

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007

	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	\$2,377,097	\$1,848,028	\$581,225	\$66,863	\$	\$4,706	\$475,580	\$157,171	\$5,510,670	\$175,558
Cash with fiscal agents		2,072,001							2,072,001	
Cash and cash equivalents, held at County of Washtenaw		3,882							3,882	
Equity in pooled cash and investments (Note 2)	3,834,673	34,372,330	1,754,888	550,222	31,190		3,824,204	8,537,944	52,905,451	20,117,546
Investments (Note 2)	1,545,970	9,098,437	1,208,744					32,143	11,885,294	
Receivables:										
Accounts	4,157,740	3,977,203	9,055	1,220	4,773	120,052	937,091	65,196	9,272,330	25,944
Special Assessments	25,791	39,994							65,785	
Improvement charges	21,407	37,988					4,501		63,896	
Taxes receivables								26,241	26,241	
Interest receivable	16,014	76,329	3,331						95,674	
Less: Allowance for uncollectibles	(22,830)	(6,955)	(9,055)	(660)	(2,183)	(40,883)	(17,756)	(25,490)	(125,812)	(12,633)
Due from other funds (Note 3)	79,587	9,032					28	5,116	93,763	633,843
Prepaid items							3,876		3,876	543,115
Inventory, at cost	382,498	78,686			14,651				475,835	767,273
Total Current Assets	12,417,947	51,606,955	3,548,188	617,645	48,431	83,875	5,227,524	8,798,321	82,348,886	22,250,646
Noncurrent assets:										
Receivables:										
Special Assessments	298,064	517,911					24,890		840,865	
Improvement charges	222,057	266,395					40,985		529,437	
Deferred charges	222,029	430,466	341,745		13,200		3,593		1,011,033	
Capital assets (Note 5):										
Land	412,830	339,582	4,522,293	84,120	693,739	708,927	15,000	598,237	7,374,728	194,707
Buildings	8,545,826	29,100,831	60,678,849	332,206	506,024	1,871,570		5,624,446	106,659,752	705,708
Improvements other than buildings	80,886,064	53,401,684	523,891	19,700	2,305,074	143,404	7,394,149	342,073	145,016,039	62,407
Machinery and equipment	14,821,171	19,043,652	172,578		726,228	261,306	142,110	2,480,871	37,647,916	3,219,394
Vehicles	781,367	965,319			20,694	56,041	390,669	6,424,257	8,638,347	7,187,213
Less: Accumulated depreciation	(38,873,036)	(72,675,554)	(17,697,433)	(153,471)	(1,536,603)	(2,116,816)	(996,499)	(6,502,292)	(140,551,704)	(7,886,412)
Construction in progress	5,360,527	29,668,404	4,459,441				127,257	4,934,055	44,549,684	
Total Noncurrent Assets	72,676,899	61,058,690	53,001,364	282,555	2,728,356	924,432	7,142,154	13,901,647	211,716,097	3,483,017
Total Assets	85,094,846	112,665,645	56,549,552	900,200	2,776,787	1,008,307	12,369,678	22,699,968	294,064,983	25,733,663

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2007
(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	\$2,195,170	\$889,946	\$7,027	\$986	\$11,578	\$14,242	\$280,670	\$385,720	\$3,785,339	\$1,004,009
Estimated claims payable										2,344,455
Accrued liabilities	681,332	122,103		1,129	18,194	9,301	26,126	71,256	929,441	412,504
Accrued interest payable	526,001	592,379	379,677		8,940		1,354		1,508,351	
Due to other funds (Note 3)	552,617	640,082	281,029	1,009	1,106,558	1,925	9,723	220,530	2,813,473	2,211,235
Due to other governments			793,784						793,784	
Deposits	277,042				13				277,055	
Unearned revenue				59,689		16,874			76,563	
Revenue bonds payable - current portion (Note 9)	3,175,000	1,490,000					140,000		4,805,000	
Ann Arbor Building Authority bonds payable - current portion (Note 9)			1,710,000		100,000				1,810,000	
Other bonds payable - current portion (Note 9)			352,054						352,054	
Other debt-current portion (Note 9)	35,000	160,000			29,156		214,437		438,593	
Accrued compensated absences (Note 9)	81,249	70,355		38	315	6,567	11,167	40,218	209,909	53,025
Total Current Liabilities	7,523,411	3,964,865	3,523,571	62,851	1,274,754	48,909	683,477	717,724	17,799,562	6,025,228
Noncurrent Liabilities:										
Revenue bonds - non-current portion (Note 9)	27,915,000	29,175,000					145,000		57,235,000	
Ann Arbor Building Authority bonds payable - non-current portion (Note 9)			22,120,000		780,000				22,900,000	
Other bonds payable - non-current portion (Note 9)			4,610,056						4,610,056	
Other long-term debt - non-current portion (Note 9)	382,891	2,592,364			73,010		2,247,322		5,295,587	
Accrued compensated absences - non-current portion (Note 9)	1,251,960	694,806		5,357	48,373	90,625	364,268	604,346	3,059,735	431,286
Total Noncurrent Liabilities	29,549,851	32,462,170	26,730,056	5,357	901,383	90,625	2,756,590	604,346	93,100,378	431,286
Total Liabilities	37,073,262	36,427,035	30,253,627	68,208	2,176,137	139,534	3,440,067	1,322,070	110,899,940	6,456,514
NET ASSETS										
Invested in Capital Assets, net of related debt	40,426,858	26,426,554	23,867,509	282,555	1,732,990	924,432	4,325,927	13,901,647	111,888,472	3,483,017
Restricted for debt service	3,109,000	2,600,639					28,500		5,738,139	
Restricted for equipment replacement	2,203,129	6,468,342					530,523	181,953	9,383,947	
Restricted for landfill								169,129	169,129	
Unrestricted (deficit)	2,282,597	40,743,075	2,428,416	549,437	(1,132,340)	(55,659)	4,044,661	7,125,169	55,985,356	15,794,132
TOTAL NET ASSETS	\$48,021,584	\$76,238,610	\$26,295,925	\$831,992	\$600,650	\$868,773	\$8,929,611	\$21,377,898	\$183,165,043	\$19,277,149

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, 2007

	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	\$19,073,813	\$18,762,723	\$3,305,205	\$126,979	\$870,567	\$773,784	\$4,373,848	\$724,643	\$48,011,562	\$34,510,037
Miscellaneous revenue										473,508
Total Operating Revenues	19,073,813	18,762,723	3,305,205	126,979	870,567	773,784	4,373,848	724,643	48,011,562	34,983,545
Operating Expenses:										
Personal services	5,593,755	4,527,657		65,441	529,348	398,176	1,139,363	3,105,014	15,358,754	5,742,783
Municipal service charge	593,028	375,816		17,892	123,888	96,000	46,488	233,496	1,486,608	1,539,660
Information Technology charge	637,536	422,100		9,708	27,996	43,056	46,296	131,760	1,318,452	547,586
Materials and supplies	2,278,361	821,088		12,591	162,831	43,011	76,618	254,830	3,649,330	1,380,029
Utilities	1,416,117	1,060,636		6,492	31,960	58,614	5,325	244,396	2,823,540	84,080
Insurance	152,316	542,964		72	2,544	70,836	1,932	122,220	892,884	18,143,267
Contractual services	585,685	1,149,699		506	1,297	20,068	125,023	2,842,668	4,724,946	306,695
Maintenance	285,488	167,533		482	34,405	33,727	23,095	249,911	794,641	152,428
Professional fees	615,583	1,937,588	50,452			10,330	757,384	252,555	3,623,892	477,743
Rent	199,405	121,218		263	4,861	3,097	30,099	1,655,569	2,014,512	
Miscellaneous	458,160	274,024		1,441	5,204	25,192	10,216	47,977	822,214	69,311
Cost of goods sold										1,912,411
Depreciation and amortization	2,721,712	2,622,478	1,620,477	8,982	115,734	40,312	172,173	1,180,442	8,482,310	971,595
Total Operating Expenses	15,537,146	14,022,801	1,670,929	123,870	1,040,068	842,419	2,434,012	10,320,838	45,992,083	31,327,588
Operating Income (Loss)	3,536,667	4,739,922	1,634,276	3,109	(169,501)	(68,635)	1,939,836	(9,596,195)	2,019,479	3,655,957
Nonoperating Revenues (Expenses):										
Interest income	571,237	2,406,197	76,567	20,031	1,198		191,094	595,135	3,861,459	737,240
Net gain on retirement of capital assets	1,692	(1,431,985)		(766)	(75,273)	(102)	(188,478)	4,700	(1,425,593)	103,512
Interest expense and fiscal charges	(1,405,920)	(1,225,180)	(1,231,965)	(766)	(75,273)	(102)	(188,478)	(1,877)	(4,129,561)	(1,361)
Property taxes								10,998,459	10,998,459	
Total Nonoperating Revenues (Expenses)	(832,991)	(250,968)	(1,155,398)	19,265	(74,075)	(102)	2,616	11,596,417	9,304,764	839,391
Income (Loss) Before Contributions and Transfers	2,703,676	4,488,954	478,878	22,374	(243,576)	(68,737)	1,942,452	2,000,222	11,324,243	4,495,348
Transfers and contributions:										
Capital contributions			668,917						668,917	
Transfers in (Note 7)	1,618,153	78,400					91,815	3,686,882	5,475,250	697,055
Transfers out (Note 7)	(820,349)	(1,451,391)				(8,786)	(826,718)	(1,091,647)	(4,198,891)	(707,619)
Changes in Net Assets	3,501,480	3,115,963	1,147,795	22,374	(243,576)	(77,523)	1,207,549	4,595,457	13,269,519	4,484,784
Net Assets - July 1, 2006	44,520,104	73,122,647	25,148,130	809,618	844,226	946,296	7,722,062	16,782,441	169,895,524	14,792,365
Net Assets - June 30, 2007	\$48,021,584	\$76,238,610	\$26,295,925	\$831,992	\$600,650	\$868,773	\$8,929,611	\$21,377,898	\$183,165,043	\$19,277,149

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, 2007

	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	\$18,060,956	\$18,849,533	\$3,305,205	\$186,089	\$870,970	\$777,381	\$4,214,706	\$877,928	\$47,142,768	\$35,015,822
Receipts from interfund services provided	563,059	830,784	275,400	3,442	302,719	969	68,229	35,324	2,079,926	2,367,314
Payments to suppliers	(5,733,484)	(6,653,478)	(43,425)	(50,118)	(399,140)	(394,259)	(1,011,524)	(6,199,204)	(20,484,632)	(23,072,277)
Payments on behalf of employees	(5,572,429)	(4,639,729)		(92,592)	(566,613)	(409,868)	(1,001,653)	(2,898,584)	(15,181,468)	(5,333,228)
Payments for interfund services used						(6,301)		(1,046)	(7,347)	(310,999)
Net cash provided by (used in) operating activities	7,318,102	8,387,110	3,537,180	46,821	207,936	(32,078)	2,269,758	(8,185,582)	13,549,247	8,666,632
Cash flows from noncapital financing activities:										
Transfers in	1,618,153	78,400					91,815	3,686,882	5,475,250	697,055
Transfers out	(820,349)	(1,451,391)				(8,786)	(826,718)	(1,091,647)	(4,198,891)	(707,619)
Property taxes								10,998,459	10,998,459	
Net cash provided by (used in) noncapital financing activities	797,804	(1,372,991)				(8,786)	(734,903)	13,593,694	12,274,818	(10,564)
Cash flows from capital and related financing activities:										
Proceeds from sales of bonds and notes	105,391	986,538	4,250,000						5,341,929	
Capital contributions			668,917						668,917	
Acquisition and construction of capital assets	(5,583,251)	(7,165,036)	(3,665,657)				(410,175)	(4,588,178)	(21,412,297)	(1,445,913)
leases and notes	(3,225,391)	(1,615,000)	(2,099,387)		(133,454)		(377,596)		(7,450,828)	
Interest paid on bonds, notes, and capital leases	(1,284,444)	(1,235,918)	(1,262,958)	(766)	(74,482)	(102)	(187,436)	(1,877)	(4,047,983)	(1,361)
Proceeds from sale of equipment	1,692							4,700	6,392	110,333
Net cash used in capital and related financing activities	(9,986,003)	(9,029,416)	(2,109,085)	(766)	(207,936)	(102)	(975,207)	(4,585,355)	(26,893,870)	(1,336,941)
Cash flows from investing activities:										
Purchase of investment securities	(2,151,899)	(3,911,537)	(4,195,366)					(1,787)	(10,260,589)	
Sale of investment securities	3,870,199	3,461,444	2,986,622						10,318,265	
Interest and dividends on investments	566,849	2,393,079	75,666	20,031	1,198		191,094	595,135	3,843,052	737,240
Net cash provided by (used in) investing activities	2,285,149	1,942,986	(1,133,078)	20,031	1,198		191,094	593,348	3,900,728	737,240
Net increase (decrease) in cash and cash equivalents	415,052	(72,311)	295,017	66,086	1,198	(40,966)	750,742	1,416,105	2,830,923	8,056,367
Cash and cash equivalents at beginning of the year	5,796,718	38,368,552	2,041,096	550,999	29,992	45,672	3,549,042	7,279,010	57,661,081	12,236,737
Cash and cash equivalents at end of the year	\$6,211,770	\$38,296,241	\$2,336,113	\$617,085	\$31,190	\$4,706	\$4,299,784	\$8,695,115	\$60,492,004	\$20,293,104

(Continued)

CITY OF ANN ARBOR
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2007
(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:										
Net operating income (loss)	\$ 3,536,667	\$ 4,739,922	\$ 1,634,276	\$ 3,109	\$ (169,501)	\$ (68,635)	\$ 1,939,836	\$ (9,596,195)	\$ 2,019,479	\$3,655,957
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation and amortization	2,721,712	2,622,478	1,620,477	8,982	115,734	40,312	172,173	1,180,442	8,482,310	971,595
Allowance for uncollectible accounts	(10,911)			221	(1,183)	23,982	328	(2,382)	10,055	(3,874)
(Increase) decrease in assets and increase (decrease) in liabilities										
Accounts receivable	(1,001,946)	86,810		(800)	1,586	(37,259)	(159,470)	155,667	(955,412)	36,151
Due from other funds									-	25,159
Inventory	88,248	(14,312)			2,270				76,206	419
Prepaid items							5,755		5,755	1,342,106
Accounts payable	1,429,170	233,500	7,027	(671)	(6,424)	10,272	105,197	(163,822)	1,614,249	489,009
Accrued compensated absences	151,779	(79,403)		1,735	(39,998)	(15,052)	128,575	179,952	327,588	155,841
Estimated claims payable										(290,601)
Accrued liabilities	(130,453)	(32,669)		(28,886)	2,733	3,360	9,135	26,478	(150,302)	253,714
Due to other funds	40,801	293,884	275,400	551	256,627	(6,301)	6,303	35,324	902,589	2,031,156
Due to other governments	522,258	536,900		2,891	46,092	969	61,926	(1,046)	1,169,990	
Deposits	(29,223)					(600)			(29,823)	
Unearned revenue				59,689		16,874			76,563	
Net cash provided by (used in) operating activities	<u>\$ 7,318,102</u>	<u>\$ 8,387,110</u>	<u>\$ 3,537,180</u>	<u>\$ 46,821</u>	<u>\$ 207,936</u>	<u>\$ (32,078)</u>	<u>\$ 2,269,758</u>	<u>\$ (8,185,582)</u>	<u>\$ 13,549,247</u>	<u>\$ 8,666,632</u>

NONCASH CAPITAL FINANCING ACTIVITIES:

During this fiscal year, the City's Parking System Fund received noncash capital contributions from the Downtown Development Authority in the amount of \$668,917 in the form of additions made towards the construction of Fourth & William parking structure.

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

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008

	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	\$6,081,339	\$2,494,664	\$31,175	\$3,458	\$82,600	\$25,826	\$191	\$207,779	\$8,927,032	\$573,998
Cash with fiscal agents		2,003,351							2,003,351	
Equity in pooled cash and investments (Note 2)	12,010,928	40,755,031	2,244,032	672,477	68,952	10,020	4,701,882	10,323,148	70,786,470	20,796,021
Investments (Note 2)	10,109,640	30,017,399						32,813	40,159,852	
Receivables:										
Accounts	4,547,881	3,828,996	1,610	11,120	2,720	73,192	1,531,417	266,445	10,263,381	14,948
Special Assessments	18,192	40,892					4,402		63,486	
Improvement charges	22,093	56,699					6,680		85,472	
Taxes receivable								21,492	21,492	
Interest receivable	98,418	147,126							245,544	
Less: Allowance for uncollectibles	(15,225)	(6,133)	(1,610)	(3,560)		(16,767)	(4,410)	(24,948)	(72,653)	(5,560)
Due from other funds (Note 3)	187,148	171,981	125	6,521	2,413	21,636	27,945	361,172	778,941	1,353,733
Due from other governments							224,508		224,508	
Prepaid items							24,874		24,874	1,213,005
Inventory, at cost	466,984	80,782			15,585				563,351	777,453
Total Current Assets	33,527,398	79,590,788	2,275,332	690,016	172,270	113,907	6,517,489	11,187,901	134,075,101	24,723,598
Noncurrent assets:										
Receivables:										
Special Assessments	260,514	422,651					21,303		704,468	
Improvement charges	174,682	358,694					35,835		569,211	
Deferred charges	215,701	469,072	275,258		11,700		1,828		973,559	
Capital assets (Note 5):										
Land	412,830	339,582	4,522,293	84,120	693,739	708,927	15,000	598,237	7,374,728	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	81,400,367	53,429,718	523,891	19,700	2,305,074	143,404	7,469,938	342,073	145,634,165	62,407
Machinery and equipment	14,951,941	19,070,867	172,578		726,228	261,306	142,110	2,890,842	38,215,872	3,502,235
Vehicles	799,748	1,348,560			20,694	56,041	430,314	6,166,895	8,822,252	7,952,284
Less: Accumulated depreciation	(42,166,814)	(74,401,706)	(18,549,900)	(162,475)	(1,650,301)	(2,149,480)	(1,152,434)	(7,317,582)	(147,550,692)	(8,349,153)
Construction in progress	11,710,592	35,554,873				111,703	230,745	5,244,753	52,852,666	
Total Noncurrent Assets	76,305,387	65,693,142	51,798,718	273,551	2,613,158	1,003,471	7,194,639	13,549,664	218,431,730	4,068,188
Total Assets	109,832,785	145,283,930	54,074,050	963,567	2,785,428	1,117,378	13,712,128	24,737,565	352,506,831	28,791,786

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2008
(Concluded)

Business-Type Activities
Enterprise Funds

	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Governmental Activities	Internal Service Funds
LIABILITIES											
Current Liabilities:											
Accounts payable	\$2,166,445	\$2,408,242		\$3,534	\$20,331	\$85,352	\$347,817	\$1,137,467	\$6,169,188	\$3,151,942	
Estimated claims payable										307,021	
Accrued liabilities	792,750	88,251		2,045	23,239	5,908	20,913	50,285	983,391	105,946	
Accrued interest payable	677,472	568,664	\$406,495		8,240		695		1,661,566		
Due to other funds (Note 3)	738,836	1,471,403	687,129	2,277	36,743	3,687	650,319	201,976	3,792,370	1,052,490	
Deposits	288,603				13	600			289,216		
Unearned revenue				95,151					95,151		
Revenue bonds payable - current portion (Note 9)	3,710,000	1,450,000					145,000		5,305,000		
Ann Arbor Building Authority bonds payable - current portion (Note 9)			1,610,000		100,000				1,710,000		
Other bonds payable - current portion (Note 9)			505,056						505,056		
Other debt-current portion (Note 9)	20,000	195,000			85,473		214,436		514,909	410,840	
Total Current Liabilities	8,394,106	6,181,560	3,208,680	103,007	274,039	95,547	1,379,180	1,389,728	21,025,847	5,028,239	
Noncurrent Liabilities:											
Revenue bonds - non-current portion (Note 9)	47,580,000	52,275,000							99,855,000		
Ann Arbor Building Authority bonds payable - non-current portion (Note 9)			20,510,000		680,000				21,190,000		
Other bonds payable - non-current portion (Note 9)			4,105,000						4,105,000		
Other long-term debt - non-current portion (Note 9)	362,891	3,519,849					2,032,887		5,915,627		
Accrued compensated absences - non-current portion (Note 9)	1,503,590	729,097		1,417	91,540	102,637	172,644	375,807	2,976,732	525,894	
Estimated claims payable										2,879,196	
Total Noncurrent Liabilities	49,446,481	56,523,946	24,615,000	1,417	771,540	102,637	2,205,531	375,807	134,042,359	3,405,090	
Total Liabilities	57,840,587	62,705,506	27,823,680	104,424	1,045,579	198,184	3,584,711	1,765,535	155,068,206	8,433,329	
NET ASSETS											
Invested in Capital Assets, net of related debt	23,981,599	7,002,876	24,793,404	273,551	1,735,985	1,003,471	4,743,350	13,549,664	77,083,900	3,657,348	
Restricted for debt service	5,129,000	4,077,419					14,500		9,220,919		
Restricted for equipment replacement	2,203,129	6,468,342					530,523	238,352	9,440,346		
Restricted for landfill								175,882	175,882		
Unrestricted (deficit)	20,678,470	65,029,787	1,456,966	585,592	3,864	(84,277)	4,839,044	9,008,132	101,517,578	16,701,109	
TOTAL NET ASSETS	\$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	

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, 2008

	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	\$20,264,990	\$19,478,898	\$2,647,563	\$122,644	\$865,113	\$793,125	\$4,910,929	\$1,504,121	\$50,587,383	\$36,811,957
Miscellaneous revenue										17,055
Total Operating Revenues	20,264,990	19,478,898	2,647,563	122,644	865,113	793,125	4,910,929	1,504,121	50,587,383	36,829,012
Operating Expenses:										
Personal services	6,232,309	5,055,558		61,166	706,274	401,348	839,896	2,908,399	16,204,950	6,387,654
Municipal service charge	535,548	362,688		23,136	113,352	41,292	59,028	192,588	1,327,632	783,504
Information Technology charge	741,108	272,016		11,460	48,840	26,688	100,116	85,968	1,286,196	575,688
Materials and supplies	2,032,944	765,065		4,636	176,397	37,934	120,772	376,498	3,514,246	1,176,883
Utilities	1,527,023	1,123,004		6,884	35,515	59,442	2,255	285,796	3,039,919	440,245
Insurance	216,060	411,852		72	4,218	75,408	2,268	165,904	875,782	21,606,290
Contractual services	583,337	1,397,357		13,483	20,350	11,814	395,094	2,899,771	5,321,206	1,397,751
Maintenance	533,882	334,362		680	47,527	22,904	226,375	2,393,860	3,559,590	1,013,521
Professional fees	257,807	721,881					938,884	281,295	2,199,867	262,661
Rent	231,533								231,533	
Miscellaneous	335,834	127,585	136,657	5,483	8,674	18,674	16,535	115,470	764,912	66,780
Cost of goods sold										2,911,492
Depreciation and amortization	3,308,759	1,830,338	1,613,956	9,004	113,698	32,664	232,743	1,175,454	8,316,616	1,088,129
Total Operating Expenses	16,536,144	12,401,706	1,750,613	136,004	1,274,845	728,168	2,933,966	10,881,003	46,642,449	37,710,598
Operating Income (Loss)	3,728,846	7,077,192	896,950	(13,360)	(409,732)	64,957	1,976,963	(9,376,882)	3,944,934	(881,586)
Nonoperating Revenues (Expenses):										
Interest income	613,997	2,784,912	73,125	40,511	1,383	840	265,790	712,636	4,493,194	1,164,817
Net gain (loss) on retirement of capital assets	9,067	14,570	(116,542)					39,782	(53,123)	99,777
Interest expense and fiscal charges	(1,340,831)	(1,183,317)	(1,212,952)		(99,589)		(104,582)		(3,941,271)	(9,023)
Property taxes								11,550,982	11,550,982	
Total Nonoperating Revenues (Expenses)	(717,767)	1,616,165	(1,256,369)	40,511	(98,206)	840	161,208	12,303,400	12,049,782	1,255,571
Income (Loss) Before Contributions and Transfers	3,011,079	8,693,357	(359,419)	27,151	(507,938)	65,797	2,138,171	2,926,518	15,994,716	373,985
Capital contributions	97,973	484	313,864				6,109		418,430	113,578
Transfers in (Note 7)	1,519,505	55,692			1,647,137			304,247	3,526,581	1,441,023
Transfers out (Note 7)	(657,943)	(2,409,719)				(15,376)	(946,474)	(1,636,633)	(5,666,145)	(847,278)
Changes in Net Assets	3,970,614	6,339,814	(45,555)	27,151	1,139,199	50,421	1,197,806	1,594,132	14,273,582	1,081,308
Net Assets - July 1, 2007	48,021,584	76,238,610	26,295,925	831,992	600,650	868,773	8,929,611	21,377,898	183,165,043	19,277,149
Net Assets - June 30, 2008	\$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

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, 2008

Business-Type Activities
Enterprise Funds

	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Governmental Activities
										Internal Service Funds
Cash flow from operating activities:										
Receipts from customers	\$19,959,082	\$19,609,635	\$2,647,563	\$151,106	\$864,983	\$798,995	\$4,080,905	\$1,307,079	\$49,419,348	\$36,832,935
Receipts from interfund services provided	78,658	668,372	406,100				612,679		1,765,809	1,691,975
Payments to suppliers	(7,096,726)	(3,999,610)	(937,468)	(63,286)	(447,054)	(222,446)	(1,815,178)	(6,045,403)	(20,627,171)	(29,485,988)
Payments on behalf of employees	(5,950,510)	(5,125,474)		(64,228)	(658,377)	(399,296)	(1,047,900)	(3,198,127)	(16,443,912)	(6,652,629)
Payments for interfund services used			(125)	(5,253)	(1,072,228)	(19,874)		(374,610)	(1,472,090)	(1,598,971)
Net cash provided by (used in) operating activities	6,990,504	11,152,923	2,116,070	18,339	(1,312,676)	157,379	1,830,506	(8,311,061)	12,641,984	787,322
Cash flows from noncapital financing activities:										
Transfers in	1,519,505	55,692			1,647,137			304,247	3,526,581	1,441,023
Transfers out	(657,943)	(2,409,719)				(15,376)	(946,474)	(1,636,633)	(5,666,145)	(847,278)
Interest expense										(3,151)
Property taxes								11,550,982	11,550,982	
Net cash provided by (used in) noncapital financing activities	861,562	(2,354,027)			1,647,137	(15,376)	(946,474)	10,218,596	9,411,418	590,594
Cash flows from capital and related financing activities:										
Proceeds from sales of bonds and notes	23,375,000	25,672,485							49,047,485	
Capital contributions	97,973	484	313,864				6,109		418,430	
Acquisition and construction of capital assets	(7,028,500)	(6,429,145)	(594,339)			(111,703)	(295,730)	(824,184)	(15,283,601)	(1,571,234)
Principal paid on revenue bonds, maturities, capital leases and notes	(3,210,000)	(1,650,000)	(2,062,054)		(116,693)		(354,436)		(7,393,183)	
Interest paid on bonds, notes, and capital leases	(1,183,032)	(1,245,638)	(1,119,647)		(98,789)		(103,476)		(3,750,582)	(5,872)
Proceeds from sale of equipment	9,067	14,570						40,495	64,132	111,288
Net cash provided by (used) in capital and related financing activities	12,060,508	16,362,756	(3,462,176)		(215,482)	(111,703)	(747,533)	(783,689)	23,102,681	(1,465,818)
Cash flows from investing activities:										
Purchase of investment securities	(27,204,487)	(66,522,844)						(670)	(93,728,001)	
Sale of investment securities	18,640,817	45,603,882	1,208,744						65,453,443	
Interest and dividends on investments	531,593	2,714,115	76,456	40,511	1,383	840	265,790	712,636	4,343,324	1,164,817
Net cash provided by (used in) investing activities	(8,032,077)	(18,204,847)	1,285,200	40,511	1,383	840	265,790	711,966	(23,931,234)	1,164,817
Net increase (decrease) in cash and cash equivalents	11,880,497	6,956,805	(60,906)	58,850	120,362	31,140	402,289	1,835,812	21,224,849	1,076,915
Cash and cash equivalents at beginning of the year	6,211,770	38,296,241	2,336,113	617,085	31,190	4,706	4,299,784	8,695,115	60,492,004	20,293,104
Cash and cash equivalents at end 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

(Continued)

CITY OF ANN ARBOR
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2008
(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:										
Net operating income (loss)	\$ 3,728,846	\$ 7,077,192	\$ 896,950	\$ (13,360)	\$ (409,732)	\$ 64,957	\$ 1,976,963	\$ (9,376,882)	\$ 3,944,934	(\$881,586)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation and amortization	3,308,759	1,830,338	1,613,956	9,004	113,698	32,664	232,743	1,175,454	8,316,616	1,088,129
Allowance for uncollectible accounts	(7,605)	(822)	(7,445)	2,900	(2,183)	(24,116)	(13,346)	(542)	(53,159)	(7,073)
(Increase) decrease in assets and increase (decrease) in liabilities										
Accounts receivable	(298,303)	131,559	7,445	(9,900)	2,053	46,860	(816,678)	(196,500)	(1,133,464)	10,996
Due from other funds	(107,561)	(162,949)	(125)	(6,521)	(2,413)	(21,636)	(27,917)	(356,056)	(685,178)	(719,889)
Inventory	(84,486)	(2,096)			(934)				(87,516)	(10,180)
Prepaid items							(20,998)		(20,998)	(669,890)
Accounts payable	(28,725)	1,518,296	(7,027)	2,548	8,753	71,110	67,147	751,747	2,383,849	2,147,933
Notes payable										410,840
Accrued compensated absences	170,381	(36,064)		(3,978)	42,852	5,445	(202,791)	(268,757)	(292,912)	41,583
Estimated claims payable										841,762
Accrued liabilities	111,418	(33,852)		916	5,045	(3,393)	(5,213)	(20,971)	53,950	(306,558)
Due to other funds	186,219	831,321		1,268	(1,069,815)	1,762	640,596	(18,554)	978,897	(1,158,745)
Due to other governments			406,100						(793,784)	
Deposits	11,561		(793,784)						12,161	
Unearned revenue				35,462		(16,874)			18,588	
Net cash provided by (used in) operating activities	<u>\$ 6,990,504</u>	<u>\$ 11,152,923</u>	<u>\$ 2,116,070</u>	<u>\$ 18,339</u>	<u>\$ (1,312,676)</u>	<u>\$ 157,379</u>	<u>\$ 1,830,506</u>	<u>\$ (8,311,061)</u>	<u>\$ 12,641,984</u>	<u>\$ 787,322</u>

NONCASH CAPITAL FINANCING ACTIVITIES:

During this fiscal year, the City's Parking System Fund received noncash capital contributions from the Downtown Development Authority in the amount of \$313,864 in the form of additions made towards the construction of Fourth & William parking structure.

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
Accrued liabilities	821,447	177,954		2,163	30,541	19,168	34,449	57,824	1,143,546	167,140
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)	(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		
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
Statement of Net Assets
Proprietary Funds
June 30, 2010

	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	\$ 4,373,192	\$ 4,077,687	\$ -	\$ -	\$ 2,550	\$ 30	\$ 133,127	\$ 150	\$ 8,586,736	\$ 1,352
Equity in pooled cash and investments (Note 2)	13,784,377	34,937,202	1,762,933	587,176	34,767	261,807	3,653,072	9,840,587	64,861,921	22,637,940
Investments (Note 2)	-	15,621,906	-	-	-	-	-	177,977	15,799,883	-
Receivables:										
Accounts	6,236,390	3,161,362	-	1,320	11,590	98,330	2,004,250	121,727	11,634,969	24,282
Special assessments	23,719	47,402	-	-	-	-	3,414	-	74,535	-
Improvement charges	21,498	45,666	-	-	-	-	5,225	-	72,389	-
Taxes receivable	-	-	-	-	-	-	7,494	33,016	40,510	-
Interest receivable	-	53,002	-	-	-	-	-	293	53,295	-
Less: Allowance for uncollectibles	(20,798)	(295)	-	(556)	-	(1,650)	(4,889)	(40,777)	(68,965)	(8,835)
Due from other funds (Note 3)	99,439	74,409	-	-	375	-	25,762	742	200,727	325,662
Prepaid items	-	-	-	-	-	-	20,708	-	20,708	760,122
Inventory, at cost	397,966	59,150	-	-	26,543	-	-	-	483,659	963,061
Total Current Assets	24,915,783	58,077,491	1,762,933	587,940	75,825	358,517	5,848,163	10,133,715	101,760,367	24,703,584
Noncurrent Assets:										
Receivables:										
Special assessments	170,689	292,600	-	-	-	-	16,600	-	479,889	-
Improvement charges	150,774	301,917	-	-	-	-	29,930	-	482,621	-
Deferred charges	198,282	431,392	93,634	-	8,626	-	-	-	731,934	-
Capital assets (Note 5):										
Land	411,900	345,577	4,522,293	84,120	693,739	708,927	22,495	1,801,730	8,590,781	90,005
Buildings	28,532,773	29,052,913	64,851,383	351,906	493,506	1,837,649	-	11,646,782	136,766,912	524,640
Improvements other than buildings	65,452,689	77,464,752	523,891	-	2,305,074	143,404	10,464,872	342,074	156,696,756	62,407
Machinery and equipment	14,475,490	18,908,400	156,070	-	1,127,747	244,258	93,844	2,923,650	37,929,459	3,784,146
Vehicles	697,729	1,316,642	-	-	20,694	50,267	464,669	5,734,240	8,284,241	9,055,791
Less: Accumulated depreciation	(46,602,080)	(77,300,799)	(22,089,165)	(180,404)	(1,853,722)	(2,123,506)	(1,534,406)	(8,962,342)	(160,646,424)	(8,726,961)
Construction in progress	21,444,157	49,757,691	-	-	-	1,197,362	3,226,565	2,435,063	78,060,838	801,810
Total Noncurrent Assets	84,932,403	100,571,085	48,058,106	255,622	2,795,664	2,058,361	12,784,569	15,921,197	267,377,007	5,591,838
Total Assets	109,848,186	158,648,576	49,821,039	843,562	2,871,489	2,416,878	18,632,732	26,054,912	369,137,374	30,295,422

(Continued)

**City of Ann Arbor
Statement of Net Assets
Proprietary Funds
June 30, 2010**

	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	\$ 1,015,490	\$ 7,405,107	\$ 225	\$ 2,306	\$ 45,510	\$ 6,663	\$ 192,921	\$ 373,315	\$ 9,041,537	\$ 1,325,139
Accrued liabilities	655,852	130,691	-	2,462	31,964	8,321	35,896	75,130	940,316	185,342
Accrued interest payable	751,625	1,041,656	275,050	-	6,495	5,859	-	-	2,080,685	-
Advance from other funds (Note 19)	-	-	-	-	-	60,433	-	-	60,433	-
Due to other funds (Note 3)	133,028	24,175	-	-	314,641	36	193,502	61,023	726,405	96,860
Deposits	121,571	-	-	(288)	-	4,014	-	-	125,297	-
Unearned revenue	-	-	-	137,816	-	-	-	-	137,816	-
Revenue bonds payable-current portion (Note 9)	4,025,000	2,050,000	-	-	-	-	-	-	6,075,000	-
Ann Arbor Building Authority bonds payable-current (Note 9)	-	-	1,785,000	-	110,000	-	-	-	1,895,000	-
Other bonds payable-current portion (Note 9)	-	-	155,000	-	-	-	-	-	155,000	-
Other debt-current portion (Note 9)	20,000	255,000	-	-	-	-	323,390	-	598,390	-
Accrued compensated absences-current portion (Note 9)	13,490	13,490	-	-	-	59,170	55,190	13,490	154,830	51,447
Total Current Liabilities:	6,736,056	10,920,119	2,215,275	142,296	508,610	144,496	800,899	522,958	21,990,709	1,658,788
Noncurrent Liabilities:										
Advance from other funds (Note 19)	-	-	-	-	-	1,003,384	-	-	1,003,384	-
Judgment payable (Note 17)	366,299	85,767	-	-	40,802	80,790	91,791	24,596	690,045	67,257
Unfunded OPEB liability (Note 12)	863,012	729,247	-	-	49,695	46,434	159,996	365,314	2,213,698	408,646
Revenue bonds payable-noncurrent portion (Note 9)	39,705,000	48,435,000	-	-	-	-	-	-	88,140,000	-
Ann Arbor Building Authority bonds payable-noncurrent (Note 9)	-	-	17,050,000	-	465,000	-	-	-	17,515,000	-
Other bonds payable-noncurrent portion (Note 9)	-	-	3,800,000	-	-	-	-	-	3,800,000	-
Other debt-noncurrent portion (Note 9)	362,950	4,331,605	-	-	-	-	4,152,107	-	8,846,662	-
Accrued compensated absences-noncurrent portion (Note 9)	1,416,944	730,311	-	2,872	60,410	63,942	184,998	376,964	2,836,441	885,897
Estimated claims payable	-	-	-	-	-	-	-	-	-	3,152,410
Total Noncurrent Liabilities:	42,714,205	54,311,930	20,850,000	2,872	615,907	1,194,550	4,588,892	766,874	125,045,230	4,514,210
Total Liabilities	49,450,261	65,232,049	23,065,275	145,168	1,124,517	1,339,046	5,389,791	1,289,832	147,035,939	6,172,998
Net Assets										
Invested in Capital Assets, net of related debt	39,799,425	51,686,649	25,984,570	255,622	2,248,867	994,544	8,207,352	15,907,707	145,084,736	5,591,838
Restricted for debt service	4,373,000	1,252,500	-	-	-	-	-	-	5,625,500	-
Restricted for equipment replacement	1,761,976	9,346,104	-	-	-	-	236,513	97,432	11,442,025	-
Restricted for landfill	-	-	-	-	-	-	-	177,552	177,552	-
Unrestricted (deficit)	14,463,524	31,131,274	771,194	442,772	(501,895)	83,288	4,799,076	8,582,389	59,771,622	18,530,586
Total Net Assets	\$ 60,397,925	\$ 93,416,527	\$ 26,755,764	\$ 698,394	\$ 1,746,972	\$ 1,077,832	\$ 13,242,941	\$ 24,765,080	\$ 222,101,435	\$ 24,122,424

(Concluded)

City of Ann Arbor
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Enterprise Funds								Governmental	
	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Activities Internal Service Funds
Operating Revenues										
Charges for services	\$ 19,897,796	\$ 19,256,455	\$ 2,941,159	\$ 144,591	\$ 1,164,833	\$ 769,474	\$ 5,942,812	\$ 1,514,156	\$ 51,631,276	\$ 41,900,548
Total Operating Revenues	19,897,796	19,256,455	2,941,159	144,591	1,164,833	769,474	5,942,812	1,514,156	51,631,276	41,900,548
Operating Expenses										
Personal services	5,608,835	5,519,935	-	85,472	830,197	415,705	1,487,906	3,227,749	17,175,799	6,838,503
Municipal service charge	404,904	424,140	-	18,624	174,936	25,020	96,288	274,848	1,418,760	1,077,192
Information technology charge	1,015,188	284,484	-	12,060	49,758	15,504	124,332	113,904	1,615,230	724,716
Materials and supplies	1,799,103	741,852	-	6,181	208,287	37,228	101,533	170,493	3,064,677	449,991
Utilities	1,307,718	1,070,847	-	11,477	39,107	66,085	9,535	183,526	2,688,295	415,465
Insurance	373,044	334,044	-	216	5,432	58,032	4,332	237,840	1,012,940	18,282,081
Contracted services	573,244	1,424,230	-	9,766	41,559	8,449	383,896	3,677,632	6,118,776	277,249
Maintenance	503,702	323,884	-	2,530	21,964	22,443	240,105	2,602,390	3,717,018	1,163,309
Professional fees	171,632	85,817	38,094	-	-	6,360	221,891	155,695	679,489	215,140
Pension Refund Repayment	-	-	-	-	-	-	-	-	-	5,654,484
Rent	243,710	-	-	-	14,504	-	-	-	258,214	-
Miscellaneous	147,478	91,174	-	718	12,889	979	10,468	106,770	370,476	59,597
Cost of goods sold	292,314	5,924	-	-	68,009	-	40,749	-	406,996	2,234,422
Depreciation and amortization	2,602,875	1,782,303	1,772,939	8,949	157,916	22,221	199,685	1,019,914	7,566,802	1,301,399
Total Operating Expenses	15,043,747	12,088,634	1,811,033	155,993	1,624,558	678,026	2,920,720	11,770,761	46,093,472	38,693,548
Operating Income (Loss)	4,854,049	7,167,821	1,130,126	(11,402)	(459,725)	91,448	3,022,092	(10,256,605)	5,537,804	3,207,000
Nonoperating Revenues (Expenses)										
Interest income	488,768	594,945	35,640	16,671	(22,543)	10,859	117,902	303,305	1,545,547	721,061
Net gain on retirement of capital assets	7,973	36,051	-	-	7	12,565	11,976	3,497	72,069	171,453
Interest expense and fiscal charges	(1,817,835)	(2,153,638)	(1,068,106)	-	(21,782)	7,290	(110,598)	-	(5,164,669)	-
Property taxes	-	-	-	-	-	-	-	11,677,513	11,677,513	-
Total Nonoperating Revenues (Expenses)	(1,321,094)	(1,522,642)	(1,032,466)	16,671	(44,318)	30,714	19,280	11,984,315	8,130,460	892,514
Income (Loss) Before Contributions and Transfers	3,532,955	5,645,179	97,660	5,269	(504,043)	122,162	3,041,372	1,727,710	13,668,264	4,099,514
Capital contributions	2,204,638	-	-	-	-	-	-	-	2,204,638	214,863
Transfers in (Note 7)	1,853,620	-	-	-	453,975	-	160,000	-	2,467,595	903,734
Transfer out (Note 7)	(2,661,009)	(1,157,180)	-	-	-	(9,384)	(1,984,756)	(795,894)	(6,608,223)	(2,075,802)
Change in Net Assets	4,930,204	4,487,999	97,660	5,269	(50,068)	112,778	1,216,616	931,816	11,732,274	3,142,309
Total Net Assets - Beginning, as restated (Note 19)	55,467,721	88,928,528	26,658,104	693,125	1,797,040	965,054	12,026,325	23,833,264	210,369,161	20,980,115
Total Net Assets - Ending	\$ 60,397,925	\$ 93,416,527	\$ 26,755,764	\$ 698,394	\$ 1,746,972	\$ 1,077,832	\$ 13,242,941	\$ 24,765,080	\$ 222,101,435	\$ 24,122,424

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, 2010**

	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	\$ 17,599,810	\$ 19,448,076	\$ 2,941,159	\$ 148,612	\$ 1,160,491	\$ 745,826	\$ 5,787,389	\$ 1,449,933	\$ 49,281,296	\$ 42,244,593
Receipts from interfund services provided	-	-	-	-	8,771	1,119	6,874	-	16,764	868,897
Payments to suppliers	(7,096,594)	(433,468)	(38,094)	(60,164)	(665,651)	(371,329)	(1,162,936)	(7,453,657)	(17,281,893)	(25,715,287)
Payments on behalf of employees	(5,869,193)	(5,383,467)	-	(84,828)	(805,135)	(406,184)	(1,443,807)	(3,153,309)	(17,145,923)	(12,058,087)
Payments for interfund services used	(29,108)	(1,666,889)	(685,783)	(30)	-	-	-	(338,039)	(2,719,849)	(714,314)
Net cash provided by (used in) operating activities	4,604,915	11,964,252	2,217,282	3,590	(301,524)	(30,568)	3,187,520	(9,495,072)	12,150,395	4,625,802
Cash flows from noncapital financing activities:										
Transfers in	1,853,620	-	-	-	453,975	-	160,000	-	2,467,595	903,734
Transfers out	(2,661,009)	(1,157,180)	-	-	-	(9,384)	(1,984,756)	(795,894)	(6,608,223)	(2,075,802)
Property taxes	-	-	-	-	-	-	-	11,677,513	11,677,513	-
Advance from investment pool	-	-	-	-	-	(58,035)	-	-	(58,035)	-
Net cash provided by (used in) noncapital financing activities	(807,389)	(1,157,180)	-	-	453,975	(67,419)	(1,824,756)	10,881,619	7,478,850	(1,172,068)
Cash flows from capital and related financing activities:										
Proceeds from sales of bonds and notes										
Capital contributions	2,204,638	-	-	-	-	-	-	-	2,204,638	-
Acquisition and construction of capital assets	(6,436,003)	(29,150,020)	-	-	-	(171,306)	(1,929,480)	(2,385,978)	(40,072,787)	(3,027,301)
Principal paid on revenue bonds, maturities, capital leases and notes	(3,892,731)	(1,178,250)	(1,825,000)	-	(105,000)	-	(218,390)	-	(7,219,371)	-
Interest paid on bonds, notes, and capital leases	(1,874,223)	(2,156,280)	(1,065,354)	-	(21,153)	(2)	(110,598)	-	(5,227,610)	-
Proceeds from sale of equipment	8,006	36,022	-	-	1	12,563	11,972	3,492	72,056	249,738
Net cash (used in) capital and related financing activities	(9,990,313)	(32,448,528)	(2,890,354)	-	(126,152)	(158,745)	(2,246,496)	(2,382,486)	(50,243,074)	(2,777,563)
Cash flows from investing activities:										
Purchase of investment securities	(1,031,284)	(76,379,318)	-	-	-	-	-	(271,029)	(77,681,631)	-
Sale of investment securities	6,065,019	78,850,360	-	-	-	-	-	270,092	85,185,471	-
Interest and dividends on investments	556,693	709,935	35,640	16,671	(22,543)	10,859	117,902	303,012	1,728,169	721,061
Net cash provided by (used in) investing activities	5,590,428	3,180,977	35,640	16,671	(22,543)	10,859	117,902	302,075	9,232,009	721,061
Net increase (decrease) in cash and cash equivalents	(602,359)	(18,460,479)	(637,432)	20,261	3,756	(245,873)	(765,830)	(693,864)	(21,381,820)	1,397,232
Cash and cash equivalents at beginning 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
Cash and cash equivalents at end of the year	\$ 18,157,569	\$ 39,014,889	\$ 1,762,933	\$ 587,176	\$ 37,317	\$ 261,837	\$ 3,786,199	\$ 9,840,737	\$ 73,448,657	\$ 22,639,292

(Continued)

**City of Ann Arbor
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010
(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)	\$ 4,854,049	\$ 7,167,821	\$ 1,130,126	\$ (11,402)	\$ (459,725)	\$ 91,448	\$3,022,092	\$(10,256,605)	\$ 5,537,804	\$ 3,207,000
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation and amortization	2,602,875	1,782,303	1,772,939	8,949	157,916	22,221	199,685	1,019,914	7,566,802	1,301,399
Allowance for uncollectible accounts	(38,707)	(1,800)	-	(259)	-	(275)	(2,709)	13,604	(30,146)	(16,728)
(Increase) decrease in assets and increase (decrease) in liabilities										
Accounts receivable	(2,093,700)	193,421	-	475	(4,342)	(26,787)	(152,714)	(77,827)	(2,161,474)	360,773
Due from other funds	160,281	(20,381)	-	-	553	1,083	(17,048)	6,538	131,026	693,517
Inventory	178,691	5,924	-	-	(8,409)	-	-	-	176,206	(93,135)
Prepaid items	-	-	-	-	-	-	1,485	-	1,485	(76,436)
Accounts payable	(443,248)	4,347,004	-	1,408	(20,797)	(131,206)	68,708	69,441	3,891,310	(334,140)
Accrued compensated absences	(94,763)	183,731	-	345	23,639	20,368	42,652	57,134	233,106	48,673
Judgment payable payable	(428,328)	(371,580)	-	-	(26,964)	(20,268)	(97,512)	(173,400)	(1,118,052)	45,190
Unfunded OPEB liability	428,328	371,580	-	-	26,964	20,268	97,512	173,400	1,118,052	322,835
Estimated claims payable	-	-	-	-	-	-	-	-	-	(312,414)
Accrued liabilities	(165,595)	(47,263)	-	299	1,423	(10,847)	1,447	17,306	(203,230)	18,202
Due to other funds	(189,389)	(1,646,508)	(685,783)	(30)	8,218	36	23,922	(344,577)	(2,834,111)	(538,934)
Due to other governments	-	-	-	-	-	(23)	-	-	(23)	-
Deposits	(165,579)	-	-	(288)	-	3,414	-	-	(162,453)	-
Unearned revenue	-	-	-	4,093	-	-	-	-	4,093	-
Net cash provided by (used in) operating activities	<u>\$ 4,604,915</u>	<u>\$ 11,964,252</u>	<u>\$ 2,217,282</u>	<u>\$ 3,590</u>	<u>\$ (301,524)</u>	<u>\$ (30,568)</u>	<u>\$ 3,187,520</u>	<u>\$ (9,495,072)</u>	<u>\$ 12,150,395</u>	<u>\$ 4,625,802</u>

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

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

Business-Type Activities
Enterprise Funds

Governmental
Activities

ASSETS	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
	Current Assets:									
Cash	\$3,971,827	\$4,078,357			\$2,550	\$30			\$8,052,764	\$5,525
Equity in pooled cash and investments (Note 2)	16,096,769	31,022,864	\$1,797,985	\$592,698	35,322	265,549	\$5,531,754	\$9,456,978	64,799,919	23,278,694
Investments (Note 2)								178,864	178,864	
Receivables:										
Accounts	4,410,798	3,075,522		5,598	2,749	130,140	1,689,165	387,054	9,701,026	117,056
Special Assessments	23,333	40,116					1,463		64,912	
Improvement charges	20,425	42,756					7,150		70,331	
Taxes receivables	32,682							33,999	66,681	
Interest receivable								381	381	
Less: Allowance for uncollectibles	(13,572)	(7,197)		(2,390)			(8,407)	(34,523)	(66,089)	(45,683)
Due from other funds (Note 3)	883	1,804					47		2,734	10,435
Due from other governments	448,603								448,603	827
Prepaid items		3,120,183					33,009		3,153,192	1,516,146
Inventory, at cost	491,417	62,718			36,765				590,900	722,606
Total Current Assets	25,483,165	41,437,123	1,797,985	595,906	77,386	395,719	7,254,181	10,022,753	87,064,218	25,605,606
Noncurrent assets:										
Receivables:										
Special Assessments	144,888	245,556					2,895		393,339	
Improvement charges	151,289	276,490					7,650		435,429	
Deferred charges	187,084	412,252	155,274		6,975				761,585	
Capital assets (Note 5):										
Land	417,723	345,577	4,522,293	84,120	693,739	708,927	22,495	1,801,730	8,596,604	90,005
Buildings	35,239,202	31,245,588	64,851,383	351,906	493,506	3,035,011		11,646,782	146,863,378	319,597
Improvements other than buildings	76,385,034	77,882,955	523,891		2,305,074	143,404	12,233,745	342,074	169,816,177	62,407
Machinery and equipment	14,572,318	18,908,400	156,070		1,127,747	244,258	107,144	2,923,650	38,039,587	4,273,818
Vehicles	679,994	1,386,568			20,694	50,267	464,669	4,010,190	6,612,382	10,068,827
Intangible assets										1,173,590
Less: Accumulated depreciation	(49,195,996)	(79,507,484)	(23,862,103)	(189,353)	(1,992,962)	(2,141,925)	(1,788,580)	(8,033,194)	(166,711,597)	(9,597,584)
Construction in progress	10,739,914	66,822,933					3,176,462	3,551,397	84,290,706	382,735
Total Noncurrent Assets	89,321,450	118,018,835	46,346,808	246,673	2,654,773	2,039,942	14,226,480	16,242,629	289,097,590	6,773,395
Total Assets	114,804,615	169,455,958	48,144,793	842,579	2,732,159	2,435,661	21,480,661	26,265,382	376,161,808	32,379,001

(Continued)

CITY OF ANN ARBOR
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

Business-Type Activities
Enterprise Funds

	Water Supply System	Sewage Disposal System	Parking System	Market	Business-Type Activities		Stormwater Sewer System	Solid Waste	Total	Governmental
					Golf Courses	Airport				Activities
										Internal Service Funds
LIABILITIES										
Current Liabilities:										
Accounts payable	\$2,757,453	\$4,344,782		\$24,261	\$32,155	\$9,279	\$496,777	\$812,135	\$8,476,842	\$1,018,702
Estimated claims payable										4,178,482
Accrued liabilities	608,524	153,923		2,567	34,480	17,943	59,360	70,785	947,582	166,344
Accrued interest payable	689,388	1,016,294	\$258,549		5,395	3,420			1,973,046	
Advance from other funds (Note 19)						62,930			62,930	
Due to other funds (Note 3)		8,531			354,955	1,137			364,623	
Due to other governments										20,909
Deposits	129,505					600			130,105	
Unearned revenue				104,226					104,226	
Revenue bonds payable - current portion (Note 9)	4,025,000	2,135,000							6,160,000	
Ann Arbor Building Authority bonds payable - current portion (Note 9)			1,850,000		110,000				1,960,000	
Other bonds payable - current portion (Note 9)			165,000						165,000	
Other debt-current portion (Note 9)	205,000	315,000					231,442		751,442	
Accrued compensated absences (Note 9)	150,981	87,248				76,957	28,678	11,715	355,579	82,659
Total Current Liabilities	8,565,851	8,060,778	2,273,549	131,054	536,985	172,266	816,257	894,635	21,451,375	5,467,096
Noncurrent Liabilities:										
Advance from other funds (Note 19)						940,454			940,454	
Judgement payable (Note 17)					14,270	60,918			75,188	1,812
Unfunded OPEB liability (Note 12)						66,306			66,306	
Revenue bonds - non-current portion (Note 9)	35,680,000	46,300,000							81,980,000	
Ann Arbor Building Authority bonds payable - non-current portion (Note 9)			15,200,000		355,000				15,555,000	
Other bonds payable - non-current portion (Note 9)			3,635,000						3,635,000	
Other long-term debt - non-current portion (Note 9)	1,871,034	5,683,933					4,010,662		11,565,629	
Accrued compensated absences - non-current portion (Note 9)	1,437,199	474,338		4,664	71,391	14,332	170,674	258,156	2,430,754	980,639
Total Noncurrent Liabilities	38,988,233	52,458,271	18,835,000	4,664	440,661	1,082,010	4,181,336	258,156	116,248,331	982,451
Total Liabilities	47,554,084	60,519,049	21,108,549	135,718	977,646	1,254,276	4,997,593	1,152,791	137,699,706	6,449,547
NET ASSETS										
Invested in Capital Assets, net of related debt	47,057,155	62,650,604	25,341,534	246,673	2,182,798	1,036,558	9,973,831	16,242,629	164,731,782	6,773,395
Restricted for debt service	4,373,000	1,252,500							5,625,500	
Restricted for equipment replacement	1,761,976	9,346,104					236,513	225,070	11,569,663	
Restricted for landfill								178,864	178,864	
Unrestricted (deficit) (Note 21)	14,058,400	25,687,701	1,694,710	460,188	(428,285)	144,827	6,272,724	8,466,028	56,356,293	19,156,059
TOTAL NET ASSETS	\$67,250,531	\$98,936,909	\$27,036,244	\$706,861	\$1,754,513	\$1,181,385	\$16,483,068	\$25,112,591	\$238,462,102	\$25,929,454

(Concluded)

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, 2011

	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	\$21,160,437	\$21,738,747	\$2,923,214	\$148,687	\$1,171,776	\$847,728	\$7,512,538	\$3,070,587	\$58,573,714	\$44,991,592
Total Operating Revenues	21,160,437	21,738,747	2,923,214	148,687	1,171,776	847,728	7,512,538	3,070,587	58,573,714	44,991,592
Operating Expenses:										
Personal services	5,891,174	5,431,927		86,950	860,712	421,642	1,668,098	3,037,538	17,398,041	6,910,732
Municipal service charge	415,020	434,736		19,092	179,316	25,644	98,700	281,724	1,454,232	1,104,132
Information Technology charge	877,956	378,252		7,824	59,664	15,984	128,808	174,432	1,642,920	668,340
Materials and supplies	2,033,637	690,632		7,425	148,150	37,124	100,572	1,760,606	4,778,146	814,119
Utilities	1,394,858	1,140,447		10,527	40,551	68,905	10,417	169,059	2,834,764	435,339
Insurance	393,828	369,132		48	4,760	58,008	1,836	222,948	1,050,560	22,461,620
Contractual services	476,290	1,054,762		9,984	35,598	22,552	495,643	3,875,959	5,970,788	819,444
Maintenance	490,420	326,610		2,441	46,929	35,104	341,659	2,790,953	4,034,116	2,063,970
Professional fees	666,329	187,758					726,246	433,420	2,013,753	359,888
Pension refund repayment										3,639,874
Rent	232,024				16,422				248,446	
Miscellaneous	156,992	109,619		2,819	10,979	787	29,340	182,989	493,525	83,758
Cost of goods sold	30,349	(3,021)			88,910		58,258		174,496	1,762,410
Depreciation and amortization	2,611,651	2,224,259	1,772,939	8,949	139,240	18,420	254,174	794,902	7,824,534	1,491,873
Total Operating Expenses	15,670,528	12,345,113	1,772,939	156,059	1,631,231	704,170	3,913,751	13,724,530	49,918,321	42,615,499
Operating Income (Loss)	5,489,909	9,393,634	1,150,275	(7,372)	(459,455)	143,558	3,598,787	(10,653,943)	8,655,393	2,376,093
Nonoperating Revenues (Expenses):										
Interest income	203,633	71,926	35,277	15,839	(18,412)	10,066	51,695	145,706	515,730	155,858
Net gain (loss) on retirement of capital assets		2,970						66,244	69,214	128,962
Interest expense and fiscal charges	(1,667,713)	(2,098,816)	(905,072)		(18,635)	(40,459)	(31,460)		(4,762,155)	
Property taxes								11,171,676	11,171,676	
Total Nonoperating Revenues (Expenses)	(1,464,080)	(2,023,920)	(869,795)	15,839	(37,047)	(30,393)	20,235	11,383,626	6,994,465	284,820
Income (Loss) Before Contributions and Transfers	4,025,829	7,369,714	280,480	8,467	(496,502)	113,165	3,619,022	729,683	15,649,858	2,660,913
Capital contributions	951,818								951,818	52,133
Transfers in (Note 7)	3,251,964	590,000			522,128		867,790		5,231,882	374,603
Transfers out (Note 7)	(1,377,005)	(2,439,332)			(18,085)	(9,612)	(1,246,685)	(382,172)	(5,472,891)	(1,280,619)
Changes in Net Assets	6,852,606	5,520,382	280,480	8,467	7,541	103,553	3,240,127	347,511	16,360,667	1,807,030
Net Assets - Beginning	60,397,925	93,416,527	26,755,764	698,394	1,746,972	1,077,832	13,242,941	24,765,080	222,101,435	24,122,424
Net Assets - Ending	\$67,250,531	\$98,936,909	\$27,036,244	\$708,861	\$1,754,513	\$1,181,385	\$16,483,068	\$25,112,591	\$238,462,102	\$25,929,454

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, 2011

Business-Type Activities
Enterprise Funds

	Water Supply System	Sewage Disposal System	Parking System	Market	Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Governmental Activities	Internal Service Funds
Cash flow from operating activities:											
Receipts from customers	\$ 22,524,263	\$ 21,914,156	\$ 2,923,214	\$ 112,653	\$ 1,180,617	\$ 814,268	\$ 7,874,646	\$ 2,798,023	\$ 60,141,840	\$ 44,934,837	
Receipts from interfund services provided		56,961			40,689	1,101			98,751	241,157	
Payments to suppliers	(5,511,257)	(10,873,003)	(225)	(37,917)	(654,856)	(264,906)	(1,699,924)	(9,453,270)	(28,495,358)	(30,348,045)	
Payments on behalf of employees	(7,010,067)	(6,405,924)		(85,053)	(923,442)	(443,843)	(1,937,257)	(3,552,376)	(20,357,962)	(10,917,741)	
Payments for interfund services used	(34,472)						(167,787)	(60,281)	(262,540)	(22,790)	
Net cash provided by (used in) operating activities	9,968,467	4,692,190	2,922,989	(10,317)	(356,992)	106,620	4,069,678	(10,267,904)	11,124,731	3,887,418	
Cash flows from noncapital financing activities:											
Transfers in	3,251,964	590,000			522,128		867,790		5,231,882	374,603	
Transfers out	(1,377,005)	(2,439,332)			(18,085)	(9,612)	(1,246,685)	(382,172)	(5,472,891)	(1,280,619)	
Property taxes								11,171,676	11,171,676		
Advance from investment pool						(60,433)			(60,433)		
Net cash provided by (used in) noncapital financing activities	1,874,959	(1,849,332)			504,043	(70,045)	(378,895)	10,789,504	10,870,234	(906,016)	
Cash flows from capital and related financing activities:											
Proceeds from sales of bonds and notes	1,713,084	1,717,328							3,430,412		
Capital contributions	951,818								951,818		
Acquisition and construction of capital assets	(7,037,182)	(19,763,620)					(1,732,070)	(1,116,334)	(29,649,206)	(2,636,909)	
Principal paid on revenue bonds, maturities, capital leases and notes	(4,045,000)	(2,355,000)	(1,940,000)		(110,000)		(233,393)		(8,683,393)		
Interest paid on bonds, notes, and capital leases	(1,718,752)	(2,105,038)	(983,214)		(18,084)	(42,899)	(31,460)		(4,899,447)		
Proceeds from sale of equipment		2,971						66,244	69,215	144,576	
Net cash used in capital and related financing activities	(10,136,032)	(22,503,359)	(2,923,214)		(128,084)	(42,899)	(1,996,923)	(1,050,090)	(38,780,601)	(2,492,333)	
Cash flows from investing activities:											
Purchase of investment securities		(7,903,211)						(295,542)	(8,198,753)		
Sale of investment securities		23,525,116						294,655	23,819,771		
Interest and dividends on investments	203,633	124,928	35,277	15,839	(18,412)	10,066	51,695	145,618	568,644	155,858	
Net cash provided by (used in) investing activities	203,633	15,746,833	35,277	15,839	(18,412)	10,066	51,695	144,731	16,189,662	155,858	
Net increase (decrease) in cash and cash equivalents	1,911,027	(3,913,668)	35,052	5,522	555	3,742	1,745,555	(383,759)	(595,974)	644,927	
Cash and cash equivalents at beginning of the year	18,157,569	39,014,889	1,762,933	587,176	37,317	261,837	3,786,199	9,840,737	73,448,657	22,639,292	
Cash and cash equivalents at end of the year	\$ 20,068,596	\$ 35,101,221	\$ 1,797,985	\$ 592,698	\$ 37,872	\$ 265,579	\$ 5,531,754	\$ 9,456,978	\$ 72,852,683	\$ 23,284,219	

(Continued)

CITY OF ANN ARBOR
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	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)	\$ 5,489,909	\$ 9,393,634	\$ 1,150,275	\$ (7,372)	\$ (459,455)	\$ 143,558	\$ 3,598,787	\$ (10,653,943)	\$ 8,655,393	\$ 2,376,093
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation and amortization	2,611,651	2,224,259	1,772,939	8,949	139,240	18,420	254,174	794,902	7,824,534	1,491,873
(Increase) decrease in assets and increase (decrease) in liabilities										
Allowance for uncollectible accounts	(7,226)	6,902		1,834		(1,650)	3,518	(6,254)	(2,876)	36,848
Accounts receivable	1,819,655	168,507		(4,278)	8,841	(31,810)	358,590	(266,310)	2,053,195	(92,774)
Inventory	(93,451)	(3,568)			(10,222)				(107,241)	240,455
Prepaid items		(3,120,183)					(12,301)		(3,132,484)	(756,024)
Accounts payable	1,741,963	(3,060,325)		21,955	(13,355)	2,616	303,856	438,820	(564,470)	(306,437)
Accrued compensated absences	157,746	(182,215)		1,792	10,981	(31,823)	(40,636)	(120,583)	(204,738)	125,954
Estimated claims payable									-	1,026,072
Accrued liabilities	(47,328)	23,232		105	2,516	9,622	23,264	(4,345)	7,066	(18,999)
Judgment payable payable	(366,299)	(85,767)			(26,532)	(19,872)	(91,791)	(24,596)	(614,857)	(65,446)
Unfunded OPEB liability	(863,012)	(729,247)			(49,695)	19,872	(159,996)	(365,314)	(2,147,392)	(408,646)
Due to other governments			(225)						(225)	20,909
Due from other governments	(448,603)									(827)
Due to other funds	(133,028)	(15,644)			40,314	1,101	(193,502)	(61,023)	(361,782)	(96,860)
Due from other funds	98,556	72,605			375		25,715	742	197,993	315,227
Deposits	7,934			288		(3,414)			4,808	
Unearned revenue				(33,590)					(33,590)	
Net cash provided by (used in) operating activities	<u>\$ 9,968,467</u>	<u>\$ 4,692,190</u>	<u>\$ 2,922,989</u>	<u>\$ (10,317)</u>	<u>\$ (356,992)</u>	<u>\$ 106,620</u>	<u>\$ 4,069,678</u>	<u>\$ (10,267,904)</u>	<u>\$ 11,124,731</u>	<u>\$ 3,887,418</u>

(Concluded)

No noncash investing or capital financing activities for fiscal year 2011.

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