

**CITY OF ADRIAN, MICHIGAN
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2010
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2009**

	<u>Information Technology</u>	<u>Motor Vehicle Pool</u>	<u>Totals Internal Service Funds</u>	
			<u>2010</u>	<u>2009</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 566,461	\$ 600,696	\$ 1,167,157	\$ 1,093,803
Receivables:				
Accounts	-	10,243	10,243	-
Due from other funds	3,203	27,237	30,440	18,969
Due from component unit	936	-	936	1,020
Total current assets	<u>570,600</u>	<u>638,176</u>	<u>1,208,776</u>	<u>1,113,792</u>
Noncurrent assets:				
Capital assets:				
Equipment	474,660	2,672,699	3,147,359	1,062,958
Less: accumulated depreciation	<u>(371,331)</u>	<u>(1,780,835)</u>	<u>(2,152,166)</u>	<u>(746,583)</u>
Net capital assets	<u>103,329</u>	<u>891,864</u>	<u>995,193</u>	<u>316,375</u>
Total noncurrent assets	<u>103,329</u>	<u>891,864</u>	<u>995,193</u>	<u>316,375</u>
Total assets	<u>\$ 673,929</u>	<u>\$ 1,530,040</u>	<u>\$ 2,203,969</u>	<u>\$ 1,430,167</u>
LIABILITIES:				
Current liabilities:				
Vouchers payable	\$ 1,082	\$ 1,679	\$ 2,761	\$ 465
Accrued liabilities	<u>2,405</u>	<u>1,110</u>	<u>3,515</u>	<u>2,081</u>
Total current liabilities	<u>3,487</u>	<u>2,789</u>	<u>6,276</u>	<u>2,546</u>
Total liabilities	<u>3,487</u>	<u>2,789</u>	<u>6,276</u>	<u>2,546</u>
NET ASSETS:				
Invested in capital assets net of related debt	103,329	891,864	995,193	316,375
Unrestricted	<u>567,113</u>	<u>635,387</u>	<u>1,202,500</u>	<u>1,111,246</u>
Total net assets	<u>\$ 670,442</u>	<u>\$ 1,527,251</u>	<u>\$ 2,197,693</u>	<u>\$ 1,427,621</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ADRIAN, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2009

	Information Technology	Motor Vehicle Pool	Totals Internal Service Funds	
			2010	2009
Operating revenues:				
Charges for services	\$ 178,570	\$ 1,038,407	\$ 1,216,977	\$ 439,456
Miscellaneous revenue	-	11,726	11,726	153,944
Total operating revenues	178,570	1,050,133	1,228,703	593,400
Operating expenses:				
Cost of services	303,947	512,098	816,045	401,536
Depreciation	27,925	164,682	192,607	68,754
Total operating expenses	331,872	676,780	1,008,652	470,290
Operating income	(153,302)	373,353	220,051	123,110
Income (loss) before contributions and transfers	\$ (153,302)	\$ 373,353	\$ 220,051	\$ 123,110
Nonoperating revenues (expenses)			-	
Transfers in		700,000	700,000	
Transfers out		(691,200)	(691,200)	-
Change in net assets	(153,302)	382,153	228,851	123,110
Total net assets – beginning of year	823,744	603,877	1,427,621	919,382
Transfer net book value of assets	-	541,221	541,221	385,129
Total net assets – end of year	\$ 670,442	\$ 1,527,251	\$ 2,197,693	\$ 1,427,621

The notes to the financial statements are an integral part of this statement.

CITY OF ADRIAN, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2009
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Information Technology	Fire Dept. Motor Vehicle Pool	Internal Service Funds 2010	Internal Service Funds 2009
Cash flows from operating activities:				
Cash received from customers	\$ 183,590	\$ 1,023,483	\$1,207,073	\$ 583,149
Cash paid to suppliers	(303,006)	(434,064)	(737,070)	(400,670)
Cash paid to employees	-	(75,245)	(75,245)	-
Net cash provided by (used in) operating activities	<u>(119,416)</u>	<u>514,174</u>	<u>394,758</u>	<u>182,479</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	700,000	700,000	-
Transfers to other funds	-	(691,200)	(691,200)	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>8,800</u>	<u>8,800</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Capital asset purchases	(19,310)	(310,894)	(330,204)	-
Net cash provided by (used in) capital and related financing activities	<u>(19,310)</u>	<u>(310,894)</u>	<u>(330,204)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(138,726)	212,080	73,354	182,479
Cash and cash equivalents at beginning of year	705,187	388,616	1,093,803	911,324
Cash and cash equivalents at end of year	<u>\$ 566,461</u>	<u>\$ 600,696</u>	<u>\$1,167,157</u>	<u>\$ 1,093,803</u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating income (loss)	\$ (153,302)	\$ 373,353	\$ 220,051	\$ 123,110
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	27,925	164,682	192,607	68,754
Change in assets and liabilities:				
(Increase) decrease in due from other funds	4,853	(16,407)	(11,554)	(10,251)
(Increase) decrease in due from component unit	167	-	167	-
(Increase) decrease in accounts receivable	-	(10,243)	(10,243)	-
Increase (decrease) in vouchers payable	941	1,679	2,620	866
Increase (decrease) in accrued payroll	-	1,110	1,110	-
Total adjustments	<u>33,886</u>	<u>140,821</u>	<u>174,707</u>	<u>59,369</u>
Net cash provided by (used in) operating activities	<u>\$ (119,416)</u>	<u>\$ 514,174</u>	<u>\$ 394,758</u>	<u>\$ 182,479</u>

The notes to the financial statements are an integral part of this statement.

CITY OF ADRIAN, MICHIGAN
INFORMATION TECHNOLOGY INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009

	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 566,461	\$ 705,187
Due from other funds	3,203	8,139
Due from component unit	936	1,020
	<hr/>	<hr/>
Total current assets	570,600	714,346
	<hr/>	<hr/>
Noncurrent assets:		
Capital assets:		
Equipment	474,660	455,350
Less: accumulated depreciation	(371,331)	(343,406)
	<hr/>	<hr/>
Net capital assets	103,329	111,944
	<hr/>	<hr/>
Total noncurrent assets	103,329	111,944
	<hr/>	<hr/>
Total assets	<u>\$ 673,929</u>	<u>\$ 826,290</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Current liabilities:		
Vouchers payable	\$ 1,082	\$ 465
Accrued liabilities	2,405	2,081
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Total current liabilities	3,487	2,546
	<hr/>	<hr/>
NET ASSETS:		
Invested in capital assets, net of related debt	103,329	111,944
Unrestricted	567,113	711,800
	<hr/>	<hr/>
Total net assets	<u>\$ 670,442</u>	<u>\$ 823,744</u>

**CITY OF ADRIAN, MICHIGAN
INFORMATION TECHNOLOGY INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
Operating revenues:		
Charges for services	\$ 178,570	\$ 439,456
Miscellaneous revenue	-	19,733
	<u>178,570</u>	<u>459,189</u>
Operating expenses:		
Cost of services	303,947	327,540
Depreciation	27,925	32,779
	<u>331,872</u>	<u>360,319</u>
Change in net assets	(153,302)	98,870
Total net assets – beginning of year	823,744	580,151
Transfer net book value of assets	-	144,723
Total net assets – end of year	<u>\$ 670,442</u>	<u>\$ 823,744</u>

**CITY OF ADRIAN, MICHIGAN
INFORMATION TECHNOLOGY INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 183,590	\$ 459,768
Cash paid to suppliers	<u>(303,006)</u>	<u>(326,084)</u>
Net cash used in operating activities	<u>(119,416)</u>	<u>133,684</u>
Cash flows from capital activities:		
Acquisition of capital assets	<u>(19,310)</u>	<u>-</u>
Net cash used in capital and related financing activities	(19,310)	-
Net increase (decrease) in cash and cash equivalents	(138,726)	133,684
Cash and cash equivalents at beginning of year	<u>705,187</u>	<u>571,503</u>
Cash and cash equivalents at end of year	<u>\$ 566,461</u>	<u>\$ 705,187</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	<u>\$ (153,302)</u>	<u>\$ 98,870</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	27,925	32,779
Change in assets and liabilities:		
(Increase) decrease in due from other funds	4,853	579
(Increase) decrease in due from component unit	167	-
Increase (decrease) in vouchers payable	<u>941</u>	<u>1,456</u>
Total adjustments	<u>33,886</u>	<u>34,814</u>
Net cash used in operating activities	<u>\$ (119,416)</u>	<u>\$ 133,684</u>

**CITY OF ADRIAN, MICHIGAN
MOTOR VEHICLE POOL INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009**

	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 600,696	\$ 388,616
Accounts receivable	10,243	\$ -
Due from other funds	<u>27,237</u>	<u>10,830</u>
Total current assets	<u>638,176</u>	<u>399,446</u>
Noncurrent assets:		
Capital assets:		
Equipment	2,672,699	607,608
Less: accumulated depreciation	<u>(1,780,835)</u>	<u>(403,177)</u>
Net capital assets	<u>891,864</u>	<u>204,431</u>
Total noncurrent assets	<u>891,864</u>	<u>204,431</u>
Total assets	<u>\$ 1,530,040</u>	<u>\$ 603,877</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Current liabilities:		
Vouchers payable	\$ 1,679	\$ -
Accrued payroll	<u>1,110</u>	<u>-</u>
Total current liabilities	<u>2,789</u>	<u>-</u>
NET ASSETS:		
Invested in capital assets, net of related debt	891,864	204,431
Unrestricted	<u>635,387</u>	<u>399,446</u>
Total net assets	<u>\$ 1,527,251</u>	<u>\$ 603,877</u>

CITY OF ADRIAN, MICHIGAN
MOTOR VEHICLE POOL INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009

	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
Operating revenues:		
Rent	\$ 1,038,407	\$ -
Miscellaneous	11,726	134,211
	<hr/>	<hr/>
Total operating revenues:	1,050,133	134,211
 Operating expenses:		
Cost of services	512,098	73,996
Depreciation	164,682	35,975
	<hr/>	<hr/>
Total operating expenses	676,780	109,971
 Operating income	 373,353	 24,240
 Nonoperating revenues (expenses):		
Transfers in	700,000	-
Transfers out	(691,200)	-
	<hr/>	<hr/>
 Change in net assets	 382,153	 24,240
 Total net assets – beginning of year	 603,877	 339,231
 Set up book value of assets	 541,221	 240,406
	<hr/>	<hr/>
Total net assets – end of year	<u>\$ 1,527,251</u>	<u>\$ 603,877</u>

**CITY OF ADRIAN, MICHIGAN
MOTOR VEHICLE POOL INTERNAL SERVICE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,023,483	\$ 123,381
Cash paid to suppliers	(434,064)	(74,586)
Cash paid to employees	(75,245)	-
	<u>514,174</u>	<u>48,795</u>
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
Transfer from other funds	700,000	-
Transfer to other funds	(691,200)	-
	<u>8,800</u>	<u>-</u>
Net cash provided by noncapital financing activities		
Cash flows from capital activities:		
Acquisition of capital assets	(310,894)	-
	<u>(310,894)</u>	<u>-</u>
Net cash used in capital and related financing activities		
Net increase in cash and cash equivalents	212,080	48,795
Cash and cash equivalents at beginning of year	388,616	339,821
Cash and cash equivalents at end of year	<u>\$ 600,696</u>	<u>\$ 388,616</u>

**RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES**

Operating income	<u>\$ 373,353</u>	<u>\$ 24,240</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	164,682	35,975
Change in assets and liabilities:		
(Increase) decrease in due from other funds	(16,407)	(10,830)
(Increase) decrease in accounts receivable	(10,243)	-
Increase (decrease) in vouchers payable	1,679	(590)
Increase (decrease) in accrued payroll	1,110	-
	<u>140,821</u>	<u>24,555</u>
Total adjustments		
Net cash used in operating activities	<u>\$ 514,174</u>	<u>\$ 48,795</u>