

Comprehensive Annual Financial Report City of Huntington Woods, Michigan Fiscal Year Ended June 30, 2013

**Comprehensive Annual
Financial Report**

City of Huntington Woods, Michigan

**Prepared by the
Finance Department**

Fiscal Year Ended June 30, 2013

City Commission

Ronald F. Gillham, Mayor
Jules Olsman, Mayor Pro-Tem
Jeffrey Jenks, Commissioner
Robert Paul, Commissioner
Mary White, Commissioner

Introductory Section

City of Huntington Woods, Michigan

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Introductory Section

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A D M I N I S T R A T I V E O F F I C E S

*Mayor Ronald F. Gillham
Mayor Pro-Tem Robert Paul
City Manager Alex R. Allie*

*Commissioner Jeffrey Jenks
Commissioner Jules Olsman
Commissioner Mary White*

November 11, 2013

Honorable Mayor, City Commission
City of Huntington Woods, Michigan

Preface

The City of Huntington Woods Finance Department is pleased to present to you the annual Comprehensive Annual Financial Report (CAFR). This report is designed to give the reader a clear and comprehensive view of the financial health and strength of the City as of the fiscal year ended June 30, 2013. The City Charter, as well as the State Statute mandates that the City prepare a report outlining the financial position of the City and that the report be audited by an independent licensed firm of certified public accountants. In doing so, the report is prepared according to the regulations as set forth by the Governmental Accounting Standards Board (GASB) and the State of Michigan Department of Treasury.

All the schedules, data, text and descriptions contained herein are solely the responsibility of the City of Huntington Woods Finance Officials and Management. To the greatest extent possible the City must rely upon its policies and procedures to define roles, responsibilities and segregation of duties of its financial management staff. To the best of our knowledge and belief this data is accurate in all material respects and is reported in a manner that is fair and consistent. The report includes all disclosures and charts required to enable the reader to understand the City financial structure from a historical, operating and administrative perspective.

This will be the eighth year that the City has prepared a Comprehensive Annual Financial Report. The Finance staff will continue to make the changes that are necessary to present the data to the reader in the clearest most concise form possible.

Report Organization

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section - This section introduces the reader to the City of Huntington Woods and various aspects of this report including; continuing disclosure reporting enhancements, organizational chart, and a list of principal officials.

Financial Section - The independent Auditor's report, Management's Discussion and Analysis Report, government-wide financial statements, fund based financial statements, required supplemental information and the notes to the financial statements are included here. These are the City's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of this report.

Statistical Section - Although this section contains substantial financial data, these schedules differ from financial statements in that they present some non-accounting data, cover more than the current year and are designed to reflect social and economic data, financial trends and the fiscal capabilities of the City.

Audit Requirement

The City Charter IX § 7, and State Statute require an annual audit of financial records and transactions of public sector units of government to be completed by independent certified public accountants at the close of each fiscal year. Huntington Woods is in full compliance with this requirement and has recently received an "unqualified opinion" from PSLZ, LLP for the fiscal year ended June 2013. This status lets the reader know that the examination of the financial records of the City disclosed no conditions that cause the auditors to believe that the financial statements are not fairly stated in all material respects.

Reporting Entity and Services Provided

The City of Huntington Woods has defined its financial reporting entity in accordance with the pronouncements of the Governmental Accounting Standards Board. The City of Huntington Woods (the "City") is defined as; all funds, agencies, commissions, boards and authorities that are controlled and managed by the Elected Mayor and City Commission. As of this writing, the City does not contain any component units of government as per current pronouncements.

The City of Huntington Woods was incorporated as a village in 1926 and remained so until 1932 when it became a city under the home-rule City Act 279 of 1909. The City has developed into a well respected full service municipality operating in Southeast Oakland County. This report covers the operations of the City as it relates to all departments and municipal services in its governmental fund structure, including a full range of public safety services; sanitation services; recycling services; highway, streets and sidewalks maintenance/Rights-of-way; Planning, Zoning and building code enforcement services; Recreational Services and cultural events; and library. Water and Sewage services are administered through the use of an Enterprise fund which requires the City Commission to set fees for its operations on an annual basis through user fees.

GENERAL

FUND TYPES AND PURPOSES

PURPOSE - The General fund is the primary operating fund in the local unit of Government and is used to account for all revenues and expenditures and activities not specifically or statutorily provided for in other funds.

RECREATION

PURPOSE - The Recreation fund accounts for the operation and maintenance of City parks as well as the operation of the Recreation Department and related programs.

SANITATION

PURPOSE - The Sanitation fund accounts for the operation of the solid waste collection disposal and recycling functions of the City.

MAJOR AND LOCAL ROAD

PURPOSE - The Major and Local Road funds are used (1) to receive all street funds paid to cities and villages by the state, (2) to account for construction, maintenance, traffic services and snow and ice control on all streets classified as Local Streets within the local unit of government (this includes construction done from money raised by special assessing property owners for street improvements), (3) to account for revenue from special assessment taxes levied for street purposes as provided by Act 51 of the Public Acts of 1951, as amended, and (4) to account for money received from General Fund contributions.

RACKHAM DEFENSE

PURPOSE - The Rackham Defense fund was established to provide a method of segregating the legal costs of the property development of Rackham Golf Course. In addition, the City levied a three year .50 mill per year mileage to pay for the legal fees associated with the property. This fund is combined with the General Fund as of year ending June 30, 2013 for financial statement purposes.

BUDGET STABILIZATION

PURPOSE - This fund was established for the sole purpose of setting aside funds to be used for budget stabilization per State Act 1978 P.A. 30. This fund is combined with the General Fund as of year ending June 30, 2013 for financial statements purposes.

GENERAL OBLIGATION DEBT

PURPOSE - These funds are used to record the payment of interest and principal on long term general obligation debt other than that payable from special assessments and debt issued for and serviced primarily by an Enterprise or Construction Fund.

WATER AND SEWER

PURPOSE - This fund is used to record the operations of the combined water and sewer system, and is considered an Enterprise Fund.

**EQUIPMENT, POST RETIREMENT
HEALTH CARE BENEFIT**

PURPOSE - These funds are used to support the activities of other funds, such as the equipment fund which is used as a motor pool to record the rental, and the subsequent depreciation of equipment, as well as the recording the cost of retiree health care.

CAPITAL PROJECTS

PURPOSE - These funds are used to account for activity associated with construction related activities and for other special projects not associated with business-type funds. This fund is combined with the Capital Planning fund as of year ending June 30, 2013 for financial statement purposes.

Accounting System and Budgetary Controls

Due to the nature of the operations and legal requirements, the accounting of transactions within the reporting entity is organized on a "fund basis." This accounting approach assures compliance with statutory requirements and enables adequate separations between distinct governmental functions. Each fund is a distinct, self-balancing accounting entity.

The budget is annually presented to the City Commission each May as required by City Charter. This document has been prepared in compliance with the regulations set forth under the Uniform Budget Act, State of Michigan P.A. 621 of 1978. The act requires that the City of Huntington Woods adopt a balanced categorical budget where appropriations do not exceed budget revenue. The appropriation/rate resolution as adopted by the City Commission gives the City Manager and/or the Finance Director the authority to create new funds and activities in order to maintain adequate financial control, and to make changes between budgetary categories only. All funds with the exception of the General Fund are adopted on a categorical basis by the City Commission. Budget changes in the all funds therefore are made by line item only.

Historical Overview

The City of Huntington Woods is almost exclusively residential. In fact, 97.89% of the State Equalized Value (SEV) of the City is comprised of residential properties. The lack of diversity in its tax base has left the City with no major industrial or commercial property to share the tax burden of providing the full range of city services. Despite a relatively high millage rate, the City was unable to provide for all capital and service needs from its annual budget. The City founders had left a significant amount of undeveloped public property surrounding the perimeter of the City. It truly was intended to be the "City in the Woods." The City, however, began selling the undeveloped property shortly after World War II, to finance needed facilities and satisfy outstanding debt.

In the 1960's and the early part of the 1970's, the State and Federal Government began to play a role in municipal operations by providing revenues to equalize tax base inequities. The State Revenue Sharing program was approved by the State of Michigan, both constitutionally, in 1964, and statutorily, in 1967, earmarking a share of State taxes for cities. In 1974, the U.S. Congress enacted Federal Revenue Sharing, returning a portion of the income taxes paid by Huntington Woods' residents directly to the City. From 1970 through 1975, despite receiving additional dollars from the state and Federal governments, the City experienced operational deficits and was forced to borrow funds on three occasions to meet annual budget obligations. The City population, which was the basis for calculating revenue received from the state and federal governments, peaked in the 1960 census. The City population has declined for the next fifty years up until the 2010 census where the City reversed this trend slightly. Despite the fact that the City was fully developed by 1970, thereby resulting in a stagnant tax base, annual increases in State Equalized Value (SEV) provided sufficient annual revenue growth. In 1978, though, the Headlee Amendment to the Michigan Constitution began to limit the annual increase in property taxes received by the City to the rate of inflation or Consumer Price Index (CPI). Shortly thereafter, City revenue was further reduced by a significant population loss identified in the 1980 census. The City had no cash reserves and experienced operating deficits from 1980 to 1983. In 1984, the City modified its fiscal year by changing the date of tax collections. This led to a one-time infusion of approximately one million dollars (\$1,000,000) and took the City from a deficit to a surplus position based upon the six-month fiscal year and accelerated tax collections.

In 1986, the Federal government, facing its own deficits, eliminated Federal Revenue Sharing. From 1970 to 1990, the City experienced a budget surplus in only seven fiscal years. An analysis of overall financial health of the City, completed in 1990, indicated that the City faced the following problems:

- There were no capital reserves to replace an aging infrastructure including water mains, storm and sanitary sewers and roads, most of which were installed in the 1920's.
- Employee post retirement benefits were in large part unfunded.
- State Revenue Sharing reductions due to a decline in population of 7.5% in the 1990 census.
- Deficits existed in the City's three major operating funds.
- Solid Waste disposal cost increases due to a perceived reduction in landfill capacity projected to peak in 2005, however the capacity issue was largely unsubstantiated and the cost of disposal on a per capital basis stabilized in the 1990's.

In 1991, the City adopted a fiscal rebuilding plan. The plan included a voter approved 1.85 millage increase. The 1.85 request to voters was a compromise by the City Commission in response to a recommendation by the administration that the City needed a 3.5 mill increase to sustain operations. The City Manager believed a higher increase was necessary to operate the City with the same level of services and meet long-term unfunded obligations. The compromise was meant to provide a stable revenue source for city operations, yet required additional attempts to reduce operating costs. One such attempt was a Public Safety Consolidation Study completed in cooperation with the City of Berkley in 1994. While the consolidation of the two cities' police and fire departments would have saved in excess of one million dollars (\$1,000,000) per year, the consolidation did not occur as both cities found it politically unacceptable.

Also, in 1994, the state government froze property tax assessments to allow an opportunity to resolve complex school financing issues. Inequities in school financing had created extraordinary gaps in per-pupil spending between school districts with wealthy tax bases and districts with low per-pupil tax bases. That same year, Michigan voters approved Proposal A, which cut school property taxes and shifted the burden to the sales tax.

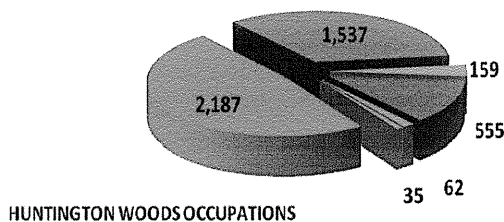
Proposal A, however, also implemented changes in the property tax system including reduced annual tax revenue limits for cities. This statute caused the taxable value of a home to be annually capped at the rate of inflation, Consumer Price Index (CPI) or 5%, whichever is less. The cap remains in effect until the home changes ownership at which time the value for taxable purposes reverts to the State Equalized Value (SEV), which is 50% of true cash value. The City receives absolutely no increased revenue from the property's transfer of ownership. This is because state law limits aggregate property tax revenue from the existing tax base to the CPI. The City is required to annually reduce the millage to certify that property tax collections do not exceed inflation. This complex system becomes more problematic if the rate of inflation exceeds 5%, or there is a large reduction in the value of properties that would cause the (SEV) to dip below the taxable value (TV) level. This situation began to occur in 2008 and continued through early 2012.

In 1996, the state legislature modified the formula used to distribute state revenue sharing. The legislature believed that the City of Detroit was receiving more than its fair share of state revenue under the formula. Because political power had shifted from urbanized southeastern Michigan to western Michigan and out-state areas, the Senate and House of Representatives enacted changes in revenue sharing distribution. These changes favor rural areas. The new revenue sharing formula reduced

appropriations to older, fully developed cities with high tax rates and redistributed the funds to growing and rural townships of the State with generally low local tax efforts. The new formula was scheduled to sunset in 2007. Given the importance of state shared revenue to the City, legislative actions will continue to be closely monitored. The loss of this revenue source could have significant effects upon the fiscal health of all cities within the State. The City is looking at alternatives as revenue sharing has become a larger problem given the economic downturn that began in 2008.

The new formula that has been phased in over a ten-year period has adversely impacted the City and reduced the

CITY OF HUNTINGTON WOODS Household Occupations - 2010 Census Survey



Management	2187	77%
Professional	1537	54%
Service, Healthcare Support	159	6%
Sales, Office	555	20%
Construction, Maintenance	62	2%
Production, Transportation	35	1%

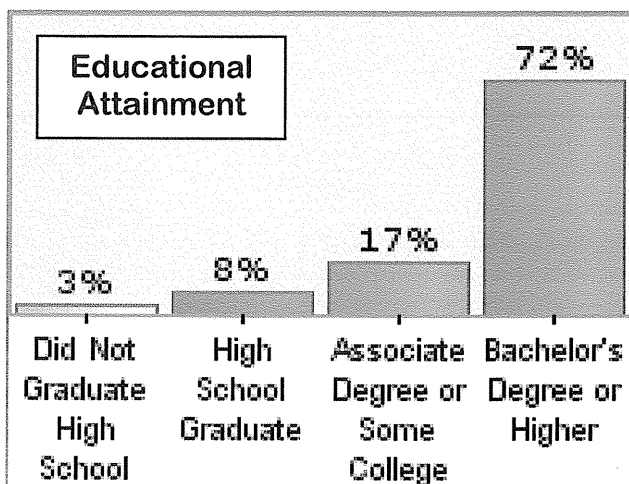
amount of revenues received from the State. This was compounded by population losses in the 2000 census. Recent census results in 2010 will curtail any additional state shared revenue loss as our population showed a minor increase. The State has been slow to address the implications of a slow economy and increased state deficits. This has reduced the amount of money allocated to the state

revenue sharing distribution formula. This has continued through the present year, and continues to be a burden on the General fund budget. The combination of a slow economy, a new formula for distribution, and fewer dollars allocated to the formula, has reduced state revenue sharing payments, although in 2011 there had been some positive signs of growth which will cause an increase in revenue sharing payments. In the 1990's, the City met the financial goals and objectives it adopted in 1991. It began rebuilding an aging infra-structure, adequately funding post retirement reserves, and moving from a general fund deficit in 1990 to an unassigned fund balance of \$1.3 million dollars in 2013, including reserves in the Budget Stabilization fund. These balances will allow the City to weather the recent economic downturn, and also give the City more cash flow leverage. These efforts to increase the fund balance and the amount available in the Budget Stabilization fund are timely as we believe that the changes to Proposition A, revenue sharing and now housing values are structural in nature and will cause some permanent revenue reductions. Now that the State has limited property taxes to the rate of inflation, Huntington Woods, a small community with a residential tax base, and a small population will continue to have a difficult time maintaining the current level of services in the current financial environment.

Federal and state policies of the past two decades have required cities to become increasingly dependent on local property taxes, and fee based services. Beginning in 2009, the mortgage and banking crises and subsequent recession has caused a major decrease in our taxable values. This major change is significant and is arguably the most precipitous drop in housing values in the last 60 years. The taxable value for 2013 finally began to rise by 1.88% to \$298,907,820. This is a significant change and will increase the amount of tax income by \$97,351 in 2013-14. Based upon the data we have as of June 30, 2013, we are hopeful that values will continue to increase into calendar 2014. In order to meet budgetary responsibilities, the City has made significant staff reductions and will continue to review our expenditure levels.

Demographics and Local Government Structure

The City of Huntington Woods was incorporated in 1926 as a full service municipality located in the S.E. Corner of Oakland County, Michigan. The City is approximately 1.5 square miles with a 2010 census population of 6,238. The City has no industrial or light industrial base. Oakland County Assessing department placed the City's (SEV) State Equalized Value as of December 31, 2012 at \$307,195,860 and the (TV) Taxable Value at \$298,907,820. The City Charter requires the establishment of a Commission-Manager form of government. The City Commission is comprised of 5 members whom are elected at large for four year staggered terms. They are responsible for the appointment of the City Manager,



Attorney and Chief of Police, and for approving of the appointment of the City Treasurer and City Clerk. The Commission is also responsible for enacting a set of ordinances and resolutions that govern the operation of the City. The City Manager is appointed by the City Commission and works at their pleasure. The Manager may hire department personnel at his discretion in order for effective operation of all city departments.

The City of Huntington Woods is entirely developed. Less than ½ of 1% of the urban lots in Huntington Woods remains undeveloped. The vast majority of the housing stock in Huntington Woods is comprised of single-family residential properties. The City has for the last two decades been in a no growth condition, with the exception of the current propensity for the redevelopment of residential single-family structures.

The City of Huntington Woods, like other municipalities, has its own unique demographics, culture and municipal service mix. The City has remained, for several decades, an extremely desirable residential community within the greater Detroit metropolitan area. The City boasts a relatively high population of residents employed in management, professional and related occupations. Moreover, the City's estimated 2009 median household income of \$105,769 ranks among the highest in Oakland County.

Other Oakland County communities also have populations that are generally affluent and educated, but Huntington Woods differs from these in some important respects. The City is not typical of the new, burgeoning suburban communities that comprise much of Oakland County. In contrast, much of the east side of the City was developed in the 1920s, and the west side in the 1940s. The housing stock ranges from large tudor and brick colonial homes to smaller bungalows and ranches. Moreover, the City is physically small in size so most central City amenities are within easy reach of most households. Service levels are very high and include significant investment in community-related cultural and activity-based services. Community involvement is also high with significant participation in committee work pertaining to municipal governance and policymaking. A large number of residents embrace the City for the unique sense of community, and related values that have developed

CURRENT CENSUS STATISTICS HUNTINGTON WOODS	
Total Housing units, 2010	2,429
Homeownership rate, 2010	92.75%
Renter occupied, percent, 2010	4.16%
Median value of owner-occupied housing units, 2005-2009	\$322,900
Owner occupied Housing units 2010	2,182
Persons per household, 2007-2011	2.71
Per capita money income in past 12 months 2007-2011	\$52,329
Median household income 2007-2011	\$109,946
People of all ages in poverty - percent, 2010	2.30%

Not unexpectedly, service demand in Huntington Woods is extremely high. As later detailed in this report, residents enjoy a number of services that are unknown or infrequently provided in other communities. Other more common services are provided at a much higher level in Huntington Woods. It is highly likely that these services tend to make Huntington Woods more desirable to prospective property owners, thus providing a residual value to existing owners. Property values are relatively high, and most listed properties sell within a fairly short time period. The general downturn in the housing market regionally which began in 2008 has impacted Huntington Woods for the first time in recent memory; however the turn-around has begun. This downward trend has subsided this year and the City has experienced some improvement in housing values due to higher demand and lower availability.

Current Projects and Major Initiatives

There are 1.3737 mills that can still be levied under the millage over-ride vote passed in 2003. This is the remaining amount the City can levy before it reaches the millage cap. The Chart below illustrates the impact of the millage increase which has caused the City's fund equity to increase in the last four years. Recent changes due to the recent recession will present challenges that may serve to curtail the rebuilding effort. The City is currently reviewing its needs, and has reviewed its equity goals and determined to place any additional unassigned fund balance equal to 20% of revenues in committed fund balance into an OPEB trust for purposes of reducing long-term legacy costs.

**ACTUAL GENERAL FUND - FUND BALANCE AND PROJECTED
SURPLUS (DEFICITS) FISCAL YEARS 2005-2013**

FISCAL YEAR	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
REVENUE (INFLOWS)	\$ 5,653,884	\$ 5,975,516	\$ 6,462,079	\$ 6,577,533	\$ 6,687,686	\$ 6,436,674	\$ 6,432,865	\$ 6,875,966
EXPENDITURE (OUTFLOWS)	5,817,937	5,864,513	6,287,102	6,430,089	6,455,650	6,097,335	6,312,244	6,548,964
FUND BALANCE ACTUAL	478,464	589,467	764,444	911,888	1,143,934	2,088,432	2,209,053	2,536,055
ACTUAL(PROJECTED 11-12) SURPLUS (DEFICIT)	\$ (164,053)	\$ 111,003	\$ 174,977	\$ 147,444	\$ 232,046	\$ 339,339	\$ 120,621	\$ 327,002

The Rackham Golf Course has occupied much of our southern border for over eighty years. The course has a stunning history in the region, and is considered one of the finest public golf courses in the nation. In 2006 the City entered into a protracted legal battle with the City of Detroit for the right to preserve the Golf Course for public use, as deed restricted by the Rackham family. In 2007 Huntington Woods residents approved a three year .50 mill levy to pay for legal costs associated with the Rackham issue. After three years of legal battles over its use the case was remanded to the Michigan Supreme Court in 2008. Finally, in February 2009 the Michigan Supreme Court handed down the decision that upheld the ruling in the Appellate Court to maintain the use of the property as parkland. In total the City spent \$426,500 to fight the legal battle to preserve the land for park use. As of June 30, 2013 there have been no new initiatives regarding the ownership of the Rackham Golf Course, however we are watching development in the City of Detroit as they pertain to the golf course ownership issue.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Huntington Woods, Michigan for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the eighth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The City of Huntington Woods is proud to bring to our residents record keeping recognized by national standard associations for comprehensiveness and quality. Our first goal however is to provide a level of service unmatched in the region for a unit of government our size. The City has recently received an AA+ risk rating for the issuance of debt by Standard and Poor's Rating Agency which is still current as of June 30, 2013. The rating lets our residents know that the financial community believes that the risks associated with providing debt service to the City is minimal. The goal is to keep the rating at its highest level and continue to impress upon Wall Street that the City is able to weather the storm of recessionary times.

The effort of the finance staff in preparing a document of this nature cannot be underestimated. The disclosure of data from its trial balance format to the CAFR is a large task that consumes substantial time and effort. Without the effort of a highly qualified and professional staff this could not be accomplished. The City Manager and Finance Department will continue to look at ways to make this report as readable as possible. Please do not hesitate to comment on this document if you choose. Lastly, recognition of our Boards Commissions and Committees must be given, as their efforts continue to ensure that the City can offer the finest living environment in Southeastern Michigan.

Respectfully Transmitted,

Richard T. Lehmann
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

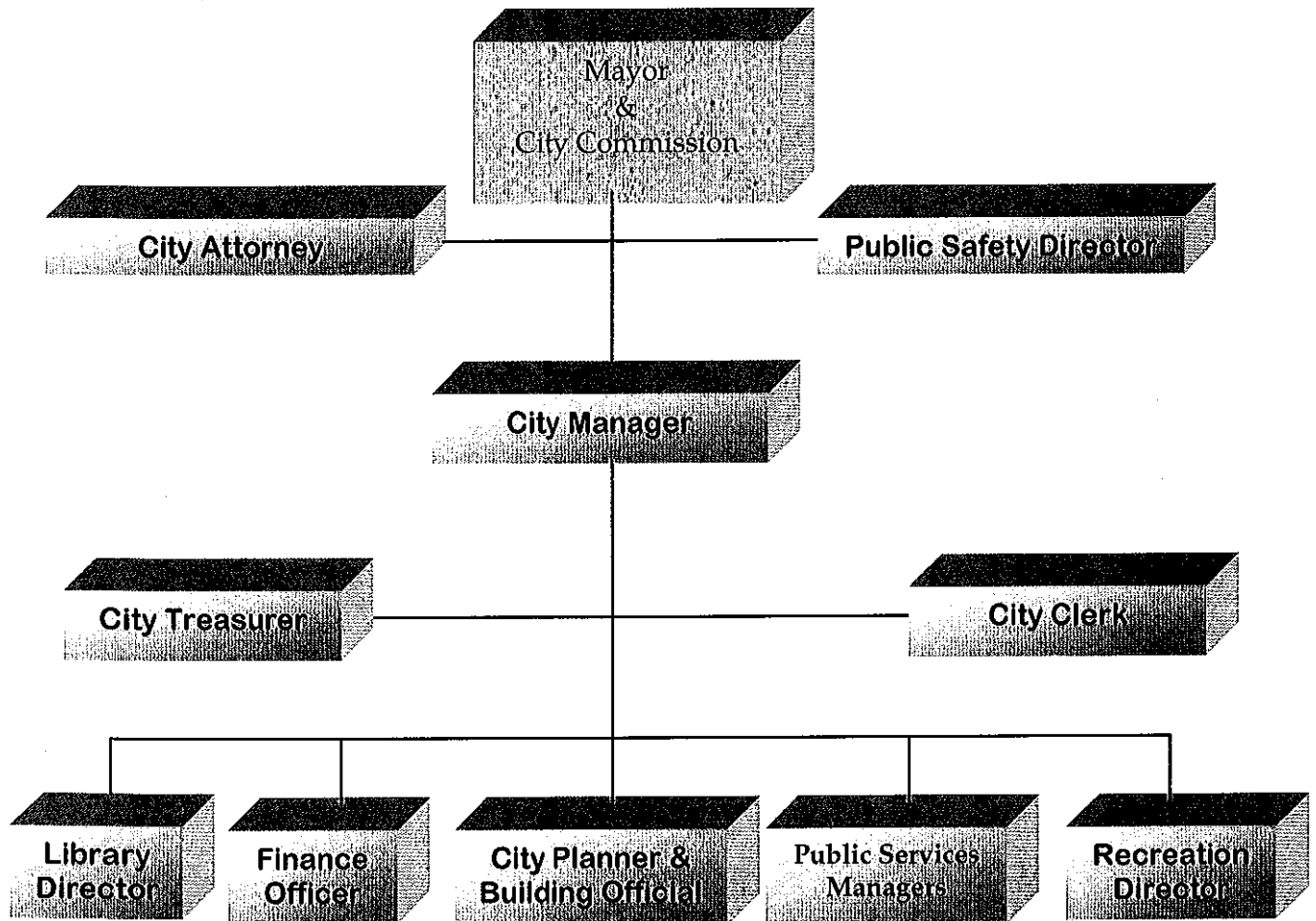
**City of Huntington Woods
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

ORGANIZATIONAL CHART



City Attorney, City Manager, Public Safety Director are appointed by the City Commission
City Treasurer and City Clerk are appointed by the City Manager, with the approval of the City Commission

City of Huntington Woods, Michigan
Principal Officials

Principal Officials - June 2013

Mayor	Ronald Gillham
Mayor Pro-Tem	Robert Paul
Commissioners	Jeffrey Jenks Jules Olsman Mary White
City Attorneys	Carol Rosati Christopher Johnson
City Manager	Alex Allie
City Treasurer/City Clerk	Joy Solanskey
Deputy Finance Director/Deputy Treasurer	Richelle Scott-Heroux
Finance Director	Richard Lehmann
Public Safety Director	Steve Fairman
Library Director	Anne Hage
Recreation Director	Nancy Waldmann
DPS Managers	Claire Galed Jay Mader
Planning Official	Bonnie Cook

City of Huntington Woods, Michigan

Fund Organization Chart

Governmental Funds

General* - including Rackham and Budget Stabilization Funds

Special Revenue

Major Streets

Local Streets

Recreation*

Sanitation**

Debt Service

Street Debt Service*

GWK Drain Debt Service

11 Mile Rd G.O. Debt Service

2010 Street G.O. Debt

2012 Street G.O. Debt

Capital Projects* - including Capital Planning

Proprietary Funds

Enterprise

Water and Sewer*

Internal Service

Equipment

Retirement Benefits

Fiduciary Funds

Agency

Agency

* Major funds under GASB Number 34.

** Presented as a major fund at the City's discretion.

Financial Section

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Certified Public Accountants

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Deborah M. Cox, C.P.A.

Independent Auditor's Report

November 11, 2013

To the Honorable Mayor and
Members of the City Commission
City of Huntington Woods, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Woods, Michigan, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Mayor and
Members of the City Commission
City of Huntington Woods, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Woods, Michigan, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the defined benefit pension plan trend information, and the budgetary comparison information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

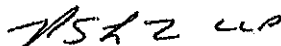
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntington Woods, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

Respectfully,



PSLZ LLP
Certified Public Accountants

Management's Discussion and Analysis

City of Huntington Woods, Michigan

Management's Discussion and Analysis

The City of Huntington Woods, Michigan's (the "City's") management discussion and analysis (MD&A) is designed to provide an objective and easy to read analysis of the City's financial activities based on current information and facts. The MD&A is intended to serve as an introduction to the City's basic financial statements. This information is designed to assist the reader in focusing on significant financial issues, provide an overview of the City's financial activity, identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), identify significant variances from the approved budget, and identify individual fund issues.

Overview of the Financial Statements

The City's annual report follows a prescribed format in accordance with the requirements of all Governmental Accounting Standards Board Statements, as well as Generally Accepted Accounting Principles.

Within the financial section of this comprehensive annual financial report are four major parts: (1) management's discussion and analysis, (2) the basic financial statements, (3) required supplemental information, and (4) other supplemental information that presents combining statements for non-major governmental, internal service and agency funds. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial condition. Other statements are presented on a fund level basis that focus on individual funds and report operations in more detail than the government-wide statements.

The information contained within this MD&A is only a component of the entire financial statements. Readers are encouraged to read the remaining statements thoroughly for a comprehensive understanding of the City's financial health.

Government-wide Statements

The government-wide statements report information about the City as a whole, using accounting methods similar to those used by private sector, and are therefore prepared using the accrual basis of accounting. These statements provide a longer-term view of the City's finances and whether taxpayers have funded the full cost of providing governmental services. The first two statements are government-wide financial statements and include the following:

- The statement of net assets presents information pertaining to all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets will serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash inflow or outflow in future fiscal periods. The primary purpose of this statement is to highlight the relative cost of providing services to the City's residents and the net impact of these services on total net assets.

Both of the government-wide financial statements distinguish functions of the City that are primarily supported by taxes and intergovernmental revenues (governmental activities) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include legislative, general government, public safety, public works, library, building and planning, culture and recreation. The business-type activity of the City includes the water distribution and sewer-disposal system.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund level financial statements report the City's operations in more detail than the Government-wide financial statements. The City uses fund accounting to comply with finance-related legal requirements. The City's three fund financial statements include the following:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on how revenues and other financial assets can readily be converted to cash flow and the fund balances remaining at year end that are available for spending. The government fund statements provide a detailed short-term view that helps the reader determine the amount of financial resources that can be spent in the near future to finance the City's programs. The City maintains five major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Sanitation, Recreation, Street Debt Service, and the Capital Projects funds. The City's non-major governmental funds are combined into a single statement, individual fund data for each of these funds is provided as combining statements in the section entitled "Other Supplemental Information." The non-major governmental funds include Major Street, Local Street, GWK Debt, Eleven Mile G.O. Debt, 2010 Street G.O. Debt and the 2012 Street G.O. Debt.
- Proprietary funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information. The City uses two types of proprietary funds: the Water and Sewer fund is an enterprise fund, which charges residents usage fees. The other proprietary fund type is internal service funds, of which the City has two, which are used to report activities that provide services to the other City funds and activities, typically covered by charges to other City departments. Individual financial statements are presented for each fund in the section entitled "Other Supplemental Information." The activities of the internal service funds are eliminated in the government-wide statements to avoid duplicate reporting of revenues and expenses. The internal service funds include the Equipment fund, and the Retirement Benefits fund.
- Fiduciary funds - Agency funds are used to account for assets held by the City as an agent for the City's citizen groups and organizations. These funds are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information. This information includes budgetary comparisons for the City's General, Sanitation, Recreation, and Street Debt Service funds. Following the required supplemental information is a section containing other supplemental information. This includes combining statements for the City's non-major governmental funds, internal service funds and fiduciary funds. Immediately following the supplemental information is a statistical section, which provides certain information pertaining to general government revenues, expenditures, tax revenues and collections, demographic, and other statistical information.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Budgetary Basis of Recording: Major Governmental Funds

As of June 30, 2013 the City's General fund posted an increase in fund balance of \$327,002. This increase in unassigned fund balance is largely due to increases in revenue from three primary sources; building permits, insurance premium distributions, and increases in state shared revenue. In addition, the City has continued to reduce staff, and reduce spending on non-essential items. The increase representing 5% of our operating budget is a welcome change. For a period of 5 years the city has struggled to prevent using fund balance for operations. The factors that have caused this increase in fund equity may signal a significant turn-around for the City. The City's General fund finished the fiscal year with 103.21% of all budgeted revenues collected equal to \$6,875,966 including transfers into general fund of \$249,345. Based upon the results of operations in the last two quarters of the fiscal year, we believe that the worst of the recession is now substantially over. This is especially evident based upon the increase in the taxable value of property in 2013. We are expecting a slight increase in tax collections for 2013. If this trend continues the City will not need any increases in millage allowed as part of the Headlee over-ride vote.

The City was able to set aside \$56,996 in the Budget Stabilization fund which was established after the 2003 millage vote. The total amount available for budget stabilization purposes is \$791,335. The City has been successful in the last few recessionary years in maintaining the balance in this fund. This is critical in years where declining revenues affect the ability for the City to provide enough income to support the level of services our resident's desire. The goal is to maintain this level of equity in the budget stabilization fund over the next few years to allow the city to have a source of revenue during poor economic times.

The City has continued to aggressively pursue investment of idle funds to maximize yield to the highest extent possible. The stated maturities in the investment portfolio have been reduced to a period of three years or so. This shorter maturity window will reduce some market risk in selling longer term maturities with a higher yield prior to stated maturity in a declining interest rate environment. To this end the City has engaged the assistance of a third party capital management consultant to assist in investment analysis. Changes have been made in the investment policy that requires a "credit-risk" analysis be performed prior to investing in Certificates of Deposit or other risk adverse investments. This process goes well beyond the requirements of P.A. 20 of 1967 which provides the basis for public sector investment in the State. The current policy has worked well, however interest rates are still at historic lows, and interest earnings have fallen sharply from their highs in the 90's. This fiscal year the City earned a minuscule \$19,803 in interest earnings as compared to \$91,671 for the period ended June 30, 2010. This very large decline has been expected and due almost entirely from Federal Reserve policies pressing down the treasury rate. The poor economy had impacted our building permit revenue as well, although this has changed. Permit revenue has increased from its low a year or so ago. This last fiscal year the City posted a modest \$269,542 in permit revenue, substantially increased from its low of \$156,381 a few years ago.

Huntington Woods housing values are increasing at a rate that is higher than many cities in the region. This is primarily due to the fact that the community is residential in nature, has a valuable housing stock, and is centrally located along the I-696 corridor in south Oakland County. Factors such as these have cushioned the economic blow during the recent national economic collapse. Statewide, property valuations have fallen dramatically in the last three years. This decline is significant and has caused the City to make numerous changes to cope with declining tax revenues. The loss of 10% of its taxable value is not nearly as large as those posted elsewhere in the state. This is equal to \$32,326,520 of taxable value. This drop is equal to \$609,322 in revenue lost on a yearly basis based upon the current millage levy of 18.8490. This trend has subsided and has reversed in calendar 2013. Overall the reduction in housing values had caused state equalized values to fall below the Taxable Value (TV) which was capped in 1995 by proposal A. After 1995 all property sold in Michigan must be automatically adjusted to the SEV as determined by the equalization department for the year of the sale. The drop in taxable value, the Consumers Price Index (CPI) and the SEV did have a large impact on the General fund budget and did cause a reduction in tax revenue at a time when the City had been working on rebuilding our fund equity. Therefore, as the economy worsened, the difference between the TV and SEV became less. If home values were to fall further, the City will be below the TV threshold and the ability of the City to gain revenue via its millage is lessened. This trend was exacerbated by a decline in the CPI over the last few years. As of June 30, 2013, a total of 1.3737 mills remained un-levied from the over-ride vote. Lastly, Michigan Revenue Sharing (SSR) payments, although still low, are increasing and look good for the next fiscal year. As of the end of June 30, 2013 revenue sharing constituted 8.19% of all revenues in the General fund. In 1999 (SSR) comprised 26.80% of all General fund revenues.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The General fund posted expenditures that were \$129,513 less than budgeted; a significant amount. This was largely attributable to reductions in transfers out of general fund, employee attrition and subsequent benefit reductions. Transfers from General fund equaled \$1,583,290 in fiscal 2012-13. Operational transfers amounted to \$869,998, and 43% or \$678,289 was placed into the Capital Improvement Fund, Budget Stabilization and Post Retirement Benefits Fund. General fund transfers to the Recreation fund for operational purposes remained unchanged at \$800,000. Overall, the Recreation fund collected 96.74% of all anticipated revenues including transfers from other funds, essentially unchanged from the previous year. On the expenditure side the Recreation Center spent 88.89% of appropriations equal to \$1,663,101 compared to \$1,678,424 in 2011-12.

Other fund net operational results are varied. The City continues to face challenges in fixing old roads and infra-structure. Both the Major and Local Road funds still struggle to maintain appropriate levels of fund balance. Gas taxes have not nearly kept up with costs for roads, and we continue to fall behind in our ability to increase equity in either fund. Therefore, the lack of equity in these funds is systemic, and will likely continue into the future. In 2010 the City has embarked upon an aggressive road replacement program. Monies collected in bonded debt are not sufficient to work on all 24+ miles of roadway. Therefore, there is no alternative to spending all the resources available in both funds on a yearly basis. We do understand that this strategy is not sustainable in the future. Unless the State were to make an adjustment in the formula for Act 51 monies, or there were legislation passed that would increase the amount of money received from gasoline sales, the burden of maintaining the roadway system will fall on bonded debt, and the General Fund. Lastly, the Major and Local Road funds are the major source of funding for a portion of the 11 Mile Road bond, and continue to fund this bond repayment through 2027. The City has taken some steps to curtail any un-necessary expenditure in these funds by instituting policies that will build equity quickly.

1. Curtail most tree removals on the Right-of-Way except trees that present immediate emergency.
2. Eliminate all overtime completely for patching, fall maintenance and the like.
3. Eliminate all snow removal from Major and Local City streets on weekends, except in declared emergency situations.
4. Eliminate all sidewalk snow removal both on an overtime basis and on weekends.
5. Reduce the rental costs, by adjusting the amount of monies that are transferred to the Equipment fund for future purchases.

These have been successful and the fund balances in these road funds have increased. The City will continue to review the equity position in our street funds and take additional steps if necessary to balance the budget in 2013-14.

A. LAND AND PARK PRESERVATION INITIATIVES

The Rackham Golf Course represents 13% of the City's land mass, and therefore is very important to the future of the City. The Golf Course represents a large green-space where no development can occur. With the Rackham lawsuit resolved the City will look at its options pertaining to the future of the Golf Course and the management of the facility. Again, this year, no further steps have been taken regarding ownership issues with the City of Detroit.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

B. OTHER POST EMPLOYMENT BENEFITS REQUIREMENTS

The City is required to disclose information pertaining to the plan, cost, and unfunded liability as they pertain to OPEB benefits. The City has calculated (based upon a actuarial template) the amount of money that is required in present day dollars (present value) to fund the cost of retirement health care in the future for the current retirees and the present city employees. The City has determined that the 2013 UAAL is \$12,169,509. The ARC is \$1,103,310 based upon our current employee census and health care data. Both the UAAL and the ARC increased slightly from the values that were posted in 2012. The City paid current premiums of \$443,961 and made a one-time contribution to the OPEB Trust of \$63,822. Unfortunately, the accrued OPEB obligation at year end is substantially higher due to Public Safety retirements, the addition of their subsequent replacements and a minimal funding contribution which was similar to that of the prior year. Additionally, the unfunded portion of the AAL remained at 97%. The City has continued its contract with the Municipal Employees Retirement System to maintain an OPEB Trust for the purpose of administering and investing retiree health care dollars.

Financial Position Statement

The City has continued to be aggressive in its investment posture, however safety and quality of our investments is paramount. The credit risk associated with the financial portfolio at year end is once again small. The preponderance of the portfolio includes either agencies or other instrumentalities of the Federal Government which bear a lower credit risk than other certificates of deposit or commercial paper. The City has continued to pursue a policy to reduce the length of the average maturity in the portfolio. The goal will be to have a maximum maturity length no greater than (3) three years to reduce any market risk that may accrue with the sale of a position prior to its stated maturity date. In late 2008 the City had made a substantial change in its investment policy by instituting a provision that requires the Finance Department to review the credit risk associated with the purchase of Certificates of Deposits (CD's) at Commercial Banks under P.A. 20. This change highlights the fact that the City understands the risk associated with investing public funds in instrumentalities that do not meet reasonable credit standards.

In 2013 the City made moderate gains in its equity position. Partly due to the additional millage levied as per the 2003 over-ride vote, but more importantly due to revenues associated with a general turn-around in the economy. For the first time in a number of years the building department has been busy, and the resulting revenue has been steadily increasing. Other Governmental funds as a whole did very well with the exception of the Sanitation Fund which posted negative income for the year. Unfortunately as stated earlier in this report, the City has only 1.3737 mills remaining in its full over-ride vote. This margin is slim, the administration understands this situation and has made changes that will help the City from levying any additional millage in the near future. Currently, the City has fund equity equal to 38% of annual expenditures. Healthier than last year and a welcome development given a slowly improving economic picture. That said, the full over-ride vote in 2003 has been derailed by the large reduction in housing values in recent years. The result has been rapid erosion in the amount of millage needed for operation on a yearly basis. Therefore, the City will reach the over-ride maximum far sooner than originally anticipated. Once reached, there will be once again, no room under the current tax law to increase millages above the cap. There is no question that the City will be faced with the prospect of consolidating services with neighboring cities in an effort to permanently reduce costs.

The latest data from Oakland County points to a very moderate increase in taxable value in 2013, which is marginally higher than in 2012. This is the second year in a row where housing values have improved. The City has seen a modest increase in building permit activity as mentioned earlier, which we feel is encouraging. In addition, State revenues show signs of improving, and the reductions in revenues sharing may not be as deep as originally envisioned. The City Commission will continue to be faced with making very tough choices between service consolidations and providing services on our own as has been the case in the past.

It is possible that the City will not need to levy an additional .50 mill increase in the budget in the next few years. The City will be able to continue increasing the millage levy at the discretion of the City Commission until the new millage equals the declining Headlee tax millage limit. At that point, the City may not levy additional millage. Although the millage over-ride vote brought the millage up to 20 mills as per the charter, the dynamics of the Headlee formula will prevent the City from ever levying an amount equal to this value. The chart (shown below) serves as an illustration of this principle:

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Fiscal Year Ending	Millage as Reduced by Headlee	Maximum Override Allowed	Maximum Millage Allowed	Levied	Override Millage Remaining
2005	13.3153	6.0561	19.3714	13.3153	6.0561
2006	13.0556	5.9380	18.9936	14.0556	4.9380
2007	12.9145	5.8737	18.7882	14.4145	4.3737
2008	12.9145	5.8737	18.7882	14.9145	3.8737
2009	12.9145	5.8737	18.7882	15.4145	3.3737
2010	12.9145	5.8737	18.7882	15.9145	2.8737
2011	12.9145	5.8737	18.7882	16.4145	2.3737
2012	12.9145	5.8737	18.7882	16.9145	1.8737
2013	12.9145	5.8737	18.7882	17.4145	1.3737

The City of Huntington Woods as a Whole

The City's combined total of net position for the fiscal year ended June 30, 2013 is approximately \$27.5 million. Comparative analysis of government-wide data is being presented for fiscal years 2012 and 2013.

Combined unrestricted net position, the part of net position that can be used to finance day-to-day operations are reported as \$4.8 million in fiscal year ended 2013. Of this amount, \$3.5 million is unrestricted net position reported for the City's governmental activities. The information below shows total assets, total liabilities and total net position as of June 30, 2012 and 2013, in a condensed format.

	Governmental Activities 2013	Business-Type Activities 2013	Total	Governmental Activities 2012	Business-Type Activities 2012	Total
Current Assets	\$ 7,188,925	\$ 1,512,686	\$ 8,701,611	\$ 8,651,073	\$ 1,456,876	\$ 10,107,949
Non-Current Assets	32,198,148	3,888,654	36,086,802	32,088,030	3,914,602	36,002,632
Total assets	39,387,073	5,401,340	44,788,413	40,739,103	5,371,478	46,110,581
Long-Term Debt	13,973,002	-	13,973,002	13,681,891	-	13,681,891
Other Liabilities	3,081,386	150,059	3,231,445	5,324,414	150,776	5,475,190
Total liabilities	17,054,388	150,059	17,204,447	19,006,305	150,776	19,157,081
Net Position						
Net Investment						
in Capital Assets	17,680,106	3,888,654	21,568,760	17,489,323	3,914,602	21,403,925
Restricted	1,121,696	-	1,121,696	1,006,973	-	1,006,973
Unrestricted	3,530,883	1,362,627	4,893,510	3,236,502	1,306,100	4,542,602
Total Net Position	\$ 22,332,685	\$ 5,251,281	\$ 27,583,966	\$ 21,732,798	\$ 5,220,702	\$ 26,953,500

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The following shows the change in net position as of June 30, 2013 and 2012, in a condensed format.

	Governmental Activities 2013	Business-Type Activities 2013	Total	Governmental Activities 2012	Business-Type Activities 2012	Total
Program Revenues:						
Charges for services	\$ 1,717,017	\$ 2,417,538	\$ 4,134,555	\$ 1,590,423	\$ 2,268,021	\$ 3,858,444
Operating grants and contributions	4,275	-	4,275	3,609	-	3,609
Capital grants and contributions	12,361	-	12,361	13,800	-	13,800
General Revenues:						
Property taxes	7,721,690	-	7,721,690	7,546,606	-	7,546,606
State-shared revenues	526,067	-	526,067	511,759	-	511,759
Interest earnings	22,040	101	22,141	51,098	11,355	62,453
Other revenue	1,258,737	-	1,258,737	918,666	-	918,666
Total revenues	11,262,187	2,417,639	13,679,826	10,635,961	2,279,376	12,915,337
Program Expenses:						
General government	\$ 4,073,818	-	4,073,818	\$ 2,525,906	-	2,525,906
Public safety	3,155,832	-	3,155,832	3,045,555	-	3,045,555
Public works	450,535	-	450,535	417,060	-	417,060
Library	442,154	-	442,154	469,906	-	469,906
Maintenance	264,268	-	264,268	209,078	-	209,078
Traffic services	30,563	-	30,563	83,254	-	83,254
Snow and ice removal	28,275	-	28,275	39,411	-	39,411
Administrative	105,676	-	105,676	102,338	-	102,338
Aquatic Club	251,506	-	251,506	208,518	-	208,518
Recreation	1,639,479	-	1,639,479	1,701,564	-	1,701,564
Capital outlay	-	-	-	-	-	-
Interest expense	482,619	-	482,619	451,564	-	451,564
Water	-	2,124,635	2,124,635	-	2,007,100	2,007,100
Total program expenses	10,924,725	2,124,635	13,049,360	9,254,154	2,007,100	11,261,254
Excess (Deficiency) Before Transfers	337,462	293,004	630,466	1,381,807	272,276	1,654,083
Transfers	262,425	(262,425)	-	(1,070,741)	1,070,741	-
Other Financing Sources	-	-	-	-	-	-
Increase (Decrease) in Net Position	599,887	30,579	630,466	311,066	1,343,017	1,654,083
Cumulative Effect of Accounting Change	-	-	-	-	-	-
Net Position - Beginning of Year	21,732,798	5,220,702	26,953,500	21,421,732	3,877,685	25,299,417
Net Position - End of Year	\$ 22,332,685	\$ 5,251,281	\$ 27,583,966	\$ 21,732,798	\$ 5,220,702	\$ 26,953,500

The City's net position increased marginally by \$630,466, due to a general reduction in governmental fund expenditures. Net position attributed to business activity increased slightly. The City has recently levied the additional .5 mills as voted to balance the budget however the City will attempt to reserve the remaining millage as a hedge against further economic instability. The City's long-term debt did not increase in 2013, however the City Commission has authorized a millage vote for a new series of road bonds in the November 2013 election. The long-term debt picture shows a total of \$13,973,002 in total obligations, including new debt for Eleven Mile road improvements and both the 2010 & 2012 Road improvement bonds. Long term debt for the GWK Drain has been restructured and now includes seven separate issues amounting to \$2,501,743. As of June 30, 2013 there were no new drain bonds levied and the principal balance on outstanding obligations has been reduced by principal payments (Note 4). The City can levy the amount of the millage in any given year equal to the amount needed to pay its current year bonded debt obligations. The amount of millage needed to pay this debt in 2012-13 was 7.0389 mills, which includes overlapping debt for the Oakland County GWK Drain. The statutory limit on the debt levy for the City equals 10% of the State Equalized Value or \$29.4 million. The City currently has debt outstanding equal to 47.63% of this value.

The City restructured its outstanding Unlimited Tax Obligation bonds (UTGO) Debt in 2009. The resulting refunded bonds equaling \$6,255,000 will save the City \$244,529 on a net present value (PV) basis. This is equal to 0.79 mills.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The City is continuing to review its capital needs. The Eleven Mile Road Project completed in 2010 represented the highest cost Capital Project in our history. The completed project cost \$2.24 million. The Coolidge Highway project once complete, was subject to a protracted litigation which ultimately was unsuccessful, as the case was reversed in the appellate court and not heard by the Michigan Supreme Court. . This was a large economic blow to the City. The loss on appeal will cost the City 1.25 million dollars on recovery, and cause the City to allocate 2.08 million of the 3.05 million dollars Series II bond to the Coolidge Highway project. Had the appellate court upheld the lower court verdict the vast majority of the 2012 bond sale would have been used for road work slated to be done on local streets rather than to pay for Coolidge Highway. At this point the City will need to reduce significantly its road improvement project for the next few years pending the sale of another bond. Although the City is mindful of the amount of debt we carry, some increase of debt is inevitable in the short term due to the lack of funding from other sources including Act 51 road funds.

As of June 30, 2013 has implemented all required GASB pronouncements, and is currently in the process of reviewing changes that will be required for GASB 67 and 68. In the next few years the City will be faced with major issues pertaining to the inevitable funding of OPEB and Pension costs. GASB pronouncements aimed at pension requirements will be required to be included in the data presented in the CAFR next fiscal year. Lastly, the City has taken steps to place all unassigned fund balance over 20% of the current year revenues in the General fund to be reclassified into the committed fund balance category for OPEB Trust funding purposes.

Transfers out of the General fund increased slightly in 2013 to \$1,583,990. The General fund subsidizes the Recreation fund by \$800,000 and the Post Retirement fund by \$447,087. These two transfers alone represent 4.30 mills. Unfortunately, due to the reductions in other revenue and increases in operating costs across the board, the City was only able to place an additional \$50,000 into the budget stabilization fund. This will most likely be the case in the next few years and is projected to occur in the 2013-14 budget. Adjustments to multiple budget line items were presented to the City Commission in June to prevent any further overages. The City takes seriously Act 621 violations and are currently reviewing the data for the next fiscal year.

SUMMARY

The City is on the cusp of recovering from the 2008 recession. Nearly all of the indices are up. Housing values have been very slow to bounce back, but have recovered significantly in 2012-13. The loss of such a large amount of taxable value (in Huntington Woods during this deep recession equal to 9.9%), cannot be overstated. The large housing value reduction will cause the revenue loss to be permanent due to the Headlee and Proposal A calculation methods. The result is that the City will have a permanent reduction of an estimated \$500,000 in tax revenue annually. The loss of numerous employees in the last four years is a stark testament on how seriously we have had to tighten our belts. The resulting financial trauma in the markets will ultimately change the way governments do business in Michigan. The reduction of revenues is across the board and is evident in almost all revenue categories. Investments alone have resulted in a very significant decrease in the investment income we make today as compared to only the last four years. Recently changes in health care policies and requirements have further caused the City to rethink what may be possible in offering services on our own. There is no question that the City will need to rethink its long term strategy, and work tirelessly to combine as many services as possible with neighboring communities. Failing to address this issue in order to further reduce our costs could be painful, as not doing so will only worsen our financial position.

The recent changes in the ongoing financial crisis as it pertains to municipalities are worrisome. This is especially evident with recent issues in the City of Detroit where bankruptcy hearings have begun. As inevitable as this may have been, the ramifications in doing business in the region will be impacted greatly. Specifically we are monitoring the impact on our debt and any new debt issuance in the future. The City still operates with a AA+ S&P rating and will be looking at the issuance of new debt in the next fiscal year. There may be a situation where the issues in Detroit spill over into Oakland County and impact these ratings. A downgrade in rating will cost the city in the long term in higher interest costs to pay the bond debt. The State has already been faced with numerous situations where emergency managers have been hired to assist municipalities in becoming financially stable. Fortunately we are far removed from such a fate. That said, Huntington Woods needs to be aware that our size, the limited tax base, and the per capita cost of offering a full complement of services does not bode well for the future unless we consider some consolidation of services.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

As a mature community, the City does not have the capacity to weather multiple economic setbacks well. The City fortunately was able to complete the over-ride millage vote well before this present recession; however the City may need to use the remaining portion of the millage cushion if the housing market does not improve further, that said the latest data from Oakland County Assessing point to a continued improvement. Our hope is that when the numbers are compiled next spring we will see this improvement in higher housing values. The City will continue to address the revenue shortfall and take measurable steps to reduce the cost of providing services.

The City remains committed to balancing the budget with limited use of fund balance re-appropriation and will do what is necessary to balance the budget both in the short term and long term. The City administration believes that the changes at the Federal, State and local level are permanent, and that the City will most likely never recover fully from the standpoint of offering the level of services our residents have received in the last several decades.

The State is beginning to recover and we have seen improvements in revenue sharing payments. Some new developments at the state level on the reduction of personal property taxation are likely and will cause the City to make some reductions as these become mandatory. Although Personal Property tax represents only approximately 1.2% of all tax revenues, a total elimination of personal property tax revenue would equal a income loss of \$64,500. The City has been diligent in preparing all documents required to maintain our statutory revenue sharing payments under the new EVIP Statute and will continue to do so in the future. Post recession, the City Commission and Administration will work harder and smarter, combine service where reasonable and redouble our efforts to the tradition of offering the highest level of service we can afford for our residents.

This report is intended to provide the citizens, taxpayers, customers and investors with a general overview of the City's financial position. Care has been taken to clearly and accurately describe the financial state of the City as of June 30, 2013. We always welcome comments on its content and presentation. Please contact the City Finance Department with comments and suggestions regarding any aspect of this report.

Basic Financial Statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents (note 1)	\$ 444,883	\$ 141,133	\$ 586,016
Investments (note 2)	6,330,457	576,033	6,906,490
Receivables			
Accounts receivable	201,556	732,198	933,754
Contracts	5,885	-	5,885
Prepaid items	96,111	-	96,111
Inventories	110,033	63,322	173,355
Total current assets	7,188,925	1,512,686	8,701,611
Noncurrent assets			
Net Pension Asset (note 5)	1,316,387	-	1,316,387
Capital assets, net (note 3)			
Assets not depreciated	89,802	1,000	90,802
Assets being depreciated	30,791,959	3,887,654	34,679,613
Total noncurrent assets	32,198,148	3,888,654	36,086,802
Total assets	39,387,073	5,401,340	44,788,413
Liabilities			
Accounts payable and contract retainages	120,106	91,953	212,059
Accrued expenses	396,986	7,945	404,931
Deferred Revenue & other liabilities	288,107	17,715	305,822
Current portion of long-term obligations (note 4)	1,994,038	-	1,994,038
Total current liabilities	2,799,237	117,613	2,916,850
Noncurrent liabilities			
Other liabilities	638,000	32,446	670,446
Net retiree healthcare obligation (note 10)	1,638,187	-	1,638,187
Noncurrent portion of long-term obligations (note 4)	11,978,964	-	11,978,964
Total noncurrent liabilities	14,255,151	32,446	14,287,597
Total liabilities	17,054,388	150,059	17,204,447
Net Position			
Net Investment in capital assets	17,680,106	3,888,654	21,568,760
Restricted for:			
Sanitation	42,171	-	42,171
Streets	1,079,525	-	1,079,525
Unrestricted	3,530,883	1,362,627	4,893,510
Total net position	\$ 22,332,685	\$ 5,251,281	\$ 27,583,966

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 4,073,818	\$ 503,394	\$ -	\$ 12,361	\$ (3,558,063)	\$ -	\$ (3,558,063)
Public safety	3,155,832	208,333	-	-	(2,947,499)	-	(2,947,499)
Public works	450,535	-	-	-	(450,535)	-	(450,535)
Library	442,154	59,356	4,275	-	(378,523)	-	(378,523)
Maintenance	264,268	-	-	-	(264,268)	-	(264,268)
Traffic services	30,563	-	-	-	(30,563)	-	(30,563)
Snow and ice removal	28,275	-	-	-	(28,275)	-	(28,275)
Administrative	105,676	-	-	-	(105,676)	-	(105,676)
Aquatic Club	251,506	215,591	-	-	(35,915)	-	(35,915)
Recreation	1,639,479	730,343	-	-	(909,136)	-	(909,136)
Interest on long-term debt	482,619	-	-	-	(482,619)	-	(482,619)
Total governmental activities	10,924,725	1,717,017	4,275	12,361	(9,191,072)	-	(9,191,072)
Business-type activities							
Water & sewer	2,124,635	2,417,538	-	-	-	292,903	292,903
Total primary government	<u>\$ 13,049,360</u>	<u>\$ 4,134,555</u>	<u>\$ 4,275</u>	<u>\$ 12,361</u>	(9,191,072)	292,903	(8,898,169)
General revenues and transfers							
					5,662,130	-	5,662,130
					2,059,560	-	2,059,560
					526,067	-	526,067
					22,040	101	22,141
					1,258,737	-	1,258,737
					262,425	(262,425)	-
Total general revenues and transfers					9,790,959	(262,324)	9,528,635
Changes in net position					599,887	30,579	630,466
Net Position - July 1, 2012					21,732,798	5,220,702	26,953,500
Net Positon - June 30, 2013					\$ 22,332,685	\$ 5,251,281	\$ 27,583,966

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	ASSETS					Other	Total
	Major Funds					Nonmajor	Governmental
	General	Sanitation	Recreation	Capital	Street	Governmental	Funds
	Fund	Fund	Fund	Projects	Debt Service	Funds	Funds
					Fund		
Cash and cash equivalents	\$ 124,584	\$ 4,307	\$ 5,700	\$ 6,822	\$ 70,899	\$ 183,337	\$ 395,649
Investments	2,274,499	57,175	759,469	1,507,185	187,493	588,559	5,374,380
Receivables							
Accounts receivable	140,102	-	-	-	1,262	60,192	201,556
Taxes	5,297	524	64	-	-	-	5,885
Inventories	110,033	-	-	-	-	-	110,033
Prepaid items	58,883	-	-	-	-	-	58,883
Total assets	\$ 2,713,398	\$ 62,006	\$ 765,233	\$ 1,514,007	\$ 259,654	\$ 832,088	\$ 6,146,386
LIABILITIES AND FUND BALANCE							
Liabilities							
Accounts payable	\$ 68,682	\$ 16,453	\$ 26,020	\$ 1,443	\$ -	\$ 5,135	\$ 117,733
Accrued and other liabilities	101,884	3,382	68,703	125,830	-	2,582	302,381
Deferred revenue & other liabilities	6,777	-	281,330	-	-	-	288,107
Total liabilities	177,343	19,835	376,053	127,273	-	7,717	708,221
Fund Balances							
NonSpendable	168,916	-	-	-	-	-	168,916
Restricted	-	42,171	-	854,919	259,654	819,871	1,976,615
Committed	835,141	-	-	-	-	4,500	839,641
Assigned	206,674	-	389,180	-	-	-	595,854
Capital Projects	-	-	-	531,815	-	-	531,815
Unassigned	1,325,324	-	-	-	-	-	1,325,324
Total fund balances	2,536,055	42,171	389,180	1,386,734	259,654	824,371	5,438,165
Total liabilities and fund balances	\$ 2,713,398	\$ 62,006	\$ 765,233	\$ 1,514,007	\$ 259,654	\$ 832,088	\$ 6,146,386

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
AND STATEMENT OF NET POSITION
JUNE 30, 2013

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances for governmental funds	\$	5,438,165
Net Pension Asset contributed above annual required contribution		1,316,387
Net health care obligations are not due and payable in the current period and are not reported in the funds		(1,638,187)
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
Add: capital assets not being depreciated	89,802	
Add: capital assets being depreciated	44,246,373	
Deduct: accumulated depreciation	<u>(14,280,137)</u>	
		30,056,038
Long-term liabilities are not due and payable in the current period and are not reported in the funds - bonds payable		
Long-term debt	13,675,583	
Accrued interest on long-term debt	<u>92,941</u>	
		(13,768,524)
Internal Service Funds are included as part of governmental activities		938,175
Compensated absences are included as a liability in governmental activities		<u>(9,369)</u>
Net Position of governmental activities	\$	<u>22,332,685</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds					Other	Total
	General Fund	Sanitation Fund	Recreation Fund	Capital Projects	Street Debt Service Fund	Nonmajor Governmental Funds	Governmental Funds
Revenues							
Property taxes and special assessments	\$ 5,095,606	\$ 504,507	\$ 62,017	\$ -	\$ 1,214,423	\$ 845,137	\$ 7,721,690
Licenses and permits	269,542	-	-	-	-	-	269,542
Intergovernmental	542,703	-	-	-	-	358,214	900,917
Charges for services	68,630	-	-	-	-	-	68,630
Aquatic Club charges	-	-	215,591	-	-	-	215,591
Program fees	-	-	730,343	-	-	-	730,343
Fines and forfeits	287,122	-	-	-	-	-	287,122
Interest	10,489	179	1,362	6,079	409	1,285	19,803
Other	352,529	6,375	529	329,960	-	135,404	824,797
Total revenues	6,626,621	511,061	1,009,842	336,039	1,214,832	1,340,040	11,038,435
Expenditures							
Current							
General government	994,014	-	-	-	-	-	994,014
Public safety	3,107,956	-	-	-	-	-	3,107,956
Public works	446,080	-	-	-	-	-	446,080
Library	417,624	-	-	-	-	-	417,624
Maintenance	-	-	-	-	-	264,268	264,268
Traffic services	-	-	-	-	-	30,563	30,563
Snow and ice removal	-	-	-	-	-	28,275	28,275
Administrative	-	91,013	-	-	-	14,663	105,676
Aquatic Club	-	-	251,506	-	-	-	251,506
Recreation	-	-	1,411,595	-	-	-	1,411,595
Employee benefits	-	48,051	-	-	-	-	48,051
Professional services	-	397,399	-	-	-	-	397,399
Capital outlay	-	-	-	1,519,142	-	-	1,519,142
Debt service							
Principal	-	-	-	-	1,115,000	670,516	1,785,516
Interest and other charges	-	-	-	-	97,950	363,592	461,542
Total expenditures	4,965,674	536,463	1,663,101	1,519,142	1,212,950	1,371,877	11,269,207
Excess of Revenues Over (Under) Expenditures	1,660,947	(25,402)	(653,259)	(1,183,103)	1,882	(31,837)	(230,772)
Other Financing Sources (Uses)							
Transfers - in	\$ 249,345	\$ -	\$ 800,000	\$ 182,203	\$ -	\$ 264,966	\$ 1,496,514
Transfers - out	(1,583,290)	-	-	-	-	(94,886)	(1,678,176)
Total other financing sources (uses)	(1,333,945)	-	800,000	182,203	-	170,080	(181,662)
Net Change in Fund Balances	327,002	(25,402)	146,741	(1,000,900)	1,882	138,243	(412,434)
Fund Balances - July 1, 2012	2,209,053	67,573	242,439	2,387,634	257,772	686,128	5,850,599
Fund Balances - June 30, 2013	\$ 2,536,055	\$ 42,171	\$ 389,180	\$ 1,386,734	\$ 259,654	\$ 824,371	\$ 5,438,165

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$ (412,434)
Amounts reported for governmental activities in the statement of activities are different because:	
Additional contributions to pension above annual required contribution, amount is reported as a Net Pension Asset	308,339
Net healthcare obligations are not due and payable in the current period and are not reported in the funds	(606,039)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period	(433,666)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities, where it reduces long-term debt	1,766,711
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds	6,305
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net expenses of the Internal Service Funds is reported with governmental activities	(29,329)
Change in net position of governmental activities	<u>\$ 599,887</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

	Business-Type Activities Water Fund	Governmental Activities Internal Service Funds
Assets		
Current Assets		
Cash and cash equivalents	\$ 141,133	\$ 49,234
Investments	576,033	956,077
Receivables	732,198	-
Prepaid expense	-	37,228
Inventories	63,322	-
Total current assets	1,512,686	1,042,539
Noncurrent Assets		
Capital assets, net		
Assets not depreciated	1,000	-
Assets being depreciated	3,887,654	825,723
Total noncurrent assets	3,888,654	825,723
Total assets	<u>\$ 5,401,340</u>	<u>\$ 1,868,262</u>
Liabilities		
Current Liabilities		
Accounts payable and contract	\$ 91,953	\$ 2,373
Accrued expenses	7,945	1,664
Deposits and other	17,715	-
Current portion of long-term obligations	-	39,907
Total current liabilities	117,613	43,944
Noncurrent liabilities		
Due to employees	32,446	638,000
Noncurrent portion of long-term obligations	-	248,143
Total liabilities	150,059	930,087
Net Position		
Investment in capital assets	3,888,654	537,673
Unrestricted	1,362,627	400,502
Total net position	5,251,281	938,175
Total liabilities and net position	<u>\$ 5,401,340</u>	<u>\$ 1,868,262</u>

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Water Fund	Governmental Activities Internal Service Funds
Operating Revenues		
Charges for sales and services	\$ 2,388,345	\$ -
Penalties	24,533	-
Charges to other funds of the City	-	201,428
Other	4,660	20,087
Total operating revenues	2,417,538	221,515
Operating Expenses		
Sewage disposal costs	1,030,897	-
Water purchases	374,571	-
Payroll and benefits	346,969	-
Depreciation	109,765	62,441
Rebates & Other	262,433	634,727
Total operating expenses	2,124,635	697,168
Operating Income (Loss)	292,903	(475,653)
Nonoperating Revenues		
Interest income	101	2,237
Total nonoperating revenues (expenses)	101	2,237
Transfers - In (Out)	(262,425)	444,087
Change in Net Position	30,579	(29,329)
Net Position - July 1, 2012	5,220,702	967,504
Net Position - June 30, 2013	\$ 5,251,281	\$ 938,175

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Water Fund	Governmental Activities Internal Service Funds
Cash Flows From Operating Activities:		
Receipts from customers	\$ 2,475,299	\$ 201,428
Payments for goods and services	(1,659,104)	(119,329)
Payments to employees for services	(346,969)	(569,476)
Other receipts (payments)	-	19,908
Net cash provided from (used in) operating activities	469,226	(467,469)
Cash Flows From Noncapital Financing Activities:		
Interfund transfers	(262,425)	444,087
Net cash provided from (used in) noncapital financing activities	(262,425)	444,087
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property, plant and equipment	(83,817)	(297,886)
Proceeds from long-term debt	-	297,886
Payments of long-term debt	-	(17,541)
Net cash used in capital and related financing activities	(83,817)	(17,541)
Cash Flows From Investing Activities:		
Investment purchases and redemptions	273	68,470
Interest received	101	2,237
Net cash flows from investing activities	374	70,707
Net Increase (Decrease) in Cash and Cash Equivalents	123,358	29,784
Cash and Cash Equivalents - July 1, 2012	17,775	19,450
Cash and Cash Equivalents - June 30, 2013	\$ 141,133	\$ 49,234
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ 292,903	\$ (475,653)
Depreciation	109,765	62,441
Adjustments to reconcile operating income (loss) to net cash provided from (used in) operating activities:		
Decrease in receivables	57,761	-
Decrease in prepaids	-	1,073
Decrease in inventories	9,514	-
Increase (decrease) in accounts payable and contract	(362)	(1,466)
Increase (decrease) in other liabilities	(355)	(53,864)
Total adjustments	66,558	(54,257)
Net cash provided from (used in) in operating activities	\$ 469,226	\$ (467,469)

See accompanying notes to financial statements

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Agency Fund</u>
Assets	
Cash and cash equivalents	\$ 13,534
Investments	440,000
Receivable	<u>12</u>
Total assets	<u><u>\$ 453,546</u></u>
 Liabilities	
Accounts Payable	\$ 5,976
Accrued and other liabilities	155,219
Performance deposits	<u>292,351</u>
Total liabilities	<u><u>\$ 453,546</u></u>

See accompanying notes to financial statements

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2013

Note 1 - Significant Accounting Policies

The accounting policies of the City of Huntington Woods, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Huntington Woods, Michigan:

Reporting Entity

The City has adopted the position of the Governmental Accounting Standards Board (GASB) as outlined in its Statement 1 regarding the definition of a reporting entity. The City of Huntington Woods, Michigan is governed by an elected mayor and a four-member commission. A full-time City Manager is appointed by this body to carry out the policies that are established. The City has no component units, or entities for which the City is considered financially accountable.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund. Revenue is recorded when earned, and expenses recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 1 - Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensating absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

General fund - The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues sources are property taxes, license and permits, fines and state shared revenue.

Sanitation fund - The Sanitation fund accounts for the operation of the solid waste collection, disposal and recycling functions of the City. The main revenue source is property taxes.

Recreation fund - The Recreation fund accounts for the operation and maintenance of city parks, as well as the operation of all recreation programs and leisure activities, including the operation of the City pool. Revenue sources are property taxes and program fees.

Capital Projects fund - The Capital Projects fund accounts for special projects not associated with business-type funds. The revenue source is bond proceeds.

Street Debt Service fund - The Street Debt Service fund accounts for the payment of interest and principal on long term general obligation debt. The revenue source is property taxes.

The City reports the following major proprietary fund:

Water and Sewer fund - The Water and Sewer fund accounts for the operation and maintenance of the water supply system, as well as the City sewage disposal infrastructure. It is financed primarily through user charges.

Additionally, the City reports the following fund types:

Internal Service fund - Internal Service funds account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the City on a cost reimbursement basis. They also account for accumulated sick and vacation, health care benefits provided to qualified employees during retirement, as well as payments to a trust with MERS for health care benefits.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 1 - Significant Accounting Policies - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Agency fund - The Agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The fund is used to account for assets held by the City as an agent for the City's citizen groups and organizations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purposes. The City cannot use these assets to finance its operations.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the proprietary fund's principal ongoing activities. The principal operating revenue of our proprietary fund relates to charges to customers for water sales and services and sewage disposal. Operating expenses for proprietary funds include the cost of water, sewer disposal, operations and maintenance, general and administrative expenses, and depreciation of capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. 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 City has elected not to follow subsequent private sector guidance.

Property Tax Revenue

Property taxes are levied on each July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed. Any real property taxes not paid by March 1st, following the due date, are purchased by the County and paid to the City. The County Treasurer takes over collection responsibility at that date. Delinquent personal property taxes are less certain as to ultimate collection and, therefore, are paid to the City upon collection.

The City's 2012-13 tax is levied and collectible on July 1, 2012, and is recognized as revenue in the year ended June 30, 2013, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2012-2013 taxable valuation of the City totaled \$293,384,570, of which taxes levied consist of 25.5963 mills for general, sanitation and debt service purposes. This resulted in \$7,721,690 for general and debt service purposes, exclusive of any Michigan Tax Tribunal or Board of Review adjustments. These amounts are recognized in the respective General, Special Revenue and Debt Service funds financial statements as tax revenue.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 1 - Significant Accounting Policies - Continued

Assets, Liabilities and Net Position or Equity

Cash and Investments - Cash and cash equivalents include cash on hand and demand deposits. Investments include all short-term instruments of less than three months when acquired, as well as investment instruments as allowed by P.A. 20 of 1943 as amended and the City's investment policy. Investments are stated at fair value. To the extent that cash from various funds has been pooled, investment income is generally allocated to each fund using a weighted average cash balance per fund. This pooling procedure may at times create a bank overdraft in individual funds, but as a whole the pooled cash is not in a bank overdraft situation. At June 30, 2013, cash balances were not in excess of the FDIC insurance limit of \$250,000.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of allowance for uncollectible accounts.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in the financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Building improvements	40 years
Infrastructure	60 years
Machinery and equipment	7 - 15 years
Office equipment/furniture	5 - 10 years
Vehicles	3-7 years

Compensated Absences (Vacation and Sick Time) - It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary financial statements, accrued compensated absences are paid upon employee termination.

Long-term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund-type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as expenditures.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 1 - Significant Accounting Policies - Continued

Assets, Liabilities and Net Position or Equity - Continued

Fund Equity – In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned and unassigned.

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by the City Commission for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Commission.

Assigned – Amounts intended to spend on specific purposes expressed by the City Commission or City Manager and Finance Director, who are authorized by policy approved by the City Commission to make assignments. All current year assignments have been made by the City Manager and Finance Director.

Unassigned – Amounts that are the residual classification for the general fund and includes all amounts not contained in the other classifications.

The City Commission has allocated an amount in unassigned fund balance over 20% of revenues to committed fund balance for OPEB trust funding.

When an expense is incurred for purposes for which both restricted and unrestricted net assets or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned and unassigned.

Pension and Other Postemployment Benefit Costs – The City offers both pension and retiree healthcare benefits to retirees. The City has elected to compute the annual required contribution necessary to fund the other postemployment benefit cost (OPEB) obligation over the remaining amortization period using the alternative measurement method (permitted for employers in plans with fewer than 100 total plan members). In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of the year underpaid amount, if any.

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

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 1 - Significant Accounting Policies - Continued

Budgetary Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following is a summary of the requirements of this Act according to the State Treasurer's "Bulletin for Audits of Local Units of Government in Michigan" dated April 1984:

- Budgets must be adopted for the General fund, Special Revenue funds. The City also adopts a budget for Debt Service funds and Capital Projects.
- Budgeted expenditures cannot exceed budgeted revenues and fund balance.
- The budgets must be amended when necessary.
- Public hearings must be held before budget adoptions.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

Budgeted amounts of the revenues and expenditures presented for the governmental funds are a summarization of the budgeted amounts as originally adopted, or as amended by the City Commission. Individual amendments were not material in relation to the original appropriations that were adopted for the general, special revenue, or debt service funds. Budget appropriations lapse at year-end and encumbrances are not included as expenditures. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the above funds, is included as required supplemental information. Budgets have been prepared on a basis consistent with generally accepted accounting principles, except that operating transfers have been included in the "revenue" and "expenditure" categories, rather than as "other financing sources and uses".

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 1 - Significant Accounting Policies - Continued

Budget Compliance

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated. The General fund's amended fund balance appropriation as of June 30, 2013 was zero. The actual June 30, 2013 fund balance was increased by \$327,002. The General fund finished the year with 98% of all appropriations spent in aggregate; however for the year ended June 30, 2013, the following accounts incurred excess expenditures over the amount appropriated:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
Recreation fund:				
Pool	248,478	251,506	3,028	1%
Sanitation fund:				
Administrative	70,088	91,013	20,925	23%
Major Street fund:				
Administrative	7,820	7,940	120	2%
Transfers out	43,386	43,886	500	1%

The funds had adequate fund balance to cover the expenditures in excess of amounts appropriated.

Note 2 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. To the extent that cash from various funds has been pooled in an investment, related investment income is allocated to each fund based on relative participation in the pool.

The City has designated one bank for the deposit of its funds. Each financial intermediary, broker, or dealer that holds the City's funds is required to comply with the provisions of the City investment policy. The investment policy adopted by the commission in accordance with Public Act 196 of 1997 has delineates what securities may be purchased under P.A. 20 as amended. The City's deposits and investment policy are in accordance with statutory authority.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 2 - Deposits and Investments - Continued

Deposits

The deposits of the City as of June 30, 2013 amounted to approximately \$740,304 in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) of which \$250,000 was covered by federal depository insurance. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The goal is to maximize the investment potential of the City by limiting, to the extent possible all monies that are in non-investment vehicles such as checking or savings accounts. The City continues to adjust the investment policies and review bank rating data to reduce risk associated with commercial banking. This is accomplished through the review of bank rating reports supplied to the City through its investment advisors, Ambassador Capital Management. As of June 30, 2013 marketable securities were kept in safekeeping at Comerica Bank, Detroit Michigan, and in book entry form at Huntington Bank,

Investments

As of June 30, 2013, the City had the following investments and maturities:

Governmental, Debt, Enterprise, Special Revenue, Capital Projects and Fiduciary funds:

As of June 30, 2013	INVESTMENT MATURITIES IN YEARS							
	TOTAL INVESTED 6/30/2012	less than 3 months	3-6 months	6-12 months	12-24 months	24-36 months	36-60 months	60+months
Investment Type								
Money Market Funds	3,767,966	3,767,966						
Federal Home Loan Bank								
Federal Home Loan Mortgage Corp.								
FIGO Series Bonds (various)								
Certificates of Deposit	300,302				149,892			150,410
Federal National Mortgage Assoc	687,101		99,841				190,890	396,370
Municipal Bond	1,612,102					617,304	928,914	53,158
Federal Farm Credit Bureau	991,745					619,904	371,841	
TOTAL	7,346,490	3,767,966	99,841		149,892	1,237,208	1,491,645	599,938

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 2-Deposits and Investments - Continued

The investments presented on the Statement of Net Position from the primary government and agency fund includes accrued interest of \$12,777.26 as of June 30, 2013.

Interest Rate Risk. Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's policy to limit its investments in these investment types to the top rating issued by NRSROs, either A1 by Standard and Poor's and P1 by Moody's Investors Service. . As of June 30, 2013, the City did not own any investment positions in commercial paper. Section IX(b) of the City investment policy allows the to invest in CD's only where the rating is above a 125 point score as determined by the independent rating agency IDC publishing Inc. or a rating of B- by Ambassador Capital Management. Due to changes in the regulations pertaining to Federal Deposit Insurance Corporations (FDIC) limits on individual deposits the City has finished the year with no uninsured credit risk associated with its investments in CD's.

Diversification. The City's investment policy suggests that the City "diversify by security type and institution," and that no more than 50% of the portfolio is in a single financial institution. The current portfolio is well diversified to an average in any one instrumentality of 2.63%. The average duration in the portfolio is 3.22 years, which is lower than was the case in the previous year, with the exception of money market (pooled bank) trusts where the monies invested by the City are immediately available.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require a policy for investment custodial credit risk, however, the current City Investment Policy limits the custodial risk, by measuring the health of custodial banks. At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were book-entry only in the name of the City and were fully insured.
- Investments were part of a mutual fund.
- Investments were held by an agent in the City's name.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

JUNE 2013 HUNTINGTON WOODS INVESTMENT SUMMARY

CUSIP #	PAR AMOUNT	INVESTMENT VEHICLE	STATED RATE	VALUE 30-Jun	DURATION MONTHS	PREVAILING RISK	MARKET RATING	PURCHASE DATE	MATURITY DATE	% OF PORTFOLIO	DURATION YEARS
		MM FUND - MBIA	0.040%	126,415.46	---	Market	NOT RATED	N/A	Liquid	1.72%	---
		MM FUND - COMERICA J	0.830%	561,055.23	---	Market	NOT RATED	N/A	Liquid	7.64%	---
		CHECKING COMERICA	0.200%	585,494.09	---	Market	NOT RATED	N/A	Liquid	7.97%	---
		CHECKING COMERICA	0.200%	1,956,316.27	---	Market	NOT RATED	N/A	Liquid	26.63%	---
		MM FUND - MORGAN STANLEY	0.010%	4,233.32	---	Market	NOT RATED	N/A	Liquid	0.06%	---
		MM FUND - CITIBANK	0.010%	253,083.79	---	Market	NOT RATED	N/A	Liquid	3.44%	---
		CHECKING - CHASE	0.200%	265,818.46	---	Market	NOT RATED	N/A	Liquid	3.62%	---
		HUNTINGTON BANK MM FUND	0.050%	2,772.90	---	Market	NOT RATED	N/A	Liquid	0.04%	---
032114VAX5	150,000	CD - FIRST NATIONAL BANK MI	0.950%	150,409.50	60.9	Credit	N/R	9/26/2012	9/26/2017	2.05%	5.07
07370VMX3	150,000	CD - REAL BANK	0.250%	149,892.00	12.2	Credit	N/R	10/16/2012	10/16/2013	2.04%	1.01
016788XX4	100,000	Allegan CNTY MI LTD CAP IMPR	4.000%	102,716.00	26.4	Market	AA	3/1/2012	5/1/2014	1.40%	2.20
242595M26	120,000	DEARBORN MI RE-FI	5.000%	129,034.80	40.0	Market	Aa2/Aa3 AA	1/18/2012	5/1/2015	1.76%	3.33
488026HV0	100,000	KELLOGSVILLE MI PUB SCH REFI	3.500%	102,320.00	24.9	Market	A2 AA-/A+	4/13/2012	5/1/2014	1.39%	2.08
516228P20	100,000	LANCSE CRUISE MI PUB SCH	4.000%	108,256.00	48.2	Market	AA	5/15/2012	5/1/2016	1.47%	4.02
571494HF3	100,000	MARQUETTE MI	3.000%	104,586.00	56.1	Market	AA	2/21/2012	10/1/2016	1.42%	4.68
57446ED8	100,000	MARYSVILLE PUB SCHOOLS	4.000%	102,732.00	26.4	Market	Aa2/A1 AA	2/28/2012	5/1/2014	1.40%	2.20
672423SL5	70,000	OAKLAND COUNTY MI	2.500%	70,518.70	22.2	Market	Aaa / AAA	1/5/2012	11/1/2013	0.96%	1.85
672423SN1	70,000	OAKLAND COUNTY MI	2.500%	72,970.10	46.2	Market	Aaa / AAA	1/15/2012	11/1/2015	0.99%	3.85
729671PQ4	100,000	PLYMOUTH MI RE-FI	2.000%	100,926.00	21.8	Market	AA	4/19/2012	2/1/2014	1.37%	1.81
935324R47	100,000	WARREN MI CAP IMP BOND	2.000%	101,405.00	48.3	Market	AA	6/14/2012	6/1/2016	1.38%	4.02
020668AC3	55,000	ALPENA MICH MEDICAL CNR	2.000%	56,296.35	36.1	Market	A1	11/13/2012	11/1/2015	0.77%	3.01
060167FB4	135,000	BANGOR MICH SCHOOLS	3.000%	140,829.30	57.6	Market	Aa2	8/8/2012	5/1/2017	1.92%	4.80
278065YS0	100,000	EATON COUNTY BLDG	4.250%	106,931.00	31.1	Market	Aa3 AA	2/11/2013	9/1/2015	1.46%	2.59
3133EA481	150,000	FFCB	0.440%	149,496.00	36.5	Market	Aaa AA+ AAA	10/16/2012	10/16/2015	2.03%	3.04
3133EA428	150,000	FFCB	0.440%	149,374.50	36.5	Market	Aaa AA+ AAA	10/22/2012	10/22/2015	2.03%	3.04
31364DNF9	100,000	FNMA MEDIUM TIER DTD	0.000%	99,841.00	6.9	Market	AA+	2/27/2013	9/23/2013	1.36%	0.58
3136G0TA9	200,000	FNMA MEDIUM TIER DTD	1.010%	190,890.00	38.4	Market	AA+	8/27/2012	10/24/2015	2.60%	3.20
3136G0VX6	250,000	FNMA MEDIUM TIER DTD	0.500%	247,685.00	72.8	Market	AA+	8/27/2012	8/21/2018	3.37%	6.07
3136G0WT4	150,000	FNMA MEDIUM TIER	0.500%	148,684.50	60.9	Market	AA+	8/28/2012	8/28/2017	2.02%	5.07
510336PV6	100,000	LAKE ORION MI REFI	4.000%	105,139.00	30.0	Market	AA	11/13/2012	5/1/2015	1.43%	2.50
729459CS4	100,000	PLYMOUTH CHARTER TWP	3.000%	105,310.00	42.8	Market	AA	12/24/2012	7/1/2016	1.43%	3.57
418420EF8	50,000	Hastings MI Area Schs Refi	3.500%	53,158.00	60.9	Market	AA	5/1/2013	5/1/2018	0.72%	5.07
604552BY4	180,000	Mio Ausable Mich Sch	2.000%	183,196.80	34.6	Market	Aa2/A3	6/27/2013	5/1/2016	2.49%	2.89
3133EA2P2	150,000	FFCB	0.590%	149,214.00	45.7	Market	AA+	9/26/2012	6/27/2016	2.03%	3.81
3313EA6K9	150,000	FFCB	0.410%	149,350.50	36.5	Market	AA+	10/29/2012	10/29/2015	2.03%	3.04
3313EA6W3	150,000	FFCB	0.270%	149,895.00	24.3	Market	AA+	11/6/2012	11/5/2014	2.04%	2.03
642101HW2	95,000	NEW BALTIMORE MI-REF UTGO	2.000%	97,466.20	33.8	Market	AA+	12/20/2012	10/1/2015	1.33%	2.82
		ACCRUED INTEREST	---	12,777.26	---	Market	NOT RATED	N/A	Liquid	0.17%	---
TOTAL	3,525,000	AVERAGE	1.71%	7,346,490.03	38.58					2.63%	3.22

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 3 - Capital Assets

Capital assets activity of the primary government's governmental and business-type activities was as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 89,802	\$ -	\$ -	\$ 89,802
Construction-in-progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>\$ 89,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,802</u>
Capital assets, being depreciated:				
Infrastructure - roads and sidewalks	\$ 31,540,192	\$ 331,592	\$ -	\$ 31,871,784
Vehicles	15,869	16,014	15,869	16,014
Office equipment and furniture	626,065	8,467	-	634,532
Library books and fine arts	918,384	30,789	-	949,173
Machinery and equipment	2,816,956	297,886	-	3,114,842
Land improvements	388,742	50,668	-	439,410
Buildings and improvements	<u>9,443,920</u>	<u>12,214</u>	<u>-</u>	<u>9,456,134</u>
Total at historical cost	<u>\$ 45,750,128</u>	<u>\$ 747,630</u>	<u>\$ 15,869</u>	<u>\$ 46,481,889</u>
Accumulated depreciation:				
Infrastructure - roads and sidewalks	\$ 7,134,005	\$ 503,169	\$ -	\$ 7,637,174
Vehicles	12,346	1,501	11,461	2,386
Office equipment and furniture	542,097	43,136	-	585,233
Library books and fine arts	775,192	21,035	-	796,227
Machinery and equipment	1,893,894	102,298	-	1,996,192
Land improvements	363,298	35,452	-	398,750
Buildings and improvements	<u>4,039,116</u>	<u>234,852</u>	<u>-</u>	<u>4,273,968</u>
Total accumulated depreciation	<u>\$ 14,759,948</u>	<u>\$ 941,443</u>	<u>\$ 11,461</u>	<u>\$ 15,689,930</u>
Total capital assets, being depreciated, net	<u>\$ 30,990,180</u>	<u>\$ (193,813)</u>	<u>\$ 4,408</u>	<u>\$ 30,791,959</u>
Total Governmental Activities Capital Assets, net	<u>\$ 31,079,982</u>	<u>\$ (193,813)</u>	<u>\$ 4,408</u>	<u>\$ 30,881,761</u>

Depreciation included in the determination of operating income is computed on the straight-line basis over estimated useful lives ranging from 5 years to 60 years. Land is a non-depreciable asset. Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 605,909
Public Safety	47,876
Public works	4,455
Library	55,319
Recreation	<u>227,884</u>
Total depreciation expense-governmental activities	<u>\$ 941,443</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 3 - Capital Assets - Continued

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Capital assets, being depreciated:				
Buildings and improvements	\$ 7,499	\$ -	\$ -	\$ 7,499
Machinery and equipment	355,246	83,817	-	439,063
Water and sewer mains	5,234,021	-	-	5,234,021
Water meters	<u>241,351</u>	<u>-</u>	<u>-</u>	<u>241,351</u>
Total capital assets	5,839,117	83,817	-	5,922,934
Accumulated depreciation:				
Buildings and improvements	7,499	-	-	7,499
Machinery and equipment	335,823	3,164	-	338,987
Water and sewer mains	1,424,452	100,567	-	1,525,019
Water meters	<u>156,741</u>	<u>6,034</u>	<u>-</u>	<u>162,775</u>
Total accumulated depreciation	<u>1,924,515</u>	<u>109,765</u>	<u>-</u>	<u>2,034,280</u>
Net capital assets	<u>\$ 3,914,602</u>	<u>\$ (25,948)</u>	<u>\$ -</u>	<u>\$ 3,888,654</u>

Depreciation included in the determination of operating income is computed on the straight-line basis over estimated useful lives ranging from 5 years to 60 years. Land is a non-depreciable asset. Depreciation expense at June 30, 2013 amounted to:

Water Fund	\$ 109,765
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City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt

A summary of changes in long-term debt is as follows:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>				
Compensatory time	\$ 15,674	\$ (6,305)	\$ 9,369	\$ -
2009 Refunding Street Bonds	4,215,000	(1,115,000)	3,100,000	1,290,000
George W. Kuhn Drain				
Bonds 2000-A	314,451	(28,031)	286,420	28,814
George W. Kuhn Drain				
Bonds 2002-C	1,694,096	(122,774)	1,571,322	125,906
George W. Kuhn Drain				
Bonds 2002-D	45,028	(3,289)	41,739	3,445
George W. Kuhn Drain				
Bonds 2005	34,971	(2,227)	32,744	2,227
George W. Kuhn Drain				
Bonds 2007	347,339	(26,309)	321,030	26,935
George W. Kuhn Drain				
Bonds 2007G	46,293	(2,545)	43,748	2,545
George W. Kuhn Drain				
Bonds 2008H	215,080	(10,340)	204,740	10,499
Capital Improvements Bonds (11 Mile)	1,350,000	(50,000)	1,300,000	50,000
Capital Improvements Bonds 2010	4,025,000	(425,000)	3,600,000	325,000
Capital Improvements Bonds 2012	3,050,000	-	3,050,000	75,000
Michigan Suburbs Alliance-Solar panel	84,000	(8400)	75,600	8,400
Michigan Suburbs Alliance-Library	42,113	6,127	48,240	5,360
Fire Truck Installment Loan	-	288,050	288,050	39,907
Street Sweeper Installment Loan	7,705	(7,705)	-	-
Total Governmental Activities	15,486,750	(1,513,748)	13,973,002	1,994,038
<u>Business-Type Activities:</u>				
No activity	-	-	-	-
Total	\$ 15,486,750	\$ (1,513,748)	\$ 13,973,002	\$ 1,994,038

The City did not estimate the amount of Compensatory time that is due within one year due to the fact that we do not anticipate any Public Safety personnel that will be leaving within one year. The Compensatory time is paid out to the Public Safety personnel when they leave the employ of the City per the union contract, from the General fund.

The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission and financed through sale of drain bonds, draw downs from the State of Michigan revolving fund, Federal and State of Michigan grants and contributions from Oakland County, Michigan. The City, along with thirteen other local communities, is obligated for payment of principal and interest of the outstanding debt. Due to the current construction of the project, the sale of drain bonds and draws from the State of Michigan revolving fund being incurred on an as needed basis, the following schedules of principal and interest payments are amounts due on each bond at June 30, 2013 and are subject to change with additional distributions.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

At June 30, 2013, long-term obligations consisted of:

Governmental Activities:

Compensatory time - Public Safety	\$ 9,369
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2009 Refunding Street/Recreation Bonds dated October 1, 2009; annual principal payments \$485,000 to \$1,325,000, due serially to October 1, 2015; interest rates 2% to 3% (original issue totaled \$6,255,000)	3,100,000
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George W. Kuhn Drain Bonds 2000-A dated April 1, 2001; annual principal payments of \$21,000 to \$36,000, due beginning April 2003 serially to April 1, 2022; interest rate at 2.5% (original issue totaled \$560,001). These represent the City's portion of the total bonds issued by Oakland County	286,420
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George W. Kuhn Drain Bonds 2002-C dated April 1, 2002; annual principal payments of \$100,850 to \$161,142, due beginning April 2005 serially to April 1, 2024; interest rate at 2.5% (original issue totaled \$2,574,502). These represent the City's portion of the total bonds issued by Oakland County	1,571,322
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George W. Kuhn Drain Bonds 2002-D dated April 1, 2002; annual principal payments of \$3,915 to \$6,264, due beginning April 2005 serially to April 1, 2024; interest rate at 2.5% (original issue totaled \$99,284). These represent the City's portion of the total bonds issued by Oakland County	<u>41,739</u>
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Total this page	5,008,850
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City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 5,008,850
George W. Kuhn Drain Bonds 2005 dated September 22, 2005; annual principal payments of \$2,192 to \$2,975, due beginning April 2007 serially to April 1, 2023; interest rate of 1.625% (original issue totaled \$42,295). These represent the City's portion of the total bonds issued by Oakland County	32,744
George W. Kuhn Drain Bonds 2007 dated July 1, 2007; annual principal payments of \$7,360 to \$19,732, due beginning April 2008 serially to April 1, 2024; interest rate of 3.123% (original issue totaled \$381,534). These represent the City's portion of the total bonds issued by Oakland County	321,030
George W. Kuhn Drain Bonds 2007G dated September 20, 2007; annual principal payments of \$2,386 to \$2,840, due beginning April 2009 serially to April 1, 2028; interest rate of 1.625% (original issue totaled \$55,814). These represent the City's portion of the total bonds issued by Oakland County	43,748
George W. Kuhn Drain Bonds 2008H dated September 22, 2008; annual principal payments of \$9,545 to \$13,204, due beginning April 2010 serially to April 1, 2024; interest rate of 2.5% (original issue totaled \$165,460). These represent the City's portion of the total bonds issued by Oakland County	<u>204,740</u>
Total this page	5,611,112

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 5,611,112
2007 Capital Improvements Bonds (11 Mile Rd. G.O.) dated July 1, 2007; annual principal payments of \$50,000 to \$150,000, due beginning October 2009 serially to October 2027; interest rate of 4.3% to 4.625% (original issue totaled \$1,500,000)	1,300,000
2010 Capital Improvements Bonds (Roads) dated June 2, 2010; annual principal payments of \$250,000 to \$425,000, due beginning October 2011 serially to October 2024; interest rate of 1.45% to 6.00% (original issue totaled \$4,450,000)	3,600,000
2012 Capital Improvements Bonds (Roads) dated June 28, 2012; annual principal payments of \$75,000 to \$250,000, due beginning October 2012 serially to October 2026; interest rate of 2.00% to 2.75% (original issue totaled \$3,050,000)	3,050,000
Michigan Suburbs Alliance Loan-Solar Panels dated March 8, 2012; principal payments of \$8,400 due January 2013 to January 2022, interest free	75,600
Michigan Suburbs Alliance Loan-Library Windows dated March 8, 2012; principal payments of \$5,360 due January 2012 to January 2022, interest free	48,240
Fire Truck Installment Loan dated March 14, 2013; monthly principal and interest payments of \$3,843, interest rate 2.30%	288,050
Street Sweeper Installment Loan dated September 29, 2005; semi-annual principal and interest payments of \$7,812, due March and September to September 29, 2012; interest rate 2.97%	-
Total long-term debt	<u>\$ 13,973,002</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

The following is a summary of annual debt service requirements to maturity for the above bonds, followed by the detailed bond payments:

Governmental Activities					
	Principal	Interest	Interest Subsidy	Net Interest	Total-Net
2014	\$ 1,940,371	\$ 432,953	\$ (77,158)	\$ 355,795	\$ 2,296,166
2015	2,005,394	377,945	(72,880)	305,065	2,310,459
2016	1,196,350	329,843	(68,349)	261,494	1,457,844
2017	717,148	300,320	(63,765)	236,555	953,703
2018	747,632	276,362	(58,562)	217,800	965,432
2019-2023	4,374,440	939,017	(191,146)	747,871	5,122,311
2024-2028	2,555,136	180,073	(17,550)	162,523	2,717,659
2029	15,272	382	-	382	15,654
	<u>\$ 13,551,743</u>	<u>\$ 2,836,895</u>	<u>\$ (549,410)</u>	<u>\$ 2,287,485</u>	<u>\$ 15,839,228</u>

During fiscal year 2010, the City issued Direct Payment Build America Bonds. In accordance with this program, the City will be reimbursed a portion of interest expense incurred (shown above as the interest subsidy).

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
2009 Street/Recreation Refunding Bonds					
7/1/09	\$ 6,255,000	2.50%	10/1/13	1,290,000	70,425
		3.00	10/1/14	1,325,000	34,425
		3.00	10/1/15	485,000	7,275
				<u>\$ 3,100,000</u>	<u>\$ 112,125</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2000-A					
4/1/01	\$ 560,001	2.5%	4/1/2014	28,814	7,160
		2.5	4/1/2015	29,441	6,440
		2.5	4/1/2016	30,224	5,704
		2.5	4/1/2017	31,007	4,948
		2.5	4/1/2018	31,790	4,174
		2.5	4/1/2019	32,573	3,378
		2.5	4/1/2020	33,356	2,564
		2.5	4/1/2021	34,139	1,730
		2.5	4/1/2022	35,076	876
				<u>\$ 286,420</u>	<u>\$ 36,974</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-C					
4/1/02	\$ 2,574,502	2.5%	4/1/2014	125,906	39,284
		2.5	4/1/2015	129,038	36,136
		2.5	4/1/2016	132,327	32,910
		2.5	4/1/2017	135,615	29,602
		2.5	4/1/2018	138,904	26,210
		2.5	4/1/2019	142,349	22,738
		2.5	4/1/2020	145,951	19,180
		2.5	4/1/2021	149,553	15,530
		2.5	4/1/2022	153,311	11,792
		2.5	4/1/2023	157,226	7,960
		2.5	4/1/2024	161,142	4,028
				<u>\$ 1,571,322</u>	<u>\$ 245,370</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-D					
4/1/02	\$ 99,284	2.5%	4/1/2014	3,445	1,043
		2.5	4/1/2015	3,445	957
		2.5	4/1/2016	3,602	871
		2.5	4/1/2017	3,602	781
		2.5	4/1/2018	3,602	691
		2.5	4/1/2019	3,758	601
		2.5	4/1/2020	3,915	507
		2.5	4/1/2021	3,915	409
		2.5	4/1/2022	4,072	311
		2.5	4/1/2023	4,228	210
		2.5	4/1/2024	4,155	104
				<u>\$ 41,739</u>	<u>\$ 6,485</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2005					
9/22/05	\$ 42,295	1.625%	4/1/2014	2,227	532
		1.625	4/1/2015	2,386	496
		1.625	4/1/2016	2,386	457
		1.625	4/1/2017	2,386	418
		1.625	4/1/2018	2,386	380
		1.625	4/1/2019	2,386	341
		1.625	4/1/2020	2,386	302
		1.625	4/1/2021	2,545	263
		1.625	4/1/2022	2,704	222
		1.625	4/1/2023	2,704	178
		1.625	4/1/2024	2,704	134
		1.625	4/1/2025	2,704	90
		1.625	4/1/2026	2,840	46
				<u>\$ 32,744</u>	<u>\$ 3,859</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2007					
7/1/07	\$ 390,248	3.123%	4/1/2014	26,935	13,823
		3.123	4/1/2015	27,562	12,678
		3.123	4/1/2016	28,971	11,507
		3.123	4/1/2017	30,380	10,276
		3.123	4/1/2018	31,633	8,985
		3.123	4/1/2019	32,103	7,640
		3.123	4/1/2020	33,199	6,276
		3.123	4/1/2021	34,452	4,823
		3.123	4/1/2022	35,548	3,316
		3.123	4/1/2023	20,515	1,761
		3.123	4/1/2024	19,732	863
				<u>\$ 321,030</u>	<u>\$ 81,948</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2007G					
9/20/07	\$ 55,814	1.625%	4/1/2014	2,545	711
		1.625	4/1/2015	2,704	670
		1.625	4/1/2016	2,704	626
		1.625	4/1/2017	2,704	582
		1.625	4/1/2018	2,704	538
		1.625	4/1/2019	2,864	494
		1.625	4/1/2020	2,864	447
		1.625	4/1/2021	2,864	401
		1.625	4/1/2022	3,023	354
		1.625	4/1/2023	3,023	305
		1.625	4/1/2024	3,023	256
		1.625	4/1/2025	3,182	207
		1.625	4/1/2026	3,182	155
		1.625	4/1/2027	3,182	103
		1.625	4/1/2028	3,180	52
				<u>\$ 43,748</u>	<u>\$ 5,901</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2008H					
9/22/08	\$ 165,460	2.5%	4/1/2014	10,499	5,118
		2.5	4/1/2015	10,818	4,856
		2.5	4/1/2016	11,136	4,586
		2.5	4/1/2017	11,454	4,307
		2.5	4/1/2018	11,613	4,021
		2.5	4/1/2019	11,931	3,730
		2.5	4/1/2020	12,249	3,432
		2.5	4/1/2021	12,568	3,126
		2.5	4/1/2022	12,886	2,812
		2.5	4/1/2023	13,204	2,490
		2.5	4/1/2024	13,522	2,160
		2.5	4/1/2025	13,840	1,822
		2.5	4/1/2026	14,158	1,476
		2.5	4/1/2027	14,636	1,122
		2.5	4/1/2028	14,954	756
		2.5	4/1/2029	15,272	382
				<u>\$ 204,740</u>	<u>\$ 46,196</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Capital Improvement Bonds (11 Mile Rd.) 2007 7/1/07	\$ 1,500,000	4.625%	10/1/2013	50,000	56,644
		4.625	10/1/2014	50,000	54,331
		4.625	10/1/2015	50,000	52,019
		4.625	10/1/2016	50,000	49,706
		4.300	10/1/2017	50,000	47,475
		4.300	10/1/2018	75,000	44,787
		4.350	10/1/2019	75,000	41,544
		4.350	10/1/2020	75,000	38,281
		4.350	10/1/2021	100,000	34,475
		4.400	10/1/2022	100,000	30,100
		4.400	10/1/2023	100,000	25,700
		4.450	10/1/2024	125,000	20,719
		4.450	10/1/2025	125,000	15,156
		4.500	10/1/2026	125,000	9,562
		1.625	10/1/2027	150,000	3,375
				<u>\$ 1,300,000</u>	<u>\$ 523,874</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Capital Improvement Bonds 2010 6/2/10	\$ 4,450,000	2.500%	10/1/2013	325,000	171,463
		3.350	10/1/2014	325,000	161,956
		3.700	10/1/2015	250,000	151,888
		4.450	10/1/2016	250,000	141,700
		4.800	10/1/2017	250,000	130,138
		5.000	10/1/2018	250,000	117,888
		5.100	10/1/2019	325,000	103,350
		5.250	10/1/2020	325,000	86,531
		6.000	10/1/2021	325,000	68,250
		6.000	10/1/2022	325,000	48,750
		6.000	10/1/2023	325,000	29,250
		6.000	10/1/2024	325,000	9,750
				<u>\$ 3,600,000</u>	<u>\$ 1,220,914</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 4 - Long-Term Debt - Continued

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Capital Improvement Bonds 2012					
7/1/07	\$ 3,050,000	2.000%	10/1/2013	75,000	66,750
		2.000	10/1/2014	100,000	65,000
		2.000	10/1/2015	200,000	62,000
		2.000	10/1/2016	200,000	58,000
		2.000	10/1/2017	225,000	53,750
		2.000	10/1/2018	250,000	49,000
		2.000	10/1/2019	250,000	44,000
		2.000	10/1/2020	250,000	39,000
		2.050	10/1/2021	250,000	33,937
		2.200	10/1/2022	250,000	28,625
		2.400	10/1/2023	250,000	22,875
		2.550	10/1/2024	250,000	16,687
		2.650	10/1/2025	250,000	10,187
		2.750	10/1/2026	250,000	3,438
				<u>\$ 3,050,000</u>	<u>\$ 553,249</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 5 - Pension Plans - Defined Benefit Pension Plan

Plan Description

The City participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers virtually all of the full-time employees of the City. The MERS provides retirement, death and disability benefits to employees that were employed by the City prior to July 1, 1998. Public Act 220 of 1996 assigns the authority to establish and amend the benefit provisions of the MERS plan document. The MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the MERS at 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (989) 322-5103.

Funding Policy

The City is required to contribute at an actuarial determined rate the current rate is between 0.00% and 54.373% of covered payroll for individual employee groups. A retirement contribution rate of 5% of payroll is required by all full time non-union and unionized employees covered under MERS for employees hired prior to 1997. The rates are established by the City through collective bargaining and may be changed or amended by the MERS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2013, the City's annual required contribution (ARC) was \$785,820. The annual required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. Significant actuarial assumptions used included: (a) an 8.0% investment rate of return, (b) projected salary increases of 4.50%, plus a percentage based upon an age related scale to reflect merit, longevity and promotional salary increases of between 0.00% and 8.40%, (c) the assumption that benefits will not increase after retirement and (d) the inflation rate is 3%-4%. Based on the smoothed Actuarial Value of Assets the recognized rate of investment return for MERS overall was 4.73% (less than the 8% actuarial assumption). The required annual contribution for fiscal year 2013-14 is expected to be \$1,016,340 per the December 31, 2012 actuarial valuation.

The City contributed additional amounts over and above the annual required contribution as stated below, as a result the City recorded a Net Pension Asset recognizing the additional contributions.

Annual required contribution (recommended)	\$785,820
Net Pension Asset – Beginning of year	1,008,048
Additional contributions	<u>308,339</u>
Net Pension Asset – End of year	<u>\$1,316,387</u>

The actuarial value of assets is determined on the basis of a method that calculates expected income at the valuation rate of return and adds a portion of the difference between the expected investment income and the actual investment income earned on a market value basis. The difference in investment income between expected return and market return is recognized over a 10-year period at a rate of 10% a year. This asset valuation method was first adopted for the December 31, 2005 valuation and is applied in the present valuation period. In calculating the annual required contribution (ARC) for reporting and disclosure purposes under Statement 25 and 27 of the Governmental Accounting Standards Board, the following amortization methods are used:

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 5 - Pension Plans - Defined Benefit Pension Plan - Continued

- A level percentage of payroll amortization is used based upon the assumption that payroll increases 4.5% a year.
- For divisions that are less than 100% funded and are closed to new hires (and new hires are not covered by MERS defined benefit or hybrid provisions in a linked division), a 30-year level dollar amortization is used if it results in a higher amortization payment. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis for the non-union and public works divisions and on an open basis for public safety and command officers divisions.

The standard amortization period is 28 years for positive unfunded liabilities, and will be used for the 2009 valuation, and then will be reduced by one year in each of the next eight annual valuations, reaching 20 years in the 2017 valuation. Beginning with the 2018 valuation the 20 year period will be reestablished with each annual valuation.

Five Year Trend Information for MERS and Funding Progress

<u>Fiscal Year Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Additional Annual Contributed</u>	<u>Unfunded Annual Contribution</u>
6/30/09	558,012	100%	-	-
6/30/10	585,852	158%	345,606	-
6/30/11	675,516	151%	345,602	-
6/30/12	703,728	145%	316,840	-
6/30/13	785,820	139%	308,339	-

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liabilities (AAL) Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12-31-08	11,500,642	20,088,703	8,588,061	57%	2,275,446	362%
12-31-09	11,450,440	20,242,313	8,791,873	57%	2,239,156	393%
12-31-10	11,752,110	21,439,037	9,686,927	55%	2,031,439	476%
12-31-11	11,765,991	22,720,433	10,754,442	53%	2,026,562	531%
12-31-12	12,053,206	22,867,014	10,813,808	53%	1,866,593	579%

Beginning on July 1, 2009 the City increased its contribution into the Defined Benefit program in an effort to reach a projected funding level of 80+% in 10 years.

Note 6 - Defined Contribution Plan

The City offers an IRS §401(a) defined contribution plan where the contribution rate for the City is between 8% and 10% of gross payroll. This contribution rate is established by contractual agreement and Commission resolution, and may be changed from time-to-time. Under the terms of the plan the employee may contribute to the plan on a voluntary basis. The decision to contribute on the part of the employee may effect the contribution provided by the City. Plan documentation and regulations have been filed with the MERS Board of Trustees and the International City Management Association (ICMA) which administers the plan. The City's annual employer contributions amounted to \$69,742 for the fiscal year ended June 30, 2013.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 7 - Changes in General Fund - Fund Balance

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assigned				
Property tax refund reserve	\$ 73,194	\$ -	\$ -	\$ 73,194
Gallery	19,843	400	489	19,754
Crime	14,949	-	-	14,949
Library	88,359	18,163	7,745	98,777
Subtotal	196,345	18,563	8,234	206,674
Unassigned, before committed and nonspendable reclassifications				
General	1,241,129	265,072	-	1,506,201
Rackham	31,840	5	-	31,845
Budget Stabilization	739,739	51,596	-	791,335
Subtotal	2,012,708	316,673	-	2,329,381
Totals	<u>\$ 2,209,053</u>	<u>\$ 335,236</u>	<u>\$ 8,234</u>	<u>\$ 2,536,055</u>

The Gallery, Crime, and Library assigned balances may be appropriated to the Capital Planning fund for use at the discretion of the City Commission. The Property tax refund reserve balance is assigned for Michigan Tax Tribunal Matters. For financial statement purposes per GASB 54, a portion of the unassigned fund balance has been allocated to committed fund balance in the amount of \$835,141 and nonspendable fund balance in the amount of \$168,916.

Note 8 - Net Position/Fund Balance Restricted, Committed and Assigned

The Capital Projects fund was combined with the Capital Planning fund for financial statement purposes per GASB 54. The total fund balance is \$1,386,734 consisting of the Capital Projects fund with a restricted fund balance of \$854,919 for bond proceeds received for Road Construction and is included in Net Position, Invested in capital assets, net of related debt. The Capital Planning fund portion of the Capital Projects fund balance is \$531,815 and a portion of that fund balance is allocated as follows:

Reserved Parks and Recreation	\$ 100,165
Reserved Interstate 696	31,350

The City operates thirteen acres of park land to which no revenues are received. \$100,165 had been reserved for projects relating to the parks and recreation master plan, however these were not completed. These monies may be reallocated once a new master plan has been adopted. Contract documents with the State of Michigan indicate the entire maintenance of the perimeter wall and berm area of Interstate 696 are the City's responsibility to maintain, therefore, the City has allocated \$31,350 for maintenance of this area.

The Major Road fund has committed \$4,500 for the repair of Coolidge Hwy, which is in litigation with the contractor.

The Recreation fund has an assigned fund balance of \$389,180 which includes \$43,309 in gift donations from residents for use at the Recreation Center.

Restricted Net Position includes restricted fund balances in Sanitation, Major & Local Roads and Debt Funds.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 9 - Inter-fund Transfers

	Transfers	
	In	Out
General	\$ 249,345	\$ 1,583,290
Major Street	-	43,886
Local Street	105,000	-
Capital Projects	182,203	-
Sanitation	-	-
Recreation	800,000	-
Water	-	262,425
2010 & 2012 Street Debt Services	51,000	51,000
11 Mile Rd. debt	108,966	-
Retirement Benefit	446,087	2,000
Health Insurance	-	-
Total	<u>\$ 1,942,601</u>	<u>\$ 1,942,601</u>

Transfers between the various funds represent payment from one fund to another without an equivalent return of goods or services to fund operations, capital improvements or debt service expenditures accounted for in the respective funds.

Note 10 - Other Postemployment Benefits

Plan Description

The City has an obligation to cover all former full-time retired employees and spouses for hospitalization insurance and pay their full premium for employees in the defined benefit plan and a portion of the premium for those in the defined contribution plan. The City pays the retiree health premiums on a pay-as-you-go basis from the Post retirement benefits fund and has established a trust with Michigan Municipal Employees' Retirement System (MERS) for future funding.

Funding Policy

The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. The City has historically paid this obligation on a pay-as-you-go basis. However, the City made contributions to advance fund these benefits.

Funding Progress

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's computed contribution and actual funding are summarized as follows:

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 10 – Other Postemployment Benefits – continued

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual required contribution (Recommended)	\$1,103,310	\$1,074,157	\$ 746,372	\$ 668,131
Interest on the prior year's net OPEB obligation	82,572	32,550	25,797	-
Less adjustments to the annual required contribution	(72,060)	(27,977)	(21,860)	-
Annual OPEB costs	1,113,822	1,078,730	750,309	668,131
Amounts contributed:				
Payments of current premiums	(443,961)	(389,553)	(347,394)	(345,667)
Advance funding	(63,822)	(63,908)	(318,500)	-
Increase in net OPEB obligation	606,039	625,269	84,415	322,464
OPEB obligation – Beginning of year	1,032,148	406,879	322,464	-
OPEB obligation – End of year	\$1,638,187	\$ 1,032,148	\$ 406,879	\$ 322,464

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year was as follows:

Annual OPEB costs	1,638,187	1,078,730	\$750,309	\$ 668 131
Percentage contributed	30%	42%	89%	51%

The funding progress of the plan as of the most recent valuation date is as follows:

Actuarial value of assets	\$ 503,812	\$ 391,560	\$ 327,476	\$ -
Actuarial accrued liability (AAL)	\$12,561,069	\$12,337,460	\$8,892,474	\$ 8,691,782
Unfunded AAL (UAAL)	\$12,169,509	\$11,945,900	\$8,564,998	\$ 8,691,782
Funded ratio	3%	3%	4%	0%
Annual covered payroll	\$ 1,866,593	\$ 2,026,562	\$2,031,439	\$ 2,239,156
Ratio of UAAL to covered payroll	651%	589%	421%	388%

Actuarial Methods and Assumptions

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. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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. In the actuarial valuation, a simplified version of the entry age actuarial cost method was used. The actuarial assumptions include an assumed retirement age of 56 for beginning in 2012, an 8 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 7 percent. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was 27 years.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 11 - Federal Funding

The City received Federal funds through the Oakland County Community Development Block Grant Program. The City of Huntington Woods, Michigan received \$12,361 in grant allocations in fiscal year 2012-13 and utilized \$12,361 for minor home repair and senior transportation programs.

Note 12 - Risk Management

The City has entered into a joint powers agreement with other Michigan units of government for its general liability, property damage insurance including auto and public official's liability, contractor's equipment and workers' compensation. The City's maximum deductibles are as follows: property \$250, liability \$-0-, and property and crime \$250. Under the regulations of the state pool there is no yearly stop loss limit provided.

The City accounts for transactions related to these risks in accordance with GASB No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which states that a liability for claims must be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss that can be reasonably estimated. No settlements have exceeded insurance coverage during the last three years. The City has made no significant reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2013, and thus no liability has been recorded.

Note 13 - Individual Fund Deficit

No funds were in a deficit position as of June 30, 2013.

Note 14 - Joint Venture

The City is a member of Southeastern Oakland County Resource Recovery Authority ("SOCRRA"), which consists of 12 municipalities in Oakland County. SOCRRA provides refuse disposal services for the benefit of member municipalities. The City appoints one member to the joint venture's governing board, which approves the annual budget. The participating communities provide annual funding for its operations. During the current year, the City expensed approximately \$353,764 related to payments to SOCRRA. The City is unaware of any circumstances that would cause any significant additional financial benefit or burden to the participating governments in the near future. Complete financial statements for SOCRRA can be obtained from the administrative offices at 3910 Webster, Royal Oak, MI 48073.

The City is a member of Southeastern Oakland County Water Authority ("SOCWA"), which consists of 11 municipalities in Oakland County. The City purchases water from SOCWA. The City appoints one member to the joint venture's governing board, which approves the annual budget. The participating communities provide annual funding for its operations. During the current year, the City expensed approximately \$368,844 related to payments to SOCWA. The City is unaware of any circumstances that would cause any significant additional financial benefit or burden to the participating governments in the near future. Complete financial statements for SOCWA can be obtained from the administrative offices at 3910 Webster, Royal Oak, MI 48073.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2013

Note 15 – Upcoming Pronouncements

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City as of fiscal year 2013-2014.

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, establishes standards for financial reporting that outline the basic framework for separately issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain non-employer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. Statement No. 67 will be adopted for the 2013-2014 fiscal year.

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide and proprietary statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the 2014-2015 fiscal year.

Required Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2012	\$ 2,209,053	\$ 2,209,053	\$ 2,209,053	\$ -
Resources (Inflows)				
Property taxes	5,142,985	5,142,985	5,095,606	(47,379)
Licenses and permits	193,800	196,300	269,542	73,242
Intergovernmental	451,491	451,491	542,703	91,212
Charges for services	74,200	74,200	68,630	(5,570)
Fines and forfeits	265,500	265,500	287,122	21,622
Interest income	40,700	40,700	10,489	(30,211)
Transfers - in	199,345	199,345	249,345	50,000
Other	229,840	291,840	352,529	60,689
Additional amounts available for appropriation	6,597,861	6,662,361	6,875,966	213,605
Charges to Appropriations (Outflows)				
General government	945,880	1,010,380	994,014	16,366
Public safety	3,126,704	3,126,704	3,107,956	18,748
Public works	479,621	479,621	446,080	33,541
Library	478,483	478,483	417,624	60,859
Transfers - out	1,483,289	1,583,289	1,583,290	(1)
Total charges to appropriations	6,513,977	6,678,477	6,548,964	129,513
Budgetary Fund Balance - June 30, 2013	<u>\$ 2,292,937</u>	<u>\$ 2,192,937</u>	<u>\$ 2,536,055</u>	<u>\$ 343,118</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - SANITATION FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2012	\$ 67,573	\$ 67,573	\$ 67,573	\$ -
Resources (Inflows)				
Property taxes	505,413	505,413	504,507	(906)
Other	8,500	8,500	6,375	(2,125)
Interest income	1,500	15,000	179	(14,821)
Additional amounts available for appropriation	515,413	528,913	511,061	(17,852)
Charges to Appropriations (Outflows)				
Administrative	70,088	70,088	91,013	(20,925)
Employee benefits	49,105	49,105	48,051	1,054
Professional services	418,549	418,549	397,399	21,150
Transfers - out	-	-	-	-
Total charges to appropriations	537,742	537,742	536,463	1,279
Budgetary Fund Balance - June 30, 2013	\$ 45,244	\$ 58,744	\$ 42,171	\$ (16,573)

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - July 1, 2012	\$ 242,439	\$ 242,439	\$ 242,439	\$ -
Resources (Inflows)				
Property taxes	62,138	62,138	62,017	(121)
Aquatic Club charges	190,000	190,000	215,591	25,591
Program fees	708,300	708,300	730,343	22,043
Interest income	7,500	7,500	1,362	(6,138)
Other	500	500	529	29
Transfers - in	800,000	800,000	800,000	(0)
Additional amounts available for appropriation	1,768,438	1,768,438	1,809,842	41,404
Charges to Appropriations (Outflows)				
Bus	56,010	56,010	50,762	5,248
Recreation	583,556	583,556	473,243	110,313
Programs	981,800	981,800	887,590	94,210
Pool	248,478	248,478	251,506	(3,028)
Total charges to appropriations	1,869,844	1,869,844	1,663,101	206,743
Budgetary Fund Balance - June 30, 2013	\$ 141,033	\$ 141,033	\$ 389,180	\$ 248,147

City of Huntington Woods, Michigan
Notes to Required Supplemental Information
June 30, 2013

Note 1 - Compliance and Accountability

Budgetary Information - An annual budget is adopted on a basis consistent with the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, except that fund balance appropriations and transfers are budgeted as either revenue or expenditures to balance the budget. All annual appropriations lapse at the end of each fiscal year.

The annual budget is prepared based upon the chart of accounts prescribed by the P.A. 2 of 1968 and as amended and P.A. 621 of 1978 the Uniform Budgeting and Accounting Act. The City budget, including all non-agency funds is adopted by the City Commission as required by City Charter and amended ordinances. The line-item budget is adopted by category and amended as such.

The City Manager and/or Finance Director is authorized to create new appropriation centers or activities as necessary and disclose any changes to the City Commission through monthly transmittals. Changes that will require additional appropriations from fund balance or a change in the overall appropriation as originally adopted, will require a resolution of the City Commission.

Transfers of any nature from the contingency account as set aside under the original budget adoption must be brought to the City Commission for approval.

Budgeted amounts of the revenues and expenditures presented in this document are a summarization of the budgeted amounts as originally adopted or amended by the City Commission. Individual amendments are not shown, as they were not material in relation to the original appropriations resolved by the City.

Excess expenditures over those appropriations that were adopted by the City Commission are shown and detailed in the budget compliance section (Note 1) of this report.

Other Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS

	Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds				Total Nonmajor Governmental Funds
	Major Street Fund	Local Street Fund	GWK Drain Debt Fund	11 Mile GO Debt Fund	2010 Street GO Debt Fund	2012 Street GO Debt Fund	
Cash and cash equivalents	\$ 87,067	\$ 46,015	\$ 5,480	\$ 310	\$ 44,291	\$ 174	\$ 183,337
Investments	85,997	1,547	280,931	37,979	180,269	1,836	588,559
Accounts receivable	42,188	17,122	242	-	640	-	60,192
Total assets	\$ 215,252	\$ 64,684	\$ 286,653	\$ 38,289	\$ 225,200	\$ 2,010	\$ 832,088

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts payable	\$ 3,087	\$ 1,548	\$ -	\$ -	\$ 500	\$ -	\$ 5,135
Accrued payroll and withholdings	1,235	1,347	-	-	-	-	2,582
Total liabilities	4,322	2,895	-	-	500	-	7,717
Fund Balances							
Restricted	\$ 206,430	\$ 61,789	\$ 286,653	\$ 38,289	\$ 224,700	\$ 2,010	\$ 819,871
Committed	4,500	-	-	-	-	-	4,500
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	210,930	61,789	286,653	38,289	224,700	2,010	824,371
Total liabilities and fund balances	\$ 215,252	\$ 64,684	\$ 286,653	\$ 38,289	\$ 225,200	\$ 2,010	\$ 832,088

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds				Total Nonmajor Governmental Funds
	Major Street Fund	Local Street Fund	GWK Drain Debt Fund	11 Mile GO Debt Fund	2010 Street GO Debt Fund	2012 Street GO Debt Fund	
Revenues							
Property taxes and special assessments	\$ -	\$ -	\$ 229,542	\$ -	\$ 615,595	\$ -	\$ 845,137
Intergovernmental	254,803	103,411	-	-	-	-	358,214
Interest	188	4	613	83	393	4	1,285
Other	17,402	-	37,294	-	80,708	-	135,404
Total revenues	272,393	103,415	267,449	83	696,696	4	1,340,040
Expenditures							
Current							
Maintenance	119,384	144,884	-	-	-	-	264,268
Traffic services	18,820	11,743	-	-	-	-	30,563
Snow and ice removal	15,044	13,231	-	-	-	-	28,275
Administrative	7,940	6,723	-	-	-	-	14,663
Capital outlay	-	-	-	-	-	-	-
Debt service							
Principal	-	-	195,516	50,000	425,000	-	670,516
Interest and other charges	-	-	72,987	59,677	180,100	50,828	363,592
Total expenditures	161,188	176,581	268,503	109,677	605,100	50,828	1,371,877
Excess of Revenues Over (Under) Expenditures	111,205	(73,166)	(1,054)	(109,594)	91,596	(50,824)	(31,837)
Other Financing Sources (Uses)							
Proceeds from long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt defeasement	-	-	-	-	-	-	-
Transfers - in	-	105,000	-	108,966	-	51,000	264,966
Transfers - out	(43,886)	-	-	-	(51,000)	-	(94,886)
Total other financing sources (uses)	(43,886)	105,000	-	108,966	(51,000)	51,000	170,080
Excess of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	67,319	31,834	(1,054)	(628)	40,596	176	138,243
Fund Balances - July 1, 2012	143,611	29,955	287,707	38,917	184,104	1,834	686,128
Fund Balances - June 30, 2013	\$ 210,930	\$ 61,789	\$ 286,653	\$ 38,289	\$ 224,700	\$ 2,010	\$ 824,371

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - MAJOR STREET FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2012	\$ 143,611	\$ 143,611	\$ 143,611	-
Resources (Inflows)				
Intergovernmental	284,330	284,330	254,803	(29,527)
Other	17,250	17,250	17,402	152
Interest income	50	50	188	138
Transfers - in	-	-	-	-
Additional amounts available for appropriation	301,630	301,630	272,393	(29,237)
Charges to Appropriations (Outflows)				
Maintenance	137,200	137,200	119,384	17,816
Traffic services	72,774	72,774	18,820	53,954
Snow and ice removal	27,274	27,274	15,044	12,230
Administrative	7,820	7,820	7,940	(120)
Transfers - out	43,386	43,386	43,886	(500)
Total charges to appropriations	288,454	288,454	205,074	83,380
Budgetary Fund Balance - June 30, 2013	\$ 156,787	\$ 156,787	\$ 210,930	\$ 54,143

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - LOCAL STREET FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2012	\$ 29,955	\$ 29,955	\$ 29,955	-
Resources (Inflows)				
Intergovernmental	105,845	105,845	103,411	(2,434)
Other	500	500	-	(500)
Interest income	60	60	4	(56)
Transfers - in	105,000	105,000	105,000	-
Additional amounts available for appropriation	211,405	211,405	208,415	(2,990)
Charges to Appropriations (Outflows)				
Maintenance	152,461	152,461	144,884	7,577
Traffic services	18,919	18,919	11,743	7,176
Snow and ice removal	26,219	26,219	13,231	12,988
Administrative	7,021	7,021	6,723	298
Total charges to appropriations	204,620	204,620	176,581	28,039
Budgetary Fund Balance - June 30, 2013	\$ 36,740	\$ 36,740	\$ 61,789	\$ 25,049

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - GWK DRAIN DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2012	\$ 287,707	\$ 287,707	\$ 287,707	-
Resources (Inflows)				
Property taxes	232,226	232,226	229,542	(2,684)
Other	37,294	37,294	37,294	-
Interest income	1,500	1,500	613	(887)
Transfers in	-	-	-	-
Additional amounts available for appropriation	271,020	271,020	267,449	(3,571)
Charges to Appropriations (Outflows)				
Debt service-principal	195,515	195,515	195,516	(1)
Debt service-interest	75,505	75,505	72,987	2,518
Transfers - out	-	-	-	-
Total charges to appropriations	271,020	271,020	268,503	2,517
Budgetary Fund Balance - June 30, 2013	<u>\$ 287,707</u>	<u>\$ 287,707</u>	<u>\$ 286,653</u>	<u>\$ (1,054)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - 11 MILE RD G.O. DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2012	\$ 38,917	\$ 38,917	\$ 38,917	-
Resources (Inflows)				
Property taxes	-	-	-	-
Interest income	840	840	83	(757)
Transfers in	108,466	108,466	108,966	500
Additional amounts available for appropriation	109,306	109,306	109,049	(257)
Charges to Appropriations (Outflows)				
Debt service-principal	50,000	50,000	50,000	-
Debt service-interest	59,306	59,306	59,677	(371)
Transfers - out	-	-	-	-
Total charges to appropriations	109,306	109,306	109,677	(371)
Budgetary Fund Balance - June 30, 2013	\$ 38,917	\$ 38,917	\$ 38,289	\$ (628)

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - 2010 STREET G.O. DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary Fund Balance - July 1, 2012	\$ 184,104	\$ 184,104	\$ 184,104	-
Resources (Inflows)				
Property taxes	616,324	616,324	615,595	(729)
Other	-	-	80,708	80,708
Interest income	120	120	393	273
Transfers in	-	-	-	-
Additional amounts available for appropriation	616,444	616,444	696,696	80,252
Charges to Appropriations (Outflows)				
Debt service-principal	425,000	425,000	425,000	-
Debt service-interest	181,444	181,444	180,100	1,344
Transfers - out	-	-	51,000	(51,000)
Total charges to appropriations	606,444	606,444	656,100	(49,656)
Budgetary Fund Balance - June 30, 2013	<u>\$ 194,104</u>	<u>\$ 194,104</u>	<u>\$ 224,700</u>	<u>\$ 30,596</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - 2012 STREET G.O. DEBT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance - July 1, 2012	\$ 1,834	\$ 1,834	\$ 1,834	-
Resources (Inflows)				
Property taxes	-	-	-	-
Other	-	-	-	-
Interest income	-	-	4	4
Transfers in	-	-	51,000	51,000
Additional amounts available for appropriation	-	-	51,004	51,004
Charges to Appropriations (Outflows)				
Debt service-principal	-	-	-	-
Debt service-interest	-	-	50,828	(50,828)
Transfers - out	-	-	-	-
Total charges to appropriations	-	-	50,828	(50,828)
Budgetary Fund Balance - June 30, 2013	<u>\$ 1,834</u>	<u>\$ 1,834</u>	<u>\$ 2,010</u>	<u>\$ 176</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2012	\$ 2,387,634	\$ 2,387,634	\$ 2,387,634	-
Resources (Inflows)				
Property taxes and special assessments	-	-	-	-
Proceeds from long-term debt	3,020,000	3,020,000	-	(3,020,000)
Other	-	-	329,960	329,960
Interest income	28,500	28,500	6,079	(22,421)
Transfers - in	182,203	182,203	182,203	0
Additional amounts available for appropriation	3,230,703	3,230,703	518,242	(2,712,461)
Charges to Appropriations (Outflows)				
Capital outlay	3,788,190	3,788,190	1,519,142	2,269,048
Administrative	-	-	-	-
Interest	-	-	-	-
Transfers - out	-	-	-	-
Total charges to appropriations	3,788,190	3,788,190	1,519,142	2,269,048
Budgetary Fund Balance - June 30, 2013	\$ 1,830,147	\$ 1,830,147	\$ 1,386,734	\$ (443,413)

CITY OF HUNTINGTON WOODS, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - STREET DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance - July 1, 2012	\$ 257,772	\$ 257,772	\$ 257,772	-
Resources (Inflows)				
Property taxes	1,216,550	1,216,550	1,214,423	(2,127)
Interest income	1,500	1,500	409	(1,091)
Proceeds from long-term debt	-	-	-	-
Transfers in	-	-	-	-
Additional amounts available for appropriation	1,218,050	1,218,050	1,214,832	(3,218)
Charges to Appropriations (Outflows)				
Debt service-principal	1,115,000	1,115,000	1,115,000	-
Debt service-interest	98,050	98,050	97,950	100
Debt defeasement	-	-	-	-
Transfers - out	-	-	-	-
Total charges to appropriations	1,213,050	1,213,050	1,212,950	100
Budgetary Fund Balance - June 30, 2013	<u>\$ 262,772</u>	<u>\$ 262,772</u>	<u>\$ 259,654</u>	<u>\$ (3,118)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2013

	<u>Equipment Fund</u>	<u>Post Retirement Benefits Fund</u>	<u>Total</u>
Assets			
Current Assets			
Cash and certificates of deposit	\$ 48,595	\$ 639	\$ 49,234
Investments - at fair value	170,011	786,066	956,077
Prepaid expense	-	37,228	37,228
Total current assets	218,606	823,933	1,042,539
Property, Plant and Equipment	2,235,516	-	2,235,516
Less accumulated depreciation	1,409,793	-	1,409,793
Undepreciated cost	825,723	-	825,723
Total assets	<u>\$ 1,044,329</u>	<u>\$ 823,933</u>	<u>\$ 1,868,262</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 2,373	\$ -	\$ 2,373
Accrued liabilities	1,301	363	1,664
Current portion of long-term obligations	39,907	-	39,907
Total current liabilities	43,581	363	43,944
Noncurrent liabilities			
Due to employees	-	638,000	638,000
Noncurrent portion of long-term obligations	248,143	-	248,143
Total liabilities	291,724	638,363	930,087
Net Position			
Invested in capital assets, net of related debt	537,673	-	537,673
Net Position			
Unrestricted	214,932	185,570	400,502
Total net position	752,605	185,570	938,175
Total liabilities and net position	<u>\$ 1,044,329</u>	<u>\$ 823,933</u>	<u>\$ 1,868,262</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF OPERATIONS AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Equipment Fund</u>	<u>Post Retirement Benefits Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 201,428	\$ -	\$ 201,428
Other	19,908	179	20,087
Total operating revenues	221,336	179	221,515
Operating (Income) Expenses			
Depreciation	62,441	-	62,441
Retiree health care & other	167,812	466,915	634,727
Total operating income (expenses)	230,253	466,915	697,168
Operating income (loss)	(8,917)	(466,736)	(475,653)
Nonoperating Revenues			
Interest on investments	371	1,866	2,237
Total nonoperating revenues	371	1,866	2,237
Transfers - In (Out)	-	444,087	444,087
Net income (loss)	(8,546)	(20,783)	(29,329)
Net Position - July 1, 2012	761,151	206,353	967,504
Net Position - June 30, 2013	<u>\$ 752,605</u>	<u>\$ 185,570</u>	<u>\$ 938,175</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Equipment Fund	Post Retirement Benefits Fund	Total
Cash Flows From Operating Activities:			
Receipts from customers	\$ 201,428	\$ -	\$ 201,428
Payments for goods and services	(119,329)	-	(119,329)
Payments for employee benefits	(50,061)	(519,415)	(569,476)
Other receipts	19,908	-	19,908
 Net cash provided from (used in) operating activities	 51,946	 (519,415)	 (467,469)
Cash Flows From Noncapital Financing Activities:			
Interfund transfers	-	444,087	444,087
 Net cash provided from noncapital financing activities	 -	 444,087	 444,087
Cash Flows From Capital and Related Financing Activities:			
Acquisition of property, plant and equipment	(297,886)	-	(297,886)
Proceeds from long-term debt	297,886	-	297,886
Payments of long-term debt	(17,541)	-	(17,541)
 Net cash used in capital and related financing activities	 (17,541)	 -	 (17,541)
Cash Flows From Investing Activities:			
Investment purchases and redemptions	(253)	68,723	68,470
Interest received	371	1,866	2,237
 Net cash flows from investing activities	 118	 70,589	 70,707
Net Increase (Decrease) in Cash and Cash Equivalents	34,523	(4,739)	29,784
Cash and Cash Equivalents - July 1, 2012	14,072	5,378	19,450
Cash and Cash Equivalents - June 30, 2013	\$ 48,595	\$ 639	\$ 49,234
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	\$ (8,917)	\$ (466,736)	\$ (475,653)
Depreciation	62,441	-	62,441
 Adjustments to reconcile operating loss to net cash used in operating activities:			
Increase in prepaid expense	-	1,073	1,073
Decrease in accounts payable	(1,466)	-	(1,466)
Increase in other liabilities	(112)	(53,752)	(53,864)
 Total adjustments	 (1,578)	 (52,679)	 (54,257)
 Net cash provided from (used in) operating activities	 \$ 51,946	 \$ (519,415)	 \$ (467,469)

CITY OF HUNTINGTON WOODS, MICHIGAN
STATEMENT OF CHANGES IN NET POSITION - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Assets				
Cash and cash equivalents	\$ 26,604	\$ 397,255	\$ 410,325	\$ 13,534
Investments	380,000	60,000	-	440,000
Receivable	12	-	-	12
Total assets	<u>\$ 406,616</u>	<u>\$ 457,255</u>	<u>\$ 410,325</u>	<u>\$ 453,546</u>
Liabilities				
Accounts payable	\$ 11,328	\$ 294,151	\$ 299,503	\$ 5,976
Accrued and other liabilities	144,537	201,276	190,594	155,219
Performance deposits	250,751	194,627	153,027	292,351
Total liabilities	<u>\$ 406,616</u>	<u>\$ 690,054</u>	<u>\$ 643,124</u>	<u>\$ 453,546</u>

Statistical Section

STATISTICAL SECTION

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

Contents

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Financial Trends

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These schedules contain trend information to help the reader understand how the City's financial performance has changed.

Revenue Capacity

74-79

These schedules contain information to help the reader access the City's most significant local revenue source, the property tax.

Debt Capacity

80-83

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

84-85

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

86-88

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in the fiscal year ended 6/30/03; schedules presenting government-wide information include information beginning in that year.

CITY OF HUNTINGTON WOODS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Investment in capital assets, net of related debt	\$ 13,355,636	\$ 13,718,189	\$ 14,205,821	\$ 14,080,851	\$ 14,007,428	\$ 16,427,039	\$ 17,189,807	\$ 17,293,790	\$17,489,323	\$17,680,106
Restricted	136,015	136,015	136,015	136,015	136,015	136,015	890,287	828,641	1,006,973	1,121,696
Unrestricted	2,171,361	1,792,529	1,608,326	1,312,037	3,300,774	3,075,721	2,572,613	3,299,301	3,236,502	3,530,883
Total governmental activities net position	\$ 15,663,012	\$ 15,646,733	\$ 15,950,162	\$ 15,528,903	\$ 17,444,217	\$ 19,638,775	\$ 20,652,707	\$ 21,421,732	\$21,732,798	\$22,332,685
Business-type activities										
Net position, invested in capital assets	\$ 2,771,663	\$ 2,510,107	\$ 2,452,939	\$ 2,522,823	\$ 2,686,299	\$ 2,945,582	\$ 3,103,420	\$ 3,238,887	\$ 3,914,602	\$ 3,888,654
Unrestricted	1,446,537	1,641,358	1,845,062	1,953,198	1,804,579	1,141,016	787,774	638,798	1,306,100	1,362,627
Total business-type activities net position	\$ 4,218,200	\$ 4,151,465	\$ 4,298,001	\$ 4,476,021	\$ 4,490,878	\$ 4,086,598	\$ 3,891,194	\$ 3,877,685	\$ 5,220,702	\$ 5,251,281
Primary government										
Net investment in capital assets	\$ 16,127,299	\$ 16,228,296	\$ 16,658,760	\$ 16,603,674	\$ 16,693,727	\$ 19,372,621	\$ 20,293,227	\$ 20,532,677	\$21,403,925	\$21,568,760
Restricted	136,015	136,015	136,015	136,015	136,015	136,015	890,287	828,641	1,006,973	1,121,696
Unrestricted	3,617,898	3,433,887	3,453,388	3,265,235	5,105,353	4,216,737	3,360,387	3,938,099	4,542,602	4,893,510
Total primary government net position	\$ 19,881,212	\$ 19,798,198	\$ 20,248,163	\$ 20,004,924	\$ 21,935,095	\$ 23,725,373	\$ 24,543,901	\$ 25,299,417	\$26,953,500	\$27,583,966

CITY OF HUNTINGTON WOODS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses									
Governmental activities:									
General government	\$ 3,677,462	\$ 3,862,617	\$ 3,718,636	\$ 4,174,262	\$ 4,343,016	\$ 2,658,500	\$ 2,631,232	\$ 3,110,281	\$ 2,525,906
Public safety	1,502,117	1,598,567	1,682,452	1,700,061	1,797,164	2,398,441	2,635,710	2,952,968	3,045,555
Public works	229,489	217,363	264,741	216,382	233,453	348,242	383,831	385,214	417,060
Library	418,550	435,380	452,332	509,744	541,454	594,613	617,319	485,963	469,906
Maintenance	411,802	407,231	408,529	431,734	460,522	334,368	250,334	158,988	209,078
Traffic services	20,971	15,756	33,308	27,329	27,313	11,038	8,257	42,184	83,254
Snow and ice removal	54,585	58,644	43,966	48,074	75,090	70,096	47,834	65,733	39,411
Administrative	172,247	206,666	114,557	480,125	216,639	197,445	130,896	107,062	102,338
Aquatic Club	188,969	189,009	182,307	192,837	206,166	251,398	248,020	242,199	208,518
Recreation	1,320,142	1,365,100	1,528,134	1,585,518	1,714,512	1,878,848	1,883,117	1,766,812	1,701,564
Capital outlay	267,875	-	-	431,959	-	-	-	-	-
Interest on debt	523,336	524,043	495,986	463,450	472,567	545,749	511,931	452,253	451,564
Total governmental activities expenses	\$ 8,787,545	\$ 8,880,376	\$ 8,924,948	\$ 10,261,475	\$ 10,087,896	\$ 9,288,738	\$ 9,348,481	\$ 9,769,657	\$ 9,254,154
Business-type activities:									
Water	1,377,640	1,598,457	1,499,103	1,541,979	1,655,646	1,808,143	1,813,535	2,036,080	2,007,100
Total primary government expenses	\$ 10,165,185	\$ 10,478,833	\$ 10,424,051	\$ 11,803,454	\$ 11,743,542	\$ 11,096,881	\$ 11,162,016	\$ 11,805,737	\$ 11,261,254
Program Revenues									
Governmental activities:									
Charges for services									
General government	\$ 458,754	\$ 506,084	\$ 533,819	\$ 474,561	\$ 401,852	\$ 405,991	\$ 408,743	\$ 1,067,243	\$ 426,840
Public safety	136,407	155,338	176,985	170,410	149,096	125,295	113,568	154,259	159,390
Public works	241,142	220,098	202,660	180,705	223,807	164,382	-	-	-
Library	16,986	52,046	86,976	73,739	68,487	58,546	56,137	55,797	57,352
Aquatic club	171,600	185,032	186,133	187,355	176,356	178,107	187,287	189,441	180,504
Recreation	800,147	808,819	811,148	844,190	789,247	740,497	808,836	760,548	766,337
Operating grants and contributions	393,415	380,025	397,712	405,202	369,953	354,666	4,362	4,248	3,609
Capital grants and contributions	12,216	8,465	9,055	16,507	8,956	928,717	13,002	7,890	13,800
Total governmental activities program revenue	\$ 2,230,667	\$ 2,315,907	\$ 2,404,488	\$ 2,352,669	\$ 2,187,754	\$ 2,956,201	\$ 1,591,935	\$ 2,239,426	\$ 1,607,832
Business-type activities:									
Charges for services	1,500,798	1,611,279	1,721,141	1,753,080	1,832,946	1,754,065	1,815,271	2,071,196	2,268,021
Total primary government program revenues	\$ 3,731,465	\$ 3,927,186	\$ 4,125,629	\$ 4,105,749	\$ 4,020,700	\$ 4,710,266	\$ 3,407,206	\$ 4,310,622	\$ 3,875,853
Net (Expenses)/Revenue									
Governmental activities	\$ (6,556,878)	\$ (6,564,469)	\$ (6,520,460)	\$ (7,908,806)	\$ (7,900,142)	\$ (6,332,537)	\$ (7,756,546)	\$ (7,530,231)	\$ (7,646,322)
Business-type activities	\$ 123,158	\$ 12,822	\$ 222,038	\$ 211,101	\$ 177,300	\$ (54,078)	\$ 1,736	\$ 35,116	\$ 260,921
Total primary government net expense	\$ (6,433,720)	\$ (6,551,647)	\$ (6,298,422)	\$ (7,697,705)	\$ (7,722,842)	\$ (6,386,615)	\$ (7,754,810)	\$ (7,495,115)	\$ (7,385,401)
General Revenues and Other Changes in Nets Position									
Governmental activities:									
Property taxes	\$ 4,024,806	\$ 4,331,025	\$ 4,634,466	\$ 5,023,219	\$ 5,883,281	\$ 5,638,599	\$ 5,784,124	\$ 5,592,840	\$ 5,525,532
Property tax - debt service	1,120,667	1,168,160	1,148,710	1,200,936	1,195,163	1,442,147	1,326,964	1,589,480	2,021,074
State shared revenue	607,762	591,245	586,265	579,403	566,966	648,811	570,623	447,260	511,759
Investment earnings	23,710	106,576	152,226	273,579	268,356	224,401	196,680	108,111	51,098
Bond proceeds	-	-	-	-	1,470,000	-	-	-	-
Other	54,758	244,749	185,778	289,013	34,058	174,385	983,122	493,710	918,666
Transfers - internal activities	208,654	106,435	116,444	121,397	397,632	398,752	232,735	67,855	(1,070,741)
Total governmental activities	\$ 6,040,357	\$ 6,548,190	\$ 6,823,889	\$ 7,487,547	\$ 9,815,456	\$ 8,527,095	\$ 9,094,248	\$ 8,299,256	\$ 7,957,388
Business-type activities:									
Investment earnings	7,396	26,878	40,942	88,316	62,873	48,550	35,595	19,230	11,355
Transfers - internal activities	(208,654)	(106,435)	(116,444)	(121,397)	(225,316)	(398,752)	(232,735)	(67,855)	1,070,741
Total business-type activities	(201,256)	(79,557)	(75,502)	(33,081)	(162,443)	(350,202)	(197,140)	(48,625)	1,082,096
Total primary government	\$ 5,839,101	\$ 6,468,633	\$ 6,748,387	\$ 7,454,466	\$ 9,653,013	\$ 8,176,893	\$ 8,897,108	\$ 8,250,631	\$ 9,039,484
Cumulative effect in accounting change-									
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (323,770)	\$ -	\$ -
Change in Net Position									
Governmental activities	\$ (516,521)	\$ (16,279)	\$ 303,429	\$ (421,259)	\$ 1,915,314	\$ 2,194,558	\$ 1,013,932	\$ 769,025	\$ 311,066
Business-type activities	(78,098)	(66,735)	146,536	178,020	14,857	(404,280)	(195,404)	(13,509)	1,343,017
Total primary government	\$ (594,619)	\$ (83,014)	\$ 449,965	\$ (243,239)	\$ 1,930,171	\$ 1,790,278	\$ 818,528	\$ 755,516	\$ 1,654,083

**CITY OF HUNTINGTON WOODS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Unreserved	789,472	642,517	478,464	589,467	764,444	911,888	1,143,934	-	-	-
All Other Governmental Funds										
Reserved	136,015	136,015	136,015	136,015	136,015	136,015	4,097,588	-	-	-
Unreserved, reported in										
Special revenue funds	523,578	427,986	453,052	383,680	659,885	1,014,192	1,024,990	-	-	-
Capital projects funds	124,350	56,024	979	(526,602)	929,901	213,091	-	-	-	-
Debt service funds	349,197	391,992	424,763	476,062	564,837	565,692	533,429	-	-	-
Total other governmental funds	1,133,140	1,012,017	1,014,809	469,155	2,290,638	1,928,990	5,656,007	-	-	-
Total Governmental Funds	<u>\$ 1,922,612</u>	<u>\$ 1,654,534</u>	<u>\$ 1,493,273</u>	<u>\$ 1,058,622</u>	<u>\$ 3,055,082</u>	<u>\$ 2,840,878</u>	<u>\$ 6,799,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund										
Nonspendable	-	-	-	-	-	-	-	114,497	144,205	168,916
Committed	-	-	-	-	-	-	-	568,760	619,067	835,141
Assigned	-	-	-	-	-	-	-	199,210	196,346	206,674
Unassigned	-	-	-	-	-	-	-	1,205,965	1,249,435	1,325,324
Total General Fund	-	-	-	-	-	-	-	2,088,432	2,209,053	2,536,055
All Other Governmental Funds										
Restricted	-	-	-	-	-	-	-	3,221,216	2,959,254	1,976,615
Committed	-	-	-	-	-	-	-	4,500	4,500	4,500
Assigned	-	-	-	-	-	-	-	488,666	677,792	920,995
Total other governmental funds	-	-	-	-	-	-	-	3,714,382	3,641,546	2,902,110
Total Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,802,814</u>	<u>\$ 5,850,599</u>	<u>\$ 5,438,165</u>

CITY OF HUNTINGTON WOODS
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Property taxes and special assessments	\$ 5,145,473	\$ 5,499,185	\$ 5,783,176	\$ 6,224,155	\$ 7,078,444	\$ 7,080,747	\$ 7,111,088	\$ 7,182,320	\$ 7,546,606	\$ 7,721,690
Licenses and permits	223,242	328,879	340,215	204,224	178,729	157,402	156,381	188,152	174,874	269,542
Intergovernmental	997,471	961,806	976,349	984,995	927,552	907,990	931,382	790,958	924,370	900,917
Charges for services	70,708	79,883	90,598	85,430	88,077	89,088	90,106	86,388	68,142	68,630
Aquatic Club charges	171,600	185,032	186,133	187,355	176,356	178,107	187,287	189,441	180,504	215,591
Program fees	800,147	808,819	811,148	844,190	789,247	740,497	808,836	760,548	766,337	730,343
Fines and forfeits	162,664	223,307	250,160	268,316	243,079	227,645	217,433	252,461	254,523	287,122
Investment income	18,370	87,275	128,170	219,181	226,656	185,965	160,219	88,524	38,312	19,803
Other	253,418	344,958	290,932	456,964	1,751,689	306,508	253,514	280,311	496,028	824,797
Total revenues	7,843,093	8,519,144	8,856,881	9,474,810	11,459,829	9,873,949	9,916,246	9,819,103	10,449,696	11,038,435
Expenditures										
General government	961,281	1,042,830	1,082,652	1,083,023	1,081,271	1,328,661	1,286,115	919,982	969,124	994,014
Public safety	1,498,337	1,598,567	1,623,066	1,662,206	1,729,266	2,358,034	2,595,099	2,904,831	2,994,502	3,107,956
Public works	227,553	215,427	208,616	207,579	223,492	343,906	379,256	380,047	411,627	446,080
Library	386,490	408,473	429,309	453,451	450,233	537,236	559,630	460,878	439,098	417,624
Maintenance	411,802	407,231	408,529	431,734	460,522	334,368	250,334	241,571	209,078	264,268
Traffic services	20,971	15,756	33,308	27,329	27,313	11,088	8,257	42,184	83,254	30,563
Snow and ice removal	54,585	58,644	43,966	48,074	75,090	70,096	47,834	65,733	39,411	28,275
Administrative	172,247	206,666	114,557	480,125	216,639	197,445	130,896	107,062	102,338	105,676
Aquatic Club	188,969	189,009	182,307	192,837	206,166	251,398	248,020	242,199	208,518	251,506
Recreation	1,294,302	1,337,510	1,390,945	1,368,526	1,342,824	1,663,944	1,672,115	1,557,238	1,469,906	1,411,595
Employee benefits	1,139,146	1,251,138	1,349,458	1,456,554	1,496,316	43,345	58,755	57,494	51,421	48,051
Professional services	396,731	414,217	425,197	447,318	368,403	391,452	376,776	378,067	489,562	397,399
Capital outlay	346,791	191,901	177,156	661,945	603,880	1,233,005	783,937	1,639,092	2,329,334	1,519,142
Debt service										
Principal	630,535	709,245	730,554	755,347	816,779	942,947	1,055,312	1,240,486	1,699,874	1,785,516
Interest	523,336	524,043	495,986	463,450	472,567	461,209	437,845	391,884	446,230	461,542
Total expenditures	8,253,076	8,570,657	8,695,606	9,739,498	9,570,761	10,168,084	9,890,181	10,628,748	11,943,277	11,269,207
Excess of revenues over (under) expenditures	(409,983)	(51,513)	161,275	(264,688)	1,889,068	(294,135)	26,065	(809,645)	(1,493,581)	(230,772)
Other Financing Sources (Uses)										
Proceeds from long-term debt	-	-	-	-	-	-	10,705,000	-	3,050,000	-
Debt defeasement/underwriter discount	-	-	-	-	-	-	(6,295,050)	-	-	-
Transfers - in	1,025,036	914,831	1,024,914	1,083,035	1,598,712	2,071,871	1,697,843	1,319,938	1,354,454	1,496,514
Transfers - out	(1,064,982)	(1,131,396)	(1,347,450)	(1,252,998)	(1,491,320)	(1,991,940)	(1,851,025)	(1,507,420)	(2,863,088)	(1,678,176)
Total other financing sources (uses)	(39,946)	(216,565)	(322,536)	(169,963)	107,392	79,931	4,256,768	(187,482)	1,541,366	(181,662)
Cumulative Effect of Accounting Change	-	-	-	-	-	-	(323,770)	-	-	-
Net changes in fund balances	\$ (449,929)	\$ (268,078)	\$ (161,261)	\$ (434,651)	\$ 1,996,460	\$ (214,204)	\$ 3,959,063	\$ (997,127)	\$ 47,785	\$ (412,434)
Debt service as a percentage of noncapital expenditures	5.85%	5.79%	5.95%	6.45%	5.95%	5.36%	5.10%	4.51%	3.48%	3.34%

CITY OF HUNTINGTON WOODS
TAX REVENUES BY SOURCE
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

<u>Year Ended June 30</u>	<u>General Property Taxes</u>	<u>Property Tax Debt Service</u>	<u>Sales and use tax</u>	<u>Total</u>
2004	4,024,806	1,120,667	607,762	5,753,235
2005	4,331,025	1,168,160	591,245	6,090,430
2006	4,634,466	1,148,710	586,265	6,369,441
2007	5,023,219	1,200,936	579,403	6,803,558
2008	5,526,631	1,195,163	566,966	7,288,760
2009	5,610,003	1,442,147	562,846	7,614,996
2010	5,784,124	1,326,964	570,623	7,681,711
2011	5,592,840	1,589,480	447,260	7,629,580
2012	5,525,532	2,021,074	511,759	8,058,365
2013	5,662,130	2,059,560	526,067	8,247,757
Change 2004-2013	41%	84%	-13%	43%

CITY OF HUNTINGTON WOODS

STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Real Property			Personal Property			Total			Tax Rate Mills
	State Equalized Value	Taxable Value	Estimated Actual Value	State Equalized Value	Taxable Value	Estimated Actual Value	State Equalized Value	Taxable Value	Estimated Actual Value	
2004	373,847,198	253,025,287	747,694,396	4,512,570	4,512,570	9,025,140	378,359,768	257,537,857	756,719,536	19.9823
2005	391,895,348	268,148,336	783,790,696	5,154,254	5,154,254	10,308,508	397,049,602	273,302,590	794,099,204	19.9398
2006	425,442,200	284,958,220	850,884,400	4,253,880	4,260,460	8,507,760	429,696,080	289,218,680	859,392,160	19.2012
2007	447,963,420	300,995,604	895,926,840	3,856,550	3,847,680	7,713,100	451,819,970	304,843,284	903,639,940	19.5452
2008	441,218,380	315,309,480	882,436,760	3,901,770	3,901,770	7,803,540	445,120,150	319,211,250	890,240,300	20.4431
2009	422,093,760	320,335,580	844,187,520	3,255,160	3,255,160	6,510,320	425,348,920	323,590,740	850,697,840	21.1527
2010	390,205,870	322,032,850	780,411,740	3,124,990	3,124,990	6,249,980	393,330,860	325,157,840	786,661,720	21.3175
2011	336,572,800	302,579,950	673,145,600	3,289,130	3,289,130	6,578,260	339,861,930	305,869,080	679,723,860	22.8115
2012	306,653,240	290,958,970	613,306,480	3,231,820	3,231,820	6,463,640	309,885,060	294,190,790	619,770,120	24.9469
2013	303,544,520	289,733,230	607,089,040	3,651,340	3,651,340	7,302,680	307,195,860	293,384,570	614,391,720	25.5963

Source: Oakland County Assessor

The city's operating millage rate is limited to 23 mills, reduced by Headlee to current operating millage rate of 19.3490

The city levies the maximum as authorized under the Headlee tax limitation formula

CITY OF HUNTINGTON WOODS
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$1,000 of Taxable Value)
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate			Overlapping Rates					
	Operating	Debt Service	Total Direct	School Districts		Community College	Intermediate		GWK Drain
				Berkley	Royal Oak		School District	County	
2004: Homestead (1)	15.6306	4.3517	19.9823	10.3700	7.8000	1.5983	3.3991	5.7573	0.5102
2004: Non-Homestead	15.6306	4.3517	19.9823	28.3700	25.6061	1.5983	3.3991	5.7573	0.5102
2005: Homestead (1)	15.6694	4.2704	19.9398	11.1200	7.5000	1.5889	3.3789	6.0841	0.8411
2005: Non-Homestead	15.6694	4.2704	19.9398	29.1200	25.3061	1.5889	3.3789	6.0841	0.8411
2006: Homestead (1)	16.0067	3.1945	19.2012	10.5067	6.0130	1.5844	3.3690	6.0298	0.7922
2006: Non-Homestead	16.0067	3.1945	19.2012	28.5067	23.8191	1.5844	3.3690	6.0298	0.7922
2007: Homestead (1)	16.3490	3.1962	19.5452	10.4967	7.7030	1.5844	3.3690	5.9827	0.7466
2007: Non-Homestead	16.3490	3.1962	19.5452	28.4967	25.7030	1.5844	3.3690	5.9827	0.7466
2008: Homestead (1)	17.3490	3.0941	20.4431	10.3467	7.6057	1.5844	3.3690	5.8918	0.6557
2008: Non-Homestead	17.3490	3.0941	20.4431	28.3467	25.6057	1.5844	3.3690	5.8918	0.6557
2009: Homestead (1)	17.8490	3.3037	21.1527	10.2167	13.4095	1.5844	4.9534	5.2361	0.6511
2009: Non-Homestead	17.8490	3.3037	21.1527	28.2167	31.4095	1.5844	4.9534	5.2361	0.6511
2010: Homestead (1)	17.9556	3.3619	21.3175	10.2167	13.3521	1.5844	3.3690	5.3361	0.6300
2010: Non-Homestead	17.9556	3.3619	21.3175	28.2167	31.3521	1.5844	3.3690	5.3361	0.6300
2011: Homestead (1)	18.3490	4.4625	22.8115	10.2167	13.7312	1.5844	3.3690	5.3361	0.7480
2011: Non-Homestead	18.3490	4.4625	22.8115	28.2167	31.7312	1.5844	3.3690	5.3361	0.7480
2012: Homestead (1)	18.8490	6.0979	24.9469	10.6967	13.7300	1.5844	3.3690	5.3361	0.7880
2012: Non-Homestead	18.8490	6.0979	24.9469	28.6967	31.7300	1.5844	3.3690	5.3361	0.7880
2013: Homestead (1)	19.3490	6.2473	25.5963	10.7167	13.7300	1.5844	3.3690	5.5361	0.7916
2013: Non-Homestead	19.3490	6.2473	25.5963	28.7167	31.7300	1.5844	3.3690	5.5361	0.7916

Source: Oakland County Assessor

The city's operating millage rate is limited to 23 mills, reduced by Headlee to current operating millage rate of 19.3490

The city levies the maximum as authorized under the Headlee tax limitation formula

CITY OF HUNTINGTON WOODS
TEN LARGEST TAXPAYERS
PAST TEN FISCAL YEARS

Taxpayer/type of business	2004			2005			2006			2007			2008		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Detroit Edison-Utility	\$ 1,191,320	1	0.46%	\$ 1,328,914	1	0.49%	\$ 1,096,590	1	0.38%	\$ 1,116,810	1	0.37%	\$ 1,094,440	1	0.34%
Berman Brodsky-Property Mgmt	1,068,030	2	0.41%	888,850	2	0.33%	909,280	2	0.31%	939,280	2	0.31%	974,020	2	0.31%
Chase Bank-Commercial Bank	842,750	3	0.33%	862,120	3	0.32%	881,930	3	0.30%	911,020	3	0.30%	944,710	3	0.30%
Kasco Equities-Property Mgmt	753,120	4	0.29%	770,880	4	0.28%	784,150	4	0.27%	808,280	4	0.27%	812,650	4	0.25%
Private Residence-Hendrie	-	-	-	-	-	-	550,770	5	0.19%	-	-	-	-	-	-
Consumers Energy-Utility	629,260	5	0.24%	705,470	5	0.26%	-	-	-	494,220	7	0.16%	509,530	5	0.16%
Life Aid-Retail Pharmacy	521,400	7	0.20%	510,040	6	0.19%	501,440	7	0.17%	505,270	5	0.17%	509,440	6	0.16%
Private Residence-Hendrie	518,570	6	0.20%	494,500	7	0.18%	505,870	6	0.17%	500,000	6	0.16%	488,230	7	0.15%
Private Residence-Hendrie	355,970	10	0.14%	445,440	8	0.16%	455,680	9	0.16%	470,710	8	0.15%	488,120	8	0.15%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	479,970	9	0.15%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	466,870	10	0.15%
Private Residence-Huntington	-	-	-	-	-	-	479,980	8	0.17%	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	400,000	9	0.15%	-	-	-	425,000	10	0.14%	-	-	-
Southmain Enterprises-Property Mgmt	376,530	8	0.15%	385,190	10	0.14%	-	-	-	-	-	-	-	-	-
Private Residence-Huntington	-	-	-	-	-	-	418,980	10	0.14%	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	437,120	9	0.14%	-	-	-
Private Residence-Borgman	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Huntington	375,000	9	0.15%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coolidge & Eleven Inc-Retail cleaner	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten Largest Taxpayers	6,631,950		2.58%	6,791,404		2.48%	6,584,670		2.28%	6,607,710		2.17%	6,767,980		2.12%
Other Taxpayers	\$ 250,905,907			\$ 266,511,186			\$ 282,634,010			\$ 298,235,574			\$ 312,443,270		
Total Taxable Value	\$ 257,537,857			\$ 273,302,590			\$ 289,218,680			\$ 304,843,284			\$ 319,211,250		

Taxpayer/type of business	2009			2010			2011			2012			2013		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Detroit Edison-Utility	\$ 727,670	4	0.22%	\$ 759,790	3	0.23%	\$ 641,610	5	0.21%	\$ 653,240	5	0.22%	\$ 702,690	4	0.24%
Berman Brodsky-Property Mgmt	996,410	1	0.31%	1,040,240	1	0.32%	1,037,110	1	0.34%	1,054,730	1	0.36%	1,083,200	2	0.37%
Chase Bank-Commercial Bank	966,420	2	0.30%	1,008,930	2	0.31%	1,005,880	2	0.33%	948,430	2	0.32%	919,000	3	0.31%
Kasco Equities-Property Mgmt	584,290	6	0.18%	554,530	6	0.17%	751,550	4	0.25%	685,110	4	0.23%	645,390	5	0.22%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumers Energy-Utility	588,890	5	0.18%	663,030	5	0.20%	798,880	3	0.26%	910,870	3	0.31%	1,296,330	1	0.44%
Life Aid-Retail Pharmacy	575,020	7	0.18%	541,480	7	0.17%	479,530	6	0.16%	433,600	8	0.15%	403,530	8	0.14%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Hendrie	750,000	3	0.23%	728,750	4	0.22%	645,070	7	0.21%	525,000	6	0.18%	500,530	6	0.17%
Private Residence-Hendrie	477,600	8	0.15%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Huntington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	464,840	9	0.14%	-	-	-	-	-	-	-	-	-
Southmain Enterprises-Property Mgmt	-	-	-	450,790	10	0.14%	449,430	8	0.15%	457,070	7	0.16%	-	-	-
Private Residence-Huntington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	463,710	10	0.14%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Borgman	469,620	9	0.15%	490,280	8	0.15%	469,130	10	0.15%	428,670	9	0.15%	411,860	7	0.14%
Private Residence-Huntington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	368,790	9	0.13%
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	364,870	10	0.12%
Coolidge & Eleven Inc-Retail cleaner	-	-	-	-	-	-	348,820	9	0.11%	323,440	10	0.11%	-	-	-
Ten Largest Taxpayers	6,599,630		2.04%	6,702,660		2.06%	6,627,010		2.17%	6,420,160		2.18%	6,696,190		2.29%
Other Taxpayers	\$ 316,991,110			\$ 318,455,180			\$ 299,242,070			\$ 287,770,630			\$ 286,688,380		
Total Taxable Value	\$ 323,590,740			\$ 325,157,840			\$ 305,869,080			\$ 294,190,790			\$ 293,384,570		

Source: City of Huntington Woods Assessor

CITY OF HUNTINGTON WOODS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Personal Property Tax Collections	Total Tax Collections	Total Collections As Percent Of Current Levy
2004	5,145,473	5,140,764	99.91%	4,709	5,145,473	100.00%
2005	5,499,185	5,493,401	99.89%	5,784	5,499,185	100.00%
2006	5,783,176	5,770,073	99.77%	13,103	5,783,176	100.00%
2007	6,224,155	6,222,828	99.98%	1,327	6,224,155	100.00%
2008	6,721,794	6,719,362	99.96%	2,432	6,721,794	100.00%
2009	7,052,150	7,050,957	99.98%	1,193	7,052,150	100.00%
2010	7,111,088	6,923,773	97.37%	187,315	7,111,088	100.00%
2011	7,182,320	7,180,200	99.97%	2,120	7,182,320	100.00%
2012	7,546,606	7,543,196	99.95%	3,410	7,546,606	100.00%
2013	7,721,690	7,718,188	99.95%	3,502	7,721,690	100.00%

Source: Oakland County Assessor

CITY OF HUNTINGTON WOODS

TAX INFORMATION

Taxes Due: July 1st

Payable: City, County operating taxes and fifty percent (50%) of school taxes are due and payable July 1st at the office of the City Treasurer. (The County parks, transportation and drain debt taxes and the remaining fifty percent (50%) of school taxes are due and payable December 1st).

Penalties and Interest

for Delinquency: All City taxes paid on or before the 10th day of August shall be collected without additional charge. There shall be added to all taxes paid after the 10th day of August, one percent for each and every month that the amount remains unpaid; provided however, that if one-half of the City taxes are paid on or before the 10th day of August, the remaining one-half of the tax is due on or before the 31th day of October without additional charge, but should the latter one-half not be paid before the 31th day of October, then the taxes shall be subject to the charge of one percent per month from August 10th. County taxes are to be paid on or before the 14th day of February without additional charge. All County taxes paid after the 14th day of February shall be subject to a penalty of three percent. Commencing March 1st, taxes on real property are collected through the County Treasurer of Oakland County, who adds and retains a collection fee of four percent and in addition adds interest at the rate of one percent per month to the date of payment.

Lien on Property: Unpaid taxes, together with all charges thereon, become a continuing lien on the property assessed. The General Tax Law provides for disposition at public sale of real estate delinquent for taxes as follows:

<u>Date of Sale</u>	<u>Delinquent Tax Property to be Sold</u>
July 2010	Year 2005
July 2011	Year 2006
July 2012	Year 2007

State Land Sale: The General Property Tax Act, Public Act 206 of 1893, as amended, requires the County Treasurer to foreclose on real property for failure to pay delinquent property taxes. One March 1st, following the year taxes went delinquent a \$175.00 fee and a \$18.00 recording fee will be added to the parcel. The interest rate on the unpaid balance increases to 1.5% per month retroactive to the previous March 1st. In February properties that are delinquent for two years will be taken to the Circuit Court for foreclosure. Property owners have 21 days from the foreclosure judgement date to redeem the property by paying all taxes, penalties, interest and fees. After 21 days the State is granted first right of refusal to purchase property at the greater of minimum bid or fair market value. The City has second right of refusal to purchase property for a public purpose at the minimum bid price. The County may purchase property at the minimum bid price following the local unit decision not to purchase. Properties that are not purchased will be available for land sale. The land sale will be a live auction. Parcels will be sold as-is at time of auction. Minimum opening bid will be the sum of all delinquent taxes, including all interests, penalties, fees and expenses.

**CITY OF HUNTINGTON WOODS
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Year Ended June 30	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Net Debt Per Capita
	General Obligation Bonds	GWK Drain Bonds	Installment Loans	Installment Loan				
2004	10,075,000	3,691,842	123,994	55,812		13,946,648	5.01%	2,267
2005	9,575,000	3,549,963	131,381	215,427		13,471,771	4.84%	2,190
2006	9,050,000	3,401,036	155,045	170,653		12,776,734	4.59%	2,077
2007	8,450,000	3,287,983	130,228	-		11,868,211	4.26%	1,929
2008	9,300,000	3,142,189	104,633	-		12,546,822	4.76%	2,040
2009	8,525,000	3,195,516	189,030	-		11,909,546	4.52%	1,936
2010	12,155,000	3,015,205	120,587	-		15,290,792	5.80%	2,486
2011	11,100,000	2,887,131	49,044	-		14,036,175	4.33%	2,250
2012	12,640,000	2,697,258	133,818	-		15,471,076	4.88%	2,480
2013	11,050,000	2,501,743	123,840	288,052		13,963,635	4.28%	2,238

Source: U.S. Census Department (population) see demographic and economic statistics schedule for details

Source: Michigan Department of Labor (per capita income) see demographic and economic statistical schedule for details

**CITY OF HUNTINGTON WOODS
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year Ending June 30	General Obligation Bonds	Less Available Debt Service Funds	Total	Percentage of Estimated Actual Value of Taxable Property	Net Bonded Debt per Capita
2004	10,075,000	349,197	9,725,803	1.29%	1,581
2005	9,575,000	391,992	9,183,008	1.16%	1,493
2006	9,050,000	424,763	8,625,237	1.00%	1,402
2007	8,450,000	476,062	7,973,938	0.88%	1,296
2008	9,300,000	564,837	8,735,163	0.98%	1,420
2009	8,525,000	565,692	7,959,308	0.94%	1,294
2010	12,155,000	533,465	11,621,535	1.48%	1,889
2011	11,100,000	655,429	10,444,571	1.54%	1,674
2012	12,640,000	757,088	11,882,912	1.92%	1,905
2013	11,050,000	811,306	10,238,694	1.67%	1,641

General Obligation Bonds in this table represent only those bonds serviced from property tax revenues

Source: City of Huntington Woods Assessor (estimated actual values)

Source: U.S. Census Department (population) see demographic and economic statistics schedule for details

CITY OF HUNTINGTON WOODS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2013

Name of Governmental Unit	Bonds Outstanding	Balances on Hand	Net Debt Outstanding	Percentage Applicable to City	City's Share of Debt
City of Huntington Woods					
Direct Debt					
General Obligation-Capital Improvement Bonds	11,050,000	524,653	10,525,347	100%	10,525,347
Share of County Issued GWK Drain Bonds	2,501,743	286,653	2,215,090	100%	2,215,090
Michigan Suburbs Alliance Installment Loans	123,840	-	123,840	100%	123,840
Fire Truck Installment Loan	288,050	-	288,050	100%	288,050
Overlapping Debt					
Public Schools					
Berkley School District			17,985,000	34.00%	6,114,900
Royal Oak School District			59,170,000	0.01%	5,917
County			119,779,697	0.60%	718,678
Intermediate School District			60,095,000	0.60%	360,570
Oakland Community College			3,765,000	0.60%	22,590
Total Overlapping Debt					<u>7,222,655</u>
Total Direct and Overlapping Debt					<u>\$ 20,374,982</u>

Source: Percentages obtained from Municipal Advisory Council of Michigan

**CITY OF HUNTINGTON WOODS
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 37,835,977	\$ 39,704,960	\$ 42,969,608	\$ 45,181,997	\$ 44,512,015	\$ 42,534,892	\$ 39,333,086	\$ 33,986,193	\$30,988,506	\$ 30,719,586
Total net debt applicable to limit	13,594,826	13,086,464	12,358,442	\$ 11,398,510	\$ 11,992,471	\$ 11,360,456	\$ 14,775,116	\$ 13,394,156	\$14,729,662	\$ 13,161,696
Legal Debt Margin	\$ 24,241,151	\$ 26,618,496	\$ 30,611,166	\$ 33,783,487	\$ 32,519,544	\$ 31,174,436	\$ 24,557,970	\$ 20,592,037	\$16,258,844	\$ 17,557,890
Total net debt applicable to the limit as a percentage of the debt limit	35.93%	32.96%	28.76%	25.23%	26.94%	26.71%	37.56%	39.41%	47.53%	42.84%

Legal Debt Margin Calculation for Fiscal Year 2013

State Equalized Valuation	<u>\$ 307,195,860</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 30,719,586
Amount of Debt Applicable to Limit	13,973,002
Less: Amount Available in Debt Service Fund	<u>811,306</u>
Net General Obligation Debt Subject to Limitation	<u>\$ 13,161,696</u>
Legal Debt Margin less amount available	<u>\$ 17,557,890</u>

State law limits the amount of city general obligation debt to 10% of state equalized value

**CITY OF HUNTINGTON WOODS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>K-12 School Enrollment</u>	<u>Unemployment Rate</u>
2004	6,151	278,418,864	\$ 45,264	1,631	2.0%
2005	6,151	278,418,864	\$ 45,264	1,631	2.0%
2006	6,151	278,418,864	\$ 45,264	1,456	2.0%
2007	6,151	278,418,864	\$ 45,264	1,205	2.0%
2008	6,151	263,527,293	\$ 42,843	1,205	2.6%
2009	6,151	263,527,293	\$ 42,843	1,090	2.6%
2010	6,151	263,527,293	\$ 42,843	1,086	2.6%
2011	6,238	324,276,192	\$ 51,984	1,064	2.6%
2012	6,238	316,977,732	\$ 50,814	1,050	2.6%
2013	6,238	326,428,302	\$ 52,329	1,054	2.6%

Source: U.S. Census Department (population)

Source: Michigan Department of Labor (unemployment rates)

Source: Southeast Michigan Council of Governments (personal income and per capita income)

Source: Berkley School District (school enrollment)

CITY OF HUNTINGTON WOODS
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

Employer	2004			2005			2006			2007			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Detroit Zoo	515	1	39.43%	530	1	40.58%	525	1	40.20%	500	1	38.28%	480	1	36.75%
Rackham Golf Course	50	3	3.83%	50	3	3.83%	50	3	3.83%	50	3	3.83%	50	4	3.83%
City of Huntington Woods	223	2	17.08%	226	2	17.30%	213	2	16.31%	216	2	16.54%	216	2	16.54%
Chase Bank	36	5	2.76%	38	4	2.91%	40	4	3.06%	36	4	2.76%	202	3	15.47%
Huntington Cleaners	45	4	3.45%	50	3	3.83%	50	3	3.83%	50	3	3.83%	31	5	2.37%
Rite Aid Pharmacy	15	6	1.15%	15	5	1.15%	15	5	1.15%	15	5	1.15%	15	6	1.15%
Largest Employers	884		67.69%	909		69.61%	893		68.38%	867		66.39%	994		76.11%
Total Employed	<u>1,306</u>			<u>1,306</u>			<u>1,306</u>			<u>1,306</u>			<u>1,306</u>		
Employer	2009			2010			2011			2012			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Detroit Zoo	215	2	16.46%	215	1	16.46%	215	1	16.46%	178	2	13.63%	210	1	16.08%
Rackham Golf Course	50	4	3.83%	50	4	3.83%	50	4	3.83%	50	4	3.83%	50	4	3.83%
City of Huntington Woods	253	1	19.37%	212	2	16.23%	213	2	16.31%	203	1	15.54%	196	2	15.01%
Chase Bank	202	3	15.47%	202	3	15.47%	190	3	14.55%	127	3	9.72%	96	3	7.35%
Huntington Cleaners	31	5	2.37%	34	5	2.60%	35	5	2.68%	35	5	2.68%	35	5	2.68%
Rite Aid Pharmacy	15	6	1.15%	20	6	1.53%	19	6	1.45%	19	6	1.45%	19	6	1.45%
Largest Employers	766		58.65%	733		56.13%	722		52.28%	612		44.32%	606		43.88%
Total Employed	<u>1,306</u>			<u>1,306</u>			<u>1,381</u>			<u>1,381</u>			<u>1,381</u>		

Source: Huntington Woods Business Licenses & City Budget document

CITY OF HUNTINGTON WOODS
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	10	10	11	10	9	9	9	6	6	6
Public safety	19	19	19	19	19	19	19	18	18	18
Public works	10	9	9	9	9	9	9	9	9	8
Library	6	6	7	7	7	7	7	6	6	6
Recreation	34	33	33	33	30	30	30	33	33	32
Total	79	77	79	78	74	74	74	72	72	70

Source: City of Huntington Woods budget document

CITY OF HUNTINGTON WOODS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government										
Tax bills issued	2,675	2,680	2,607	2,607	2,607	2,653	2,581	2,574	2,567	2,567
Commission meetings held	16	16	16	16	16	16	16	16	16	16
Public Safety										
Physical arrests	395	483	393	490	397	291	302	218	312	295
Traffic violations	4,610	4,840	4,016	5,087	4,501	3,986	4,171	5,122	5,132	4,733
Parking violations	743	1,802	1,684	1,708	1,663	1,665	1,687	1,531	1,615	1,474
Emergency responses	3,585	3,220	2,287	3,010	2,749	2,627	2,560	2,356	2,238	2,214
Fire responses	145	139	72	116	113	92	104	93	61	94
Public Services										
Miles of streets plowed	25	25	25	25	25	25	25	25	25	25
Miles of streets reconstructed	-	-	-	-	1.25	1.25	1.71	1.08	1.31	1.12
Library										
Volumes in collection	54,680	55,000	57,482	60,113	59,548	60,255	61,956	63,584	66,258	70,552
Total volumes borrowed	49,011	55,900	61,601	65,839	67,398	80,482	69,417	52,649	68,288	68,542
Recreation										
Pool visitors	40,593	49,169	36,007	38,209	30,609	34,510	23,290	26,259	36,601	30,542
Camp participants	1,072	1,075	1,299	1,098	1,070	1,113	1,264	1,037	968	1,075
Class participants	6,129	5,447	7,931	7,711	7,341	6,358	6,325	5,950	6,992	6,542
Latchkey participants	180	177	193	224	268	236	211	202	238	192
Senior participants	584	548	683	792	806	642	1,677	1,491	1,798	1,509
Water & Sewer utility										
Average daily consumption (units)	830	811	781	680	772	742	709	662	708	667
Water main breaks	8	3	10	16	8	13	13	12	4	16
Transportation										
Individuals transported	1,284	1,387	4,602	4,419	4,384	3,507	3,783	3,847	2,783	3,675

Source: City department Heads

CITY OF HUNTINGTON WOODS
CAPITAL ASSETS STATISTICS BY FUNCTION/
LAST TEN FISCAL YEARS

Function/program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5	5	5	5	5
Fire stations	1	1	1	1	1	1	1	1	1	1
Fire vehicles	2	2	2	2	2	2	2	2	2	2
Public Services										
Number of trucks	18	18	18	18	18	18	18	18	18	18
Miles of major streets	8	8	8	8	8	8	8	8	8	8
Miles of local streets	17	17	17	17	17	17	17	17	17	17
Recreation										
Number of parks	13	13	13	13	13	13	13	13	13	13
Acreage	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
Water utility										
Miles of water line	25	25	25	25	25	25	25	25	25	25
Wastewater utility										
Miles of sewer line	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09	41.09
Transportation										
Number of vehicles	4	4	5	5	5	5	5	5	5	5

Source: City Budget document