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Comprehensive Annual Financial Report City of Huntington Woods, Michigan Fiscal Year Ended June 30, 2015

**Comprehensive Annual
Financial Report**

City of Huntington Woods, Michigan

**Prepared by the
Finance Department**

Fiscal Year Ended June 30, 2015

City Commission

Robert F. Paul, Mayor
Joe Rozell, Mayor Pro-Tem
Jules Olsman, Commissioner
Allison Iversen, Commissioner
Jeffrey Jenks, Commissioner

Introductory Section

City of Huntington Woods, Michigan

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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 Robert F. Paul
Mayor Pro-Tem Joe Rozell
City Manager Amy Sullivan

Commissioner Jules Olsman
Commissioner Allison Iversen
Commissioner Jeffrey Jenks

December 15, 2015

Honorable Mayor, City Commission
City of Huntington Woods, Michigan

Preface

The City 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, 2015. Although the scope of the document will be the same, significant changes in the rules and policies of the Governmental Accounting Standard Board (GASB) will alter many of the notes and schedules primarily to address legacy costs associated with pension obligations. The state statute mandates that each jurisdiction prepare a report outlining the financial position of the City and that the operations of the unit of government 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.

The City has been responsible to prepare the majority of the notes and schedules, MDA and the statistical section of this document. The City Auditors, Pohl Smyth LLC was responsible for completing the body of the basic statements. The City is very mindful of the responsibility inherent in the financial operations of this unit of government and rely upon those policies procedures and rules as defined in the charter and ordinances to assist the staff in our work. 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 eleventh year that the City has prepared a Comprehensive Annual Financial Report. The finance staff will continue to make the changes that will serve to illustrate the health of the City 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 2015. 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 was 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 was 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.

FLOOD ADMINISTRATION

PURPOSE - The Flood administration fund was established as an operating fund to handle all financial detail pertaining to the August 11, 2014 flood event in the region. The fund has no revenue source other than grants, and reimbursements for costs associated with the flood event.

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 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 millage 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.

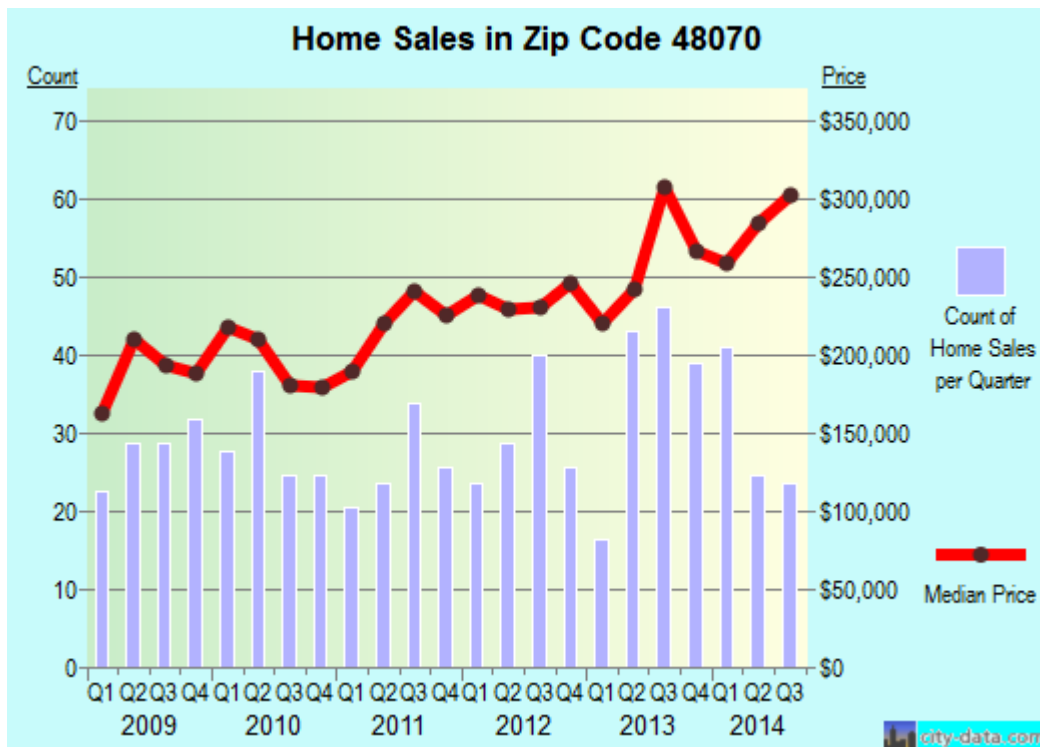
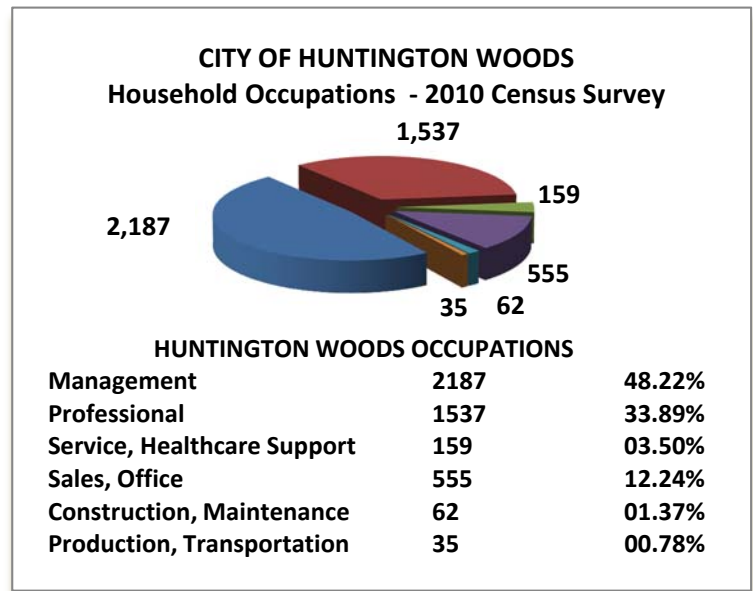
Also, in 1994, the state government froze property tax assessments to allow an opportunity to resolve complex school financing issues. Inequities in school financing had created extraordinary gaps in per-pupil spending between school districts with wealthy tax bases and districts with low per-pupil tax 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 as was the case in 2008 through 2012.

In 1996, the state legislature modified the formula used to distribute state revenue sharing. 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 RTE's (relative tax efforts). The new formula was scheduled to sunset in 2007. The loss of this revenue source for Huntington woods may have significant effects upon our fiscal health and those of other cities within the State. Alternatives to State Revenue Sharing are being explored by this community in an effort to lessen our vulnerability for this revenue type.

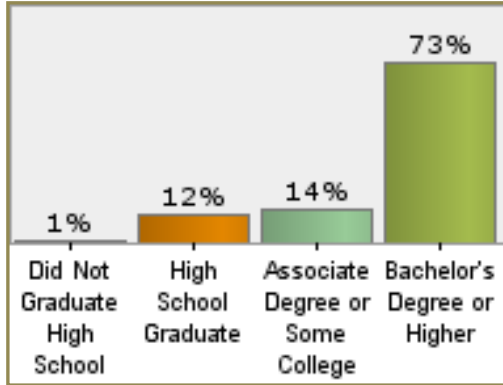
The new formula that has been phased in over a ten-year period has adversely impacted the City and reduced the amount of revenues received from the State. This was compounded by population losses in the 2000 census. Recent census results in 2010 will curtail any additional state shared revenue loss as 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 infrastructure, adequately funding post retirement reserves, and moving from a general fund deficit in 1990 to an unassigned fund balance of \$3.10 million dollars as of the completion of FY 2014, 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 collapse 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 rose in tax year 2014 by 1.88% and again in 2015 by 3.30%. This represents a significant change from the last five years. The final taxable value as illustrated in the 2014-15 budget was \$308,781,030. As of the end of the fiscal year the trend appeared to be continuing. The result of the higher TV allowed the City to gain additional tax revenues for operations equal to \$189,500 when the same millage rate is applied in the calculation. The change is evident in the chart below which clearly indicates that after the 2008-10 great recession, home values have continued to rise steadily. This trend, coupled with the location of Huntington Woods in the SE corner of Oakland County tells us that persons looking for housing are interested in a well-developed community whose location make traveling easy. We believe that the trend will continue, which will further bolster the value of housing in the City.



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. According to the latest estimates in the U.S. Census as of 2014 the estimated population had increased by 119 persons. 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, 2014 at \$359,300,130 and the (TV) Taxable Value at \$308,781,030. 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 2012 median household income of \$108,661 ranks among the highest in Oakland County. Individual income ranked #6 in the state at \$54,395 according to census bureau statistics.

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

LATEST CENSUS STATISTICS HUNTINGTON WOODS	
Total Housing units, 2012	2,429
Homeownership rate, 2012	95.60%
Renter occupied, percent, 2012	4.10%
Median value of owner-occupied housing units, 2008-2012	\$310,000
Owner occupied Housing units 2012	2,232
Persons per household, 2007-2011	2.61
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, 2012	1.90%

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 recession of 2008 negatively impacted the housing values for the first time in recent memory. Today, 6 years after the recession began the city has made a strong comeback, and housing values have sharply increased.

Current Projects and Major Initiatives

The City has 1.3126 mills still remaining under the millage cap voted in 2003. The Chart below illustrates the impact of the millage increase which has caused the City's fund equity to increase in the last eight years. The reduction in revenue caused by the declining home values during the recession forced the City to use millage it otherwise would not levy. 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, which most likely will be our single biggest challenge in the next few years.

ACTUAL GENERAL FUND - FUND BALANCE SURPLUS (DEFICITS) FISCAL YEARS 2007-2015

FISCAL YEAR	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
REVENUE (INFLOWS)	6,462,079	6,577,533	6,687,686	6,436,674	6,432,865	6,875,966	7,245,404	7,343,592
EXPENDITURE (OUTFLOWS)	6,287,102	6,430,089	6,455,650	6,097,335	6,312,244	6,548,964	6,671,310	7,899,394
FUND BALANCE ACTUAL	764,444	911,888	1,143,934	2,088,432	2,209,053	2,536,055	3,110,149	2,554,346
ACTUAL SURPLUS (DEFICIT)	174,977	147,444	232,046	339,339	120,621	327,002	574,094	(555,803)

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 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, 2015 there have been no new initiatives regarding the ownership of the Rackham Golf Course, however the bankruptcy filing by the City of Detroit may change significantly the questions surrounding the ownership of the facility, and its availability to the City of Huntington Woods.

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, 2014. This was the tenth 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. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we will seek to submit the report to the GFOA to determine its eligibility for another certificate.

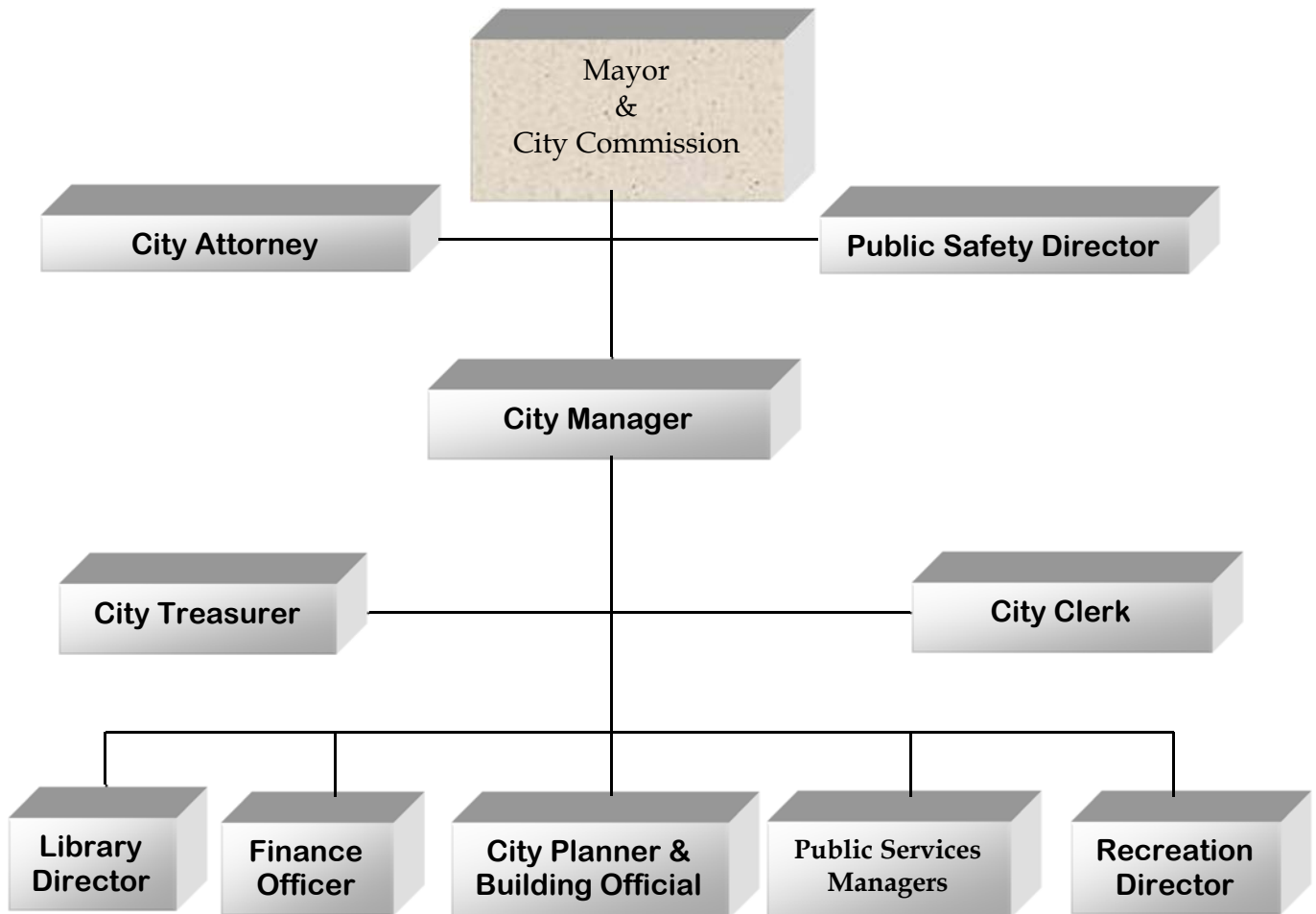
Acknowledgements

The City of Huntington Woods is proud to be recognized for comprehensive reporting and recordkeeping. The service the residents receive is unmatched in the region for a unit of government our size. The City has maintained a AA+ risk rating for the issuance of debt by Standard and Poor's Rating Agency even during the recessionary period in 2007-2009, and is still the case as of June 30, 2015. The rating is a measure of our financial management and health, and allows the City to issue debt for a low cost to our residents. The maintenance of this rating will continue to be our goal.

It is easy to underestimate the effort involved in the preparation of a document of this nature. Throughout the year additional work must be done to ready ourselves for the task. Changes this year in our finance staff and department have made our work even more challenging. Our finance staff should be given the accolades for a job well done. Without their efforts this document would not be possible. The finance department is interested in keeping this document as readable as possible, given the complex nature of its contents. Please do not hesitate to comment by sending us a note or contacting us in person. 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

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 2015

Mayor	Ronald Gillham
Mayor Pro-Tem	Mary White
Commissioners	Jules Olsman Robert Paul Jeffrey Jenks
City Attorneys	Carol Rosati Christopher Johnson
City Manager	Amy Sullivan
City Treasurer/City Clerk	Joy Solanskey
Deputy Finance Director/Deputy Treasurer	Richelle Scott-Heroux
Finance Director	Richard Lehmann
Public Safety Director	Andrew Pazuchowski
Library Director	Anne Hage
Recreation Director	Mary Gustafson
DPS Managers	Claire Galed Jay Mader
Planning Official	Carlisle/Wortman Associates

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**
- Flood Administration***

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
- 2014 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.

*** Temporary major fund used to account for 8/11/14 flood event



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, 2014

Executive Director/CEO

PSLZ LLP
Certified Public Accountants

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Independent Auditor's Report

November 25, 2015

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

Report on the Financial Statements

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, 2015, 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.

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, 2015, 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.

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

Emphasis of Matter

As discussed in the footnotes to the basic financial statements, in fiscal year 2015, the City adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the City's net pension liability has been recognized on the government-wide statements, and as discussed in the notes, the 2014 financial statements have been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, and the defined benefit pension plan schedules, 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 other supplemental information as listed in the table of contents (combining statements and budgetary comparison schedules) and introductory section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents (combining statements and budgetary comparison schedules), is the responsibility of management and was derived from and relates 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 to 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 other supplemental information, as listed in the table of contents (combining statements and budgetary comparison schedules), is 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,

A handwritten signature in black ink, appearing to read "PSLZ LLP", is written over the printed name of the firm.

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 required by the Government Accounting Standards Board, and 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 review 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 position presents information pertaining to all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 the total net position.

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 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, 2012, and 2014 Street G.O. Debt funds.
- 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 internal service 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, as well as for building bonds and related activities. 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 government-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

Overview: General Fund

As of June 30, 2015 the City's General fund posted a decrease in fund balance of \$634,829 (see pg. 62). This decrease in fund balance is attributable to two issues very unique to fiscal year 2014-15.

First, the City Commission determined per resolution in 2014 that the City would transfer an amount equal to \$1.0 million dollars to the Michigan Employees Retirement System (MERS). The resolution was adopted after the municipal budget was in place for 2014-15. The City has been aware of the low level of funding in the MERS retirement system, which has over the years been exacerbated by statutory binding arbitration issues and weak performance of investments and equities. In recent years the funding level has not held steady, but has dropped to a level that was untenable to sustain. In order to stem any further losses in the funding level position, the City Commission sought to send a portion of the unassigned fund balance to the retirement system. This would allow such funds to be invested at a far higher rate of interest than those which the City may be able to earn, due primarily to the state statute that governs investments in retirement funds. The increased investment earning then could help increase the asset value of the retirement fund, and thus increase our funding level over time. In fiscal year 2014-15 the City's cash flow allowed us allocate and send to the MERS retirement system 75% of the total resolved by the City Commission, or \$750,000. The remaining amount equal to \$250,000 will be transmitted to the retirement system most likely in 2015-16. It is important to recognize that the advent of the new Governmental Accounting Standards Board (GASB) pronouncements that will require the City to record the assets and liabilities of the retirement system on our balance sheet make this transmittal and any future transmittal more critical than ever.

Secondarily, On August 11, 2014 the City and wider region was hit by a devastating weather event that flooded the entire area. This event was considered by the experts to be a "once in 300 year" rain event. The impact of the event easily be described in this memo. To put the event in context, it is estimated that fully 75% of the 2,415 homes in the City were damaged. In the City's history there has never been a weather event, natural disaster or any other disaster that was remotely as destructive as the August 11 rainstorm. It is estimated that the storm dumped as much as 5.5" of rain in the area in a very short period of time equaling an estimated 10 billion gallons of rainfall. The emotional and economic impact of the flood are tremendous. The cost of the cleanup approached \$750,000 all of which was outside of normal operating costs. The cost of rebuilding City buildings, furniture and equipment is estimated to be an additional \$700,000, bringing the total cost of the event to 1.45 million dollars. The cost in our neighborhoods has never been fully disseminated, but may have cost upwards of 15 million dollars.

Considering normal operations, the General Fund would have increased its fund equity by a respectable \$282,446 had the City not paid the \$750,000 into the MERS retirement account or transferred an amount equal to \$202,850 to the Flood administration account in order to cover outstanding balances at fiscal year-end. Generally, the city has maintained its posture of controlled spending which was put in place during the 2008 recession and continue to be vigilant in maintaining a lower operating budget where possible. Other than in 2014-15, the City has not allocated fund balance in any of the recessionary years. The determination to transfer monies into the MERS system will pay dividends in ultimately lowering our unfunded liabilities. As of June 30, 2015 the City has received information from the Oakland County Assessor's office indicating that the recovery in the housing market is still in place, and values continue to rise. We expect to see the results of this improvement in fiscal 2015-16.

Overview: Other Governmental Funds

The City was able to set aside \$113,217 in the Budget Stabilization fund, established after the 2003 millage vote. The amount currently available for budget stabilization purposes is \$961,881, this amount is included in the General Fund committed fund balance. The City has not utilized any monies from the stabilization fund since its inception. The City is determined through its budget process to continue its goal of maintaining contributions into the budget stabilization fund in order to have a source of revenue during poor economic times, and has budgeted to do so in the next fiscal year.

The City invests idle funds as per statutory regulations allow into various investment vehicles to maximize interest yield to the highest extent possible. The stated maturities we maintain have been kept relatively short in order to reduce market risk in the low interest environment. We utilize a third party investment management consultant when needed to assist in assessing the investment marketplace and risk. No changes have been made to the investment policy this year, however we continue to review the credit risk of banks and other risk-adverse investments in the portfolio. The credit risk analysis 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 is working well, however interest rates are still at historic lows, and interest earnings have fallen sharply from their

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

highs in the late 80's. This fiscal year the City earned a modest \$73,624 which is identical to the revenue received from investment earnings in 2014-15. The decline in earnings from a decade ago are tied directly to the weak market for fixed income instrumentalities, and not due to a reduction in investment activity by the finance office. Permit revenues have continued to rise in the last fiscal year to an extremely healthy \$338,011 which is 30% higher than what was collected just a year ago.

Huntington Woods housing values have increased at a rate higher than many cities in our area. Primarily, this is 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 been slowly returning to post recession levels, although the rebound to date has been slow. Now that the dust has settled, it appears as if the City overall lost 9.8% of its value; substantially less than some other southeast Oakland County communities where the loss was 30% or more. The loss of \$32,326,520 of taxable value reduced our tax revenue at the height of the recession by \$609,322. The drop in taxable value and subsequent tax revenue had a large impact on the General fund budget at a time when we were rebuilding our fund equity. As a result of the recession the city was forced to utilize 1.50 mills of the over-ride millage in order to maintain its services leaving only 1.3737 mills remaining under the statutory millage cap. Lastly, State of Michigan Revenue Sharing (SSR) payments to cities have been increasing steadily and, although still low, are increasing and look good for the next fiscal year. As of the end of June 30, 2015 revenue sharing constituted 7.64% of all operating revenues in the General fund. In 1999 (SSR) comprised 26.80% of all General fund revenues.

Due to the events pertaining to the flood on August 14, 2014 the General fund posted year-end expenditures and transfers that were nearly 1% less than budgeted. However, based upon the additional MERS contribution that was resolved by the City Commission in 2014 the General Fund ended the year with a fund balance that was \$670,404 less than the amount posted in 2014. Transfers from General fund equaled \$1,541,776 including the \$202,850 transferred to the flood administration fund. Governmental transfers equaled \$1,399,076 and \$679,566 was placed into the Capital Improvement Fund, Budget Stabilization and Post-Retirement Benefits Fund. General fund transfers to the Recreation fund for operational purposes was reduced by \$50,000 to \$750,000. Overall, the Recreation fund collected 97.40% of all anticipated revenues including transfers from other funds, or approximately the same as in prior years. On the expenditure side the Recreation Center spent 98.67% of appropriations equal to \$1,854,320 which is a significant increase from 2013-14, compared to \$1,737,647 in 2013-14. In the last few years the cost of the recreation operations has increased significantly due to additional programming costs, building upkeep, and increased cost of personnel. This increase is equal to 6% or \$116,673 over that which was expended in 2013-14. This increase is significant and will either be borne by increases in General Fund contributions or the increases in revenue derived from programs.

Other funds had mixed results from operations. The Major and Local Road fund revenue increased by 14% between June 2013 and the fiscal year ended June 2015. Expenditures increased a substantial 24% as well. The cost of maintaining one mile of roadway and/or rebuilding a mile of roadway has significantly increased in the past 6 years. The amount of revenue the City receives from the State for Gas and Weight tax tied to the Road funds in Act 51 dollars do not keep up well with these increased costs. It is becoming increasingly difficult to maintain fund balance levels with the current level of expenditures required to maintain our right-of-way. Gas taxes have not kept up with costs for repair. The Major Road fund has increased the fund balance in 2014-15 by a healthy \$74,587. However, the Local Road fund reduced its fund equity by \$1,718. The cost of the tree program and the increased cost of patching and maintaining the 17.80 miles of local roads have taken their toll on the Local Road fund. The City may in future years need to designate a portion of General Fund millage by way of a transfer in order to keep the Local Road fund whole unless the state acts to change or increase the amount of allocation in gas tax revenue. The City has continued its aggressive road replacement program paid by debt millage. The City has one round of Road Bonds to levy based upon the 2009 vote that allowed millage to be levied in 4 series for road improvements. Please refer to Debt Schedules Page #36. As stated earlier, it is unlikely that the City will be able to recap or replace all the roadway in the City unless another round of bonds are voted and levied. 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. Lastly in recent years the City has been implementing aggressive programs to manage our tree inventory on our roadways. The City has completed the aggressive program to trim trees in the City. This three year campaign came to a close in 2014-15. The City now will need to implement a program by which a five year trimming schedule is maintained. The first year of this schedule will be in fiscal 2017-18. The City will continue to review the equity position in our street funds and take additional steps if necessary to balance the budget in 2015-16 which may include equity transfers from General Fund.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

A. 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. The City Commission has just begun the review of the ownership issue again this year. Many of the decisions regarding the land will not be settled until further action is taken on behalf of the City of Detroit and the federal courts in dealing with the ongoing bankruptcy issue. The goal will be to maintain a high quality recreational facility for the region to enjoy.

B. OTHER POST EMPLOYMENT BENEFITS REQUIREMENTS

The City is required to disclose information pertaining to post retirement benefits and the level of unfunded liability. The City has calculated (based upon an 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 2015 UAAL is \$8,602,899. The ARC is \$852,005 based upon our current employee census and health care data. The UAAL has been reduced substantially due to a substantial lowering of the premium increases estimated by the Center for Medicare and Medicaid services Offices of Actuarial assumptions. It is from this data that the City determines its health care trends. The City paid current health care premiums in the Post Retirement Fund of \$384,014 and made a one-time contribution to the OPEB Trust of \$105,420. The unfunded portion of the AAL is 95%. 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 maintains an extensive investment portfolio and is aggressive in keeping money invested as per statutory regulations. The Investment policy, as adopted, focuses on safety of principal, quality of investments and low risk. The credit risk associated with the financial portfolio at year end is once again small. The preponderance of the portfolio includes either municipal bond issues of varying maturities or other instrumentalities of the Federal Government which bear a lower credit risk than other certificates of deposit or commercial paper. The low interest environment will continue to be a factor for determining the average length maturities 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. The median length of maturity as of June 30, 2015 is 3.41 years. In addition, the investment policy provides for a credit review of all CD's and Commercial paper purchased after 2008. This section of the policy goes well beyond the requirements of State of Michigan P.A. 20 of 1943, as amended, which does not require such an assessment.

The decision by the City Commission to increase the pension funding by placing an additional 1.0 million dollars of General Fund equity into the Municipal Employees Retirement System (MERS), and the cost of the 2014 flood, changed the year-end results of operations significantly. The City ended the fiscal year with a loss of equity equal to \$670,405. However the \$750,000 transfer to MERS will improve the City funding position, and is not an operating loss but rather a transfer to increase our equity position within the retirement system. The flood costs are included in the transfers out of the General Fund equal to \$202,850. Had it not been for the economics of the flood or the transfer to the retirement system, the City would have increased its equity position by \$282,445. The building department again for the third year in a row has posted approximately a 10% increase in revenue over the same period in the prior fiscal year. Other Governmental funds as a whole did well with the exception of the Sanitation Fund which cannot levy any additional mills over and above the 1.7047 mills now levied. Unfortunately, as stated earlier in this report, the City has only 1.3126 mills remaining in its full over-ride vote. This margin is small. The administration understands this situation and will continue to monitor the health of the General Fund. With rising property values continuing to rise in 2015 we are hoping that no further erosion of this value will be necessary in the next few years. Currently, the City has General Fund equity equal to 29% of annual expenditures and transfers out. This level of fund balance is still healthy and above the customary standards for local governmental units. The rapid erosion of our taxing ability during the 2008 recession was not expected and has caused a drop in the amount of millage we have remaining under the statutory cap. Therefore, the City will reach the over-ride maximum far sooner than originally anticipated. Once this cap is reached, there will be no room, under the current tax law to increase millage rates. The reduction of legacy costs for health care and pension is critical to our continued recovery. Moving ahead, further consolidation of services will play a significant role as well. Failure to carefully review these large ticket items could lead to further reduction of current services in an effort to pay for past debt.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Data from Oakland County Equalization shows a moderate increase in taxable value again for the Calendar year 2015. As of this writing, the City has experienced very strong building activity entering the next calendar year. State Share revenue distributions have continued to improve as the State's fiscal health becomes stronger. The City Commission will continue to be faced with making very tough choices between service consolidations and providing services as the City Commission puts together upcoming budgets.

The City has not levied any additional millage last year primarily due to the increase in housing values. Most likely the City will not need to levy an additional .50 mill increase if home values continue to rise. Based upon the over-ride language adopted by voters, the City can 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. Due to the dynamics of the Headlee formula the City will not be able to levy the 20 mill charter limit depending upon the rise of values over and above the rate of inflation. The chart below illustrates this dynamic. Please note that the decline in the maximum allowable rate stopped declining during the 2008 recession.

Fiscal Year Ending	Millage as Reduced by Headlee	Maximum Over-ride Allowed	Maximum Millage Allowed	Levied	Over-ride 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
2014	12.9145	5.8737	18.7882	17.4145	1.3737
2015	12.7802	5.8126	18.5928	17.4027	1.3126

The City of Huntington Woods as a Whole

The City's combined total of net position for the fiscal year ended June 30, 2015 is approximately 18,773,427. The reduction in the Net position for the City is primarily due to the changes brought about by the implementation of GASB Statement # 68, which reduced our net position by 10,480,665. At the end of the fiscal year 2014 the Net position was 29,034,820. This decrease will permanently reflect the new GASB standard and more adequately show the adjusted net worth of the City under the new standard.

City of Huntington Woods, Michigan
Management's Discussion and Analysis, continued

	Governmental Activities 2015	Buisness Type Activities 2015	Total	Governmental Activities 2014	Buisness Type Activities 2014	Total
Current Assets	\$ 6,716,537	\$ 1,302,547	\$ 8,019,084	\$ 10,623,302	\$ 1,475,431	\$ 12,098,733
Non-Current Assets	34,154,349	4,081,175	38,235,524	32,701,143	3,796,684	36,497,827
Total Assets	40,870,886	5,383,722	46,254,608	43,324,445	5,272,115	48,596,560
Deferred outflow	1,366,245	-	1,366,245	-	-	-
Long Term Debt	25,953,026	-	25,953,026	15,750,471	-	15,750,471
Other Liabilities	2,523,025	71,398	2,594,423	3,434,379	62,306	3,496,685
Total Liabilities	28,476,051	71,398	28,547,449	19,184,850	62,306	19,247,156
Deferred inflows of resources	299,977	-	299,977	314,584	-	314,584
Net postion						
Net Investment in Capital Assets	20,306,882	4,081,175	24,388,057	18,807,744	3,796,684	22,604,428
Restricted	1,431,856	-	1,431,856	1,118,423	-	1,118,423
Unrestricted	(8,277,635)	1,231,149	(7,046,486)	3,898,844	1,413,125	5,311,969
Total Net Postion	\$ 13,461,103	\$ 5,312,324	\$ 18,773,427	\$ 23,825,011	\$ 5,209,809	\$ 29,034,820

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The following shows the net position as of June 30, 2015 in a condensed format.

	Governmental Activities 2015	Business Type Activities 2015	Total
Program Revenues:			
Property Taxes	\$ 8,254,102	\$ -	
State Shared Revenue	\$ 549,411	\$ -	
Investment Earnings	\$ 54,152	\$ 8,140	
Charges for Services	\$ 949,342	\$ 2,511,407	\$ 3,460,749
Extraordinary Items			
Net Flood Loss	\$ (280,515)		
Operating grants and Contributions	24,673	-	24,673
Public Safety	143,111	-	143,111
Public Works	536,074	-	536,074
Recreation and Cultural	1,068,491	-	1,068,491
	\$ 11,298,841	\$ 2,519,547	\$ 13,818,388
Program Expenses			
General Government	\$ 3,509,607	\$ -	\$ 3,509,607
Public Safety	3,222,889	-	3,222,889
Public Works	1,671,457	-	1,671,457
Recreation and Cultural	2,560,634	-	2,560,634
Interest on Long Term Debt	471,953	-	471,953
Total Governmental Activities	\$ 11,436,540		\$ 11,436,540
Business Type Activities		\$ 2,162,586	\$ 2,162,586
Total program Expenses	\$ 11,436,540	\$ 2,162,586	\$ 13,599,126
Transfers	\$ 254,446	\$ (254,446)	\$ -
	116,747	102,515	219,262
Net Position - Beginning as Restated	13,344,356	5,209,809	18,554,165
Net Position Ending	13,461,103	5,312,324	18,773,427

The City's long-term debt has not increased this fiscal year, and no new bonds are anticipated for a year or so, although the City does have one more series of bonds we may be able to levy equal to 3.5 million dollars based upon the voter approved bond proposal in 2013. Long-term debt indicates a total of \$13,856,519 (note 4) in total obligations, including debt for Eleven Mile road improvements and three road bonds in 2010, 2012 and 2014.

Long term debt for the GWK Drain has been restructured and now includes seven separate issues amounting to \$2,095,978. Prior to the recent bankruptcy in the City of Detroit, the City was able to charge the City of Detroit (annually), an amount equal to 13.89% of the total amount owed on the GWK drain debt. This was based upon a contract negotiated with the City of Detroit on June 30, 2000 that required the City of Detroit to pay the debt portion of the GWK drain that rests within the land mass controlled

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

by the City of Detroit; roughly equal to the Rackham Golf Course and the Detroit Zoo. As of the end of the fiscal year June 30, 2015 the City of Detroit has not paid its contractual obligation of \$37,173. Legal Counsel and the City Administration is in the process of demining whether the debt can be reaffirmed under the bankruptcy agreement. As of June 30, 2015 there were no new drain bonds levied and the principal balance on outstanding obligations has been reduced by principal payments (Note 4.). The City statutorily can levy an amount of the millage equal to the total of the principal and interest obligations in any fiscal year in order to pay its current year bonded debt obligations. The amount of millage needed to pay this debt in 2014-15 was 7.5160 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 \$35.9 million. The City currently has debt outstanding equal to 3.86% of taxable value. The City restructured 2009 UTGO debt will be paid completely in October 2015 which will assist in allowing some additional latitude in our millage levy.

The City of Huntington Woods is headed into a very critical time in our "post- recession" comeback. This is due to a number of critical factors that have a big influence on our abilities to keep our liabilities in check, and make headway to reduce our long-term unfunded liabilities. First, the City Manager and our legal team have been working at new labor contracts for the three unions the city currently has in place; AFSCME, POAM, and COAM. The results of these negotiations will have a long term effect on the City. This is primarily due to the changes that are needed to bring down the costs in two major components of the labor agreements; healthcare provisions and defined benefit program costs. Beginning in 1998 all new employees in our non-union group and the AFSCME union group were required to enter into a Defined Contribution program. The remaining two public safety unions we never contractually prevented from this requirement. Since 1998 there has been numerous employees that have been hired that may enter the defined benefit program. In the end, binding arbitration statutes has made it difficult to be able to do so. The City sees no change in this perspective in the near future. Faced with this reality, the City is now in the process of reviewing our contract carefully with a large emphasis on areas of the contract that can be adjusted as to reduce the long term legacy costs in pension obligations and in healthcare. The failure to make changes that reduce the liability will continue to reduce the amount available for City operations.

The City has completed the 2014 revision of the City Masterplan and has submitted these revisions to the state. In addition the City has also completed the Parks and recreation masterplan as well. This combined with the implementation of the new Bus Rapid Transit System (BART) scheduled to be constructed in the next few years will make meaningful changes in the transportation system we use. The City has continued to be involved in the funding of the regional transit system through a small millage levy. These monies are used for the collaborative effort through the SMART system, and allows the City to receive both a proportion of these dollars back in payments for our municipal bus service to our adult and senior population.

Huntington Woods did not issue new debt in fiscal 2014-15, however may levy new road debt in 2015-16. The City has no alternative to repairing its old infrastructure through bond debt due to lack of funding available from the State through the current road funding formulas in the Act 51 program.

The City has implemented a very extensive review of the sanitary and storm water overflow system in the City. This is primarily due to any increased liability we may face as a direct result of the impact of the 2014 flood event. The City has budgeted as of June 30, 2015 an amount equal to 363,693. and will budget an estimated \$750,000 in 2016-17.

As of June 30, 2015 GASB Statment #68 has been implemented. The administration is understands the ramifications of the of unfunded liabilities in both the pension system, and Other Post Employment Benefit Costs (OPEB). All three union employee contracts are being reviewed as of the end of the audit year pending the schedule of union negotiations that will begin in the fall. The ability to reduce these long term legacy costs and lessen the impact on the balance sheet will be a central theme to the negotiations. Currently, the City has an overall defined benefit funding ratio of 55%; marginally higher than in 2013. The unfunded liability at Dec, 30, 2014 was \$10,518,362. The inability to reduce the amount of the liability we own is the largest financial issue we face. As of the end of the fiscal year ending June 30, 2015 the City paid \$3,443,411 in pension payments and healthcare in fiscal 2015 including the additional \$750,000 as requested by the City Commission to be paid to MERS in Fiscal 2015. This level of pension funding is difficult to sustain. The City is in the process of reviewing new policies and procedures available through the Michigan Employee Retirement System (MERS) to both reduce the current liability and to stop the accrual of new liability in the future. The recent bankruptcy of the City of Detroit and the resulting negotiations that took place on the pension funding issue are significant, and will change the way these liabilities are viewed by the State and court system. Failure to meet the obligation or delay the implementation of new policies to lower these

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

liabilities will be very detrimental to the future of the City. GASB pronouncements aimed at pension requirements are part of this document and clearly show the amount of legacy costs due over time. Lastly, the City has continued its efforts to place all unassigned fund balance over 20% of the current year revenues into General Fund for OPEB Trust funding purposes.

Transfers out of the General fund increased dramatically due to the payments to vendors associated with the 2014 flood event. We believe that the City will be covered for the majority of the cost associated with the flood once the final figures are compiled next fiscal year. In the end, the flood will have cost the City \$161,000 in un-reimbursed expenses. The General fund subsidized the Recreation fund by \$750,000 and the Post Retirement fund by \$438,918. These two transfers alone represent 3.85 mills, which is less than was transferred in 2013-14. The City has continued to fund the Budget Stabilization Fund in 2014-15 the amount was equal to 103,969. It is anticipated that this funding level will continue in 2015-16. Very few budget adjustments were required at the end of the fiscal year. All Act 621 violations were reviewed, and the City had adequate fund balance to cover any of these issues.

SUMMARY

Housing values have now risen for the last four years and although we are seeing a small slowdown in appreciation, we believe that the value in our neighborhoods and school district will continue to assist in growth. Building permits have also been steady. We are almost back to pre-recessionary building growth statistics, although tear-downs are still lagging behind from the 1999-2004 boom days. The loss of nearly 10% of the value of the City late in the last decade has still had its impact, although we anticipate that the State Equalized Value will return to the pre-recession value in a year or so. However, under the Headlee amendment and the calculations used in the 1994 proposal "A" language any loss in value will cause a permanent reduction in taxes estimated at \$500,000 annually. The City does not anticipate any legislation that would allow for the removal of "caps" built into the Proposal "A" formula in the near future. The City will need to work with less employees and work harder to maintain the level of service for our citizens as we are forced to tighten our belts on into the future. The resulting financial impact in the fixed income markets will ultimately change the way governments do business in Michigan. The reduction of revenues has been across the board and is evident in almost all revenue categories. Investment income has suffered the most as historically low interest rates have continued into this year. Recently changes in health care policies and requirements have further caused the City to rethink the cost of staffing and providing services through contracted vendors. 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. It is entirely possible that more services will be combined in a regional effort to offer services at a lower cost. The 1.3128 cushion under the 2003 Headlee over-ride millage is very small and could be reduced to zero very quickly if another economic downturn occurs. With the increases in the taxable values continuing we are hoping to delay as long as possible the implementation of any additional millage.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The recent headlines regarding the City of Detroit bankruptcy are onerous. The City is currently struggling with some ramifications of the Bankruptcy in our Debt Funds. In January 2015 the City had sent to Detroit a billing for \$37,000 which to date is unpaid. This billing represents the Detroit Zoo and Rackham portion of the George W. Kuhn (GWK) drain that rests on land controlled by the City of Detroit. This percentage equal to just over 13% was "not" apportioned by the County Drain Commission at the outset of the GWK rebuild in 2000. Rather, the City negotiated a contract with the City after the drain commission failed to apportion this share to Detroit. The result is that the taxpayers of Huntington Woods will foot the bill for the remainder of the GWK debt payment equal to \$330,000. The City is currently looking at its legal options in this regard. We are continuing to monitor 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, limited tax base, and cost of offering a full complement of services leaves us vulnerable if there is another recessionary cycle. A consideration of consolidation of services needs to be part of planning its agenda for the future.

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 most likely we will never fully recover from the standpoint of offering the level of services our residents have received in the last several decades.

The State has made significant strides in economic stability, we believe based upon the improved economy. The resulting increase in revenue has helped to stabilize numerous revenue sharing payments which statutorily are due the City on an annual basis. The legislature enacted a series of bills on personal property tax reform that would reduce the tax burden on small businesses and the City has received our first payment this year. This however is revenue neutral to some degree, although we may see a very small reduction in our overall personal property tax collections in the future, depending upon the mechanics of administering the legislation. Fortunately, Huntington Woods has only a small fraction (1.2%) of our annual tax bill that would be impacted by the loss of personal property tax payments. Lastly, 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. 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, 2015. We always welcome comments or questions on its content, presentation, or any other aspect of this report either in person, on line, or by personally contacting the City Administrative offices.

Basic Financial Statements

CITY OF HUNTINGTON WOODS, MICHIGAN**Statement of Net Position****June 30, 2015**

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 596,666	\$ 2,529	\$ 599,195
Investments	5,050,941	628,405	5,679,346
Receivables (net of allowance for uncollectibles):			
Accounts	920,008	608,292	1,528,300
Taxes	8,757	-	8,757
Prepaid Items	103,647	-	103,647
Inventories	36,518	63,321	99,839
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Assets	89,802	1,000	90,802
Depreciable Assets	34,064,547	4,080,175	38,144,722
Total Assets	<u>40,870,886</u>	<u>5,383,722</u>	<u>46,254,608</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows related to Pensions	<u>1,366,245</u>	<u>-</u>	<u>1,366,245</u>
<u>LIABILITIES</u>			
Accounts Payable	251,123	7,185	258,308
Accrued Expenses	337,994	14,351	352,345
Other Liabilities	591,979	16,655	608,634
Current portion of long-term obligations	<u>1,341,929</u>	<u>-</u>	<u>1,341,929</u>
Total Current Liabilities	<u>2,523,025</u>	<u>38,191</u>	<u>2,561,216</u>
Noncurrent Liabilities:			
Other Liabilities	-	33,207	33,207
Net Pension Liability	10,729,663	-	10,729,663
Net Retiree Healthcare Obligation	2,708,773	-	2,708,773
Compensated Absences Payable	9,052	-	9,052
Noncurrent portion of long-term obligations	<u>12,505,538</u>	<u>-</u>	<u>12,505,538</u>
Total Noncurrent Liabilities	<u>25,953,026</u>	<u>33,207</u>	<u>25,986,233</u>
Total Liabilities	<u>28,476,051</u>	<u>71,398</u>	<u>28,547,449</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Revenue-recreation fees	<u>299,977</u>	<u>-</u>	<u>299,977</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	20,306,882	4,081,175	24,388,057
Restricted for:			
Sanitation	16,428	-	16,428
Streets	839,768	-	839,768
Debt Service	575,660	-	575,660
Unrestricted	<u>(8,277,635)</u>	<u>1,231,149</u>	<u>(7,046,486)</u>
Total Net Position	<u>\$ 13,461,103</u>	<u>\$ 5,312,324</u>	<u>\$ 18,773,427</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Activities
June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 3,509,607	\$ 949,342	\$ 16,481	\$ -	\$ (2,543,784)	\$ -	\$ (2,543,784)
Public Safety	3,222,889	143,111	-	3,030	(3,076,748)	-	(3,076,748)
Public Works	1,671,457	536,074	-	-	(1,135,383)	-	(1,135,383)
Recreation and Cultural	2,560,634	1,068,491	5,162	-	(1,486,981)	-	(1,486,981)
Interest on Long-Term Debt	471,953	-	-	-	(471,953)	-	(471,953)
Total Governmental Activities	<u>11,436,540</u>	<u>2,697,018</u>	<u>21,643</u>	<u>3,030</u>	<u>(8,714,849)</u>	<u>-</u>	<u>(8,714,849)</u>
Business-type Activities:							
Water and Sewer	<u>2,162,586</u>	<u>2,511,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,821</u>	<u>348,821</u>
 Total Primary Government	 <u>\$ 13,599,126</u>	 <u>\$ 5,208,425</u>	 <u>\$ 21,643</u>	 <u>\$ 3,030</u>	 <u>(8,714,849)</u>	 <u>348,821</u>	 <u>(8,366,028)</u>
General Revenues and Transfers:							
Property Taxes					8,254,102	-	8,254,102
State Shared Revenue					549,411	-	549,411
Unrestricted Investment Earnings					54,152	8,140	62,292
Extraordinary Items:							
Net Flood Loss					(280,515)	-	(280,515)
Transfers					254,446	(254,446)	-
Total General Revenues and Transfers					<u>8,831,596</u>	<u>(246,306)</u>	<u>8,585,290</u>
Change in Net Position					116,747	102,515	219,262
Net Position - Beginning, as restated					<u>13,344,356</u>	<u>5,209,809</u>	<u>18,554,165</u>
Net Position - Ending					<u>\$ 13,461,103</u>	<u>\$ 5,312,324</u>	<u>\$ 18,773,427</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Balance Sheet
June 30, 2015

	Major Funds					Other	Total
	General	Sanitation Fund	Recreation Fund	Capital Projects	Street Debt Service Fund	Nonmajor Governmental Funds	Governmental Funds
<u>ASSETS</u>							
Cash and cash equivalents	\$ 249,356	\$ 191	\$ 132,966	\$ 50,513	\$ 4,418	\$ 64,968	\$ 502,412
Investments	1,484,847	36,368	696,216	939,484	261,400	799,960	4,218,275
Receivables:							
Accounts Receivable	826,142	684	7,114	-		84,842	918,782
Taxes	6,932	-	83	-	1,742	-	8,757
Inventories	36,518	-	-	-	-	-	36,518
Prepaid Items	96,330	-	-	-	-	-	96,330
Total Assets	<u>\$ 2,700,125</u>	<u>\$ 37,243</u>	<u>\$ 836,379</u>	<u>\$ 989,997</u>	<u>\$ 267,560</u>	<u>\$ 949,770</u>	<u>\$ 5,781,074</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts Payable	\$ 158,922	\$ 16,889	\$ 30,925	\$ 26,730	\$ -	\$ 12,479	\$ 245,945
Accrued and Other Liabilities	65,883	3,926	79,308	77,277	-	3,037	229,431
Total Liabilities	<u>224,805</u>	<u>20,815</u>	<u>110,233</u>	<u>104,007</u>	<u>-</u>	<u>15,516</u>	<u>475,376</u>
Deferred Inflows of Resources:							
Unavailable revenue-Recreation fees	-	-	299,977	-	-	-	299,977
Fund Balances:							
Nonspendable	132,848	-	-	-	-	-	132,848
Restricted	-	16,428	-	481,174	267,560	934,254	1,699,416
Committed	993,773	-	-	-	-	-	993,773
Assigned	209,592	-	426,169	404,816	-	-	1,040,577
Unassigned	1,139,107	-	-	-	-	-	1,139,107
Total Fund Balances	<u>2,475,320</u>	<u>16,428</u>	<u>426,169</u>	<u>885,990</u>	<u>267,560</u>	<u>934,254</u>	<u>5,005,721</u>
Total Liabilities and Fund Balances	<u>\$ 2,700,125</u>	<u>\$ 37,243</u>	<u>\$ 836,379</u>	<u>\$ 989,997</u>	<u>\$ 267,560</u>	<u>\$ 949,770</u>	<u>\$ 5,781,074</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Reconciliation of Governmental Funds Balance Sheet
and Statement of Net Position
June 30, 2015

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

Total fund balances for governmental funds	\$ 5,005,721
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	48,980,008
Deduct: Accumulated depreciation	<u>(15,991,910)</u>
	33,077,900
Long-term liabilities are not due and payable in the current period and are not reported in the funds - bonds payable	
Long-term debt	(13,385,824)
Accrued interest on long-term debt	<u>(107,044)</u>
	(13,492,868)
Net Retiree healthcare obligations are not due and payable in the current period and are not reported in the funds	(2,708,773)
Net Pension Liabilities are not reported in the funds	(10,729,663)
Deferred Outflows related to Pension	1,366,245
Internal Service Funds are included as part of governmental activities	951,593
Compensated absences are included as a liability in governmental activities	<u>(9,052)</u>
Net Position of governmental activities	<u>\$ 13,461,103</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Revenues, Expenditures, and Changes in Fund Balances
June 30, 2015

	<u>General</u>	<u>Sanitation Fund</u>	<u>Recreation Fund</u>	<u>Capital Projects</u>	<u>Street Debt Service Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Property Taxes	\$ 5,352,502	\$ 524,848	\$ 63,038	\$ -	\$ 1,359,889	\$ 953,825	\$ 8,254,102
Licenses and Permits	362,019	-	-	-	-	-	362,019
Intergovernmental:							
Federal, State and Local	574,084	-	-	-	-	401,904	975,988
Charges for Services	124,871	-	983,552	-	-	-	1,108,423
Fines and Forfeitures	162,928	-	-	-	-	-	162,928
Interest	22,550	637	9,404	12,072	2,080	7,409	54,152
Other	447,516	8,568	24,525	55,533	-	125,602	661,744
Total Revenues	<u>7,046,470</u>	<u>534,053</u>	<u>1,080,519</u>	<u>67,605</u>	<u>1,361,969</u>	<u>1,488,740</u>	<u>11,579,356</u>
Expenditures							
Current:							
General Government	1,875,418	-	-	-	-	-	1,875,418
Public Safety	3,308,232	-	-	-	-	-	3,308,232
Public Works	417,707	558,199	-	-	-	432,055	1,407,961
Recreation and Cultural	449,439	-	1,854,320	-	-	-	2,303,759
Debt Service:							
Principal	-	-	-	-	1,325,000	680,394	2,005,394
Interest and Other Charges	-	-	-	-	34,675	437,278	471,953
Capital Outlay	-	-	-	3,540,722	-	-	3,540,722
Total Expenditures	<u>6,050,796</u>	<u>558,199</u>	<u>1,854,320</u>	<u>3,540,722</u>	<u>1,359,675</u>	<u>1,549,727</u>	<u>14,913,439</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>995,674</u>	<u>(24,146)</u>	<u>(773,801)</u>	<u>(3,473,117)</u>	<u>2,294</u>	<u>(60,987)</u>	<u>(3,334,083)</u>
Other Financing Sources (Uses)							
Transfers In	191,788	-	750,000	232,858	-	224,430	1,399,076
Transfers Out	(1,541,776)	-	-	-	-	(41,772)	(1,583,548)
Total Other Financing Sources (Uses)	<u>(1,349,988)</u>	<u>-</u>	<u>750,000</u>	<u>232,858</u>	<u>-</u>	<u>182,658</u>	<u>(184,472)</u>
Extraordinary Item:							
Flood Grants and Reimbursements	1,221,193	-	-	-	-	-	1,221,193
Flood Related Expenditures	(1,501,708)	-	-	-	-	-	(1,501,708)
Net Flood Loss	<u>(280,515)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(280,515)</u>
Net Change in Fund Balances	(634,829)	(24,146)	(23,801)	(3,240,259)	2,294	121,671	(3,799,070)
Fund Balances - Beginning	<u>3,110,149</u>	<u>40,574</u>	<u>449,970</u>	<u>4,126,249</u>	<u>265,266</u>	<u>812,583</u>	<u>8,804,791</u>
Fund Balances - Ending	\$ <u>2,475,320</u>	\$ <u>16,428</u>	\$ <u>426,169</u>	\$ <u>885,990</u>	\$ <u>267,560</u>	\$ <u>934,254</u>	\$ <u>5,005,721</u>

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
June 30, 2015

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

Net change in fund balances - total governmental funds	\$ (3,799,070)
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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 and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.	2,864,437
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Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net expenses of certain activities of internal service funds is reported with governmental activities.	(87,143)
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Change in Net Pension Liability	(1,030,850)
Change in Other Post Employment Benefits	380,703

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Payments	2,028,676
Installment Loans Issued	(240,693)
Change in Accrued Interest	410
Increase in Compensated Absences	277
	277

Change in net position in governmental activities	\$ <u>116,747</u>
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CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Cash Flows
Proprietary Funds
June 30, 2015

	<u>Business-Type Activities Water and Sewer System</u>	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,577,159	\$ 204,007
Payments for goods and services	(1,638,473)	(80,287)
Payments to employees for services	(399,459)	(538,027)
Net Cash Provided (Used) by Operating Activities	<u>539,227</u>	<u>(414,307)</u>
Cash Flows from Noncapital Financing Activities:		
Interfund Transfers	(254,446)	438,918
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(254,446)</u>	<u>438,918</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(168,929)	(297,154)
Principal Paid on Debt	-	(135,557)
Interest Paid on Debt	-	(12,654)
Net Cash Used by Capital and Related Financing Activities	<u>(168,929)</u>	<u>(445,365)</u>
Cash Flows from Investing Activities:		
Investment Purchases and Redemptions	(121,945)	464,236
Interest Received	8,140	11,326
Net Cash Flows from Investing Activities	<u>(113,805)</u>	<u>475,562</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,047	54,808
Cash and Cash Equivalents, Beginning	<u>482</u>	<u>39,446</u>
Cash and Cash Equivalents, Ending	\$ <u><u>2,529</u></u>	\$ <u><u>94,254</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 348,821	\$ (524,733)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	115,562	81,831
(Increase) Decrease in Receivables	65,752	(1,226)
(Increase) Decrease in Inventories	-	22,001
Increase (Decrease) in Accounts Payable	2,461	1,556
Increase (Decrease) in Accrued Expenses	5,159	830
Increase (Decrease) in Other Liabilities	1,472	5,434
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 539,227</u></u>	<u><u>\$ (414,307)</u></u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
June 30, 2015

	<u>Business-Type Activities Water and Sewer System</u>	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues:		
Charges for Sales and Services	\$ 2,489,621	\$ -
Penalties	21,786	-
Charges to other funds of the City	-	202,189
Other	-	3,044
Total Operating Revenues	<u>2,511,407</u>	<u>205,233</u>
Operating Expenses:		
Sewage Disposal Costs	1,059,055	-
Water Purchases	323,157	-
Payroll and Benefits	404,618	-
Operations and Maintenance	260,194	140,197
Depreciation	115,562	81,831
Rebates & Other	-	507,938
Total Operating Expenses	<u>2,162,586</u>	<u>729,966</u>
Operating Income (Loss)	<u>348,821</u>	<u>(524,733)</u>
Non-Operating Revenues (Expenses):		
Interest Income	8,140	11,326
Interest Expense	-	(12,654)
Total Non-Operating Revenues (Expenses)	<u>8,140</u>	<u>(1,328)</u>
Income (Loss) before transfers	356,961	(526,061)
Transfers In	-	438,918
Transfers Out	<u>(254,446)</u>	<u>-</u>
Change in Net Position	102,515	(87,143)
Net Position, Beginning	<u>5,209,809</u>	<u>1,038,736</u>
Net Position, Ending	<u>\$ 5,312,324</u>	<u>\$ 951,593</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Cash Flows
Proprietary Funds
June 30, 2015

	<u>Business-Type Activities Water and Sewer System</u>	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,577,159	\$ 204,007
Payments for goods and services	(1,638,473)	(80,287)
Payments to employees for services	(399,459)	(538,027)
Net Cash Provided (Used) by Operating Activities	<u>539,227</u>	<u>(414,307)</u>
Cash Flows from Noncapital Financing Activities:		
Interfund Transfers	(254,446)	438,918
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(254,446)</u>	<u>438,918</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(168,929)	(297,154)
Principal Paid on Debt	-	(135,557)
Interest Paid on Debt	-	(12,654)
Net Cash Used by Capital and Related Financing Activities	<u>(168,929)</u>	<u>(445,365)</u>
Cash Flows from Investing Activities:		
Investment Purchases and Redemptions	(121,945)	464,236
Interest Received	8,140	11,326
Net Cash Flows from Investing Activities	<u>(113,805)</u>	<u>475,562</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,047	54,808
Cash and Cash Equivalents, Beginning	<u>482</u>	<u>39,446</u>
Cash and Cash Equivalents, Ending	\$ <u><u>2,529</u></u>	\$ <u><u>94,254</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 348,821	\$ (524,733)
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(Increase) Decrease in Inventories	-	22,001
Increase (Decrease) in Accounts Payable	2,461	1,556
Increase (Decrease) in Accrued Expenses	5,159	830
Increase (Decrease) in Other Liabilities	1,472	5,434
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 539,227</u></u>	<u><u>\$ (414,307)</u></u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Net Position
Fiduciary Fund
June 30, 2015

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 1,985
Investments	350,000
Total Assets	<u>\$ 351,985</u>
LIABILITIES	
Accounts Payable	\$ 1,253
Accrued and Other Liabilities	185,405
Performance Deposits	165,327
Total Liabilities	<u>\$ 351,985</u>

City of Huntington Woods, Michigan

Notes to Financial Statements

June 30, 2015

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 inter-fund 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, 2015

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, 2015

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 2014-15 tax is levied and collectible on July 1, 2014, and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014-2015 taxable valuation of the City totaled \$308,781,030. Total tax levies for general, sanitation and debt service purposes equaled 26.7104 mills. This resulted in \$8,247,664 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, 2015

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 market 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 temporary bank overdraft in individual funds, but as a whole the pooled cash is not in a bank overdraft situation. At June 30, 2015, cash balances were in excess of the FDIC insurance limit of \$250,000 by \$348,322.

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, 2015

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 – non-spendable, restricted, committed, assigned and unassigned.

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

Non-spendable – 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 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. For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/ deductions from MERS fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

City of Huntington Woods, Michigan

Notes to Financial Statements, continued

June 30, 2015

Note 1 - Significant Accounting Policies - Continued

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.

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".

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.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 1 - Significant Accounting Policies - Continued

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.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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, 2015 was 897,127. The actual June 30, 2015 fund balance in the General Fund decreased \$670,405. The General fund finished the year with 96% of all appropriations spent in aggregate; however for the year ended June 30, 2015, the following accounts incurred excess expenditures over the amount appropriated:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percentage</u>
General Fund	923,446	962,023	38,577	4%
Local Street Fund	182,192	195,820	13,628	7%
Post Retirement Fund	441,518	507,938	66,419	15%

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, 2015

Note 2 - Deposits and Investments - Continued

Deposits

The deposits of the City as of June 30, 2015 amounted to approximately \$598,332 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, Robinson Capital Partners. As of June 30, 2015 marketable securities were kept in safekeeping at Comerica Bank, Detroit Michigan, and in book entry form at Huntington Bank,

Investments

As of June 30, 2015, the City had the following investments and maturities:

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

INVESTMENT MATURITIES IN YEARS – JUNE 30, 2015								
<u>Investment Type</u>	TOTAL INVESTED 6/30/2015	less than 3 months	3-6 months	6-12 months	12-24 months	24-36 months	36-60 months	60+month s
Money Market Funds	2,873,886	2,873,886						
Federal Home Loan Bank	150,141							150,141
Certificates of Deposit	451,686					100,164		351,522
Federal National Mortgage Assoc	630,935		130,034			250,751		250,150
Municipal Bond	1,622,576					737,011	832,865	52,700
Federal Farm Credit Bureau	300,117						300,117	-
TOTAL	6,029,341	2,873,886	130,034	---	---	1,087,926	1,132,982	804,513

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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 \$12,329.87 as of June 30, 2015.

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, 2015, the City owned investments in certificates of deposits equal to \$451,686. These deposits met the criteria for credit risk instruments provided for in the investment policy Section IX(b) of the City investment policy allows for the investment 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 Robinson Capital Management. The City ended the fiscal year with 7.49% of all invested funds that are subject to credit risk associated with the ownership of this type of instrumentality.

Diversification. The City's investment policy requires 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 2.94%. The average duration in the portfolio is 3.41 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, 7.49% of the City's entire portfolio was 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 CD based 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, 2015

JUNE 2015 HUNTINGTON WOODS INVESTMENT SUMMARY

CUSIP #	PAR AMOUNT	INVESTMENT VEHICLE	COUPON OR STATED RATE	VALUE 30-Jun	PREVAILING RISK	S & P / IDC MARKET RATING	PURCHASE DATE	MATURITY DATE	PERCENT OF PORTFOLIO	AVERAGE DURATION YEARS
3130A2NW2	150,000	FHLB	1.000%	150,141.00	Market	AA+	13-Aug-14	13-Aug-19	2.49%	5.07
3136G2279	150,000	FNMA	1.500%	150,463.50	Market	AA+	11-Aug-14	15-Aug-16	2.50%	2.04
3313EA6K9	150,000	FFCB	0.410%	150,109.50	Market	AA+	29-Oct-12	29-Oct-15	2.49%	3.04
3133EA2P2	150,000	FFCB	0.590%	150,007.50	Market	AA+	26-Sep-12	02-May-16	2.49%	3.65
3136G22V2	100,000	FNMA MEDIUM TIER DTD	0.990%	100,288.00	Market	Aaa / AAA	08-Aug-14	08-Aug-16	1.66%	2.03
3136G2BV8	130,000	FNMA MEDIUM TIER DTD	0.990%	130,033.80	Market	Aaa / AAA	15-Jan-15	15-Jul-15	2.16%	0.50
07370V6J2	100,000	BEAL BANK USA	0.550%	100,164.00	Credit	N/R	23-Oct-13	04-Nov-15	1.66%	2.06
032114VAX5	150,000	FIRST NATIONAL BANK MI	0.950%	149,358.00	Credit	N/R	26-Sep-12	26-Sep-17	2.48%	5.07
58740XYS3	200,000	MERCHANTILE BANK	1.530%	202,164.00	Credit	N/R	07-Aug-13	07-Aug-18	3.35%	5.07
---	---	COMERICA - 4438	0.300%	82,061.45	Market	NOT RATED	N/A	Liquid	1.36%	---
---	---	COMERICA - 2672	0.200%	948,224.02	Market	NOT RATED	N/A	Liquid	15.73%	---
---	---	ACRUED INTEREST 6/30/15	---	12,329.87	Market	NOT RATED	N/A	Liquid	0.20%	---
---	---	MBIA	0.100%	26,508.35	Market	NOT RATED	N/A	Liquid	0.44%	---
---	---	FIFTH THIRD BANK	0.020%	603,914.55	Credit	N/R	N/A	Liquid	10.02%	---
---	---	HUNTINGTON BANK	1.000%	718,052.22	Market	NOT RATED	N/A	Liquid	11.91%	---
---	---	MM FUND - MULIBANK	0.000%	470,000.00	Credit	NOT RATED	N/A	Liquid	7.80%	---
---	---	OAKLAND COUNTY - 7761	1.547%	12,796.03	Market	NOT RATED	N/A	Liquid	0.21%	---
946099LT3	125,000	WAYNE COUNTY MI CTAN	4.500%	125,623.75	Market	Sp2	23-Aug-13	01-Oct-15	2.08%	2.14
646734CY7	50,000	NEW LOTHROP MICH AREA PUB SCHOOLS	4.000%	50,621.00	Market	Aa2	30-Aug-13	01-Nov-15	0.84%	2.20
300502CF6	150,000	EVEN- TOUT CREEK CONS SCHOOL DIST	1.500%	150,921.00	Market	AA-	30-Jul-14	01-May-17	2.50%	2.79
944488RJ6	150,000	WAYNE COUNTY MI CTAN	4.100%	151,945.50	Market	Sp1	21-May-14	01-Dec-16	2.52%	2.57
278065YS0	100,000	EATON COUNTY MUNICIPAL BLDG	4.250%	100,589.00	Market	Aa3 AA-	11-Feb-13	01-Sep-15	1.67%	2.59
182252SJ6	60,000	CLARKSTON MI	4.750%	61,951.20	Market	Aa2	19-Sep-13	01-May-16	1.03%	2.65
020668AC3	55,000	ALPENA MICH REGIONAL MEDICAL CNR	2.000%	55,296.45	Market	A1	13-Nov-12	01-Nov-15	0.92%	3.01
594636TX0	150,000	MICHIGAN STATE REF	5.000%	158,991.00	Market	AA+	27-Aug-13	15-Nov-16	2.64%	3.27
729459CS4	100,000	PLYMOUTH CHARTER TWP	3.000%	102,330.00	Market	AA	24-Dec-12	01-Jul-16	1.70%	3.57
672423SN1	70,000	OAKLAND COUNTY MI	2.500%	70,525.70	Market	Aaa / AAA	15-Jan-12	01-Nov-15	1.17%	3.85
516228PZ0	100,000	LANCSE CRUISE MI PUB SCH	4.000%	102,959.00	Market	AA	15-May-12	01-May-16	1.71%	4.02
935324R47	100,000	WARREN MI CAP IMP BOND	2.000%	100,936.00	Market	AA	14-Jun-12	01-Jun-16	1.67%	4.02
571494HF3	100,000	MARQUETTE MI	3.000%	102,365.00	Market	AA	21-Feb-12	01-Oct-16	1.70%	4.68
060167FB4	135,000	BANGOR MICH PUBLIC SCHOOLS	3.000%	139,463.10	Market	Aa2	08-Aug-12	01-May-17	2.31%	4.80
418420EF8	50,000	HASTINGS MI AREA SCHOOLS	3.500%	52,699.50	Market	AA-	01-May-13	01-May-18	0.87%	5.07
3136G0VX6	250,000	FNMA	0.500%	250,150.00	Market	AA+	27-Aug-12	21-Aug-18	4.15%	6.07
642101HW2	95,000	NEW BALTIMORE MI-REF UTGO	2.000%	95,359.10	Market	AA+	20-Dec-12	01-Oct-15	1.58%	2.82
TOTAL			1.98%	6,029,342.09					2.94%	3.41

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 3 - Capital Assets

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

GOVERNMENTAL ACTIVITIES:

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
<u>COST</u>				
Infrastructure-Roads and Sidewalks	32,714,745	3,109,439	-	35,824,184
Building and Building improvements	9,525,079	4,564	-	9,529,643
Vehicles	16,014	-	-	16,014
Office equipment and furniture	653,568	131,751	26,988	758,331
Library books	972,895	-	-	972,895
Machinery and equipment	2,996,349	479,435	58,199	3,417,585
Land	89,802	278,472	-	368,274
Land improvements	439,410	99,727	-	539,137
Fine arts	-	-	-	-
Construction in progress	-	-	-	-
Total cost	47,407,862	4,103,388	85,187	51,426,063

ACCUMULATED DEPRECIATION

Infrastructure-Roads and Sidewalks	8,143,811	514,741	-	8,658,552
Building and building improvements	4,507,631	232,272	-	4,739,903
Vehicles	4,388	2,002	-	6,390
Office equipment and furniture	622,862	31,344	-	654,206
Machinery and equipment	1,797,670	98,618	4,842	1,891,446
Library books	823,326	29,471	-	852,797
Land improvements	433,585	34,835	-	468,420
Total accumulated depr	16,333,273	943,283	4,842	17,271,714
Total Governmental Activities				
Capital assets, net	<u>31,074,589</u>	<u>3,160,105</u>	<u>80,345.00</u>	<u>34,154,349</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 3 - Capital Assets

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	\$ 633,364
Public Safety	28,372
Public works	4,327
Library	59,545
Recreation	<u>217,675</u>

Total depreciation expense-governmental activities \$ 943,283

	Balance				Balance
	June 30, 2014	Additions	Deletions		June 30, 2015
Business Type Activities:					
Capital assets not being depreciated:					
Land	1,000	-	-		1,000
Capital assets being depreciated:					
Building & Improvements	7,499	-	-		7,499
Machinery & Equipment	419,666	-	-		419,666
Water & sewer Mains	5,252,155	400,054	-		5,652,209
Water Meters	241,351		-		241,351
Total capital assets	<u>5,921,671</u>	<u>400,054</u>	-		<u>6,321,725</u>
Accumulated depreciation:					
Building and Improvements	7,499	-	-		7,499
Machinery & Equip	322,754	3,164	-		325,918
Water & Sewer Mains	1,625,924	106,365	-		1,732,289
Water Meters	168,809	6,034	-		174,843
Total accumulated depreciation	2,124,986	115,563	-		2,240,549
Net Capital Assets	3,796,685	284,491	-		4,081,176

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, 2015 amounted to:

Water Fund \$ 115,562

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 4 - Long-Term Debt

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

	Balance			Balance	Due Within
	July 1, 2014	Additions	Reductions	June 30, 2015	One Year
<u>Government Activities:</u>					
Compensatory time	\$ 9,329		277	\$ 9,052	\$ -
2009 Refunding Street Bonds	1,810,000	-	1,325,000	485,000	485,000
George W. Kuhn Drain Bonds 2000-A	257,606	-	29,441	228,165	30,224
George W. Kuhn Drain Bonds 2002-C	1,445,416	-	129,038	1,316,378	132,327
George W. Kuhn Drain Bonds 2002-D	38,294	-	3,445	34,849	3,602
George W. Kuhn Drain Bonds 2005	30,517	-	2,386	28,131	2,386
George W. Kuhn Drain Bonds 2007	294,095	-	27,562	266,533	28,971
George W. Kuhn Drain Bonds 2007G	41,203	-	2,704	38,499	2,704
George W. Kuhn Drain Bonds 2008H	194,241	-	10,818	183,423	11,136
Capital Improvement Bonds (11 Mile)	1,250,000	-	50,000	1,200,000	50,000
Capital Improvement Bonds 2010	3,275,000	-	325,000	2,950,000	250,000
Capital Improvement Bonds 2012	2,975,000	-	100,000	2,875,000	200,000
Capital Improvement Bonds 2014	3,710,000	-	-	3,710,000	10,000
Michigan Suburbs Alliance-solar panel	56,851	-	14,213	42,638	14,213
Michigan Suburbs Alliance-Library	36,277	-	9,069	27,208	9,069
Recreation Bus Installment Loan	-	92,000	17,197	74,803	17,778
DPW Truck Installment Loan	-	148,693	24,173	124,520	28,706
Fire Truck Installment Loan	248,129	-	40,835	207,294	41,784
Public Safety Vehicle Installment Loan	78,512	-	23,486	55,026	24,029
	15,750,470	240,693	2,134,644	13,856,519	1,341,929
<u>Business-Type Activities:</u>					
No activity	-	-	-	-	-

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, 2015 and are subject to change with additional distributions.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 4 - Long-Term Debt - Continued

At June 30, 2015, long-term obligations consisted of:

Governmental Activities:

Compensatory time - Public Safety	\$ 9,052
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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)	485,000
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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	228,165
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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	1,316,378
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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>34,849</u>
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Total this page	2,073,444
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City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 2,073,444
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	28,131
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	266,533
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	38,499
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	183,423
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)	<u>1,200,000</u>
Total this page	3,790,030

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 3,790,307
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)	2,950,000
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)	2,875,000
2014 Capital Improvements Bonds (Roads) dated May 13, 2014; annual principal payments of \$10,000 to \$500,000, due beginning October 2015 serially to October 2028; interest rate of 2.00% to 3.00% (original issue totaled \$3,710,000)	3,710,000
Michigan Suburbs Alliance Loan-Solar Panels dated March 8, 2012; principal payments of \$14,213 due August 2013 to August 2017, interest free	42,638
Michigan Suburbs Alliance Loan-Library Windows dated March 8, 2012; principal payments of \$9,069 due August 2013 to August 2017, interest free	27,208
Recreation Bus Installment Loan dated July 1, 2014; monthly principal and interest payments of \$1,667; interest rate 3.33%	74,803
DPW Truck Installment Loan dated September 25, 2014; monthly principal and interest payments of \$2,651; interest rate 2.77%	124,520
Fire Truck Installment Loan dated March 14, 2013; monthly principal and interest payments of \$3,843, interest rate 2.30%	207,294
Public Safety Vehicle Installment Loan dated October 18, 2013; monthly principal and interest payments of \$2,098, interest rate 2.50%	55,026
Total long-term debt	<u>\$ 13,856,519</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 4 - Long-Term Debt - Continued

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

Governmental Activities

	Principal	Interest	Interest Subsidy	Net Interest	Total-Net
2016	\$ 1,206,350	\$ 423,193	\$ (68,349)	\$ 354,844	\$ 1,561,194
2017	1,217,148	388,570	(63,765)	324,805	1,541,953
2018	1,072,632	356,362	(58,562)	297,800	1,370,432
2019	952,964	325,847	(53,049)	272,798	1,225,762
2020	1,033,920	293,852	(46,507)	247,345	1,281,265
2021-2025	5,286,560	906,213	(109,139)	797,074	6,083,634
2026-2029	2,546,404	154,185	-	154,185	2,700,589
	<u>\$ 13,315,978</u>	<u>\$ 2,848,222</u>	<u>\$ (399,371)</u>	<u>\$ 2,448,851</u>	<u>\$ 15,764,829</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	3.00%	10/1/15	485,000	7,275
				<u>\$ 485,000</u>	<u>\$ 7,275</u>
George W. Kuhn Drain Bonds 2000-A					
4/1/01	\$ 560,001	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>\$ 228,165</u>	<u>\$ 23,374</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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%	4/1/2016	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	<u>161,142</u>	<u>4,028</u>
				<u>\$ 1,316,378</u>	<u>\$ 169,950</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%	4/1/2016	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	<u>4,155</u>	<u>104</u>
				<u>\$ 34,849</u>	<u>\$ 4,485</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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%	4/1/2016	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	<u>2,840</u>	<u>46</u>
				<u>\$ 28,131</u>	<u>\$ 2,831</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%	4/1/2016	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	<u>19,732</u>	<u>863</u>
	<u>\$ 37,194</u>	<u>\$ 5,031</u>		<u>\$ 266,533</u>	<u>\$ 55,447</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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%	4/1/2016	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>\$ 38,499</u>	<u>\$ 4,520</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%	4/1/2016	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>\$ 183,423</u>	<u>\$ 36,222</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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%	10/1/2015	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>\$ 1,200,000</u>	<u>\$ 412,899</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	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>\$ 2,950,000</u>	<u>\$ 887,495</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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%	10/1/2015	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>\$ 2,875,000</u>	<u>\$ 421,499</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 2014					
5/13/14	\$ 3,710,000	2.000%	10/1/2015	10,000	93,350
		2.000	10/1/2016	500,000	88,250
		2.000	10/1/2017	325,000	80,000
		2.000	10/1/2018	150,000	75,250
		2.000	10/1/2019	150,000	72,250
		2.000	10/1/2020	150,000	69,250
		2.000	10/1/2021	150,000	66,250
		2.500	10/1/2022	200,000	62,250
		2.500	10/1/2023	250,000	56,625
		2.500	10/1/2024	250,000	50,375
		3.000	10/1/2025	250,000	43,500
		3.000	10/1/2026	325,000	34,875
		3.000	10/1/2027	500,000	22,500
		3.000	10/1/2028	500,000	7,500
				<u>\$ 3,710,000</u>	<u>\$ 822,225</u>

City of Huntington Woods, Michigan

Notes to Financial Statements, continued

June 30, 2015

Note 5 - Pension Plans - Defined Benefit Pension Plan

Plan Description

The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. The City's defined benefit pension plan provides retirement, death and disability benefits to plan members and beneficiaries. Public Act 220 of 1996 assigns the authority to establish and amend the benefit provisions of the MERS plan document. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Significant Accounting Policies

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

01 - Non Union: Closed to new hires

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (unreduced):	50/25 or 55/15
Early Retirement (reduced):	-
Final Average Compensation:	3 years
Member Contributions:	6%
DC Plan for New Hires:	7/1/1998
Act 88:	Yes (Adopted 2/16/1965)

02 - Public Safety: Open Division

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (unreduced):	50/25 or 55/15
Early Retirement (reduced):	-
Final Average Compensation:	3 years
Member Contributions:	5%
Act 88:	Yes (Adopted 2/16/1965)

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 5 - Pension Plans - Defined Benefit Pension Plan, continued

10 - General DPW: Closed to new hires

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (unreduced):	50/25 or 55/15
Early Retirement (reduced):	-
Final Average Compensation:	5 years
Member Contributions:	6%
DC Plan for New Hires:	7/1/1998
Act 88:	Yes (Adopted 2/16/1965)

20 - Public Safety Command: Open Division

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (unreduced):	50/25 or 55/15
Early Retirement (reduced):	-
Final Average Compensation:	3 years
COLA for Past Retirees:	2% (Compound)
Member Contributions:	5%
Act 88:	Yes (Adopted 2/16/1965)

21 - Public Safety Command B: Closed to new hires

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (unreduced):	25 and Out
Early Retirement (reduced):	55/15
Final Average Compensation:	3 years
Member Contributions:	5%
Act 88:	Yes (Adopted 2/16/1965)

22 - Public Safety B: Open Division

Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (unreduced):	50/25 or 55/15
Early Retirement (reduced):	-
Final Average Compensation:	3 years
Member Contributions:	5%
Act 88:	Yes (Adopted 1/1/2005)

Plan Members covered by benefit terms

At the December 31st, 2014 valuation date, the following members were covered by the benefit terms:

Active Members	26
Vested Former Members	3
Retirees and Beneficiaries	<u>52</u>
Total Participants	81

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 5 - Pension Plans - Defined Benefit Pension Plan, continued

Contributions

The City is required to contribute at an actuarial determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. The current rate of contributions is between 0.00% and 85.87% of covered payroll for individual member groups, with an annual required contribution of \$1,169,604. A retirement contribution rate of 5-6% of payroll is required by all full time non-union and unionized employees covered under MERS for employees hired prior to 1998. The rates are established by the City through collective bargaining and may be changed or amended by the MERS Board of Trustees.

Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2014 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (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).

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members. The actuarial assumptions used in the valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized on the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 5 - Pension Plans - Defined Benefit Pension Plan, continued

Discount rate

The discount rate used to measure the total pension liability is 8.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Changes in Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 12/31/2013	\$ 22,739,305	\$ 11,659,123	11,080,182
Changes for the Year			0
Service Cost	232,791		232,791
Interest on Total Pension Liability	1,813,096		1,813,096
Changes in benefits	-		0
Difference between expected and actual experience	-		0
Changes in Assumptions	-		0
Employer Contributions	-	1,591,617	(1,591,617)
Employee Contributions		102,567	(102,567)
Net Investment Income		728,938	(728,938)
Benefit payments, including employee refunds	(1,757,559)	(1,757,559)	0
Administrative expense		(26,716)	26,716
Other changes	-		-
Net changes	288,328	638,847	(350,519)
Balances as of 12/31/2014	\$ 23,027,633	\$ 12,297,970	\$ 10,729,663

Sensitivity of the Net Pension Liability to changes in the discount rate. The following presents the Net Pension Liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7%) or 1% higher (9%) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net Pension Liability	12,961,064	10,729,663	8,816,077

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 5 - Pension Plans - Defined Benefit Pension Plan, continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2014 the employer recognized pension expense of \$1,059,720. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
Excess (Deficit) Investment Returns	183,380	
Contributions subsequent to the Measurement date	1,182,865	-
Total	\$ 1,366,245	\$ -

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending June 30, 2015.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	2015	\$(45,845)
	2016	\$(45,845)
	2017	\$(45,845)
	2018	\$(45,845)
	Thereafter	-

For the year ended June 30, 2015, the City's annual required contribution (ARC) was \$1,024,157. The annual required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The required annual contribution for fiscal year 2015-16 is expected to be \$1,140,744 per the December 31, 2013 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)	\$1,024,157
Net Pension Asset - Beginning of year	\$1,626,554
Additional contributions	1,081,639
Net Pension Asset - End of year	<u>\$2,708,193</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 5 - Pension Plans - Defined Benefit Pension Plan, continued

The actuarial value of assets used to determine the funded ratio and the required contribution, is based on 10 year smoothed value of assets. Only a portion (seven-tenths, for the 2008 through 2014) of the 2008 investment market losses was recognized in the current actuarial report. Smoothing reduces the volatility of the valuation results, which would affect the required funding ratio. The smoothed actuarial rate of return for 2014 was 5.90

- 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.
- If the division is closed to new hires, with new hires not covered by MERS Defined Benefit Plan or Hybrid Plan provisions, the amortization period will decrease as follows: Under Amortization Option A, the period will decrease by 2 years each valuation year, until it reaches 6 or 5 years. Then it decreases by 1 year each valuation year until the UAL is paid off. Under Amortization Option B, the period will decrease by 2 years each valuation year, until it reaches 16 or 15 years. Thereafter, the period will reduce by 1 year each valuation year, until the UAL is paid off. This will result in amortization payments that increase faster than the usual 4.5% each year. If the division is closed to new hires, with new hires (and transfers) covered by MERS Defined Benefit Plan or Hybrid Plan provisions, the standard open division amortization period will apply.

Five Year Trend Information for MERS and Funding Progress

<u>Fiscal Yr. Ended</u>	<u>Annual Pension Costs (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Additional Annual Contributed</u>	<u>Unfunded Annual Contribution</u>
6/30/11	675,516	151%	345,602	--
6/30/12	703,728	145%	316,840	--
6/30/13	785,820	139%	308,339	--
6/30/14	1,016,340	131%	310,167	--
6/30/15	1,140,744	195%	1,081,619	--

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liabilities (AAL) Age (b)</u>	<u>Unfunded (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>Payroll ((b-a)/c)</u>
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%
12-31-13	12,380,123	23,498,765	11,118,642	53%	1,909,448	582%
12-31-14	13,035,075	23,553,437	10,518,362	55%	1,867,664	563%

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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. The City in 2014 passed a resolution that increased our pension contribution by an additional 1.0 million dollars over and above the increased contribution budgeted in the 2014-15 budget. As of June 30, 2014 a total of \$750,000 of the 1.0 Million was paid into the MERS system. This increased the total contribution (both the budgeted and the additional amount resolved by the City Commission) to 2,174,955. For the year. It is anticipated that the additional \$250,000. Will be paid in fiscal year 2015-16

Note 6 - Defined Contribution Plan

The City offers an IRS §401(a) defined contribution plan to full-time employees that are not eligible for the defined benefit pension 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 will affect the percentage of 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 \$85,226.84 for the fiscal year ended June 30, 2015.

Note 7 - Changes in General Fund - Fund Balance

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Assigned				
Property tax refunds	\$ 73,194	\$ -	\$ -	\$ 73,194
Gallery	20,422	261	-	20,683
Crime	14,949	-	-	14,949
Library	<u>99,667</u>	<u>1,099</u>	<u>14,118</u>	<u>86,648</u>
Subtotal	208,232	1,360	14,118	195,474
Unassigned, before committed and Non-spendable reclassifications				
General	2,021,386	-	735,313	1,286,073
Rackham	31,868	24	-	31,892
Budget Stabilization	<u>848,663</u>	<u>113,218</u>	<u>-</u>	<u>961,881</u>
Subtotal	<u>2,901,917</u>	<u>113,242</u>	<u>735,513</u>	<u>2,279,846</u>
Totals	<u>\$ 3,110,149</u>	<u>\$ 114,602</u>	<u>\$ 749,631</u>	<u>\$ 2,475,320</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 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 \$1,282,999 which includes the \$961,881 in the Budget Stabilization fund and non-spendable fund balance in the amount of \$132,848

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 \$885,990 consisting of the Capital Projects fund with a restricted fund balance of \$481,174 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 \$404,816 and a portion of that fund balance is allocated as follows:

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

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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 Recreation fund has an assigned fund balance of \$426,169 which includes \$43,446 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.

Note 9 - Inter-fund Transfers

	Transfers	
	In	Out
General	\$ 193,788	\$ 1,541,776
Major Street	-	41,772
Local Street	120,000	-
Capital Projects	232,858	-
Sanitation	-	-
Recreation	750,000	-
Water	-	254,446
2010 & 2012 Street Debt Services	-	-
2014 Street Debt Services	-	-
11 Mile Rd. debt	104,430	-
Retirement Benefit	438,918	2,000
Health Insurance	-	-
	<u>\$ 1,839,994</u>	<u>\$ 1,839,994</u>
Total		

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.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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:

OPEB obligation	186,246	131,055	82,572	32,550	25,797
Less Adjustments to the annual required contribution	(168,113)	(116,249)	(72,060)	(27,977)	(21,860)
Annual OPEB costs	870,138	1,155,769	1,113,822	1,078,730	750,309
Amounts contributed:					
Payments of current premiums	-384,015	(401,978)	(443,961)	(389,553)	(347,394)
Advance funding	-105,420	(63,908)	(63,822)	(63,908)	(318,500)
Increase in net OPEB obligation	380,703	689,883	606,039	625,269	84,415
OPEB obligation - Beginning of year	2,328,070	1,638,187	1,032,148	406,879	322,464
OPEB obligation - End of year	\$ 2,708,773	\$ 2,328,070	\$ 1,638,187	\$ 1,032,148	\$ 406,879

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	\$ 870,138	\$ 1,155,769	\$ 1,113,822	\$ 1,078,730	\$ 750,309
Percentage contributed	56%	40%	46%	42%	89%

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

Actuarial value of assets	\$ 768,422	\$ 643,557	\$ 503,812	\$ 391,560	\$ 327,476
Actuarial accrued liability (AAL)	9,246,456	12,398,154	12,561,069	12,337,460	8,892,474
Unfunded AAL (UAAL)	8,478,034	11,754,597	12,169,509	11,945,900	8,564,998
Funded ratio	9%	5%	4%	3%	4%
Annual covered payroll	\$ 1,772,517	\$ 1,909,448	\$ 1,866,593	\$ 2,026,562	\$ 2,031,439
Ratio of UAAL to covered payroll	485%	616%	652%	589%	421%

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 10 – Other Postemployment Benefits - continued

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 55 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, 2015 was 27 years.

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 \$16,481 in grant allocations in fiscal year 2014-15 and utilized \$10,405 for minor home repair and senior transportation programs. The remaining balance will be carried over to the next fiscal year. Due to the August 11th rain event, the City has applied for federal assistance in the way of Federal Emergency Management Grants (FEMA). These grants were due to the federal issuance of an emergency in the region. The grant process is being handled by the Michigan State police (MSP), and all paperwork on behalf of the City of Huntington Woods has been submitted. The total cost of the initial FEMA request was \$662,354. The City discovered after the grant was processed that an additional \$137,102 expenditure was missed in the initial grant application and was subsequently submitted to the MSP. Therefore the total request from FEMA will be \$779,455 of which the City is projected eventually to receive \$679,537. As of the end of the Audit year the city had not received any distribution from FEMA regarding these flood grants.

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, 2015, and thus no liability has been recorded.

Note 13 - Individual Fund Deficit

The City is expected to post a fund deficit in the Flood Administration Fund #469. This governmental fund was established to handle the recording of costs associated with the August 11, 2014 flood event. The City is prepared to supply the State of Michigan with a detailed plan as to how to handle the deficit in this fund which is projected to be \$77,664.00

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

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 \$344,785 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 \$323,157 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.

Note 15 – Restatement

During the fiscal year 2015, the City adopted Governmental Accounting Standards Board Statement No. 68. Accounting and Financial Reporting for Pensions. As a result the government wide statements now include a net pension liability, as detailed in the defined benefits footnote. The financial statements for the year ended June 30, 2014 have been restated to reflect the adoption of this pronouncement as follows.

Net Position – June 30, 2014 as previously stated	23,825,011
Adjustment of Implementation of GASB Stmt. No. 68	<u>(10,480,665)</u>
Net Position – June 30, 2014, as restated	<u>13,344,356</u>

Note 16 – Net position Extraordinary

In June 2016 the City will implement GASB 74 Financial Reporting for Post - Employment Benefit Plans other than pension plans. This statement will serve to record the full cost and liability that has accrued Pension Plans and will enhance the accountability and transparency of the statements, through notes, disclosers and related required supplemental information (RSI). The City will this spring be in the process of evaluating the impact of the requirement and will implement the statement at the end of the 2015-16 fiscal year.

Note 17 – Upcoming Pronouncements

In June 2016 the City will implement GASB 74 Financial Reporting for Post - Employment Benefit Plans other than pension plans. This statement will serve to record the full cost and liability that has accrued Pension Plans and will enhance the accountability and transparency of the statements, through notes, disclosers and related required supplemental information (RSI). The City will this spring be in the process of evaluating the impact of the requirement and will implement the statement at the end of the 2015-16 fiscal year.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2015

Note 18 – Extraordinary Events

Based upon the events related to the August 11, 2014 regional rain storm, the City has determined to enter into a long term program to televis and clean the 32.78 miles of municipal sewer line under the City's jurisdiction. Overwhelmed the George W. Kuhn/Clinton River watershed sewage disposal facilities in south Oakland County. The cost of cleanup was high, and is shown in the Governmental Funds as an extraordinary item. The Total cost of the flood for the City is \$1,501,708. Most of this cost will be covered by our liability insurance and the Grant we will be receiving from FEMA, these total \$1,424,043. The City will most likely will be reviewing a long term plan to work on the Sewer Mains and are slated to begin the process in the next fiscal year. This will entail a detailed review of the entire system, and most likely be a multi- year process.

Required Supplemental Information

City of Huntington Woods, Michigan
Notes to Required Supplemental Information
June 30, 2015

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.

City of Huntington Woods, Michigan
Notes to Required Supplemental Information -continued
June 30, 2015

Note 2 - Schedule of Changes in the Net Pension Liability and Related Ratios
Last Fiscal Year (Schedule is built prospectively upon Implementation of GASB 68)

Total Pension Liability:	2015
Service Cost	232,791
Interest	1,813,096
Benefit Payments, including refunds	(1,757,559)
Net Change in Total Pension Liability	288,328
Total Pension Liability Beginning of the Year	\$22,739,305
Total Pension Liability, End of Year	<u>\$23,027,633</u>
Plan Fiduciary Net Position:	
Contributions - Employer	\$1,591,617
Contributions - Employee	\$102,567
Net investment Income	728,938
Administrative Expenses	(\$26,716)
Benefit payments, Including refunds	(\$1,757,559)
Net Change in Plan Fiduciary Net Position	\$638,847
Plan Fiduciary Net Position - Beginning of Year	11,659,123
Plan Fiduciary Net Position - End of Year	<u>\$12,297,970</u>
City's Net Pension Liability ending	<u>\$10,729,663</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability.	53.4%
Covered Employee Payroll	1,867,664
City's Net Pension Liability As a percentage of Covered Employee Payroll	574.50%

CITY OF HUNTINGTON WOODS, MICHIGAN
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	<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>
Budgetary Fund Balance, July 1, 2014	\$ 3,110,149	\$ 3,110,149	\$ 3,110,149	\$ -
Resources (Inflows):				
Property Taxes	5,361,044	5,361,044	5,352,502	(8,542)
Licenses and Permits	335,850	335,850	362,019	26,169
Intergovernmental	567,295	567,295	574,084	6,789
Charges for Services	113,800	113,800	124,871	11,071
Fines and Forfeits	186,000	186,000	162,928	(23,072)
Interest Income	26,700	26,700	22,550	(4,150)
Other Revenues	299,197	299,197	447,516	148,319
Transfers In	193,788	193,788	191,788	(2,000)
Additional Amounts Available for Appropriation	7,083,674	7,083,674	7,238,258	154,584
Charges to Appropriations (Outflows):				
General Government	1,817,971	1,817,971	1,875,418	(57,447)
Public Safety	3,359,329	3,359,329	3,308,232	51,097
Public Works	432,807	432,807	417,707	15,100
Library	490,900	490,900	449,439	41,461
Transfers Out	1,769,626	1,769,626	1,541,776	227,850
Total Charges to Appropriations	7,870,633	7,870,633	7,592,572	278,061
Extraordinary Item-Flood:				
Flood Grant and Insurance Reimbursements	1,472,850	1,472,850	1,221,193	(251,657)
Flood Related Expenditures	(1,472,850)	(1,472,850)	(1,501,708)	(28,858)
Net Extraordinary Item	-	-	(280,515)	(280,515)
Budgetary Fund Balance - June 30, 2015	\$ <u>2,323,190</u>	\$ <u>2,323,190</u>	\$ <u>2,475,320</u>	\$ <u>152,130</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Sanitation Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	<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>
Budgetary Fund Balance, July 1, 2014	\$ 40,574	\$ 40,574	\$ 40,574	\$ -
Resources (Inflows):				
Property Taxes	526,379	526,379	524,848	(1,531)
Interest Income	500	500	637	137
Other	8,500	8,500	8,568	68
Additional Amounts Available for Appropriation	<u>535,379</u>	<u>535,379</u>	<u>534,053</u>	<u>(1,326)</u>
Charges to Appropriations (Outflows):				
Administrative	75,948	75,948	101,352	(25,404)
Employee Benefits	60,275	60,275	66,546	(6,271)
Professional Services	408,302	408,302	390,301	18,001
Total Charges to Appropriations	<u>544,525</u>	<u>544,525</u>	<u>558,199</u>	<u>(13,674)</u>
Budgetary Fund Balance - June 30, 2015	\$ <u>31,428</u>	\$ <u>31,428</u>	\$ <u>16,428</u>	\$ <u>12,348</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Recreation Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 449,970	\$ 449,970	\$ 449,970	\$ -
Resources (Inflows):				
Property Taxes	64,689	64,689	63,038	(1,651)
Aquatic Club Charges	190,000	190,000	149,203	(40,797)
Program Fees	744,000	744,000	834,349	90,349
Interest Income	6,500	6,500	9,404	2,904
Other	35,100	35,100	24,525	(10,575)
Transfers In	750,000	750,000	750,000	-
Additional Amounts Available for Appropriation	1,790,289	1,790,289	1,830,519	40,230
Charges to Appropriations (Outflows):				
Bus	56,073	56,073	46,747	9,326
Recreation	564,235	564,235	567,156	(2,921)
Programs	1,005,675	1,005,675	995,585	10,090
Pool	253,377	253,377	244,832	8,545
Total Charges to Appropriations	1,879,360	1,879,360	1,854,320	25,040
Budgetary Fund Balance - June 30, 2015	\$ 360,899	\$ 360,899	\$ 426,169	\$ 65,270

Schedule of City Pension Contributions - Last Ten Fiscal Years
City of Huntington Woods

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Actuarially determined contribution	1,140,744	1,016,340	785,820	703,728	675,516	585,852	558,012	518,124	476,580	462,108
Actual contributions	<u>2,222,363</u>	<u>1,326,507</u>	<u>1,094,159</u>	<u>1,020,568</u>	<u>1,021,118</u>	<u>931,458</u>	<u>558,012</u>	<u>518,124</u>	<u>476,580</u>	<u>462,108</u>
Contributions Additional/Deficiency	<u>1,081,619</u>	<u>310,167</u>	<u>308,339</u>	<u>316,840</u>	<u>345,602</u>	<u>345,606</u>	-	-	-	-
Employee Covered Payroll	1,867,664	1,909,448	1,866,593	2,026,562	2,031,439	2,239,156	2,275,446	2,263,735	2,332,476	2,344,342
Contributions as a Percentage of Employee Covered Payroll	119%	69%	59%	50%	50%	42%	25%	23%	20%	20%

Valuation Date: December 31, of each year (18 months prior to the beginning of the subsequent fiscal year)

Assumption method used: Entry-Age normal

Remaining Amortization Period 24 years

Asset Valuation Method 10 yr smoothed Market

Inflation index 3-4%

Salary increases 4.5% including inflation

Investment Rate of Return 8%

Retirement Age Experience Based Tables, specific to the type of eligibility

Mortality 50% Male - 50% Female (blend of 1994 Group Annuity Mortality Table)

Other Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2015

	Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds					Total
	Major Street Fund	Local Street Fund	GVK Drain Debt Fund	11 Mile GO Debt Fund	2010 Street GO Debt Fund	2012 Street GO Debt Fund	2014 Street GO Debt Fund	Nonmajor Governmental Funds
Revenues:								
Property Taxes	\$ -	\$ -	\$ 228,817	\$ -	\$ 413,721	\$ 174,731	\$ 136,556	\$ 953,825
Intergovernmental	280,571	121,333	-	-	-	-	-	401,904
Interest Income	1,833	13	3,125	414	2,005	19	-	7,409
Other	22,946	-	-	-	102,656	-	-	125,602
Total Revenues	305,350	121,346	231,942	414	518,382	174,750	136,556	1,488,740
Expenditures:								
Public Works	188,991	243,064	-	-	-	-	-	432,055
Debt Service:								
Principal	-	-	205,394	50,000	325,000	100,000	-	680,394
Interest and other charges	-	-	62,243	55,081	162,206	65,250	92,498	437,278
Total Expenditures	188,991	243,064	267,637	105,081	487,206	165,250	92,498	1,549,727
Excess (Deficiency) of Revenues Over Expenditures	116,359	(121,718)	(35,695)	(104,667)	31,176	9,500	44,058	(60,987)
Other Financing Sources (Uses):								
Transfers In	-	120,000	-	104,430	-	-	-	224,430
Transfers Out	(41,772)	-	-	-	-	-	-	(41,772)
Total Other Financing Sources (Uses)	(41,772)	120,000	-	104,430	-	-	-	182,658
Net Change in Fund Balance	74,587	(1,718)	(35,695)	(237)	31,176	9,500	44,058	121,671
Fund Balance - July 1	228,084	57,641	283,333	37,428	188,080	17,702	315	812,583
Fund Balance - June 30	\$ 302,671	\$ 55,923	\$ 247,638	\$ 37,191	\$ 219,256	\$ 27,202	\$ 44,373	\$ 934,254

CITY OF HUNTINGTON WOODS, MICHIGAN
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
June 30, 2015

	Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds					Total
	Major Street Fund	Local Street Fund	GVK Drain Debt Fund	11 Mile GO Debt Fund	2010 Street GO Debt Fund	2012 Street GO Debt Fund	2014 Street GO Debt Fund	Nonmajor Governmental Funds
Revenues:								
Property Taxes	\$ -	\$ -	\$ 228,817	\$ -	\$ 413,721	\$ 174,731	\$ 136,556	\$ 953,825
Intergovernmental	280,571	121,333	-	-	-	-	-	401,904
Interest Income	1,833	13	3,125	414	2,005	19	-	7,409
Other	22,946	-	-	-	102,656	-	-	125,602
Total Revenues	305,350	121,346	231,942	414	518,382	174,750	136,556	1,488,740
Expenditures:								
Public Works	188,991	243,064	-	-	-	-	-	432,055
Debt Service:								
Principal	-	-	205,394	50,000	325,000	100,000	-	680,394
Interest and other charges	-	-	62,243	55,081	162,206	65,250	92,498	437,278
Total Expenditures	188,991	243,064	267,637	105,081	487,206	165,250	92,498	1,549,727
Excess (Deficiency) of Revenues Over Expenditures	116,359	(121,718)	(35,695)	(104,667)	31,176	9,500	44,058	(60,987)
Other Financing Sources (Uses):								
Transfers In	-	120,000	-	104,430	-	-	-	224,430
Transfers Out	(41,772)	-	-	-	-	-	-	(41,772)
Total Other Financing Sources (Uses)	(41,772)	120,000	-	104,430	-	-	-	182,658
Net Change in Fund Balance	74,587	(1,718)	(35,695)	(237)	31,176	9,500	44,058	121,671
Fund Balance - July 1	228,084	57,641	283,333	37,428	188,080	17,702	315	812,583
Fund Balance - June 30	\$ 302,671	\$ 55,923	\$ 247,638	\$ 37,191	\$ 219,256	\$ 27,202	\$ 44,373	\$ 934,254

CITY OF HUNTINGTON WOODS, MICHIGAN
Major Streets Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 228,084	\$ 228,084	\$ 228,084	\$ -
Resources (Inflows):				
Intergovernmental	258,006	258,006	280,571	22,565
Other	17,750	17,750	22,946	5,196
Interest Income	150	150	1,833	1,683
Additional Amounts Available for Appropriation	275,906	275,906	305,350	29,444
Charges to Appropriations (Outflows):				
Maintenance	206,725	206,725	135,119	71,606
Traffic Services	22,405	22,405	19,184	3,221
Snow and Ice Removal	32,905	32,905	25,684	7,221
Administrative	8,615	8,615	9,004	(389)
Transfers Out	41,772	41,772	41,772	-
Total Charges to Appropriations	312,422	312,422	230,763	81,659
Budgetary Fund Balance - June 30, 2015	\$ 191,568	\$ 191,568	\$ 302,671	\$ 111,103

CITY OF HUNTINGTON WOODS, MICHIGAN
Local Streets Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 57,641	\$ 57,641	\$ 57,641	\$ -
Resources (Inflows):				
Intergovernmental	108,927	108,927	121,333	12,406
Other	500	500	-	(500)
Interest Income	60	60	13	(47)
Transfers In	120,000	120,000	120,000	-
Additional Amounts Available for Appropriation	229,487	229,487	241,346	11,859
Charges to Appropriations (Outflows):				
Maintenance	182,192	182,192	196,120	(13,928)
Traffic Services	21,348	21,348	17,109	4,239
Snow and Ice Removal	32,998	32,998	21,954	11,044
Administrative	7,926	7,926	7,881	45
Total Charges to Appropriations	244,464	244,464	243,064	1,400
Budgetary Fund Balance - June 30, 2015	\$ 42,664	\$ 42,664	\$ 55,923	\$ 13,259

CITY OF HUNTINGTON WOODS, MICHIGAN
GWK Drain Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 283,333	\$ 283,333	\$ 283,333	\$ -
Resources (Inflows):				
Property Taxes	229,640	229,640	228,817	(823)
Other	37,173	37,173	-	(37,173)
Interest Income	850	850	3,125	2,275
Additional Amounts Available for Appropriation	267,663	267,663	231,942	(35,721)
Charges to Appropriations (Outflows):				
Debt Service-principal	205,394	205,394	205,394	-
Debt Service-interest	62,269	62,269	62,243	26
Total Charges to Appropriations	267,663	267,663	267,637	26
Budgetary Fund Balance - June 30, 2015	\$ 283,333	\$ 283,333	\$ 247,638	\$ (35,695)

CITY OF HUNTINGTON WOODS, MICHIGAN
11 Mile Road G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 37,428	\$ 37,428	\$ 37,428	\$ -
Resources (Inflows):				
Interest Income	251	251	414	163
Transfers In	104,430	104,430	104,430	-
Additional Amounts Available for Appropriation	104,681	104,681	104,844	163
Charges to Appropriations (Outflows):				
Debt Service-principal	50,000	50,000	50,000	-
Debt Service-interest	54,681	54,681	55,081	(400)
Total Charges to Appropriations	104,681	104,681	105,081	(400)
Budgetary Fund Balance - June 30, 2015	\$ 37,428	\$ 37,428	\$ 37,191	\$ (237)

CITY OF HUNTINGTON WOODS, MICHIGAN
2010 Street G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 188,080	\$ 188,080	\$ 188,080	\$ -
Resources (Inflows):				
Property Taxes	414,878	414,878	413,721	(1,157)
Other	72,880	72,880	102,656	29,776
Interest Income	240	240	2,005	1,765
Additional Amounts Available for Appropriation	487,998	487,998	518,382	30,384
Charges to Appropriations (Outflows):				
Debt Service-principal	325,000	325,000	325,000	-
Debt Service-interest	162,306	162,306	162,206	100
Total Charges to Appropriations	487,306	487,306	487,206	100
Budgetary Fund Balance - June 30, 2015	\$ 188,772	\$ 188,772	\$ 219,256	\$ 30,484

CITY OF HUNTINGTON WOODS, MICHIGAN
2012 Street G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 17,702	\$ 17,702	\$ 17,702	\$ -
Resources (Inflows):				
Property Taxes	175,202	175,202	174,731	(471)
Interest Income	120	120	19	(101)
Additional Amounts Available for Appropriation	175,322	175,322	174,750	(572)
Charges to Appropriations (Outflows):				
Debt Service-principal	100,000	100,000	100,000	-
Debt Service-interest	65,350	65,350	65,250	100
Total Charges to Appropriations	165,350	165,350	165,250	100
Budgetary Fund Balance - June 30, 2015	\$ 27,674	\$ 27,674	\$ 27,202	\$ (472)

CITY OF HUNTINGTON WOODS, MICHIGAN
2014 Street G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 315	\$ 315	\$ 315	\$ -
Resources (Inflows):				
Property Taxes	136,975	136,975	136,556	(419)
Interest Income	120	120	-	(120)
Additional Amounts Available for Appropriation	137,095	137,095	136,556	(539)
Charges to Appropriations (Outflows):				
Debt Service-principal	10,000	10,000	-	10,000
Debt Service-interest	102,100	102,100	92,498	9,602
Total Charges to Appropriations	112,100	112,100	92,498	19,602
Budgetary Fund Balance - June 30, 2015	\$ 25,310	\$ 25,310	\$ 44,373	\$ 19,063

CITY OF HUNTINGTON WOODS, MICHIGAN
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 4,126,249	\$ 4,126,249	\$ 4,126,249	\$ -
Resources (Inflows):				
Other	15,000	15,000	55,533	40,533
Interest Income	8,600	8,600	12,072	3,472
Transfers In	232,858	232,858	232,858	-
Additional Amounts Available for Appropriation	256,458	256,458	300,463	44,005
Charges to Appropriations (Outflows):				
Capital Outlay	2,093,050	2,093,050	3,540,722	(1,447,672)
Total Charges to Appropriations	2,093,050	2,093,050	3,540,722	(1,447,672)
Budgetary Fund Balance - June 30, 2015	\$ 2,289,657	\$ 2,289,657	\$ 885,990	\$ (1,403,667)

CITY OF HUNTINGTON WOODS, MICHIGAN
Street Debt Service Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2014	\$ 265,266	\$ 265,266	\$ 265,266	\$ -
Resources (Inflows):				
Property Taxes	1,364,101	1,364,101	1,359,889	(4,212)
Interest Income	650	650	2,080	1,430
Additional Amounts Available for Appropriation	1,364,751	1,364,751	1,361,969	(2,782)
Charges to Appropriations (Outflows):				
Debt Service-principal	1,325,000	1,325,000	1,325,000	-
Debt Service-interest	34,775	34,775	34,675	100
Total Charges to Appropriations	1,359,775	1,359,775	1,359,675	100
Budgetary Fund Balance - June 30, 2015	\$ 270,242	\$ 270,242	\$ 267,560	\$ (2,682)

CITY OF HUNTINGTON WOODS, MICHIGAN
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	<u>Equipment Fund</u>	<u>Post Retirement Benefits Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Certificates of Deposit	\$ 20,638	\$ 73,616	\$ 94,254
Investments - at fair value	78,563	754,103	832,666
Receivables	-	1,226	1,226
Prepaid Expense	-	7,317	7,317
Total Current Assets	<u>99,201</u>	<u>836,262</u>	<u>935,463</u>
Capital Assets	2,356,253	-	2,356,253
Less: Accumulated Depreciation	<u>(1,279,804)</u>	<u>-</u>	<u>(1,279,804)</u>
Net Capital Assets	<u>1,076,449</u>	<u>-</u>	<u>1,076,449</u>
Total Assets	<u>\$ 1,175,650</u>	<u>\$ 836,262</u>	<u>\$ 2,011,912</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities:			
Accounts Payable	\$ 5,178	\$ -	\$ 5,178
Accrued Liabilities	1,161	358	1,519
Current Portion of Long-term Obligations	112,297	-	112,297
Total Current Liabilities	<u>118,636</u>	<u>358</u>	<u>118,994</u>
Noncurrent Liabilities:			
Due to employees	-	591,979	591,979
Noncurrent Portion of Long-term Obligations	349,346	-	349,346
Total Noncurrent Liabilities	<u>349,346</u>	<u>591,979</u>	<u>941,325</u>
Total Liabilities	<u>467,982</u>	<u>592,337</u>	<u>1,060,319</u>
NET POSITION:			
Net Investment in Capital Assets	614,806	-	614,806
Unrestricted	92,862	243,925	336,787
Total Net Position	<u>707,668</u>	<u>243,925</u>	<u>951,593</u>
Total Liabilities and Net Position	<u>\$ 1,175,650</u>	<u>\$ 836,262</u>	<u>\$ 2,011,912</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Combining Statement of Operations and Changes in Net Position
Internal Service Funds
June 30, 2015

	Equipment Fund	Post Retirement Benefits Fund	Total
<u>Operating Revenues:</u>			
Charges for Services	\$ 202,189	\$ -	\$ 202,189
Other	1,818	1,226	3,044
Total Operating Revenues	<u>204,007</u>	<u>1,226</u>	<u>205,233</u>
<u>Operating Expenses:</u>			
Operations & Maintenance	140,197	-	140,197
Depreciation	81,831	-	81,831
Retiree Healthcare & Other	-	507,938	507,938
Total Operating Expenses	<u>222,028</u>	<u>507,938</u>	<u>729,966</u>
Operating Income (Loss)	<u>(18,021)</u>	<u>(506,712)</u>	<u>(524,733)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Interest on investments	1,902	9,424	11,326
Interest Expense	(12,654)	-	(12,654)
Total Nonoperating Revenues (Expenses)	<u>(10,752)</u>	<u>9,424</u>	<u>(1,328)</u>
Transfers In (Out)	<u>-</u>	<u>438,918</u>	<u>438,918</u>
Net Income (Loss)	(28,773)	(58,370)	(87,143)
Net Position, Beginning	<u>736,441</u>	<u>302,295</u>	<u>1,038,736</u>
Net Position, Ending	<u>\$ 707,668</u>	<u>\$ 243,925</u>	<u>\$ 951,593</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
June 30, 2015

	Equipment Fund	Post Retirement Benefits Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 204,007	\$ -	\$ 204,007
Payments for goods and services	(80,287)	-	(80,287)
Payments for employee benefits	(56,889)	(481,138)	(538,027)
Net Cash Provided (Used) by Operating Activities	<u>66,831</u>	<u>(481,138)</u>	<u>(414,307)</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Transfers	-	438,918	438,918
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>438,918</u>	<u>438,918</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(297,154)	-	(297,154)
Principal Paid on Debt	(135,557)	-	(135,557)
Interest Paid on Debt	(12,654)	-	(12,654)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(445,365)</u>	<u>-</u>	<u>(445,365)</u>
Cash Flows from Investing Activities:			
Investment purchases and redemptions	364,289	99,947	464,236
Interest received	1,902	9,424	11,326
Net Cash Provided by Investing Activities	<u>366,191</u>	<u>109,371</u>	<u>475,562</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,343)	67,151	54,808
Cash and Cash Equivalents, Beginning	<u>32,981</u>	<u>6,465</u>	<u>39,446</u>
Cash and Cash Equivalents, Ending	<u>\$ 20,638</u>	<u>\$ 73,616</u>	<u>\$ 94,254</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (18,021)	\$ (506,712)	\$ (524,733)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	81,831	-	81,831
(Increase) Decrease in Receivables	-	(1,226)	(1,226)
(Increase) Decrease in Prepaid Expense	-	22,001	22,001
Increase (Decrease) in Accounts Payable	2,156	(600)	1,556
Increase (Decrease) in Accrued Liabilities	865	(35)	830
Increase (Decrease) in Other Liabilities	-	5,434	5,434
Net Cash Provided (Used) by Operating Activities	<u>\$ 66,831</u>	<u>\$ (481,138)</u>	<u>\$ (414,307)</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Changes in Net Position
Agency Fund
June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 19,692	\$	654,828	\$	672,535	\$	1,985
Investments	460,000		150,000		260,000		350,000
Receivables	12		-		12		-
Total Assets	<u>\$ 479,704</u>	\$	<u>804,828</u>	\$	<u>932,547</u>	\$	<u>351,985</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 621	\$	344,433	\$	343,801	\$	1,253
Accrued and Other Liabilities	170,506		204,756		189,857		185,405
Performance Deposits	308,577		187,022		330,272		165,327
Total Liabilities	<u>\$ 479,704</u>	\$	<u>736,211</u>	\$	<u>863,930</u>	\$	<u>351,985</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.

<u>Contents</u>	<u>Page</u>
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<u>Financial Trends</u>	83-86
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These schedules contain trend information to help the reader understand how the City's financial performance has changed.

<u>Revenue Capacity</u>	75-80
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These schedules contain information to help the reader access the City's most significant local revenue source, the property tax.

<u>Debt Capacity</u>	81-84
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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.

<u>Demographic and Economic Information</u>	85-86
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

<u>Operating Information</u>	87-89
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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.

<u>Demographics</u>	90-101
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These schedules are inserted to give the reader a sense of the demographic makeup of the City of Huntington Woods, and to assist in the reading of the document as a whole.

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Investment in capital assets, net of related debt	\$ 14,205,821	\$ 14,080,851	\$ 14,007,428	\$ 16,427,039	\$ 17,189,807	\$ 17,293,790	\$ 17,489,323	\$ 17,680,106	\$ 18,807,744	\$ 20,306,882
Restricted	136,015	136,015	136,015	136,015	890,287	828,641	1,006,973	1,121,696	1,118,423	1,431,856
Unrestricted	1,608,326	1,312,037	3,300,774	3,075,721	2,572,613	3,299,301	3,236,502	3,530,883	3,898,844	(8,277,635)
Total governmental activities net position	<u>\$ 15,950,162</u>	<u>\$ 15,528,903</u>	<u>\$ 17,444,217</u>	<u>\$ 19,638,775</u>	<u>\$ 20,652,707</u>	<u>\$ 21,421,732</u>	<u>\$ 21,732,798</u>	<u>\$ 22,332,685</u>	<u>\$ 23,825,011</u>	<u>\$ 13,461,103</u>
Business-type activities										
Net position, invested in capital assets	\$ 2,452,939	\$ 2,522,823	\$ 2,686,299	\$ 2,945,582	\$ 3,103,420	\$ 3,238,887	\$ 3,914,602	\$ 3,888,654	\$ 3,796,684	\$ 4,081,175
Unrestricted	1,845,062	1,953,198	1,804,579	1,141,016	787,774	638,798	1,306,100	1,362,627	1,413,125	1,231,149
Total business-type activities net position	<u>\$ 4,298,001</u>	<u>\$ 4,476,021</u>	<u>\$ 4,490,878</u>	<u>\$ 4,086,598</u>	<u>\$ 3,891,194</u>	<u>\$ 3,877,685</u>	<u>\$ 5,220,702</u>	<u>\$ 5,251,281</u>	<u>\$ 5,209,809</u>	<u>\$ 5,312,324</u>
Primary government										
Net Investment in capital assets	\$ 16,658,760	\$ 16,603,674	\$ 16,693,727	\$ 19,372,621	\$ 20,293,227	\$ 20,532,677	\$ 21,403,925	\$ 21,568,760	\$ 22,604,428	\$ 24,388,057
Restricted	136,015	136,015	136,015	136,015	890,287	828,641	1,006,973	1,121,696	1,118,423	1,431,856
Unrestricted	3,453,388	3,265,235	5,105,353	4,216,737	3,360,387	3,938,099	4,542,602	4,893,510	5,311,969	(7,046,486)
Total primary government net position	<u>\$ 20,248,163</u>	<u>\$ 20,004,924</u>	<u>\$ 21,935,095</u>	<u>\$ 23,725,373</u>	<u>\$ 24,543,901</u>	<u>\$ 25,299,417</u>	<u>\$ 26,953,500</u>	<u>\$ 27,583,966</u>	<u>\$ 29,034,820</u>	<u>\$ 18,773,427</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 3,718,636	\$ 4,174,262	\$ 4,343,016	\$ 2,658,500	\$ 2,631,232	\$ 3,110,281	\$ 2,525,906	\$ 4,073,818	\$ 3,219,263	\$ 3,509,607
Public safety	1,682,452	1,700,061	1,797,164	2,398,441	2,635,710	2,952,968	3,045,555	3,155,832	3,183,604	3,222,889
Public works	264,741	216,382	233,453	348,242	383,831	385,214	417,060	450,535	379,958	1,671,457
Library	452,332	509,744	541,454	594,613	617,319	485,963	469,906	442,154	470,974	-
Maintenance	408,529	431,734	460,522	334,368	250,334	158,988	209,078	264,268	326,637	-
Traffic services	33,308	27,329	27,313	11,038	8,257	42,184	83,254	30,563	79,920	-
Snow and ice removal	43,966	48,074	75,090	70,096	47,834	65,733	39,411	28,275	56,208	-
Administrative	114,557	480,125	216,639	197,445	130,896	107,062	102,338	105,676	111,359	-
Aquatic Club	182,307	192,837	206,166	251,398	248,020	242,199	208,518	251,506	230,363	-
Recreation	1,528,134	1,585,518	1,714,512	1,878,848	1,883,117	1,766,812	1,701,564	1,639,479	1,724,383	2,560,634
Capital outlay	-	431,959	-	-	-	-	-	-	-	-
Interest on debt	495,986	463,450	472,567	545,749	511,931	452,253	451,564	482,619	448,602	471,953
Total governmental activities expenses	\$ 8,924,948	\$ 10,261,475	\$ 10,087,896	\$ 9,288,738	\$ 9,348,481	\$ 9,769,657	\$ 9,254,154	\$ 10,924,725	\$ 10,231,271	\$ 11,436,540
Business-type activities:										
Water	1,499,103	1,541,979	1,655,646	1,808,143	1,813,535	2,036,080	2,007,100	2,124,635	2,091,775	2,162,586
Total primary government expenses	\$ 10,424,051	\$ 11,803,454	\$ 11,743,542	\$ 11,096,881	\$ 11,162,016	\$ 11,805,737	\$ 11,261,254	\$ 13,049,360	\$ 12,323,046	\$ 13,599,126
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 533,819	\$ 474,561	\$ 401,852	\$ 405,991	\$ 408,743	\$ 1,067,243	\$ 426,840	\$ 503,394	\$ 592,498	\$ 949,342
Public safety	176,985	170,410	149,096	125,295	113,568	154,259	159,390	208,333	168,001	143,111
Public works	202,660	180,705	223,807	164,382	-	-	-	-	-	536,074
Library (2015 to Recreation and cultural)	86,976	73,739	68,487	58,546	56,137	55,797	57,352	59,356	59,014	-
Aquatic club	186,133	187,355	176,356	178,107	187,287	189,441	180,504	215,591	178,911	244,842
Recreation / Library	811,148	844,190	789,247	740,497	808,836	760,548	766,337	730,343	748,342	823,649
Operating grants and contributions	397,712	405,202	369,953	354,666	4,362	4,248	3,609	4,275	4,749	3,030
Capital grants and contributions	9,055	16,507	8,956	928,717	13,002	7,890	13,800	12,361	10,003	21,643
Total governmental activities program revenue	\$ 2,404,488	\$ 2,352,669	\$ 2,187,754	\$ 2,956,201	\$ 1,591,935	\$ 2,239,426	\$ 1,607,832	\$ 1,733,653	\$ 1,761,518	\$ 2,721,691
Business-type activities:										
Charges for services	1,721,141	1,753,080	1,832,946	1,754,065	1,815,271	2,071,196	2,268,021	2,417,538	2,299,856	2,511,407
Total business-type activities program revenues	1,721,141	1,753,080	1,832,946	1,754,065	1,815,271	2,071,196	2,268,021	2,417,538	2,299,856	2,511,407
Total primary government program revenues	\$ 4,125,629	\$ 4,105,749	\$ 4,020,700	\$ 4,710,266	\$ 3,407,206	\$ 4,310,622	\$ 3,875,853	\$ 4,151,191	\$ 4,061,374	\$ 5,233,098
Net (Expenses)/Revenue										
Governmental activities	\$ (6,520,460)	\$ (7,908,806)	\$ (7,900,142)	\$ (6,332,537)	\$ (7,756,546)	\$ (7,530,231)	\$ (7,646,322)	\$ (9,191,072)	\$ (8,469,753)	\$ (8,714,849)
Business-type activities	\$ 222,038	\$ 211,101	\$ 177,300	\$ (54,078)	\$ 1,736	\$ 35,116	\$ 260,921	\$ 292,903	\$ 208,081	\$ 348,821
Total primary government net expense	\$ (6,298,422)	\$ (7,697,705)	\$ (7,722,842)	\$ (6,386,615)	\$ (7,754,810)	\$ (7,495,115)	\$ (7,385,401)	\$ (8,898,169)	\$ (8,261,672)	\$ (8,366,028)
General Revenues and Other Changes in Nets Position										
Governmental activities:										
Property taxes	\$ 4,634,466	\$ 5,023,219	\$ 5,883,281	\$ 5,638,599	\$ 5,784,124	\$ 5,592,840	\$ 5,525,532	\$ 5,662,130	\$ 5,769,462	\$ 5,940,391
Property tax - debt service	1,148,710	1,200,936	1,195,163	1,442,147	1,326,964	1,589,480	2,021,074	2,059,560	2,229,093	2,313,711
State shared revenue	586,265	579,403	566,966	648,811	570,623	447,260	511,759	526,067	539,886	549,411
Investment earnings	152,226	273,579	268,356	224,401	196,680	108,111	51,098	22,040	67,846	54,153
Bond proceeds	-	-	1,470,000	-	-	-	-	-	-	-
Other (flood loss)	185,778	289,013	34,058	174,385	983,122	493,710	918,666	1,258,737	1,100,473	(280,515)
Transfers - internal activities	116,444	121,397	397,632	398,752	232,735	67,855	(1,070,741)	262,425	255,319	254,446
Total governmental activities	\$ 6,823,889	\$ 7,487,547	\$ 9,815,456	\$ 8,527,095	\$ 9,094,248	\$ 8,299,256	\$ 7,957,388	\$ 9,790,959	\$ 9,962,079	\$ 8,831,597
Business-type activities:										
Investment earnings	40,942	88,316	62,873	48,550	35,595	19,230	11,355	101	5,766	8,139
Transfers - internal activities	(116,444)	(121,397)	(225,316)	(398,752)	(232,735)	(67,855)	1,070,741	(262,425)	(255,319)	(254,446)
Total business-type activities	(75,502)	(33,081)	(162,443)	(350,202)	(197,140)	(48,625)	1,082,096	(262,324)	(249,553)	(246,307)
Total primary government	\$ 6,748,387	\$ 7,454,466	\$ 9,653,013	\$ 8,176,893	\$ 8,897,108	\$ 8,250,631	\$ 9,039,484	\$ 9,528,635	\$ 9,712,526	\$ 8,585,290
Cumulative effect in accounting change- Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ (323,770)	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Position										
Governmental activities	\$ 303,429	\$ (421,259)	\$ 1,915,314	\$ 2,194,558	\$ 1,013,932	\$ 769,025	\$ 311,066	\$ 599,887	\$ 1,492,326	\$ 116,748
Business-type activities	146,536	178,020	14,857	(404,280)	(195,404)	(13,509)	1,343,017	30,579	(41,472)	102,514
Net Position - Beginning as restated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,554,165
Total primary government	\$ 449,965	\$ (243,239)	\$ 1,930,171	\$ 1,790,278	\$ 818,528	\$ 755,516	\$ 1,654,083	\$ 630,466	\$ 1,450,854	\$ 219,262

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Unreserved	478,464	589,467	764,444	911,888	1,143,934	-	-	-	-	-
All Other Governmental Funds										
Reserved	136,015	136,015	136,015	136,015	4,097,588	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	453,052	383,680	659,885	1,014,192	1,024,990	-	-	-	-	-
Capital projects funds	979	(526,602)	929,901	213,091	-	-	-	-	-	-
Debt service funds	424,763	476,062	564,837	565,692	533,429	-	-	-	-	-
Total other governmental funds	1,014,809	469,155	2,290,638	1,928,990	5,656,007	-	-	-	-	-
Total Governmental Funds	<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>	<u>\$ -</u>	<u>\$ -</u>
General Fund										
Nonspendable	-	-	-	-	-	114,497	144,205	168,916	143,268	132,848
Committed	-	-	-	-	-	568,760	619,067	835,141	1,356,823	993,773
Assigned	-	-	-	-	-	199,210	196,346	206,674	208,232	209,592
Unassigned	-	-	-	-	-	1,205,965	1,249,435	1,325,324	1,401,826	1,139,107
Total General Fund	-	-	-	-	-	2,088,432	2,209,053	2,536,055	3,110,149	2,475,320
All Other Governmental Funds										
Restricted	-	-	-	-	-	3,221,216	2,959,254	1,976,615	4,699,354	1,699,416
Committed	-	-	-	-	-	4,500	4,500	4,500	4,500	4,500
Assigned	-	-	-	-	-	488,666	677,792	920,995	990,788	826,485
Total other governmental funds	-	-	-	-	-	3,714,382	3,641,546	2,902,110	5,694,642	2,530,401
Total Governmental Funds	<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>	<u>\$ 8,804,791</u>	<u>\$5,005,721</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes and special assessments	\$ 5,783,176	\$ 6,224,155	\$ 7,078,444	\$ 7,080,747	\$ 7,111,088	\$ 7,182,320	\$ 7,546,606	\$ 7,721,690	\$ 7,998,556	\$ 8,254,102
Licenses and permits	340,215	204,224	178,729	157,402	156,381	188,152	174,874	269,542	335,440	362,019
Intergovernmental	976,349	984,995	927,552	907,990	931,382	790,958	924,370	900,917	963,349	975,988
Charges for services	90,598	85,430	88,077	89,088	90,106	86,388	68,142	68,630	69,723	130,608
Aquatic Club charges	186,133	187,355	176,356	178,107	187,287	189,441	180,504	215,591	178,911	149,203
Program fees	811,148	844,190	789,247	740,497	808,836	760,548	766,337	730,343	748,342	828,612
Fines and forfeits	250,160	268,316	243,079	227,645	217,433	252,461	254,523	287,122	264,246	162,928
Investment income	128,170	219,181	226,656	185,965	160,219	88,524	38,312	19,803	58,276	54,152
Other	290,932	456,964	1,751,689	306,508	253,514	280,311	496,028	824,797	731,083	661,744
Total revenues	8,856,881	9,474,810	11,459,829	9,873,949	9,916,246	9,819,103	10,449,696	11,038,435	11,347,926	11,579,356
Expenditures										
General government	1,082,652	1,083,023	1,081,271	1,328,661	1,286,115	919,982	969,124	994,014	1,000,303	1,382,459
Public safety	1,623,066	1,662,206	1,729,266	2,358,034	2,595,099	2,904,831	2,994,502	3,107,956	3,158,098	3,308,232
Public works / Major Local Streets	208,616	207,579	223,492	343,906	379,256	380,047	411,627	446,080	375,631	1,407,961
Library	429,309	453,451	450,233	537,236	559,630	460,878	439,098	417,624	434,969	449,439
Maintenance (2015 Consolodated to Public Works)	408,529	431,734	460,522	334,368	250,334	241,571	209,078	264,268	326,637	-
Traffic services (2015 Consolodated to Public Works)	33,308	27,329	27,313	11,038	8,257	42,184	83,254	30,563	79,920	-
Snow and ice removal (2015 Consolodated to Public Works)	43,966	48,074	75,090	70,096	47,834	65,733	39,411	28,275	56,208	-
Administrative (2015 Consolodated to Public Works)	114,557	480,125	216,639	197,445	130,896	107,062	102,338	105,676	111,359	-
Aquatic Club	182,307	192,837	206,166	251,398	248,020	242,199	208,518	251,506	230,363	244,832
Recreation and Cultural	1,390,945	1,368,526	1,342,824	1,663,944	1,672,115	1,557,238	1,469,906	1,411,595	1,507,285	1,609,488
Employee benefits (2015 Consolodated in General Government)	1,349,458	1,456,554	1,496,316	43,345	58,755	57,494	51,421	48,051	57,036	-
Professional services	425,197	447,318	368,403	391,452	376,776	378,067	489,562	397,399	385,362	492,959
Capital outlay	177,156	661,945	603,880	1,233,005	783,937	1,639,092	2,329,334	1,519,142	1,231,650	3,540,722
Debt service										
Principal	730,554	755,347	816,779	942,947	1,055,312	1,240,486	1,699,874	1,785,516	1,940,373	2,005,394
Interest	495,986	463,450	472,567	461,209	437,845	391,884	446,230	461,542	494,235	471,953
Total expenditures	8,695,606	9,739,498	9,570,761	10,168,084	9,890,181	10,628,748	11,943,277	11,269,207	11,389,429	14,913,439
Excess of revenues over (under) expenditures	161,275	(264,688)	1,889,068	(294,135)	26,065	(809,645)	(1,493,581)	(230,772)	(41,503)	(3,334,083)
Other Financing Sources (Uses)										
Proceeds from long-term debt	-	-	-	-	10,705,000	-	3,050,000	-	3,769,328	-
Debt defeasement/underwriter discount	-	-	-	-	(6,295,050)	-	-	-	-	-
Transfers - in	1,024,914	1,083,035	1,598,712	2,071,871	1,697,843	1,319,938	1,354,454	1,496,514	1,438,071	1,399,076
Transfers - out	(1,347,450)	(1,252,998)	(1,491,320)	(1,991,940)	(1,851,025)	(1,507,420)	(2,863,088)	(1,678,176)	(1,799,270)	(1,583,548)
Total other financing sources (uses)	(322,536)	(169,963)	107,392	79,931	4,256,768	(187,482)	1,541,366	(181,662)	3,408,129	(184,472)
Cumulative Effect of Accounting Change	-	-	-	-	(323,770)	-	-	-	-	-
Extraordinary Item										
Flood Grants and Reimbursements	-	-	-	-	-	-	-	-	-	1,221,193
Flood Related Expenditures	-	-	-	-	-	-	-	-	-	1,501,708
Net Flood Loss	-	-	-	-	-	-	-	-	-	(280,515)
Net changes in fund balances	\$ (161,261)	\$ (434,651)	\$ 1,996,460	\$ (214,204)	\$ 3,959,063	\$ (997,127)	\$ 47,785	\$ (412,434)	\$ 3,366,626	\$ (3,799,070)
Debt service as a percentage of noncapital expenditures	5.95%	6.45%	5.95%	5.36%	5.10%	4.51%	3.48%	3.34%	3.17%	3.59%

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

Year Ended June 30	General Property Taxes	Property Tax Debt Service	Sales and use tax	Total
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
2014	5,769,462	2,229,093	539,886	8,538,441
2015	5,923,050	2,313,685	549,411	8,786,146
Change 2006-2015	28%	101%	-6%	38%

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	
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
2014	317,816,110	295,229,080	635,632,220	3,678,740	3,678,740	7,357,480	321,494,850	298,907,820	642,989,700	26.0592
2015	355,575,280	305,056,180	711,150,560	3,724,850	3,724,850	7,449,700	359,300,130	308,781,030	718,600,260	26.7149

Source: Oakland County Assessor

The city's operating millage rate is limited to 23 mills, reduced by Headlee to current operating millage rate of 19.1944

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	
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
2014: Homestead (1)	19.3490	6.7102	26.0592	10.7367	13.7300	1.5844	3.3690	5.5361	0.7673
2014: Non-Homestead	19.3490	6.7102	26.0592	28.7367	31.7300	1.5844	3.3690	5.5361	0.7673
2015: Homestead (1)	19.1989	6.7723	25.9712	10.7353	13.1928	1.5844	3.3690	5.9461	0.7437
2015: Non-Homestead	19.1989	6.7723	25.9712	28.7353	31.1928	1.5844	3.3690	5.9461	0.7437

Source: Oakland County Assessor

The city's operating millage rate is limited to 23 mills, reduced by Headlee to current operating millage rate of 19.1989

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

**CITY OF HUNTINGTON WOODS
TEN LARGEST TAXPAYERS
LAST TEN FISCAL YEARS**

Taxpayer/type of business	2006			2007			2008			2009			2010		
			Percent of			Percent of			Percent of			Percent of			Percent of
	Taxable	Rank	Total City	Taxable	Rank	Total City	Taxable	Rank	Total City	Taxable	Rank	Total City	Taxable	Rank	Total City
	Value		Value	Value		Value	Value		Value	Value		Value	Value		Value
Detroit Edison-Utility	\$ 1,096,590	1	0.38%	\$ 1,116,810	1	0.37%	\$ 1,094,440	1	0.34%	\$ 727,670	4	0.22%	\$ 759,790	3	0.23%
Herman Brodsky-Property Mgmt	909,280	2	0.31%	939,280	2	0.31%	974,020	2	0.31%	996,410	1	0.31%	1,040,240	1	0.32%
Chase Bank-Commercial Bank	881,930	3	0.30%	911,020	3	0.30%	944,710	3	0.30%	966,420	2	0.30%	1,008,930	2	0.31%
Kasco Equities-Property Mgmt	784,150	4	0.27%	808,280	4	0.27%	812,650	4	0.25%	584,290	6	0.18%	554,530	6	0.17%
Private Residence-Hendrie	550,770	5	0.19%	-	-	-	-	-	-	-	-	-	-	-	-
Consumers Energy-Utility	-	-	-	494,220	7	0.16%	509,530	5	0.16%	588,890	5	0.18%	663,030	5	0.20%
Rite Aid-Retail Pharmacy	501,440	7	0.17%	505,270	5	0.17%	509,440	6	0.16%	575,020	7	0.18%	541,480	7	0.17%
Private Residence-Hendrie	505,870	6	0.17%	500,000	6	0.16%	488,230	7	0.15%	-	-	-	-	-	-
Private Residence-Hendrie	455,680	9	0.16%	470,710	8	0.15%	488,120	8	0.15%	-	-	-	-	-	-
Private Residence-Hendrie	-	-	-	-	-	-	479,970	9	0.15%	750,000	3	0.23%	728,750	4	0.22%
Private Residence-Hendrie	-	-	-	-	-	-	466,870	10	0.15%	477,600	8	0.15%	-	-	-
Private Residence-Huntington	479,980	8	0.17%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	425,000	10	0.14%	-	-	-	-	-	-	464,840	9	0.14%
Southmain Enterprises-Property Mgmt	-	-	-	-	-	-	-	-	-	-	-	-	450,790	10	0.14%
Private Residence-Huntington	418,980	10	0.14%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	437,120	9	0.14%	-	-	-	463,710	10	0.14%	-	-	-
Private Residence-Borgman	-	-	-	-	-	-	-	-	-	469,620	9	0.15%	490,280	8	0.15%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residences-Pembroke/Salem	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Parkwood	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Elgin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Coolidge & Eleven Inc-Retail cleaner	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ten Largest Taxpayers	6,584,670		2.28%	6,607,710		2.17%	6,767,980		2.12%	6,599,630		2.04%	6,702,660		2.06%
Other Taxpayers	\$ 282,634,010			\$ 298,235,574			\$ 312,443,270			\$ 316,991,110			\$ 318,455,180		
Total Taxable Value	\$ 289,218,680			\$ 304,843,284			\$ 319,211,250			\$ 323,590,740			\$ 325,157,840		

Taxpayer/type of business	2011			2012			2013			2014			2015		
			Percent of			Percent of			Percent of			Percent of			Percent of
	Taxable	Rank	Total City	Taxable	Rank	Total City	Taxable	Rank	Total City	Taxable	Rank	Total City	Taxable	Rank	Total City
	Value		Value	Value		Value	Value		Value	Value		Value	Value		Value
Detroit Edison-Utility	\$ 641,610	5	0.21%	\$ 653,240	5	0.22%	\$ 702,690	4	0.24%	\$ 666,820	4	0.22%	\$ 657,010	4	0.21%
Herman Brodsky-Property Mgmt	1,037,110	1	0.34%	1,054,730	1	0.36%	1,083,200	2	0.37%	1,130,450	2	0.38%	1,050,000	2	0.34%
Chase Bank-Commercial Bank	1,005,880	2	0.33%	948,430	2	0.32%	919,000	3	0.31%	920,070	3	0.31%	926,910	3	0.30%
Kasco Equities-Property Mgmt	751,550	4	0.25%	685,110	4	0.23%	645,390	5	0.22%	640,060	5	0.21%	644,870	5	0.21%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumers Energy-Utility	798,880	3	0.26%	910,870	3	0.31%	1,296,330	1	0.44%	1,474,340	1	0.49%	1,722,210	1	0.56%
Rite Aid-Retail Pharmacy	479,530	6	0.16%	433,600	8	0.15%	403,530	8	0.14%	403,230	8	0.13%	-	-	-
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Hendrie	645,070	7	0.21%	525,000	6	0.18%	500,530	6	0.17%	512,540	6	0.17%	520,740	6	0.17%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Huntington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Southmain Enterprises-Property Mgmt	449,430	8	0.15%	457,070	7	0.16%	-	-	-	-	-	-	-	-	-
Private Residence-Huntington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Borgman	469,130	10	0.15%	428,670	9	0.15%	411,860	7	0.14%	421,740	7	0.14%	428,480	9	0.14%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	378,910	9	0.13%	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	368,790	9	0.13%	377,440	10	0.13%	-	-	-
Private Residence-Nadine	-	-	-	-	-	-	364,870	10	0.12%	-	-	-	-	-	-
Private Residences-Pembroke/Salem	-	-	-	-	-	-	-	-	-	-	-	-	498,760	7	0.16%
Private Residence-Parkwood	-	-	-	-	-	-	-	-	-	-	-	-	470,730	8	0.15%
Private Residence-Elgin	-	-	-	-	-	-	-	-	-	-	-	-	423,970	10	0.14%
Coolidge & Eleven Inc-Retail cleaner	348,820	9	0.11%	323,440	10	0.11%	-	-	-	-	-	-	-	-	-
Ten Largest Taxpayers	6,627,010		2.17%	6,420,160		2.18%	6,696,190		2.29%	6,925,600		2.33%	7,343,680		2.39%
Other Taxpayers	\$ 299,242,070			\$ 287,770,630			\$ 286,688,380			\$ 291,982,220			\$ 301,437,350		
Total Taxable Value	\$ 305,869,080			\$ 294,190,790			\$ 293,384,570			\$ 298,907,820			\$ 308,781,030		

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
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%
2014	7,998,555	7,990,759	99.90%	7,796	7,998,555	100.00%
2015	8,249,054	8,241,773	99.91%	7,281	8,249,054	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 31st day of October without additional charge, but should the latter one-half not be paid before the 31st 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 or 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 2012	Year 2007
July 2013	Year 2008
July 2014	Year 2009

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			
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	4.89%	2,486
2011	11,100,000	2,887,131	49,044	-	14,036,175	4.33%	2,282
2012	12,640,000	2,697,258	133,818	-	15,471,076	4.74%	2,480
2013	11,050,000	2,501,743	123,840	288,052	13,963,635	4.17%	2,238
2014	13,020,000	2,301,372	93,128	326,641	15,741,141	4.68%	2,523
2015	11,220,000	2,095,978	69,846	461,643	13,847,467	4.12%	2,220

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
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
2014	13,020,000	509,292	12,510,708	1.95%	2,006
2015	11,220,000	843,221	10,376,779	1.44%	1,663

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, 2015

Name of Governmental Unit	Bonds/Debt 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	11,220,000	559,888	10,660,112	100%	10,660,112
Share of County Issued GWK Drain Bonds	2,095,978	283,333	1,812,645	100%	1,812,645
Michigan Suburbs Alliance Installment Loans	69,846	-	69,846	100%	69,846
Fire Truck/Public safety vehicle/Bus/DPW Truck Installment Loans	461,643	-	461,643	100%	461,643
Overlapping Debt					
Public Schools					
Berkley School District			15,265,000	34.67%	5,292,376
Royal Oak School District			47,890,000	0.01%	4,789
County			448,667,894	0.62%	2,781,741
Intermediate School District			55,625,000	0.62%	344,875
Oakland Community College			3,075,000	0.62%	19,065
Total Overlapping Debt					<u>8,442,846</u>
Total Direct and Overlapping Debt					<u><u>\$ 21,447,092</u></u>

Source: Percentages obtained from Municipal Advisory Council of Michigan

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 42,969,608	\$ 45,181,997	\$ 44,512,015	\$ 42,534,892	\$ 39,333,086	\$ 33,986,193	\$ 30,988,506	\$ 30,719,586	\$ 32,149,485	\$ 35,930,013
Total net debt applicable to limit	<u>12,358,442</u>	<u>11,398,510</u>	<u>\$ 11,992,471</u>	<u>\$ 11,360,456</u>	<u>\$ 14,775,116</u>	<u>\$ 13,394,156</u>	<u>\$ 14,729,662</u>	<u>\$ 13,161,696</u>	<u>\$ 15,241,179</u>	<u>\$ 13,016,344</u>
Legal Debt Margin	\$ 30,611,166	\$ 33,783,487	\$ 32,519,544	\$ 31,174,436	\$ 24,557,970	\$ 20,592,037	\$ 16,258,844	\$ 17,557,890	\$ 16,908,306	\$ 22,913,669
Total net debt applicable to the limit as a percentage of the debt limit	28.76%	25.23%	26.94%	26.71%	37.56%	39.41%	47.53%	42.84%	47.41%	36.23%

Legal Debt Margin Calculation for Fiscal Year 2015

State Equalized Valuation	<u>\$ 359,300,130</u>
Legal Debt Limit (10% of State Equalized Value)	\$ 35,930,013
Amount of Debt Applicable to Limit	13,856,519
Less: Amount Available in Debt Service Fund	<u>840,175</u>
Net General Obligation Debt Subject to Limitation	<u>\$ 13,016,344</u>
Legal Debt Margin less amount available	<u>\$ 22,913,669</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>
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	1,250	2.6%
2009	6,151	263,527,293	\$ 42,843	1,275	2.6%
2010	6,151	312,556,914	\$ 50,814	1,325	5.5%
2011	6,238	324,276,192	\$ 51,984	1,315	3.4%
2012	6,238	326,609,204	\$ 52,358	1,253	3.7%
2013	6,238	335,036,742	\$ 53,709	1,301	2.9%
2014	6,332	336,222,868	\$ 53,099	1,325	2.9%
2015	6,290	336,219,370	\$ 53,453	1,303	2.9%

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: U.S. Census Department (school enrollment)

CITY OF HUNTINGTON WOODS
PRINCIPAL EMPLOYERS
LAST TEN FISCAL YEARS

Employer	2006			2007			2008			2009			2010		
	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	525	1	52.50%	500	1	50.00%	480	1	48.00%	215	1	21.50%	215	2	21.50%
Rackham Golf Course	50	3	5.00%	50	3	5.00%	50	3	5.00%	50	3	5.00%	50	3	5.00%
City of Huntington Woods	213	2	21.30%	216	2	21.60%	216	2	21.60%	253	2	25.30%	212	1	21.20%
Chase Bank	40	4	4.00%	36	4	3.60%	50	3	5.00%	50	3	5.00%	40	4	4.00%
Huntington Cleaners	50	3	5.00%	50	3	5.00%	31	4	3.10%	31	4	3.10%	50	3	5.00%
Largest Employers	878		83.63%	852		85.20%	827		82.70%	599		85.57%	567		86.43%
Total Employed	1,050			1,000			1,000			700			656		
Employer	2011			2012			2013			2014			2015		
	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	1	21.50%	178	2	17.80%	210	1	21.00%	203	1	20.30%	220	1	22.00%
Rackham Golf Course	50	3	5.00%	50	3	5.00%	26	5	2.60%	26	4	2.60%	30	4	3.00%
City of Huntington Woods	213	2	21.30%	203	1	20.30%	196	2	19.60%	196	2	19.60%	202	2	20.20%
Chase Bank	40	4	4.00%	30	4	3.00%	30	4	3.00%	25	5	2.50%	24	5	2.40%
Huntington Cleaners	50	3	5.00%	50	3	5.00%	50	3	5.00%	50	3	5.00%	50	3	5.00%
Largest Employers	568		86.59%	511		77.90%	512		78.05%	500		76.22%	526		78.16%
Total Employed	656			656			656			656			673		

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	11	10	9	9	9	6	6	6	6	6
Pulic safety	19	19	19	19	19	18	18	18	18	18
Public works	9	9	9	9	9	9	9	8	10	10
Library	7	7	7	7	7	6	6	6	6	7
Recreation	33	33	30	30	30	33	33	32	30	31
Total	79	78	74	74	74	72	72	70	70	72

Source: City of Huntington Woods budget document

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

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Tax bills issued	2,607	2,607	2,607	2,653	2,581	2,574	2,567	2,567	2,576	2,532
Commission meetings held	16	16	16	16	16	16	16	16	16	17
Public Safety										
Physical arrests	393	490	397	291	302	218	312	295	430	298
Traffic violations	4,016	5,087	4,501	3,986	4,171	5,122	5,132	4,733	6,003	3,832
Parking violations	1,684	1,708	1,663	1,665	1,687	1,531	1,615	1,474	1,380	969
Emergency responses	2,287	3,010	2,749	2,627	2,560	2,356	2,238	2,214	2,269	2,430
Fire responses	72	116	113	92	104	93	61	94	80	66
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	1.04	0.69
Library										
Volumes in collection	57,482	60,113	59,548	60,255	61,956	63,584	66,258	70,552	73,171	69,106
Total volumes borrowed	61,601	65,839	67,398	80,482	69,417	52,649	68,288	68,542	73,082	61,646
Recreation										
Pool visitors	36,007	38,209	30,609	34,510	23,290	26,259	36,601	30,542	30,421	31,250
Camp participants	1,299	1,098	1,070	1,113	1,264	1,037	968	1,075	917	1,094
Class participants	7,931	7,711	7,341	6,358	6,325	5,950	6,992	6,542	5,290	5,766
Latchkey participants	193	224	268	236	211	202	238	192	198	202
Senior participants	683	792	806	642	1,677	1,491	1,798	1,509	1,468	1,711
Water & Sewer utility										
Average daily consumption (units)	781	680	772	742	709	662	708	667	623	540
Water main breaks	10	16	8	13	13	12	4	16	13	4
Transportation										
Individuals transported	4,602	4,419	4,384	3,507	3,783	3,847	2,783	3,675	2,717	3,672

Source: City department Heads

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

Function/program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	5	5	5	5	5	5	5	5	5	5

Source: City Budget document