

# Ypsilanti Community Utilities Authority

Environmental Leaders



Dedicated to Providing Top Quality, Cost Effective, and Environmentally Safe  
Water and Wastewater Services to our Customers

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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Year Ended August 31, 2009



**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended August 31, 2009**

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# INTRODUCTORY SECTION



February 11, 2010

**To the Commissioners of the Ypsilanti Community  
Utilities Authority and Citizens of the Member Communities:**

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Ypsilanti Community Utilities Authority (“YCUA” or the “Authority”) for the fiscal year ended August 31, 2009.

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

The Authority’s financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended August 31, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that YCUA’s financial statements for the fiscal year ended August 31, 2009 are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

## **Profile of the Authority**

YCUA provides water and wastewater services to the Ypsilanti area. The Authority is governed by a Board of Commissioners comprised of two representatives from the City of Ypsilanti (the "City") and three from the Charter Township of Ypsilanti (the "Township").

The Authority provides water and sewage services to the City and Township, as well as the townships of Pittsfield, Augusta, York and Superior. YCUA also contracts with Sumpter Township for wastewater treatment and Western Townships Utility Authority to provide wastewater treatment services for the townships of Canton, Northville and Plymouth.

The Authority was formed in 1974 by the Township and City in response to a number of factors occurring at that time. The need for a new wastewater treatment facility was the most significant driving force to bring about the creation of YCUA. By combining the water and sewer departments of both the City and Township, economic benefits through the elimination of the staff duplication and economies of scale could be achieved. The fact that the City is almost completely surrounded by the Township makes the combination of the two systems an obvious economic advantage.

The current wastewater plant was opened in 1982 with a capacity of 28.9 million gallons per day (MGD). The wastewater treatment consists of primary screening, grit removal, primary clarification, and secondary and tertiary treatment utilizing the activated sludge process. A permit is issued from the Michigan Department of Environmental Quality (MDEQ) that regulates the discharge from the wastewater treatment plant. This permit requires stable effluent treatment levels and the plant currently is in compliance with its permit.

Growth in the Wayne County townships of Plymouth, Canton and Northville resulted in a request by Western Townships Utilities Authority (WTUA, the organization that represents the three townships) to expand the plant to treat the wastewater generated by these communities. Presently, the wastewater from the three communities is divided between the YCUA and Wayne County systems.

Construction on the plant expansion and improvements project, which increased the YCUA wastewater facility treatment capacity by 17 MGD to 45.9 MGD, began in 2002 with substantial completion in 2008. While the plant is now operating with the 45.9 MGD capacity, final closeout is a waiting final resolution of a dispute with the order control equipment provider. The expanded capacity is for the WTUA, which is presently negotiating with Wayne County and is anticipated a majority all the sewage from Northville, Plymouth and Canton Townships will be diverted to YCUA upon completion of those negotiations. The construction updated equipment, adds additional odor controls, safer disinfection equipment and a more efficient incinerator for burning sewage sludge, which replaced a multiple hearth unit. Air incineration emissions have been reduced by more than 80%. Eight MGD capacity has been leased to WTUA, which helped pay for many of these improvements. Of the 45.9 MGD of total capacity, WTUA now has rights to use up to 54% of the total plant capacity. The Authority recently requested and granted an updated wastewater treatment plant design capacity from the Michigan Department of Environment Quality in 2009. The new design capacity is for 51.2 MGD. Other projects currently under construction include water main replacements on Mansfield and Hewitt roads along with various other minor pump station and water main upgrades/replacements and improvements to the wastewater plant site.

**Cash management policies and practices.** The Authority is very conservative in its approach to cash management. Generally, cash is deposited in receiving bank accounts and then transferred to and between a variety of other bank accounts, many of which are interest bearing including money market and cash management accounts and certificates of deposit. These transfers are made to satisfy various requirements imposed, or interpreted to be imposed, by the member governments and bond ordinances.

**Pension and other postemployment benefits.** The Authority participates in an agent multiple-employer plan that provides pension benefits for all full-time employees. The annual actuarial valuation for this plan shows that it is 69% funded as of December 31, 2008 (the date of the latest actuarial valuation). The remaining unfunded amount is being systematically funded over 30 years as part of the annual required contribution calculated by the actuary.

The Authority also provides postretirement health care benefits to all full-time employees upon retirement. As of August 31, 2009, there were 67 retired employees receiving these benefits. In September 2005, YCUA entered into an agreement with MERS to create a retiree healthcare trust plan.

Further information regarding the Authority's retirement and other postemployment benefits plans can be found in Notes 4-C and 4-D in the notes to the financial statements.

### **Acknowledgements**

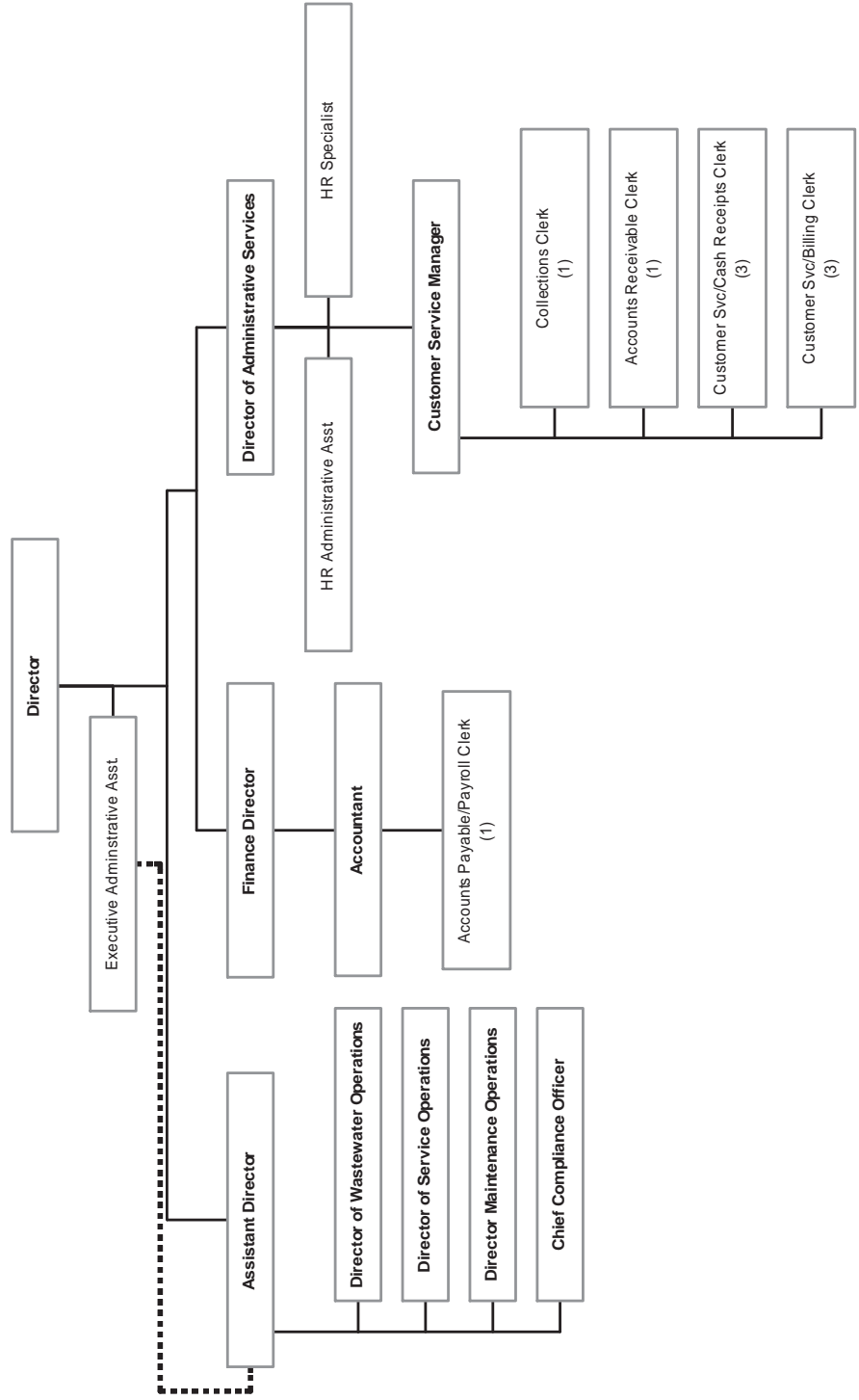
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Ypsilanti Community Utilities Authority. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Commissioners for their support in maintaining the highest standards of professionalism in the management of the Authority's finances.

**Larry R. Thomas**  
**Executive Director**

# Upper Management and Accounting Personnel Effective 8/31/2007



## Organizational Chart



# FINANCIAL SECTION



**INDEPENDENT AUDITORS' REPORT**

February 11, 2010

To the Board of Commissioners of the  
Ypsilanti Community Utilities Authority  
Ypsilanti, Michigan

We have audited the accompanying basic financial statements of the *Ypsilanti Community Utilities Authority* as of and for the years ended August 31, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ypsilanti Community Utilities Authority as of August 31, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2-8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2010, on our consideration of the Authority's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, in a separately issued single audit report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, supplementary financial schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary financial schedules have been subjected to the auditing procedures applied in the audit of the 2009 financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the 2009 financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



## MANAGEMENT'S DISCUSSION and ANALYSIS



## **Management's Discussion and Analysis**

As management of the *Ypsilanti Community Utilities Authority* we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended August 31, 2009. We encourage readers to consider the information presented herein conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iii of this report.

### **Financial Highlights**

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal by \$198,230,990 (*net assets*). Of this amount, \$10,410,475 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net assets decreased by \$4,576,390.
- The Authority's total long-term debt (i.e., bonds and capital leases) decreased by \$1,883,499 during the current fiscal year; new debt was incurred during the year as described in detail in Note 3-E of this report.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements are comprised of:

- The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.
- The *statement of revenues, expenses and changes in net assets* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

- The *statement of cash flows* presents the change in the Authority's cash and investments for the most recent fiscal year.
- The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Generally, these schedules provide a breakdown of revenue and expenses between the political subdivisions (i.e., the City and Township) and/or the primary operating functions (i.e., water and wastewater), along with a comparison of planned and actual expenses.

The Authority presents its supplementary financial information classified into the components of city, township, water and wastewater. The city and township divisions together comprise the activity of the Authority in total. The water and wastewater divisions together also comprise the activity of the Authority in total. The water and wastewater divisions assist management in assessing the financial activity of the Authority's principal functions. The city and township divisions assist the member communities in assessing the impact of operations on their constituents.

The Authority operates a single wastewater treatment plant, obtains its water from a single source and maintains a single group of related supporting functions. It is not possible to directly associate the cost of these activities to the city or township divisions. Instead, the reporting by division is achieved by allocating particular revenue and expense account balances using relevant objective measures. Similar allocations are used to produce financial information for the water and wastewater divisions.

### **Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of YCUA, assets exceeded liabilities by \$198,230,990 at the close of the most recent fiscal year.

By far the largest portion of the Authority's net assets (87.6 percent) is its investment in capital assets (e.g., land, buildings, systems, equipment and construction in process), less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although YCUA's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Authority's net assets (6.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the Authority's ongoing obligations to system users and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

### YCUA's Net Assets

	2009	2008
Current and other assets	\$ 18,043,028	\$ 19,053,198
Restricted assets	13,331,762	12,552,820
Capital assets	241,578,700	248,659,950
<b>Total assets</b>	<b>272,953,490</b>	<b>280,265,968</b>
Long-term liabilities outstanding	69,476,825	71,266,389
Other liabilities	5,245,675	6,192,199
<b>Total liabilities</b>	<b>74,722,500</b>	<b>77,458,588</b>
Net assets:		
Invested in capital assets, net of related debt	174,488,753	179,920,448
Restricted	13,331,762	12,552,820
Unrestricted	10,410,475	10,334,112
<b>Total net assets</b>	<b>\$ 198,230,990</b>	<b>\$ 202,807,380</b>

The Authority's net assets decreased by \$4,576,390 during the current fiscal year. Key elements of this decrease include:

- Capital contributions of \$.9 million were made to the Authority (\$1.3 million less than last year).
- Water sales decreased by \$0.5 million (or 4.1 percent) due to a 6.5 percent decrease in consumption, but was partially offset by rate increases. Corresponding direct costs for water distribution decreased by \$915,000 (or 6.9 percent). The reduction was achieved with a decrease in Detroit water rates along with a decrease in operating costs to deliver water.
- Sewage disposal sales decreased by \$566,000 (or 2.9 percent) due to decrease of 5.4% in residential usage and an increase of 3.5% in rates for residential customers; direct costs for wastewater treatment decreased \$0.2 million (or .7 percent) due to less usage. Total wastewater generated by the City and Township was flat of which the largest component was wastewater treated for WTUA (Western Townships Utility Authority) which decreased 6.9 percent.
- Total operating expenses decreased by \$1 million (or 2.9 percent) primarily reflecting the \$.9 million decrease (or 2.4 percent) in water delivery costs.

- The city division increased sewer rates 3.5 percent and water rates remained the same; the surcharge decreased to 78.0 percent. These rates all became effective October 1, 2008.
- The township division sewer rates increased 3.5 percent and water rates remained the same. The sewer rate increase became effective October 1, 2008. The surcharge rate remained unchanged at 5.0 percent.

#### YCUA's Changes in Net Assets

	<b>2009</b>	<b>2008</b>
Operating revenue	\$ 33,292,151	\$ 34,394,061
Expenses:		
Water division	12,308,463	13,223,394
Wastewater division	24,779,892	24,962,815
Total expenses	37,088,355	38,186,209
 Operating income (loss)	 (3,796,204)	 (3,792,148)
 Nonoperating expense	 (1,652,447)	 (1,596,490)
 Net income (loss)	 (5,448,651)	 (5,388,638)
 Capital contributions	 872,261	 2,198,857
 Special item	 -	 (43,885)
 Change in net assets	 (4,576,390)	 (3,233,666)
 Net assets - beginning	 202,807,380	 206,041,046
 Net assets - end of year	 <b>\$ 198,230,990</b>	 <b>\$ 202,807,380</b>

## **Capital Asset and Debt Administration**

**Capital assets.** YCUA's investment in capital assets as of August 31, 2009 amounted to \$241.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, plants, transmission lines, vehicles and other equipment. Total net capital assets decreased by \$7.1 million or 2.8 percent. The vast majority of the decrease is attributable to water and wastewater system depreciation.

### **YCUA's Capital Assets** (net of depreciation)

	<u>2009</u>	<u>2008</u>
Land	\$ 1,298,704	\$ 1,298,704
Buildings and improvements	1,152,350	1,200,614
Wastewater treatment plant	122,998,528	127,999,487
Water and wastewater systems	110,920,489	106,434,365
Vehicles	912,596	1,047,706
Equipment	914,385	1,112,217
Construction in process	3,381,648	9,566,857
<b>Total</b>	<b><u>\$ 241,578,700</u></b>	<b><u>\$ 248,659,950</u></b>

Additional information on the Authority's capital assets can be found in Note 3-D on pages 21-22 of this report.

**Long-term debt.** At year-end, the Authority had \$69,530,756 of long-term debt including limited tax obligation bonds, revenue bonds, capital leases and other obligations as summarized below.

### **YCUA's Outstanding Debt**

	<u>2009</u>	<u>2008</u>
Limited tax obligation bonds	\$ 35,484,300	\$ 35,503,307
Revenue bonds	33,005,000	34,555,000
Capital leases	-	205,948
Environmental liability	1,041,456	1,150,000
<b>Total</b>	<b><u>\$ 69,530,756</u></b>	<b><u>\$ 71,414,255</u></b>

Additional information on the Authority's long-term debt can be found in Note 3-E on pages 23-28 of this report.

## **Economic Factors Affecting Next Year's Operations and Rates**

The City and Township independently set their own water rates. Wastewater operation and maintenance rates are the same for each community, a requirement imposed by the federal government when it provided funds to build the original wastewater treatment plant.

Water and wastewater revenues fluctuate from year-to-year depending on factors such as consumer behavior, population growth, industrial usage and rate changes. Consumer behavior is affected by local economic conditions, the weather, conservation education efforts and imposition of water restrictions.

Other factors also affect the Authority's operating plan for fiscal 2010. The most significant among them are changes in consumer behavior in response to local economic conditions, the effects of inflation on the local labor market and health care costs, and the rates charged by the Authority's water supplier (i.e., the City of Detroit Water Board).

YCUA's plan reflects a belief that local economic conditions will not improve from those during fiscal 2009. Inflation in the local labor markets will remain moderate, whereas inflation in utility and health care costs will be significant. The Authority has decreased operating costs to the Authority in response to the decreased usage. YCUA has been able to minimize the rate increase passed on by Detroit Water Board and maintain wastewater rates at last year's level.

The Authority's operating budget for fiscal 2010 is approximately \$39 million; key provisions include:

- A decrease of 7.2 percent in budgeted operating revenue, attributable to a conservative consumption forecast due to further anticipated economic slowdowns of our residential and manufacturing customers.
- A decrease of 6.9 percent in operating expenses due to reduction in costs for labor and processing related expenses such as chemicals and utilities.

The capital budget for fiscal 2010 totals approximately \$7.1 million due primarily to wastewater pump station improvements in the Township division. Delivering water to our customers and collecting and treating the wastewater generated are the primary functions of the Authority. In addition, planning for the future water and wastewater needs of our communities is a vital function. Other capital asset activity scheduled to occur includes:

- Many water mains and sanitary sewers within the City and Township have been identified as needing replacement, either because of age or inadequate size. These replacements are being scheduled as time and funds permit. In fiscal 2010, about 0.2 miles of water main replacement are scheduled for replacement.



- Significant improvements are proposed for two of the major wastewater pump stations in the Township as well as energy reduction and process optimization measures at the wastewater treatment plant.
  
- The city division maintained sewer rates at the same amount and increased water rates by 5.5%; the surcharge decreased to 76.0 percent. These rates all became effective October 1, 2009.
  
- The township division sewer rates remained the same and water rates increased by 5.75%. The water rate increase became effective October 1, 2009. The surcharge rate remained unchanged at 5.0 percent.

### **Requests for Information**

This financial report is designed to provide a general overview of YCUA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ypsilanti Community Utilities Authority, Accounting Department, 2777 State Road, Ypsilanti, Michigan 48198.

## BASIC FINANCIAL STATEMENTS

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Statements of Net Assets**

	August 31,	
	2009	2008
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 8,827,608	\$ 9,403,698
Receivables, net	6,487,910	6,725,753
Inventories	994,700	1,084,019
Prepaid items	85,449	85,762
Total current assets	16,395,667	17,299,232
Noncurrent assets:		
Restricted assets:		
Cash and investments	10,516,972	9,824,348
Bond reserve funds held by City of Ypsilanti	2,814,790	2,728,472
Receivables, long-term portion	439,467	501,635
Capital assets not being depreciated	4,680,352	10,865,561
Capital assets being depreciated, net	236,898,348	237,794,389
Unamortized bond issuance costs	1,207,894	1,252,331
Total noncurrent assets	256,557,823	262,966,736
Total assets	272,953,490	280,265,968
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	2,316,958	2,304,944
Retentions, deposits and other liabilities	2,359,908	3,307,916
Accrued interest payable	568,809	579,339
Current maturities of long-term liabilities	2,381,000	2,840,948
Current maturities of accrued compensated absences	672,711	688,444
Total current liabilities	8,299,386	9,721,591
Long-term liabilities:		
Bonds payable	65,108,947	66,698,554
Environmental liability	641,456	350,000
Accrued compensated absences	672,711	688,443
Total long-term liabilities	66,423,114	67,736,997
Total liabilities	74,722,500	77,458,588
<b>Net assets</b>		
Invested in capital assets, net of related debt	174,488,753	179,920,448
Restricted for special purposes	13,331,762	12,552,820
Unrestricted	10,410,475	10,334,112
Total net assets	\$ 198,230,990	\$ 202,807,380

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

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Statements of Revenues, Expenses and Changes in Net Assets**

	<b>For the Year Ended August 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating revenue</b>		
Water sales	\$ 11,829,728	\$ 12,338,209
Sewage disposal sales	15,683,034	16,422,599
Surcharges and other usage fees:		
Capital improvement surcharge	3,503,510	3,644,547
Construction reserve	313,819	325,807
Environmental reserve	98,601	100,495
Other operating revenue	1,863,459	1,562,404
Total operating revenue	<u>33,292,151</u>	<u>34,394,061</u>
<b>Operating expenses</b>		
Water distribution	6,680,598	7,527,032
Wastewater treatment	16,928,838	17,771,780
Wastewater pump stations	1,106,431	1,145,548
Industrial surveillance	516,865	336,782
Transmission and distribution	6,814,592	6,627,636
Meter service	1,281,173	1,436,719
Customer accounting and collections	842,231	872,717
General and administration	2,917,627	2,467,995
Total operating expenses	<u>37,088,355</u>	<u>38,186,209</u>
Operating loss	<u>(3,796,204)</u>	<u>(3,792,148)</u>
<b>Nonoperating income (expense)</b>		
Investment earnings	462,878	998,650
Connection fees	593,613	155,860
Interest and amortization expense	(2,712,540)	(2,783,337)
Gain on disposal of capital assets	3,602	32,337
Total nonoperating income (expense)	<u>(1,652,447)</u>	<u>(1,596,490)</u>
Loss before contributions and special item	(5,448,651)	(5,388,638)
<b>Capital contributions</b>	872,261	2,198,857
<b>Special item</b>	-	(43,885)
Change in net assets	(4,576,390)	(3,233,666)
Net assets, beginning of year	<u>202,807,380</u>	<u>206,041,046</u>
<b>Net assets, end of year</b>	<u>\$ 198,230,990</u>	<u>\$ 202,807,380</u>

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

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Statements of Cash Flows**

	<b>For the Year Ended August 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Receipts from customers and users	\$ 33,391,885	\$ 34,403,767
Payments to suppliers	(13,491,000)	(15,282,531)
Payments to employees and employee benefits	(14,024,955)	(13,475,265)
	<u>5,875,930</u>	<u>5,645,971</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from issuance of and draws on long-term debt	1,250,993	2,669,902
Payment of bond issuance costs	(33,915)	(42,704)
Bond reserve funds deposited with the City of Ypsilanti	(86,318)	(164,143)
Acquisition and construction of capital assets	(2,292,964)	(6,248,394)
Proceeds from sale or disposal of capital assets	3,602	34,360
Payments for special item	-	(43,885)
Principal payments on long-term debt	(3,134,492)	(2,783,372)
Interest payments on long-term debt	(2,519,318)	(2,585,435)
Receipts from connection fees	593,613	155,860
	<u>(6,218,799)</u>	<u>(9,007,811)</u>
<b>Cash flows from investing activities</b>		
Earnings received on investments	459,403	998,851
	<u>459,403</u>	<u>998,851</u>
Net increase (decrease) in cash and investments	116,534	(2,362,989)
Cash and investments, beginning of year	19,228,046	21,591,035
	<u>19,228,046</u>	<u>21,591,035</u>
<b>Cash and investments, end of year</b>	<u>\$ 19,344,580</u>	<u>\$ 19,228,046</u>
<b>Reconciliation to statements of net assets</b>		
Cash and investments	\$ 8,827,608	\$ 9,403,698
Restricted cash and investments	10,516,972	9,824,348
	<u>10,516,972</u>	<u>9,824,348</u>
<b>Total cash and investments</b>	<u>\$ 19,344,580</u>	<u>\$ 19,228,046</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Statements of Cash Flows (Concluded)**

	<b>For the Year Ended August 31,</b>	
	<b>2009</b>	<b>2008</b>
<b>Reconciliation of operating loss to net cash provided by operating activities</b>		
Operating loss	\$ (3,796,204)	\$ (3,792,148)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	10,246,475	10,260,778
Amortization of bond issuance costs, discounts and deferred loss on refunding	203,752	202,264
Changes in current assets and liabilities:		
Receivables	99,734	9,706
Inventories	89,319	(80,044)
Prepaid items	313	(1,047)
Accounts payable	12,014	(753,695)
Retentions, deposits and other liabilities	(948,008)	(276,773)
Accrued compensated absences	(31,465)	76,930
	<b>\$ 5,875,930</b>	<b>\$ 5,645,971</b>
<b>Net cash provided by operating activities</b>	<b>\$ 5,875,930</b>	<b>\$ 5,645,971</b>
 <b>Non-cash items</b>		
Capital contributions from developers	\$ 872,261	\$ 2,198,857

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

## NOTES to the FINANCIAL STATEMENTS

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1-A. Reporting Entity

The accompanying financial statements present the activities of the Ypsilanti Community Utilities Authority (the “Authority”). The Authority has no component units – i.e., separately legal entities for which the Authority is financially accountable – nor is it reported as a component unit of another government.

The Authority was formed on March 19, 1974, when the City of Ypsilanti (the “City”) and Ypsilanti Township (the “Township”) entered into an agreement to create a utility authority pursuant to Public Act 233 of 1955, as amended. The two governments approved the Authority’s Articles of Incorporation on September 3, 1974.

On October 1, 1974, a contract was executed between the Authority and the two governments giving the Authority the responsibility for providing water distribution and wastewater treatment services to residents of the City and Township. This responsibility includes all activities necessary to provide such services including but not limited to: administration, operations, maintenance, financing, debt service, billing and collections. The contract also permits the Authority to expand and improve both the water and wastewater systems.

A five-member board of commissioners governs the Authority. Three of the members are appointed by the Township, the other two are appointed by the City.

In addition to serving residents of the City and Township, the Authority also sells water distribution and wastewater treatment services capacity to neighboring governments under contractual agreements.

#### 1-B. Basis of Presentation / Measurement Focus / Basis of Accounting

The Authority uses a single proprietary or enterprise fund to account for and report its financial activities, which is limited to *business-type activities* – i.e., activities that are financed in whole or in part by fees charged to external parties and are operated in a manner similar to private business where the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Authority follows private-sector standards of accounting and financial reporting issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, which for the Authority is water distribution and wastewater treatment. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### 1-C. Assets, Liabilities and Equity

#### Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize local governments to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are stated at fair value.

#### Receivables

Trade receivables are shown net of an allowance for uncollectible non-residential accounts; an allowance is not made for residential accounts since any such delinquencies may be added to the City and/or Township property tax rolls for collection.

The receivable from Western Townships Utility Authority (WTUA) represents amounts due from that entity for its agreed-upon capital contributions to the Authority's wastewater treatment plant expansion project and/or WTUA's contractual share of operating and maintenance costs based on an annual lookback analysis. (See Note 3-B)

#### Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

#### Restricted Assets

The proceeds of certain bond issues, as well as certain other resources, are classified as restricted assets on the statement of net assets to indicate that their use is limited as stipulated by contract or ordinance.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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### Capital Assets

Capital assets, which include property, plant and equipment, are recorded at cost. The Authority defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Donated capital assets, if any, are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets constructed. For the years ending August 31, 2009 and 2008, net interest costs of \$38,214 and \$-0-, respectively, were capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	40
Water and wastewater system infrastructure	5-50
Vehicles and heavy equipment	5-20
Machinery and equipment	5-20

### Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick leave pay benefits, subject to certain limitations. All vacation and sick pay are accrued when incurred since 100 percent of the unused benefits are payable upon employee separation from service with the Authority.

### Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

### Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### 2-A. Budgetary Information

State statutes provide that local units shall adopt budget appropriations for general and special revenue funds (i.e., governmental fund types); as such, the Authority is not required to adopt a budget for State compliance purposes. However, under its contract with the City and Township, the Authority is required to prepare an annual operating budget that is subject to review and approval by the Authority Board, as well as the governing boards of the City and Township.

#### 2-B. Rate Setting

Any rate changes, including increases, must be approved by the Authority Board, as well as the governing board of either the City or Township depending on the particular service and service area. That is, the Ypsilanti City Council has the ultimate rate setting responsibility for users located in the City, whereas the Ypsilanti Township Board of Trustees has the ultimate responsibility for users located in the Township.

### NOTE 3 – DETAILED NOTES

#### 3-A. Deposits and Investments

Following is a summary of deposit and investment balances as of August 31:

	<u>2009</u>	<u>2008</u>
<b>Statement of Net Assets:</b>		
Cash and investments	\$ 8,827,608	\$ 9,403,698
Restricted cash and investments	<u>10,516,972</u>	<u>9,824,348</u>
<b>Total</b>	<b><u>\$ 19,344,580</u></b>	<b><u>\$ 19,228,046</u></b>
<b>Deposits and Investments:</b>		
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 9,272,713	\$ 10,870,658
Investments in money market accounts	10,071,017	8,356,538
Cash on hand	<u>850</u>	<u>850</u>
<b>Total</b>	<b><u>\$ 19,344,580</u></b>	<b><u>\$ 19,228,046</u></b>

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to the government. As of August 31, 2009, \$7,463,652 of the Authority's total bank balance of \$8,806,474 (total book balance was \$9,272,713) was exposed to custodial credit risk as it was uninsured and uncollateralized. As of August 31, 2008, \$11,266,985 of the Authority's total bank balance of \$11,966,985 (total book balance was \$10,870,658) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The Authority's investment policy does not specifically address this risk, although the Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits Authority funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Custodial Credit Risk - Investments.* Following is a summary of the Authority's investments as of August 31:

	<u>2009</u>	<u>2008</u>
Money market accounts	<u>\$ 10,071,017</u>	<u>\$ 8,356,538</u>

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of August 31, 2009 and 2008, all of the Authority's investments were held in money market accounts, which are not subject to custodial credit risk.

*Credit Risk.* The Authority held investments in money market accounts, which are not rated. All of the Authority's investments comply with its policy regarding the types of investments it may hold.

*Interest Rate Risk.* The Authority's policy is that funds be invested in securities whose maturities do not exceed two years at the time of purchase, except that debt retirement, motor pool and capital funds may be invested for longer periods provided the maturity dates match anticipated cash needs. The Authority's investments comply with this policy.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

### 3-B. Receivables

Receivables as of August 31 are summarized as follows:

	<u>2009</u>	<u>2008</u>
Accounts	\$ 6,416,440	\$ 6,494,507
Due from Western Townships Utility Authority	-	131,818
Accrued investment interest	9,588	6,113
Benefit charges	25,514	67,880
Special assessments	475,835	516,820
Note	-	10,250
	<u>6,927,377</u>	<u>7,227,388</u>
Less long-term portion of benefit charges, special assessments and note	<u>(439,467)</u>	<u>(501,635)</u>
	<u><b>\$ 6,487,910</b></u>	<u><b>\$ 6,725,753</b></u>

The benefit charges are amounts that certain property owners owe the Authority in lieu of special assessments to cover construction costs of water and wastewater line extensions. Such amounts are payable over 30 equal bi-monthly installments plus interest at an annual rate of 7.0%. The special assessments, which represent liens against the applicable properties, mature through December 2024 and are due in equal annual installments plus interest at 5.0% of the outstanding balance.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

### 3-C. Restricted Assets

Restricted cash and investments as of August 31 are summarized as follows:

<u>Description / Reference</u>	<u>2009</u>	<u>2008</u>
Township bond and interest reserve (Ordinance No. 11, section 13; amended by No. 47)	\$ 300,000	\$ 300,000
Township construction reserve surcharge (Ordinance No. 124, sections A(10) and B(9))	1,754,074	1,488,760
WWTP future construction reserve (WWTP construction agreement, as amended)	1,008,665	981,131
Flexible spending account (IRS regulatory requirement)	3,653	2,915
City construction reserve surcharge (Ordinance No. 697, section 2.137)	1,091,401	1,008,592
City debt retirement and capital improvements surcharge (Ordinance No. 696, amended by Ordinance No. 959)	788,827	441,142
Wastewater treatment plant improvement reserve (WTUA wastewater disposal agreement, as amended)	1,313,435	1,126,634
EPA replacement reserve (EPA regulatory requirements)	2,550,141	2,502,981
Township environmental reserve surcharge (Ordinance No. 11, section 9; amended by No. 134)	1,669,962	1,657,816
WTUA construction trust account (WTUA wastewater disposal agreement, as amended)	36,814	51,698
Construction project bond/capital lease proceeds (Bond ordinances)	-	262,679
	<u>\$ 10,516,972</u>	<u>\$ 9,824,348</u>

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

### 3-D. Capital Assets

Capital assets activity for the year ended August 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	9,566,857	1,641,566	(7,826,775)	3,381,648
Total capital assets not being depreciated	<u>10,865,561</u>	<u>1,641,566</u>	<u>(7,826,775)</u>	<u>4,680,352</u>
Capital assets being depreciated:				
Buildings and improvements	2,169,923	6,135	-	2,176,058
Wastewater treatment plant	178,318,661	1,415,322	-	179,733,983
Water and wastewater systems	153,865,897	7,702,553	-	161,568,450
Vehicles	3,258,592	104,669	-	3,363,261
Equipment	5,000,676	121,755	-	5,122,431
Total capital assets being depreciated	<u>342,613,749</u>	<u>9,350,434</u>	<u>-</u>	<u>351,964,183</u>
Less accumulated depreciation for:				
Buildings and improvements	969,309	54,399	-	1,023,708
Wastewater treatment plant	50,319,174	6,416,281	-	56,735,455
Water and wastewater systems	47,431,532	3,216,429	-	50,647,961
Vehicles	2,210,886	239,779	-	2,450,665
Equipment	3,888,459	319,587	-	4,208,046
Total accumulated depreciation	<u>104,819,360</u>	<u>10,246,475</u>	<u>-</u>	<u>115,065,835</u>
Total capital assets being depreciated, net	<u>237,794,389</u>	<u>(896,041)</u>	<u>-</u>	<u>236,898,348</u>
Total capital assets, net	<u>\$ 248,659,950</u>	<u>\$ 745,525</u>	<u>\$ (7,826,775)</u>	<u>\$ 241,578,700</u>



# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

Capital assets activity for the year ended August 31, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 1,298,704	\$ -	\$ -	\$ 1,298,704
Construction in progress	<u>6,551,000</u>	<u>5,387,989</u>	<u>(2,372,132)</u>	<u>9,566,857</u>
Total capital assets not being depreciated	<u>7,849,704</u>	<u>5,387,989</u>	<u>(2,372,132)</u>	<u>10,865,561</u>
Capital assets being depreciated:				
Buildings and improvements	2,169,923	-	-	2,169,923
Wastewater treatment plant	177,997,271	321,390	-	178,318,661
Water and wastewater systems	149,209,163	4,656,734	-	153,865,897
Vehicles	2,994,175	275,003	(10,586)	3,258,592
Equipment	<u>4,838,592</u>	<u>178,267</u>	<u>(16,183)</u>	<u>5,000,676</u>
Total capital assets being depreciated	<u>337,209,124</u>	<u>5,431,394</u>	<u>(26,769)</u>	<u>342,613,749</u>
Less accumulated depreciation for:				
Buildings and improvements	914,909	54,400	-	969,309
Wastewater treatment plant	43,914,119	6,405,055	-	50,319,174
Water and wastewater systems	44,300,730	3,130,802	-	47,431,532
Vehicles	1,979,592	241,880	(10,586)	2,210,886
Equipment	<u>3,473,978</u>	<u>428,641</u>	<u>(14,160)</u>	<u>3,888,459</u>
Total accumulated depreciation	<u>94,583,328</u>	<u>10,260,778</u>	<u>(24,746)</u>	<u>104,819,360</u>
Total capital assets being depreciated, net	<u>242,625,796</u>	<u>(4,829,384)</u>	<u>(2,023)</u>	<u>237,794,389</u>
Total capital assets, net	<u>\$250,475,500</u>	<u>\$ 558,605</u>	<u>\$ (2,374,155)</u>	<u>\$248,659,950</u>

The Authority has active construction projects as of August 31, 2009. The primary projects include water main replacements on Holmes and Hewitt roads along with various pump station and water main upgrades/replacements and improvements to the wastewater treatment plant.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

### 3-E. Long-term Debt

*Limited tax general obligation bonds.* The Authority issues bonds that are backed by the full faith and credit of the City or Township, but where the income derived from the acquired or constructed assets is intended to pay debt service. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. The original amount of bonds issued in prior years for the issues outstanding as of August 31, 2009 was \$35,908,677.

During fiscal 2009 and 2008, the cash draws against the Drinking Water Revolving Fund bonds amounted to \$1,250,993 and \$2,669,902, respectively, which were the project construction costs incurred during those years. The total amount authorized under these issues is \$13,238,677; of this total, \$757,756 is still available as of August 31, 2009 and expected to be drawn.

No new or refunding bonds were issued during fiscal 2009 or 2008.

Limited tax obligation bonds outstanding at August 31 are as follows:

	<u>Credit</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>2009</b>							
1998 water (DWRF)	Twp	2.50%	\$ 1,992,056	\$ -	\$ (210,000)	\$ 1,782,056	\$ 215,000
1999 water (DWRF)	City	2.50%	620,000	-	(45,000)	575,000	50,000
2000 sewer	Twp	5.00-5.10%	1,955,000	-	(105,000)	1,850,000	110,000
2001 sewer	Twp	4.875%	810,000	-	(145,000)	665,000	155,000
2002 sewer	Twp	3.25-5.00%	7,975,000	-	(275,000)	7,700,000	285,000
2003 water	Twp	3.00-4.35%	1,670,000	-	(70,000)	1,600,000	75,000
2003 water (DWRF)	Twp	2.50%	2,622,426	-	(145,000)	2,477,426	150,000
2006 refunding	Twp	3.75-4.125%	6,800,000	-	(100,000)	6,700,000	100,000
2007 water / refunding	Twp	4.00-4.10%	7,630,000	-	(80,000)	7,550,000	80,000
2007 water (DWRF)	City	2.125%	293,702	-	(10,000)	283,702	10,000
2007 water (DWRF)	Twp	2.125%	2,055,075	-	(85,000)	1,970,075	85,000
2008 water (DWRF)	Twp	2.50%	748,928	474,675	-	1,223,603	50,000
2008 water (DWRF)	City	2.50%	331,120	103,133	-	434,253	15,000
2009 water (DWRF)	City	2.50%	-	166,967	-	166,967	1,000
2009 water (DWRF)	Twp	2.50%	-	506,218	-	506,218	25,000
			<u>\$ 35,503,307</u>	<u>\$ 1,250,993</u>	<u>\$ (1,270,000)</u>	<u>\$ 35,484,300</u>	<u>\$ 1,406,000</u>

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

	<u>Credit</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>2008</b>							
1998 water (DWRf)	Twp	2.50%	\$ 2,197,056	\$ -	\$ (205,000)	\$ 1,992,056	\$ 210,000
1999 water (DWRf)	City	2.50%	665,000	-	(45,000)	620,000	45,000
1999 sewer	Twp	4.90%	65,000	-	(65,000)	-	-
2000 sewer	Twp	5.00-5.10%	2,055,000	-	(100,000)	1,955,000	105,000
2001 sewer	Twp	4.875%	950,000	-	(140,000)	810,000	145,000
2002 sewer	Twp	3.25-5.00%	8,235,000	-	(260,000)	7,975,000	275,000
2003 water	Twp	3.00-4.35%	1,735,000	-	(65,000)	1,670,000	70,000
2003 water (DWRf)	Twp	2.50%	2,762,426	-	(140,000)	2,622,426	145,000
2006 refunding	Twp	3.75-4.125%	6,800,000	-	-	6,800,000	100,000
2007 water / refunding	Twp	4.00-4.10%	7,705,000	-	(75,000)	7,630,000	80,000
2007 water (DWRf)	City	2.125%	82,500	216,202	(5,000)	293,702	10,000
2007 water (DWRf)	Twp	2.125%	681,423	1,373,652	-	2,055,075	85,000
2008 water (DWRf)	Twp	2.50%	-	748,928	-	748,928	-
2008 water (DWRf)	City	2.50%	-	331,120	-	331,120	-
			<u>\$ 33,933,405</u>	<u>\$ 2,669,902</u>	<u>\$ (1,100,000)</u>	<u>\$ 35,503,307</u>	<u>\$ 1,270,000</u>

Because certain principal and interest payments on bonds are due September 1, the Authority makes payment on those obligations on or before August 31. As such, since the amounts *due within one year* for certain issues were already paid, no amounts are shown as payable within one year for those particular issues.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

Annual debt service requirements to maturity for limited tax obligation bonds are as follows:

<u>Year Ended</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,406,000	\$ 1,328,870
2011	1,479,000	1,297,979
2012	1,540,000	1,247,103
2013	1,595,000	1,193,333
2014	1,660,000	1,137,265
2015-2019	8,672,056	4,789,511
2020-2024	8,705,000	3,146,229
2025-2029	7,570,000	1,582,053
2030-2032	<u>3,615,000</u>	<u>278,712</u>
	36,242,056	<u>\$16,001,055</u>
Less available to draw on 2009 projects	<u>757,756</u>	
	<u>\$35,484,300</u>	

For purposes of presenting the above maturities, the debt amortization schedules for the 2009 projects present the maturities based only on the total authorized debt whereas the debt amortization schedules for the 2008 projects provide maturities based on the draws through August 31, 2009 against the total authorized debt.

*Revenue bonds.* The Authority, in conjunction with the City, also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. The original amount of revenue bonds issued in prior years for the issues outstanding as of August 31, 2009 was \$39,560,000.

No new or refunding bonds were issued during fiscal 2009.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

Revenue bonds outstanding at August 31 are as follows:

	<u>Credit</u>	<u>Interest Rates</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>2009</b>							
2001 water and sewer	City	4.25-4.875%	\$ 1,110,000	\$ -	\$ (45,000)	\$ 1,065,000	\$ -
2002A water and sewer	City	4.00-5.00%	1,310,000	-	(55,000)	1,255,000	-
2002B water (DWRf)	City	2.50%	380,000	-	(25,000)	355,000	25,000
2002C water and sewer	City	4.00-4.75%	4,305,000	-	(245,000)	4,060,000	-
2003A water and sewer	City	3.00-4.10%	3,080,000	-	(525,000)	2,555,000	-
2003B water and sewer	City	3.50-4.25%	1,390,000	-	(30,000)	1,360,000	-
2003C water (DWRf)	City	2.50%	660,000	-	(35,000)	625,000	35,000
2003D water (DWRf)	City	2.50%	4,440,000	-	(230,000)	4,210,000	235,000
2004A water and sewer	City	3.30-4.55%	2,465,000	-	(60,000)	2,405,000	-
2004B water (DWRf)	City	2.125%	5,545,000	-	(275,000)	5,270,000	280,000
2006 refunding	City	3.75-4.125%	9,870,000	-	(25,000)	9,845,000	-
			<u>\$ 34,555,000</u>	<u>\$ -</u>	<u>\$ (1,550,000)</u>	<u>\$ 33,005,000</u>	<u>\$ 575,000</u>
<b>2008</b>							
2001 water and sewer	City	4.25-4.875%	\$ 1,145,000	\$ -	\$ (35,000)	\$ 1,110,000	\$ -
2002A water and sewer	City	4.00-5.00%	1,355,000	-	(45,000)	1,310,000	-
2002B water (DWRf)	City	2.50%	400,000	-	(20,000)	380,000	25,000
2002C water and sewer	City	4.00-4.75%	4,535,000	-	(230,000)	4,305,000	-
2003A water and sewer	City	3.00-4.10%	3,605,000	-	(525,000)	3,080,000	-
2003B water and sewer	City	3.50-4.25%	1,420,000	-	(30,000)	1,390,000	-
2003C water (DWRf)	City	2.50%	695,000	-	(35,000)	660,000	35,000
2003D water (DWRf)	City	2.50%	4,665,000	-	(225,000)	4,440,000	230,000
2004A water and sewer	City	3.30-4.55%	2,525,000	-	(60,000)	2,465,000	-
2004B water (DWRf)	City	2.125%	5,815,000	-	(270,000)	5,545,000	275,000
2006 refunding	City	3.75-4.125%	9,895,000	-	(25,000)	9,870,000	-
			<u>\$ 36,055,000</u>	<u>\$ -</u>	<u>\$ (1,500,000)</u>	<u>\$ 34,555,000</u>	<u>\$ 565,000</u>

DWRf - Drinking Water Revolving Fund sponsored/administered by the Michigan Municipal Bond Authority.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ended</u> <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 575,000	\$ 1,182,732
2011	1,610,000	1,133,420
2012	1,660,000	1,080,845
2013	1,725,000	1,024,887
2014	1,780,000	956,493
2015-2019	9,130,000	3,873,560
2020-2024	10,595,000	2,140,792
2025-2028	5,930,000	455,853
	<u><b>\$33,005,000</b></u>	<u><b>\$11,848,582</b></u>

*Environmental liability.* In fiscal 1988, the U.S. Environmental Protection Agency (EPA) notified the Authority that it had been named a potential responsible party (PRP) for contaminated sites commonly known as the Willow Run Sludge Lagoon, Tyler Pond, and Willow Creek. The other entities named as PRP's in this matter included the Township, Wayne County, Ford Motor Company, General Motors Corporation, the University of Michigan and the federal government.

In fiscal 1995, the named PRP's entered into an agreement to fund the cost of the clean up. Based on this agreement, the Authority recorded a liability totaling \$1,150,000 and agreed that it will: (1) make three annual payments of \$250,000 each beginning in 2002; and (2) pay up to an additional \$500,000 for certain water treatment costs over a period of not more 30 years with no more than \$50,000 payable in any one year. Through August 31, 2008, two payments of \$50,000 each were made between fiscal 1997 and 1998. During fiscal year 2009, following receipt of a reimbursement request from General Motors Corporation, the Authority made a payment of \$108,544 to cover costs from 1998 through 2007.

Accordingly, the Authority's obligation for this matter is carried on the financial statements until it is released from the agreement and by the EPA. Of the total liability, \$400,000 is reported as a current liability (i.e., one payment of \$250,000 and three payments of \$50,000 each) and \$641,456 is reported as long-term.

*Compensated absences.* The Authority records a liability for accrued compensated absences, which includes earned but unused vacation and sick leave. The liability is classified between current and long-term portions based on estimated usage.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

*Changes in long-term debt.* Following is a summary of long-term debt activity for the year ended August 31, 2009:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Limited tax obligation bonds	\$ 35,503,307	\$ 1,250,993	\$ (1,270,000)	\$ 35,484,300	\$ 1,406,000
Revenue bonds	34,555,000	-	(1,550,000)	33,005,000	575,000
Capital leases	205,948	-	(205,948)	-	-
Environmental liability	1,150,000	-	(108,544)	1,041,456	400,000
Compensated absences	1,299,957	1,094,315	(1,048,850)	1,345,422	672,711
	<u>72,714,212</u>	<u>2,345,308</u>	<u>(4,183,342)</u>	<u>70,876,178</u>	<u>3,053,711</u>
Deduct deferred amounts for:					
Issuance discounts	(564,900)	-	32,173	(532,727)	-
Deferred loss on refunding	(959,853)	-	93,227	(866,626)	-
	<u>\$ 71,189,459</u>	<u>\$ 2,345,308</u>	<u>\$ (4,057,942)</u>	<u>\$ 69,476,825</u>	<u>\$ 3,053,711</u>

### 3-F. Capital Contributions

The sources of capital contributions for the year ended August 31 are summarized as follows:

	<b>2009</b>	<b>2008</b>
Western Townships Utility Authority	\$ 94,732	\$ 35,110
Private developers	777,529	2,149,702
City of Ypsilanti	-	14,045
	<u>\$ 872,261</u>	<u>\$ 2,198,857</u>

## NOTE 4 – OTHER INFORMATION

### 4-A. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; employee injuries; and natural disasters, as well as medical and death benefits provided to employees. The Authority purchases commercial insurance to cover all risks of losses. The Authority has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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### **4-B. Contingent Liabilities**

Amounts received or receivable from grantor agencies, including amounts borrowed under the Drinking Water Revolving Fund program, are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Authority's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the Authority.

### **4-C. Postemployment Benefits**

The Authority participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer other postemployment benefit (OPEB) plan that provides certain health care benefits to all full-time employees upon retirement, in accordance with the applicable labor agreements. These benefits are integrated with Medicare to provide benefits comparable to those received at date of retirement for the employee's life. MERS issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

The Authority had 67 retirees that were eligible and receiving benefits for the year ended August 31, 2009. Plan participants are not required to contribute to the plan. Administrative costs of the plan are paid for by the Authority.

The Authority has no obligation to make contributions in advance of when the insurance premiums or benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. However, under applicable financial reporting standards, as a single-purpose government reported in a single enterprise fund, the Authority would be required to record a fund liability for any net OPEB obligation, as described below.

For the year ended August 31, 2009, the Authority estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2007. Such a valuation computes an annual required contribution (ARC) that represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 17.50% of annual covered payroll.



# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

For fiscal 2009, the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan (including pay-as-you-go amounts), and changes in the Authority's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 2,322,304
Payments of current costs	(2,322,304)
Increase in net OPEB obligation	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ -

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last year (since implementation of the applicable financial reporting standards) were as follows:

Year Ended	Annual Required Contribution	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
8/31/09	\$ 2,322,304	\$ 2,322,304	100.0%	\$ -

The funded status of the plan as of December 31, 2007, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 31,101,121
Actuarial value of plan assets	2,985,517
<b>Unfunded actuarial accrued liability (UAAL)</b>	<b>\$ 28,115,604</b>
Funded ratio	9.6%
Covered payroll (active plan members)	\$ 8,505,522
UAAL as a percentage of covered payroll	330.6%

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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

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

Actuarial valuation date	12/31/2007
Actuarial cost method	Individual entry age normal cost
Amortization method	Level percent of payroll open
Remaining amortization period	27 years
Asset valuation method	Market value
Discount rate	8.0%
Projected salary increases	4.5%
Healthcare inflation rate	10.0% grading to 4.5% ultimately

#### **4-D. Defined Benefit Pension Plan**

The Authority participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The MERS Retirement Board establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

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The Authority is required to contribute at an actuarially determined rate; the current overall rate is 14.94% of annual covered payroll. The Authority's AFSCME unionized employees are required to contribute 1.0% of their annual covered payroll to the plan, whereas non-union and Teamster unionized employees are required to contribute 2.0%. The Authority's contribution requirements are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Authority, subject to collective bargaining agreements and depending on the MERS contribution program adopted by the Authority.

For the year ended August 31, 2009, the Authority's annual pension cost of \$1,213,837 was equal to the Authority's required and actual contributions. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included: (a) a rate of return on the investment of present and future assets of 8.0%; (b) projected salary increase of 4.5% per year compounded annually, attributable to inflation; and (c) additional projected salary increases of 0.0% to 4.5% per year, depending on age, attributable to seniority/merit.

The actuarial value of MERS pension assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Authority's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, the date of the latest actuarial valuation, was 30 years.

### **Three-Year Trend Information**

<b><u>Annual Years Ended August 31,</u></b>	<b><u>Pension Cost (APC)</u></b>	<b><u>Percentage Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
2007	\$ 1,155,082	100%	\$ -
2008	1,146,712	100	-
2009	1,213,837	100	-

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	(a) <u>Actuarial Value of Assets</u>	(b) <u>Actuarial Accrued Liability (AAL) Entry Age</u>	(b-a) <u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio Total</u>	(c) <u>Covered Payroll</u>	((b-a)/c) <u>UAAL as a Percentage of Covered Payroll</u>
12/31/06	\$24,848,546	\$35,783,703	\$10,935,157	69%	\$7,803,193	140%
12/31/07	26,567,938	37,824,856	11,256,918	70%	7,954,021	142%
12/31/08	27,456,016	40,050,833	12,594,817	69%	8,125,523	155%

#### 4-E. Supplementary Schedules and Allocation Methods

The supplementary schedules as listed in the table of contents present financial information of the Authority separated by component or division. For such purposes, the City and Township divisions together comprise the Authority, in aggregate, as is the same for the Water and Wastewater divisions. In certain instances, revenues and expenses are directly attributable to the respective divisions, whereas other revenues and expenses are shared or not directly attributable. For these latter items, the Authority uses a variety of objectively measurable allocation methods to equitably distribute the account balances between the applicable divisions. These methods include metered water and sewage flows, work orders, time and attendance, number of meters and so on.

#### 4-F. Segment Information

Revenue bonds have been issued through the City to finance certain water and wastewater capital projects. The City and Township divisions are accounted for in a single fund (i.e., the Authority). However, investors in the revenue bonds rely solely on the revenue generated by the City division for repayment. Accordingly, summary information for the City and Township divisions as of and for the year ended August 31, 2009 is presented below.

# YPSILANTI COMMUNITY UTILITIES AUTHORITY

## Notes to Financial Statements

### Condensed Statement of Net Assets

	City	Township	Totals
Current and other assets	\$ 11,978,132	\$ 19,396,658	\$ 31,374,790
Capital assets	72,261,618	169,317,082	241,578,700
Total assets	84,239,750	188,713,740	272,953,490
Long-term liabilities	34,085,789	35,391,036	69,476,825
Other liabilities	824,361	4,421,314	5,245,675
Total liabilities	34,910,150	39,812,350	74,722,500
Invested in capital assets, net of related debt	38,406,197	136,082,556	174,488,753
Restricted	6,227,558	7,104,204	13,331,762
Unrestricted	4,695,845	5,714,630	10,410,475
Total net assets	\$ 49,329,600	\$ 148,901,390	\$ 198,230,990

### Condensed Statement of Revenues, Expenses and Changes in Net Assets

	City			Township			Totals
	Water	Wastewater	Total	Water	Wastewater	Total	
Operating revenue	\$3,458,746	\$ 5,226,397	\$ 8,685,143	\$10,462,142	\$14,144,866	\$ 24,607,008	\$ 33,292,151
Operating expenses:							
Depreciation	967,725	1,748,882	2,716,607	1,198,416	6,331,450	7,529,866	10,246,473
Other operating	1,955,272	4,100,294	6,055,566	8,187,050	12,599,266	20,786,316	26,841,882
	2,922,997	5,849,176	8,772,173	9,385,466	18,930,716	28,316,182	37,088,355
Operating income (loss)	535,749	(622,779)	(87,030)	1,076,676	(4,785,850)	(3,709,174)	(3,796,204)
Nonoperating income (expense)	(471,172)	(698,511)	(1,169,683)	155,936	(638,700)	(482,764)	(1,652,447)
Capital contributions	-	26,932	26,932	277,070	568,259	845,329	872,261
Change in net assets	\$ 64,577	\$ (1,294,358)	(1,229,781)	\$ 1,509,682	\$ (4,856,291)	(3,346,609)	(4,576,390)
Net assets:							
Beginning of year			50,559,381			152,247,999	202,807,380
End of year			\$ 49,329,600			\$ 148,901,390	\$ 198,230,990

#### 4-G. Subsequent Event

On October 1, 2009, the Authority issued bonds for \$5,075,000 for water improvement projects. The notes bear interest at 2.50% and are due at various maturity dates.

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## REQUIRED SUPPLEMENTAL INFORMATION

YPSILANTI COMMUNITY UTILITIES AUTHORITY  
Defined Benefit Pension Plan

**GASB Statement 25 Required Supplementary Information**

**Schedule of Funding Progress**

Actuarial Valuation as of December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2003	\$ 20,994,213	\$ 29,319,302	\$ 8,325,089	71.6%	\$ 6,768,365	123.0%
2004	22,212,469	31,546,256	9,333,787	70.4%	6,738,337	138.5%
2005	23,276,154	33,270,928	9,994,774	70.0%	7,186,387	139.1%
2006	24,848,546	35,783,703	10,935,157	69.4%	7,803,193	140.1%
2007	26,567,938	37,824,856	11,256,918	70.2%	7,954,021	141.5%
2008	27,456,016	40,050,833	12,594,817	68.6%	8,125,523	155.0%

**Schedule of Employer Contributions**

Fiscal Year Ended August 31	Annual Contribution		Percentage Contributed
	Required	Actual	
2004	\$ 775,472	\$ 775,472	100.0%
2005	925,863	925,863	100.0%
2006	1,039,502	1,039,502	100.0%
2007	1,155,082	1,155,082	100.0%
2008	1,146,712	1,146,712	100.0%
2009	1,213,837	1,213,837	100.0%

YPSILANTI COMMUNITY UTILITIES AUTHORITY  
Other Postemployment Benefits

**GASB Statement 43 Required Supplementary Information**

**Schedule of Funding Progress**

Actuarial Valuation as of December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Unfunded AAL (UAAL) (2-1)	(4) Funded Ratio (1/2)	(5) Annual Covered Payroll	(6) UAAL as a % of Covered Payroll (3/5)
2007	\$ 2,985,517	\$ 31,101,121	\$ 28,115,604	9.6%	\$ 8,505,522	330.6%

**Schedule of Employer Contributions**

Fiscal Year Ended August 31	Annual Contribution		Percentage Contributed
	Required	Actual	
2009	\$ 2,322,304	\$ 2,322,304	100.0%



## SUPPLEMENTAL FINANCIAL INFORMATION

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**City and Township Allocation**  
**For the Year Ended August 31, 2009**

	<u>City</u>	<u>Township</u>	<u>Total</u>
<b>Operating revenues</b>			
Water sales	\$ 1,903,714	\$ 9,926,014	\$ 11,829,728
Sewage disposal sales	3,353,761	12,329,273	15,683,034
Surcharges and other usage fees:			
Capital improvement surcharge	2,971,048	532,462	3,503,510
Construction reserve	72,332	241,487	313,819
Environmental reserve	-	98,601	98,601
Other operating revenue	384,288	1,479,171	1,863,459
	<u>8,685,143</u>	<u>24,607,008</u>	<u>33,292,151</u>
<b>Operating expenses</b>			
Water distribution	1,039,709	5,640,889	6,680,598
Wastewater treatment	3,968,120	12,960,718	16,928,838
Wastewater pump stations	236,208	870,223	1,106,431
Industrial surveillance	121,153	395,712	516,865
Transmission and distribution	2,227,406	4,587,186	6,814,592
Meter service	293,137	988,036	1,281,173
Customer accounting and collections	192,787	649,444	842,231
General and administration	693,653	2,223,974	2,917,627
	<u>8,772,173</u>	<u>28,316,182</u>	<u>37,088,355</u>
Total operating expenses	<u>8,772,173</u>	<u>28,316,182</u>	<u>37,088,355</u>
Operating income (loss)	<u>(87,030)</u>	<u>(3,709,174)</u>	<u>(3,796,204)</u>
<b>Nonoperating income (expense)</b>			
Investment earnings	160,812	302,066	462,878
Connection fees	17,224	576,389	593,613
Interest and amortization expense	(1,347,719)	(1,364,821)	(2,712,540)
Gain (loss) on disposal of capital assets	-	3,602	3,602
	<u>(1,169,683)</u>	<u>(482,764)</u>	<u>(1,652,447)</u>
Nonoperating expense	<u>(1,169,683)</u>	<u>(482,764)</u>	<u>(1,652,447)</u>
Loss before contributions and special item	(1,256,713)	(4,191,938)	(5,448,651)
<b>Capital contributions</b>	<u>26,932</u>	<u>845,329</u>	<u>872,261</u>
Change in net assets	(1,229,781)	(3,346,609)	(4,576,390)
Net assets, beginning of year	<u>50,559,381</u>	<u>152,247,999</u>	<u>202,807,380</u>
<b>Net assets, end of year</b>	<u>\$ 49,329,600</u>	<u>\$ 148,901,390</u>	<u>\$ 198,230,990</u>

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Schedule of Revenues, Expenses and Changes in Net Assets**  
**Water and Wastewater Allocation**  
**For the Year Ended August 31, 2009**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Operating revenues</b>			
Water sales	\$ 11,829,728	\$ -	\$ 11,829,728
Sewage disposal sales	-	15,683,034	15,683,034
Surcharges and other usage fees:			
Capital improvement surcharge	1,782,230	1,721,280	3,503,510
Construction reserve	171,907	141,912	313,819
Environmental reserve	-	98,601	98,601
Other operating revenue	137,023	1,726,436	1,863,459
	<u>13,920,888</u>	<u>19,371,263</u>	<u>33,292,151</u>
<b>Operating expenses</b>			
Water distribution	6,680,598	-	6,680,598
Wastewater treatment	-	16,928,838	16,928,838
Wastewater pump stations	-	1,106,431	1,106,431
Industrial surveillance	-	516,865	516,865
Transmission and distribution	3,269,463	3,545,129	6,814,592
Meter service	640,585	640,588	1,281,173
Customer accounting and collections	421,116	421,115	842,231
General and administration	1,296,701	1,620,926	2,917,627
	<u>12,308,463</u>	<u>24,779,892</u>	<u>37,088,355</u>
Total operating expenses	<u>12,308,463</u>	<u>24,779,892</u>	<u>37,088,355</u>
Operating income (loss)	<u>1,612,425</u>	<u>(5,408,629)</u>	<u>(3,796,204)</u>
<b>Nonoperating income (expense)</b>			
Investment earnings	237,047	225,831	462,878
Connection fees	296,808	296,805	593,613
Interest and amortization expense	(852,693)	(1,859,847)	(2,712,540)
Gain (loss) on disposal of capital assets	3,602	-	3,602
	<u>(315,236)</u>	<u>(1,337,211)</u>	<u>(1,652,447)</u>
Nonoperating loss	<u>(315,236)</u>	<u>(1,337,211)</u>	<u>(1,652,447)</u>
Income (loss) before contributions and special item	1,297,189	(6,745,840)	(5,448,651)
<b>Capital contributions</b>	<u>277,070</u>	<u>595,191</u>	<u>872,261</u>
<b>Change in net assets</b>	<u>\$ 1,574,259</u>	<u>\$ (6,150,649)</u>	<u>\$ (4,576,390)</u>

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Schedule of Revenues and Expenses**  
**Water and Wastewater Allocation by Member**  
**For the Year Ended August 31, 2009**

	City		
	Water	Wastewater	Total
<b>Operating revenues</b>			
Water sales	\$ 1,903,714	\$ -	\$ 1,903,714
Sewage disposal sales	-	3,353,761	3,353,761
Surcharges and other usage fees:			
Capital improvement surcharge	1,485,896	1,485,152	2,971,048
Construction reserve	37,668	34,664	72,332
Environmental reserve	-	-	-
Other operating revenue	31,468	352,820	384,288
<b>Total operating revenue</b>	<b>3,458,746</b>	<b>5,226,397</b>	<b>8,685,143</b>
<b>Operating expenses</b>			
Water distribution	1,039,709	-	1,039,709
Wastewater treatment	-	3,968,120	3,968,120
Wastewater pump stations	-	236,208	236,208
Industrial surveillance	-	121,153	121,153
Transmission and distribution	1,334,211	893,195	2,227,406
Meter service	146,565	146,572	293,137
Customer accounting and collections	96,392	96,395	192,787
General and administration	306,120	387,533	693,653
<b>Total operating expenses</b>	<b>2,922,997</b>	<b>5,849,176</b>	<b>8,772,173</b>
<b>Operating income (expense)</b>	<b>535,749</b>	<b>(622,779)</b>	<b>(87,030)</b>
<b>Non-operating income (expense)</b>			
Investment earnings	80,412	80,400	160,812
Connection fees	8,613	8,611	17,224
Interest and amortization expense	(560,197)	(787,522)	(1,347,719)
Gain (loss) on disposal of capital assets	-	-	-
<b>Non-operating income (expense)</b>	<b>(471,172)</b>	<b>(698,511)</b>	<b>(1,169,683)</b>
<b>Income (loss) before contributions</b>	<b>64,577</b>	<b>(1,321,290)</b>	<b>(1,256,713)</b>
<b>Capital contributions</b>	<b>-</b>	<b>26,932</b>	<b>26,932</b>
<b>Change in net assets</b>	<b>\$ 64,577</b>	<b>\$ (1,294,358)</b>	<b>\$ (1,229,781)</b>

<b>Township</b>			
<b>Water</b>	<b>Wastewater</b>	<b>Total</b>	<b>Total</b>
\$ 9,926,014	\$ -	\$ 9,926,014	\$ 11,829,728
-	12,329,273	12,329,273	15,683,034
296,334	236,128	532,462	3,503,510
134,239	107,248	241,487	313,819
-	98,601	98,601	98,601
105,555	1,373,616	1,479,171	1,863,459
<u>10,462,142</u>	<u>14,144,866</u>	<u>24,607,008</u>	<u>33,292,151</u>
5,640,889	-	5,640,889	6,680,598
-	12,960,718	12,960,718	16,928,838
-	870,223	870,223	1,106,431
-	395,712	395,712	516,865
1,935,252	2,651,934	4,587,186	6,814,592
494,020	494,016	988,036	1,281,173
324,724	324,720	649,444	842,231
990,581	1,233,393	2,223,974	2,917,627
<u>9,385,466</u>	<u>18,930,716</u>	<u>28,316,182</u>	<u>37,088,355</u>
<u>1,076,676</u>	<u>(4,785,850)</u>	<u>(3,709,174)</u>	<u>(3,796,204)</u>
156,635	145,431	302,066	462,878
288,195	288,194	576,389	593,613
(292,496)	(1,072,325)	(1,364,821)	(2,712,540)
3,602	-	3,602	3,602
<u>155,936</u>	<u>(638,700)</u>	<u>(482,764)</u>	<u>(1,652,447)</u>
1,232,612	(5,424,550)	(4,191,938)	(5,448,651)
<u>277,070</u>	<u>568,259</u>	<u>845,329</u>	<u>872,261</u>
<u>\$ 1,509,682</u>	<u>\$ (4,856,291)</u>	<u>\$ (3,346,609)</u>	<u>\$ (4,576,390)</u>

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses**  
**City and Township Allocation**  
**For the Year Ended August 31, 2009**

	<u>City</u>	<u>Township</u>	<u>Total</u>
<b>Water distribution</b>			
Wages	\$ 64,237	\$ 338,001	\$ 402,238
Benefits allocation	46,375	244,013	290,388
Purchased water	892,592	4,696,590	5,589,182
Utilities	4,084	191,700	195,784
Maintenance and supplies	2,562	13,482	16,044
Computers, copiers and printers	137	720	857
Third party systems support	1,239	6,518	7,757
Professional services	2,392	12,588	14,980
Engineering	150	790	940
Depreciation	3,696	19,449	23,145
Other	5,805	30,535	36,340
Fleet allocation	1,647	8,665	10,312
Maintenance allocation	14,793	77,838	92,631
	<u>1,039,709</u>	<u>5,640,889</u>	<u>6,680,598</u>
<b>Wastewater treatment</b>			
Wages	381,377	1,245,659	1,627,036
Benefits allocation	275,328	899,279	1,174,607
Utilities	629,533	2,056,188	2,685,721
Sludge removal	1,469	4,800	6,269
Maintenance and supplies	117,856	384,938	502,794
Computers, copiers and printers	1,918	6,265	8,183
Third party systems support	3,634	11,870	15,504
Professional services	54,626	178,420	233,046
Laboratory	4,651	15,192	19,843
Chemicals	166,642	544,288	710,930
Depreciation	1,560,281	5,096,207	6,656,488
Other	12,871	42,040	54,911
Fleet allocation	61,858	202,039	263,897
Maintenance allocation	548,199	1,790,535	2,338,734
Laboratory allocation	147,877	482,998	630,875
	<u>3,968,120</u>	<u>12,960,718</u>	<u>16,928,838</u>
<b>Wastewater pump stations</b>			
Wages	56,900	185,849	242,749
Benefits allocation	41,078	134,170	175,248
Utilities	95,912	411,984	507,896
Maintenance and supplies	28,184	92,053	120,237
Computers, copiers and printers	48	158	206
Professional services	10,967	35,820	46,787
Depreciation	2,680	8,755	11,435
Other	439	1,434	1,873
	<u>236,208</u>	<u>870,223</u>	<u>1,106,431</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Continued)**  
**City and Township Allocation**  
**For the Year Ended August 31, 2009**

	<u>City</u>	<u>Township</u>	<u>Total</u>
<b>Industrial surveillance</b>			
Wages	\$ 60,189	\$ 196,589	\$ 256,778
Benefits allocation	43,452	141,924	185,376
Maintenance and supplies	2,180	7,118	9,298
Computers, copiers and printers	53	171	224
Third party systems support	78	257	335
Professional services	3,347	10,934	14,281
Depreciation	59	194	253
Other	1,392	4,549	5,941
Fleet allocation	10,403	33,976	44,379
	<u>121,153</u>	<u>395,712</u>	<u>516,865</u>
<b>Transmission and distribution</b>			
Wages	546,400	1,109,859	1,656,259
Benefits allocation	394,465	801,239	1,195,704
Utilities	18,978	38,543	57,521
Sewer overflow settlements	8,683	136,857	145,540
Maintenance:			
Shop and office	12,246	24,874	37,120
Water and sewer mains	71,288	140,912	212,200
Computers, copiers and printers	911	1,851	2,762
Third party systems support	1,151	2,339	3,490
Professional services	370	751	1,121
Engineering	602	1,224	1,826
Depreciation	1,025,283	2,033,648	3,058,931
Other	6,965	10,595	17,560
Fleet allocation	113,379	230,291	343,670
Maintenance allocation	26,685	54,203	80,888
	<u>2,227,406</u>	<u>4,587,186</u>	<u>6,814,592</u>
<b>Meter service</b>			
Wages	112,112	377,674	489,786
Benefits allocation	80,937	272,655	353,592
Utilities	1,093	4,212	5,305
Maintenance and supplies	427	1,438	1,865
Computers, copiers and printers	77	261	338
Third party systems support	853	2,873	3,726
Professional services	279	942	1,221
Meter parts	33,652	113,363	147,015
Depreciation	37,482	126,268	163,750
Other	1,416	4,776	6,192
Fleet allocation	24,809	83,574	108,383
	<u>293,137</u>	<u>988,036</u>	<u>1,281,173</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Continued)**  
**City and Township Allocation**  
**For the Year Ended August 31, 2009**

	<u>City</u>	<u>Township</u>	<u>Total</u>
<b>Customer accounting and collections</b>			
Wages	\$ 88,085	\$ 296,734	\$ 384,819
Benefits allocation	63,591	214,221	277,812
Utilities	3,754	12,644	16,398
Maintenance and supplies	3,562	12,000	15,562
Computers, copiers and printers	4,945	16,657	21,602
Third party systems support	6,453	21,738	28,191
Professional services	762	2,565	3,327
Postage	14,164	47,717	61,881
Depreciation	6,870	23,144	30,014
Other	601	2,024	2,625
	<u>192,787</u>	<u>649,444</u>	<u>842,231</u>
<b>General and administrative</b>			
Wages	147,577	482,018	629,595
Benefits allocation	106,540	347,984	454,524
Maintenance and supplies	715	2,336	3,051
Computers, copiers and printers	5,035	16,447	21,482
Third party systems support	3,378	11,031	14,409
Engineering	3,543	11,602	15,145
Building and liability insurance	62,832	205,224	268,056
Legal services	57,256	195,038	252,294
Professional services	3,266	10,669	13,935
Depreciation	4,821	15,745	20,566
Other	7,521	22,613	30,134
Bad debt expense	54	35	89
Fleet allocation	12,813	41,852	54,665
Maintenance allocation	2,003	6,541	8,544
Human resource allocation	161,435	481,545	642,980
Accounting allocation	114,864	373,294	488,158
	<u>693,653</u>	<u>2,223,974</u>	<u>2,917,627</u>
<b>Fleet</b>			
Wages	46,842	124,907	171,749
Benefits allocation	33,817	90,174	123,991
Radio maintenance	398	1,062	1,460
Maintenance parts and supplies	25,010	66,685	91,695
Computers, copiers and printers	111	294	405
Third party systems support	364	971	1,335
Professional services	6,957	18,552	25,509
Gas, oil and grease	33,587	89,560	123,147
Insurance	12,151	32,400	44,551
Depreciation	65,213	174,566	239,779
Other	459	1,226	1,685
Allocated to various departments	(224,909)	(600,397)	(825,306)
	<u>-</u>	<u>-</u>	<u>-</u>

Continued...



**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Continued)**  
**City and Township Allocation**  
**For the Year Ended August 31, 2009**

	<u>City</u>	<u>Township</u>	<u>Total</u>
<b>Human resources</b>			
Wages	\$ 77,003	\$ 229,697	\$ 306,700
Benefits allocation	55,591	165,825	221,416
Safety program	969	2,891	3,860
Legal services	2,237	6,673	8,910
Physicals	2,488	7,421	9,909
Office supplies	818	2,440	3,258
Computers, copiers and printers	660	1,969	2,629
Third party systems support	6,373	19,009	25,382
Professional services	3,564	10,631	14,195
Depreciation	5,284	15,761	21,045
Other	6,448	19,228	25,676
Allocated to general and administrative	(161,435)	(481,545)	(642,980)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Benefits and payroll taxes</b>			
Health insurance	965,183	2,879,100	3,844,283
Life insurance	4,209	12,555	16,764
Disability insurance	16,131	48,117	64,248
Social security	155,670	464,356	620,026
Workers compensation	19,867	59,262	79,129
Pension contribution	304,682	908,855	1,213,537
Uniforms	3,799	11,332	15,131
Allocated to various departments	(1,472,992)	(4,393,870)	(5,866,862)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Maintenance</b>			
Wages	333,938	1,088,772	1,422,710
Benefits allocation	241,080	786,018	1,027,098
Maintenance and supplies	7,776	25,354	33,130
Computers, copiers and printers	1,553	5,062	6,615
Third party systems support	2,843	9,271	12,114
Depreciation	962	3,138	4,100
Other	3,528	11,502	15,030
Allocated to various departments	(591,680)	(1,929,117)	(2,520,797)
	<u>-</u>	<u>-</u>	<u>-</u>
			Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Concluded)**  
**City and Township Allocation**  
**For the Year Ended August 31, 2009**

	<u>City</u>	<u>Township</u>	<u>Total</u>
<b>Laboratory</b>			
Wages	\$ 80,119	\$ 261,684	\$ 341,803
Benefits allocation	57,840	188,918	246,758
Maintenance and supplies	5,938	19,395	25,333
Computers, copiers and printers	87	285	372
Third party systems support	118	384	502
Professional services	444	1,450	1,894
Depreciation	2,162	7,062	9,224
Other	1,169	3,820	4,989
Allocated to wastewater treatment	(147,877)	(482,998)	(630,875)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accounting</b>			
Wages	45,569	148,837	194,406
Benefits allocation	32,898	107,450	140,348
Office supplies	278	908	1,186
Computers, copiers and printers	952	3,108	4,060
Third party systems support	1,009	3,295	4,304
Professional services	17,879	58,396	76,275
Depreciation	1,815	5,929	7,744
Other	14,464	45,371	59,835
Allocated to general and administrative	(114,864)	(373,294)	(488,158)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total operating expenses</b>	<u>\$ 8,772,173</u>	<u>\$ 28,316,182</u>	<u>\$ 37,088,355</u>

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses**  
**Water and Wastewater Allocation**  
**For the Year Ended August 31, 2009**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Water distribution</b>			
Wages	\$ 402,238	\$ -	\$ 402,238
Benefits allocation	290,388	-	290,388
Purchased water	5,589,182	-	5,589,182
Utilities	195,784	-	195,784
Maintenance and supplies	16,044	-	16,044
Computers, copiers and printers	857	-	857
Third party systems support	7,757	-	7,757
Professional services	14,980	-	14,980
Engineering	940	-	940
Depreciation	23,145	-	23,145
Other	36,340	-	36,340
Fleet allocation	10,312	-	10,312
Maintenance allocation	92,631	-	92,631
	<u>6,680,598</u>	<u>-</u>	<u>6,680,598</u>
<b>Wastewater treatment</b>			
Wages	-	1,627,036	1,627,036
Benefits allocation	-	1,174,607	1,174,607
Utilities	-	2,685,721	2,685,721
Sludge removal	-	6,269	6,269
Maintenance and supplies	-	502,794	502,794
Computers, copiers and printers	-	8,183	8,183
Third party systems support	-	15,504	15,504
Professional services	-	233,046	233,046
Laboratory	-	19,843	19,843
Chemicals	-	710,930	710,930
Depreciation	-	6,656,488	6,656,488
Other	-	54,911	54,911
Fleet allocation	-	263,897	263,897
Maintenance allocation	-	2,338,734	2,338,734
Laboratory allocation	-	630,875	630,875
	<u>-</u>	<u>16,928,838</u>	<u>16,928,838</u>
<b>Wastewater pump stations</b>			
Wages	-	242,749	242,749
Benefits allocation	-	175,248	175,248
Utilities	-	507,896	507,896
Maintenance and supplies	-	120,237	120,237
Computers, copiers and printers	-	206	206
Professional services	-	46,787	46,787
Depreciation	-	11,435	11,435
Other	-	1,873	1,873
	<u>-</u>	<u>1,106,431</u>	<u>1,106,431</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Continued)**  
**Water and Wastewater Allocation**  
**For the Year Ended August 31, 2009**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Industrial surveillance</b>			
Wages	\$ -	\$ 256,778	\$ 256,778
Benefits allocation	-	185,376	185,376
Maintenance and supplies	-	9,298	9,298
Computers, copiers and printers	-	224	224
Third party systems support	-	335	335
Professional services	-	14,281	14,281
Depreciation	-	253	253
Other	-	5,941	5,941
Fleet allocation	-	44,379	44,379
	<u>-</u>	<u>516,865</u>	<u>516,865</u>
<b>Transmission and distribution</b>			
Wages	571,906	1,084,353	1,656,259
Benefits allocation	412,878	782,826	1,195,704
Utilities	19,862	37,659	57,521
Sewer overflow settlements	55,631	89,909	145,540
Maintenance:			
Shop and office	12,816	24,304	37,120
Water and sewer mains	73,096	139,104	212,200
Computers, copiers and printers	954	1,808	2,762
Third party systems support	1,205	2,285	3,490
Professional services	387	734	1,121
Engineering	631	1,195	1,826
Depreciation	1,967,589	1,091,342	3,058,931
Other	5,903	11,657	17,560
Fleet allocation	118,674	224,996	343,670
Maintenance allocation	27,931	52,957	80,888
	<u>3,269,463</u>	<u>3,545,129</u>	<u>6,814,592</u>
<b>Meter service</b>			
Wages	244,893	244,893	489,786
Benefits allocation	176,796	176,796	353,592
Utilities	2,652	2,653	5,305
Maintenance and supplies	932	933	1,865
Computers, copiers and printers	169	169	338
Third party systems support	1,863	1,863	3,726
Professional services	610	611	1,221
Meter parts	73,508	73,507	147,015
Depreciation	81,875	81,875	163,750
Other	3,096	3,096	6,192
Fleet allocation	54,191	54,192	108,383
	<u>640,585</u>	<u>640,588</u>	<u>1,281,173</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Continued)**  
**Water and Wastewater Allocation**  
**For the Year Ended August 31, 2009**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Customer accounting and collections</b>			
Wages	\$ 192,409	\$ 192,410	\$ 384,819
Benefits allocation	138,906	138,906	277,812
Utilities	8,199	8,199	16,398
Maintenance and supplies	7,781	7,781	15,562
Computers, copiers and printers	10,801	10,801	21,602
Third party systems support	14,096	14,095	28,191
Professional services	1,664	1,663	3,327
Postage	30,940	30,941	61,881
Depreciation	15,007	15,007	30,014
Other	1,313	1,312	2,625
	<u>421,116</u>	<u>421,115</u>	<u>842,231</u>
<b>General and administrative</b>			
Wages	314,797	314,798	629,595
Benefits allocation	227,262	227,262	454,524
Maintenance and supplies	1,525	1,526	3,051
Computers, copiers and printers	10,741	10,741	21,482
Third party systems support	7,205	7,204	14,409
Engineering	7,573	7,572	15,145
Building and liability insurance	134,028	134,028	268,056
Legal services	126,147	126,147	252,294
Professional services	6,968	6,967	13,935
Depreciation	10,283	10,283	20,566
Other	15,067	15,067	30,134
Bad debt expense	44	45	89
Fleet allocation	27,333	27,332	54,665
Maintenance allocation	4,272	4,272	8,544
Human resource allocation	159,376	483,604	642,980
Accounting allocation	244,080	244,078	488,158
	<u>1,296,701</u>	<u>1,620,926</u>	<u>2,917,627</u>
<b>Fleet</b>			
Wages	44,456	127,293	171,749
Benefits allocation	32,094	91,897	123,991
Radio maintenance	378	1,082	1,460
Maintenance parts and supplies	23,736	67,959	91,695
Computers, copiers and printers	105	300	405
Third party systems support	346	989	1,335
Professional services	6,603	18,906	25,509
Gas, oil and grease	31,875	91,272	123,147
Insurance	11,532	33,019	44,551
Depreciation	58,949	180,830	239,779
Other	436	1,249	1,685
Allocated to various departments	<u>(210,510)</u>	<u>(614,796)</u>	<u>(825,306)</u>
	-	-	-

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Continued)**  
**Water and Wastewater Allocation**  
**For the Year Ended August 31, 2009**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Human resources</b>			
Wages	\$ 76,023	\$ 230,677	\$ 306,700
Benefits allocation	54,883	166,533	221,416
Safety program	957	2,903	3,860
Legal services	2,209	6,701	8,910
Physicals	2,456	7,453	9,909
Office supplies	807	2,451	3,258
Computers, copiers and printers	652	1,977	2,629
Third party systems support	6,291	19,091	25,382
Professional services	3,519	10,676	14,195
Depreciation	5,216	15,829	21,045
Other	6,363	19,313	25,676
Allocated to general and administrative	<u>(159,376)</u>	<u>(483,604)</u>	<u>(642,980)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Benefits and payroll taxes</b>			
Health insurance	952,899	2,891,384	3,844,283
Life insurance	4,155	12,609	16,764
Disability insurance	15,926	48,322	64,248
Social security	153,688	466,338	620,026
Workers compensation	19,614	59,515	79,129
Pension contribution	300,805	912,732	1,213,537
Uniforms	3,751	11,380	15,131
Allocated to various departments	<u>(1,454,245)</u>	<u>(4,412,617)</u>	<u>(5,866,862)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Maintenance</b>			
Wages	70,455	1,352,255	1,422,710
Benefits allocation	50,864	976,234	1,027,098
Maintenance and supplies	1,640	31,490	33,130
Computers, copiers and printers	328	6,287	6,615
Third party systems support	600	11,514	12,114
Depreciation	203	3,897	4,100
Other	744	14,286	15,030
Allocated to various departments	<u>(124,834)</u>	<u>(2,395,963)</u>	<u>(2,520,797)</u>
	<u>-</u>	<u>-</u>	<u>-</u>
			Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses (Concluded)**  
**Water and Wastewater Allocation**  
**For the Year Ended August 31, 2009**

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
<b>Laboratory</b>			
Wages	\$ -	\$ 341,803	\$ 341,803
Benefits allocation	-	246,758	246,758
Maintenance and supplies	-	25,333	25,333
Computers, copiers and printers	-	372	372
Third party systems support	-	502	502
Professional services	-	1,894	1,894
Depreciation	-	9,224	9,224
Other	-	4,989	4,989
Allocated to wastewater treatment	-	(630,875)	(630,875)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accounting</b>			
Wages	97,203	97,203	194,406
Benefits allocation	70,174	70,174	140,348
Office supplies	594	592	1,186
Computers, copiers and printers	2,030	2,030	4,060
Third party systems support	2,152	2,152	4,304
Professional services	38,138	38,137	76,275
Depreciation	3,872	3,872	7,744
Other	29,917	29,918	59,835
Allocated to general and administrative	(244,080)	(244,078)	(488,158)
	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total operating expenses</b>	<u>\$ 12,308,463</u>	<u>\$ 24,779,892</u>	<u>\$ 37,088,355</u>

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses -**  
**Budget and Actual**  
**For the Year Ended August 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Water distribution</b>				
Wages	\$ 416,856	\$ 416,856	\$ 402,238	\$ (14,618)
Benefits allocation	298,040	298,040	290,388	(7,652)
Purchased water	6,238,042	6,238,042	5,589,182	(648,860)
Utilities	293,560	293,560	195,784	(97,776)
Maintenance and supplies	18,650	18,650	16,044	(2,606)
Computers, copiers and printers	3,250	3,250	857	(2,393)
Third party systems support	6,488	6,488	7,757	1,269
Professional services	15,000	15,000	14,980	(20)
Engineering	6,000	6,000	940	(5,060)
Depreciation	182,145	182,145	23,145	(159,000)
Other	50,725	50,725	36,340	(14,385)
Fleet allocation	23,303	23,303	10,312	(12,991)
Maintenance allocation	105,137	105,137	92,631	(12,506)
	<u>7,657,196</u>	<u>7,657,196</u>	<u>6,680,598</u>	<u>(976,598)</u>
<b>Wastewater treatment</b>				
Wages	1,782,419	1,782,419	1,627,036	(155,383)
Benefits allocation	1,274,379	1,274,379	1,174,607	(99,772)
Utilities	3,173,823	3,173,823	2,685,721	(488,102)
Sludge removal	372,000	372,000	6,269	(365,731)
Maintenance and supplies	626,500	626,500	502,794	(123,706)
Computers, copiers and printers	39,400	39,400	8,183	(31,217)
Third party systems support	45,000	45,000	15,504	(29,496)
Professional services	180,000	180,000	233,046	53,046
Engineering	40,000	40,000	-	(40,000)
Laboratory	30,000	30,000	19,843	(10,157)
Chemicals	900,000	900,000	710,930	(189,070)
Depreciation	7,055,263	7,055,263	6,656,488	(398,775)
Other	124,650	124,650	54,911	(69,739)
Fleet allocation	372,832	372,832	263,897	(108,935)
Maintenance allocation	2,710,160	2,710,160	2,338,734	(371,426)
Laboratory allocation	659,726	659,726	630,875	(28,851)
	<u>19,386,152</u>	<u>19,386,152</u>	<u>16,928,838</u>	<u>(2,457,314)</u>
<b>Wastewater pump stations</b>				
Wages	274,113	274,113	242,749	(31,364)
Benefits allocation	195,983	195,983	175,248	(20,735)
Utilities	734,380	734,380	507,896	(226,484)
Maintenance and supplies	220,000	220,000	120,237	(99,763)
Computers, copiers and printers	-	-	206	206
Professional services	18,600	18,600	46,787	28,187
Engineering	1,000	1,000	-	(1,000)
Depreciation	12,180	12,180	11,435	(745)
Other	1,000	1,000	1,873	873
	<u>1,457,256</u>	<u>1,457,256</u>	<u>1,106,431</u>	<u>(350,825)</u>

Continued...



**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses - (Continued)**  
**Budget and Actual**  
**For the Year Ended August 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Industrial surveillance</b>				
Wages	\$ 182,650	\$ 182,650	\$ 256,778	\$ 74,128
Benefits allocation	130,589	130,589	185,376	54,787
Maintenance and supplies	13,000	13,000	9,298	(3,702)
Computers, copiers and printers	300	300	224	(76)
Third party systems support	1,040	1,040	335	(705)
Professional services	18,000	18,000	14,281	(3,719)
Depreciation	242	242	253	11
Other	5,900	5,900	5,941	41
Fleet allocation	15,503	15,503	44,379	28,876
	<u>367,224</u>	<u>367,224</u>	<u>516,865</u>	<u>149,641</u>
<b>Transmission and distribution</b>				
Wages	1,760,526	1,760,526	1,656,259	(104,267)
Benefits allocation	1,258,726	1,258,726	1,195,704	(63,022)
Utilities	84,330	84,330	57,521	(26,809)
Sewer overflow settlements	100,000	100,000	145,540	45,540
Maintenance:				
Shop and office	55,250	55,250	37,120	(18,130)
Water and sewer mains	282,500	282,500	212,200	(70,300)
Computers, copiers and printers	4,750	4,750	2,762	(1,988)
Third party systems support	8,644	8,644	3,490	(5,154)
Professional services	-	-	1,121	1,121
Engineering	177,500	177,500	1,826	(175,674)
Depreciation	3,452,699	3,452,699	3,058,931	(393,768)
Other	34,150	34,150	17,560	(16,590)
Fleet allocation	403,718	403,718	343,670	(60,048)
Maintenance allocation	38,639	38,639	80,888	42,249
	<u>7,661,432</u>	<u>7,661,432</u>	<u>6,814,592</u>	<u>(846,840)</u>
<b>Meter service</b>				
Wages	566,263	566,263	489,786	(76,477)
Benefits allocation	404,862	404,862	353,592	(51,270)
Utilities	30,375	30,375	5,305	(25,070)
Maintenance and supplies	6,600	6,600	1,865	(4,735)
Computers, copiers and printers	5,000	5,000	338	(4,662)
Third party systems support	3,709	3,709	3,726	17
Professional services	1,000	1,000	1,221	221
Meter parts	90,500	90,500	147,015	56,515
Depreciation	264,536	264,536	163,750	(100,786)
Other	14,075	14,075	6,192	(7,883)
Fleet allocation	109,642	109,642	108,383	(1,259)
	<u>1,496,562</u>	<u>1,496,562</u>	<u>1,281,173</u>	<u>(215,389)</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses - (Continued)**  
**Budget and Actual**  
**For the Year Ended August 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Customer accounting/collections</b>				
Wages	\$ 386,485	\$ 386,485	\$ 384,819	\$ (1,666)
Benefits allocation	276,326	276,326	277,812	1,486
Utilities	22,000	22,000	16,398	(5,602)
Maintenance and supplies	22,300	22,300	15,562	(6,738)
Computers, copiers and printers	34,000	34,000	21,602	(12,398)
Third party systems support	33,700	33,700	28,191	(5,509)
Professional services	4,000	4,000	3,327	(673)
Postage	64,100	64,100	61,881	(2,219)
Depreciation	30,014	30,014	30,014	-
Other	7,330	7,330	2,625	(4,705)
	<u>880,255</u>	<u>880,255</u>	<u>842,231</u>	<u>(38,024)</u>
<b>General and administrative</b>				
Wages	579,025	579,025	629,595	50,570
Benefits allocation	413,986	413,986	454,524	40,538
Maintenance and supplies	10,000	10,000	3,051	(6,949)
Computers, copiers and printers	11,000	11,000	21,482	10,482
Third party systems support	14,706	14,706	14,409	(297)
Engineering	15,000	15,000	15,145	145
Building and liability insurance	325,000	325,000	268,056	(56,944)
Legal services	195,000	195,000	252,294	57,294
Professional services	5,000	5,000	13,935	8,935
Depreciation	20,654	20,654	20,566	(88)
Other	71,400	71,400	30,134	(41,266)
Bad debt expense	51,000	51,000	89	(50,911)
Fleet allocation	38,802	38,802	54,665	15,863
Maintenance allocation	20,591	20,591	8,544	(12,047)
Human resource allocation	744,218	744,218	642,980	(101,238)
Accounting allocation	456,815	456,815	488,158	31,343
	<u>2,972,197</u>	<u>2,972,197</u>	<u>2,917,627</u>	<u>(54,570)</u>
<b>Fleet</b>				
Wages	172,924	172,924	171,749	(1,175)
Benefits allocation	123,636	123,636	123,991	355
Utilities	3,800	3,800	-	(3,800)
Radio maintenance	4,500	4,500	1,460	(3,040)
Maintenance parts and supplies	103,675	103,675	91,695	(11,980)
Computers, copiers and printers	250	250	405	155
Third party systems support	1,548	1,548	1,335	(213)
Professional services	15,000	15,000	25,509	10,509
Gas, oil and grease	214,500	214,500	123,147	(91,353)
Insurance	60,000	60,000	44,551	(15,449)
Depreciation	260,718	260,718	239,779	(20,939)
Other	3,250	3,250	1,685	(1,565)
Allocated to various departments	(963,801)	(963,801)	(825,306)	138,495
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses - (Continued)**  
**Budget and Actual**  
**For the Year Ended August 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Human resources</b>				
Wages	\$ 302,733	\$ 302,733	\$ 306,700	\$ 3,967
Benefits allocation	218,126	218,126	221,416	3,290
Safety program	8,000	8,000	3,860	(4,140)
Legal services	35,000	35,000	8,910	(26,090)
Physicals	18,000	18,000	9,909	(8,091)
Office supplies	7,300	7,300	3,258	(4,042)
Computers, copiers and printers	13,050	13,050	2,629	(10,421)
Third party systems support	30,000	30,000	25,382	(4,618)
Professional services	22,000	22,000	14,195	(7,805)
Depreciation	21,045	21,045	21,045	-
Other	68,964	68,964	25,676	(43,288)
Allocated to general and administrative	(744,218)	(744,218)	(642,980)	101,238
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Benefits and payroll taxes</b>				
Health insurance	3,908,732	3,908,732	3,844,283	(64,449)
Life insurance	19,900	19,900	16,764	(3,136)
Disability insurance	84,500	84,500	64,248	(20,252)
Social security	653,610	653,610	620,026	(33,584)
Workers compensation	130,000	130,000	79,129	(50,871)
Pension contribution	1,271,420	1,271,420	1,213,537	(57,883)
Unemployment	18,824	18,824	13,744	(5,080)
Uniforms	20,000	20,000	15,131	(4,869)
Allocated to various departments	(6,106,986)	(6,106,986)	(5,866,862)	240,124
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Maintenance</b>				
Wages	1,585,541	1,585,541	1,422,710	(162,831)
Benefits allocation	1,133,617	1,133,617	1,027,098	(106,519)
Maintenance and supplies	51,650	51,650	33,130	(18,520)
Computers, copiers and printers	32,650	32,650	6,615	(26,035)
Third party systems support	26,369	26,369	12,114	(14,255)
Depreciation	4,100	4,100	4,100	-
Other	40,600	40,600	15,030	(25,570)
Allocated to various departments	(2,874,527)	(2,874,527)	(2,520,797)	353,730
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Continued...

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Detailed Schedule of Operating Expenses - (Concluded)**  
**Budget and Actual**  
**For the Year Ended August 31, 2009**

	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>
<b>Laboratory</b>				
Wages	\$ 349,790	\$ 349,790	\$ 341,803	\$ (7,987)
Benefits allocation	250,090	250,090	246,758	(3,332)
Maintenance and supplies	30,100	30,100	25,333	(4,767)
Computers, copiers and printers	3,150	3,150	372	(2,778)
Third party systems support	1,338	1,338	502	(836)
Professional services	10,000	10,000	1,894	(8,106)
Depreciation	8,657	8,657	9,224	567
Other	6,600	6,600	4,989	(1,611)
Allocated to wastewater treatment	(659,725)	(659,725)	(630,875)	28,850
	-	-	-	-
<b>Accounting</b>				
Wages	184,601	184,601	194,406	9,805
Benefits allocation	131,985	131,985	140,348	8,363
Office supplies	3,300	3,300	1,186	(2,114)
Computers, copiers and printers	4,750	4,750	4,060	(690)
Third party systems support	5,935	5,935	4,304	(1,631)
Professional services	82,000	82,000	76,275	(5,725)
Depreciation	7,744	7,744	7,744	-
Other	36,500	36,500	59,835	23,335
Allocated to general and administrative	(456,815)	(456,815)	(488,158)	(31,343)
	-	-	-	-
<b>Total operating expenses</b>	<b>\$ 41,878,274</b>	<b>\$ 41,878,274</b>	<b>\$ 37,088,355</b>	<b>\$ (4,789,919)</b>

# STATISTICAL SECTION

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Revenues and Expenses - Unaudited**  
**Last Ten Fiscal Years Ended August 31**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Operating revenue</b>				
Water sales	\$ 11,829,728	\$ 12,338,209	\$ 12,680,932	\$ 11,542,307
Sewage disposal sales	15,683,034	16,422,599	16,480,689	13,621,058
Surcharges and other usage fees	3,915,930	4,070,849	4,195,911	4,422,394
Other operating revenue	1,863,459	1,562,404	2,500,151	2,217,203
Sales discounts (5)	-	-	-	-
Total operating revenue	<u>33,292,151</u>	<u>34,394,061</u>	<u>35,857,683</u>	<u>31,802,962</u>
<b>Operating expenses</b>				
Water distribution	6,680,598	7,527,032	7,486,176	7,085,751
Wastewater treatment	16,928,838	17,771,780	16,977,585	13,052,424
Wastewater pump stations	1,106,431	1,145,548	1,054,513	883,122
Industrial surveillance	516,865	336,782	335,299	335,131
Transmission and distribution	6,814,592	6,627,636	6,630,235	6,105,316
Meter service	1,281,173	1,436,719	1,518,009	1,513,485
Customer accounting and collections	842,231	872,717	837,640	791,665
General and administration (1)	2,917,627	2,467,995	2,424,113	2,438,567
Unallocated depreciation (2)	-	-	-	-
Total operating expenses	<u>37,088,355</u>	<u>38,186,209</u>	<u>37,263,570</u>	<u>32,205,461</u>
Operating income (loss)	<u>(3,796,204)</u>	<u>(3,792,148)</u>	<u>(1,405,887)</u>	<u>(402,499)</u>
<b>Non-operating income (expense)</b>				
Investment earnings	462,878	998,650	1,595,219	958,973
Connection fees (3)	593,613	155,860	265,589	909,761
Debt service contributions	-	-	63,007	146,476
Interest and amortization expense	(2,712,540)	(2,783,337)	(2,747,453)	(1,109,703)
Gain (loss) on disposal of capital assets	3,602	32,337	19,852	-
Debt service transfer to County (4)	-	-	-	-
Total non-operating income (expense)	<u>(1,652,447)</u>	<u>(1,596,490)</u>	<u>(803,786)</u>	<u>905,507</u>
<b>Income (loss) before contributions and special item</b>	<u>\$ (5,448,651)</u>	<u>\$ (5,388,638)</u>	<u>\$ (2,209,673)</u>	<u>\$ 503,008</u>

(1) Beginning in fiscal 2003, payroll taxes and employee benefits are allocated to departments.

(2) Beginning in fiscal 2001, depreciation expense is allocated to departments.

(3) Prior to fiscal 2003, connection fees were recorded directly to equity (i.e., contributed capital).

(4) Beginning in fiscal 2003, this debt was properly recognized as lease payable; the portion that is interest is reported as interest expense.

(5) Discounts on prepayments were phased out during fiscal 2004.

**Table 1**

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 11,649,244	\$ 9,763,879	\$ 8,616,377	\$ 8,039,879	\$ 7,910,860	\$ 7,456,993
13,701,463	14,274,813	13,235,087	12,908,599	13,793,007	13,392,790
4,460,475	3,649,946	2,503,637	1,891,240	1,728,426	1,748,046
2,159,409	2,408,713	2,248,813	2,380,576	2,293,530	977,080
-	(80,105)	(705,985)	(866,723)	(1,098,363)	(1,006,785)
<u>31,970,591</u>	<u>30,017,246</u>	<u>25,897,929</u>	<u>24,353,571</u>	<u>24,627,460</u>	<u>22,568,124</u>
6,930,845	5,873,120	5,282,942	4,894,966	4,288,716	3,988,979
10,226,090	10,062,008	10,882,313	9,085,357	8,989,004	6,934,835
834,416	771,991	805,890	928,166	822,901	836,632
375,466	174,773	146,967	118,270	87,466	75,711
5,766,919	4,938,907	5,049,571	3,665,838	3,616,432	2,064,652
1,419,979	1,147,385	1,121,564	845,806	979,284	907,026
720,370	680,264	651,361	523,708	453,677	445,768
2,125,010	1,912,661	1,832,080	4,269,158	4,038,730	3,469,454
-	-	-	-	-	3,861,969
<u>28,399,095</u>	<u>25,561,109</u>	<u>25,772,688</u>	<u>24,331,269</u>	<u>23,276,210</u>	<u>22,585,026</u>
<u>3,571,496</u>	<u>4,456,137</u>	<u>125,241</u>	<u>22,302</u>	<u>1,351,250</u>	<u>(16,902)</u>
651,753	1,181,681	21,493	1,034,719	1,231,283	718,175
975,348	2,145,105	1,066,491	-	-	-
1,004,525	206,509	211,511	920,478	220,957	269,970
(951,745)	(1,220,577)	(1,023,113)	(1,709,110)	(1,054,325)	(766,721)
(75,287)	(1,969,458)	(2,833)	(66,461)	(465,007)	(32,884)
-	-	-	(1,214,715)	(1,218,710)	(1,226,413)
<u>1,604,594</u>	<u>343,260</u>	<u>273,549</u>	<u>(1,035,089)</u>	<u>(1,285,802)</u>	<u>(1,037,873)</u>
<u>\$ 5,176,090</u>	<u>\$ 4,799,397</u>	<u>\$ 398,790</u>	<u>\$ (1,012,787)</u>	<u>\$ 65,448</u>	<u>\$ (1,054,775)</u>

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Revenues and Expenses - City Division - Unaudited**  
**Last Ten Fiscal Years Ended August 31**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Operating revenue</b>				
Water sales	\$ 1,903,714	\$ 1,930,661	\$ 1,874,679	\$ 1,514,474
Sewage disposal sales	3,353,761	3,505,232	3,311,569	2,983,581
Surcharges and other usage fees	3,043,380	3,155,294	3,154,752	3,249,101
Other operating revenue	384,288	415,965	998,639	484,405
Sales discounts	(5) -	-	-	-
Total operating revenue	<u>8,685,143</u>	<u>9,007,152</u>	<u>9,339,639</u>	<u>8,231,561</u>
<b>Operating expenses</b>				
Water distribution	1,039,709	1,117,918	1,047,563	1,035,327
Wastewater treatment	3,968,120	4,185,210	4,199,045	3,016,898
Wastewater pump stations	236,208	251,459	232,488	170,871
Industrial surveillance	121,153	78,639	82,920	77,884
Transmission and distribution	2,227,406	1,863,539	1,811,269	1,245,754
Meter service	293,137	336,541	361,620	362,019
Customer accounting and collections	192,787	204,304	199,025	189,367
General and administration	(1) 693,653	583,954	591,252	554,375
Unallocated depreciation	(2) -	-	-	-
Total operating expenses	<u>8,772,173</u>	<u>8,621,564</u>	<u>8,525,182</u>	<u>6,652,495</u>
Operating income (loss)	<u>(87,030)</u>	<u>385,588</u>	<u>814,457</u>	<u>1,579,066</u>
<b>Non-operating income (expense)</b>				
Investment earnings	160,812	341,508	704,584	347,237
Connection fees	(3) 17,224	2,122	10,455	61,780
Debt service contributions	-	-	63,007	146,476
Interest and amortization expense	(1,347,719)	(1,387,097)	(1,238,663)	(711,028)
Gain (loss) on disposal of capital assets	-	-	-	-
Debt service transfer to County	(4) -	-	-	-
Total non-operating income (expense)	<u>(1,169,683)</u>	<u>(1,043,467)</u>	<u>(460,617)</u>	<u>(155,535)</u>
<b>Income (loss) before contributions and special item</b>	<u>\$ (1,256,713)</u>	<u>\$ (657,879)</u>	<u>\$ 353,840</u>	<u>\$ 1,423,531</u>

(1) Beginning in fiscal 2003, payroll taxes and employee benefits are allocated to departments.

(2) Beginning in fiscal 2001, depreciation expense is allocated to departments.

(3) Prior to fiscal 2003, connection fees were recorded directly to equity (i.e., contributed capital).

(4) Beginning in fiscal 2003, this debt was properly recognized as lease payable; the portion that is interest is reported as interest expense.

(5) Discounts on prepayments were phased out during fiscal 2004.



**Table 2**

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 1,813,223	\$ 1,898,864	\$ 1,875,979	\$ 1,844,292	\$ 1,796,994	\$ 1,759,201
2,899,389	3,057,411	3,155,582	3,155,163	3,294,403	3,368,627
3,341,073	2,609,737	1,777,612	1,362,058	1,035,565	916,656
475,132	433,067	380,495	463,168	479,546	203,254
-	2,336	(126,303)	(153,336)	(155,773)	(134,272)
<u>8,528,817</u>	<u>8,001,415</u>	<u>7,063,365</u>	<u>6,671,345</u>	<u>6,450,735</u>	<u>6,113,466</u>
985,830	939,023	926,213	898,123	834,882	794,632
2,280,419	2,253,203	2,510,603	2,258,154	2,397,946	1,851,516
174,512	167,913	160,684	215,444	221,327	224,686
83,730	38,824	33,173	28,844	22,627	20,333
1,174,276	1,104,675	1,416,512	843,346	899,403	652,277
334,123	284,106	284,344	218,046	259,904	252,586
169,503	169,654	167,210	138,154	122,494	124,458
460,812	402,537	440,901	1,111,971	1,129,497	983,280
-	-	-	-	-	863,522
<u>5,663,205</u>	<u>5,359,935</u>	<u>5,939,640</u>	<u>5,712,082</u>	<u>5,888,080</u>	<u>5,767,290</u>
<u>2,865,612</u>	<u>2,641,480</u>	<u>1,123,725</u>	<u>959,263</u>	<u>562,655</u>	<u>346,176</u>
219,724	285,942	(12,884)	92,213	256,390	235,048
102,504	26,102	11,406	-	-	-
149,273	169,161	211,511	236,052	220,957	239,104
(405,501)	(610,808)	(496,504)	(722,772)	(394,423)	(413,162)
-	(550,816)	(1,416)	(16,660)	(125,087)	(7,951)
-	-	-	(331,253)	(312,721)	(334,933)
<u>66,000</u>	<u>(680,419)</u>	<u>(287,887)</u>	<u>(742,420)</u>	<u>(354,884)</u>	<u>(281,894)</u>
<u>\$ 2,931,612</u>	<u>\$ 1,961,061</u>	<u>\$ 835,838</u>	<u>\$ 216,843</u>	<u>\$ 207,771</u>	<u>\$ 64,282</u>

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Revenues and Expenses - Township Division - Unaudited**  
**Last Ten Fiscal Years Ended August 31**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Operating revenue</b>				
Water sales	\$ 9,926,014	\$ 10,407,548	\$ 10,806,253	\$ 10,027,833
Sewage disposal sales	12,329,273	12,917,367	13,169,120	10,637,477
Surcharges and other usage fees	872,550	915,555	1,041,159	1,173,293
Other operating revenue	1,479,171	1,146,439	1,501,512	1,732,798
Sales discounts	(5) -	-	-	-
Total operating revenue	<u>24,607,008</u>	<u>25,386,909</u>	<u>26,518,044</u>	<u>23,571,401</u>
<b>Operating expenses</b>				
Water distribution	5,640,889	6,409,114	6,438,613	6,050,424
Wastewater treatment	12,960,718	13,586,570	12,778,540	10,035,526
Wastewater pump stations	870,223	894,089	822,025	712,251
Industrial surveillance	395,712	258,143	252,379	257,247
Transmission and distribution	4,587,186	4,764,097	4,818,966	4,859,562
Meter service	988,036	1,100,178	1,156,389	1,151,466
Customer accounting and collections	649,444	668,413	638,615	602,298
General and administration	(1) 2,223,974	1,884,041	1,832,861	1,884,192
Unallocated depreciation	(2) -	-	-	-
Total operating expenses	<u>28,316,182</u>	<u>29,564,645</u>	<u>28,738,388</u>	<u>25,552,966</u>
Operating income (loss)	<u>(3,709,174)</u>	<u>(4,177,736)</u>	<u>(2,220,344)</u>	<u>(1,981,565)</u>
<b>Non-operating income (expense)</b>				
Investment earnings	302,066	657,142	890,635	611,736
Connection fees	(3) 576,389	153,738	255,134	847,981
Debt service contributions	-	-	-	-
Interest and amortization expense	(1,364,821)	(1,396,240)	(1,508,790)	(398,675)
Gain (loss) on disposal of capital assets	3,602	32,337	19,852	-
Debt service transfer to County	(4) -	-	-	-
Total non-operating income (expense)	<u>(482,764)</u>	<u>(553,023)</u>	<u>(343,169)</u>	<u>1,061,042</u>
<b>Income (loss) before contributions and special item</b>	<u>\$ (4,191,938)</u>	<u>\$ (4,730,759)</u>	<u>\$ (2,563,513)</u>	<u>\$ (920,523)</u>

(1) Beginning in fiscal 2003, payroll taxes and employee benefits are allocated to departments.

(2) Beginning in fiscal 2001, depreciation expense is allocated to departments.

(3) Prior to fiscal 2003, connection fees were recorded directly to equity (i.e., contributed capital).

(4) Beginning in fiscal 2003, this debt was properly recognized as lease payable; the portion that is interest is reported as interest expense.

(5) Discounts on prepayments were phased out during fiscal 2004.

**Table 3**

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 9,836,021	\$ 7,865,015	\$ 6,740,398	\$ 6,195,587	\$ 6,113,866	\$ 5,697,792
10,802,074	11,217,402	10,079,505	9,753,436	10,498,604	10,024,163
1,119,402	1,040,209	726,025	529,182	692,861	831,390
1,684,277	1,975,646	1,868,318	1,917,408	1,813,984	773,826
-	(82,441)	(579,682)	(713,387)	(942,590)	(872,513)
<u>23,441,774</u>	<u>22,015,831</u>	<u>18,834,564</u>	<u>17,682,226</u>	<u>18,176,725</u>	<u>16,454,658</u>
5,945,015	4,929,893	4,356,729	3,996,843	3,453,834	3,194,347
7,945,671	7,825,218	8,371,710	6,827,203	6,591,058	5,083,319
659,904	604,078	645,206	712,722	601,574	611,946
291,736	135,949	113,794	89,426	64,839	55,378
4,592,643	3,826,206	3,633,059	2,822,492	2,717,029	1,412,375
1,085,856	863,279	837,220	627,760	719,380	654,440
550,867	510,610	484,151	385,554	331,183	321,310
1,664,198	1,505,941	1,391,179	3,157,187	2,909,233	2,486,174
-	-	-	-	-	2,998,447
<u>22,735,890</u>	<u>20,201,174</u>	<u>19,833,048</u>	<u>18,619,187</u>	<u>17,388,130</u>	<u>16,817,736</u>
<u>705,884</u>	<u>1,814,657</u>	<u>(998,484)</u>	<u>(936,961)</u>	<u>788,595</u>	<u>(363,078)</u>
432,029	895,739	34,377	942,506	974,893	483,127
872,844	2,119,003	1,055,085	-	-	-
855,252	37,348	-	684,426	-	30,866
(546,244)	(609,769)	(526,609)	(986,338)	(659,902)	(353,559)
(75,287)	(1,418,642)	(1,417)	(49,801)	(339,920)	(24,933)
-	-	-	(883,462)	(905,989)	(891,480)
<u>1,538,594</u>	<u>1,023,679</u>	<u>561,436</u>	<u>(292,669)</u>	<u>(930,918)</u>	<u>(755,979)</u>
<u>\$ 2,244,478</u>	<u>\$ 2,838,336</u>	<u>\$ (437,048)</u>	<u>\$ (1,229,630)</u>	<u>\$ (142,323)</u>	<u>\$ (1,119,057)</u>

**Table 4**

**YPSILANTI COMMUNITY UTILITIES AUTHORITY**  
**Water and Wastewater Debt Coverage - Unaudited**  
**Last Ten Fiscal Years Ended August 31**

<u>Fiscal Year</u>	<u>(1) Gross Revenue</u>	<u>(2) Operating Expenses</u>	<u>Net Revenue Available for Debt Service</u>	<u>(3) Total Debt Service Requirement</u>	<u>Coverage</u>
2009	\$34,348,642	\$26,841,880	\$ 7,506,762	\$ 5,653,810	1.33
2008	35,548,571	27,925,431	7,623,140	5,368,807	1.42
2007	37,781,498	26,934,365	10,847,133	5,765,242	1.88
2006	33,818,172	25,512,868	8,305,304	6,534,757	1.27
2005	34,602,217	23,178,366	11,423,851	6,108,306	1.87
2004	33,550,541	21,058,612	12,491,929	5,252,872	2.38
2003	27,197,424	21,476,377	5,721,047	4,689,848	1.22
2002	26,308,768	20,241,129	6,067,639	4,335,292	1.40
2001	26,079,700	19,245,962	6,833,738	4,187,246	1.63
2000	23,556,269	18,723,057	4,833,212	3,217,769	1.50

(1) Includes operating revenue, investment earnings, connection fees and debt service contributions.

(2) Excludes depreciation expense.

(3) Includes bonds and capital leases.