

City of Ann Arbor, Michigan



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2009

CITY OF ANN ARBOR
COMPREHENSIVE ANNUAL FINANCIAL REPORT

County of Washtenaw
State of Michigan

Fiscal Year Ended June 30, 2009



Issued by:

Financial and Administrative Services
Accounting Services Unit
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CITY OF ANN ARBOR
COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2009

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CITY OF ANN ARBOR, MICHIGAN

100 North Fifth Avenue, P.O. Box 8647, Ann Arbor, Michigan 48107

December 14, 2009

To the Honorable Mayor, Members of the City Council And Citizens of the City of Ann Arbor

The Comprehensive Annual Financial Report (CAFR) of the City of Ann Arbor for the year-end June 30, 2009, is submitted. Staff in the Accounting Services Unit prepared the report, with assistance from the Pension System, Downtown Development Authority, Housing Commission and other City staff. The City has the responsibility for all disclosure and accuracy of material contained in this report.

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Ann Arbor for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City of Ann Arbor. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Ann Arbor was founded in 1824 and incorporated as a city in 1851. The City is located in the approximate center of Washtenaw County in the southeastern section of Michigan's lower peninsula. The City is approximately 28 square miles in area and serves as the County Seat. The City has an excellent public transportation system for its citizens and visitors to enjoy. The City is nationally known for its outstanding educational and medical facilities, serving as the home of the University of Michigan.

The City operates under a Mayor/Council-Administrator type of government. The Council is comprised of the Mayor and ten Council Members. The City is divided into five wards, two Council Members are elected from each ward. The Council appoints a City Administrator to serve as the Chief Administrative Officer of the City responsible for daily operations. The organizational chart of the City is shown following the transmittal letter.

The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* these financial statements present the City (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included.

Blended Component Unit. The Ann Arbor Building Authority is presented as a blended component unit. Commissioners of the Authority are appointed by the Mayor and confirmed by City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue revenue bonds to finance major capital construction by the City.

Discretely Presented Component Units. The Component Unit columns in the government-wide financial statements include the financial data of the City's other Component Units. They are reported in separate columns to emphasize that they are legally separate from the City. The following Component Units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization.

Downtown Development Authority (DDA). The DDA was created to finance rehabilitation and redevelopment in the downtown area. Commissioners of the DDA are appointed by the Mayor and approved by City Council. Development plans are approved by Council and Council must approve all modifications to the plan. The City maintains some accounting and payroll records for the DDA, whose primary source of funding is from Tax Increment Financing revenues. Bonds secured by those revenues are issued by the City on behalf of the DDA, which does not have the ability to issue debt.

Ann Arbor Housing Commission. The Housing Commission was created to provide low-income housing for City residents. Commissioners of the Housing Commission are appointed by the Mayor and approved by City Council. City Council is notified of all grant applications and any changes to contracts with the Department of Housing and Urban Development, the Commission's primary funding source. The Commission maintains its own accounting records and bank accounts. The City provides limited, special purpose financial support to the Commission, subject to request and Council approval, and is contingently liable for its debt.

SmartZone Local Development Finance Authority (SmartZone LDFA). The SmartZone LDFA was established in accordance with the authority granted under Public Act 248 of 2000 respectively by the cities of Ann Arbor and Ypsilanti in June 2002. It was established to encourage high tech business investment within the boundaries of the SmartZone, comprising portions of City of Ann Arbor and the City of Ypsilanti, and the funding of the SmartZone through a Local Development Financing Authority. The boundaries for this LDFA are defined as the combined DDA's of the two cities. The governing body consists of a nine-member board of directors of which six members are appointed by the Ann Arbor City Council and three members are appointed by the Ypsilanti City Council. The LDFA operates under bylaws initially approved by Ann Arbor and Ypsilanti City Councils. The LDFA's primary source of funding is from Tax Increment Financing revenues. Presently, TIF revenue is generated only within the geographic boundaries of the Ann Arbor DDA. The City approves the budget and maintains the accounting records for the SmartZone LDFA.

The City is responsible for managing and financing many of the services for its citizens. The service areas include: Community Services, Financial Services, Safety Services, and Public Services.

FACTORS AFFECTING FINANCIAL CONDITIONS

The information presented in the financial statements should be considered on a broad perspective within the specific environment of the City.

Local Economy

The City is in a challenging economic environment, as indicated by the assessed value of the taxable property (2008) increasing only by 0.5% over the 2007 valuation. This tax valuation reflects the partial removal of the Pfizer property from the tax roll. The remaining portion of the property will be removed in the next year due to the sale to the University of Michigan. In addition, the general economic weakness in Michigan, and laws which affect the funding for local governments, continue to constrain revenues such that they don't change along with the increasing cost of doing business..

The City provides a full range of services including: police, fire, refuse collection and disposal, recycling collection and processing, recreation, social services by contract, public improvements, planning and zoning, and general administrative services. The citizens and transients of the City enjoy these services. The City is surrounded by three higher educational centers 1) The University of Michigan, 2) Concordia College, and 3) Cleary College. Additionally, located within a 10-mile radius are two other higher educational centers. Over 69% of the residents have completed four or more years of college.

The City of Ann Arbor has the largest population base in Washtenaw County and serves as the County Seat. The U.S. Census Bureau identified 114,386 residents in Ann Arbor, representing 33% of the population base in Washtenaw County. The median household income of our citizens is \$51,434. Personal income in the City has risen in recent years, which is an indication of a healthy economy.

The City is endowed with several major corporations located within its boundaries such as Borders and Google. In addition, Ann Arbor is home to one of the largest employers in the County, the University of Michigan that employs 25,364 people. Ann Arbor is also known for its excellent technology infrastructure that has attracted several large technology firms to the area.

Ann Arbor is accessible by three major Interstate highways connecting Detroit to the east, Chicago to the west, the Upper Peninsula to the north, and Ohio to the south.

Budget Process

The City Administrator is required by City Charter to prepare and submit an annual budget to City Council. This budget is prepared on the modified accrual basis and is adopted by City Council as required by the State of Michigan. Budgetary control is maintained at the service area level for the General Fund. The City Administrator is authorized to transfer budgeted amounts within the General Fund service areas. Budgetary control for all other funds is maintained at the fund level. Revisions to a service area total of the General Fund or to the fund total must be approved by City Council. It is the City's policy to try to match one time expenditures to revenues to the extent possible. For the early out program for retirement the City fully funded pension and retiree healthcare per the GFOA recommended guidelines.

Long-term Financial Planning

The City Council and City Administrator are committed to strategies designed to ensure the long-term financial health of the City. Facing legal and political limits on the amount of property taxes that can be levied in Ann Arbor, in 2002, the City Council provided the newly hired administrator with instructions to improve upon the cost reduction steps that began with the 2001-2002 budget cycle. From a high of 1,024 full-time equivalent (FTE) positions approved in

the fiscal year 2000 budget, the current year fiscal plan includes only 766 FTE positions for fiscal year 2010 reducing to 746 for fiscal year 2011. Timely execution of current plans will have a new Justice Annex to City Hall in place by 2011.

Cash Management Policies and Practices

Cash balances are invested according to the City's investment policy and State law. Certain cash balances are pooled in an investment fund. The cash resources of the Pension Trust Fund and certain other funds are invested separately. Short-term investments are generally restricted to: 1) certificates of deposit; 2) commercial paper of corporations rated A-1 and P-1; 3) U.S. Treasury bills; and 4) savings accounts. U.S. Treasury notes and obligations of U.S. Agencies are usually purchased with cash available for longer periods of time. Maturities are intended to correspond with cash flow needs.

For fiscal year 2009, the accounting return on investments (realized and accrued income and gains plus accretion and amortization of premiums and discounts) on the pooled investment portfolio was 3.36%. The market rate of return (which reflects market adjustments) was 1.14%.

Risk Management

As permitted by State law, the City is self-insured (up to certain limits) for employee medical expenses, unemployment claims, general liability, and property damage. Funding for claims and insurance is provided through an Internal Service Insurance Fund. This fund receives revenues from the operating accounts. The City contracts with one provider to administer the medical program for its employees and retirees. In addition, the City contracts with one provider to administer the workers' compensation program.

Pension and Other Post-employment Benefits

The City provides a defined benefit pension plan and post-employment healthcare benefit plan for all permanent employees. The pension system is administered by a nine member Trustee Board and an Executive Director. The net assets of the defined benefit pension plan on June 30, 2009 were \$321,164,112, and the post-employment healthcare plan was \$54,058,692. The actuarial valuation, applicable to the defined benefit pension plan, continues to reflect the plan is adequately funded at 93.6%, as of the June 30, 2009 valuation. The City continues to incorporate the full cost of the annual required contribution into the annual operating expenditures.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ann Arbor for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twenty-third consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Sincerely,



Roger W. Fraser,
City Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ann Arbor
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF ANN ARBOR, MICHIGAN

John Hieftje, Mayor

Council Members

Sandi Smith
Tony Derezinski
Stephen Kunselman
Margie Teall
Mike Anglin

Sabra Briere
Stephen Rapundalo
Christopher Taylor
Marcia Higgins
Carsten Hohnke

CITY ADMINISTRATOR

Roger W. Fraser

CHIEF FINANCIAL OFFICER

Tom Crawford

ACCOUNTING SERVICES MANAGER

Karen M. Lancaster

CITY TREASURER

Matthew V. Horning

CITY ATTORNEY

Stephen K. Postema

CITY CLERK

Jacqueline Beaudry

CITY OF ANN ARBOR ORGANIZATIONAL CHART



Principals

Dale J. Abraham, CPA
Michael T. Gaffney, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA



ABRAHAM & GAFFNEY, P.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Ann Arbor
Ann Arbor, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ann Arbor, Michigan, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ann Arbor Housing Commission, which represents 39% and 40%, respectively, of the total assets and revenues of the component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ann Arbor Housing Commission, is based on the report of the other auditors.

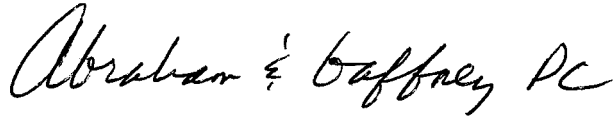
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and 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 the 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 opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ann Arbor, Michigan, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009, on our consideration of the City of Ann Arbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison information, and employee benefit disclosures, as identified in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ann Arbor's basic financial statements. The introductory section and accompanying other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and are not required parts of the basic financial statements. Except for the statistical section, other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Abraham & Gaffney PC".

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

December 14, 2009

As management of the City of Ann Arbor, Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal years ended June 30, 2009 and June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

FINANCIAL HIGHLIGHTS

- The City's governmental funds financial statements are prepared using modified accrual basis of accounting and all other funds are prepared using full accrual basis of accounting resulting in fund financial statements and government-wide statements.
- Government-wide financial statements are comprised of governmental activities, business-type activities and component units. Governmental activities include General Fund activities such as Public Safety and Parks and Recreation. Business-type activities include proprietary funds such as Water, Sewer, and Solid Waste.
 - In total, the assets of the City exceed its liabilities by \$935,136,569 at the close of the most recent fiscal year.
 - \$735,184,036 is invested in Capital Assets, net of related debt;
 - \$119,854,320 is restricted for specific purposes, such as capital projects;
 - \$80,098,213 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors, subject to the purpose of the fund in which they are located. This balance is comprised of \$10,198,885 in governmental activities and \$69,899,328 in business-type activities.
 - The City's total net assets increased by \$5,432,991 during the year, primarily due to increases in capital assets.
 - The City's total debt increased by \$16,434,345, (new issues less retirements), during the current fiscal year.
- Fund financial statements are comprised of 44 governmental funds and 8 proprietary funds. Governmental funds include the General Fund, Street Repair Millage Fund, Municipal Center Fund and other special revenue and debt service funds.
 - At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$121,441,804. The increase of \$17,469,404 in fund balance is primarily due to the issuance of bonds for the Court & Police facility addition.
 - Of the fund balance amount, \$77,836,430 is unreserved and may be used to meet the government's ongoing obligations to citizens and creditors, subject to the purpose of the fund in which they are located.
 - The City's major funds, the General Fund (\$10,910,841) and the Street Repair Millage Fund (\$19,426,357) account for 39% of this unreserved balance. The remaining amount is represented across the other 41 non-major funds.
 - The General fund recognized a decrease to fund balance of \$8,425,184 due to one time, non-recurring expenditures. At the end of the current fiscal year, unreserved general fund balance was 13% of the total general fund expenditures.
 - The Ann Arbor Municipal Center Fund sold \$27,660,000 of bonds to fund the construction of the City's new District Courts & Police facility addition to the existing Guy C. Larcom Building. The project is scheduled to be completed in 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements: 1) management discussion and analysis (this section), 2) government-wide financial statements, 3) fund financial statements, and 4) notes to the financial statements.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements are designed to provide readers with an overview of the City's financial health as a whole, similar to those used in the private-sector companies. The two components of the government-wide statements include:

- The Statement of Net Assets is the difference between assets and liabilities, which can be used as an indicator of the City's financial health, or position. This statement includes all of the City assets and liabilities.
- The Statement of Activities provides information about the City activities as a whole, as it relates to the City's revenues and expenses. The statement of activities accounts for revenues and expenses when they occur, regardless of when cash is received or paid. This statement indicates whether the City's revenues exceed its expenses, which is another way to monitor the overall health of the City.

The Statement of Net Assets and the Statement of Activities, contain information in the following three categories:

- Governmental activities - All of the City's basic services such as police, fire, public works, and general administration are included in governmental activities. Property taxes, fees and charges, state shared revenues, and state and federal grants finance most of these activities.
- Business-type activities - Business-type activity areas include water, sewer and stormwater systems, parking facilities, market, golf courses, solid waste and an airport. The City assesses fees, taxes and charges to cover the cost of services provided in these business-type activities.
- Component units - Included in the component units for the City are the Downtown Development Authority, the Smart Zone Local Development Finance Authority and the Ann Arbor Housing Commission. Although the component units are separate legal entities, the City is financially responsible for them. The Housing Commission provides low-income housing to City residents. The City provides limited, special purpose financial support to the Commission and is contingently liable for its debt.

The government-wide statements can be located on pages 21-23 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the City's most significant funds, not the City as a whole. The City uses the fund financial statements to account for specific funding sources and its spending patterns. Some funds are required to be established by State law and by bond covenants. The City Council establishes other funds to control and manage funds for particular purposes or to show it complies with legal requirements. The fund financial statements are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Most of the City's basic services are reported in the governmental funds, which focus on how cash flows in and out of those funds and its balances at year-end that are available for spending/reserve purposes. The governmental funds provide a detailed short-term view of the City's general operations and the basic services it provides. In addition, it assists management in the assessment of whether there are more or fewer resources, which can be spent on future City programs.

Because the focus of governmental funds is narrower than that of governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains forty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Street Repair Millage and Municipal Center funds. Data from the other forty-one governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be located on pages 24-29 of this report.

Proprietary funds

The City maintains fifteen different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, storm and sanitary sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central stores, fleet services, park services headquarters, information technology, project management, insurance funds and Wheeler Center. Because internal funds benefit predominantly governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sanitary sewer operations, parking system, market, golf courses, airport, stormwater system, and solid waste, each of which are considered major funds of the City. The basic proprietary fund financial statements can be located on pages 30-34 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for certain assets held on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary funds combining statement information is contained in the combining section of the CAFR. The basic fiduciary fund financial statements can be located on pages 35-36 of this report.

ADDITIONAL INFORMATION

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-82 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the major fund budgetary comparisons and a schedule concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 83-92 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be located on pages 93-123 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The government-wide financial analysis focuses on the net assets and changes in net assets of the City's governmental and business-type activities. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the City's assets exceeded its liabilities by \$934,186,682 at June 30, 2009 compared to \$929,703,578 at June 30, 2008.

**City of Ann Arbor
Net Assets
Comparative Schedule - June 30, 2009 and 2008**

	Governmental Activities		Business-type Activities		Total	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Current and other assets	\$158,462,846	\$134,976,496	\$127,212,311	\$132,529,969	\$285,675,157	\$267,506,465
Capital assets	695,359,235	684,426,171	233,731,454	216,184,492	929,090,689	900,610,663
Total assets	853,822,081	819,402,667	360,943,765	348,714,461	1,214,765,846	1,168,117,128
Long-term liabilities	110,451,975	69,205,901	130,125,574	134,042,359	240,577,549	203,248,260
Other liabilities	18,758,805	17,931,813	20,292,923	17,233,477	39,051,728	35,165,290
Total liabilities	129,210,780	87,137,714	150,418,497	151,275,836	279,629,277	238,413,550
Net assets:						
Invested in capital assets, net of related debt	612,949,811	626,041,914	122,234,225	77,083,900	735,184,036	703,125,814
Restricted	101,462,605	75,698,698	18,391,715	18,837,147	119,854,320	94,535,845
Unrestricted	10,198,885	30,524,341	69,899,328	101,517,578	80,098,213	132,041,919
Total net assets	\$724,611,301	\$732,264,953	\$210,525,268	\$197,438,625	\$935,136,569	\$929,703,578

By far the largest portion of the City's net assets reflects its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets at June 30, 2009 (\$119,854,320) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$80,098,213 may be used to meet the government's ongoing obligations to citizens and creditors. The increase in Restricted Net Assets from \$94,535,845 in 2008 to \$119,854,320 in 2009 is due to an increase in Restricted for Capital Projects due to the construction of the new Court & Police facility during fiscal year 2009.

Long-term liabilities have increased from 2008 to 2009 due to a new bond sale for the Court & Police Facility Construction (\$27,660,000). In addition, other liabilities have increased from 2008 to 2009 due to increases in Judgements Payable for an IRS liability and an unfunded OPEB liability. Additional information on the IRS liability and Unfunded OPEB liability can be located in note 17 on page 80 of this report.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

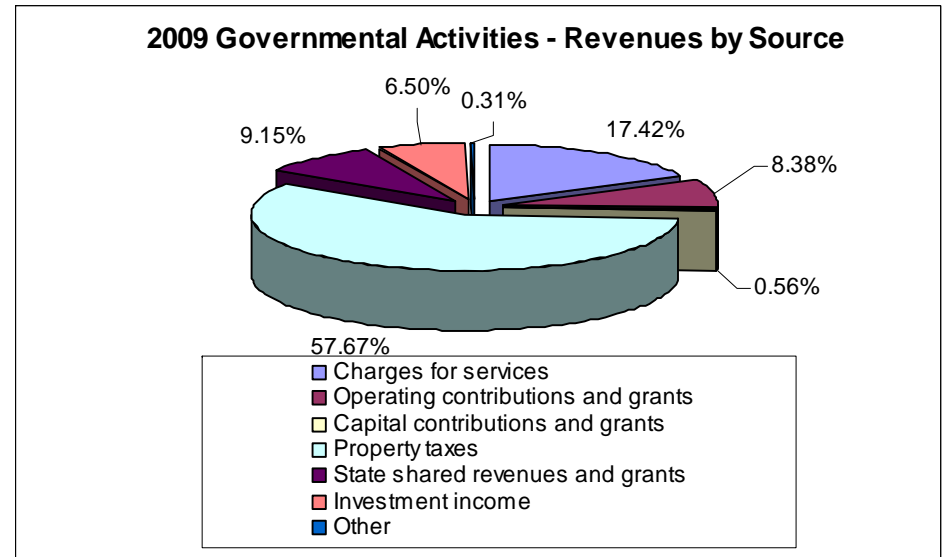
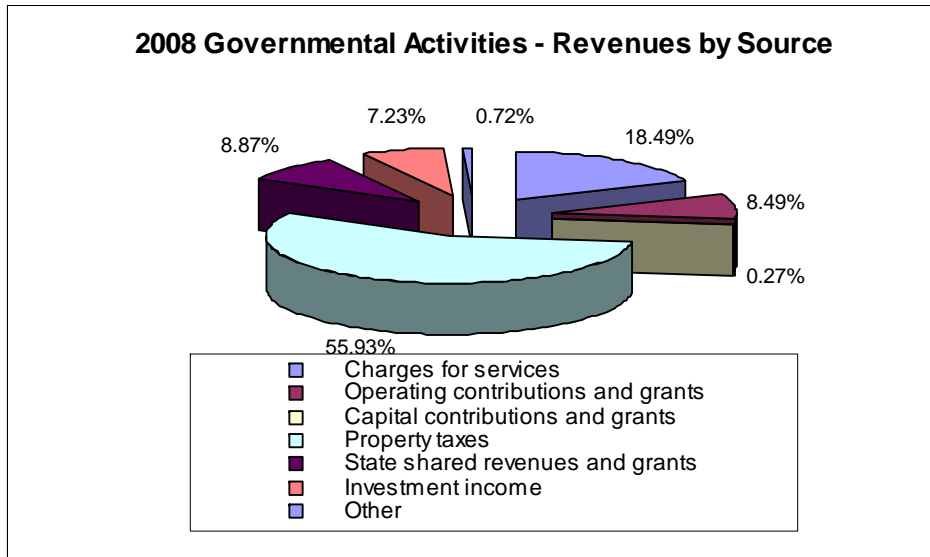
City of Ann Arbor
Changes in Net Assets
Comparative Schedule - Years Ended June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue:						
Program revenue:						
Charges for services	\$21,143,248	\$23,165,858	\$49,174,246	\$50,534,260	\$70,317,494	\$73,700,118
Operating contributions and grants	10,174,646	10,635,661			10,174,646	10,635,661
Capital contributions and grants	681,800	336,643	2,736,217	418,430	3,418,017	755,073
General revenue:						
Property taxes	69,994,107	70,065,805	11,529,057	11,550,982	81,523,164	81,616,787
State shared revenues and grants	11,102,183	11,116,813			11,102,183	11,116,813
Investment income	7,890,239	9,059,668	5,443,148	4,493,194	13,333,387	13,552,862
Other	375,390	899,577			375,390	899,577
Total revenue	121,361,613	125,280,025	68,882,668	66,996,866	190,244,281	192,276,891
Expenses:						
Governmental activities:						
General government	24,108,111	14,290,184			24,108,111	14,290,184
Public safety	56,723,757	48,004,360			56,723,757	48,004,360
Public works	21,084,898	22,948,985			21,084,898	22,948,985
Community and economic development	5,869,426	5,611,549			5,869,426	5,611,549
Culture and recreation	9,530,857	8,616,049			9,530,857	8,616,049
Other - Public Transportation	9,592,129	9,574,677			9,592,129	9,574,677
Debt service	3,229,523	2,544,828			3,229,523	2,544,828
Unallocated depreciation	39,175	64,861			39,175	64,861
Business-type activities:						
Water			18,971,550	17,876,975	18,971,550	17,876,975
Sewer			15,190,288	13,585,023	15,190,288	13,585,023
Parking			3,048,960	2,963,565	3,048,960	2,963,565
Market			145,024	136,004	145,024	136,004
Golf courses			1,510,711	1,374,434	1,510,711	1,374,434
Airport			846,383	728,168	846,383	728,168
Stormwater			2,789,058	3,038,548	2,789,058	3,038,548
Solid waste			12,131,440	10,881,003	12,131,440	10,881,003
Total expenses	130,177,876	111,655,493	54,633,414	50,583,720	184,811,290	162,239,213
Increase in net assets before transfers	(8,816,263)	13,624,532	14,249,254	16,413,146	5,432,991	30,037,678
Transfers	1,162,611	2,139,564	(1,162,611)	(2,139,564)		
Increase in net assets	(7,653,652)	15,764,096	13,086,643	14,273,582	5,432,991	30,037,678
Net assets: beginning of year	732,264,953	716,500,857	197,438,625	183,165,043	929,703,578	899,665,900
Net assets: end of year	\$724,611,301	\$732,264,953	\$210,525,268	\$197,438,625	\$935,136,569	\$929,703,578

The City's net assets increased by \$4,483,104 during the current fiscal year and \$30,037,678 in the prior fiscal year.

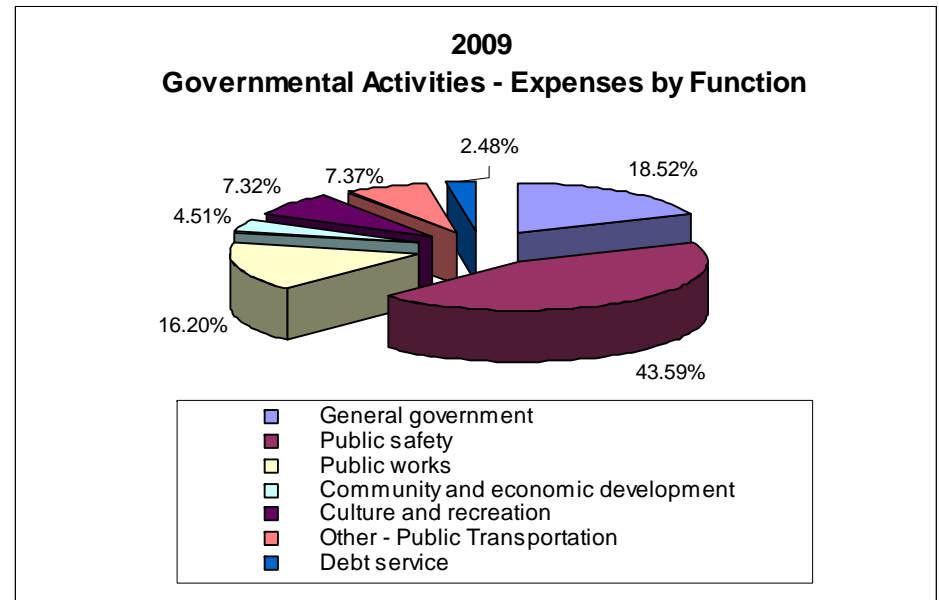
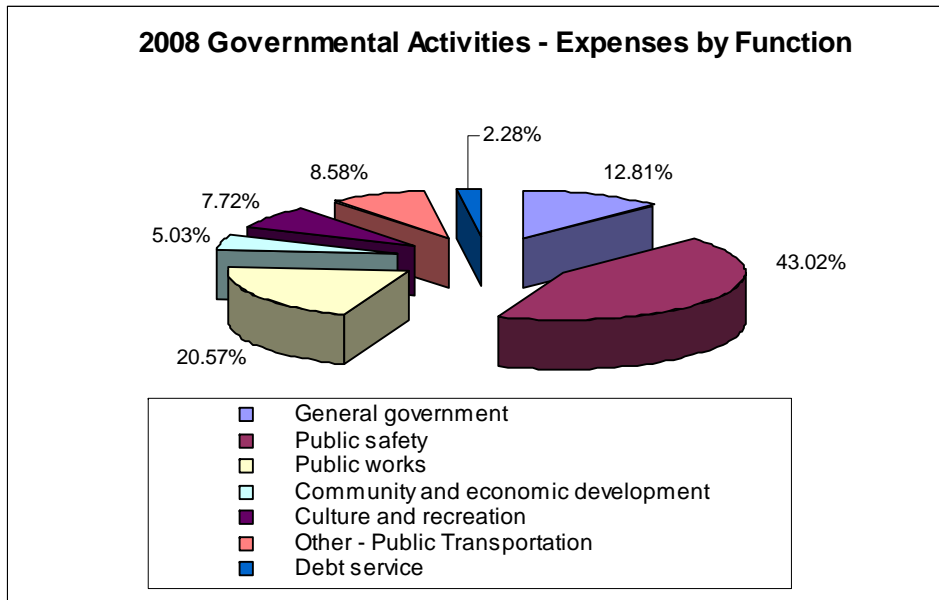
Governmental activities for the City's net assets decreased by \$8,603,539, accounting for a 1.92% decrease of the total growth in the net assets of the City. During fiscal year 2008, governmental activities increased by \$15,764,096 which is 52% of the total growth for fiscal year 2008. Key elements are as follows:

- Property taxes remained flat due to the economy and lower taxable values.
- Investment income decreased approximately 12.9% in fiscal year 2009 due to an unfavorable interest rate environment for Federal securities and a smaller investable balance. In fiscal year 2008 investment income increased 13% due to a more favorable interest rate environment for Federal securities, and a larger investable balance.
- Charges for services decreased by 8.7% due to lower revenue from the Construction Code fund due to less construction and new development.



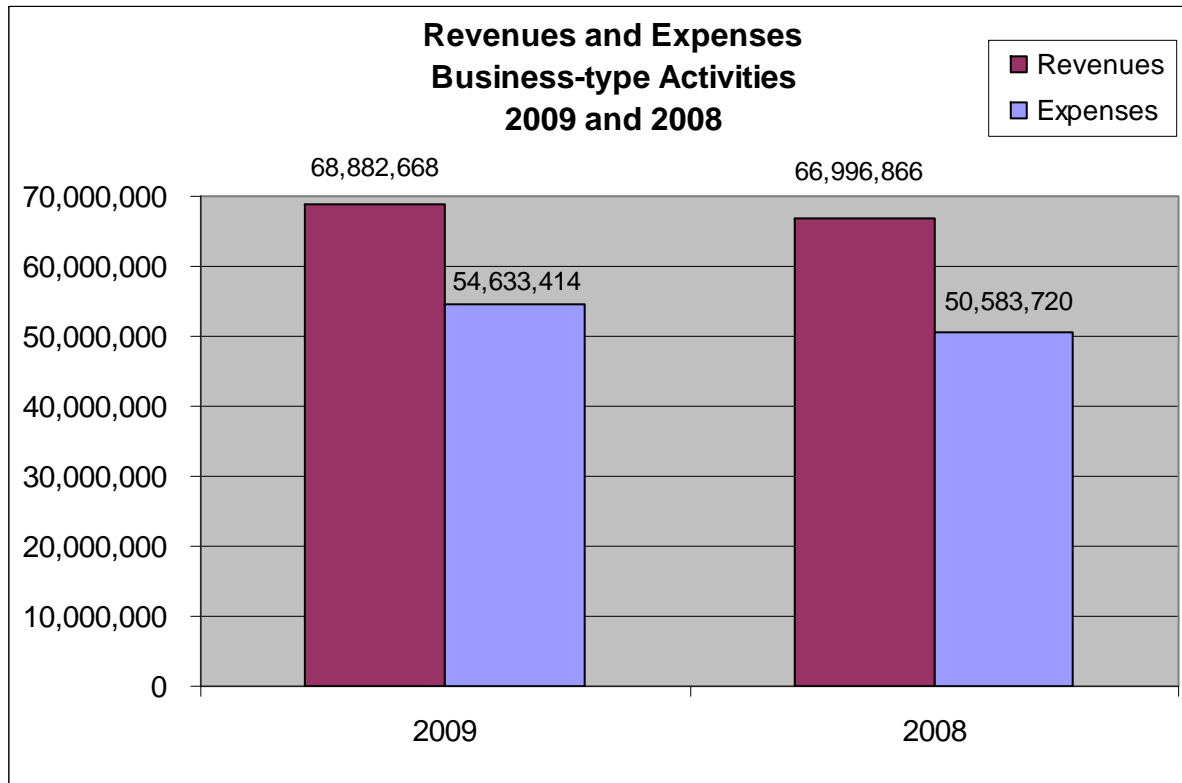
Expenses for governmental activities increased \$18,522,383 from 2008 to 2009. Key elements are as follows:

- Expenses for General Government increased by approximately \$9.9 million primarily due to an increase in construction costs for the new Court & Police addition and for the Police early retirement payouts.
- Expenses for Public Safety increased by approximately \$9.4 million due to increased wages and benefits, and increased fleet costs.
- Expenses for Public Works decreased by approximately \$1.8 million due to decreased expenses on major and local streets due to the decline in revenue sharing funds.



Business-type activities. Business-type activities increased the City's net assets by \$13,086,643 for fiscal year 2009 and by \$14,273,582 for fiscal year 2008, accounting for 292% and 48% of the total growth in the government's net assets for the current year and prior year, respectively. Key elements of this increase are as follows:

- Capital contributions for business-type activities have increased by \$2,317,787, or 554% in the current year, primarily due to increased contributions from Scio township towards the completion of the Scio Township water main project, which adds to the City's water infrastructure.
- Investment income increased \$949,954 or 21% due to a larger invested balance. In fiscal year 2008, investment income increased \$631,735 compared to the prior fiscal year due to a more favorable interest rate environment.
- Expenses increased \$4,049,694, or 8%, in fiscal year 2009 primarily due to increased payroll, increased IT charges for special projects, and the recording of the unfunded OPEB liability. In fiscal year 2008, expenses only increased \$462,076, or .92%, primarily due to preservation of resources in anticipation of future projects.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$121,441,804 at June 30, 2009 versus \$103,972,400 at June 30, 2008, an increase of \$17,469,404 in fiscal year 2009 compared to an increase of \$2,328,506 in fiscal year 2008. Of that amount, \$77,836,430 at June 30, 2009 and \$87,463,497 at June 30, 2008 constitutes unreserved fund balance, which is available for spending at the government's discretion.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$10,910,841 at June 30, 2009 versus \$19,561,545 at June 30, 2008, while total fund balance was \$11,355,585 and \$19,780,769 at June 30, 2009 and 2008, respectively. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 13 percent at June 30, 2009 and 26 percent at June 30, 2008 of total general fund expenditures. The fund balance of the City's general fund decreased by \$8,425,184 during the current fiscal year in comparison to an increase of \$3,384,308 during the prior fiscal year. For fiscal year 2009, this is attributable to both increased costs and lower than expected revenues for investment income. For fiscal year 2008, this is attributable to both cost savings and higher than expected revenues for investment income.

The Street Repair Millage fund balance increased \$2,682,340 attributable to both cost savings and higher than expected revenues for investment income. The Municipal Center fund balance increased \$25,922,836 attributable to the issuance of bonds for the new District Courts & Police Facility construction project scheduled to be completed by 2011.

With respect to other governmental funds, the City closed two funds during the fiscal year. The 350 S. Fifth Ave. Project Fund and the 1991/1992/1993 Environmental Bonds Fund were established to account for funds provided for and used by special projects. Those projects have been completed and the funds have been closed.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water, sanitary, storm sewer, parking system, market, golf courses, solid waste and airport, at the end of the year amounted to \$69,899,328. The water, sewer, parking system, golf courses, airport, stormwater system and solid waste funds had an increase in net assets for the year of \$13,252,661, whereas, the market fund had a decrease of \$166,018. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original and final budgets for expenditures resulted in an 8.1% increase in fiscal year 2009 compared to a 1.7% increase in fiscal year 2008. The General Fund expenditures and other financing uses exceeded its revenues and other financing sources by \$8,425,184.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental/business-type activities as of June 30, 2009 was \$929,090,689 compared to \$900,610,663 at June 30, 2008 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery and equipment, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 3.16% compared to 2.14% in fiscal year 2008. Major capital asset events during the fiscal year 2009 included an increase in improvements (\$16,662,094), an increase in construction work in progress (\$16,188,061) and an increase in infrastructure (\$7,743,907). Additional information on the City's capital assets can be located in note 5 on pages 53-54 of this report.

City of Ann Arbor's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$45,555,591	\$42,154,033	\$8,578,221	\$7,374,728	\$54,133,812	\$49,528,761
Construction in progress	15,072,390	5,102,875	59,071,212	52,852,666	74,143,602	57,955,541
Buildings	52,790,394	52,896,433	110,835,501	110,835,501	163,625,895	163,731,934
Improvements other than buildings	10,655,144	10,647,259	162,288,374	145,634,165	172,943,518	156,281,424
Machinery and equipment	17,200,975	16,496,541	38,923,094	38,215,872	56,124,069	54,712,413
Vehicles	11,390,448	11,651,865	8,574,179	8,822,252	19,964,627	20,474,117
Infrastructure	691,012,740	683,268,833			691,012,740	683,268,833
Less: accumulated depreciation	(148,318,447)	(137,791,668)	(154,539,127)	(147,550,692)	(302,857,574)	(285,342,360)
Total capital assets net of depreciation	<u>\$695,359,235</u>	<u>\$684,426,171</u>	<u>\$233,731,454</u>	<u>\$216,184,492</u>	<u>\$929,090,689</u>	<u>\$900,610,663</u>

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$204,059,424. Of that amount, \$114,064,194 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City's total debt increased by \$16,434,345 or 8.32 percent during the fiscal year. The City issued new bonds during the fiscal year for the new construction of the District Courts and Police Facility in the amount of \$27,660,000. A summary of the City of Ann Arbor's Outstanding Debt can be found on page 20 with additional information on the City's long-term debt included on pages 59-74.

City of Ann Arbor's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Capital Projects Bonds	\$55,599,297	\$30,458,772			\$55,599,297	\$30,458,772
General Obligation Portion of Special Assessment Bonds	467,420	542,117			467,420	542,117
General Obligation Portion of Special Revenue Bonds	22,290,911	22,796,254			22,290,911	22,796,254
Special Assessment Bonds	551,796	676,274			551,796	676,274
Ann Arbor Building Authority Bonds			\$21,190,000	\$22,900,000	21,190,000	22,900,000
Other Bonds			4,105,000	4,610,056	4,105,000	4,610,056
Revenue Bonds			99,855,000	105,160,000	99,855,000	105,160,000
Other Long-term Debt	3,500,000	3,910,840	6,359,770	6,430,536	9,859,770	10,341,376
Total outstanding debt	\$82,409,424	\$58,384,257	\$131,509,770	\$139,100,592	\$213,919,194	\$197,484,849

State statutes limit the amount of the general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$488,696,814, which is significantly in excess of the City's outstanding general obligation debt. Additional information on the City's long-term debt can be located in note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for fiscal year 2010:

- Property tax revenues are budgeted to decrease 0.79% percent in fiscal year 2010.
- Average salary costs were projected to remain flat in fiscal year 2010.
- Healthcare costs were projected to remain flat in fiscal year 2010, due to changes in premium costs and claims history.
- Pension costs are projected to increase 9.6% in fiscal year 2010.

Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, requests for additional financial information or complete financial statements of the individual Component Units should be addressed to the City of Ann Arbor Financial and Administrative Services-Accounting Services, 100 North Fifth Avenue, P.O. Box 8647, Ann Arbor, Michigan 48107-8647.

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government			Component Units		
	Governmental	Business-type	Total	Ann Arbor	Smart Zone	Downtown
	Activities	Activities		Housing	Local Development	Development
				Commission	Finance Authority	Authority
ASSETS						
Current Assets:						
Cash	\$4,880,189	\$11,834,109	\$16,714,298	\$3,651,815		\$4,091,021
Equity in pooled cash and investments (Note 2)	116,919,018	82,996,368	199,915,386		\$573,893	106,981
Investments, at fair value (Note 2)	24,659,739	23,303,723	47,963,462			8,253,315
Receivables:						
Taxes	476,839	73,876	550,715			3,216
Accounts	2,176,346	9,246,817	11,423,163	21,430		294,048
Special assessments		97,439	97,439			
Accrued interest and dividends	296,467	235,917	532,384			
Improvement charges	13,680	81,795	95,475			
Loans	62,786		62,786			
Less: Allowance for uncollectibles	(788,164)	(99,111)	(887,275)	(5,000)		
Internal balances	3,228,786	(3,228,786)				
Due from other governments	3,076,448		3,076,448	84,964		3,059,782
Prepaid items	683,686	22,193	705,879			
Advances to other funds (Note 19)	1,507,006		1,507,006			
Inventory, at cost	897,894	659,865	1,557,759	10,298		
Noncurrent Assets:						
Receivables:						
Special assessments	372,126	568,195	940,321			
Improvement charges		555,317	555,317			
Deferred charges		864,594	864,594	114,127		
Capital assets (Note 5):						
Land	45,555,591	8,578,221	54,133,812	844,637		
Buildings	52,790,394	110,835,501	163,625,895	19,393,947		
Improvements other than buildings	10,655,144	162,288,374	172,943,518	31,795		
Machinery and equipment	17,200,975	38,923,094	56,124,069	742,101		
Vehicles	11,390,448	8,574,179	19,964,627			
Infrastructure	691,012,740		691,012,740			
Less: Accumulated depreciation	(148,318,447)	(154,539,127)	(302,857,574)	(14,294,078)		
Construction in progress	15,072,390	59,071,212	74,143,602			
Total Assets	853,822,081	360,943,765	1,214,765,846	10,596,036	573,893	15,808,363

(Continued)

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
June 30, 2009
(Concluded)

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Ann Arbor Housing Commission	Smart Zone Local Development Finance Authority	Downtown Development Authority
LIABILITIES						
Current Liabilities:						
Accounts payable	\$9,781,295	\$5,150,002	\$14,931,297	\$69,178	\$104,318	\$1,061,534
Accrued liabilities	1,143,334	1,143,546	2,286,880	50,484		
Accrued interest payable	1,112,701	2,276,286	3,388,987			24,275
Due to other governments	466,616	3,060,007	3,526,623	109,704		98,716
Deposits	492,563	287,750	780,313	104,890		
Unearned revenue		133,723	133,723	160,885		
Non-current liabilities:						
Due within one year:						
Estimated claims payable (Note 10)	432,240		432,240			
Advance from other funds (Note 19)		58,035	58,035			
Accrued compensated absences	1,985,056	165,184	2,150,240	71,561		
Bonds payable (Note 9)	3,140,000	7,580,000	10,720,000			575,000
Special assessment debt with governmental commitment (Note 9)	205,000		205,000			
Other debt payable (note 9)		438,390	438,390			
Due in more than one year:						
Advance from other funds (Note 19)		1,063,817	1,063,817			
Estimated claims payable (Note 10)	3,032,584		3,032,584			
Accrued compensated absences (Note 9)	14,846,313	2,666,634	17,512,947	8,984		
Judgement payable (Note 17)	10,003,657	1,808,097	11,811,754			
Unfunded OPEB liability (Note 12)	3,222,556	1,095,646	4,318,202			
Settlement payable	282,441		282,441			
Bonds payable (Note 9)	74,750,208	117,570,000	192,320,208			1,260,000
Special assessment debt with governmental commitment (Note 9)	814,216		814,216			
Other debt payable (Note 9)	3,500,000	5,921,380	9,421,380			
Total Liabilities	129,210,780	150,418,497	279,629,277	575,686	104,318	3,019,525
NET ASSETS						
Invested in Capital Assets, net of related debt	612,949,811	122,234,225	735,184,036	6,718,402		
Restricted for:						
Capital Projects	34,800,176	9,378,707	44,178,883			
Debt Service	134,820	8,835,419	8,970,239			
Endowment (non-expendable)	2,316,857		2,316,857			
Highway and streets (Note 18)	36,901,324		36,901,324			
Culture and recreation (Note 18)	22,869,778		22,869,778			
Other purposes (Note 18)	4,439,650		4,439,650	2,594,850		
Landfill		177,589	177,589			
Unrestricted	10,198,885	69,899,328	80,098,213	707,098	469,575	12,788,838
Total Net Assets	\$724,611,301	\$210,525,268	\$935,136,569	\$10,020,350	\$469,575	\$12,788,838

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets							
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Primary Government			Component Units				
					Governmental Activities	Business-type Activities	Total	Ann Arbor Housing Commission	Smart Zone Local Development Finance Authority	Downtown Development Authority		
Primary Government:												
Governmental activities:												
General government	\$ 24,108,111	\$ 5,747,883	\$	\$	\$ (18,360,228)	\$	\$ (18,360,228)	\$	\$	\$		
Public safety	56,723,757	11,128,662	348,185		(45,246,910)		(45,246,910)					
Public works	21,084,898	1,552,806	7,330,387		(12,201,705)		(12,201,705)					
Community and economic development	5,869,426		2,496,074		(3,373,352)		(3,373,352)					
Culture and Recreation	9,530,857	2,615,433		681,800	(6,233,624)		(6,233,624)					
Other - Public Transportation	9,592,129	98,464			(9,493,665)		(9,493,665)					
Interest on long-term debt	3,229,523				(3,229,523)		(3,229,523)					
Unallocated depreciation	39,175				(39,175)		(39,175)					
Total governmental activities	130,177,876	21,143,248	10,174,646	681,800	(98,178,182)		(98,178,182)					
Business-type activities:												
Water	18,971,550	18,420,957		2,185,727		1,635,134	1,635,134					
Sewer	15,190,288	19,074,478		12,150		3,896,340	3,896,340					
Parking	3,048,960	3,423,624				374,664	374,664					
Market	145,024	115,902				(29,122)	(29,122)					
Golf courses	1,510,711	1,031,632		530,140		51,061	51,061					
Airport	846,383	741,339		8,200		(96,844)	(96,844)					
Stormwater	2,789,058	5,316,391				2,527,333	2,527,333					
Solid Waste	12,131,440	1,049,923				(11,081,517)	(11,081,517)					
Total business-type activities	54,633,414	49,174,246		2,736,217		(2,722,951)	(2,722,951)					
Total primary government	\$ 184,811,290	\$ 70,317,494	\$ 10,174,646	\$ 3,418,017	(98,178,182)	(2,722,951)	(100,901,133)					
Component units:												
Housing Commission	\$ 14,610,180	\$ 789,793	\$ 12,971,782	\$ 141,685				(706,920)				
Smart Zone Local Development Finance Authority	806,305								(806,305)			
Downtown Development Authority	18,227,679	13,776,336								(4,451,343)		
Total component units	\$ 33,644,164	\$ 14,566,129	\$ 12,971,782	\$ 141,685				(706,920)	(806,305)	(4,451,343)		
General revenues:												
Taxes:												
Property taxes, levied for general purpose					60,468,022	11,529,057	71,997,079		1,059,965		3,870,539	
Property taxes, levied for debt service					9,526,085		9,526,085					
State-shared revenues and grants (unrestricted)					11,102,183		11,102,183					
Investment income					7,890,239	5,443,148	13,333,387	51,870	6,763		475,273	
Other					375,390		375,390		30,912		1,737,829	
Total general revenues					89,361,919	16,972,205	106,334,124	51,870	1,097,640		6,083,641	
Transfers					1,162,611	(1,162,611)						
Total general revenues and transfers					90,524,530	15,809,594	106,334,124	51,870	1,097,640		6,083,641	
Change in net assets					(7,653,652)	13,086,643	5,432,991	(655,050)	291,335		1,632,298	
Net assets at beginning of year					732,264,953	197,438,625	929,703,578	10,675,400	178,240		11,156,540	
Net assets at end of year					\$ 724,611,301	\$ 210,525,268	\$ 935,136,569	\$ 10,020,350	\$ 469,575		\$ 12,788,838	

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Street Repair Millage	Municipal Center	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$1,122,158			\$3,456,107	\$4,578,265
Equity in pooled cash and investments (Note 2)	8,186,068	\$28,446,112	\$16,203,944	43,142,758	95,978,882
Investments, at fair value (Note 2)			18,447,268	6,212,471	24,659,739
Receivables:					
Taxes	389,446	38,857		48,536	476,839
Accounts	1,014,396	157,709		619,186	1,791,291
Special assessments	28,101	16,289		327,736	372,126
Accrued interest and dividends			254,073	42,394	296,467
Improvement charges				13,680	13,680
Loans				62,786	62,786
Less: Allowance for uncollectibles	(513,078)	(162,778)		(86,745)	(762,601)
Due from other funds (Note 3)	5,212,614	6,800		548,730	5,768,144
Due from other governments	1,021,146			2,055,302	3,076,448
Advances to other funds	1,507,006				1,507,006
Inventories, at cost	27,968				27,968
Total Assets	\$17,995,825	\$28,502,989	\$34,905,285	\$56,442,941	\$137,847,040

CITY OF ANN ARBOR
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009
(Concluded)

	General	Street Repair Millage	Municipal Center	Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$2,427,913	\$2,239,845	\$ 2,536,796	\$1,285,487	\$8,490,041
Accrued liabilities	767,828	26,865	4,233	177,268	976,194
Accrued interest payable				317,333	317,333
Due to other funds (Note 3)	210,477	812,843	4,017	1,895,406	2,922,743
Due to other governments	466,616				466,616
Deposits	472,563			20,000	492,563
Deferred revenue	426,011	15,616		429,287	870,914
Accrued compensated absences (Note 9)	1,868,832				1,868,832
Total Liabilities	6,640,240	3,095,169	2,545,046	4,124,781	16,405,236
Fund balances:					
Reserved for encumbrances	416,776	5,981,463	32,360,239	1,254,550	40,013,028
Reserved for endowment				2,316,857	2,316,857
Reserved for debt service				1,247,521	1,247,521
Reserved for inventories	27,968				27,968
Unreserved balances:					
Designated for subsequent year's expenditures	4,350				4,350
Designated for legal settlement	232,220				232,220
Designated, nonmajor capital projects funds				2,401,119	2,401,119
Undesignated	10,674,271	19,426,357			30,100,628
Undesignated, nonmajor special revenue funds				45,098,113	45,098,113
Total Fund Balances	11,355,585	25,407,820	32,360,239	52,318,160	121,441,804
Total Liabilities and Fund Balances	\$17,995,825	\$28,502,989	\$34,905,285	\$56,442,941	\$137,847,040

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 June 30, 2009

Fund balances of governmental funds	\$	121,441,804
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets have not been included as financial resources in governmental fund activity.		830,678,031
Accumulated depreciation of capital assets.		(139,507,974)
Long-term debt and compensated absences are not due and payable in the current period and therefore have not been included in the governmental funds.		
Bonds payable		(82,409,424)
Compensated absences		(14,073,866)
Judgements payable		(9,792,089)
Unfunded OPEB liability		(2,958,221)
Settlement payable		(282,441)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.		(795,368)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.		870,914
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.		21,439,935
Net assets of governmental activities	\$	724,611,301

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General	Street Repair Millage	Municipal Center	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$51,139,878	\$9,328,144		\$9,526,085	\$69,994,107
Special assessments/improvement charges				77,748	77,748
Licenses, permits and registrations	1,133,847				1,133,847
Federal grants				3,423,420	3,423,420
State shared revenues and grants	11,102,183			7,378,268	18,480,451
Charges for services	8,594,759	89,996	\$200,000	4,465,817	13,350,572
Fines and forfeits	4,639,673			323,461	4,963,134
Interest and penalties				28,963	28,963
Investment income	1,554,519	1,479,577	1,295,702	2,477,679	6,807,477
Rentals	310,520				310,520
Contributions and donations		178,345		49,863	228,208
Sale of property and equipment	307,104			5,397	312,501
Intra-governmental sales				188,958	188,958
Miscellaneous	302,212			73,178	375,390
Total Revenues	79,084,695	11,076,062	1,495,702	28,018,837	119,675,296
Expenditures:					
Current:					
General government	20,555,025			1,920,001	22,475,026
Public safety	44,243,955			2,907,219	47,151,174
Public works	3,901,980	3,119,268		8,016,382	15,037,630
Community and economic development	1,870,021			3,373,786	5,243,807
Culture and recreation	3,721,770			4,740,483	8,462,253
Other	9,592,129				9,592,129
Capital outlay		5,327,197	7,944,946	4,830,105	18,102,248
Debt service:					
Principal retirement				3,270,000	3,270,000
Interest and fiscal charges				2,934,523	2,934,523
Total Expenditures	83,884,880	8,446,465	7,944,946	31,992,499	132,268,790
Excess of Revenues over (under) Expenditures	(4,800,185)	2,629,597	(6,449,244)	(3,973,662)	(12,593,494)

CITY OF ANN ARBOR
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009
 (Concluded)

	<u>General</u>	<u>Street Repair Millage</u>	<u>Municipal Center</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):					
Transfers in (Note 7)	\$735,413	\$221,991	\$4,900,000	\$7,246,632	\$13,104,036
Transfers out (Note 7)	(4,360,412)	(169,248)		(5,983,558)	(10,513,218)
Issuance of debt			27,660,000		27,660,000
Bond premium			36,500		36,500
Bond issuance costs			(224,420)		(224,420)
Total Other Financing Sources (Uses)	<u>(3,624,999)</u>	<u>52,743</u>	<u>32,372,080</u>	<u>1,263,074</u>	<u>30,062,898</u>
Net change in fund balances	(8,425,184)	2,682,340	25,922,836	(2,710,588)	17,469,404
Fund Balances - July 1, 2008	<u>19,780,769</u>	<u>22,725,480</u>	<u>6,437,403</u>	<u>55,028,748</u>	<u>103,972,400</u>
Fund Balances - June 30, 2009	<u>\$11,355,585</u>	<u>\$25,407,820</u>	<u>\$32,360,239</u>	<u>\$52,318,160</u>	<u>\$121,441,804</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total governmental funds	\$ 17,469,404
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of revenue, expenditures, and changes in fund balances because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.	22,889,738
Depreciation in the current period.	(11,736,338)
Governmental funds report revenue from sale of assets. However, an adjustment is needed to reflect loss on sale of capital assets	(341,326)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(27,472,080)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	3,270,000
Accrued Interest for Debt. This is the net change in accrued interest for the current period.	(271,781)
Amortization of bond discount is an expense on statement of activities	(9,507)
The changes in accrual for compensated absences expenses reported in the statement of activities require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	523,528
The changes in accrual for an IRS judgement payable reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(9,792,089)
The changes in accrual for the unfunded OPEB liability reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(2,958,221)
The changes in accrual for a legal settlement reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(282,441)
Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements.	(24,017)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.	1,081,478
Change in net assets of governmental activities:	<u>\$ (7,653,652)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	Business-Type Activities Enterprise Funds								Governmental Activities	
	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
ASSETS										
Current Assets:										
Cash	\$5,633,708	\$6,062,295	\$3,730	\$3,337	\$8	\$18,815	\$112,216	\$11,834,109	\$11,834,109	\$301,924
Equity in pooled cash and investments (Note 2)	13,126,220	51,413,073	2,396,635	563,578	33,553	488,895	4,439,813	\$10,534,601	82,996,368	20,940,136
Investments (Note 2)	5,033,735	18,092,948						177,040	23,303,723	
Receivables:										
Accounts	4,078,035	3,201,000		1,795	7,248	71,543	1,839,593	47,603	9,246,817	385,055
Special Assessments	32,924	60,969					3,546		97,439	
Improvement charges	19,287	59,349					3,159		81,795	
Taxes receivables	16,391	16,348					11,824	29,313	73,876	
Interest receivable	67,925	167,992							235,917	
Less: Allowance for uncollectibles	(59,505)	(2,095)		(815)		(1,925)	(7,598)	(27,173)	(99,111)	(25,563)
Due from other funds (Note 3)	259,720	54,028			928	1,083	8,714	7,280	331,753	1,019,179
Prepaid items							22,193		22,193	683,686
Inventory, at cost	576,657	65,074			18,134				659,865	869,926
Total Current Assets	28,785,097	79,190,981	2,400,365	567,895	59,871	578,411	6,433,460	10,768,664	128,784,744	24,174,343
Noncurrent assets:										
Receivables:										
Special Assessments	205,235	344,009					18,951		568,195	
Improvement charges	157,498	360,693					37,126		555,317	
Deferred charges	207,697	451,111	195,586		10,200				864,594	
Capital assets (Note 5):										
Land	412,830	339,582	4,522,293	84,120	693,739	708,927	15,000	1,801,730	8,578,221	194,707
Buildings	8,545,826	29,100,831	64,854,598	332,206	506,024	1,871,570		5,624,446	110,835,501	705,708
Improvements other than buildings	82,781,570	62,337,884	523,891	19,700	2,305,074	143,404	7,807,311	6,369,540	162,288,374	62,407
Machinery and equipment	15,120,716	19,099,597	172,578		1,166,862	261,306	142,110	2,959,925	38,923,094	4,159,201
Vehicles	763,287	1,358,053			20,694	56,041	464,669	5,911,435	8,574,179	7,874,628
Less: Accumulated depreciation	(44,653,282)	(75,944,655)	(20,334,604)	(171,455)	(1,728,470)	(2,178,389)	(1,378,473)	(8,149,799)	(154,539,127)	(8,810,473)
Construction in progress	17,688,828	35,921,480	3,059,782			1,047,457	1,304,580	49,085	59,071,212	3,000
Total Noncurrent Assets	81,230,205	73,368,585	52,994,124	264,571	2,974,123	1,910,316	8,411,274	14,566,362	235,719,560	4,189,178
Total Assets	110,015,302	152,559,566	55,394,489	832,466	3,033,994	2,488,727	14,844,734	25,335,026	364,504,304	28,363,521

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009
(Concluded)

	Business-Type Activities Enterprise Funds								Governmental Activities	
	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
LIABILITIES										
Current Liabilities:										
Accounts payable	\$1,458,738	\$3,058,103		\$898	\$66,307	\$137,869	\$124,213	\$303,874	\$5,150,002	\$1,291,254
Estimated claims payable									432,240	167,140
Accrued liabilities	821,447	177,954		2,163	30,541	19,168	34,449	57,824	1,143,546	
Accrued interest payable	817,428	1,064,017	\$374,250		7,440	13,151			2,276,286	
Advance from other funds (Note 19)						58,035		58,035		
Due to other funds (Note 3)	322,417	1,670,683	685,783	30	306,423	23	169,580	405,600	3,560,539	635,794
Due to other governments			3,060,007						3,060,007	
Deposits	287,150					600			287,750	
Unearned revenue				133,723					133,723	
Revenue bonds payable - current portion (Note 9)	3,850,000	1,790,000							5,640,000	
Ann Arbor Building Authority bonds payable - current portion (Note 9)			1,685,000		105,000				1,790,000	
Other bonds payable - current portion (Note 9)			150,000						150,000	
Other debt-current portion (Note 9)	20,000	200,000					218,390		438,390	
Accrued compensated absences (Note 9)	22,731	50,922			22,098		2,618	66,815	165,184	116,224
Total Current Liabilities	7,599,911	8,011,679	5,955,040	136,814	537,809	228,846	549,250	834,113	23,853,462	2,642,652
Noncurrent Liabilities:										
Advance from other funds (Note 19)						1,063,817			1,063,817	
Judgement payable (Note 17)	794,627	457,347			67,766	101,058	189,303	197,996	1,808,097	211,568
Unfunded OPEB liability (Note 12)	434,684	357,667			22,731	26,166	62,484	191,914	1,095,646	264,335
Revenue bonds - non-current portion (Note 9)	43,730,000	50,485,000							94,215,000	
Ann Arbor Building Authority bonds payable - non-current portion (Note 9)			18,825,000		575,000				19,400,000	
Other bonds payable - non-current portion (Note 9)			3,955,000						3,955,000	
Other long-term debt - non-current portion (Note 9)	382,950	3,723,933					1,814,497		5,921,380	
Accrued compensated absences - non-current portion (Note 9)	1,525,197	560,070		2,527	14,673	102,744	194,918	266,505	2,666,634	772,447
Estimated claims payable									3,032,584	
Total Noncurrent Liabilities	46,867,458	55,584,017	22,780,000	2,527	680,170	1,293,785	2,261,202	656,415	130,125,574	4,280,934
Total Liabilities	54,467,369	63,595,696	28,735,040	139,341	1,217,979	1,522,631	2,810,452	1,490,528	153,979,036	6,923,586
NET ASSETS										
Invested in Capital Assets, net of related debt	39,203,988	33,717,164	25,123,756	264,571	2,247,610	788,464	6,322,310	14,566,362	122,234,225	4,189,178
Restricted for debt service	4,758,000	4,077,419							8,835,419	
Restricted for equipment replacement	2,203,129	6,468,342					530,523	176,713	9,378,707	
Restricted for landfill								177,589	177,589	
Unrestricted (deficit)	9,382,816	44,700,945	1,535,693	428,554	(431,595)	177,632	5,181,449	8,923,834	69,899,328	17,250,757
TOTAL NET ASSETS	\$55,547,933	\$88,963,870	\$26,659,449	\$693,125	\$1,816,015	\$966,096	\$12,034,282	\$23,844,498	\$210,525,268	\$21,439,935

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities Enterprise Funds								Governmental Activities	
	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
Operating Revenues:										
Charges for services	\$18,403,080	\$19,053,462	\$3,320,728	\$115,902	\$1,038,104	\$741,339	\$5,316,391	\$1,048,769	\$49,037,775	\$42,259,200
Total Operating Revenues	18,403,080	19,053,462	3,320,728	115,902	1,038,104	741,339	5,316,391	1,048,769	49,037,775	42,259,200
Operating Expenses:										
Personal services	6,307,842	5,239,905		61,826	705,078	405,561	1,172,691	3,210,775	17,103,678	6,707,286
Municipal service charge	548,940	371,760		23,712	116,184	42,324	60,504	197,400	1,360,824	798,372
Information Technology charge	851,532	377,136		9,636	42,192	13,752	135,216	91,680	1,521,144	573,420
Materials and supplies	2,186,227	907,232		5,890	199,604	29,240	174,024	292,077	3,794,294	714,868
Utilities	1,506,105	1,118,893		7,186	34,755	61,172	8,884	255,815	2,992,810	446,646
Insurance	226,860	432,444		72	3,464	79,176	2,376	174,192	918,584	24,712,832
Contractual services	500,914	1,387,369	975	24,117	38,182	10,115	296,338	3,049,452	5,307,462	538,400
Maintenance	454,281	270,821		3,139	58,508	25,824	68,199	2,865,793	3,746,565	1,781,764
Professional fees	197,537	95,076	9,958			8,550	316,665	396,303	1,024,089	424,052
Pension refund repayment	1,229,311	815,013			90,497	127,225	251,787	389,910	2,903,743	475,904
Rent	241,076				3,271				244,347	1,875
Miscellaneous	191,778	169,720		466	10,202	1,384	14,455	64,352	452,357	101,265
Cost of goods sold										2,499,152
Depreciation and amortization	2,593,654	1,639,387	1,784,704	8,980	161,203	28,909	226,039	1,143,691	7,586,567	1,153,803
Total Operating Expenses	17,036,057	12,824,756	1,795,637	145,024	1,463,140	833,232	2,727,178	12,131,440	48,956,464	40,929,639
Operating Income (Loss)	1,367,023	6,228,706	1,525,091	(29,122)	(425,036)	(91,893)	2,589,213	(11,082,671)	81,311	1,329,561
Nonoperating Revenues (Expenses):										
Interest income	825,131	3,699,010	34,415	4,775	1,105	25,890	201,095	651,727	5,443,148	1,053,797
Net gain (loss) on retirement of capital assets	17,877	21,016	102,896		(6,472)			1,154	136,471	103,725
Interest expense and fiscal charges	(1,935,493)	(2,365,532)	(1,253,323)		(47,571)	(13,151)	(61,880)		(5,676,950)	(13,710)
Property taxes								11,529,057	11,529,057	
Total Nonoperating Revenues (Expenses)	(1,092,485)	1,354,494	(1,116,012)	4,775	(52,938)	12,739	139,215	12,181,938	11,431,726	1,143,812
Income (Loss) Before Contributions and Transfers	274,538	7,583,200	409,079	(24,347)	(477,974)	(79,154)	2,728,428	1,099,267	11,513,037	2,473,373
Capital contributions	2,185,727	12,150			530,140	8,200			2,736,217	36,312
Transfers in (Note 7)	1,718,352	55,692			24,000	127,000		799,221	2,724,265	1,368,898
Transfers out (Note 7)	(622,882)	(1,265,596)		(141,671)		(9,144)	(821,563)	(1,026,020)	(3,886,876)	(2,797,105)
Changes in Net Assets	3,555,735	6,385,446	409,079	(166,018)	76,166	46,902	1,906,865	872,468	13,086,643	1,081,478
Net Assets at beginning of year	51,992,198	82,578,424	26,250,370	859,143	1,739,849	919,194	10,127,417	22,972,030	197,438,625	20,358,457
Net Assets at end of year	\$55,547,933	\$88,963,870	\$26,659,449	\$693,125	\$1,816,015	\$966,096	\$12,034,282	\$23,844,498	\$210,525,268	\$21,439,935

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009

	Business-Type Activities Enterprise Funds								Governmental Activities	
	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
Cash flow from operating activities:										
Receipts from customers	\$18,961,352	\$19,714,988	\$3,320,728	\$161,054	\$1,033,576	\$728,146	\$5,229,525	\$1,262,015	\$50,411,384	\$41,909,096
Receipts from interfund services provided		317,233		4,274	271,165	16,889		557,516	1,167,077	557,274
Payments to suppliers	(7,724,083)	(4,464,882)	(10,708)	(76,854)	(462,948)	(219,020)	(1,297,584)	(8,220,657)	(22,476,736)	(34,148,721)
Payments on behalf of employees	(6,234,807)	(5,268,306)		(60,598)	(752,545)	(392,195)	(1,134,263)	(3,245,723)	(17,088,437)	(6,283,316)
Payments for interfund services used	(488,991)		(1,221)				(461,508)	(951,720)	(639,416)	
Net cash provided by (used in) operating activities	4,513,471	10,299,033	3,308,799	27,876	89,248	133,820	2,336,170	(9,646,849)	11,061,568	1,394,917
Cash flows from noncapital financing activities:										
Transfers in	1,718,352	55,692			24,000	127,000		799,221	2,724,265	1,368,898
Transfers out	(622,882)	(1,265,596)		(141,671)		(9,144)	(821,563)	(1,026,020)	(3,886,876)	(2,797,105)
Property taxes								11,529,057	11,529,057	
Advance from investment pool						1,121,852		1,121,852	1,121,852	
Net cash provided by (used in) noncapital financing activities	1,095,470	(1,209,904)		(141,671)	24,000	1,239,708	(821,563)	11,302,258	11,488,298	(1,428,207)
Cash flows from capital and related financing activities:										
Proceeds from sales of bonds and notes	40,059	404,084							444,143	
Capital contributions	2,185,727	12,150			530,140	8,200			2,736,217	
Acquisition and construction of capital assets	(7,601,031)	(9,409,818)			(530,140)	(935,754)	(1,445,563)	(2,169,137)	(22,091,443)	(1,238,481)
Principal paid on revenue bonds, maturities, capital leases and notes	(3,730,000)	(1,645,000)	(2,115,056)		(185,473)		(359,436)		(8,034,965)	
Interest paid on bonds, notes, and capital leases	(1,787,533)	(1,852,218)	(1,205,896)		(46,871)		(60,747)		(4,953,265)	(13,710)
Proceeds from sale of equipment	19,969	21,400	102,896					9,902	154,167	103,725
Net cash provided by (used in) capital and related financing activities	(10,872,809)	(12,469,402)	(3,218,056)		(232,344)	(927,554)	(1,865,746)	(2,159,235)	(31,745,146)	(1,148,466)
Cash flows from investing activities:										
Purchase of investment securities	(2,100,693)	(16,930,576)						(144,227)	(19,175,496)	
Sale of investment securities	7,176,598	28,855,027							36,031,625	
Interest and dividends on investments	855,624	3,678,144	34,415	4,775	1,105	25,890	201,095	651,727	5,452,775	1,053,797
Net cash provided by (used in) investing activities	5,931,529	15,602,595	34,415	4,775	1,105	25,890	201,095	507,500	22,308,904	1,053,797
Net increase (decrease) in cash and cash equivalents	667,661	12,222,322	125,158	(109,020)	(117,991)	471,864	(150,044)	3,674	13,113,624	(127,959)
Cash and cash equivalents at beginning of the year	18,092,267	45,253,046	2,275,207	675,935	151,552	35,846	4,702,073	10,530,927	81,716,853	21,370,019
Cash and cash equivalents at end of the year	\$18,759,928	\$57,475,368	\$2,400,365	\$566,915	\$33,561	\$507,710	\$4,552,029	\$10,534,601	\$94,830,477	\$21,242,060

(Continued)

CITY OF ANN ARBOR
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2009
(Concluded)

	Business-Type Activities Enterprise Funds								Governmental Activities	
	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:										
Operating income (loss)	\$1,367,023	\$6,228,706	\$1,525,091	-\$29,122	-\$425,036	-\$91,893	\$2,589,213	-\$11,082,671	\$81,311	\$1,329,561
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation and amortization	2,593,654	1,639,387	1,784,704	8,980	161,203	28,909	226,039	1,143,691	7,586,567	1,153,803
Allowance for uncollectible accounts	44,280	(4,038)	(1,610)	(2,745)		(14,842)	3,188	2,225	26,458	20,003
(Increase) decrease in assets and increase (decrease) in liabilities										
Accounts receivable	513,992	665,564	1,610	9,325	(4,528)	1,649	(314,562)	211,021	1,084,071	(370,107)
Due from other funds	(72,572)	117,953	125	6,521	1,485	20,553	19,231	353,892	447,188	334,554
Due from other governments							224,508		224,508	
Inventory	(109,673)	15,708			(2,549)				(96,514)	(92,473)
Prepaid items							2,681		2,681	529,319
Accounts payable	(707,707)	649,861		(2,636)	45,976	52,517	(223,604)	(833,593)	(1,019,186)	(2,271,528)
Accrued compensated absences	44,338	(118,105)		1,110	(54,769)	107	24,892	(42,487)	(144,914)	362,777
Judgement payable payable	794,827	457,347			67,766	101,058	189,303	197,996	1,808,297	211,568
Unfunded OPEB liability	434,684	357,667			22,731	26,166	62,484	191,914	1,095,646	264,335
Estimated claims payable										278,607
Accrued liabilities	28,697	89,703		118	7,302	13,260	13,536	7,539	160,155	61,194
Due to other funds	(416,419)	199,280	(1,346)	(2,247)	269,680	(3,664)	(480,739)	203,624	(231,831)	(416,696)
Due to other governments			225						225	
Deposits	(1,453)				(13)				(1,466)	
Unearned revenue				38,572					38,572	
Net cash provided by (used in) operating activities	<u>\$4,513,671</u>	<u>\$10,299,033</u>	<u>\$3,308,799</u>	<u>\$27,876</u>	<u>\$89,248</u>	<u>\$133,820</u>	<u>\$2,336,170</u>	<u>-\$9,646,849</u>	<u>\$11,061,768</u>	<u>\$1,394,917</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2009

	Employees' Benefit Trust Funds	Agency Funds
ASSETS		
Cash	\$4,258,633	\$1,460,145
Equity in pooled cash and investments (Note 2)	4,244	110,578
Investments, at fair value (Note 2)		
Short term investments	17,740,626	
U.S. Government obligations	41,359,973	
Guaranteed investment contracts	13,839,244	
Collateralized Mortgage Obligations	1,706,606	
Domestic corporate bonds	41,843,407	
Domestic stocks	226,813,377	
Real Estate-Direct & funds	28,888,823	
Accrued interest and dividends	1,086,318	
Due from other governments	11,909,878	
Property, plant & equipment (net of depreciation of \$35,275)	456,539	
	<u>\$389,907,668</u>	<u>\$1,570,723</u>
Total Assets		
LIABILITIES		
Accounts payable	2,293,602	\$1,302,186
Accrued liabilities	170,212	
Mortgage payable	380,754	
Due to other governments	245	248,286
Deposits		20,251
Unearned revenue	11,840,051	
	<u>14,684,864</u>	<u>\$1,570,723</u>
Total Liabilities		
NET ASSETS		
Invested in capital assets net of related debt	75,785	
Held in Trust for Pension Benefits and Other Purposes	375,147,019	
	<u>\$375,222,804</u>	
Total net assets		

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009

	Total Employees' Benefit Trust Funds
ADDITIONS	
Investment income:	
Net realized and unrealized appreciation (depreciation) in fair value of investments	(\$107,122,255)
Interest	6,273,980
Dividends	10,151,238
	(90,697,037)
Total investment income (loss)	(90,697,037)
Less investment expense	(1,272,834)
	(91,969,871)
Net investment income (loss)	(91,969,871)
Contributions:	
Employer	16,425,206
Plan member	2,815,347
	19,240,553
Total contributions	19,240,553
Total additions	(72,729,318)
DEDUCTIONS	
Benefits	24,983,517
Refund of contributions	632,944
Administrative expense	640,556
	26,257,017
Total deductions	26,257,017
Change in net assets	(98,986,335)
Net assets at beginning of year	474,209,139
Net assets at end of year	\$375,222,804

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2009

1. SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The City of Ann Arbor, Michigan (the City) was incorporated in 1851. On April 9, 1956, a City Charter (home rule) was ratified by electors in accordance with Michigan law. The City operates under a Council-Administrator form of government and provides the following services as authorized by its charter: public safety (police, fire, and building inspection), traffic control and street maintenance, refuse collection, water and wastewater, parks and recreation, public improvements, planning and zoning, airport, urban redevelopment and housing, golf courses, and general administrative services. The City's population is approximately 114,602 people within an area of 28.6 square miles. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," (as amended by GASB Statement No. 39), these financial statements present the City (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included.

Blended Component Unit. The Ann Arbor Building Authority is presented as a blended component unit. Commissioners of the Authority are appointed by the Mayor and confirmed by City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue revenue bonds to finance major capital construction by the City.

Discretely Presented Component Units. The Component Unit columns in the government-wide financial statements include the financial data of the City's other Component Units. They are reported in separate columns to emphasize that they are legally separate from the City. The following Component Units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization.

Downtown Development Authority (DDA). The DDA was created to finance rehabilitation and redevelopment in the downtown area. Commissioners of the DDA are appointed by the Mayor and approved by City Council. Development plans are approved by Council and Council must approve all modifications to the plan. The DDA's primary source of funding is Tax Increment Financing revenues. Bonds secured by those revenues are issued by the City on behalf of the DDA, which does not have the ability to issue debt. During the fiscal year, the DDA paid \$2 million to the City as part of an agreement between the City and DDA. Also, during the fiscal year the DDA transferred \$5.8 million for debt service payments and other transfers for maintenance. The DDA issues separate audited financial statements.

Ann Arbor Housing Commission. The Housing Commission was created to provide low-income housing for City residents. Commissioners of the Housing Commission are appointed by the Mayor and approved by City Council. City Council is notified of all grant applications and any changes to contracts with the Department of Housing and Urban Development, the Commission's primary funding source. The Commission maintains its own accounting records and bank accounts. The City provides limited, special purpose financial support to the Commission, subject to request and Council approval, and is contingently liable for its debt. The Housing Commission issues separate audited financial statements.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

A. FINANCIAL REPORTING ENTITY (continued)

SmartZone Local Development Finance Authority (SmartZone LDFA). The SmartZone LDFA was established in accordance with the authority granted under Public Act 248 of 2000 respectively by the cities of Ann Arbor and Ypsilanti in June 2002 to encourage high tech business investment within the boundaries of the SmartZone, comprising portions of City of Ann Arbor and the City of Ypsilanti, and the funding of the SmartZone through a Local Development Financing Authority. The LDFA provides financing through a tax capture mechanism within a specific district. Presently, TIF revenue is generated only within the geographic boundaries of the Ann Arbor DDA. The governing body consists of a nine-member board of directors of which six members are appointed by the Ann Arbor City Council and three members are appointed by the Ypsilanti City Council. The LDFA operates under bylaws initially approved by Ann Arbor and Ypsilanti City Councils. The City approves the budget and maintains the accounting records for the SmartZone LDFA.

Separate combining statements for the discretely presented Component Units are not presented as each Component Unit is shown as a separate column on the government wide financial statements. Complete financial statements of the individual Component Units can be requested from the City of Ann Arbor Finance Department. With respect to SmartZone LDFA, no separate financial statements are necessary as the financial activities are contained in one fund.

Related Organizations. The Ann Arbor Transportation Authority (AATA) and the Ann Arbor Economic Development Corporation (EDC), are not included in the financial reporting entity. The members of the governing board of each are appointed by the Mayor and confirmed by the City Council, but the City's accountability for these organizations does not extend beyond making the appointments. The EDC, whose purpose is to foster business development within the City, and which has issued bonds bearing the City's tax-exempt status (for which the City is not contingently liable), had, as of June 30, 2009, assets and a fund balance of \$537.

B. DESCRIPTION OF CITY OPERATIONS AND FUND TYPES

The accounts of the City are organized on the basis of funds, 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. Governmental Accounting Standards Board Statement #34, (hereafter known as GASB #34) sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining section. The City reports the following major funds:

Governmental Funds.

General Fund. This fund is the general operating fund of the City; it is used to account for all financial resources not required to be accounted for in another fund.

Street Repair Millage. This fund is used to account for the proceeds of a special millage to repair streets.

Municipal Center. This fund is used to account for revenues expended for the construction of a new City facility for Police and District Courts.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

B. DESCRIPTION OF CITY OPERATIONS AND FUND TYPES (continued)**Proprietary Funds.**

Water Supply System - To account for the provision of treated water of the City and some township residents.

Sewage Disposal System - To account for the collection and treatment of the sewage of the City and some township residents.

Parking System - To account for the operations of the City's parking structures, lots and meters.

Market - To account for the costs of operating the City's Farmers' Market.

Golf Courses - To account for the operation of the City's two 18-hole golf courses.

Airport - To account for the operation of the City's airport including the rental of hangars and tie-down space.

Stormwater Sewer System - To account for the collection and disposal of the City's stormwater.

Solid Waste - To account for the collection and disposal of the City's solid waste and recycling.

Other Fund Types.

Internal Service Funds. These funds are used to account for goods or services provided by the Central Stores, Fleet Services, Information Technology, Project Management, Insurance, Park Headquarters or Wheeler Center to service areas of the City on a cost-reimbursement basis.

Employee Retirement/Benefits Funds. To account for the accumulation of resources to be used for retirement pension and annuity payments. Resources are contributed by employees at rates fixed by law and by the City at amounts determined by an annual actuarial study.

Permanent Fund. To account for monies provided by a private bequest to finance tree planting and maintenance for the Elizabeth Dean Fund. The principal amount of the bequest is to remain intact and invested. Investment earnings are used for the above stated purposes.

Agency Funds. These funds are used to account for assets held by the City as an agent for individuals, private organizations, or other governments. Agency funds are, by nature, custodial; therefore, operation results are not measured. Such funds include: Current Tax, Delinquent Tax, Contractor's Retainage, Fifteenth District Court and Payroll.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), in the new financial reporting model the focus is on either the City as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reflected, on a full accrual basis, using the economic resource measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net costs per functional category (Police, Fire, Public Services, etc.), which are otherwise being supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function (Police, Fire, Public Services, etc.) or a business-type activity. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenue include 1) charges for services, 2) federal and state operating grants, and 3) special assessments.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, intergovernmental revenues, interest income, etc.). Historically, the previous financial reporting model did not summarize or present net cost by function or activity.

The City does not currently employ an indirect cost allocation system. An administrative service fee is charged by the General Fund to the other operating funds, that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund), to address administrative services (finance, personnel, purchasing, legal, etc.) provided.

This government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are, in substance, very similar to the financial statements presented in the previous financial reporting model. Emphasis here is on the major funds in either the governmental or business-type categories. Non-major funds (by category) are summarized into a single column.

The major governmental funds in the fund financial statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the City's actual experience conforms to the budget fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (concluded)

Internal service funds of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary fund financial statement. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate functional activity (Police, Fire, Public Services, etc.).

When appropriate, surplus or deficits in the Internal Service funds may be allocated back to customers at the entity-wide Statement of Activities.

The City's fiduciary funds are presented in the fund financial statements by type (pension and agency). Since, by definition, these assets are being held for the benefit of a third party (other legal governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The focus of the Statement #34 model is on the City as a whole and the fund financial statements. The focus of the Fund Financial Statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary presentation, and the statements provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

D. BASIS OF ACCOUNTING

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). *Measurable* means the amount of the transaction can be determined and *available* means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Major sources of revenue considered susceptible to accrual are community development grants, state shared revenues and grants, delinquent property taxes collected during the fiscal year or within a period of 60 days thereafter, and interest on investments.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. The government-wide financial statements and the proprietary, fiduciary and component unit financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis.

In applying the "susceptible to accrual" concept to intergovernmental revenues pursuant to GASB Statement #33 (the City may act as either provider or recipient), the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements including time requirements, are met. Resources transmitted before the eligibility requirements are met, should, under most circumstances, be reported as advances by the provider and deferred revenue by the recipient.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BASIS OF ACCOUNTING (concluded)

The City reports deferred revenue on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received before qualifying expenditures are incurred. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The measurement focus of the governmental funds is based on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than net income determination.

The Enterprise and Fiduciary Funds are maintained on the accrual basis. These Funds' revenues are recognized when earned, and expenses recorded when incurred. Unbilled Water and Sewer Fund utility service provided is recorded as receivables and revenue at year-end. The measurement focus for enterprise funds is based on cost of service and maintenance of capital. Enterprise funds follow Generally Accepted Accounting Principles (GAAP) prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board standards issued prior to November 30, 1989. The City also has the option of following subsequent private-sector guidance for business-type activities and enterprise funds to the extent that the guidance does not contradict guidance of the GASB. The City has elected not to follow subsequent private-sector guidance.

E. ADDITIONAL INFORMATION

Budgetary Accounting Controls. The City Administrator is required by City Charter to prepare and submit an annual budget to City Council. A budget is prepared for the General Fund, Debt Service Funds and Special Revenue Funds. These budgets are prepared on the modified accrual basis and are adopted by City Council as required by the State of Michigan. Budgetary control is maintained at the departmental level for the General Fund. The City Administrator is authorized to transfer budgeted amounts within the General Fund departments. Budgetary control for the Debt Service Funds and Special Revenue Funds is maintained at the fund level. Revisions to a department total of the General Fund or to the fund total of a Special Revenue Fund must be approved by City Council; some supplemental budgetary appropriations, of immaterial size, were necessary during the fiscal year. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Any outstanding encumbrances are carried forward to the succeeding fiscal year. Enterprise, Internal Service, and Pension Trust Funds also have legally adopted budgets. Two Special Revenue Funds, 350 S. Fifth Ave. Project and Senior Center Endowment funds do not have a legally adopted budget as the 350 S. Fifth Ave. Project fund was closed in fiscal year 2009 and the Senior Center Endowment fund is a new fund but no expenditures are anticipated until fiscal year 2010.

Investments. Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Receivables and Payables. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances at year-end relate to items accrued after year-end related to interfund transfers. These items are repaid immediately in the new year.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ADDITIONAL INFORMATION (continued)

Inventories. Inventories of materials and supplies are stated at cost using the first-in, first-out method. The cost is accounted for as an expenditure in governmental funds and an expense in the proprietary funds at the time inventories are used.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Type</u>	<u>Years</u>
Structures and improvements	40-50
Improvements other than buildings	20-99
Machinery, equipment and vehicles	3-15
Infrastructure	15-25

Encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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 basic financial statements generally record such transactions as operating transfers. Operating subsidies are also recorded as transfers. Internal Service Funds are used to record charges for services to all City service areas and funds as operating revenue for the services provided. All City funds record payments to the Internal Service Funds as operating expenditures.

Certain funds remit payments for municipal service charges in lieu of taxes to the General Fund based on a pro rata share of general administrative overhead of the City government. Payments are recorded as revenue in the General Fund and as operating expense in Enterprise Funds.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ADDITIONAL INFORMATION (continued))

Compensated Absences. The City accrues vacation pay, compensatory time off, severance pay for sick leave, and any salary-related payments for these compensated absences in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The current obligations of all funds and the long-term obligations of Proprietary Funds are recorded in the respective funds. City employees are granted vacation time based on length of service. Most employees have the option of receiving compensatory time off in lieu of pay for overtime worked up to 40 hours. Sick pay is earned at the rate of one day per month, and unused sick days may be accumulated without limitation. An employee is paid, in most cases, a maximum 960 unused sick hours and the total of any remaining accumulated hours upon retirement or death. City policy provides for payment of unused vacation and compensatory time off, but not unused sick hours, to terminated employees. Paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Paid time off is accrued when incurred in proprietary funds and reported as a liability. For governmental funds, the current portion of the liability for compensated absences reflects only the unpaid balance of reimbursable unused leave for employees that terminated by the fiscal year end. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, the non-current portion of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations. In addition to the Proprietary Funds, the General Fund, and several nonmajor special revenue funds have been used to liquidate the liability for compensated absences.

Self Insurance. The City is self-insured for property, casualty, and employee benefit coverage. Costs of actual claims and estimated incurred but not reported claims, less any excess insurance coverage, are expensed in the Insurance Internal Service Fund at the time the liability is estimated.

Reserves and Designations. In the fund financial statements, reserves indicate portions of fund equity not appropriable for expenditures and/or legally segregated for a specific future use. Designations indicate tentative plans for financial resource utilization in a future period. Such plans are subject to change, and may never be legally authorized or result in expenditures. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Grants and Other Intergovernmental Revenues. Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

Statements of Cash Flows. The City presents Statements of Cash Flows for all proprietary fund types. These statements, which have been prepared utilizing the *direct method*, analyze the net increase or decrease in cash/cash equivalents by source. For purposes of the statement of cash flows, the City considers all highly liquid investments purchased with an original maturity of three months or less and the deposits in the investment funds to be cash equivalents.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

1. SIGNIFICANT ACCOUNTING POLICIES (Concluded)

E. ADDITIONAL INFORMATION (concluded)

Operating Revenues and Expenses. Proprietary funds distinguish operating revenue and expenses from nonoperating revenue and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise and internal service funds include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Taxes. Property tax revenue is derived pursuant to a tax increment financing agreement between the SmartZone LDFA and various applicable taxing districts. Real and personal property taxes are levied and attach as an enforceable lien on properties located within the boundaries of the tax increment-financing district. The City of Ann Arbor bills and collects the taxes on behalf of the SmartZone LDFA. Delinquent taxes on ad valorem real property are purchased by the County of Washtenaw. Property tax revenue is recognized in the year it is levied in both the government-wide financial statements and in the fund financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The City maintains an investment pool for all City funds. Each fund's portion of the investment pool is displayed on the balance sheet as "Equity in Pooled Cash and Investments." The Consolidated Investment Fund is eliminated for financial reporting purposes. In addition, the cash resources of the Pension Trust Fund and certain other funds are invested separately. The following is a reconciliation of deposit and investment balances (including both pooled cash and investments as well as pension trust fund balances) as of June 30, 2009:

	<u>Cash</u>	<u>Equity in pooled cash and investments</u>	<u>Investments</u>
Governmental activities	\$4,880,189	\$116,919,018	\$24,659,739
Business-type activities	11,834,109	82,996,368	23,303,723
Component units:			
Ann Arbor Housing Commission	3,651,815		
Smart Zone LDFA		573,893	
Downtown Development Authority	4,091,021	106,981	8,253,315
Fiduciary funds	<u>5,718,778</u>	<u>114,822</u>	<u>372,192,056</u>
Totals	<u>\$30,175,912</u>	<u>\$200,711,082</u>	<u>\$428,408,833</u>
Total Equity in Pooled Cash and Investments		<u>\$629,119,915</u>	

NOTES TO FINANCIAL STATEMENTS (Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

U. S. Government Agencies	\$241,488,101
U. S. Treasury Bonds & Notes	51,192,089
Corporate Bonds and Notes	41,843,407
Stocks - Common	226,813,377
Guaranteed Investment Contracts	13,839,244
Real Estate Participation Interest	28,888,823
Collateralized Mortgage Obligations	1,706,606
Mutual Funds - unclassified as to risk	<u>23,348,268</u>
Total	<u>\$629,119,915</u>

Custodial Credit Risk for Deposits. For deposits, custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to the government. At year end, the carrying amount of the City's deposits was \$33,506,801 and the bank balance was \$22,690,041. Of the bank balance, \$33,848 was covered by federal depository insurance. The remaining \$22,656,193 was exposed to custodial credit risk as it was uninsured and uncollateralized. The component units, Ann Arbor Housing Commission and Downtown Development Authority, are not included in these figures, nor are the 15th District Court funds as they provide this information in their separately audited financial statements.

The City's investment policy does not specifically address this risk, although 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. Michigan statutes and City policy authorize the City to invest in U.S. Treasury Obligations, Federal Agency Securities, Federal Instrumentality Securities, Repurchase Agreements, Time Certificates of Deposit, Money Market Mutual Funds that limit assets of the fund to securities authorized in M.C.L. 129.91 as legal investments for a public corporation, Eligible Bankers Acceptances, Prime Commercial Paper, Obligations of the State of Michigan or any of its political subdivisions, Investment Pools, and Joint Interlocal Investment Ventures. Pension fund investment policy is governed by the Pension Trustees and makes additional allowances for investments in equities, long-term securities and other securities of relatively higher risk.

Custodial Credit Risk for Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2009, none of the City's investments, excluding the mutual funds which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

Credit Risk. The City analyzes credit risk of banking institutions and issuers of securities prior to depositing or investing City funds. In addition to the restrictions placed on the City by Public Act 20 of 1943, the City's investment policy further requires that banks in which the City invests public funds must have maintained an average Highline Banking Data Services Rating of 30 or better for the four most recent reporting quarters. Securities purchased by the City always conform to the rating requirements set forth in Public Act 20. As of June 30, 2009, all of the City's investments in securities of U.S. agencies were rated AAA by Standard & Poor's and Aaa by Moody's. Investments in commercial paper were rated at least A-1 by Standard & Poor's and P1 by Moody's. The City also held investments in U.S. treasuries and money market mutual funds, which are not rated. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk. At June 30, 2009, the investment portfolio was concentrated as follows:

<u>Investment Type</u>	<u>Issuer</u>	<u>% of Portfolio</u>
U. S. Treasury Bonds & Notes		8.14%
U. S. Government Agencies	Federal Home Loan Bank	19.81%
	Federal Home Loan Mortgage Corporation	3.95%
	Federal National Mortgage Association	7.77%
	Federal Farm Credit Bank	6.86%
Corporate Bonds & Notes		6.65%
Stocks - Common		36.05%
Guaranteed Investment Contracts		2.20%
Real Estate Participation Interest		4.59%
Collateralized Mortgage Obligations		0.27%
Cash and Cash Equivalents		3.71%

The City's investment policy states that the amount of investments shall not exceed the following limits in each of the categories listed below as a percentage of the total portfolio.

- 50% in Prime Commercial Paper
- 30% in Eligible Bankers Acceptances
- 30% in Money Market Mutual Funds
- 20% in Time Certificates of Deposit
- 10% in Federal Agency Securities
- 10% in Obligations of the State of Michigan or any of its political subdivisions
- 10% in Investment Pools
- 10% in Joint Interlocal Investment Ventures

Tax funds collected on behalf of other taxing authorities and held pending disbursement are not subject to the diversification limits above. No more than 5% of the total portfolio shall be invested in any one issuer of commercial paper, eligible bankers acceptances or obligations of the State of Michigan or any of its political subdivisions.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

Interest Rate Risk. As of June 30, 2009, maturities of the City's debt securities were as follows:

	<u>City Investments</u>	
	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
U. S. Government Agencies	\$192,434,013	0.34 - 4.89 years
U. S. Treasury Bonds & Notes	50,942,089	0.09 - 2.78 years
Mutual Funds - unclassified as to risk	<u>5,298,442</u>	
Total Investments	<u>\$248,674,544</u>	

Of the above balances, \$97,612,185 of U.S. agencies securities were callable.

To the extent possible, the Treasurer shall match investments with anticipated cash flow requirements. The City will not invest in securities maturing more than seven years from the date of purchase, and the weighted average maturity of the portfolio shall not exceed 3.5 years.

PENSION TRUST FUNDS

The City of Ann Arbor's Employees' Retirement System trust funds (the "trust funds" or the "System") deposits and investments are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the System's deposits and investments are presented separately.

Deposits - The System does not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net assets are composed entirely of short-term investments in money market accounts.

Investments - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Board has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's assets. All investment decisions are subject to Michigan law and the investment policy established by the Retirement Board.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

The System's investments are held in a bank-administered trust fund. Following is a summary of the System's investments as of June 30, 2009:

U. S. Government Agencies	\$41,359,973
Corporate Bonds and Notes	41,843,407
Stocks - Common	226,813,377
Guaranteed Investment Contracts	13,839,244
Real Estate	28,888,823
Collateralized Mortgage Obligations	1,706,606
Mutual Funds - unclassified as to risk	17,740,626
Total Investments	<u>\$372,192,056</u>

Credit Risk. The System's investment policy provides that its investments in fixed income securities be limited to those rated investment grade by a nationally recognized statistical rating organization. As of June 30, 2009 the System's investments in securities of U.S. agencies were all rated AAA by Standard & Poor's. The System's investments in corporate securities were rated by Standard & Poor's as follows:

AAA	\$885,718
AA	1,709,181
A	18,948,016
BBB	10,548,429
BB	2,664,383
B	2,065,925
Not rated	<u>5,021,755</u>
	<u>\$41,843,407</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that investment securities be held in trust by a third-party institution in the System's name. As such, although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Short-term investments in money market funds are not subject to custodial credit risk.

Concentration of Credit Risk. The System's investment policy requires that the securities of any one company or government agency should not exceed 5% of the total fund and no more than 30% of the total fund should be invested in any one industry.

Interest Rate Risk. As of June 30, 2009, maturities of the System's debt securities were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
U.S. treasuries	\$8,516,854	5.96
U.S. agencies	16,332,002	13.91
Corporate bonds	37,134,852	6.31
Domestic corporate securities	<u>1,706,606</u>	37.62
Total debt securities	<u><u>\$63,690,314</u></u>	
Portfolio weighted average maturity		10.62

COMPONENT UNITS

Deposits and investments

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the DDA's deposits may not be returned. State law does not require and the DDA does not have a policy for deposit custodial credit risk. As of year end, the carrying amounts of the DDA's deposits were \$481,399 and the bank balance was \$450,819, all of which was covered by federal depository insurance. For the deposits held at the City of Ann Arbor, it is impossible to determine custodial credit risk since the DDA's deposits are pooled with other City deposits.

NOTES TO FINANCIAL STATEMENTS (Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Investment. Following is a summary of the DDA's investments as of June 30, 2009:

U. S. Government Agencies	\$7,694,115
U. S. Treasury Bonds & Notes	250,000
Mutual Funds - unclassified as to risk	<u>309,200</u>
Total Investments	<u><u>\$8,253,315</u></u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the DDA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the DDA does not have a policy for investment custodial credit risk. \$309,200 of the investments listed above are unclassified as to custodial credit risk as the invested amount is part of an investment pool. \$7,944,115 of the investments above are uninsured and unregistered, with securities held by the agent in the Authority's name.

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of investments above. The DDA does not have an investment policy that sets specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. For the U.S. Government Agencies investments, the total amount of \$7,944,115 has a maturity of two to nine years. None of the other investments are subject to investment rate risk.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The DDA does not have an investment policy that sets specific limits in excess of state law on investment credit risk. As of June 30, 2009, all of the investments in U.S. Government Agencies were rated Aaa by Moody's.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The DDA does not have an investment policy that limits concentration of credit risk. All investments held at year- end are reported above. At June 30, 2009, 93% of the DDA's investments were concentrated in U.S. Government Agencies.

NOTES TO FINANCIAL STATEMENTS (Continued)

3. INTERFUND RECEIVABLES AND PAYABLES

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	<u>\$5,212,614</u>	<u>\$210,477</u>
Other Major Funds:		
Street Repair Millage	6,800	812,843
Municipal Center		<u>4,017</u>
Total other major funds	<u>6,800</u>	<u>816,860</u>
Non-Major Funds:		
Special Revenue Funds	548,730	1,838,732
Debt Service Funds		40,606
Permanent Fund		<u>16,068</u>
Total non-major funds	<u>548,730</u>	<u>1,895,406</u>
Enterprise Funds:		
Water Supply System	259,720	322,417
Sewage Disposal System	54,028	1,670,683
Parking System		685,783
Market		30
Golf Courses	928	306,423
Airport	1,083	23
Stormwater Sewer System	8,714	169,580
Solid Waste	<u>7,280</u>	<u>405,600</u>
Total enterprise funds	<u>331,753</u>	<u>3,560,539</u>
Internal Service Funds	<u>1,019,179</u>	<u>635,794</u>
Total	<u><u>\$7,119,076</u></u>	<u><u>\$7,119,076</u></u>

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances at year-end relate to items accrued after year-end related to interfund transfers. These items are repaid immediately in the new year.

NOTES TO FINANCIAL STATEMENTS (Continued)

4. PROPERTY TAXES

Each July 1st the City property tax is levied and becomes a lien on the related property, the value of which is equalized by the State of Michigan and limited by Act 415 of 1994. The City's operating tax rate levied July 1, 2008, as controlled by the Headlee Amendment, Act 415 and City Charter, is 6.1682 mills. Other tax rates are as follows: Employee Benefits (2.0560), Refuse Collection (2.4670), Ann Arbor Transportation Authority (2.0560), Street Repair (1.9944), Parks Maintenance & Repair (1.0969), Open Space and Parkland Preservation Millage (0.4779), and Debt Service (0.4643). Real and personal property located in the City as of December 31, 2007 were assessed and equalized at \$6,087,907,800, representing 50% of estimated current value. Act 415 of 1994 limits annual increases in taxable value to 5% or the Consumer Price Index, whichever is less. The 2008 taxable value on March 24, 2009, was \$4,877,002,514. Property taxes are due July 31st of each year and any delinquent real property taxes are turned over to Washtenaw County for collection the following March 1st. The County pays municipalities from a revolving fund for delinquent real property taxes. Delinquent personal property taxes are immaterial.

5. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Restated Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009
Governmental Activities				
Non-Depreciable Assets:				
Land	\$42,154,033	\$3,401,558		\$45,555,591
Construction in progress	5,102,875	9,969,515		15,072,390
Depreciable Assets:				
Buildings	52,896,433		(\$106,039)	52,790,394
Improvements other than buildings	10,647,259	7,885		10,655,144
Machinery and equipment	16,496,541	986,247	(281,813)	17,200,975
Vehicles	11,651,865	471,217	(732,634)	11,390,448
Infrastructure	683,268,833	9,328,109	(1,584,202)	691,012,740
Total at historical cost	822,217,839	24,164,531	(2,704,688)	843,677,682
Less accumulated depreciation for:				
Buildings	(9,871,736)	(1,287,575)	62,769	(11,096,542)
Improvements other than buildings	(5,351,275)	(273,494)		(5,624,769)
Machinery and equipment	(12,087,342)	(1,113,331)	260,387	(12,940,286)
Vehicles	(8,956,737)	(891,824)	732,634	(9,115,927)
Infrastructure	(101,524,578)	(9,323,917)	1,307,572	(109,540,923)
Total accumulated depreciation	(137,791,668)	(12,890,141)	2,363,362	(148,318,447)

NOTES TO FINANCIAL STATEMENTS (Continued)

Governmental activities capital assets, net	<u>\$684,426,171</u>	<u>\$11,274,390</u>	<u>(\$341,326)</u>	<u>\$695,359,235</u>
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5. CHANGES IN CAPITAL ASSETS (Concluded)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2009</u>
Business-type Activities				
Non-Depreciable Assets:				
Land	\$7,374,728	\$1,203,493		\$8,578,221
Construction in progress	52,852,666	\$22,069,292	(\$15,850,746)	59,071,212
Depreciable Assets:				
Buildings	110,835,501			110,835,501
Improvements other than buildings	145,634,165	16,654,209		162,288,374
Machinery and equipment	38,215,872	887,500	(180,278)	38,923,094
Vehicles	8,822,252	187,477	(435,550)	8,574,179
Total at historical cost	<u>363,735,184</u>	<u>41,001,971</u>	<u>(16,466,574)</u>	<u>388,270,581</u>
Less accumulated depreciation for:				
Buildings	(47,548,966)	(2,759,491)		(50,308,457)
Improvements other than buildings	(63,818,209)	(2,465,396)		(66,283,605)
Machinery and equipment	(29,681,550)	(1,354,802)	157,780	(30,878,572)
Vehicles	(6,501,967)	(1,001,996)	435,470	(7,068,493)
Total accumulated depreciation	<u>(147,550,692)</u>	<u>(7,581,685)</u>	<u>593,250</u>	<u>(154,539,127)</u>
Business-type activities capital assets, net	<u>\$216,184,492</u>	<u>\$33,420,286</u>	<u>(\$15,873,324)</u>	<u>\$233,731,454</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$528,909
Public safety	730,985
Public works	10,903,616
Culture and Recreation	726,631
	<u>\$12,890,141</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

6. LEASES

Operating Lease Obligations Payable. The City is the lessee of various properties (primarily office and storage space, as well as parking facilities) under operating leases for periods through 2013. The expenses and related revenues in connection with the leases are recorded in the General, Special Revenue and Pension Trust Funds. The total rent expense for fiscal year 2009 was \$807,321. The following is a table of future minimum noncancellable lease payments by the City:

2010	\$807,321
2011	730,128
2012	52,835
2013	<u>44,545</u>
Total	<u>\$1,634,829</u>

The City as lessee has other lease arrangements, which have been appropriately accounted for as operating leases. Minimum lease payments payable on such leases are immaterial in amount.

Operating Lease Obligations Receivable. The City is the lessor of various parking, office and airport facilities under operating leases for periods through 2024. Revenues and the related expenses for these leases are recorded in the Enterprise Funds. The total rent revenue for fiscal year 2009 was \$512,628. The total revenue includes \$385,844 for cell towers, \$15,036 for office space, and \$111,748 for airport hangers. All related City assets are fully depreciated. The following is a table of future minimum noncancellable lease payments to the City:

2010	\$407,529
2011	337,762
2012	343,087
2013	265,496
2014	232,452
2015-2019	1,035,938
2020-2024	<u>214,561</u>
Total	<u>\$2,836,825</u>

The City as lessor has other lease arrangements which have been appropriately accounted for as operating leases. Minimum lease payments receivable on such leases are immaterial in amount.

NOTES TO FINANCIAL STATEMENTS (Continued)

6. LEASES (Concluded)

Capital Lease Obligations Payable. The City has entered into certain lease agreements as lessee for financing the purchase of (primarily) various types of equipment, as well as several drain construction projects. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of the items recorded under capital leases as of June 30, 2009:

<u>Asset Type</u>	<u>Enterprise Fund</u>
Drains	\$3,016,913

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2009:

<u>Year Ended June 30</u>	<u>Enterprise Fund</u>
2010	\$263,229
2011	256,802
2012	158,349
2013	159,912
2014	160,488
2015-2019	621,159
2020-2024	506,796
2025-2027	<u>203,300</u>
Total minimum lease payments	2,330,035
Less: amount representing interest	<u>(297,148)</u>
Present value of future minimum lease payments	<u><u>\$2,032,887</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

7. TRANSFERS

A reconciliation of the interfund transfers is as follows:

	Transfers In	Transfers Out
	<u> </u>	<u> </u>
General Fund	\$735,413	\$4,360,412
Street Repair Millage	221,991	169,248
Municipal Center	4,900,000	
Nonmajor governmental funds	7,246,632	5,983,558
Water Supply System	1,718,352	622,882
Sewage Disposal System	55,692	1,265,596
Market		141,671
Golf Courses	24,000	
Airport	127,000	9,144
Stormwater System		821,563
Solid Waste	799,221	1,026,020
Internal Service Funds	<u>1,368,898</u>	<u>2,797,105</u>
 Total Transfers	 <u>\$17,197,199</u>	 <u>\$17,197,199</u>

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

NOTES TO FINANCIAL STATEMENTS (Continued)

8. CONTINGENT LIABILITIES

Litigation. Various lawsuits are pending against the City, some of which are for substantial amounts. On the basis of opinions and information furnished by the City Attorney, it is the judgment of City management that the ultimate liability, if any, resulting from such lawsuits would not materially affect the financial position of the City.

Landfill. The City owns and maintains a closed landfill in full compliance with Michigan Department of Environmental Quality (MDEQ) requirements. The City had received approval for an onsite and (interim) offsite Remedial Action Plan (RAP) that has been implemented. This implementation included a slurry wall almost two miles in length enclosing most of the landfill. As part of these requirements, the City has posted a \$1,000,000 letter of credit to ensure compliance with the landfill cleanup regulations. The City is working on a final RAP and evaluating the feasibility of treating the collected landfill groundwater prior to discharge to the sanitary sewer. Treating the water onsite with discharge to surface or groundwater may reduce annual operating costs because of reduced payments for discharge to the sanitary system. Capital costs associated with the landfill cleanup are funded by a series of voter-approved bonds totaling \$28,000,000. Operating and maintenance costs for the closed landfill are funded out of the annual solid waste budget. Therefore, no liability has been accrued in the Statement of Net Assets. These costs will be funded through the City's earmarked solid waste (refuse collection) property tax levy. The projects to be accomplished are subject to major changes (both in the nature of the work to be accomplished and in the cost thereof) due to inflation, changes in technology or changes in regulatory requirements.

Grants. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts to be immaterial.

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS

The following is a summary of the governmental activities long-term debt obligations (including accrued compensated absences) for the year ended June 30, 2009:

	Governmental Activities					Total Principal	Governmental Activities Accrued Compensated Absences	Total Governmental Activities Debt
	Capital Projects Bonds	General Obligation Portion of Special Assessment Bonds	General Obligation Portion of Special Revenue Bonds	Special Assessment Bonds	Other Long-term Debt			
Bonds and other debt payable at July 1, 2008	\$30,458,772	\$542,117	\$22,796,254	\$676,274	\$3,910,840	\$58,384,257	\$15,123,288	\$73,507,545
Debt issued and other increases:								
Debt issued/acrued	27,660,000					27,660,000	6,360,896	34,020,896
Amortization of bond discounts	4,025	303	4,657	522		9,507		9,507
Debt retired and other decreases:								
Decrease in accrued compensated absences							(4,652,815)	(4,652,815)
Bond discounts/premiums	36,500					36,500		36,500
Debt retired	(2,560,000)	(75,000)	(510,000)	(125,000)	(410,840)	(3,680,840)		(3,680,840)
Bonds and other debt payable at June 30, 2009	\$55,599,297	\$467,420	\$22,290,911	\$551,796	\$3,500,000	\$82,409,424	\$16,831,369	\$99,240,793
Balance due within one year	\$2,590,000	\$80,000	\$550,000	\$125,000		\$3,345,000	\$1,985,056	\$5,330,056

(Continued)

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS (Continued)

The following is a summary of the business-type long-term debt obligations (including accrued compensated absences) for the year ended June 30, 2009:

	Business-Type Activities					Total Proprietary Fund Type Debt	Component Unit
	Ann Arbor Building Authority Bonds	Revenue Bonds	Other Long-Term Debt	Other Bonds	Accrued Compensated Absences		Downtown Development Authority Bonds
Bonds and other debt payable at July 1, 2008	\$22,900,000	\$105,160,000	\$6,430,536	\$4,610,056	\$2,976,732	\$142,077,324	\$3,034,944
Debt issued and other increases:							
Debt issued/accrued			444,143		853,986	1,298,129	
Debt retired and other decreases:							
Decrease in accrued compensated absences					(998,900)	(998,900)	
Debt retired	(1,710,000)	(5,305,000)	(514,909)	(505,056)		(8,034,965)	(1,199,944)
Bonds and other debt payable at June 30, 2009	\$21,190,000	\$99,855,000	\$6,359,770	\$4,105,000	\$2,831,818	\$134,341,588	\$1,835,000
Balance due within one year	\$1,790,000	\$5,640,000	\$438,390	\$150,000	\$165,184	\$8,183,574	\$575,000

(Continued)

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds are collateralized by the full faith and credit of the City; Other Long-Term Debt is collateralized by the revenues of the related funds or the full faith and credit of the City or General Fund appropriations. General Obligation Bonds' requirements will be met primarily through the debt service property tax levy. Special Assessment Bonds are serviced by the underlying special assessments. The Special Assessment Bonds are backed by the full faith and credit of the City to the extent that liens foreclosed against property involved in the special assessment districts are insufficient to retire the outstanding bonds.

Other obligations are as follows: Revenue Bonds are serviced by the Water Supply System (\$47,580,000) in bond principal at June 30, 2009 and the Sewage Disposal System (\$52,275,000). Other Long-Term Debt includes various long-term obligations (notes and contracts) paid from general operations and other sources. During fiscal year 2009, the City received an additional \$40,059 from the Michigan Municipal Bond Authority (MMBA) from the Drinking Water Revolving Fund. At June 30, 2009, the outstanding balance was \$402,950. During fiscal year 2009, the City received an additional \$404,084 from the MMBA from the Strategic Water Quality Initiatives Fund. At June 30, 2009, the outstanding balance was \$3,923,933. Revenue bonds are collateralized by the revenues of the related funds.

Other Bonds will be serviced from the revenues of the Downtown Development Authority for the Parking System (\$4,105,000). Various limitations and restrictions are contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

During fiscal year 2005, the City issued \$13,305,000 in refunding bonds to partially advance refund \$6,550,000 of the 1999 Ann Arbor Building Authority Bonds and \$6,700,000 of the 2000 Ann Arbor Building Authority Bonds. The net proceeds were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments. As a result, the bonds are considered defeased and the liability for the bonds has been removed from the balance sheet. The City advance refunded the bonds to reduce its total debt service payments by \$812,682 over the next fourteen years and to obtain an economic gain (difference between the present value for the debt service payments on the old and new debt) of \$662,859. In accordance with GASB #23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*, the loss on bond refunding has been amortized over the life of the old debt or the new debt, whichever is shorter. As the old and new debt was still outstanding at the end of the fiscal year, the City has deferred the entire loss of \$949,794 in the Parking System Enterprise Fund.

In fiscal years 2005 and 2006, the City defeased certain revenue bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the defeased bonds. This advance refunding met the requirements of an in-substance debt defeasance. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The balances of the defeased bonds outstanding at June 30, 2008 are as follows:

1999 Ann Arbor Building Authority Bonds	\$6,550,000
2000 Ann Arbor Building Authority Bonds	\$6,700,000
Water Supply System Revenue Bonds Series U	\$1,225,000
Water Supply System Revenue Bonds Series V	\$2,450,000

During fiscal year 2009, the City refinanced the note for \$3,500,000 issued for the purchase of the old YMCA building. The new note requires the principle to be remitted in 2014 and carries an interest rate of 3.89% for the life of the note.

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

Below is a summary of general long-term debt (with various issue dates) and annual debt service requirements as of June 30, 2009:

Governmental Activities Debt													
General Obligation Portion													
FY Ending	Capital Projects Bonds		Special Assessment Bonds		Special Revenue Bonds		Special Assessment Bonds		Other Debt		Total Governmental Activities Debt		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2010	\$2,590,000	\$2,509,327	\$80,000	\$22,725	\$550,000	\$941,035	\$125,000	\$25,945		\$136,149	\$3,345,000	\$3,635,181	\$6,980,181
2011	2,625,000	2,399,376	80,000	18,925	585,000	919,360	120,000	19,960		136,149	3,410,000	3,493,770	6,903,770
2012	1,870,000	2,314,925	80,000	15,075	625,000	895,905	90,000	14,893		136,149	2,665,000	3,376,947	6,041,947
2013	1,920,000	2,233,875	80,000	11,175	650,000	871,216	80,000	10,617		136,149	2,730,000	3,263,032	5,993,032
2014	1,350,000	2,166,452	80,000	7,225	685,000	845,366	80,000	6,710	\$3,500,000	68,266	5,695,000	3,094,019	8,789,019
2015	1,405,000	2,112,450	20,000	3,225	720,000	817,914	25,000	2,750			2,170,000	2,936,339	5,106,339
2016	1,465,000	2,056,252	25,000	2,325	755,000	788,835	20,000	1,625			2,265,000	2,849,037	5,114,037
2017	1,530,000	1,997,650	25,000	1,175	795,000	757,953	15,000	705			2,365,000	2,757,483	5,122,483
2018	1,595,000	1,935,782			835,000	725,200					2,430,000	2,660,982	5,090,982
2019	1,660,000	1,869,112			875,000	690,605					2,535,000	2,559,717	5,094,717
2020	1,745,000	1,796,750			915,000	653,534					2,660,000	2,450,284	5,110,284
2021	1,820,000	1,718,225			965,000	614,176					2,785,000	2,332,401	5,117,401
2022	1,900,000	1,636,325			1,010,000	572,470					2,910,000	2,208,795	5,118,795
2023	1,990,000	1,548,750			1,060,000	527,888					3,050,000	2,076,638	5,126,638
2024	2,080,000	1,457,013			800,000	481,938					2,880,000	1,938,951	4,818,951
2025	2,175,000	1,361,125			840,000	446,663					3,015,000	1,807,788	4,822,788
2026	2,275,000	1,260,862			885,000	408,698					3,160,000	1,669,560	4,829,560
2027	2,375,000	1,154,713			930,000	368,503					3,305,000	1,523,216	4,828,216
2028	2,485,000	1,043,563			975,000	326,339					3,460,000	1,369,902	4,829,902
2029	2,600,000	927,262			1,030,000	280,913					3,630,000	1,208,175	4,838,175
2030	2,720,000	800,125			1,080,000	232,875					3,800,000	1,033,000	4,833,000
2031	2,845,000	667,125			1,135,000	182,419					3,980,000	849,544	4,829,544
2032	1,315,000	528,013			1,195,000	129,319					2,510,000	657,332	3,167,332
2033	1,380,000	465,550			1,255,000	73,519					2,635,000	539,069	3,174,069
2034	1,450,000	400,000			1,320,000	14,850					2,770,000	414,850	3,184,850
2035	1,520,000	327,500									1,520,000	327,500	1,847,500
2036	1,595,000	251,500									1,595,000	251,500	1,846,500
2037	1,675,000	171,750									1,675,000	171,750	1,846,750
2038	1,760,000	88,000									1,760,000	88,000	1,848,000
	\$55,715,000	\$39,199,352	\$470,000	\$81,850	\$22,470,000	\$13,567,493	\$555,000	\$83,205	\$3,500,000	\$612,862	\$82,710,000	\$53,544,762	\$136,254,762
Interest Ranges		4.000 - 5.000%		4.000 - 5.200%		3.250 - 4.500%		4.000 - 5.700%		3.89%		3.250 - 5.700%	

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

Below is a summary of business-type activity and component unit debt (with various issue dates) and annual debt service requirements as of June 30, 2009:

FY Ending	Enterprise Funds										Component Units			
	Ann Arbor Building Authority Bonds		Water & Sewer Revenue Bonds		Other Debt		Other Bonds		Total Enterprise Debt			Downtown Development Authority		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	Principal	Interest	Total
2010	\$1,790,000	\$942,261	\$5,640,000	\$3,945,385	\$218,390	\$44,839	\$150,000	\$166,544	\$7,798,390	\$5,099,029	\$12,897,419	\$575,000	\$72,825	\$647,825
2011	1,870,000	864,322	6,075,000	3,728,630	218,390	38,412	155,000	160,544	8,318,390	4,791,908	13,110,298	610,000	50,400	660,400
2012	1,945,000	787,628	6,160,000	3,513,563	126,442	31,907	165,000	154,344	8,396,442	4,487,442	12,883,884	650,000	26,000	676,000
2013	2,025,000	702,591	6,350,000	3,290,755	131,178	28,734	170,000	147,744	8,676,178	4,169,824	12,846,002			
2014	2,095,000	605,364	4,910,000	3,076,502	135,131	25,357	180,000	140,942	7,320,131	3,848,165	11,168,296			
2015	2,160,000	504,086	4,550,000	2,905,672	135,132	21,897	190,000	133,744	7,035,132	3,565,399	10,600,531			
2016	2,130,000	402,701	4,695,000	2,731,837	139,085	18,378	200,000	126,144	7,164,085	3,279,060	10,443,145			
2017	2,195,000	298,064	4,890,000	2,548,400	86,983	15,334	205,000	118,144	7,376,983	2,979,942	10,356,925			
2018	1,665,000	212,510	4,365,000	2,366,512	86,984	13,921	215,000	109,944	6,331,984	2,702,887	9,034,871			
2019	1,710,000	128,890	4,540,000	2,192,561	90,937	12,508	225,000	101,344	6,565,937	2,435,303	9,001,240			
2020	1,070,000	56,950	4,725,000	2,008,819	90,937	11,040	235,000	92,344	6,120,937	2,169,153	8,290,090			
2021	260,000	22,417	4,945,000	1,815,360	90,937	9,562	250,000	82,944	5,545,937	1,930,283	7,476,220			
2022	275,000	9,167	5,130,000	1,608,593	94,891	8,084	260,000	72,942	5,759,891	1,698,786	7,458,677			
2023			5,335,000	1,385,879	94,891	6,553	275,000	62,544	5,704,891	1,454,976	7,159,867			
2024			5,570,000	1,151,917	94,890	5,011	285,000	51,544	5,949,890	1,208,472	7,158,362			
2025			5,000,000	920,597	98,845	3,469	300,000	39,788	5,398,845	963,854	6,362,699			
2026			2,975,000	741,702	98,844	1,874	315,000	27,412	3,388,844	770,988	4,159,832			
2027			3,050,000	599,488		268	330,000	14,025	3,380,000	613,781	3,993,781			
2028			3,125,000	452,932					3,125,000	452,932	3,577,932			
2029			1,450,000	337,250					1,450,000	337,250	1,787,250			
2030			1,500,000	267,188					1,500,000	267,188	1,767,188			
2031			1,550,000	194,750					1,550,000	194,750	1,744,750			
2032			1,625,000	119,344					1,625,000	119,344	1,744,344			
2033			1,700,000	40,375					1,700,000	40,375	1,740,375			
	\$21,190,000	\$5,536,951	\$99,855,000	\$41,944,011	\$2,032,887	\$297,148	\$4,105,000	\$1,802,981	\$127,182,887	\$49,581,091	\$176,763,978	\$1,835,000	\$149,225	\$1,984,225

Interest	2.700 -	2.500 -	1.625 -	4.000 -	1.625 -	3.900 -
Ranges	5.500%	5.600%	4.500%	4.250%	5.600%	4.000%

NOTES TO FINANCIAL STATEMENTS (Continued)

9 LONG TERM OBLIGATIONS (Continued)

CAPITAL PROJECTS BONDS

FY	1993 Environmental Bonds Series C \$8,950,000 Dated 4/1/93 Due 3-1 & 9-1		1998 Environmental Bonds Refunding \$11,420,000 Dated 12/1/98 Due 3-1 & 9-1		2006 Maintenance Facility Bonds \$24,635,000 Dated 6/1/06 Due 3-1 & 9-1		2008 Court & Police Facility Bonds \$27,660,000 Dated 7/1/08 Due 5-1 & 11-1		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$625,000	\$109,375	\$1,335,000	\$80,300	\$630,000	\$1,021,832		\$1,297,820	\$2,590,000	\$2,509,327	\$5,099,327
2011	625,000	78,125	1,340,000	26,799	660,000	996,632		1,297,820	2,625,000	2,399,376	5,024,376
2012	625,000	46,875			690,000	970,230	\$555,000	1,297,820	1,870,000	2,314,925	4,184,925
2013	625,000	15,625			720,000	942,630	575,000	1,275,620	1,920,000	2,233,875	4,153,875
2014					750,000	913,832	600,000	1,252,620	1,350,000	2,166,452	3,516,452
2015					785,000	883,830	620,000	1,228,620	1,405,000	2,112,450	3,517,450
2016					820,000	852,432	645,000	1,203,820	1,465,000	2,056,252	3,521,252
2017					860,000	819,630	670,000	1,178,020	1,530,000	1,997,650	3,527,650
2018					895,000	785,232	700,000	1,150,550	1,595,000	1,935,782	3,530,782
2019					935,000	748,312	725,000	1,120,800	1,660,000	1,869,112	3,529,112
2020					980,000	708,575	765,000	1,088,175	1,745,000	1,796,750	3,541,750
2021					1,025,000	664,475	795,000	1,053,750	1,820,000	1,718,225	3,538,225
2022					1,070,000	618,350	830,000	1,017,975	1,900,000	1,636,325	3,536,325
2023					1,115,000	570,200	875,000	978,550	1,990,000	1,548,750	3,538,750
2024					1,165,000	520,025	915,000	936,988	2,080,000	1,457,013	3,537,013
2025					1,220,000	467,600	955,000	893,525	2,175,000	1,361,125	3,536,125
2026					1,275,000	412,700	1,000,000	848,162	2,275,000	1,260,862	3,535,862
2027					1,330,000	354,050	1,045,000	800,663	2,375,000	1,154,713	3,529,713
2028					1,390,000	292,538	1,095,000	751,025	2,485,000	1,043,563	3,528,563
2029					1,455,000	228,250	1,145,000	699,012	2,600,000	927,262	3,527,262
2030					1,520,000	155,500	1,200,000	644,625	2,720,000	800,125	3,520,125
2031					1,590,000	79,500	1,255,000	587,625	2,845,000	667,125	3,512,125
2032							1,315,000	528,013	1,315,000	528,013	1,843,013
2033							1,380,000	465,550	1,380,000	465,550	1,845,550
2034							1,450,000	400,000	1,450,000	400,000	1,850,000
2035							1,520,000	327,500	1,520,000	327,500	1,847,500
2036							1,595,000	251,500	1,595,000	251,500	1,846,500
2037							1,675,000	171,750	1,675,000	171,750	1,846,750
2038							1,760,000	88,000	1,760,000	88,000	1,848,000
	\$2,500,000	\$250,000	\$2,675,000	\$107,099	\$22,880,000	\$14,006,355	\$27,660,000	\$24,835,898	\$55,715,000	\$39,199,352	\$94,914,352
Interest Range	5.000%		4.000%		4.000 - 5.000%		4.000 - 5.000%		4.000 - 5.000%		

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

GENERAL OBLIGATION PORTION OF SPECIAL ASSESSMENT BONDS

FY	\$760,000 Dated 6/1/99 Due 3-1 & 9-1		\$290,000 Dated 5/1/02 Due 3-1 & 9-1		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$60,000	\$15,300	\$20,000	\$7,425	\$80,000	\$22,725	\$102,725
2011	60,000	12,300	20,000	6,625	80,000	18,925	98,925
2012	60,000	9,270	20,000	5,805	80,000	15,075	95,075
2013	60,000	6,210	20,000	4,965	80,000	11,175	91,175
2014	60,000	3,120	20,000	4,105	80,000	7,225	87,225
2015			20,000	3,225	20,000	3,225	23,225
2016			25,000	2,325	25,000	2,325	27,325
2017			25,000	1,175	25,000	1,175	26,175
	<u>\$300,000</u>	<u>\$46,200</u>	<u>\$170,000</u>	<u>\$35,650</u>	<u>\$470,000</u>	<u>\$81,850</u>	<u>\$551,850</u>
Interest Range		5.000 - 5.200%		4.000 - 4.700%		4.000 - 5.200%	

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

SPECIAL REVENUE BONDS

FY	2003 MTF Bonds \$4,000,000 Dated 4/1/03 Due 6-1 & 12-1		2005 Open Space Bonds \$20,250,000 Dated 9/1/05 Due 4-1 & 10-1		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$170,000	\$127,110	\$380,000	\$813,925	\$550,000	\$941,035	\$1,491,035
2011	175,000	121,535	410,000	797,825	585,000	919,360	1,504,360
2012	185,000	115,380	440,000	780,525	625,000	895,905	1,520,905
2013	190,000	108,891	460,000	762,325	650,000	871,216	1,521,216
2014	200,000	102,191	485,000	743,175	685,000	845,366	1,530,366
2015	210,000	94,889	510,000	723,025	720,000	817,914	1,537,914
2016	220,000	86,960	535,000	701,875	755,000	788,835	1,543,835
2017	230,000	78,378	565,000	679,575	795,000	757,953	1,552,953
2018	240,000	69,125	595,000	656,075	835,000	725,200	1,560,200
2019	250,000	59,230	625,000	631,375	875,000	690,605	1,565,605
2020	260,000	48,673	655,000	604,861	915,000	653,534	1,568,534
2021	275,000	37,417	690,000	576,759	965,000	614,176	1,579,176
2022	285,000	25,256	725,000	547,214	1,010,000	572,470	1,582,470
2023	300,000	12,375	760,000	515,513	1,060,000	527,888	1,587,888
2024			800,000	481,938	800,000	481,938	1,281,938
2025			840,000	446,663	840,000	446,663	1,286,663
2026			885,000	408,698	885,000	408,698	1,293,698
2027			930,000	368,503	930,000	368,503	1,298,503
2028			975,000	326,339	975,000	326,339	1,301,339
2029			1,030,000	280,913	1,030,000	280,913	1,310,913
2030			1,080,000	232,875	1,080,000	232,875	1,312,875
2031			1,135,000	182,419	1,135,000	182,419	1,317,419
2032			1,195,000	129,319	1,195,000	129,319	1,324,319
2033			1,255,000	73,519	1,255,000	73,519	1,328,519
2034			1,320,000	14,850	1,320,000	14,850	1,334,850
	<u>\$3,190,000</u>	<u>\$1,087,410</u>	<u>\$19,280,000</u>	<u>\$12,480,083</u>	<u>\$22,470,000</u>	<u>\$13,567,493</u>	<u>\$36,037,493</u>

Interest
Range3.250 -
4.500%4.000 -
4.500%3.250 -
4.500%

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

SPECIAL ASSESSMENT BONDS

FY	\$455,000 Dated 6/1/96 Due 3-1 & 9-1		\$770,000 Dated 6/1/99 Due 3-1 & 9-1		\$525,000 Dated 5/1/02 Due 3-1 & 9-1		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$35,000	\$2,690	\$55,000	\$14,025	\$35,000	\$9,230	\$125,000	\$25,945	\$150,945
2011	30,000	855	55,000	11,275	35,000	7,830	120,000	19,960	139,960
2012			55,000	8,498	35,000	6,395	90,000	14,893	104,893
2013			55,000	5,692	25,000	4,925	80,000	10,617	90,617
2014			55,000	2,860	25,000	3,850	80,000	6,710	86,710
2015					25,000	2,750	25,000	2,750	27,750
2016					20,000	1,625	20,000	1,625	21,625
2017					15,000	705	15,000	705	15,705
	<u>\$65,000</u>	<u>\$3,545</u>	<u>\$275,000</u>	<u>\$42,350</u>	<u>\$215,000</u>	<u>\$37,310</u>	<u>\$555,000</u>	<u>\$83,205</u>	<u>\$638,205</u>
Interest Range		5.600 - 5.700%		5.000 - 5.200%		4.000 - 4.700%		4.000 - 5.700%	

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

ANN ARBOR BUILDING AUTHORITY BONDS

FY	Parking/Refunding Bonds \$10,100,000 Dated 12/1/98 Due 3-1 & 9-1		Parking Bonds \$2,265,000 Dated 2/1/00 Due 3-1 & 9-1		Parking Bonds \$3,600,000 Dated 5/1/02 Due 3-1 & 9-1		Golf Course Refunding \$1,160,000 Dated 7/15/03 Due 3-1 & 9-1		Parking/Refunding Bonds \$13,305,000 Dated 7/28/05 Due 3-1 & 9-1		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$425,000	\$159,495	\$505,000	\$18,517	\$155,000	\$124,791	\$105,000	\$19,958	\$600,000	\$619,500	\$1,790,000	\$942,261	\$2,732,261
2011	445,000	141,016			160,000	118,471	110,000	16,735	1,155,000	588,100	1,870,000	864,322	2,734,322
2012	465,000	121,433			170,000	111,689	110,000	13,206	1,200,000	541,300	1,945,000	787,628	2,732,628
2013	485,000	100,456			180,000	104,233	115,000	9,352	1,245,000	488,550	2,025,000	702,591	2,727,591
2014	505,000	78,403			185,000	96,178	120,000	5,150	1,285,000	425,633	2,095,000	605,364	2,700,364
2015	530,000	54,825			195,000	87,638	120,000	740	1,315,000	360,883	2,160,000	504,086	2,664,086
2016	555,000	30,038			205,000	78,446			1,370,000	294,217	2,130,000	402,701	2,532,701
2017	575,000	4,313			215,000	68,618			1,405,000	225,133	2,195,000	298,064	2,493,064
2018					225,000	58,210			1,440,000	154,300	1,665,000	212,510	1,877,510
2019					240,000	47,090			1,470,000	81,800	1,710,000	128,890	1,838,890
2020					250,000	35,083			820,000	21,867	1,070,000	56,950	1,126,950
2021					260,000	22,417					260,000	22,417	282,417
2022					275,000	9,167					275,000	9,167	284,167
	<u>\$3,985,000</u>	<u>\$689,979</u>	<u>\$505,000</u>	<u>\$18,517</u>	<u>\$2,715,000</u>	<u>\$962,031</u>	<u>\$680,000</u>	<u>\$65,141</u>	<u>\$13,305,000</u>	<u>\$3,801,283</u>	<u>\$21,190,000</u>	<u>\$5,536,951</u>	<u>\$26,726,951</u>
Interest		4.100 -				4.000 -		2.700 -		4.000 -		2.700 -	
Range		4.500%		5.500%		5.000%		3.700%		5.000%		5.500%	

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

WATER REVENUE BONDS

	1998 Series W		2002 Series X		2003 Series Y		2004 Series Z		2005 Series 2005-A		2008 Series 2008-A		Total		
	\$6,750,000		\$5,210,000		\$13,265,000		\$9,765,000		\$6,795,000		\$23,375,000				
	Dated 12/1/98		Dated 5/1/02		Dated 11/5/03		Dated 2/1/04		Dated 6/29/05		Dated 4/30/08				
	Due 2/1 & 8/1		Due 2/1 & 8/1		Due 2/1 & 8/1		Due 2/1 & 8/1		Due 2/1 & 8/1		Due 2/1 & 8/1				
FY	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$365,000	\$75,513	\$285,000	\$191,178	\$1,380,000	\$202,285	\$245,000	\$336,215	\$1,175,000	\$117,509	\$400,000	\$968,294	\$3,850,000	\$1,890,994	\$5,740,994
2011	380,000	59,920	380,000	178,115	1,400,000	141,618	265,000	328,615	1,175,000	74,303	425,000	955,981	4,025,000	1,738,552	5,763,552
2012	395,000	43,698	500,000	160,492	1,505,000	89,833	520,000	316,936	605,000	38,517	500,000	942,294	4,025,000	1,591,770	5,616,770
2013	405,000	26,933	575,000	138,205	1,480,000	33,454	535,000	299,554	610,000	14,233	525,000	926,982	4,130,000	1,439,361	5,569,361
2014	405,000	9,923	650,000	112,033			550,000	281,000			1,000,000	901,127	2,605,000	1,304,083	3,909,083
2015			675,000	82,553			575,000	261,386			1,075,000	859,877	2,325,000	1,203,816	3,528,816
2016			675,000	51,559			595,000	240,659			1,125,000	816,044	2,395,000	1,108,262	3,503,262
2017			700,000	19,396			615,000	218,468			1,175,000	770,211	2,490,000	1,008,075	3,498,075
2018							640,000	194,748			1,225,000	722,377	1,865,000	917,125	2,782,125
2019							665,000	169,292			1,275,000	672,544	1,940,000	841,836	2,781,836
2020							690,000	142,275			1,335,000	620,544	2,025,000	762,819	2,787,819
2021							720,000	113,800			1,400,000	566,060	2,120,000	679,860	2,799,860
2022							740,000	83,371			1,465,000	505,925	2,205,000	589,296	2,794,296
2023							760,000	51,567			1,525,000	438,875	2,285,000	490,442	2,775,442
2024							770,000	19,090			1,600,000	368,843	2,370,000	387,933	2,757,933
2025											1,675,000	294,566	1,675,000	294,566	1,969,566
2026											1,725,000	215,234	1,725,000	215,234	1,940,234
2027											1,750,000	132,801	1,750,000	132,801	1,882,801
2028											1,775,000	49,182	1,775,000	49,182	1,824,182
											\$22,975,000	\$11,727,761	\$47,580,000	\$16,646,007	
	\$1,950,000	\$215,987	\$4,440,000	\$933,531	\$5,765,000	\$467,190	\$8,885,000	\$3,056,976	\$3,565,000	\$244,562	0	1	0	7	\$64,226,007
Interest				4.000 -		3.500 -		3.000 -		3.625 -		3.000 -		3.000 -	
Ranges		4.200%		4.750%		5.000%		4.250%		4.000%		4.750%		5.000%	

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

SEWER REVENUE BONDS

	1995 Series XVI		1996 Series XVII		1998 Series XVIII		2004 Series XIX		2008 Series 2008-A		Total		
	\$1,525,000		\$1,480,000		\$8,900,000		\$27,170,000		\$24,550,000				
	Dated 10/1/95		Dated 6/1/96		Dated 12/1/98		Dated 2/1/04		Dated 4/30/08				
	Due 1/1 & 7/1		Due 1/1 & 7/1		Due 1/1 & 7/1		Due 1/1 & 7/1		Due 1/1 & 7/1				
FY	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$125,000	\$6,250	\$125,000	\$15,275	\$340,000	\$60,603	\$900,000	\$938,169	\$300,000	\$1,034,094	\$1,790,000	\$2,054,391	\$3,844,391
2011	125,000		125,000	8,400	350,000	45,728	950,000	913,856	500,000	1,022,094	2,050,000	1,990,078	4,040,078
2012			150,000		335,000	31,155	1,100,000	884,294	550,000	1,006,344	2,135,000	1,921,793	4,056,793
2013					345,000	15,975	1,300,000	846,669	575,000	988,750	2,220,000	1,851,394	4,071,394
2014					355,000		1,350,000	802,763	600,000	969,656	2,305,000	1,772,419	4,077,419
2015							1,500,000	753,731	725,000	948,125	2,225,000	1,701,856	3,926,856
2016							1,550,000	700,356	750,000	923,219	2,300,000	1,623,575	3,923,575
2017							1,600,000	644,231	800,000	896,094	2,400,000	1,540,325	3,940,325
2018							1,650,000	584,294	850,000	865,093	2,500,000	1,449,387	3,949,387
2019							1,700,000	520,631	900,000	830,094	2,600,000	1,350,725	3,950,725
2020							1,775,000	452,406	925,000	793,594	2,700,000	1,246,000	3,946,000
2021							1,850,000	379,906	975,000	755,594	2,825,000	1,135,500	3,960,500
2022							1,925,000	303,203	1,000,000	716,094	2,925,000	1,019,297	3,944,297
2023							2,000,000	221,000	1,050,000	674,437	3,050,000	895,437	3,945,437
2024							2,075,000	134,406	1,125,000	629,578	3,200,000	763,984	3,963,984
2025							2,125,000	45,156	1,200,000	580,875	3,325,000	626,031	3,951,031
2026									1,250,000	526,468	1,250,000	526,468	1,776,468
2027									1,300,000	466,687	1,300,000	466,687	1,766,687
2028									1,350,000	403,750	1,350,000	403,750	1,753,750
2029									1,450,000	337,250	1,450,000	337,250	1,787,250
2030									1,500,000	267,188	1,500,000	267,188	1,767,188
2031									1,550,000	194,750	1,550,000	194,750	1,744,750
2032									1,625,000	119,344	1,625,000	119,344	1,744,344
2033									1,700,000	40,375	1,700,000	40,375	1,740,375
							\$25,350,000		\$24,550,000	\$15,989,54	\$52,275,00	\$25,298,00	
	\$250,000	\$6,250	\$400,000	\$23,675	\$1,725,000	\$153,461	0	\$9,125,071	0	7	0	4	\$77,573,004
Interest				5.400 -		4.200 -		2.500 -		3.000 -		2.500 -	
Ranges		5.000%		5.600%		4.500%		4.250%		4.750%		5.600%	

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

Fiscal Year Ending	Traver Creek 2 Sandy Reagan Project Dated 3/30/05 Due 6-1		Traver Creek Drain Crossing Project Dated 6/1/01 Due 4-1 & 10-1		Traver Creek/Traver Knoll Drain Project Dated 6/1/06 Due 4-1 & 10-1		Mallets Creek Wetland Detention Dated 4/1/06 Due 3-1 & 9-1		Total		Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2010	\$36,948	\$1,914	\$55,000	\$4,895	\$47,366	\$13,476	\$79,076	\$24,554	\$218,390	\$44,839	\$263,229
2011	36,948	957	55,000	2,475	47,366	11,700	79,076	23,280	218,390	38,412	256,802
2012					47,366	9,913	79,076	21,994	126,442	31,907	158,349
2013					52,102	8,024	79,076	20,710	131,178	28,734	159,912
2014					52,102	5,933	83,029	19,424	135,131	25,357	160,488
2015					52,102	3,810	83,030	18,087	135,132	21,897	157,029
2016					52,102	1,641	86,983	16,737	139,085	18,378	157,463
2017							86,983	15,334	86,983	15,334	102,317
2018							86,984	13,921	86,984	13,921	100,905
2019							90,937	12,508	90,937	12,508	103,445
2020							90,937	11,040	90,937	11,040	101,977
2021							90,937	9,562	90,937	9,562	100,499
2022							94,891	8,084	94,891	8,084	102,975
2023							94,891	6,553	94,891	6,553	101,444
2024							94,890	5,011	94,890	5,011	99,901
2025							98,845	3,469	98,845	3,469	102,314
2026							98,844	1,874	98,844	1,874	100,718
2027								268	0	268	268
Total	\$73,896	\$2,871	\$110,000	\$7,370	\$350,506	\$54,497	\$1,498,485	\$232,410	\$2,032,887	\$297,148	\$2,330,035

Interest Ranges	2.590%	4.400 - 4.500%	3.750 - 4.200%	1.625% - 4.500%
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NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

OTHER DEBT (CONCLUDED)

The City of Ann Arbor has the following debt outstanding with the Michigan Municipal Bond Authority from the Drinking Water Revolving Fund (DWRF) and the Strategic Water Quality Initiatives Fund (SWQIF) but until the projects are completed a final repayment schedule cannot be determined.

<u>Loan Segment</u>	<u>Date</u>	<u>Draws at 06/30/09</u>	<u>Payments at 06/30/09</u>	<u>Outstanding Debt at 06/30/09</u>
2004 DWRF, Project #7146-01	03/25/04	\$40,059	\$20,000	\$402,950
2004 SWQIF, Project #3002-01	08/10/04		40,000	679,672
2005 SWQIF, Project #3002-02	02/03/05		40,000	724,382
2006 SWQIF, Project #3002-03	04/13/06		40,000	769,903
2007 SWQIF, Project #3002-04	05/14/07		40,000	884,976
2008 SWQIF, Project #3002-05	04/10/08	404,084	35,000	865,000
		<u>\$444,143</u>	<u>\$215,000</u>	<u>\$4,326,883</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Continued)

OTHER BONDS

2007 Parking Facility Bonds \$4,250,000 Dated 5/1/07 Due 3-1 & 9-1					
FY	Principal	Interest	Total		
	Principal	Interest	Principal	Interest	Requirements
2010	\$150,000	\$166,544	\$150,000	\$166,544	\$316,544
2011	155,000	160,544	155,000	160,544	315,544
2012	165,000	154,344	165,000	154,344	319,344
2013	170,000	147,744	170,000	147,744	317,744
2014	180,000	140,942	180,000	140,942	320,942
2015	190,000	133,744	190,000	133,744	323,744
2016	200,000	126,144	200,000	126,144	326,144
2017	205,000	118,144	205,000	118,144	323,144
2018	215,000	109,944	215,000	109,944	324,944
2019	225,000	101,344	225,000	101,344	326,344
2020	235,000	92,344	235,000	92,344	327,344
2021	250,000	82,944	250,000	82,944	332,944
2022	260,000	72,942	260,000	72,942	332,942
2023	275,000	62,544	275,000	62,544	337,544
2024	285,000	51,544	285,000	51,544	336,544
2025	300,000	39,788	300,000	39,788	339,788
2026	315,000	27,412	315,000	27,412	342,412
2027	330,000	14,025	330,000	14,025	344,025
	<u>\$4,105,000</u>	<u>\$1,802,981</u>	<u>\$4,105,000</u>	<u>\$1,802,981</u>	<u>\$5,907,981</u>
Interest Range		4.000 - 4.250%		4.000 - 4.250%	

NOTES TO FINANCIAL STATEMENTS (Continued)

9. LONG TERM OBLIGATIONS (Concluded)

DOWNTOWN DEVELOPMENT AUTHORITY BONDS

FY	\$4,925,000 Dated 5/1/02 Due 3-1 & 9-1		Total		
	Principal	Interest	Principal	Interest	Requirements
2010	\$575,000	\$72,825	\$575,000	\$72,825	\$647,825
2011	610,000	50,400	610,000	50,400	660,400
2012	650,000	26,000	650,000	26,000	676,000
	<u>\$1,835,000</u>	<u>\$149,225</u>	<u>\$1,835,000</u>	<u>\$149,225</u>	<u>\$1,984,225</u>
Interest Range		3.900 - 4.000%		3.900 - 4.000%	

NOTES TO FINANCIAL STATEMENTS (Continued)

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1969, the City established an Insurance Fund (an Internal Service Fund) to account for and finance its uninsured risk of loss. Under this program, the Insurance Fund currently provides coverage for up to a maximum of \$500,000 for each general liability claim, \$50,000 for each property damage claim, and Blue Cross Blue Shield health insurance claims. The City purchases (where coverage is available and properly priced) commercial insurance for claims in excess of coverage provided by the Fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the insurance program and make payments to the Insurance Fund based on estimates of the amounts needed to pay prior and current-year claims and to establish a reserve for Incurred But Not Reported (IBNR) losses. The IBNR reserve was \$2,202,457 at June 30, 2009 and is included in Estimated Claims Payable. The total Estimated Claims Payable of \$3,464,824 is reflected in the Insurance fund at June 30, 2009. A liability for claims must be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claim liability amount in fiscal years 2007, 2008, and 2009 are summarized below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2007	\$2,635,056	\$13,576,536	(\$13,867,137)	\$2,344,455
2008	2,344,455	16,198,553	(15,356,791)	3,186,217
2009	3,186,217	15,394,304	(15,115,697)	3,464,824

11. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent City employees, permits each to defer a portion of their salary until future years. The deferred compensation is not available for distribution to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are held in trust, with the City serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. All provisions of the plan, and the trust, are in conformance with Internal Revenue Code Section 457.

The plan's funds are excluded from the financial statements in conformance with the reporting and disclosure requirements in GASB Statement Number 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

NOTES TO FINANCIAL STATEMENTS (Continued)

12. POST EMPLOYMENT BENEFITS

Plan Description. The City of Ann Arbor Retiree Health Care Benefits Plan is a single-employer defined benefit healthcare plan administered by the City of Ann Arbor Employees' Retirement System. The plan provides certain health care and life insurance benefits for eligible retired employees and their dependents in accordance with Ann Arbor City Code Chapter 21. Substantially all the City's employees may become eligible for these benefits if they retire directly from City employment. These and similar benefits for active employees are provided by various insurance companies. Health insurance benefits' are provided through an administrative service contract under which the City reimburses the administrator for claims paid plus an administration fee. The City of Ann Arbor Retiree Health Care Benefits Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to City of Ann Arbor Employees' Retirement System, 532 S. Maple Rd., Ann Arbor, Michigan, 48103 or by calling 877-994-4590.

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the actuary. For fiscal year 2009, the City contributed \$9,590,242 to the plan, including \$7,890,737 for current premiums (approximately 57 percent of total premiums) and an additional \$1,699,505 to prefund benefits. Plan members receiving benefits contributed \$13,248, or approximately .17 percent of the total premiums through required contributions. Plan members contributions are based on the year of retirement, union affiliation, and the premium requirement at that time. Currently only employees from the Salaried group and Teamster union pay premiums. Below are the tables for the premium requirements, based on the employee group and time of retirement, and the number of employees required to contribute at the end of the fiscal year.

SALARIED MEMBERS

Year of Retirement	Monthly Required Premium					
	Retiree Only		Retiree & Spouse		Family Coverage	
	# of Employees	Premium	# of Employees	Premium	# of Employees	Premium
FY 2005	0	\$20	3	\$40	2	\$80
FY 2006	2	20	2	40	2	80
FY 2007	0	20	1	40	1	80
FY 2008	0	34	0	75	1	84
FY 2009	2	37	1	78	1	88

TEAMSTER MEMBERS

Year of Retirement	Monthly Required Premium					
	Retiree Only		Retiree & Spouse		Family Coverage	
	# of Employees	Premium	# of Employees	Premium	# of Employees	Premium
FY 2008	0	\$42	0	\$89	1	\$100
FY 2009	0		0		0	

NOTES TO FINANCIAL STATEMENTS (Continued)

12. POST EMPLOYMENT BENEFITS (continued):

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (dollar amounts in thousands):

Annual required contribution (ARC)	\$13,908
Interest on net OPEB obligation	0
Adjustment to annual required contribution	0
Annual OPEB cost (expense)	<u>13,908</u>
Contributions made	<u>9,590</u>
Increase in net OPEB obligation	4,318
Net OPEB obligation - beginning of year	<u>0</u>
Net OPEB obligation - end of year	<u><u>\$4,318</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the new OPEB obligation for 2009 were as follows (dollar amounts in thousands):

Year Ended June 30	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2009	\$13,908	69%	\$4,318
2008	12,360	100%	0

Funded Status and Funding Progress. As of June 30, 2009, the most recent actuarial valuation date, the plan was 30.5 percent funded. The actuarial accrued liability for benefits was \$232 million, and the actuarial value of assets was \$71 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$161 million. The covered payroll (annual payroll of active employees covered by the plan) was \$51 million, and the ratio of the UAAL to the covered payroll was 316 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 91, following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility and actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTES TO FINANCIAL STATEMENTS (Continued)

12. POST EMPLOYMENT BENEFITS (concluded):

In the June 30, 2009, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 3.5 percent after ten years. Both rates include a 3.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis over 30 years.

13. RETIREMENT COMMITMENTS

Plan Description. The City of Ann Arbor Employees' Retirement Plan is a single-employer defined benefit plan administered by the City of Ann Arbor Employees' Retirement System (CAAERS). CAAERS provides retirement, disability and death benefits to plan members and beneficiaries. Cost of living adjustments are provided to members and beneficiaries per the Ann Arbor City Code Section 1:573 of Chapter 18. Chapter 17.1 of the Ann Arbor City Charter assigns the authority to establish and amend benefit provisions to City Council. CAAERS issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to City of Ann Arbor Employees' Retirement System, 532 S. Maple Rd., Ann Arbor, Michigan, 48103 or by calling 877-994-4590.

Summary of Significant Accounting Policies

Basis of Accounting. CAAERS' financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market price are reported at estimated fair value. There are no concentrations where investments are five percent or more of the net plan assets.

Funding Policy. The contribution requirements of plan members are established and may be amended by the City Council. Plan members are required to contribute 5% of annual compensation. The City is required to contribute at an actuarially determined rate; the rate for the most current actuarial report, was 12.7% of annual covered payroll. Administrative costs of CAAERS are financed through investment earnings.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net pension obligation to CAAERS for the current year were as follows (dollar amounts in thousands):

Annual required contribution (ARC)	\$6,895
Interest on net pension obligation	0
Adjustment to annual required contribution	0
Annual pension cost (expense)	6,895
Contributions made	14,726
Increase in net pension obligation	(7,831)
Net pension obligation - beginning of year	0
Net pension obligation - end of year	(\$7,831)

NOTES TO FINANCIAL STATEMENTS (Continued)

13. RETIREMENT COMMITMENTS (concluded):

Three-Year Trend Information (Dollar amounts in thousands)			
<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$6,895	214%	(\$7,831)
2008	7,517	100%	0
2007	5,039	100%	0

Actuarial Methods & Assumptions. The annual required contribution for the current year was determined as part of the June 30, 2009, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.0% rate of return (net of administrative expenses) and (b) projected salary increases of 0.4% to 6.0% per year. Both (a) and (b) included an inflation component of 3.5%. The assumptions did not include postretirement benefit increases which are funded as a pay-as-you-go basis through City Council appropriation. Unfunded actuarial accrued liabilities were amortized as a level percent-of-payroll over an open 30-year closed period rolling down to 25 years. The employer contributions consisted of \$7,285,509 for normal cost and (\$391,003) for amortization of the unfunded actuarial accrued liability. The actual employer contribution included \$2,512,821 for the Police Early Retirement window and an additional \$5,318,375 for corrective transfers of retiree health premiums. Employer contributions represented 27.13% of projected covered payroll.

Funded Status and Funding Progress. As of June 30, 2009, the most recent actuarial valuation date, the plan was 93.6 percent funded. The actuarial accrued liability for benefits was \$55.2 million, and the actuarial value of assets was \$426.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$28.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$51 million, and the ratio of the UAAL to the covered payroll was 56.7 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements on page 91, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

14. ENDOWMENT FUNDS

In 1964, the City became the recipient of an endowment from Elizabeth Dean which is recorded as a permanent trust fund. The corpus of the trust is to remain invested and may not be liquidated in order to generate investment income. This investment income is to be used for the purchase and maintenance of trees in the City of Ann Arbor. Net appreciation on investments is not considered investment income until realized. The amount in the Elizabeth Dean fund is shown as restricted for endowment on the Statement of Net Assets. The corpus of the trust is and shall remain \$1,984,000. Fund balance at June 30, 2009 was \$2,316,857, representing the corpus of the trust and appreciation of investments from prior years. This amount is reflected in cash, equity in pooled cash, investments and accrued interest. The corpus of the trust is restricted to the limitations established by the trust. The entire amount exceeding the corpus, \$1,984,000, is also restricted to the limitations established by the trust, but is available for expenditure.

NOTES TO FINANCIAL STATEMENTS (Continued)

15. SIGNIFICANT COMMITMENTS

As of June 30, 2009, the City had \$41,797,554 in construction commitments for various projects including resurfacing of streets, bridge reconstruction and other road improvements.

16. SUBSEQUENT EVENTS

Subsequent to year-end, the City sold a bond issue, the 2009 Refunding Bonds in the amount of \$3,555,000, to cover the refunding of the 1998 Ann Arbor Building Authority bonds.

17. JUDGEMENT PAYABLE

Effective 1998, the City and the VEBA Board of Trustees entered into a funding agreement for the allocation of Retirement System annual excess earnings (if any) to payment of City retiree health benefit costs thereby allowing the City to allocate the equivalent budgetary amount to prefund the City's VEBA. This agreement and all transfers were executed in compliance with Michigan Public Act 28 (PA 28). The Pension System's transfer to the VEBA was not fully compliant with Section 420 of the Internal Revenue Code with respect to the transfers to the VEBA. The City filed an application through the Internal Revenue Service Voluntary Correction Program and the IRS determined that \$17.1 million dollars of plan assets, incorrectly distributed from the plan, should be returned to the plan, adjusted for income over a five year period beginning in FY09. While the City has sufficient monies to fund the future years actuarial required contribution (ARC) for both the pension and VEBA systems, the repayment to the pension system will result in reduced funding of the VEBA ARC in a like amount during the period of the pension repayment. This will necessitate an OPEB liability in the City's financial statements during the repayment period per GASB 45. The OPEB assets and liabilities are being amortized over a closed 15 year period. At the end of this fiscal year the City has repaid the Pension system \$5.3 million, and the remaining liability over the next four years is \$11.8 million.

IRS REPAYMENT SCHEDULE

<u>FY</u>	<u>AMOUNT</u>
2010	\$3,306,998
2011	3,422,743
2012	3,542,539
2013	1,539,474

NOTES TO FINANCIAL STATEMENTS (Continued)

18. EXTERNALLY RESTRICTED NET ASSETS

A portion of the City's net assets are presented as restricted, due to external requirements either by the source of the funding (i.e., state or federal funding) or by the nature of the funding (i.e. millage funding) to indicate they are not available to meet the City's ongoing needs. The purpose of these restrictions is evident from the Statement of Net Assets except for the following:

Highways and Streets:	
Major Streets	\$7,329,105
Local Streets	3,167,276
Street Repair Millage	25,407,820
Metro Expansion	<u>997,123</u>
Total restricted for highways and streets	<u>36,901,324</u>
Culture and Recreation:	
Parks Repair & Restoration Millage	261,045
Parks Rehab & Development Millage	2,941,400
Parks Maint & Capital Imp Millage	2,419,347
Open Space and Parkland Preservation	17,101,129
Open Space Endowment	<u>146,857</u>
Total restricted for culture and recreation	<u>22,869,778</u>
Other purposes:	
Community Television Network	3,367,459
Michigan Justice Training	112,585
Court Facilities	78,214
Federal Equitable Sharing Forfeiture	192,153
Police and Fire Relief	<u>689,239</u>
Total restricted for other purposes	<u>4,439,650</u>
Grand total restricted	<u><u>\$64,210,752</u></u>

NOTES TO FINANCIAL STATEMENTS (Continued)

19. ADVANCES FROM POOLED INVESTMENTS

The City's General fund provided two advances this fiscal year. The first advance was made to the Retirement System for \$400,000 for the purchase of the new retirement office. The retirement board determined it would be cost effective to purchase office space rather than to rent. It was determined that the City could provide the funds to the Retirement System at a lower interest rate than any financial institution. An agreement was reached between the City and Retirement System to advance \$400,000 at 4.45% with a 15-year repayment schedule shown below.

The second advance was made to the Airport fund for the renovation of the airport hangars at the Ann Arbor Airport. It was determined that the City could provide the funds to the Airport at a lower interest rate than any financial institution. An agreement was reached between the City and Airport to advance \$1,150,000 at 4.09% with a 15-year repayment schedule shown below.

FY	2009 Retirement System \$400,000 07/01/08 Due 3-1 & 9-1		2009 Airport - Hangars \$1,150,000 07/03/08 Due 6-1 & 12-1		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Requirements
2010	\$20,112	\$16,722	\$58,035	\$45,296	\$78,147	\$62,018	\$140,165
2011	21,017	15,817	60,433	42,898	81,450	58,715	140,165
2012	21,963	14,872	62,930	40,401	84,893	55,273	140,166
2013	22,951	13,883	65,530	37,801	88,481	51,684	140,165
2014	23,984	12,851	68,238	35,094	92,222	47,945	140,167
2015	25,063	11,772	71,057	32,274	96,120	44,046	140,166
2016	26,191	10,644	73,993	29,339	100,184	39,983	140,167
2017	27,369	9,465	77,050	26,281	104,419	35,746	140,165
2018	28,601	8,234	80,234	23,098	108,835	31,332	140,167
2019	29,887	6,947	83,549	19,782	113,436	26,729	140,165
2020	31,232	5,602	87,001	16,330	118,233	21,932	140,165
2021	32,637	4,197	90,596	12,736	123,233	16,933	140,166
2022	34,106	2,728	94,339	8,993	128,445	11,721	140,166
2023	35,641	1,194	98,237	5,094	133,878	6,288	140,166
2024			50,630	1,035	50,630	1,035	51,665
	<u>\$380,754</u>	<u>\$134,928</u>	<u>\$1,121,852</u>	<u>\$376,452</u>	<u>\$1,502,606</u>	<u>\$511,380</u>	<u>\$2,013,986</u>

Interest
Rate

4.45%

4.09%

OTHER REQUIRED
SUPPLEMENTAL
INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUND

Street Repair Millage – to account for the proceeds of a special millage to repair streets.

CAPITAL PROJECTS FUND

Municipal Center - to account for revenues expended for the construction of a new City facility for Police and District Courts.

CITY OF ANN ARBOR
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The City uses the "Target Based" budgeting technique. Under this system, the City Administrator determines funding levels for each department by matching funding needs with available revenue. Targets are established based on anticipated revenues and growth in expenditures.
2. In late November, each department is given a "bottom line" amount for operations. The department then determines the best way to allocate funds among expenses to remain within the target while meeting the assigned goals.
3. Department budget requests are then submitted with expenditures outlined and areas of concern identified so that adjustments can be made as needed. By allowing the departments to determine how funds are spent within the department, the operating departments have a greater ownership in how they provide services.
4. The City Administrator's recommended budget is submitted to City Council at the second meeting in April. The City Council, with at least seven affirmative votes, must adopt the budget no later than the end of its second meeting in May. According to City Charter, should the City Council not adopt an amended Budget, the City Administrator's recommended budget will automatically take effect as submitted.
5. After the budget has been adopted, City Council may amend the budget by a concurring vote of not fewer than eight members of City Council.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for all major governmental funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Supplemental appropriations in the amount of \$7,334,585 were made in fiscal 2009. Budgets are prepared in accordance with Generally Accepted Accounting Principles using the modified-accrual basis of accounting.

The City Administrator is authorized to transfer appropriated funds between major expenditure categories within departments. However, any revisions which alter the total appropriations of any department must be approved by City Council. For budgeting purposes, the General Fund is composed of several departments. Expenditures may not legally exceed appropriations at the department level.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Under this procedure, encumbrances representing purchase orders, contracts and other commitments are reported as reservations of fund balances at year-end. All appropriations lapse at the end of the fiscal year, except for certain capital projects which are approved without regard to fiscal year. For any of these projects which are under construction at year-end, the appropriations are allowed to carry forward with the amount being adopted for the current budget year.

CITY OF ANN ARBOR
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(Concluded)

2. EXPENDITURES IN EXCESS OF APPROPRIATIONS

Fiscal year 2009 ended with no expenditures in excess of their budgeted appropriations.

CITY OF ANN ARBOR
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
Revenues:				
Taxes:				
General operations	\$29,520,622	\$29,520,622	\$28,813,424	(\$707,198)
Transportation (AATA)	9,839,888	9,839,888	9,604,162	(235,726)
Employee benefits	9,839,888	9,839,888	9,604,162	(235,726)
Interest, penalties, payments in lieu of taxes and excess of roll	2,876,175	2,876,175	3,118,130	241,955
Total taxes	<u>52,076,573</u>	<u>52,076,573</u>	<u>51,139,878</u>	<u>(936,695)</u>
Licenses, permits and registrations	<u>1,189,279</u>	<u>1,189,279</u>	<u>1,133,847</u>	<u>(55,432)</u>
State shared revenues and grants	<u>11,061,913</u>	<u>11,106,913</u>	<u>11,102,183</u>	<u>(4,730)</u>
Charges for services:				
Police department	1,688,700	1,688,700	1,966,239	277,539
Fire department	1,080,500	1,080,500	1,442,413	361,913
Ann Arbor Transportation Authority	95,171	95,171	98,464	3,293
Construction overhead	455,333	455,333	300,356	(154,977)
Central services	40,000	40,000	45,812	5,812
Recreation facilities	2,069,298	2,069,298	2,040,244	(29,054)
Cemetery	5,000	5,000	2,285	(2,715)
Public services	2,385,787	2,620,693	2,698,946	78,253
Total charges for services	<u>7,819,789</u>	<u>8,054,695</u>	<u>8,594,759</u>	<u>540,064</u>

CITY OF ANN ARBOR
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2009
 (Continued)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
Revenues (Concluded):				
Fines and forfeits:				
Standing violations	\$2,937,365	\$2,937,365	\$2,402,264	(\$535,101)
District court	3,245,000	3,245,000	2,237,409	(1,007,591)
Total fines and forfeits	6,182,365	6,182,365	4,639,673	(1,542,692)
Investment income	1,135,800	1,135,800	1,554,519	418,719
Rentals	344,392	344,392	310,520	(33,872)
Miscellaneous revenue:				
Sale of property and equipment	3,000,500	3,000,500	307,104	(2,693,396)
Other	276,982	292,261	302,212	9,951
Total miscellaneous revenue	3,277,482	3,292,761	609,316	(2,683,445)
Total Revenues	83,087,593	83,382,778	79,084,695	(4,298,083)
Expenditures:				
Current:				
General government:				
Mayor and Council	343,502	343,502	338,257	5,245
Administration	639,695	589,695	543,176	46,519
Human resources	1,457,209	1,457,209	1,391,567	65,642
Attorney	2,082,710	2,082,710	2,059,045	23,665
Clerk/Elections	924,882	974,882	949,116	25,766
Finance	4,143,302	4,143,302	4,093,112	50,190
Environmental Coordinaton Services	142,326	142,326	142,320	6
District court	4,507,684	4,552,683	4,264,155	288,528
Contingencies	994,228	67,229		67,229
Parks operation & forestry	3,877,422	3,593,786	3,495,107	98,679
Miscellaneous	1,385,370	6,648,535	6,052,922	595,613
Municipal service charge	(2,773,755)	(2,773,755)	(2,773,752)	(3)
Total general government expenditures	17,724,575	21,822,104	20,555,025	1,267,079

CITY OF ANN ARBOR
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2009
 (Concluded)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
Expenditures (Concluded):				
Current:				
Public safety:				
Police department	\$27,195,233	\$28,813,062	\$28,585,680	\$227,382
Fire department	13,928,387	13,928,387	13,607,157	321,230
Building department	1,948,980	2,301,020	2,051,118	249,902
Total public safety expenditures	43,072,600	45,042,469	44,243,955	798,514
Public works:				
Public services	3,899,057	4,244,057	3,901,980	342,077
Total public works expenditures	3,899,057	4,244,057	3,901,980	342,077
Community and economic development:				
Transfers to other agencies	1,275,744	1,295,744	1,289,464	6,280
Community development	701,236	781,236	514,332	266,904
Other	50,000	67,800	66,225	1,575
Total community and economic development expenditures	2,026,980	2,144,780	1,870,021	274,759
Culture and recreation:				
Parks and recreation	3,841,211	3,848,211	3,685,051	163,160
Historic district commission	55,183	55,183	36,719	18,464
Total culture and recreation expenditures	3,896,394	3,903,394	3,721,770	181,624
Other:				
Public transportation	9,839,887	9,839,887	9,592,129	247,758
Total other expenditures	9,839,887	9,839,887	9,592,129	247,758
Total Expenditures	80,459,493	86,996,691	83,884,880	3,111,811
Excess of Revenues over (under) Expenditures	2,628,100	(3,613,913)	(4,800,185)	(1,186,272)
Other Financing Sources (Uses):				
Transfers in (Note 7)	278,500	278,500	735,413	456,913
Transfers out (Note 7)	(5,951,409)	(7,043,981)	(4,360,412)	2,683,569
Total Other Financing Sources (Uses)	(5,672,909)	(6,765,481)	(3,624,999)	3,140,482
Net change in fund balance	(3,044,809)	(10,379,394)	(8,425,184)	1,954,210
Fund Balance at beginning of year	3,044,809	10,379,394	19,780,769	9,401,375
Fund Balance at end of year			\$11,355,585	\$11,355,585

CITY OF ANN ARBOR
 BUDGETARY COMPARISON SCHEDULE
 STREET REPAIR MILLAGE
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
Revenues:				
Taxes	\$9,388,879	\$9,388,879	\$9,328,144	(\$60,735)
Charges for services			89,996	89,996
Investment income	900,000	900,000	1,479,577	579,577
Contributions and donations			178,345	178,345
Total Revenues	10,288,879	10,288,879	11,076,062	787,183
Expenditures:				
Current:				
Public works	10,389,616	10,962,853	3,119,268	7,843,585
Capital outlay			5,327,197	(5,327,197)
Total Expenditures	10,389,616	10,962,853	8,446,465	2,516,388
Excess of Revenues over (under) Expenditures	(100,737)	(673,974)	2,629,597	3,303,571
Other Financing Sources (Uses):				
Transfers in (Note 7)		1,455,813	221,991	(1,233,822)
Transfers out (Note 7)		(882,576)	(169,248)	713,328
Total Other Financing Sources (Uses)		573,237	52,743	(520,494)
Net change in fund balances	(100,737)	(100,737)	2,682,340	2,783,077
Fund Balances - July 1, 2008	100,737	100,737	22,725,480	22,624,743
Fund Balances - June 30, 2009			\$25,407,820	\$25,407,820

CITY OF ANN ARBOR
 BUDGETARY COMPARISON SCHEDULE
 MUNICIPAL CENTER
 FOR THE YEAR ENDED JUNE 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (negative)
Revenues:				
Charges for services		\$200,000	\$200,000	
Investment income		1,300,000	1,295,702	(\$4,298)
Total Revenues		1,500,000	1,495,702	(4,298)
Expenditures:				
Capital outlay		47,400,000	7,944,946	39,455,054
Excess of Revenues over (under) Expenditures		(45,900,000)	(6,449,244)	(39,459,352)
Other Financing Sources (Uses):				
Transfers in		9,700,000	4,900,000	(4,800,000)
Issuance of debt		27,800,000	27,660,000	(140,000)
Bond premium			36,500	36,500
Bond issuance costs			(224,420)	(224,420)
Total Other Financing Sources (Uses)		37,500,000	32,372,080	(5,127,920)
Net change in fund balances		(8,400,000)	25,922,836	34,322,836
Fund Balances - July 1, 2008		8,400,000	6,437,403	(1,962,597)
Fund Balances - June 30, 2009			\$32,360,239	\$32,360,239

CITY OF ANN ARBOR
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS
 (amounts expressed in thousands)

EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL [UAAL (OAAL)] (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (OAAL) as a Percentage of Covered Payroll [(b-a)/c]
6/30/2009	\$426,283	\$455,219	\$28,936	93.6%	\$51,076	56.7%
6/30/2008	428,689	430,438	1,749	99.6%	51,287	3.4%
6/30/2007	413,712	413,490	(222)	100.1%	50,678	-0.4%
6/30/2006	398,258	407,302	9,044	97.8%	49,627	18.2%
6/30/2005	398,690	384,369	(14,321)	103.7%	47,225	-30.3%
6/30/2004	409,324	370,409	(38,915)	110.5%	47,109	-82.6%

RETIREE HEALTH CARE BENEFITS PLAN AND TRUST

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) AAL [UAAL (OAAL)] (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL (OAAL) as a Percentage of Covered Payroll [(b-a)/c]
6/30/2009	\$70,770	\$232,180	\$161,410	30.5%	\$51,076	316.0%
6/30/2008	68,312	225,998	157,686	30.2%	51,287	307.5%
6/30/2007	60,090	215,949	155,859	27.8%	50,678	307.5%
6/30/2006	55,250	197,199	141,949	28.0%	49,627	286.0%
6/30/2005	45,256	166,824	121,568	27.1%	47,225	257.4%
6/30/2004	39,163	131,703	92,540	29.7%	47,109	196.4%

CITY OF ANN ARBOR
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF EMPLOYER CONTRIBUTIONS

EMPLOYEES' RETIREMENT SYSTEM

Year Ended June 30	Annual Required Contribution	Percentage Contribution
2009	\$6,894,506	214%
2008	7,517,024	100%
2007	5,038,578	100%
2006	2,871,450	100%
2005	1,044,659	100%

RETIREE HEALTH CARE BENEFITS PLAN AND TRUST

Year Ended June 30	Annual Required Contribution	Current Premiums Paid by City	Pre-funding Contributions to VEBA Trust	Percentage Contribution
2009	\$13,908,444	\$7,890,737	\$1,699,505	69.0%
2008	(a) 12,360,028	7,737,424	4,622,604	100.0%
2007	N/A	7,616,064	0	N/A
2006	N/A	7,292,343	7,065,913	N/A
2005	N/A	6,522,226	4,099,023	N/A

(a) GASB 45 is effective for the year ended June 30, 2008.

NONMAJOR SPECIAL REVENUE FUNDS

Major Streets - to account for repairs, maintenance and construction on the City's major streets. The revenues consist primarily of State-shared gasoline and weight tax collections.

Local Streets - to account for repairs, maintenance and construction on the City's local streets. The revenues consist primarily of State-shared gasoline and weight tax collections.

Community Development - to account for funds received from the federal government for the City's Community Development Block grant program.

HOME Program - to account for funds received from the federal government for the City's Community Development HOME grant program.

Affordable Housing - to account for funding of selected affordable housing projects with the General Fund and federal funds.

Community Television Network - to account for the costs of running the City's community access channels on the local cable television system. Revenues are derived primarily from franchise fees.

Homeland Security - to account for federal Office of Homeland Security grant money.

Construction Code – to account for the costs of planning and development activities related to construction. Revenues are derived primarily from licenses and permits.

Alternative Transportation - to account for funding set aside for the City's alternative transportation program.

Tree Removal & Disposal – to account for the costs associated with the removal and disposal of dead and dying trees due to the Emerald Ash borer infestation.

350 S. Fifth Ave. Project – to account for the funding set aside for the 350 S. Fifth Ave project. This fund was closed in fiscal year 2009.

Senior Center Endowment – used to account for funds donated to the Senior Center.

Drug Enforcement - to account for confiscated property and money related to drug law enforcement activity and provide funds for future enforcement activity.

Metro Expansion - to account for the monies passed through from telecom companies for the purpose of maintaining the roadway (above, below, and adjacent to) right of ways.

Michigan Justice Training - to account for State funds used for law enforcement training.

Art In Public Places – to account for funds provided by capital improvements projects for public art equal to one percent of the construction costs, with a maximum of \$250,000 per project.

Parks Repair and Restoration Millage - to account for funds derived from property tax millage earmarked for parks' repair and restoration.

NONMAJOR SPECIAL REVENUE FUNDS (continued)

Parks Rehabilitation and Development Millage - to account for funds derived from property tax millage earmarked for parks' improvements.

Parks Maintenance and Capital Improvements - to account for funds derived from property tax millage earmarked for parks maintenance and capital improvements of the parks system.

Open Space and Parkland Preservation Millage - to account for funds derived from property tax millage and bond proceeds earmarked for parks acquisition and development rights for open space.

Open Space Endowment - to account for funds allotted for the perpetual care of lands purchased with the City's Open Space and Parkland Preservation Millage

Special Assistance - to account for funds provided by a utility bill checkoff to provide assistance to needy citizens.

Parks Memorial and Contributions - to account for the proceeds of various contributions to the Parks System to erect memorials or finance special parks improvement projects.

Court Facilities - to account for a court fee to pay for facility improvements for the district court.

Local Law Enforcement Block Grant - to account for federal grant monies received for fingerprinting equipment.

Major Grants - to account for various grant monies other than community development.

Federal Equitable Sharing Forfeitures - to account for monies received as a result of joint operations with federal law enforcement. These monies are restricted for use in future law enforcement activities.

Bandemer - to account for rental income used to maintain and operate Bandemer Park.

Economic Development - to account for funds set aside to promote economic development in the City.

Cemetery Perpetual Care - to account for the receipt and expenditures of fees paid for the perpetual care of gravesites at the City-owned Fairview Cemetery.

Local Forfeiture - to account for monies received as a result of police seizures from non-federal investigations. These monies are restricted for use in future law enforcement activities.

Police and Fire Relief - to account for the receipt of investment earnings on previously transferred General fund monies. These earnings are used to subsidize the incomes of certain beneficiaries of deceased police officers and firefighters.

Energy Projects - to account for funding of City Energy Consumption Improvement projects.

Sidewalk Improvement - to account for funds related to the City's sidewalk improvement efforts.

NONMAJOR DEBT SERVICE FUNDS

General Debt Service - to accumulate tax revenues and transfers in for payment of principal and interest on non-bonded debt and general obligation bonds sold for various capital purposes.

Special Assessment Bonds-Debt Service - to accumulate revenues for payment of principal and interest on general obligation bonds sold to finance various special assessment projects. The primary sources of revenues are special assessments and related revenues (including interest and penalties).

NONMAJOR CAPITAL PROJECTS FUNDS

1991/1992/1993 Environmental Bonds - to account for bond proceeds and related revenues expended for improvements to the City's landfill. This fund was closed in fiscal year 2009.

General Capital Improvements - to account for capital project expenditures for various non-bonded improvements to certain City-owned facilities.

Special Assessments – to account for bond proceeds and related revenues expended for various public improvements financed in part by assessments against benefited properties.

Maintenance Facility – to account for revenues and expenditures related to the construction of the new maintenance facility.

NONMAJOR PERMANENT FUND

Elizabeth R. Dean Trust Fund - to account for monies provided by a private bequest to finance tree planting and maintenance. The principal amount of the bequest is to remain intact and invested. Investment earnings are used for the above stated purposes.

CITY OF ANN ARBOR
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 June 30, 2009

Special Revenue

	Major Streets	Local Streets	Community Development	Home Program	Affordable Housing	Community Television Network	Homeland Security Fund	Construction Code	Alternative Transportation	Tree Removal & Disposal	350 S Fifth Ave Project	Senior Center Endowment	Drug Enforcement	Metro Expansion	Michigan Justice Training	Art in Public Places	Parks Repair & Restoration Millage	
ASSETS																		
Cash	\$881,580	\$184,739		\$103,311		\$22,963		\$44,364					\$60,876		\$14,099		\$583	
Equity in pooled cash and investments	6,137,133	2,947,259			\$760,713	2,959,714		1,181,819	\$865,957	\$685,660		\$106,957	62,833	\$670,362	99,106	\$875,821	261,646	
Investments, at fair value																		
Receivables:																		
Taxes	6,231							363									5,906	
Accounts	62,927	118				434,511	\$350	16,687										
Special assessments																		
Accrued interest and dividends																		
Improvement charges																		
Loans			\$62,786															
Less: Allowance for uncollectibles	(30,618)	(118)						(16,028)									(5,794)	
Due from other funds	91,476	7,804	66	969			7,670		1,198				22,183	337,947				
Due from other governments	862,811	241,751	219,202	49,738														
Total Assets	\$8,011,540	\$3,381,553	\$282,054	\$154,018	\$760,713	\$3,417,188	\$8,020	\$1,227,205	\$867,155	\$685,660		\$106,957	\$145,892	\$1,008,309	\$113,205	\$875,821	\$262,341	
LIABILITIES AND FUND BALANCES																		
Liabilities:																		
Accounts payable	\$243,567	\$196,628	\$164,734	\$153,725	\$15,992	\$19,513		\$5,971	\$37,204				\$9,346	\$620	\$7,914	\$638		
Accrued liabilities	51,266	12,845	3,959			20,216		40,967	3,125				874					
Accrued interest payable																		
Due to other funds	377,602	4,804	35,573				\$8,020	33	26,378					966			658	
Deposits	10,000					10,000												
Deferred revenue			77,788	293														
Total Liabilities	682,435	214,277	282,054	154,018	15,992	49,729	8,020	46,971	66,707				11,186	620	7,914	1,296		
Fund Balances:																		
Reserved for encumbrances	184,721					6,911			80,252					23,157			2,972	
Reserved for endowment																		
Reserved for debt service																		
Unreserved balances:																		
Designated, nonmajor capital projects funds																		
Undesignated, nonmajor special revenue funds	7,144,384	3,167,276			744,721	3,360,548		1,180,234	720,196	685,660		106,957	145,892	973,966	112,585	867,907	258,073	
Total Fund Balances	7,329,105	3,167,276			744,721	3,367,459		1,180,234	800,448	685,660		106,957	145,892	997,123	112,585	867,907	261,045	
Total Liabilities and Fund Balances:	\$8,011,540	\$3,381,553	\$282,054	\$154,018	\$760,713	\$3,417,188	\$8,020	\$1,227,205	\$867,155	\$685,660		\$106,957	\$145,892	\$1,008,309	\$113,205	\$875,821	\$262,341	

CITY OF ANN ARBOR
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2009
(continued)

	Special Revenue																
	Parks Rehab & Development Millage	Parks Maint & Capital Imp Millage	Open Space & Parkland Preservation	Open Space Endowment	Special Assistance	Parks Memorial & Contributions	Court Facilities	Local Law Enforcement Block Grant	Major Grants	Federal Equitable Sharing Forfeiture	Bandemer	Economic Development	Cemetery Perpetual Care	Local Forfeiture	Police and Fire Relief	Energy Projects	Sidewalk Improvement
ASSETS																	
Cash	\$6,850	\$8,959	\$1,665,359	\$71,600	\$31		\$5,756		\$18,085	\$20,077			\$700				
Equity in pooled cash and investments	2,950,156	2,776,492	12,016,591	75,257	13,522	\$176,179	80,310			189,802	\$90,641	\$1,466,097	66,412	\$47,214	\$627,135	\$767,891	\$363,782
Investments, at fair value			4,029,560												62,104		
Receivables:																	
Taxes	5,824	7,657	9,499														1,458
Accounts	1,373	5,349			60			\$9,240	85,446		875						2,250
Special assessments																	
Accrued interest and dividends			21,528														
Improvement charges																	
Loans																	
Less: Allowance for uncollectibles	(6,195)	(6,767)	(8,994)								(75)						(1,069)
Due from other funds		26,123				45,504			1,218	4,457						2,115	
Due from other governments			681,800														
Total Assets	\$2,958,008	\$2,817,813	\$18,415,343	\$146,857	\$13,613	\$221,683	\$86,066	\$9,240	\$104,749	\$214,336	\$91,441	\$1,466,097	\$67,112	\$47,214	\$689,239	\$770,006	\$366,421
LIABILITIES AND FUND BALANCES																	
Liabilities:																	
Accounts payable	\$14,604	\$262,546	\$67,995						\$20,871		\$6,475					\$52,978	\$53
Accrued liabilities	1,359	38,010	464			\$121			3,293								
Accrued interest payable																	
Due to other funds	645	97,910	1,245,755				\$7,852	\$1,430	3,994	22,183	56					4,741	132
Deposits																	
Deferred revenue								7,810	76,528								
Total Liabilities	16,608	398,466	1,314,214			121	7,852	9,240	104,686	22,183	6,531					57,719	185
Fund Balances:																	
Reserved for encumbrances	191,043	543,868	50,228			14,820										117,760	
Reserved for endowment																	
Reserved for debt service																	
Unreserved balances:																	
Designated, nonmajor capital projects funds																	
Undesignated, nonmajor special revenue funds	2,750,357	1,875,479	17,050,901	146,857	13,613	206,742	78,214		63	192,153	84,910	1,466,097	67,112	47,214	689,239	594,527	366,236
Total Fund Balances	2,941,400	2,419,347	17,101,129	146,857	13,613	221,562	78,214		63	192,153	84,910	1,466,097	67,112	47,214	689,239	712,287	366,236
Total Liabilities and Fund Balances	\$2,958,008	\$2,817,813	\$18,415,343	\$146,857	\$13,613	\$221,683	\$86,066	\$9,240	\$104,749	\$214,336	\$91,441	\$1,466,097	\$67,112	\$47,214	\$689,239	\$770,006	\$366,421

CITY OF ANN ARBOR
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2009
(concluded)

	Debt Service		Capital Projects				Permanent	Total
	General Debt Service	Special Assessment Bonds - Debt Service	1991/1992/1993 Environmental Bonds	General Capital Improvements	Special Assessments	Maintenance Facility	Elizabeth R. Dean Trust	
ASSETS								
Cash	\$99,857	\$5,181		\$237,654	\$3,473		\$10	\$3,456,107
Equity in pooled cash and investments	370,488	1,054,875		183,109	126,531	\$1,893,101	192,193	43,142,758
Investments, at fair value							2,120,807	6,212,471
Receivables:								
Taxes	11,598							48,536
Accounts								619,186
Special assessments		327,736						327,736
Accrued interest and dividends							20,866	42,394
Improvement charges		13,680						13,680
Loans								62,786
Less: Allowance for uncollectibles	(11,087)							(86,745)
Due from other funds								548,730
Due from other governments								2,055,302
Total Assets	\$470,856	\$1,401,472		\$420,763	\$130,004	\$1,893,101	\$2,333,876	\$56,442,941
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable						\$3,931	\$182	\$1,285,487
Accrued liabilities							769	177,268
Accrued interest payable	\$317,333							317,333
Due to other funds	40,606						16,068	1,895,406
Deposits								20,000
Deferred revenue		\$266,868						429,287
Total Liabilities	357,939	266,868				3,931	17,019	4,124,781
Fund Balances:								
Reserved for encumbrances							38,818	1,254,550
Reserved for endowment							2,316,857	2,316,857
Reserved for debt service	112,917	1,134,604						1,247,521
Unreserved balances:								
Designated, nonmajor capital projects funds				420,763	130,004	1,850,352		2,401,119
Undesignated, nonmajor special revenue funds								45,098,113
Total Fund Balances	112,917	1,134,604		420,763	130,004	1,889,170	2,316,857	52,318,160
Total Liabilities and Fund Balances	\$470,856	\$1,401,472		\$420,763	\$130,004	\$1,893,101	\$2,333,876	\$56,442,941

CITY OF ANN ARBOR
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

Special Revenue Funds																	
	Major Streets	Local Streets	Community Development	Home Program	Affordable Housing	Community Television Network	Homeland Security Grant	Construction Code	Alternative Transportation	Tree Removal & Disposal	350 S. Fifth Ave Project	Senior Center Endowment	Drug Enforcement	Metro Expansion	Michigan Justice Training	Art in Public Places	Parks Repair & Restoration Millage
Revenues:																	
Taxes																	
Special assessments/improvement charges																	
Federal grants																	
State shared revenues and grants	\$5,495,415	\$1,497,025	\$1,022,765	\$1,418,551			\$6,597							\$337,947	\$31,411		
Charges for services	783,432	176,112				\$1,714,531		\$1,623,029									
Fines and forfeits													\$94,833				
Interest and penalties																	
Investment income	292,458	146,066			\$27,872	162,724		60,357	\$44,184	\$8,581		\$3,524	1,801	7,137	3,705	\$52,763	
Contributions and donations					30,000												
Sale of property and equipment																	
Intra-governmental sales	188,958																
Miscellaneous	20,052					1,361		9,141							150		3,837
Total Revenues	6,780,315	1,819,203	1,022,765	1,418,551	57,872	1,878,616	6,597	1,692,527	44,184	8,581		3,524	96,634	345,084	35,266	52,763	3,837
Expenditures:																	
Current:																	
General government																	
Public safety						1,334,431				34							
Public works	6,194,733	1,385,407					6,597	2,847,887					4,560		24,579		
Community and economic development			1,022,765	1,418,551	448,345				222,249					206,955			
Culture and recreation																30,747	67,752
Capital outlay	3,999					113,759											
Debt Service:																	
Principal retirement																	
Interest and fiscal charges																	
Total Expenditures	6,198,732	1,385,407	1,022,765	1,418,551	448,345	1,448,190	6,597	2,847,887	222,249	34			4,560	206,955	24,579	30,747	67,752
Excess of Revenues over (under) Expenditures	581,583	433,796			(390,473)	430,426		(1,155,360)	(178,065)	8,547		3,524	92,074	138,129	10,687	22,016	(63,915)
Other Financing Sources (Uses):																	
Transfers in																	
Transfers out	46,056				484,996			499,981	357,240	175,860						530,460	
	(1,131,709)	(188,723)			(20,639)			(39,996)	(9,888)		(173)						(460,000)
Total Other Financing Sources (Uses)	(1,085,653)	(188,723)			464,357			459,985	347,352	175,860	(173)					530,460	(460,000)
Net change in fund balances	(504,070)	245,073			73,884	430,426		(695,375)	169,287	184,407	(173)	3,524	92,074	138,129	10,687	552,476	(523,915)
Fund Balances at beginning of year	7,833,175	2,922,203			670,837	2,937,033		1,875,609	631,161	501,253	173	103,433	53,818	858,994	101,898	315,431	784,960
Fund Balances at end of year	\$7,329,105	\$3,167,276			\$744,721	\$3,367,459		\$1,180,234	\$800,448	\$685,660		\$106,957	\$145,892	\$997,123	\$112,585	\$867,907	\$261,045

(continued)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Special Revenue Funds																
	Parks Rehab & Development Millage	Parks Maintenance & Capital Impr Millage	Open Space & Parkland Preservation	Open Space Endowment	Special Assistance	Parks Memorial & Contributions	Court Facilities	Local Law Enforcement Block Grant	Major Grants	Federal Equitable Sharing Forfeiture	Bandemer	Economic Development	Cemetery Perpetual Care	Local Forfeiture	Police and Fire Relief	Energy Projects	Sidewalk Improvement
Revenues:																	
Taxes		\$5,124,736	\$2,232,550														
Special assessments/improvement charges			681,800					\$15,345	\$278,362								
Federal grants									16,470								
State shared revenues and grants																	
Charges for services	\$36,461												\$1,300			\$17,000	\$13,952
Fines and forfeits							\$178,431			\$50,197							
Interest and penalties										\$6,900							
Investment income	147,692	198,426	815,261	\$1,910	\$312	\$5,458				5,832	4,069	\$80,447	2,198	\$1,555	\$10,476	8,576	13,402
Contributions and donations					5,657	14,206											
Sale of property and equipment		5,397															
Intra-governmental sales																	
Miscellaneous	1,391	10,626															
Total Revenues	185,544	5,339,185	3,729,611	1,910	5,969	19,664	178,431	15,345	294,832	56,029	10,969	80,447	3,498	1,555	10,476	25,576	27,354
Expenditures:																	
Current:																	
General government								124,738		288,032			3,000			163,793	
Public safety									4,125	6,800							
Public works																	7,038
Community and economic development												484,125					
Culture and recreation	232,192	3,964,723	329,122			5,614						747					
Capital outlay	474,641	1,401,191	2,726,098				7,885	11,220			4,993	7,014					
Debt Service:																	
Principal retirement																	
Interest and fiscal charges																	
Total Expenditures	706,833	5,365,914	3,055,220			5,614	132,623	15,345	294,832	17,664	7,761	484,125	3,000			163,793	7,038
Excess of Revenues over (under) Expenditures	(521,289)	(26,729)	674,391	1,910	5,969	14,050	45,808			38,365	3,208	(403,678)	498	1,555	10,476	(138,217)	20,316
Other Financing Sources (Uses):																	
Transfers in	141,671	855,456		23,867		45,504										16,368	
Transfers out	(175,860)	(35,100)	(1,206,416)				(1,325,000)					(61,781)					(24,996)
Total Other Financing Sources (Uses)	(34,189)	820,356	(1,206,416)	23,867		45,504	(1,325,000)					(61,781)				16,368	(24,996)
Net change in fund balances	(555,478)	793,627	(532,025)	25,777	5,969	59,554	(1,279,192)			38,365	(58,573)	(403,678)	498	1,555	10,476	(121,849)	(4,680)
Fund Balances at beginning of year	3,496,878	1,625,720	17,633,154	121,080	7,644	162,008	1,357,406		63	153,788	143,483	1,869,775	66,614	45,659	678,763	834,136	370,916
Fund Balances at end of year	\$2,941,400	\$2,419,347	\$17,101,129	\$146,857	\$13,613	\$221,562	\$78,214		\$63	\$192,153	\$84,910	\$1,466,097	\$67,112	\$47,214	\$689,239	\$712,287	\$366,236

(continued)

CITY OF ANN ARBOR
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009
(concluded)

	Debt Service		Capital Projects				Permanent	Total
	General Debt Service	Special Assessment Bonds - Debt Service	1991/1992/1993 Environmental Bonds	General Capital Improvements	Special Assessments	Maintenance Facility	Elizabeth R. Dean Trust	
Revenues:								
Taxes	\$2,168,799							\$9,526,085
Special assessments/improvement charges		\$77,748						77,748
Federal grants								3,423,420
State shared revenues and grants								7,378,268
Charges for services						\$100,000		4,465,817
Fines and forfeits								323,461
Interest and penalties		22,063						28,963
Investment income		61,000						2,477,679
Contributions and donations				\$4,304	\$3,477	95,347	\$206,765	49,863
Sale of property and equipment								5,397
Intra-governmental sales								188,958
Miscellaneous	26,610						10	73,178
Total Revenues	2,195,409	160,811		4,304	3,477	195,347	206,775	28,018,837
Expenditures:								
Current:								
General government	5,973							1,920,001
Public safety								2,907,219
Public works								8,016,382
Community and economic development								3,373,786
Culture and recreation							109,586	4,740,483
Capital outlay						79,305		4,830,105
Debt Service:								
Principal retirement	3,145,000	125,000						3,270,000
Interest and fiscal charges	2,901,718	32,805						2,934,523
Total Expenditures	6,052,691	157,805				79,305	109,586	31,992,499
Excess of Revenues over (under) Expenditures	(3,857,282)	3,006		4,304	3,477	116,042	97,189	(3,973,662)
Other Financing Sources (Uses):								
Transfers in	3,834,267			234,906				7,246,632
Transfers out			(799,221)	(502,244)			(1,812)	(5,983,558)
Total Other Financing Sources (Uses)	3,834,267		(799,221)	(267,338)			(1,812)	1,263,074
Net change in fund balances	(23,015)	3,006	(799,221)	(263,034)	3,477	116,042	95,377	(2,710,588)
Fund Balances at beginning of year	135,932	1,131,598	799,221	683,797	126,527	1,773,128	2,221,480	55,028,748
Fund Balances at end of year	\$112,917	\$1,134,604		\$420,763	\$130,004	\$1,889,170	\$2,316,857	\$52,318,160

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009

	Major Streets			Local Streets			Community Development		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants							\$1,677,194	\$1,022,765	(\$654,429)
State shared revenues and grants	\$5,797,426	\$5,495,415	(\$302,011)	\$1,619,214	\$1,497,025	(\$122,189)			
Charges for services	135,000	783,432	648,432		176,112	176,112			
Fines and forfeits									
Interest and penalties									
Investment income	315,000	292,458	(22,542)	70,000	146,066	76,066			
Rentals									
Contributions and donations									
Sale of property and equipment									
Intra-governmental sales	581,195	188,958	(392,237)						
Miscellaneous	25,500	20,052	(5,448)	250		(250)			
Total Revenues	6,854,121	6,780,315	(73,806)	1,689,464	1,819,203	129,739	1,677,194	1,022,765	(654,429)
Expenditures:									
Current:									
General government									
Public safety									
Public works	6,989,863	6,194,733	795,130	1,710,400	1,385,407	324,993			
Community and economic development							1,677,194	1,022,765	654,429
Culture and recreation									
Capital outlay	680,000	3,999	676,001						
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	7,669,863	6,198,732	1,471,131	1,710,400	1,385,407	324,993	1,677,194	1,022,765	654,429
Excess of Revenues over (under) Expenditures	(815,742)	581,583	1,397,325	(20,936)	433,796	454,732			
Other Financing Sources (Uses):									
Transfers in	608,150	46,056	(562,094)	159,650		(159,650)			
Transfers out		(1,131,709)	(1,131,709)	(188,714)	(188,723)	(9)			
Total Other Financing Sources (Uses)	608,150	(1,085,653)	(1,693,803)	(29,064)	(188,723)	(159,659)			
Net changes in fund balances	(207,592)	(504,070)	(296,478)	(50,000)	245,073	295,073			
Fund Balances at beginning of year	317,000	7,833,175	7,516,175	50,000	2,922,203	2,872,203			
Fund Balances at end of year	\$109,408	\$7,329,105	\$7,219,697	\$3,167,276	\$3,167,276				

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Home Program			Affordable Housing			Community Television Network		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants	\$1,986,974	\$1,418,551	(\$568,423)						
State shared revenues and grants							\$1,401,945	\$1,714,531	\$312,586
Charges for services									
Fines and forfeits									
Interest and penalties									
Investment income					\$27,872	\$27,872	79,942	162,724	82,782
Rentals									
Contributions and donations					30,000	30,000			
Sale of property and equipment							1,000		(1,000)
Intra-governmental sales									
Miscellaneous				\$5,000		(5,000)		1,361	1,361
Total Revenues	1,986,974	1,418,551	(568,423)	5,000	57,872	52,872	1,482,887	1,878,616	395,729
Expenditures:									
Current:									
General government							1,368,887	1,334,431	34,456
Public safety									
Public works									
Community and economic development	1,986,974	1,418,551	568,423	437,739	448,345	(10,606)			
Culture and recreation									
Capital outlay							114,000	113,759	241
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	1,986,974	1,418,551	568,423	437,739	448,345	(10,606)	1,482,887	1,448,190	34,697
Excess of Revenues over (under) Expenditures				(432,739)	(390,473)	42,266		430,426	430,426
Other Financing Sources (Uses):									
Transfers in				460,000	484,996	24,996			
Transfers out				(42,024)	(20,639)	21,385			
Total Other Financing Sources (Uses)				417,976	464,357	46,381			
Net changes in fund balances				(14,763)	73,884	88,647		430,426	430,426
Fund Balances at beginning of year				40,836	670,837	630,001		2,937,033	2,937,033
Fund Balances at end of year				\$26,073	\$744,721	\$718,648		\$3,367,459	\$3,367,459

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Homeland Security Grant			Construction Code			Alternative Transportation		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants	\$14,464	\$6,597	(\$7,867)						
State shared revenues and grants									
Charges for services				\$2,503,642	\$1,623,029	(\$880,613)			
Fines and forfeits									
Interest and penalties									
Investment income					60,357	60,357		\$44,184	\$44,184
Rentals									
Contributions and donations									
Sale of property and equipment									
Intra-governmental sales									
Miscellaneous					9,141	9,141			
Total Revenues	14,464	6,597	(7,867)	2,503,642	1,692,527	(811,115)		44,184	44,184
Expenditures:									
Current:									
General government									
Public safety	14,464	6,597	7,867	3,258,167	2,847,887	410,280			
Public works							\$367,119	222,249	144,870
Community and economic development									
Culture and recreation									
Capital outlay									
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	14,464	6,597	7,867	3,258,167	2,847,887	410,280	367,119	222,249	144,870
Excess of Revenues over (under) Expenditures				(754,525)	(1,155,360)	(400,835)	(367,119)	(178,065)	189,054
Other Financing Sources (Uses):									
Transfers in				287,662	499,981	212,319	369,223	357,240	(11,983)
Transfers out				(40,000)	(39,996)	4		(9,888)	(9,888)
Total Other Financing Sources (Uses)				247,662	459,985	212,323	369,223	347,352	(21,871)
Net changes in fund balances				(506,863)	(695,375)	(188,512)	2,104	169,287	167,183
Fund Balances at beginning of year				507,203	1,875,609	1,368,406	318,600	631,161	312,561
Fund Balances at end of year				\$340	\$1,180,234	\$1,179,894	\$320,704	\$800,448	\$479,744

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Tree Removal & Disposal			Drug Enforcement			Metro Expansion		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants									
State shared revenues and grants							\$345,000	\$337,947	(\$7,053)
Charges for services									
Fines and forfeits				\$7,500	\$94,833	\$87,333			
Interest and penalties									
Investment income	\$175,860	\$8,581	(\$167,279)		1,801	1,801		7,137	7,137
Rentals									
Contributions and donations									
Sale of property and equipment									
Intra-governmental sales									
Miscellaneous									
Total Revenues	175,860	8,581	(167,279)	7,500	96,634	89,134	345,000	345,084	84
Expenditures:									
Current:									
General government	175,860	34	175,826						
Public safety				7,500	4,560	2,940			
Public works							345,000	206,955	138,045
Community and economic development									
Culture and recreation									
Capital outlay									
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	175,860	34	175,826	7,500	4,560	2,940	345,000	206,955	138,045
Excess of Revenues over (under) Expenditures		8,547	8,547		92,074	92,074		138,129	138,129
Other Financing Sources (Uses):									
Transfers in		175,860	(175,860)						
Transfers out									
Total Other Financing Sources (Uses)		175,860	(175,860)						
Net changes in fund balances		184,407	184,407		92,074	92,074		138,129	138,129
Fund Balances at beginning of year		501,253	501,253		53,818	53,818		858,994	858,994
Fund Balances at end of year		\$685,660	\$685,660		\$145,892	\$145,892		\$997,123	\$997,123

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	<u>Michigan Justice Training</u>			<u>Art in Public Places</u>			<u>Parks Repair & Restoration Millage</u>		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants									
State shared revenues and grants	\$30,000	\$31,411	\$1,411						
Charges for services									
Fines and forfeits									
Interest and penalties									
Investment income		3,705	3,705		\$52,763	\$52,763			
Rentals									
Contributions and donations									
Sale of property and equipment									
Intra-governmental sales									
Miscellaneous		150	150					\$3,837	\$3,837
Total Revenues	<u>30,000</u>	<u>35,266</u>	<u>5,266</u>		<u>52,763</u>	<u>52,763</u>		<u>3,837</u>	<u>3,837</u>
Expenditures:									
Current:									
General government									
Public safety	24,800	24,579	221						
Public works									
Community and economic development									
Culture and recreation				\$42,437	30,747	11,690	\$177,331	67,752	109,579
Capital outlay									
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	<u>24,800</u>	<u>24,579</u>	<u>221</u>	<u>42,437</u>	<u>30,747</u>	<u>11,690</u>	<u>177,331</u>	<u>67,752</u>	<u>109,579</u>
Excess of Revenues over (under) Expenditures	5,200	10,687	5,487	(42,437)	22,016	64,453	(177,331)	(63,915)	113,416
Other Financing Sources (Uses):									
Transfers in				530,457	530,460	3			
Transfers out				(488,020)		488,020	(460,000)	(460,000)	
Total Other Financing Sources (Uses)				<u>42,437</u>	<u>530,460</u>	<u>488,023</u>	<u>(460,000)</u>	<u>(460,000)</u>	
Net changes in fund balances	5,200	10,687	5,487		552,476	552,476	(637,331)	(523,915)	113,416
Fund Balances at beginning of year		101,898	101,898		315,431	315,431	637,331	784,960	147,629
Fund Balances at end of year	<u>\$5,200</u>	<u>\$112,585</u>	<u>\$107,385</u>		<u>\$867,907</u>	<u>\$867,907</u>	<u>\$261,045</u>	<u>\$261,045</u>	

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Parks Rehab & Development Millage			Parks Maint & Capital Impr Millage			Open Space & Parkland Preservation		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes				\$5,255,739	\$5,124,736	(\$131,003)	\$2,243,201	\$2,232,550	(\$10,651)
Special assessments/improvement charges								681,800	681,800
Federal grants									
State shared revenues and grants	\$599,600		(\$599,600)						
Charges for services		\$36,461	36,461						
Fines and forfeits									
Interest and penalties									
Investment income		147,692	147,692		198,426	198,426		815,261	815,261
Rentals									
Contributions and donations									
Sale of property and equipment				300	5,397	5,097			
Intra-governmental sales									
Miscellaneous		1,391	1,391	9,000	10,626	1,626			
Total Revenues	599,600	185,544	(414,056)	5,265,039	5,339,185	74,146	2,243,201	3,729,611	1,486,410
Expenditures:									
Current:									
General government									
Public safety									
Public works									
Community and economic development									
Culture and recreation	24,801	232,192	(207,391)	4,320,376	3,964,723	355,653	336,992	329,122	7,870
Capital outlay	848,664	474,641	374,023	1,195,133	1,401,191	(206,058)	2,005,235	2,726,098	(720,863)
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	873,465	706,833	166,632	5,515,509	5,365,914	149,595	2,342,227	3,055,220	(712,993)
Excess of Revenues over (under) Expenditures	(273,865)	(521,289)	(247,424)	(250,470)	(26,729)	223,741	(99,026)	674,391	773,417
Other Financing Sources (Uses):									
Transfers in	178,132	141,671	(36,461)	855,456	855,456		1,282,307		(1,282,307)
Transfers out	(491,267)	(175,860)	315,407	(8,040)	(35,100)	(27,060)	(1,178,825)	(1,206,416)	(27,591)
Total Other Financing Sources (Uses)	(313,135)	(34,189)	278,946	847,416	820,356	(27,060)	103,482	(1,206,416)	(1,309,898)
Net changes in fund balances	(587,000)	(555,478)	31,522	596,946	793,627	196,681	4,456	(532,025)	(536,481)
Fund Balances at beginning of year	679,885	3,496,878	2,816,993	236,627	1,625,720	1,389,093		17,633,154	17,633,154
Fund Balances at end of year	\$92,885	\$2,941,400	\$2,848,515	\$833,573	\$2,419,347	\$1,585,774	\$4,456	\$17,101,129	\$17,096,673

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Open Space Endowment			Special Assistance			Parks Memorial & Contributions		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants									
State shared revenues and grants									
Charges for services									
Fines and forfeits									
Interest and penalties									
Investment income		\$1,910	\$1,910	\$50	\$312	\$262		\$5,458	\$5,458
Rentals									
Contributions and donations				5,950	5,657	(293)	\$127,456	14,206	(113,250)
Sale of property and equipment									
Intra-governmental sales									
Miscellaneous									
Total Revenues		1,910	1,910	6,000	5,969	(31)	127,456	19,664	(107,792)
Expenditures:									
Current:									
General government									
Public safety									
Public works									
Community and economic development									
Culture and recreation							12,738	5,614	7,124
Capital outlay							170,653		170,653
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures							183,391	5,614	177,777
Excess of Revenues over (under) Expenditures		1,910	1,910	6,000	5,969	(31)	(55,935)	14,050	69,985
Other Financing Sources (Uses):									
Transfers in	\$23,867	23,867						45,504	45,504
Transfers out									
Total Other Financing Sources (Uses)	23,867	23,867						45,504	45,504
Net changes in fund balances	23,867	25,777	1,910	6,000	5,969	(31)	(55,935)	59,554	115,489
Fund Balances at beginning of year		121,080	121,080		7,644	7,644	150,979	162,008	11,029
Fund Balances at end of year	\$23,867	\$146,857	\$122,990	\$6,000	\$13,613	\$7,613	\$95,044	\$221,562	\$126,518

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Court Facilities			Local Law Enforcement Block Grant			Major Grants		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants				\$11,935	\$15,345	\$3,410	\$270,214	\$278,362	\$8,148
State shared revenues and grants								16,470	16,470
Charges for services									
Fines and forfeits	\$212,000	\$178,431	(\$33,569)						
Interest and penalties									
Investment income									
Rentals									
Contributions and donations									
Sale of property and equipment									
Intra-governmental sales									
Miscellaneous									
Total Revenues	212,000	178,431	(33,569)	11,935	15,345	3,410	270,214	294,832	24,618
Expenditures:									
Current:									
General government	114,920	124,738	(9,818)				270,214	288,032	(17,818)
Public safety				11,935	4,125	7,810		6,800	(6,800)
Public works									
Community and economic development									
Culture and recreation									
Capital outlay	3,000	7,885	(4,885)		11,220	(11,220)			
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	117,920	132,623	(14,703)	11,935	15,345	(3,410)	270,214	294,832	(24,618)
Excess of Revenues over (under) Expenditures	94,080	45,808	(48,272)						
Other Financing Sources (Uses):									
Transfers in									
Transfers out	(1,325,000)	(1,325,000)							
Total Other Financing Sources (Uses)	(1,325,000)	(1,325,000)							
Net changes in fund balances	(1,230,920)	(1,279,192)	(48,272)						
Fund Balances at beginning of year	1,339,444	1,357,406	17,962				63	63	
Fund Balances at end of year	\$108,524	\$78,214	(\$30,310)				\$63	\$63	

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Federal Equitable Sharing Forfeiture			Bandemer			Economic Development		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants									
State shared revenues and grants									
Charges for services									
Fines and forfeits		\$50,197	\$50,197						
Interest and penalties									
Investment income		5,832	5,832	\$1,500	\$4,069	\$2,569	\$80,447	\$80,447	
Rentals				4,200	6,900	2,700			
Contributions and donations									
Sale of property and equipment									
Intra-governmental sales									
Miscellaneous									
Total Revenues		56,029	56,029	5,700	10,969	5,269	80,447	80,447	
Expenditures:									
Current:									
General government									
Public safety		12,671	(12,671)						
Public works									
Community and economic development							\$600,000	484,125	115,875
Culture and recreation				63,427	747	62,680			
Capital outlay	\$125,283	4,993	120,290	10,636	7,014	3,622			
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	125,283	17,664	107,619	74,063	7,761	66,302	600,000	484,125	115,875
Excess of Revenues over (under) Expenditures	(125,283)	38,365	163,648	(68,363)	3,208	71,571	(600,000)	(403,678)	196,322
Other Financing Sources (Uses):									
Transfers in									
Transfers out					(61,781)	61,781			
Total Other Financing Sources (Uses)					(61,781)	61,781			
Net changes in fund balances	(125,283)	38,365	163,648	(68,363)	(58,573)	133,352	(600,000)	(403,678)	196,322
Fund Balances at beginning of year	125,283	153,788	28,505	275,000	143,483	(131,517)	600,000	1,869,775	1,269,775
Fund Balances at end of year		\$192,153	\$192,153	\$206,637	\$84,910	\$1,835	\$1,466,097	\$1,466,097	

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (continued)

	Cemetery Perpetual Care			Local Forfeiture			Police and Fire Relief		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:									
Taxes									
Special assessments/improvement charges									
Federal grants									
State shared revenues and grants									
Charges for services		\$1,300	\$1,300						
Fines and forfeits									
Interest and penalties									
Investment income		2,198	2,198		\$1,555	\$1,555	\$25,000	\$10,476	(\$14,524)
Rentals									
Contributions and donations									
Sale of property and equipment	\$3,000		(3,000)						
Intra-governmental sales									
Miscellaneous									
Total Revenues	3,000	3,498	498		1,555	1,555	25,000	10,476	(14,524)
Expenditures:									
Current:									
General government	3,000	3,000							
Public safety				\$9,400		9,400			
Public works									
Community and economic development									
Culture and recreation									
Capital outlay				36,258		36,258			
Debt service:									
Principal retirement									
Interest and fiscal charges									
Total Expenditures	3,000	3,000		45,658		45,658			
Excess of Revenues over (under) Expenditures		498	498	(45,658)	1,555	47,213	25,000	10,476	(14,524)
Other Financing Sources (Uses):									
Transfers in									
Transfers out									
Total Other Financing Sources (Uses)									
Net changes in fund balances		498	498	(45,658)	1,555	47,213	25,000	10,476	(14,524)
Fund Balances at beginning of year		66,614	66,614	45,658	45,659	1		678,763	678,763
Fund Balances at end of year		\$67,112	\$67,112		\$47,214	\$47,214	\$25,000	\$689,239	\$664,239

CITY OF ANN ARBOR
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGETARY COMPARISONS
 FOR THE YEAR ENDED JUNE 30, 2009
 (concluded)

	Energy Projects			Sidewalk Improvement			General Debt Service			Special Assessments-Debt Service		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:												
Taxes							\$ 2,223,783	\$ 2,168,799	(\$54,984)			
Special assessments/improvement charges										\$40,000	\$77,748	\$37,748
Federal grants												
State shared revenues and grants												
Charges for services		\$17,000	\$17,000	\$122,111	\$13,952	(\$108,159)						
Fines and forfeits												
Interest and penalties					13,402	13,402					22,063	22,063
Investment income		8,576	8,576				4,700		(4,700)	29,500	61,000	31,500
Rentals												
Contributions and donations												
Sale of property and equipment												
Intra-governmental sales												
Miscellaneous	\$8,000		(8,000)					26,610	26,610			
Total Revenues	8,000	25,576	17,576	122,111	27,354	(94,757)	2,228,483	2,195,409	(33,074)	69,500	160,811	91,311
Expenditures:												
Current:												
General government	272,819	163,793	109,026				19,000	5,973	13,027			
Public safety												
Public works				488,567	7,038	481,529						
Community and economic development												
Culture and recreation												
Capital outlay	140,000		140,000									
Debt service:												
Principal retirement							4,489,944	3,145,000	1,344,944	125,000	125,000	
Interest and fiscal charges							3,815,172	2,901,718	913,454	32,805	32,805	
Total Expenditures	412,819	163,793	249,026	488,567	7,038	481,529	8,324,116	6,052,691	2,271,425	157,805	157,805	
Excess of Revenues over (under) Expenditures	(404,819)	(138,217)	266,602	(366,456)	20,316	386,772	(6,095,633)	(3,857,282)	2,238,351	(88,305)	3,006	91,311
Other Financing Sources (Uses):												
Transfers in	16,361	16,368	(7)				6,074,028	3,834,267	(2,239,761)			
Transfers out					(24,996)							
Total Other Financing Sources (Uses)	16,361	16,368	(7)		(24,996)		6,074,028	3,834,267	(2,239,761)			
Net changes in fund balances	(388,458)	(121,849)	266,609	(366,456)	(4,680)	386,772	(21,605)	(23,015)	(1,410)	(88,305)	3,006	91,311
Fund Balances at beginning of year	394,840	834,136	439,296	366,456	370,916	4,460	21,605	135,932	114,327	88,305	1,131,598	1,043,293
Fund Balances at end of year	\$6,382	\$712,287	\$705,905		\$366,236	\$391,232		\$112,917	\$112,917		\$1,134,604	\$1,134,604

CITY OF ANN ARBOR
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2009

ASSETS	Central Stores	Information Technology	Park Service Headquarters	Fleet Services	Project Management	Insurance	Wheeler Center	Total
Current Assets:								
Cash	\$37,579	\$414	\$332	\$190,975	\$69,006	\$3,618		\$301,924
Equity in pooled cash and investments	1,200,539	4,634,706		7,710,045	783,922	6,579,203	\$31,721	20,940,136
Accounts receivable	528	299,735		2,480	71,311	7,904	3,097	385,055
Less: allowance for uncollectibles	(132)			(868)	(19,533)	(4,256)	(774)	(25,563)
Due from other funds	41,069			75,500	880,110	22,500		1,019,179
Prepaid items						683,686		683,686
Inventory, at cost	511,031			358,895				869,926
Total Current Assets	1,790,614	4,934,855	332	8,337,027	1,784,816	7,292,655	34,044	24,174,343
Noncurrent Assets:								
Capital assets:								
Land			98,440	96,267				194,707
Buildings	90,663	205,043	152,159	257,843				705,708
Improvements other than buildings				62,407				62,407
Machinery and equipment	75,733	1,500,308		2,583,160				4,159,201
Vehicles				7,874,628				7,874,628
Less: Accumulated depreciation	(134,393)	(436,183)	(152,159)	(8,087,738)				(8,810,473)
Construction in progress				3,000				3,000
Total Capital Assets (net of accumulated depreciation)	32,003	1,269,168	98,440	2,789,567				4,189,178
Total Noncurrent Assets	32,003	1,269,168	98,440	2,789,567				4,189,178
TOTAL ASSETS	1,822,617	6,204,023	98,772	11,126,594	1,784,816	7,292,655	34,044	28,363,521
LIABILITIES								
Current Liabilities:								
Accounts payable	37,911	496,692		128,558	7,067	613,561	7,465	1,291,254
Estimated claims payable						432,240		432,240
Accrued liabilities	10,516	69,189	1,134	51,784	24,673	9,518	326	167,140
Due to other funds	18,260	27,265		60,013	31	528,605	1,620	635,794
Accrued compensated absences - short term (Note 9)		12,069		84,109	20,046			116,224
Total Current Liabilities	66,687	605,215	1,134	324,464	51,817	1,583,924	9,411	2,642,652
Noncurrent Liabilities:								
Accrued compensated absences	34,585	328,133		260,068	113,777	35,884		772,447
Judgement payable	43,272			146,229		22,067		211,568
Unfunded OPEB liability	24,535	53,620		100,369	53,620	32,191		264,335
Estimated claims payable						3,032,584		3,032,584
Total Noncurrent Liabilities	102,392	381,753		506,666	167,397	3,122,726		4,280,934
TOTAL LIABILITIES	169,079	986,968	1,134	831,130	219,214	4,706,650	9,411	6,923,586
Net Assets:								
Invested in Capital Assets	32,003	1,269,168	98,440	2,789,567				4,189,178
Unrestricted	1,621,535	3,947,887	(802)	7,505,897	1,565,602	2,586,005	24,633	17,250,757
TOTAL NET ASSETS	\$1,653,538	\$5,217,055	\$97,638	\$10,295,464	\$1,565,602	\$2,586,005	\$24,633	\$21,439,935

CITY OF ANN ARBOR
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	Central Stores	Information Technology	Park Service Headquarters	Fleet Services	Project Management	Insurance	Wheeler Center	Total
Operating Revenues:								
Charges for services	\$1,221,784	\$6,160,959		\$6,973,379	\$2,386,590	\$25,056,578	\$459,910	\$42,259,200
Total Operating Revenues	1,221,784	6,160,959		6,973,379	2,386,590	25,056,578	459,910	42,259,200
Operating Expenses:								
Personal services	336,680	2,651,906	1,549	1,639,081	1,584,968	462,152	30,950	6,707,286
Materials and supplies	32,962	572,539		47,533	17,849	20,251	23,734	714,868
Utilities	4,456	91,011	2,527	38,895	15,798	3,221	290,738	446,646
Insurance	684	3,492	6,252	47,280	4,680	24,650,444		24,712,832
Contractual services	100,195	257,100		37,052	67,581	22,864	53,608	538,400
Maintenance	2,896	1,417,806	191	277,242	36,230	6,696	40,703	1,781,764
Professional fees		247,229		3,958	5,504	167,361		424,052
Pension Refund Repayment	67,807	53,620		246,598	53,621	54,258		475,904
Rent		1,875						1,875
Miscellaneous	3,231	71,794		3,040	20,261	1,637	1,302	101,265
Cost of goods sold	669,768			1,827,154	2,230			2,499,152
Municipal service charge	20,208	373,884		109,308	57,672	237,300		798,372
Information Technology Charges	9,072	268,212		73,284	205,020	17,832		573,420
Depreciation and amortization	2,902	224,405		926,496				1,153,803
Total Operating Expenses	1,250,861	6,234,873	10,519	5,276,921	2,071,414	25,644,016	441,035	40,929,639
Operating Income (Loss)	(29,077)	(73,914)	(10,519)	1,696,458	315,176	(587,438)	18,875	1,329,561
Nonoperating Revenues (Expenses):								
Investment income	51,770	201,481		382,094	14,329	402,256	1,867	1,053,797
Interest expense and fiscal charges			(70)	(13,640)				(13,710)
Net gain on retirement of capital assets				103,725				103,725
Total Nonoperating Revenues (Expenses)	51,770	201,481	(70)	472,179	14,329	402,256	1,867	1,143,812
Income (Loss) Before Contributions and Transfers	22,693	127,567	(10,589)	2,168,637	329,505	(185,182)	20,742	2,473,373
Capital contributions				36,312				36,312
Transfers In		89,018		700,496	579,384			1,368,898
Transfers Out	(41,124)	(17,266)		(672,358)	(66,357)	(2,000,000)		(2,797,105)
Change in Net Assets	(18,431)	199,319	(10,589)	2,233,087	842,532	(2,185,182)	20,742	1,081,478
Net Assets at beginning of year	1,671,969	5,017,736	108,227	8,062,377	723,070	4,771,187	3,891	20,358,457
Net Assets at end of year	\$1,653,538	\$5,217,055	\$97,638	\$10,295,464	\$1,565,602	\$2,586,005	\$24,633	\$21,439,935

CITY OF ANN ARBOR
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009

	Central Stores	Information Technology	Park Service Headquarters	Fleet Services	Project Management	Insurance	Wheeler Center	Total
Cash flow from operating activities:								
Receipts from customers	\$1,223,353	\$5,861,224		\$6,971,767	\$2,342,235	\$25,052,930	\$457,587	\$41,909,096
Receipts from interfund services provided	87,754	6,703	\$814	462,003				557,274
Payments to suppliers	(960,622)	(3,285,727)	(8,970)	(2,896,042)	(451,124)	(26,097,684)	(448,552)	(34,148,721)
Payments on behalf of employees	(332,043)	(2,288,607)	(415)	(1,648,137)	(1,524,811)	(458,136)	(31,167)	(6,283,316)
Payments for interfund services used					(346,164)	(281,852)	(11,400)	(639,416)
Net cash provided by (used in) operating activities	18,442	293,593	(8,571)	2,889,591	20,136	(1,784,742)	(33,532)	1,394,917
Cash flows from noncapital financing activities:								
Transfers in		89,018		700,496	579,384			1,368,898
Transfers out	(41,124)	(17,266)		(672,358)	(66,357)	(2,000,000)		(2,797,105)
Net cash flows provided by (used in) noncapital financing activities	(41,124)	71,752		28,138	513,027	(2,000,000)		(1,428,207)
Cash flows from capital and related financing activities:								
Interest paid on capital leases and notes			(70)	(13,640)				(13,710)
Proceeds from sale of equipment				103,725				103,725
Acquisition of capital assets		(683,813)		(554,668)				(1,238,481)
Net cash flows provided by (used in) capital and related financing activities		(683,813)	(70)	(464,583)				(1,148,466)
Cash flows from investing activities:								
Interest and dividends on investments	51,770	201,481		382,094	14,329	402,256	1,867	1,053,797
Net cash flows provided by investing activities	51,770	201,481		382,094	14,329	402,256	1,867	1,053,797
Net increase (decrease) in cash and cash equivalents	29,088	(116,987)	(8,641)	2,835,240	547,492	(3,382,486)	(31,665)	(127,959)
Cash and cash equivalents at beginning of the year	1,209,030	4,752,107	8,973	5,065,780	305,436	9,965,307	63,386	21,370,019
Cash and cash equivalents at end of the year	\$1,238,118	\$4,635,120	\$332	\$7,901,020	\$852,928	\$6,582,821	\$31,721	\$21,242,060

CITY OF ANN ARBOR
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009
(Concluded)

	Central Stores	Information Technology	Park Service Headquarters	Fleet Services	Project Management	Insurance	Wheeler Center	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	(\$29,077)	(\$73,914)	(\$10,519)	\$1,696,458	\$315,176	(\$587,438)	\$18,875	\$1,329,561
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	2,902	224,405		926,496				1,153,803
(Increase) decrease in assets and increase (decrease) in liabilities:								
Allowance for uncollectible accounts	132			868	18,229		774	20,003
Accounts receivable	1,437	(299,735)		(2,480)	(62,584)	(3,648)	(3,097)	(370,107)
Inventory	(124,722)			32,249				(92,473)
Prepaid items						529,319		529,319
Accounts payable	7,572	19,215		(463,545)	(18,299)	(1,778,004)	(38,467)	(2,271,528)
Accrued compensated absences	(767)	340,202		(35,151)	56,661	1,832		362,777
Judgement payable	43,272			146,229		22,067		211,568
Unfunded OPEB liability	24,535	53,620		100,369	53,620	32,191		264,335
Estimated claims payable						278,607		278,607
Accrued liabilities	5,404	23,097	1,134	26,095	3,497	2,184	(217)	61,194
Due to other funds	3,890	(11,155)		(33,408)	(395)	(355,150)	(20,478)	(416,696)
Due from other funds	83,864	17,858	814	495,411	(345,769)	73,298	9,078	334,554
Net cash provided by (used in) operating activities	\$18,442	\$293,593	(\$8,571)	\$2,889,591	\$20,136	(\$1,784,742)	(\$33,532)	\$1,394,917

CITY OF ANN ARBOR
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2009

	Employees' Benefit Trust Funds		Total Employees' Benefit Trust Funds
	Employees' Benefit Retirement System	VEBA Trust Fund	
ASSETS			
Cash	\$3,717,097	\$ 541,536	\$4,258,633
Equity in pooled cash and investments (Note 2)	4,244		4,244
Investments, at fair value (Note 2):			
Short term investments	13,436,860	4,303,766	17,740,626
U.S. Government obligations	25,397,652	15,962,321	41,359,973
Guaranteed investment contracts	13,839,244		13,839,244
Collateralized Mortgage Obligations	1,706,606		1,706,606
Domestic corporate bonds	41,843,407		41,843,407
Domestic stocks	195,365,581	31,447,796	226,813,377
International stocks			
Municipal bonds			
Real Estate-Direct & funds	27,245,049	1,643,774	28,888,823
Accrued interest and dividends	924,826	161,492	1,086,318
Due from other governments	11,881,886	27,992	11,909,878
Property, plant & equipment (net of depreciation of \$35,275)	456,539		456,539
Total Assets	335,818,991	54,088,677	389,907,668
LIABILITIES			
Accounts payable	2,263,617	29,985	2,293,602
Accrued liabilities	170,212		170,212
Mortgage payable	380,754		380,754
Due to other governments	245		245
Unearned revenue	11,840,051		11,840,051
Total Liabilities	14,654,879	29,985	14,684,864
NET ASSETS			
Invested in capital assets net of related debt	75,785		75,785
Held in Trust for Pension Benefits and Other Purposes	321,088,327	54,058,692	375,147,019
Total net assets	\$321,164,112	\$54,058,692	\$375,222,804

CITY OF ANN ARBOR
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2009

	Agency Funds					Total Agency Funds
	Treasurer's Current Tax	Treasurer's Delinquent Tax	Contractors' Retainage	Fifteenth District Court	Payroll	
ASSETS						
Cash		\$148,970	\$1,190,420	\$120,755		\$1,460,145
Equity in pooled cash & investments	\$110,412				\$166	110,578
Total Assets	\$110,412	\$148,970	\$1,190,420	\$120,755	\$166	\$1,570,723
LIABILITIES						
Due to others	\$110,412	\$1,188	\$1,190,420		\$166	\$1,302,186
Due to other governments		147,782		\$100,504		248,286
Deposits				20,251		20,251
Total Liabilities	\$110,412	\$148,970	\$1,190,420	\$120,755	\$166	\$1,570,723

CITY OF ANN ARBOR
 FIDUCIARY FUNDS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009

	Employees' Benefit Trust Funds		Total Employees' Benefit Trust Funds
	Employees' Benefit Retirement System	VEBA Trust Fund	
ADDITIONS			
Investment income:			
Net realized and unrealized appreciation (depreciation) in fair value of investments	(\$93,890,086)	(\$13,232,169)	(\$107,122,255)
Interest	5,115,345	1,158,635	6,273,980
Dividends	9,299,755	851,483	10,151,238
Total investment income (loss)	(79,474,986)	(11,222,051)	(90,697,037)
Less investment expense	(1,061,713)	(211,121)	(1,272,834)
Net investment income (loss)	(80,536,699)	(11,433,172)	(91,969,871)
Contributions:			
Employer	14,725,701	1,699,505	16,425,206
Plan member	2,815,347		2,815,347
Total contributions	17,541,048	1,699,505	19,240,553
Total additions	(62,995,651)	(9,733,667)	(72,729,318)
DEDUCTIONS			
Benefits	24,983,517		24,983,517
Refund of contributions	632,944		632,944
Administrative expense	640,472	84	640,556
Total deductions	26,256,933	84	26,257,017
Change in net assets	(89,252,584)	(9,733,751)	(98,986,335)
Net assets at beginning of year	410,416,696	63,792,443	474,209,139
Net assets at end of year	\$321,164,112	\$54,058,692	\$375,222,804

CITY OF ANN ARBOR
AGENCY FUNDS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
TREASURER'S CURRENT TAX FUND				
ASSETS				
Cash	\$17,497	\$960,094,957	\$960,112,454	
Equity in pooled cash and investments		172,649,183	172,538,771	110,412
Due from other funds		5,739	5,739	
Due from other governments		392,984	392,984	
Total Assets	<u>\$17,497</u>	<u>\$1,133,142,863</u>	<u>\$1,133,049,948</u>	<u>\$110,412</u>
LIABILITIES				
Due to others	\$17,497	\$251,183,124	\$251,090,209	\$110,412
Due to other funds		1,140,807	1,140,807	
Total Liabilities	<u>\$17,497</u>	<u>\$252,323,931</u>	<u>\$252,231,016</u>	<u>\$110,412</u>

CITY OF ANN ARBOR
AGENCY FUNDS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2009
(continued)

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
TREASURER'S DELINQUENT TAX FUND				
ASSETS				
Cash	\$233,546	\$1,663,042	\$1,747,618	\$148,970
Equity in pooled cash and investments		903,499	903,499	
Due from other funds		368,812	368,812	
Total Assets	\$233,546	\$2,935,353	\$3,019,929	\$148,970
LIABILITIES				
Due to others		\$1,210,095	\$1,208,907	\$1,188
Due to other funds		207,886	207,886	
Due to other governments	233,546	270,972	356,736	147,782
Total Liabilities	\$233,546	\$1,688,953	\$1,773,529	\$148,970
CONTRACTORS' RETAINAGE FUND				
ASSETS				
Cash	\$983,776	\$3,225,947	\$3,019,303	\$1,190,420
Equity in pooled cash and investments	66	995,684	995,750	
Due from others	9,722	9,722	19,444	
Total Assets	\$993,564	\$4,231,353	\$4,034,497	\$1,190,420
LIABILITIES				
Due to others	\$993,564	\$2,157,372	\$1,960,516	\$1,190,420
Due to other funds		16,387	16,387	
Total Liabilities	\$993,564	\$2,173,759	\$1,976,903	\$1,190,420

CITY OF ANN ARBOR
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2009
(continued)

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
FIFTEENTH DISTRICT COURT				
ASSETS				
Cash	\$272,949	\$541,777	\$693,971	\$120,755
LIABILITIES				
Due to other funds		\$269,029	\$269,029	
Due to other governments	\$228,519		128,015	\$100,504
Deposits	44,430		24,179	20,251
Total Liabilities	\$272,949	\$269,029	\$421,223	\$120,755
PAYROLL				
ASSETS				
Cash	\$20,070	\$145,674,616	\$145,694,686	
Equity in pooled cash and investments		26,031,664	26,031,498	\$166
Due from other governments		127,050	127,050	
Total Assets	\$20,070	\$171,833,330	\$171,853,234	\$166
LIABILITIES				
Due to others	\$20,070	\$136,682,153	\$136,702,057	\$166
Due to other funds		1,078,460	1,078,460	
Total Liabilities	\$20,070	\$137,760,613	\$137,780,517	\$166

CITY OF ANN ARBOR
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2009
(concluded)

TOTAL - ALL AGENCY FUNDS

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
ASSETS				
Cash	\$1,527,838	\$1,111,200,339	\$1,111,268,032	\$1,460,145
Equity in pooled cash and investments	66	200,580,030	200,469,518	110,578
Due from others	9,722	9,722	19,444	
Due from other funds		374,551	374,551	
Due from other governments		520,034	520,034	
Total Assets	\$1,537,626	\$1,312,684,676	\$1,312,651,579	\$1,570,723
LIABILITIES				
Due to others	\$1,031,131	\$391,232,744	\$390,961,689	\$1,302,186
Due to other funds		2,712,569	2,712,569	
Due to other governments	462,065	270,972	484,751	248,286
Deposits	44,430		24,179	20,251
Total Liabilities	\$1,537,626	\$394,216,285	\$394,183,188	\$1,570,723

Principals

Dale J. Abraham, CPA
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Aaron M. Stevens, CPA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the City Council
City of Ann Arbor
Ann Arbor, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ann Arbor, Michigan, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ann Arbor's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ann Arbor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ann Arbor's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City of Ann Arbor's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Ann Arbor's financial statements that is more than inconsequential will not be prevented or detected by the City of Ann Arbor's internal control.

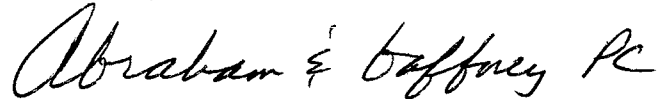
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Ann Arbor's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ann Arbor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, the Mayor, others within the organization, the members of City Council of the City of Ann Arbor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Abraham & Gaffney PC". The signature is written in black ink and is positioned above the printed name of the firm.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

December 14, 2009

STATISTICAL SECTION

This part of the City of Ann Arbor’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents	Page
<p>Financial Trends</p> <p style="padding-left: 20px;">These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</p>	127
<p>Revenue Capacity</p> <p style="padding-left: 20px;">These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</p>	133
<p>Debt Capacity</p> <p style="padding-left: 20px;">These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</p>	137
<p>Demographic and Economic Information</p> <p style="padding-left: 20px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</p>	142
<p>Operating Information</p> <p style="padding-left: 20px;">These schedules contain service and infrastructure data to help the reader understand how the Information in the government’s financial report relates to the services the government provides and the activities it performs.</p>	144

TABLE I

CITY OF ANN ARBOR
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 580,089,833	\$ 583,715,108	\$ 598,685,040	\$ 603,474,157	\$ 575,895,851	\$ 611,225,989	\$ 626,041,914	\$ 612,949,811
Restricted	17,869,882	19,772,929	18,488,574	14,535,869	101,447,127	79,571,639	75,698,698	101,462,605
Unrestricted	30,948,761	41,910,911	48,319,797	44,040,557	17,347,389	25,703,229	30,524,342	10,198,885
Total governmental activities net assets	<u>\$ 628,908,476</u>	<u>\$ 645,398,948</u>	<u>\$ 665,493,411</u>	<u>\$ 662,050,583</u>	<u>\$ 694,690,367</u>	<u>\$ 716,500,857</u>	<u>\$ 732,264,954</u>	<u>\$ 724,611,301</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 87,975,478	\$ 95,615,594	\$ 67,551,963	\$ 90,066,898	\$ 97,487,787	\$ 111,888,472	\$ 77,083,900	\$ 122,234,225
Restricted	4,655,000	13,049,290	16,493,596	16,634,604	15,918,577	15,291,215	18,837,147	18,391,715
Unrestricted	39,993,236	29,295,034	58,330,509	58,691,676	56,489,160	55,985,356	101,517,578	69,899,328
Total business-type activities net assets	<u>\$ 132,623,714</u>	<u>\$ 137,959,918</u>	<u>\$ 142,376,068</u>	<u>\$ 165,393,178</u>	<u>\$ 169,895,524</u>	<u>\$ 183,165,043</u>	<u>\$ 197,438,625</u>	<u>\$ 210,525,268</u>
Primary government								
Invested in capital assets, net of related debt	\$ 668,065,311	\$ 679,330,702	\$ 666,237,003	\$ 693,541,055	\$ 673,383,638	\$ 723,114,461	\$ 703,125,814	\$ 735,184,036
Restricted	22,524,882	32,822,219	34,982,170	31,170,473	117,365,704	94,862,854	94,535,845	119,854,320
Unrestricted	70,941,997	71,205,945	106,650,306	102,732,233	73,836,549	81,688,585	132,041,920	80,098,213
Total primary government net assets	<u>\$ 761,532,190</u>	<u>\$ 783,358,866</u>	<u>\$ 807,869,479</u>	<u>\$ 827,443,761</u>	<u>\$ 864,585,891</u>	<u>\$ 899,665,900</u>	<u>\$ 929,703,579</u>	<u>\$ 935,136,569</u>

Per GASB Statement 44 this table requires last 10 fiscal years or recommends reporting from implementation of GASB Statement 34. The City of Ann Arbor implemented GASB Statement 34 in fiscal year 2002.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE II

CITY OF ANN ARBOR
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	\$ 21,091,757	\$ 21,638,200	\$ 22,240,005	\$ 13,732,411	\$ 13,908,277	\$ 15,219,894	\$ 14,290,184	\$ 24,108,111
Public safety	37,281,245	36,517,037	38,535,603	43,656,127	44,026,682	42,368,701	48,004,360	56,723,757
Public works	19,052,187	15,913,431	16,728,351	22,554,703	19,659,069	16,388,169	22,948,985	21,084,898
Community and economic development	3,765,862	14,392,069	4,158,934	5,425,385	2,188,427	5,146,231	5,611,549	5,869,426
Culture and recreation	10,019,656	11,586,697	9,190,992	7,697,210	6,810,978	6,464,261	8,616,049	9,530,857
Other - Public Transportation	7,137,843	7,613,357	7,951,457	8,349,044	8,666,141	9,169,355	9,574,677	9,592,129
Debt service	1,029,598	943,997	1,218,936	934,007	1,539,263	2,737,333	2,544,827	3,229,523
Unallocated depreciation	14,840	27,326	41,414	37,375	71,575	55,005	64,861	39,175
Total governmental activities expenses	<u>99,392,988</u>	<u>108,632,114</u>	<u>100,065,692</u>	<u>102,386,262</u>	<u>96,870,412</u>	<u>97,548,949</u>	<u>111,655,492</u>	<u>130,177,876</u>
Business-type activities:								
Water	13,262,228	14,521,017	15,772,718	16,671,468	16,881,883	16,943,066	17,876,975	18,971,550
Sewer	14,282,194	13,665,415	14,102,932	14,019,208	13,488,810	15,247,981	13,585,023	15,190,288
Parking	3,695,555	2,630,276	2,478,172	2,368,344	3,684,777	2,902,894	2,963,565	3,048,960
Market	97,002	121,863	149,660	115,892	124,754	124,636	136,004	145,024
Golf courses	1,452,657	1,465,206	1,275,010	1,152,354	1,134,301	1,115,341	1,374,434	1,510,711
Airport	639,529	837,252	804,005	860,515	904,514	842,521	728,168	846,383
Stormwater	1,753,065	1,879,044	1,875,871	1,662,144	1,556,229	2,622,490	3,038,548	2,789,058
Solid Waste				8,086,147	9,876,503	10,322,715	10,881,003	12,131,440
Hydropower	440,838	420,254	467,783	259,773				
Total business-type activities expenses	<u>35,623,068</u>	<u>35,540,327</u>	<u>36,926,151</u>	<u>45,195,845</u>	<u>47,651,771</u>	<u>50,121,644</u>	<u>50,583,720</u>	<u>54,633,414</u>
Total primary government expenses	<u>\$ 135,016,056</u>	<u>\$ 144,172,441</u>	<u>\$ 136,991,843</u>	<u>\$ 147,582,107</u>	<u>\$ 144,522,183</u>	<u>\$ 147,670,593</u>	<u>\$ 162,239,212</u>	<u>\$ 184,811,290</u>

TABLE II

CITY OF ANN ARBOR
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 6,185,098	\$ 8,376,855	\$ 8,974,662	\$ 5,425,726	\$ 10,716,589	\$ 4,968,702	\$ 5,365,601	\$ 5,747,883
Public safety	9,776,870	10,347,613	10,189,485	11,539,080	11,624,431	12,119,252	13,042,927	11,128,662
Public works	1,519,878	2,172,513	7,495,156	3,220,105	1,834,707	4,224,568	2,104,180	1,552,806
Community and economic development			1,109,134	(81,681)	890			
Culture and Recreation	2,071,114	2,119,851	2,650,541	2,280,083	2,482,219	2,447,072	2,561,561	2,615,433
Other - Public Transportation	71,760	76,113	79,541	83,507	86,770	91,589	91,589	98,464
Operating grants and contributions	4,653,491	21,132,464	10,608,459	12,245,420	12,604,477	10,659,938	10,635,661	10,174,646
Capital grants and contributions		893,925	1,806,735	1,213,663	791,100	479,321	336,643	681,800
Total governmental activities program revenues	<u>24,278,211</u>	<u>45,119,334</u>	<u>42,913,713</u>	<u>35,925,903</u>	<u>40,141,183</u>	<u>34,990,442</u>	<u>34,138,162</u>	<u>31,999,694</u>
Business-type activities:								
Charges for services:								
Water	17,437,552	16,174,325	15,997,464	18,085,363	18,377,961	19,075,505	20,274,057	18,420,957
Sewer	16,111,883	16,042,136	15,830,994	18,330,302	18,933,853	17,330,738	19,493,468	19,074,478
Parking	6,957,734	4,328,687	3,691,597	3,462,633	3,066,276	3,305,205	2,531,021	3,423,624
Market	74,926	80,162	151,244	131,348	125,347	126,979	122,644	115,902
Golf courses	1,282,804	1,201,935	1,172,313	1,042,785	998,218	870,567	865,113	1,031,632
Airport	703,886	687,558	716,242	830,657	719,842	773,784	793,125	741,339
Stormwater	2,421,378	2,641,035	2,881,077	3,529,955	3,758,240	4,373,848	4,910,929	5,316,391
Solid Waste				478,493	814,140	729,343	1,543,903	1,049,923
Hydropower	308,471	214,556	261,730					
Capital grants and contributions						668,917	418,430	2,736,217
Total business-type activities program revenues	<u>45,298,634</u>	<u>41,370,394</u>	<u>40,702,661</u>	<u>45,891,536</u>	<u>46,793,877</u>	<u>47,254,886</u>	<u>50,952,690</u>	<u>51,910,463</u>
Total primary government program revenues	<u>\$ 69,576,845</u>	<u>\$ 86,489,728</u>	<u>\$ 83,616,374</u>	<u>\$ 81,817,439</u>	<u>\$ 86,935,060</u>	<u>\$ 82,245,328</u>	<u>\$ 85,090,852</u>	<u>\$ 83,910,157</u>

TABLE II

CITY OF ANN ARBOR
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Net (Expense) Revenue								
Governmental activities	\$ (75,114,777)	\$ (63,512,780)	\$ (57,151,979)	\$ (66,460,359)	\$ (56,729,229)	\$ (62,558,507)	\$ (77,517,330)	\$ (98,178,182)
Business-type activities	9,675,566	5,830,067	3,776,510	695,691	(857,894)	(2,866,758)	368,970	(2,722,951)
Total primary government net expense	<u>\$ (65,439,211)</u>	<u>\$ (57,682,713)</u>	<u>\$ (53,375,469)</u>	<u>\$ (65,764,668)</u>	<u>\$ (57,587,123)</u>	<u>\$ (65,425,265)</u>	<u>\$ (77,148,360)</u>	<u>\$ (100,901,133)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes, levied for general purposes	\$ 55,094,195	\$ 53,597,747	\$ 56,035,123	\$ 51,423,077	\$ 45,587,059	\$ 48,243,639	\$ 60,510,514	\$ 60,468,022
Property taxes, levied for debt services	2,707,538	7,686,425	8,127,043	8,029,733	16,430,807	17,236,440	9,555,291	9,526,085
Special Assessment	293,355							
State-shared revenues and grants (unrestricted)	21,877,296	13,227,051	11,865,469	11,674,762	11,469,467	11,464,818	11,116,813	11,102,183
Investment income	3,659,707	2,495,814	907,722	2,181,348	4,246,277	7,990,673	9,059,668	7,890,239
Gain on sale of assets	138,683	268,143						
Special Item					4,100,000			
Transfers	1,813,700	1,623,844	(335,508)	1,870,457	7,134,212	(1,276,359)	2,139,564	1,162,611
Other	452,366	1,104,228	646,593	367,458	194,410	709,786	899,577	375,390
Total governmental activities	<u>86,036,840</u>	<u>80,003,252</u>	<u>77,246,442</u>	<u>75,546,835</u>	<u>89,162,232</u>	<u>84,368,997</u>	<u>93,281,427</u>	<u>90,524,530</u>
Business-type activities:								
Taxes								
Property taxes, levied for general purposes				10,011,080	10,399,700	10,998,459	11,550,982	11,529,057
Investment income	1,589,314	1,083,726	304,192	1,651,492	2,177,470	3,861,459	4,493,194	5,443,148
Gain on sale of assets	90,103	46,255						
Transfers	(1,813,700)	(1,623,844)	335,508	(1,870,457)	(7,134,212)	1,276,359	(2,139,564)	(1,162,611)
Total business-type activities	<u>(134,283)</u>	<u>(493,863)</u>	<u>639,700</u>	<u>9,792,115</u>	<u>5,442,958</u>	<u>16,136,277</u>	<u>13,904,612</u>	<u>15,809,594</u>
Total primary government	<u>\$ 85,902,557</u>	<u>\$ 79,509,389</u>	<u>\$ 77,886,142</u>	<u>\$ 85,338,950</u>	<u>\$ 94,605,190</u>	<u>\$ 100,505,274</u>	<u>\$ 107,186,039</u>	<u>\$ 106,334,124</u>
Change in Net Assets								
Governmental activities	\$ 10,922,063	\$ 16,490,472	\$ 20,094,463	\$ 9,086,476	\$ 32,433,003	\$ 21,810,490	\$ 15,764,097	\$ (7,653,652)
Business-type activities	9,541,283	5,336,204	4,416,150	10,487,806	4,585,064	13,269,519	14,273,582	13,086,643
Total primary government	<u>\$ 20,463,346</u>	<u>\$ 21,826,676</u>	<u>\$ 24,510,613</u>	<u>\$ 19,574,282</u>	<u>\$ 37,018,067</u>	<u>\$ 35,080,009</u>	<u>\$ 30,037,679</u>	<u>\$ 5,432,991</u>

Per GASB Statement 44 this table requires last 10 fiscal years or recommends reporting from implementation of GASB Statement 34. The City of Ann Arbor implemented GASB Statement 34 in fiscal year 2002.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE III

CITY OF ANN ARBOR
 FUND BALANCES, GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (Unaudited)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 1,580,541	\$ 2,156,339	\$ 1,128,857	\$ 798,049	\$ 1,346,170	\$ 920,078	\$ 485,868	\$ 270,048	\$ 219,224	\$ 444,744
Unreserved	13,800,396	7,964,747	6,488,557	7,759,394	8,117,344	9,740,289	11,962,837	16,126,413	19,561,545	10,910,841
Total General Fund	<u>\$ 15,380,937</u>	<u>\$ 10,121,086</u>	<u>\$ 7,617,414</u>	<u>\$ 8,557,443</u>	<u>\$ 9,463,514</u>	<u>\$ 10,660,367</u>	<u>\$ 12,448,705</u>	<u>\$ 16,396,461</u>	<u>\$ 19,780,769</u>	<u>\$ 11,355,585</u>
All Other Governmental Funds										
Reserved	\$ 8,975,856	\$ 9,271,201	\$ 11,954,731	\$ 15,115,496	\$ 13,463,689	\$ 7,410,788	\$ 33,451,679	\$ 14,783,804	\$ 16,289,679	\$ 43,160,630
Unreserved, reported in:										
Special revenue funds	15,000,029	15,096,984	23,169,533	26,026,533	21,250,565	35,852,445	34,425,813	70,463,629	64,279,003	64,524,470
Capital projects funds	11,497,955	13,088,634	13,724,712	15,260,231	21,486,018	10,799,473	11,709,820		3,622,949	2,401,119
Information Services projects	1,412,317	2,060,987	321,977							
Debt service funds				1,990,759	1,828,253	1,621,672				
Subsequent year's expenditures	1,092,341	1,512,921	2,527,377	1,963,668						
Undesignated							26,634,034			
Total all other governmental funds	<u>\$ 37,978,498</u>	<u>\$ 41,030,727</u>	<u>\$ 51,698,330</u>	<u>\$ 60,356,687</u>	<u>\$ 58,028,525</u>	<u>\$ 55,684,378</u>	<u>\$ 106,221,346</u>	<u>\$ 85,247,433</u>	<u>\$ 84,191,631</u>	<u>\$ 110,086,219</u>

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE IV

CITY OF ANN ARBOR
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 52,787,520	\$ 54,797,240	\$ 57,801,733	\$ 61,284,172	\$ 64,162,166	\$ 59,452,810	\$ 62,017,866	\$ 65,480,079	\$ 70,065,805	\$ 69,994,107
Special Assessments/improvement charges	499,979	471,113	293,355	893,925	714,075	130,872	122,147	119,198	182,302	77,748
Licenses, fees & permits	4,099,147	3,122,293	2,856,377	3,001,458	3,145,919	3,715,412	3,229,331	1,210,631	1,284,685	1,133,847
Federal grants	2,480,560	3,279,419	2,475,059	3,018,503	2,132,556	3,842,697	4,853,737	3,801,631	3,470,830	3,434,753
State shared revenues and grants	21,460,079	22,428,861	24,055,728	31,341,012	20,341,372	20,077,485	20,011,307	19,214,610	18,743,579	18,469,118
Charges for services	10,368,179	10,196,953	7,251,540	8,175,886	13,268,471	9,343,486	9,608,385	14,846,082	14,228,315	13,350,572
Fines & penalties	5,737,482	5,541,929	5,321,733	5,901,225	5,479,578	5,787,212	5,997,715	5,894,126	5,874,429	4,963,134
Interest and penalties	104,810	100,644	120,128	86,841	95,095	50,227	39,894	36,551	30,472	28,963
Investment income	3,129,341	5,495,927	3,355,595	2,324,906	786,244	1,830,015	3,844,416	7,216,882	7,864,379	6,807,477
Rental	50,107	49,163	53,363	52,839	109,655	58,482	128,882	185,173	335,642	310,520
Contributions and donations	295,672	104,087	50,176	140,025	398,211	232,206	164,162	171,640	297,087	228,208
Sale of property and equipment	420,055	15,051	15,227	97,668	49,471	18,370	3,470	33,837	15,457	312,501
Intra-governmental sales	24,183	143,388	83,826	47,048	526,340	57,020	157,850	535,049	363,457	188,958
Reimbursements and refunds	44,564	482,100								
Miscellaneous	646,367	467,197	503,275	1,104,228	646,593	367,458	194,410	709,786	899,577	375,390
Total Revenues	102,148,045	106,695,365	104,237,115	117,469,736	111,855,746	104,963,752	110,373,572	119,455,275	123,656,016	119,675,296
Expenditures										
General government	66,528,891	67,977,909	64,786,881	76,380,826	71,949,620	62,580,503	58,196,427	54,702,644	55,447,393	60,810,845
Public Safety	28,230,695	34,397,326	31,924,968	31,920,806	33,472,092	34,559,387	37,492,113	43,476,726	45,003,004	47,151,174
Capital outlay	2,151,920	4,324,540	1,110,978	1,687,981	7,216,099	2,438,127	10,943,071	31,209,188	16,661,477	18,102,248
Debt service:										
Principal	3,449,129	3,330,792	2,544,562	2,470,661	2,556,100	2,516,100	2,508,050	3,405,000	3,175,000	3,270,000
Interest	1,656,535	1,472,433	1,066,153	970,388	1,187,383	971,713	1,329,166	2,422,079	2,586,455	2,934,523
Total expenditures	102,017,170	111,503,000	101,433,542	113,430,662	116,381,294	103,065,830	110,468,827	135,215,637	122,873,329	132,268,790
Excess of revenues over (under) expenditures	130,875	(4,807,635)	2,803,573	4,039,074	(4,525,548)	1,897,922	(95,255)	(15,760,362)	782,687	(12,593,494)
Other Financing Sources (Uses):										
Transfers in	19,136,672	18,173,436	16,973,562	9,652,384	7,927,995	11,784,483	21,817,720	9,362,022	8,879,908	13,104,036
Transfers out	(17,102,352)	(15,704,753)	(15,126,528)	(8,037,958)	(8,324,538)	(9,577,715)	(12,938,988)	(10,627,817)	(7,334,089)	(10,513,218)
Issuance of debt			815,000	4,000,000			44,885,000			27,472,080
Bond Discount				(55,114)						
Bond Issuance Costs			(12,225)				(305,812)			
Note Proceeds		263,041			3,500,000					
Total other financing sources (uses)	2,034,320	2,731,724	2,649,809	5,559,312	3,103,457	2,206,768	53,457,920	(1,265,795)	1,545,819	30,062,898
Net change in fund balances	\$ 2,165,195	\$ (2,075,911)	\$ 5,453,382	\$ 9,598,386	\$ (1,422,091)	\$ 4,104,690	\$ 53,362,665	\$ (17,026,157)	\$ 2,328,506	\$ 17,469,404
Debt service as a percentage of noncapital expenditures	5.1%	4.5%	3.9%	3.4%	4.2%	4.1%	4.3%	6.2%	5.8%	5.7%

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE V

CITY OF ANN ARBOR
TAXABLE VALUE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	Real Property	Personal Property	Less: Tax-exempt Property (4)	Total Taxable Value	Total Direct Tax Rate
2000	\$ 2,812,309,779	\$ 280,181,600		\$ 3,092,491,379	17.1320
2001	2,949,820,311	267,104,900		3,216,925,211	17.1295
2002	3,153,455,816	269,398,975		3,422,854,791	17.0025
2003	3,375,930,999	299,043,900		3,674,974,899	16.8691
2004	3,554,607,491	274,842,600		3,829,450,091	16.9015
2005	3,755,255,488	273,920,800		4,029,176,288	16.9013
2006	3,964,733,709	256,014,650		4,220,748,359	16.8156
2007	4,227,329,588	254,272,500		4,481,602,088	16.6605
2008	4,469,676,977	266,530,700		4,736,207,677	16.7825
2009	4,577,802,604	309,165,535		4,886,968,139	16.7807

Notes:

- (1) Taxable property in the City is assessed by the City Assessor and is subject to review by the County Board of Equalization. Tax levies on property in Michigan are applied against the taxable value of all property. Current statutes require assessments to be 50% of the true cash value of both personal and real property for equalization purposes.
- (2) In accordance with Act 409, Public Acts of Michigan, 1965, and Article 9, Section 2 of the Michigan Constitution, as amended by Joint Resolution S on March 15, 1994, state equalized value shall not exceed 50% of the true cash value. With the passage of Proposal "A", another value is required on each property. The new value is termed "taxable value". Increases in taxable value are limited to 5%, the Consumer Price Index, or State Equalized Value, whichever is less.
- (3) For the Industrial Facilities tax roll, the millage rate is 50% of the normal millage rate.
- (4) As Tax Exempt Property has a zero dollar value, no value is listed.

Source: City of Ann Arbor Financial Services, Assessing Unit

TABLE VI

CITY OF ANN ARBOR
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS
(Unaudited)

	City of Ann Arbor Direct Rate								Overlapping Rates					Total
	Fiscal Year	General Operating	Refuse Collection	Transportation*	Employee Benefits	Debt Service	Parks	Major Street Repair	Total Direct Tax Rate	Ann Arbor Public Schools**	Ann Arbor District Library***	Washtenaw County	Washtenaw Community College	
Homestead	2000	6.4515	2.5806	2.1505	2.1505	0.8539	0.9450	2.0000	17.1320	19.9233	1.6500	5.5809	4.0319	48.3181
Non-Homestead	2000	6.4515	2.5806	2.1505	2.1505	0.8539	0.9450	2.0000	17.1320	29.6256	1.6500	5.5809	4.0319	58.0204
Homestead	2001	6.0655	2.5674	2.1395	2.1395	0.7901	1.4377	1.9898	17.1295	18.8558	1.9500	5.5317	3.9944	47.4614
Non-Homestead	2001	6.0655	2.5674	2.1395	2.1395	0.7901	1.4377	1.9898	17.1295	29.4965	1.9500	5.5317	3.9944	58.1021
Homestead	2002	6.0315	2.5530	2.1275	2.1275	0.7549	1.4295	1.9786	17.0025	18.1505	1.9500	5.7269	3.9721	46.8020
Non-Homestead	2002	6.0315	2.5530	2.1275	2.1275	0.7549	1.4295	1.9786	17.0025	29.1050	1.9500	5.7269	3.9721	57.7565
Homestead	2003	6.0315	2.5302	2.1085	2.1085	0.6916	1.4166	1.9822	16.8691	19.2398	1.9500	5.6420	3.8559	47.5568
Non-Homestead	2003	6.0315	2.5302	2.1085	2.1085	0.6916	1.4166	1.9822	16.8691	30.6320	1.9500	5.6420	3.8559	58.9490
Homestead	2004	6.0315	2.5264	2.1054	2.1054	0.7300	1.4236	1.9792	16.9015	17.1741	1.9500	5.5819	3.8343	45.4418
Non-Homestead	2004	6.0315	2.5264	2.1054	2.1054	0.7300	1.4236	1.9792	16.9015	29.5202	1.9500	5.5819	3.8343	57.7879
Principal Residence Exemption (PRE)	2005	6.2125	2.5137	2.0948	2.0948	0.6000	1.4162	1.9693	16.9013	19.1890	1.9476	5.5493	3.7748	47.3620
Non-PRE	2005	6.2125	2.5137	2.0948	2.0948	0.6000	1.4162	1.9693	16.9013	31.5090	1.9476	5.5493	3.7748	59.6820
Principal Residence Exemption (PRE)	2006	6.2318	2.4925	2.0772	2.0772	0.5800	1.4042	1.9527	16.8156	18.7994	1.9332	5.5024	3.7249	46.7755
Non-PRE	2006	6.2318	2.4925	2.0772	2.0772	0.5800	1.4042	1.9527	16.8156	31.2636	1.9332	5.5024	3.7249	59.2397
Principal Residence Exemption (PRE)	2007	6.1856	2.4740	2.0618	2.0618	0.5454	1.3937	1.9382	16.6605	18.2226	1.9214	5.6768	3.7082	46.1895
Non-PRE	2007	6.1856	2.4740	2.0618	2.0618	0.5454	1.3937	1.9382	16.6605	31.2154	1.9214	5.6768	3.7082	59.1823
Principal Residence Exemption (PRE)	2008	6.1682	2.4670	2.0560	2.0560	0.4661	1.5748	1.9944	16.7825	17.9610	1.9214	5.6768	3.6956	46.0373
Non-PRE	2008	6.1682	2.4670	2.0560	2.0560	0.4661	1.5748	1.9944	16.7825	31.2072	1.9214	5.6768	3.6956	59.2835
Principal Residence Exemption (PRE)	2009	6.1682	2.4670	2.0560	2.0560	0.4643	1.5748	1.9944	16.7807	17.5203	1.9214	5.7018	3.6856	45.6098
Non-PRE	2009	6.1682	2.4670	2.0560	2.0560	0.4643	1.5748	1.9944	16.7807	31.2040	1.9214	5.7018	3.6856	59.2935

* Represents millage collected for Ann Arbor Transportation Authority.

** Includes Washtenaw Intermediate School Ann Arbor District millage of 3.9745 mills and State Education Tax of 6.0 mills on both Principal Residence and Non-Principal Residence properties. On Non-Principal Residence properties, an additional 13.6837 mills is included for School Operating Tax.

*** Ann Arbor District Library is now a separate taxing unit, beginning with 1996 tax, and previously was included in Ann Arbor Public Schools millage.

Source: City of Ann Arbor Financial Services, Assessing Unit

TABLE VII

CITY OF ANN ARBOR
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR & NINE YEARS AGO
(Unaudited)

Taxpayer	Type of Business	2009			2000		
		Taxable Value	Rank	Percentage of Total City Assessed Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Pfizer-Parke Davis	Pharmaceuticals	\$ 194,548,534	1	3.98%	\$ 129,479,500	1	4.19%
Briarwood Shopping Complex	Shopping Center	41,777,744	2	0.85%	34,541,936	2	1.12%
Detroit Edison	Utility	34,839,825	3	0.71%	28,750,249	3	0.93%
AMCAP Arborland LLC	Shopping Center	32,787,489	4	0.67%			
Transwestern Great Lakes	Office Building	26,248,352	5	0.54%			
Ann Arbor Campus Housing, LLC	Apartments	22,314,864	6	0.46%			
McMullen Properties LLC	Office Building	21,151,644	7	0.43%			
Maple Village Shopping	Shopping Center	19,086,682	8	0.39%			
MicKinley Associates	Apartments & Office	18,383,896	9	0.38%	14,651,984	6	0.47%
Windwood Dr Ann Arbor	Apartments	18,217,500	10	0.37%			
Geddes Lakes Real Estate Investment Trust	Office Building				19,581,081	4	0.63%
Arborland	Shopping Center				18,839,028	5	0.61%
Geddes Lake Co-op	Co-op Housing				14,213,468	7	0.46%
Michigan Consolidated Gas Co.	Utility				13,302,000	8	0.43%
Comcast	Cable Television				12,879,100	9	0.42%
EQR-Fancap	Apartments				12,462,800	10	0.40%
Total		\$ 429,356,530		8.78%	\$ 298,701,146		9.66%

Source: City of Ann Arbor Financial Services, Assessing Unit

CITY OF ANN ARBOR
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

TABLE VIII

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amounts	Percentage of Levy
2000	\$ 52,075,252	\$ 51,162,749	98.3%	\$ 795,259	\$ 51,958,008	99.8%
2001	54,210,561	53,385,722	98.5%	753,115	54,138,837	99.9%
2002	57,214,924	56,263,669	98.3%	832,408	57,096,077	99.8%
2003	61,993,518	60,937,583	98.3%	844,144	61,781,727	99.7%
2004	64,735,506	63,519,485	98.1%	1,015,842	64,535,327	99.7%
2005	68,096,928	66,903,671	98.2%	1,050,334	67,954,005	99.8%
2006	71,971,311	70,772,145	98.3%	1,054,936	71,827,081	99.8%
2007	75,936,565	74,440,502	98.0%	1,449,352	75,889,854	99.9%
2008	81,075,841	78,911,292	97.3%	2,055,627	80,966,919	99.9%
2009	81,928,011	79,444,679	97.0%	2,377,225	81,821,904	99.9%

Ad valorem taxes are levied July 1st annually, and are due July 31st. Delinquent real property taxes are turned over to the County for collection the following March 1st. The County pays all its municipalities from a revolving fund for delinquent real property taxes. Delinquent personal property taxes are negligible.

Source: City of Ann Arbor Financial Services, Treasury Unit

TABLE IX

CITY OF ANN ARBOR
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)
(Unaudited)

Fiscal Year	Governmental Activities					Business-Type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	Capital Projects Bonds	General Obligation Portion of Special Assessment Bonds	General Obligation Portion of Special Revenue Bonds	Special Assessment Bonds	Other Long-Term Debt	Ann Arbor Building Authority Bonds	Lease Contract Payable	Revenue Bonds	Other Long-term Debt	Other Bonds				
2000	\$ 20,620	\$ 1,220	\$ 5,332	\$ 3,030	\$ 1,921	\$ 32,035	\$ 2,200	\$ 47,615	\$ 732	\$ 4,973	\$ 119,678	1.04%	\$1,093	
2001	19,245	1,055	4,752	2,550	1,446	30,795	1,600	44,285	571	4,463	110,762	0.94%	972	
2002	17,770	1,250		2,730	876	33,040	1,200	45,855	896	3,939	107,556	0.88%	943	
2003	16,180	1,150	4,000	2,335	460	31,505	800	42,210	721	3,269	102,630	0.79%	900	
2004	14,515	1,025	3,925	1,930	3,644	29,965	400	75,240	782	2,587	134,013	1.00%	1,175	
2005	12,760	895	3,790	1,530	3,548	28,270		71,405	2,260	1,406	125,864	0.92%	1,101	
2006	35,575	760	23,900	1,165	3,500	26,555		66,750	2,972	1,061	162,238	1.17%	1,419	
2007	33,115	620	23,455	805	3,500	24,710		62,040	5,734	4,962	158,941	1.14%	1,390	
2008	30,615	545	22,980	680	3,911	22,900		105,160	2,333	4,610	193,734	1.34%	1,683	
2009	55,715	470	22,470	555	3,500	21,190		99,855	2,033	4,105	209,893	1.45%	1,831	

Note: For fiscal year 2009 percent of personal income, the divisor used was for 2008 since 2009 Personal income is not available at this time.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE X

CITY OF ANN ARBOR
 RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)
 (Unaudited)

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	Capital Projects Bonds	General Obligation Portion of Special Assessment Bonds	General Obligation Portion of Special Revenue Bonds	Total		
2000	\$ 20,620	\$ 1,220	\$ 5,332	\$ 27,172	0.88%	\$248.21
2001	19,245	1,055	4,752	25,052	0.78%	219.77
2002	17,770	1,250		19,020	0.56%	166.81
2003	16,180	1,150	4,000	21,330	0.58%	187.01
2004	14,515	1,025	3,925	19,465	0.51%	170.65
2005	12,760	895	3,790	17,445	0.43%	152.59
2006	35,575	760	23,900	60,235	1.43%	526.86
2007	33,115	620	23,455	57,190	1.28%	500.23
2008	30,615	545	22,980	54,140	1.14%	470.41
2009	55,715	470	22,470	78,655	1.61%	686.33

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE XI

CITY OF ANN ARBOR
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 AS OF JUNE 30, 2009
 (dollars in thousands)
 (Unaudited)

<u>Government Unit</u>	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
DIRECT DEBT			
General Obligation Bonds	\$ 56,067		
Ann Arbor Building Authority Bonds	21,190		
Other Long-Term Debt	3,441		
City direct debt	<u>\$ 80,698</u>		
OVERLAPPING DEBT			
Ann Arbor School District	\$ 190,165	60.580%	\$ 115,202
Washtenaw Community College	78,017	30.519%	23,810
Washtenaw County at Large	52,435	31.241%	16,381
Overlapping debt	<u>\$ 320,617</u>		<u>\$ 155,393</u>
Total direct & overlapping debt			<u>\$ 236,091</u>

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE XII

CITY OF ANN ARBOR
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2009

Taxable value of real and personal property	\$ 4,886,968,139
Debt limit (10% of assessed value)	488,696,814
Debt applicable to limit:	
Net direct debt	80,698,414
Less: Special Assessment bonds (general obligation portion)	<u>(551,796)</u>
Total net debt applicable to limit	<u>80,146,618</u>
Legal debt margin	<u>\$ 408,550,196</u>

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 309,249,138	\$ 321,692,521	\$ 342,285,479	\$ 367,497,490	\$ 382,945,009	\$ 402,917,629	\$ 422,074,836	\$ 448,160,209	\$ 473,620,768	\$ 488,696,814
Total net debt applicable to limit	54,575,642	51,485,511	51,625,889	47,909,852	48,124,150	43,944,619	63,436,196	56,724,615	56,724,615	80,146,618
Legal debt margin	<u>\$ 254,673,496</u>	<u>\$ 270,207,010</u>	<u>\$ 290,659,590</u>	<u>\$ 319,587,638</u>	<u>\$ 334,820,859</u>	<u>\$ 358,973,010</u>	<u>\$ 358,638,640</u>	<u>\$ 391,435,594</u>	<u>\$ 416,896,153</u>	<u>\$ 408,550,196</u>
Total net debt applicable to the limit as a percentage of debt limit	17.65%	16.00%	15.08%	13.04%	12.57%	10.91%	15.03%	12.66%	11.98%	16.40%

Source: City of Ann Arbor Financial Services, Accounting Services Unit

CITY OF ANN ARBOR
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 (Unaudited)

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
Water Supply System:							
2000	\$ 15,347,694	\$ 10,323,987	\$ 5,023,707	\$ 1,880,000	\$ 2,000,997	\$ 3,880,997	1.3
2001	15,324,166	9,654,378	5,669,788	1,985,000	1,775,399	3,760,399	1.5
2002	17,772,569	9,955,579	7,816,990	2,235,000	1,653,572	3,888,572	2.0
2003	16,510,943	10,629,592	5,881,351	2,240,000	1,779,305	4,019,305	1.5
2004	16,105,264	11,065,321	5,039,943	2,470,000	1,580,236	4,050,236	1.2
2005	18,365,626	12,229,142	6,136,484	2,665,000	1,753,678	4,418,678	1.4
2006	18,719,846	12,793,461	5,926,385	3,090,000	1,266,128	4,356,128	1.4
2007	19,645,050	12,815,434	6,829,616	3,085,000	1,311,200	4,396,200	1.6
2008	20,878,987	13,227,385	7,651,602	3,175,000	1,201,181	4,376,181	1.7
2009	19,228,211	14,442,403	4,785,808	3,710,000	2,004,487	5,714,487	0.8
Sewage Disposal System:							
2000	\$ 14,181,088	\$ 11,236,645	\$ 2,944,443	\$ 1,200,000	\$ 528,680	\$ 1,728,680	1.7
2001	15,140,567	12,526,551	2,614,016	1,250,000	478,705	1,728,705	1.5
2002	16,870,157	10,147,750	6,722,407	1,305,000	411,860	1,716,860	3.9
2003	16,555,436	9,578,002	6,977,434	1,300,000	367,060	1,667,060	4.2
2004	15,938,987	10,904,443	5,034,544	1,115,000	322,820	1,437,820	3.5
2005	19,351,456	9,667,652	9,683,804	1,125,000	1,694,292	2,819,292	3.4
2006	20,291,760	9,621,514	10,670,246	1,440,000	1,243,005	2,683,005	4.0
2007	21,168,920	11,400,323	9,768,597	1,495,000	1,166,739	2,661,739	3.7
2008	22,263,810	10,571,368	11,692,442	1,490,000	1,110,639	2,600,639	4.5
2009	22,752,472	11,185,369	11,567,103	1,450,000	1,763,808	3,213,808	3.6
Stormwater Sewer System:							
2000	\$ 1,999,327	\$ 1,721,429	\$ 277,898	\$ 85,000	\$ 61,750	\$ 146,750	1.9
2001	2,129,529	1,666,023	463,506	95,000	56,508	151,508	3.1
2002	2,487,424	1,581,689	905,735	100,000	51,781	151,781	6.0
2003	2,688,709	1,681,136	1,007,573	105,000	45,270	150,270	6.7
2004	2,859,418	1,691,556	1,167,862	110,000	41,366	151,366	7.7
2005	3,578,596	1,449,544	2,129,052	115,000	36,243	151,243	14.1
2006	3,810,641	1,333,400	2,477,241	125,000	51,547	176,547	14.0
2007	4,564,942	2,261,839	2,303,103	130,000	22,802	152,802	15.1
2008	5,176,719	2,701,223	2,475,496	140,000	15,588	155,588	15.9
2009	5,517,486	2,501,139	3,016,347	145,000	7,643	152,643	19.8

Notes:

- (1) Includes interest income.
- (2) Excludes depreciation expense.

CITY OF ANN ARBOR
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN CALENDAR YEARS
 (Unaudited)

TABLE XIV

Year	Population (1)	Personal income (thousands of dollars) (2)	Per Capita Personal Income (2)	Median Age (1)	Education Level in Years of Schooling (1)	School Enrollment (3)	Unemployment Rate % (4)
2000	109,472	\$11,541,043	\$35,593	27.9	16.5	16,530	1.5
2001	113,992	11,774,476	35,873	27.9	16.5	16,589	2.9
2002	113,992	12,226,644	36,783	28.1	16.5	16,768	2.9
2003	114,061	12,989,048	38,706	28.1	16.5	16,664	4.1
2004	114,061	13,391,280	39,528	28.1	16.5	16,724	4.4
2005	114,103	13,751,795	40,228	28.1	16.5	16,980	4.7
2006	114,216	13,892,850	40,381	27.3	16.5	16,879	4.4
2007	114,282	14,431,623	41,233	27.3	16.5	16,680	5.2
2008	114,282	14,431,623	41,233	27.3	16.5	17,012	6.3
2009	114,602	n/a*	n/a*	27.3	16.5	16,539	10.6

Sources:

(1) State of Michigan - Department of Treasury

(2) Bureau of Economic Analysis
<http://www.bea.gov/regional/reis/>

*Note: Accelerated estimates of personal income for 2008 from metropolitan statistical areas (MSAs) were released September 2009. 2009 data has not been released at this time.

(3) Ann Arbor Public School's Child Accounting Office.
http://www.aaps.k12.mi.us/aaps.about/demographic_data

(4) Michigan Employment Security Commission statistics for Washtenaw County.
http://stats.bls.gov/eag/eag.mi_annarbor_msa.htm

CITY OF ANN ARBOR
PRINCIPAL EMPLOYERS
CURRENT YEAR & NINE YEARS AGO
(Unaudited)

TABLE XV

Taxpayer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Michigan	25,364	1	42.75%	18,300	1	47.02%
Univ. of Mich Hospitals & Health System	18,298	2	30.84%	7,803	2	20.04%
St. Joseph Mercy Health System	5,679	3	9.57%	4,343	3	11.16%
Ann Arbor Public Schools	3,000	4	5.06%	1,900	4	4.88%
Washtenaw Community College	1,559	5	2.62%			
Washtenaw County	1,382	6	2.33%	1,300	6	3.34%
Veterans Administration Medical Center	1,230	7	2.07%	1,300	7	3.34%
Borders Group, Inc.	1,220	8	2.06%	1,600	5	4.11%
City of Ann Arbor	801	9	1.35%	750	9	1.93%
Busch's Inc.	800	10	1.35%			
Bell & Howell Learning and Information				1,000	8	2.57%
NSK Corp				627	10	1.61%
Total	59,333		100.00%	38,923		100.00%

Source: Business Week (Prime Numbers: Top 100 Employers, January's Edition)
Crain's Business Detroit (Washtenaw County's Largest Employers) May 4, 2000 Edition

TABLE XVI

CITY OF ANN ARBOR
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)

	Full-Time Equivalent Employees as of June 30									
Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Financial Services	90	66	67	66	54	49	47	50	51	49
Community Services	37	37	72	73	65	67	56	41	42	35
Parks & Recreation	78	82	32	34	23	18	24	23	21	17
City Administrator Services	8	8	20	20	20	18	16	31	32	29
Mayor & Council	2	2	1	1	1	1	1	1	1	1
Other			1	1						
Police										
Officers	235	232	242	240	236	225	159	159	160	152
Civilians	11	12					67	67	50	30
Fire										
Firefighters & Officers	122	126	114	115	100	102	94	94	94	94
Civilians	5	5								
Public Services										
Project Management	33	35	35	35	34	19	17	16	17	15
Water	52	70	32	32	28	24	21	24	26	23
Wastewater Treatment	63	63	45	39	36	35	32	34	35	34
Field Operations	149	151	188	174	155	146	124	128	125	125
Other	50	55	50	50	50	74	103	92	87	93
15th District Court	40	40	40	40	41	41	41	41	41	39
Retirement System	3	4	4	4	4	4	4	4	4	3
Downtown Development Authority	2	2	2	3	3	3	3	3	3	3
City Attorney	12	14	14	14	13	14	14	14	14	14
Per Budget Book	992	1,004	959	941	863	840	823	822	803	800

Source: City of Ann Arbor Financial Services, Accounting Services Unit

TABLE XVII

CITY OF ANN ARBOR
OPERATING INDICATORS BY FUNCTION/PROGRAM
CURRENT AND LAST THREE FISCAL YEARS
(Unaudited)

Function/Program	2006	2007	2008	2009
Police				
Physical arrests	1,786	1,731	1,685	2,000
Parking violations	193,498	191,563	167,102	157,668
Traffic violations	348	26,459	22,893	23,764
Fire				
Emergency responses	5,629	5,966	5,996	6,045
Fire extinguished	330	316	265	258
Inspections	238	1,088	471	21
Refuse Collection				
Refuse collected (tons per day)	117.61	125.00	123.00	92.00
Recyclables collected (tons per day)	6.42	9.00	10.00	34.00
Other Public works				
Street resurfacing (miles)	6.25	6.20	4.34	4.92
Potholes repaired (tons)	449.43	273.00	444.34	423.70
Parks and Recreation				
Athletic field permits issued	1,142	1,040	814	839
Community center admissions	10,764	10,168	10,168	10,500
Water				
New connections	27,156	27,813	28,193	28,222
Water mains breaks	80	104	110	58
Average daily consumption (millions of gallons)	13,960	11.947	12.800	12.675
Peak daily consumption (millions of gallons)	21,594	22.007	22.510	20.775
Wastewater				
Average daily sewage treatment (millions of gallons)	19,600	19,085	18,000	18,347

Source: Various services areas within City of Ann Arbor
Reporting from FY2006 to current fiscal year, not required to report retroactively.
*GASB Statement No. 44 (Economic Condition Reporting: The Statistical Section)

TABLE XVIII

CITY OF ANN ARBOR
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)

Function/Program	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Station	1	1	1	1	1	1	1	1	1	1
Zone Offices	4	4	4	2	2	2	2	2	2	2
Patrol units	36	36	36	36	37	35	35	34	36	36
Fire Stations	6	6	6	6	5	5	5	5	5	5
Refuse Collection										
Collection Trucks	18	18	18	18	17	16	14	14	18	18
Other Public works										
Streets (miles)	283.83	289.74	289.74	289.74	291.46	295.13	295.13	295.13	295.13	295.13
Streetlights	8,483	8,547	8,685	8,701	8,786	8,858	7,028	7,134	7,134	7,134
Traffic signals	147	149	150	150	153	154	154	154	158	158
Parks and Recreation										
Acreage	1,983	2,027	2,027	2,027	2,055	2,055	2,056	2,069	2,088	2,088
Playgrounds	146	147	147	147	153	153	153	78	85	73
Baseball/softball diamonds	34	34	34	34	34	34	34	34	34	34
Soccer/football fields	22	22	22	22	23	23	25	25	25	25
Community centers	2	2	2	2	2	2	2	2	2	2
Water										
Water mains (miles)	442.21	439.81	448	440	441	478	481.6	480.5	490.4	484.7
Fire hydrants	3,750	3,800	3,428	3,294	3,345	3,428	3,466	3,510	3,549	3,555
Storage Capacity (thousands of gallons)	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Wastewater										
Sanitary sewers (miles)	336.5	337.24	337.24	364	365	395	400.2	401.9	407	404.6
Storm sewers (miles)	198.78	199.07	199.07	271	271	341	359.9	367.8	388.2	412.6
Treatment capacity (thousands of gallons)	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

Source: Various services areas within City of Ann Arbor