

**Comprehensive Annual
Financial Report**

City of Huntington Woods, Michigan

**Prepared by the
Finance Department**

Fiscal Year Ended June 30, 2019

City Commission

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

Introductory Section

City of Huntington Woods, Michigan

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

Mayor Robert F. Paul
Mayor Pro-Tem Jeffrey Jenks
City Manager Amy Sullivan

Commissioner Joe Rozell
Commissioner Jules B. Olsman
Commissioner Michelle Elder

December 16, 2019

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, 2019. The State of Michigan department of local government and 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 Maner Costerisan 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 sixteenth 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 Maner Costerisan for the fiscal year ended June 30, 2019. 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 2018, 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 industrial and limited 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 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 and changed 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.

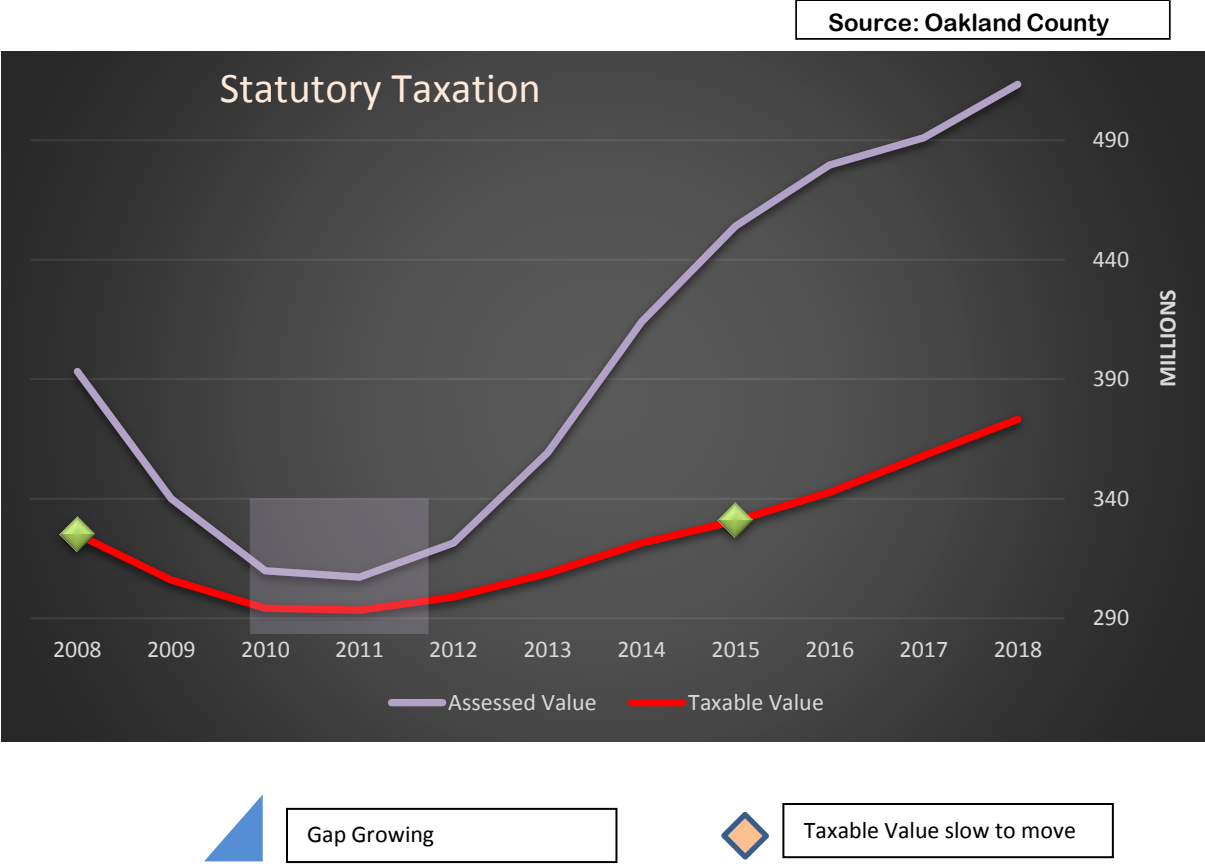
Also, in 1994, the state government froze property tax assessments to allow an opportunity to resolve complex school financing issues. Inequities in school financing had created extraordinary gaps in per-pupil spending between school districts with wealthy tax bases and districts with low per-pupil tax 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 \$3,262,345 as of the completion of FY 2019, including reserves in the Budget Stabilization fund. These balances will allow the City to weather a potential 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 not change in the near future.

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 caused a major decrease in our taxable value. This major change was significant and arguably the most precipitous drop in housing values in the last 60 years. The taxable value rose in tax year 2018 by 4.38%; and in 2019 by 4.37%. The final taxable value as illustrated in the 2019-20 budget was \$373,254,560. 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.



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 \$295,257 in the current fiscal year. 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.

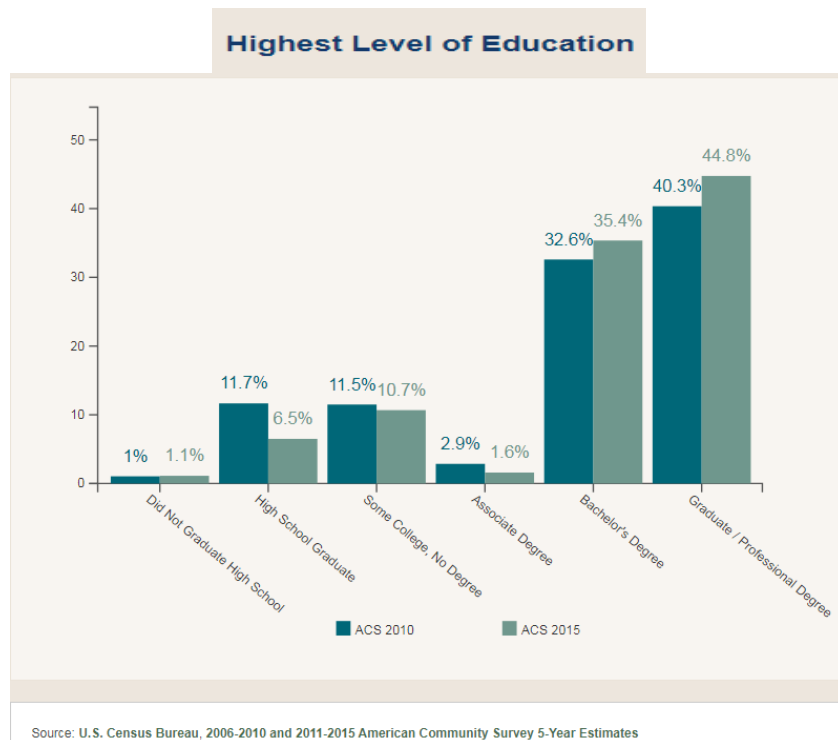
Demographics and Local Government Structure

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, 2018 at \$513,372,010 and the (TV) Taxable Value at \$373,254,560. The City Charter requires the establishment of a Commission-Manager form of government. The City Commission is comprised of 5 members who 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.

Almost no property within the City of Huntington Woods remains undeveloped. The vast majority of the housing stock in Huntington Woods is comprised of single-family residential properties. The City has for the last 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.

Population and Households

Population and Households	Census 2010	Change 2000-2010	Pct Change 2000-2010	SEMCOG Jul 2019	SEMCOG 2045
Total Population	6,238	87	1.4%	6,289	6,247
Group Quarters Population	7	1	16.7%	5	6
Household Population	6,231	86	1.4%	6,284	6,241
Housing Units	2,429	13	0.5%	2,429	-
Households (Occupied Units)	2,354	-27	-1.1%	2,345	2,413
Residential Vacancy Rate	3.1%	1.6%	-	3.5%	-
Average Household Size	2.65	0.07	-	2.68	2.59

Source: U.S. Census Bureau, SEMCOG Population and Household Estimates, and SEMCOG 2045 Regional Development Forecast

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 2019-2020 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.

**ACTUAL GENERAL FUND - FUND BALANCE
SURPLUS (DEFICITS) FISCAL YEARS 2012-2019**

FISCAL YEAR	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
REVENUE (INFLOWS)	\$ 6,432,865	\$ 6,875,966	\$ 7,245,404	\$ 7,342,227	\$ 7,259,757	\$ 7,459,348	\$ 7,596,573	\$ 8,058,943
EXPENDITURE (OUTFLOWS)	6,312,244	6,548,964	6,671,310	7,977,056	7,071,066	7,289,749	7,303,450	7,923,331
FUND BALANCE ACTUAL	2,209,053	2,536,055	3,110,149	2,475,320	2,664,011	2,833,610	3,126,733	3,262,345
SURPLUS (DEFICIT)	120,621	327,002	574,094	(634,829)	188,691	169,599	293,123	135,612

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 2018-19 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 and the millage the City levied each year to keep up with the revenue requirements of the City. 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. In 2018 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 2019-20. 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.
2. The City 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. 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 needed 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. In spring 2018, the City levied bonds in the amount of \$7,390,000 to complete the first phase of sewer improvements. The remaining repairs are still being studied and could potentially be funded through capital improvement bonds paid through water rates.

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, 2018. This was the thirteenth 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**

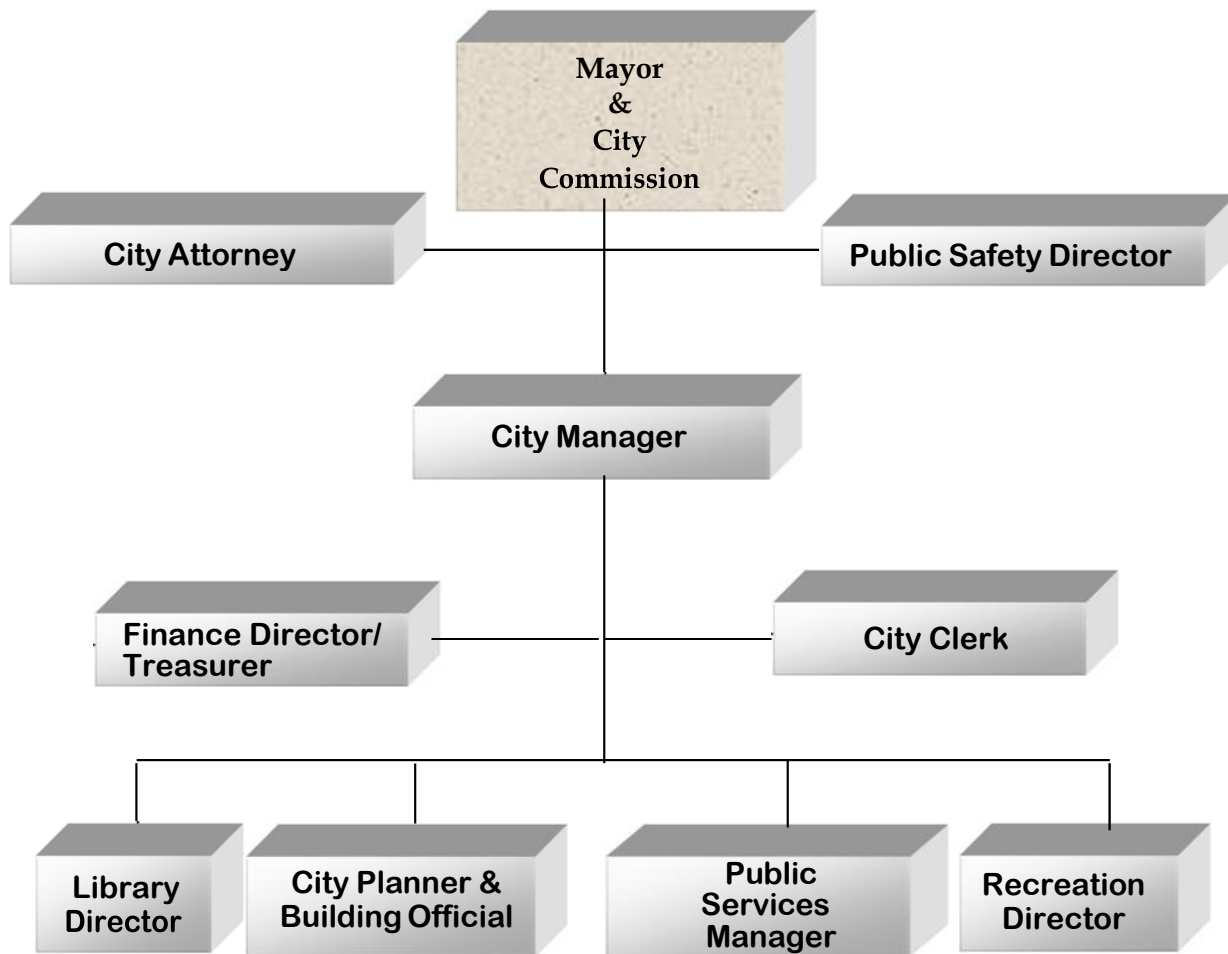
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

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

Principal Officials - June 2019

Mayor	Robert F. Paul
Mayor Pro-Tem	Jeffrey Jenks
Commissioners	Joe Rozell Jules B. Olsman Michelle Elder
City Attorney	Carol Rosati
City Manager	Amy Sullivan
Finance Director & Treasurer	Tim Rowland
Deputy Finance Director/Deputy Treasurer	Jamie Still
City Clerk	Heidi Barckholtz
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 Organizational Chart

Governmental Funds

General* - including Rackham and Budget Stabilization Funds

Special Revenue

Major Street

Local Street

Recreation*

Sanitation**

Debt Service

Street Debt Service

GWK Drain Debt

11 Mile G.O. Debt

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

INDEPENDENT AUDITOR'S REPORT

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 (the City), as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension and OPEB 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the 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 information 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.

Maney Costeian PC

December 16, 2019

Management's Discussion and Analysis

City of Huntington Woods, Michigan

Management's Discussion and Analysis

The City of Huntington Woods, Michigan's (the "City's") management discussion and analysis (MD&A) is required by the Government Accounting Standards Board and 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, deferred outflows or resources, liabilities, and deferred inflows of resources, with the difference between the them 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.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

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.

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.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Notes to the Financial Statements

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

Other Information

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

Budgetary Basis of Recording: General Fund

The City's General fund posted an increase in fund balance of \$51,976 and the Budget Stabilization fund increased fund balance by \$83,636. These increases represent 1.7% 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.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

As of December 31, 2018, the City had submitted to MERS a total of \$1,427,333 of which \$229,237 was over the amount required by the actuary. Employer contributions made to the MERS DC program totaled \$133,722 and employee contributions totaled \$90,445 for the fiscal year. In addition to the amounts set aside for the Defined contribution program, the City also has \$1,601,153 available to pay post-retirement health care benefits for employees. All Public Safety Officers hired after July 1, 2015 receive a Retiree Health Care Savings Plan in which the employee and employer each contribute 1% of base wage. 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 \$38,237 in 2018-19. This distribution from the loss fund is based upon market variables and loss ratios. The City has not utilized any fund balance in the recessionary years except in FY 2014-15. The 2019-20 budget adopted in May 2019 does not require an allocation from unassigned fund balance.

The City set aside \$50,000 again in fiscal 2018-19 in the Budget Stabilization fund, established after the 2003 millage vote. The amount currently available for budget stabilization purposes is \$1,223,471, 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 increased in length due to the higher current interest rates and the forecasted decreases.

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 \$342,958 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 \$134,051 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 increased this year due to increased permit activity and a number of large construction projects. The chart below shows the change in building permit revenue patterns in the last ten years.

Building Permit 10 Year History									
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
134,047	165,545	145,338	236,652	304,158	338,011	278,738	260,161	214,897	288,425

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

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 2019-20 budget.

State of Michigan Revenue Sharing payments to Huntington Woods have been increasing steadily since the recession and are now at \$621,859. As of June 30, 2019, State shared revenue constituted only 7.79% of all expenditures in the General Fund. This figure has risen by 8.9% over the ten-year period while General Fund expenditures have risen substantially by 23.5% 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 cause major service losses and shifts in taxation.

State Shared Revenue 10 Year History									
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
570,623	447,260	511,758	526,067	539,886	549,411	549,493	573,629	594,811	621,859

Transfers from General fund equaled \$2,144,670 which is a moderate increase of 3% from last year's value of \$2,128,200. A total of \$894,670 was transferred to capital planning and post-retirement benefits combined. General fund transfers to the Recreation fund for operational purposes increased \$100,000 to \$950,000. Overall, the Recreation fund collected 100.60% of all anticipated revenues including transfers from other funds. The Recreation Center spent 97.30% of appropriations equal to \$2,145,928. Revenues exceeded expenditures by \$72,734 for the fiscal year. 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 2019-20 to reduce the cost in the fund and bring in more revenue. Fees have been increased for latchkey and camp, and a contractor is going to be hired to do a comprehensive fee study. If additional revenue is not likely, the City may need additional transfers for operations from the General fund.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

Budgetary Basis of Recording: Other Governmental Funds

The Major and Local Road fund revenue increased significantly to \$968,395 or 21% due to the State increasing disbursements to local communities. Expenditures also increased over this same period to \$812,835. 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 2019, the Major Road fund has increased its fund balance by \$66,532, and the Local Road fund increased its fund balance by \$89,028.

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. In May 2019 the City sold \$7,390,000 in bonds for sewer and adjacent road repairs. This funding will allow the city to make sewer replacements and replace the adjacent roads to where the sewer is located. The City Commission has received recommendations from the Long Range Budget Committee and is currently reviewing ways to fund the remaining road improvements needed throughout the City. 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.

The Sanitation Fund posted a modest fund balance increase of \$20,447 due to taxable value increases and steady expenditures. Staffing has been constant in the DPW department after a few retirements in the prior years. The elimination of the DPW Manager position has helped stabilize the Sanitation Fund.

The Recreation Fund posted a \$72,734 increase in fund balance. This is primarily due to an additional \$100,000 transfer from the General Fund to cover the deficit. The total transferred from the General Fund to the Recreation Fund for the year was \$950,000.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

OTHER POST EMPLOYMENT BENEFITS REQUIREMENTS

The City is required to disclose information pertaining to post retirement benefits and the level of unfunded liability. The City has calculated (based upon an actuarial 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 prior fiscal year which significantly increased the amount of liability recorded. The City has determined that the net OPEB liability at June 30, 2019 is \$12,219,988. As of the end of the fiscal year the City contributed \$129,859 into the trust and paid healthcare premiums for the retirees of \$394,129. 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.

The City hired outside Counsel to review the actuarial calculations pertaining to the amount of liability the City has for other post-employment 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.

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, 2019 is 3.73 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. At the end of the fiscal year the City had a total 64.8% of its portfolio invested in instrumentalities that are subject to credit risk. The remaining balance of the portfolio or 35.2% 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. The sanitation fund closed the year with a positive net adjustment to fund balance equal to \$20,447. 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 8 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 40.90% 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 2019 equal to 4.37%, unfortunately because the rate of inflation was kept at 2.4% 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 budgeted \$555,485 in the 2018-19 Capital Improvement Program Budget (CIP). At the end of the fiscal year the City spent a total of \$367,008 on various capital projects. The City Hall building had a generator installed, and the Recreation Center had a generator transfer switch installed so a generator could be hooked up in a time of emergency. City Hall also had a new emergency exit installed on the south side of the building. The Recreation Department spent \$49,000 on partial roof replacement. The Parks Maintenance building was demolished due to poor condition. The Library had a fire alarm system installed for \$31,322. The City has continued the implementation of the road improvement program and expended \$1,939,542 in the construction fund to complete some street building efforts. We also completed our 10-year sidewalk replacement program in spring 2019. 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. Additional information related to capital assets can be found in Note 3 to the financial statements.

The City of Huntington Woods as a Whole

The City's combined total of net position for the fiscal year ended June 30, 2019 is \$10,277,975 as illustrated in the statement below.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 15,967,759	\$ 9,840,059	\$ 2,156,447	\$ 1,899,787	\$ 18,124,206	\$ 11,739,846
Capital Assets	31,898,706	30,996,995	4,245,503	4,084,636	36,144,209	35,081,631
Total Assets	47,866,465	40,837,054	6,401,950	5,984,423	54,268,415	46,821,477
Deferred Outflows	1,623,021	658,581	123,775	50,230	1,746,796	708,811
Liabilities						
Long-term Liabilities	40,727,866	32,929,915	1,646,482	1,559,707	42,374,348	34,489,622
Other Liabilities	2,623,783	2,793,840	33,694	63,679	2,657,477	2,857,519
Total Liabilities	43,351,649	35,723,755	1,680,176	1,623,386	45,031,825	37,347,141
Deferred Inflows	655,623	997,294	49,788	49,328	705,411	1,046,622
Net Position						
Net Investment						
in Capital Assets	19,343,185	22,471,311	4,245,503	4,084,636	23,588,688	26,555,947
Restricted	2,033,374	4,336,126	-	-	2,033,374	4,336,126
Unrestricted (Deficit)	(15,894,345)	(22,032,851)	550,258	277,303	(15,344,087)	(21,755,548)
Total Net Position	\$ 5,482,214	\$ 4,774,586	\$ 4,795,761	\$ 4,361,939	\$ 10,277,975	\$ 9,136,525

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, 2019 is \$10,277,975. The following shows the net position as of June 30, 2018 and 2019 in a condensed format:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for Services	\$ 2,497,878	\$ 2,290,357	\$ 2,796,625	\$ 2,860,626	\$ 5,294,503	\$ 5,150,983
Operating Grants and Contributions	765,278	79,032	-	-	765,278	79,032
Capital Grants and Contributions	49,649	137,824	-	-	49,649	137,824
General revenues						
Property Taxes	8,279,909	8,013,808	-	-	8,279,909	8,013,808
State Revenue Sharing	620,363	594,811	-	-	620,363	594,811
PPT reimbursements	22,714	-	-	-	22,714	-
Investment earnings	275,392	122,929	39,161	11,122	314,553	134,051
Miscellaneous	117,160	-	-	-	117,160	-
Total Revenues	12,628,343	11,238,761	2,835,786	2,871,748	15,464,129	14,110,509
Expenses						
General Government	1,393,330	2,004,010	-	-	1,393,330	2,004,010
Public Safety	3,293,087	2,868,799	-	-	3,293,087	2,868,799
Public Works	3,583,040	1,528,845	-	-	3,583,040	1,528,845
Recreation and Cultural	3,026,770	2,740,835	-	-	3,026,770	2,740,835
Water and Sewer	-	-	2,552,598	2,582,402	2,552,598	2,582,402
Interest on long-term debt	473,854	386,268	-	-	473,854	386,268
Total Expenses	11,770,081	9,528,757	2,552,598	2,582,402	14,322,679	12,111,159
Excess (Deficiency) Before Transfers	858,262	1,710,004	283,188	289,346	1,141,450	1,999,350
Transfers In (Out)	(150,634)	58,850	150,634	(58,850)	-	-
Change in Net Position	707,628	1,768,854	433,822	230,496	1,141,450	1,999,350
Net Position, Beginning of Year	4,774,586	3,005,732	4,361,939	4,131,443	9,136,525	7,137,175
Net Position, End of Year	\$ 5,482,214	\$ 4,774,586	\$ 4,795,761	\$ 4,361,939	\$ 10,277,975	\$ 9,136,525

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

The City Commission has levied the last series of bonds for roads as alluded to earlier in this document. In May 2019 the City levied Sewer and Road Improvement Bonds in the amount of \$7,390,000. The City Commission established a long-range budget and planning committee in 2018 that was directed to come up with a plan to fund the remaining road repairs. This committee has completed its work and the findings will be presented to the City Commission in the summer of 2019. 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 2019 was 3.4453 equal to \$1,233,632 exclusive of overlapping Oakland County Drain debt. The levy for the 2019-20 fiscal year is 4.1322 mills or \$1,542,362.

Long term debt for the GWK Drain has been restructured and now includes seven separate issues amounting to \$1,209,053. 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, 2019, 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 2018-19 was 0.6206 mills; in 2019-20 the millage is 0.5579 mills. The statutory limit on the amount of outstanding debt that the City can levy is 10% of the assessed value of \$51,337,201 or \$51.3 million. The City's current debt margin is equal to 35.94%. Additional information related to long-term debt can be found in Note 4 to the financial statements.

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 3.94 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 was a \$7,845,000 bond proposal on the November 2018 ballot. The ballot proposal passed, and bonds were sold in May 2019. Construction is scheduled to begin on these projects in summer 2019. The Long Range Budget Committee has made recommendations on how to fund the remaining sewer repairs, and a plan is expected to be finalized by the City Commission in the fall of 2019.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

As of June 30, 2019, 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%. The total December 31, 2018 unfunded liability is \$10,661,414. 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, 2019 on a cash basis, the City paid a total of \$1,546,232 in pension payments, \$1,085,311 in healthcare and related costs in fiscal 2018-19. 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.

General Fund transfers increased 3.1% to a total of \$2,144,670 in the current year. These monies were substantially transferred to pay to for capital projects. The General fund subsidized the Recreation fund by \$950,000 and the Post Retirement fund by \$444,670. These two transfers alone represent 3.74 mills.

TRANSFERS OUT OF GENERAL FUND FY 2018-19

	<u>Actual 6/30/19</u>	<u>Percentage</u>
TRANSFER - LOCAL STREET	\$ 150,000	6.99%
TRANSFER - RECREATION FUND	950,000	44.30%
TRANSFER - EQUIPMENT FUND	200,000	9.33%
TRANSRER - POST RETIREMENT	444,670	20.73%
TRANSFER - CAPITAL PLANNING	400,000	18.65%
	<u>\$ 2,144,670</u>	<u>100.00%</u>

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.

City of Huntington Woods, Michigan

Management's Discussion and Analysis, continued

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, 2019. We always welcome comments or questions on its content, presentation, or any other aspect of this report either in person, on line, or by personally contacting the City Administrative office located at 26815 Scotia Road, Huntington Woods MI 48070.

SUMMARY

Housing values still are on the uptick in 2019. 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 8 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 to fill positions on our staff that have retired.

Investment income has improved this year, but interest rates are dropping heading into the new fiscal year with fears of a potential recession. 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. This committee has completed its work and will be presenting its recommendations to the City Commission this fall. 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

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 448,304	\$ 12,829	\$ 461,133
Investments	1,524,083	282,784	1,806,867
Investments - restricted	7,724,160	-	7,724,160
Receivables	182,179	736,600	918,779
Inventories	3,851	60,429	64,280
Due from other governmental units	250,480	-	250,480
Prepays	101,248	-	101,248
Total current assets	10,234,305	1,092,642	11,326,947
Noncurrent assets			
Investments	5,733,454	1,063,805	6,797,259
Capital assets not being depreciated	89,802	1,000	90,802
Capital assets, net of accumulated depreciation	31,808,904	4,244,503	36,053,407
Total noncurrent assets	37,632,160	5,309,308	42,941,468
TOTAL ASSETS	47,866,465	6,401,950	54,268,415
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,580,348	120,534	1,700,882
Deferred outflows of resources related to OPEB	42,673	3,241	45,914
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,623,021	123,775	1,746,796
LIABILITIES			
Current liabilities			
Accounts payable	422,585	5,518	428,103
Accrued liabilities	131,049	4,361	135,410
Deposits and other liabilities	-	14,025	14,025
Accrued interest payable	144,560	-	144,560
Unearned revenue	343,636	-	343,636
Current portion of compensated absences	196,222	9,790	206,012
Current portion of long-term debt	1,385,731	-	1,385,731
Total current liabilities	2,623,783	33,694	2,657,477
Noncurrent liabilities			
Noncurrent portion of compensated absences	570,530	28,466	598,996
Noncurrent portion of long-term debt	18,893,950	-	18,893,950
Net pension liability	9,905,884	755,530	10,661,414
Net other post-employment benefits liability	11,357,502	862,486	12,219,988
Total noncurrent liabilities	40,727,866	1,646,482	42,374,348
TOTAL LIABILITIES	43,351,649	1,680,176	45,031,825
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to OPEB	655,623	49,788	705,411
NET POSITION			
Net investment in capital assets	19,343,185	4,245,503	23,588,688
Restricted			
Sanitation	99,440	-	99,440
Streets and highways	827,067	-	827,067
Building inspection	155,765	-	155,765
Debt services	951,102	-	951,102
Unrestricted	(15,894,345)	550,258	(15,344,087)
TOTAL NET POSITION	\$ 5,482,214	\$ 4,795,761	\$ 10,277,975

See accompanying notes to the financial statements.

CITY OF HUNTINGTON WOODS, MICHIGAN
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,393,330	\$ 588,139	\$ 7,703	\$ -
Public safety	3,293,087	302,032	5,821	-
Public works	3,583,040	299,425	696,792	-
Recreation and culture	3,026,770	1,308,282	54,962	-
Interest on long-term debt	473,854	-	-	49,649
Total governmental activities	11,770,081	2,497,878	765,278	49,649
Business-type activities				
Water and sewer	2,552,598	2,796,625	-	-
Total	<u>\$ 14,322,679</u>	<u>\$ 5,294,503</u>	<u>\$ 765,278</u>	<u>\$ 49,649</u>
General revenues				
Property taxes				
Unrestricted state shared revenues				
PPT reimbursements				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Restated net position, beginning of the year				
Net position, end of the year				

See accompanying notes to the financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (797,488)	\$ -	\$ (797,488)
(2,985,234)	-	(2,985,234)
(2,586,823)	-	(2,586,823)
(1,663,526)	-	(1,663,526)
(424,205)	-	(424,205)
(8,457,276)	-	(8,457,276)
-	244,027	244,027
(8,457,276)	244,027	(8,213,249)
8,279,909	-	8,279,909
620,363	-	620,363
22,714	-	22,714
275,392	39,161	314,553
117,160	-	117,160
(150,634)	150,634	-
9,164,904	189,795	9,354,699
707,628	433,822	1,141,450
4,774,586	4,361,939	9,136,525
\$ 5,482,214	\$ 4,795,761	\$ 10,277,975

CITY OF HUNTINGTON WOODS, MICHIGAN
Governmental Funds
Balance Sheet
June 30, 2019

		Special Revenue		Capital Projects Capital Projects Fund	Nonmajor Governmental Funds	Total
	General	Sanitation Fund	Recreation Fund			
ASSETS						
Cash and cash equivalents	\$ 19,018	\$ 15,106	\$ 25,257	\$ 215,393	\$ 69,122	\$ 343,896
Investments	3,060,541	114,336	599,368	699,680	1,799,842	6,273,767
Investments - restricted	-	-	-	7,724,160	-	7,724,160
Receivables						
Accounts	88,623	-	7,723	-	-	96,346
Taxes	64,814	5,893	724	-	14,402	85,833
Inventories	3,851	-	-	-	-	3,851
Due from other governmental units	106,719	-	-	-	143,761	250,480
Prepays	76,820	-	1,171	-	-	77,991
TOTAL ASSETS	\$ 3,420,386	\$ 135,335	\$ 634,243	\$ 8,639,233	\$ 2,027,127	\$ 14,856,324
LIABILITIES						
Accounts payable	\$ 87,208	\$ 34,967	\$ 43,567	\$ 133,993	\$ 102,028	\$ 401,763
Accrued liabilities	70,833	928	55,074	-	2,370	129,205
Unearned revenue	-	-	343,636	-	-	343,636
TOTAL LIABILITIES	158,041	35,895	442,277	133,993	104,398	874,604
FUND BALANCES						
Nonspendable	80,671	-	1,171	-	-	81,842
Restricted	301,571	99,440	-	7,820,160	1,922,729	10,143,900
Committed	1,256,882	-	-	-	-	1,256,882
Assigned	-	-	190,795	685,080	-	875,875
Unassigned	1,623,221	-	-	-	-	1,623,221
TOTAL FUND BALANCES	3,262,345	99,440	191,966	8,505,240	1,922,729	13,981,720
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,420,386	\$ 135,335	\$ 634,243	\$ 8,639,233	\$ 2,027,127	\$ 14,856,324

See accompanying notes to the financial statements.

CITY OF HUNTINGTON WOODS, MICHIGAN
Reconciliation of Governmental Funds Balance
Sheet to the Statement of Net Position
Year Ended June 30, 2019

Total fund balances - governmental funds \$ 13,981,720

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

The cost of capital assets is	\$ 53,323,440	
Accumulated depreciation is	(22,588,057)	
Capital assets, net		30,735,383

An Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the statement of net position.

Net position of governmental activities accounted for in the Internal Service Funds	1,310,688
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Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, net differences between projected and actual plan investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	1,580,348	
Deferred outflows of resources related to OPEB	42,673	
Deferred inflows of resources related to OPEB	(655,623)	
		967,398

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Bonds and loans payable	(19,374,053)	
Unamortized deferred amounts on debt issuance	(730,976)	
Accrued interest payable	(144,560)	
Net other post-employment benefits liability	(11,357,502)	
Net pension liability	(9,905,884)	
		(41,512,975)

Net position of governmental activities	\$ 5,482,214
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See accompanying notes to the financial statements.

CITY OF HUNTINGTON WOODS, MICHIGAN
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019

		Special Revenue		Capital Projects		
	General	Sanitation Fund	Recreation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
REVENUES						
Property taxes	\$ 6,202,945	\$ 563,477	\$ 69,171	\$ -	\$ 1,444,316	\$ 8,279,909
Licenses and permits	308,323	-	-	-	-	308,323
Intergovernmental	649,307			-	761,946	1,411,253
Charges for services	300,326	-	1,177,019	-	-	1,477,345
Fines and forfeits	152,839	-	-	-	-	152,839
Interest and rents	149,541	9,066	13,649	48,481	54,655	275,392
Other	295,662	12,131	8,825	349,528	57,136	723,282
TOTAL REVENUES	8,058,943	584,674	1,268,664	398,009	2,318,053	12,628,343
EXPENDITURES						
Current						
General government	1,408,085	-	-	-	-	1,408,085
Public safety	3,367,299	-	-	-	-	3,367,299
Public works	441,810	564,227	-	-	684,725	1,690,762
Recreation and culture	561,467	-	2,145,930	-	-	2,707,397
Debt service						
Principal	-	-	-	-	1,158,590	1,158,590
Interest and other charges	-	-	-	-	455,457	455,457
Capital outlay	-	-	-	2,892,780	-	2,892,780
TOTAL EXPENDITURES	5,778,661	564,227	2,145,930	2,892,780	2,298,772	13,680,370
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,280,282	20,447	(877,266)	(2,494,771)	19,281	(1,052,027)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	950,000	400,000	350,280	1,700,280
Transfers out	(2,144,670)	-	-	(222,804)	(128,110)	(2,495,584)
Issuance of debt	-	-	-	7,390,000	-	7,390,000
Bond premium	-	-	-	417,277	-	417,277
TOTAL OTHER FINANCING SOURCES (USES)	(2,144,670)	-	950,000	7,984,473	222,170	7,011,973
NET CHANGE IN FUND BALANCES	135,612	20,447	72,734	5,489,702	241,451	5,959,946
Fund balances, beginning of year	3,126,733	78,993	119,232	3,015,538	1,681,278	8,021,774
Fund balances, end of year	\$ 3,262,345	\$ 99,440	\$ 191,966	\$ 8,505,240	\$ 1,922,729	\$ 13,981,720

See accompanying notes to the 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, 2019

Net change in fund balances - total governmental funds **\$ 5,959,946**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$	2,171,225
Net effect of disposal of capital assets		(12,158)
Depreciation expense		<u>(1,201,193)</u>

Excess of capital outlay over depreciation expense and other items		957,874
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Internal service funds are used by management to charge the costs of certain activities to individual funds.

Change in net position of governmental activities internal service funds		263,819
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Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Proceeds from issuance of debt	(7,390,000)
Repayment of long-term debt	<u>1,158,590</u>

(6,231,410)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in net pension liability	(1,227,327)
Increase in deferred outflows of resources related to pensions	921,767
Decrease in deferred inflows of resources related to pensions	646,750
Increase in deferred outflows of resources related to OPEB	42,673
(Increase) in deferred inflows of resources related to OPEB	(655,623)
(Increase) in accrued interest payable	(42,528)
Decrease in net other post-employment benefits liability	464,833
(Increase) in deferred amounts on debt issuance	<u>(393,146)</u>

(242,601)

Change in net position of governmental activities	\$	<u>707,628</u>
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See accompanying notes to the financial statements.

CITY OF HUNTINGTON WOODS, MICHIGAN
Proprietary Funds
Statement of Net Position
June 30, 2019

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,829	\$ 104,408
Investments	282,784	206,591
Accounts receivable	736,600	-
Inventories	60,429	-
Prepays	-	23,257
Total current assets	1,092,642	334,256
Noncurrent assets		
Investments	1,063,805	777,179
Capital assets not being depreciated	1,000	-
Capital assets, net of accumulated depreciation	4,244,503	1,163,323
Total noncurrent assets	5,309,308	1,940,502
TOTAL ASSETS	6,401,950	2,274,758
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension	120,534	-
Deferred outflows of resources related to OPEB	3,241	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	123,775	-
LIABILITIES		
Current liabilities		
Accounts payable	5,518	20,822
Accrued liabilities	4,361	1,844
Deposits and other liabilities	14,025	-
Current portion of compensated absences	9,790	196,222
Current portion of long-term debt	-	86,600
Total current liabilities	33,694	305,488
Noncurrent liabilities		
Noncurrent portion of compensated absences	28,466	570,530
Noncurrent portion of long-term debt	-	88,052
Net pension liability	755,530	-
Net other post-employment benefits liability	862,486	-
Total noncurrent liabilities	1,646,482	658,582
TOTAL LIABILITIES	1,680,176	964,070
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to OPEB	49,788	-
NET POSITION		
Net investment in capital assets	4,245,503	988,671
Unrestricted	550,258	322,017
TOTAL NET POSITION	\$ 4,795,761	\$ 1,310,688

See accompanying notes to the financial statements.

CITY OF HUNTINGTON WOODS, MICHIGAN
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
OPERATING REVENUES		
Charges for services	\$ 2,771,149	\$ 463,025
Penalties	25,476	-
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	2,796,625	463,025
OPERATING EXPENSES		
Sewage disposal costs	1,137,069	-
Water purchases	449,350	-
Payroll and benefits	439,463	-
Operations and maintenance	386,184	179,325
Retiree healthcare and other	-	517,621
Depreciation	140,532	174,108
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	2,552,598	871,054
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	244,027	(408,029)
NONOPERATING REVENUES (EXPENSES)		
Interest income	39,161	28,419
Interest expense and fees	-	(8,247)
Gain on disposal of capital assets	-	7,006
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	39,161	27,178
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	283,188	(380,851)
TRANSFERS		
Transfers in	222,804	644,670
Transfers out	(72,170)	-
	<hr/>	<hr/>
TOTAL TRANSFERS	150,634	644,670
	<hr/>	<hr/>
CHANGE IN NET POSITION	433,822	263,819
Restated net position, beginning of year	4,361,939	1,046,869
	<hr/>	<hr/>
Net position, end of year	<u>\$ 4,795,761</u>	<u>\$ 1,310,688</u>

See accompanying notes to the financial statements.

CITY OF HUNTINGTON WOODS, MICHIGAN

Proprietary Funds Statement of Cash Flows For the Year Ended June 30, 2019

	Business-type Activities	Governmental Activities
	Water and Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 2,863,025	\$ -
Cash receipts for interfund services provided	-	463,025
Payments to employees for services	(452,241)	(76,644)
Payments for goods and services	(1,975,590)	(635,753)
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	435,194	(249,372)
CASH FLOWS FROM NONCAPITAL AND FINANCING ACTIVITIES		
Interfund transfers	150,634	644,670
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(301,399)	(132,576)
Proceeds from sale of capital assets	-	21,637
Proceeds from debt issuance	-	75,000
Principal paid on debt	-	(187,699)
Interest paid on debt	-	(8,247)
	<hr/>	<hr/>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(301,399)	(231,885)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(870,115)	(571,650)
Maturity of investments	559,339	483,793
Interest received	39,161	28,419
	<hr/>	<hr/>
NET CASH (USED) BY INVESTING ACTIVITIES	(271,615)	(59,438)
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,814	103,975
Cash and cash equivalents, beginning of year	15	433
Cash and cash equivalents, end of year	<hr/> <u>\$ 12,829</u>	<hr/> <u>\$ 104,408</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 244,027	\$ (408,029)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	140,532	174,108
(Increase) decrease in:		
Accounts receivable	66,930	-
Prepays	-	3,654
Deferred outflows of resources related to pension	(70,304)	-
Deferred outflows of resources related to OPEB	(3,241)	-
Increase (decrease) in:		
Accounts payable	(2,987)	(24,383)
Accrued liabilities	142	432
Deposits and other	(530)	-
Net pension liability	93,609	-
Net other post-employment benefits liability	(35,300)	-
Deferred inflows of resources related to pension	(49,328)	-
Deferred inflows of resources related to OPEB	49,788	-
Compensated absences	1,856	4,846
	<hr/>	<hr/>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 435,194</u>	<u>\$ (249,372)</u>

See accompanying notes to the financial statements.

CITY OF HUNTINGTON WOODS, MICHIGAN
Fiduciary Fund
Statement of Assets and Liabilities
June 30, 2019

	Agency Fund
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 23,309
Investments	<hr/> 290,800
	<hr/>
TOTAL ASSETS	\$ 314,109
	<hr/> <hr/>
LIABILITIES	
Due to individuals and agencies	\$ 161,219
Performance deposits	<hr/> 152,890
	<hr/>
TOTAL LIABILITIES	\$ 314,109
	<hr/> <hr/>

See accompanying notes to the 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.

Joint Ventures

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.

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.

Note 1 - Significant Accounting Policies - Continued

Government-wide and Fund Financial Statements - Continued

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. 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.

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 compensated absences, and claims and judgments are recorded only when payment is due.

There is no measurement focus for agency funds since assets equal liabilities.

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.

Note 1 - Significant Accounting Policies - Continued

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

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 main revenue source is bond proceeds.

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 Funds - 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.

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.

Note 1 - Significant Accounting Policies - Continued

Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. Any real property taxes not paid by March 1, 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 2018-19 tax is levied and collectible on July 1, 2018, and is recognized as revenue in the year ended June 30, 2019, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2018-2019 taxable valuation of the City totaled \$358,071,710. Total tax levies for general, sanitation and debt service purposes equaled 22.5712 mills. This resulted in \$8,082,108 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.

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.

Note 1 - Significant Accounting Policies - Continued

Assets, Liabilities and Net Position or Equity - Continued

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. Donated capital assets are valued at their estimated acquisition cost on the date received.

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
Books	10 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 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. 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.

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.

Note 1 - Significant Accounting Policies - Continued

Assets, Liabilities and Net Position or Equity - Continued

Fund Equity - Continued - 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.

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.

Note 1 - Significant Accounting Policies - Continued

Budgetary Information

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

- Budgets must be adopted for the General fund and Special Revenue funds. The City also adopts a budget for Debt Service funds and Capital Projects funds.
- 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 2018-19 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.

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.

Note 1 - Significant Accounting Policies - Continued

Compliance and Accountability - 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, 2019 to handle appropriations. For the year ended June 30, 2019, The GWK Debt Fund had expenditures in excess of budget of \$2,241 due to an additional assessment from Oakland County. Sufficient reserves were available to cover this amount.

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.

Note 2 - Deposits and Investments - Continued

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, 2019 amounted to approximately \$509,668 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 2019 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	

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 2 - Deposits and Investments - Continued

Deposits - Continued

As of June 30, 2019, the City had the following investments and maturities:

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

INVESTMENT TYPE	TOTAL INVESTED 6/30/2019	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%	57.75%	0.00%	0.00%	7.01%	12.62%	18.76%
Money Market Funds	\$ 1,000,913	\$ 1,000,913						
Demand Deposits (Savings)	8,597,267	8,597,267						
Federal Home Loan Bank	1,256,900				\$ 199,872	\$ 414,878	\$ 275,115	\$ 367,036
Federal National Mortgage Assoc	846,900					399,399	447,501	
Federal Home Loan Mortgage Corp.	949,303					429,268	372,226	147,809
Federal Farm Credit Bureau	348,011					249,125	98,886	
Municipal Bonds	1,444,301					51,089	1,268,080	125,133
Certificates of Deposit	2,175,491				965,628	553,971	655,892	
TOTAL	\$ 16,619,086	\$ 9,598,180	\$ -	\$ -	\$ 1,165,500	\$ 2,097,729	\$ 3,117,700	\$ 639,977

The investments presented on the Statement of Net Position from the primary government and agency fund includes accrued interest of \$19,108 as of June 30, 2019.

The City holds shares or interests in an investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. As of June 30, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Government Investment Pool	\$ 892,394	\$ -	No restrictions	None

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.

Note 2 - Deposits and Investments - Continued

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, 2019, the City did not own any commercial paper, however the City does hold certificates of deposits equal to \$2,175,491. 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 13.1% of all invested funds that are subject to credit risk associated with the ownership of this type of instrumentality.

Diversification. The City's investment policy requires that the City "diversify by security type and institution," and that no more than 50% of the portfolio is in a single financial institution. The current portfolio is well diversified to an average in any one instrumentality of 1.92%. The average duration in the portfolio is 3.73 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 70% 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, 2019

Note 2 - Deposits and Investments - Continued

PAR AMOUNT	ASSET TYPE	INVESTMENT VEHICLE	Cusip	COUPON OR		30-Jun YIELD	30-Jun VALUE	VALUATION APPROACH HIERARCHY 1	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%	1.380%	99,492	Market	AAA	AAA	15-May-17	20-Apr-20	0.60%	2.98
230,000	AGENCY	FHLMC	3134G8XF1	2.000%	2.000%	230,021	Market	AAA	AAA	01-May-18	28-Apr-21	1.38%	3.04
200,000	AGENCY	FHLMC	3134G94H7	2.000%	1.990%	200,008	Market	AAA	AAA	17-Aug-16	17-Aug-21	1.20%	5.07
172,000	AGENCY	FHLMC	3134GTLE1	2.650%	2.650%	172,218	Market	AAA	AAA	06-May-19	28-Oct-22	1.04%	3.53
150,000	AGENCY	FHLMC	3134G95R4	1.750%	1.780%	147,809	Market	AAA	AAA	29-Apr-19	24-Aug-29	0.89%	10.47
100,000	AGENCY	FHLMC	3134G9L54	1.250%	1.250%	99,755	Market	AAA	AAA	27-Feb-19	27-Jul-21	0.60%	2.45
150,000	AGENCY	FNMA	3136G3F83	1.150%	1.160%	149,199	Market	AAA	AAA	04-Aug-16	28-Jan-20	0.90%	3.53
150,000	AGENCY	FNMA	3136G3K46	1.260%	1.260%	149,855	Market	AAA	AAA	16-Mar-17	02-Aug-19	0.90%	2.41
150,000	AGENCY	FNMA	3136G3Y82	1.200%	1.210%	148,797	Market	AAA	AAA	24-Aug-16	24-Nov-20	0.90%	4.31
150,000	AGENCY	FNMA	3136G3L37	1.125%	1.120%	149,505	Market	AAA	AAA	28-Jul-16	28-Oct-19	0.90%	3.30
100,000	AGENCY	FNMA	3136G3Z40	1.200%	1.200%	99,658	Market	AAA	AAA	22-Nov-16	22-Nov-19	0.60%	3.04
150,000	AGENCY	FNMA	3135GOM59	1.125%	1.125%	149,886	Market	AAA	AAA	03-Aug-16	26-Jul-19	0.90%	3.02
150,000	AGENCY	FFCB	3133EGQV0	1.080%	1.080%	149,766	Market	AAA	AAA	12-Aug-16	15-Aug-19	0.90%	3.05
100,000	AGENCY	FFCB	3133EGG82	1.520%	1.540%	98,886	Market	AAA	AAA	02-Feb-18	15-Nov-21	0.60%	3.84
100,000	AGENCY	FFCB	3133EGF42	1.360%	1.370%	99,359	Market	AAA	AAA	20-Nov-17	09-Nov-20	0.60%	3.01
100,000	AGENCY	FHLB	3130ABNM4	1.640%	1.640%	99,717	Market	AAA	AAA	15-Nov-17	29-Jun-20	0.60%	2.66
175,000	AGENCY	FHLB	3130ACFG4	2.000%	2.000%	175,025	Market	AAA	AAA	12-Oct-17	12-Oct-22	1.05%	5.07
315,000	AGENCY	FHLB	3130ADFA5	2.300%	2.300%	315,161	Market	AAA	AAA	01-May-18	12-Feb-21	1.90%	2.83
200,000	AGENCY	FHLB	3130ADMS8	2.150%	2.150%	199,872	Market	AAA	AAA	01-May-18	14-Feb-20	1.20%	1.82
100,000	AGENCY	FHLB	3130AA5L8	2.000%	1.990%	100,090	Market	AAA	AAA	14-Dec-16	14-Dec-21	0.60%	5.07
370,000	AGENCY	FHLB	3130A9P88	2.590%	2.610%	367,036	Market	AAA	AAA	01-May-19	17-Oct-31	2.21%	12.64
200,000	CD / CREDIT	JP MORGAN CHASE BANK	48126YKY8	2.000%	2.010%	198,596	Market	BAUER- 4 STAR	BAUER- 4 STAR	17-Oct-17	17-Oct-22	1.19%	5.07
162,000	CD / CREDIT	JP MORGAN CHASE BANK	48128HGS1	2.500%	2.500%	162,045	Market	BAUER- 4 STAR	BAUER- 4 STAR	28-Feb-19	28-Feb-20	0.98%	1.01
100,000	CD / CREDIT	JP MORGAN CHASE BANK	48128HTB4	2.500%	2.490%	100,109	Market	BAUER- 4 STAR	BAUER- 4 STAR	30-Apr-19	30-Apr-21	0.60%	2.03
101,000	CD / CREDIT	ALLY BANK MIDVALE CD	02007GJD6	2.700%	2.700%	102,208	Market	BAUER- 4 STAR	BAUER- 4 STAR	21-Mar-19	21-Mar-22	0.62%	3.04
250,000	CD / CREDIT	TCF NATIONAL BANK	872278SE2	2.250%	2.250%	249,995	Market	BAUER- 4 STAR	BAUER- 4 STAR	11-Jul-18	11-Jul-19	1.50%	1.01
100,000	CD / CREDIT	BEAL BANK USA LAS VEGAS	07370YLE0	2.500%	2.490%	100,206	Market	BAUER- 3 STAR	BAUER- 3 STAR	09-Oct-18	15-Jan-20	0.60%	1.29
250,000	CD / CREDIT	4FRONT CREDIT UNION	35085FAB6	2.750%	2.740%	250,875	Market	TEXAS RATIO- 4.68	TEXAS RATIO- 4.68	24-Jan-19	24-Jan-20	1.51%	1.01
100,000	CD / CREDIT	WELLS FARGO BANK	949763A63	2.650%	2.650%	99,754	Market	BAUER- 4 STAR	BAUER- 4 STAR	03-May-19	03-May-23	0.60%	4.06
250,000	CD / CREDIT	WELLS FARGO BANK	949763HV1	1.750%	1.770%	249,563	Market	BAUER- 4 STAR	BAUER- 4 STAR	21-Jun-17	23-Dec-19	1.50%	2.54
355,000	CD / CREDIT	WELLS FARGO BANK	949763ZA7	2.850%	2.830%	357,542	Market	BAUER- 4 STAR	BAUER- 4 STAR	10-Apr-19	10-Apr-24	2.15%	5.08
202,000	CD / CREDIT	WELLS FARGO BANK	949763SW7	2.540%	2.540%	202,507	Market	BAUER- 4 STAR	BAUER- 4 STAR	16-Aug-18	18-Feb-20	1.22%	1.53
101,000	CD / CREDIT	WELLS FARGO BANK	949763YZ3	2.650%	2.650%	102,092	Market	BAUER- 4 STAR	BAUER- 4 STAR	10-Apr-19	11-Apr-22	0.61%	3.05
19,108	MM POOL	ACCURED INTEREST 6/30/19				19,108	Market	POOL TRUST	POOL TRUST	N/A	Liquid	0.11%	---
27,877	MM POOL	MICHIGAN CLASS		2.470%	2.470%	27,877	Market	Ba1	Ba1	N/A	Liquid	0.17%	---
56,752	MM POOL	COMERICA - 4438		2.240%	2.240%	56,752	Market	POOL TRUST	POOL TRUST	N/A	Liquid	0.34%	---
4,783	MM POOL	HUNTINGTON BANK		1.760%	1.760%	4,783	Market	POOL TRUST	POOL TRUST	N/A	Liquid	0.03%	---
892,394	MM POOL	OAKLAND COUNTY - 77161		2.070%	2.070%	892,394	Market	POOL TRUST	POOL TRUST	N/A	Liquid	5.37%	---
100,000	MUNI	PAW PAW MI PUBLIC SCHOOLS	703895KL5	2.250%	2.250%	99,996	Market	AA-/A+	AA-/A+	08-Jun-17	01-May-21	0.60%	3.95
150,000	MUNI	PERRY MICHIGAN PUB SCHOOLS	714738ME8	2.512%	2.500%	150,626	Market	AA+	AA+	11-Jan-19	01-May-22	0.91%	3.35
100,000	MUNI	MICH STATE SCHOOL BONDS	5946106Y8	4.300%	4.300%	101,851	Market	Aa1	Aa1	15-Jan-16	15-Apr-20	0.61%	4.31
100,000	MUNI	MACOMB COUNTY TAXABLE	554885H71	2.161%	2.160%	100,027	Market	AA+	AA+	11-Mar-16	01-Nov-19	0.60%	3.69
110,000	MUNI	GROSSE ISLE TWP SCHOOLS	398892HZ5	2.000%	1.980%	110,560	Market	AA+	AA+	29-Jun-16	01-May-20	0.67%	3.89
125,000	MUNI	WAYNE COUNTY MI CTAN	946099LT3	4.500%	4.500%	125,133	Market	Sp2	Sp2	23-Aug-13	01-Oct-19	0.75%	6.19
150,000	MUNI	CLINTONDALE PUBLIC SCHOOLS	188702XD1	2.842%	2.790%	153,006	Market	AA-	AA-	06-Jun-17	01-May-22	0.92%	4.97
50,000	MUNI	MUSKEGON COUNTY BUILDING AUTH	627679HZ9	2.849%	2.780%	51,089	Market	AA	AA	29-Mar-19	01-Nov-21	0.31%	2.63
150,000	MUNI	LANSE CRUISE PUBLIC SCHOOLS	516228RM7	2.478%	2.460%	151,331	Market	AA-/A+	AA-/A+	02-May-17	01-May-21	0.91%	4.06
200,000	MUNI	ALLENDALE PUB SCHOOLS	018195LS4	2.573%	2.570%	200,318	Market	AA-	AA-	13-Aug-15	01-May-20	1.21%	4.79
200,000	MUNI	HARTLAND SCHOOL BONDS	416848VW6	2.150%	2.150%	200,366	Market	Aa1	Aa1	10-Nov-15	01-May-20	1.21%	4.54
607,071	SAVINGS	FLAGSTAR INVESTMENT SAVINGS	2339	2.490%	2.490%	607,071	Market	BAUER- 5 STAR	BAUER- 5 STAR	N/A	Liquid	3.65%	---
7,724,160	SAVINGS	FLAGSTAR SEWER BOND FUNDS	6492	2.490%	2.490%	7,724,160	Market	BAUER- 5 STAR	BAUER- 5 STAR	N/A	Liquid	46.48%	---
266,035	SAVINGS	FIFTH THIRD BANK		2.050%	2.050%	266,035	Market	Aa3	Aa3	N/A	Liquid	1.60%	---
16,616,180				2.17%	2.17%	16,619,086						1.92%	3.73

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 3 - Capital Assets

	Restated Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated				
Land	\$ 89,802	\$ -	\$ -	\$ 89,802
Capital assets being depreciated				
Infrastructure	37,168,591	1,775,872	-	38,944,463
Land improvements	1,095,215	-	-	1,095,215
Buildings and improvements	10,068,144	263,892	(63,465)	10,268,571
Machinery and equipment	1,606,013	65,462	(19,098)	1,652,377
Office equipment and furniture	873,119	23,150	(17,900)	878,369
Vehicles	1,734,035	111,592	(110,352)	1,735,275
Books	1,108,799	63,833	-	1,172,632
Total capital assets being depreciated	53,653,916	2,303,801	(210,815)	55,746,902
Less accumulated depreciation				
Infrastructure	(13,120,714)	(786,757)	-	(13,907,471)
Land improvements	(587,860)	(33,797)	-	(621,657)
Buildings and improvements	(5,483,004)	(264,323)	51,307	(5,696,020)
Machinery and equipment	(936,074)	(117,527)	19,098	(1,034,503)
Office equipment and furniture	(764,533)	(17,306)	17,900	(763,939)
Vehicles	(912,101)	(115,140)	95,721	(931,520)
Books	(942,437)	(40,451)	-	(982,888)
Total accumulated depreciation	(22,746,723)	(1,375,301)	184,026	(23,937,998)
Net capital assets being depreciated	30,907,193	928,500	(26,789)	31,808,904
Capital assets, net	<u>\$ 30,996,995</u>	<u>\$ 928,500</u>	<u>\$ (26,789)</u>	<u>\$ 31,898,706</u>

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

Governmental Activities:

General government	\$ 44,988
Public safety	99,693
Public works	898,483
Recreation and culture	<u>332,137</u>
Total depreciation expense	<u>\$ 1,375,301</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 3 - Capital Assets - Continued

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Capital assets being depreciated				
Buildings and improvements	7,499	-	-	7,499
Machinery and equipment	481,379	78,595	-	559,974
Water and sewer mains	5,898,080	222,804	-	6,120,884
Water meters	241,351	-	-	241,351
Total capital assets being depreciated	6,628,309	301,399	-	6,929,708
Less accumulated depreciation				
Buildings and improvements	(7,499)	-	-	(7,499)
Machinery and equipment	(361,119)	(24,390)	-	(385,509)
Water and sewer mains	(1,983,110)	(110,108)	-	(2,093,218)
Water meters	(192,945)	(6,034)	-	(198,979)
Total accumulated depreciation	(2,544,673)	(140,532)	-	(2,685,205)
Net capital assets being depreciated	4,083,636	160,867	-	4,244,503
Capital assets, net	<u>\$ 4,084,636</u>	<u>\$ 160,867</u>	<u>\$ -</u>	<u>\$ 4,245,503</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, 2019 amounted to:

Water and Sewer Fund \$ 140,532

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations

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

	Restated Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
<u>Government Activities</u>					
Direct borrowing/placements					
George W. Kuhn Drain Bonds 2000-A (4-01-22)	\$ 135,144	\$ -	\$ 32,573	\$ 102,571	\$ 33,356
George W. Kuhn Drain Bonds 2002-C (4-01-24)	909,532	-	142,349	767,183	145,951
George W. Kuhn Drain Bonds 2002-D (4-01-24)	24,043	-	3,758	20,285	3,915
George W. Kuhn Drain Bonds 2005 (4-01-26)	20,973	-	2,386	18,587	2,386
George W. Kuhn Drain Bonds 2007G (4-01-28)	30,387	-	2,864	27,523	2,864
George W. Kuhn Drain Bonds 2008H (4-01-29)	149,220	-	11,931	137,289	12,249
George W. Kuhn Drain Bonds 2016 (4-01-24)	168,344	-	32,729	135,615	33,199
Installment Loan- Bus (6-01-19)	19,660	-	19,660	-	-
Installment Loan-Dump Truck (8-25-19)	36,504	-	31,190	5,314	5,314
Installment Loan- Fire Truck (3-14-20)	78,999	-	44,766	34,233	34,233
Installment Loan- Dump Truck & Patrol Vehicle (8-25-19)	67,192	-	57,542	9,650	9,650
Installment Loan- Backhoe (10-06-22)	84,996	-	18,488	66,508	19,145
Installment Loan- Patrol Vehicles (7-20-22)	-	75,000	16,053	58,947	18,258
Total direct borrowing/placements	1,724,994	75,000	416,289	1,383,705	320,520
Other debt					
Road Bonds 11 Mile (4-01-27)	1,050,000	-	75,000	975,000	75,000
UTGO 2010 Road Bonds (10-01-24)	2,200,000	-	250,000	1,950,000	325,000
UTGO 2012 Road Bonds (10-01-26)	2,250,000	-	250,000	2,000,000	250,000
UTGO 2014 Road Bonds (10-01-28)	2,875,000	-	150,000	2,725,000	150,000
UTGO 2017 Road Bonds (10-01-31)	3,330,000	-	205,000	3,125,000	215,000
UTGO 2019 Road & Sewer Bonds (10-01-34)	-	7,390,000	-	7,390,000	-
Bond premiums	337,830	417,277	24,131	730,976	50,211
Total other debt	12,042,830	7,807,277	954,131	18,895,976	1,065,211
Other long-term obligations					
Compensated absences	761,906	290,722	285,876	766,752	196,222
Total governmental activities	14,529,730	8,172,999	1,656,296	21,046,433	1,581,953
<u>Business-Type Activities</u>					
Other long-term obligations					
Compensated absences	36,400	14,505	12,649	38,256	9,790
	<u>\$ 14,566,130</u>	<u>\$ 8,187,504</u>	<u>\$ 1,668,945</u>	<u>\$ 21,084,689</u>	<u>\$ 1,591,743</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - Continued

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, 2019 and are subject to change with additional distributions.

At June 30, 2019, long-term obligations consisted of:

Governmental Activities:

George W. Kuhn Drain Bonds 2000-A dated April 1, 2001; annual principal payments of \$21,924 to \$35,076, 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.	\$ 102,571
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.	767,183
George W. Kuhn Drain Bonds 2002-D dated April 1, 2002; annual principal payments of \$3,915 to \$4,385, 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.	20,285
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.	18,587
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>27,523</u>

Total this page	936,149
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City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 936,149
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.	137,289
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.	135,615
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).	975,000
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).	1,950,000
2012 Capital Improvements Bonds (Roads) dated June 28, 2012; annual principal payments of \$75,000 to \$250,000, due beginning October 2012 serially to October 2026; interest rate of 2.00% to 2.75% (original issue totaled \$3,050,000).	2,000,000
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).	2,725,000
2017 Capital Improvements Bonds (Roads) dated April 27, 2017; annual principal payments of \$135,000 to \$545,000, due beginning October 2018 serially to October 2031; interest rate of 4.00% (original issue totaled \$3,330,000).	<u>3,125,000</u>
Total this page	11,984,053

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - Continued

Governmental Activities - Continued:

Total - from previous page	\$ 11,984,053
2018 Capital Improvements Bonds (Road and Sewer) dated April 23, 2019; annual principal payments of \$305,000 to \$720,000, due beginning October 2020 serially to October 2034; interest rate of 3.00% (original issue totaled \$7,390,000).	7,390,000
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).	5,314
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).	34,233
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).	9,650
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).	66,508
Public Safety Vehicle Installment Loan dated July 20, 2018; monthly principal and interest payments of \$1,706, interest rate 4.36% (original issue totaled \$75,000).	<u>58,947</u>
Total long-term debt	<u>\$ 19,548,705</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - Continued

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

Year Ending June 30,	Governmental Activities			
	Direct Borrowings and Direct Placements		Other Debt	
	Principal	Interest	Principal	Interest
2020	\$ 320,520	\$ 33,753	\$ 1,015,000	\$ 567,210
2021	278,149	26,245	1,330,000	562,087
2022	285,504	18,927	1,390,000	513,187
2023	207,100	11,895	1,425,000	461,075
2024	201,302	7,017	1,465,000	407,625
2025-2029	91,130	6,212	6,200,000	1,334,674
2030-2034	-	-	4,620,000	442,675
2035	-	-	720,000	10,800
	1,383,705	104,049	18,165,000	4,299,333
Interest credit	-	-	-	(155,648)
Issuance premium	-	-	730,976	-
	<u>\$ 1,383,705</u>	<u>\$ 104,049</u>	<u>\$ 18,895,976</u>	<u>\$ 4,143,685</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%	4/1/2020	\$ 33,356	\$ 2,564
		2.5	4/1/2021	34,139	1,730
		2.5	4/1/2022	35,076	876
				<u>\$ 102,571</u>	<u>\$ 5,170</u>

<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Payments</u>	<u>Interest Payable</u>
George W. Kuhn Drain Bonds 2002-C 4/1/02	\$ 2,574,502	2.5%	4/1/2020	\$ 145,951	\$ 19,180
		2.5	4/1/2021	149,553	15,530
		2.5	4/1/2022	153,311	11,792
		2.5	4/1/2023	157,226	7,960
		2.5	4/1/2024	161,142	4,028
				<u>\$ 767,183</u>	<u>\$ 58,490</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - 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%	4/1/2020	\$ 3,915	\$ 507
		2.5	4/1/2021	3,915	409
		2.5	4/1/2022	4,072	311
		2.5	4/1/2023	4,228	210
		2.5	4/1/2024	<u>4,155</u>	<u>104</u>
				<u>\$ 20,285</u>	<u>\$ 1,541</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%	4/1/2020	\$ 2,386	\$ 302
		1.625	4/1/2021	2,545	263
		1.625	4/1/2022	2,704	222
		1.625	4/1/2023	2,704	178
		1.625	4/1/2024	2,704	134
		1.625	4/1/2025	2,704	90
		1.625	4/1/2026	<u>2,840</u>	<u>46</u>
				<u>\$ 18,587</u>	<u>\$ 1,235</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%	4/1/2020	\$ 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	<u>3,180</u>	<u>52</u>
				<u>\$ 27,523</u>	<u>\$ 2,280</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - 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%	4/1/2020	\$ 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>\$ 137,289</u>	<u>\$ 19,578</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%	4/1/2020	\$ 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>\$ 135,615</u>	<u>\$ 7,165</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	4.350%	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>\$ 975,000</u>	<u>\$ 218,912</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - 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	5.100%	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	<u>325,000</u>	<u>9,750</u>
				<u>\$ 1,950,000</u>	<u>\$ 345,881</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%	10/1/2019	\$ 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	<u>250,000</u>	<u>3,438</u>
				<u>\$ 2,000,000</u>	<u>\$ 198,749</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%	10/1/2019	\$ 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	<u>500,000</u>	<u>7,500</u>
				<u>\$ 2,725,000</u>	<u>\$ 485,375</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 4 - Long-Term Obligations - 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%	10/1/2019	\$ 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	<u>545,000</u>	<u>10,900</u>
				\$ 3,125,000	\$ 955,100

<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 2019					
5/30/19	\$ 7,390,000	3.000%	10/1/2019	\$ -	\$ 185,366
		3.000	10/1/2020	305,000	217,125
		3.000	10/1/2021	325,000	207,675
		3.000	10/1/2022	350,000	197,550
		3.000	10/1/2023	375,000	186,675
		3.000	10/1/2024	400,000	175,050
		3.000	10/1/2025	425,000	162,675
		3.000	10/1/2026	450,000	149,550
		3.000	10/1/2027	480,000	135,600
		3.000	10/1/2028	515,000	120,675
		3.000	10/1/2029	540,000	104,850
		3.000	10/1/2030	575,000	88,125
		3.000	10/1/2031	610,000	70,350
		3.000	10/1/2032	645,000	51,525
		3.000	10/1/2033	675,000	31,725
		3.000	10/1/2034	<u>720,000</u>	<u>10,800</u>
				\$ 7,390,000	\$ 2,095,316

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.

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%
DC Plan for New Hires:	1/1/2019
Act 88:	Yes (Adopted 2/16/1965)

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

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

Benefits Provided - 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%
DC Plan for New Hires:	1/1/2019
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)

Plan Members Covered by Benefit Terms

At the December 31, 2018 valuation date, the following members were covered by the benefit terms:

Active Members	23
Vested Former Members	2
Retirees and Beneficiaries	<u>52</u>
Total Participants	77

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, 2019, 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, 2019 was determined using a measure of the total pension liability and the plan net position as of December 31, 2018. The December 31, 2018 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, 2018 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 3.75%, 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 2.50%. Based on the smoothed Actuarial Value of Assets the recognized rate of investment return for MERS overall was 3.80% (less than the 8.00% 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

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

Actuarial Assumptions and Methods - 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	55.50%	6.15%
Global Fixed Income	18.50%	1.26%
Real Assets	13.50%	7.22%
Diversifying Strategies	12.50%	5.00%

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

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 12/31/17	\$ 24,563,934	\$ 15,223,456	\$ 9,340,478
Changes for the Year			
Service Cost	248,041	-	248,041
Interest on Total Pension Liability	1,841,557	-	1,841,557
Changes in benefits	-	-	-
Difference between expected and actual experience	83,437	-	83,437
Changes in assumptions	-	-	-
Employer Contributions	-	1,427,333	(1,427,333)
Employee Contributions	-	102,648	(102,648)
Net investment income	-	(589,222)	589,222
Benefit payments, including employee refunds	(1,851,866)	(1,851,866)	-
Administrative expense	-	(29,256)	29,256
Other changes	59,404	-	59,404
Net changes	380,573	(940,363)	1,320,936
Balances as of 12/31/18	<u>\$ 24,944,507</u>	<u>\$ 14,283,093</u>	<u>\$ 10,661,414</u>

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	<u>\$ 13,095,257</u>	<u>\$ 10,661,414</u>	<u>\$ 8,582,692</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

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 June 30, 2019, the employer recognized pension expense of \$1,207,494. 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	\$ 41,719	\$ -
Net difference between projected and actual earnings on pension plan investments	879,648	-
Employer contributions to the plan subsequent to the measurement date	779,515	-
Total	<u>\$ 1,700,882</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expenses as follows:

Years Ending June 30,	Amount
2020	\$ 219,009
2021	129,411
2022	214,336
2023	358,611

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.

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

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

The actuarial value of assets used to determine the funded ratio and the 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 2018 was 3.8%.

- 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 13% 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 plans. The City's annual employer contributions amounted to \$133,722 for the fiscal year ended June 30, 2019. Employees contributed a total of \$90,445.

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 7 - Governmental Fund Balances

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

	General	Sanitation	Recreation	Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable						
Prepays and Inventory	\$ 80,671	\$ -	\$ 1,171	\$ -	\$ -	\$ 81,842
Restricted for						
Art Gallery	22,865	-	-	-	-	22,865
Public Safety	14,489	-	-	-	-	14,489
Library	108,452	-	-	-	-	108,452
Building Inspection	155,765	-	-	-	-	155,765
Solid Waste Disposal	-	99,440	-	-	-	99,440
Road and Sewer Construction	-	-	-	7,820,160	-	7,820,160
Roads	-	-	-	-	827,067	827,067
Debt Service	-	-	-	-	1,095,662	1,095,662
Committed to						
Budget Stabilization	1,223,471	-	-	-	-	1,223,471
Rackham Defense	33,411	-	-	-	-	33,411
Assigned to						
Parks and Recreation	-	-	190,795	100,165	-	290,960
I-696 Landscape	-	-	-	31,350	-	31,350
Capital Improvements	-	-	-	553,565	-	553,565
Unassigned	1,623,221	-	-	-	-	1,623,221
Total Fund Balances	<u>\$ 3,262,345</u>	<u>\$ 99,440</u>	<u>\$ 191,966</u>	<u>\$ 8,505,240</u>	<u>\$ 1,922,729</u>	<u>\$ 13,981,720</u>

Note 8 - Inter-fund Transfers - All Fund Types

	Transfers	
	In	Out
Governmental - General	\$ -	\$ 2,144,670
Governmental - Major Street	-	128,110
Governmental - Local Street	230,000	-
Governmental - Capital Projects	400,000	222,804
Governmental - Sanitation	-	-
Governmental - Recreation	950,000	-
Business-Type - Water and Sewer	222,804	72,170
Governmental - 11 Mile Rd. debt	120,280	-
Intergovernmental - Equipment	200,000	-
Intergovernmental - Retirement Benefit	444,670	-
Total	<u>\$ 2,567,754</u>	<u>\$ 2,567,754</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 of Huntington Woods Other Post-Employment Benefits Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the City of Huntington Woods. The City has established a trust with the Michigan Employees’ Retirement System (MERS) Retiree Health Funding Vehicle to fund future premiums. 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 plan does not issue a separate stand-alone financial statement.

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 June 30, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	51
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>36</u>
Total	<u><u>87</u></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. For the year ended June 30, 2019, the City contributed \$129,859 in addition to its portion of premium payments.

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
June 30, 2019

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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2018	\$ 14,147,577	\$ 1,427,456	\$ 12,720,121
Changes for the year			
Service cost	345,953	-	345,953
Interest	440,394	-	440,394
Changes in actuarial assumptions	(798,106)	-	(798,106)
Employer contributions	-	444,536	(444,536)
Benefits paid	(314,677)	(314,677)	-
Net investment income	-	46,966	(46,966)
Administrative expense	-	(3,128)	3,128
Net changes	(326,436)	173,697	(500,133)
Balances at June 30, 2019	\$ 13,821,141	\$ 1,601,153	\$ 12,219,988

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$603,900. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 705,411
Net investment earnings (gains)/losses	45,914	-
	\$ 45,914	\$ 705,411

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 9 - Other Postemployment Benefits - Continued

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

Year Ending June 30,	OPEB Expense
2020	\$ (81,217)
2021	(81,217)
2022	(81,217)
2023	(81,215)
2024	(92,695)
2025-2027	(241,936)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The following actuarial assumptions were applied:

Actuarial Cost Method	Entry-age normal
Inflation	2.50%
Salary Increases	3.75% to 14.75%
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
Healthcare cost trend rate(s)	8.50% initially grading to 4.50% in 2035

Discount Rate

The discount rate used to measure the total OPEB liability was 3.48% based on the expected return of assets expected to be available to pay plan benefits.

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

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 June 30, 2019 measurement date for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
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 3.48 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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability	<u>\$ 14,503,751</u>	<u>\$ 12,219,988</u>	<u>\$ 10,389,579</u>

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	<u>\$ 10,230,975</u>	<u>\$ 12,219,988</u>	<u>\$ 14,734,542</u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

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: vehicle \$250, liability \$-0-, property and crime \$2,500 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, 2019, 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 - Code Enforcement Financial Information

The City has elected to report the financial activities of the code enforcement department in the General Fund. The following is required information as it relates to this department for the year ended June 30, 2019:

Restated cumulative excess at July 1, 2018	\$ 78,641
REVENUES	
Permits	
Air conditioning	4,135
Building	218,823
Electrical	26,332
Heating	14,380
Plumbing	24,755
Building inspections	<u>4,540</u>
TOTAL REVENUES	292,965
EXPENDITURES	
Building inspection/code enforcement	<u>(215,841)</u>
Cumulative excess of revenues over expenditures at June 30, 2019	<u><u>\$ 155,765</u></u>

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

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.

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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, 2021.

Note 13 - Changes in Accounting Principles

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement improves financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes and terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

Note 14 - Contractual Commitments

The City has entered into contracts related to street improvements that were not complete at June 30, 2019. Contractual commitments outstanding at June 30, 2019 totaled \$2,205,195. Current fund balance and future revenue is expected to be sufficient to cover these commitments.

City of Huntington Woods, Michigan
Notes to Financial Statements
June 30, 2019

Note 15 - Restatement of Beginning Net Position

Beginning net position has been restated for governmental activities, business-type activities, and the Water and Sewer Fund to correct overstated capital assets and compensated absences; and to correct and allocate the net pension liability, net other post-employment benefits liability, and related deferred outflows and inflows of resources between governmental and business-type activities.

	Governmental Activities	Business-type Activities Water and Sewer System
Beginning net position	\$ 2,815,525	\$ 5,920,744
Capital assets, net	(2,789,606)	-
Compensated absences	8,646	-
Net pension liability	661,921	(661,921)
Deferred outflows related to pension	(736,826)	50,230
Deferred inflows related to pension	(501,345)	(49,328)
Net OPEB liability	5,316,271	(897,786)
Restated beginning net position	<u>\$ 4,774,586</u>	<u>\$ 4,361,939</u>

Required Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Five Fiscal Years (Ultimately Ten Years Will be Displayed)
(Amounts were determined as of 12/31 of Each Fiscal Year)

	2018	2017	2016	2015	2014
Total Pension Liability					
Service Cost	\$ 248,041	\$ 232,302	\$ 248,465	\$ 232,843	\$ 232,791
Interest	1,900,962	1,808,194	1,838,679	1,837,293	1,758,154
Changes of Benefit Terms	-	-	-	-	-
Difference between expected and actual experience	83,437	153,338	37,891	(722,984)	-
Changes of assumptions	-	-	-	1,097,193	-
Benefit payments including employee refunds	(1,851,866)	(1,807,228)	(1,730,587)	(1,747,437)	(1,757,558)
Other	(1)	58,329	-	-	-
Net Change in Total Pension Liability	<u>380,573</u>	<u>444,935</u>	<u>394,448</u>	<u>696,908</u>	<u>233,387</u>
Total Pension Liability, beginning	<u>24,563,934</u>	<u>24,118,999</u>	<u>23,724,551</u>	<u>23,027,643</u>	<u>23,498,765</u>
Total Pension Liability, ending	<u><u>\$ 24,944,507</u></u>	<u><u>\$ 24,563,934</u></u>	<u><u>\$ 24,118,999</u></u>	<u><u>\$ 23,724,551</u></u>	<u><u>\$ 23,732,152</u></u>
Plan Fiduciary Net Position					
Contributions-employer	\$ 1,427,333	\$ 1,417,705	\$ 1,477,969	\$ 2,067,226	\$ 1,591,617
Contributions-employee	102,648	101,108	104,976	99,205	102,567
Net Investment income	(589,222)	1,807,344	1,416,945	(197,490)	718,327
Benefit payments including employee refunds	(1,851,866)	(1,807,228)	(1,730,587)	(1,747,437)	(1,757,558)
Administrative expense	(29,256)	(28,611)	(27,988)	(27,651)	(26,716)
Net Change in Plan Fiduciary Net Position	<u>(940,363)</u>	<u>1,490,318</u>	<u>1,241,315</u>	<u>193,853</u>	<u>628,237</u>
Plan Fiduciary Net Position beginning	<u>15,223,456</u>	<u>13,733,138</u>	<u>12,491,823</u>	<u>12,297,970</u>	<u>12,380,123</u>
Plan Fiduciary Net Position ending	<u><u>\$ 14,283,093</u></u>	<u><u>\$ 15,223,456</u></u>	<u><u>\$ 13,733,138</u></u>	<u><u>\$ 12,491,823</u></u>	<u><u>\$ 13,008,360</u></u>
Employer Net Pension Liability	<u><u>\$ 10,661,414</u></u>	<u><u>\$ 9,340,478</u></u>	<u><u>\$ 10,385,861</u></u>	<u><u>\$ 11,232,728</u></u>	<u><u>\$ 10,723,792</u></u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	57%	62%	57%	53%	55%
Covered Payroll	\$ 1,959,087	\$ 1,852,318	\$ 1,966,631	\$ 1,860,994	\$ 1,867,664
Employer's Net Pension Liability as a percentage of covered payroll	544%	504%	528%	604%	574%

CITY OF HUNTINGTON WOODS, MICHIGAN
Schedule of Pension Contributions
Last Ten Fiscal Years
(Amounts were determined as of 6/30 of Each Fiscal Year)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarial Determined Contributions*	\$ 1,385,897	\$ 1,191,016	\$ 1,289,154	\$ 1,067,629
Contributions in relation to the				
actuarially determined contribution	<u>1,575,893</u>	<u>1,417,705</u>	<u>1,475,646</u>	<u>2,067,225</u>
Contribution deficiency (excess)	<u>\$ (189,996)</u>	<u>\$ (226,689)</u>	<u>\$ (186,492)</u>	<u>\$ (999,596)</u>
Covered Payroll	\$ 2,012,079	\$ 1,852,318	\$ 1,966,631	\$ 1,860,994
Contributions as a percentage of				
covered payroll	78%	77%	75%	111%

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	7.8%
Retirement age	60
Mortality	50% Female/50% Male 1994 Group
	Annuity Mortality Table

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,024,157	\$ 859,907	\$ 739,033	\$ 847,536	\$ 1,031,060	\$ 784,488
<u>1,591,617</u>	<u>1,169,258</u>	<u>1,065,987</u>	<u>1,054,545</u>	<u>1,031,060</u>	<u>784,488</u>
<u>\$ (567,460)</u>	<u>\$ (309,351)</u>	<u>\$ (326,954)</u>	<u>\$ (207,009)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,867,664	\$ 1,909,448	\$ 1,866,593	\$ 2,026,562	\$ 2,031,439	\$ 2,239,156
85%	61%	57%	52%	51%	35%

CITY OF HUNTINGTON WOODS, MICHIGAN
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Two Fiscal Years (Ultimately Ten Years Will be Displayed)
(Amounts were determined as of 6/30 of Each Fiscal Year)

	2019	2018
Total OPEB Liability		
Service cost	\$ 345,953	\$ 323,391
Interest	440,394	439,185
Change of assumptions	(798,106)	-
Benefit payments	(314,677)	(370,261)
	<u>(326,436)</u>	<u>392,315</u>
Net Change in Total OPEB Liability	(326,436)	392,315
Total OPEB Liability, beginning	14,147,577	13,755,262
Total OPEB Liability, ending	<u>\$ 13,821,141</u>	<u>\$ 14,147,577</u>
 Plan Fiduciary Net Position		
Contributions - employer	\$ 444,536	\$ 485,739
Net investment income	46,966	96,525
Benefit payments	(314,677)	(370,261)
Administrative expense	(3,128)	(3,207)
Net change in plan fiduciary net position	<u>173,697</u>	<u>208,796</u>
Plan Fiduciary Net Position, beginning	1,427,456	1,218,660
Plan Fiduciary Net Position, ending	<u>\$ 1,601,153</u>	<u>\$ 1,427,456</u>
 Employer's Net OPEB Liability	<u>\$ 12,219,988</u>	<u>\$ 12,720,121</u>
 Plan Fiduciary Net Position as a percentage of the		
Total OPEB Liability	12%	10%
 Covered Payroll	\$ 2,518,088	\$ 2,769,378
 Employer's Net OPEB Liability as a percentage		
of covered payroll	485%	459%

CITY OF HUNTINGTON WOODS, MICHIGAN
Schedule of OPEB Contributions
Last Two Fiscal Years (Ultimately Ten Years Will be Displayed)
(Amounts were determined as of 6/30 of Each Fiscal Year)

	<u>2019</u>	<u>2018</u>
Actuarially Determined Contributions	\$ 994,680	\$ 732,068
Contributions in relation to the actuarially determined contribution	444,536	485,739
Contribution deficiency (excess)	<u>\$ 550,144</u>	<u>\$ 246,329</u>
Covered Payroll	\$ 2,518,088	\$ 2,769,378
Contributions as a percentage of covered payroll	18%	18%

Notes to schedule

Actuarial Cost Method	Entry-age normal
Inflation	2.50%
Salary Increases	3.75% to 14.75%
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
Healthcare cost trend rate(s)	8.50% initially grading to 4.50% in 2035

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, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 6,265,220	\$ 6,195,950	\$ 6,202,945	\$ 6,995
Licenses and permits	311,100	311,100	308,323	(2,777)
Intergovernmental	602,370	607,640	649,307	41,667
Charges for services	315,820	298,320	300,326	2,006
Fines and forfeits	204,200	159,200	152,839	(6,361)
Interest income	63,780	128,680	149,541	20,861
Other revenues	262,550	319,550	295,662	(23,888)
TOTAL REVENUES	8,025,040	8,020,440	8,058,943	38,503
EXPENDITURES				
Current				
General government	1,494,550	1,451,630	1,408,085	43,545
Public safety	3,326,940	3,392,210	3,367,299	24,911
Public works	441,280	456,780	441,810	14,970
Recreation and culture	553,920	577,920	561,467	16,453
TOTAL EXPENDITURES	5,816,690	5,878,540	5,778,661	99,879
EXCESS OF REVENUES OVER EXPENDITURES	2,208,350	2,141,900	2,280,282	138,382
OTHER FINANCING (USES)				
Transfers out	(2,144,670)	(2,144,670)	(2,144,670)	-
NET CHANGE IN FUND BALANCE	63,680	(2,770)	135,612	138,382
Fund balance, beginning of year	3,126,733	3,126,733	3,126,733	-
Fund balance, end of year	\$ 3,190,413	\$ 3,123,963	\$ 3,262,345	\$ 138,382

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, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 567,540	\$ 567,540	\$ 563,477	\$ (4,063)
Interest income	3,000	3,000	9,066	6,066
Other revenues	5,500	5,500	12,131	6,631
TOTAL REVENUES	576,040	576,040	584,674	8,634
EXPENSES				
Current				
Public works				
Administrative	43,220	43,220	41,920	1,300
Employee benefits	28,120	28,120	30,674	(2,554)
Professional services	525,290	525,290	491,633	33,657
TOTAL EXPENDITURES	596,630	596,630	564,227	32,403
NET CHANGE IN FUND BALANCE	(20,590)	(20,590)	20,447	41,037
Fund balance, beginning of year	78,993	78,993	78,993	-
Fund balance, end of year	\$ 58,403	\$ 58,403	\$ 99,440	\$ 41,037

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, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 69,680	\$ 69,680	\$ 69,171	\$ (509)
Charges for services				
Aquatic club charges	251,000	251,000	274,670	23,670
Program fees	864,000	864,000	902,349	38,349
Interest income	6,110	6,110	13,649	7,539
Other				
Grants	6,000	6,000	4,325	(1,675)
Miscellaneous	500	500	4,500	4,000
TOTAL REVENUES	1,197,290	1,197,290	1,268,664	71,374
EXPENDITURES				
Current				
Recreation and culture				
Bus	54,570	54,570	50,943	3,627
Recreation	730,240	730,240	694,914	35,326
Programs	913,980	913,980	906,504	7,476
Parks	177,330	177,330	170,249	7,081
Pools	329,720	329,720	323,320	6,400
TOTAL EXPENDITURES	2,205,840	2,205,840	2,145,930	59,910
EXCESS OF REVENUES (UNDER) EXPENDITURES	(1,008,550)	(1,008,550)	(877,266)	131,284
OTHER FINANCING SOURCES				
Transfers in	950,000	950,000	950,000	-
NET CHANGE IN FUND BALANCE	(58,550)	(58,550)	72,734	131,284
Fund balance, beginning of year	119,232	119,232	119,232	-
Fund balance, end of year	\$ 60,682	\$ 60,682	\$ 191,966	\$ 131,284

Other Supplemental Information

CITY OF HUNTINGTON WOODS, MICHIGAN
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds		Debt
	Major Streets	Local Streets	GWK
	Fund	Fund	Drain Debt
	Fund	Fund	Fund
ASSETS			
Cash and cash equivalents	\$ 23,772	\$ 29,726	\$ 253
Investments	572,706	195,774	336,570
Taxes receivable	-	-	2,667
Due from other governmental units	79,619	27,603	36,539
TOTAL ASSETS	<u>\$ 676,097</u>	<u>\$ 253,103</u>	<u>\$ 376,029</u>
LIABILITIES			
Accounts payable	\$ 61,126	\$ 38,637	\$ 2,265
Accrued liabilities	1,091	1,279	-
TOTAL LIABILITIES	62,217	39,916	2,265
FUND BALANCES			
Restricted	613,880	213,187	373,764
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 676,097</u>	<u>\$ 253,103</u>	<u>\$ 376,029</u>

Service Funds

11 Mile GO Debt Fund	2010 Street GO Debt Fund	2012 Street GO Debt Fund	2014 GO Debt Fund	2017 GO Debt Fund	Total
\$ 11	\$ 1,450	\$ 5,677	\$ 4,270	\$ 3,963	\$ 69,122
36,981	259,659	90,372	244,125	63,655	1,799,842
-	3,620	2,948	4,094	1,073	14,402
-	-	-	-	-	143,761
<u>\$ 36,992</u>	<u>\$ 264,729</u>	<u>\$ 98,997</u>	<u>\$ 252,489</u>	<u>\$ 68,691</u>	<u>\$ 2,027,127</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,028
-	-	-	-	-	2,370
-	-	-	-	-	104,398
<u>36,992</u>	<u>264,729</u>	<u>98,997</u>	<u>252,489</u>	<u>68,691</u>	<u>1,922,729</u>
<u>\$ 36,992</u>	<u>\$ 264,729</u>	<u>\$ 98,997</u>	<u>\$ 252,489</u>	<u>\$ 68,691</u>	<u>\$ 2,027,127</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019

	Special Revenue Funds		Debt
	Major Streets	Local Streets	GWK
	Fund	Fund	Drain Debt
	Fund	Fund	Fund
REVENUES			
Property taxes	\$ -	\$ -	\$ 220,822
Intergovernmental	538,149	158,643	2,367
Interest income	15,992	5,014	10,674
Other	20,597	-	36,539
TOTAL REVENUES	574,738	163,657	270,402
EXPENDITURES			
Current			
Public works	380,096	304,629	-
Debt service			
Principal	-	-	228,590
Interest and other charges	-	-	36,931
TOTAL EXPENDITURES	380,096	304,629	265,521
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	194,642	(140,972)	4,881
OTHER FINANCING SOURCES (USES)			
Transfers in	-	230,000	-
Transfers out	(128,110)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(128,110)	230,000	-
NET CHANGE IN FUND BALANCES	66,532	89,028	4,881
Fund balance, beginning of year	547,348	124,159	368,883
Fund balance, end of year	\$ 613,880	\$ 213,187	\$ 373,764

Service Funds

11 Mile GO Debt Fund	2010 Street GO Debt Fund	2012 Street GO Debt Fund	2014 GO Debt Fund	2017 GO Debt Fund	Total
\$ -	\$ 316,740	\$ 316,253	\$ 238,661	\$ 351,840	\$ 1,444,316
-	53,046	3,394	2,574	3,773	761,946
497	8,177	3,407	7,728	3,166	54,655
-	-	-	-	-	57,136
497	377,963	323,054	248,963	358,779	2,318,053
-	-	-	-	-	684,725
75,000	250,000	250,000	150,000	205,000	1,158,590
45,538	118,638	49,250	75,500	129,600	455,457
120,538	368,638	299,250	225,500	334,600	2,298,772
(120,041)	9,325	23,804	23,463	24,179	19,281
120,280	-	-	-	-	350,280
-	-	-	-	-	(128,110)
120,280	-	-	-	-	222,170
239	9,325	23,804	23,463	24,179	241,451
36,753	255,404	75,193	229,026	44,512	1,681,278
\$ 36,992	\$ 264,729	\$ 98,997	\$ 252,489	\$ 68,691	\$ 1,922,729

CITY OF HUNTINGTON WOODS, MICHIGAN
Major Streets Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 467,460	\$ 539,460	\$ 538,149	\$ (1,311)
Interest income	4,360	12,500	15,992	3,492
Other revenues	20,500	20,500	20,597	97
TOTAL REVENUES	492,320	572,460	574,738	2,278
EXPENSES				
Current				
Public works				
Maintenance	291,690	406,690	301,844	104,846
Traffic services	33,500	28,700	28,205	495
Snow and ice removal	50,910	40,570	40,486	84
Administrative	9,490	9,930	9,561	369
TOTAL EXPENDITURES	385,590	485,890	380,096	105,794
EXCESS OF REVENUES OVER EXPENDITURES	106,730	86,570	194,642	108,072
OTHER FINANCING (USES)				
Transfers out	(148,110)	(128,110)	(128,110)	-
NET CHANGE IN FUND BALANCE	(41,380)	(41,540)	66,532	108,072
Fund balance, beginning of year	547,348	547,348	547,348	-
Fund balance, end of year	\$ 505,968	\$ 505,808	\$ 613,880	\$ 108,072

CITY OF HUNTINGTON WOODS, MICHIGAN
Local Streets Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	Original Budget	Final Amended Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 112,840	\$ 112,840	\$ 158,643	\$ 45,803
Interest income	1,060	2,560	5,014	2,454
Other revenues	200	200	-	(200)
TOTAL REVENUES	114,100	115,600	163,657	48,057
EXPENSES				
Current				
Public works				
Maintenance	246,980	283,480	224,649	58,831
Traffic services	28,080	23,080	19,428	3,652
Snow and ice removal	62,580	62,580	52,354	10,226
Administrative	8,230	8,230	8,198	32
TOTAL EXPENDITURES	345,870	377,370	304,629	72,741
EXCESS OF REVENUES (UNDER) EXPENDITURES	(231,770)	(261,770)	(140,972)	120,798
OTHER FINANCING SOURCES				
Transfers in	200,000	230,000	230,000	-
NET CHANGE IN FUND BALANCE	(31,770)	(31,770)	89,028	120,798
Fund balance, beginning of year	124,159	124,159	124,159	-
Fund balance, end of year	\$ 92,389	\$ 92,389	\$ 213,187	\$ 120,798

CITY OF HUNTINGTON WOODS, MICHIGAN
Internal Service Funds
Combining Statement of Net Position
June 30, 2019

	Equipment Fund	Post Retirement Benefits Fund	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 74,964	\$ 29,444	\$ 104,408
Investments	27,665	178,926	206,591
Prepays	-	23,257	23,257
	<u> </u>	<u> </u>	<u> </u>
Total current assets	102,629	231,627	334,256
Noncurrent assets			
Investments	104,075	673,104	777,179
Capital assets, net of accumulated depreciation	1,163,323	-	1,163,323
	<u> </u>	<u> </u>	<u> </u>
Total noncurrent assets	1,267,398	673,104	1,940,502
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	1,370,027	904,731	2,274,758
LIABILITIES			
Current liabilities			
Accounts payable	8,576	12,246	20,822
Accrued liabilities	1,379	465	1,844
Current portion of compensated absences	-	196,222	196,222
Current portion of long-term debt	86,600	-	86,600
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	96,555	208,933	305,488
Noncurrent liabilities			
Noncurrent portion of compensated absences	-	570,530	570,530
Noncurrent portion of long-term debt	88,052	-	88,052
	<u> </u>	<u> </u>	<u> </u>
Total current liabilities	88,052	570,530	658,582
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	184,607	779,463	964,070
NET POSITION			
Net investment in capital assets	988,671	-	988,671
Unrestricted	196,749	125,268	322,017
	<u> </u>	<u> </u>	<u> </u>
TOTAL NET POSITION	<u>\$ 1,185,420</u>	<u>\$ 125,268</u>	<u>\$ 1,310,688</u>

CITY OF HUNTINGTON WOODS, MICHIGAN
Internal Service Funds
Combining Statement of Operations and Changes in Net Position
For the Year Ended June 30, 2019

	Equipment Fund	Post Retirement Benefits Fund	Total
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES			
Charges for services	\$ 335,639	\$ 127,386	\$ 463,025
OPERATING EXPENSES			
Operations and maintenance	179,325	-	179,325
Retiree healthcare and other	-	517,621	517,621
Depreciation	174,108	-	174,108
	<u> </u>	<u> </u>	<u> </u>
TOTAL OPERATING EXPENSES	353,433	517,621	871,054
	<u> </u>	<u> </u>	<u> </u>
OPERATING (LOSS)	(17,794)	(390,235)	(408,029)
NONOPERATING REVENUES (EXPENSES)			
Interest income	3,735	24,684	28,419
Interest expense and fees	(8,247)	-	(8,247)
Gain on disposal of capital assets	7,006	-	7,006
	<u> </u>	<u> </u>	<u> </u>
TOTAL NONOPERATING REVENUES (EXPENSES)	2,494	24,684	27,178
	<u> </u>	<u> </u>	<u> </u>
(LOSS) BEFORE TRANSFERS	(15,300)	(365,551)	(380,851)
TRANSFERS			
Transfers In	200,000	444,670	644,670
	<u> </u>	<u> </u>	<u> </u>
CHANGE IN NET POSITION	184,700	79,119	263,819
Net position, beginning of year	1,000,720	46,149	1,046,869
	<u> </u>	<u> </u>	<u> </u>
Net position, end of year	<u>\$ 1,185,420</u>	<u>\$ 125,268</u>	<u>\$ 1,310,688</u>

CITY OF HUNTINGTON WOODS, MICHIGAN

Internal Service Funds

Combining Statement of Cash Flows

For the Year Ended June 30, 2019

	Equipment Fund	Post Retirement Benefits Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts for interfund services provided	\$ 335,639	\$ 127,386	\$ 463,025
Payments to employees for services	(60,575)	(16,069)	(76,644)
Payments for goods and services	(138,718)	(497,035)	(635,753)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	136,346	(385,718)	(249,372)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund transfers	200,000	444,670	644,670
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(132,576)	-	(132,576)
Proceeds from sale of capital assets	21,637	-	21,637
Proceeds from debt issuance	75,000	-	75,000
Principal paid on debt	(187,699)	-	(187,699)
Interest paid on debt	(8,247)	-	(8,247)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(231,885)	-	(231,885)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of investments	(86,510)	(485,140)	(571,650)
Maturity of investments	53,097	430,696	483,793
Interest received	3,735	24,684	28,419
NET CASH (USED) BY INVESTING ACTIVITIES	(29,678)	(29,760)	(59,438)
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,783	29,192	103,975
Cash and cash equivalents, beginning of year	181	252	433
Cash and cash equivalents, end of year	\$ 74,964	\$ 29,444	\$ 104,408
Reconciliation of operating (loss) to net cash provided (used) by operating activities			
Operating (loss)	\$ (17,794)	\$ (390,235)	\$ (408,029)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities			
Depreciation	174,108	-	174,108
Decrease in:			
Prepays	-	3,654	3,654
Increase (decrease) in:			
Accounts payable	(20,330)	(4,053)	(24,383)
Accrued liabilities	362	70	432
Compensated absences	-	4,846	4,846
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 136,346	\$ (385,718)	\$ (249,372)

CITY OF HUNTINGTON WOODS, MICHIGAN
Agency Fund
Statement of Changes in Assets and Liabilities
Year Ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS				
Cash and cash equivalents	\$ 69	\$ 17,486,233	\$ 17,462,993	\$ 23,309
Investments	290,800	-	-	290,800
TOTAL ASSETS	<u>\$ 290,869</u>	<u>\$ 17,486,233</u>	<u>\$ 17,462,993</u>	<u>\$ 314,109</u>
LIABILITIES				
Due to individuals and agencies	\$ 157,489	\$ 17,536,242	\$ 17,532,512	\$ 161,219
Performance deposits	133,380	169,033	149,523	152,890
TOTAL NET POSITION	<u>\$ 290,869</u>	<u>\$ 17,705,275</u>	<u>\$ 17,682,035</u>	<u>\$ 314,109</u>

Statistical Section

STATISTICAL SECTION INDEX

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

<u>Contents</u>	<u>Page</u>
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<u>Financial Trends</u>	108-115
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These schedules contain trend information to help the reader understand how the City's financial performance has changed.

<u>Revenue Capacity</u>	116-124
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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

<u>Debt Capacity</u>	125-128
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

<u>Demographic and Economic Information</u>	129-133
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

<u>Operating Information</u>	134-137
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources

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

City of Huntington Woods
NET POSITION BY COMPONENT (unaudited)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Net position, invested in capital assets	\$ 17,189,807	\$ 17,293,790	\$ 17,489,323	\$ 17,680,106
Restricted	890,287	828,641	1,006,973	1,121,696
Unrestricted	<u>2,572,613</u>	<u>3,299,301</u>	<u>3,236,502</u>	<u>3,530,883</u>
Total governmental activities net position	<u>\$ 20,652,707</u>	<u>\$ 21,421,732</u>	<u>\$ 21,732,798</u>	<u>\$ 22,332,685</u>
Business-type activities				
Net position, invested in capital assets	\$ 3,103,420	\$ 3,238,887	\$ 3,914,602	\$ 3,888,654
Unrestricted	<u>787,774</u>	<u>638,798</u>	<u>1,306,100</u>	<u>1,362,627</u>
Total business-type activities net position	<u>\$ 3,891,194</u>	<u>\$ 3,877,685</u>	<u>\$ 5,220,702</u>	<u>\$ 5,251,281</u>
Primary government				
Net Investment in capital assets	\$ 20,293,227	\$ 20,532,677	\$ 21,403,925	\$ 21,568,760
Restricted	890,287	828,641	1,006,973	1,121,696
Unrestricted	<u>3,360,387</u>	<u>3,938,099</u>	<u>4,542,602</u>	<u>4,893,510</u>
Total primary government net position	<u>\$ 24,543,901</u>	<u>\$ 25,299,417</u>	<u>\$ 26,953,500</u>	<u>\$ 27,583,966</u>

2014	2015	2016	2017	2018	2019
\$ 18,807,744	\$ 20,306,882	\$ 23,393,781	\$ 18,562,423	\$ 22,471,311	\$ 19,343,185
1,118,423	1,431,856	2,097,767	6,128,154	4,336,126	2,033,374
3,898,844	(8,277,635)	(10,296,258)	(10,302,305)	(23,991,912)	(15,894,345)
<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>	<u>\$ 5,482,214</u>
\$ 3,796,684	\$ 4,081,175	\$ 3,997,472	\$ 3,932,000	\$ 4,084,636	\$ 4,245,503
1,413,125	1,231,149	1,463,310	1,758,248	1,836,108	550,258
<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>	<u>\$ 4,795,761</u>
\$ 22,604,428	\$ 24,388,057	\$ 27,391,253	\$ 22,494,423	\$ 26,555,947	\$ 23,588,688
1,118,423	1,431,856	2,097,767	6,128,154	4,336,126	2,033,374
5,311,969	(7,046,486)	(8,832,948)	(8,544,057)	(22,155,804)	(15,344,087)
<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>	<u>\$ 10,277,975</u>

City of Huntington Woods
CHANGES IN NET POSITION (unaudited)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2010	2011	2012	2013
Expenses				
Governmental activities				
General government	\$ 2,631,232	\$ 3,110,281	\$ 2,525,906	\$ 4,073,818
Public safety	2,635,710	2,952,968	3,045,555	3,155,832
Public works/Streets	690,256	652,119	748,803	773,641
Recreation/Library	2,879,352	2,602,036	2,482,326	2,438,815
Interest on debt	511,931	452,253	451,564	482,619
Total governmental activities expenses	\$ 9,348,481	\$ 9,769,657	\$ 9,254,154	\$ 10,924,725
Business-type activities				
Water and sewer	1,813,535	2,036,080	2,007,100	2,124,635
Total primary government expenses	\$ 11,162,016	\$ 11,805,737	\$ 11,261,254	\$ 13,049,360
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 408,743	\$ 1,067,243	\$ 426,840	\$ 503,394
Public safety	113,568	154,259	159,390	208,333
Public works	-	-	-	-
Recreation / Library	1,052,260	1,005,786	1,004,193	1,005,290
Operating grants and contributions	4,362	4,248	3,609	4,275
Capital grants and contributions	13,002	7,890	13,800	12,361
Total governmental activities program revenue	\$ 1,591,935	\$ 2,239,426	\$ 1,607,832	\$ 1,733,653
Business-type activities				
Charges for services	1,815,271	2,071,196	2,268,021	2,417,538
Total business-type activities program revenues	1,815,271	2,071,196	2,268,021	2,417,538
Total primary government program revenues	\$ 3,407,206	\$ 4,310,622	\$ 3,875,853	\$ 4,151,191
Net (Expenses)/Revenue				
Governmental activities	\$ (7,756,546)	\$ (7,530,231)	\$ (7,646,322)	\$ (9,191,072)
Business-type activities	1,736	35,116	260,921	292,903
Total primary government net expense	\$ (7,754,810)	\$ (7,495,115)	\$ (7,385,401)	\$ (8,898,169)
General Revenues and Other Changes in Nets Position				
Governmental activities				
Property taxes	\$ 5,784,124	\$ 5,592,840	\$ 5,525,532	\$ 5,662,130
Property tax - debt service	1,326,964	1,589,480	2,021,074	2,059,560
State shared revenue	570,623	447,260	511,759	526,067
Investment earnings	196,680	108,111	51,098	22,040
Miscellaneous	-	-	-	-
Gain or loss (disposable assets)	983,122	493,710	918,666	1,258,737
Transfers - internal activities	232,735	67,855	(1,070,741)	262,425
Total governmental activities	\$ 9,094,248	\$ 8,299,256	\$ 7,957,388	\$ 9,790,959
Business-type activities				
Investment earnings	35,595	19,230	11,355	101
Transfers - internal activities	(232,735)	(67,855)	1,070,741	(262,425)
Total business-type activities	(197,140)	(48,625)	1,082,096	(262,324)
Total primary government	\$ 8,897,108	\$ 8,250,631	\$ 9,039,484	\$ 9,528,635
Cumulative effect in accounting change - Governmental Activities	\$ (323,770)	\$ -	\$ -	\$ -
Change in Net Position				
Governmental activities	\$ 1,013,932	\$ 769,025	\$ 311,066	\$ 599,887
Business-type activities	(195,404)	(13,509)	1,343,017	30,579
Net Position - Beginning as restated	\$ -	\$ -	\$ -	\$ -
Total primary government	\$ 818,528	\$ 755,516	\$ 1,654,083	\$ 630,466
Net Position Ending	\$ 818,528	\$ 755,516	\$ 1,654,083	\$ 630,466

2014	2015	2016	2017	2018	2019
\$ 3,219,263	\$ 3,509,607	\$ 2,308,876	\$ 2,527,307	\$ 2,004,010	\$ 1,393,330
3,183,604	3,222,889	3,387,345	2,064,426	2,868,799	3,293,087
842,723	1,671,457	449,678	1,246,834	1,528,845	3,583,040
2,537,079	2,560,634	2,949,723	2,584,876	2,740,835	3,026,770
448,602	471,953	426,606	392,639	386,268	473,854
<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>	<u>\$ 11,770,081</u>
2,091,775	2,162,586	2,736,953	2,813,487	2,582,402	2,552,598
<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>	<u>\$ 14,322,679</u>
\$ 592,498	\$ 949,342	\$ 1,215,049	\$ 1,533,159	\$ 743,567	\$ 588,139
168,001	143,111	82,130	271,556	223,384	302,032
-	536,074	230,432	308,132	235,426	299,425
986,267	1,068,491	1,034,111	1,120,514	1,087,980	1,308,282
4,749	3,030	22,955	11,918	79,032	765,278
10,003	21,643	-	-	137,824	49,649
<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>	<u>\$ 3,312,805</u>
2,299,856	2,511,407	2,745,041	2,798,640	2,860,626	2,796,625
2,299,856	2,511,407	2,745,041	2,798,640	2,860,626	2,796,625
<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>	<u>\$ 6,109,430</u>
\$ (8,469,753)	\$ (8,714,849)	\$ (6,937,551)	\$ (5,570,803)	\$ (7,021,544)	\$ (8,457,276)
208,081	348,821	8,088	(14,847)	278,224	244,027
<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>	<u>\$ (8,213,249)</u>
\$ 5,769,462	\$ 5,940,391	\$ 6,133,390	\$ 6,409,700	\$ 6,539,272	\$ 6,835,593
2,229,093	2,313,711	1,793,647	1,026,868	1,474,536	1,444,316
539,886	549,411	549,493	573,630	594,811	620,363
67,846	54,153	76,455	48,235	122,929	275,392
-	-	-	-	-	139,874
1,100,473	(280,515)	(6,824)	(3,054,456)	-	-
255,319	254,446	125,577	(240,192)	58,850	(150,634)
<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>	<u>\$ 9,164,904</u>
5,766	8,139	6,570	4,121	11,122	39,161
(255,319)	(254,446)	133,800	240,192	(58,850)	150,634
(249,553)	(246,307)	140,370	244,313	(47,728)	189,795
<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>	<u>\$ 9,354,699</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,492,326	\$ 116,748	\$ 1,734,187	\$ (807,018)	\$ 1,768,854	\$ 707,628
(41,472)	102,514	148,458	229,466	230,496	433,822
\$ -	\$ 18,554,165	\$ 18,773,427	\$ 20,656,072	\$ 6,736,919	\$ 9,136,525
\$ 1,450,854	\$ 219,262	\$ 1,882,645	\$ (577,552)	\$ 1,999,350	\$ 1,141,450
<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>	<u>\$ 10,277,975</u>

City of Huntington Woods
FUND BALANCES, GOVERNMENTAL FUNDS (unaudited)
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Unreserved	\$ 1,143,934	\$ -	\$ -	\$ -
All Other Governmental Funds				
Reserved	4,097,588	-	-	-
Unreserved, reported in				
Special revenue funds	1,024,990	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	533,429	-	-	-
Total other governmental funds	<u>5,656,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>\$ 6,799,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General Fund				
Nonspendable	\$ -	\$ 114,497	\$ 144,205	\$ 168,916
Restricted	-	-	-	-
Committed	-	568,760	619,067	835,141
Assigned	-	199,210	196,346	206,674
Unassigned	-	1,205,965	1,249,435	1,325,324
Total General Fund	<u>-</u>	<u>2,088,432</u>	<u>2,209,053</u>	<u>2,536,055</u>
All Other Governmental Funds				
Nonspendable	-	-	-	-
Restricted	-	3,221,216	2,959,254	1,976,615
Committed	-	4,500	4,500	4,500
Assigned	-	488,666	677,792	920,995
Total other governmental funds	<u>-</u>	<u>3,714,382</u>	<u>3,641,546</u>	<u>2,902,110</u>
Total Governmental Funds	<u>\$ -</u>	<u>\$ 5,802,814</u>	<u>\$ 5,850,599</u>	<u>\$ 5,438,165</u>

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\$ 143,268	\$ 132,848	\$ 103,220	\$ 77,796	\$ 75,852	\$ 80,671
-	-	-	-	123,321	301,571
1,356,823	993,773	1,053,674	1,110,594	1,172,313	1,256,882
208,232	209,592	200,818	-	-	-
1,401,826	1,139,107	1,306,299	1,645,220	1,755,247	1,623,221
3,110,149	2,475,320	2,664,011	2,833,610	3,126,733	3,262,345
-	-	-	-	-	1,171
4,699,354	1,699,416	2,129,708	5,049,703	4,212,805	9,842,329
4,500	4,500	-	-	-	-
990,788	826,485	606,806	668,281	682,236	875,875
5,694,642	2,530,401	2,736,514	5,717,984	4,895,041	10,719,375
\$ 8,804,791	\$ 5,005,721	\$ 5,400,525	\$ 8,551,594	\$ 8,021,774	\$ 13,981,720

City of Huntington Woods
CHANGES IN FUND BALANCES (unaudited)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2010	2011	2012	2013
Revenues				
Property Taxes				
Property Taxes	\$ 7,111,088	\$ 7,182,320	\$ 7,546,606	\$ 7,721,690
Licenses and permits	156,381	188,152	174,874	269,542
Intergovernmental	931,382	790,958	924,370	900,917
Charges for services	90,106	86,388	68,142	68,630
Aquatic Club charges	187,287	189,441	180,504	215,591
Program fees	808,836	760,548	766,337	730,343
Fines and forfeits	217,433	252,461	254,523	287,122
Investment income	160,219	88,524	38,312	19,803
Other	253,514	280,311	496,028	824,797
Total revenues	9,916,246	9,819,103	10,449,696	11,038,435
Expenditures				
General government	1,721,646	1,355,543	1,510,107	1,439,464
Public safety	2,595,099	2,904,831	2,994,502	3,107,956
Public works / Major Local Streets	816,577	836,597	845,708	874,862
Recreation and Cultural	2,479,765	2,260,315	2,117,522	669,130
Capital outlay	783,937	1,639,092	2,329,334	1,519,142
Debt service				
Principal	1,055,312	1,240,486	1,699,874	1,785,516
Interest	437,845	391,884	446,230	461,542
Total expenditures	9,890,181	10,628,748	11,943,277	9,857,612
Excess of revenues over (under) expenditures	26,065	(809,645)	(1,493,581)	1,180,823
Other Financing Sources (Uses)				
Issuance of long-term debt	10,705,000	-	3,050,000	-
Bond premium	-	-	-	-
Debt defeasement/underwriter discount	(6,295,050)	-	-	-
Transfers - in	1,697,843	1,319,938	1,354,454	1,496,514
Transfers - out	(1,851,025)	(1,507,420)	(2,863,088)	(1,678,176)
Total other financing sources (uses)	4,256,768	(187,482)	1,541,366	(181,662)
Cumulative Effect of Accounting Change	(323,770)	-	-	-
Extraordinary Item				
Flood Grants and Reimbursements	-	-	-	-
Flood Related Expenditures	-	-	-	-
Net Flood Loss	-	-	-	-
Net changes in fund balances	\$ 3,959,063	\$ (997,127)	\$ 47,785	\$ 999,161
Debt service as a percentage of noncapital expenditures	16.63%	29.92%	24.08%	24.67%

2014	2015	2016	2017	2018	2019
\$ 7,998,556	\$ 8,254,102	\$ 7,927,037	\$ 7,436,568	\$ 8,013,808	\$ 8,279,909
335,440	362,019	292,808	280,163	235,330	308,323
963,349	975,988	969,807	1,056,188	1,234,725	1,411,253
69,723	130,608	137,603	348,908	226,124	300,326
178,911	149,203	214,683	227,784	291,655	274,670
748,342	828,612	751,532	789,633	880,001	902,349
264,246	162,928	160,718	171,209	234,253	152,839
58,276	54,152	67,729	42,417	114,078	275,392
731,083	661,744	615,745	735,248	686,053	723,282
11,347,926	11,579,356	11,137,662	11,088,118	11,916,027	12,628,343
1,442,701	1,875,418	1,017,647	1,083,856	1,251,841	1,408,085
3,158,098	3,308,232	3,240,419	3,197,637	3,020,549	3,367,299
949,755	1,407,961	1,396,969	1,446,559	1,651,936	1,690,762
2,172,617	2,303,759	2,418,115	2,470,497	2,576,756	2,707,397
1,231,650	3,540,722	567,429	893,201	1,770,918	2,892,780
1,940,373	2,005,394	1,206,350	1,218,715	1,131,040	1,158,590
494,235	471,953	425,450	385,749	423,457	455,457
11,389,429	14,913,439	10,272,379	10,696,214	11,826,497	13,680,370
(41,503)	(3,334,083)	865,283	391,904	89,530	(1,052,027)
3,769,328	-	-	3,691,961	-	7,390,000
-	-	-	-	-	417,277
-	-	-	-	-	-
1,438,071	1,399,076	1,466,828	1,264,509	1,498,080	1,700,280
(1,799,270)	(1,583,548)	(1,937,307)	(2,197,305)	(2,117,430)	(2,495,584)
3,408,129	(184,472)	(470,479)	2,759,165	(619,350)	7,011,973
-	-	-	-	-	-
-	1,221,193	-	-	-	-
-	1,501,708	-	-	-	-
-	(280,515)	-	-	-	-
\$ 3,366,626	\$ (3,799,070)	\$ 394,804	\$ 3,151,069	\$ (529,820)	\$ 5,959,946
23.88%	22.92%	21.67%	16.78%	15.00%	14.02%

City of Huntington Woods
TAX REVENUES BY SOURCE (unaudited)
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Year Ended June 30	General Property Taxes	Property Tax Debt Service	Sales and Use Tax	Total
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
2019	6,809,037	1,459,823	620,363	8,889,223
Change 2010-2019	<u>18%</u>	<u>10%</u>	<u>9%</u>	<u>16%</u>

City of Huntington Woods
STATE EQUALIZED VALUE AND ESTIMATED
ACTUAL VALUE OF TAXABLE PROPERTY (unaudited)
LAST TEN FISCAL YEARS

Tax Year	Real Property			Personal Property		
	State Equalized Value	Taxable Value	Estimated Actual Value	State Equalized Value	Taxable Value	Estimated Actual Value
2010	\$ 336,553,400	\$ 302,571,820	\$ 673,106,800	\$ 3,468,350	\$ 3,465,910	\$ 6,936,700
2011	306,514,600	290,820,330	613,029,200	3,370,460	3,370,460	6,740,920
2012	303,408,100	289,596,810	606,816,200	3,787,760	3,787,760	7,575,520
2013	317,679,190	295,092,160	635,358,380	3,815,660	3,815,660	7,631,320
2014	355,054,620	304,535,520	710,109,240	4,245,510	4,245,510	8,491,020
2015	409,664,400	317,138,070	819,328,800	4,330,700	4,330,700	8,661,400
2016	449,601,660	326,331,330	899,203,320	4,451,010	4,451,010	8,902,020
2017	475,272,250	338,377,770	950,544,500	4,311,370	4,311,370	8,622,740
2018	485,739,160	352,795,870	971,478,320	5,275,840	5,275,840	10,551,680
2019	507,947,030	367,829,580	1,015,894,060	5,424,980	5,424,980	10,849,960

Source: Oakland County Assessor

The City's operating millage rate is limited to 23 mills, reduced by Headlee to current operating millage rate of 18.8707

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

Total			
State Equalized Value	Taxable Value	Estimated Actual Value	Tax Rate Mills
\$ 340,021,750	\$ 306,037,730	\$ 680,043,500	21.3175
309,885,060	294,190,790	619,770,120	22.8115
307,195,860	293,384,570	614,391,720	24.9469
321,494,850	298,907,820	642,989,700	25.5963
359,300,130	308,781,030	718,600,260	26.0592
413,995,100	321,468,770	827,990,200	25.9712
454,052,670	330,782,340	908,105,340	23.7381
479,583,620	342,689,140	959,167,240	22.4961
491,015,000	358,071,710	982,030,000	22.5712
513,372,010	373,254,560	1,026,744,020	23.0029

City of Huntington Woods
STATE EQUALIZED AND TAXABLE VALUES BY CLASS (unaudited)
LAST SIX FISCAL YEARS

An analysis of **State Equalized Valuation** is as follows:

	BY CLASS					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Real Property	\$ 507,947,030	\$ 485,867,200	\$ 475,403,710	\$ 449,733,810	\$ 409,797,890	\$ 355,575,280
Personal Property	5,424,980	5,147,800	4,179,910	4,318,860	4,197,210	3,724,850
TOTAL	<u>\$ 513,372,010</u>	<u>\$ 491,015,000</u>	<u>\$ 479,583,620</u>	<u>\$ 454,052,670</u>	<u>\$ 413,995,100</u>	<u>\$ 359,300,130</u>

	BY USE					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Residential	\$ 500,001,710	\$ 478,159,040	\$ 467,761,240	\$ 442,567,320	\$ 402,953,020	\$ 348,870,800
Commercial	7,945,320	7,708,160	7,642,470	7,166,490	6,844,870	6,704,480
Personal Property	5,424,980	5,147,800	4,179,910	4,318,860	4,197,210	3,724,850
TOTAL	<u>\$ 513,372,010</u>	<u>\$ 491,015,000</u>	<u>\$ 479,583,620</u>	<u>\$ 454,052,670</u>	<u>\$ 413,995,100</u>	<u>\$ 359,300,130</u>

An analysis of **Taxable Valuation** is as follows:

	BY CLASS					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Real Property	\$ 367,829,580	\$ 352,923,910	\$ 338,509,230	\$ 326,463,480	\$ 317,271,570	\$ 305,056,180
Personal Property	5,424,980	5,147,800	4,179,910	4,318,860	4,197,210	3,724,850
TOTAL	<u>\$ 373,254,560</u>	<u>\$ 358,071,710</u>	<u>\$ 342,689,140</u>	<u>\$ 330,782,340</u>	<u>\$ 321,468,780</u>	<u>\$ 308,781,030</u>

	BY USE					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Residential	\$ 361,246,090	\$ 346,301,530	\$ 331,891,680	\$ 320,025,480	\$ 310,850,780	\$ 298,821,690
Commercial	6,583,490	6,622,380	6,617,550	6,438,000	6,420,790	6,234,490
Personal Property	5,424,980	5,147,800	4,179,910	4,318,860	4,197,210	3,724,850
TOTAL	<u>\$ 373,254,560</u>	<u>\$ 358,071,710</u>	<u>\$ 342,689,140</u>	<u>\$ 330,782,340</u>	<u>\$ 321,468,780</u>	<u>\$ 308,781,030</u>

Source: Oakland County Assessor

City of Huntington Woods
PROPERTY TAX RATES - ALL DIRECT AND
OVERLAPPING GOVERNMENTS (unaudited)
(Per \$1,000 of Taxable Value)
LAST TEN FISCAL YEARS

Fiscal Year	City Direct Rate		
	Operating	Debt Service	Total Direct
2010: Homestead (1)	17.9556	3.3619	21.3175
2010: Non-Homestead	17.9556	3.3619	21.3175
2011: Homestead (1)	18.3490	4.4625	22.8115
2011: Non-Homestead	18.3490	4.4625	22.8115
2012: Homestead (1)	18.8490	6.0979	24.9469
2012: Non-Homestead	18.8490	6.0979	24.9469
2013: Homestead (1)	19.3490	6.2473	25.5963
2013: Non-Homestead	19.3490	6.2473	25.5963
2014: Homestead (1)	19.3490	6.7102	26.0592
2014: Non-Homestead	19.3490	6.7102	26.0592
2015: Homestead (1)	19.1989	6.7723	25.9712
2015: Non-Homestead	19.1989	6.7723	25.9712
2016: Homestead (1)	18.9812	4.7569	23.7381
2016: Non-Homestead	18.9812	4.7569	23.7381
2017: Homestead (1)	18.9372	3.5589	22.4961
2017: Non-Homestead	18.9372	3.5589	22.4961
2018: Homestead (1)	19.1259	3.4453	22.5712
2018: Non-Homestead	19.1259	3.4453	22.5712
2019: Homestead (1)	18.8707	4.1322	23.0029
2019: Non-Homestead	18.8707	4.1322	23.0029

Source: Oakland County Assessor

The City's operating millage rate is limited to 23 mills, reduced by Headlee to current operating millage rate of 18.8707

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

Overlapping Rates

School Districts		Intermediate			
Berkley	Royal Oak	Community College	School District	County	GWK Drain
10.2167	13.3521	1.5844	3.3690	5.3361	0.6300
28.2167	31.3521	1.5844	3.3690	5.3361	0.6300
10.2167	13.7312	1.5844	3.3690	5.3361	0.7480
28.2167	31.7312	1.5844	3.3690	5.3361	0.7480
10.6967	13.7300	1.5844	3.3690	5.3361	0.7880
28.6967	31.7300	1.5844	3.3690	5.3361	0.7880
10.7167	13.7300	1.5844	3.3690	5.5361	0.7916
28.7167	31.7300	1.5844	3.3690	5.5361	0.7916
10.7367	13.7300	1.5844	3.3690	5.5361	0.7673
28.7367	31.7300	1.5844	3.3690	5.5361	0.7673
10.7353	13.1928	1.5844	3.3690	5.9461	0.7437
28.7353	31.1928	1.5844	3.3690	5.9461	0.7437
13.7269	13.3842	1.5819	3.3633	5.7432	0.8312
31.7269	31.3842	1.5819	3.3633	4.8460	0.8312
13.6993	12.696	1.5555	3.3079	5.7712	0.6630
31.6993	30.696	1.5555	3.3079	5.7712	0.6630
13.6843	12.5245	1.5431	3.2813	5.7805	0.6206
30.6843	30.5245	1.5431	3.2813	5.7805	0.6206
12.7000	12.0511	1.5303	3.2539	5.7725	0.5579
30.0849	30.0511	1.5303	3.2539	5.7725	0.5579

City of Huntington Woods
TEN LARGEST TAXPAYERS (unaudited)
CURRENT YEAR AND TEN YEARS AGO

Taxpayer/type of business	Taxable	Rank	Percent of	Taxable	Rank	Percent of
	Value		Total City	Value		Total City
			Taxable			Taxable
			Value			Value
		2019			2009	
Consumers Energy - Utility	\$ 3,242,440	1	0.87%	\$ 588,890	5	0.18%
Chase Bank - Commercial Bank	996,360	2	0.27%	966,420	2	0.30%
Detroit Edison - Utility	924,720	3	0.25%	727,670	4	0.22%
Herman Brodsky - Property Management	730,240	4	0.20%	996,410	1	0.31%
26711 Woodward Ave LLC	725,610	5	0.19%	750,000	3	0.23%
Kasco Equities - Property Management	694,870	6	0.19%	584,290	6	0.18%
Private Residence - Hendrie	559,770	7	0.15%	477,600	8	0.15%
Private Residence - Huntington Road	541,390	8	0.15%			0.00%
Private Residence - Borgman	535,620	9	0.14%			0.00%
Private Residence - Lincoln	522,890	10	0.14%			0.00%
Former Top 10 Taxpayers - various				1,508,350	7,9,10	0.47%
Ten Largest Taxpayers	<u>9,473,910</u>		<u>2.55%</u>	<u>6,599,630</u>		<u>2.05%</u>
Other Taxpayers	<u>363,780,650</u>			<u>316,991,110</u>		
Total Taxable Value	<u>\$ 373,254,560</u>			<u>\$ 323,590,740</u>		

Source: City of Huntington Woods Assessor

City of Huntington Woods
TAX INFORMATION (unaudited)

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 31st day of October without additional charge, but should the latter one-half not be paid before the 31st day of October, then the taxes shall be subject to the charge of one percent per month from August 10th. County taxes are to be paid on or before the 14th day of February without additional charge. All County taxes paid after the 14th day of February shall be subject to a penalty of three percent. Commencing March 1st, taxes on real property are collected through the County Treasurer of Oakland County, who adds and retains a collection fee of four percent and in addition adds interest at the rate of one percent per month to the date of payment.

Lien on Property:

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

Date of Sale	Delinquent Tax Property to be Sold
July 2017	Year 2012
July 2018	Year 2013
July 2019	Year 2014

State Land Sale:

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

City of Huntington Woods
PROPERTY TAX LEVIES AND COLLECTIONS (unaudited)
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30	Total Tax Levy	End of Year Current Tax Collections	Percent of Levy Collected Year of Levy	Delinquent Personal Property Tax Collections Subsequent	Total Tax Collections To Date	Total Percent of Levy Collected To Date
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%	2,787	7,429,075	99.94%
2018	7,957,401	7,954,321	99.96%	1,758	7,956,080	99.98%
2019	8,331,782	8,316,013	99.81%	433	8,316,446	99.82%

Source: Oakland County Assessor

City of Huntington Woods
RATIO OF OUTSTANDING DEBT BY TYPE (unaudited)
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			
2010	\$ 12,155,000	\$ 3,015,205	\$ 120,587	\$ -	\$ 15,290,792	4.72%	\$ 2,486
2011	11,100,000	2,887,131	49,044	-	14,036,175	4.30%	2,282
2012	12,640,000	2,697,258	133,818	-	15,471,076	4.62%	2,480
2013	11,050,000	2,501,743	123,840	288,052	13,963,635	4.15%	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	4.05%	2,220
2016	10,225,000	1,880,099	46,564	527,719	12,679,382	3.61%	2,033
2017	12,555,000	1,661,684	23,282	358,174	14,598,140	3.62%	2,340
2018	11,705,000	1,437,643	287,351	-	13,429,994	3.33%	2,153
2019	18,165,000	1,209,053	174,652	-	19,548,705	4.84%	3,134

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 (unaudited)
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30	General Obligation Bonds	Less Available Debt Service Funds	Total	Percentage of Estimated Actual Value of Taxable Property	Net Bonded Debt per Capita
2011	\$ 11,100,000	\$ 655,427	\$ 10,444,573	1.54%	\$ 1,674
2012	12,640,000	770,332	11,869,668	1.92%	1,903
2013	11,050,000	811,304	10,238,696	1.67%	1,641
2014	13,020,000	792,122	12,227,878	1.90%	1,960
2015	11,220,000	843,221	10,376,779	1.44%	1,663
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
2019	18,165,000	721,897	17,443,103	1.70%	2,796

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 (unaudited)
JUNE 30, 2019

Name of Governmental Unit	Bonds/Debt Outstanding	Balances on Hand	Net Debt Outstanding	Percentage Applicable to City	City's Share of Debt
City of Huntington Woods					
Direct Debt					
General Obligation-Capital Improvement Bonds	\$ 18,165,000	\$ 721,897	\$ 17,443,103	100%	\$ 17,443,103
Share of County Issued GWK Drain Bonds	1,209,053	373,764	835,289	100%	835,289
Fire Truck/Public safety vehicle/Bus/DPW Truck Installment Loans	174,652	-	174,652	100%	<u>174,652</u>
Total Direct Debt					<u>18,453,044</u>
Overlapping Debt					
Public Schools					
Berkley School District			53,860,000	34.15%	18,393,190
Royal Oak School District			35,340,000	0.01%	3,534
County					
Intermediate School District			314,844,309	0.62%	1,952,035
Oakland Community College			43,855,000	0.62%	271,901
			-	0.63%	<u>-</u>
Total Overlapping Debt					<u>20,620,660</u>
Total Direct and Overlapping Debt					<u><u>\$ 39,073,704</u></u>

City of Huntington Woods
COMPUTATION OF LEGAL DEBT MARGIN (unaudited)
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014
Debt Limit	\$ 34,002,175	\$ 30,988,506	\$ 30,719,586	\$ 32,149,485	\$ 35,930,013
Total net debt applicable to limit	\$ 11,360,456	\$ 14,775,116	\$ 13,394,156	\$ 14,729,662	\$ 13,161,696
Legal Debt Margin	\$ 22,641,719	\$ 16,213,390	\$ 17,325,430	\$ 17,419,823	\$ 22,768,317
Total net debt applicable to the limit as a percentage of the debt limit	33.41%	47.68%	43.60%	45.82%	36.63%

	2015	2016	2017	2018	2019
Debt Limit	\$ 41,399,510	\$ 45,405,267	\$ 47,958,362	\$ 49,101,500	\$ 51,337,201
Total net debt applicable to limit	\$ 13,016,344	\$ 11,764,763	\$ 13,701,540	\$ 12,420,222	\$ 18,453,044
Legal Debt Margin	\$ 28,383,166	\$ 33,640,504	\$ 34,256,822	\$ 36,681,278	\$ 32,884,157
Total net debt applicable to the limit as a percentage of the debt limit	31.44%	25.91%	28.57%	25.29%	35.94%

Legal Debt Margin Calculation for Fiscal Year 2017

State Equalized Valuation	\$ 513,372,010
Legal Debt Limit (10% of State Equalized Value)	\$ 51,337,201
Amount of Debt Applicable to Limit	\$ 19,548,705
Less: Amount Available in Debt Service Fund	1,095,661
Net General Obligation Debt Subject to Limitation	\$ 18,453,044
Legal Debt Margin amount available	\$ 32,884,157

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

City of Huntington Woods
DEMOGRAPHIC STATISTICS (unaudited)
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>
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%
2019	6,317	403,599,447	63,891	420,660	1,040	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 (unaudited)
LAST TEN FISCAL YEARS

Employer	2010			2011			2012		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Detroit Zoo	215	1	14.62%	215	1	14.33%	178	2	11.64%
Rackham Golf Course	50	3	3.40%	50	3	3.33%	50	3	3.27%
City of Huntington Woods	212	2	14.41%	213	2	14.20%	203	1	13.28%
Chase Bank	40	4	2.72%	40	4	2.67%	30	4	1.96%
Huntington Cleaners	27	5	1.84%	24	5	1.60%	23	5	1.50%
Largest Employers	544		36.98%	542		36.13%	484		31.65%
Forecasted Jobs SEMCOG	1,442		63.02%	1,471		63.87%	1,500		68.35%

	2015			2016			2017		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Detroit Zoo	220	1	13.91%	220	1	13.93%	245	1	15.52%
Rackham Golf Course	30	3	1.90%	30	3	1.90%	32	3	2.03%
City of Huntington Woods	202	2	12.77%	211	2	13.36%	201	2	12.73%
Chase Bank	24	4	1.52%	24	4	1.52%	24	4	1.52%
Huntington Cleaners	20	5	1.26%	19	5	1.20%	18	5	1.14%
Largest Employers	496		31.35%	504		31.92%	520		32.93%
Forecasted Jobs SEMCOG	1,588		68.65%	1,582		68.08%	1,579		67.07%

Source: Huntington Woods Business Licenses & City Budget document

2013			2014		
Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
210	1	13.48%	203	1	12.78%
26	4	1.67%	26	3	1.64%
196	2	12.58%	196	2	12.34%
30	3	1.93%	25	4	1.57%
20	5	1.28%	21	5	1.32%
482		30.94%	471		29.66%
1,529		69.06%	1,558		70.34%

2018			2019		
Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
239	1	15.14%	240	1	15.20%
25	4	1.58%	30	4	1.90%
207	2	13.11%	201	2	12.73%
26	3	1.65%	14	3	0.89%
18	5	1.14%	18	5	1.14%
515		32.62%	503		31.86%
1,579		67.38%	1,579		68.14%

City of Huntington Woods
FULL-TIME EQUIVALENT CITY GOVERNMENT
EMPLOYEES BY FUNCTION (unaudited)
LAST TEN FISCAL YEARS

Function	2010	2011	2012	2013	2014	2015
General government	9	6	6	6	6	6
Public safety	19	18	18	18	18	18
Public works	9	9	9	8	10	10
Library	7	6	6	6	6	7
Recreation	30	33	33	32	30	31
Total	74	72	72	70	70	72

2016	2017	2018	2019
6	6	6	6
18	18	19	19
10	10	10	10
7	8	6	6
31	34	35	35
72	76	75	75

City of Huntington Woods
OPERATING INDICATORS BY FUNCTION/PROGRAM (unaudited)
LAST TEN FISCAL YEARS

Function/program	2010	2011	2012	2013	2014
General government					
Tax bills issued	2,581	2,574	2,567	2,567	2,576
Commission meetings held	16	16	16	16	16
Public Safety					
Physical arrests	302	218	312	295	430
Traffic violations	4,171	5,122	5,132	4,733	6,003
Parking violations	1,687	1,531	1,615	1,474	1,380
Emergency responses (medical runs)	224	193	214	220	215
Fire responses	104	93	61	94	80
Public Services					
Miles of streets plowed	25	25	25	25	25
Miles of streets reconstructed	1.71	1.08	1.31	1.12	1.04
Library					
Volumes in collection	61,956	63,584	66,258	70,552	73,171
Total volumes borrowed	69,417	52,649	68,288	68,542	73,082
Recreation					
Pool visitors	23,290	26,259	36,601	30,542	30,421
Camp participants	1,264	1,037	968	1,075	917
Class participants	6,325	5,950	6,992	6,542	5,290
Latchkey participants	211	202	238	192	198
Senior participants	1,677	1,491	1,798	1,509	1,468
Water & Sewer utility					
Average daily consumption (units)	709	662	708	667	623
Water main breaks	13	12	4	16	13
Transportation					
Individuals transported	3,783	3,847	2,783	3,675	2,717

Source: City department Heads

2015	2016	2017	2018	2019
2,532	2,515	2,510	2,632	2,640
17	19	16	15	16
298	542	353	170	200
3,832	5,057	5,923	4,825	4,306
969	1,130	1,145	835	807
228	217	127	246	324
66	126	147	179	237
25	25	25	25	25
0.69	0.76	0.05	0.05	0.05
69,106	62,089	50,615	49,149	47,611
61,646	53,996	61,118	63,960	59,966
31,250	33,542	34,059	36,903	33,760
1,094	1,157	1,159	1,138	1,107
5,766	6,409	5,935	5,174	7,672
202	192	201	218	226
1,711	1,881	1,877	2,178	3,810
540	570	591	639	690
4	10	12	7	13
3,672	5,169	3,896	4,072	3,918

City of Huntington Woods
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM (unaudited)
LAST TEN FISCAL YEARS

<u>Function/program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public Safety						
Stations	1	1	1	1	1	1
Patrol units	5	5	5	5	5	5
Fire stations	1	1	1	1	1	1
Fire vehicles	2	2	2	2	2	2
Public Services						
Number of trucks	18	18	18	18	18	18
Miles of major streets	6.95	6.95	6.95	6.95	6.95	6.95
Miles of local streets	17.80	17.80	17.80	17.80	17.80	17.80
Recreation						
Number of parks	13	13	13	13	13	13
Acreage	13.5	13.5	13.5	13.5	13.5	13.5
Water utility						
Miles of water line	25	25	25	25	25	25
Wastewater utility						
Miles of sewer line	41.09	41.09	41.09	41.09	41.09	41.09
Transportation						
Number of vehicles	5	5	5	5	5	5

Source: City Budget document

2016	2017	2018	2019
1	1	1	1
5	5	5	5
1	1	1	1
2	2	2	2
19	19	19	19
6.95	9.65	9.65	9.65
17.80	15.10	15.10	15.10
13	13	13	13
13.5	13.5	13.5	13.5
25	25	25	25
41.09	41.09	41.09	41.09
5	5	5	5