

**Comprehensive Annual  
Financial Report**

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**City of Huntington Woods, Michigan**

**Prepared by the  
Finance Department**

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**Fiscal Year Ended June 30, 2018**

**City Commission**

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

# Introductory Section

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# 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 Allison Iversen***  
***City Manager Amy Sullivan***

***Commissioner Joe Rozell***  
***Commissioner Jules B. Olsman***  
***Commissioner Jeffrey Jenks***

November 30, 2018

Honorable Mayor, City

Commission City of Huntington

Woods, Michigan

### **Preface**

The City Finance Department is pleased to present to you the Comprehensive Annual Financial Report (CAFR). The finance department takes great pride in its work and believes that the report gives the reader a clear and comprehensive view of the financial health and strength of the City as of the fiscal year ended June 30, 2018. The State of Michigan department of local government finance mandates that each jurisdiction prepares 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 is charged with the preparation of all the notes and schedules, the MDA and the statistical section of this document. The City is responsible for the contents of the CAFR and the data contained therein. The Finance Department worked closely with our Audit team at PSLZ LLP to complete the body of the basic financial statements based upon the data provided by the City Finance Department. The City is very mindful of the responsibility inherent in the financial operations of this unit of government and relies 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 fifteenth 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. We encourage comments in this regard and look forward using best practices in our operations.

## **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 30, 2018. 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 using an enterprise fund which requires the City Commission to set fees for its operations on an annual basis through user fees.

## **FUND TYPES AND PURPOSES**

### **GENERAL**

**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. (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. 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 per P.A. 30 of 1978 for the sole purpose of setting aside funds to be used for budget stabilization. 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.

### **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 to maintain adequate financial control, and to make changes between budgetary categories only. All funds except for 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 2017, 98.41% 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 capita 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.

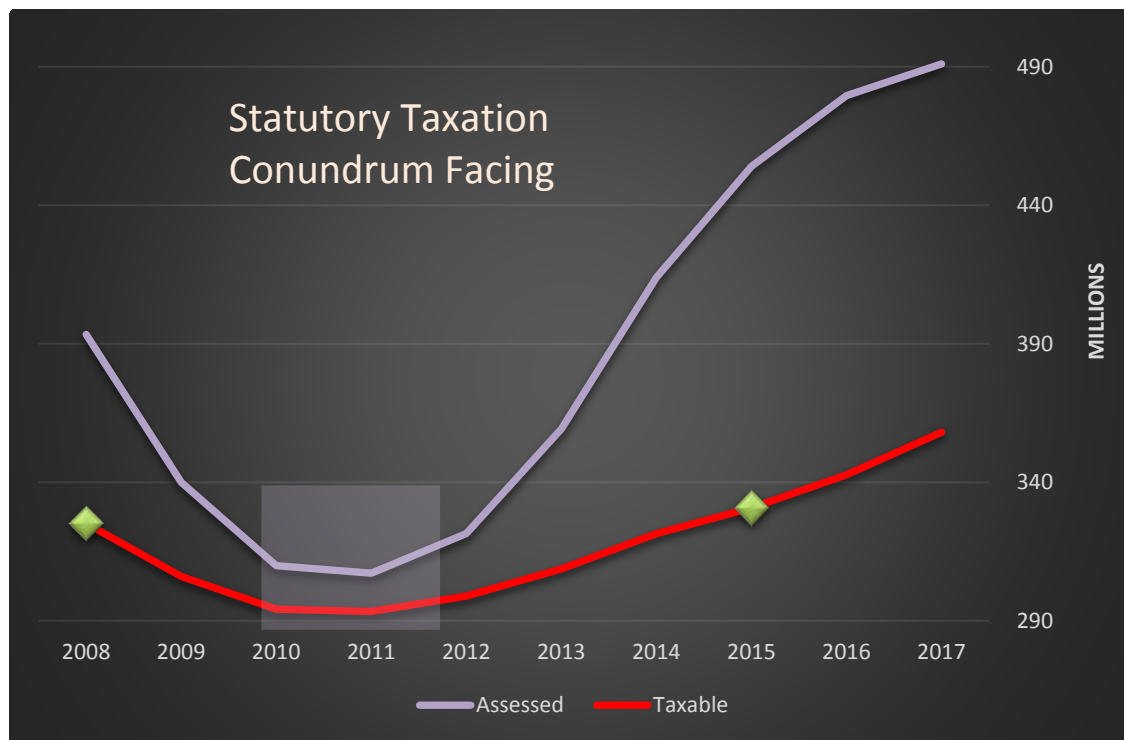
Proposal A, however, also implemented changes in the property tax system including reduced annual tax revenue limits for cities. This statute caused the taxable value of a home to be annually capped at the rate of inflation, Consumer Price Index (CPI) or 5%, whichever is less. The cap remains in effect 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. In the 1990's, the City met the financial goals and objectives it adopted in 1991. It began rebuilding an aging infra- structure, adequately funding post retirement reserves, and moving from a general fund deficit in 1990 to a fund balance of \$3,126,733 as of the completion of FY 2018, including reserves in the Budget Stabilization fund. These balances will allow the City to weather the recent economic downturn, and also give the City more cash flow leverage. These efforts to increase the fund balance and the amount available in the Budget Stabilization fund are timely as we believe that the changes to Proposition A, revenue sharing and now housing values are structural in nature and will cause some permanent revenue reductions.

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 value. 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 2017 by 2.22%; and in 2018 by 4.38%. The final taxable value as illustrated in the 2018-19 budget was \$358,071,710. 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



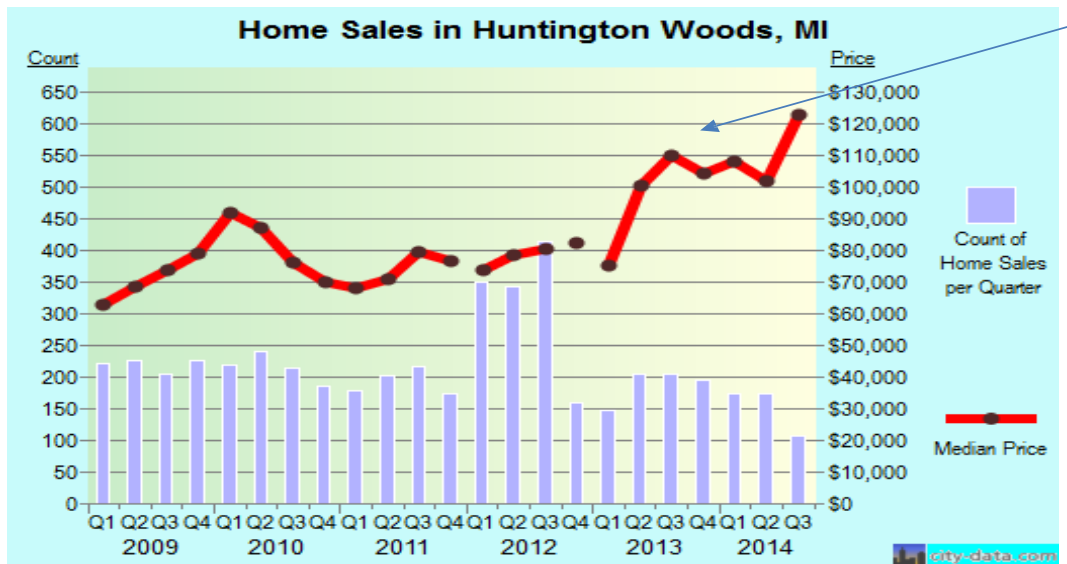
Gap Growing



Taxable Value slow to move

The current trend is continuing into the new budget year. As a result of the higher TV, the City gained additional General Fund tax revenue equal to \$266,423 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 makes traveling easy. We believe that the trend will continue, which will further bolster the value of housing in the City.

As the chart below shows, the City has in the last few years seen a large increase in the value of its housing. This has been steady since just after the recession. We believe that in the next few years the trend will continue. As of this writing, the values according to Oakland County Equalization are rising into the first half of 2018.



### OCCUPATIONS HUNTINGTON WOODS

- Management occupations
- Legal occupations
- Sales and related occupations
- Business and financial operations occupations
- Education, training, and library occupations
- Health Care treating and practitioners
- Architecture and engineering occupations
- Office and Administrative Support

### MALE

(17%)  
(12%)  
(12%)  
(10%)  
(10%)  
(09%)  
(06%)  
-

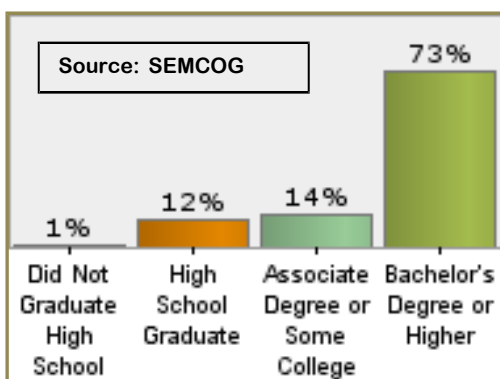
### FEMALE

(12%)  
(08%)  
(08%)  
(12%)  
(15%)  
(17%)  
-  
(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, 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 Assessed Value as of December 31, 2017 at \$491,015,000 and the (TV) Taxable Value at \$358,071,710. The City Charter requires the establishment of a Commission-Manager form of government. The City Commission is comprised of 5 members whom are elected at large for four year staggered terms. They are responsible for the appointment of the City Manager, Attorney, and Chief of Police, and for approving of the appointment of the City Treasurer and City Clerk. The Commission is also responsible for enacting a set of ordinances and resolutions that govern the operation of the City.

The City Manager is appointed by the City Commission and works at their pleasure. The Manager may hire department personnel at his/her discretion for effective operation of all city departments.

The City of Huntington Woods is entirely developed. Almost no property within the City remains undeveloped. The vast majority of the housing stock in Huntington Woods is comprised of single-family residential properties. The City has for the last three decades been in a no growth condition. There is no land to develop, and therefore the only new construction comes from the tear-down of existing structures, or additions on single family homes.

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 2015 median household income of \$115,025 ranks among the highest in Oakland County.

Other Oakland County communities also have populations that are generally affluent and educated, but Huntington Woods differs from these in some important respects. The City is not typical of the new, burgeoning suburban communities that comprise much of Oakland County. In contrast, much of the east side of the City was developed in the 1920s, and the west side in the 1940s. The housing stock ranges from large Tudor and brick colonial homes to smaller bungalows and ranches. Moreover, the City is physically small in size and 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, 2016		\$339,166
Owner occupied Housing units 2012		2,232
Est Persons per household, 2014		2.65
Est Median household income 2014		\$115,025
People of all ages in poverty - percent, 2014		2.20%
Source <a href="https://www.census.gov">https://www.census.gov</a> & Oakland County		

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 recession of 2008 negatively impacted the housing values for the first time in recent memory. Now, ten 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 used all of its millage remaining under the millage cap voted in 2003 in the 2018-2019 approved budget. 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 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 2011-2018

FISCAL YEAR	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
REVENUE (INFLOWS)	6,436,674	6,432,865	6,875,966	7,245,404	7,342,227	7,259,757	7,459,348	7,596,573
EXPENDITURE (OUTFLOWS)	6,097,335	6,312,244	6,548,964	6,671,310	7,977,056	7,071,066	7,289,749	7,303,450
FUND BALANCE ACTUAL	2,088,432	2,209,053	2,536,055	3,110,149	2,475,320	2,664,011	2,833,610	3,126,733
SURPLUS (DEFICIT)	339,339	120,621	327,002	574,094	(634,829)	188,691	169,599	293,123

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 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 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 park land. 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 2017-18 there have been no new initiatives regarding the ownership of the Rackham Golf Course.

## **Facing the Future- Changes Around the Corner**

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 above 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. The City will need to take a close look at how it may be possible to provide the services our resident desire 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. This year the city formed a Long Range Budget and Planning Committee to study the long term goals of the city and come up with recommendations on how to fund them. 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 has been used to balance the budget in 2018-19. There is currently no other method under the Headlee formula to increase the revenue derived from the tax base. Revenue adjustments will only be derived from new construction or marginal inflationary increases only allowed up to 5% or less as required by the current law. The City may not be able to maintain the fund balance at the current levels, as monies will be needed from City reserves to fill in the gap between operations and the amount levied. The City will need to make tough decisions to maintain fiscal stability. In addition, the Sanitation fund which is solely funded by the millage rate is being stressed as well. With a low fund balance this fund may need to rely upon transfers from general operating to continue operations. The City needs to begin consideration for alternative methods of funding to bring more revenue into the Sanitation Fund as well.
2. The City has just levied its last series of bonds that had been voted upon to fund road and infrastructure improvements. The 2017 bonds were sold bringing into the City a total of \$3.3 million dollars. This brings the total debt the City now to a moderate \$11.7 million dollars in outstanding UTGO road bonds as of 6/30/18. That said only approximately 65% of the City's Road infrastructure has been rebuilt leaving 35% of the roads untouched. The City will be required to levy more debt if the remaining portion of the roadway in the City is to be completed. Although the City is not too close to the debt limit, the City will need to be careful because additional millage will need to be levied for operations over and above the amount need to complete roadway repairs.
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 has completed a sewer cleaning and camera project on all of the city sewers. The engineers have determined that the total may approach \$13.5 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, 2017. This was the twelfth 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 just recently received an updated rating from Standard and Poor's. Fortunately, we have been able to maintain an AA+ bond rating. The rating has been consistent for 10 years and is an indication of the financial health of the City, even during the recessionary times a decade ago. Our goal is to maintain this high rating level, and to take steps necessary to review and correct for issues that may be on the horizon that would lower this exemplary status.

The time and effort needed to put together a document of this nature is significant. The compilation of the data occurs annually and requires substantial effort throughout the year. 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. The challenge is rewarding. Our residents can look to one place for all the information on the financial health of the City and can be assured that the data contained in the document has been reviewed and scrutinized for accuracy. 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,  
Tim Rowland, Finance Director  
Jamie Still, Deputy Finance Director





Government Finance Officers Association

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

Presented to

**City of Huntington Woods  
Michigan**

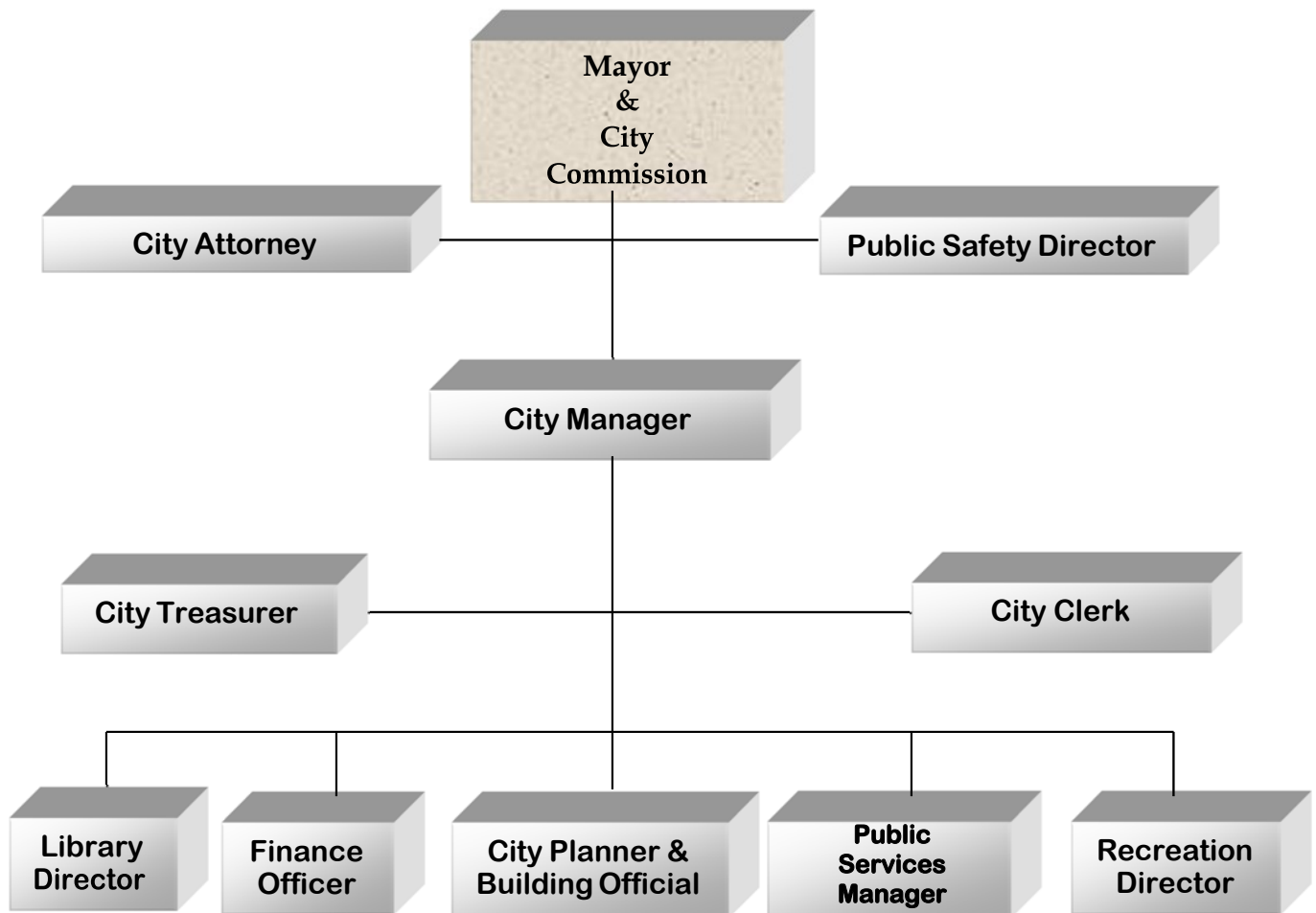
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

# ORGANIZATIONAL CHART



City Attorney, City Manager, and 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

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#### Principal Officials - June 2018

Mayor	Robert F. Paul
Mayor Pro-Tem	Allison Iversen
Commissioners	Joe Rozell Jules B. Olsman Jeffrey Jenks
City Attorney	Carol Rosati
City Manager	Amy Sullivan
Finance Director	Tim Rowland
Deputy Finance Director/Deputy Treasurer	Jamie Still
City Treasurer/ City Clerk	Joy Solanskey
Public Safety Director	Andrew Pazuchowski
Library Director	Anne Hage
Recreation Director	Mary Gustafson
Department of Public Works Director	Rocco Fortura
Planning Official	Carlisle/Wortman Associates

# City of Huntington Woods, Michigan

## Fund Organization Chart

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### 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

2017 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.

## **Financial Section**

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# 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.  
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

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Deborah M. Gulledge, C.P.A.  
Jing Yang, C.P.A.

### Independent Auditor's Report

November 30, 2018

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

**Emphasis of Matter**

As discussed in the footnotes to the basic financial statements, in fiscal year 2018, the City adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. As a result of implementing this pronouncement, the City's net OPEB liability has been recognized on the government-wide statements and as discussed in the notes, the 2017 financial statements have been restated. Our opinions are not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntington Woods, Michigan's basic financial statements. The other supplemental information as listed in the table of contents (combining statements and budgetary comparison schedules) and introductory section and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents (combining statements and budgetary comparison schedules), is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as listed in the table of contents (combining statements and budgetary comparison schedules), is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully,

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

PSLZ LLP

Certified Public Accountants

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



# City of Huntington Woods, Michigan

## Management's Discussion and Analysis

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

### Overview of the Financial Statements

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

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

The information contained within this MD&A is only a component of the entire financial statements. Readers are encouraged to 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 the 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 the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities accounts for all 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

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### 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 governmental 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, 2014, and 2017 Street U.T.G.O. Debt funds.
- Proprietary funds - Services for which the City charges customers a fee generally are reported in proprietary funds. Proprietary fund statements, 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 an internal service fund, 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 and do not involve measurement of results of operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

### Notes to the Financial Statements

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

### Other Information

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

## City of Huntington Woods, Michigan

### Management's Discussion and Analysis, continued

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#### Budgetary Basis of Recording: General Fund

The City's General fund posted an increase in fund balance of \$231,404 and the Budget Stabilization fund increased fund balance by \$61,383. These increases represent 6.58% of all expenditures inclusive of all transfers from General fund.

The finance department is currently in discussions with the Michigan Employees Retirement System (MERS) to assist the City in the development of a strategy to manage legacy costs. The MERS actuaries have recently made numerous significant changes in the methodologies used to amortize long term pension liabilities. The hope is that the new twenty-year amortization schedules and accelerated funding will help the City increase our funding levels and provide stability to the pension system. The assumptions and methods adopted by the MERS retirement board are reviewed every five years in an experience study. The study is a comprehensive, detailed analysis that reviews MERS' funding policy and compares actual experience with the current actuarial assumptions; the study recommends adjustments as necessary. The most recent study was completed in 2015 and changes to the assumptions and methods based on this data were reflected first in the 2015 valuations. The impact of these changes will be phased-in over a five-year period. The phase-in allows us to spread the impact of the new assumptions over a longer time horizon. As part of the recent experience the following changes are reflected in the 2016 valuation:

- Asset smoothing was changed from 10 to 5 years. The gain (loss) recognized each year will be 20% of the current year's gain (loss) from each of the preceding years. The cumulative difference between the market value and valuation of assets as of December 31, 2015 will be recognized over 4 years.
- Annual changes in Unfunded Accrued Liability (UAL) will be amortized over fixed periods. Creating "layers" of UAL. This will require removing and creating "layers" of UAL on an annual basis.
  - Once the amortization period drops below 15 years (10 Years for closed divisions), any future liability and asset gains or losses will be spread over a 15-year fixed period for open division and a 10-year fixed period for closed divisions --- creating "layers" of UAL on an annual basis.
  - This transparent method allows tracking of what is changing the UAL and sets a fixed period in time in which the UAL change will be fully funded.

As of December 31, 2017 the City had submitted to MERS a total of \$1,417,705 of which \$226,689 was over the amount required by the actuary. Employer contributions made to the MERS DC program totaled \$117,462 and employee contributions totaled \$69,093. In addition to the amounts set aside for the Defined contribution program, the City also has \$1,427,456 available to pay post-retirement health care benefits for employees. As of April, 2016 the City adopted a policy that provides for a Retiree Health Care Savings Plan for all non-union and DPW Union employees hired after January 1, 2016.

The City is paying more into the State Insurance Pool than in prior years, primarily due to high loss ratios caused by the 2014 natural disaster in the region. Insurance distributions from the state insurance pool have been cut significantly from a high of approximately \$104,000 in 2014 to \$46,000 in 2017-18. This distribution from the loss fund is based upon market variables and loss ratios. We believe that it is likely that the amount of the distribution will increase in 2018-19. The City has not utilized any fund balance in the recessionary years except in FY 2014-15. The 2018-19 budget adopted in May 2018 does not require an allocation from unassigned fund balance.

The City set aside \$50,000 again in fiscal 2017-18 in the Budget Stabilization fund, established after the 2003 millage vote. The amount currently available for budget stabilization purposes is \$1,139,835, this amount is included in the General Fund committed fund balance. The City has not utilized any monies from the stabilization fund since the fund was established. Contributions to the budget stabilization fund could be a source of revenue during poor economic times or on an emergency basis when required. The City invests idle funds as per statutory regulations into various investment vehicles to maximize interest yield to the highest extent possible. The stated maturities we maintain have been kept relatively short to reduce market risk in the low interest environment.

## City of Huntington Woods, Michigan

### Management's Discussion and Analysis, continued

The City maintains an affiliation with a third-party investment advisor who is utilized as needed to assess risks in the investment marketplace. No significant 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 \$134,051 in investment earnings. After a decade long low interest rate market, The Federal Government has made multiple rate increases that have helped our investment earnings. This year's earnings were a welcome increase from the \$52,353 earned in the prior fiscal year. 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.

Building permit revenue declined due to a change in our fee schedule in the prior fiscal year. This is primarily due to the requirement by the State of Michigan that the City (in aggregate) does not collect more revenue than what it costs to operate the building department within the City. The chart below shows the change in building permit revenue patterns in the last ten years.

Building Permit 10 Year History									
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
141,790	134,047	165,545	145,338	236,652	304,158	338,011	278,738	260,161	210,759

Huntington Woods housing values have increased at a rate higher than many cities in our area. Primarily, this is due to the residential nature of the community, the housing stock, and the central location along the I-696 corridor in south Oakland County. Factors such as these have cushioned the economic blow during the recent national economic collapse. Information we have received from the Oakland County Assessor's office has indicated that the recovery in the housing market is still in place, and values continue to rise. Statewide, property valuations have been slowly returning to pre-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 millage from the voted over-ride millage at a quicker than expected rate to maintain its services. The City is currently at its millage cap in the 2018-19 budget.

State of Michigan Revenue Sharing payments to Huntington Woods have been increasing steadily since the recession and are now at \$593,340. As of June 30, 2018 State shared revenue constituted only 8.06% of all expenditures in the General Fund. This figure has only risen by a meagre 1.3% over the ten-year period while the General Fund expenditures have risen substantially by 11.75% over the same timeframe. The loss in revenue therefore illustrates the poor situation faced by this municipality and others in the state where populations have remained relatively consistent. Had the State legislature maintained the same level of benefit based upon the statutory formula in place in 2008 the city would have received substantially more revenue sharing. The continued use of formulas by the State that continue to keep revenue sharing payments low is critical. Unless the State is willing to take a hard look at the policies and provisions for the distribution of this revenue sharing, the loss of millions of dollars of distributions will

State Shared Revenue 10 Year History									
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
562,845	570,623	447,260	511,758	526,067	539,886	549,411	549,493	573,629	593,340

## **City of Huntington Woods, Michigan**

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

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Transfers from General fund equaled \$2,128,200 which is a moderate decrease of 2% from last year's value of \$2,175,500. A total of \$978,200 was transferred to capital planning, budget stabilization and post-retirement benefits combined. General fund transfers to the Recreation fund for operational purposes increased \$100,000 to \$850,000. Overall, the Recreation fund collected 97.60% of all anticipated revenues including transfers from other funds, or approximately the same as in prior years. The Recreation Center spent 99.05% of appropriations equal to \$2,059,877; a small increase from 2017 but higher than anticipated. In the last few years, the cost of the recreation operations has increased significantly due to additional programming costs, building upkeep, increased cost of personnel, and most significantly the benefit costs associated with the MERS retirement transfers. The increase in the expenditures in the Recreation Fund coupled with the small increase in revenue has caused the Recreation Fund to show an uncommitted fund balance that is too low to fund the operation of the Gillham Recreation Center. The City is in the process of reviewing what needs to be done in 2018-19 to reduce the cost in the fund and bring in more revenue. If additional revenue is not likely, the City may need additional transfers for operations from the General fund.

#### **Budgetary Basis of Recording: Other Governmental Funds**

The Major and Local Road fund revenue increased significantly to \$799,917 or 22% due to the state making an additional disbursement to communities and the reassignment of some roads from local roads to major roads. Expenditures also increased over this same period to \$763,536. The cost of maintaining one mile of roadway and/or rebuilding a mile of roadway has significantly increased in the past 6 years, as material cost continue to rise well above inflation, according to our engineers. The amount of revenue the City receives from the State for Gas and Weight tax tied to the road funds in Act 51 dollars have never been adequate to rebuild the roadway system in the City. Although the City has been able to maintain the fund balance in these road funds, it is becoming increasingly difficult to maintain fund balance levels with the current level of expenditures required to maintain our right-of-way. The State has made some changes in the Gas and Weight tax distribution after a successful campaign to raise the gas tax statewide. With years of deferred maintenance, according to State Sources, Michigan's roads need 2.0 billion annually to repair the failing roadway system. Our hope is that additional monies will be appropriated in the next few years, however the antiquated formula for monetary distribution represents a major obstacle for smaller communities like Huntington Woods. As of June 2018, the Major Road fund has increased its fund balance by \$44,199, and the Local Road fund decreased its fund balance by \$7,809.

The City has continued its aggressive road replacement program paid by debt millage. The last series of bonds were levied in 2017 under the UTGO bond millage vote in 2009. This completes all the series originally anticipated. Unfortunately, the City does not have enough bond proceeds left to complete the project as originally anticipated. As of the end of the audit year, the City still has 35+ percent of the City that does not have a new or improved roadway surface. To complete the multiyear roadway reconstruction project, the City Commission will need to review the status of the roadway work and resolve to bring a proposal to a vote. Although the City has room under the statutory debt limit, the City will need to look carefully at the operating millage we now levy, the millage cap, and other large programs such as the Sewer replacement project. Lastly, the Major and Local Road funds are the major source of funding for a portion of the 11 Mile Road bond and continues to fund this bond repayment through 2027. The City has not yet completed the trimming of trees within our 13 acres of parks but hopes to complete this task in the future. Once completed, we will begin the 5yr. trimming schedule originally envisioned in 2012. Presently the focus is on tree trimming on our local and major street that can be accomplished by our DPW crew.



## **City of Huntington Woods, Michigan**

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

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#### **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 goal will be to maintain a high-quality recreational facility for the region to enjoy. The Scotia Park project was completed in the fall of 2017. The project cost approximately \$254,000 and was paid by Capital Improvement monies and Grants.

#### **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 valuation) 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 implemented GASB 75 in this fiscal year which significantly increased the amount of liability recorded. The City has determined that the net OPEB liability at June 30, 2017 is \$17,138,606. As of the end of the fiscal year the City contributed \$125,976 into the trust and paid Healthcare premiums for the retirees of \$370,261. The Post Retirement fund (734) posted administrative and other costs of \$85,746. The City will continue to contract with the Municipal Employees Retirement System to maintain an OPEB Trust for 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 as illustrated in 1943 P.A. 20 as amended. 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 average length of investment maturity as of June 30, 2018 is 3.20 years. In addition, the investment policy provides for a credit review of all CD's and Commercial paper purchased. Although the State statute does not require any credit test, the policy we employ carries a provision to meet a credit threshold as established by bank credit rating agencies. Additionally, the Finance department can only invest monies in any bank Certificate of Deposit for a maximum length of 18 months, further reducing credit risk. At the end of the fiscal year the City had a total 20.8% of its portfolio invested in instrumentalities that are subject to credit risk. The remaining balance of the portfolio or 79.2% is invested in Agencies and Municipal Bonds that have laddered maturities. The City posts these at market rate, and generally holds all marketable securities to maturity.

The City ended the fiscal year with an increase in its fund balances positions in General Fund. Other Governmental funds generally showed mixed results. The sanitation fund closed the year with a positive net adjustment to unreserved fund balance equal to \$23,525. Unfortunately, as stated earlier in this report, the City has levied all mills remaining in its full over-ride vote and has no additional millage available. The administration understands this situation and will continue to monitor the health of the General Fund. Property values have continued to rise in the last 7 years, however the City cannot capture the increase in market value on the tax roll due to proposal A. This dynamic is beginning to weigh heavily on our ability to maintain services at their current levels. We are looking for changes to be made via the State Legislature to minimize the issues inherent in the proposal A calculations. Currently, the City has General Fund equity equal to 40.80% of annual expenditures and transfers out. This level of fund balance is still healthy and above the customary standards for local governmental units. 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 to pay for past debt.

## City of Huntington Woods, Michigan

### Management's Discussion and Analysis, continued

Data from Oakland County Equalization shows a relatively modest increase in taxable value again for the calendar year 2018 equal to 4.38%, unfortunately because the rate of inflation was kept at 2.1% the City was unable to capture much of this increase. 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.

### Capital Outlay

The City allocated \$594,851 in the 2017-18 Capital Improvement Program Budget (CIP). At the end of the fiscal year the City spent a total of \$501,193 on various capital projects. Most of this money was allocated to building repair. The Public Safety Department purchased a new video capture system and ballistic vests. The Public Works department got a new roof for \$65,000. The recreation department spent \$254,148 on the redevelopment of Scotia Park, and to \$24,900 for a new fire alarm system. The City has continued the implementation of the Road Improvement program and allocated \$1,064,248 in the construction fund to complete some street building efforts. We also began our 10-year sidewalk replacement program in spring 2017 and spent \$169,414 on the program. The program will be completed in the 2018-19 fiscal year. Capital Projects fund balances have been reduced primarily due the road expenditures as indicated above. Aging buildings and other related equipment have caused the City to spend CIP dollars on improvement to roofs, doors, parks, and other electronic equipment in our City hall and Cultural Center buildings.

### The City of Huntington Woods as a Whole

The City's combined total of net position for the fiscal year ended June 30, 2018 is \$8,736,269 as illustrated in the statement below.

City of Huntington Woods' Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 9,840,059	\$ 10,131,367	\$ 1,899,787	\$ 1,859,660	\$ 11,739,846	\$ 11,991,027
Capital Assets	33,786,601	33,160,564	4,084,636	3,932,000	37,871,237	37,092,564
Total Assets	43,626,660	43,291,931	5,984,423	5,791,660	49,611,083	49,083,591
Deferred Outflows	1,395,407	1,205,251	-	-	1,395,407	1,205,251
Long-term liabilities	38,916,753	28,232,418	-	-	38,916,753	28,232,418
Other liabilities	2,793,840	1,175,418	63,679	101,412	2,857,519	1,276,830
Total Liabilities	41,710,593	29,407,836	63,679	101,412	41,774,272	29,509,248
Deferred Inflows	495,949	701,074	-	-	495,949	701,074
Net Position:						
Net investment in capital assets	22,471,311	18,562,423	4,084,636	3,932,000	26,555,947	22,494,423
Restricted	4,336,126	6,128,154	-	-	4,336,126	6,128,154
Unrestricted (Deficit)	(23,991,912)	(10,302,305)	1,836,108	1,758,248	(22,155,804)	(8,544,057)
Total Net Position	\$ 2,815,525	\$ 14,388,272	\$ 5,920,744	\$ 5,690,248	\$ 8,736,269	\$ 20,078,520

\* GASB Statement No. 75 was implemented by the City in fiscal year 2018. Fiscal year 2017 amounts shown have not been modified to reflect the retroactive application of the change.

## City of Huntington Woods, Michigan

### Management's Discussion and Analysis, continued

In 2014 the City suffered substantial damage to the infrastructure of the City due to a rain event. This event caused the City to spend a substantial amount of monies equal to \$1.45 million for repair of our buildings. The majority of this amount 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 an additional payment into the MERS retirement system program being made. As of June 2018, the City experienced a major change in net position due to GASB 75. The City now must record the OPEB Liability on the financial statements.

The City's combined total net position for the fiscal year ended June 30, 2018 is \$8,736,269. The dramatic reduction in the net position is due to the implementation of the OPEB pension liability actuarial. This decrease will permanently reflect the new GASB standard and more adequately show the adjusted net worth of the City.

The following shows the net position as of June 30, 2017 and 2018 in a condensed format:

#### City of Huntington Woods - Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services	\$ 2,290,357	\$ 3,233,361	\$ 2,860,626	\$ 2,798,640	\$ 5,150,983	\$ 6,032,001
Operating Grants & Contrib.	79,032	11,918	-	-	79,032	11,918
Capital Grants & Contrib.	137,824	-	-	-	137,824	-
General Revenues:						
Property Taxes	8,013,808	7,436,568	-	-	8,013,808	7,436,568
State Shared Revenues	594,811	573,630	-	-	594,811	573,630
Investment Earnings	122,929	48,235	11,122	4,121	134,051	52,356
Total Revenues	11,238,761	11,303,712	2,871,748	2,802,761	14,110,509	14,106,473
Expenses:						
General Government	2,004,010	2,527,307	-	-	2,004,010	2,527,307
Public Safety	2,868,799	2,064,426	-	-	2,868,799	2,064,426
Public Works	1,528,845	1,246,834	-	-	1,528,845	1,246,834
Recreation and Cultural	2,740,835	2,584,876	-	-	2,740,835	2,584,876
Interest on Long-Term Debt	386,268	392,639	-	-	386,268	392,639
Miscellaneous	-	3,054,456	-	-	-	3,054,456
Water and Sewer	-	-	2,582,402	2,813,487	2,582,402	2,813,487
Total Expenses	9,528,757	11,870,538	2,582,402	2,813,487	12,111,159	14,684,025
Excess (Deficiency) before						
Transfers	1,710,004	(566,826)	289,346	(10,726)	1,999,350	(577,552)
Transfers In (Out)	58,850	(240,192)	(58,850)	240,192	-	-
Change in Net Position	1,768,854	(807,018)	230,496	229,466	1,999,350	(577,552)
Net Position, Beg. of year	1,046,671	15,195,290	5,690,248	5,460,782	6,736,919	20,656,072
Net Position, End of year	\$ 2,815,525	\$ 14,388,272	\$ 5,920,744	\$ 5,690,248	\$ 8,736,269	\$ 20,078,520



## City of Huntington Woods, Michigan

### Management's Discussion and Analysis, continued

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The City Commission has levied the last series of bonds for roads as alluded to earlier in this document. The City Commission has established a long-range budget and planning committee that has been directed to come up with a plan to fund the remaining road repairs. The total debt load of the City is included in Note 4 of this statement. The millage needed at our current level of taxable value to pay our road bond obligations in 2018 was 3.5225 equal to \$1,207,122 exclusive of overlapping Oakland County Drain debt. The levy for the 2018-19 fiscal year is 3.4453 mills or \$1,233,632.

Long term debt for the GWK Drain has been restructured and now includes seven separate issues amounting to \$1,437,643. 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.

As of June 30, 2018, 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 millage equal to the total of the principal and interest obligations in any fiscal year to pay its current year bonded debt obligations. The amount of millage needed to pay the Oakland County Drain bond overlapping debt in 2017-18 was 0.6630 mills; in 2018-19 the millage is 0.6206 mills. The statutory limit on the amount of outstanding debt that the City can levy is 10% of the assessed value of \$491,015,000 or \$49.1 million. The City's current debt margin is equal to 25.29%.

The City successfully negotiating with the Police Officers Labor Council a three-year contract expiring June 30, 2020. This contract closed the MERS Defined Benefit pension system. New hires will receive retirement benefits based upon a 401a defined contribution (DC) plan similar to other employee groups. Beginning in 1998 all new employees in our non-union group and the AFSCME union group are placed into a defined contribution program except both 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. With legacy cost continuing to increase as older workers retire, the City must look at methodologies and programs that will assist in reducing the total unfunded liability. The current monetary requirement for MERS funding in aggregate for all pensioned DB groups in the City is \$1,383,708 and the required accelerated amount is equal to \$1,471,596. This equates to a total of 4.18 mills

The City has completed a very extensive review of the sanitary and storm water overflow system in the City. This is due to the age of the system and increased liability due to unknown damage resulting from the 2014 flood event. The City cleaned, mapped, and televised the entire 32+ miles of sanitary sewers in the City, most of which were installed well over 70 years ago. The data has been compiled and the City has developed of a long-term capital improvement plan to repair the underground sewer lines. The first portion of this sewer repair program will be a \$7,845,000 bond proposal on the November 2018 ballot. If passed bonds would be sold in spring 2018 with construction to begin in the summer of 2018.

As of June 30, 2018, all required and relevant 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). Currently, the City has an overall defined benefit funding ratio of 61%; marginally higher than in 2017. The total December 31, 2017 unfunded liability is \$9,735,137. Reducing the unfunded liability in MERS and OPEB is one of the largest financial issue we face. As of the end of the fiscal year ending June 30, 2018 on a cash basis, the City paid a total of \$1,403,305 in pension payments, \$1,023,559 in healthcare and related costs, and \$117,462 in defined contribution payments in fiscal 2017-18. This level of benefit funding is difficult to sustain. The City will continue to review 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 will hopefully bring the payment into a fully funded prospective and allow the City to pay pensions based solely upon a normal cost.

## City of Huntington Woods, Michigan

### Management's Discussion and Analysis, continued

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General Fund transfers decreased 1.6% to a total of \$2,128,200 in the current year. These monies were substantially transferred to pay for capital projects. The General fund subsidized the Recreation fund by \$850,000 and the Post Retirement fund by \$528,200. These two transfers alone represent 4.02 mills, which is .25 mills higher than was transferred in 2017.

<b>TRANSFERS OUT OF GENERAL FUND FY 2017-18</b>		
	<b>Actual 6/30/18</b>	<b>Percentage</b>
<b>TRANSFER/LOCAL STREET</b>	\$150,000	7.05%
<b>TRANSFER/RECREATION FUND</b>	850,000	39.94%
<b>TRANSFER - BUD STABILIZATION</b>	50,000	2.35%
<b>TRANSFER - EQUIPMENT FUND</b>	150,000	7.05%
<b>TRANSFER/POST RETIREMENT</b>	528,200	24.81%
<b>TRANSFER/CAPITAL PLANNING</b>	400,000	18.80%
	<b>\$2,128,200</b>	<b>100%</b>

#### Financial Outlook Review

Huntington Woods and other “inter-ring” suburbs are very interested in the strength brought about by the renewed interest in the City of Detroit. The City Commission in Huntington Woods supports the efforts of the Mayor’s office and the redevelopment initiatives brought about by the new administration. The City has supported issues and programs designed to bring about new and improved transportation in the region and are ready to help the City of Detroit become powerful again. Huntington Woods has been awarded a very high AA+ S&P bond rating. Fortunately, Oakland County’s high rating and Detroit’s comeback have been positive factors in the rating we now enjoy. Lastly, the State has roared back in a big way and enjoys a very healthy rainy-day fund. 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. The 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. The administration and Commission understand that many of the changes that have been made 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.

Michigan has made significant strides in economic stability, based upon the improved economy. The resulting increase in revenue has helped to stabilize numerous revenue sharing payments statutorily due the City on an annual basis. Changes in personal property taxation has reduced the tax burden on small businesses but has had little impact on Huntington Woods due to our small commercial/business footprint. 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 Cities, Villages, and Townships Revenue Sharing Program (CVTRS) program 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, 2018. 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.

## City of Huntington Woods, Michigan

### Management's Discussion and Analysis, continued

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#### SUMMARY

Housing values still are on the uptick in 2018. We have come back from the recession as it pertains to the value of the City on the tax rolls. That said, the City will never regain the lost revenue caused by the slump in housing values, or the loss in other revenue associated with the downturn. A recent study put together by the Michigan Municipal League (MML) and its advisors points to the fact that the State of Michigan is not adequately sharing with local communities any increased revenue in the way of revenue sharing payments. This same study focused on the systemic problems inherent the 1993 Proposal-A which dramatically changed the way taxation is calculated in the state. We firmly hope that there will be legislation written that will change current policy on the distribution of revenue sharing and the ability to allow governmental units in the State to keep up with costs by eliminating provisions within Proposal A that "Cap" our ability to raise tax dollars via increased property valuations above inflation. The lack of a viable method to capture the value of "pop-up" or sale adjustments to the roll will ultimately spell doom for urban mature communities that are in a "no-growth" posture. Huntington Woods can be considered in this group. In the last 7 years the City has consistently lost ground every year in its ability to levy tax due to the constraints of Proposal A. This one issue may be our largest challenge. The City does not anticipate any new hiring in the future and will only consider hiring person to fill positions on our staff that have retired.

Investment income has improved this year, and new investments and market variables point to higher yields in the future. Recent changes in health care policies and requirements have further caused the City to rethink the cost of staffing and providing services through contracted vendors. We are continually testing the market for finding the right fit in providing benefits to our employees at a reasonable premium. 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 City has established a Long-Range Budget and Planning Committee to look at methods of reducing costs and increasing revenues. We may need to request that voters once again override the Headlee amendment with a millage vote to maintain services at present levels. It is unlikely that the City's new construction will grow quickly enough to fill the void created by increased costs in the declining revenue environment.

## **Basic Financial Statements**

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**CITY OF HUNTINGTON WOODS, MICHIGAN**

**Statement of Net Position**

**June 30, 2018**

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total</u></b>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 277,878	\$ 15	\$ 277,893
Investments	8,966,766	1,035,813	10,002,579
Receivables (net of allowance for uncollectibles):			
Accounts	429,871	803,530	1,233,401
Taxes	58,721	-	58,721
Prepaid Items	102,233	-	102,233
Inventories	4,590	60,429	65,019
Total Current Assets	<u>9,840,059</u>	<u>1,899,787</u>	<u>11,739,846</u>
Noncurrent Assets:			
Capital Assets:			
Nondepreciable Assets	89,802	1,000	90,802
Depreciable Assets	<u>33,696,799</u>	<u>4,083,636</u>	<u>37,780,435</u>
Total Noncurrent Assets	<u>33,786,601</u>	<u>4,084,636</u>	<u>37,871,237</u>
Total Assets	<u>43,626,660</u>	<u>5,984,423</u>	<u>49,611,083</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows related to Pensions	<u>1,395,407</u>	<u>-</u>	<u>1,395,407</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable	482,092	8,505	490,597
Accrued Expenses	211,041	4,219	215,260
Other Liabilities	761,906	14,555	776,461
Current portion of long-term obligations	<u>1,338,801</u>	<u>-</u>	<u>1,338,801</u>
Total Current Liabilities	<u>2,793,840</u>	<u>27,279</u>	<u>2,821,119</u>
Noncurrent Liabilities:			
Other Liabilities	-	36,400	36,400
Net Pension Liability	9,340,478	-	9,340,478
Net Retiree Healthcare Obligation	17,138,606	-	17,138,606
Compensated Absences Payable	8,646	-	8,646
Noncurrent portion of long-term obligations	<u>12,429,023</u>	<u>-</u>	<u>12,429,023</u>
Total Noncurrent Liabilities	<u>38,916,753</u>	<u>36,400</u>	<u>38,953,153</u>
Total Liabilities	<u>41,710,593</u>	<u>63,679</u>	<u>41,774,272</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows related to Pensions	145,405	-	145,405
Deferred Inflow-recreation fees	<u>350,544</u>	<u>-</u>	<u>350,544</u>
Total Deferred Inflows of Resources	<u>495,949</u>	<u>-</u>	<u>495,949</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	22,471,311	4,084,636	26,555,947
Restricted for:			
Sanitation	78,993	-	78,993
Streets	3,124,041	-	3,124,041
Debt Service	1,009,771	-	1,009,771
Budget Stabilization	123,321	-	123,321
Unrestricted (Deficit)	<u>(23,991,912)</u>	<u>1,836,108</u>	<u>(22,155,804)</u>
Total Net Position	<u>\$ 2,815,525</u>	<u>\$ 5,920,744</u>	<u>\$ 8,736,269</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, 2018**

		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	
<b><u>Functions/Programs</u></b>							
Governmental Activities:							
General Government	\$ 2,004,010	\$ 743,567	\$ 4,028	\$ -	\$ (1,256,415)	\$ -	\$ (1,256,415)
Public Safety	2,868,799	223,384	7,996	-	(2,637,419)	-	(2,637,419)
Public Works	1,528,845	235,426	45,213	137,824	(1,110,382)	-	(1,110,382)
Recreation and Cultural	2,740,835	1,087,980	21,795	-	(1,631,060)	-	(1,631,060)
Interest on Long-Term Debt	386,268	-	-	-	(386,268)	-	(386,268)
Total Governmental Activities	<u>9,528,757</u>	<u>2,290,357</u>	<u>79,032</u>	<u>137,824</u>	<u>(7,021,544)</u>	<u>-</u>	<u>(7,021,544)</u>
Business-type Activities:							
Water and Sewer	<u>2,582,402</u>	<u>2,860,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>278,224</u>	<u>278,224</u>
 Total Primary Government	 \$ <u>12,111,159</u>	 \$ <u>5,150,983</u>	 \$ <u>79,032</u>	 \$ <u>137,824</u>	 <u>(7,021,544)</u>	 <u>278,224</u>	 <u>(6,743,320)</u>
General Revenues and Transfers:							
Property Taxes					8,013,808	-	8,013,808
State Shared Revenue					594,811	-	594,811
Unrestricted Investment Earnings					122,929	11,122	134,051
Transfers					58,850	(58,850)	-
Total General Revenues and Transfers					<u>8,790,398</u>	<u>(47,728)</u>	<u>8,742,670</u>
Change in Net Position					1,768,854	230,496	1,999,350
Net Position - Beginning, as restated					<u>1,046,671</u>	<u>5,690,248</u>	<u>6,736,919</u>
Net Position - Ending					\$ <u>2,815,525</u>	\$ <u>5,920,744</u>	\$ <u>8,736,269</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, 2018**

	Major Funds				Other Nonmajor Governmental Funds	Total Governmental Funds
	General	Sanitation Fund	Recreation Fund	Capital Projects		
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 4,085	\$ 78	\$ 2,064	\$ 220,031	\$ 51,187	\$ 277,445
Investments	3,013,838	106,016	566,956	2,784,109	1,599,934	8,070,853
Receivables:						
Accounts Receivable	155,211	-	7,115	155,654	111,891	429,871
Taxes	53,092	5,013	616	-	-	58,721
Inventories	4,590	-	-	-	-	4,590
Prepaid Items	71,262	-	4,060	-	-	75,322
Total Assets	<u>\$ 3,302,078</u>	<u>\$ 111,107</u>	<u>\$ 580,811</u>	<u>\$ 3,159,794</u>	<u>\$ 1,763,012</u>	<u>\$ 8,916,802</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
Liabilities:						
Accounts Payable	\$ 119,160	\$ 31,374	\$ 62,183	\$ 144,201	\$ 79,969	\$ 436,887
Accrued and Other Liabilities	56,185	740	48,852	55	1,765	107,597
Total Liabilities	<u>175,345</u>	<u>32,114</u>	<u>111,035</u>	<u>144,256</u>	<u>81,734</u>	<u>544,484</u>
Deferred Inflows of Resources:						
Unavailable revenue-Recreation fees	-	-	350,544	-	-	350,544
Fund Balances:						
Nonspendable	75,852	-	-	-	-	75,852
Restricted	123,321	78,993	-	2,452,534	1,681,278	4,336,126
Committed	1,172,313	-	-	-	-	1,172,313
Assigned	-	-	119,232	563,004	-	682,236
Unassigned	1,755,247	-	-	-	-	1,755,247
Total Fund Balances	<u>3,126,733</u>	<u>78,993</u>	<u>119,232</u>	<u>3,015,538</u>	<u>1,681,278</u>	<u>8,021,774</u>
Total Liabilities and Fund Balances	<u>\$ 3,302,078</u>	<u>\$ 111,107</u>	<u>\$ 580,811</u>	<u>\$ 3,159,794</u>	<u>\$ 1,763,012</u>	<u>\$ 8,916,802</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, 2018**

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

Total fund balances for governmental funds	\$ 8,021,774
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	51,183,704
Deduct: Accumulated depreciation	<u>(18,706,391)</u>
	32,567,115
Long-term liabilities are not due and payable in the current period and are not reported in the funds - bonds payable	
Long-term debt	(13,142,643)
Unamortized Bond Premium	(337,830)
Accrued interest on long-term debt	<u>(102,032)</u>
	(13,582,505)
Net Retiree healthcare obligations are not due and payable in the current period and are not reported in the funds	(17,138,606)
Net Pension Liabilities are not reported in the funds	(9,340,478)
Deferred Outflows related to Pension	1,250,002
Internal Service Funds are included as part of governmental activities	1,046,869
Compensated absences are included as a liability in governmental activities	<u>(8,646)</u>
Net Position of governmental activities	\$ <u><u>2,815,525</u></u>



**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General	Sanitation Fund	Recreation Fund	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$ 5,914,897	\$ 556,108	\$ 68,268	\$ -	\$ 1,474,535	\$ 8,013,808
Licenses and Permits	235,330	-	-	-	-	235,330
Intergovernmental:						
Federal, State and Local	611,927	-	-	-	622,798	1,234,725
Charges for Services	310,070	-	1,087,710	-	-	1,397,780
Fines and Forfeitures	234,253	-	-	-	-	234,253
Interest	51,716	767	5,576	42,762	13,257	114,078
Other	238,380	8,311	19,021	307,178	113,163	686,053
Total Revenues	<u>7,596,573</u>	<u>565,186</u>	<u>1,180,575</u>	<u>349,940</u>	<u>2,223,753</u>	<u>11,916,027</u>
<b>Expenditures</b>						
Current:						
General Government	1,251,841	-	-	-	-	1,251,841
Public Safety	3,020,549	-	-	-	-	3,020,549
Public Works	435,979	541,661	-	-	674,296	1,651,936
Recreation and Cultural	516,881	-	2,059,875	-	-	2,576,756
Debt Service:						
Principal	-	-	-	-	1,131,040	1,131,040
Interest and Other Charges	-	-	-	-	423,457	423,457
Capital Outlay	-	-	-	1,770,918	-	1,770,918
Total Expenditures	<u>5,225,250</u>	<u>541,661</u>	<u>2,059,875</u>	<u>1,770,918</u>	<u>2,228,793</u>	<u>11,826,497</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,371,323</u>	<u>23,525</u>	<u>(879,300)</u>	<u>(1,420,978)</u>	<u>(5,040)</u>	<u>89,530</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	-	-	850,000	400,000	248,080	1,498,080
Transfers Out	(2,078,200)	-	-	-	(39,230)	(2,117,430)
Total Other Financing Sources (Uses)	<u>(2,078,200)</u>	<u>-</u>	<u>850,000</u>	<u>400,000</u>	<u>208,850</u>	<u>(619,350)</u>
Net Change in Fund Balances	293,123	23,525	(29,300)	(1,020,978)	203,810	(529,820)
Fund Balances - Beginning	<u>2,833,610</u>	<u>55,468</u>	<u>148,532</u>	<u>4,036,516</u>	<u>1,477,468</u>	<u>8,551,594</u>
Fund Balances - Ending	<u>\$ 3,126,733</u>	<u>\$ 78,993</u>	<u>\$ 119,232</u>	<u>\$ 3,015,538</u>	<u>\$ 1,681,278</u>	<u>\$ 8,021,774</u>

See accompanying notes to financial statements.

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2018**

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

Net change in fund balances - total governmental funds	\$ (529,820)
--	--------------

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.

Capital Outlay	1,463,712
Depreciation Expense	(907,109)
Disposal of Capital Assets	934

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.

73,724

Change in Net Pension Liability

1,090,134

Change in Other Post Employment Benefits

(558,681)

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

Principal Payments	1,097,324
Bond Premium Amortization	24,131
Change in Accrued Interest	13,058
Decrease in Compensated Absences	1,447

Change in net position in governmental activities

\$ 1,768,854

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

**CITY OF HUNTINGTON WOODS, MICHIGAN**

**Balance Sheet**

**Proprietary Funds**

**June 30, 2018**

	<b><u>Business-Type Activities Water Fund</u></b>	<b><u>Governmental Activities Internal Service Fund</u></b>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 15	\$ 433
Investments	1,035,813	895,913
Receivables	803,530	-
Prepaid Expense	-	26,911
Inventories	60,429	-
Total Current Assets	<u>1,899,787</u>	<u>923,257</u>
Noncurrent Assets:		
Capital Assets, net		
Assets not depreciated	1,000	-
Assets being depreciated	4,083,636	1,219,486
Total Noncurrent Assets	<u>4,084,636</u>	<u>1,219,486</u>
Total Assets	\$ <u>5,984,423</u>	\$ <u>2,142,743</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts Payable	\$ 8,505	\$ 45,205
Accrued Expenses	4,219	1,412
Deposits and Other	14,555	-
Current Portion of Long-term Obligations	-	171,565
Total Current Liabilities	<u>27,279</u>	<u>218,182</u>
Noncurrent Liabilities:		
Due to Employees	36,400	761,906
Noncurrent Portion of Long-term Obligations	-	115,786
Total Noncurrent Liabilities	<u>36,400</u>	<u>877,692</u>
Total Liabilities	<u>63,679</u>	<u>1,095,874</u>
NET POSITION:		
Net Investment in Capital Assets	4,084,636	932,135
Unrestricted	1,836,108	114,734
Total Net Position	<u>5,920,744</u>	<u>1,046,869</u>
Total Liabilities and Net Position	\$ <u>5,984,423</u>	\$ <u>2,142,743</u>

See accompanying notes to financial statements.

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<b>Business-Type Activities Water and Sewer System</b>	<b>Governmental Activities Internal Service Fund</b>
<b>Operating Revenues:</b>		
Charges for Sales and Services	\$ 2,836,803	\$ -
Penalties	23,823	-
Charges to other funds of the City	-	262,342
Total Operating Revenues	<u>2,860,626</u>	<u>262,342</u>
<b>Operating Expenses:</b>		
Sewage Disposal Costs	1,124,554	-
Water Purchases	403,472	-
Payroll and Benefits	379,500	-
Operations and Maintenance	542,205	187,445
Depreciation	132,671	90,111
Rebates & Other	-	588,941
Total Operating Expenses	<u>2,582,402</u>	<u>866,497</u>
Operating Income (Loss)	<u>278,224</u>	<u>(604,155)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Interest Income	11,122	8,851
Interest Expense	-	(9,172)
Total Non-Operating Revenues (Expenses)	<u>11,122</u>	<u>(321)</u>
Income (Loss) before transfers	289,346	(604,476)
Transfers In	-	678,200
Transfers Out	<u>(58,850)</u>	<u>-</u>
Change in Net Position	230,496	73,724
Net Position, Beginning	<u>5,690,248</u>	<u>973,145</u>
Net Position, Ending	<u>\$ 5,920,744</u>	<u>\$ 1,046,869</u>

See accompanying notes to financial statements.

**CITY OF HUNTINGTON WOODS, MICHIGAN**

**Statement of Cash Flows**

**Proprietary Funds**

**For the Year Ended June 30, 2018**

	<b>Business-Type Activities Water and Sewer System</b>	<b>Governmental Activities Internal Service Fund</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 2,840,150	\$ 262,342
Payments for goods and services	(2,107,803)	(80,916)
Payments to employees for services	(379,664)	(603,753)
Net Cash Provided (Used) by Operating Activities	<u>352,683</u>	<u>(422,327)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Interfund Transfers	(58,850)	678,200
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(58,850)</u>	<u>678,200</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and Construction of Capital Assets	(285,306)	(220,208)
Installment Note Proceeds	-	97,250
Principal Paid on Debt	-	(167,628)
Interest Paid on Debt	-	(9,172)
Net Cash Used by Capital and Related Financing Activities	<u>(285,306)</u>	<u>(299,758)</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investment Securities	(259,003)	(107,224)
Proceeds from Maturities of Investment Securities	232,279	102,553
Interest Received	11,122	8,851
Net Cash Flows from Investing Activities	<u>(15,602)</u>	<u>4,180</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,075)	(39,705)
Cash and Cash Equivalents, Beginning	<u>7,090</u>	<u>40,138</u>
Cash and Cash Equivalents, Ending	\$ <u>15</u>	\$ <u>433</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 278,224	\$ (604,155)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization Expense	132,671	90,111
(Increase) Decrease in Receivables	(20,476)	-
(Increase) Decrease in Prepaid Expense	-	155
Increase (Decrease) in Accounts Payable	(33,630)	32,354
Increase (Decrease) in Accrued Expenses	(164)	(22)
Increase (Decrease) in Other Liabilities	(3,942)	59,230
Net Cash Provided (Used) by Operating Activities	\$ <u>352,683</u>	\$ <u>(422,327)</u>

See accompanying notes to financial statements.

**CITY OF HUNTINGTON WOODS, MICHIGAN**

**Statement of Net Position**

**Fiduciary Fund**

**June 30, 2018**

	<b>Agency Fund</b>
	<hr/>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 69
Investments	290,800
Total Assets	\$ <hr/> 290,869 <hr/>
 <b>LIABILITIES</b>	
Accounts Payable	\$ 9,875
Accrued and Other Liabilities	147,614
Performance Deposits	133,380
Total Liabilities	\$ <hr/> 290,869 <hr/>

See accompanying notes to financial statements.

**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 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.

**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.



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, who are designated by the City Commission and work on behalf of the City either through the recreation center, library or on their own. 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, sewage 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 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed. Any real property taxes not paid by March 1<sup>st</sup>, 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 2017-18 tax is levied and collectible on July 1, 2017, and is recognized as revenue in the year ended June 30, 2018, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2017-2018 taxable valuation of the City totaled \$342,689,140. Total tax levies for general, sanitation and debt service purposes equaled 22.4961 mills. This resulted in \$7,709,166 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.

**Note 1 - Significant Accounting Policies - Continued**

**Assets, Liabilities and Net Position or Equity**

**Deposits 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.

**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 \$2,500 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 are 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.

**Note 1 - Significant Accounting Policies - Continued**

**Assets, Liabilities and Net Position or Equity - Continued**

**Fund Equity** – 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.

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 hired outside Counsel to review the actuarial calculations pertaining to the amount of liability the City has for other postemployment benefits (OPEB) for compliance with GASB 75. The results of the actuary significantly increased the amount of liability associated with these legacy costs and more accurately reflect the true costs of providing these benefits.

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 1 - Significant Accounting Policies - Continued**

**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 in FY 2017-18 are 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**  
**June 30, 2018**

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**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.

**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, 2018 to handle appropriations. For the year ended June 30, 2018, no funds incurred excess expenditures over the amount appropriated.

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements**  
**June 30, 2018**

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**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 and reviewed annually 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.

The chart included in this note shows the level of investments the City holds at the end of the fiscal year in compliance with GASB 72. The City measures the investments at the end of the fiscal year using the Market Approach and records the net current value of all monies available in the City's investment account titles as of that date. No changes have been made by the City in its review of the level of market evaluation at June 30 as compared with a year ago.

**Deposits**

The deposits of the City as of June 30, 2018 amounted to approximately \$424,423 in the accounts of the bank (without recognition of checks written but not yet cleared or of deposits in transit) of which \$250,000 was covered by federal depository insurance. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits, 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. The City utilizes safekeeping and third party DVP services for a majority of the marketable investments held by the City. As of the end of June 2018 marketable securities were kept in safekeeping at the following financial institutions approved by the City Commission:

Comerica Securities	Multibank Securities	Huntington Bank
The Bank of New York Pershing	Comerica Bank	Oakland County Investment Pool
Municipal Investors Service Corp.	Fifth Third Bank	Crestmark Bank

City of Huntington Woods, Michigan  
Notes to Financial Statements  
June 30, 2018

**Note 2 - Deposits and Investments -Continued**

As of June 30, 2018, the City had the following investments and maturities:

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

INVESTMENT TYPE	TOTAL INVESTED 6/30/2018	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
	100.00%	36.44%	3.43%	14.06%	23.92%	11.92%	10.23%	0.00%
Money Market Funds	2,688,522	2,688,522						
Demand Deposits (Savings)	212,168	212,168						
Federal Home Loan Bank	880,681				296,688	311,570	272,423	
Federal National Mortgage Assoc	982,768			149,034	688,577	145,157		
Federal Home Loan Mortgage Corporation	619,085				97,922	226,430	294,733	
Federal Farm Credit Bureau	490,259				297,570	96,996	95,693	
Municipal Bonds	2,278,498		75,409	723,438	834,719	447,074	197,859	
Certificates of Deposit	2,141,399	849,794	277,753	574,695	246,945		192,212	
<b>TOTAL</b>	<b>10,293,379</b>	<b>3,750,483</b>	<b>353,162</b>	<b>1,447,167</b>	<b>2,462,421</b>	<b>1,227,226</b>	<b>1,052,920</b>	<b>-</b>

The investments presented on the Statement of Net Position from the primary government and agency fund includes accrued interest of \$18,164 as of June 30, 2018.

**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, 2018 the City did not own any commercial paper, however the City does hold certificates of deposits equal to \$2,141,399. These deposits met the criteria for credit risk instruments provided for in the investment policy Section IX(b) which allows for the investment in CD's only where the rating is above a 165 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 20.8% of all invested funds that are subject to credit risk associated with the ownership of this type of instrumentality.

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements**  
**June 30, 2018**

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**Note 2 - Deposits and Investments - Continued**

**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 1.79%. The average duration in the portfolio is 3.20 years. Pooled funds are invested into PA 121 of 1985 compliant governmental pools as per P.A. 20, the majority of which resides in an account under the City's name at Oakland County.

**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 7.54% 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  
June 30, 2018

PAR AMOUNT	ASSET TYPE	INVESTMENT VEHICLE	Cusip	COUPON OR		30-Jun YIELD	30-Jun VALUE	VALUATION APPROACH	BAUER/ IDC OR MARKET RATING	PURCHASE DATE	MATURITY DATE	PERCENT OF PORTFOLIO	AVERAGE DURATION YEARS
				STATED RATE	30-Jun YIELD								
100,000	AGENCY	FHLMC	3137EAEF2	1.375%	1.400%	97,922	Market	AAA	AAA	15-May-17	20-Apr-20	0.95%	2.98
230,000	AGENCY	FHLMC	3134G8XF1	1.500%	1.520%	226,430	Market	AAA	AAA	01-May-18	18-Apr-21	2.20%	3.01
200,000	AGENCY	FHLMC	3134G94H7	2.000%	2.050%	194,862	Market	AAA	AAA	17-Aug-16	17-Aug-21	1.89%	5.07
100,000	AGENCY	FHLMC	3134GSJQ9	2.125%	2.120%	99,871	Market	AAA	AAA	26-Apr-18	26-Oct-21	0.97%	3.55
150,000	AGENCY	FNMA	3136G3F83	1.150%	1.170%	146,868	Market	AAA	AAA	04-Aug-16	28-Jan-20	1.43%	3.53
150,000	AGENCY	FNMA	3136G3K46	1.260%	1.280%	148,113	Market	AAA	AAA	16-Mar-17	02-Aug-19	1.44%	2.41
150,000	AGENCY	FNMA	3136G3Y82	1.200%	1.240%	145,157	Market	AAA	AAA	24-Aug-16	24-Nov-20	1.41%	4.31
150,000	AGENCY	FNMA	3136G1EB1	1.300%	1.300%	149,034	Market	AAA	AAA	14-Mar-16	25-Feb-19	1.45%	2.99
150,000	AGENCY	FNMA	3136G3L37	1.125%	1.140%	147,387	Market	AAA	AAA	28-Jul-16	28-Oct-19	1.43%	3.30
100,000	AGENCY	FNMA	3136G3Z40	1.200%	1.220%	98,168	Market	AAA	AAA	22-Nov-16	22-Nov-19	0.95%	3.04
150,000	AGENCY	FNMA	3135GOM59	1.125%	1.125%	148,041	Market	AAA	AAA	03-Aug-16	26-Jul-19	1.44%	3.02
150,000	AGENCY	FFCB	3133EGQV0	1.080%	1.080%	147,678	Market	AAA	AAA	12-Aug-16	15-Aug-19	1.43%	3.05
150,000	AGENCY	FFCB	3133EGLP3	0.830%	0.830%	149,892	Market	AAA	AAA	05-Aug-16	27-Jul-18	1.46%	2.00
100,000	AGENCY	FFCB	3133EGG82	1.520%	1.590%	95,693	Market	AAA	AAA	02-Feb-18	15-Nov-21	0.93%	3.84
100,000	AGENCY	FFCB	3133EGF42	1.360%	1.400%	96,996	Market	AAA	AAA	20-Nov-17	09-Nov-20	0.94%	3.01
100,000	AGENCY	FHLB	3130ABNM4	1.640%	1.670%	98,060	Market	AAA	AAA	15-Nov-17	29-Jun-20	0.95%	2.66
175,000	AGENCY	FHLB	3130ACFG4	1.750%	1.770%	173,334	Market	AAA	AAA	12-Oct-17	12-Oct-22	1.68%	5.07
315,000	AGENCY	FHLB	3130ADFA5	2.300%	2.330%	311,570	Market	AAA	AAA	01-May-18	12-Feb-21	3.03%	2.83
200,000	AGENCY	FHLB	3130ADMS8	2.150%	2.160%	198,628	Market	AAA	AAA	01-May-18	14-Feb-20	1.93%	1.82
100,000	AGENCY	FHLB	3130AA5L8	1.375%	1.380%	99,089	Market	AAA	AAA	14-Dec-16	14-Dec-21	0.96%	5.07
200,000	CD / CREDIT	JP MORGAN CHASE BANK	48126KY8	2.000%	2.080%	192,212	Market	BAUER- 4 STAR	BAUER- 4 STAR	17-Oct-17	17-Oct-22	1.87%	5.07
100,000	CD / CREDIT	JP MORGAN CHASE BANK	48125YJ39	1.250%	1.250%	99,436	Market	BAUER- 4 STAR	BAUER- 4 STAR	11-Mar-16	22-Mar-19	0.97%	3.07
150,000	CD / CREDIT	CRESTMARK BANK	20518	2.150%	2.150%	150,000	Market	BAUER- 4 STAR	BAUER- 4 STAR	12-Jun-18	10-Dec-18	1.46%	0.50
127,000	CD / CREDIT	ALLY BANK MIDVALE CD	02006L4C4	1.550%	1.550%	126,594	Market	BAUER- 4 STAR	BAUER- 4 STAR	05-Jul-17	14-Jan-19	1.23%	1.55
100,000	CD / CREDIT	KEY BANK NATIONAL ASSOC CD	49306SWJ1	1.200%	1.200%	99,450	Market	BAUER- 5 STAR	BAUER- 5 STAR	11-Mar-16	18-Mar-19	0.97%	3.06
200,000	CD / CREDIT	MERCHANTILE BANK	58740XYS3	1.550%	1.550%	200,000	Market	BAUER- 5 STAR	BAUER- 5 STAR	07-Aug-13	07-Aug-18	1.94%	5.07
250,000	CD / CREDIT	ISABELLA BANK MT PLEASANT	464209CM5	1.350%	1.350%	249,985	Market	BAUER- 4 STAR	BAUER- 4 STAR	03-Jul-17	03-Jul-18	2.43%	1.01
150,000	CD / CREDIT	FLAGSTAR BANK	33847EY84	1.400%	1.400%	149,957	Market	BAUER- 5 STAR	BAUER- 5 STAR	21-Jul-17	20-Jul-18	1.46%	1.01
250,000	CD / CREDIT	WELLS FARGO BANK	949763JL1	1.600%	1.600%	249,215	Market	BAUER- 4 STAR	BAUER- 4 STAR	19-Jul-17	22-Jan-19	2.42%	1.53
250,000	CD / CREDIT	WELLS FARGO BANK	949763JK3	1.500%	1.500%	249,853	Market	BAUER- 4 STAR	BAUER- 4 STAR	19-Jul-17	20-Aug-18	2.43%	1.10
128,000	CD / CREDIT	COMMERCIAL BANK ALMA	201282GA2	1.300%	1.300%	127,753	Market	BAUER- 4 STAR	BAUER- 4 STAR	08-Mar-18	09-Oct-18	1.24%	0.60
250,000	CD / CREDIT	WELLS FARGO BANK	949763HV1	1.750%	1.770%	246,945	Market	BAUER- 4 STAR	BAUER- 4 STAR	21-Jun-17	23-Dec-19	2.40%	2.54
18,164	MM POOL	ACCURED INTEREST 6/30/18		0.100%		18,164	Market	POOL TRUST	POOL TRUST	N/A	Liquid	0.18%	---
27,219	MM POOL	MBIA		2.110%	2.110%	27,219	Market	Ba 1	Ba 1	N/A	Liquid	0.26%	---
172,195	MM POOL	COMERICA - 4438		0.300%	0.300%	172,195	Market	POOL TRUST	POOL TRUST	N/A	Liquid	1.67%	---
16,003	MM POOL	HUNTINGTON BANK		1.230%	1.230%	16,003	Market	POOL TRUST	POOL TRUST	N/A	Liquid	0.16%	---
264,254	MM POOL	OAKLAND COUNTY - 77161		2.160%	2.160%	264,254	Market	POOL TRUST	POOL TRUST	N/A	Liquid	2.57%	---
2,190,688	MM POOL	OAKLAND COUNTY - 77162		2.160%	2.160%	2,190,688	Market	POOL TRUST	POOL TRUST	N/A	Liquid	21.28%	---
200,000	MUNI	KENT COUNTY MI	4902788K7	3.000%	2.990%	200,998	Market	SP-1+	SP-1+	09-May-18	01-May-21	1.95%	3.02
75,000	MUNI	MICHIGAN STATE REFI	5946106N2	3.890%	3.870%	75,409	Market	AA-	AA-	19-Aug-15	01-Nov-18	0.73%	3.25
80,000	MUNI	LINCOLN MICHIGAN PUB SCHOOLS	533883NG5	2.030%	2.030%	79,714	Market	AA-	AA-	09-May-16	01-May-19	0.77%	3.02
100,000	MUNI	PAW PAW MI PUBLIC SCHOOLS	703895KL5	2.250%	2.300%	97,646	Market	AA-/A+	AA-/A+	08-Jun-17	01-May-21	0.95%	3.95
100,000	MUNI	MICH STATE SCHOOL BONDS	5946106Y8	4.300%	4.300%	102,892	Market	Aa 1	Aa 1	15-Jan-16	15-Apr-20	1.00%	4.31
100,000	MUNI	YPSILANTI MICH SCHOOLS	987864PB5	1.810%	1.820%	119,056	Market	AA-	AA-	28-Sep-16	01-May-19	1.16%	2.63
100,000	MUNI	MACOMB COUNTY TAXABLE	554885H71	2.161%	2.170%	99,265	Market	AA+	AA+	11-Mar-16	01-Nov-19	0.96%	3.69
110,000	MUNI	GROSSE ISLE TWP SCHOOLS	398892HZ5	2.000%	1.990%	110,184	Market	AA+	AA+	29-Jun-16	01-May-20	1.07%	3.89
125,000	MUNI	WAYNE COUNTY MI CTAN	946099LT3	4.500%	4.500%	125,063	Market	Sp2	Sp2	23-Aug-13	01-Oct-19	1.21%	6.19
150,000	MUNI	CLINTONDALE PUBLIC SCHOOLS	188702XD1	2.842%	2.880%	147,840	Market	AA-	AA-	06-Jun-17	01-May-22	1.44%	4.97
50,000	MUNI	MUSKEGON COUNTY BUILDING AU	627679HZ9	2.849%	2.840%	50,019	Market	AA	AA	29-Mar-19	01-Nov-21	0.49%	2.63
150,000	MUNI	LANSE CRUISE PUBLIC SCHOOLS	516228RM7	2.478%	2.500%	148,430	Market	AA-/A+	AA-/A+	02-May-17	01-May-21	1.44%	4.06
155,000	MUNI	HURON WATER AUTHORITY	447556AC5	4.000%	3.940%	157,201	Market	BBB	BBB	22-Nov-16	01-Apr-19	1.53%	2.39
170,000	MUNI	GENESEE MICH SCHOOL TXBL REFI	371730HZ8	1.550%	1.560%	168,441	Market	AA-	AA-	22-Jun-15	01-May-19	1.64%	3.91
200,000	MUNI	CLARKSTON PUBLIC SCHOOLS	182252TP1	1.950%	1.960%	199,026	Market	AA-	AA-	03-Oct-16	01-May-19	1.93%	2.61
200,000	MUNI	ALLENDALE PUB SCHOOLS	018195LS4	2.573%	2.580%	199,530	Market	AA-	AA-	13-Aug-15	01-May-20	1.94%	4.79
200,000	MUNI	HARTLAND SCHOOL BONDS	416848VW6	2.150%	2.150%	197,786	Market	Aa 1	Aa 1	10-Nov-15	01-May-20	1.92%	4.54
212,168	SAVINGS	FIFTH THIRD BANK		1.500%	1.500%	212,168	Market	Aa3	Aa3	N/A	Liquid	2.06%	---
10,340,689				1.85%	1.90%	10,293,379						1.79%	3.20

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements**  
**June 30, 2018**

**Note 3 - Capital Assets**

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

GOVERNMENTAL ACTIVITIES DESCRIPTION	BALANCE 6/30/2017	CURRENT YEAR			BALANCE 06/30/2018
		RECLASS	ADDITIONS	DISPOSALS	
ASSETS-INFRASTRUCTURE	36,284,275		884,316		37,168,591
ASSETS-LAND	89,802				89,802
ASSETS-LAND IMPROVEMENTS	199,796	637,183	258,236		1,095,215
ASSET-BLDG & BLDG IMPROVE	10,355,712	(426,609)	139,041		10,068,144
ASSETS-MACH & EQUIPMENT	1,118,432	(243,765)	12,140	2,560	884,247
ASSETS- OFFICE	791,673	22,492	84,941	77,244	821,862
ASSETS-VEHICLES	16,014				16,014
ASSETS-BOOKS	1,033,895	10,699	64,205		1,108,799
INTERNAL SERVICE FUND	2,475,558		183,114	167,632	2,491,040
<b>TOTAL GENERAL, ROW, EQUIPMENT FUND ASSETS</b>	<b>52,365,157</b>		<b>1,646,826</b>	<b>247,436</b>	<b>53,764,546</b>

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

ASSET TYPE	ACCUMULATED DEPRECIATION			
	JUNE 2017	CURRENT YEAR DEPRECIATION	CURRENT YEAR DISPOSALS	JUNE 2018
RIGHT-OF-WAY	9,799,075	552,864	0	10,351,939
Vehicles	9,509	2,002	0	11,511
Office Equipment and Furniture	704,052	30,920	78,180	656,792
Library Books and fine arts	914,790	27,647	0	942,437
Machinery and Equipment	671,993	3,416	2,560	672,849
Land improvements	554,062	33,797	0	587,859
Building and Building Improvements	5,226,541	256,463	0	5,483,004
Internal Service Fund	1,324,571	90,111	143,128	1,271,554
Total Accumulated Depreciation	19,204,593	997,220	223,868	19,977,945
Total Governmental Activities				
Capital Assets Net:	33,160,564	628,773	(23,568)	33,786,601

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements**  
**June 30, 2018**

**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	\$ 679,241
Public Safety	13,758
Public works	9,343
Library	98,451
Recreation	<u>196,428</u>
Total depreciation expense-governmental activities	<u>\$ 997,221</u>

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<b>Business Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$1,000	\$-	\$-	\$1,000
Capital assets being depreciated:				
Building & Improvements	7,499	-	-	7,499
Machinery & Equipment	450,862	30,517	-	481,379
Water & sewer Mains	5,711,420	254,789	68,130	5,898,080
Water Meters	<u>241,351</u>	<u>-</u>	<u>-</u>	<u>241,351</u>
Total capital assets	<u>\$6,412,132</u>	<u>\$285,306</u>	<u>\$-</u>	<u>\$6,629,309</u>
Accumulated depreciation:				
Building and Improvements	7,499	-	-	7,499
Machinery & Equip	344,589	16,530	-	361,119
Water & Sewer Mains	1,941,132	110,108	68,130	1,983,110
Water Meters	186,912	6,034	-	192,945
Total accumulated depreciation	<u>\$2,480,132</u>	<u>\$ 132,672</u>	<u>\$-</u>	<u>\$2,544,673</u>
Net Capital Assets	<u>\$3,932,000</u>	<u>\$152,634</u>	<u>\$68,130</u>	<u>\$4,084,636</u>

Depreciation included in the determination of operating income is computed on the straight-line basis over estimated useful lives ranging from 5 years to 60 years. Land is a non-depreciable asset. Depreciation expense at June 30, 2018 amounted to:

Water Fund

132,672

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements, continued**  
**June 30, 2018**

**Note 4 - Long-Term Debt**

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

	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
	<b>July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2018</b>	<b>One Year</b>
<b><u>Government Activities:</u></b>					
Compensatory time	\$ 10,092	37,265	38,712	\$ 8,646	\$ 8,646
George W. Kuhn Drain					
Bonds 2000-A (4-01-22)	166,934	-	31,790	135,144	32,573
George W. Kuhn Drain					
Bonds 2002-C (4-01-24)	1,048,436	-	138,904	909,532	142,349
George W. Kuhn Drain					
Bonds 2002-D (4-01-24)	27,645	-	3,602	24,043	3,758
George W. Kuhn Drain					
Bonds 2005 (4-01-26)	23,359	-	2,386	20,973	2,386
George W. Kuhn Drain					
Bonds 2007G (4-01-28)	33,091	-	2,704	30,387	2,864
George W. Kuhn Drain					
Bonds 2008H (4-01-29)	160,833	-	11,613	149,220	11,931
George W. Kuhn Drain					
Bonds 2016 (4-01-24)	201,387		33,043	168,344	32,729
UTGO Road Bonds 11 Mile (4-01-27)	1,100,000	-	50,000	1,050,000	75,000
UTGO 2010 Road Bonds (10-01-24)	2,450,000	-	250,000	2,200,000	250,000
UTGO 2012 Road Bonds (10-01-26)	2,475,000	-	225,000	2,250,000	250,000
UTGO 2014 Road Bonds (10-01-28)	3,200,000	-	325,000	2,875,000	150,000
UTGO 2017 Road Bonds (10-01-31)	3,330,000	-		3,330,000	205,000
SEMREO Loan (0%) Solar Panel (4-01-17)	14,213	-	14,213	-	-
SEMREO Loan (0%) Windows (4-01-17)	9,069	-	9,069	-	-
Installment Loan- Bus (6-01-19)	38,645	-	18,985	19,660	19,660
Installment Loan-Dump Truck ((8-25-19)	67,303	-	30,799	36,504	31,180
Installment Loan- Fire Truck (3-14-20)	122,734	-	43,735	78,999	44,766
Installment Loan-Patrol Vehicle (10-01-17)	6,263	-	6,263	-	-
Installment Loan- Dump Truck & Patrol Vehicle (8-25-19)	123,229	-	56,037	67,192	57,471
Installment Loan- Backhoe (10-06-22)		97,250	12,254	84,996	18,488
	<u>14,608,233</u>	<u>134,515</u>	<u>1,304,109</u>	<u>13,438,640</u>	<u>1,338,801</u>
<b><u>Business-Type Activities:</u></b>					
No activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 14,608,233</u>	<u>\$ 134,515</u>	<u>\$ 1,304,109</u>	<u>\$ 13,438,640</u>	<u>\$ 1,338,801</u>

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, 2018 and are subject to change with additional distributions.

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

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**Note 4 - Long-Term Debt - Continued**

At June 30, 2018, long-term obligations consisted of:

**Governmental Activities:**

Compensatory time - Public Safety	\$ 8,646
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	135,144
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	909,532
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	24,043
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	20,973
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	<u>30,386</u>

Total this page	1,128,724
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City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 1,128,724
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 \$278,760). These represent the City's portion of the total bonds issued by Oakland County	149,220
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	168,344
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)	1,050,000
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)	2,200,000
2012 Capital Improvements Bonds (Roads) dated June 28, 2012; annual principal payments of \$75,000 to \$250,000, due beginning October 2012 serially to October 2026; interest rate of 2.00% to 2.75% (original issue totaled \$3,050,000)	2,250,000
2014 Capital Improvements Bonds (Roads) dated May 13, 2014; annual principal payments of \$10,000 to \$500,000, due beginning October 2015 serially to October 2028; interest rate of 2.00% to 3.00% (original issue totaled \$3,710,000)	2,875,000
2017 Capital Improvements Bonds (Roads) dated April 27, 2017; annual principal payments of \$10,000 to \$500,000, due beginning October 2018 serially to October 2030; interest rate of 4.00% (original issue totaled \$3,330,000)	<u>3,330,000</u>
Total this page	13,151,288

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

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Note 4 - Long-Term Debt - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 13,151,288
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)	19,660
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)	36,504
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)	79,000
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)	67,192
DPW Backhoe Installment Loan dated November 06, 2017; monthly principal and interest payments of \$1,763.98, interest rate 3.50% (original issue totaled \$97,250)	<u>84,996</u>
Total long-term debt	<u>\$ 13,438,640</u>

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

**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
2019	1,158,590	450,674	(49,395)	401,279	1,559,869
2020	1,248,920	410,988	(43,228)	367,760	1,616,680
2021	1,264,253	368,442	(36,181)	332,261	1,596,514
2022-2025	5,024,476	1,005,834	(65,364)	940,470	5,964,946
2026-2029	2,871,404	418,085		418,085	3,289,489
2030-2032	1,575,000	96,100		96,100	1,671,100
	<u>\$ 13,142,643</u>	<u>\$ 2,750,123</u>	<u>\$ (194,168)</u>	<u>\$ 2,555,955</u>	<u>\$ 15,698,598</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%	4/1/2019	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	<u>35,076</u>	<u>876</u>
				<u>\$ 135,144</u>	<u>\$ 8,548</u>
George W. Kuhn Drain Bonds 2002-C					
4/1/02	\$ 2,574,502	2.5%	4/1/2019	142,349	22,738
		2.5	4/1/2020	145,951	19,180
		2.5	4/1/2021	149,553	15,530
		2.5	4/1/2022	153,311	11,792
		2.5	4/1/2023	157,226	7,960
		2.5	4/1/2024	<u>161,142</u>	<u>4,028</u>
				<u>\$ 909,533</u>	<u>\$ 81,228</u>



City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

**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%	4/1/2019	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>\$ 24,044</u>	<u>\$ 2,142</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%	4/1/2019	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>\$ 20,696</u>	<u>\$ 1,576</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 2007G					
9/20/07	\$ 55,814	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>\$ 30,389</u>	<u>\$ 2,774</u>

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

**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 2008H					
9/22/08	\$ 278,760	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>\$ 149,221</u>	<u>\$ 23,308</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 2016					
2/01/16	\$ 233,333	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>\$ 168,344</u>	<u>\$ 10,532</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	4.300%	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>\$ 1,050,000</u>	<u>\$ 263,701</u>

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

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	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>\$ 2,200,000</u>	<u>\$ 463,409</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%	10/1/2018	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>\$ 2,250,000</u>	<u>\$ 247,750</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
Capital Improvement Bonds 2014					
5/13/14	\$ 3,710,000	2.000%	10/1/2018	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>\$ 2,875,000</u>	<u>\$ 560,575</u>

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

**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 2017					
4/27/17	\$ 3,330,000	4.000%	10/1/2018	205,000	129,100
		4.000	10/1/2019	215,000	120,700
		4.000	10/1/2020	225,000	111,900
		4.000	10/1/2021	240,000	102,600
		4.000	10/1/2022	200,000	93,800
		4.000	10/1/2023	165,000	86,500
		4.000	10/1/2024	180,000	79,600
		4.000	10/1/2025	190,000	72,200
		4.000	10/1/2026	135,000	65,700
		4.000	10/1/2027		63,000
		4.000	10/1/2028		63,000
		4.000	10/1/2029	505,000	52,900
		4.000	10/1/2030	525,000	32,300
		4.000	10/1/2031	545,000	10,900
				<u>\$ 3,330,000</u>	<u>\$ 1,084,200</u>

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

**Plan Description**

The City contributes to the Municipal Employees' Retirement System of Michigan (MERS), which 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 and death and disability benefits to plan members and beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

**Significant Accounting Policies**

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

**Benefits Provided**

**01 - Non Union: Closed to new hires**

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

**02 - Public Safety: 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 2/16/1965)

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements, continued**  
**June 30, 2018**

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

**10 - General DPW: Closed to new hires**

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

**20 - Public Safety Command: 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
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%

**Plan Members covered by benefit terms**

At the December 31st, 2017 valuation date, the following members were covered by the benefit terms:

Active Members	23
Vested Former Members	3
Retirees and Beneficiaries	<u>52</u>
Total Participants	78

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

**Contributions**

The State of Michigan Constitution, Article 9, Section 34, requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution.

The employer is required to contribute amounts at least equal to the actuarially 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 plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2018, the active employee contribution rate was 5% for the public safety groups and 6% for the DPW and Non-Union groups.

**Net Pension Liability**

The net pension liability reported at June 30, 2018 was determined using a measure of the total pension liability and the plan net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

**Actuarial assumptions and Methods**

The total pension liability in the December 31, 2017 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

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**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%

**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.



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 12/31/16	\$24,118,999	\$13,733,138	\$10,385,861
Changes for the Year			
Service Cost	232,302		232,302
Interest on Total Pension Liability	1,808,194		1,808,194
Changes in benefits	-		-
Difference between expected and actual experier	153,338		153,338
Employer Contributions		1,417,705	(1,417,705)
Employee Contributions		101,108	(101,108)
Net investment income		1,807,344	(1,807,344)
Benefit payments, including employee refunds	(1,807,228)	(1,807,228)	-
Administrative expense		(28,611)	28,611
Other changes	(58,329)		(58,329)
Net changes	328,277	1,490,318	(1,162,041)
Balances as of 12/31/17	\$24,563,934	\$15,223,456	\$ 9,340,478

**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	11,757,885	9,340,478	7,278,479

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

**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, 2017 the employer recognized pension expense of \$642,974. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 145,405
Net difference between projected and actual earnings on pension plan investments	763,265	-
Employer contributions to the plan subsequent to the measurement date	632,142	-
Total	<u>\$ 1,395,407</u>	<u>\$ 145,405</u>

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

Years Ending June 30	Amount
2019	\$ 149,862
2020	149,862
2021	197,741
2022	120,395

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. Contributions made after the measurement date of the net pension liability but before the end of the employer's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

<b>STATEMENT OF FIDUCIARY NET POSITION – Combined Reserves</b>							
	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
12/31/2016	12,491,823	1,582,945	0	(1,730,587)	1,416,945	(27,988)	13,733,138
12/31/2017	13,733,138	1,518,813	0	(1,807,228)	1,807,344	(28,611)	15,223,456

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

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

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 2016 was 5.14%.

- 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.

**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 \$117,462 for the fiscal year ended June 30, 2018. Employees contributed a total of \$69,093.

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements, continued**  
**June 30, 2018**

## Note 7 – Governmental Fund Balances

Below are the details regarding the classifications of governmental fund balances:

						Other Nonmajor Capital Governmental Projects Funds	Total
Fund Balances							
Nonspendable							
Prepays and Inventory	\$ 75,852	-	-	-	-	\$ 75,852	
Restricted for:							
Art Gallery	21,532	-	-	-	-	21,532	
Public Safety	14,489	-	-	-	-	14,489	
Library	86,648	-	-	-	-	86,648	
Tax Settlement	652	-	-	-	-	652	
Solid Waste Disposal	-	78,993	-	-	-	78,993	
Road Construction	-	-	-	2,452,534	671,508	3,124,042	
Debt Service	-	-	-	-	1,009,770	1,009,770	
Committed to:							
Budget Stabilization	1,139,835	-	-	-	-	1,139,835	
Rackham Defense	32,478	-	-	-	-	32,478	
Assigned to:							
Parks & Recreation	-	-	119,232	100,165	-	219,397	
I 696 Landscape	-	-	-	31,350	-	31,350	
Capital Improvements	-	-	-	431,489	-	431,489	
Unassigned	<u>1,755,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,755,247</u>	
Total Fund Balances	3,126,733	78,993	119,232	3,015,538	1,681,278	8,021,774	

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

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**Note 8 - Inter-fund Transfers - All fund types**

	<b>Transfers</b>	
	<b>In</b>	<b>Out</b>
Governmental- General	\$ -	\$ 2,078,200
Governmental - Major Street	-	39,230
Governmental - Local Street	150,000	-
Governmental - Capital Projects	400,000	-
Governmental - Sanitation	-	-
Governmental -Recreation	850,000	-
Business Type - Water and Sewer	-	58,850
Governmental -11 Mile Rd. debt	98,080	
Intergovernmental - Equipment	150,000	
Intergovernmental - Retirement Benefit	528,200	2,000
Total	<u>\$ 2,178,280</u>	<u>\$ 2,178,280</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 9 - Other Postemployment Benefits**

**Plan Description**

The City has an obligation to provide all former full-time retired employees and their spouses with 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 has established a trust with the Michigan Employees' Retirement System (MERS) Retiree Health Funding Vehicle to fund future premiums.

**Benefits Provided**

The City provides healthcare, including prescription drug and vision benefits for retirees and their spouses. Benefits are provided by a third-party insurer.

**Employees Covered by Benefit Terms**

At the July 1, 2016 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	54
Inactive plan members entitled to but not yet receiving benefits	0
Active Plan Members	<u>40</u>
Total	<u>94</u>

**Contributions**

Active service members are not required to make contributions to the plan. The City has no obligation to make contributions in advance but are being financed on a "pay-as-you-go" basis. At the fund level, the expense is recognized by the City as the payments to the employees are made.

**Summary of Significant Accounting Policies**

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB (if applicable), and OPEB expenses, have been determined on the same basis as they are reported for the City. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**City of Huntington Woods, Michigan**  
**Notes to Financial Statements, continued**  
**June 30, 2018**

**Note 9 - Other Postemployment Benefits, continued**

**Changes in Net OPEB Liability**

The components of the change in the net OPEB liability are summarized as follows:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2016	\$ 17,527,833	\$ 947,908	\$ 16,579,925
Service Cost	610,566	-	610,566
Interest on total OPEB liability	457,288	-	457,288
Economic/demographic gains or losses	-	-	-
Assumption changes or inputs	-	-	-
Benefit Payments, including refunds	(412,656)	-	(412,656)
Employer Contributions	-	70,561	(70,561)
Net Investment Income	-	25,956	(25,956)
Net Changes	655,198	96,517	558,681
Balance at June 30, 2017	\$ 18,183,031	\$ 1,044,425	\$ 17,138,606

**OPEB Expense and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,045,872, and there were no related deferred outflows of resources or deferred inflows of resources related to OPEB reported.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016. The following actuarial assumptions were applied:

Actuarial Cost Method	Entry-age normal
Inflation	3.75%
Salary Increases	0%-11%
Investment Rate of Return	7.00%
Retirement Age	Qualified employees hired on or before January 1, 2016 are eligible upon attainment of age 55 with 15 years of service and contributing to the MERS defined benefit plan.
Mortality	RP-2014 Mortality Tables
Health care trend rates	8.5% initially grading to 5.0% in 2025

**Discount Rate**

The discount rate used to measure the total OPEB liability was 2.64% based on the expected return of assets expected to be available to pay plan benefits.

City of Huntington Woods, Michigan  
Notes to Financial Statements, continued  
June 30, 2018

**Note 9 - Other Postemployment Benefits, continued**

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return as of the July 1, 2016 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	55.5%	6.15%
Global Fixed Income	18.5%	1.26%
Real Assets	13.5%	7.22%
Diversifying Strategies	12.5%	5.00%

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.64 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (1.64%)	Discount Rate (2.64%)	1% Increase (3.64%)
Net OPEB Liability	\$ 20,572,980	\$ 17,138,606	\$ 14,663,832

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare trends rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	\$ 14,527,810	\$ 17,138,606	\$ 20,770,764



#### **Note 10 - 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.

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, 2018, 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.

#### **Note 11 - 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 \$391,308 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 \$395,341 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 12 – Upcoming Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 84, Fiduciary Activities, which establishes specific criteria for identifying activities that should be reported as fiduciary activities. The City is currently evaluating the impact of this standard on its financial statements. The Statement is effective beginning with the City's fiscal year ending June 30, 2020.

## Note 13 – Restatement

The financial statements for the year ended June 30, 2017 have been restated to reflect the adoption of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The effect of this new accounting standard increased governmental net position as follows:

Net Position – June 30, 2017, as previously reported	\$ 14,388,272
Adjustment for adoption of GASB No. 75	(13,341,601)
Net Position – June 30, 2017, as restated	\$ 1,046,671

## **Required Supplemental Information**

City of Huntington Woods, Michigan  
Notes to Required Supplemental Information  
June 30, 2018

CITY OF HUNTINGTON WOODS  
Required Supplemental Information  
Schedule of Changes in the Net Pension Liability and Related Ratios  
Last Three Fiscal Years

	2018	2017	2016
<b>Total Pension Liability</b>			
Service Cost	\$ 232,302	\$ 248,465	\$ 232,843
Interest	1,808,194	1,838,679	1,837,293
Changes of Benefit Terms	-	-	-
Difference between expected and actual experience	-	-	(722,984)
Changes of assumptions	-	-	1,097,193
Benefit payments including employee refunds	(1,807,228)	(1,730,587)	(1,747,437)
Other	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>233,268</b>	<b>356,557</b>	<b>696,908</b>
<b>Total Pension Liability beginning</b>	<b>24,081,108</b>	<b>23,724,551</b>	<b>23,027,643</b>
<b>Total Pension Liability ending</b>	<b>\$ 24,314,376</b>	<b>\$ 24,081,108</b>	<b>\$ 23,724,551</b>
<b>Plan Fiduciary Net Position</b>			
Contributions-employer	1,417,705	1,477,969	2,067,226
Contributions-employee	101,108	104,976	99,205
Net Investment income	1,807,344	1,416,945	(142,007)
Benefit payments including employee refunds	(1,807,228)	(1,730,587)	(1,747,437)
Administrative expense	(28,611)	(27,651)	(27,651)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,490,318</b>	<b>1,241,652</b>	<b>249,336</b>
<b>Plan Fiduciary Net Position beginning</b>	<b>13,788,778</b>	<b>12,547,126</b>	<b>12,297,790</b>
<b>Plan Fiduciary Net Position ending</b>	<b>\$ 15,279,096</b>	<b>\$ 13,788,778</b>	<b>\$ 12,547,126</b>
<b>Employer Net Pension Liability</b>	<b>\$ 9,035,280</b>	<b>\$ 10,292,330</b>	<b>\$ 11,177,425</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>	<b>63%</b>	<b>57%</b>	<b>53%</b>
<b>Covered Payroll</b>	<b>1,852,318</b>	<b>1,966,631</b>	<b>1,860,994</b>
<b>Employer's Net Pension Liability as a percentage of covered payroll</b>	<b>488%</b>	<b>523%</b>	<b>601%</b>

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

City of Huntington Woods, Michigan  
Notes to Required Supplemental Information  
June 30, 2018 Continued

Schedule of Employer's Contributions- Last Ten Fiscal Years  
City of Huntington Woods- Fiscal Year Ending

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Actuarial Determined Contributions*	558,012	585,852	675,516	703,728	785,820	913,346	1,016,340	1,140,744	1,169,604	1,313,772
Contributions in relation to the actuarially determined contribution	558,012	931,458	1,021,118	1,020,568	1,094,159	1,223,513	2,097,979	1,456,109	1,434,444	1,464,301
Contribution deficiency (excess)	\$ -	\$ (345,606)	\$ (345,602)	\$ (316,840)	\$ (308,339)	\$ (310,167)	\$ (1,081,639)	\$ (315,365)	\$ (264,840)	\$ (150,529)
Covered Employee Payroll	2,275,446	2,239,156	2,031,439	2,026,562	1,866,593	1,909,448	1,867,664	1,860,994	1,966,631	1,852,318.00
Contributions as a percentage of covered employee payroll	25%	42%	50%	50%	59%	64%	112%	78%	73%	79%

Notes to Schedule

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	25 years
Asset valuation method	10 year smoothed
Inflation	3-4%
Salary Increases	4.5%
Investment rate of return	8.3%
Retirement age	60
Mortality	50% Female/50% Male 1994 Group Annuity Mortality Table

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Required Supplemental Information**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)**

	<u>2018</u>
Total OPEB Liability:	
Service Cost	\$ 610,566
Interest	457,288
Benefit payments, including refunds	<u>(412,656)</u>
Net Change in Total Pension Liability	655,198
 Total OPEB Liability, Beginning of year	 <u>17,527,833</u>
 Total OPEB Liability, End of year	 <u><u>\$ 18,183,031</u></u>
 Plan Fiduciary Net Position:	
Contributions - Employer	\$ 70,561
Net Investment Income	25,956
Benefit payments, including refunds	<u>-</u>
Net Change in Plan Fiduciary Net Position	96,517
 Plan Fiduciary Net Position, Beginning of year	 <u>947,908</u>
 Plan Fiduciary Net Position, End of year	 <u><u>\$ 1,044,425</u></u>
 City's Net OPEB Liability - Ending	 <u><u>\$ 17,138,606</u></u>
 Plan Fiduciary Net Position as a Percent of Total OPEB Liability	  5.7%
 Covered Employee Payroll	 2,521,397
 City's Net OPEB Liability as a Percent of Covered Employee Payroll	  680%

**CITY OF HUNTINGTON WOODS, MICHIGAN**

**Required Supplemental Information**

**Schedule of City OPEB Contributions**

**Last Ten Fiscal Years**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 73,207	\$ 70,561	\$ 870,138	\$ 1,155,769	\$ 1,113,822	\$ 1,078,730	\$ 1,078,730	\$ 750,309	\$ 668,131	\$ -
Contributions in relation to the actuarially determined contribution	73,207	70,561	141,464	63,908	63,822	63,908	63,908	318,500	-	-
Contribution Excess (Deficiency)	\$ -	\$ -	\$ (728,674)	\$ (1,091,861)	\$ (1,050,000)	\$ (1,014,822)	\$ (1,014,822)	\$ (431,809)	\$ (668,131)	\$ -
Covered Employee Payroll	n/a	n/a	\$ 2,521,397	\$ 1,772,517	\$ 1,909,448	\$ 1,866,593	\$ 2,026,562	\$ 2,031,439	n/a	n/a
Contributions as a Percentage of Covered Employee Payroll	n/a	n/a	5.6%	3.6%	3.3%	3.4%	3.2%	n/a	n/a	n/a

Actuarial valuation information relative to the determination of contributions:

Valuation Date                      Actuarially determined contribution rates are calculated as of July 1 each year.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-age normal
Inflation	3.75%
Healthcare cost trend rates	8.5 percent, gradually decreasing to 5.0 percent in year 2025
Salary Increases	0%-11% including inflation
Investment Rate of Return	7.00%

Retirement Age	Experience based tables of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Employee Mortality Tables

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Required Supplemental Information**  
**OPEB Plan - Schedule of Investment Returns**  
**Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 75)**

	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	8.49%



**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget</b>
Budgetary Fund Balance, July 1, 2017	\$ 2,833,610	\$ 2,833,610	\$ 2,833,610	\$ -
Resources (Inflows):				
Property Taxes	5,892,040	5,892,040	5,914,897	22,857
Licenses and Permits	294,850	264,850	235,330	(29,520)
Intergovernmental	564,470	594,470	611,927	17,457
Charges for Services	305,470	305,470	310,070	4,600
Fines and Forfeits	141,500	231,500	234,253	2,753
Interest Income	40,800	55,800	51,716	(4,084)
Other Revenues	249,290	229,290	238,380	9,090
Additional Amounts Available for Appropriation	7,488,420	7,573,420	7,596,573	23,153
Charges to Appropriations (Outflows):				
General Government	1,392,490	1,397,890	1,251,841	146,049
Public Safety	3,147,290	3,154,765	3,020,549	134,216
Public Works	439,350	439,350	435,979	3,371
Library	526,410	530,735	516,881	13,854
Transfers Out	2,128,200	2,128,200	2,078,200	50,000
Total Charges to Appropriations	7,633,740	7,650,940	7,303,450	347,490
Budgetary Fund Balance - June 30, 2018	\$ 2,688,290	\$ 2,756,090	\$ 3,126,733	\$ 370,643

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Sanitation Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual Amounts</u></b>	<b><u>Variance with</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>(Budgetary Basis)</u></b>	<b><u>Final Budget</u></b>
Budgetary Fund Balance, July 1, 2017	\$ 55,468	\$ 55,468	\$ 55,468	\$ -
Resources (Inflows):				
Property Taxes	554,030	554,030	556,108	2,078
Interest Income	500	500	767	267
Other	5,500	5,500	8,311	2,811
Additional Amounts Available for Appropriation	560,030	560,030	565,186	5,156
Charges to Appropriations (Outflows):				
Administrative	68,650	68,650	39,194	29,456
Employee Benefits	37,230	37,230	32,707	4,523
Professional Services	469,522	469,522	469,760	(238)
Total Charges to Appropriations	575,402	575,402	541,661	33,741
Budgetary Fund Balance - June 30, 2018	\$ 40,096	\$ 40,096	\$ 78,993	\$ (28,585)

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Recreation Fund**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Budgetary Fund Balance, July 1, 2017	\$ 148,532	\$ 148,532	\$ 148,532	\$ -
Resources (Inflows):				
Property Taxes	68,020	68,020	68,268	248
Aquatic Club Charges	215,000	215,000	255,165	40,165
Program Fees	824,100	854,100	832,545	(21,555)
Interest Income	2,800	5,300	5,576	276
Grants	-	18,500	18,751	251
Other	500	500	270	(230)
Transfers In	850,000	850,000	850,000	-
Additional Amounts Available for Appropriation	1,960,420	2,011,420	2,030,575	19,155
Charges to Appropriations (Outflows):				
Bus	53,340	53,340	46,209	7,131
Recreation	688,800	678,800	678,631	169
Programs	888,680	888,680	881,395	7,285
Parks	162,050	162,050	161,985	65
Pool	264,660	296,660	291,655	5,005
Total Charges to Appropriations	2,057,530	2,079,530	2,059,875	19,655
Budgetary Fund Balance - June 30, 2018	\$ 51,422	\$ 80,422	\$ 119,232	\$ 38,810

## **Other Supplemental Information**

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**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2018**

<b>Nonmajor Special Revenue Funds</b>		<b>Nonmajor Debt Service Funds</b>						<b>Total Nonmajor Governmental Funds</b>	
<b>Major Street Fund</b>	<b>Local Street Fund</b>	<b>GWK Drain Debt Fund</b>	<b>11 Mile GO Debt Fund</b>	<b>2010 Street GO Debt Fund</b>	<b>2012 Street GO Debt Fund</b>	<b>2014 Street GO Debt Fund</b>	<b>2017 Street GO Debt Fund</b>		
<b>ASSETS</b>									
Cash and cash equivalents	\$ 50,160	\$ 11	\$ 16	\$ 216	\$ 217	\$ 216	\$ 108	\$ 243	\$ 51,187
Investments	488,082	116,188	366,811	36,537	252,202	72,271	225,072	42,771	1,599,934
Accounts Receivable	73,354	25,446	2,056	-	2,985	2,706	3,846	1,498	111,891
<b>Total Assets</b>	<b>\$ 611,596</b>	<b>\$ 141,645</b>	<b>\$ 368,883</b>	<b>\$ 36,753</b>	<b>\$ 255,404</b>	<b>\$ 75,193</b>	<b>\$ 229,026</b>	<b>\$ 44,512</b>	<b>\$ 1,763,012</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts Payable	\$ 63,455	\$ 16,514	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,969
Accrued Payroll	793	972	-	-	-	-	-	-	1,765
<b>Total Liabilities</b>	<b>64,248</b>	<b>17,486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,734</b>
<b>Fund Balances:</b>									
Restricted	547,348	124,159	368,883	36,753	255,404	75,193	229,026	44,512	1,681,278
<b>Total Fund Balances</b>	<b>547,348</b>	<b>124,159</b>	<b>368,883</b>	<b>36,753</b>	<b>255,404</b>	<b>75,193</b>	<b>229,026</b>	<b>44,512</b>	<b>1,681,278</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 611,596</b>	<b>\$ 141,645</b>	<b>\$ 368,883</b>	<b>\$ 36,753</b>	<b>\$ 255,404</b>	<b>\$ 75,193</b>	<b>\$ 229,026</b>	<b>\$ 44,512</b>	<b>\$ 1,763,012</b>

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2018**

	<b>Nonmajor Special Revenue Funds</b>		<b>Nonmajor Debt Service Funds</b>						<b>Total Nonmajor Governmental Funds</b>
	<b>Major Street Fund</b>	<b>Local Street Fund</b>	<b>GWK Drain Debt Fund</b>	<b>11 Mile GO Debt Fund</b>	<b>2010 Street GO Debt Fund</b>	<b>2012 Street GO Debt Fund</b>	<b>2014 Street GO Debt Fund</b>	<b>2017 Street GO Debt Fund</b>	
Revenues:									
Property Taxes	\$ -	\$ -	\$ 231,399	\$ -	\$ 336,089	\$ 304,712	\$ 433,391	\$ 168,944	\$ 1,474,535
Intergovernmental	474,015	148,783	-	-	-	-	-	-	622,798
Interest Income	4,118	1,005	3,769	316	2,573	550	778	148	13,257
Other	21,994	-	36,564	-	54,605	-	-	-	113,163
Total Revenues	500,127	149,788	271,732	316	393,267	305,262	434,169	169,092	2,223,753
<b>Expenditures:</b>									
Public Works	366,698	307,598	-	-	-	-	-	-	674,296
Debt Service:									
Principal	-	-	224,040	50,000	250,000	225,000	325,000	57,000	1,131,040
Interest and other charges	-	-	42,474	48,265	130,888	54,000	80,250	67,580	423,457
Total Expenditures	366,698	307,598	266,514	98,265	380,888	279,000	405,250	124,580	2,228,793
Excess (Deficiency) of Revenues Over Expenditures	133,429	(157,810)	5,218	(97,949)	12,379	26,262	28,919	44,512	(5,040)
Other Financing Sources (Uses):									
Transfers In	-	150,000	-	98,080	-	-	-	-	248,080
Transfers Out	(39,230)	-	-	-	-	-	-	-	(39,230)
Total Other Financing Sources (Uses)	(39,230)	150,000	-	98,080	-	-	-	-	208,850
Net Change in Fund Balance	94,199	(7,810)	5,218	131	12,379	26,262	28,919	44,512	203,810
Fund Balance - July 1	453,149	131,969	363,665	36,622	243,025	48,931	200,107	-	1,477,468
Fund Balance - June 30	\$ 547,348	\$ 124,159	\$ 368,883	\$ 36,753	\$ 255,404	\$ 75,193	\$ 229,026	\$ 44,512	\$ 1,681,278

**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, 2018**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual Amounts</u></b>	<b><u>Variance with</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>(Budgetary Basis)</u></b>	<b><u>Final Budget</u></b>
Budgetary Fund Balance, July 1, 2017	\$ 453,149	\$ 453,149	\$ 453,149	\$ -
Resources (Inflows):				
Intergovernmental	365,690	445,690	474,015	28,325
Other	20,190	20,190	21,994	1,804
Interest Income	2,040	3,540	4,118	578
Additional Amounts Available for				
Appropriation	387,920	469,420	500,127	30,707
Charges to Appropriations (Outflows):				
Maintenance	289,670	289,670	263,341	26,329
Traffic Services	51,560	51,560	42,827	8,733
Snow and Ice Removal	37,140	57,140	52,316	4,824
Administrative	10,770	10,770	8,214	2,556
Transfers Out	89,230	89,230	39,230	50,000
Total Charges to Appropriations	478,370	498,370	405,928	92,442
Budgetary Fund Balance - June 30, 2018	\$ 362,699	\$ 424,199	\$ 547,348	\$ 123,149

**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, 2018**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual Amounts</u></b>	<b><u>Variance with</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>(Budgetary Basis)</u></b>	<b><u>Final Budget</u></b>
Budgetary Fund Balance, July 1, 2017	\$ 131,969	\$ 131,969	\$ 131,969	\$ -
Resources (Inflows):				
Intergovernmental	154,440	144,440	148,783	4,343
Other	1,500	1,500	-	(1,500)
Interest Income	820	820	1,005	185
Transfers In	150,000	150,000	150,000	-
Additional Amounts Available for Appropriation	306,760	296,760	299,788	3,028
Charges to Appropriations (Outflows):				
Maintenance	225,880	219,380	213,448	5,932
Traffic Services	27,020	27,020	15,868	11,152
Snow and Ice Removal	44,670	74,670	70,720	3,950
Administrative	10,090	10,090	7,562	2,528
Total Charges to Appropriations	307,660	331,160	307,598	23,562
Budgetary Fund Balance - June 30, 2018	\$ 131,069	\$ 97,569	\$ 124,159	\$ 26,590



**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, 2018**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual Amounts</u></b>	<b><u>Variance with</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>(Budgetary Basis)</u></b>	<b><u>Final Budget</u></b>
Budgetary Fund Balance, July 1, 2017	\$ 363,665	\$ 363,665	\$ 363,665	\$ -
Resources (Inflows):				
Property Taxes	227,200	227,200	231,399	4,199
Other	36,680	36,680	36,564	(116)
Interest Income	240	240	3,769	3,529
Additional Amounts Available for Appropriation	264,120	264,120	271,732	7,612
Charges to Appropriations (Outflows):				
Debt Service-principal	224,040	224,040	224,040	-
Debt Service-interest	50,972	50,972	42,474	8,498
Total Charges to Appropriations	275,012	275,012	266,514	8,498
Budgetary Fund Balance - June 30, 2018	\$ 352,773	\$ 352,773	\$ 368,883	\$ 16,110

**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, 2018**

	<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, 2017	\$ 36,622	\$ 36,622	\$ 36,622	\$ -
Resources (Inflows):				
Interest Income	50	200	316	116
Transfers In	98,080	98,080	98,080	-
Additional Amounts Available for Appropriation	98,130	98,280	98,396	116
Charges to Appropriations (Outflows):				
Debt Service-principal	50,000	50,000	50,000	-
Debt Service-interest	48,130	48,280	48,265	15
Total Charges to Appropriations	98,130	98,280	98,265	15
Budgetary Fund Balance - June 30, 2018	\$ 36,622	\$ 36,622	\$ 36,753	\$ 131

**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, 2018**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual Amounts</u></b>	<b><u>Variance with</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>(Budgetary Basis)</u></b>	<b><u>Final Budget</u></b>
Budgetary Fund Balance, July 1, 2017	\$ <u>243,025</u>	\$ <u>243,025</u>	\$ <u>243,025</u>	\$ <u>-</u>
Resources (Inflows):				
Property Taxes	329,940	329,940	336,089	6,149
Other	50,750	50,750	54,605	3,855
Interest Income	<u>200</u>	<u>200</u>	<u>2,573</u>	<u>2,373</u>
Additional Amounts Available for Appropriation	<u>380,890</u>	<u>380,890</u>	<u>393,267</u>	<u>12,377</u>
Charges to Appropriations (Outflows):				
Debt Service-principal	250,000	250,000	250,000	-
Debt Service-interest	<u>130,890</u>	<u>130,890</u>	<u>130,888</u>	<u>2</u>
Total Charges to Appropriations	<u>380,890</u>	<u>380,890</u>	<u>380,888</u>	<u>2</u>
Budgetary Fund Balance - June 30, 2018	\$ <u><u>243,025</u></u>	\$ <u><u>243,025</u></u>	\$ <u><u>255,404</u></u>	\$ <u><u>12,379</u></u>

**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, 2018**

	<b><u>Budgeted Amounts</u></b>		<b><u>Actual Amounts</u></b>	<b><u>Variance with</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>(Budgetary Basis)</u></b>	<b><u>Final Budget</u></b>
Budgetary Fund Balance, July 1, 2017	\$ 48,931	\$ 48,931	\$ 48,931	\$ -
Resources (Inflows):				
Property Taxes	299,030	299,030	304,712	5,682
Interest Income	40	40	550	510
Additional Amounts Available for Appropriation	299,070	299,070	305,262	6,192
Charges to Appropriations (Outflows):				
Debt Service-principal	225,000	225,000	225,000	-
Debt Service-interest	54,100	54,100	54,000	100
Total Charges to Appropriations	279,100	279,100	279,000	100
Budgetary Fund Balance - June 30, 2018	\$ 68,901	\$ 68,901	\$ 75,193	\$ 6,292

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget</b>
Budgetary Fund Balance, July 1, 2017	\$ 200,107	\$ 200,107	\$ 200,107	\$ -
Resources (Inflows):				
Property Taxes	425,070	425,070	433,391	8,321
Interest Income	150	150	778	628
Additional Amounts Available for Appropriation	425,220	425,220	434,169	8,949
Charges to Appropriations (Outflows):				
Debt Service-principal	325,000	325,000	325,000	-
Debt Service-interest	80,250	80,250	80,250	-
Total Charges to Appropriations	405,250	405,250	405,250	-
Budgetary Fund Balance - June 30, 2018	\$ 220,077	\$ 220,077	\$ 229,026	\$ 8,949

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**2017 Street G.O. Debt Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget</b>
Budgetary Fund Balance, July 1, 2017	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Property Taxes	165,550	165,550	168,944	3,394
Interest Income	40	40	148	108
Additional Amounts Available for Appropriation	165,590	165,590	169,092	3,502
Charges to Appropriations (Outflows):				
Debt Service-principal	57,000	57,000	57,000	-
Debt Service-interest	88,600	88,600	67,580	21,020
Total Charges to Appropriations	145,600	145,600	124,580	21,020
Budgetary Fund Balance - June 30, 2018	\$ 19,990	\$ 19,990	\$ 44,512	\$ 24,522

**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, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget</b>
Budgetary Fund Balance, July 1, 2017	\$ 4,036,516	\$ 4,036,516	\$ 4,036,516	\$ -
Resources (Inflows):				
Other	1,246,400	1,277,400	307,178	(970,222)
Interest Income	4,800	34,800	42,762	7,962
Transfers In	450,000	450,000	400,000	(50,000)
Additional Amounts Available for Appropriation	1,701,200	1,762,200	749,940	(1,012,260)
Charges to Appropriations (Outflows):				
Capital Outlay	2,962,850	3,029,701	1,770,918	1,258,783
Total Charges to Appropriations	2,962,850	3,029,701	1,770,918	1,258,783
Budgetary Fund Balance - June 30, 2018	\$ 2,774,866	\$ 2,769,015	\$ 3,015,538	\$ 246,523

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2018**

	<b><u>Equipment Fund</u></b>	<b><u>Post Retirement Benefits Fund</u></b>	<b><u>Total</u></b>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Certificates of Deposit	\$ 181	\$ 252	\$ 433
Investments - at fair value	98,327	797,586	895,913
Prepaid Expense	-	26,911	26,911
Total Current Assets	<u>98,508</u>	<u>824,749</u>	<u>923,257</u>
Capital Assets	2,491,040	-	2,491,040
Less: Accumulated Depreciation	<u>(1,271,554)</u>	<u>-</u>	<u>(1,271,554)</u>
Net Capital Assets	<u>1,219,486</u>	<u>-</u>	<u>1,219,486</u>
Total Assets	<u>\$ 1,317,994</u>	<u>\$ 824,749</u>	<u>\$ 2,142,743</u>
<b><u>LIABILITIES AND NET POSITION</u></b>			
Current Liabilities:			
Accounts Payable	\$ 28,906	\$ 16,299	\$ 45,205
Accrued Liabilities	1,017	395	1,412
Current Portion of Long-term Obligations	<u>171,565</u>	<u>-</u>	<u>171,565</u>
Total Current Liabilities	<u>201,488</u>	<u>16,694</u>	<u>218,182</u>
Noncurrent Liabilities:			
Due to employees	-	761,906	761,906
Noncurrent Portion of Long-term Obligations	<u>115,786</u>	<u>-</u>	<u>115,786</u>
Total Noncurrent Liabilities	<u>115,786</u>	<u>761,906</u>	<u>877,692</u>
Total Liabilities	<u>317,274</u>	<u>778,600</u>	<u>1,095,874</u>
NET POSITION:			
Net Investment in Capital Assets	932,135	-	932,135
Unrestricted	<u>68,585</u>	<u>46,149</u>	<u>114,734</u>
Total Net Position	<u>1,000,720</u>	<u>46,149</u>	<u>1,046,869</u>
Total Liabilities and Net Position	<u>\$ 1,317,994</u>	<u>\$ 824,749</u>	<u>\$ 2,142,743</u>



**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Combining Statement of Operations and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	<b>Equipment Fund</b>	<b>Post Retirement Benefits Fund</b>	<b>Total</b>
<b><u>Operating Revenues:</u></b>			
Charges for Services	\$ 262,342	\$ -	\$ 262,342
Total Operating Revenues	<u>262,342</u>	<u>-</u>	<u>262,342</u>
<b><u>Operating Expenses:</u></b>			
Operations & Maintenance	187,445	-	187,445
Depreciation	90,111	-	90,111
Retiree Healthcare & Other	-	588,941	588,941
Total Operating Expenses	<u>277,556</u>	<u>588,941</u>	<u>866,497</u>
Operating Income (Loss)	<u>(15,214)</u>	<u>(588,941)</u>	<u>(604,155)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Interest on investments	700	8,151	8,851
Interest Expense	(9,172)	-	(9,172)
Total Nonoperating Revenues (Expenses)	<u>(8,472)</u>	<u>8,151</u>	<u>(321)</u>
Transfers In	<u>150,000</u>	<u>528,200</u>	<u>678,200</u>
Net Income (Loss)	126,314	(52,590)	73,724
Net Position, Beginning	<u>874,406</u>	<u>98,739</u>	<u>973,145</u>
Net Position, Ending	\$ <u><u>1,000,720</u></u>	\$ <u><u>46,149</u></u>	\$ <u><u>1,046,869</u></u>

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2018**

	<b>Equipment Fund</b>	<b>Post Retirement Benefits Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers and users	\$ 262,342	\$ -	\$ 262,342
Payments for goods and services	(80,916)	-	(80,916)
Payments for employee benefits	(87,304)	(516,449)	(603,753)
Net Cash Provided (Used) by Operating Activities	<u>94,122</u>	<u>(516,449)</u>	<u>(422,327)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Interfund Transfers	150,000	528,200	678,200
Net Cash Provided by Noncapital Financing Activities	<u>150,000</u>	<u>528,200</u>	<u>678,200</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	(220,208)	-	(220,208)
Proceeds from Installment Loan	97,250	-	97,250
Principal Paid on Debt	(167,628)	-	(167,628)
Interest Paid on Debt	(9,172)	-	(9,172)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(299,758)</u>	<u>-</u>	<u>(299,758)</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Investment Securities	(40,500)	(66,724)	(107,224)
Proceeds from Maturities of Investment Securities	61,184	41,369	102,553
Interest received	700	8,151	8,851
Net Cash Provided by Investing Activities	<u>21,384</u>	<u>(17,204)</u>	<u>4,180</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(34,252)	(5,453)	(39,705)
Cash and Cash Equivalents, Beginning	<u>34,433</u>	<u>5,705</u>	<u>40,138</u>
Cash and Cash Equivalents, Ending	\$ <u><u>181</u></u>	\$ <u><u>252</u></u>	\$ <u><u>433</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (15,214)	\$ (588,941)	\$ (604,155)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization Expense	90,111	-	90,111
(Increase) Decrease in Prepaid Expense	-	155	155
Increase (Decrease) in Accounts Payable	19,230	13,124	32,354
Increase (Decrease) in Accrued Liabilities	(5)	(17)	(22)
Increase (Decrease) in Other Liabilities	-	59,230	59,230
Net Cash Provided (Used) by Operating Activities	\$ <u><u>94,122</u></u>	\$ <u><u>(516,449)</u></u>	\$ <u><u>(422,327)</u></u>

**CITY OF HUNTINGTON WOODS, MICHIGAN**  
**Statement of Changes in Net Position**  
**Agency Fund**  
**For the Year Ended June 30, 2018**

	<b><u>Balance</u></b> <b><u>June 30, 2017</u></b>		<b><u>Additions</u></b>		<b><u>Deductions</u></b>		<b><u>Balance</u></b> <b><u>June 30, 2018</u></b>
<b><u>ASSETS</u></b>							
Cash and Cash Equivalents	\$ 4,838	\$	16,993,145	\$	16,997,914	\$	69
Investments	308,000		13,500		30,700		290,800
Total Assets	<u>\$ 312,838</u>	\$	<u>17,006,645</u>	\$	<u>17,028,614</u>	\$	<u>290,869</u>
<b><u>LIABILITIES</u></b>							
Accounts Payable	\$ -	\$	284,112	\$	274,237	\$	9,875
Accrued and Other Liabilities	171,925		16,574,564		16,598,875		147,614
Performance Deposits	140,913		147,969		155,502		133,380
Total Liabilities	<u>\$ 312,838</u>	\$	<u>17,006,645</u>	\$	<u>17,028,614</u>	\$	<u>290,869</u>

## **Statistical Section**

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## STATISTICAL SECTION INDEX

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b><u>Financial Trends</u></b>	109-112
These schedules contain trend information to help the reader understand how the City's financial performance has changed.	
<b><u>Revenue Capacity</u></b>	113-118
These schedules contain information to help the reader access the City's most significant local revenue source, the property tax.	
<b><u>Debt Capacity</u></b>	119-122
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.	
<b><u>Demographic and Economic Information</u></b>	123-125
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b><u>Operating Information</u></b>	126-127
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.	
<b><u>Sources</u></b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in the fiscal year ended 6/30/03; schedules presenting government-wide information include information beginning in that year.	

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

	Fiscal Year 2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net position, invested in capital assets	\$ 16,427,039	\$ 17,189,807	\$ 17,293,790	\$ 17,489,323	\$ 17,680,106	\$ 18,807,744	\$ 20,306,882	\$23,393,781	\$ 18,562,423	\$ 22,471,311
Restricted	136,015	890,287	828,641	1,006,973	1,121,696	1,118,423	1,431,856	2,097,767	6,128,154	4,336,126
Unrestricted	3,075,721	2,572,613	3,299,301	3,236,502	3,530,883	3,898,844	(8,277,635)	(10,296,258)	(10,302,305)	(23,991,912)
Total governmental activities net position	<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>	<u>\$14,388,272</u>	<u>\$ 2,815,525</u>
Business-type activities										
Net position, invested in capital assets	\$ 2,945,582	\$ 3,103,420	\$ 3,238,887	\$ 3,914,602	\$ 3,888,654	\$ 3,796,684	\$ 4,081,175	\$ 3,997,472	\$ 3,932,000	\$ 4,084,636
Unrestricted	1,141,016	787,774	638,798	1,306,100	1,362,627	1,413,125	1,231,149	1,463,310	1,758,248	1,836,108
Total business-type activities net position	<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>	<u>\$ 5,690,248</u>	<u>\$ 5,920,744</u>
Primary government										
Net Investment in capital assets	\$ 19,372,621	\$ 20,293,227	\$ 20,532,677	\$ 21,403,925	\$ 21,568,760	\$ 22,604,428	\$ 24,388,057	\$27,391,253	\$22,494,423	\$26,555,947
Restricted	136,015	890,287	828,641	1,006,973	1,121,696	1,118,423	1,431,856	2,097,767	6,128,154	4,336,126
Unrestricted	4,216,737	3,360,387	3,938,099	4,542,602	4,893,510	5,311,969	(7,046,486)	(8,832,948)	(8,544,057)	(22,155,804)
Total primary government net position	<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>	<u>\$20,078,520</u>	<u>\$ 8,736,269</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,658,500	\$ 2,631,232	\$ 3,110,281	\$ 2,525,906	\$ 4,073,818	\$ 3,219,263	\$ 3,509,607	\$ 2,308,876	\$ 2,527,307	\$ 2,004,010
Public safety	2,398,441	2,635,710	2,952,968	3,045,555	3,155,832	3,183,604	3,222,889	3,387,345	2,064,426	2,868,799
Public works/Streets	763,744	690,256	652,119	748,803	773,641	842,723	1,671,457	449,678	1,246,834	1,528,845
Recreation/Library	2,922,304	2,879,352	2,602,036	2,482,326	2,438,815	2,537,079	2,560,634	2,949,723	2,584,876	2,740,835
Capital outlay	-	-	-	-	-	-	-	-	-	-
Interest on debt	545,749	511,931	452,253	451,564	482,619	448,602	471,953	426,606	392,639	386,268
Total governmental activities expenses	<u>\$ 9,288,738</u>	<u>\$ 9,348,481</u>	<u>\$ 9,769,657</u>	<u>\$ 9,254,154</u>	<u>\$10,924,725</u>	<u>\$ 10,231,271</u>	<u>\$ 11,436,540</u>	<u>\$ 9,522,228</u>	<u>\$ 8,816,082</u>	<u>\$ 9,528,757</u>
Business-type activities:										
Water	1,808,143	1,813,535	2,036,080	2,007,100	2,124,635	2,091,775	2,162,586	2,736,953	2,813,487	2,582,402
Total primary government expenses	<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>	<u>\$11,629,569</u>	<u>\$12,111,159</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 405,991	\$ 408,743	\$ 1,067,243	\$ 426,840	\$ 503,394	\$ 592,498	\$ 949,342	\$ 1,215,049	\$ 1,533,159	\$ 743,567
Public safety	125,295	113,568	154,259	159,390	208,333	168,001	143,111	82,130	271,556	223,384
Public works	164,382	-	-	-	-	-	536,074	230,432	308,132	235,426
Recreation / Library	977,150	1,052,260	1,005,786	1,004,193	1,005,290	986,267	1,068,491	1,034,111	1,120,514	1,087,980
Operating grants and contributions	354,666	4,362	4,248	3,609	4,275	4,749	3,030	22,955	11,918	79,032
Capital grants and contributions	928,717	13,002	7,890	13,800	12,361	10,003	21,643	-	-	137,824
Total governmental activities program revenue	<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>	<u>\$ 3,245,279</u>	<u>\$ 2,507,213</u>
Business-type activities:										
Charges for services	1,754,065	1,815,271	2,071,196	2,268,021	2,417,538	2,299,856	2,511,407	2,745,041	2,798,640	2,860,626
Total business-type activities program revenues	<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>	<u>2,798,640</u>	<u>2,860,626</u>
Total primary government program revenues	<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>	<u>\$ 6,043,919</u>	<u>\$ 5,367,839</u>
<b>Net (Expenses)/Revenue</b>										
Governmental activities	\$ (6,332,537)	\$ (7,756,546)	\$ (7,530,231)	\$ (7,646,322)	\$ (9,191,072)	\$ (8,469,753)	\$ (8,714,849)	\$ (6,937,551)	\$ (5,570,803)	\$ (7,021,544)
Business-type activities	\$ (54,078)	\$ 1,736	\$ 35,116	\$ 260,921	\$ 292,903	\$ 208,081	\$ 348,821	\$ 8,088	\$ (14,847)	\$ 278,224
Total primary government net expense	<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>	<u>\$ (5,585,650)</u>	<u>\$ (6,743,320)</u>
<b>General Revenues and Other Changes in Nets Position</b>										
Governmental activities:										
Property taxes	\$ 5,638,599	\$ 5,784,124	\$ 5,592,840	\$ 5,525,532	\$ 5,662,130	\$ 5,769,462	\$ 5,940,391	\$ 6,133,390	\$ 6,409,700	\$ 6,539,272
Property tax - debt service	1,442,147	1,326,964	1,589,480	2,021,074	2,059,560	2,229,093	2,313,711	1,793,647	1,026,868	1,474,536
State shared revenue	648,811	570,623	447,260	511,759	526,067	539,886	549,411	549,493	573,630	594,811
Investment earnings	224,401	196,680	108,111	51,098	22,040	67,846	54,153	76,455	48,235	122,929
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Gain or loss (disposable assets)	174,385	983,122	493,710	918,666	1,258,737	1,100,473	(280,515)	(6,824)	(3,054,456)	-
Transfers - internal activities	398,752	232,735	67,855	(1,070,741)	262,425	255,319	254,446	125,577	(240,192)	58,850
Total governmental activities	<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>	<u>\$ 4,763,785</u>	<u>\$ 8,790,398</u>
Business-type activities:										
Investment earnings	48,550	35,595	19,230	11,355	101	5,766	8,139	6,570	4,121	11,122
Transfers - internal activities	(398,752)	(232,735)	(67,855)	1,070,741	(262,425)	(255,319)	(254,446)	133,800	240,192	(58,850)
Total business-type activities	<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>	<u>244,313</u>	<u>(47,728)</u>
Total primary government	<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>	<u>\$ 5,008,098</u>	<u>\$ 8,742,670</u>
Cumulative effect in accounting change- Gov Activities	\$ -	\$ (323,770)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 2,194,558	\$ 1,013,932	\$ 769,025	\$ 311,066	\$ 599,887	\$ 1,492,326	\$ 116,748	\$ 1,734,187	\$ (807,018)	\$ 1,768,854
Business-type activities	(404,280)	(195,404)	(13,509)	1,343,017	30,579	(41,472)	102,514	148,458	229,466	230,496
Net Position - Beginning as restated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,554,165	\$ 18,773,427	\$ 20,656,072	\$ 6,736,919
Total primary government	<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>\$ 18,773,427</u>	<u>\$ 18,822,645</u>	<u>\$ (577,552)</u>	<u>\$ 1,999,350</u>
Net Position Ending	<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>\$ 18,773,427</u>	<u>\$ 20,656,072</u>	<u>\$ 20,078,520</u>	<u>\$ 8,736,269</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Unreserved	911,888	1,143,934	-	-	-	-	-	-	-	-
All Other Governmental Funds										
Reserved	136,015	4,097,588	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special revenue funds	1,014,192	1,024,990	-	-	-	-	-	-	-	-
Capital projects funds	213,091	-	-	-	-	-	-	-	-	-
Debt service funds	565,692	533,429	-	-	-	-	-	-	-	-
Total other governmental funds	1,928,990	5,656,007	-	-	-	-	-	-	-	-
Total Governmental Funds	<u>\$ 2,840,878</u>	<u>\$ 6,799,941</u>	<u>\$ -</u>	<u>\$ -</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	77,796	75,852
Restricted	-	-	-	-	-	-	-	-	-	123,321
Committed	-	-	568,760	619,067	835,141	1,356,823	993,773	1,053,674	1,110,594	1,172,313
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	1,645,220	1,755,247
Total General Fund	-	-	2,088,432	2,209,053	2,536,055	3,110,149	2,475,320	2,664,011	2,833,610	3,126,733
All Other Governmental Funds										
Restricted	-	-	3,221,216	2,959,254	1,976,615	4,699,354	1,699,416	2,129,708	5,049,703	4,212,805
Committed	-	-	4,500	4,500	4,500	4,500	4,500	-	-	-
Assigned	-	-	488,666	677,792	920,995	990,788	826,485	606,806	668,281	682,236
Total other governmental funds	-	-	3,714,382	3,641,546	2,902,110	5,694,642	2,530,401	2,736,514	5,717,984	4,895,041
Total Governmental Funds	<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>	<u>\$ 8,551,594</u>	<u>\$ 8,021,774</u>



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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Property Taxes										
Property Taxes	\$ 7,080,747	\$ 7,111,088	\$ 7,182,320	\$ 7,546,606	\$ 7,721,690	\$ 7,998,556	\$ 8,254,102	\$ 7,927,037	\$ 7,436,568	\$ 8,013,808
Licenses and permits	157,402	156,381	188,152	174,874	269,542	335,440	362,019	292,808	280,163	235,330
Intergovernmental	907,990	931,382	790,958	924,370	900,917	963,349	975,988	969,807	1,056,188	1,234,725
Charges for services	89,088	90,106	86,388	68,142	68,630	69,723	130,608	137,603	348,908	226,124
Aquatic Club charges	178,107	187,287	189,441	180,504	215,591	178,911	149,203	214,683	227,784	291,655
Program fees	740,497	808,836	760,548	766,337	730,343	748,342	828,612	751,532	789,633	880,001
Fines and forfeits	227,645	217,433	252,461	254,523	287,122	264,246	162,928	160,718	171,209	234,253
Investment income	185,965	160,219	88,524	38,312	19,803	58,276	54,152	67,729	42,417	114,078
Other	306,508	253,514	280,311	496,028	824,797	731,083	661,744	615,745	735,248	686,053
Total revenues	9,873,949	9,916,246	9,819,103	10,449,696	11,038,435	11,347,926	11,579,356	11,137,662	11,088,118	11,916,027
<b>Expenditures</b>										
General government	1,763,458	1,721,646	1,355,543	1,510,107	1,439,464	1,442,701	1,875,418	1,017,647	1,083,856	1,251,841
Public safety	2,358,034	2,595,099	2,904,831	2,994,502	3,107,956	3,158,098	3,308,232	3,240,419	3,197,637	3,020,549
Public works / Major Local Streets	956,853	816,577	836,597	845,708	874,862	949,755	1,407,961	1,396,969	1,446,559	1,651,936
Recreation and Cultural	2,452,578	2,479,765	2,260,315	2,117,522	669,130	2,172,617	2,303,759	2,418,115	2,470,497	2,576,756
Capital outlay	1,233,005	783,937	1,639,092	2,329,334	1,519,142	1,231,650	3,540,722	567,429	893,201	1,770,918
Debt service										
Principal	942,947	1,055,312	1,240,486	1,699,874	1,785,516	1,940,373	2,005,394	1,206,350	1,218,715	1,131,040
Interest	461,209	437,845	391,884	446,230	461,542	494,235	471,953	425,450	385,749	423,457
Total expenditures	10,168,084	9,890,181	10,628,748	11,943,277	9,857,612	11,389,429	14,913,439	10,272,379	10,696,214	11,826,497
Excess of revenues over (under) expenditures	(294,135)	26,065	(809,645)	(1,493,581)	1,180,823	(41,503)	(3,334,083)	865,283	391,904	89,530
<b>Other Financing Sources (Uses)</b>										
Proceeds from long-term debt	-	10,705,000	-	3,050,000	-	3,769,328	-	-	3,691,961	-
Debt defeasement/underwriter discount	-	(6,295,050)	-	-	-	-	-	-	-	-
Transfers - in	2,071,871	1,697,843	1,319,938	1,354,454	1,496,514	1,438,071	1,399,076	1,466,828	1,264,509	1,498,080
Transfers - out	(1,991,940)	(1,851,025)	(1,507,420)	(2,863,088)	(1,678,176)	(1,799,270)	(1,583,548)	(1,937,307)	(2,197,305)	(2,117,430)
Total other financing sources (uses)	79,931	4,256,768	(187,482)	1,541,366	(181,662)	3,408,129	(184,472)	(470,479)	2,759,165	(619,350)
Cumulative Effect of Accounting Change	-	(323,770)	-	-	-	-	-	-	-	-
<b>Extraordinary Item</b>										
Flood Grants and Reimbursements	-	-	-	-	-	-	1,221,193	-	-	-
Flood Related Expenditures	-	-	-	-	-	-	1,501,708	-	-	-
Net Flood Loss	-	-	-	-	-	-	(280,515)	-	-	-
<b>Net changes in fund balances</b>	<b>\$ (214,204)</b>	<b>\$ 3,959,063</b>	<b>\$ (997,127)</b>	<b>\$ 47,785</b>	<b>\$ 999,161</b>	<b>\$ 3,366,626</b>	<b>(3,799,070)</b>	<b>\$ 394,804</b>	<b>\$ 3,151,069</b>	<b>\$ (529,820)</b>
Debt service as a percentage of noncapital expenditures	18.78%	16.63%	29.92%	24.08%	24.67%	23.88%	22.92%	21.67%	16.78%	15.00%

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

<b>Year Ended June 30</b>	<b>General Property Taxes</b>	<b>Property Tax Debt Service</b>	<b>Sales and use tax</b>	<b>Total</b>
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
2017	6,357,383	1,043,965	573,630	7,974,978
2018	6,514,292	1,474,536	594,811	8,583,639
<b>Change 2009-2018</b>	16%	2%	6%	13%

**CITY OF HUNTINGTON WOODS**  
**STATE EQUALIZED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Tax 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	
2009	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	21.1527
2010	336,553,400	302,571,820	673,106,800	3,468,350	3,465,910	6,936,700	340,021,750	306,037,730	680,043,500	21.3175
2011	306,514,600	290,820,330	613,029,200	3,370,460	3,370,460	6,740,920	309,885,060	294,190,790	619,770,120	22.8115
2012	303,408,100	289,596,810	606,816,200	3,787,760	3,787,760	7,575,520	307,195,860	293,384,570	614,391,720	24.9469
2013	317,679,190	295,092,160	635,358,380	3,815,660	3,815,660	7,631,320	321,494,850	298,907,820	642,989,700	25.5963
2014	355,054,620	304,535,520	710,109,240	4,245,510	4,245,510	8,491,020	359,300,130	308,781,030	718,600,260	26.0592
2015	409,664,400	317,138,070	819,328,800	4,330,700	4,330,700	8,661,400	413,995,100	321,468,770	827,990,200	26.7149
2016	449,601,660	326,331,330	899,203,320	4,451,010	4,451,010	8,902,020	454,052,670	330,782,340	908,105,340	23.7381
2017	475,272,250	338,377,770	950,544,500	4,311,370	4,311,370	8,622,740	479,583,620	342,689,140	959,167,240	22.3771
2018	485,739,160	352,795,870	971,478,320	5,275,840	5,275,840	10,551,680	491,015,000	358,071,710	982,030,000	23.1918

Source: Oakland County Assessor

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

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

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

Fiscal Year	City Direct Rate			Overlapping Rates					
	Operating	Debt Service	Total Direct	School Districts		Community College	Intermediate		GWK Drain
				Berkley	Royal Oak		School District	County	
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	4.7569	23.7381	13.7269	13.3842	1.5819	3.3633	5.7432	0.8312
2016: Non-Homestead	18.9812	4.7569	23.7381	31.7269	31.3842	1.5819	3.3633	4.8460	0.8312
2017: Homestead (1)	18.9372	3.5589	22.4961	13.6993	12.696	1.5555	3.3079	5.7712	0.6630
2017: Non-Homestead	18.9372	3.5589	22.4961	31.6993	30.696	1.5555	3.3079	5.7712	0.6630
2018: Homestead (1)	19.1259	3.4453	22.5712	13.6843	12.5245	1.5431	3.2813	5.7712	0.6206
2018: Non-Homestead	19.1259	3.4453	22.5712	30.6843	30.5245	1.5431	3.2813	5.7712	0.6206

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	Percent of Total City			Percent of Total City			Percent of Total City			Percent of Total City			Percent of Total City		
	Taxable	Rank	Taxable	Taxable	Rank	Taxable	Taxable	Rank	Taxable	Taxable	Rank	Taxable	Taxable	Rank	Taxable
	Value		Value	Value		Value	Value		Value	Value		Value	Value		Value
	2009			2010			2011			2012			2013		
Detroit Edison-Utility	\$ 727,670	4	0.22%	\$ 759,790	3	0.23%	\$ 641,610	5	0.21%	\$ 653,240	5	0.22%	\$ 702,690	5	0.24%
Herman Brodsky-Property Mgmnt	996,410	1	0.31%	1,040,240	1	0.32%	1,037,110	1	0.34%	1,054,730	1	0.36%	1,083,200	1	0.37%
Chase Bank-Commercial Bank	966,420	2	0.30%	1,008,930	2	0.31%	1,005,880	2	0.33%	948,430	2	0.32%	919,000	2	0.31%
Kasco Equities-Property Mgmnt	584,290	6	0.18%	554,530	6	0.17%	751,550	4	0.25%	685,110	4	0.23%	645,390	4	0.22%
Consumers Energy-Utility	588,890	5	0.18%	663,030	5	0.20%	798,880	3	0.26%	910,870	3	0.31%	1,296,330	3	0.44%
Rite Aid-Retail Pharmacy	575,020	7	0.18%	541,480	7	0.17%	479,530	6	0.16%	433,600	8	0.15%	403,530	8	0.14%
Vargo Detroit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Hendrie	-	-	-	-	-	-	-	-	-	525,000	6	0.18%	500,530	6	0.17%
26711 Woodward Ave LLC	750,000	3	0.23%	728,750	4	0.22%	645,070	7	0.21%	457,070	7	0.16%	-	-	-
Private Residence-Hendrie	477,600	8	0.15%	-	-	-	-	-	-	428,670	9	0.15%	-	9	0.00%
Private Residence-Lincoln	-	-	-	464,840	9	0.14%	-	-	-	-	-	-	-	-	-
Private Residence-Nadine	-	-	-	450,790	10	0.14%	449,430	8	0.15%	-	-	-	368,790	-	-
Private Residence-Nadine	463,710	10	0.14%	-	-	-	-	-	-	-	-	-	364,870	-	-
Private Residence-Pembroke/ Salem															
Private Residence-Parkwood	469,620	9	0	490,280	8	0	469,130	10	0	-	-		411,860	-	
Private Residence- Elgin															
26789 Woodward LLC															
Ten Largest Taxpayers	6,599,630		2.04%	6,702,660		2.06%	6,278,190		2.05%	6,096,720		1.55%	6,696,190		2.28%
Other Taxpayers	\$ 316,991,110			\$ 318,455,180			\$ 299,590,890			\$ 287,770,630			\$ 286,688,380		
Total Taxable Value	\$ 323,590,740			\$ 325,157,840			\$ 305,869,080			\$ 394,190,790			\$ 293,384,570		

	2014			2015			2016			2017			2018		
Detroit Edison-Utility	\$ 666,820	4	0.22%	\$ 657,010	4	0.31%	\$ 797,670	3	0.25%	\$ 830,300	3	0.25%	\$ 834,470	3	0.23%
Herman Brodsky-Property Mgmnt	1,130,450	2	0.38%	1,050,000	2	0.50%	685,800	5	0.21%	478,540	8	0.14%	730,240	4	0.20%
Chase Bank-Commercial Bank	920,070	3	0.31%	926,910	3	0.44%	941,730	2	0.29%	953,020	2	0.29%	973,020	2	0.27%
Kasco Equities-Property Mgmnt	640,060	5	0.21%	644,870	5	0.31%	655,180	6	0.20%	664,640	6	0.20%	678,590	6	0.19%
Consumers Energy-Utility	1,474,340	1	0.49%	1,722,210	1	0.82%	1,950,060	1	0.61%	2,416,710	1	0.73%	3,378,510	1	0.94%
Rite Aid-Retail Pharmacy	403,230	8	0.13%	-	-	-	-	-	-	417,210	-	-	-	-	-
Vargo Detroit	-	-	-	-	-	-	725,000	4	-	725,000	4	-	502,970	9	0.14%
Private Residence-Hendrie	512,540	6	0.17%	520,740	6	0.25%	529,070	7	0.16%	-	-	0.00%	546,660	7	0.15%
26711 Woodward Ave LLC	-	-	-	-	-	-	-	-	-	694,040	5	-	708,610	5	0.20%
Private Residence-Borgman	421,740	7	0.14%	428,480	9	0.21%	435,330	9	0.14%	-	-	0.00%	-	-	-
Private Residence-Hendrie	378,910	9	0.13%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence - Lincoln	-	-	-	-	-	-	-	-	-	611,600	7	-	510,640	8	0.14%
Private Residence - Lincoln															
Private Residence-Nadine	377,440	10	0.13%	-	-	-	-	-	-	-	-	-	-	-	-
Private Residence-Talbot													501,900	10	0.14%
Private Residence-York	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Private Residences-Pembroke	-	-	-	498,760	7	0.24%	-	-	0.00%	393,870	10	0.12%	-	-	-
Private Residence-Parkwood	-	-	-	470,730	8	0.23%	478,260	8	0.15%	-	-	0.00%	-	-	-
Private Residence-Elgin	-	-	-	423,970	10	0.20%	435,330	10	0.14%	-	-	0.00%	-	-	-
26789 Woodward Ave LLC	-	-	-	-	-	-	-	-	-	385,570	9	-	-	-	-
Ten Largest Taxpayers	6,925,600		2.33%	7,343,680		3.53%	7,633,430		2.38%	8,570,500		2.60%	9,365,610		2.63%
Other Taxpayers	\$ 291,982,220			\$ 301,437,350			\$ 313,835,350			\$ 322,013,620			\$ 348,706,100		
Total Taxable Value	\$ 298,907,820			\$ 208,781,030			\$ 321,468,780			\$ 330,584,120			\$ 358,071,710		

Source: City of Huntington Woods Assessor

CITY OF HUNTINGTON WOODS  
TAX INFORMATION

**Taxes Due:**            July 1st,

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

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

**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	Delinquent Tax Property to be Sold
July 2016	Year 2011
July 2017	Year 2012
July 2018	Year 2013

**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

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

<b>Fiscal Year Ending June 30</b>	<b>Total Tax Levy</b>	<b>End of Year Current Tax Collections</b>	<b>Percent of Levy Collected Year of Levy</b>	<b>Delinquent Personal Property Tax Collections Subsequent</b>	<b>Total Tax Collections To Date</b>	<b>Total Percent of Levy Collected To Date</b>
2009	7,101,031	7,100,455	99.99%	418	7,100,872	100.00%
2010	7,184,400	7,182,214	99.97%	1,205	7,183,419	99.99%
2011	7,248,574	7,246,563	99.97%	912	7,247,475	99.98%
2012	7,599,933	7,596,376	99.95%	3,489	7,599,865	100.00%
2013	7,765,959	7,758,079	99.90%	6,399	7,764,478	99.98%
2014	8,044,502	8,036,776	99.90%	6,655	8,043,431	99.99%
2015	8,261,481	8,253,972	99.91%	6,664	8,260,635	99.99%
2016	7,922,580	7,916,254	99.92%	6,535	7,922,789	100.00%
2017	7,433,654	7,426,288	99.90%	1,770	7,428,059	99.92%
2018	7,957,401	7,954,321	99.96%	-	7,954,321	99.96%

Source: Oakland County Assessor

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

Year Ended June 30	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Net Debt Per Capita
	General Obligation Bonds	GWK Drain Bonds	Installment Loans	Installment Loan				
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	1,880,099	46,564	527,719		12,679,382	3.71%	2,033
2017	12,555,000	1,661,684	23,282	358,174		14,598,140	4.16%	2,340
2018	11,705,000	1,437,643	-	287,351		13,429,994	3.33%	2,153

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**

<b>Fiscal Year Ending June 30</b>	<b>General Obligation Bonds</b>	<b>Less Available Debt Service Funds</b>	<b>Total</b>	<b>Percentage of Estimated Actual Value of Taxable Property</b>	<b>Net Bonded Debt per Capita</b>
2009	8,525,000	565,692	7,959,308	1.01%	1,294
2010	12,155,000	533,428	11,621,572	1.71%	1,889
2011	11,100,000	655,427	10,444,573	1.69%	1,674
2012	12,640,000	770,332	11,869,668	1.93%	1,903
2013	11,050,000	811,304	10,238,696	1.59%	1,641
2014	13,020,000	792,122	12,227,878	1.70%	1,960
2015	11,220,000	843,221	10,376,779	1.25%	1,663
2016	10,225,000	1,252,177	8,972,823	0.99%	1,438
2017	12,555,000	892,350	11,662,650	1.22%	1,870
2018	11,705,000	640,889	11,064,111	1.13%	1,774

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, 2018**

<b>Name of Governmental Unit</b>	<b>Bonds/Debt Outstanding</b>	<b>Balances on Hand</b>	<b>Net Debt Outstanding</b>	<b>Percentage Applicable to City</b>	<b>City's Share of Debt</b>
City of Huntington Woods					
Direct Debt					
General Obligation-Capital Improvement Bonds	11,705,000	640,889	11,064,111	100%	11,064,111
Share of County Issued GWK Drain Bonds	1,437,643	368,883	1,068,760	100%	1,068,760
Fire Truck/Public safety vehicle/Bus/DPW Truck Installment Loans	287,351	-	287,351	100%	287,351
Overlapping Debt					
Public Schools					
Berkley School District			57,390,000	34.64%	19,879,896
Royal Oak School District			42,230,000	0.01%	4,223
County			340,795,795	0.63%	2,147,014
Intermediate School District			44,695,000	0.63%	281,579
Oakland Community College			-	0.63%	-
Total Overlapping Debt					<u>22,312,712</u>
Total Direct and Overlapping Debt					<u><u>\$ 34,732,934</u></u>

Source: Percentages obtained from Municipal Advisory Council of Michigan

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

	2009	2010	2011	2012	2013
Debt Limit	\$ 39,333,086	\$ 34,002,175	\$ 30,988,506	\$ 30,719,586	\$ 32,149,485
Total net debt applicable to limit	\$ 11,360,456	\$ 14,775,116	\$ 13,394,156	\$ 14,729,662	\$ 13,161,696
Legal Debt Margin	\$ 27,972,630	\$ 19,227,059	\$ 17,594,350	\$ 15,989,924	\$ 18,987,789
Total net debt applicable to the limit as a percentage of the debt limit	28.88%	43.45%	43.22%	47.95%	40.94%
	2014	2015	2016	2017	2018
Debt Limit	\$ 35,930,013	\$ 41,399,510	\$ 45,405,267	\$ 47,958,362	\$ 49,101,500
Total net debt applicable to limit	\$ 15,241,179	\$ 13,016,344	\$ 11,764,763	\$ 13,701,540	\$ 12,420,222
Legal Debt Margin	\$ 20,688,834	\$ 28,383,166	\$ 33,640,504	\$ 34,256,822	\$ 36,681,278
Total net debt applicable to the limit as a percentage of the debt limit	42.42%	31.44%	25.91%	28.57%	25.29%

**Legal Debt Margin Calculation for Fiscal Year 2017**

State Equalized Valuation	\$ 491,015,000
Legal Debt Limit (10% of State Equalized Value)	\$ 49,101,500
Amount of Debt Applicable to Limit	13,429,994
Less: Amount Available in Debt Service Fund	1,009,772
Net General Obligation Debt Subject to Limitation	\$ 12,420,222
Legal Debt Margin less amount available	\$ 36,681,278

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>Mean Home Value</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2009	6,151	263,527,293	\$ 42,843	323,152	1,275	2.6%
2010	6,151	312,556,914	\$ 50,814	278,719	1,325	5.5%
2011	6,238	324,276,192	\$ 51,984	253,842	1,315	3.4%
2012	6,238	326,609,204	\$ 52,358	251,270	1,253	3.7%
2013	6,238	335,036,742	\$ 53,709	263,088	1,301	2.9%
2014	6,332	336,222,868	\$ 53,099	294,041	1,325	2.9%
2015	6,290	336,219,370	\$ 53,453	339,267	1,303	2.9%
2016	6,290	341,685,380	\$ 54,322	372,341	1,069	2.9%
2017	6,290	350,910,885	\$ 55,789	393,600	1,048	4.7%
2018	6,334	402,842,400	\$ 63,600	402,268	1,036	3.7%

Source: U.S. Census Department (population)

Source: Bureau Of Labor Statistics (unemployment rates)

Source: NeighborhoodScout.com(personal income and per capita income)

Source: Berkley School District (school enrollment)

Source: ERI Economic Research Institute

**CITY OF HUNTINGTON WOODS**  
**PRINCIPAL EMPLOYERS**  
**LAST TEN FISCAL YEARS**

Employer	2009			2010			2011			2012			2013		
			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	215	2	15.23%	215	1	14.91%	215	1	14.62%	178	2	11.87%	210	1	13.73%
Rackham Golf Course	50	3	3.54%	50	3	3.47%	50	3	3.40%	50	3	3.33%	26	4	1.70%
City of Huntington Woods	253	1	17.92%	212	2	14.70%	213	2	14.48%	203	1	13.53%	196	2	12.82%
Chase Bank	50	4	3.54%	40	4	2.77%	40	4	2.72%	30	4	2.00%	30	3	1.96%
Huntington Cleaners	31	5	2.20%	27	5	1.87%	24	5	1.63%	23	5	1.53%	20	5	1.31%
Largest Employers	599		42.42%	544		37.73%	542		36.85%	484		32.27%	482		31.52%
Forced Jobs SEMCOG	1,412		57.58%	1,442		62.27%	1,471		63.15%	1,500		67.73%	1,529		68.48%
	2014			2015			2016			2017			2018		
			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	203	1	13.03%	220	1	13.85%	220	1	13.91%	245	1	15.52%	239	1	15.14%
Rackham Golf Course	26	3	1.67%	30	3	1.89%	30	3	1.90%	32	3	2.03%	25	4	1.58%
City of Huntington Woods	196	2	12.58%	202	2	12.72%	211	2	13.34%	201	2	12.73%	207	2	13.11%
Chase Bank	25	4	1.60%	24	4	1.51%	24	4	1.52%	24	4	1.52%	26	3	1.65%
Huntington Cleaners	21	5	1.35%	20	5	1.26%	19	5	1.20%	18	5	1.14%	18	5	1.14%
Largest Employers	471		30.23%	496		31.23%	504		31.86%	520		32.93%	515		32.62%
Forced Jobs SEMCOG	1,558		69.77%	1,588		68.77%	1,582		68.14%	1,579		67.07%	1,579		67.38%

Source: Huntington Woods Business Licenses & City Budget document

Note: Values for forced jobs in 2017-18 are estimated from SEMCOG data as of 6/30/18

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

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	9	9	6	6	6	6	6	6	6	6
Pulic safety	19	19	18	18	18	18	18	18	18	18
Public works	9	9	9	9	8	10	10	10	10	10
Library	7	7	6	6	6	6	7	7	8	6
Recreation	30	30	33	33	32	30	31	31	34	35
Total	74	74	72	72	70	70	72	72	76	74

Source: City of Huntington Woods budget document

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Tax bills issued	2,653	2,581	2,574	2,567	2,567	2,576	2,532	2,515	2,510	3,043
Commission meetings held	16	16	16	16	16	16	17	19	16	15
Public Safety										
Physical arrests	291	302	218	312	295	430	298	542	353	170
Traffic violations	3,986	4,171	5,122	5,132	4,733	6,003	3,832	5,057	5,923	4,825
Parking violations	1,665	1,687	1,531	1,615	1,474	1,380	969	1,130	1,145	835
Emergency responses (medical runs)	212	224	193	214	220	215	228	217	127	246
Fire responses	92	104	93	61	94	80	66	126	147	179
Public Services										
Miles of streets plowed	25	25	25	25	25	25	25	25	25	25
Miles of streets reconstructed	1.25	1.71	1.08	1.31	1.12	1.04	0.69	0.76	0.05	0.05
Library										
Volumes in collection	60,255	61,956	63,584	66,258	70,552	73,171	69,106	62,089	50,615	49,149
Total volumes borrowed	80,482	69,417	52,649	68,288	68,542	73,082	61,646	53,996	61,118	63,960
Recreation										
Pool visitors	34,510	23,290	26,259	36,601	30,542	30,421	31,250	33,542	34,059	36,903
Camp participants	1,113	1,264	1,037	968	1,075	917	1,094	1,157	1,159	1,138
Class participants	6,358	6,325	5,950	6,992	6,542	5,290	5,766	6,409	5,935	5,174
Latchkey participants	236	211	202	238	192	198	202	192	201	218
Senior participants	642	1,677	1,491	1,798	1,509	1,468	1,711	1,881	1,877	2,178
Water & Sewer utility										
Average daily consumption (units)	742	709	662	708	667	623	540	570	591	639
Water main breaks	13	13	12	4	16	13	4	10	12	7
Transportation										
Individuals transported	3,507	3,783	3,847	2,783	3,675	2,717	3,672	5,169	3,896	4,072

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

Function/program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	19	19	19
Miles of major streets	6.95	6.95	6.95	6.95	6.95	6.95	6.95	6.95	9.65	9.65
Miles of local streets	17.80	17.80	17.80	17.80	17.80	17.80	17.80	17.80	15.10	15.10
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