	1,214	130	3,707
Concession supplies	2,650	2,503	147	2,354
Awards	662	689	(27)	1,745
Telephone	482	466	16	540
Insurance	200	200	-0-	200
Refunds	-	665	(665)	-
Miscellaneous	2,635	3,541	(906)	2,240
Equipment	1,175	-	1,175	273
	<u>29,322</u>	<u>38,224</u>	<u>(8,902)</u>	<u>36,835</u>
TOTAL EXPENDITURES	29,322	38,224	(8,902)	36,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(642)	(3,759)	(3,117)	676
Fund balance, beginning of year	4,901	4,901	\$ -0-	784
Prior period adjustment	-	-	-0-	3,441
	<u>4,901</u>	<u>4,901</u>	<u>-0-</u>	<u>4,225</u>
Fund balance, end of year	\$ 4,259	\$ 1,142	\$ (3,117)	\$ 4,901

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Fourth of July Commission

	Amended Budget	1998 Actual	Variance Favorable (Unfavorable)	1997 Actual
REVENUES				
Interest	\$ -	\$ 129	\$ 129	\$ -
Other				
Festivities	15,975	8,113	(7,862)	7,993
Contributions	-	1,051	1,051	1,495
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	15,975	9,293	(6,682)	9,488
EXPENDITURES				
Recreation and cultural				
Festivities	11,425	8,112	3,313	5,551
Seminars and dues	500	370	130	736
Office supplies	1,500	855	645	818
Fundraising	2,000	30	1,970	25
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	15,425	9,367	6,058	7,130
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	550	(74)	(624)	2,358
OTHER FINANCING SOURCES				
Operating transfers in	-	3,000	3,000	3,000
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	550	2,926	2,376	5,358
Fund balance, beginning of year	8,547	8,547	-0-	3,189
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance, end of year	<u>\$ 9,097</u>	<u>\$ 11,473</u>	<u>\$ 2,376</u>	<u>\$ 8,547</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
<u>Stu Coumts Recreation</u>				
REVENUES				
Interest and rents	\$ 3,775	\$ 3,944	\$ 169	\$ 4,851
EXPENDITURES				
Recreation and cultural				
Salaries and wages	800	735	65	1,030
Fringe benefits	101	94	7	125
Administrative charges	1,000	690	310	505
Contractual services	7,074	5,790	1,284	220
Supplies	1,200	1,448	(248)	652
Utilities	2,900	3,025	(125)	3,492
Equipment rental	700	654	46	617
TOTAL EXPENDITURES	<u>13,775</u>	<u>12,436</u>	<u>1,339</u>	<u>6,641</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(10,000)	(8,492)	1,508	(1,790)
Fund balance, beginning of year	<u>50,991</u>	<u>50,991</u>	\$ -0-	<u>\$ 52,781</u>
Fund balance, end of year	<u>\$ 40,991</u>	<u>\$ 42,499</u>	<u>\$ 1,508</u>	<u>\$ 50,991</u>
<u>Asset Seizure</u>				
REVENUES				
Fines and forfeits	\$ -	\$ 142	\$ 142	\$ -
EXPENDITURES				
Public safety				
Supplies	-	-	-0-	120
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	142	142	(120)
Fund balance, beginning of year	<u>52</u>	<u>52</u>	-0-	<u>172</u>
Fund balance, end of year	<u>\$ 52</u>	<u>\$ 194</u>	<u>\$ 142</u>	<u>\$ 52</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
<u>Economic Development</u>				
REVENUES				
Interest	\$ 5,700	\$ 8,678	\$ 2,978	\$ 6,936
Other				
Loan repayment	44,767	34,853	(9,914)	65,065
Miscellaneous	-	50	50	-
	<u>50,467</u>	<u>43,581</u>	<u>(6,886)</u>	<u>\$ 72,001</u>
TOTAL REVENUES				
EXPENDITURES				
Other				
Loans	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>65,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(74,533)	43,581	118,114	7,001
Fund balance, beginning of year	<u>177,290</u>	<u>177,290</u>	<u>-0-</u>	<u>170,289</u>
Fund balance, end of year	<u>\$ 102,757</u>	<u>\$ 220,871</u>	<u>\$ 118,114</u>	<u>\$ 177,290</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 -
BUDGET AND ACTUAL - CONTINUED

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
<u>Heritage Park</u>				
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES				
Recreation and cultural				
Salaries and wages	200	-	200	-
Fringe benefits	15	-	15	-
Supplies	200	-	200	6
TOTAL EXPENDITURES	415	-0-	415	6
EXCESS OF REVENUES (UNDER) EXPENDITURES	(415)	-0-	415	(6)
Fund balance, beginning of year	885	885	-0-	891
Fund balance, end of year	<u>\$ 470</u>	<u>\$ 885</u>	<u>\$ 415</u>	<u>\$ 885</u>
<u>Library Building</u>				
REVENUES				
Interest	\$ 700	\$ 794	\$ 94	\$ 648
Other	560	563	3	210
TOTAL REVENUES	1,260	1,357	97	858
EXPENDITURES	-	-	-0-	-
EXCESS OF REVENUES OVER EXPENDITURES	1,260	1,357	97	858
Fund balance, beginning of year	13,632	13,632	-0-	12,774
Fund balance, end of year	<u>\$ 14,892</u>	<u>\$ 14,989</u>	<u>\$ 97</u>	<u>\$ 13,632</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

City Improvements

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1997 <u>Actual</u>
REVENUES				
Taxes	\$ 196,980	\$ 196,252	\$ (728)	\$ 180,070
Interest	4,000	4,138	138	-
	<u>200,980</u>	<u>200,390</u>	<u>(590)</u>	<u>180,070</u>
TOTAL REVENUES				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	200,980	200,390	(590)	180,070
OTHER FINANCING USES				
Operating transfers out	<u>(319,406)</u>	<u>(305,990)</u>	<u>13,416</u>	<u>(14,890)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(118,426)	(105,600)	12,826	165,180
Fund balance, beginning of year	<u>165,180</u>	<u>165,180</u>	<u>-0-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 46,754</u>	<u>\$ 59,580</u>	<u>\$ 12,826</u>	<u>\$ 165,180</u>

City of Corunna

Special Revenue Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Library Technology

	<u>Amended Budget</u>	<u>1998 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997 Actual</u>
REVENUES	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-
OTHER FINANCING SOURCES				
Operating transfer in	<u>-</u>	<u>2,200</u>	<u>2,200</u>	<u>-</u>
EXCESS OF REVEUNES OVER EXPENDITURES AND OTHER FINANCING SOURCES	-0-	2,200	2,200	-0-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -0-</u></u>	<u><u>\$ 2,200</u></u>	<u><u>\$ 2,200</u></u>	<u><u>\$ -0-</u></u>

City of Corunna

Debt Service Funds

COMBINING BALANCE SHEET

June 30, 1998

	<u>Fire Truck Loan</u>	<u>1985 Loan Program</u>	<u>1996 G.O. Limited Tax Bonds</u>	<u>Building Authority</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 19,499	\$ 908	\$ 4,227	\$ 1,376	\$ 26,010
Investments	-	-	-	23,590	23,590
TOTAL ASSETS	<u>\$ 19,499</u>	<u>\$ 908</u>	<u>\$ 4,227</u>	<u>\$ 24,966</u>	<u>\$ 49,600</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 17,755	\$ -	\$ 17,755
FUND BALANCES (DEFICITS)					
Reserved for debt service	-	908	(13,528)	-	(12,620)
Unreserved-undesignated	19,499	-	-	24,966	44,465
TOTAL FUND BALANCES (DEFICITS)	<u>19,499</u>	<u>908</u>	<u>(13,528)</u>	<u>24,966</u>	<u>31,845</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,499</u>	<u>\$ 908</u>	<u>\$ 4,227</u>	<u>\$ 24,966</u>	<u>\$ 49,600</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1998

	Fire Truck <u>Loan</u>	1985 Loan <u>Program</u>	1996 G.O. Limited <u>Tax Bonds</u>	Building <u>Authority</u>	<u>Total</u>
REVENUES					
Interest	\$ 998	\$ -	\$ 100	\$ 1,209	\$ 2,307
EXPENDITURES					
Other	-	-	-	545	545
Debt service					
Principal redemption	-	33,952	65,000	-	98,952
Interest and fiscal charges	-	7,900	40,990	-	48,890
TOTAL EXPENDITURES	<u>-0-</u>	<u>41,852</u>	<u>105,990</u>	<u>545</u>	<u>148,387</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	998	(41,852)	(105,890)	664	(146,080)
OTHER FINANCING SOURCES					
Operating transfers in	-	41,850	105,990	-	147,840
EXCESS OF REVENUES AND AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	998	(2)	100	664	1,760
Fund balances (deficits), beginning of year	<u>18,501</u>	<u>910</u>	<u>(13,628)</u>	<u>24,302</u>	<u>30,085</u>
Fund balances (deficits), end of year	<u>\$ 19,499</u>	<u>\$ 908</u>	<u>\$ (13,528)</u>	<u>\$ 24,966</u>	<u>\$ 31,845</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Fire Truck Loan

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1997 <u>Actual</u>
REVENUES				
Interest	\$ 850	\$ 998	\$ 148	\$ 791
EXPENDITURES				
Debt service				
Principal redemption	-	-	-0-	10,729
Interest and fiscal charges	-	-	-0-	779
TOTAL EXPENDITURES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>11,508</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	850	998	148	(10,717)
OTHER FINANCING SOURCES				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-0-</u>	<u>12,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	850	998	148	1,283
Fund balance, beginning of year	<u>18,501</u>	<u>18,501</u>	<u>-0-</u>	<u>17,218</u>
Fund balance, end of year	<u>\$ 19,351</u>	<u>\$ 19,499</u>	<u>\$ 148</u>	<u>\$ 18,501</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

1985 Loan Program

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
REVENUES				
Other	\$ -	\$ -	\$ -0-	\$ -
EXPENDITURES				
Debt service				
Principal redemption	33,952	33,952	-0-	30,790
Interest and fiscal charges	<u>7,900</u>	<u>7,900</u>	<u>-0-</u>	<u>11,047</u>
TOTAL EXPENDITURES	<u>41,852</u>	<u>41,852</u>	<u>-0-</u>	<u>41,837</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(41,852)	(41,852)	-0-	(41,837)
OTHER FINANCING SOURCES				
Operating transfers in	<u>41,850</u>	<u>41,850</u>	<u>-0-</u>	<u>41,837</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (UNDER) EXPENDITURES	(2)	(2)	-0-	-0-
Fund balance, beginning of year	<u>910</u>	<u>910</u>	<u>-0-</u>	<u>910</u>
Fund balance, end of year	<u>\$ 908</u>	<u>\$ 908</u>	<u>\$ -0-</u>	<u>\$ 910</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

1996 G.O. Limited Tax Bonds

	Amended <u>Budget</u>	1998 <u>Actual</u>	Variance Favorable (Unfavorable)	1997 <u>Actual</u>
REVENUES				
Interest	\$ -	\$ 100	\$ 100	\$ 406
EXPENDITURES				
Debt service				
Principal redemption	65,000	65,000	-	-
Interest and fiscal charges	<u>40,778</u>	<u>40,990</u>	<u>(212)</u>	<u>21,145</u>
TOTAL EXPENDITURES	<u>105,778</u>	<u>105,990</u>	<u>(212)</u>	<u>21,145</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(105,778)	(105,890)	(112)	(20,739)
OTHER FINANCING SOURCES				
Accrued interest	-	-	-0-	3,721
Operating transfers in	<u>105,778</u>	<u>105,990</u>	<u>212</u>	<u>3,390</u>
TOTAL OTHER FINANCING SOURCES	<u>105,778</u>	<u>105,990</u>	<u>212</u>	<u>7,111</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	-0-	100	100	(13,628)
Fund (deficit), beginning of year	<u>(13,628)</u>	<u>(13,628)</u>	<u>-0-</u>	<u>-</u>
Fund (deficit), end of year	<u>\$ (13,628)</u>	<u>\$ (13,528)</u>	<u>\$ 100</u>	<u>\$ (13,628)</u>

City of Corunna

Debt Service Funds

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

Year Ended June 30, 1998
With Actual Amounts for Year Ended June 30, 1997

Building Authority

	<u>Budget</u>	<u>1998 Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>1997 Actual</u>
REVENUES				
Interest	\$ -	\$ 1,209	\$ 1,209	\$ 1,140
EXPENDITURES				
Other				
Miscellaneous	<u>-</u>	<u>545</u>	<u>(545)</u>	<u>1,717</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-0-	664	664	(577)
Fund balance, beginning of year	<u>24,302</u>	<u>24,302</u>	<u>-0-</u>	<u>24,879</u>
Fund balance, end of year	<u>\$ 24,302</u>	<u>\$ 24,966</u>	<u>\$ -0-</u>	<u>\$ 24,302</u>

City of Corunna

Capital Projects Funds

COMBINING BALANCE SHEET

June 30, 1998

	1996 Construction Fund	1997 Construction Fund	Total
ASSETS			
Cash and cash equivalents	\$ 3,661	\$ 411,833	\$ 415,494
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	-	10,466	10,466
Due to other funds	3,522	234,523	238,045
TOTAL LIABILITIES	3,522	244,989	248,511
FUND BALANCES			
Unreserved - undesignated	139	166,844	166,983
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,661	\$ 411,833	\$ 415,494

City of Corunna

Capital Project Funds

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

Year Ended June 30, 1998

	1996 Construction Fund	1997 Construction Fund	Total
REVENUES			
LOCAL SOURCES			
Interest	\$ 139	\$ 1,671	\$ 1,810
EXPENDITURES			
Public Works			
Capital outlay	-	253,831	253,831
Other	-	32	32
TOTAL EXPENDITURES	-0-	253,863	253,863
EXCESS REVENUES OVER (UNDER) EXPENDITURES	139	(252,192)	(252,053)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	200,000	200,000
Accrued interest	-	1,236	1,236
Bond proceeds	-	220,000	220,000
Bond discount	-	(2,200)	(2,200)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	419,036	419,036
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	139	166,844	166,983
Fund balances, beginning of year	-	-	-0-
Fund balances, end of year	<u>\$ 139</u>	<u>\$ 166,844</u>	<u>\$ 166,983</u>

City of Corunna
Enterprise Funds
COMBINING BALANCE SHEET
June 30, 1998

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 173,716	\$ 257,140	\$ 430,856
Cash and cash equivalents-restricted	20,095	-	20,095
Accounts receivable	141,004	45,335	186,339
Accrued interest receivable	1,596	249	1,845
Due from other funds	19,027	234,523	253,550
	<hr/>	<hr/>	<hr/>
Total current assets	355,438	537,247	892,685
Other assets			
Treatment rights	555,164	-	555,164
Accumulated amortization	(460,168)	-	(460,168)
	<hr/>	<hr/>	<hr/>
Net treatment rights	94,996	-0-	94,996
Construction in progress	716,505	418,148	1,134,653
	<hr/>	<hr/>	<hr/>
Total other assets	811,501	418,148	1,229,649
Fixed assets			
Equipment	80,000	-	80,000
Land	1	126	127
System and improvements	3,265,030	1,018,597	4,283,627
Accumulated depreciation	(1,191,152)	(407,075)	(1,598,227)
	<hr/>	<hr/>	<hr/>
Total fixed assets, net of accumulated depreciation	2,153,879	611,648	2,765,527
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 3,320,818	\$ 1,567,043	\$ 4,887,861
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Corunna

Enterprise Funds

COMBINING BALANCE SHEET - CONTINUED

June 30, 1998

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 10,828	\$ 321,724	\$ 332,552
Accrued wages	282	247	529
Due to other funds	4,769	295	5,064
Accrued interest payable	12,526	5,432	17,958
Current portion of long-term debt	70,748	25,000	95,748
	<hr/>	<hr/>	<hr/>
Total current liabilities	99,153	352,698	451,851
Other liabilities			
Contracts payable	47,840	-	47,840
Capital lease payable	16,612	-	16,612
General obligation bond payable	-	525,000	525,000
Revenue improvement bond payable	805,000	-	805,000
	<hr/>	<hr/>	<hr/>
Total other liabilities	869,452	525,000	1,394,452
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	968,605	877,698	1,846,303
FUND EQUITY			
Contribution in aid of construction			
Other governmental units	292,308	-	292,308
Other funds	54,134	-	54,134
Taxpayers	1,728,902	95,789	1,824,691
Retained earnings			
Reserved for bonds	57,879	-	57,879
Reserved for debt service	11,375	-	11,375
Reserved for replacement	-	300,407	300,407
Unreserved	207,615	293,149	500,764
	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	2,352,213	689,345	3,041,558
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,320,818	\$ 1,567,043	\$ 4,887,861
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Corunna

Enterprise Funds

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

Year Ended June 30, 1998

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services			
User charges	\$ 382,579	\$ 329,432	\$ 712,011
Tap in fees	20,250	28,125	48,375
Capital charges	70,030	63,292	133,322
Other	150	711	861
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	473,009	421,560	894,569
OPERATING EXPENSES			
Salaries and wages	34,710	48,296	83,006
Fringe benefits	17,048	15,569	32,617
Administrative charges	3,650	3,650	7,300
Contractual service	36,309	33,562	69,871
Supplies	6,867	28,438	35,305
Utilities	5,089	8,628	13,717
Treatment costs	150,879	124,812	275,691
Repairs and maintenance	22,280	-	22,280
Equipment rental	15,930	4,934	20,864
Other	97	363	460
Depreciation	60,415	42,799	103,214
Amortization	27,758	-	27,758
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	381,032	311,051	692,083
OPERATING INCOME	91,977	110,509	202,486
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	14,327	11,598	25,925
Rent revenue	7,422	14,900	22,322
Interest expense and fees	(52,541)	(34,042)	(86,583)
	<hr/>	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(30,792)	(7,544)	(38,336)
NET INCOME	61,185	102,965	164,150
Retained earnings, beginning of year	87,084	490,591	577,675
Prior period adjustment	128,600	-	128,600
	<hr/>	<hr/>	<hr/>
Retained earnings, end of year	\$ 276,869	\$ 593,556	\$ 870,425

City of Corunna

Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 1998

	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 91,977	\$ 110,509	\$ 202,486
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	88,173	42,799	130,972
(Increase) in accounts receivable	(20,317)	(3,119)	(23,436)
(Increase) in due from other funds	(3,522)	(234,523)	(238,045)
(Decrease) in due to other funds	(48,600)	-	(48,600)
Increase (decrease) in accounts payable	(3,240)	297,921	294,681
Increase (decrease) in accrued liabilities	217	(244)	(27)
(Decrease) in accrued interest payable	(1,902)	(210)	(2,112)
	<u>102,786</u>	<u>213,133</u>	<u>315,919</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Rent revenue	7,422	14,900	22,322
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest expense and fees	(52,541)	(34,042)	(86,583)
Capital purchases	(120,183)	(418,148)	(538,331)
Payment of borrowing	(86,860)	(25,000)	(111,860)
	<u>(259,584)</u>	<u>(477,190)</u>	<u>(736,774)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest revenue	<u>14,327</u>	<u>11,598</u>	<u>25,925</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR			
	(135,049)	(237,559)	(372,608)
Cash and cash equivalents, beginning of year	<u>328,860</u>	<u>494,699</u>	<u>823,559</u>
Cash and cash equivalents, end of year	<u>\$ 193,811</u>	<u>\$ 257,140</u>	<u>\$ 450,951</u>

Note: For the year ended June 30, 1998 the Enterprise (Sewer System) Fund recorded an increase to Construction in Progress and Contributed Capital - Taxpayers of \$31,235 as a result of construction costs related to sewer improvements projects. These expenditures are reported in the Capital Projects Funds.

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM

June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 173,716	\$ 309,114
Cash and cash equivalents - restricted	20,095	19,747
Accounts receivable	141,004	120,687
Accrued interest receivable	1,596	1,596
Due from other funds	<u>19,027</u>	<u>15,505</u>
Total current assets	355,438	466,649
Other assets		
Treatment rights	555,164	555,164
Accumulated amortization	<u>(460,168)</u>	<u>(432,410)</u>
Net treatment rights	94,996	122,754
Construction in progress	<u>716,505</u>	<u>1,689,859</u>
Total other assets	811,501	1,812,613
Fixed assets		
Equipment	80,000	80,000
Land	1	1
System and improvements	3,265,030	2,011,657
Accumulated depreciation	<u>(1,191,152)</u>	<u>(1,130,737)</u>
Total fixed assets, net of accumulated depreciation	<u>2,153,879</u>	<u>960,921</u>
TOTAL ASSETS	<u>\$ 3,320,818</u>	<u>\$ 3,240,183</u>

City of Corunna

Enterprise Funds

COMPARATIVE BALANCE SHEET - SEWER SYSTEM - CONTINUED

June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable	\$ 10,828	\$ 14,068
Accrued wages	282	65
Due to other funds	4,769	53,369
Accrued interest payable	12,526	14,428
Current portion of long-term debt	70,748	75,432
	<hr/>	<hr/>
Total current liabilities	99,153	157,362
Other liabilities		
Loans payable	-	11,428
Contracts payable	47,840	78,080
Capital lease payable	16,612	32,120
Revenue improvement bond payable	805,000	830,000
	<hr/>	<hr/>
Total other liabilities	869,452	951,628
	<hr/>	<hr/>
TOTAL LIABILITIES	968,605	1,108,990
FUND EQUITY		
Contribution in aid of construction		
Other governmental units	292,308	292,308
Other funds	54,134	54,134
Taxpayers	1,728,902	1,697,667
Retained earnings		
Reserved for bonds	57,879	52,155
Reserved for debt service	11,375	11,563
Reserved for replacement	-	43,473
Unreserved	207,615	(20,107)
	<hr/>	<hr/>
TOTAL FUND EQUITY	2,352,213	2,131,193
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,320,818	\$ 3,240,183
	<hr/>	<hr/>

City of Corunna

Enterprise Funds

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

Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Charges for services		
User charges	\$ 382,579	\$ 365,708
Tap in fees	20,250	15,625
Capital charges	70,030	69,146
Other	150	105
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	473,009	450,584
OPERATING EXPENSES		
Salaries and wages	34,710	28,190
Fringe benefits	17,048	18,106
Administrative charges	3,650	3,650
Contractual service	36,309	41,018
Supplies	6,867	6,172
Utilities	5,089	7,463
Treatment costs	150,879	157,801
Repairs and maintenance	22,280	9,125
Equipment rental	15,930	3,435
Other	97	41
Depreciation	60,415	54,216
Amortization	27,758	27,121
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	381,032	356,338
OPERATING INCOME	91,977	94,246
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	14,327	15,460
Rent revenue	7,422	448
Interest expense and fees	(52,541)	(56,581)
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	(30,792)	(40,673)
INCOME BEFORE TRANSFERS	61,185	53,573
TRANSFERS OUT		
Transfer out	-	(128,600)
	<hr/>	<hr/>
NET INCOME (LOSS)	61,185	(75,027)
Retained earnings, beginning of year	87,084	162,111
Prior period adjustment	128,600	-
	<hr/>	<hr/>
Retained earnings, end of year	<u>\$ 276,869</u>	<u>\$ 87,084</u>

City of Corunna

Enterprise Funds

COMPARATIVE STATEMENT OF CASH FLOWS - SEWER SYSTEM

Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 91,977	\$ 94,246
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	88,173	81,337
(Increase) in accounts receivable	(20,317)	(8,831)
(Increase) in accrued interest receivable	(3,522)	(1,269)
Increase (decrease) in due to other funds	(48,600)	48,600
(Decrease) in accounts payable	(3,240)	(83,074)
Increase (decrease) in accrued liabilities	217	(50)
(Decrease) in accrued interest payable	(1,902)	(9,025)
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	102,786	121,934
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Rent revenue	7,422	448
Transfers out	-	(128,600)
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	7,422	(128,152)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest expense	(52,541)	(56,581)
Capital purchases	(120,183)	(103,704)
Payment of borrowing	(86,860)	(83,464)
	<hr/>	<hr/>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(259,584)	(243,749)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest revenue	14,327	15,460
	<hr/>	<hr/>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS DURING YEAR	(135,049)	(234,507)
Cash and cash equivalents, beginning of year	328,860	563,367
	<hr/>	<hr/>
Cash and cash equivalents, end of year	<u>\$ 193,811</u>	<u>\$ 328,860</u>

Note: For the year ended June 30, 1998 the Enterprise (Sewer System) Fund recorded an increase in Construction in Progress and Contributed Capital - taxpayers of \$31,235 as a result of construction costs related to sewer improvements projects. These expenditures are reported in the Capital Projects Funds.

City of Corunna
Trust and Agency Funds
COMBINING BALANCE SHEET

June 30, 1998

	Trust Funds	
	Nonexpendable	Expendable
	Cemetery Perpetual Care	Fireworks
ASSETS		
Cash and cash equivalents	\$ 22,404	\$ (1,054)
Investments	34,393	-
Accrued interest receivable	320	-
TOTAL ASSETS	\$ 57,117	\$ (1,054)
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Due to other funds	\$ -	\$ -
Due to other governmental units		
Federal	-	-
Due to individuals and agencies	-	-
TOTAL LIABILITIES	-0-	-0-
FUND BALANCES (DEFICITS)		
Reserved for		
Perpetual care	57,117	-
Fourth of July fireworks	-	(1,054)
TOTAL FUND BALANCES (DEFICITS)	57,117	(1,054)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 57,117	\$ (1,054)

Agency Funds

<u>Current Tax Collection</u>	<u>Deferred Compensation</u>	<u>Payroll Clearing</u>	<u>Total</u>
\$ 17,972	\$ -	\$ 2,304	\$ 41,626
-	66,070	-	100,463
-	-	-	320
<u>\$ 17,972</u>	<u>\$ 66,070</u>	<u>\$ 2,304</u>	<u>\$ 142,409</u>
\$ 17,972	\$ -	\$ -	\$ 17,972
-	-	1,926	1,926
-	66,070	378	66,448
<u>17,972</u>	<u>66,070</u>	<u>2,304</u>	<u>86,346</u>
-	-	-	57,117
-	-	-	<u>(1,054)</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>56,063</u>
<u>\$ 17,972</u>	<u>\$ 66,070</u>	<u>\$ 2,304</u>	<u>\$ 142,409</u>

City of Corunna

Agency Funds

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year Ended June 30, 1998

	<u>Balance</u> <u>July 1, 1997</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 1998</u>
<u>Current Tax Collections Fund</u>				
ASSETS				
Cash	\$ 11,426	\$ 1,931,697	\$ 1,925,151	\$ 17,972
LIABILITIES				
Due to other funds				
General	\$ 10,481	\$ 591,027	\$ 583,536	\$ 17,972
Local	-	8,560	8,560	-0-
Water	-	6,634	6,634	-0-
City Improvement	732	196,985	197,717	-0-
Due to component unit				
Downtown Development Authority	213	30,501	30,714	-0-
Due to other governmental units				
County				
State Education Tax	-	218,712	218,712	-0-
Other	-	270,941	270,941	-0-
Schools	-	589,741	589,741	-0-
Due to individuals and agencies	-	18,596	18,596	-0-
	<u>\$ 11,426</u>	<u>\$ 1,931,697</u>	<u>\$ 1,925,151</u>	<u>\$ 17,972</u>
<u>Payroll Clearing</u>				
ASSETS				
Cash	\$ -	\$ 238,860	\$ 236,556	\$ 2,304
LIABILITIES				
Due to other governmental units				
State	\$ -	\$ 14,002	\$ 14,002	\$ -0-
Federal	-	63,806	61,880	1,926
Due to individuals and agencies	-	161,052	160,674	378
	<u>\$ -0-</u>	<u>\$ 238,860</u>	<u>\$ 236,556</u>	<u>\$ 2,304</u>
<u>Deferred Compensation</u>				
ASSETS				
Investments	\$ 41,710	\$ 26,220	\$ 1,860	\$ 66,070
LIABILITIES				
Due to individuals	\$ 41,710	\$ 26,220	\$ 1,860	\$ 66,070

City of Corunna

Component Unit Funds

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

June 30, 1998

	Governmental	Account Groups		Total
	Fund Type	General	General Long-	
	Special	Fixed Assets	Term Debt	
	Revenue			
ASSETS				
Cash	\$ 14,146	\$ -	\$ -	\$ 14,146
Accounts receivable	5,312	-	-	5,312
Fixed assets	-	757,534	-	757,534
Amount to be provided for retirement of general long-term debt	-	-	377,483	377,483
TOTAL ASSETS	\$ 19,458	\$ 757,534	\$ 377,483	\$ 1,154,475
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 489	\$ -	\$ -	\$ 489
Due to individuals	3,082	-	-	3,082
Due to other governmental units				
State	8,766	-	-	8,766
Advances from primary government	255,231	-	-	255,231
Loans payable	-	-	377,483	377,483
TOTAL LIABILITIES	267,568	-	377,483	645,051
FUND EQUITY (DEFICIT)				
Investment in general fixed assets	-	757,534	-	757,534
Unreserved - undesignated	(248,110)	-	-	(248,110)
TOTAL FUND EQUITY (DEFICIT)	(248,110)	757,534	-0-	509,424
TOTAL LIABILITIES AND FUND EQUITY	\$ 19,458	\$ 757,534	\$ 377,483	\$ 1,154,475

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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

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

Issue: \$ 870,000

Dated: September 1, 1996

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
9/1/1998	4.15	\$ 65,000	\$ 37,916	\$ 102,916
9/1/1999	4.40	75,000	34,918	109,918
9/1/2000	4.60	80,000	31,427	111,427
9/1/2001	4.75	85,000	27,569	112,569
9/1/2002	4.90	90,000	23,345	113,345
9/1/2003	5.00	95,000	18,765	113,765
9/1/2004	5.10	100,000	13,840	113,840
9/1/2005	5.20	105,000	8,560	113,560
9/1/2006	5.30	110,000	2,915	112,915
		<u>\$ 805,000</u>	<u>\$ 199,255</u>	<u>\$ 1,004,255</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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>
5/1/1999	5.20	\$ 25,000	\$ 32,600	\$ 57,600
5/1/2000	5.40	25,000	31,300	56,300
5/1/2001	5.50	25,000	29,950	54,950
5/1/2002	5.60	25,000	28,575	53,575
5/1/2003	5.70	50,000	27,175	77,175
5/1/2004	5.80	50,000	24,325	74,325
5/1/2005	5.90	50,000	21,425	71,425
5/1/2006	6.00	50,000	18,475	68,475
5/1/2007	6.10	50,000	15,475	65,475
5/1/2008	6.15	50,000	12,425	62,425
5/1/2009	6.20	50,000	9,350	59,350
5/1/2010	6.25	50,000	6,250	56,250
5/1/2011	6.25	50,000	3,125	53,125
		<u>\$ 550,000</u>	<u>\$ 260,450</u>	<u>\$ 810,450</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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>
11/1/1998	8.00	\$ 15,000	\$ 26,583	\$ 41,583
11/1/1999	5.45	15,000	25,382	40,382
11/1/2000	4.30	20,000	24,565	44,565
11/1/2001	4.40	20,000	23,705	43,705
11/1/2002	4.50	20,000	22,825	42,825
11/1/2003	4.60	20,000	21,925	41,925
11/1/2004	4.70	25,000	21,005	46,005
11/1/2005	4.80	25,000	19,830	44,830
11/1/2006	4.90	25,000	18,630	43,630
11/1/2007	5.00	30,000	17,405	47,405
11/1/2008	5.10	30,000	15,905	45,905
11/1/2009	5.20	35,000	14,375	49,375
11/1/2010	5.30	35,000	12,555	47,555
11/1/2011	5.35	40,000	10,700	50,700
11/1/2012	5.35	40,000	8,560	48,560
11/1/2013	5.35	40,000	6,420	46,420
11/1/2014	5.35	40,000	4,280	44,280
11/1/2015	5.35	40,000	2,140	42,140
		<u>\$ 515,000</u>	<u>\$ 296,790</u>	<u>\$ 811,790</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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>
8/1/1998	5.00	\$ 10,000	\$ 15,500	\$ 25,500
8/1/1999	5.00	10,000	15,000	25,000
8/1/2000	5.00	10,000	14,500	24,500
8/1/2001	5.00	10,000	14,000	24,000
8/1/2002	5.00	10,000	13,500	23,500
8/1/2003	5.00	15,000	12,875	27,875
8/1/2004	5.00	15,000	12,125	27,125
8/1/2005	5.00	15,000	10,875	25,875
8/1/2006	5.00	15,000	10,125	25,125
8/1/2007	5.00	15,000	9,875	24,875
8/1/2008	5.00	15,000	9,125	24,125
8/1/2009	5.00	15,000	8,375	23,375
8/1/2010	5.00	15,000	7,625	22,625
8/1/2011	5.00	15,000	6,875	21,875
8/1/2012	5.00	15,000	6,125	21,125
8/1/2013	5.00	15,000	5,375	20,375
8/1/2014	5.00	15,000	4,625	19,625
8/1/2015	5.00	15,000	3,875	18,875
8/1/2016	5.00	15,000	3,125	18,125
8/1/2017	5.00	15,000	2,375	17,375
8/1/2018	5.00	20,000	1,500	21,500
8/1/2019	5.00	20,000	500	20,500
		<u>\$ 315,000</u>	<u>\$ 187,875</u>	<u>\$ 502,875</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

1984 Michigan Bond Loan Fund

Purpose: To defray the cost 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 Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/1/1999	5.00	<u>\$ 5,910</u>	<u>\$ 686</u>	<u>\$ 6,596</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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 Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/1/1999	10.22	<u>\$ 37,424</u>	<u>\$ 4,369</u>	<u>\$ 41,793</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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 Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
4/1/1999	7.25	\$ 18,400	\$ 3,864	\$ 22,264
4/1/2000	7.25	23,000	2,760	25,760
4/1/2001	7.25	23,000	1,380	24,380
		<u>\$ 64,400</u>	<u>\$ 8,004</u>	<u>\$ 72,404</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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 Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/1/1999	0.00	\$ 1,840	\$ -	\$ 1,840
6/1/2000	0.00	1,840	-	1,840
		<u>\$ 3,680</u>	<u>\$ -0-</u>	<u>\$ 3,680</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

1978 Owosso - Caledonia Township Utility Authority - Contract Payable

Purpose: To finance 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 Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
12/1/1999	5.00	<u>\$ 10,000</u>	<u>\$ 250</u>	<u>\$ 10,250</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

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 Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
8/15/1998	7.00	\$ 15,508	\$ 1,982	\$ 17,490
8/15/1999	7.00	16,612	877	17,489
		<u>\$ 32,120</u>	<u>\$ 2,859</u>	<u>\$ 34,979</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

Corunna Downtown Development Authority Commercial Loan

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

Issue: \$ 420,000

Dated: May 3, 1994

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
7/98 - 6/99	6.00	\$ 13,885	\$ 22,223	\$ 36,108
7/99 - 6/2000	6.00	14,741	21,367	36,108
7/2000 - 6/01	6.00	15,650	20,458	36,108
7/01 - 6/02	6.00	16,615	19,493	36,108
7/02 - 6/03	6.00	17,640	18,468	36,108
7/03 - 6/04	6.00	18,728	17,380	36,108
7/04 - 6/05	6.00	19,883	16,225	36,108
7/05 - 6/06	6.00	21,110	14,998	36,108
7/06 - 6/07	6.00	22,412	13,696	36,108
7/07 - 6/08	6.00	23,794	12,314	36,108
7/08 - 6/09	6.00	25,261	10,847	36,108
7/09 - 6/10	6.00	26,820	9,288	36,108
7/10 - 6/11	6.00	28,474	7,634	36,108
7/11 - 6/12	6.00	30,230	5,878	36,108
7/12 - 6/13	6.00	32,094	4,014	36,108
7/13 - 6/14	6.00	34,074	2,034	36,108
7/14 - 11/14	6.00	16,072	236	16,308
		<u>\$ 377,483</u>	<u>\$ 216,553</u>	<u>\$ 594,036</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

Copier Capital Lease

Purpose: To finance the cost of acquiring a copier to be used by all City personnel.
Payments of lease are due in monthly installments.

Issue: \$ 6,750

Dated: December 17, 1996

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
7/98 - 6/99	30.00	\$ 2,536	\$ 911	\$ 3,447
7/99 - 12/99	30.00	1,582	141	1,723
		<u>\$ 4,118</u>	<u>\$ 1,052</u>	<u>\$ 5,170</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

1998 Michigan Transportation Bonds

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

Issue: \$ 220,000

Dated: April 1, 1998

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Bonds Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
8/1/1998	4.70	\$ 10,000	\$ 8,593	\$ 18,593
8/1/1999	4.70	10,000	9,888	19,888
8/1/2000	4.70	10,000	9,417	19,417
8/1/2001	4.70	10,000	8,948	18,948
8/1/2002	4.70	10,000	8,477	18,477
8/1/2003	4.70	15,000	7,890	22,890
8/1/2004	4.70	15,000	7,185	22,185
8/1/2005	4.70	15,000	6,480	21,480
8/1/2006	4.70	15,000	5,775	20,775
8/1/2007	4.70	15,000	5,066	20,066
8/1/2008	4.80	15,000	4,350	19,350
8/1/2009	4.90	20,000	3,500	23,500
8/1/2010	5.00	20,000	2,510	22,510
8/1/2011	5.00	20,000	1,510	21,510
8/1/2012	5.05	20,000	505	20,505
		<u>\$ 220,000</u>	<u>\$ 90,094</u>	<u>\$ 310,094</u>

City of Corunna

SCHEDULE OF DEBT OUTSTANDING

June 30, 1998

Dump Truck Lease

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

Issue: \$ 69,936

Dated: September 15, 1997

<u>Due Date</u>	<u>Interest Rate (%)</u>	<u>Principal Maturing</u>	<u>Actual Interest Due</u>	<u>Total Amount Due</u>
6/15/1999	5.42	\$ 12,949	\$ 2,874	\$ 15,823
6/15/2000	5.42	13,661	2,162	15,823
6/15/2001	5.42	14,410	1,413	15,823
6/15/2002	5.42	15,203	620	15,823
		<u>\$ 56,223</u>	<u>\$ 7,069</u>	<u>\$ 63,292</u>

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

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

We have audited the general purpose financial statements of the City of Corunna as of and for the year ended June 30, 1998, and have issued our report thereon dated September 22, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Corunna's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

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

We noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Corunna in a separate letter dated September 22, 1998.

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

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

September 22, 1998

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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, 1998. In connection with the audit, we feel that certain changes in your accounting and administrative procedures would be helpful in improving management's control and the operational efficiency of the accounting and administrative functions. These suggestions are a result of our evaluation of the internal control structure and our discussions with management. As noted in our Report on Compliance and Internal Control Over Financial Reporting, dated September 22, 1998, these weaknesses were not considered reportable conditions in relation to the general purpose financial statements of the City of Corunna, Michigan but may be areas of possible improvement.

1. Cash and investment accounts should be reconciled to the general ledger

During the course of our audit, we noted the cash and investment accounts had not been reconciled to the general ledger for the year ended June 30, 1998. The cash and investments had been reconciled to the Treasurer's manual cash balancing ledgers but the cash ledger had not been reconciled to the general ledger. After a significant amount of work and audit adjustments the cash was reconciled through June 30, 1998.

One of the most important components of a sound internal control structure is to assure timely reconciliation of cash and investment accounts to the general ledger records. It is very important to conduct these reconciliations on a timely basis (i.e., monthly).

We suggest the Treasurer or designee should perform monthly cash and investment account reconciliations. Any differences with the general ledger should be analyzed and corrected on a timely basis to ensure the City's cash and investments are properly stated and all transactions are reflected.

The budget process should be reviewed to assure accurate documentation is maintained

During our review of Council minutes for the year, we noted Council approval of the original and amended budgets. However, the actual minutes of the Council meeting did not indicate the amounts that had been approved for the final amendment of the fiscal year. It was also noted the final amendments for the fiscal year were approved subsequent to June 30, 1998.

We suggest the actual Council minutes note the total approved budget amendment amounts. This will provide a better trail and documentation of Council authorization of expenditures. We also suggest that the City amend the budget prior to year-end and do so in accordance with Michigan Public Act 621 of 1978, as amended.

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

As noted in the general purpose financial statements, the City has three (3) funds which ended the year in a deficit financial position. As a result, the City will be required to submit a deficit reduction plan to the State of Michigan for each fund.

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

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the general purpose financial statements, and this report does not affect our report on the general purpose financial statements dated September 22, 1998.

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 22, 1998