



**Comprehensive Annual Financial Report
City of Huntington Woods, Michigan
Fiscal Year Ended
June 30, 2016**

**Comprehensive Annual
Financial Report**

City of Huntington Woods, Michigan

**Prepared by the
Finance Department**

Fiscal Year Ended June 30, 2016

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 2, 2016

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, 2016. The State of Michigan department of local government finance 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, PSLZ LLP 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 twelfth 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 "unmodified 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, 2015 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 2016, 97.33% 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.

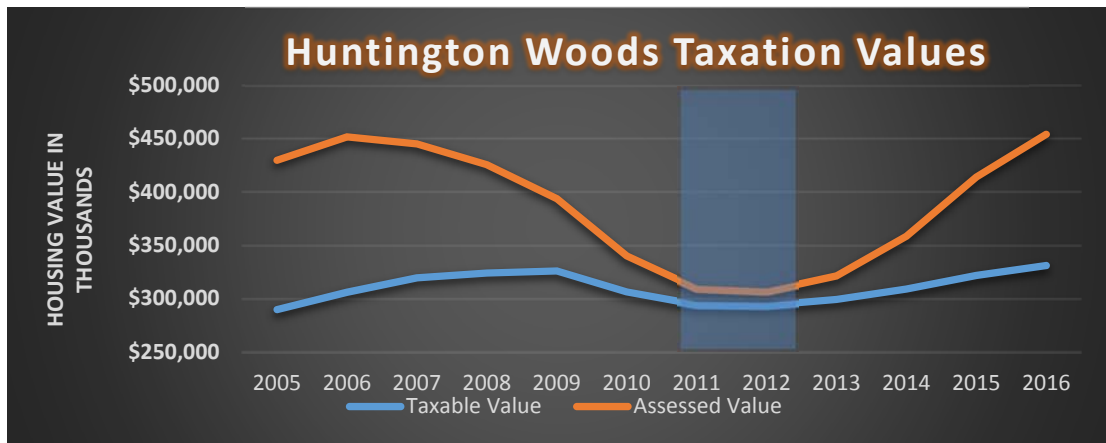
Also, in 1994, the state government froze property tax assessments to allow an opportunity to resolve complex school financing issues. Inequities in school financing had created extraordinary gaps in per-pupil spending between school districts with wealthy tax bases and districts with low per-pupil tax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

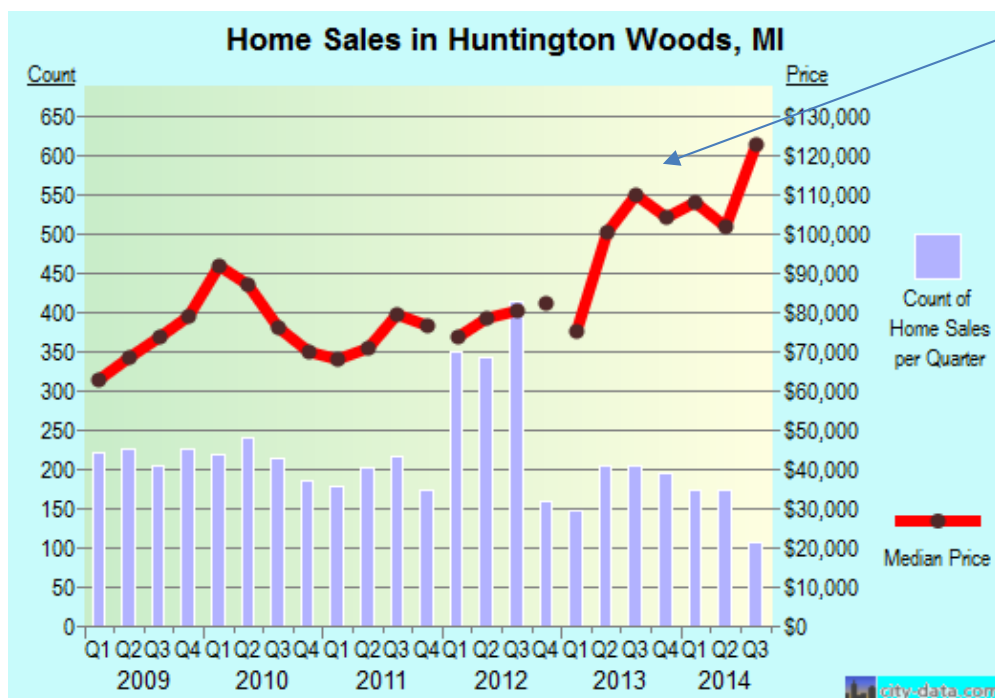
The new formula that has been phased in over a ten-year period has adversely impacted the City and reduced the amount of revenues received from the State. This was compounded by population losses in the 2000 census. Recent census results in 2010 will curtail any additional state shared revenue loss as 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. This amount was reduced to 2.475 Million by the end of 2015 due to expenses related to a natural disaster in the region. None the less, 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 2015 by 3.30%; and in 2016 by 4.11%; the largest increase since the great recession. This signals a major economic turn-around from the last five years. The final taxable value as illustrated in the 2015-16 budget was \$321,468,780. The chart below illustrates the depth of the housing crisis as it pertains to Huntington Woods. Although it has taken over ten years to recoup the value of housing in the City, the Assessed value of properties in the City never fell below the Taxable value amount as seen in the chart below. Therefore, the amount of revenue the City could generate via the tax levy was only partially affected by the deep recession, the remaining reduction was due to the consumer price index and poor economy.



Source: Oakland County Assessor

The current trend appears to be continuing into the new budget year. The result of the higher TV allowed the City to gain additional GF tax revenues for operations equal to \$149,679 when the same millage rate is applied in the calculation. The change is shown in the chart below which clearly indicates that after the 2008-10 great recession, home values and home sales 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.



Significant Activity

OCCUPATIONS HUNTINGTON WOODS

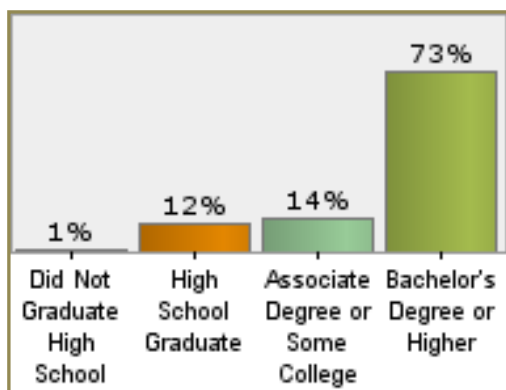
	MALE	FEMALE
• Management occupations	(17%)	(12%)
• Legal occupations	(12%)	(08%)
• Sales and related occupations	(12%)	(08%)
• Business and financial operations occupations	(10%)	(12%)
• Education, training, and library occupations	(10%)	(15%)
• Health Care treating and practitioners	(09%)	(17%)
• Architecture and engineering occupations	(06%)	-
• Office and Administrative Support	-	(05%)

Source City-Data.com

Read more: <http://www.city-data.com/city/Huntington-Woods-Michigan.html#ixzz4Qroo2lJl>

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, 2015 at \$413,995,100 and the (TV) Taxable Value at \$321,468,780. 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



Source: SEMCOG

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 2014 median household income of \$113,750 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		96.90%
Renter occupied, percent, 2012		4.10%
Oakland County Assessors median value of housing units, 2015		\$310,000
Owner occupied Housing units 2012		2,232
Est Persons per household, 2014		2.65
Est Median household income 2014		\$113,750
People of all ages in poverty - percent, 2014		1.80%

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 0.687 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 2008-2016

FISCAL YEAR	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
REVENUE (INFLOWS)	6,577,533	6,687,686	6,436,674	6,432,865	6,875,966	7,245,404	7,343,592	7,199,887
EXPENDITURE (OUTFLOWS)	6,430,089	6,455,650	6,097,335	6,312,244	6,548,964	6,671,310	7,899,394	7,071,067
FUND BALANCE ACTUAL	911,888	1,143,934	2,088,432	2,209,053	2,536,055	3,110,149	2,554,346	2,668,107
ACTUAL SURPLUS (DEFICIT)	147,444	232,046	339,339	120,621	327,002	574,094	(555,803)	128,820

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 the end of fiscal 2016 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.

Facing the Future

The City of Huntington Woods is entering a very critical phase in the history of the City. Up until 2003 the City had never requested that our resident pay any additional millage than the amount that is calculated based upon the provisions provided by the Michigan Tax Act, the Constitution, the Headlee override and Proposition A passed in 1995. This however changed due to the inability of the market value of the City to keep up with the millage the City levied each year. Moving into the future, the City will need to take a close look at how it may be possible to provide the services our resident require and expect if there is no mechanism for levying millage to handle the cost. This is a systemic issue statewide, and although the City is not alone, it will be incumbent upon our City leaders to make the changes necessary to meet our financial and service needs. Listed below are three brief items that will require additional attention as we close the fiscal year.

1. The amount of millage remaining from the over-ride vote in 2003 is very small 0.6837 as of the end of the fiscal year 2015-16 if consideration is given the adopted 2016-17 budget. This value is small and is only equal to just over \$220,000 in revenue once rolled into the operating millage. Given the cost of employee wages, other fringe benefit costs and the cost of goods and services it is unlikely that the City will be able to maintain the fund balance at the current levels into the future. The City will need to make tough decisions to maintain fiscal stability. In addition, the Sanitation fund which today is solely funded by the millage rate has a very small fund balance. The fund will require either an appropriation by way of a transfer from the General Fund, or an over-ride vote to continue to operate. A decision will be required in the next 3-4 years. If the City Commission does not allow for a millage vote, alternative methods will need to be employed such as a bag-tag system, or other vehicle to bring more revenue into the fund.
2. The City has a moderate \$10.2 million dollars in outstanding UTGO road bonds as of 6/30/16. That said, 60% of the City's Road infrastructure has been rebuilt leaving 40% of the roads untouched. Additional bonds will be required to be levied to complete this process. This will require levying additional debt millage if the voters choose to continue the road program and finish the road program as envisioned 12 years ago. The addition of these bonds and any other bonds will bring us closer to the statutory debt limit currently at 28.42%.
3. The aftermath of the 2014 flood event has caused the City to take a fresh look at our water and sewer line infrastructure. The City is currently in the process of developing a plan to repair or replace damaged and old portions of the sewer and water line. This cost is likely to be very high. The engineers have determined that the total may approach \$15 million dollars. The City is prepared to look at numerous methods of paying for these improvements including pay-as-you-go, bond payments, and grants.

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, 2015. This was the eleventh 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 through recessionary times and currently has maintained this rating as of June 30, 2016. 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 overlook and underestimate the challenges involved in the preparation of a document of this nature. Throughout the year, additional work must be done to ready ourselves for the task. This is done via the timely preparation of numerous documents and reports prepared for our local officials and the state. By doing so, this allows us to resolve issues when they arise giving us time to compile information as we move into the audit season. As a team, the finance department has met all our challenges well. Our small financial staff of three individuals are willing and prepared to work every day to complete all required documentation for financial review. 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,
Richard T. Lehmann, Finance Director



Government Finance Officers Association

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for Excellence
in Financial
Reporting**

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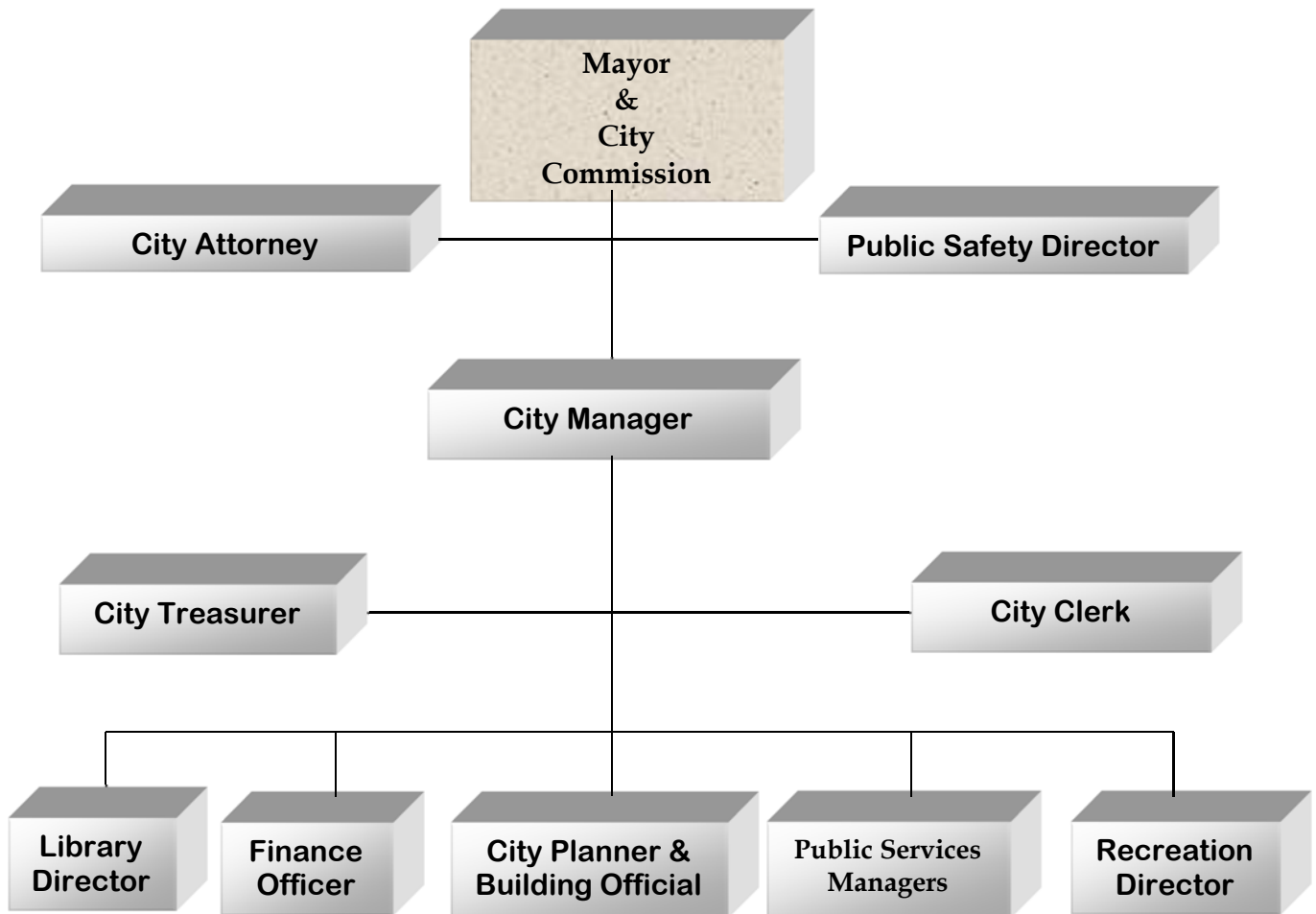
**City of Huntington Woods
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

ORGANIZATIONAL CHART



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

City of Huntington Woods, Michigan
Principal Officials

Principal Officials - June 2016

Mayor	Robert F. Paul
Mayor Pro-Tem	Joe Rozell
Commissioners	Jules Olsman Allison Iversen Jeffrey Jenks
City Attorneys	Carol Rosati Christopher Johnson
City Manager	Amy Sullivan
City Treasurer/City Clerk	Joy Solanskey
Deputy Finance Director/Deputy Treasurer	Tim Rowland
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**

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 34.

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

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 sewage 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.

Budgetary Basis of Recording: General Fund

The City's General fund posted an increase in fund balance of \$188,691. This increase represents 2.7% of all expenditures for the fiscal year.

The finance department has completed the transfer to MERS (as determined by Commission Resolution) the transfer of one million dollars to the Michigan Employees Retirement System (MERS). This took two years to complete. The result of these transfers was a gross reduction in the fund balance for operating purposes locally. Based upon changes in the reporting

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

requirements, and the funding level in the MERS retirement system, the City Commission believed it was prudent to bring the funding level up by making this distribution. As of the end of June 2016 the entire amount was sent to MERS, although the financial statements record in the pension note #5 includes only those monies transferred as of 12/31/2015. The MERS system is able due to invest these funds at a higher rate of interest due to the statutes that govern the investment of pension dollars. The increased investment earning then could help increase the asset value of the retirement fund, and thus increase our funding level over time. 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. The decision to transfer monies into the MERS system will pay dividends in ultimately lowering our unfunded liabilities.

At the end of the audit year all obligations regarding the 2014 flood event in the region were paid and all monies we anticipated receiving were received. In the final analysis, the flood event cost the City 1.45 million dollars of which 1.2 million was paid by insurance coverage. 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. As of June 30, 2016 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 2016-17.

Budgetary Basis of Recording: Other Governmental Funds

The City set aside \$50,000 again in fiscal 2015-16 in the Budget Stabilization fund, established after the 2003 millage vote. The amount currently available for budget stabilization purposes is \$1,021,500, 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 highs in the late 80's. This fiscal year the City earned a modest \$82,796 which is a very slight increase from prior years' Although it appears as if the decade long low interest rate market is beginning to change, we still do not anticipate any major uptick in interest earnings and will project any budget increase. 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 \$279,000 which is lower than the previous year. Based upon the increase in building permit activity, the City will make an adjustment in the building rates in the new fiscal year to bring the cost of the building department operations in line with the amount of revenue collected. In aggregate, the cost of the building department in 2016 is approximately \$225,000.

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 direct result of the 2008 recession, the city was forced to utilize 1.50 mills of the over-ride millage to maintain its services leaving only 0.6837 mills remaining under the statutory millage cap (please see "facing the future" in the preface of this document). Lastly, State of Michigan Revenue Sharing (SSR) payments to cities have been increasing steadily since the recession, and is now at \$946,852. including all monies received from Act 51 gas and weight tax distributions. As of the end of June 30, 2016 revenue sharing constituted 13.02% of all operating revenues in the General fund. In 1999 (SSR) comprised 26.80% of all General fund revenues.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Due to final payments into the MERS retirement system the General Fund ended the year with a fund balance that was somewhat less than would have been the case had these final payments not been made. Transfers from General fund equaled \$1,946,487. Operational transfers amounted to \$1,596,146. and 18% or 350,342 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 93.38% 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 102% of appropriations equal to \$1,966,151 which is a significant increase from 2014-15, 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, most significantly the benefit costs associated with the MERS retirement transfers. This increase is equal to 6% or \$111,831 over that which was expended in 2014-15. Unless the recreation programming can bring in additional revenue based upon increases in programming efforts, all additional expenses will be borne by additional contributions from the General Fund.

Other funds had mixed results from operations. The Major and Local Road fund revenue increased by 16% between June 2013 and the fiscal year ended June 2016, however expenditures increased 20% over this same period. 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 2015-16 by a healthy \$104,861. Local Road fund had also increased its fund balance by \$53,147. The City will be ramping up once again to tackle tree trimming in our parks in 2017-18. This was not done during the tree trimming program in 2012-15. In the future, the City may need to designate a portion of the General fund to keep the Local Road fund in a positive equity position 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. 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. In January of 2017 the City will use the final 25% of the original bond authorization for the 2nd half of the Series II UTGO Road Bond expected to bring in \$3.4 million dollars to be used entirely for road construction. Lastly, the Major and Local Road funds are the major source of funding for a portion of the 11 Mile Road bond, and continue to fund this bond repayment through 2027. The City had been implementing inventory programs for the management of our tree inventory on our roadways, and are reviewing a purchase of new software to continue this process in the future. The City has not yet completed the trimming of trees within our parklands and will do so in the future. Once this is completed we will begin the scheduled 5yr. trimming schedule originally envisioned in 2012. 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. The reduction in the fund balance in the 491 Capital Improvement Road Fund is entirely due to the cost of implementing the roadway infrastructure program from the proceeds of the bond sale. This reduction is equal to \$3,000,284 in the last two fiscal years. No other significant change in the Capital Improvement Fund occurred in 2015-16.

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 may review the ownership of the Course, however as of this report this has not occurred. 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. The City is now on the Cusp of rebuilding Scotia Park which is the marque park within the City. The project will cost approximately \$230,000 and will be paid by Capital Improvement monies and Grants.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

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 2016 UAAL is \$8,023,218. The ARC is \$831,862 based upon our current employee census and health care data. The UAAL was reduced in 2014 but remained relatively unchanged in fiscal 2015- 16. 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 \$358,922 which is less than in 2014-15. In addition, the City contributed \$157,401 into the MERS OPEB Trust. The unfunded portion of the AAL is 81.47%, a number that is lower than in previous years. 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, 2016 is 3.31 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 City ended the fiscal year with an increase in its fund balances positions in General Fund. By virtue of the one million dollar transfer to MERS retirement system, the city has also increased our equity in the MERS pension system. The result of which will be largely recognized in the next few years resulting in a slower decrease in our funding level due to actuary changes at MERS that most likely will reduce the amortization period for the outstanding obligations. Other Governmental funds did well except for the Sanitation Fund which cannot levy any additional mills over and above the 1.6494 mills now levied. Unfortunately, as stated earlier in this report, the City has only .6837 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 2016 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 38.77% 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.

Data from Oakland County Equalization shows a moderate increase in taxable value again for the Calendar year 2015 equal to 2.90%, unfortunately not high enough to sustain the growth in the expenditures in general fund over the long term. As discussed earlier in this document building activity is high and 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.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The City has recently levied an additional 0.50 mills of the over-ride millage, lessening the remaining millage margin to less than one mill. 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 levied 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 maximum carter limit of 20 mills. The chart below illustrates this dynamic. Please note that the decline in the maximum allowable rate stopped declining during the 2008 recession.

AS OF JUNE 2016, THE 2016-17 BUDGET ADOPTED IN MAY 2016 REDUCED THIS FURTHER TO 0.6837 MILLS

Fiscal year Ending	Millage as Reduced by Headlee	Maximum Over-ride allowed	Levied	Over-ride Millage Remaining
2005	13.1353	6.05610	19.3714	6.0561
2006	13.0556	5.93800	18.9936	4.9380
2007	12.9145	5.87370	18.7882	4.3737
2008	12.9145	5.87370	18.7882	3.8737
2009	12.9145	5.87370	18.7882	3.3737
2010	12.9145	5.87370	18.7882	2.8737
2011	12.9145	5.87370	18.7882	2.3727
2012	12.9145	5.87370	18.7882	1.8737
2013	12.9145	5.87370	18.7882	1.3737
2014	12.9145	5.87370	18.7882	1.3737
2015	12.7802	5.81260	18.5928	1.3126
2016	12.5949	5.78370	18.3834	1.2885
May 1017 Budget Hearings and Adoption				0.6837

Capital Outlay

In fiscal 2015-16 Capital outlay purchases were made in an effort to improve the Communications of the City by way of our HWTv an broadcast capabilities. This was done through the purchase of new Audio visual equipment approximating \$38,000. Public Safety Department purchased new radar equipment for our Vehicles at a cost of \$7,000 and new overhead doors wre installed in our DPW yard, replacing old manually operated doors which were inefficient and in poor condition. The Public Works also took delivery of a new dump truck and police interceptors at a cost of \$165,000 and \$55,000 respectfully. The City also had transfered \$95,028 from the Capital Improvement Fund into the Water and Sewer Fund to help defray the cost of the Sewer Cleaning program began in the fall of 2015. Recreation saw the installation on new skate surfaces in some of our public parks, and the refurbishment of the LaSalle Fountain on one of our boulevard streets. Lastly the City has continued the implimentation of the Road Improvement program and allocated \$2,477,264 in the effort to improve poor roads and watermain. This data can be revied in the notes to the financials on Page # 37. Capital Projects fund balances have been reduced primarily due the road expenditures as indicated above, however aging buildings, and other related equipment have caused the City to spend CIP dollars on improvement to roofs, doors parks and other electronic equipment use in our City hall and Cultural Center buildings.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The City of Huntington Woods as a Whole

The City's combined total of net position for the fiscal year ended June 30, 2016 is approximately 20,656,072.

City of Huntington Woods' Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 6,901,642	\$ 6,716,537	\$ 1,534,010	\$ 1,302,547	\$ 8,435,652	\$ 8,019,084
Capital Assets	36,073,462	34,154,349	3,997,472	4,081,175	40,070,934	38,235,524
Total Assets	42,975,104	40,870,886	5,531,482	5,383,722	48,506,586	46,254,608
Deferred Outflows	502,938	1,366,245	-	-	502,938	1,366,245
Long-term liabilities	26,896,517	27,294,955	-	-	26,896,517	27,294,955
Other liabilities	1,040,082	1,181,096	70,700	71,398	1,110,782	1,252,494
Total Liabilities	27,936,599	28,476,051	70,700	71,398	28,007,299	28,547,449
Deferred Inflows	346,153	299,977	-	-	346,153	299,977
Net Position:						
Net investment in capital as	23,393,781	20,306,882	3,997,472	4,081,175	27,391,253	24,388,057
Restricted	2,097,767	1,431,856	-	-	2,097,767	1,431,856
Unrestricted (Deficit)	(10,296,258)	(8,277,635)	1,463,310	1,231,149	(8,832,948)	(7,046,486)
Total Net Position	\$ 15,195,290	\$ 13,461,103	\$ 5,460,782	\$ 5,312,324	\$ 20,656,072	\$ 18,773,427

In 2014 the City had suffered substantial damage to the infrastructure of the City. This event caused the City to spend a substantial amount of monies equal to 1.45 million for repair of our buildings. A substantial amount of this cost was covered by our liability insurance, however approximately \$280,000 was paid by the City. In addition, a 2014 resolution by the City Commission reduced out current assets by \$1.0 million dollars due to the payment into the MERS retirement system program. As of June 2016, the City has not seen any major change in its current or long term assets as compared to the prior fiscal year. However, the remaining amount in the 491 Capital Improvement Road fund was spent on roadwork in the City totaling 2,477,284 as shown in the capital asset table in note #3. At the end of the fiscal year the City had a total of \$214,600 dollars remaining in the construction fund as derived from the 2014 bond sale. The City anticipates a new bond sale in January 2017 .

The City's combined total of net position for the fiscal year ended June 30, 2016 is 20,656,072. The reduction in the Net position since 2014 for the City is primarily due to the changes brought about by the implementation of GASB Statement # 68, which reduced our net position by 8,378,748 over this period of time. 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

The following shows the net position as of June 30, 2015 and 2016 in a condensed format.

City of Huntington Woods - Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,726,071	\$ 2,697,018	\$ 2,745,041	\$ 2,511,407	\$ 5,471,112	\$ 5,208,425
Operating Grants & Contrib.	22,955	21,643	-	-	22,955	21,643
Capital Grants & Contrib.	-	3,030	-	-	-	3,030
General Revenues:						
Property Taxes	7,927,037	8,254,102	-	-	7,927,037	8,254,102
State Shared Revenues	549,493	549,411	-	-	549,493	549,411
Investment Earnings	76,455	54,152	6,570	8,140	83,025	62,292
Total Revenues	11,302,011	11,579,356	2,751,611	2,519,547	14,053,622	14,098,903
Expenses:						
General Government	2,308,876	3,509,607	-	-	2,308,876	3,509,607
Public Safety	3,387,345	3,222,889	-	-	3,387,345	3,222,889
Public Works	354,650	1,671,457	-	-	354,650	1,671,457
Recreation and Cultural	2,949,723	2,560,634	-	-	2,949,723	2,560,634
Interest on Long-Term Debt	426,606	471,953	-	-	426,606	471,953
Loss on Disposal of Assets	6,824	-	-	-	6,824	-
Water and Sewer	-	-	2,736,953	2,162,586	2,736,953	2,162,586
Total Expenses	9,434,024	11,436,540	2,736,953	2,162,586	12,170,977	13,599,126
Excess (Deficiency) before						
Transfers	1,867,987	142,816	14,658	356,961	1,882,645	499,777
Special Items (net)	-	(280,515)	-	-	-	(280,515)
Transfers In (Out)	(133,800)	254,446	133,800	(254,446)	-	-
Change in Net Position	1,734,187	116,747	148,458	102,515	1,882,645	499,777
Net Position, Beg. of year	13,461,103	13,344,356	5,312,324	5,209,809	18,773,427	18,554,165
Net Position, End of year	\$ 15,195,290	\$ 13,461,103	\$ 5,460,782	\$ 5,312,324	\$ 20,656,072	\$ 19,053,942

The City Commission has not resolved to levy any additional debt as of June 2016. The final series of the road debt is still not levied. Based upon the current amount of construction monies left in the CIP Road construction fund, the City likely will sell bonds in January 2017. Long-term debt indicates a total of \$12,693,304 (note 4) in total obligations, including debt for Eleven Mile road improvements and three road bonds in 2010, 2012 and 2014. In 2015-16 the millage required to pay this debt was 5.4723 mills.

Long term debt for the GWK Drain has been restructured and now includes seven separate issues amounting to \$1,659,689. The City has been successful in its negotiations with The City of Detroit regarding the payment of the Detroit portion of the GWK drain debt on the property that lies within the Rackham Golf Course. The apportionment required that 13.89% of the Total amount owed on the drain debt for the rebuild of the GWK drain was to be paid by the City of Detroit. Once Detroit filed for bankruptcy, the payments to the City of Huntington Woods remained unpaid. In June 2016 Detroit paid its obligation for the two outstanding years in the amount of \$74,399 to the GWK (225) fund.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

As of June 30, 2016, 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 amount of outstanding debt that the City can levy is 10% of the assessed value of \$413,871,670 or \$41.3 million. The City currently has debt outstanding equal to 3.07%.

In fiscal 2015-16 all outstanding labor agreements were finalized. All three labor agreements are now in place for the DPW and Public Safety departments. The contracts, for the first time in our history include an employee contribution to healthcare equal to 5%. The long-term goal is to help defray the cost of the higher premium, by using a mix of employee contributions, deductible management and self-insurance. In addition, the City has entered into an agreement with an Actuary that will assist the City in determining an accurate view of our other post-retirement benefit (OPEB) costs.

Beginning in 1998 all new employees in our non-union group and the AFSCME union group are placed into a defined contribution program except the two Public Safety labor groups. In 2015 the City had taken substantial steps in our understanding of the unfunded liability in the MERS system, and have taken steps to begin the process of reviewing what new programs we can use to assist us in the management of the legacy costs we have. 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. At this point the City is involved in visioning sessions with respect for the possibility of building senior housing to keep our senior residents from moving into alternative housing elsewhere. The City is very sensitive to the needs of our Senior population and the need to meet their needs. In addition, the City will maintain a higher population level which will assist in maintaining our current population for State Shared revenue purpose.

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 an estimated \$375,000 in fiscal 2015-16 for the mapping and cleaning of the sewer lines in the City. The process, started in the Summer of 2015 is 75% complete as of the end of the fiscal year. After the program to inspect, clean and map the sewer system, the engineers will determine the extent of the damage caused by age, and the 2014 flood. Once this data is compiled and reviewed, the City will produce and implement a long-term capital improvement plan to repair all the underground sewer lines. The Cost of the repair will be borne almost entirely by the residents of the City, although some grant monies may become available. We would anticipate that the program will be extensive and that the costs will need to be handled via bonded debt. At this point the engineers believe that the program cost may be as high as \$12-15 Million dollars.

As of June 30, 2016, all required GASB pronouncements have been implemented. The City administration understands the ramifications of the of unfunded liabilities in both the pension system, and Other Post Employment Benefit Costs (OPEB) and will be prepared to implement GASB 75 in 2017. Currently, the City has an overall defined benefit funding ratio of 58.40%; marginally higher than in 2014. The unfunded liability at Dec, 30, 2015 is \$10,099,436. The difficulty in reducing the unfunded liability in MERS and OPEB is the largest financial issue we face. As of the end of the fiscal year ending June 30, 2016 on a cash basis, the City paid a total of \$2,574,422. in pension payments and healthcare in fiscal 2016 inclusive of an additional \$250,000 requested by the City Commission to be sent to MERS. In fiscal 2015-16 this amounted to \$471,257.00 over and above the amount budgeted and was equal to approximately 8 mills of tax revenue or 45 % of our levy capacity. . 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 slow down the accrual of new liability in the future. The results of these initiatives can be seen in the contributions and funding ratio as shown at the end of note #5 where our contributions rose to \$2,067 million and our funding ration increased to 58%

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Transfers equal to \$1,896,488 out of the General fund which is an increase of 23%. Substantially to assist in funding Capital Projects. The General fund subsidized the Recreation fund by \$750,000 and the Post Retirement fund by \$531,055. These two transfers alone represent 3.98 mills, which is more than was transferred out in 2014-15. Very few budget adjustments were required at the end of the fiscal year, and all Act 621 violations were reviewed and covered by adequate fund balance in their respective funds as required by state statute.

With the Detroit bankruptcy behind us the region can concentrate on development issues. Huntington Woods and other "inter-ring" suburbs are very interested in the strength brought about by the renewed interest in the City. Huntington Woods has a very high AA+ S&P bond rating and will be looking at the issuance of new debt in the next fiscal year. There is no doubt that the continued decline in the Detroit region would have potentially caused a downgrade in our bond rating if the situation with Detroit would have continued. 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, 2016. 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 office located at 26815 Scotia Road, Huntington Woods MI 48070.

SUMMARY

Housing values are rising and have continued for the last 5 years. Building permit growth have also been steady improving over recessionary times. We are almost back to pre-recessionary building growth statistics, although tear-downs are still lagging as compared to the high growth years 1999-2004. 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, the Headlee amendment and proposal "A" passed in 1994 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 has not increased its workforce in the last year and does not anticipate doing so. 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. The resulting financial impact in the fixed income markets will ultimately change the way governments do business in Michigan. 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 review what services are critical to our residents and which can be eliminated. Combining services with neighboring communities may be a necessity to overcome the lack of growth in our revenue. It is entirely possible that more services will be combined in a regional effort to offer services at a lower cost. The .0637 mill cushion that we have in the 2003 over-ride millage vote is very slim and will be used quickly within the next few years. The City will, no doubt, need to look at very substantial methods of reducing costs further or request that voters once again override the Headlee amendment with a millage vote to maintain services at present levels, as it is unlikely that the City's housing values will grow quickly enough to fill the void created by increased costs in the declining revenue environment.

Financial Section

PSLZ LLP
Certified Public Accountants

PLYMOUTH

1034 WEST ANN ARBOR TRAIL
P.O. BOX 5520
PLYMOUTH, MI 48170-1502
Telephone (734) 453-8770

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

BLOOMFIELD HILLS

3707 WEST MAPLE ROAD
SUITE 101
BLOOMFIELD HILLS, MI 48301-3212
Telephone (248) 644-9125

Deborah M. Cox, C.P.A.

Independent Auditor's Report

December 2, 2016

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, 2016, 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, 2016, 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

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.

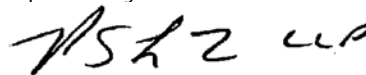
Other Information

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.

PSLZ LLP

Certified Public Accountants

Basic Financial Statements

CITY OF HUNTINGTON WOODS, MICHIGAN

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 30,985	\$ 197	\$ 31,182
Investments	6,477,695	605,655	7,083,350
Receivables (net of allowance for uncollectibles):			
Accounts	241,189	825,198	1,066,387
Taxes	8,229	-	8,229
Prepaid Items	135,258	-	135,258
Inventories	8,286	102,960	111,246
Total Current Assets	<u>6,901,642</u>	<u>1,534,010</u>	<u>8,435,652</u>
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Assets	368,274	1,000	369,274
Depreciable Assets	35,705,188	3,996,472	39,701,660
Total Noncurrent Assets	<u>36,073,462</u>	<u>3,997,472</u>	<u>40,070,934</u>
Total Assets	<u>42,975,104</u>	<u>5,531,482</u>	<u>48,506,586</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows related to Pensions	<u>502,938</u>	<u>-</u>	<u>502,938</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	152,211	10,216	162,427
Accrued Expenses	233,624	3,768	237,392
Other Liabilities	654,247	15,855	670,102
Current portion of long-term obligations	1,411,917	-	1,411,917
Total Current Liabilities	<u>2,451,999</u>	<u>29,839</u>	<u>2,481,838</u>
Noncurrent Liabilities:			
Other Liabilities	-	40,861	40,861
Net Pension Liability	11,177,425	-	11,177,425
Net Retiree Healthcare Obligation	3,025,788	-	3,025,788
Compensated Absences Payable	13,623	-	13,623
Noncurrent portion of long-term obligations	11,267,764	-	11,267,764
Total Noncurrent Liabilities	<u>25,484,600</u>	<u>40,861</u>	<u>25,525,461</u>
Total Liabilities	<u>27,936,599</u>	<u>70,700</u>	<u>28,007,299</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue-recreation fees	<u>346,153</u>	<u>-</u>	<u>346,153</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	23,393,781	3,997,472	27,391,253
Restricted for:			
Sanitation	18,140	-	18,140
Streets	859,390	-	859,390
Debt Service	1,220,237	-	1,220,237
Unrestricted	(10,296,258)	1,463,310	(8,832,948)
Total Net Position	<u>\$ 15,195,290</u>	<u>\$ 5,460,782</u>	<u>\$ 20,656,072</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
<u>Functions/Programs</u>							
Governmental Activities:							
General Government	\$ 2,308,876	\$ 1,215,049	\$ 14,140	\$ -	\$ (1,079,687)	\$ -	\$ (1,079,687)
Public Safety	3,387,345	82,130	3,364	-	(3,301,851)	-	(3,301,851)
Public Works	449,678	230,432	-	-	(219,246)	-	(219,246)
Recreation and Cultural	2,949,723	1,034,111	5,451	-	(1,910,161)	-	(1,910,161)
Interest on Long-Term Debt	426,606	-	-	-	(426,606)	-	(426,606)
Total Governmental Activities	<u>9,522,228</u>	<u>2,561,722</u>	<u>22,955</u>	<u>-</u>	<u>(6,937,551)</u>	<u>-</u>	<u>(6,937,551)</u>
Business-type Activities:							
Water and Sewer	<u>2,736,953</u>	<u>2,745,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,088</u>	<u>8,088</u>
 Total Primary Government	 \$ <u>12,259,181</u>	 \$ <u>5,306,763</u>	 \$ <u>22,955</u>	 \$ <u>-</u>	 <u>(6,937,551)</u>	 <u>8,088</u>	 <u>(6,929,463)</u>
General Revenues and Transfers:							
Property Taxes					7,927,037	-	7,927,037
State Shared Revenue					549,493	-	549,493
Unrestricted Investment Earnings					76,455	6,570	83,025
Gain (Loss) on Disposal of Assets					(6,824)	-	(6,824)
Transfers					125,577	133,800	259,377
Total General Revenues and Transfers					<u>8,671,738</u>	<u>140,370</u>	<u>8,812,108</u>
Change in Net Position					1,734,187	148,458	1,882,645
Net Position - Beginning					<u>13,461,103</u>	<u>5,312,324</u>	<u>18,773,427</u>
Net Position - Ending					\$ <u>15,195,290</u>	\$ <u>5,460,782</u>	\$ <u>20,656,072</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Balance Sheet
Governmental Funds
June 30, 2016

	Major Funds					Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Sanitation Fund	Recreation Fund	Capital Projects	Street Debt Service Fund		
<u>ASSETS</u>							
Cash and cash equivalents	\$ 9,385	\$ -	\$ 183	\$ 2,758	\$ 248	\$ 17,147	\$ 29,721
Investments	2,537,917	56,704	649,650	698,200	30,965	1,649,545	5,622,981
Receivables:							
Accounts Receivable	108,090	728	3,557	47,415	-	81,399	241,189
Taxes	7,412	-	89	-	728	-	8,229
Inventories	8,286	-	-	-	-	-	8,286
Prepaid Items	94,934	-	12,195	-	-	-	107,129
Total Assets	<u>\$ 2,766,024</u>	<u>\$ 57,432</u>	<u>\$ 665,674</u>	<u>\$ 748,373</u>	<u>\$ 31,941</u>	<u>\$ 1,748,091</u>	<u>\$ 6,017,535</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts Payable	\$ 63,310	\$ 38,483	\$ 31,291	\$ 3,308	\$ -	\$ 9,893	\$ 146,285
Accrued and Other Liabilities	38,703	809	37,138	46,564	-	1,358	124,572
Total Liabilities	<u>102,013</u>	<u>39,292</u>	<u>68,429</u>	<u>49,872</u>	<u>-</u>	<u>11,251</u>	<u>270,857</u>
Deferred Inflows of Resources:							
Unavailable revenue-Recreation fees	-	-	346,153	-	-	-	346,153
Fund Balances:							
Nonspendable	103,220	-	-	-	-	-	103,220
Restricted	-	18,140	-	342,787	31,941	1,736,840	2,129,708
Committed	1,053,674	-	-	-	-	-	1,053,674
Assigned	200,818	-	251,092	355,714	-	-	807,624
Unassigned	1,306,299	-	-	-	-	-	1,306,299
Total Fund Balances	<u>2,664,011</u>	<u>18,140</u>	<u>251,092</u>	<u>698,501</u>	<u>31,941</u>	<u>1,736,840</u>	<u>5,400,525</u>
Total Liabilities and Fund Balances	<u>\$ 2,766,024</u>	<u>\$ 57,432</u>	<u>\$ 665,674</u>	<u>\$ 748,373</u>	<u>\$ 31,941</u>	<u>\$ 1,748,091</u>	<u>\$ 6,017,535</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Reconciliation of Governmental Funds Balance Sheet
and Statement of Net Position
For the Year Ended June 30, 2016

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

Total fund balances for governmental funds	\$ 5,400,525
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	51,721,615
Deduct: Accumulated depreciation	<u>(16,952,333)</u>
	34,859,084
Long-term liabilities are not due and payable in the current period and are not reported in the funds - bonds payable	
Long-term debt	(12,151,963)
Accrued interest on long-term debt	<u>(108,200)</u>
	(12,260,163)
Net Retiree healthcare obligations are not due and payable in the current period and are not reported in the funds	(3,025,788)
Net Pension Liabilities are not reported in the funds	(11,177,425)
Deferred Outflows related to Pension	502,938
Internal Service Funds are included as part of governmental activities	909,742
Compensated absences are included as a liability in governmental activities	<u>(13,623)</u>
Net Position of governmental activities	<u>\$ 15,195,290</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	General	Sanitation Fund	Recreation Fund	Capital Projects	Street Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$ 5,527,882	\$ 539,717	\$ 66,269	\$ -	\$ 254,957	\$ 1,538,212	\$ 7,927,037
Licenses and Permits	292,808	-	-	-	-	-	292,808
Intergovernmental:							
Federal, State and Local	572,448	-	-	-	-	397,359	969,807
Charges for Services	137,603	-	214,683	-	-	-	352,286
Fines and Forfeitures	160,718	-	751,532	-	-	-	912,250
Interest	45,398	419	6,736	4,600	1,949	8,627	67,729
Other	308,551	6,099	1,854	74,908	-	224,333	615,745
Total Revenues	<u>7,045,408</u>	<u>546,235</u>	<u>1,041,074</u>	<u>79,508</u>	<u>256,906</u>	<u>2,168,531</u>	<u>11,137,662</u>
Expenditures							
Current:							
General Government	1,017,647	-	-	-	-	-	1,017,647
Public Safety	3,240,419	-	-	-	-	-	3,240,419
Public Works	414,548	544,523	-	-	-	437,898	1,396,969
Recreation and Cultural	451,964	-	1,966,151	-	-	-	2,418,115
Debt Service:							
Principal	-	-	-	-	485,000	721,350	1,206,350
Interest and Other Charges	-	-	-	-	7,525	417,925	425,450
Capital Outlay	-	-	-	567,429	-	-	567,429
Total Expenditures	<u>5,124,578</u>	<u>544,523</u>	<u>1,966,151</u>	<u>567,429</u>	<u>492,525</u>	<u>1,577,173</u>	<u>10,272,379</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,920,830</u>	<u>1,712</u>	<u>(925,077)</u>	<u>(487,921)</u>	<u>(235,619)</u>	<u>591,358</u>	<u>865,283</u>
Other Financing Sources (Uses)							
Transfers In	164,349	-	750,000	300,432	-	252,047	1,466,828
Transfers Out	(1,896,488)	-	-	-	-	(40,819)	(1,937,307)
Total Other Financing Sources (Uses)	<u>(1,732,139)</u>	<u>-</u>	<u>750,000</u>	<u>300,432</u>	<u>-</u>	<u>211,228</u>	<u>(470,479)</u>
Extraordinary Item:							
Flood Grants and Reimbursements	-	-	-	-	-	-	-
Flood Related Expenditures	-	-	-	-	-	-	-
Net Flood Loss	-	-	-	-	-	-	-
Net Change in Fund Balances	188,691	1,712	(175,077)	(187,489)	(235,619)	802,586	394,804
Fund Balances - Beginning	<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>
Fund Balances - Ending	<u>\$ 2,664,011</u>	<u>\$ 18,140</u>	<u>\$ 251,092</u>	<u>\$ 698,501</u>	<u>\$ 31,941</u>	<u>\$ 1,736,840</u>	<u>\$ 5,400,525</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ 394,804
<p>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.</p>	
Capital Outlay	2,741,608
Depreciation Expense	(960,422)
<p>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.</p>	
	(41,851)
Change in Net Pension Liability	(1,311,069)
Change in Other Post Employment Benefits	(317,015)
<p>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.</p>	
Principal Payments	1,467,192
Installment Loans Issued	(233,333)
Change in Accrued Interest	(1,156)
Increase in Compensated Absences	(4,571)
Change in net position in governmental activities	\$ <u>1,734,187</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN

Balance Sheet

Proprietary Funds

June 30, 2016

	<u>Business-Type Activities Water Fund</u>	<u>Governmental Activities Internal Service Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 197	\$ 1,264
Investments	605,655	854,714
Receivables	825,198	-
Prepaid Expense	-	28,129
Inventories	102,960	-
Total Current Assets	<u>1,534,010</u>	<u>884,107</u>
Noncurrent Assets:		
Capital Assets, net		
Assets not depreciated	1,000	-
Assets being depreciated	3,996,472	1,214,378
Total Noncurrent Assets	<u>3,997,472</u>	<u>1,214,378</u>
Total Assets	\$ <u>5,531,482</u>	\$ <u>2,098,485</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 10,216	\$ 5,926
Accrued Expenses	3,768	852
Deposits and Other	15,855	-
Current Portion of Long-term Obligations	-	169,921
Total Current Liabilities	<u>29,839</u>	<u>176,699</u>
Noncurrent Liabilities:		
Due to Employees	40,861	654,247
Noncurrent Portion of Long-term Obligations	-	357,797
Total Noncurrent Liabilities	<u>40,861</u>	<u>1,012,044</u>
Total Liabilities	<u>70,700</u>	<u>1,188,743</u>
NET POSITION:		
Net Investment in Capital Assets	3,997,472	686,660
Unrestricted	1,463,310	223,082
Total Net Position	<u>5,460,782</u>	<u>909,742</u>
Total Liabilities and Net Position	\$ <u>5,531,482</u>	\$ <u>2,098,485</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities Water and Sewer System	Governmental Activities Internal Service Fund
Operating Revenues:		
Charges for Sales and Services	\$ 2,721,442	\$ -
Penalties	23,599	-
Charges to other funds of the City	-	210,794
Other	-	4,514
Total Operating Revenues	<u>2,745,041</u>	<u>215,308</u>
Operating Expenses:		
Sewage Disposal Costs	1,070,161	-
Water Purchases	378,868	-
Payroll and Benefits	437,046	-
Operations and Maintenance	735,979	129,497
Depreciation	114,899	97,178
Rebates & Other	-	613,891
Total Operating Expenses	<u>2,736,953</u>	<u>840,566</u>
Operating Income (Loss)	<u>8,088</u>	<u>(625,258)</u>
Non-Operating Revenues (Expenses):		
Interest Income	6,570	8,726
Interest Expense	-	(14,551)
Gain(Loss) on disposal of assets	-	(6,824)
Total Non-Operating Revenues (Expenses)	<u>6,570</u>	<u>(12,649)</u>
Income (Loss) before transfers	14,658	(637,907)
Transfers In	195,028	596,056
Transfers Out	<u>(61,228)</u>	<u>-</u>
Change in Net Position	148,458	(41,851)
Net Position, Beginning	<u>5,312,324</u>	<u>951,593</u>
Net Position, Ending	<u>\$ 5,460,782</u>	<u>\$ 909,742</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2016

	<u>Business-Type Activities Water and Sewer System</u>	<u>Governmental Activities Internal Service Fund</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,528,135	\$ 215,308
Payments for goods and services	(2,214,762)	(73,422)
Payments to employees for services	(447,629)	(627,203)
Net Cash Provided (Used) by Operating Activities	<u>(134,256)</u>	<u>(485,317)</u>
Cash Flows from Noncapital Financing Activities:		
Interfund Transfers	133,800	596,056
Net Cash Provided (Used) by Noncapital Financing Activities	<u>133,800</u>	<u>596,056</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(31,196)	(241,929)
Proceeds from Installment Note	-	223,379
Principal Paid on Debt	-	(157,304)
Interest Paid on Debt	-	(14,551)
Net Cash Used by Capital and Related Financing Activities	<u>(31,196)</u>	<u>(190,405)</u>
Cash Flows from Investing Activities:		
Purchase of Investment Securities	(127,153)	(217,413)
Proceeds from Maturities of Investment Securities	149,903	195,363
Interest Received	6,570	8,726
Net Cash Flows from Investing Activities	<u>29,320</u>	<u>(13,324)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,332)	(92,990)
Cash and Cash Equivalents, Beginning	<u>2,529</u>	<u>94,254</u>
Cash and Cash Equivalents, Ending	\$ <u>197</u>	\$ <u>1,264</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 8,088	\$ (625,258)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	114,899	97,178
(Increase) Decrease in Receivables	(216,906)	1,226
(Increase) Decrease in Prepaid Expense	-	(20,812)
(Increase) Decrease in Inventories	(39,639)	-
Increase (Decrease) in Accounts Payable	3,031	748
Increase (Decrease) in Accrued Expenses	(10,583)	(667)
Increase (Decrease) in Other Liabilities	6,854	62,268
Net Cash Provided (Used) by Operating Activities	\$ <u>(134,256)</u>	\$ <u>(485,317)</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN

Statement of Net Position

Fiduciary Fund

June 30, 2016

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ 1,828
Investments	373,000
Total Assets	<u>\$ 374,828</u>
LIABILITIES	
Accounts Payable	\$ 900
Accrued and Other Liabilities	196,213
Performance Deposits	177,715
Total Liabilities	<u>\$ 374,828</u>

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

City of Huntington Woods, Michigan

Notes to Financial Statements

June 30, 2016

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, 2016

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, 2016

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.

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 2015-16 tax is levied and collectible on July 1, 2015, and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015-2016 taxable valuation of the City totaled \$321,468,780. Total tax levies for general, sanitation and debt service purposes equaled 24.4535 mills. This resulted in \$7,861,069 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, 2016

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, 2016, cash balances were in excess of the FDIC insurance limit of \$250,000 by \$405,125 which equates to 5% of all investments and cash at year end.

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, 2016

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, 2016

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, 2016

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, 2016

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 required no appropriation of unassigned fund balance as of June 30, 2016 to handle appropriations. The actual June 30, 2016 unassigned fund balance in the General Fund increased by \$137,594. The unassigned excess in the Budget Stabilization Fund increased by \$59,619. The General fund finished the year with 98% of all appropriations spent in aggregate; however, for the year ended June 30, 2016, the following accounts incurred excess expenditures over the amount appropriated:

	Final Budget	Actual	Variance	Percentage
General Fund				
Public Services	400,655	414,547	13,892	3%
Insurance -All Risk	125,600	134,470	8,870	7%
Major Street Fund				
Snow Removal	31,877	34,937	3,060	10%
Local Street Fund				
Routine Maintenance	186,742	191,913	5,171	3%
Traffic Services	19,497	21,573	2,076	11%
Recreation Fund				
Administration	572,547	657,875	85,328	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, 2016

Note 2 - Deposits and Investments - Continued

Deposits

The deposits of the City as of June 30, 2016 amounted to approximately \$238,318 in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) of which the entire amount 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, however it is the goal of the Finance Department to maintain as low of a balance as practical in demand deposit accounts. 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, 2016 marketable securities were kept in safekeeping at Comerica Bank, Detroit Michigan, and in book entry form at the following financial institutions approved by the City Commission:

PNC Bank	Chase Bank	Municipal Investors Service Corporation
Fifth Third Bank	The Bank of New York	
Huntington Bank	Comerica Bank	

Investments

As of June 30, 2016, the City had the following investments and maturities:

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

TOTAL INVE6TED 6/30/2016	INVESTMENT MATURITIES IN YEARS						
	less than 3 months	3-6 months	6-12 months	12-24 months	24-36 months	37-60 months	61+ months
1,862,148	1,862,148						
805,291	805,291						
250,208						250,208	
402,384					152,091	150,192	100,101
200,002					200,002		
3,130,617				357,914	879,171	1,716,298	177,234
805,678		100,983		351,013			353,682
7,456,327	2,667,439	100,983	-	708,926	1,231,264	2,116,697	631,017

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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 \$14,255 as of June 30, 2016.

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, 2016, the City owned investments in certificates of deposits equal to \$1,055,885. 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 14.66% 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 2.38%. The average duration in the portfolio is 3.31 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's end 14.66% 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, 2016

JUNE 30, 2016 HUNTINGTON WOODS INVESTMENT SUMMARY

CUSIP #	PAR AMOUNT	TYPE	COUPON OR STATED RATE	30-Jun YIELD	VALUE 30-Jun	PREVAILING RISK	S & P/ IDC MARKET RATING	PURCHASE DATE	MATURITY DATE	PERCENT OF PORTFOLIO	AVERAGE DURATION YEARS
313ECLC6	200,000	AGENCY	0.800%	0.800%	200,002.00	Market	AA+	22-Jul-15	12-Oct-17	2.68%	2.26
3136G22Z9	150,000	AGENCY	1.500%	1.500%	150,192.00	Market	AA+	15-Aug-15	15-Aug-18	2.01%	3.04
3138G1EB1	150,000	AGENCY	1.300%	1.100%	152,091.00	Market	AA+	14-Mar-16	25-Feb-19	2.04%	2.99
3136G22V2	100,000	AGENCY	0.990%	0.991%	100,101.00	Market	AA+	08-Aug-14	08-Aug-18	1.34%	4.06
3130A5ZW2	250,000	AGENCY	1.320%	1.321%	250,207.50	Market	AA+	15-Jan-15	29-Oct-18	3.36%	3.84
9497482Y2	250,000	CD	1.000%	1.000%	250,422.50	Credit	S&P A-1+	17-Dec-15	19-Jun-17	3.36%	1.53
32114VAX5	150,000	CD	0.950%	0.950%	150,042.00	Credit	S&P A-2	26-Sep-12	26-Sep-17	2.01%	5.07
48125YJ39	100,000	CD	1.240%	1.240%	100,590.00	Credit	S&P A-2	22-Mar-16	22-Mar-17	1.35%	1.01
49306SWJ1	100,000	CD	1.180%	1.180%	100,983.00	Credit	S&P A-2	15-Mar-16	01-Sep-16	1.35%	0.47
58740XYS3	200,000	CD	1.550%	1.550%	203,640.00	Credit	S&P Baa3	07-Aug-13	07-Aug-18	2.73%	5.07
691610AH2	65,000	MUNI	4.850%	4.640%	67,829.45	Market	AA-	30-Jul-15	01-May-18	0.91%	2.79
---	---	MM POOL	0.300%	0.300%	280,021.50	Market	POOL TRUST	N/A	Liquid	3.76%	---
---	---	MM POOL	0.100%	0.100%	14,254.65	Market	POOL TRUST	N/A	Liquid	0.19%	---
---	---	MM POOL	0.100%	0.100%	26,591.74	Market	Ba1	N/A	Liquid	0.36%	---
---	---	MM POOL	0.100%	0.100%	558,242.75	Market	POOL TRUST	N/A	Liquid	7.49%	---
---	---	MM POOL	0.851%	0.851%	983,037.26	Market	POOL TRUST	N/A	Liquid	13.18%	---
018195LN5	150,000	MUNI	1.862%	1.830%	152,569.50	Market	AA-	13-Aug-15	02-Oct-19	2.05%	4.20
018195LS4	200,000	MUNI	2.573%	2.470%	207,996.00	Market	AA-	13-Aug-15	01-May-20	2.79%	4.79
060167FB4	135,000	MUNI	3.000%	2.950%	137,193.75	Market	Aa2	08-Aug-12	01-May-17	1.84%	4.80
124511F1	230,000	MUNI	1.800%	1.770%	233,935.30	Market	AA-	19-Aug-15	01-May-18	3.14%	2.74
490170GP6	50,000	MUNI	3.125%	3.080%	50,781.00	Market	Aa1	19-Aug-15	01-May-17	0.68%	1.73
300502CF6	150,000	MUNI	1.500%	1.490%	150,607.50	Market	AA-	30-Jul-14	01-May-17	2.02%	2.79
371730HZ8	170,000	MUNI	1.550%	1.530%	172,687.70	Market	AA-	22-Jun-15	01-May-19	2.32%	3.91
418420EF8	50,000	MUNI	3.500%	3.360%	52,090.50	Market	AA-	01-May-13	01-May-18	0.70%	5.07
446852FR1	250,000	MUNI	4.800%	4.590%	261,385.00	Market	AA+	19-Apr-16	01-Oct-17	3.51%	1.47
533883NF7	265,000	MUNI	1.770%	1.750%	268,044.85	Market	AA-	19-Apr-16	01-May-18	3.59%	2.06
571494HF3	100,000	MUNI	3.000%	2.990%	100,465.00	Market	AA	21-Feb-12	01-Oct-16	1.35%	4.68
594636TX0	150,000	MUNI	5.000%	4.920%	152,452.50	Market	AA+	27-Aug-13	15-Nov-16	2.04%	3.27
5946106N2	75,000	MUNI	3.890%	3.640%	80,136.75	Market	Aa-	19-Aug-15	01-Nov-18	1.07%	3.25
729459CS4	100,000	MUNI	3.000%	3.000%	100,000.00	Market	AA	24-Dec-12	01-Jul-16	1.34%	3.57
946099LT3	125,000	MUNI	4.500%	4.490%	125,143.75	Market	Sp2	23-Aug-13	01-Oct-19	1.68%	6.19
5946106Y8	100,000	MUNI	4.300%	1.600%	110,781.00	Market	Aa1	15-Jan-16	15-Apr-20	1.49%	4.31
416848VW6	200,000	MUNI	2.150%	1.900%	204,066.00	Market	Aa1	10-Nov-15	01-May-20	2.74%	4.54
59455TM82	45,000	MUNI	5.300%	5.210%	45,747.90	Market	AA+	30-Jul-15	01-May-17	0.61%	1.78
205759CP2	25,000	MUNI	5.100%	4.820%	26,425.50	Market	AA3	30-Jul-15	01-May-18	0.35%	2.79
476034PB3	50,000	MUNI	5.150%	4.860%	52,977.00	Market	AA-	29-Jul-15	01-May-18	0.71%	2.80
917661H78	75,000	MUNI	4.000%	3.780%	79,351.50	Market	AA-	30-Nov-15	01-May-18	1.06%	2.45
533883NG5	8,000	MUNI	2.030%	2.000%	81,151.20	Market	AA-	09-May-16	01-May-19	1.09%	3.02
554885H71	100,000	MUNI	2.161%	2.090%	103,397.00	Market	AA+	11-Mar-16	01-Nov-19	1.39%	3.69
398892HZ5	110,000	MUNI	2.000%	1.940%	113,401.20	Market	AA+	29-Jun-16	01-May-20	1.52%	3.89
---	---	SAVINGS	0.190%	0.190%	605,124.61	Credit	Aa3	N/A	Liquid	8.12%	---
---	---	SAVINGS	1.000%	1.000%	200,166.47	Credit	Aa3	N/A	Liquid	2.68%	---
TOTAL			2.33%	2.17%	7,456,326.83					2.38%	3.31

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

Note 3 - Capital Assets

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

GOVERNMENTAL ACTIVITIES:

	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
<u>COST</u>				
Infrastructure-Roads and Sidewalks	35,824,184	2,477,284		38,301,468
Building and Building improvements	9,529,673	36,915		9,566,558
Vehicles	16,014	-		16,014
Office equipment and furniture	758,331	1,193		759,524
Library books fine arts	972,895	-		972,895
Machinery and equipment	3,417,585	429,285	167,701	3,679,169
Land	368,274	-		368,274
Land improvements	539,137	38,859		577,996
Construction in progress	-	-	-	-
Total cost	51,426,063	2,983,536	167,701	54,241,898

ACCUMULATED DEPRECIATION

Infrastructure-Roads and Sidewalks	8,658,552	594,492		9,253,044
Building and building improvements	4,739,903	239,729		4,979,632
Vehicles	6,390	1,117		7,507
Office equipment and furniture	654,206	23,734		677,940
Machinery and equipment	1,891,446	125,350	160,878	1,855,918
Library books	852,797	29,471		882,268
Land improvements	468,420	43,707		512,127
Total accumulated depreciation	17,271,714	1,057,600	160,878	18,168,436

Total Governmental Activities

Capital assets, net	<u>34,154,349</u>	<u>1,925,636</u>	<u>6,823.00</u>	<u>36,073,462</u>
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City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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	\$ 744,280
Public Safety	4,696
Public works	4,947
Library	72,828
Recreation	<u>230,849</u>

Total depreciation expense-governmental activities \$ 1,057,600

	Balance				Balance
	June 30, 2015	Additions	Deletions		June 30, 2016
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	31,196	-		450,862
Water & sewer Mains	5,652,209	-	-		5,652,209
Water Meters	241,351		-		241,351
Total capital assets	<u>6,321,725</u>	<u>31,196</u>	-		<u>6,352,921</u>
Accumulated depreciation:					
Building and Improvements	7,499	-	-		7,499
Machinery & Equip	325,918	5,034	-		325,918
Water & Sewer Mains	1,732,289	103,831	-		1,732,289
Water Meters	174,843	6,034	-		174,843
Total accumulated depreciation	2,240,549	114,899	-		2,355,448
Net Capital Assets	4,081,176	(83,703)	-		3,997,473

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, 2016 amounted to:

Water Fund \$ 114,899

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

Note 4 - Long-Term Debt

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

	Balance			Balance	Due Within
	July 1, 2015	Additions	Reductions	June 30, 2016	One Year
<u>Government Activities:</u>					
Compensatory time	\$ 9,052	4,571	-	\$ 13,623	\$ -
2009 Refunded bond (payment complete)	485,000	-	485,000	-	-
George W. Kuhn Drain					
Bonds 2000-A (4-01-22)	228,165	-	30,224	197,941	31,007
George W. Kuhn Drain					
Bonds 2002-C (4-01-24)	1,316,378	-	132,327	1,184,051	135,615
George W. Kuhn Drain					
Bonds 2002-D (4-01-24)	34,849	-	3,602	31,247	3,602
George W. Kuhn Drain					
Bonds 2005 (4-01-23)	28,131	-	2,386	25,745	2,386
George W. Kuhn Drain					
Bonds 2007 (refunded 2015)	266,533	-	266,533	-	-
George W. Kuhn Drain					
Bonds 2007G (4-01-28)	38,499	-	2,704	35,795	2,704
George W. Kuhn Drain					
Bonds 2008H (4-01-24)	183,423	-	11,136	172,287	11,454
George W. Kuhn Drain					
Bonds 2016 (4-01-24)	-	233,333	-	233,333	31,946
UTGO Road Bonds (4-01-27) 11 Mile	1,200,000	-	50,000	1,150,000	50,000
UTGO 2010 Road Bonds (4-01-24)	2,950,000	-	250,000	2,700,000	250,000
UTGO 2012 Road Bonds (4-01-26)	2,875,000	-	200,000	2,675,000	200,000
UTGO 2014 Road Bonds (4-01-28)	3,710,000	-	10,000	3,700,000	500,000
SEMRO Loan (0%) Solar Panel (4-01-17)	42,638	-	14,213	28,425	14,213
SEMRO Loan (0%) Windows (4-01-17)	27,208	-	9,069	18,139	9,069
Installment Loan- Bus (6-01_17)	74,803	-	17,778	57,025	18,380
Installment Loan-Dump Truck ((8-25-17)	125,520	-	28,706	96,814	29,511
Installment Loan- Fire Truck (3-14_20)	207,294	-	41,784	165,510	42,755
Installment Loan-Patrol Vehicle (10-01-17)	55,026	-	24,079	30,947	24,637
Installment Loan- Dump Truck & Patrol Vehicle (8-25-18)	-	222,824	44,957	177,867	54,638
	13,857,519	460,728	1,624,498	12,693,749	1,411,917
<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 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, 2016 and are subject to change with additional distributions.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

Note 4 - Long-Term Debt - Continued

At June 30, 2016, long-term obligations consisted of:

Governmental Activities:

Compensatory time - Public Safety	\$	13,623
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		197,941
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		1,184,051
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		31,247
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		<u>25,745</u>
Total this page		1,452,607

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 1,452,607
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	35,795
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	172,287
George W. Kuhn Drain Bonds 2016 dated February 1, 2016; annual principal payments of \$16,756 to \$31,946, due beginning April 2017 serially to April 1, 2024; interest rate of 2.0% (original issue totaled \$233,333). These represent the City's portion of the total bonds issued by Oakland County	233,333
2007 Capital Improvements Bonds (11 Mile Rd. G.O.) dated July 1, 2007; annual principal payments of \$50,000 to \$150,000, due beginning October 2009 serially to October 2027; interest rate of 4.3% to 4.625% (original issue totaled \$1,500,000)	1,150,000
2010 Capital Improvements Bonds (Roads) dated June 2, 2010; annual principal payments of \$250,000 to \$425,000, due beginning October 2011 serially to October 2024; interest rate of 1.45% to 6.00% (original issue totaled \$4,450,000)	2,700,000
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)	<u>2,675,000</u>
Total this page	8,419,022

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 8,419,022
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)	3,700,000
Michigan Suburbs Alliance Loan-Solar Panels dated March 8, 2012; principal payments of \$14,213 due August 2013 to August 2017, interest free (original issue totaled (\$84,000)	28,425
Michigan Suburbs Alliance Loan-Library Windows dated March 8, 2012; principal payments of \$9,069 due August 2013 to August 2017, interest free (original issue totaled \$53,600)	18,139
Recreation Bus Installment Loan dated July 1, 2014; monthly principal and interest payments of \$1,667; interest rate 3.33% (original issue totaled \$92,000)	57,025
DPW Truck Installment Loan dated September 25, 2014; monthly principal and interest payments of \$2,651; interest rate 2.77% (original issue totaled \$148,693)	96,814
Fire Truck Installment Loan dated March 14, 2013; monthly principal and interest payments of \$3,843, interest rate 2.30% (original issue totaled \$288,050)	165,510
Public Safety Vehicle Installment Loan dated October 18, 2013; monthly principal and interest payments of \$2,098, interest rate 2.50% (original issue totaled \$95,862)	30,947
Public Safety Vehicle & Dump Truck Installment Loan dated September 25, 2015; monthly principal and interest payments of \$4,876, interest rate 2.53% (original issue totaled \$222,824)	<u>177,867</u>
Total long-term debt	<u>\$ 12,693,749</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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
2017	\$ 1,218,714	\$ 383,738	\$ (63,765)	\$ 319,973	\$ 1,538,687
2018	1,074,042	351,405	(58,562)	292,843	1,366,885
2019	953,590	321,574	(53,049)	268,525	1,222,115
2020	1,033,920	290,288	(46,507)	243,781	1,277,701
2021-2025	5,278,729	899,876	(109,139)	797,737	6,069,466
2026-2029	2,546,404	154,185	-	154,185	2,700,589
	<u>\$ 12,105,399</u>	<u>\$ 2,401,066</u>	<u>\$ (331,022)</u>	<u>\$ 2,070,044</u>	<u>\$ 14,175,433</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>
George W. Kuhn Drain Bonds 2000-A					
4/1/01	\$ 560,001	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>\$ 197,941</u>	<u>\$ 17,668</u>
George W. Kuhn Drain Bonds 2002-C					
4/1/02	\$ 2,574,502	2.5%	4/1/2017	135,615	29,602
		2.5	4/1/2018	138,904	26,210
		2.5	4/1/2019	142,349	22,738
		2.5	4/1/2020	145,951	19,180
		2.5	4/1/2021	149,553	15,530
		2.5	4/1/2022	153,311	11,792
		2.5	4/1/2023	157,226	7,960
		2.5	4/1/2024	161,142	4,028
				<u>\$ 1,184,051</u>	<u>\$ 137,040</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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-D 4/1/02	\$ 99,284	2.5%	4/1/2017	3,602	781
		2.5	4/1/2018	3,602	691
		2.5	4/1/2019	3,758	601
		2.5	4/1/2020	3,915	507
		2.5	4/1/2021	3,915	409
		2.5	4/1/2022	4,072	311
		2.5	4/1/2023	4,228	210
		2.5	4/1/2024	4,155	104
				<u>\$ 31,247</u>	<u>\$ 3,614</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 2005 9/22/05	\$ 42,295	1.625%	4/1/2017	2,386	418
		1.625	4/1/2018	2,386	380
		1.625	4/1/2019	2,386	341
		1.625	4/1/2020	2,386	302
		1.625	4/1/2021	2,545	263
		1.625	4/1/2022	2,704	222
		1.625	4/1/2023	2,704	178
		1.625	4/1/2024	2,704	134
		1.625	4/1/2025	2,704	90
		1.625	4/1/2026	2,840	46
				<u>\$ 25,745</u>	<u>\$ 2,374</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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%	4/1/2017	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>\$ 35,795</u>	<u>\$ 3,894</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%	4/1/2017	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>\$ 171,987</u>	<u>\$ 31,636</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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 2016					
2/01/16	\$ 233,333	2.0%	4/1/2017	31,946	5,444
		2.0	4/1/2018	33,043	4,028
		2.0	4/1/2019	32,729	3,367
		2.0	4/1/2020	33,199	2,712
		2.0	4/1/2021	33,669	2,048
		2.0	4/1/2022	33,982	1,375
		2.0	4/1/2023	18,009	695
		2.0	4/1/2024	16,756	335
				<u>\$ 233,333</u>	<u>\$ 20,005</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 (11 Mile Rd.) 2007					
7/1/07	\$ 1,500,000	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>\$ 1,150,000</u>	<u>\$ 360,880</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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 2010					
6/2/10	\$ 4,450,000	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>\$ 2,700,000</u>	<u>\$ 735,607</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 2012					
7/1/07	\$ 3,050,000	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>\$ 2,675,000</u>	<u>\$ 359,499</u>

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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 2014					
5/13/14	\$ 3,710,000	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>\$ 3,700,000</u>	<u>\$ 728,875</u>

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)

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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

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)

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: 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:	5%
Act 88:	Yes (Adopted 1/1/2005)

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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

Plan Members covered by benefit terms

At the December 31st, 2015 valuation date, the following members were covered by the benefit terms:

Active Members	26
Vested Former Members	3
Retirees and Beneficiaries	<u>51</u>
Total Participants	80

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 78.327% of covered payroll as of the close of the fiscal year ending June 30, 2015 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, 2015, 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 and Methods

The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) an 7.75% 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 11.00%, (c) the assumption that benefits will not increase after retirement and (d) the inflation rate is 3.75%. Based on the smoothed Actuarial Value of Assets the recognized rate of investment return for MERS overall was 5.21% (less than the 8% actuarial assumption). Although no specific price inflation assumption is needed for the valuation the assumed long-term rate of price inflation is 2.5%

In estimating the amount of the reserves required at the time of retirement to pay a member's benefit for the remainder of their lifetime, it is necessary to make an assumption with respect to the probability of surviving to retirement and the life expectancy after retirement.

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% Female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%
2. The RP-2014 Employee Mortality Tables
3. The RP-2014 Juvenile Mortality Tables

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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

For ages 0-17 we use the rates in Table 3; for ages 18-49 we use the rates in Table 2; for ages 70 and older we use the rates in Table 1; and for ages 50-69 we blend Table 2 and Table 1 as follows:

- a. Age 50, use 60% of Table 2 and 40% of Table 1
- b. Age 51, use 57% of Table 2 and 43% of Table 1
- c. Etc. ...
- d. Age 69, use 3% of Table 2 and 97% of Table 1

The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables. These mortality tables were first used for the December 31, 2015 actuarial valuations. Ninety percent (90%) of active member deaths are assumed to be non-duty deaths and 10% of the deaths are assumed to be duty related. Possible future mortality improvements are reflected in the mortality assumption. The mortality assumptions include a 10% margin for future mortality improvements, relative to the actual mortality experience seen in the 2009-2013 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%

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

Discount rate

The discount rate used to measure the total pension liability is 8.00%. 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.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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

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 12/31/2014	\$ 23,027,643	\$ 12,297,970	10,729,673
Changes for the Year			0
Service Cost	232,843		232,843
Interest on Total Pension Liability	1,781,627		1,781,627
Changes in benefits	-		0
Difference between expected and actual experience	-		0
Changes in Assumptions	-		0
Employer Contributions	-	2,067,226	(2,067,226)
Employee Contributions		99,205	(99,205)
Net Investment Income		(197,489)	197,489
Benefit payments, including employee refunds	(1,747,437)	(1,747,437)	0
Administrative expense		27,651	(27,651)
Other changes	429,875		429,875
Net changes	696,908	249,156	447,752
Balances as of 12/31/2015	\$ 23,724,551	\$ 12,547,126	\$ 11,177,425

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 8.00%, 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 (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	13,554,301	11,177,425	9,149,948

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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, 2015 the employer recognized pension expense of \$1,053,111. 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	\$ -	\$ (154,597)
Differences in assumptions	-	219,439
Excess (Deficit) Investment Returns	(239,396)	
Contributions subsequent to the Measurement date	807,176	-
Total	\$ 567,780	\$ 64,842

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	2017	\$101,413
	2018	\$101,413
	2019	\$101,412
	Thereafter	-

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.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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

STATEMENT OF FIDUCIARY NET POSITION – Combined Reserves							
	Balance Forward	Invoiced & Contributions	Transfers	Benefits Paid	Investment Income	Administrative Expenses**	Ending Balance
12/31/1011	10,106,684	1,206,742	(1000)	(1,570,716)	182,860		9,923,570
12/31/2012	9,923,570	1,172,034	0	(1,593,814)	1,082,255		10,540,045
12/31/2013	10,540,045	1,323,669	0	(1,693,659)	1,489,068		11,659,123
12/31/2014	11,659,123	1,694,183	0	(1,757,589)	728,938	(26,716)	12,297,970
12/31/2015	12,297,970	2,166,431	0	(1,747,438)	(197,489)	(27,650)	12,491,823

****Prior to 2013 Investment income was net of administrative expenses and investment income.**

The actuarial value of assets used to determine the funded ratio and you required employer contribution is based upon a smoothed valuation of assets (10-year smoothing prior to 2016: 5 year smoothing beginning in 2016). This smoothing method will reduce the volatility of the valuation of assets, which will affect our funding ratio. The smoothed actuarial rate of return for 2015 was 5.21%.

- 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 the amortization period for the unfunded liability in 2015 was projected at 23 years. 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 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 fiscal year basis.

<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>
6/30/12	703,728	145%	316,840	--
6/30/13	785,820	139%	308,339	--
6/30/14	1,016,340	195%	310,167	--
6/30/15	1,140,744	195%	1,081,619	--
6/30/16	1,169,604	127%	315,365	--

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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

EMPLOYER SCHEDULE OF CONTRIBUTIONS

	2012	2013	2014	2015	2016
Actuarial Determined Contributions*	703,728	785,820	1,016,340	1,140,744	1,169,604
Contributions in relation to the actuarially determined contribution	1,020,568	1,094,159	1,326,507	1,860,093	2,067,226
Contribution deficiency (excess)	<u>\$ (316,840)</u>	<u>\$ (308,339)</u>	<u>\$ (310,167)</u>	<u>\$ (719,349)</u>	<u>\$ (897,622)</u>
Covered Employee Payroll	2,026,562	1,866,593	1,909,448	1,867,664	1,860,994
Contributions as a percentage of covered employee payroll	50%	59%	69%	100%	111%

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, 2016 a total of \$750,000 of the 1.0 Million was paid into the MERS system. In fiscal year 2015-16 an additional \$145,830 was paid into the system. The City will pay the additional \$104,170 in the 2016-17 fiscal year.

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 \$84,034.12 for the fiscal year ended June 30, 2016

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

Note 7 - Changes in General Fund - Fund Balances

		Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
<hr/>					
Assigned					
	Property Tax refunds	73,194	-	-	73,194
	Gallery	20,683	2,724	1,666	19,625
	Crime	14,949	-	460	14,489
	Library	100,766	35,210	27,953	93,510
	Subtotal	209,592	37,934	30,079	200,818
<hr/>					
Unassigned. Before committed and Non-spendable Reclassifications					
	General	1,271,955	137,596	-	1,409,551
	Rackham	31,892	250	-	32,142
	Budget Stabilization	961,881	59,619	-	1,021,500
	Subtotal	2,265,728	197,465	-	2,463,193
	Totals	2,475,320	235,398	30,079	2,664,011
<hr/>					

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 \$1,028,744 which includes the \$1,021,500 in the Budget Stabilization fund and non-spendable fund balance in the amount of \$103,220

Note 8 - 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 \$698,500 consisting of the Capital Projects fund with a restricted fund balance of \$211,271 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 \$487,228 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, 2016

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

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 have not been allocated to date and serve as a reserve for future. The City is reviewing its obligation as they pertain to the contract with the State of Michigan on the maintenance of the I-696 Berm wall. To date the City has Monies set aside in reserve for parks projects will be used for the repair of the berm wall of the 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 - All fund types

	Transfers	
	In	Out
Governmental- General	\$ 166,349	\$ 1,896,488
Governmental - Major Street	-	40,819
Governmental - Local Street	150,000	-
Governmental - Capital Projects	300,432	95,028
Governmental - Sanitation	-	-
Governmental -Recreation	750,000	-
Business Type - Water and Sewer	195,028	225,576
Governmental -Debt -2010 & 2012 Street Debt Services	-	-
Governmental - Debt - 2014 Street Debt Services	-	-
Governmental -11 Mile Rd. debt	102,046	-
Intergovernmental - Equipment	65,000	-
Intergovernmental - Retirement Benefit	531,056	2,000
Total	<u>\$ 2,259,911</u>	<u>\$ 2,259,911</u>

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

Note 10 - Other Postemployment Benefits

Plan Description

The City has an obligation to cover all former full-time retired employees and spouses for hospitalization insurance and pay their full premium for employees in the defined benefit plan and a portion of the premium for those in the defined contribution plan. The City pays the retiree health premiums on a pay-as-you-go basis from the Post-retirement benefits fund, This is an agent multiple employee defined benefit plan administered by the Michigan Municipal Employees' Retirement System of Michigan (Health Funding Vehicle. The City does not utilize an audited GAAP-basis postemployment plan report for its OPEB funding plan calculations. The OPEB disclosure utilized in these financial statements has been developed by regional accounting firm for use by municipalities that employ less than one hundred persons.

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, 2016

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:

	2016	2015	2014	2013	2012
Annual required contribution (recommended)	\$ 831,862	\$ 852,005	\$ 1,140,963	\$ 1,103,310	\$ 1,074,157
Interest on the prior year's net OPEB obligation	216,702	186,246	131,055	82,572	32,550
Less Adjustments to the annual required contribution	(199,302)	(168,113)	(116,249)	(72,060)	(27,977)
Annual OPEB costs	849,262	870,138	1,155,769	1,113,822	1,078,730
Amounts contributed:					
Payments of current premiums	(358,909)	(384,015)	(401,978)	(443,961)	(389,553)
Advance funding	(173,338)	(105,420)	(63,908)	(63,822)	(63,908)
Increase in net OPEB obligation	317,015	380,703	689,883	606,039	625,269
OPEB obligation - Beginning of year	2,708,773	2,328,070	1,638,187	1,032,148	406,879
OPEB obligation - End of year	\$ 3,025,788	\$ 2,708,773	\$ 2,328,070	\$ 1,638,187	\$ 1,032,148

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	\$ 849,262	\$ 870,138	\$ 1,155,769	\$ 1,113,822	\$ 1,078,730
Percentage contributed	63%	56%	40%	46%	42%

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

Actuarial value of assets	\$ 947,908	\$ 768,422	\$ 643,557	\$ 503,812	\$ 391,560
Actuarial accrued liability (AAL)	8,971,126	9,246,456	12,398,154	12,561,069	12,337,460
Unfunded AAL (UAAL)	8,023,218	8,478,034	11,754,597	12,169,509	11,945,900
Funded ratio	12%	9%	5%	4%	3%
Annual covered payroll*	\$ 1,860,994	\$ 1,867,664	\$ 1,909,448	\$ 1,866,593	\$ 2,026,562
Ratio of UAAL to covered payroll	431%	454%	616%	652%	589%

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

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 8.0 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 6.10 percent as per the published national healthcare projections at the Office of the Actuary Center for Medicare and Medicaid Services. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period used in the calculation of the at June 30, 2016 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 \$4,173 in grant allocations in fiscal year 2015-16 all of which was utilized for public transportation programs the City offers its residents. The remaining balance will be carried over to the next fiscal year. The last distribution of the FEMA grant related to the August 11th 2014 regional rain event of 245,566 was received in December of 2015. This distribution completed the grant request for the City. In total the City received 808,568 from FEMA for disaster assistance equal to 85% of the amount requested by the City. As of the end of the fiscal year all proceeds remaining in the fund net all expenses and outstanding liabilities have been transferred to the General operating fund. The flood administration fund was then closed.

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-, property and crime \$250 and additional coverage for sewage system overflow of \$50,000 per occurrence/event. Under the regulations of the state pool there is no yearly stop loss limit provided. The City has received in fiscal years 2010/11 thru 2015/16 a total of 429,296 in dividend distributions from the state insurance pool and have incurred 726,295 in costs. Due to the high insurance costs associated with the 2014 flood event in Huntington Woods, the amount of distribution in the next few years from the State insurance pool will be substantially less.

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 reductions in insurance coverage during the year. The City has received no indication that any significant losses exist at June 30, 2016, and thus no liability has been recorded, however the City has numerous cases that recently are being reviewed by the city's general liability insurance provider, although no definitive outcome has been determined.

City of Huntington Woods, Michigan
Notes to Financial Statements, continued
June 30, 2016

Note 13 – 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 \$360,121 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 \$371,945 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 14 – Upcoming Pronouncements

In June of 2017 the City will implement GASB 74, a year later than anticipated. The City anticipates contracting an actuary in order to assist in determining the liability in the marketplace, and in order to assure that the values presented on the balance sheet are accurate. 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 2016-17 fiscal year.

Note 15 – 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 televise 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 in the prior year as an extraordinary item. The Total cost of the flood for the City is \$1,501,708. This cost has been covered by insurance and FEMA distributions as well as Most of this cost will be covered by our liability insurance and the Grant we will be receiving from FEMA. 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. At the end of the 2015-16 fiscal year 65% of the City’s sewer mains have been televised and cleaned. The City will be reviewing data associated with the process in the 2016-17 fiscal 1 year and will determine methodologies for the repair and relining of the City’s sewer main infrastructure.

Required Supplemental Information

City of Huntington Woods, Michigan
Notes to Required Supplemental Information
June 30, 2016

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
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ 232,843	\$ 232,791
Interest	1,837,293	1,813,096
Change in Assumptions	1,097,193	-
Difference between expected and actual experience	(722,984)	-
Benefit payments, including refunds	<u>(1,747,437)</u>	<u>(1,757,559)</u>
Net Change in Total Pension Liability	696,908	288,328
Total Pension Liability, Beginning of year	<u>23,027,643</u>	<u>22,739,305</u>
Total Pension Liability, End of year	<u>\$ 23,724,551</u>	<u>\$ 23,027,633</u>
Plan Fiduciary Net Position:		
Contributions - Employer	\$ 2,067,226	\$ 1,591,617
Contributions - Employee	99,205	102,567
Net Investment Income	(142,007)	728,938
Administrative Expenses	(27,651)	(26,716)
Benefit payments, including refunds	<u>(1,747,437)</u>	<u>(1,757,559)</u>
Net Change in Plan Fiduciary Net Position	249,336	638,847
Plan Fiduciary Net Position, Beginning of year	<u>12,297,790</u>	<u>11,659,123</u>
Plan Fiduciary Net Position, End of year	<u>\$ 12,547,126</u>	<u>\$ 12,297,970</u>
City's Net Pension Liability - Ending	<u>\$ 11,177,425</u>	<u>\$ 10,729,663</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	52.89%	53.40%
Covered Employee Payroll	\$ 1,860,994	\$ 1,867,664
City's Net Pension Liability as a Percent of Covered Employee Payroll	600.62%	574.50%

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

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

	<u>2016</u>	<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>
Actuarially determined contribution	1,169,604	1,140,744	1,016,340	785,820	703,728	675,516	585,852	558,012	518,124	476,580
Actual contributions	<u>2,067,226</u>	<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>
Contributions Additional/Deficiency	<u>897,622</u>	<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>	<u>-</u>	<u>-</u>	<u>-</u>
Employee Covered Payroll	1,860,994	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
Contributions as a Percentage of Employee Covered Payroll	111%	119%	69%	59%	50%	50%	42%	25%	23%	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 25 years

Asset Valuation Method 5 yr smoothed Market

Inflation index 2.5%

Salary increases 3.75% including inflation

Investment Rate of Return 7.75%

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

Mortality 50% Male - 50% Female (blend of RP- 2014 Healthy Annuitant Mortality Tables with rates multiplied by 105%

Mortality RP-2014 Employee Mortality Tables; and RP-2014 Juvenile Mortality Tables

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

CITY OF HUNTINGTON WOODS, MICHIGAN
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2015	\$ 2,475,320	\$ 2,475,320	\$ 2,475,320	\$ -
Resources (Inflows):				
Property Taxes	5,530,723	5,530,723	5,527,882	(2,841)
Licenses and Permits	307,950	307,950	292,808	(15,142)
Intergovernmental	569,219	569,219	572,448	3,229
Charges for Services	137,300	140,300	137,603	(2,697)
Fines and Forfeits	176,500	185,300	160,718	(24,582)
Interest Income	36,300	36,300	45,398	9,098
Other Revenues	199,697	199,697	308,551	108,854
Transfers In	164,349	164,349	164,349	-
Additional Amounts Available for Appropriation	7,122,038	7,133,838	7,209,757	75,919
Charges to Appropriations (Outflows):				
General Government	1,024,134	1,035,934	1,017,647	18,287
Public Safety	3,342,678	3,342,678	3,240,419	102,259
Public Works	400,655	400,655	414,548	(13,893)
Library	494,151	494,151	451,964	42,187
Transfers Out	1,902,620	1,902,620	1,896,488	6,132
Total Charges to Appropriations	7,164,238	7,176,038	7,021,066	154,972
Budgetary Fund Balance - June 30, 2016	\$ 2,433,120	\$ 2,433,120	\$ 2,664,011	\$ 230,891

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Sanitation Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	<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, 2015	\$ <u>16,428</u>	\$ <u>16,428</u>	\$ <u>16,428</u>	\$ <u>-</u>
Resources (Inflows):				
Property Taxes	526,379	526,379	539,717	13,338
Interest Income	500	500	419	(81)
Other	<u>8,500</u>	<u>8,500</u>	<u>6,099</u>	<u>(2,401)</u>
Additional Amounts Available for Appropriation	<u>535,379</u>	<u>535,379</u>	<u>546,235</u>	<u>10,856</u>
Charges to Appropriations (Outflows):				
Administrative	75,948	75,948	77,501	(1,553)
Employee Benefits	60,275	60,275	57,653	2,622
Professional Services	<u>408,302</u>	<u>408,302</u>	<u>409,369</u>	<u>(1,067)</u>
Total Charges to Appropriations	<u>544,525</u>	<u>544,525</u>	<u>544,523</u>	<u>2</u>
Budgetary Fund Balance - June 30, 2016	\$ <u><u>7,282</u></u>	\$ <u><u>7,282</u></u>	\$ <u><u>18,140</u></u>	\$ <u><u>10,854</u></u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Recreation Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2015	\$ 426,169	\$ 426,169	\$ 426,169	\$ -
Resources (Inflows):				
Property Taxes	66,351	66,351	66,269	(82)
Aquatic Club Charges	190,000	190,000	214,683	24,683
Program Fees	788,000	788,000	751,532	(36,468)
Interest Income	7,000	7,000	6,736	(264)
Other	500	500	1,854	1,354
Transfers In	750,000	750,000	750,000	-
Additional Amounts Available for Appropriation	1,801,851	1,801,851	1,791,074	(10,777)
Charges to Appropriations (Outflows):				
Bus	54,639	54,639	49,729	4,910
Recreation	572,547	572,547	657,875	(85,328)
Programs	1,024,012	1,024,012	1,022,543	1,469
Pool	266,855	266,855	236,004	30,851
Total Charges to Appropriations	1,918,053	1,918,053	1,966,151	(48,098)
Budgetary Fund Balance - June 30, 2016	\$ 309,967	\$ 309,967	\$ 251,092	\$ (58,875)

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

Other Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2016

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	
ASSETS								
Cash and cash equivalents	\$ 8,856	\$ 6,137	\$ 195	\$ 226	\$ 571	\$ 757	\$ 405	\$ 17,147
Investments	345,753	86,867	323,081	36,929	245,832	36,083	575,000	1,649,545
Accounts Receivable	61,360	18,881	360	-	345	367	86	81,399
Total Assets	\$ 415,969	\$ 111,885	\$ 323,636	\$ 37,155	\$ 246,748	\$ 37,207	\$ 575,491	\$ 1,748,091
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts Payable	\$ 7,854	\$ 2,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,893
Accrued Payroll	583	775	-	-	-	-	-	1,358
Total Liabilities	8,437	2,814	-	-	-	-	-	11,251
Fund Balances:								
Restricted	407,532	109,071	323,636	37,155	246,748	37,207	575,491	1,736,840
Total Fund Balances	407,532	109,071	323,636	37,155	246,748	37,207	575,491	1,736,840
Total Liabilities and Fund Balances	\$ 415,969	\$ 111,885	\$ 323,636	\$ 37,155	\$ 246,748	\$ 37,207	\$ 575,491	\$ 1,748,091

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2016

	Nonmajor Special Revenue Funds		Nonmajor Debt Service Funds					Total Nonmajor Governmental Funds
	Major Street Fund	Local Street Fund	GWK Drain Debt Fund	11 Mile GO Debt Fund	2010 Street GO Debt Fund	2012 Street GO Debt Fund	2014 Street GO Debt Fund	
Revenues:								
Property Taxes	\$ -	\$ -	\$ 267,146	\$ -	\$ 363,852	\$ 271,996	\$ 635,218	\$ 1,538,212
Intergovernmental	282,550	114,809	-	-	-	-	-	397,359
Interest Income	2,621	357	2,471	686	2,233	259	-	8,627
Other	50,541	35,848	74,399	-	63,545	-	-	224,333
Total Revenues	335,712	151,014	344,016	686	429,630	272,255	635,218	2,168,531
Expenditures:								
Public Works	190,032	247,866	-	-	-	-	-	437,898
Debt Service:								
Principal	-	-	211,350	50,000	250,000	200,000	10,000	721,350
Interest and other charges	-	-	56,668	52,769	152,138	62,250	94,100	417,925
Total Expenditures	190,032	247,866	268,018	102,769	402,138	262,250	104,100	1,577,173
Excess (Deficiency) of Revenues Over Expenditures	145,680	(96,852)	75,998	(102,083)	27,492	10,005	531,118	591,358
Other Financing Sources (Uses):								
Transfers In	-	150,000	-	102,047	-	-	-	252,047
Transfers Out	(40,819)	-	-	-	-	-	-	(40,819)
Total Other Financing Sources (Uses)	(40,819)	150,000	-	102,047	-	-	-	211,228
Net Change in Fund Balance	104,861	53,148	75,998	(36)	27,492	10,005	531,118	802,586
Fund Balance - July 1	302,671	55,923	247,638	37,191	219,256	27,202	44,373	934,254
Fund Balance - June 30	\$ 407,532	\$ 109,071	\$ 323,636	\$ 37,155	\$ 246,748	\$ 37,207	\$ 575,491	\$ 1,736,840

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Major Streets Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	<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, 2015	\$ 302,671	\$ 302,671	\$ 302,671	\$ -
Resources (Inflows):				
Intergovernmental	261,568	261,568	282,550	20,982
Other	17,750	17,750	50,541	32,791
Interest Income	150	150	2,621	2,471
Additional Amounts Available for Appropriation	279,468	279,468	335,712	56,244
Charges to Appropriations (Outflows):				
Maintenance	179,820	179,820	125,707	54,113
Traffic Services	19,878	19,878	19,552	326
Snow and Ice Removal	31,877	31,877	34,937	(3,060)
Administrative	15,124	15,124	9,836	5,288
Transfers Out	40,819	60,819	40,819	20,000
Total Charges to Appropriations	287,518	307,518	230,851	76,667
Budgetary Fund Balance - June 30, 2016	\$ 294,621	\$ 274,621	\$ 407,532	\$ 132,911

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Local Streets Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	<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, 2015	\$ 55,923	\$ 55,923	\$ 55,923	\$ -
Resources (Inflows):				
Intergovernmental	109,658	109,658	114,809	5,151
Other	500	500	35,848	35,348
Interest Income	60	60	357	297
Transfers In	150,000	150,000	150,000	-
Additional Amounts Available for Appropriation	260,218	260,218	301,014	40,796
Charges to Appropriations (Outflows):				
Maintenance	166,742	186,742	191,912	(5,170)
Traffic Services	19,497	19,497	21,572	(2,075)
Snow and Ice Removal	31,397	31,397	25,631	5,766
Administrative	17,747	17,747	8,751	8,996
Total Charges to Appropriations	235,383	255,383	247,866	7,517
Budgetary Fund Balance - June 30, 2016	\$ 80,758	\$ 60,758	\$ 109,071	\$ 48,313

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

CITY OF HUNTINGTON WOODS, MICHIGAN
GWK Drain Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	<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, 2015	\$ 247,638	\$ 247,638	\$ 247,638	\$ -
Resources (Inflows):				
Property Taxes	229,978	229,978	267,146	37,168
Other	37,226	37,226	74,399	37,173
Interest Income	850	850	2,471	1,621
Additional Amounts Available for Appropriation	268,054	268,054	344,016	75,962
Charges to Appropriations (Outflows):				
Debt Service-principal	211,350	211,350	211,350	-
Debt Service-interest	56,688	56,688	56,668	20
Total Charges to Appropriations	268,038	268,038	268,018	20
Budgetary Fund Balance - June 30, 2016	\$ 247,654	\$ 247,654	\$ 323,636	\$ 75,982

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

CITY OF HUNTINGTON WOODS, MICHIGAN
11 Mile Road G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	<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, 2015	\$ <u>37,191</u>	\$ <u>37,191</u>	\$ <u>37,191</u>	\$ <u>-</u>
Resources (Inflows):				
Interest Income	320	320	686	366
Transfers In	<u>102,047</u>	<u>102,047</u>	<u>102,047</u>	<u>-</u>
Additional Amounts Available for Appropriation	<u>102,367</u>	<u>102,367</u>	<u>102,733</u>	<u>366</u>
Charges to Appropriations (Outflows):				
Debt Service-principal	50,000	50,000	50,000	-
Debt Service-interest	<u>52,367</u>	<u>52,367</u>	<u>52,769</u>	<u>(402)</u>
Total Charges to Appropriations	<u>102,367</u>	<u>102,367</u>	<u>102,769</u>	<u>(402)</u>
Budgetary Fund Balance - June 30, 2016	\$ <u><u>37,191</u></u>	\$ <u><u>37,191</u></u>	\$ <u><u>37,155</u></u>	\$ <u><u>(36)</u></u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
2010 Street G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	<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, 2015	\$ 219,256	\$ 219,256	\$ 219,256	\$ -
Resources (Inflows):				
Property Taxes	364,545	364,545	363,852	(693)
Other	72,880	72,880	63,545	(9,335)
Interest Income	1,250	1,250	2,233	983
Additional Amounts Available for Appropriation	438,675	438,675	429,630	(9,045)
Charges to Appropriations (Outflows):				
Debt Service-principal	250,000	250,000	250,000	-
Debt Service-interest	152,237	152,237	152,138	99
Total Charges to Appropriations	402,237	402,237	402,138	99
Budgetary Fund Balance - June 30, 2016	\$ 255,694	\$ 255,694	\$ 246,748	\$ (8,946)

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

CITY OF HUNTINGTON WOODS, MICHIGAN
2012 Street G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
Budgetary Fund Balance, July 1, 2015	\$ 27,202	\$ 27,202	\$ 27,202	\$ -
Resources (Inflows):				
Property Taxes	272,123	272,123	271,996	(127)
Interest Income	100	100	259	159
Additional Amounts Available for Appropriation	272,223	272,223	272,255	32
Charges to Appropriations (Outflows):				
Debt Service-principal	200,000	200,000	200,000	-
Debt Service-interest	62,250	62,250	62,250	-
Total Charges to Appropriations	262,250	262,250	262,250	-
Budgetary Fund Balance - June 30, 2016	\$ 37,175	\$ 37,175	\$ 37,207	\$ 32

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

CITY OF HUNTINGTON WOODS, MICHIGAN
2014 Street G.O. Debt Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2015	\$ 44,373	\$ 44,373	\$ 44,373	\$ -
Resources (Inflows):				
Property Taxes	636,154	636,154	635,218	(936)
Interest Income	120	120	-	(120)
Additional Amounts Available for Appropriation	636,274	636,274	635,218	(1,056)
Charges to Appropriations (Outflows):				
Debt Service-principal	500,000	500,000	10,000	490,000
Debt Service-interest	111,291	111,291	94,100	17,191
Total Charges to Appropriations	611,291	611,291	104,100	507,191
Budgetary Fund Balance - June 30, 2016	\$ 69,356	\$ 69,356	\$ 575,491	\$ 506,135

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Capital Projects Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2015	\$ 885,990	\$ 885,990	\$ 885,990	\$ -
Resources (Inflows):				
Other	1,665,573	1,665,573	74,908	(1,590,665)
Interest Income	9,600	9,600	4,600	(5,000)
Transfers In	300,432	300,432	300,432	-
Additional Amounts Available for Appropriation	1,975,605	1,975,605	379,940	(1,595,665)
Charges to Appropriations (Outflows):				
Capital Outlay	1,939,401	1,939,401	567,429	1,371,972
Total Charges to Appropriations	1,939,401	1,939,401	567,429	1,371,972
Budgetary Fund Balance - June 30, 2016	\$ 922,194	\$ 922,194	\$ 698,501	\$ (223,693)

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Street Debt Service Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2015	\$ 267,560	\$ 267,560	\$ 267,560	\$ -
Resources (Inflows):				
Property Taxes	256,371	256,371	254,957	(1,414)
Interest Income	1,250	1,250	1,949	699
Additional Amounts Available for Appropriation	257,621	257,621	256,906	(715)
Charges to Appropriations (Outflows):				
Debt Service-principal	485,000	485,000	485,000	-
Debt Service-interest	7,625	7,625	7,525	100
Total Charges to Appropriations	492,625	492,625	492,525	100
Budgetary Fund Balance - June 30, 2016	\$ 32,556	\$ 32,556	\$ 31,941	\$ (615)

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	<u>Equipment Fund</u>	<u>Post Retirement Benefits Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Certificates of Deposit	\$ 860	\$ 404	\$ 1,264
Investments - at fair value	57,084	797,630	854,714
Prepaid Expense	-	28,129	28,129
Total Current Assets	<u>57,944</u>	<u>826,163</u>	<u>884,107</u>
Capital Assets	2,430,481	-	2,430,481
Less: Accumulated Depreciation	<u>(1,216,103)</u>	<u>-</u>	<u>(1,216,103)</u>
Net Capital Assets	<u>1,214,378</u>	<u>-</u>	<u>1,214,378</u>
Total Assets	<u>\$ 1,272,322</u>	<u>\$ 826,163</u>	<u>\$ 2,098,485</u>
<u>LIABILITIES AND NET POSITION</u>			
Current Liabilities:			
Accounts Payable	\$ 3,499	\$ 2,427	\$ 5,926
Accrued Liabilities	531	321	852
Current Portion of Long-term Obligations	<u>169,921</u>	<u>-</u>	<u>169,921</u>
Total Current Liabilities	<u>173,951</u>	<u>2,748</u>	<u>176,699</u>
Noncurrent Liabilities:			
Due to employees	-	654,247	654,247
Noncurrent Portion of Long-term Obligations	<u>357,797</u>	<u>-</u>	<u>357,797</u>
Total Noncurrent Liabilities	<u>357,797</u>	<u>654,247</u>	<u>1,012,044</u>
Total Liabilities	<u>531,748</u>	<u>656,995</u>	<u>1,188,743</u>
NET POSITION:			
Net Investment in Capital Assets	686,660	-	686,660
Unrestricted	<u>53,914</u>	<u>169,168</u>	<u>223,082</u>
Total Net Position	<u>740,574</u>	<u>169,168</u>	<u>909,742</u>
Total Liabilities and Net Position	<u>\$ 1,272,322</u>	<u>\$ 826,163</u>	<u>\$ 2,098,485</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Combining Statement of Operations and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Equipment Fund	Post Retirement Benefits Fund	Total
<u>Operating Revenues:</u>			
Charges for Services	\$ 210,794	\$ -	\$ 210,794
Other	4,514	-	4,514
Total Operating Revenues	<u>215,308</u>	<u>-</u>	<u>215,308</u>
<u>Operating Expenses:</u>			
Operations & Maintenance	129,497	-	129,497
Depreciation	97,178	-	97,178
Retiree Healthcare & Other	-	613,891	613,891
Total Operating Expenses	<u>226,675</u>	<u>613,891</u>	<u>840,566</u>
Operating Income (Loss)	<u>(11,367)</u>	<u>(613,891)</u>	<u>(625,258)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Interest on investments	648	8,078	8,726
Interest Expense	(14,551)	-	(14,551)
Gain(Loss) on Disposal of Assets	(6,824)	-	(6,824)
Total Nonoperating Revenues (Expenses)	<u>(20,727)</u>	<u>8,078</u>	<u>(12,649)</u>
Transfers In (Out)	<u>65,000</u>	<u>531,056</u>	<u>596,056</u>
Net Income (Loss)	32,906	(74,757)	(41,851)
Net Position, Beginning	<u>707,668</u>	<u>243,925</u>	<u>951,593</u>
Net Position, Ending	\$ <u><u>740,574</u></u>	\$ <u><u>169,168</u></u>	\$ <u><u>909,742</u></u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Equipment Fund	Post Retirement Benefits Fund	Total
Cash Flows from Operating Activities:			
Receipts from customers and users	\$ 215,308	\$ -	\$ 215,308
Payments for goods and services	(73,422)	-	(73,422)
Payments for employee benefits	(58,384)	(568,819)	(627,203)
Net Cash Provided (Used) by Operating Activities	<u>83,502</u>	<u>(568,819)</u>	<u>(485,317)</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Transfers	65,000	531,056	596,056
Net Cash Provided by Noncapital Financing Activities	<u>65,000</u>	<u>531,056</u>	<u>596,056</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(241,929)	-	(241,929)
Proceeds from Installment Note	223,379	-	223,379
Principal Paid on Debt	(157,304)	-	(157,304)
Interest Paid on Debt	(14,551)	-	(14,551)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(190,405)</u>	<u>-</u>	<u>(190,405)</u>
Cash Flows from Investing Activities:			
Purchase of Investment Securities	(28,744)	(188,669)	(217,413)
Proceeds from Maturities of Investment Securities	50,221	145,142	195,363
Interest received	648	8,078	8,726
Net Cash Provided by Investing Activities	<u>22,125</u>	<u>(35,449)</u>	<u>(13,324)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,778)	(73,212)	(92,990)
Cash and Cash Equivalents, Beginning	<u>20,638</u>	<u>73,616</u>	<u>94,254</u>
Cash and Cash Equivalents, Ending	<u>\$ 860</u>	<u>\$ 404</u>	<u>\$ 1,264</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (11,367)	\$ (613,891)	\$ (625,258)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	97,178	-	97,178
(Increase) Decrease in Receivables	-	1,226	1,226
(Increase) Decrease in Prepaid Expense	-	(20,812)	(20,812)
Increase (Decrease) in Accounts Payable	(1,679)	2,427	748
Increase (Decrease) in Accrued Liabilities	(630)	(37)	(667)
Increase (Decrease) in Other Liabilities	-	62,268	62,268
Net Cash Provided (Used) by Operating Activities	<u>\$ 83,502</u>	<u>\$ (568,819)</u>	<u>\$ (485,317)</u>

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

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Changes in Net Position
Agency Fund
For the Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u> <u>June 30, 2016</u>
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 1,985	\$	3,769,223	\$	3,769,380	\$	1,828
Investments	350,000		237,000		214,000		373,000
Receivables	-		-		-		-
Total Assets	<u>\$ 351,985</u>	\$	<u>4,006,223</u>	\$	<u>3,983,380</u>	\$	<u>374,828</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 1,253	\$	3,611,024	\$	3,611,377	\$	900
Accrued and Other Liabilities	185,405		204,756		193,948		196,213
Performance Deposits	165,327		190,443		178,055		177,715
Total Liabilities	<u>\$ 351,985</u>	\$	<u>4,006,223</u>	\$	<u>3,983,380</u>	\$	<u>374,828</u>

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

Statistical Section

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u>	86-88
These schedules contain trend information to help the reader understand how the City's financial performance has changed.	
<u>Revenue Capacity</u>	89-93
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<u>Debt Capacity</u>	94-97
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>	98-100
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>	101-102
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>Sources</u>	
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)
June 30, 2016

	<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>	<u>2016</u>
Governmental activities										
Investment in capital assets, net of related debt	\$ 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	\$ 23,393,781
Restricted	136,015	136,015	136,015	890,287	828,641	1,006,973	1,121,696	1,118,423	1,431,856	2,097,767
Unrestricted	<u>1,312,037</u>	<u>3,300,774</u>	<u>3,075,721</u>	<u>2,572,613</u>	<u>3,299,301</u>	<u>3,236,502</u>	<u>3,530,883</u>	<u>3,898,844</u>	<u>(8,277,635)</u>	<u>(10,296,258)</u>
Total governmental activities net position	<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>	<u>\$ 15,195,290</u>
Business-type activities										
Net position, invested in capital assets	\$ 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	\$ 3,997,472
Unrestricted	<u>1,953,198</u>	<u>1,804,579</u>	<u>1,141,016</u>	<u>787,774</u>	<u>638,798</u>	<u>1,306,100</u>	<u>1,362,627</u>	<u>1,413,125</u>	<u>1,231,149</u>	<u>1,463,310</u>
Total business-type activities net position	<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>	<u>\$ 5,460,782</u>
Primary government										
Net Investment in capital assets	\$ 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	\$ 27,391,253
Restricted	136,015	136,015	136,015	890,287	828,641	1,006,973	1,121,696	1,118,423	1,431,856	2,097,767
Unrestricted	<u>3,265,235</u>	<u>5,105,353</u>	<u>4,216,737</u>	<u>3,360,387</u>	<u>3,938,099</u>	<u>4,542,602</u>	<u>4,893,510</u>	<u>5,311,969</u>	<u>(7,046,486)</u>	<u>(8,832,948)</u>
Total primary government net position	<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>	<u>\$ 20,656,072</u>

CITY OF HUNTINGTON WOODS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	(accrual basis of accounting)									
Expenses	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 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	\$ 2,308,876
Public safety	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	3,387,345
Public Services	1,233,263	1,337,832	1,358,357	1,307,575	1,138,082	1,218,709	1,215,795	1,313,697	1,671,457	449,678
Recreation	2,258,480	2,137,317	2,327,691	2,262,033	2,116,073	2,012,420	1,996,661	2,066,105	2,560,634	2,949,723
Capital outlay	431,959	-	-	-	-	-	-	-	-	-
Interest on debt	463,450	472,567	545,749	511,931	452,253	451,564	482,619	448,602	471,953	426,606
Total governmental activities expenses	\$ 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	\$ 9,522,228
Business-type activities:										
Water	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	2,736,953
Total business-type activities expenses	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	2,736,953
Total primary government expenses	<u>\$ 11,803,454</u>	<u>\$ 11,743,542</u>	<u>\$ 11,096,881</u>	<u>\$ 11,162,016</u>	<u>\$ 11,805,737</u>	<u>\$ 11,261,254</u>	<u>\$ 13,049,360</u>	<u>\$ 12,323,046</u>	<u>\$ 13,599,126</u>	<u>\$ 12,259,181</u>
Program Revenues										
Governmental activities:										
Charges for services										
General government	\$ 474,561	\$ 401,852	\$ 405,991	\$ 408,743	\$ 1,067,243	\$ 426,840	\$ 503,394	\$ 592,498	\$ 949,342	\$ 1,215,049
Public safety	170,410	149,096	125,295	113,568	154,259	159,390	208,333	168,001	143,111	82,130
Public works	180,705	223,807	164,382	-	-	-	-	-	536,074	230,432
Recreation / Library	1,105,284	1,034,090	977,150	1,052,260	1,005,786	1,004,193	1,005,290	986,267	1,068,491	1,034,111
Operating grants and contributions	405,202	369,953	354,666	4,362	4,248	3,609	4,275	4,749	3,030	22,955
Capital grants and contributions	16,507	8,956	928,717	13,002	7,890	13,800	12,361	10,003	21,643	-
Total governmental activities program revenue	<u>\$ 2,352,669</u>	<u>\$ 2,187,754</u>	<u>\$ 2,956,201</u>	<u>\$ 1,591,935</u>	<u>\$ 2,239,426</u>	<u>\$ 1,607,832</u>	<u>\$ 1,733,653</u>	<u>\$ 1,761,518</u>	<u>\$ 2,721,691</u>	<u>\$ 2,584,677</u>
Business-type activities:										
Charges for services	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	2,745,041
Total business-type activities program revenues	<u>1,753,080</u>	<u>1,832,946</u>	<u>1,754,065</u>	<u>1,815,271</u>	<u>2,071,196</u>	<u>2,268,021</u>	<u>2,417,538</u>	<u>2,299,856</u>	<u>2,511,407</u>	<u>2,745,041</u>
Total primary government program revenues	<u>\$ 4,105,749</u>	<u>\$ 4,020,700</u>	<u>\$ 4,710,266</u>	<u>\$ 3,407,206</u>	<u>\$ 4,310,622</u>	<u>\$ 3,875,853</u>	<u>\$ 4,151,191</u>	<u>\$ 4,061,374</u>	<u>\$ 5,233,098</u>	<u>\$ 5,329,718</u>
Net (Expenses)/Revenue										
Governmental activities	\$ (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)	\$ (6,937,551)
Business-type activities	\$ 211,101	\$ 177,300	\$ (54,078)	\$ 1,736	\$ 35,116	\$ 260,921	\$ 292,903	\$ 208,081	\$ 348,821	\$ 8,088
Total primary government net expense	<u>\$ (7,697,705)</u>	<u>\$ (7,722,842)</u>	<u>\$ (6,386,615)</u>	<u>\$ (7,754,810)</u>	<u>\$ (7,495,115)</u>	<u>\$ (7,385,401)</u>	<u>\$ (8,898,169)</u>	<u>\$ (8,261,672)</u>	<u>\$ (8,366,028)</u>	<u>\$ (6,929,463)</u>
General Revenues and Other Changes in Nets Position										
Governmental activities:										
Property taxes	\$ 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	\$ 6,133,390
Property tax - debt service	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	1,793,647
State shared revenue	579,403	566,966	648,811	570,623	447,260	511,759	526,067	539,886	549,411	549,493
Investment earnings	273,579	268,356	224,401	196,680	108,111	51,098	22,040	67,846	54,153	76,455
Bond proceeds	-	1,470,000	-	-	-	-	-	-	-	-
Other (flood loss)	289,013	34,058	174,385	983,122	493,710	918,666	1,258,737	1,100,473	(280,515)	(6,824)
Transfers - internal activities	121,397	397,632	398,752	232,735	67,855	(1,070,741)	262,425	255,319	254,446	125,577
Total governmental activities	<u>\$ 7,487,547</u>	<u>\$ 9,815,456</u>	<u>\$ 8,527,095</u>	<u>\$ 9,094,248</u>	<u>\$ 8,299,256</u>	<u>\$ 7,957,388</u>	<u>\$ 9,790,959</u>	<u>\$ 9,962,079</u>	<u>\$ 8,831,597</u>	<u>\$ 8,671,738</u>
Business-type activities:										
Investment earnings	88,316	62,873	48,550	35,595	19,230	11,355	101	5,766	8,139	6,570
Transfers - internal activities	(121,397)	(225,316)	(398,752)	(232,735)	(67,855)	1,070,741	(262,425)	(255,319)	(254,446)	133,800
Total business-type activities	<u>(33,081)</u>	<u>(162,443)</u>	<u>(350,202)</u>	<u>(197,140)</u>	<u>(48,625)</u>	<u>1,082,096</u>	<u>(262,324)</u>	<u>(249,553)</u>	<u>(246,307)</u>	<u>140,370</u>
Total primary government	<u>\$ 7,454,466</u>	<u>\$ 9,653,013</u>	<u>\$ 8,176,893</u>	<u>\$ 8,897,108</u>	<u>\$ 8,250,631</u>	<u>\$ 9,039,484</u>	<u>\$ 9,528,635</u>	<u>\$ 9,712,526</u>	<u>\$ 8,585,290</u>	<u>\$ 8,812,108</u>
Cumulative effect in accounting change- Governmental Activities	\$ -	\$ -	\$ -	\$ (323,770)	\$ -	\$ -	\$ -	\$ -	\$ -	
Change in Net Position										
Governmental activities	\$ (421,259)	\$ 1,915,314	\$ 2,194,558	\$ 1,013,932	\$ 769,025	\$ 311,066	\$ 599,887	\$ 1,492,326	\$ 116,748	\$ 1,734,187
Business-type activities	178,020	14,857	(404,280)	(195,404)	(13,509)	1,343,017	30,579	(41,472)	102,514	148,458
Net Position - Beginning as restated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,554,165	\$ 18,773,427
Total primary government	<u>\$ (243,239)</u>	<u>\$ 1,930,171</u>	<u>\$ 1,790,278</u>	<u>\$ 818,528</u>	<u>\$ 755,516</u>	<u>\$ 1,654,083</u>	<u>\$ 630,466</u>	<u>\$ 1,450,854</u>	<u>\$ 219,262</u>	<u>\$ 1,882,645</u>
Net Position Ending	\$ (243,239)	\$ 1,930,171	\$ 1,790,278	\$ 818,528	\$ 755,516	\$ 1,654,083	\$ 630,466	\$ 1,450,854	\$ 18,773,427	\$ 20,656,072

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

RESOLUTION # R-22-2011
WAS ADOPTED AS PER THE REQUIREMENTS OF THE
GOVERNMENT ACCOUNTING STANDARDS BOARD
PRONOUNCEMENT #54

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Unreserved	589,467	764,444	911,888	1,143,934	-	-	-	-	-	-
All Other Governmental Funds										
Reserved	136,015	136,015	136,015	4,097,588	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	383,680	659,885	1,014,192	1,024,990	-	-	-	-	-	-
Capital projects funds	(526,602)	929,901	213,091	-	-	-	-	-	-	-
Debt service funds	476,062	564,837	565,692	533,429	-	-	-	-	-	-
Total other governmental funds	469,155	2,290,638	1,928,990	5,656,007	-	-	-	-	-	-
Total Governmental Funds	<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>	<u>\$ -</u>
General Fund										
Nonspendable	-	-	-	-	114,497	144,205	168,916	143,268	132,848	103,220
Committed	-	-	-	-	568,760	619,067	835,141	1,356,823	993,773	1,053,674
Assigned	-	-	-	-	199,210	196,346	206,674	208,232	209,592	200,818
Unassigned	-	-	-	-	1,205,965	1,249,435	1,325,324	1,401,826	1,139,107	1,306,299
Total General Fund	-	-	-	-	2,088,432	2,209,053	2,536,055	3,110,149	2,475,320	2,664,011
All Other Governmental Funds										
Restricted	-	-	-	-	3,221,216	2,959,254	1,976,615	4,699,354	1,699,416	2,129,708
Committed	-	-	-	-	4,500	4,500	4,500	4,500	4,500	-
Assigned	-	-	-	-	488,666	677,792	920,995	990,788	826,485	606,806
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>\$ 5,802,814</u>	<u>\$ 5,850,599</u>	<u>\$ 5,438,165</u>	<u>\$ 8,804,791</u>	<u>\$ 5,005,721</u>	<u>\$ 5,400,525</u>

General Fund - Assigned fund balance includes all gift reserves, Michigan Tax Tribunal Reserves and Reserves for Hwy repair
Roads Major and Local- Reserved Fund Balances for Special Revenue State shared Act 51 revenue
Roads Major and Local- Assigned Fund Balance for Ten Mile road repairs
Recreation Fund - Restricted Fund Balance from Millage sources and user fees
GWK Debt Restricted
Capital Planning Funds Assigned

Fiscal years 2007 through 2010 reflect the fund balance terminology before the adoption of GASB Statement #54

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

<u>Year Ended June 30</u>	<u>General Property Taxes</u>	<u>Property Tax Debt Service</u>	<u>Sales and use tax</u>	<u>Total</u>
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
2016	6,029,645	1,766,165	549,493	8,345,303
Change 2007-2016	20%	47%	-5%	23%

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	
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
2016	409,797,890	317,271,570	819,595,780	4,197,210	4,197,210	8,394,420	413,995,100	321,468,780	827,990,200	24.4535

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 School District	County	GWK Drain
				Berkley	Royal Oak				
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
2016: Homestead (1)	18.9812	5.4723	24.4535	13.7269	13.3842	1.5819	3.3629	5.8448	0.8312
2016: Non-Homestead	18.9812	5.4723	24.4535	31.7269	31.3842	1.5819	3.3629	5.8448	0.8312

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	2007			2008			2009			2010			2011		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Detroit Edison-Utility	\$ 1,116,810	1	0.37%	\$ 1,094,440	1	0.34%	\$ 727,670	4	0.22%	\$ 759,790	3	0.23%	\$ 641,610	5	0.21%
Herman Brodsky-Property Mgmnt	939,280	2	0.31%	974,020	2	0.31%	996,410	1	0.31%	1,040,240	1	0.32%	1,037,110	1	0.34%
Chase Bank-Commercial Bank	911,020	3	0.30%	944,710	3	0.30%	966,420	2	0.30%	1,008,930	2	0.31%	1,005,880	2	0.33%
Kasco Equities-Property Mgmnt	808,280	4	0.27%	812,650	4	0.25%	584,290	6	0.18%	554,530	6	0.17%	751,550	4	0.25%
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumers Energy-Utility	494,220	7	0.16%	509,530	5	0.16%	588,890	5	0.18%	663,030	5	0.20%	798,880	3	0.26%
Rite Aid-Retail Pharmacy	505,270	5	0.17%	509,440	6	0.16%	575,020	7	0.18%	541,480	7	0.17%	479,530	6	0.16%
Private Residence-Hendrie	500,000	6	0.16%	488,230	7	0.15%	-	-	-	-	-	-	-	-	-
Private Residence-Hendrie	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%	645,070	7	0.21%
Private Residence-Hendrie	-	-	-	466,870	10	0.15%	477,600	8	0.15%	-	-	-	-	-	-
Private Residence-Huntington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	425,000	10	0.14%	-	-	-	-	-	-	464,840	9	0.14%	-	-	-
Southmain Enterprises-Property Mgmnt	-	-	-	-	-	-	-	-	-	450,790	10	0.14%	449,430	8	0.15%
Private Residence-Huntington	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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%	469,130	10	0.15%
Coolidge & Eleven Inc. Retail Cleaner	-	-	-	-	-	-	-	-	-	-	-	-	348,830	9	0.11%
Ten Largest Taxpayers	6,607,710		2.17%	6,767,980		2.12%	6,599,630		2.04%	6,702,660		2.06%	6,627,020		2.17%
Other Taxpayers	\$ 298,235,574			\$ 312,443,270			\$ 316,991,110			\$ 318,455,180			\$ 299,242,060		
Total Taxable Value	\$ 304,843,284			\$ 319,211,250			\$ 323,590,740			\$ 325,157,840			\$ 305,869,080		
Taxpayer/type of business	2012			2013			2014			2015			2016		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Detroit Edison-Utility	\$ 653,240	5	0.22%	\$ 702,690	4	0.24%	\$ 666,820	4	0.22%	\$ 657,010	4	0.21%	\$ 797,670	3	0.25%
Herman Brodsky-Property Mgmnt	1,054,730	1	0.36%	1,083,200	2	0.37%	1,130,450	2	0.38%	1,050,000	2	0.34%	685,800	5	0.21%
Chase Bank-Commercial Bank	948,430	2	0.32%	919,000	3	0.31%	920,070	3	0.31%	926,910	3	0.30%	941,730	2	0.29%
Kasco Equities-Property Mgmnt	685,110	4	0.23%	645,390	5	0.22%	640,060	5	0.21%	644,870	5	0.21%	655,180	6	0.20%
Consumers Energy-Utility	910,870	3	0.31%	1,296,330	1	0.44%	1,474,340	1	0.49%	1,722,210	1	0.56%	1,950,060	1	0.61%
Rite Aid-Retail Pharmacy	433,600	8	0.15%	403,530	8	0.14%	403,230	8	0.13%	-	-	-	-	-	-
Private Residence-Hendrie	525,000	6	0.18%	500,530	6	0.17%	512,540	6	0.17%	520,740	6	0.17%	529,070	7	0.16%
Southmain Enterprises-Property Mgmnt	457,070	7	0.16%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Borgman	428,670	9	0.15%	411,860	7	0.14%	421,740	7	0.14%	428,480	9	0.14%	435,330	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%	478,260	8	0.15%
Private Residence-Elgin	-	-	-	-	-	-	-	-	-	423,970	10	0.14%	435,330	10	0.14%
Coolidge & Eleven Inc-Retail cleaner	323,440	10	0.11%	-	-	-	-	-	-	-	-	0.00%	-	-	-
Vargo Golf	-	-	-	-	-	-	-	-	-	-	-	-	725,000	4	0.23%
Ten Largest Taxpayers	6,420,160		2.18%	6,696,190		2.29%	6,925,600		2.33%	7,343,680		2.39%	7,633,430		
Other Taxpayers	\$ 287,770,630			\$ 286,688,380			\$ 291,982,220			\$ 301,437,350			\$ 313,835,350		
Total Taxable Value	\$ 294,190,790			\$ 293,384,570			\$ 298,907,820			\$ 308,781,030			\$ 321,468,780		

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 of four percent and in addition adds interest at the rate of one percent per month to the date of payment.

Lien on Property:

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

Date of Sale

July 2014
July 2015
July 2016

Delinquent Tax Property to be Sold

Year 2009
Year 2010
Year 2011

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				Total Primary Government	Percentage of Personal Income	Net Debt Per Capita
	General Obligation Bonds	GWK Drain Bonds	Installment Loans	PA 99 Installment Loans			
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
2016	10,225,000	1,880,399	46,564	528,163	12,693,749	3.77%	2,033

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
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
2016	10,225,000	928,541	9,296,459	1.12%	1,490

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, 2016

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	10,225,000	928,541	9,296,459	100%	9,296,459
Share of County Issued GWK Drain Bonds	1,880,399	323,636	1,556,763	100%	1,556,763
Michigan Suburbs Alliance Installment Loans	46,564	-	46,564	100%	46,564
Fire Truck/Public safety vehicle/Bus/DPW Truck Installment Loans	481,154	-	481,154	100%	481,154
Total Direct Debt					<u>11,380,940</u>
Overlapping Debt					
Public Schools					
Berkley School District			64,490,000	34.81%	22,448,969
Royal Oak School District			33,715,000	0.01%	3,372
County			403,351,776	0.62%	2,500,778
Intermediate School District			46,680,000	0.62%	289,416
Oakland Community College			1,605,000	0.62%	9,951
Total Overlapping Debt					<u>25,252,486</u>
Total Direct and Overlapping Debt					<u><u>\$ 36,633,426</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt Limit	\$ 45,181,997	\$ 44,512,015	\$ 42,534,892	\$ 39,333,086	\$ 33,986,193
Total net debt applicable to limit	<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>
Legal Debt Margin	\$ 33,783,487	\$ 32,519,544	\$ 31,174,436	\$ 24,557,970	\$ 20,592,037
Total net debt applicable as a percent of the	25.23%	26.94%	26.71%	37.56%	39.41%
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 30,988,506	\$ 30,719,586	\$ 32,149,485	\$ 35,930,013	\$ 41,399,510
Total net debt applicable to limit	<u>\$ 14,729,662</u>	<u>\$ 13,161,696</u>	<u>\$ 15,241,179</u>	<u>\$ 13,016,344</u>	<u>\$ 11,764,763</u>
Legal Debt Margin	\$ 16,258,844	\$ 17,557,890	\$ 16,908,306	\$ 22,913,669	\$ 29,634,747
Total net debt applicable as a percent of the	47.53%	42.84%	47.41%	36.23%	28.42%

Debt Margin Calculation for Fiscal Year 2016

State Equalized Valuation		\$ 413,995,100
Legal Debt Limit (10% of State Equalized Value)		<u>\$ 41,399,510</u>
Amount of Debt Applicable to Limit	12,693,304	
Less: Amount Available in Debt Service Fund	<u>928,541</u>	
Net General Obligation Debt Subject to Limitation		<u>\$ 11,764,763</u>
Legal Debt Margin less amount available		<u>\$ 29,634,747</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>
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%
2016	6,290	341,262,661	\$ 54,255	1,320	4.3%

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

	2007			2008			2009			2010			2011		
			Percentage of Total City Employment			Percentage of Total City Employment			Percentage of Total City Employment			Percentage of Total City Employment			Percentage of Total City Employment
Employer	Employees	Rank		Employees	Rank		Employees	Rank		Employees	Rank		Employees	Rank	
Detroit Zoo	500	1	50.00%	480	1	48.00%	215	1	21.50%	215	2	21.50%	215	1	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	216	2	21.60%	216	2	21.60%	253	2	25.30%	212	1	21.20%	213	2	21.30%
Chase Bank	36	4	3.60%	50	3	5.00%	50	3	5.00%	40	4	4.00%	40	4	4.00%
Huntington Cleaners	50	3	5.00%	31	4	3.10%	31	4	3.10%	50	3	5.00%	50	3	5.00%
Largest Employers	852		85.20%	827		82.70%	599		85.57%	567		86.43%	568		86.59%
Total Employed	1,000			1,000			700			656			656		
	2012			2013			2014			2015			2016		
			Percentage of Total City Employment			Percentage of Total City Employment			Percentage of Total City Employment			Percentage of Total City Employment			Percentage of Total City Employment
	Employees	Rank		Employees	Rank		Employees	Rank		Employees	Rank		Employees	Rank	
Detroit Zoo	178	2	17.80%	210	1	21.00%	203	1	20.30%	220	1	22.00%	220	1	32.69%
Rackham Golf Course	50	3	5.00%	26	5	2.60%	26	4	2.60%	30	4	3.00%	26	4	3.86%
City of Huntington Woods	203	1	20.30%	196	2	19.60%	196	2	19.60%	202	2	20.20%	212	2	31.50%
Chase Bank	30	4	3.00%	30	4	3.00%	25	5	2.50%	24	5	2.40%	25	5	3.71%
Huntington Cleaners	50	3	5.00%	50	3	5.00%	50	3	5.00%	50	3	5.00%	45	3	6.69%
Largest Employers	511		77.90%	512		78.05%	500		76.22%	526		78.16%			
Total Employed	656			656			656			673			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	2007	2008	2009	2010	2011
General government	10	9	9	9	6
Pulic safety	19	19	19	19	18
Public works	9	9	9	9	9
Library	7	7	7	7	6
Recreation	33	30	30	30	33
Total	78	74	74	74	72
	2012	2013	2014	2015	2015
General government	6	6	6	6	6
Pulic safety	18	18	18	18	18
Public works	9	8	10	10	10
Library	6	6	6	7	7
Recreation	33	32	30	31	31
Total	72	70	70	72	72

Source: City of Huntington Woods budget document

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

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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

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

Function/program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Physical arrests	490	397	291	302	218	312	295	430	298	351
Traffic violations	5,087	4,501	3,986	4,171	5,122	5,132	4,733	6,003	3,832	5,177
Parking violations	1,708	1,663	1,665	1,687	1,531	1,615	1,474	1,380	969	1,302
Emergency responses	3,010	2,749	2,627	2,560	2,356	2,238	2,214	2,269	2,430	2,245
Fire responses	116	113	92	104	93	61	94	80	66	85
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	0.05
Library										
Volumes in collection	60,113	59,548	60,255	61,956	63,584	66,258	70,552	73,171	69,106	53,996
Total volumes borrowed	65,839	67,398	80,482	69,417	52,649	68,288	68,542	73,082	61,646	62,089
Recreation										
Pool visitors	38,209	30,609	34,510	23,290	26,259	36,601	30,542	30,421	31,250	33,542
Camp participants	1,098	1,070	1,113	1,264	1,037	968	1,075	917	1,094	1,157
Class participants	7,711	7,341	6,358	6,325	5,950	6,992	6,542	5,290	5,766	6,409
Latchkey participants	224	268	236	211	202	238	192	198	202	192
Senior participants	792	806	642	1,677	1,491	1,798	1,509	1,468	1,711	1,881
Water & Sewer utility										
Average daily consumption (units	680	772	742	709	662	708	667	623	540	571
Water main breaks	16	8	13	13	12	4	16	13	4	8
Transportation										
Individuals transported	4,419	4,384	3,507	3,783	3,847	2,783	3,675	2,717	3,672	4,156

Source: Huntington woods City Records