

**CITY
OF
ADRIAN**

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

	Capital Projects Revolving Fund	Dial-A-Ride System	Automobile Parking System	Storm Water Utility	Totals Nonmajor Enterprise Funds	
					2010	2009
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 259,816	\$ -	\$ 182,117	\$ 183,078	\$ 625,011	\$ 512,245
Receivables:						
Special assessments	456,513	-	-	-	456,513	491,670
Due from other funds	-	-	6,000	-	6,000	35,400
Due from other governments	-	71,800	-	-	71,800	66,740
Due from component unit	-	-	20,000	-	20,000	10,000
Accounts	-	634	-	-	634	396
Inventory	-	-	-	20,890	20,890	-
Prepaid expense	-	-	-	-	-	4,643
Total current assets	<u>716,329</u>	<u>72,434</u>	<u>208,117</u>	<u>203,968</u>	<u>1,200,848</u>	<u>1,121,094</u>
Noncurrent assets:						
Capital assets:						
Land	-	22,868	638,500	-	661,368	661,368
Building	-	1,373,271	-	-	1,373,271	1,373,271
Utility systems	-	-	-	2,380,243	2,380,243	2,380,243
Land improvements	-	-	720,573	861,435	1,582,008	1,582,008
Equipment	-	541,094	156,033	-	697,127	697,127
Less: accumulated depreciation	-	(489,990)	(560,098)	(1,382,438)	(2,432,526)	(2,296,112)
Net capital assets	<u>-</u>	<u>1,447,243</u>	<u>955,008</u>	<u>1,859,240</u>	<u>4,261,491</u>	<u>4,397,905</u>
Total noncurrent assets	<u>-</u>	<u>1,447,243</u>	<u>955,008</u>	<u>1,859,240</u>	<u>4,261,491</u>	<u>4,397,905</u>
Total assets	<u>\$ 716,329</u>	<u>\$ 1,519,677</u>	<u>\$ 1,163,125</u>	<u>\$ 2,063,208</u>	<u>\$ 5,462,339</u>	<u>\$ 5,518,999</u>

	<u>Capital Projects Revolving Fund</u>	<u>Dial-A-Ride System</u>	<u>Automobile Parking System</u>	<u>Storm Water Utility</u>	<u>Totals Nonmajor Enterprise Funds 2010 2009</u>	
LIABILITIES:						
Current liabilities:						
Vouchers payable	\$ -	\$ 5,009	\$ 799	\$ 64	\$ 5,872	\$ 20,388
Accrued liabilities	-	-	256	223	479	1,754
Due to other funds	-	40,812	4,713	6,990	52,515	59,953
Due to other governments	-	26,613	-	-	26,613	6,390
Total current liabilities	-	72,434	5,768	7,277	85,479	88,485
Total liabilities	-	72,434	5,768	7,277	85,479	88,485
NET ASSETS:						
Invested in capital assets net of related debt	-	1,447,243	955,008	1,859,240	4,261,491	4,397,905
Unrestricted	716,329	-	202,349	196,691	1,115,369	1,032,609
Total net assets	\$ 716,329	\$ 1,447,243	\$ 1,157,357	\$ 2,055,931	\$ 5,376,860	\$ 5,430,514

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
NONMAJOR ENTERPRISE FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE TOTALS FOR FISCAL YEAR ENDED JUNE 30, 2009

	<u>Capital Projects Revolving Fund</u>	<u>Dial-A-Ride System</u>	<u>Automobile Parking System</u>	<u>Storm Water Utility</u>	<u>Totals Nonmajor Enterprise Funds</u>	
					<u>2010</u>	<u>2009</u>
Operating revenues:						
Charges for services	\$ -	\$ 85,784	\$ 30,196	\$ 241,544	\$ 357,524	\$ 406,754
Special assessment	-	-	37,357	-	37,357	25,253
Miscellaneous	-	-	-	2,783	2,783	-
Total operating revenues	-	85,784	67,553	244,327	397,664	432,007
Operating expenses:						
Cost of services	-	434,282	67,799	209,956	712,037	667,778
Depreciation	-	80,472	14,912	41,031	136,415	143,132
Total operating expenses	-	514,754	82,711	250,987	848,452	810,910
Operating income (loss)	-	(428,970)	(15,158)	(6,660)	(450,788)	(378,903)
Nonoperating revenues (expenses):						
Intergovernmental – state – operating	-	158,858	-	-	158,858	155,980
Intergovernmental – state – operating expense reimbursement	-	3,035	-	-	3,035	639
Intergovernmental – federal	-	77,779	-	-	77,779	67,597
Interest revenue	32,225	-	175	235	32,635	27,701
Total nonoperating revenues (expenses)	32,225	239,672	175	235	272,307	251,917

	Capital Projects Revolving Fund	Dial-A-Ride System	Automobile Parking System	Storm Water Utility	Totals Nonmajor Enterprise Funds	
					2010	2009
Income (loss) before contribution and transfers	\$ 32,225	\$ (189,298)	\$ (14,983)	\$ (6,425)	\$ (178,481)	\$ (126,986)
Contribution from Downtown Development Authority (DDA)	-	-	10,000	-	10,000	10,000
Capital contribution – Grants	-	-	-	-	-	548,591
Capital contribution - local	-	-	-	-	-	49,986
Transfers in	-	108,827	6,000	-	114,827	106,115
Change in net assets	32,225	(80,471)	1,017	(6,425)	(53,654)	587,706
Total net assets – beginning of year	684,104	1,527,714	1,156,340	2,062,356	5,430,514	4,842,808
Total net assets – end of year	<u>\$ 716,329</u>	<u>\$ 1,447,243</u>	<u>\$ 1,157,357</u>	<u>\$ 2,055,931</u>	<u>\$ 5,376,860</u>	<u>\$ 5,430,514</u>

CITY OF ADRIAN, MICHIGAN
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE 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

	Capital Projects Revolving Fund	Dial-A-Ride System	Automobile Parking System	Storm Water Utility	Nonmajor Enterprise Funds	
					2010	2009
Cash flows from operating activities:						
Cash received from customers	\$ -	\$ 85,546	\$ 57,553	\$ 273,727	\$ 416,826	\$ 418,120
Cash paid to suppliers	-	(130,569)	(36,957)	(176,508)	(344,034)	(304,632)
Cash paid to employees	-	(296,245)	(28,702)	(60,139)	(385,086)	(387,380)
Net cash provided by (used in) operating activities	-	(341,268)	(8,106)	37,080	(312,294)	(273,892)
Cash flows from noncapital financing activities:						
Grants received – Federal	-	51,474	-	-	51,474	60,379
Grants received – State	-	183,325	-	-	183,325	157,743
Transfers from General Fund	-	103,294	6,000	-	109,294	110,228
Contributions from DDA	-	-	10,000	-	10,000	10,000
Special assessment revenue provided to other funds	(76,080)	-	-	-	(76,080)	(320,820)
Net cash provided by noncapital financing activities	(76,080)	338,093	16,000	-	278,013	17,530
Cash flows from capital and related financing activities:						
Grants received - Federal	-	3,140	-	-	3,140	640,113
Grants received - State	-	35	-	-	35	160,028
Local funding - facility	-	-	-	-	-	8,473
Capital asset purchases	-	-	-	-	-	(808,614)
Special assessments	111,237	-	-	-	111,237	246,123
Net cash provided by (used in) capital and related financing activities	111,237	3,175	-	-	114,412	246,123

	Capital Projects Revolving Fund	Dial-A-Ride System	Automobile Parking System	Storm Water Utility	Nonmajor Enterprise Funds	
					2010	2009
Cash flows from investing activities:						
Interest income	\$ 32,225	\$ -	\$ 175	\$ 235	\$ 32,635	\$ 27,701
Net cash provided by investing activities	32,225	-	175	235	32,635	27,701
Net increase (decrease) in cash and cash equivalents	67,382	-	8,069	37,315	112,766	17,462
Cash and cash equivalents at beginning of year	192,434	-	174,048	145,763	512,245	494,783
Cash and cash equivalents at end of year	<u>\$ 259,816</u>	<u>\$ -</u>	<u>\$ 182,117</u>	<u>\$ 183,078</u>	<u>\$ 625,011</u>	<u>\$ 512,245</u>

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

Operating income (loss)	\$ -	\$ (428,970)	\$ (15,158)	\$ (6,660)	\$ (450,788)	\$ (378,903)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	80,471	14,912	41,031	136,414	143,132
Change in assets and liabilities:						
(Increase) decrease in due from other funds	-	-	(10,000)	29,400	19,400	(16,000)
(Increase) decrease in inventory	-	-	-	(20,890)	(20,890)	-
(Increase) decrease in accounts receivable	-	(238)	-	-	(238)	2,113
(Increase) decrease in prepaid expense	-	4,643	-	-	4,643	(4,643)
Increase (decrease) in vouchers payable	-	2,826	(61)	(420)	2,345	(3,252)
Increase (decrease) in due to County	-	-	-	-	-	(153)
Increase (decrease) in accrued payroll and liabilities	-	-	256	(1,531)	(1,275)	(508)
Increase (decrease) in due to other funds	-	-	1,945	(3,850)	(1,905)	(15,678)
Total adjustments	-	87,702	7,052	43,740	138,494	105,011
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ (341,268)</u>	<u>\$ (8,106)</u>	<u>\$ 37,080</u>	<u>\$ (312,294)</u>	<u>\$ (273,892)</u>

**CITY OF ADRIAN, MICHIGAN
 CAPITAL PROJECTS REVOLVING ENTERPRISE FUND
 COMPARATIVE STATEMENTS OF NET ASSETS
 JUNE 30, 2010 AND 2009**

	JUNE 30, 2010	June 30, 2009
ASSETS:		
Current assets:		
Cash	\$ 259,816	\$ 192,434
Receivables:		
Special assessments	456,513	491,670
Total assets	\$ 716,329	\$ 684,104
 NET ASSETS:		
Net assets - unrestricted	\$ 716,329	\$ 684,104
Total net assets	\$ 716,329	\$ 684,104

**CITY OF ADRIAN, MICHIGAN
CAPITAL PROJECTS REVOLVING ENTERPRISE 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	\$ -	\$ -
Operating expenses	<u> </u>	<u> </u>
Operating income	-	-
Nonoperating revenues (expenses):		
Interest revenue	<u>32,225</u>	<u>27,405</u>
Change in net assets	32,225	27,405
Total net assets - beginning of year	<u>684,104</u>	<u>656,699</u>
Total net assets - end of year	<u>\$ 716,329</u>	<u>\$ 684,104</u>

**CITY OF ADRIAN, MICHIGAN
CAPITAL PROJECTS REVOLVING ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009
INCREASE IN CASH AND CASH EQUIVALENTS**

	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	\$ -	\$ -
Cash flows from noncapital financing activities:		
Special assessment revenue provided to other funds	(76,080)	(320,820)
Net cash provided by (used in) noncapital financing activities	(76,080)	(320,820)
Cash flows from capital and related financing activities:		
Cash received on special assessment	111,237	246,123
Net cash provided by capital and related financing activities	111,237	246,123
Cash flows from investing activities:		
Interest	32,225	27,405
Net increase in cash and cash equivalents	67,382	(47,292)
Cash and cash equivalents at beginning of year	192,434	239,726
Cash and cash equivalents at end of year	<u>\$ 259,816</u>	<u>\$ 192,434</u>

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

Operating income	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	-	-
Net cash provided by (used in) operating activities	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ADRIAN, MICHIGAN
DIAL-A-RIDE SYSTEM ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009**

ASSETS:	<u>JUNE 30, 2010</u>	<u>June 30, 2009</u>
Current assets:		
Due from other governments:		
Federal	\$ 71,800	\$ 45,635
State	-	21,105
Accounts receivable	634	396
Prepaid expense	-	4,643
	<hr/>	<hr/>
Total current assets	72,434	71,779
	<hr/>	<hr/>
Noncurrent assets:		
Capital assets:		
Land	22,868	22,868
Building	1,373,271	1,373,271
Equipment	541,094	541,094
Accumulated depreciation	(489,990)	(409,519)
	<hr/>	<hr/>
Net capital assets	1,447,243	1,527,714
	<hr/>	<hr/>
Total noncurrent assets	1,447,243	1,527,714
	<hr/>	<hr/>
Total assets	<u>\$ 1,519,677</u>	<u>\$ 1,599,493</u>
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Current liabilities:		
Vouchers payable	\$ 5,009	\$ 19,044
Due to other governments:		
County	6,390	6,390
State	20,223	-
Due to other funds - general	40,812	46,345
	<hr/>	<hr/>
Total current liabilities	72,434	71,779
	<hr/>	<hr/>
NET ASSETS:		
Invested in net assets, net of related debt	1,447,243	1,527,714
	<hr/>	<hr/>
Total net assets	<u>\$ 1,447,243</u>	<u>\$ 1,527,714</u>
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**CITY OF ADRIAN, MICHIGAN
DIAL-A-RIDE SYSTEM ENTERPRISE 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	\$ 85,784	\$ 98,793
Total operating revenues	<u>85,784</u>	<u>98,793</u>
Operating expenses:		
Cost of services:		
Salaries and wages	211,016	211,411
Fringe benefits	85,229	75,447
Contracted services	24,200	20,197
Supplies and materials	49,360	54,589
Telephone	1,568	1,898
Insurance	14,811	13,733
Advertising	319	229
Maintenance	44,245	39,275
Rent	-	2,028
Administrative and accounting	2,750	2,116
Depreciation	80,472	87,189
Information Technology	768	2,203
Miscellaneous	16	-
Total operating expenses	<u>514,754</u>	<u>510,315</u>
Operating loss	<u>(428,970)</u>	<u>(411,522)</u>
Nonoperating revenues:		
Intergovernmental – state - operating	158,858	155,980
Intergovernmental - state - operating expense reimbursement	3,035	639
Intergovernmental – federal	<u>77,779</u>	<u>67,597</u>
Total nonoperating revenues	<u>239,672</u>	<u>224,216</u>
Loss before contributions and transfers	(189,298)	(187,306)
Capital contribution – Grants	-	548,591
Capital contribution - local	-	49,986
Transfers in	<u>108,827</u>	<u>100,115</u>
Change in net assets	(80,471)	511,386
Total net assets – beginning of year	<u>1,527,714</u>	<u>1,016,328</u>
Total net assets – end of year	<u>\$ 1,447,243</u>	<u>\$ 1,527,714</u>

**CITY OF ADRIAN, MICHIGAN
DIAL-A-RIDE SYSTEM ENTERPRISE 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	\$ 85,546	\$ 100,906
Cash paid to suppliers	(130,569)	(136,398)
Cash paid to employees	(296,245)	(286,858)
	<u>(341,268)</u>	<u>(322,350)</u>
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
Grant received – Federal	51,474	60,379
Grant received – State	183,325	157,743
Transfer from general fund	103,294	104,228
	<u>338,093</u>	<u>322,350</u>
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
Grants received - Federal	3,140	640,113
Grants received - State	35	160,028
Local funding - facility	-	8,473
Capital asset purchases	-	(808,614)
	<u>3,175</u>	<u>-</u>
Net cash provided by capital and related financing activities		
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	<u> </u>	<u> </u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

Operating loss	\$ (428,970)	\$ (411,522)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	80,471	87,189
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(238)	2,113
(Increase) decrease in prepaid expense	4,643	(4,643)
Increase (decrease) in vouchers payable	2,826	4,666
Increase (decrease) in due to county	-	(153)
	<u>87,702</u>	<u>89,172</u>
Total adjustments		
Net cash used in operating activities	<u>\$ (341,268)</u>	<u>\$ (322,350)</u>

**CITY OF ADRIAN, MICHIGAN
AUTOMOBILE PARKING SYSTEM ENTERPRISE 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	\$ 182,117	\$ 174,048
Due from general fund	6,000	6,000
Due from component unit	<u>20,000</u>	<u>10,000</u>
Total current assets	<u>208,117</u>	<u>190,048</u>
Capital assets:		
Land	638,500	638,500
Land improvements	720,573	720,573
Equipment	156,033	156,033
Less: accumulated depreciation	<u>(560,098)</u>	<u>(545,186)</u>
Net capital assets	<u>955,008</u>	<u>969,920</u>
Total noncurrent assets	<u>955,008</u>	<u>969,920</u>
Total assets	<u>\$ 1,163,125</u>	<u>\$ 1,159,968</u>
LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Current liabilities:		
Vouchers payable	\$ 799	\$ 860
Accrued payroll	256	-
Due to general fund	<u>4,713</u>	<u>2,768</u>
Total current liabilities	<u>5,768</u>	<u>3,628</u>
Total liabilities	5,768	3,628
NET ASSETS:		
Invested in capital assets, net of related debt	955,008	969,920
Unrestricted	<u>202,349</u>	<u>186,420</u>
Total net assets	<u>\$ 1,157,357</u>	<u>\$ 1,156,340</u>

**CITY OF ADRIAN, MICHIGAN
AUTOMOBILE PARKING SYSTEM ENTERPRISE 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	\$ 30,196	\$ 30,016
Special assessment	<u>37,357</u>	<u>25,253</u>
Total operating revenues	<u>67,553</u>	<u>55,269</u>
Operating expenses:		
Cost of services:		
Salaries and wages	28,344	30,408
Fringe benefits	614	361
Overhead expense	3,723	-
Supplies	6,499	10,164
Contracted services	6,620	3,050
Insurance	412	1,095
Electricity	11,374	11,625
Rent	8,859	24,323
Administration	1,354	1,316
Depreciation	<u>14,912</u>	<u>14,912</u>
Total operating expenses	<u>82,711</u>	<u>97,254</u>
Operating loss	<u>(15,158)</u>	<u>(41,985)</u>
Nonoperating revenues (expenses):		
Interest income	<u>175</u>	<u>154</u>
Total nonoperating revenues (expenses)	<u>175</u>	<u>154</u>
Loss before contributions and transfers	(14,983)	(41,831)
Contribution from DDA	10,000	10,000
Transfers in - general fund	<u>6,000</u>	<u>6,000</u>
Change in net assets	1,017	(25,831)
Total net assets – beginning of year	<u>1,156,340</u>	<u>1,182,171</u>
Total net assets – end of year	<u>\$ 1,157,357</u>	<u>\$ 1,156,340</u>

**CITY OF ADRIAN, MICHIGAN
AUTOMOBILE PARKING SYSTEM ENTERPRISE 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	\$ 57,553	\$ 39,269
Cash paid to suppliers	(36,957)	(63,541)
Cash paid to employees	(28,702)	(31,097)
	<u>(8,106)</u>	<u>(55,369)</u>
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
Transfer from general fund	6,000	6,000
Contribution from DDA	10,000	10,000
	<u>16,000</u>	<u>16,000</u>
Net cash provided by noncapital financing activities		
Cash flows from investing activities:		
Interest	175	154
	<u>175</u>	<u>154</u>
Net increase (decrease) in cash and cash equivalents	8,069	(39,215)
Cash and cash equivalents at beginning of year	<u>174,048</u>	<u>213,263</u>
Cash and cash equivalents at end of year	<u>\$ 182,117</u>	<u>\$ 174,048</u>

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

Operating loss	\$ (15,158)	\$ (41,985)
Adjustments to reconcile operating income (loss) to net cash		
used in operating activities:		
Depreciation	14,912	14,912
Change in assets and liabilities:		
(Increase) decrease in due from other funds	(10,000)	(16,000)
Increase (decrease) in vouchers payable	(61)	204
Increase (decrease) in accrued payroll	256	(328)
Increase (decrease) in due to other funds	1,945	(12,172)
	<u>7,052</u>	<u>(13,384)</u>
Total adjustments		
Net cash used in operating activities	<u>\$ (8,106)</u>	<u>\$ (55,369)</u>

**CITY OF ADRIAN, MICHIGAN
STORM WATER UTILITY ENTERPRISE FUND
COMPARATIVE STATEMENTS OF NET ASSETS
JUNE 30, 2010 AND 2009**

	JUNE 30, 2010	June 30, 2009
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 183,078	\$ 145,763
Inventory	20,890	\$ -
Due from general fund	-	29,400
	203,968	175,163
Total current assets		
Noncurrent assets:		
Capital assets:		
Utility system	2,380,243	2,380,243
Improvements other than buildings	861,435	861,435
Less: accumulated depreciation	(1,382,438)	(1,341,407)
	1,859,240	1,900,271
Net capital assets		
Total noncurrent assets		
	1,859,240	1,900,271
Total assets		
	\$ 2,063,208	\$ 2,075,434
 LIABILITIES AND NET ASSETS:		
LIABILITIES:		
Current liabilities:		
Vouchers payable	\$ 64	\$ 484
Accrued payroll	223	1,754
Due to other funds - general	6,032	10,840
Due to other funds - motor vehicle pool	958	-
	7,277	13,078
Total current liabilities		
 NET ASSETS:		
Invested in capital assets, net of related debt	1,859,240	1,900,271
Unrestricted	196,691	162,085
	2,055,931	2,062,356
Total net assets		
	\$ 2,055,931	\$ 2,062,356

**CITY OF ADRIAN, MICHIGAN
STORM WATER UTILITY ENTERPRISE 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	\$ 241,544	\$ 277,945
Other	2,783	
	<hr/>	<hr/>
Total operating revenues	244,327	277,945
	<hr/>	<hr/>
Operating expenses:		
Cost of services:		
Salaries and wages	58,608	51,839
Overhead expense	22,094	17,406
Supplies	16,578	27,761
Contracted services	69,645	29,752
Rent	24,645	24,946
Administration	18,386	10,606
Depreciation	41,031	41,031
	<hr/>	<hr/>
Total operating expenses	250,987	203,341
	<hr/>	<hr/>
Operating income	(6,660)	74,604
	<hr/>	<hr/>
Nonoperating revenues (expenses):		
Interest revenue	235	142
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	235	142
	<hr/>	<hr/>
Change in net assets	(6,425)	74,746
	<hr/>	<hr/>
Total net assets – beginning of year	2,062,356	1,987,610
	<hr/>	<hr/>
Total net assets – end of year	<u>\$ 2,055,931</u>	<u>\$ 2,062,356</u>

**CITY OF ADRIAN, MICHIGAN
 STORM WATER UTILITY ENTERPRISE FUND
 COMPARATIVE STATEMENTS OF CASH FLOWS
 FOR FISCAL YEARS ENDED JUNE 30, 2010 AND 2009
 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	\$ 273,727	\$ 277,945
Cash paid to suppliers	(176,508)	(104,693)
Cash paid to employees	(60,139)	(69,425)
	<u>37,080</u>	<u>103,827</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Interest	235	142
	<u>37,315</u>	<u>103,969</u>
Net decrease in cash and cash equivalents		
	37,315	103,969
Cash and cash equivalents at beginning of year	145,763	41,794
	<u>183,078</u>	<u>145,763</u>
Cash and cash equivalents at end of year		
	\$ 183,078	\$ 145,763

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

Operating income	\$ (6,660)	\$ 74,604
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	41,031	41,031
Change in assets and liabilities:		
(Increase) decrease in due from other funds	29,400	-
(Increase) decrease in inventory	(20,890)	-
Increase (decrease) in vouchers payable	(420)	(8,122)
Increase (decrease) in accrued liabilities	(1,531)	(180)
Increase (decrease) in due to other funds	(3,850)	(3,506)
	<u>43,740</u>	<u>29,223</u>
Total adjustments		
	43,740	29,223
Net cash used in operating activities	\$ 37,080	\$ 103,827