

# **City of Walled Lake, Michigan**

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## **Financial Report with Additional Information June 30, 2003**

# City of Walled Lake, Michigan

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# City of Walled Lake, Michigan

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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Walled Lake, Michigan

We have audited the accompanying general purpose financial statements of the City of Walled Lake, Michigan as of June 30, 2003 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Walled Lake, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

The general purpose financial statements referred to above do not include the General Fixed Assets Account Group, which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the General Fixed Assets Account Group is not known.

In our opinion, except for the effect on the financial statements of the omission as described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Walled Lake, Michigan as of June 30, 2003 and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Plante & Moran, PLLC*

July 30, 2003

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# City of Walled Lake, Michigan

	Governmental Fund Types		
	General	Special Revenue (Major and Local Streets)	Capital Projects
<b>Assets</b>			
Cash and investments (Note 2)	\$ 739,182	\$ 837,958	\$ 50,000
Receivables:			
Customers	-	-	-
Due from other governmental units	109,453	62,940	-
Other	16,593	-	-
Advances to component units	-	-	-
Due from other funds (Note 3)	30,822	-	-
Due from component units	11,999	-	-
Prepaid expenses and other assets	16,933	-	-
Restricted assets (Note 4)	-	-	-
Capital assets (Note 5)	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
Total assets	<b>\$ 924,982</b>	<b>\$ 900,898</b>	<b>\$ 50,000</b>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities</b>			
Accounts payable	\$ 120,949	\$ 2,527	\$ 50,000
Due to other governmental units	29,300	-	-
Due to other funds	1,063	3,566	-
Due to primary government	-	-	-
Accrued and other liabilities	85,369	41,107	-
Deferred revenue	-	-	-
Cash advances and deposits	200,654	-	-
Long-term debt (Note 6)	-	-	-
Total liabilities	437,335	47,200	50,000
<b>Fund Equity</b>			
Contributed capital (Note 8)	-	-	-
Accumulated deficit	-	-	-
Fund balances:			
Reserved:			
Reserved for potential employee refunds	-	-	-
Reserved for retiree health care	-	-	-
Unreserved:			
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	30,687	219,735	-
Designated for capital improvement	-	-	-
Designated for loss of personal property taxes (Note 14)	68,000	-	-
Undesignated	388,960	633,963	-
Total fund equity	487,647	853,698	-
Total liabilities and fund equity	<b>\$ 924,982</b>	<b>\$ 900,898</b>	<b>\$ 50,000</b>

**Combined Balance Sheet**  
**All Fund Types, Account Group, and Component Units**  
**June 30, 2003**

Proprietary Fund Type	Fiduciary Fund Type	Account Group	Total (Memorandum Only)	
Enterprise (Water and Sewer)	Trust and Agency	General Long-term Debt	Primary Government	Component Units (Library and DDA)
\$ 644,216	\$ 358,649	\$ -	\$ 2,630,005	\$ 477,863
178,833	-	-	178,833	17,740
28,086	879	-	201,358	26,734
-	-	-	16,593	-
125,513	-	-	125,513	-
3,566	1,063	-	35,451	-
-	-	-	11,999	-
-	-	-	16,933	-
253,525	-	-	253,525	-
8,156,686	-	-	8,156,686	-
-	-	3,608,326	3,608,326	2,313,263
<b>\$ 9,390,425</b>	<b>\$ 360,591</b>	<b>\$ 3,608,326</b>	<b>\$ 15,235,222</b>	<b>\$ 2,835,600</b>
\$ 301,415	\$ -	\$ -	\$ 474,891	\$ 2,596
-	-	-	29,300	879
-	30,822	-	35,451	-
-	-	-	-	11,999
33,833	-	-	160,309	9,057
-	-	-	-	17,740
-	89,551	-	290,205	-
1,207,894	-	3,608,326	4,816,220	2,313,263
1,543,142	120,373	3,608,326	5,806,376	2,355,534
16,375,282	-	-	16,375,282	-
(8,527,999)	-	-	(8,527,999)	-
-	9,159	-	9,159	-
-	231,059	-	231,059	-
-	-	-	250,422	18,499
-	-	-	-	205,000
-	-	-	68,000	12,000
-	-	-	1,022,923	244,567
7,847,283	240,218	-	9,428,846	480,066
<b>\$ 9,390,425</b>	<b>\$ 360,591</b>	<b>\$ 3,608,326</b>	<b>\$ 15,235,222</b>	<b>\$ 2,835,600</b>

# City of Walled Lake, Michigan

## Combined Statement of Revenue, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Component Units Year Ended June 30, 2003

	General	Special Revenue (Major and Local Streets)	Capital Projects	Total (Memorandum Only) Primary Government	Component Units (Library and DDA)
<b>Revenue</b>					
Property taxes	\$ 2,745,844	\$ 42,000	\$ -	\$ 2,787,844	\$ 1,052,106
Licenses and permits	428,035	-	-	428,035	-
Federal sources	18,875	-	-	18,875	-
State sources	698,721	351,605	-	1,050,326	18,003
Charges for services	335,131	-	-	335,131	201,544
Fines and forfeitures	76,949	-	-	76,949	33,926
Interest earnings and rent	100,220	14,903	6,039	121,162	10,694
Other	141,327	30,540	650	172,517	36,861
Total revenue	4,545,102	439,048	6,689	4,990,839	1,353,134
<b>Other Financing Sources</b> - Operating transfers in	-	-	211,725	211,725	-
Total revenue and other financing sources	4,545,102	439,048	218,414	5,202,564	1,353,134
<b>Expenditures</b>					
General government	974,238	-	-	974,238	-
Public safety	2,718,373	-	-	2,718,373	-
Public works	732,696	347,467	-	1,080,163	113,541
Recreation and cultural	23,972	-	-	23,972	427,767
Planning and development	-	-	87,470	87,470	271,381
Construction of DPW Building	-	-	569,490	569,490	4,496
School facility reimbursement	-	-	-	-	63,625
Debt service	-	-	186,660	186,660	379,952
Total expenditures	4,449,279	347,467	843,620	5,640,366	1,260,762
<b>Other Financing Uses</b> - Operating transfer out	134,149	-	-	134,149	-
Total expenditures and other financing uses	4,583,428	347,467	843,620	5,774,515	1,260,762
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(38,326)	91,581	(625,206)	(571,951)	92,372
<b>Fund Balances</b> - July 1, 2002	525,973	762,117	625,206	1,913,296	387,694
<b>Fund Balances</b> - June 30, 2003	<u>\$ 487,647</u>	<u>\$ 853,698</u>	<u>\$ -</u>	<u>\$ 1,341,345</u>	<u>\$ 480,066</u>

# City of Walled Lake, Michigan

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue</b>			
Property taxes	\$ 2,748,130	\$ 2,745,844	\$ (2,286)
Licenses and permits	444,199	428,035	(16,164)
Federal sources	30,000	18,875	(11,125)
State sources	709,353	698,721	(10,632)
Charges for services	355,103	335,131	(19,972)
Fines and forfeitures	78,800	76,949	(1,851)
Interest earnings and rent	118,750	100,220	(18,530)
Other	154,682	141,327	(13,355)
Total revenue	4,639,017	4,545,102	(93,915)
<b>Expenditures</b>			
General government	999,483	974,238	25,245
Public safety	2,734,569	2,718,373	16,196
Public works	728,442	732,696	(4,254)
Recreation and cultural	23,172	23,972	(800)
Total expenditures	4,485,666	4,449,279	36,387
<b>Other Financing Uses</b> - Operating transfer out	125,793	134,149	(8,356)
Total expenditures and other financing uses	4,611,459	4,583,428	28,031
<b>Excess of Revenue Over (Under) Expenditures and Other Financing Uses</b>	27,558	(38,326)	(65,884)
<b>Fund Balances</b> - July 1, 2002	525,973	525,973	-
<b>Fund Balances</b> - June 30, 2003	<u>\$ 553,531</u>	<u>\$ 487,647</u>	<u>\$ (65,884)</u>

**Combined Statement of Revenue, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
General and Special Revenue Fund Types  
Year Ended June 30, 2003**

Special Revenue Funds (Major and Local Streets Funds)		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 42,000	\$ 42,000	\$ -
-	-	-
-	-	-
343,195	351,605	8,410
-	-	-
-	-	-
21,500	14,903	(6,597)
<u>31,288</u>	<u>30,540</u>	<u>(748)</u>
437,983	439,048	1,065
-	-	-
-	-	-
586,463	347,467	238,996
-	-	-
586,463	347,467	238,996
-	-	-
<u>586,463</u>	<u>347,467</u>	<u>238,996</u>
(148,480)	91,581	240,061
<u>762,117</u>	<u>762,117</u>	<u>-</u>
<b><u>\$ 613,637</u></b>	<b><u>\$ 853,698</u></b>	<b><u>\$ 240,061</u></b>

# City of Walled Lake, Michigan

## Combined Statement of Revenue, Expenses, and Changes in Accumulated Deficit Proprietary Fund Type - Water and Sewer Funds Year Ended June 30, 2003

	Year Ended June 30	
	2003	2002
	(Memorandum Only)	
<b>Operating Revenue</b>		
Customer usage billings	\$ 1,241,751	\$ 1,134,079
Tap-in fees and permits	25,090	23,626
Other charges for services	151,052	48,471
Other income	4,127	7,838
Total operating revenue	1,422,020	1,214,014
<b>Operating Expenses</b>		
Sewage treatment costs	643,099	574,067
Cost of water purchased	589,181	508,059
Depreciation	356,736	355,273
General and administrative	785,012	673,661
Total operating expenses	2,374,028	2,111,060
<b>Net Operating Loss</b>	(952,008)	(897,046)
<b>Nonoperating Revenue (Expense)</b>		
Interest income	34,583	79,091
Interest expense	(55,066)	(109,851)
Total nonoperating expense	(20,483)	(30,760)
<b>Loss - Before operating transfer</b>	(972,491)	(927,806)
<b>Net Operating Transfer Out</b>	(77,576)	(16,158)
<b>Net Loss</b>	(1,050,067)	(943,964)
<b>Accumulated Deficit - Beginning of year</b>	(7,477,932)	(6,533,968)
<b>Accumulated Deficit - End of year</b>	<b>\$ (8,527,999)</b>	<b>\$ (7,477,932)</b>

# City of Walled Lake, Michigan

## Statement of Changes in Plan Net Assets Pension Trust Fund Type - Retiree Health Care Fund Year Ended June 30, 2003

### Additions

Investment income (loss):	
Interest and dividends	\$ 4,950
Change in fair value of investments	<u>(1,439)</u>
Net investment income	3,511
Contributions - Employer	<u>87,450</u>
Total additions	90,961

### Deductions

Retiree health care premium	55,922
Other	<u>4,733</u>
Total deductions	<u>60,655</u>

### Increase in Net Assets

30,306

### Net Assets Held in Trust for Retiree Health Care

Beginning of year	<u>209,912</u>
End of year	<u><u>\$ 240,218</u></u>

# City of Walled Lake, Michigan

## Combined Statement of Cash Flows Proprietary Fund Type - Water and Sewer Funds

	Year Ended June 30	
	2003	2002 (Memorandum Only)
<b>Cash Flows from Operating Activities</b>		
Operating loss	\$ (952,008)	\$ (897,046)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	356,736	355,273
Changes in assets and liabilities:		
Receivables	6,205	21,065
Prepaid expenses	2,193	(2,193)
Accounts payable	34,095	65,078
Accrued and other liabilities	(12,664)	(8,062)
Net cash used in operating activities	(565,443)	(465,885)
<b>Cash Flows from Noncapital Financing Activities - Operating transfers</b>		
out to other funds	(77,576)	(16,158)
<b>Cash Flows from Capital and Related Financing Activities</b>		
Collection of customer assessments	793,252	541,525
Principal and interest paid on long-term debt	(580,898)	(496,125)
Purchase of capital assets	(125,267)	(67,467)
Net cash provided by (used in) capital and related financing activities	87,087	(22,067)
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	30,475	71,673
Repayment of advances to component units	118,885	112,606
Purchase of investment securities	-	(637,792)
Proceeds from maturities of investment securities	233,277	519,951
Net cash provided by investing activities	382,637	66,438
<b>Net Decrease in Cash and Cash Equivalents</b>	(173,295)	(437,672)
<b>Cash and Cash Equivalents - Beginning of year</b>	567,244	1,004,916
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 393,949</b>	<b>\$ 567,244</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>		
Cash and investments per balance sheet	\$ 644,216	\$ 1,050,788
Less investments with greater than three-month original maturities	(250,267)	(483,544)
Total	<b>\$ 393,949</b>	<b>\$ 567,244</b>

**Noncash Investing, Capital, and Financing Activities** - In previous years, Oakland County issued bonds on behalf of the City of Walled Lake. Interest of \$4,108 was earned on the related unspent construction proceeds during the year. The Water Fund leases computer software under a capital lease. The capital lease obligation incurred for 2002 was \$90,000.

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the City of Walled Lake, Michigan (the "City") conform to accounting principles generally accepted in the United States of America as applicable to governmental units except that general fixed assets are not recorded in the General Fixed Assets Account Group. The following is a summary of the significant accounting policies:

### **Reporting Entity**

The City is governed by an elected seven-member council. As required by generally accepted accounting principles, these financial statements present the City of Walled Lake and its component units. The individual component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

The following component units are reported within the component units column in the combined financial statements. They are reported in a separate column to emphasize that they are legally separate from the City. More detailed information on each component unit is disclosed in Note 16.

- a. The Downtown Development Authority was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of 11 individuals, is appointed by the mayor and approved by the City Council.
- b. The Walled Lake City Library is governed by a five-member board appointed by the mayor and approved by the City Council. The Library is funded by a specially voted property tax levy.

### **Fund Accounting**

The accounts of the City are organized on the basis of funds and an account group, each of which is considered a separate accounting entity. The various funds are grouped, in the combined financial statements in this report, into generic fund types in three broad fund categories as follows:

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Governmental Funds**

**General Fund** - The General Fund contains the records of the ordinary activities of the City that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue, and other sources.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions. These include the Major Streets Fund and the Local Streets Fund.

**Capital Projects Funds** - Capital Projects Funds are used to account for the development of capital facilities other than those financed by the operations of an Enterprise Fund.

### **Proprietary Fund**

**Enterprise Funds** - Enterprise Funds are used to account for the results of operations that provide a service to citizens that is financed primarily by a user charge for the provision of that service. These include only the Water and Sewer Funds.

### **Fiduciary Fund**

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. These include the Retiree Health Care Fund (a trust fund) and the Agency Fund. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The Retiree Health Care Fund is accounted for in the same manner as proprietary funds.

### **Basis of Accounting**

The accrual basis of accounting is used by the proprietary fund and the Retiree Health Care Fund. All governmental funds, the Agency Fund, and the component units utilize the modified accrual basis of accounting. Modifications in such method from the accrual basis are as follows:

- a. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

Properties are assessed as of December 31. The related property taxes are billed on July 1 and become a lien on December 1 of the following year. These taxes are due on August 31 with the final collection date of February 28 before they are added to the county tax rolls.

- b. Interest on bonded indebtedness and other long-term debt is not recorded as an expenditure until its due date.
- c. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase.
- d. Normally, expenditures are not divided between years by the recording of prepaid expenses. "Prepaid assets" recorded on the balance sheet represent prepayments of expenses for the subsequent fiscal year rather than an allocation between years.
- e. The noncurrent portion of accumulated sick and vacation pay liabilities is reflected in the General Long-term Debt Account Group.

**Fixed Assets and Long-term Liabilities** - Fixed assets used in governmental fund-type operations are recorded as expenditures at the time of purchase. A General Fixed Assets Account Group is not maintained.

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. The General Long-term Debt Account Group is not a fund and does not involve the measurement of results of operations.

Fixed assets and long-term liabilities relating to the proprietary fund are accounted for in that fund. All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated. Depreciation on such fixed assets is charged as an expense against the operations of the proprietary fund on a straight-line basis.

**Cash Equivalents** - For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Investments** - Investments are reported at fair value (based on quoted market prices).

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Memorandum-only Totals** - The total data presented is the aggregate of the fund types and account group and is presented for analysis purposes only. No consolidating or other eliminations were made in arriving at the totals; therefore, they do not present consolidated information.

Other accounting policies are disclosed in other notes to financial statements.

### Note 2 - Deposits and Investments

The City's cash and investments at June 30, 2003 consist of the following:

Deposits with financial institutions	\$ 1,759,845
Investments	869,460
Petty cash and cash on hand	<u>700</u>
Total cash and investments	<u>\$ 2,630,005</u>

#### Deposits

The above deposits were reflected in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) at \$1,986,838. Of this amount, \$200,000 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

#### Investments

The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, bankers' acceptances and mutual funds, and investment pools that are composed of authorized investment vehicles. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool, except that Agency Fund investment earnings are allocated to the General Fund.

### Note 2 - Deposits and Investments (Continued)

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at June 30, 2003. Risk Category 1 includes those investments that meet any one of the following criteria:

- a. Insured
- b. Registered
- c. Held by the City or its agent

Risk Categories 2 and 3 include investments that are neither insured nor registered. Category 2 includes investments that are held by the counterparty's trust department (or agent) in the City's name. Category 3 includes investments held by:

- a. The counterparty
- b. The counterparty's trust department (or agent) but not in the City's name

	<u>Fair Value</u>
Category 3 investments:	
U.S. government agency mortgage-backed securities	\$ 342,857
U.S. Treasury - Guaranteed promissory notes	<u>27,015</u>
Total Category 3 investments	369,872
Bank investment pools	<u>499,588</u>
Total investments	<u>\$ 869,460</u>

The uncategorized investments are not evidenced by securities that exist in physical or book entry form. The City believes that the investments in the funds comply with the investment authority noted above. The bank investment pools are regulated by the Michigan Banking Act. The fair value of the position in the bank investment pools is the same as the value of the pool shares.

Included in the City's investments at the balance sheet date is approximately \$92,000 of securities issued by the Government National Mortgage Association (GNMA). These investments are backed by the full faith and credit of the U.S. government. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

## **Note 2 - Deposits and Investments (Continued)**

Approximately \$251,000 of the remaining U.S. government agency mortgage-backed securities is an obligation of the Federal National Mortgage Association (FNMA). These investments are usually not backed by the full faith and credit of the U.S. government but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

### **Component Units**

The component units had deposits and petty cash of \$371,829 and investments of \$106,034. The deposits were held in the name of the City of Walled Lake and any federal depository insurance coverage would potentially be shared with the City. The investments consisted of \$103,558 of bank investment pools and \$2,476 of U.S. government agency mortgage-backed securities and U.S. Treasury guaranteed promissory notes (classified as Category 3).

## **Note 3 - Interfund Receivables**

The following are interfund receivables at June 30, 2003:

Fund Due To	Fund Due From	Amount
General Fund	Agency Fund	\$ 30,822
Enterprise Funds:		
Water Fund	Major Streets Fund	1,984
	Local Streets Fund	<u>631</u>
Total Water Fund		2,615
Sewer Fund	Local Streets Fund	728
	Major Streets Fund	<u>223</u>
Total Sewer Fund		<u>951</u>
Total Enterprise Funds		3,566

### Note 3 - Interfund Receivables (Continued)

Trust and Agency Funds:		
Retiree Health Care Fund	General Fund	\$ 82
Agency Fund	General Fund	<u>981</u>
Total Trust and Agency Funds		<u>1,063</u>
Total interfund receivables		<u><u>\$ 35,451</u></u>

### Note 4 - Restricted Assets

Restricted assets at June 30, 2003 consist of assets held at Oakland County for water and sewer line construction recorded in the Enterprise Funds.

Restricted assets result solely from the issuance of debt or the receipt of contributed capital; therefore, retained earnings have not been reserved for restricted assets.

### Note 5 - Capital Assets

A summary of Water and Sewer Funds fixed assets at June 30, 2003 follows:

	Amount	Depreciable Life - Years
Water and sewer systems	\$ 14,808,767	50
Machinery and equipment	<u>858,851</u>	5
Total	15,667,618	
Less accumulated depreciation	<u>(7,510,932)</u>	
Net	<u><u>\$ 8,156,686</u></u>	

# City of Walled Lake, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt

#### Outstanding Debt

The following is a summary of the debt outstanding of the City as of June 30, 2003 (all items are general obligations of the City):

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Water and Sewer Funds:				
County contracts	3	5.0%-7.0%	2006	\$ 1,135,000
Capital lease obligation	1	6.495%	2007	<u>72,894</u>
Total				1,207,894
General Long-term Debt Account Group:				
Installment purchase agreements	2	4.80%-5.09%	2012	1,402,542
Building Authority Bonds	1	4.0%-6.0%	2022	1,375,000
Honeywell, Inc. capital lease	1	5.95%	2006	61,106
Accumulated employee benefits				<u>769,678</u>
Total				<u>3,608,326</u>
Total long-term debt				<u>\$ 4,816,220</u>

The accumulated employee benefits represent the estimated liability to be paid governmental fund-type employees under the City's sick and vacation pay policy, net of the portion that is estimated will be paid currently, which has been recorded as a liability in the applicable governmental fund. Under the City's policy, employees earn sick and vacation time based on time of service with the City.

#### Changes in Long-term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2003:

	General Long- term Debt Account Group	Water and Sewer Funds	Total
<b>Balance - July 1, 2002</b>	\$ 3,739,033	\$ 1,733,726	\$ 5,472,759
Increase in obligation for employee benefits	7,803	-	7,803
Decrease in obligation for capital lease	(19,872)	(15,832)	(35,704)
Debt retired	<u>(118,638)</u>	<u>(510,000)</u>	<u>(628,638)</u>
<b>Balance - June 30, 2003</b>	<u>\$ 3,608,326</u>	<u>\$ 1,207,894</u>	<u>\$ 4,816,220</u>

# City of Walled Lake, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt (Continued)

#### Debt Service Requirements

The annual requirements to service all debt outstanding as of June 30, 2003 (excluding employee benefits and capital leases), including both principal and interest, are as follows:

Years Ending June 30	General Long- term Debt		Total
	Account Group	Water and Sewer Funds	
2004	\$ 279,453	\$ 543,913	\$ 823,366
2005	274,353	332,500	606,853
2006	294,253	367,500	661,753
2007	322,953	-	322,953
2008	329,673	-	329,673
2009	320,673	-	320,673
2010	326,673	-	326,673
2011	347,953	-	347,953
2012	192,917	-	192,917
2013	118,075	-	118,075
2014	114,925	-	114,925
2015	136,700	-	136,700
2016	132,400	-	132,400
2017	128,000	-	128,000
2018	123,500	-	123,500
2019	118,900	-	118,900
2020	114,250	-	114,250
2021	109,550	-	109,550
2022	104,800	-	104,800
Total	<u>\$ 3,890,001</u>	<u>\$ 1,243,913</u>	<u>\$ 5,133,914</u>

#### Interest

Total interest incurred by the City for the year approximated \$185,000.

# City of Walled Lake, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt (Continued)

#### Capital Lease

The future minimum lease payments for various capital leases for the years June 30, 2004 through June 30, 2007 and in total are as follows:

Years Ending June 30	General Long-term Debt	
	Account Group	Water and Sewer Funds
2004	\$ 24,252	\$ 21,129
2005	24,252	21,129
2006	18,190	21,129
2007	-	19,368
Total	66,694	82,755
Less portion representing interest	(5,588)	(9,861)
Present value at June 30, 2003	<u>\$ 61,106</u>	<u>\$ 72,894</u>

#### Component Units

The following is a summary of the debt outstanding of the Downtown Development Authority as of June 30, 2003 (all items are general obligations of the Downtown Development Authority):

	Number of Issues	Interest Rate	Maturing Through	Principal Outstanding
Limited Tax General Obligation Development Bonds	1	5%-6%	2011	\$ 1,650,000
Walled Lake Consolidated School Agreement	1	-	2012	537,750
Loan from the City of Walled Lake Sewer Fund	1	5.50%	2004	125,513
Total long-term debt				<u>\$ 2,313,263</u>

# City of Walled Lake, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Long-term Debt (Continued)

The following is a summary of long-term debt transactions of the Downtown Development Authority for the year ended June 30, 2003:

<b>Balance - July 1, 2002</b>	\$ 2,645,773
Debt retired	<u>(332,510)</u>
<b>Balance - June 30, 2003</b>	<u><u>\$ 2,313,263</u></u>

The annual requirements to service all debt outstanding as of June 30, 2003, including both principal and interest, are as follows:

Years Ending June 30	General		Total
	Obligation Bonds	Installment Debt	
2004	\$ 241,363	\$ 194,339	\$ 435,702
2005	283,300	63,625	346,925
2006	272,300	63,625	335,925
2007	261,000	63,625	324,625
2008	249,500	63,625	313,125
2009	287,500	63,625	351,125
2010	272,500	52,000	324,500
2011	210,000	52,000	262,000
2012	<u>-</u>	<u>52,000</u>	<u>52,000</u>
Total	<u><u>\$ 2,077,463</u></u>	<u><u>\$ 668,464</u></u>	<u><u>\$ 2,745,927</u></u>

Total interest incurred by the component unit for the year approximated \$111,000.

### Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits and participates in the Michigan Municipal League risk pool for claims relating to general liability and property, unemployment compensation, and employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

# City of Walled Lake, Michigan

## Notes to Financial Statements June 30, 2003

### Note 7 - Risk Management (Continued)

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### Note 8 - Contributed Capital

The following is an analysis of contributed capital by source:

	Balance July 1, 2002	Current Year Additions	Balance June 30, 2003
Capital contributed from all sources prior to June 30, 1988	\$ 4,399,879	\$ -	\$ 4,399,879
Capital contributed since July 1, 1988 by source:			
Customers (debt retirement, capital equalization, benefit fees, and connection charges)	10,714,396	793,252	11,507,648
Water and sewer lines contributed by developers	<u>467,755</u>	<u>-</u>	<u>467,755</u>
Total contributed capital	<u>\$ 15,582,030</u>	<u>\$ 793,252</u>	<u>\$ 16,375,282</u>

### Note 9 - Budget Information

The annual budget is prepared by the City management and adopted by the City Council; subsequent amendments are approved by the City Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2003 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund and Special Revenue Funds budgets as adopted by the City Council is included in the additional information. These comparisons include minor expenditure budget overruns.

## **Note 10 - Defined Contribution Retirement Plan**

The City provides pension benefits to substantially all employees other than those included in a collective bargaining unit through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Walled Lake City Council, the City contributes 7 percent to 11 percent of employees' base earnings. The employees are not required to make a contribution but may make a voluntary contribution. In accordance with these requirements, the City contributed \$21,131 during the current year, and the employees contributed \$6,426.

## **Note 11 - Defined Benefit Pension Plan**

### **Plan Description**

The City participates in the Michigan Municipal Employees' Retirement System, an agent multiple-employer defined benefit pension plan that covers all 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 1134 Municipal Way, Lansing, Michigan 48917.

### **Funding Policy**

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

### **Annual Pension Cost**

For the year ended June 30, 2003, the City's annual pension cost of \$358,838 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, 2001, using an entry age normal funding method. Significant actuarial assumptions used include: (a) a rate of return on the investment of present and future assets of 8 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year compounded annually, (c) additional projected salary increases ranging from 0 percent to 4.16 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase annually 2.5 percent per year, noncompounded after retirement. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 30 years.

### Note 11 - Defined Benefit Pension Plan (Continued)

#### Three-year Trend Information

	Fiscal Year Ended June 30		
	2001	2002	2003
Annual pension cost (APC)	\$ 269,382	\$ 325,142	\$ 358,838
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
	Valuation as of December 31		
	1999	2000	2001
Actuarial value of assets	\$ 1,351,817	\$ 1,487,550	\$ 1,671,282
Actuarial accrued liability (entry age) (AAL)	\$ 4,707,140	\$ 5,956,452	\$ 6,216,778
Unfunded AAL (UAAL)	\$ 3,355,323	\$ 4,468,902	\$ 4,545,496
Funded ratio	28.72%	24.97%	26.88%
Covered payroll	\$ 1,813,432	\$ 1,819,126	\$ 2,063,808
UAAL as a percentage of covered payroll	185%	246%	220%

### Note 12 - Joint Venture

The City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority"). The Authority is incorporated by the Cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom, and the Charter Township of Lyon. The City appoints one member to the joint venture's governing board, which then approves the annual budget. The joint venture receives its operating revenue from member contributions and miscellaneous income.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. During the current year, the City contributed approximately \$8,000 for its operations. Complete financial statements for the Authority can be obtained from the administrative offices at 20000 West Eight Mile Road, Southfield, Michigan 48075.

### Note 13 - Construction Code Fees

The City oversees building construction in accordance with the state's construction code act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and cumulative costs in excess of revenue since January 1, 2000 is as follows:

Building permit revenue	\$ 245,716
Direct costs	(233,596)
Cumulative costs in excess of permit revenue:	
Beginning of year	<u>(240,524)</u>
End of year	<u>\$ (228,404)</u>

### Note 14 - Contingent Liability - Disputed Property Taxes

The City and DDA have collected approximately \$80,000 in taxes, which are now being disputed by various property owners. The majority of these disputed taxes relate to personal property taxes. The State is in the process of issuing new personal property tax tables. The disputed property taxes will be resolved once the new personal property tax tables are issued. Accordingly, the City and DDA have decided to designate approximately \$68,000 and \$12,000, respectively, for the potential refund of these disputed property taxes.

### Note 15 - Retiree Health Care Fund

Effective January 1, 2000, the City entered into an agreement with its employees to provide retiree health care benefits. Under terms of the agreement, the City is required to set aside \$75 per pay for each employee. Of this amount, \$70 is set aside to pay premiums of up to \$800 per month for retiree health care. The other \$5 is set aside to provide a severance benefit referred to in the following paragraph. The \$75 contributed to the plan is set aside by the City in a fund, established in compliance with PA 149 of 1999, called the Retiree Health Care Fund.

# City of Walled Lake, Michigan

## Notes to Financial Statements June 30, 2003

### Note 15 - Retiree Health Care Fund (Continued)

In order to offset these new costs to the City, the employees contribute \$25 per pay to the City for current health care costs. To be eligible for retirement health care benefits, an employee must have a minimum of 15 years' seniority, or 6 years' seniority if they were a member of the clerical unit prior to January 1, 2000. For most employees, benefits do not commence until the employee starts to draw from the City's MERS pension plan. If an employee elects not to receive a health care benefit upon retirement, the City will provide a severance benefit equal to \$25 multiplied by the number of pay periods the employee worked subsequent to January 1, 2000.

### Note 16 - Component Unit Financial Information

Condensed financial statements for each of the discretely presented component units are presented below. Separately issued financial statements are not published for these component units.

#### Balance Sheet

	Downtown		Total
	Development Authority	Walled Lake City Library	
<b>Assets</b>			
Current assets	\$ 202,599	\$ 319,738	\$ 522,337
Amounts to be provided for debt retirement	<u>2,313,263</u>	<u>-</u>	<u>2,313,263</u>
Total assets	<u>\$ 2,515,862</u>	<u>\$ 319,738</u>	<u>\$ 2,835,600</u>
<b>Liabilities</b>			
Current liabilities	\$ 35,539	\$ 6,732	\$ 42,271
Long-term debt	<u>2,313,263</u>	<u>-</u>	<u>2,313,263</u>
Total liabilities	2,348,802	6,732	2,355,534
<b>Fund Equity - Fund balances - Unreserved</b>			
Designated for subsequent year's budgeted expenditures in excess of budgeted revenues	-	18,499	18,499
Designated for capital improvements	-	205,000	205,000
Designated for loss of personal property taxes (Note 14)	12,000	-	12,000
Undesignated	<u>155,060</u>	<u>89,507</u>	<u>244,567</u>
Total fund equity	<u>167,060</u>	<u>313,006</u>	<u>480,066</u>
Total liabilities and fund equity	<u>\$ 2,515,862</u>	<u>\$ 319,738</u>	<u>\$ 2,835,600</u>

# City of Walled Lake, Michigan

## Notes to Financial Statements June 30, 2003

### Note 16 - Component Unit Financial Information (Continued)

#### Statement of Revenue, Expenditures, and Changes in Fund Balances

	Downtown Development Authority	Walled Lake City Library	Total
Revenue and Other Financing Sources	\$ 957,885	\$ 395,249	\$ 1,353,134
Expenditures	<u>832,995</u>	<u>427,767</u>	<u>1,260,762</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures	124,890	(32,518)	92,372
Fund Balances - July 1, 2002	<u>42,170</u>	<u>345,524</u>	<u>387,694</u>
Fund Balances - June 30, 2003	<u>\$ 167,060</u>	<u>\$ 313,006</u>	<u>\$ 480,066</u>

### Note 17 - Upcoming Reporting Change

For the year beginning July 1, 2003, the City plans to adopt GASB Statement No. 34. This will dramatically revise the information being reported in these financial statements. Governmental activities will report information by individually significant fund, as well as in total on the full accrual basis of accounting. Enterprise Funds will no longer report capital contributions as a direct increase to equity. Information is not available to present pro forma data that would show the effect of this future change.

## **Additional Information**

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To the Honorable Mayor and  
Members of the City Council  
City of Walled Lake, Michigan

We have audited the general purpose financial statements of the City of Walled Lake, Michigan for the year ended June 30, 2003. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the City of Walled Lake, Michigan. This information has been subjected to the 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.

*Plante & Moran, PLLC*

July 30, 2003

# City of Walled Lake, Michigan

## General Fund Comparative Balance Sheet

	June 30	
	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 739,182	\$ 637,395
Accounts receivable:		
Due from other governmental units	109,453	140,541
Other	16,593	12,008
Due from other funds	30,822	28,918
Due from Downtown Development Authority	11,999	69,284
Prepaid expenses and other assets	<u>16,933</u>	<u>17,052</u>
 Total assets	 <b><u>\$ 924,982</u></b>	 <b><u>\$ 905,198</u></b>
<b>Liabilities and Fund Equity</b>		
<b>Liabilities</b>		
Accounts payable	\$ 120,949	\$ 64,811
Due to other governmental units	29,300	29,133
Due to other funds	1,063	515
Accrued and other liabilities	85,369	71,372
Cash advances and deposits	<u>200,654</u>	<u>213,394</u>
 Total liabilities	 437,335	 379,225
<b>Fund Equity - Fund balances - Unreserved</b>		
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	30,687	138,049
Designated for loss of personal property taxes	68,000	60,000
Undesignated	<u>388,960</u>	<u>327,924</u>
 Total fund equity	 <u>487,647</u>	 <u>525,973</u>
 Total liabilities and fund equity	 <b><u>\$ 924,982</u></b>	 <b><u>\$ 905,198</u></b>

# City of Walled Lake, Michigan

## General Fund Comparative Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual

	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>				
Property taxes:				
Real and personal property tax	\$ 2,324,133	\$ 2,324,133	\$ -	\$ 2,208,823
Refuse tax	315,129	315,129	-	323,697
Walled Lake Villa and mobile home taxes	14,750	14,264	(486)	7,546
Delinquent taxes	17,000	15,200	(1,800)	7,272
Collection fees	55,023	55,023	-	52,533
Interest, penalties, and other	22,095	22,095	-	18,067
Total property taxes	2,748,130	2,745,844	(2,286)	2,617,938
Licenses and permits:				
Building permits	261,375	245,716	(15,659)	143,395
Cablevision fee	100,824	100,824	-	83,003
Planning and zoning fees	74,600	73,900	(700)	68,963
Other licenses and permits	7,400	7,595	195	6,275
Total licenses and permits	444,199	428,035	(16,164)	301,636
Federal sources	30,000	18,875	(11,125)	74,053
State sources:				
Revenue-sharing	702,761	693,647	(9,114)	761,021
State grants	-	-	-	(2,599)
Police training	3,150	1,632	(1,518)	2,871
Liquor license fees	3,442	3,442	-	3,510
Total state sources	709,353	698,721	(10,632)	764,803
Charges for services:				
Radio service	48,000	48,000	-	15,000
Weed cutting	1,500	1,937	437	941
Cemetery lot sales	6,800	5,270	(1,530)	9,265
School liaison	30,803	15,566	(15,237)	23,341
Engineering fees	-	-	-	6,005
Administrative charges to other funds	268,000	264,358	(3,642)	229,651
Total charges for services	355,103	335,131	(19,972)	284,203
Fines and forfeitures - District Court	78,800	76,949	(1,851)	89,612
Interest and rent:				
Interest and earnings	25,500	23,896	(1,604)	35,237
Equipment and building rental	93,250	76,324	(16,926)	84,915
Total interest and rent	118,750	100,220	(18,530)	120,152
Other:				
Sale of fixed assets	2,012	2,012	-	7,425
DARE contributions	40,000	31,212	(8,788)	34,753
Reimbursements	24,000	28,533	4,533	25,658
Refunds and rebates	50,887	43,829	(7,058)	38,655
Other	37,783	35,741	(2,042)	38,888
Total other	154,682	141,327	(13,355)	145,379
Total revenue	4,639,017	4,545,102	(93,915)	4,397,776

# City of Walled Lake, Michigan

## General Fund Comparative Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Continued)

	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Expenditures</b>				
General government:				
Mayor and Council	\$ 26,314	\$ 25,658	\$ 656	\$ 41,864
City Manager	123,970	122,398	1,572	81,105
Assessor	48,109	45,827	2,282	42,567
Board of Review	450	448	2	368
Attorney	33,600	28,000	5,600	35,400
Prosecution and litigation	120,030	115,685	4,345	97,671
Clerk	213,048	212,975	73	207,521
Treasurer	215,675	214,098	1,577	205,318
General government	<u>218,287</u>	<u>209,149</u>	<u>9,138</u>	<u>220,771</u>
Total general government	999,483	974,238	25,245	932,585
Public safety:				
Police	1,443,801	1,424,877	18,924	1,400,984
Fire	671,701	664,753	6,948	722,069
Dispatch	260,148	265,457	(5,309)	253,036
Zoning Board of Appeals	2,600	2,577	23	3,350
Building inspection	231,835	233,596	(1,761)	243,742
Planning Commission	<u>124,484</u>	<u>127,113</u>	<u>(2,629)</u>	<u>93,172</u>
Total public safety	2,734,569	2,718,373	16,196	2,716,353
Public works:				
Department of Public Works	415,467	418,888	(3,421)	455,655
Sanitation	<u>312,975</u>	<u>313,808</u>	<u>(833)</u>	<u>321,791</u>
Total public works	728,442	732,696	(4,254)	777,446
Cultural and recreation:				
Parks and recreation	21,022	22,141	(1,119)	38,796
Beautification Commission	<u>2,150</u>	<u>1,831</u>	<u>319</u>	<u>8,706</u>
Total cultural and recreation	<u>23,172</u>	<u>23,972</u>	<u>(800)</u>	<u>47,502</u>
Total expenditures	4,485,666	4,449,279	36,387	4,473,886
<b>Other Financing Uses</b> - Operating transfer out	<u>125,793</u>	<u>134,149</u>	<u>(8,356)</u>	<u>119,597</u>
Total expenditures and other financing uses	<u>4,611,459</u>	<u>4,583,428</u>	<u>28,031</u>	<u>4,593,483</u>
<b>Excess of Revenue Over (Under) Expenditures and Other Financing Uses</b>	27,558	(38,326)	(65,884)	(195,707)
<b>Fund Balance</b> - Beginning of year	<u>525,973</u>	<u>525,973</u>	<u>-</u>	<u>721,680</u>
<b>Fund Balance</b> - End of year	<u>\$ 553,531</u>	<u>\$ 487,647</u>	<u>\$ (65,884)</u>	<u>\$ 525,973</u>

# City of Walled Lake, Michigan

## Special Revenue Funds Combining Balance Sheet

	June 30			
	2003		2002	
	Major Streets	Local Streets	Total	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 702,983	\$ 134,975	\$ 837,958	\$ 766,880
Due from other governmental units	<u>46,407</u>	<u>16,533</u>	<u>62,940</u>	<u>52,343</u>
Total assets	<u><b>\$ 749,390</b></u>	<u><b>\$ 151,508</b></u>	<u><b>\$ 900,898</b></u>	<u><b>\$ 819,223</b></u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 1,949	\$ 578	\$ 2,527	\$ 14,072
Due to other funds	2,207	1,359	3,566	4,811
Accrued and other liabilities	<u>38,897</u>	<u>2,210</u>	<u>41,107</u>	<u>38,223</u>
Total liabilities	43,053	4,147	47,200	57,106
<b>Fund Balances - Unreserved</b>				
Designated for subsequent year's budgeted expenditures in excess of budgeted revenue	129,079	90,656	219,735	34,751
Undesignated	<u>577,258</u>	<u>56,705</u>	<u>633,963</u>	<u>727,366</u>
Total fund balances	<u>706,337</u>	<u>147,361</u>	<u>853,698</u>	<u>762,117</u>
Total liabilities and fund balances	<u><b>\$ 749,390</b></u>	<u><b>\$ 151,508</b></u>	<u><b>\$ 900,898</b></u>	<u><b>\$ 819,223</b></u>

# City of Walled Lake, Michigan

## Special Revenue Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual

	Major Streets Fund			
	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>				
State-shared revenue	\$ 248,884	\$ 253,059	\$ 4,175	\$ 306,601
Interest earnings	19,000	13,104	(5,896)	17,904
Other	618	259	(359)	33,618
Total revenue	268,502	266,422	(2,080)	358,123
<b>Expenditures</b>				
Street maintenance	193,737	165,125	28,612	144,698
Street construction	122,000	20,525	101,475	55,702
Total expenditures	315,737	185,650	130,087	200,400
<b>Other Financing Uses - Operating</b>				
transfer out	30,000	30,000	-	-
Total expenditures and other financing uses	345,737	215,650	130,087	200,400
<b>Excess of Revenue Over (Under) Expenditures and Other Financing Uses</b>				
	(77,235)	50,772	128,007	157,723
<b>Fund Balance - Beginning of year</b>	655,565	655,565	-	497,842
<b>Fund Balance - End of year</b>	<u>\$ 578,330</u>	<u>\$ 706,337</u>	<u>\$ 128,007</u>	<u>\$ 655,565</u>

# City of Walled Lake, Michigan

## Special Revenue Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)

	Local Streets Fund			
	Year Ended June 30			
	2003		2002	
			Variance	
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Revenue</b>				
Property taxes	\$ 42,000	\$ 42,000	\$ -	\$ 23,931
State-shared revenue	94,311	98,546	4,235	91,104
Interest earnings	2,500	1,799	(701)	2,630
Other	670	281	(389)	670
Total revenue	139,481	142,626	3,145	118,335
<b>Other Financing Sources -</b>				
Operating transfer in	30,000	30,000	-	-
Total revenue and other financing sources	169,481	172,626	3,145	118,335
<b>Expenditures</b>				
Street maintenance	193,334	82,599	110,735	48,966
Operating and administrative costs	47,392	49,218	(1,826)	41,818
Total expenditures	240,726	131,817	108,909	90,784
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures</b>				
	(71,245)	40,809	112,054	27,551
<b>Fund Balance - Beginning of year</b>	106,552	106,552	-	79,001
<b>Fund Balance - End of year</b>	<u>\$ 35,307</u>	<u>\$ 147,361</u>	<u>\$ 112,054</u>	<u>\$ 106,552</u>

# City of Walled Lake, Michigan

## Special Revenue Funds Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)

	Total Special Revenue Funds			
	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>				
Property taxes	\$ 42,000	\$ 42,000	\$ -	\$ 23,931
State-shared revenue	343,195	351,605	8,410	397,705
Interest earnings	21,500	14,903	(6,597)	20,534
Other	1,288	540	(748)	34,288
Total revenue	407,983	409,048	1,065	476,458
<b>Other Financing Sources - Operating</b>				
transfer in	30,000	30,000	-	-
Total revenue and other financing sources	437,983	439,048	1,065	476,458
<b>Expenditures</b>				
Street maintenance	387,071	247,724	139,347	193,664
Street construction	122,000	20,525	101,475	55,702
Administrative costs	47,392	49,218	(1,826)	41,818
Total expenditures	556,463	317,467	238,996	291,184
<b>Other Financing Uses - Operating</b>				
transfer out	30,000	30,000	-	-
Total expenditures and other financing uses	586,463	347,467	238,996	291,184
<b>Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>				
	(148,480)	91,581	240,061	185,274
<b>Fund Balance - Beginning of year</b>				
	762,117	762,117	-	576,843
<b>Fund Balance - End of year</b>				
	<u>\$ 613,637</u>	<u>\$ 853,698</u>	<u>\$ 240,061</u>	<u>\$ 762,117</u>

# City of Walled Lake, Michigan

## Enterprise Funds Schedule of Operations by Activity Budget and Actual\*

	Water Fund			
	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>				
Water usage billings	\$ 886,000	\$ 865,987	\$ (20,013)	\$ 768,270
Other charges for services	55,000	49,156	(5,844)	47,416
Benefit fee, debt retirement, and capital equalization charges	549,000	301,968	(247,032)	205,913
Tap-in fees and permits	26,700	13,790	(12,910)	20,926
Interest earnings	20,000	6,282	(13,718)	11,873
Other income	8,218	102,860	94,642	4,273
Total revenue	1,544,918	1,340,043	(204,875)	1,058,671
<b>Expenditures</b>				
Cost of water purchased	560,000	589,181	(29,181)	508,059
General and administrative expense	702,276	600,177	102,099	501,642
Capital outlay	37,000	31,079	5,921	26,615
Debt service principal and interest	227,295	227,295	-	214,360
Total expenditures	1,526,571	1,447,732	78,839	1,250,676
<b>Other Financing Uses - Net operating transfers out</b>	30,433	38,788	(8,355)	8,079
<b>Excess of Expenditures and Other Financing Uses Over Revenue</b>	(12,086)	(146,477)	(134,391)	(200,084)
<b>Fund Balance - Beginning of year</b>	195,598	195,598	-	395,682
<b>Fund Balance - End of year</b>	<u>\$ 183,512</u>	<u>\$ 49,121</u>	<u>\$ (134,391)</u>	<u>\$ 195,598</u>

\* The Water and Sewer Funds are budgeted on the modified accrual basis, by activity. These schedules have been prepared on the same basis of accounting used in preparing the adopted budget.

# City of Walled Lake, Michigan

## Enterprise Funds Schedule of Operations by Activity Budget and Actual\* (Continued)

	Sewer Fund			
	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>				
Sewage treatment billings	\$ 402,000	\$ 375,764	\$ (26,236)	\$ 365,809
Connection fee, debt retirement, and capital equalization charges	213,000	203,979	(9,021)	203,982
Tap-in fees and permits	397,000	298,605	(98,395)	134,330
Interest earnings	45,000	36,022	(8,978)	59,800
Miscellaneous	6,522	3,163	(3,359)	4,620
Total revenue	1,063,522	917,533	(145,989)	768,541
<b>Expenditures</b>				
Sewage treatment charges	581,500	643,217	(61,717)	574,963
General and administrative expense	190,695	180,815	9,880	167,675
Capital outlay	98,488	98,090	398	44,300
Debt service principal and interest	374,500	374,500	-	288,500
Total expenditures	1,245,183	1,296,622	(51,439)	1,075,438
<b>Other Financing Uses - Net operating transfers out</b>				
	30,433	38,788	(8,355)	8,079
Total expenditures and other financing uses	1,275,616	1,335,410	(59,794)	1,083,517
<b>Excess of Expenditures and Other Financing Uses Over Revenue</b>				
	(212,094)	(417,877)	(205,783)	(314,976)
<b>Fund Balance - Beginning of year</b>				
	1,030,386	1,030,386	-	1,345,362
<b>Fund Balance - End of year</b>				
	<u>\$ 818,292</u>	<u>\$ 612,509</u>	<u>\$ (205,783)</u>	<u>\$ 1,030,386</u>

\* The Water and Sewer Funds are budgeted on the modified accrual basis, by activity. These schedules have been prepared on the same basis of accounting used in preparing the adopted budget.

# City of Walled Lake, Michigan

## Trust and Agency Funds Combining Balance Sheet June 30, 2003

	Retiree		
	Health Care	Agency Fund	Total
<b>Assets</b>			
Cash and investments	\$ 240,136	\$ 118,513	\$ 358,649
Due from other funds	82	981	1,063
Due from other governmental units	-	879	879
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u><b>\$ 240,218</b></u>	<u><b>\$ 120,373</b></u>	<u><b>\$ 360,591</b></u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Due to other funds	\$ -	\$ 30,822	\$ 30,822
Cash bonds and deposits	-	89,551	89,551
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	-	120,373	120,373
<b>Fund Balance - Reserved</b>			
Potential employee refunds	9,159	-	9,159
Retiree health care	231,059	-	231,059
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>240,218</u>	<u>-</u>	<u>240,218</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u><b>\$ 240,218</b></u>	<u><b>\$ 120,373</b></u>	<u><b>\$ 360,591</b></u>

# City of Walled Lake, Michigan

## Schedule of Indebtedness June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>Water and Sewer Funds</b>					
Water Supply System					
Date of issue - November 1, 1968					
Amount of issue - \$2,200,000					
	5.3810	10/01/01-02	\$ 110,000	\$ -	\$ 110,000
		10/01/03	85,000	<u>85,000</u>	<u>85,000</u>
				85,000	195,000
Water Supply System Extension No. 1					
Date of issue - October 1, 1988					
Amount of issue - \$815,000					
	7.0000	09/01/03	100,000	100,000	200,000
Walled Lake - Novi Wastewater Treatment Plant Enlargement					
Date of issue - July 1, 1990					
Amount of issue - \$2,600,000					
	7.0000	04/01/04	300,000	300,000	600,000
	5.0000	04/01/05	300,000	300,000	300,000
	5.0000	04/01/06	350,000	<u>350,000</u>	<u>350,000</u>
				<u>950,000</u>	<u>1,250,000</u>
				<u><b>\$ 1,135,000</b></u>	<u><b>\$ 1,645,000</b></u>
Total Water and Sewer Funds debt					

# City of Walled Lake, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				2003	2002
<b>Installment Purchase Contracts</b>					
Installment Purchase Contract - Bundo Property					
Date of issue - January 22, 2001					
Amount of issue - \$995,000					
	4.8000	02/01/02-03	\$ 50,000	\$ -	\$ 50,000
		02/01/04-05	75,000	150,000	150,000
		02/01/06	100,000	100,000	100,000
		02/01/07	110,000	110,000	110,000
		02/01/08-09	125,000	250,000	250,000
		02/01/10	140,000	140,000	140,000
		02/01/11	145,000	<u>145,000</u>	<u>145,000</u>
				895,000	945,000
Installment Purchase Contract - Fire Truck					
Date of issue - September 21, 2001					
Amount of issue - \$551,180					
	5.0900	09/28/02	43,638	-	43,638
		09/28/03	45,859	45,859	45,859
		09/28/04	48,193	48,193	48,193
		09/28/05	50,646	50,646	50,646
		09/25/06	53,224	53,224	53,224
		09/28/07	55,933	55,933	55,933
		09/28/08	58,780	58,780	58,780
		09/28/09	61,772	61,772	61,772
		09/28/10	64,916	64,916	64,916
		09/28/11	68,220	<u>68,219</u>	<u>68,219</u>
				<u>507,542</u>	<u>551,180</u>
Total Installment Purchase Contracts				<b><u>\$ 1,402,542</u></b>	<b><u>\$ 1,496,180</u></b>

# City of Walled Lake, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>Building Authority Bonds</b>					
Building Authority Complex Bond					
Date of issue - March 12, 2002					
Amount of issue - \$1,400,000					
	6.0000	02/01/04-06	\$ 25,000	\$ 75,000	\$ 100,000
	6.0000	02/01/07-09	50,000	150,000	150,000
	4.0000	02/01/10	50,000	50,000	50,000
	4.1000	02/01/11	75,000	75,000	75,000
	4.2000	02/01/12-13	75,000	150,000	150,000
	4.3000	02/01/14	75,000	75,000	75,000
	4.3000	02/01/15	100,000	100,000	100,000
	4.4000	02/01/16	100,000	100,000	100,000
	4.5000	02/01/17	100,000	100,000	100,000
	4.6000	02/01/18	100,000	100,000	100,000
	4.6500	02/01/19	100,000	100,000	100,000
	4.7000	02/01/20	100,000	100,000	100,000
	4.7500	02/01/21	100,000	100,000	100,000
	4.8000	02/01/22	100,000	100,000	100,000
		Total Building Authority Bonds		<u>\$ 1,375,000</u>	<u>\$ 1,400,000</u>

# City of Walled Lake, Michigan

## Component Units Downtown Development Authority Combining Balance Sheet

	June 30			
	2003		2002	
	DDA General Long-term			
	DDA General	Debt Account	Total	Total
	Fund	Group	Total	Total
<b>Assets</b>				
Cash and investments	\$ 183,125	\$ -	\$ 183,125	\$ 121,977
Special assessment receivable	17,740	-	17,740	23,252
Due from other governmental units	1,734	-	1,734	8
Amount to be provided for debt	-	2,313,263	2,313,263	2,645,773
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<b><u>\$ 202,599</u></b>	<b><u>\$ 2,313,263</u></b>	<b><u>\$ 2,515,862</u></b>	<b><u>\$ 2,791,010</u></b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,510	\$ -	\$ 2,510	\$ 8,590
Due to primary government	11,999	-	11,999	69,284
Due to other governmental units	879	-	879	-
Accrued and other liabilities	2,411	-	2,411	1,941
Deferred revenue	17,740	-	17,740	23,252
Long-term debt	-	2,313,263	2,313,263	2,645,773
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	35,539	2,313,263	2,348,802	2,748,840
<b>Fund Balance - Unreserved</b>				
Designated for loss of personal property taxes	12,000	-	12,000	-
Undesignated	155,060	-	155,060	42,170
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	167,060	-	167,060	42,170
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<b><u>\$ 202,599</u></b>	<b><u>\$ 2,313,263</u></b>	<b><u>\$ 2,515,862</u></b>	<b><u>\$ 2,791,010</u></b>

# City of Walled Lake, Michigan

## Component Units Walled Lake City Library Balance Sheet

	June 30	
	2003	2002
<b>Assets</b>		
Cash and investments	\$ 294,738	\$ 322,496
Due from other governmental units	<u>25,000</u>	<u>30,345</u>
Total assets	<u><b>\$ 319,738</b></u>	<u><b>\$ 352,841</b></u>
<b>Liabilities and Fund Balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 86	\$ 1,721
Accrued and other liabilities	<u>6,646</u>	<u>5,596</u>
Total liabilities	6,732	7,317
<b>Fund Balance - Unreserved</b>		
Designated for subsequent year's budgeted expenditures in excess of budgeted revenues	18,499	-
Designated for capital improvements	205,000	-
Undesignated	<u>89,507</u>	<u>345,524</u>
Total fund balance	<u>313,006</u>	<u>345,524</u>
Total liabilities and fund balance	<u><b>\$ 319,738</b></u>	<u><b>\$ 352,841</b></u>

# City of Walled Lake, Michigan

## Component Units Combining Balance Sheet

	June 30			
	2003		2002	
	Downtown	Walled Lake	Total	Total
	Development	City Library	Total	Total
	Authority	City Library	Total	Total
<b>Assets</b>				
Cash and equivalents	\$ 183,125	\$ 294,738	\$ 477,863	\$ 444,473
Special assessment receivable	17,740	-	17,740	23,252
Due from other governmental units	1,734	25,000	26,734	30,353
Amount to be provided for retirement of long-term debt	<u>2,313,263</u>	<u>-</u>	<u>2,313,263</u>	<u>2,645,773</u>
Total assets	<u><b>\$ 2,515,862</b></u>	<u><b>\$ 319,738</b></u>	<u><b>\$ 2,835,600</b></u>	<u><b>\$ 3,143,851</b></u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,510	\$ 86	\$ 2,596	\$ 10,311
Due to primary government	11,999	-	11,999	69,284
Due to other governmental units	879	-	879	-
Accrued and other liabilities	2,411	6,646	9,057	7,537
Deferred revenue	17,740	-	17,740	23,252
Long-term debt	<u>2,313,263</u>	<u>-</u>	<u>2,313,263</u>	<u>2,645,773</u>
Total liabilities	2,348,802	6,732	2,355,534	2,756,157
<b>Fund Balances - Unreserved</b>				
Designated for subsequent year's budgeted expenditures in excess of budgeted revenues	-	18,499	18,499	-
Designated for capital improvements	-	205,000	205,000	-
Designated for loss of personal property taxes	12,000	-	12,000	-
Undesignated	<u>155,060</u>	<u>89,507</u>	<u>244,567</u>	<u>387,694</u>
Total fund balance	<u>167,060</u>	<u>313,006</u>	<u>480,066</u>	<u>387,694</u>
Total liabilities and fund balances	<u><b>\$ 2,515,862</b></u>	<u><b>\$ 319,738</b></u>	<u><b>\$ 2,835,600</b></u>	<u><b>\$ 3,143,851</b></u>

# City of Walled Lake, Michigan

## Component Units Downtown Development Authority Statement of Revenue, Expenditures, and Changes in Fund Balance

	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>				
Property taxes	\$ 939,925	\$ 916,437	\$ (23,488)	\$ 892,116
Interest earnings	16,000	6,037	(9,963)	14,172
Federal Highway Administration Grant	-	-	-	400
Other	54,900	35,411	(19,489)	808,556
Total revenue	1,010,825	957,885	(52,940)	1,715,244
<b>Expenditures</b>				
Street construction	-	4,496	(4,496)	94,728
Street maintenance	131,600	113,541	18,059	108,757
Planning and development	1,000	457	543	207
Personnel costs	169,755	165,547	4,208	155,151
Office and administrative expenses	78,450	39,822	38,628	32,608
Debt service principal and interest	379,952	379,952	-	1,389,078
School facility reimbursement	63,625	63,625	-	63,625
Miscellaneous	182,860	65,555	117,305	85,416
Total expenditures	1,007,242	832,995	174,247	1,929,570
<b>Excess of Revenue Over (Under) Expenditures</b>	3,583	124,890	121,307	(214,326)
<b>Fund Balance - Beginning of year</b>	42,170	42,170	-	256,496
<b>Fund Balance - End of year</b>	<b>\$ 45,753</b>	<b>\$ 167,060</b>	<b>\$ 121,307</b>	<b>\$ 42,170</b>

# City of Walled Lake, Michigan

## Component Units Walled Lake City Library Statement of Revenue, Expenditures, and Changes in Fund Balance

	Year Ended June 30			
	2003		2002	
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
<b>Revenue</b>				
Property taxes	\$ 132,000	\$ 135,669	\$ 3,669	\$ 130,169
State-shared revenue	16,667	18,003	1,336	20,180
Interest earnings	4,500	4,657	157	8,081
Commerce Township service fee	196,132	196,132	-	237,834
Video rentals	7,000	5,412	(1,588)	9,106
Library fines and fees	27,356	33,926	6,570	41,661
Other	2,000	1,450	(550)	2,645
Total revenue	385,655	395,249	9,594	449,676
<b>Expenditures</b>				
Personnel costs	252,387	251,199	1,188	241,798
Office and administrative expenses	110,574	105,355	5,219	99,700
Capital outlay	65,451	71,213	(5,762)	78,434
Total expenditures	428,412	427,767	645	419,932
<b>Excess of Revenue Over (Under) Expenditures</b>	(42,757)	(32,518)	10,239	29,744
<b>Fund Balance - Beginning of year</b>	345,524	345,524	-	315,780
<b>Fund Balance - End of year</b>	<u>\$ 302,767</u>	<u>\$ 313,006</u>	<u>\$ 10,239</u>	<u>\$ 345,524</u>

# City of Walled Lake, Michigan

## Component Units Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

	Year Ended June 30			
	2003			2002
	Downtown Development Authority	Walled Lake City Library	Total	Total
<b>Revenue</b>				
Property taxes	\$ 916,437	\$ 135,669	\$ 1,052,106	\$ 1,022,285
State-shared revenue	-	18,003	18,003	20,180
Interest earnings	6,037	4,657	10,694	22,253
Federal Highway Administration Grant	-	-	-	400
Commerce Township service fee	-	196,132	196,132	237,834
Video rentals	-	5,412	5,412	9,106
Library fines and fees	-	33,926	33,926	41,661
Other	35,411	1,450	36,861	811,201
Total revenue	957,885	395,249	1,353,134	2,164,920
<b>Expenditures</b>				
Street construction	4,496	-	4,496	94,728
Planning and development	457	-	457	207
Personnel costs	165,547	251,199	416,746	396,949
Office and administrative expenses	153,363	105,355	258,718	241,065
Capital outlay	-	71,213	71,213	78,434
Debt service principal and interest	379,952	-	379,952	1,389,078
School facility reimbursement	63,625	-	63,625	63,625
Miscellaneous	65,555	-	65,555	85,416
Total expenditures	832,995	427,767	1,260,762	2,349,502
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	124,890	(32,518)	92,372	(184,582)
<b>Fund Balances - Beginning of year</b>	42,170	345,524	387,694	572,276
<b>Fund Balances - End of year</b>	<u>\$ 167,060</u>	<u>\$ 313,006</u>	<u>\$ 480,066</u>	<u>\$ 387,694</u>

# City of Walled Lake, Michigan

## Component Units Schedule of Indebtedness June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002

### Downtown Development Authority

Limited Tax General Obligation Development Bonds

Date of issue - October 1, 1995

Amount of issue - \$2,500,000

5.250	04/01/03	\$	150,000	\$	-	\$	150,000
5.375	04/01/04		150,000		150,000		150,000
5.500	04/01/05		200,000		200,000		200,000
5.650	04/01/06		200,000		200,000		200,000
5.750	04/01/07		200,000		200,000		200,000
6.000	04/01/08		200,000		200,000		200,000
6.000	04/01/09		250,000		250,000		250,000
5.000	04/01/10		250,000		250,000		250,000
5.000	04/01/11		200,000		200,000		200,000
Total Limited Tax General Obligation Development Bonds					1,650,000		1,800,000

# City of Walled Lake, Michigan

## Component Units Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30	
				2003	2002
<b>Downtown Development Authority (Continued)</b>					
Walled Lake Consolidated School Agreement					
Date of agreement - November 1, 1999					
Amount of agreement - \$769,000					
		07/01/02	\$ 63,625	\$ -	\$ 63,625
		07/01/03	63,625	63,625	63,625
		07/01/04	63,625	63,625	63,625
		07/01/05	63,625	63,625	63,625
		07/01/06	63,625	63,625	63,625
		07/01/07	63,625	63,625	63,625
		07/01/08	63,625	63,625	63,625
		07/01/09	52,000	52,000	52,000
		07/01/10	52,000	52,000	52,000
		07/01/11	52,000	52,000	52,000
		Total Walled Lake Consolidated School Agreement		537,750	601,375
Loan from the City of Walled Lake Sewer Fund					
Date of issue - June 30, 2000					
Amount of loan - \$357,004					
	5.5000	12/31/02		-	58,636
		06/30/03		-	60,249
		12/31/03		61,905	61,905
		06/30/04		63,608	63,608
		Total loan from the City of Walled Lake Sewer Fund		125,513	244,398
		Total DDA component units		<u>\$ 2,313,263</u>	<u>\$ 2,645,773</u>