

City of  
Ann Arbor,  
Michigan



Comprehensive  
Annual Financial  
Report

Year Ended  
June 30, 2014

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# CITY OF ANN ARBOR

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

County of Washtenaw  
State of Michigan

Fiscal Year Ended June 30, 2014



Prepared by:  
Financial and Administrative Services  
Accounting Services Unit  
301 East Huron Street  
Ann Arbor, Michigan 48107  
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# CITY OF ANN ARBOR, MICHIGAN

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## INTRODUCTORY SECTION

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December 3, 2014

To the Honorable Mayor, Members of the City Council and  
Citizens of the City of Ann Arbor

The Comprehensive Annual Financial Report (CAFR) of the City of Ann Arbor for the year-end June 30, 2014, is submitted. Staff in the Accounting Services Unit prepared the report, with assistance from the Pension System, Downtown Development Authority, Housing Commission and other City staff. The City has the responsibility for all disclosure and accuracy of material contained in this report.

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Ann Arbor for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the City of Ann Arbor. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Rehmann, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Ann Arbor financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## Profile of the Government

The City of Ann Arbor was founded in 1824 and incorporated as a city in 1851. The City is located in the approximate center of Washtenaw County in the southeastern section of Michigan's lower peninsula. The City is approximately 28 square miles in area and serves as the county seat. The City has an excellent public transportation system for its citizens and visitors to enjoy. The City is nationally known for its outstanding educational and medical facilities, serving as the home of the University of Michigan.

The City operates under a mayor/council-administrator type of government. The Council is comprised of the Mayor and ten council members. The City is divided into five wards; two council members are elected from each ward. The Council appoints a City Administrator to serve as the Chief Administrative Officer of the City responsible for daily operations. The organizational chart of the City is shown following the transmittal letter.

The City is responsible for managing and financing many of the services for its citizens. The service areas include: community services, financial services, safety services, and public services. The City provides a full range of services including: police, fire, the construction and maintenance of streets and other infrastructure, refuse collection and disposal, recycling collection and processing, recreation, social services by contract, public improvements, planning and zoning, and general administrative services. The citizens and transients of the City enjoy these services.

The City Administrator is required by City Charter to prepare and submit an annual budget to City Council. This budget is prepared on the modified accrual basis and is adopted by City Council as required by the State of Michigan. Budgetary control is maintained at the service area level for the general fund. The City Administrator is authorized to transfer budgeted amounts within the general fund service areas. Budgetary control for all other funds is maintained at the fund level. Revisions to a service area total of the general fund or to the fund total must be approved by City Council. It is the City's policy to try to match one-time expenditures to revenues to the extent possible.

Certain services are provided through a legally separate component unit. The City includes one blended component unit and three discretely presented component units in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The Ann Arbor Building Authority is presented as a blended component unit, the Authority is reported as if it were part of the primary government because its sole purpose is to issue revenue bonds to finance major capital construction by the City. The Downtown Development Authority, Ann Arbor Housing Commission and SmartZone Local Development Finance Authority (SmartZone LDFA) are all discretely presented component units of the City. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

The City takes pride in the service provided to its citizens and the community's well-earned reputation; 2014 honors include:

- "Top 25 Most Beautiful Cities in America," BudgetTravel.com.
- "The 10 Most Intelligent College Towns in America," No.1, Zoomtens.com.
- "Best Cities for Well-being," No. 6, USA Today and Gallup.
- "America's Best Main Streets," The Huffington Post & Fodor's Travel.

## Local Economy

The City is endowed with several major corporations located within its boundaries such as Google. In addition, Ann Arbor is home to one of the largest employers in the county, the University of Michigan, that employs approximately 30,000 people. Ann Arbor is also known for its excellent technology infrastructure that has attracted several large technology firms to the area.

The City has two higher educational centers: 1) the University of Michigan and; 2) Concordia College. Additionally, located within a 10-mile radius are two other higher educational centers.

The City of Ann Arbor has the largest population base in Washtenaw County and serves as the county seat. The U.S. Census Bureau identified 113,932 residents in Ann Arbor in the 2010 census, representing 33% of the population base in Washtenaw County. The median household income of our citizens is \$85,110. Personal income in the City has risen in recent years, which is an indication of a healthy economy.

Ann Arbor is accessible by three major interstate highways connecting Detroit to the east, Chicago to the west, the upper peninsula to the north, and Ohio to the south.

The City of Ann Arbor is starting to see economic improvements take traction in its local economy. The local area unemployment rate had declined to 5.7% as of June 2014, receipts from sales taxes are increasing modestly, and residential property values are increasing.

The City continues to experience increased expenses related to inflation, energy costs, and the amortization of the financial market losses in FY2008 and FY2009 in its pension system. Pension costs are expected to continue to increase next year since the losses are amortized over five years. After that time a more modest increase in pension expenditures is anticipated. The City continues to constrain its increase in total expenditures through efficiencies, collaborative opportunities, and through the fiscal discipline of its financial policies.

## Long-term Financial Planning

The City Council and City Administrator are committed to strategies designed to ensure the long-term financial health of the City. The City's financial policies have not changed significantly and an emphasis on strategic planning is being implemented.

During this economic environment, the City will strive to maintain an assigned and unassigned general fund fund balance with a minimum of 8% to 12% of expenditures. If it is necessary to use these funds, subsequent budgets will be planned for additions to restore fund balance. The City continues to develop strategies to contain increased active employee health care and pension costs. A funding mechanism for retiree healthcare costs is in place. The City is also striving to budget a consistent level of capital outlay sufficient to maintain current infrastructure.

## Relevant Financial Policies

The City has adopted and adheres to several financial management policies governing debt, investments, fund balance, pension funding, other postemployment benefits funding and capital improvements. These policies govern the management of resources including use of one time funds, sale and defeasance of bonds, and investment strategy.

## Major Initiatives

### *Ann Arbor Skatepark*

The City of Ann Arbor recently completed construction of a world-class skatepark, designed by Wally Hollyday. The million dollar-plus skatepark was made possible through true collaborative spirit: the City of Ann Arbor, the Friends of the Ann Arbor Skatepark (a local 501(c)(3) organization), the Washtenaw County Parks and Recreation Commission, and the Michigan Department of Natural Resources all contributed funding. Skateboarders enjoy a 30,000 square foot facility with features such as kidney pools from 5 to 9.5 feet deep, a snake run, clover and flow bowls, and a rock ride. Tony Hawk and other professional skaters attended the grand opening in June 2014. Visitors come from all around the state and places further afield to enjoy the new facility.

### *Wastewater Treatment Plant*

The Ann Arbor Wastewater Treatment Plant (WWTP) receives and treats approximately 19.0 million gallons of wastewater per day from the City of Ann Arbor and Pittsfield, Scio, and Ann Arbor townships. Due to aging and deteriorating facilities, two renovation projects, the Facilities Renovations Project and the Residuals Handling Improvements Project, have been implemented to ensure long-term treatment capacity and reliability. Bonds were issued in FY2012 to initiate the Facilities Renovations Project since the Residuals Handling Improvements are nearing completion.

### *Facilities Renovation Project (construction cost = \$82,000,000)*

This project consists of upgrading, rehabilitating and/or replacing the aging and deteriorating facilities at the WWTP. The WWTP consists of an older West Plant (constructed in the 1930's) and a newer East Plant (constructed in the late 1970's).

The Facilities Renovations Project is split into two phases, thereby providing significant construction and financial benefits. The first phase is the Storage Building Demolition and Improvements Project (SBDI), which includes demolition of the solids re-aeration tank and the old solids storage building, as well as some minor electrical modifications. The second phase of the Facilities Renovations Project includes complete replacement of the older West Plant, improvements to the newer East Plant and replacement of the plant electrical grid and stand-by generators.

### *Residuals Handling Improvements Project (construction cost = \$45,000,000)*

This project replaces the worn and inefficient residual solids processing equipment and renovates the existing structure housing the processing equipment. Additional items such as odor management and treatment are also being addressed as part of this project.

## Awards and Acknowledgements

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 Ann Arbor for its comprehensive annual financial report for the fiscal year ended June 30, 2013. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City of Ann Arbor also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2014. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Financial and Administrative Services Unit. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City of Ann Arbor's finances.

Sincerely,

A handwritten signature in black ink that reads "Steven D. Powers". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven D. Powers,  
City Administrator

A handwritten signature in black ink that reads "Tom Crawford". The signature is cursive and somewhat stylized, with a prominent initial "T".

Tom Crawford,  
Chief Financial Officer

CITY OF ANN ARBOR, MICHIGAN

ELECTED AND APPOINTED OFFICIALS

John Hieftje, Mayor

*Council Members*

Sumi Kailasapathy  
Sally Hart Petersen  
Stephen Kunselman  
Margie Teall  
Mike Anglin

Sabra Briere  
Jane Lumm  
Christopher Taylor  
Marcia Higgins  
Chuck Warpehoski

Steve Powers  
*City Administrator*

Tom Crawford  
*Chief Financial Officer*

Karen M. Lancaster  
*Finance Director*

Matthew V. Horning  
*City Treasurer*

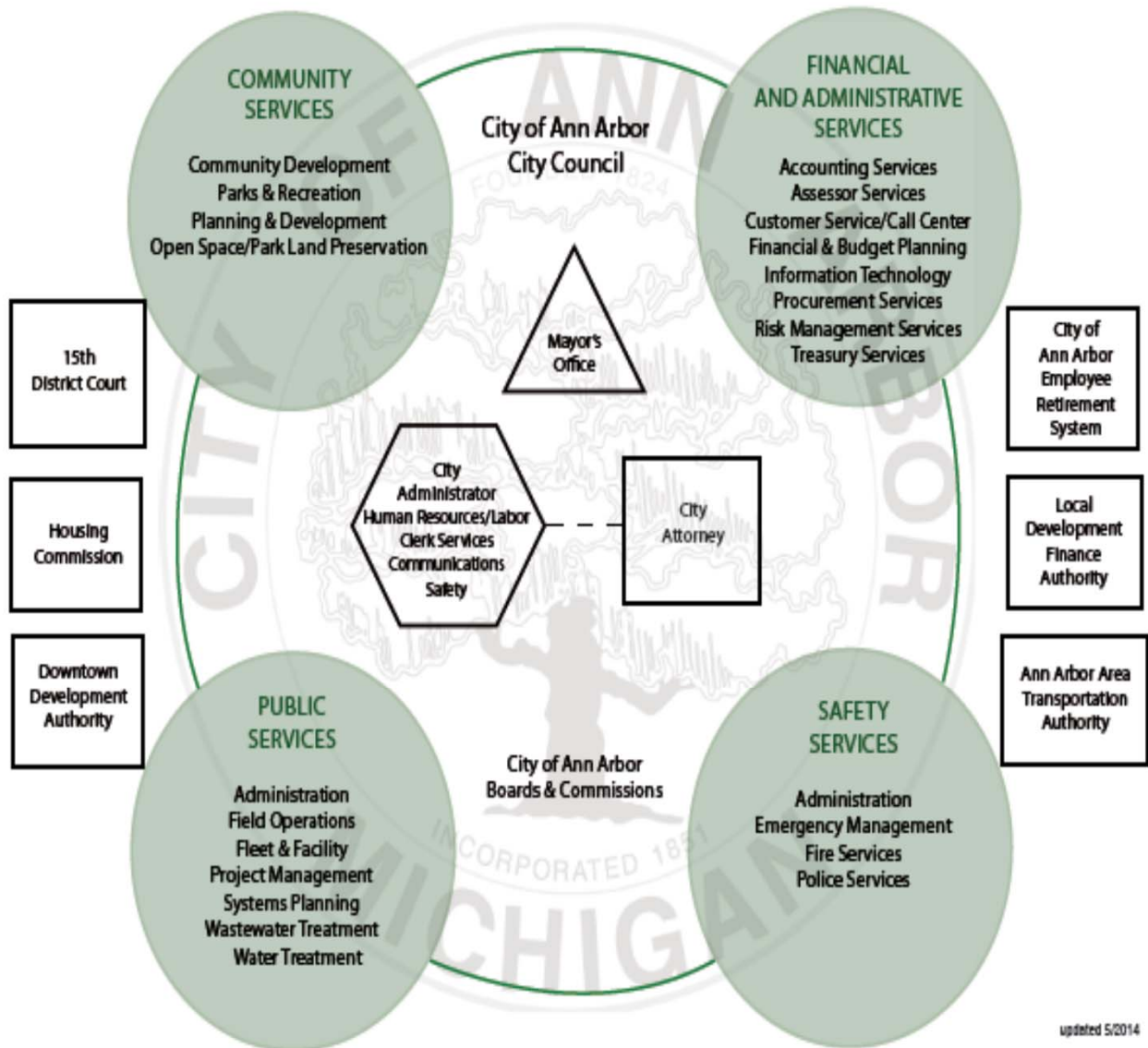
Stephen K. Postema  
*City Attorney*

Jacqueline Beaudry  
*City Clerk*

# CITY OF ANN ARBOR, MICHIGAN

## Organizational Chart

### CITY OF ANN ARBOR ORGANIZATIONAL CHART



updated 5/2014



Government Finance Officers Association

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

Presented to

**City of Ann Arbor**  
**Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO



## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

December 3, 2014

To the Honorable Mayor and  
Members of the City Council  
City of Ann Arbor  
Ann Arbor, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Ann Arbor, Michigan* (the "City"), as of and for the year ended June 30, 2014, 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.

#### *Independent Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ann Arbor Housing Commission, which represents 41.3% of the assets and 35.6% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report was furnished to us, and our opinion, insofar as it relates to the amounts included for the Ann Arbor Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ann Arbor, Michigan, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Restatements of Beginning Fund Balance and Net Position*

As discussed in Note 20 to the financial statements, the beginning fund balance of the general fund has been increased, and decreased by the same amount in the construction code special revenue fund, to correct an error in the recording of certain revenues. In addition, beginning fund balance in the general fund has been increased to account for the closing of the affordable housing special revenue fund and the beginning net position of governmental activities has been increased, and decreased by the same amount in the business-type activities, to account for the closing of the golf course enterprise fund. The City's total net position did not change as a result of these restatements. Our opinion is not modified with respect to these matters.

### *Implementation of GASB Statement No. 67*

The City implemented the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, in the current year. While there was no effect on the amounts reported in the financial statements themselves, there were substantial changes to the disclosures found in Note 15 to the financial statements, including the calculation of the City's net pension liability, which will be required to be recorded by the City in its next fiscal year. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions listed 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 and other auditors 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 required supplementary 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 fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and 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 by us and the other auditors 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, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2014 on our consideration of the City of Ann Arbor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ann Arbor's internal control over financial reporting and compliance.

*Rehmann Loborn LLC*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

As management of the City of Ann Arbor, Michigan, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 1 of this report.

### Financial Highlights

- The City's governmental funds financial statements are prepared using modified accrual basis of accounting and all other funds are prepared using the full accrual basis of accounting.
- Government-wide financial statements are comprised of governmental activities, business-type activities and discretely presented component units. Governmental activities include general fund activities such as public safety and parks and recreation. Business-type activities include proprietary funds such as water, sewer, and solid waste.
  - In total, the assets of the City exceed its liabilities by \$1,081,329,035 at the close of the most recent fiscal year.
    - \$891,574,459 is invested in capital assets, net of related debt;
    - \$86,630,536 is restricted for specific purposes, such as capital projects;
    - \$103,124,040 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors, subject to the purpose of the fund in which they are located. This balance is comprised of \$41,320,639 in governmental activities and \$61,803,401 in business-type activities.
  - The City's total net position increased by \$23,061,224 during the year, primarily due to increases in capital assets.
  - The City's total debt increased by \$17,302,729 (new issues less retirements) during the current fiscal year due to the increased draws on revolving lines of credit with the State of Michigan that are used to finance stormwater projects and the wastewater treatment plant construction.
- Fund financial statements are comprised of 37 governmental funds and 13 proprietary funds. Governmental funds include the general fund, street repair millage fund, and other special revenue, capital projects and debt service funds.
  - At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$85,812,390. The increase of \$2,573,096 in fund balance is primarily due to the increase in the general fund resulting from a sale of property.
  - Of the above fund balance amount, \$14,278,680 is unassigned and may be used to meet the government's ongoing obligations to citizens and creditors, \$10,145,928 is assigned and \$3,203,624 is committed and may be used subject to the purpose of the fund in which they are located and the remaining amount of \$58,184,158 is restricted by external restrictions (such as state gas and weight tax, grants or millage funds) or nonspendable (as in the corpus of a trust).
  - The City's major funds, the general fund (\$22,579,208) and the street repair millage fund (\$16,019,850), account for 45% of total fund balance including restricted amounts. The remaining amount is represented across the other 35 nonmajor funds.
  - The general fund recognized an increase to fund balance of \$3,707,413. The general fund unassigned fund balance decreased from \$14,392,854 to \$14,278,680. At the end of the current fiscal year, unassigned general fund balance was 19% of the total general fund expenditures.

### Overview of the Financial Statements

This annual report consists of a series of financial statements: 1) management discussion and analysis (this section), 2) government-wide financial statements, 3) fund financial statements, and 4) notes to the financial statements.

### Government-wide Statements

The government-wide statements are designed to provide readers with an overview of the City's financial health as a whole, similar to those used in private-sector companies. The two components of the government-wide statements include:

- The statement of net position is the difference between assets, deferred outflows of resources and liabilities, which can be used as an indicator of the City's financial health or position.



# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

- The statement of activities provides information about the City activities as a whole, as it relates to the City's revenues and expenses. The statement of activities accounts for revenues and expenses when they occur, regardless of when cash is received or paid. This statement indicates whether the City's revenues exceed its expenses, which is another way to monitor the overall health of the City.

The statement of net position and the statement of activities, contain information in the following three categories:

- Governmental activities - All of the City's basic services such as police, fire, public works, and general administration are included in the governmental activities. Property taxes, fees and charges, state shared revenues, and state and federal grants finance most of these activities.
- Business-type activities - Business-type activity areas include water, sewer and stormwater systems, parking facilities, market, solid waste and an airport. The City primarily utilizes fees and charges to cover the cost of services provided in these business-type activities with the exception of the solid waste activity that is supplemented by property taxes.
- Component units - Included in the component units for the City are the Downtown Development Authority, the Smart Zone Local Development Finance Authority and the Ann Arbor Housing Commission. Although the component units are separate legal entities, the City is financially responsible for them. The Housing Commission provides low-income housing to City residents. The City provides limited, special purpose financial support to the Commission and is contingently liable for its debt.

### Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant funds, not the City as a whole. The City uses the fund financial statements to account for specific funding sources and its spending patterns. Some funds are required to be established by State law and by bond covenants. The City Council establishes other funds to control and manage funds for particular purposes or to show it complies with legal requirements. The fund financial statements are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### *Governmental funds*

Most of the City's basic services are reported in the governmental funds, which focus on how cash flows in and out of those funds and its balances at year-end that are available for spending/reserve purposes. The governmental funds provide a detailed short-term view of the City's general operations and the basic services it provides. In addition, it assists management in the assessment of whether there are more or fewer resources, which can be spent on future City programs.

Because the focus of governmental funds is narrower than that of governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 37 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 and the street repair millage special revenue funds. Data from the other 35 governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

### *Proprietary funds*

The City maintains 13 different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, stormwater and sanitary sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central stores, fleet services, information technology, project management, insurance funds and Wheeler Center Maintenance Facility operations. Because internal service funds benefit predominantly governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sanitary sewer operations, parking system, market, airport, stormwater system, and solid waste, each of which are considered major funds of the City.

### *Fiduciary funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City is the trustee, or fiduciary, for certain assets held on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Fiduciary funds combining statement information is contained in the combining section of the CAFR.

### **Additional Information**

#### *Notes to the financial statements*

The notes 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 supplementary information. This includes the management's discussion and analysis and the schedules concerning the City's progress in funding its obligation to provide pension and retiree health care benefits to its employees.

The combining and individual fund financial statements and schedules, referred to earlier in connection with nonmajor governmental funds and internal service funds, are presented immediately following the required supplementary information.

### **Financial Analysis of the City as a Whole**

The government-wide financial analysis focuses on the net position and changes in net position of the City's governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the City's assets exceeded its liabilities by \$1,081,329,035 at June 30, 2014 compared to \$1,058,267,811 at June 30, 2013.

CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 133,281,950	\$ 130,532,510	\$ 114,182,553	\$ 93,454,522	\$ 247,464,503	\$ 223,987,032
Capital assets, net	820,980,568	828,137,003	343,770,606	316,304,388	1,164,751,174	1,144,441,391
Total assets	954,262,518	958,669,513	457,953,159	409,758,910	1,412,215,677	1,368,428,423
Deferred outflows of resources	-	-	873,532	649,972	873,532	649,972
Long-term liabilities	140,160,587	149,946,739	156,757,547	132,560,644	296,918,134	282,507,383
Other liabilities	15,150,414	16,326,416	19,691,626	11,976,785	34,842,040	28,303,201
Total liabilities	155,311,001	166,273,155	176,449,173	144,537,429	331,760,174	310,810,584
Net position:						
Net investment in capital assets	701,333,046	700,945,291	190,241,413	189,062,847	891,574,459	890,008,138
Restricted	56,297,832	57,612,227	30,332,704	28,947,807	86,630,536	86,560,034
Unrestricted	41,320,639	33,838,840	61,803,401	47,860,799	103,124,040	81,699,639
Total net position	\$ 798,951,517	\$ 792,396,358	\$ 282,377,518	\$ 265,871,453	\$ 1,081,329,035	\$ 1,058,267,811

By far the largest portion of the City's net position reflects its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position at June 30, 2014 (\$86,630,536) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$103,124,040 may be used to meet the government's ongoing obligations to citizens and creditors, subject to the restrictions of the fund.

Long-term liabilities have increased from 2013 to 2014 due to the increase in revolving debt related to the wastewater treatment plan reconstruction and various stormwater projects. Other liabilities have decreased from 2013 to 2014 due to a decrease in the City's other postemployment benefit liability in governmental activities. Conversely, other liabilities has increased in the business-type activities due to an increase in accounts payable related to the construction of the waste water treatment plant.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 27,059,114	\$ 25,524,014	\$ 59,069,512	\$ 59,136,610	\$ 86,128,626	\$ 84,660,624
Operating grants	12,380,494	13,682,013	-	-	12,380,494	13,682,013
Capital grants	974,291	493,900	1,963,610	4,925,869	2,937,901	5,419,769
General revenues:						
Property taxes	67,910,879	66,703,347	11,470,474	11,154,045	79,381,353	77,857,392
State shared revenues and grants	10,050,793	9,771,731	-	-	10,050,793	9,771,731
Investment income	1,621,595	(410,361)	1,241,702	(245,003)	2,863,297	(655,364)
Other	5,231,878	145,399	(673,069)	(504,477)	4,558,809	(359,078)
<b>Total revenues</b>	<b>125,229,044</b>	<b>115,910,043</b>	<b>73,072,229</b>	<b>74,467,044</b>	<b>198,301,273</b>	<b>190,377,087</b>
<b>Expenses</b>						
Governmental activities:						
General government	15,580,703	14,780,995	-	-	15,580,703	14,780,995
Public safety	40,307,361	39,396,533	-	-	40,307,361	39,396,533
Public works	37,787,092	24,374,228	-	-	37,787,092	24,374,228
Community and economic development	2,031,872	1,820,460	-	-	2,031,872	1,820,460
Culture and recreation	12,008,899	10,573,584	-	-	12,008,899	10,573,584
Public transportation	9,494,422	9,233,757	-	-	9,494,422	9,233,757
Debt service	5,037,624	4,953,237	-	-	5,037,624	4,953,237
Business-type activities:						
Water	-	-	17,332,597	17,939,124	17,332,597	17,939,124
Sewer	-	-	15,201,859	15,024,567	15,201,859	15,024,567
Parking	-	-	2,434,729	2,537,775	2,434,729	2,537,775
Market	-	-	229,134	234,078	229,134	234,078
Golf courses	-	-	-	1,443,008	-	1,443,008
Airport	-	-	676,227	670,743	676,227	670,743
Stormwater	-	-	4,269,354	4,983,006	4,269,354	4,983,006
Solid waste	-	-	12,848,176	14,336,494	12,848,176	14,336,494
<b>Total expenses</b>	<b>122,247,973</b>	<b>105,132,794</b>	<b>52,992,076</b>	<b>57,168,795</b>	<b>175,240,049</b>	<b>162,301,589</b>
Change in net position before transfers	2,981,071	10,777,249	20,080,153	17,298,249	23,061,224	28,075,498
Transfers	3,574,088	3,690,615	(3,574,088)	(3,690,615)	-	-
Change in net position	6,555,159	14,467,864	16,506,065	13,607,634	23,061,224	28,075,498
Net position:						
Beginning of year, as restated	792,396,358	777,928,494	265,871,453	252,263,819	1,058,267,811	1,030,192,313
End of year	\$ 798,951,517	\$ 792,396,358	\$ 282,377,518	\$ 265,871,453	\$ 1,081,329,035	\$ 1,058,267,811

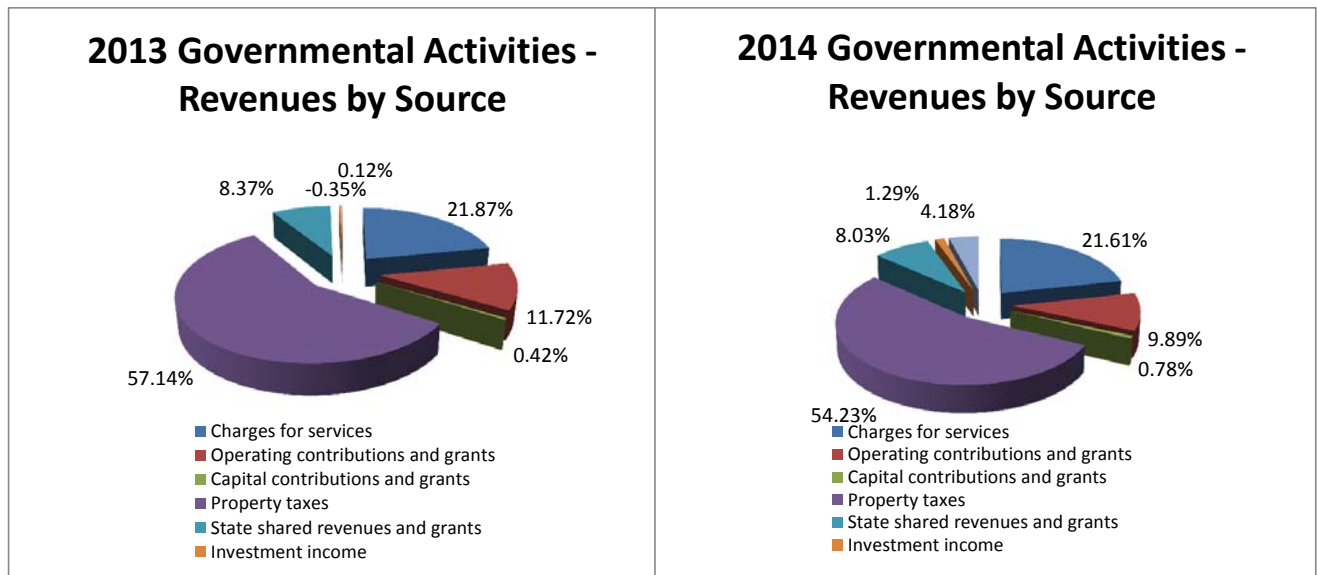
The City's net position increased by \$23,061,224 during the current fiscal year and \$28,075,498 in the prior fiscal year.

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

Governmental activities increased the City's net position by \$6,555,159 accounting for a 28% increase of the City's total growth in the net position. During fiscal year 2013, governmental activities increased by \$14,467,864, which was a 52% increase of the total growth for fiscal year 2013. Key elements are as follows:

- Property taxes increased 2% during fiscal year 2014 and in fiscal year 2013.
- Investment income increased 495% due to an increase in the market value of the City investments. Last year, investment income decreased 116%. This is attributable to fluctuations in the market value of the investments. It is important to note that the City holds all of its investments until they mature and do not experience a realized loss on investments.
- Charges for services increased 6% compared to a decrease of 1.0% in fiscal year 2013 due to an increase in parking revenue collected through the Downtown Development Authority as well as the consolidation of the golf course fund (a business-type activity in prior years) into the general fund.
- Capital contributions and grants increased 97% due to donated land (\$503,200) in the City's parks system as compared to an increase of 43% in fiscal year 2013, resulting from increased federal grants.

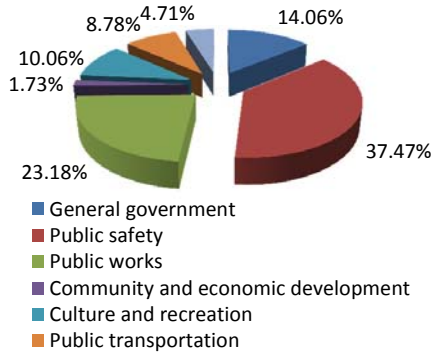


Expenses for governmental activities increased \$17,115,179 from 2013 to 2014. Key elements are as follows:

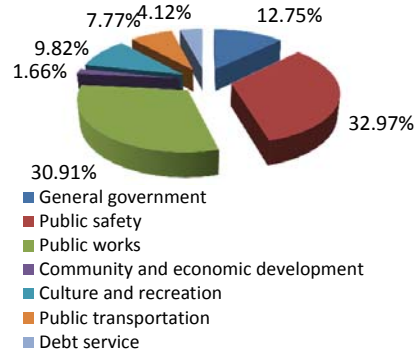
- Public works expenses increased \$13.4 million due to increased depreciation and an increase in costs for insurance and fleet spread from the internal service funds.
- Expenses for culture and recreation increased due to decreased infrastructure for projects that were capitalized compared to the prior year.
- Public transportation is a pass-through of tax revenue collected to the Ann Arbor Transportation Authority. As tax revenues are up, this pass-through increased.

Management's Discussion and Analysis

**2013 Governmental Activities - Expenses by Function**



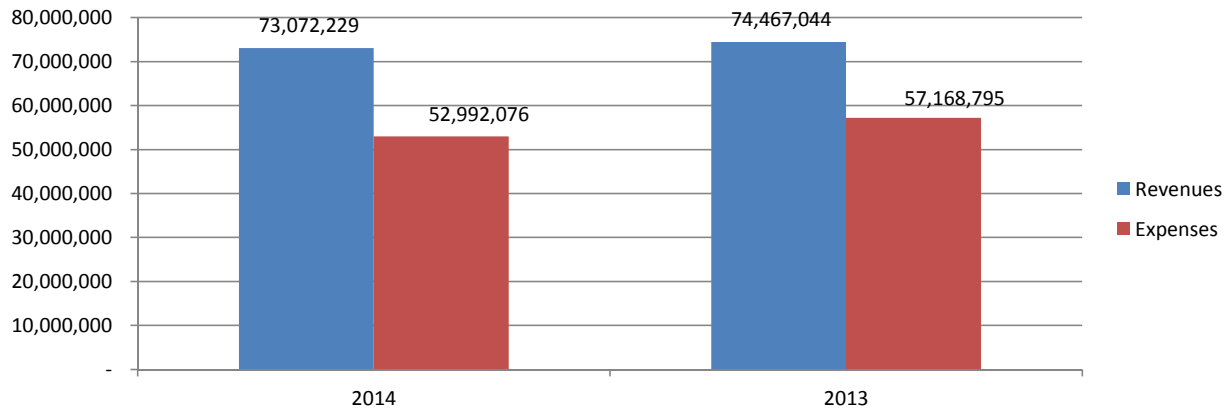
**2014 Governmental Activities - Expenses by Function**



Business-type activities increased the City's net position by \$16,506,065 for fiscal year 2014 and by \$13,607,634 for fiscal year 2013, accounting for 62% and 48% of the total growth in the government's net position for the current year and prior year, respectively. Key elements of this increase are as follows:

- Revenues decreased 2% in fiscal year 2014 due to the reclassification of the golf course fund (a business-type activity in prior years) into the governmental activities as well as reduced capital contributions in water and sewer activities, due to reduced grant funding. In the prior year, there was an increase of 5%.
- Expenses decreased \$4,176,719, or 8%, in fiscal year 2014 compared to an increase of \$4,722,176 or 9%, in fiscal year 2013, primarily due to the following:
  - The golf course was reclassified (a business-type activity in prior years) and its operations moved into the governmental activities for fiscal year 2014.
  - In the solid waste activity, a \$2.0 million liability was booked for postclosure costs after the Michigan Department of Environmental Quality (MDEQ) approved our plan for ongoing remediation in fiscal year 2013. Only the change in the estimated liability was recorded in fiscal year 2014.

**Revenues and Expenses Business-type Activities 2014 and 2013**



# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$85,812,390 at June 30, 2014 versus \$83,239,294 at June 30, 2013, an increase of \$2,573,096. Of the total fund balance amount, \$14,278,680 at June 30, 2014 is unassigned and unrestricted which indicates this money is available for spending at the government's discretion. At June 30, 2013, \$14,392,854 was unassigned and unrestricted.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,278,680 at June 30, 2014. At June 30, 2013, the unassigned fund balance was \$14,392,854. Total fund balance was \$22,579,208 and \$16,119,093 at June 30, 2014 and 2013, respectively. As a measure of the general fund's liquidity, it may be useful to compare unrestricted fund balance to total fund expenditures. Unrestricted (committed, assigned and unassigned) fund balance represents 19 percent at June 30, 2014 of total general fund expenditures. Unrestricted fund balance was 20 percent at June 30, 2013 of total general fund expenditures. The fund balance of the City's general fund increased by \$3,707,413 during the current fiscal year in comparison to an increase of \$820,783 during the prior fiscal year. For fiscal year 2014, this is primarily attributable to the sale of the YMCA parking lot that was owned by the City.

The street repair millage fund balance decreased by \$1,935,859 in fiscal year 2014 compared to a decrease of \$7,059,604 in fiscal year 2013. This decrease is attributable to planned use of fund balance for construction projects.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Unrestricted net position of the water, sanitary sewer, storm sewer, parking system, market, solid waste and airport, at the end of the year amounted to \$61,803,401, an increase in net position for the year totaling \$16,506,065. The market fund had a decrease in net position of \$498,281 due to the fund operations being closed to the general fund at the end of the fiscal year. Other factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Differences between the original and final budgets for expenditures resulted in a 0.72% increase in fiscal year 2014 compared to a 0.74% increase in fiscal year 2013. The general fund actual revenues and other financing sources exceeded expenditures and other financing uses by \$3,707,413.

### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014 was \$1,164,751,174 compared to \$1,144,441,391 at June 30, 2013 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery and equipment, intangible assets, vehicles, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 1.77% compared to 3.07% in fiscal year 2013. Major capital asset events during the fiscal year 2014 included an increase in improvements (\$8,443,468) primarily for water and sewer improvements, an increase in construction work in progress (\$27,192,784) primarily due to the ongoing construction of the waste water treatment plant, and an increase in infrastructure (\$13,033,047) for road improvements. Additional information on the City's capital assets can be found in note 7 of the notes to the financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 59,421,144	\$ 62,327,944	\$ 7,375,469	\$ 7,838,939	\$ 66,796,613	\$ 70,166,883
Construction in progress	60,376,586	57,306,714	133,357,003	109,234,091	193,733,589	166,540,805
Buildings	93,111,462	95,459,531	75,155,869	79,094,802	168,267,331	174,554,333
Improvements other than buildings	10,024,502	10,308,913	121,091,620	116,298,794	131,116,122	126,607,707
Machinery and equipment	2,914,610	2,941,723	6,680,400	3,724,634	9,595,010	6,666,357
Vehicles	7,607,908	6,240,020	110,245	113,128	7,718,153	6,353,148
Intangible assets	469,436	704,154	-	-	469,436	704,154
Infrastructure	587,054,920	592,848,004	-	-	587,054,920	592,848,004
<b>Total capital assets, net</b>	<b>\$ 820,980,568</b>	<b>\$ 828,137,003</b>	<b>\$ 343,770,606</b>	<b>\$ 316,304,388</b>	<b>\$ 1,164,751,174</b>	<b>\$ 1,144,441,391</b>

*Long-term debt.* At the end of the current fiscal year, the City had total bonded debt outstanding of \$262,978,512. Of that amount, \$134,335,000 comprises debt backed by the full faith and credit of the City. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds and revolving loans).

The City's total debt increased by \$17,302,729 or 6% during the fiscal year, primarily due to an increase in other long-term debt representing revolving lines of credit with the State of Michigan used to finance water, sewer and stormwater infrastructure. Further information regarding the City's outstanding debt can be found in note 12 of the notes to the financial statements.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 119,725,000	\$ 123,695,000	\$ 14,550,000	\$ 16,725,000	\$ 134,275,000	\$ 140,420,000
Special assessment bonds	60,000	140,000	-	-	60,000	140,000
Revenue bonds	-	-	70,390,000	75,655,000	70,390,000	75,655,000
Revolving loans	-	-	58,253,512	29,460,545	58,253,512	29,460,545
Drain notes	-	-	9,932,292	7,434,835	9,932,292	7,434,835
Capital leases	-	-	191,849	277,932	191,849	277,932
Purchase agreement	-	3,500,000	-	-	-	3,500,000
Deferred amounts:						
For issuance premiums	201,014	206,835	1,191,018	978,797	1,392,032	1,185,632
For issuance discounts	(338,492)	(350,123)	(105,946)	(436,984)	(444,438)	(787,107)
Compensated absences	12,869,396	12,286,807	2,354,822	2,398,092	15,224,218	14,684,899
<b>Total long-term debt</b>	<b>\$ 132,516,918</b>	<b>\$ 139,478,519</b>	<b>\$ 156,757,547</b>	<b>\$ 132,493,217</b>	<b>\$ 289,274,465</b>	<b>\$ 271,971,736</b>

State statutes limit the amount of the general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$548,205,147, which is significantly in excess of the City's outstanding general obligation debt.

### Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for fiscal year 2015:

- Property tax revenues are budgeted to increase 2.2%.
- Average salary costs were budgeted to increase 3%.
- Healthcare costs were projected to increase 6% as the remainder of our employees transitioned to a lower cost healthcare plan structure.
- Pension costs are projected to increase 12.2%.



## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

#### Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, requests for additional financial information or complete financial statements of the individual component units should be addressed to the City of Ann Arbor Financial and Administrative Services-Accounting Services, 301 East Huron Street, P.O. Box 8647, Ann Arbor, Michigan 48107-8647.

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## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Net Position

June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash	\$ 813,047	\$ 10,009,466	\$ 10,822,513	\$ 2,813,545
Equity in pooled cash and investments	120,389,029	78,888,167	199,277,196	1,148,013
Investments, at fair value	2,068,015	180,985	2,249,000	9,963,206
Receivables	5,304,599	22,021,462	27,326,061	1,439,865
Internal balances	806,686	(806,686)	-	-
Other assets	2,845,962	3,889,159	6,735,121	84,627
Net pension asset	1,054,612	-	1,054,612	-
Capital assets not being depreciated	119,797,730	140,732,472	260,530,202	844,637
Capital assets being depreciated, net	701,182,838	203,038,134	904,220,972	5,306,922
<b>Total assets</b>	<b>954,262,518</b>	<b>457,953,159</b>	<b>1,412,215,677</b>	<b>21,600,815</b>
<b>Deferred outflows of resources</b>				
Deferred charge on refunding	-	873,532	873,532	-
<b>Liabilities</b>				
Accounts payable and accrued liabilities	14,118,016	17,905,945	32,023,961	3,071,935
Accrued interest payable	1,032,398	1,785,681	2,818,079	190,402
Unearned revenue	-	-	-	1,127,997
Long-term liabilities:				
Due within one year	8,737,130	9,691,067	18,428,197	290,160
Due in more than one year	123,779,788	147,066,480	270,846,268	600,341
Other noncurrent liability - net other postemployment benefit obligation	7,643,669	-	7,643,669	-
<b>Total liabilities</b>	<b>155,311,001</b>	<b>176,449,173</b>	<b>331,760,174</b>	<b>5,280,835</b>
<b>Net position</b>				
Net investment in capital assets	701,333,046	190,241,413	891,574,459	6,151,559
Restricted for:				
Debt service	109,342	11,602,007	11,711,349	-
Equipment replacement	-	18,550,477	18,550,477	-
Endowment (non-expendable)	1,984,000	-	1,984,000	-
Highway and streets	32,709,002	-	32,709,002	-
Culture and recreation	14,177,294	-	14,177,294	-
Other purposes	7,318,194	-	7,318,194	260,402
Landfill	-	180,220	180,220	-
Unrestricted	41,320,639	61,803,401	103,124,040	9,908,019
<b>Total net position</b>	<b>\$ 798,951,517</b>	<b>\$ 282,377,518</b>	<b>\$ 1,081,329,035</b>	<b>\$ 16,319,980</b>

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
General government	\$ 15,580,703	\$ 8,612,587	\$ 709,205	\$ -	\$ (6,258,911)
Public safety	40,307,361	7,783,075	1,752,798	-	(30,771,488)
Public works	37,787,092	2,236,913	9,009,751	461,171	(26,079,257)
Community/economic development	2,031,872	293,533	4,556	503,200	(1,230,583)
Culture and recreation	12,008,899	3,891,323	904,184	9,920	(7,203,472)
Public transportation	9,494,422	-	-	-	(9,494,422)
Interest on long-term debt	5,037,624	4,241,683	-	-	(795,941)
<b>Total governmental activities</b>	<b>122,247,973</b>	<b>27,059,114</b>	<b>12,380,494</b>	<b>974,291</b>	<b>(81,834,074)</b>
Business-type activities:					
Water	17,332,597	22,725,289	-	463,476	5,856,168
Sewer	15,201,859	22,639,231	-	-	7,437,372
Parking	2,434,729	2,860,469	-	-	425,740
Market	229,134	198,989	-	-	(30,145)
Airport	676,227	869,591	-	-	193,364
Stormwater	4,269,354	6,446,776	-	1,500,134	3,677,556
Solid waste	12,848,176	3,329,167	-	-	(9,519,009)
<b>Total business-type activities</b>	<b>52,992,076</b>	<b>59,069,512</b>	<b>-</b>	<b>1,963,610</b>	<b>8,041,046</b>
<b>Total primary government</b>	<b>\$ 175,240,049</b>	<b>\$ 86,128,626</b>	<b>\$ 12,380,494</b>	<b>\$ 2,937,901</b>	<b>\$ (73,793,028)</b>
Component units					
Housing Commission	\$ 14,959,237	\$ 830,905	\$ 13,520,394	\$ 140,523	\$ (467,415)
Smart Zone LDFA	1,725,221	-	-	-	(1,725,221)
Downtown Development Authority	24,240,236	19,868,826	-	-	(4,371,410)
<b>Total component units</b>	<b>\$ 40,924,694</b>	<b>\$ 20,699,731</b>	<b>\$ 13,520,394</b>	<b>\$ 140,523</b>	<b>\$ (6,564,046)</b>

continued...

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenue	\$ (81,834,074)	\$ 8,041,046	\$ (73,793,028)	\$ (6,564,046)
General revenues:				
Property taxes	67,910,879	11,470,474	79,381,353	6,370,631
State shared revenues and grants (unrestricted)	10,050,793	-	10,050,793	-
Unrestricted investment earnings	1,621,595	1,241,702	2,863,297	86,643
Other	5,231,878	(673,069)	4,558,809	983
Transfers - internal activities	3,574,088	(3,574,088)	-	-
Total general revenues and transfers	88,389,233	8,465,019	96,854,252	6,458,257
Change in net position	6,555,159	16,506,065	23,061,224	(105,789)
Net position, beginning of year, as restated	792,396,358	265,871,453	1,058,267,811	16,425,769
Net position, end of year	\$ 798,951,517	\$ 282,377,518	\$ 1,081,329,035	\$ 16,319,980

concluded.

The accompanying notes are an integral part of the financial statements.

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## FUND FINANCIAL STATEMENTS

CITY OF ANN ARBOR, MICHIGAN

**Balance Sheet**  
**Governmental Funds**  
 June 30, 2014

	General Fund	Street Repair Millage Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 188,368	\$ -	\$ 624,329	\$ 812,697
Equity in pooled cash and investments	23,879,123	17,978,033	43,571,542	85,428,698
Investments, at fair value	-	-	2,068,015	2,068,015
Receivables:				
Taxes	79,181	737	2,385	82,303
Accounts	854,612	-	616,624	1,471,236
Special assessments	2,317	5,082	483,483	490,882
Accrued interest and dividends	-	-	9,017	9,017
Improvement charges	-	1,871	53	1,924
Loans	-	-	20,801	20,801
Due from other funds	10,073	-	-	10,073
Due from other governments	1,266,653	-	1,911,588	3,178,241
Prepaid items	775	-	-	775
Advances to other funds	806,686	-	-	806,686
Inventories, at cost	46,469	-	-	46,469
<b>Total assets</b>	<b>\$ 27,134,257</b>	<b>\$ 17,985,723</b>	<b>\$ 49,307,837</b>	<b>\$ 94,427,817</b>
<b>Liabilities</b>				
Accounts payable	\$ 1,299,831	\$ 1,904,954	\$ 1,179,458	\$ 4,384,243
Accrued liabilities	2,248,306	55,594	356,649	2,660,549
Due to other funds	-	-	10,073	10,073
Due to other governments	422,786	-	-	422,786
Deposits	579,670	-	-	579,670
<b>Total liabilities</b>	<b>4,550,593</b>	<b>1,960,548</b>	<b>1,546,180</b>	<b>8,057,321</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue	4,456	5,325	548,325	558,106
<b>Fund balances</b>				
Nonspendable	853,930	-	1,984,000	2,837,930
Restricted	-	16,019,850	39,326,378	55,346,228
Committed	-	-	3,203,624	3,203,624
Assigned	7,446,598	-	2,699,330	10,145,928
Unassigned	14,278,680	-	-	14,278,680
<b>Total fund balances</b>	<b>22,579,208</b>	<b>16,019,850</b>	<b>47,213,332</b>	<b>85,812,390</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 27,134,257</b>	<b>\$ 17,985,723</b>	<b>\$ 49,307,837</b>	<b>\$ 94,427,817</b>

The accompanying notes are an integral part of the financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2014

Fund balances of governmental funds	\$ 85,812,390
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	1,025,484,947
Accumulated depreciation on governmental capital assets.	(213,990,912)
Long-term debt and compensated absences are not due and payable in the current period and therefore have not been included in the governmental funds including:	
Bonds payable	(119,785,000)
Compensated absences	(11,786,866)
Unamortized bond discounts/premiums	137,478
Unfunded other postemployment benefit liability	(7,643,669)
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(1,032,398)
Deferred inflow of resources in governmental funds is susceptible to full accrual on the entity-wide statements.	558,106
Net pension asset has not been included as a financial resource in governmental funds	1,054,612
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>40,142,829</u>
Net position of governmental activities	<u><u>\$ 798,951,517</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2014

	General	Street Repair Millage	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 50,671,753	\$ 9,899,841	\$ 7,338,485	\$ 67,910,079
Special assessments/improvement charges	1,839	4,924	37,873	44,636
Licenses, permits and registrations	1,767,040	-	4,916,445	6,683,485
Federal grants	-	588,746	1,364,466	1,953,212
State shared revenues and grants	11,336,755	-	9,091,680	20,428,435
Charges for services	8,455,501	3,882	5,273,464	13,732,847
Fines and forfeits	4,265,276	-	218,208	4,483,484
Interest and penalties	-	105	695	800
Investment income	398,533	248,938	514,734	1,162,205
Rentals	587,361	-	-	587,361
Contributions and donations	11,602	774	508,929	521,305
Intra-governmental sales	-	-	266,970	266,970
Other revenues	1,094,065	4,045	84,028	1,182,138
<b>Total revenues</b>	<b>78,589,725</b>	<b>10,751,255</b>	<b>29,615,977</b>	<b>118,956,957</b>
<b>Expenditures</b>				
Current:				
General government	11,659,610	-	2,713,263	14,372,873
Public safety	39,940,302	-	3,182,798	43,123,100
Public works	4,368,172	4,155,775	9,265,349	17,789,296
Community and economic development	2,118,053	-	-	2,118,053
Culture and recreation	6,741,131	-	4,619,569	11,360,700
Public transportation	9,494,422	-	-	9,494,422
Capital outlay	305,676	11,363,478	3,302,615	14,971,769
Debt service:				
Principal retirement	-	-	7,550,000	7,550,000
Interest and fiscal charges	-	-	5,072,356	5,072,356
<b>Total expenditures</b>	<b>74,627,366</b>	<b>15,519,253</b>	<b>35,705,950</b>	<b>125,852,569</b>
<b>Revenues over (under) expenditures</b>	<b>3,962,359</b>	<b>(4,767,998)</b>	<b>(6,089,973)</b>	<b>(6,895,612)</b>
<b>Other financing sources (uses)</b>				
Transfers in	1,723,996	2,923,081	10,972,740	15,619,817
Transfers out	(6,958,893)	(90,942)	(4,081,225)	(11,131,060)
Sale of property and equipment	4,979,951	-	-	4,979,951
<b>Total other financing sources (uses)</b>	<b>(254,946)</b>	<b>2,832,139</b>	<b>6,891,515</b>	<b>9,468,708</b>
<b>Net change in fund balances</b>	<b>3,707,413</b>	<b>(1,935,859)</b>	<b>801,542</b>	<b>2,573,096</b>
<b>Fund balances, beginning of year, as restated</b>	<b>18,871,795</b>	<b>17,955,709</b>	<b>46,411,790</b>	<b>83,239,294</b>
<b>Fund balances, end of year</b>	<b>\$ 22,579,208</b>	<b>\$ 16,019,850</b>	<b>\$ 47,213,332</b>	<b>\$ 85,812,390</b>

The accompanying notes are an integral part of the financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ 2,573,096

Amounts reported for *governmental activities* in the statement of activities differs from the amounts reported in the statement of revenue, expenditures, and changes in fund balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	20,510,505
Depreciation expense	(25,040,847)
Loss on disposal	(4,127,744)
Donated land	503,200

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	7,550,000
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Accrued interest is recognized on the government-wide financial statements.	40,542
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Amortization of bond discount and deferred loss on refunding is an expense on statement of activities.	(5,810)
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Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as fund expenditures including the changes in accruals for:

Compensated absences	(444,523)
Other postemployment benefits liability	2,824,551

Deferred inflow of resources in governmental funds is susceptible to full accrual on the government-wide statements.	96,225
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The changes in accrual for the net pension asset reported in the statement of activities do not reflect current financial resources and are not reported as revenue in the governmental funds.	17,048
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Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds.

Change in net position of the internal service funds is allocated to governmental activities	<u>2,058,916</u>
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Change in net position of governmental activities	<u>\$ 6,555,159</u>
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The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 50,794,023	\$ 50,794,023	\$ 50,671,753	\$ (122,270)
Special assessments / improvement charges	-	-	1,839	1,839
Licenses, permits and registrations	1,534,200	1,534,200	1,767,040	232,840
State shared revenues and grants	11,379,456	11,299,456	11,336,755	37,299
Charges for services	8,686,181	8,695,380	8,455,501	(239,879)
Fines and forfeits	4,299,977	4,299,977	4,265,276	(34,701)
Investment income	291,753	291,753	398,533	106,780
Rentals	620,514	620,514	587,361	(33,153)
Contributions and donations	1,000	1,000	11,602	10,602
Other revenues	76,220	136,220	1,094,065	957,845
<b>Total revenues</b>	<b>77,683,324</b>	<b>77,672,523</b>	<b>78,589,725</b>	<b>917,202</b>
<b>Expenditures</b>				
Current:				
General government:				
Mayor and Council	375,169	376,282	373,769	(2,513)
Administration	571,492	606,308	594,491	(11,817)
Human resources	1,429,315	1,516,833	1,473,806	(43,027)
Attorney	1,919,226	1,952,331	1,949,792	(2,539)
Clerk / Elections	951,665	1,019,151	947,539	(71,612)
Finance	3,583,592	3,717,023	3,580,389	(136,634)
Environmental coordination services	82,886	84,105	70,067	(14,038)
District court	4,379,290	4,342,514	4,217,060	(125,454)
Planning	979,874	986,587	985,868	(719)
Other unallocated	3,092,529	2,148,900	956,388	(1,192,512)
Municipal service charge	(3,498,455)	(3,498,455)	(3,489,559)	8,896
	<u>13,866,583</u>	<u>13,251,579</u>	<u>11,659,610</u>	<u>(1,591,969)</u>
Public safety:				
Police department	24,475,751	25,101,302	24,837,075	(264,227)
Fire department	14,494,788	14,292,841	13,924,706	(368,135)
Building department	1,274,619	1,283,116	1,178,521	(104,595)
	<u>40,245,158</u>	<u>40,677,259</u>	<u>39,940,302</u>	<u>(736,957)</u>
Public works - public services	<u>4,179,601</u>	<u>4,449,953</u>	<u>4,368,172</u>	<u>(81,781)</u>
Community development	<u>1,828,808</u>	<u>2,212,166</u>	<u>2,118,053</u>	<u>(94,113)</u>
Culture and recreation - Parks and recreation	<u>6,920,488</u>	<u>6,962,851</u>	<u>6,741,131</u>	<u>(221,720)</u>
Public transportation	<u>9,565,500</u>	<u>9,565,500</u>	<u>9,494,422</u>	<u>(71,078)</u>
Capital outlay	<u>304,874</u>	<u>345,273</u>	<u>305,676</u>	<u>(39,597)</u>
<b>Total expenditures</b>	<b>76,911,012</b>	<b>77,464,581</b>	<b>74,627,366</b>	<b>(2,837,215)</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues over (under) expenditures	772,312	207,942	3,962,359	3,754,417
Other financing sources (uses)				
Transfers in	\$ 1,251,489	\$ 1,253,674	\$ 1,723,996	\$ 470,322
Transfers out	(2,843,221)	(7,777,206)	(6,958,893)	818,313
Sale of property and equipment	500	3,581,508	4,979,951	1,398,443
Total other financing sources (uses)	(1,591,232)	(2,942,024)	(254,946)	2,687,078
Net change in fund balance	(818,920)	(2,734,082)	3,707,413	6,441,495
Fund balance, beginning of year, as restated	18,871,795	18,871,795	18,871,795	-
Fund balance, end of year	<u>\$ 18,052,875</u>	<u>\$ 16,137,713</u>	<u>\$ 22,579,208</u>	<u>\$ 6,441,495</u>

concluded.

The accompanying notes are an integral part of the financial statements.

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# CITY OF ANN ARBOR, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Street Repair Millage Special Revenue Fund  
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 9,837,476	\$ 9,837,476	\$ 9,899,841	\$ 62,365
Special assessments / improvement charges	-	-	4,924	4,924
Federal grants	-	-	588,746	588,746
Charges for services	-	49,746	3,882	(45,864)
Interest and penalties	-	-	105	105
Investment income	323,647	323,647	248,938	(74,709)
Contributions and donations	-	10,269	774	(9,495)
Other revenue	-	-	4,045	4,045
<b>Total revenues</b>	<u>10,161,123</u>	<u>10,221,138</u>	<u>10,751,255</u>	<u>530,117</u>
<b>Expenditures</b>				
Current - public works	14,139,897	4,460,236	4,155,775	(304,461)
Capital outlay	-	12,262,982	11,363,478	(899,504)
<b>Total expenditures</b>	<u>14,139,897</u>	<u>16,723,218</u>	<u>15,519,253</u>	<u>(1,203,965)</u>
<b>Revenues over (under) expenditures</b>	<u>(3,978,774)</u>	<u>(6,502,080)</u>	<u>(4,767,998)</u>	<u>1,734,082</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	3,331,928	2,923,081	(408,847)
Transfers out	(211,642)	(90,942)	(90,942)	-
<b>Total other financing sources (uses)</b>	<u>(211,642)</u>	<u>3,240,986</u>	<u>2,832,139</u>	<u>(408,847)</u>
<b>Net change in fund balance</b>	<u>(4,190,416)</u>	<u>(3,261,094)</u>	<u>(1,935,859)</u>	<u>1,325,235</u>
<b>Fund balances, beginning of year</b>	<u>17,955,709</u>	<u>17,955,709</u>	<u>17,955,709</u>	<u>-</u>
<b>Fund balances - end of year</b>	<u>\$ 13,765,293</u>	<u>\$ 14,694,615</u>	<u>\$ 16,019,850</u>	<u>\$ 1,325,235</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water Supply System	Sewage Disposal System	Parking System	Market	Airport
<b>Assets</b>					
Current assets:					
Cash	\$ 4,104,338	\$ 5,905,098	\$ -	\$ -	\$ 30
Equity in pooled cash and investments	23,704,697	28,228,365	1,837,725	-	631,917
Investments	-	-	-	-	-
Receivables:					
Accounts, net	4,180,150	4,107,200	-	-	90,081
Special assessments	1,676	29,525	-	-	-
Improvement charges	12,094	29,629	-	-	-
Taxes receivable	38,311	1,256	-	-	-
Due from other governments	3,747,513	6,507,022	-	-	-
Prepaid items	-	3,008,429	-	-	-
Inventories, at cost	780,891	99,839	-	-	-
<b>Total current assets</b>	<b>36,569,670</b>	<b>47,916,363</b>	<b>1,837,725</b>	<b>-</b>	<b>722,028</b>
Noncurrent assets:					
Receivables:					
Special assessments	86,732	123,897	-	-	-
Improvement charges	109,292	179,941	-	-	-
Capital assets not depreciated	16,683,458	112,116,756	3,934,897	84,120	708,927
Capital assets being depreciated, net	85,374,250	53,828,963	36,057,737	135,705	1,267,340
<b>Total noncurrent assets</b>	<b>102,253,732</b>	<b>166,249,557</b>	<b>39,992,634</b>	<b>219,825</b>	<b>1,976,267</b>
<b>Total assets</b>	<b>138,823,402</b>	<b>214,165,920</b>	<b>41,830,359</b>	<b>219,825</b>	<b>2,698,295</b>
Deferred outflows of resources					
Deferred charge on refunding	-	315,291	558,241	-	-
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	3,288,901	10,441,315	-	-	35,553
Accrued liabilities	217,824	206,930	-	-	6,993
Accrued interest payable	531,154	994,864	201,223	-	2,749
Advance from other funds	-	-	-	-	71,057
Deposits	147,250	-	-	-	-
Estimated claims payable, current	-	-	-	-	-
Bonds payable, current	3,133,947	2,649,116	2,240,000	-	-
Compensated absences, current	367,472	314,174	-	3,455	9,112
Capital lease payable, current	-	-	-	-	-
<b>Total current liabilities</b>	<b>7,686,548</b>	<b>14,606,399</b>	<b>2,441,223</b>	<b>3,455</b>	<b>125,464</b>
Noncurrent liabilities:					
Advance from other funds	-	-	-	-	735,629
Bonds payable, net	42,967,063	80,471,286	12,817,173	-	-
Estimated claims payable, net	-	-	-	-	-
Compensated absences, net	613,794	501,036	-	-	5,147
Capital lease payable	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>43,580,857</b>	<b>80,972,322</b>	<b>12,817,173</b>	<b>-</b>	<b>740,776</b>
<b>Total liabilities</b>	<b>51,267,405</b>	<b>95,578,721</b>	<b>15,258,396</b>	<b>3,455</b>	<b>866,240</b>
<b>Net position</b>					
Net investment in capital assets	55,956,698	83,140,608	25,493,702	219,825	1,976,267
Restricted for debt service	3,954,857	7,647,150	-	-	-
Restricted for equipment replacement	10,364,766	7,934,083	-	-	-
Restricted for landfill	-	-	-	-	-
Unrestricted (deficit)	17,279,676	20,180,649	1,636,502	(3,455)	(144,212)
<b>Total net position</b>	<b>\$ 87,555,997</b>	<b>\$ 118,902,490</b>	<b>\$ 27,130,204</b>	<b>\$ 216,370</b>	<b>\$ 1,832,055</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

Statement of Net Position

Proprietary Funds

June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash	\$ -	\$ -	\$ 10,009,466	\$ 350
Equity in pooled cash and investments	7,295,944	17,189,519	78,888,167	34,960,331
Investments	-	180,985	180,985	-
Receivables:				
Accounts, net	1,311,033	743,646	10,432,110	50,195
Special assessments	640	-	31,841	-
Improvement charges	3,449	-	45,172	-
Taxes receivable	924	-	40,491	-
Due from other governments	717,451	-	10,971,986	-
Prepaid items	-	-	3,008,429	1,873,228
Inventories, at cost	-	-	880,730	925,490
<b>Total current assets</b>	<b>9,329,441</b>	<b>18,114,150</b>	<b>114,489,377</b>	<b>37,809,594</b>
Noncurrent assets:				
Receivables:				
Special assessments	-	-	210,629	-
Improvement charges	-	-	289,233	-
Capital assets not depreciated	5,402,066	1,802,248	140,732,472	90,005
Capital assets being depreciated, net	13,223,162	13,150,977	203,038,134	9,396,528
<b>Total noncurrent assets</b>	<b>18,625,228</b>	<b>14,953,225</b>	<b>344,270,468</b>	<b>9,486,533</b>
<b>Total assets</b>	<b>27,954,669</b>	<b>33,067,375</b>	<b>458,759,845</b>	<b>47,296,127</b>
Deferred outflows of resources				
Deferred charge on refunding	-	-	873,532	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	304,525	920,511	14,990,805	1,351,663
Accrued liabilities	70,200	84,992	586,939	200,398
Accrued interest payable	55,691	-	1,785,681	-
Advance from other funds	-	-	71,057	-
Deposits	-	-	147,250	-
Estimated claims payable, current	-	62,566	62,566	2,532,029
Bonds payable, current	509,926	-	8,532,989	-
Compensated absences, current	104,943	144,538	943,694	473,329
Capital lease payable, current	-	86,084	86,084	-
<b>Total current liabilities</b>	<b>1,045,285</b>	<b>1,298,691</b>	<b>27,207,065</b>	<b>4,557,419</b>
Noncurrent liabilities:				
Advance from other funds	-	-	735,629	-
Bonds payable, net	9,422,364	-	145,677,886	-
Estimated claims payable, net	-	2,118,385	2,118,385	1,986,678
Compensated absences, net	108,034	183,118	1,411,129	609,201
Capital lease payable	-	105,765	105,765	-
<b>Total noncurrent liabilities</b>	<b>9,530,398</b>	<b>2,407,268</b>	<b>150,048,794</b>	<b>2,595,879</b>
<b>Total liabilities</b>	<b>10,575,683</b>	<b>3,705,959</b>	<b>177,255,859</b>	<b>7,153,298</b>
<b>Net position</b>				
Net investment in capital assets	8,692,937	14,761,376	190,241,413	9,486,533
Restricted for debt service	-	-	11,602,007	-
Restricted for equipment replacement	-	251,628	18,550,477	-
Restricted for landfill	-	180,220	180,220	-
Unrestricted (deficit)	8,686,049	14,168,192	61,803,401	30,656,296
<b>Total net position</b>	<b>\$ 17,378,986</b>	<b>\$ 29,361,416</b>	<b>\$ 282,377,518</b>	<b>\$ 40,142,829</b>

concluded.

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water Supply System	Sewage Disposal System	Parking System	Market	Airport
Operating revenues					
Charges for services	\$ 22,725,289	\$ 22,639,231	\$ 2,860,469	\$ 198,989	\$ 869,591
Operating expenses					
Personal services	6,600,487	6,100,778	-	113,964	271,354
Municipal service charge	381,907	426,054	-	18,850	51,770
Information technology charge	882,274	309,455	-	14,475	11,178
Other operating costs	4,975,238	3,877,368	-	72,896	266,641
Depreciation	3,118,739	2,227,553	1,770,820	8,949	40,422
Total operating expenses	15,958,645	12,941,208	1,770,820	229,134	641,365
Operating income (loss)	6,766,644	9,698,023	1,089,649	(30,145)	228,226
Nonoperating revenues (expenses)					
Interest income (loss)	293,458	560,856	15,240	5,778	8,178
Gain (loss) on sale of capital assets	3,794	1,400	(822,513)	-	13,250
Interest and fiscal charges	(1,373,952)	(2,260,651)	(663,909)	-	(34,862)
Property taxes	-	-	-	-	-
Total nonoperating revenues (expenses)	(1,076,700)	(1,698,395)	(1,471,182)	5,778	(13,434)
Income (loss) before contributions and transfers	5,689,944	7,999,628	(381,533)	(24,367)	214,792
Capital contributions	463,476	-	-	-	-
Transfers in	1,440,021	486,314	-	-	6,416
Transfers out	(1,431,690)	(742,427)	-	(473,914)	(9,709)
Changes in net position	6,161,751	7,743,515	(381,533)	(498,281)	211,499
Net position, beginning of year, as restated	81,394,246	111,158,975	27,511,737	714,651	1,620,556
Net position, end of year	\$ 87,555,997	\$ 118,902,490	\$ 27,130,204	\$ 216,370	\$ 1,832,055

continued...

CITY OF ANN ARBOR, MICHIGAN

**Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
Operating revenues				
Charges for services	\$ 6,446,776	\$ 3,329,167	\$ 59,069,512	\$ 44,659,812
Operating expenses				
Personal services	2,052,479	3,128,252	18,267,314	7,556,417
Municipal service charge	201,095	255,732	1,335,408	1,353,873
Information technology charge	139,995	159,107	1,516,484	635,138
Other operating costs	1,361,245	8,729,823	19,283,211	30,204,985
Depreciation	319,384	575,262	8,061,129	2,628,525
Total operating expenses	4,074,198	12,848,176	48,463,546	42,378,938
Operating income (loss)	2,372,578	(9,519,009)	10,605,966	2,280,874
Nonoperating revenues (expenses)				
Interest income (loss)	103,776	254,416	1,241,702	459,390
Gain (loss) on sale of capital assets	-	131,000	(673,069)	233,321
Interest and fiscal charges	(195,156)	-	(4,528,530)	-
Property taxes	-	11,470,474	11,470,474	-
Total nonoperating revenues (expenses)	(91,380)	11,855,890	7,510,577	692,711
Income (loss) before contributions and transfers	2,281,198	2,336,881	18,116,543	2,973,585
Capital contributions	1,500,134	-	1,963,610	-
Transfers in	-	35,529	1,968,280	20,000
Transfers out	(2,440,594)	(444,034)	(5,542,368)	(934,669)
Changes in net position	1,340,738	1,928,376	16,506,065	2,058,916
Net position, beginning of year, as restated	16,038,248	27,433,040	265,871,453	38,083,913
Net position, end of year	\$ 17,378,986	\$ 29,361,416	\$ 282,377,518	\$ 40,142,829

concluded.

The accompanying notes are an integral part of the financial statements.

CITY OF ANN ARBOR, MICHIGAN

**Statement of Cash Flows**  
 Proprietary Funds  
 For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water System	Sewage Disposal System	Parking System	Market	Airport
<b>Cash flow from operating activities</b>					
Receipts from customers	\$ 20,822,808	\$ 18,463,589	\$ 2,860,469	\$ 204,287	\$ 884,894
Payments to suppliers	(5,546,205)	553,795	-	(127,436)	(318,044)
Payments on behalf of employees	(6,843,697)	(5,873,299)	-	(118,018)	(337,781)
Payments to interfund services used	-	-	-	-	(68,238)
<b>Net cash provided by (used in) operating activities</b>	<b>8,432,906</b>	<b>13,144,085</b>	<b>2,860,469</b>	<b>(41,167)</b>	<b>160,831</b>
<b>Cash flows from noncapital financing activities</b>					
Transfers in	1,440,021	486,314	-	-	6,416
Transfers out	(1,431,690)	(742,427)	-	(473,914)	(9,709)
Property taxes	-	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>8,331</b>	<b>(256,113)</b>	<b>-</b>	<b>(473,914)</b>	<b>(3,293)</b>
<b>Cash flows from capital and related financing activities</b>					
Proceeds from sales of bonds and notes	6,175,020	41,813,658	-	-	-
Capital contributions	463,476	-	-	-	-
Acquisition and construction of capital assets	(7,276,910)	(26,927,478)	-	-	(22,378)
Principal paid on revenue bonds, maturities, capital leases and notes	(3,130,000)	(20,990,000)	(2,175,000)	-	-
Interest paid on bonds, notes, and capital leases	(1,413,920)	(2,261,549)	(685,468)	-	(35,094)
Proceeds from sale of equipment	4,249	1,400	-	-	13,250
<b>Net cash used in capital and related financing activities</b>	<b>(5,178,085)</b>	<b>(8,363,969)</b>	<b>(2,860,468)</b>	<b>-</b>	<b>(44,222)</b>
<b>Cash flows from investing activities</b>					
Purchase of investment securities	-	-	-	-	-
Sale of investment securities	-	-	-	-	-
Interest and dividends on investments	293,458	560,856	15,240	5,778	8,178
<b>Net cash provided used in investing activities</b>	<b>293,458</b>	<b>560,856</b>	<b>15,240</b>	<b>5,778</b>	<b>8,178</b>
<b>Net change in cash and cash equivalents</b>	<b>3,556,610</b>	<b>5,084,859</b>	<b>15,241</b>	<b>(509,303)</b>	<b>121,494</b>
Cash and cash equivalents, beginning of the year	24,252,425	29,048,604	1,822,484	509,303	510,453
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 27,809,035</b>	<b>\$ 34,133,463</b>	<b>\$ 1,837,725</b>	<b>\$ -</b>	<b>\$ 631,947</b>
<b>Reconciliation to statement of net position</b>					
Cash	\$ 4,104,338	\$ 5,905,098	\$ -	\$ -	\$ 30
Equity in pooled cash and investments	23,704,697	28,228,365	1,837,725	-	631,917
<b>Cash and cash equivalent, end of year</b>	<b>\$ 27,809,035</b>	<b>\$ 34,133,463</b>	<b>\$ 1,837,725</b>	<b>\$ -</b>	<b>\$ 631,947</b>

continued..

CITY OF ANN ARBOR, MICHIGAN

**Statement of Cash Flows**  
 Proprietary Funds  
 For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
Cash flow from operating activities				
Receipts from customers	\$ 5,803,643	\$ 3,187,866	\$ 52,227,556	\$ 44,658,020
Payments to suppliers	(1,501,319)	(8,673,309)	(15,612,518)	(32,539,691)
Payments on behalf of employees	(2,017,286)	(3,116,298)	(18,306,379)	(7,404,566)
Payments to interfund services used	-	-	(68,238)	-
Net cash provided by (used in) operating activities	2,285,038	(8,601,741)	18,240,421	4,713,763
Cash flows from noncapital financing activities				
Transfers in	-	35,529	1,968,280	20,000
Transfers out	(2,440,594)	(444,034)	(5,542,368)	(934,669)
Property taxes	-	11,470,474	11,470,474	-
Net cash provided by (used in) noncapital financing activities	(2,440,594)	11,061,969	7,896,386	(914,669)
Cash flows from capital and related financing activities				
Proceeds from sales of bonds and notes	2,082,891	-	50,071,569	-
Capital contributions	1,500,134	-	1,963,610	-
Acquisition and construction of capital assets	(1,340,524)	(8,035)	(35,575,325)	(3,651,993)
Principal paid on revenue bonds, maturities, capital leases and notes	(360,422)	(86,083)	(26,741,505)	-
Interest paid on bonds, notes, and capital leases	(139,465)	-	(4,535,496)	-
Proceeds from sale of equipment	-	131,000	149,899	258,337
Net cash used in capital and related financing activities	1,742,614	36,882	(14,667,248)	(3,393,656)
Cash flows from investing activities				
Purchase of investment securities	-	(180,985)	(180,985)	-
Sale of investment securities	-	180,258	180,258	-
Interest and dividends on investments	103,776	254,673	1,241,959	459,390
Net cash provided used in investing activities	103,776	253,946	1,241,232	459,390
Net change in cash and cash equivalents	1,690,834	2,751,056	12,710,791	864,828
Cash and cash equivalents, beginning of the year	5,605,110	14,438,463	76,186,842	34,095,853
Cash and cash equivalents, end of the year	\$ 7,295,944	\$ 17,189,519	\$ 88,897,633	\$ 34,960,681
Reconciliation to statement of net position				
Cash	\$ -	\$ -	\$ 10,009,466	\$ 350
Equity in pooled cash and investments	7,295,944	17,189,519	78,888,167	34,960,331
Cash and cash equivalent, end of year	\$ 7,295,944	\$ 17,189,519	\$ 88,897,633	\$ 34,960,681

continued...

CITY OF ANN ARBOR, MICHIGAN

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				
	Water System	Sewage Disposal System	Parking System	Market	Airport
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 6,766,644	\$ 9,698,023	\$ 1,089,649	\$ (30,145)	\$ 228,226
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	3,118,739	2,227,553	1,770,820	8,949	40,422
Changes in assets and liabilities:					
Accounts receivable	320,041	(298,594)	-	4,978	6,287
Allowance for uncollectible accounts	(2,768)	848	-	(3,075)	9,016
Due from other governments	(2,219,755)	(3,877,896)	-	3,395	-
Prepaid items	-	(882,430)	-	-	-
Inventory	(349,111)	5,989	-	-	-
Accounts payable	1,032,972	6,043,109	-	(21,214)	11,547
Accrued liabilities	11,975	45,441	-	(4,049)	174
Due to other funds	-	-	-	-	(68,238)
Deposits	9,353	-	-	-	-
Estimated claims payable	-	-	-	-	-
Accrued compensated absences	(255,184)	182,042	-	(6)	824
Judgment payable	-	-	-	-	-
Other postemployment benefits	-	-	-	-	(67,427)
Net cash provided by (used in) operating activities	<u>\$ 8,432,906</u>	<u>\$ 13,144,085</u>	<u>\$ 2,860,469</u>	<u>\$ (41,167)</u>	<u>\$ 160,831</u>

continued...



CITY OF ANN ARBOR, MICHIGAN

**Statement of Cash Flows**  
 Proprietary Funds  
 For the Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 2,372,578	\$ (9,519,009)	\$ 10,605,966	\$ 2,280,874
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	319,384	575,262	8,061,129	2,628,525
Changes in assets and liabilities:				
Accounts receivable	84,523	(155,512)	(38,277)	(5,847)
Allowance for uncollectible accounts	(10,205)	14,211	8,027	4,060
Due from other governments	(717,451)	-	(6,811,707)	-
Prepaid items	119,672	-	(762,758)	346,719
Inventory	-	-	(343,122)	(83,993)
Accounts payable	81,336	282,456	7,430,206	(477,411)
Accrued liabilities	12,460	5,652	71,653	15,342
Due to other funds	-	-	(68,238)	-
Deposits	-	-	9,353	-
Estimated claims payable	-	188,888	188,888	(131,009)
Accrued compensated absences	22,741	6,311	(43,272)	138,065
Judgment payable	-	-	-	(1,562)
Other postemployment benefits	-	-	(67,427)	-
Net cash provided by (used in) operating activities	<u>\$ 2,285,038</u>	<u>\$ (8,601,741)</u>	<u>\$ 18,240,421</u>	<u>\$ 4,713,763</u>

concluded.

The accompanying notes are an integral part of the financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	Pension and Employee Benefit Trust Funds	Agency Funds
<b>Assets</b>		
Cash	\$ -	\$ 346,976
Equity in pooled cash and investments	11,845	217,699
Investments, at fair value:		
Equities	325,939,031	-
Fixed income	197,959,556	-
Other	75,208,181	-
Accrued interest and dividends	836,077	-
Due from broker for securities sold	4,909,716	-
Capital assets (net of depreciation of \$54,265)	397,088	-
<b>Total assets</b>	<u>605,261,494</u>	<u>\$ 564,675</u>
<b>Liabilities</b>		
Accounts payable	2,823,615	\$ -
Accrued liabilities	48,663	-
Due to broker for securities purchased	5,208,012	-
Mortgage payable, due in one year	25,063	-
Mortgage payable, due in more than one year	245,663	-
Due to others	-	308,217
Due to other governments	-	156,785
Deposits	-	99,673
<b>Total liabilities</b>	<u>8,351,016</u>	<u>\$ 564,675</u>
<b>Net position</b>		
Net investment in capital assets	126,362	
Held in trust for pension and postemployment benefits	596,784,116	
<b>Total net position</b>	<u>\$ 596,910,478</u>	

The accompanying notes are an integral part of the financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trust Funds

For the Year Ended June 30, 2014

### Additions

Investment income:

*From investing activities:*

Appreciation in fair value of investments	\$ 71,455,270
Interest and dividends	5,978,036
Total investment income	<u>77,433,306</u>
Investment management fees	<u>(1,243,017)</u>
Net investment income from investing activities	<u>76,190,289</u>

*From securities lending activities:*

Gross earnings	106,690
Borrower rebates received (paid)	26,112
Securities lending fees	<u>(39,700)</u>
Net investment income from securities lending activities	<u>93,102</u>

Total net investment income	<u>76,283,391</u>
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Contributions:

Employer	26,415,390
Plan members	2,948,177
Total contributions	<u>29,363,567</u>

Total additions	<u>105,646,958</u>
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Deductions

Benefits	42,020,388
Refund of contributions	641,519
Administrative expense	<u>672,398</u>

Total deductions	<u>43,334,305</u>
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Change in net position	62,312,653
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Net position, beginning of year	<u>534,597,825</u>
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Net position, end of year	<u><u>\$ 596,910,478</u></u>
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The accompanying notes are an integral part of the financial statements.

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## COMPONENT UNIT FINANCIAL STATEMENTS

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2014

	Housing Commission	SmartZone Local Development Finance Authority	Downtown Development Authority	Total
<b>Assets</b>				
Cash	\$ 2,357,466	\$ -	\$ 456,079	\$ 2,813,545
Equity in pooled cash and investments	-	1,148,013	-	1,148,013
Investments, at fair value	-	-	9,963,206	9,963,206
Receivables	328,746	1,051,485	59,634	1,439,865
Other assets	84,627	-	-	84,627
Capital assets not being depreciated	844,637	-	-	844,637
Capital assets being depreciated, net	5,306,922	-	-	5,306,922
<b>Total assets</b>	<b>8,922,398</b>	<b>2,199,498</b>	<b>10,478,919</b>	<b>21,600,815</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	465,709	242,246	2,363,980	3,071,935
Due to other governments	190,402	-	-	190,402
Unearned revenue	76,512	1,051,485	-	1,127,997
Long-term liabilities:				
Due within one year	36,589	-	253,571	290,160
Due in more than one year:	20,715	-	579,626	600,341
<b>Total liabilities</b>	<b>789,927</b>	<b>1,293,731</b>	<b>3,197,177</b>	<b>5,280,835</b>
<b>Net position</b>				
Net investment in capital assets	6,151,559	-	-	6,151,559
Restricted for capital projects	260,402	-	-	260,402
Unrestricted	1,720,510	905,767	7,281,742	9,908,019
<b>Total net position</b>	<b>\$ 8,132,471</b>	<b>\$ 905,767</b>	<b>\$ 7,281,742</b>	<b>\$ 16,319,980</b>

The accompanying notes are an integral part of the financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2014

	Housing Commission	SmartZone Local Development Finance Authority	Downtown Development Authority	Total
<b>Expenses</b>				
Housing and economic development	\$ 14,959,237	\$ 1,725,221	\$ 24,240,236	\$ 40,924,694
<b>Program revenues</b>				
Charges for services	830,905	-	19,868,826	20,699,731
Operating grants and contributions	13,520,394	-	-	13,520,394
Capital grants and contributions	140,523	-	-	140,523
<b>Total program revenues</b>	<b>14,491,822</b>	<b>-</b>	<b>19,868,826</b>	<b>34,360,648</b>
<b>Net program (expense) revenue</b>	<b>(467,415)</b>	<b>(1,725,221)</b>	<b>(4,371,410)</b>	<b>(6,564,046)</b>
<b>General revenues</b>				
Property taxes	-	1,964,393	4,406,238	6,370,631
Unrestricted investment earnings	13,857	17,090	55,696	86,643
Other general revenues	-	-	983	983
<b>Total general revenues</b>	<b>13,857</b>	<b>1,981,483</b>	<b>4,462,917</b>	<b>6,458,257</b>
<b>Change in net position</b>	<b>(453,558)</b>	<b>256,262</b>	<b>91,507</b>	<b>(105,789)</b>
<b>Net position, beginning of year</b>	<b>8,586,029</b>	<b>649,505</b>	<b>7,190,235</b>	<b>16,425,769</b>
<b>Net position, end of year</b>	<b>\$ 8,132,471</b>	<b>\$ 905,767</b>	<b>\$ 7,281,742</b>	<b>\$ 16,319,980</b>

The accompanying notes are an integral part of the financial statements.

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## NOTES TO FINANCIAL STATEMENTS

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The City of Ann Arbor, Michigan (the "City") was incorporated in 1851. On April 9, 1956, a City Charter (home rule) was ratified by electors in accordance with Michigan law. The City operates under a Mayor/Council - Administrator form of government and provides the following services as authorized by its charter: public safety (police, fire, and building inspection), traffic control and street maintenance, refuse collection, water and wastewater, parks and recreation, public improvements, planning and zoning, airport, urban redevelopment and housing, golf courses, and general administrative services. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The criteria established by the GASB (Governmental Accounting Standards Board) for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included.

#### *Blended Component Unit*

The Ann Arbor Building Authority is presented as a blended component unit. Commissioners of the Authority are appointed by the Mayor and confirmed by City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue bonds to finance major capital construction by the City.

#### *Discretely Presented Component Units*

The component units column in the government-wide financial statements include the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organizations.

**Downtown Development Authority (DDA).** The DDA was created to finance rehabilitation and redevelopment in the downtown area. Commissioners of the DDA are appointed by the Mayor and approved by City Council. Development plans are approved by Council and Council must approve all modifications to the plans. The DDA's primary source of funding is charges for services (parking) and tax increment financing revenues. Bonds secured by those revenues are issued by the City on behalf of the DDA, which does not have the ability to issue debt. During the fiscal year, the DDA paid \$3.2 million to the City as part of an agreement between the City and DDA, wherein the DDA distributes 17% of the parking revenues to the City. Also, during the fiscal year the DDA transferred \$7.1 million for debt service payments and other transfers for maintenance. The DDA issues separate audited financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Ann Arbor Housing Commission. The Housing Commission was created to provide low-income housing for City residents. Commissioners of the Housing Commission are appointed by the Mayor and approved by City Council. Except for the Executive Director, all employees of the Housing Commission are City employees. City Council is notified of all grant applications and any changes to contracts with the U.S. Department of Housing and Urban Development, the Commission's primary funding source. The Commission maintains its own accounting records and bank accounts. The City provides limited, special purpose financial support to the Commission, subject to request and Council approval, and is contingently liable for its debt. The Housing Commission issues separate audited financial statements.

SmartZone Local Development Finance Authority (SmartZone LDFA). The SmartZone LDFA was established in accordance with the authority granted under Public Act 248 of 2000 by the cities of Ann Arbor and Ypsilanti in June 2002 to encourage high-tech business investment within the boundaries of the SmartZone, comprising portions of the cities of Ann Arbor and Ypsilanti, and the funding of the SmartZone through a local development financing authority. The SmartZone LDFA provides financing through a tax capture mechanism within a specific district. Presently, tax increment finance revenue is generated only within the geographic boundaries of the Ann Arbor DDA. The governing body consists of a nine-member board of directors of which six members are appointed by the Ann Arbor City Council and three members are appointed by the Ypsilanti City Council. The SmartZone LDFA operates under bylaws initially approved by the Ann Arbor and Ypsilanti City Councils. The City approves the budget and maintains the accounting records for the SmartZone LDFA.

Complete financial statements of the individual component units can be requested from the City of Ann Arbor Finance Department. With respect to SmartZone LDFA, no separate financial statements are necessary as the financial activities are contained in a single fund.

*Related Organizations.* The Ann Arbor Transportation Authority (AATA) and the Ann Arbor Economic Development Corporation (EDC) are not included in the financial reporting entity. The members of the governing board of each are appointed by the Mayor and confirmed by the City Council, but the City's accountability for these organizations does not extend beyond making these appointments. The EDC, whose purpose is to foster business development within the City and which has issued bonds bearing the City's tax-exempt status (for which the City is not contingently liable), had assets and fund balance of \$11,723 as of June 30, 2014.

### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are 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. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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 major individual enterprise funds are reported as separate columns in the fund financial statements.

### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major funds:

*General fund.* This fund is the general operating fund of the City; it is used to account for all financial resources not accounted for and reported in another fund.

*Street repair millage special revenue fund.* This fund is used to account for the proceeds of a special millage to repair streets.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The government reports the following major enterprise funds:

The *water supply system* accounts for the provision of treated water to City and certain township residents.

The *sewage disposal system* accounts for the collection and treatment of the sewage for City and certain township residents.

The *parking system* accounts for the operations of the City's parking structures, lots and meters.

The *market fund* accounts for the costs of operating the City's Farmers' Market.

The *airport fund* accounts for the operation of the City's airport including the rental of hangars and tie-down space.

The *stormwater sewer system* accounts for the collection and disposal of the City's stormwater.

The *solid waste fund* accounts for the collection and disposal of the City's solid waste and recycling.

Additionally, the government reports the following fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *permanent fund* accounts for monies provided by a private bequest to finance tree planting and maintenance for the Elizabeth Dean Fund. The principal amount of the bequest is to remain intact and invested. Investment earnings are used for the above stated purposes.

*Internal service funds* account for goods or services provided by the central stores, fleet services, information technology, project management, insurance and the maintenance facility (the "Wheeler Center") to the service areas of the City on a charges for services basis.

The *pension and other employee benefits trust funds* account for the activities of the employees' retirement system and retiree health insurance plan.

The *agency funds* account for assets held for other governments in an agency capacity, including tax collections, delinquent taxes receivable and other monies.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

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

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater and water enterprise funds and of the government's internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position are assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

#### *Deposits and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

The pension and other employee benefits trust funds are authorized by the State's Pension Investment Act, as amended, to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Investments are reported at fair value.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Interfund balances at year-end relate to items accrued after year-end related to interfund transfers. These items are repaid immediately in the new year.

### *Inventories and Prepaid Items*

Inventories of materials and supplies are stated at cost using the first-in, first-out method. The cost is accounted for as an expenditure in governmental funds and an expense in the proprietary funds at the time inventories are used. Prepaid items represent payments made to vendors for goods and services applicable to future fiscal years. Inventories and prepaid items are offset by nonspendable fund balance in governmental funds.

### *Capital Assets*

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives (in years):

Structures and improvements	40-50
Improvements other than buildings	20-99
Machinery, equipment and vehicles	3-15
Intangible assets	5
Infrastructure	15-25

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category, which is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### *Compensated Absences*

The City accrues vacation pay, compensatory time off, severance pay for sick leave, and any salary-related payments for these compensated absences. The current obligations of all funds and the long-term obligations of proprietary funds are recorded in the respective funds. City employees are granted vacation time based on length of service. Most employees have the option of receiving compensatory time off in lieu of pay for overtime worked up to 40 hours. Sick pay is earned at the rate of one day per month, and unused sick days may be accumulated without limitation. An employee is paid, in most cases, a maximum of 960 unused sick hours and the total of any remaining accumulated hours upon retirement or death. City policy provides for payment of unused vacation and compensatory time off, but not unused sick hours, to terminated employees. Paid time off that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Paid time off is accrued when incurred in proprietary funds and reported as a liability. For governmental funds, the current portion of the liability for compensated absences reflects only the unpaid balance of reimbursable unused leave for employees that terminated by the fiscal year end. In accordance with GAAP, for the governmental funds, in the fund financial statements, the noncurrent portion of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations. In addition to the proprietary funds, the general fund, and several nonmajor special revenue funds have been used to liquidate the liability for compensated absences.

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting, that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### *Fund Balances*

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. City Council designates the Chief Finance Officer as the authority to assign fund balance. Unassigned fund balance is the residual classification for the general fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

### *Statements of Cash Flows*

The City presents statements of cash flows for all proprietary fund types. These statements, which have been prepared utilizing the direct method, analyze the net increase or decrease in cash and cash equivalents by source. For purposes of the statements of cash flows, the City considers all highly liquid investments purchased with an original maturity of three months or less and the deposits in the investment funds to be cash equivalents.

### *Use of Estimates*

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

### *Encumbrances*

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Outstanding encumbrances at year-end of \$367,043 are included in assigned fund balance of the general fund, \$10,353,762 in restricted fund balance of the street repair millage special revenue fund, and \$1,526,227 in the restricted or assigned fund balance of the other governmental funds. The encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 2. BUDGETARY CONTROLS AND INFORMATION

The City Administrator is required by City Charter to prepare and submit an annual budget to City Council. A budget is prepared for the general fund and special revenue funds; these budgets are prepared on the modified accrual basis and are adopted by City Council as required by the State of Michigan. Budgetary control is maintained at the departmental level for the general fund. The City Administrator is authorized to transfer budgeted amounts within general fund departments. Budgetary control for the special revenue funds is maintained at the fund level. Revisions to a department total of the general fund or to the fund total of a special revenue fund must be approved by City Council; some supplemental budgetary appropriations, of immaterial size, were necessary during the fiscal year. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Any outstanding encumbrances are carried forward to the succeeding fiscal year. Annual operating plans are prepared for debt service, capital projects, enterprise and internal service funds (i.e., those funds not legally required to have adopted budgets under State law).

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- The City uses the "target based" budgeting technique. Under this system, the City Administrator determines funding levels for each department by matching funding needs with available revenues. Targets are established based on anticipated revenues and growth in expenditures.
- In late November, each department is given a "bottom line" amount for operations. The department then determines the best way to allocate funds among expenditures to remain within the target while meeting the assigned goals.
- Department budget requests are then submitted with expenditures outlined and areas of concern identified so that adjustments can be made as needed. By allowing the departments to determine how funds are spent within the department, the operating departments have a greater ownership in how they provide services.
- The City Administrator's recommended budget is submitted to City Council at the second meeting in April. The City Council, with at least seven affirmative votes, must adopt the budget no later than the end of its second meeting in May. According to City Charter, should the City Council not adopt an amended budget, the City Administrator's recommended budget will automatically take effect as submitted.
- After the budget has been adopted, City Council may amend the budget by a concurring vote of not fewer than eight members.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for all major governmental funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in accordance with GAAP using the modified accrual basis of accounting.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The City Administrator is authorized to transfer appropriated funds between major expenditure categories within departments. However, any revisions which alter the total appropriations of a department must be approved by City Council. For budgetary purposes, the general fund is composed of several departments. Expenditures may not legally exceed appropriations at the department level.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Under this procedure, encumbrances representing purchase orders, contracts, and other commitments are closely monitored throughout the fiscal year. All appropriations lapse at the end of the fiscal year, except for certain capital projects which are approved without regard to fiscal year. For any of these projects which are under construction at year-end, the appropriations are allowed to carry forward with the amount being adopted for the current budget year.

### 3. EXPENDITURES IN EXCESS OF APPROPRIATIONS AND NET POSITION DEFICIT

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a department level basis for the general fund and the fund level for the special revenue funds. An excess of expenditures over appropriation were reported in the open space and parkland preservation nonmajor special revenue fund (final budget of \$311,630 and actual of \$318,738). The open space millage had some tax refunds at the end of the year past the date where Council could approve a budget adjustment, but the expenditures had to be properly paid in fiscal year 2014. There was sufficient fund balance to cover the budget overrun of \$7,108. No other expenditures in excess of appropriations were reported.

At year-end, the market and airport enterprise funds reported deficits in unrestricted net position of \$3,455 and \$144,212, respectively.

### 4. DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of June 30, 2014:

	Primary Government	Component Units	Total
<b>Statement of net position</b>			
Cash	\$ 10,822,513	\$ 2,813,545	\$ 13,636,058
Equity in pooled cash and investments	199,277,196	1,148,013	200,425,209
Investments	2,249,000	9,963,206	12,212,206
<b>Statement of fiduciary net position</b>			
Cash	346,976	-	346,976
Equity in pooled cash and investments	229,544	-	229,544
Investments	599,106,768	-	599,106,768
<b>Total</b>	<b>\$ 812,031,997</b>	<b>\$ 13,924,764</b>	<b>\$ 825,956,761</b>

continued...

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### Deposits and investments

Bank deposits (demand accounts and certificates of deposit)	\$ 24,714,580
Investments in securities, mutual funds and similar vehicles:	
City investment pool	192,161,627
Employees' Retirement System	471,911,098
Retiree Health Care Trust Fund	127,195,670
Downtown Development Authority	9,963,206
Cash on hand	<u>10,580</u>
	<u>\$ 825,956,761</u>

concluded.

The City maintains an investment pool for all City funds. Each fund's portion of the investment pool is displayed on the balance sheet as "Equity in Pooled Cash and Investments." The cash resources of the pension and other employee benefit trust funds and certain component units are invested separately.

### Deposits

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk that, in the event of a bank failure, the entity's deposits may not be returned to the government. At year-end, the carrying amount, bank balance and federal depository insurance were as follows:

	Carrying Amount	Bank Balance	Insured	Uninsured
City cash pool	\$ 21,559,837	\$ 21,454,556	\$ 339,168	\$ 21,115,388
15th District Court	341,398	343,534	250,000	93,534
Downtown Development Authority	455,879	568,925	250,000	318,925
Housing Commission	<u>2,357,466</u>	<u>2,799,455</u>	<u>500,000</u>	<u>2,299,455</u>
Totals	<u>\$ 24,714,580</u>	<u>\$ 25,166,470</u>	<u>\$ 1,339,168</u>	<u>\$ 23,827,302</u>

The uninsured bank balance of \$23,827,302 was exposed to custodial credit risk as it was uninsured and uncollateralized, except that the Housing Commission's uninsured balance was collateralized with government securities having a fair value of \$2,304,118 as of year-end.

The City's depository policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### Investments - City Investment Pool

Following is a summary of the City's investments as of June 30, 2014:

U.S. treasuries	\$ 100,412,588
U.S. agencies	91,011,791
Money market accounts	<u>737,248</u>
 Total Investments	 <u><u>\$ 192,161,627</u></u>

Michigan statutes and City policy authorize the City to invest in U.S. Treasury obligations, U.S. agency securities, federal instrumentality securities, repurchase agreements, money market accounts that limit assets of the fund to securities authorized in M.C.L. 129.91 as legal investments for a public corporation, eligible bankers acceptances, prime commercial paper, obligations of the State of Michigan or any of its political subdivisions, investment pools, and joint interlocal investment ventures.

*Custodial Credit Risk - Investments.* For investments, 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. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2014, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

*Credit Risk.* The City analyzes credit risk of banking institutions and issuers of securities prior to depositing or investing City funds. State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROS). In addition to the restrictions placed on the City by Public Act 20 of 1943, the City's investment policy further requires that banks in which the City invests public funds must have maintained an average Highline Banking Data Services Rating of 30 or better for the four most recent reporting quarters. Securities purchased by the City always conform to the rating requirements set forth in Public Act 20. As of June 30, 2014, all of the City's investments in securities of the U.S. Treasury and U.S. agencies were rated AAA by Standard & Poor's (S&P) and Aaa by Moody's. All of the City's investments comply with its policy regarding the types of investments it may hold.

*Concentration of Credit Risk.* At June 30, 2014, the investment portfolio was concentrated as follows:

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal National Mortgage Association	6.67%
U.S. agencies	Federal Farm Credit Bank	11.43%
U.S. agencies	Federal Home Loan Mortgage	9.92%
U.S. agencies	Federal Home Loan Bank	19.33%

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The City's investment policy states that the amount of investments shall not exceed the following limits in each of the categories listed below as a percentage of the total portfolio.

- 50% in prime commercial paper
- 30% in eligible bankers acceptances
- 30% in money market accounts
- 20% in certificates of deposit
- 10% in federal agency securities
- 10% in obligations of the State of Michigan or any of its political subdivisions
- 10% in investment pools (composed of otherwise legal investments)
- 10% in joint interlocal investment ventures

Tax funds collected on behalf of other taxing authorities and held pending disbursement are not subject to the diversification limits above. No more than 5% of the total portfolio shall be invested in any one issuer of commercial paper, eligible bankers acceptances or obligations of the State of Michigan or any of its political subdivisions.

*Interest Rate Risk.* As of June 30, 2014, maturities of the City's debt securities were as follows:

Investment Type	Fair Value	Investments Maturities (fair value by years)		
		1-5	6-10	More Than 10
U.S. treasuries	\$ 100,412,588	\$ 94,400,632	\$ 5,914,917	\$ 97,039
U.S. agencies	91,011,791	41,434,566	49,577,225	-
	<u>\$ 191,424,379</u>	<u>\$ 135,835,198</u>	<u>\$ 55,492,142</u>	<u>\$ 97,039</u>

Of the above balances, \$56,519,273 of U.S. agencies securities are callable.

The City does not have a formal policy relating to interest rate risk. However, the City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. To the extent possible, the Treasurer shall match investments with anticipated cash flow requirements. The City will not invest in securities maturing more than fifteen years from the date of purchase, and the weighted average maturity of the portfolio shall not exceed 6.5 years.

### Investments - Employees' Retirement System

*Deposits* - The System does not maintain any checking or other demand/time deposit accounts. Amounts reported as cash in the statement of plan net position are composed entirely of amounts held by the City of Ann Arbor as part of its cash pool. As a result, the insured and uninsured amounts related to these accounts cannot be determined.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Investments* - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The System's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's investments; all investment decisions are subject to Michigan law and the investment policy established by the governing body.

The System's investments are stated at fair value which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the System's governing body, with the assistance of a valuation service; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

The System's investments are held by an independent trust company. Following is a summary of the System's investments as of June 30, 2014: (investments at fair value, as determined by quoted market price).

	Domestic	Foreign	Total	On Loan
<b>Equities</b>				
Common stock	\$ 24,019,170	\$ -	\$ 24,019,170	\$ 9,798,619
Common stock funds	145,949,336	81,362,713	227,312,049	-
	<u>169,968,506</u>	<u>81,362,713</u>	<u>251,331,219</u>	<u>9,798,619</u>
<b>Fixed income</b>				
Government bonds	1,903,405	1,394,685	3,298,090	1,768,559
Government agencies	529,684	1,030,077	1,559,761	-
Government agency funds	60,752,520	-	60,752,520	-
Municipal bonds	-	510,734	510,734	-
Corporate bonds	24,205,933	765,704	24,971,637	6,484,163
Corporate bond funds	14,039,980	8,326,143	22,366,123	-
Bank loan participation	12,065,627	-	12,065,627	-
Government mortgage-backed	12,637,233	-	12,637,233	-
Commercial mortgage-backed	4,813,318	-	4,813,318	-
Asset-backed securities	3,301,776	-	3,301,776	-
Non-government backed CMOs	1,314,152	-	1,314,152	-
Index linked government bonds	10,202,931	-	10,202,931	9,805,201
	<u>145,766,559</u>	<u>12,027,343</u>	<u>157,793,902</u>	<u>18,057,923</u>
<b>Other</b>				
Real estate	32,697,904	-	32,697,904	-
Partnerships	-	-	-	-
Hedge funds	21,176,760	-	21,176,760	-
Short-term investment funds	6,573,168	-	6,573,168	-
Portfolio cash	2,338,145	-	2,338,145	-
	<u>62,785,977</u>	<u>-</u>	<u>62,785,977</u>	<u>-</u>
<b>Total</b>	<u>\$ 378,521,042</u>	<u>\$ 93,390,056</u>	<u>\$ 471,911,098</u>	<u>\$ 27,856,542</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name. As such, although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in any particular asset class may or may not be consistent with the objectives of the System. The investment policy statement specifically indicates permissible asset classes, including high yield fixed income and alternatives, in appropriate target percentages. The System's investments in fixed income securities were rated by S&P as follows at June 30, 2014 (investments in short-term funds, corporate bond bonds and hedge funds are not rated):

AAA	\$ 2,296,107
AA	3,856,296
A	6,058,496
BBB	16,012,586
BB	3,727,285
B	2,915,666
CCC	115,500
Not rated	14,949,754
U.S. government guaranteed	<u>85,496,089</u>
	<u>\$ 135,427,779</u>

The System's fixed income securities consisted of the following at June 30:

Government bonds	\$ 3,298,090
Government agencies	1,559,761
Government agency funds	60,752,520
Municipal bonds	510,734
Corporate bonds	24,971,637
Bank loan participation	12,065,627
Government mortgage-backed	12,637,233
Commercial mortgage-backed	4,813,318
Asset-backed securities	3,301,776
Non-government backed CMOs	1,314,152
Index linked government bonds	<u>10,202,931</u>
	<u>\$ 135,427,779</u>

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 5% of the total fund be invested in any one company or governmental agency.



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The System's investment policy does not address weighted average portfolio maturities.

As of June 30, 2014, maturities of the System's debt securities were as follows: (in years)

Government bonds	9.71
Government agencies	4.12
Municipal bonds	5.56
Corporate bonds	11.35
Bank loan participation	5.85
Government mortgage-backed	23.61
Commercial mortgage-backed	26.79
Asset-backed securities	7.71
Non-government backed CMOs	19.69
Index linked government bonds	5.39

*Securities Lending.* A contract approved by the System's Board of Trustees, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial trust company manages the securities lending program and receives securities, cash or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral is initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeds the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

At June 30, 2014, the total collateral received from borrowers had a fair value of \$28,457,575 (of which \$28,457,575 was cash).

### Investments - Retiree Health Care Trust Fund

The Retiree Health Care Trust Fund is a voluntary employee benefit association (VEBA or "Association") under Section 501(c)(9) of the Internal Revenue Code.

*Deposits* - The Association does not maintain any checking or other demand/time deposit accounts. Amounts reported as cash in the statement of plan net position are composed entirely of amounts held by the City of Ann Arbor as part of its cash pool. As a result, the insured and uninsured amounts related to these accounts cannot be determined.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Investments* - The Michigan Public Employees Retirement Associations' Investment Act, Public Act 314 of 1965, as amended, authorizes the Association to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Association's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the Association's investments; all investment decisions are subject to Michigan law and the investment policy established by the governing body.

The Association's investments are held by an independent trust company. Following is a summary of the Association's investments as of June 30, 2014:

	Domestic	Foreign	Total	On Loan
Common stock	\$ 16,579,540	\$ -	\$ 16,579,540	\$ 9,678,221
Common stock funds	37,280,838	20,747,434	58,028,272	-
Government bonds	1,334,490	280,553	1,615,043	1,253,127
Government agencies	48,332	194,024	242,356	5,433
Municipal bonds	-	79,531	79,531	-
Corporate bonds	3,668,569	574,896	4,243,465	1,058,542
Corporate bond funds	20,891,690	2,601,919	23,493,609	-
Bank loan participation	4,126,060	-	4,126,060	-
Government mortgage-backed	1,941,524	-	1,941,524	-
Commercial mortgage-backed	706,561	-	706,561	-
Asset-backed securities	598,387	-	598,387	-
Non-government backed CMOs	58,276	-	58,276	-
Index linked government bonds	3,060,842	-	3,060,842	2,677,560
Real estate	4,705,034	-	4,705,034	-
Short-term fund	7,300,544	-	7,300,544	-
Portfolio cash	416,626	-	416,626	-
<b>Total</b>	<b>\$ 102,717,313</b>	<b>\$ 24,478,357</b>	<b>\$ 127,195,670</b>	<b>\$ 14,672,883</b>

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Association will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Association's investment policy requires that securities be held in trust by a third-party institution in the Association's name. As such, although uninsured and unregistered, the Association's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the Association's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in any particular asset class may or may not be consistent with the objectives of the System. The investment policy statement specifically indicates permissible asset classes, including high yield fixed income and alternatives, in appropriate target percentages.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The Association's investments in fixed income securities were rated by S&P as follows at June 30, 2014 (investments in short-term funds and corporate bond funds are not rated):

AAA	\$ 251,297
AA	634,697
A	1,082,865
BBB	2,610,647
BB	872,017
B	163,502
CCC	15,750
Not rated	4,704,415
U.S. government guaranteed	<u>6,336,855</u>
	<u>\$ 16,672,045</u>

The Association's fixed income securities consisted of the following at June 30, 2014:

Government bonds	\$ 1,615,043
Government agencies	242,356
Municipal bonds	79,531
Corporate bonds	4,243,465
Bank loan participation	4,126,060
Government mortgage-backed	1,941,524
Commercial mortgage-backed	706,561
Asset-backed securities	598,387
Non-government backed CMOs	58,276
Index linked government bonds	<u>3,060,842</u>
	<u>\$ 16,672,045</u>

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Association's investment in a single issuer. The Association's investment policy requires that no more than 5% of the total fund be invested in any one company or governmental agency.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Association's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The Association's investment policy does not address weighted average portfolio maturities.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

As of June 30, 2014, maturities of the Association's debt securities were as follows: (in years)

Government bonds	7.78
Government agencies	4.13
Municipal bonds	5.41
Corporate bonds	11.28
Government mortgage-backed	23.22
Commercial mortgage-backed	30.55
Asset-backed securities	7.76
Non-government backed CMOs	21.05
Index linked government bonds	5.40

*Securities Lending.* A contract approved by the Association's Board of Trustees, permits the VEBA to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Association's custodial trust company manages the securities lending program and receives securities, cash or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the Association unless the borrower defaults. Collateral is initially pledged at 102 percent of the market value of the securities lent, and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

At year end, the Association has no credit risk exposure to borrowers because the amounts the Association owes the borrowers exceeds the amounts the borrowers owe the Association. The contract with the Association's custodian requires it to indemnify the Association if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Association for income distributions by the securities' issuers while the securities are on loan.

At June 30, 2014, the total collateral received from borrowers had a fair value of \$14,980,766 (of which \$14,980,766 was cash).

### Investments - DDA Component Unit

*Custodial Credit Risk - Deposits.* As of June 30, 2014, the carrying amounts of the DDA's deposits were \$455,879 and the bank balance was \$568,924, of which \$318,925 was exposed to custodial credit risk because it was uninsured and uncollateralized. For the deposits held at the City of Ann Arbor, it is impossible to determine custodial credit risk since the DDA's deposits are pooled with other City deposits.

*Custodial Credit Risk - Investment.* Following is a summary of the DDA's investments as of June 30, 2014:

U.S. government agencies	\$ 4,103,889
Money market accounts	<u>5,859,317</u>
Total Investments	<u>\$ 9,963,206</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the DDA 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 and the DDA does not have a policy for investment custodial credit risk. Money market accounts are unclassified as to custodial credit risk as the invested amount is part of an investment pool. The investments in U.S. government agencies above are uninsured and unregistered, with securities held by the agent in the DDA's name.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The DDA does not have an investment policy that sets specific limits in excess of state law on investment credit risk. As of June 30, 2014, all of the investments in U.S. agencies were rated Aaa by Moody's.

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of investments above. The DDA does not have an investment policy that sets 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.

As of June 30, 2014, the maturities of the DDA's investments in U.S. agencies were as follows:

Investments Maturities (fair value by years)				
Investment Type	Fair Value	1-5	6-10	More Than 10
U.S. agencies	\$ 4,103,889	\$ 3,109,345	\$ 498,925	\$ 495,619

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The DDA does not have an investment policy that limits concentration of credit risk. All investments held at year-end are reported above.

## 5. RECEIVABLES

Receivables in the governmental activities are 28.6% trade, 59.9% due from other governments, 1.6% taxes, 9.3% special assessments and 0.6% other receivables. Receivables in the business-type activities are 47.4% trade, 49.8% due from other governments, 1.5% improvement charges, 1.1% special assessments and 0.2% other receivables.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 6. INTERFUND RECEIVABLES AND PAYABLES

For the year ended June 30, 2014, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 10,073	\$ -
Nonmajor governmental funds	-	10,073
	<u>\$ 10,073</u>	<u>\$ 10,073</u>

	Advances to Other Funds	Advances from Other Funds
General fund	\$ 806,686	\$ -
Airport enterprise fund	-	806,686
	<u>\$ 806,686</u>	<u>\$ 806,686</u>

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. Interfund balances at year-end relate to items accrued after year-end related to interfund transfers. These items are repaid immediately in the new year.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Adjustments	Additions	Disposals	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated:					
Land	\$ 61,634,205	\$ 693,739	\$ 503,200	\$ (3,410,000)	\$ 59,421,144
Construction in progress	57,306,714	-	3,932,875	(863,003)	60,376,586
Total capital assets not depreciated	<u>118,940,919</u>	<u>693,739</u>	<u>4,436,075</u>	<u>(4,273,003)</u>	<u>119,797,730</u>
Capital assets being depreciated:					
Buildings	112,516,061	493,506	1,003,214	(1,190,469)	112,822,312
Improvements other than buildings	15,109,048	2,305,075	299,354	-	17,713,477
Machinery and equipment	16,009,197	1,071,951	744,283	(2,617,210)	15,208,221
Vehicles	16,342,078	-	3,557,576	(1,774,851)	18,124,803
Intangible assets	1,173,590	-	-	-	1,173,590
Infrastructure	749,498,231	-	15,487,410	(2,454,363)	762,531,278
Total capital assets being depreciated	<u>910,648,205</u>	<u>3,870,532</u>	<u>21,091,837</u>	<u>(8,036,893)</u>	<u>927,573,681</u>
Less accumulated depreciation for:					
Buildings	(17,185,956)	(364,080)	(2,807,355)	646,541	(19,710,850)
Improvements other than buildings	(6,081,438)	(1,023,772)	(583,765)	-	(7,688,975)
Machinery and equipment	(13,342,834)	(796,591)	(767,037)	2,612,851	(12,293,611)
Vehicles	(10,102,058)	-	(2,144,014)	1,729,177	(10,516,895)
Intangible assets	(469,436)	-	(234,718)	-	(704,154)
Infrastructure	(156,650,227)	-	(21,132,483)	2,306,352	(175,476,358)
Total accumulated depreciation	<u>(203,831,949)</u>	<u>(2,184,443)</u>	<u>(27,669,372)</u>	<u>7,294,921</u>	<u>(226,390,843)</u>
Total capital assets being depreciated, net	<u>706,816,256</u>	<u>1,686,089</u>	<u>(6,577,535)</u>	<u>(741,972)</u>	<u>701,182,838</u>
Total capital assets, net	<u>\$ 825,757,175</u>	<u>\$ 2,379,828</u>	<u>\$ (2,141,460)</u>	<u>\$ (5,014,975)</u>	<u>\$ 820,980,568</u>

Depreciation expense was charged to governmental activities functions/programs as follows:

Depreciation of governmental activities by function	
General government	\$ 1,602,072
Public safety	109,442
Public works	22,101,649
Community and economic development	123,858
Culture and recreation	1,103,826
Capital assets held by the government's internal service are charge to various activities based on asset usage	<u>2,628,525</u>
Total depreciation expense - governmental activities	<u>\$ 27,669,372</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Adjustments	Additions	Disposals	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 8,532,678	\$ (693,739)	\$ 60,000	\$ (523,470)	\$ 7,375,469
Construction in progress	109,234,091	-	36,024,932	(11,902,020)	133,357,003
Total capital assets not depreciated	<u>117,766,769</u>	<u>(693,739)</u>	<u>36,084,932</u>	<u>(12,425,490)</u>	<u>140,732,472</u>
Capital assets being depreciated:					
Buildings	147,027,581	(493,506)	15,532	(4,640,716)	141,908,891
Improvements other than buildings	191,744,379	(2,305,075)	8,221,259	(77,145)	197,583,418
Machinery and equipment	25,875,025	(1,071,951)	3,886,046	(327,250)	28,361,870
Vehicles	4,754,544	-	44,568	(2,284,904)	2,514,208
Total capital assets being depreciated	<u>369,401,529</u>	<u>(3,870,532)</u>	<u>12,167,405</u>	<u>(7,330,015)</u>	<u>370,368,387</u>
Less accumulated depreciation for:					
Buildings	(67,803,353)	364,080	(3,655,421)	4,341,672	(66,753,022)
Improvements other than buildings	(74,164,282)	1,023,772	(3,428,432)	77,144	(76,491,798)
Machinery and equipment	(21,875,031)	796,591	(929,825)	326,795	(21,681,470)
Vehicles	(4,641,416)	-	(47,451)	2,284,904	(2,403,963)
Total accumulated depreciation	<u>(168,484,082)</u>	<u>2,184,443</u>	<u>(8,061,129)</u>	<u>7,030,515</u>	<u>(167,330,253)</u>
Total capital assets being depreciated, net	<u>200,917,447</u>	<u>(1,686,089)</u>	<u>4,106,276</u>	<u>(299,500)</u>	<u>203,038,134</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 318,684,216</u>	<u>\$ (2,379,828)</u>	<u>\$ 40,191,208</u>	<u>\$ (12,724,990)</u>	<u>\$ 343,770,606</u>

Capital asset beginning balances were decreased in the business-type activities and increased in the governmental activities by the same amount as shown in the adjustment columns above. See Note 20 for further explanation.

8. PAYABLES

Payables in the governmental activities are 20.3% accrued liabilities, 40.6% vendors, 32.0% claims payable, 4.1% deposits payable and 3.0% due to other governments. Payables in the business-type activities are 3.3% accrued liabilities, 83.7% vendors, 12.2% claims payable and 0.8% deposits payable.



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 9. LEASES

*Operating Leases Payable.* The City is the lessee of various properties (primarily office and storage space, as well as parking facilities) under operating leases for periods through 2019. The expenses and related revenues in connection with the leases are recorded in the general, special revenue and pension trust funds. The total rent expense for fiscal year 2014 was \$204,560. The following is a table of future minimum noncancellable lease payments by the City:

2015	\$ 134,100
2016	123,448
2017	112,796
2018	114,728
2019	<u>19,336</u>
Total	<u>504,408</u>

The City as lessee has other lease arrangements, which have been appropriately accounted for as operating leases. Minimum lease payments on such leases are immaterial in amount.

*Operating Leases Receivable.* The City is the lessor of various parking, office and airport facilities under operating leases for periods through 2035. Revenues and the related expenses for these leases are recorded in various funds. The total rent revenue for fiscal year 2014 was \$962,158. The total revenue includes \$489,676 for cell towers, \$16,746 for office space, \$327,351 for airport hangers, and \$128,385 for other rentals. All related City assets are fully depreciated. The following is a table of future minimum noncancellable lease payments to the City:

2015	\$ 797,243
2016	715,204
2017	725,491
2018	733,895
2019	738,990
2020-2024	2,590,831
2025-2029	1,271,463
2030-2034	628,196
2035	<u>89,518</u>
Total	<u>8,290,831</u>

The City as lessor has other lease arrangements which have been appropriately accounted for as operating leases. Minimum lease payments receivable on such leases are immaterial in amount.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

10. TRANSFERS

A summary of interfund transfers for the year ended June 30, 2014, is as follows:

		Transfers In								
General	Street Repair Millage	NMGF	Water Supply System	Sewage Disposal System	Airport	Stormwater System	Solid Waste	Internal Service	Totals	
Transfers Out										
General	\$ -	\$ 30,000	\$ 6,856,795	\$ 52,098	\$ -	\$ -	\$ -	\$ 20,000	\$ 6,958,893	
SRM	-	111,534	-	(20,592)	-	-	-	-	90,942	
NMGF	113,593	219,212	2,948,608	298,847	448,133	6,416	10,887	35,529	4,081,225	
WTR	1,021,489	243,250	176,200	-	(9,249)	-	-	-	1,431,690	
SWR	-	347,213	7,312	621,162	-	-	(233,260)	-	742,427	
M	473,914	-	-	-	-	-	-	-	473,914	
AIR	-	-	1,834	7,875	-	-	-	-	9,709	
STRM	85,000	1,807,387	80,000	194,150	47,430	-	226,627	-	2,440,594	
SW	30,000	-	224,637	189,397	-	-	-	-	444,034	
ISF	-	164,485	677,354	97,084	-	-	(4,254)	-	934,669	
	<u>\$ 1,723,996</u>	<u>\$ 2,923,081</u>	<u>\$ 10,972,740</u>	<u>\$ 1,440,021</u>	<u>\$ 486,314</u>	<u>\$ 6,416</u>	<u>\$ -</u>	<u>\$ 35,529</u>	<u>\$ 20,000</u>	<u>\$ 17,608,097</u>

- SRM - Street repair millage special revenue fund
- NMGF - Nonmajor governmental funds
- WTR - Water supply system enterprise fund
- SWR - Sewer disposal system enterprise fund
- M - Market
- AIR - Airport enterprise fund
- STRM - Stormwater system enterprise fund
- SW - Solid waste enterprise fund
- ISF - Internal service funds

Transfers are used to: (1) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 11. CONTINGENT LIABILITIES

*Litigation.* Various lawsuits are pending against the City, some of which are for substantial amounts. On the basis of opinions and information furnished by the City Attorney, it is the judgment of City management that the ultimate liability, if any, resulting from such lawsuits would not materially affect the financial position of the City.

*Landfill.* The City owns and maintains a closed landfill in full compliance with Michigan Department of Environmental Quality (MDEQ) requirements. The City had received approval for an onsite and (interim) offsite Remedial Action Plan (RAP) that has been implemented. This implementation included a slurry wall almost two miles in length enclosing most of the landfill. As part of these requirements, the City has posted a \$1,000,000 letter of credit to ensure compliance with the landfill cleanup regulations. The City is working on a final RAP and evaluating the feasibility of treating the collected landfill groundwater prior to discharge to the sanitary sewer. Treating the water onsite with discharge to surface or groundwater may reduce annual operating costs because of reduced payments for discharge to the sanitary system. Capital costs associated with the landfill cleanup are funded by a series of voter-approved bonds totaling \$28,000,000. Operating and maintenance costs for the closed landfill are funded out of the annual solid waste budget. Therefore, no liability has been accrued in the statement of net position. These costs will be funded through the City's earmarked solid waste (refuse collection) property tax levy. The projects to be accomplished are subject to major changes (both in the nature of the work to be accomplished and in the cost thereof) due to inflation, changes in technology or changes in regulatory requirements.

*Grants.* Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts to be immaterial.

*Wetland Restoration.* MDEQ has issued a permit to the City of Ann Arbor for wetland restoration. The City was required to obtain a \$90,650 letter of credit in favor of MDEQ to ensure compliance with its wetland restoration requirements. A site inspection by the MDEQ determined that the wetlands are beginning to conform to the conditions of the permit and authorized a 50 percent reduction in the required financial assurance. The total amount of the letter of credit is now \$45,325 and shall remain in force until the end of the monitoring period.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 12. LONG-TERM DEBT

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Governmental activities</b>				
2002 special assessment (G.O. portion)	2017	4.4 - 4.7%	\$ 290,000	\$ 70,000
2003 golf course - refunding	2015	3.4 - 3.7%	1,160,000	120,000
2005 open space preservation	2034	4.0 - 4.5%	20,250,000	17,105,000
2006 maintenance facility	2031	4.0 - 5.0%	24,635,000	19,430,000
2008 court and police facilities	2038	4.0 - 5.0%	27,660,000	25,930,000
2009 capital improvements (BAB)	2035	3.5 - 6.5%	49,420,000	46,105,000
2012 transportation fund	2023	2.0 - 2.4%	2,670,000	2,235,000
2013 1st and Washington (series A)	2032	1.75 - 3.0%	4,480,000	4,300,000
2013 1st and Washington (series B)	2032	2.0 - 3.75%	4,045,000	3,870,000
2013 clean energy	2024	3.5 - 4.34%	560,000	560,000
<b>Total governmental activities</b>			<b>\$ 135,170,000</b>	<b>\$ 119,725,000</b>
<b>Business-type activities</b>				
2005 parking - refunding	2021	4.0 - 5.0%	\$ 13,305,000	\$ 7,820,000
2007 parking	2027	4.0 - 4.25%	4,250,000	3,285,000
2009 parking - refunding	2017	3.0 - 3.5%	3,570,000	1,620,000
2012 parking - refunding	2022	1.0 - 2.0%	2,230,000	1,825,000
<b>Total business-type activities</b>			<b>\$ 23,355,000</b>	<b>\$ 14,550,000</b>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 4,101,000	\$ 4,841,212	\$ 2,240,000	\$ 568,101
2016	4,131,000	4,713,611	2,325,000	473,937
2017	4,286,000	4,577,769	2,385,000	373,415
2018	4,431,000	4,434,488	1,880,000	286,719
2019	4,591,000	4,279,311	1,925,000	201,094
2020-24	25,785,000	18,691,715	2,850,000	409,860
2025-29	30,560,000	13,206,712	945,000	81,225
2030-34	31,940,000	6,213,466	-	-
2035-38	9,900,000	980,288	-	-
	<u>\$ 119,725,000</u>	<u>\$ 61,938,572</u>	<u>\$ 14,550,000</u>	<u>\$ 2,394,351</u>

*Revenue bonds.* The government issues revenue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Business-type activities</b>				
2008 water	2028	4.0 - 4.75%	\$ 23,375,000	\$ 20,125,000
2012 water - refunding	2024	2.0 - 2.5%	10,450,000	8,755,000
2004 sewer	2025	3.25 - 4.25%	27,170,000	1,500,000
2008 sewer	2033	3.25 - 4.75%	24,550,000	22,025,000
2013 sewer - refunding	2025	3.25 - 4.75%	17,985,000	17,985,000
Total business-type activities			<u>\$ 103,530,000</u>	<u>\$ 70,390,000</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Annual debt service requirements to maturity for revenue bonds (business-type activities) are as follows:

	Principal	Interest
2015	\$ 4,635,000	\$ 2,512,575
2016	5,025,000	2,322,361
2017	5,165,000	2,186,028
2018	4,600,000	2,048,886
2019	4,735,000	1,913,220
2020-24	24,525,000	7,239,973
2025-29	15,330,000	3,036,957
2030-33	6,375,000	621,657
	<u>\$ 70,390,000</u>	<u>\$ 21,881,657</u>

*Revolving loans.* The government borrows from State of Michigan revolving loan funds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revolving loans currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Business-type activities</b>				
DWRF #7319-01	2031	2.50%	\$ 4,575,000	\$ 4,020,000
DWRF #7146-01	2024	2.13%	557,950	287,950
DWRF #7325-01	2030	2.50%	624,750	513,270
DWRF #7333-01	2032	2.50%	5,614,250	4,460,602
DWRF #7362-01	2034	2.50%	8,864,396	7,179,802
DWRF #7375-01	2035	2.000%	3,025,000	474,681
2004 SWQIF #3002-01	2024	1.625%	874,672	474,672
2005 SWQIF #3002-02	2025	1.625%	879,382	519,382
2006 SWQIF #3002-03	2026	1.625%	889,903	569,903
2007 SWQIF #3002-04	2027	1.63%	964,976	659,976
2008 SWQIF #3002-05	2028	2.50%	900,000	675,000
2009 SWQIF #3010-01	2029	2.50%	1,310,000	1,040,000
2010 SWQIF #3010-02	2030	2.50%	1,320,000	1,105,000
2012 SWQIF #3010-03	2032	2.50%	1,365,000	1,254,760
2013 SWQIF #3010-04	2033	2.50%	1,390,000	828,086
2012 CWRF #5441-01	2036	2.50%	34,407,832	30,255,293
2013 CWRF #5441-02	2038	2.00%	73,305,000	3,935,135
			<u>\$ 140,868,111</u>	<u>\$ 58,253,512</u>
Total business-type activities			<u>\$ 140,868,111</u>	<u>\$ 58,253,512</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Annual debt service requirements to maturity for revolving loans (business-type activities) are as follows:

	Principal	Interest
2015	\$ 1,234,395	\$ 1,337,264
2016	1,390,000	1,310,285
2017	2,772,831	1,282,206
2018	2,840,000	1,223,753
2019	5,915,000	4,173,898
2020-24	31,602,622	20,854,498
2025-29	34,289,260	20,839,938
2030-34	34,948,635	20,915,173
2035-38	21,525,000	17,236,255
	<u>136,517,743</u>	<u>89,173,270</u>
Remaining available to draw	<u>(78,264,231)</u>	<u>-</u>
	<u>\$ 58,253,512</u>	<u>\$ 89,173,270</u>

*Special assessment bonds.* The government issues special assessment bonds to finance certain infrastructure projects will be repaid through the assessment of benefitting property owners. Special assessment bonds are backed by the full faith and credit of the City to the extent that liens enforced against property included in the special assessment district are insufficient to service the debt. Special assessment bonds currently outstanding are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Governmental activities				
2002 special assessment	2017	4.4 - 4.7%	<u>\$ 525,000</u>	<u>\$ 60,000</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

	Principal	Interest
2015	\$ 25,000	\$ 2,750
2016	20,000	1,625
2017	15,000	705
	<u>\$ 60,000</u>	<u>\$ 5,080</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Drain notes.* The government's share of the debt for drainage district projects are as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Business-type activities</b>				
2006 Mallets Creek project	2028	1.625%	\$ 2,180,000	\$ 1,167,127
2006 Traver Creek project	2016	4.05 - 4.2%	492,602	104,206
2009 Pioneer High project	2031	2.5%	2,661,000	2,206,126
2010 Stadium Blvd phase I	2029	2.5%	165,000	140,000
2010 Stadium Blvd phase II	2032	2.5%	953,386	840,875
2010 West Park project	2031	2.5%	1,035,000	874,510
2010 Sylvan Ave project	2030	2.5%	405,000	345,000
2011 Swift Run cistern	2032	2.5%	27,500	23,104
2011 County Farm streambank	2032	2.5%	349,699	317,199
2011 Stadium Bridge project	2033	2.5%	162,209	147,209
2011 Burns Park project	2032	2.5%	1,122,487	961,131
2011 Traver Creek cistern	2032	2.5%	206,794	166,995
2011 Allen Creek cistern I	2032	2.5%	145,000	117,081
2011 Allen Creek cistern II	2032	2.5%	32,500	26,702
2012 Leslie Park project	2033	2.5%	747,500	589,644
2012 Willard Street project	2032	2.5%	123,819	111,319
2012 SRF tree planting	2033	2.5%	172,500	152,097
2013 Huron River infrastructure	2034	2.0%	232,500	122,419
2013 Allen Creek Miller Ave	2034	2.0%	809,350	375,439
2013 Allen Creek Madison Ave	2034	2.0%	1,049,664	875,940
2013 Allen Creek Fourth Ave I	2033	2.0%	215,000	124,970
2013 Allen Creek Fourth Ave II	2034	2.0%	277,500	143,199
			<u>\$ 13,566,010</u>	<u>\$ 9,932,292</u>



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Annual debt service requirements to maturity for the drain notes are as follows:

	Principal	Interest
2015	\$ 551,894	\$ 228,062
2016	569,792	216,893
2017	530,597	204,212
2018	535,597	193,141
2019	556,918	181,880
2020-24	2,970,956	729,221
2025-29	3,261,573	400,726
2030-34	1,986,480	87,640
	<u>10,963,807</u>	<u>2,241,775</u>
Remaining available to draw	<u>(1,031,515)</u>	<u>-</u>
	<u>\$ 9,932,292</u>	<u>\$ 2,241,775</u>

*Capital leases.* The City has entered into certain lease agreements as lessee for financing of two materials recovery facility loaders. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of the items recorded under capital leases in the enterprise funds as of June 30, 2014:

Equipment	\$ 430,418
Less: accumulated depreciation	<u>(101,289)</u>
Net book value	<u>\$ 329,129</u>

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2014:

2015	\$ 86,084
2016	42,305
2017	42,305
2018	<u>21,155</u>
Present value of future minimum lease payments	<u>\$ 191,849</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for fiscal 2014 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 123,695,000	\$ -	\$ (3,970,000)	\$ 119,725,000	\$ 4,101,000
Special assessment bonds	140,000	-	(80,000)	60,000	25,000
Purchase agreement	3,500,000	-	(3,500,000)	-	-
Deferred amounts:					
For issuance premiums	206,835	-	(5,821)	201,014	-
For issuance discounts	(350,123)	-	11,631	(338,492)	-
Compensated absences	12,286,807	5,193,719	(4,611,130)	12,869,396	4,611,130
<b>Total governmental activities debt</b>	<b>\$ 139,478,519</b>	<b>\$ 5,193,719</b>	<b>\$ (12,155,320)</b>	<b>\$ 132,516,918</b>	<b>\$ 8,737,130</b>
<b>Business-type activities</b>					
General obligation bonds	\$ 16,725,000	\$ -	\$ (2,175,000)	\$ 14,550,000	\$ 2,240,000
Revenue bonds	75,655,000	17,985,000	(23,250,000)	70,390,000	4,635,000
Revolving loans	29,460,545	29,662,967	(870,000)	58,253,512	1,234,395
Drain notes	7,434,835	2,857,879	(360,422)	9,932,292	551,894
Capital leases	277,932	-	(86,083)	191,849	86,084
Deferred amounts:					
For issuance premiums	978,797	340,710	(128,489)	1,191,018	-
For issuance discounts	(436,984)	-	331,038	(105,946)	-
Compensated absences	2,398,092	902,960	(946,230)	2,354,822	943,694
<b>Total business-type activities debt</b>	<b>\$ 132,493,217</b>	<b>\$ 51,749,516</b>	<b>\$ (27,485,186)</b>	<b>\$ 156,757,547</b>	<b>\$ 9,691,067</b>
<b>Component unit</b>					
<b>Downtown Development Authority purchase agreement</b>					
	\$ 1,072,037	\$ -	\$ (238,840)	\$ 833,197	\$ 253,571
<b>Housing Commission compensated absences</b>					
	44,379	100,734	(87,809)	57,304	36,589
<b>Total component unit</b>	<b>\$ 1,116,416</b>	<b>\$ 100,734</b>	<b>\$ (326,649)</b>	<b>\$ 890,501</b>	<b>\$ 290,160</b>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1969, the City established the insurance internal service fund to account for and finance its uninsured risk of loss. Under this program, coverage is provided for up to a maximum of \$500,000 for each general liability claim, \$50,000 for each property damage claim, and Blue Cross Blue Shield health insurance claims. The City purchases (where coverage is available and properly priced) commercial insurance for claims in excess of coverage provided by the insurance fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the insurance program and make payments to the insurance fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for incurred but not reported (IBNR) losses. The IBNR reserve was \$1,678,531 at June 30, 2014 and is included in estimated claims payable. The total estimated claims payable of \$4,518,707 is reflected in the insurance fund at June 30, 2014. 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 can be reasonably estimated. Changes in the fund's claim liability amount for the last two years are summarized below:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2013	\$ 3,804,042	\$ 15,388,597	\$ (14,542,923)	\$ 4,649,716
2014	4,649,716	14,680,374	(14,811,383)	4,518,707

### 14. PROPERTY TAXES

Each July 1, the City property tax is levied and becomes a lien on the related property, the value of which is equalized by the State of Michigan and limited by Act 415 of 1994. The City's operating tax rate levied July 1, 2013 as controlled by the Headlee Amendment, Act 415 and City Charter, is 6.1682 mills raising \$29.76 million. Other tax rates and amounts raised are as follows: employee benefits (2.0560) raising \$9.92 million, refuse collection (2.4670) raising \$11.90 million, Ann Arbor Transportation Authority (2.0560) raising \$9.92 million, street & sidewalk repair (2.125) raising \$10.25 million, parks maintenance and repair (1.1) raising \$5.31 million, and open space and parkland preservation Millage (0.4779) raising \$2.31 million. Real and personal property located in the City as of December 31, 2012 were assessed and equalized at \$5,482,051,470, representing 50% of estimated current value. Act 415 of 1994 limits annual increases in taxable value to 5% or the Consumer Price Index, whichever is less. The 2013 taxable value on March 5, 2014, was \$4,831,161,143. Property taxes are due July 31st of each year and any delinquent real property taxes are turned over to Washtenaw County for collection the following March 1st. Delinquent personal property taxes are immaterial.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Property tax revenue of the discretely presented component units is derived pursuant to tax increment financing agreements between those entities (i.e., the DDA and SmartZone LDFA) and the various applicable taxing districts. Real and personal property taxes are levied and attach as an enforceable lien on properties located within the boundaries of the tax increment financing district. The City of Ann Arbor bills and collects the taxes on behalf of the component units. Delinquent taxes on ad valorem real property are purchased by the County of Washtenaw. Property tax revenue is recognized in the year it is levied in both the government-wide financial statements and in the fund financial statements.

### 15. EMPLOYEES' RETIREMENT SYSTEM

#### *General Information about the Pension Plan*

*Plan administration.* The City of Ann Arbor Employees' Retirement Plan is a single-employer defined benefit plan administered by the City of Ann Arbor Employees' Retirement System (CAAERS). CAAERS provides retirement, disability and death benefits to plan members and beneficiaries. Cost of living adjustments are provided to members and beneficiaries per the Ann Arbor City Code Section 1:573 of Chapter 18. Chapter 17.1 of the Ann Arbor City Charter assigns the authority to establish and amend benefit provisions to City Council. CAAERS issues a publicly available financial report that may be obtained by writing to City of Ann Arbor Employees' Retirement System, 532 South Maple Road, Ann Arbor, Michigan, 48103 or by calling 877-994-4590.

Management of the System is vested in the City of Ann Arbor Employees' Retirement System Board of Trustees, which consists of nine members, three are elected (representing fire, police and general City employees), five are appointed by the City Council of the City of Ann Arbor and one is the Chief Financial Officer of the City of Ann Arbor, who serves as ex-officio member.

*Plan membership.* At June 30, 2014, the date of the latest actuarial valuation, System membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	980
Terminated employees entitled to but not yet receiving benefits	140
Active members	<u>675</u>
Total membership	<u><u>1,795</u></u>

*Benefits provided.* The System provides retirement, disability, and death benefits. Retirement benefits for general plan members are calculated as 2.5 percent of the member's final three-year average salary or five-year average salary depending on hire date, times the member's years of service. Benefits for public safety plan members (police and fire) are calculated as 2.75 percent of the member's final three-year average salary or five-year average depending on hire date, times the member's years of service. General plan members with 20 years of service are eligible to retire at age 50 with an early retirement reduction of .333% for each month that retirement precedes the normal retirement date. Public safety plan members with 20 years of service are eligible to retire at age 50 with an early retirement reduction of .333% for each month that retirement precedes the normal retirement date.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

General plan members may retire with an unreduced benefit at age 50 after 25 years of service, or age 60 with 5 or 10 years of service depending on hire date. Public safety plan members may retire at any age after 25 years of service, or at age 55 with 5 or 10 years of service depending on hire date. Deferred members may retire at age 60 with 5 or 10 years of service depending on date of hire. All plan members are eligible for non-duty disability benefits after 5 or 10 years depending on date of hire, and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. A plan member who leaves City service may withdraw his or her contributions plus any accumulated interest. A withdrawal may reduce or even eliminate any future benefit payable under a deferred vested retirement.

The System offers a minimum benefit of \$9,800 adjusted by a cost of living factor each year and prorated for less than 20 years of service. In addition, annually, the Board of Trustees, in consultation with its actuary and upon receipt of the actuarial report for each fiscal year, determines whether to grant a permanent pension benefit adjustment or pay a one-time supplemental benefit based upon the amount, if any, of funds in the pension adjustment account which may be distributed to eligible retirees and beneficiaries. The aggregate cost of such benefit adjustment or supplemental benefit distribution is funded by a transfer from the pension adjustment account to the pension reserve. No pension benefit adjustment or supplemental benefit can be paid unless the amount available in the pension adjustment account is equal to or greater than 1% of the total pension payroll. The term "total pension payroll" means the total amount of pension benefits paid to retirees and beneficiaries in the prior fiscal year as reflected in the annual actuarial report.

*Contributions.* The contribution requirements of plan members are established and may be amended by the City Council. Plan members are required to contribute 6% of annual compensation. The City is required to contribute at an actuarially determined rate; the rate for the most current actuarial report, was 23.81% of annual covered payroll. Administrative costs of CAAERS are financed through investment earnings.

### *Employer Disclosures under GASB Statement 27*

The City's annual pension cost and net pension obligation (asset) to CAAERS for the current year were as follows:

Annual required contribution	\$ 11,227,290
Interest on net pension obligation	(72,629)
Adjustment to annual required contribution	55,581
Net pension cost	<u>11,210,242</u>
Contributions made	<u>11,227,290</u>
Change in net pension asset	(17,048)
Net pension asset, beginning of year	<u>(1,037,564)</u>
Net pension asset, end of year	<u>\$ (1,054,612)</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Three-year trend information is as follows:

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2014	\$ 11,210,242	100.2%	\$ (1,054,612)
2013	9,731,736	100.2%	(1,037,564)
2012	9,440,262	111.0%	(1,020,790)

The annual required contribution for the current year was determined as part of the June 30, 2013, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.0% rate of return (net of administrative expenses) and (b) projected salary increases of 0.3% to 6.0% per year. Both (a) and (b) included an inflation component of 3.5%. Unfunded actuarial accrued liabilities are amortized as a level percent-of-payroll over a 26-year open period rolling down to 25 years.

As of June 30, 2014, the most recent actuarial valuation date, the plan was 82.9 percent funded. The actuarial accrued liability for benefits was \$523.5 million and the actuarial value of assets was \$433.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$89.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$48.0 million and the ratio of the UAAL to the covered payroll was 186.9 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial values of trust assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

### *Pension Plan Disclosures under GASB Statement 67*

The financial statements of the Employees' Retirement System (the "System") are prepared on the accrual basis of accounting. Member contributions are recognized in the period in which they are due. The City's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Net pension liability of the City.* The components of the net pension liability of the City at June 30, 2014, are as follows:

Total pension liability	\$ 523,461,000
Plan fiduciary net position	<u>(469,685,000)</u>
City's net pension liability	<u>\$ 53,776,000</u>

Plan fiduciary net position as a percentage of the total pension liability	89.73%
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*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2013 (and rollforward to June 30, 2014), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary increases	3.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation
Mortality rate	RP-2000 Combined Table

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the System's investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Allocation Range	Long-term Expected Real Rate of Return
<b>Equities</b>			
Domestic equities	31%	25% to 37%	9.3%
Developed foreign equities	12%	9% to 15%	10.1%
Emerging markets equities	6%	0% to 9%	11.5%
Private equities	3%	0% to 5%	10.0%
	52%	34% to 66%	

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Asset Class	Target Allocation	Allocation Range	Long-term Expected Real Rate of Return
<b>Fixed income</b>			
Investment grade bonds	19%	15% to 24%	2.8-5.5%
TIPS (Treasury inflation-protected securities)	8%	0% to 10%	3.2%
High yield bonds	3%	1% to 5%	6.8%
Bank loans	2%	0% to 4%	5.9%
Emerging market debts	2%	0% to 4%	6.9%
	<u>34%</u>	16% to 47%	
<b>Other investments</b>			
Real estate	9%	2% to 12%	6.9-10.2%
Natural resources	3%	0% to 5%	10.3%
Hedge funds	2%	1% to 5%	5.9%
Cash	0%	<5%	2.5%
	<u>14%</u>	3% to 27%	
<b>Total investments</b>	<u>100%</u>		

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentagepoint higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
City's net pension liability	\$ 112,580,000	\$ 53,776,000	\$ 4,277,000



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 16. OTHER POSTEMPLOYMENT BENEFITS

The City of Ann Arbor Retiree Health Care Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City of Ann Arbor Employees' Retirement System. The plan provides certain health care and life insurance benefits for eligible retired employees and their dependents in accordance with Ann Arbor City Code Chapter 21. Substantially all the City's employees may become eligible for these benefits if they retire directly from City employment. These and similar benefits for active employees are provided by various insurance companies. Health insurance benefits are provided through an administrative service contract under which the City reimburses the administrator for claims paid plus an administration fee. The Plan issues a publicly available financial report that may be obtained by writing to City of Ann Arbor Employees' Retirement System, 532 South Maple Road, Ann Arbor, Michigan, 48103 or by calling 877-994-4590.

The Plan's financial statements are prepared on the accrual basis of accounting. Member contributions, if any, are recognized in the period in which they are due. The City's contributions are recognized when due and the employer has made a formal commitment to provide them. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Plan's investments are stated at fair value which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; (c) investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the System's governing body, with the assistance of a valuation service; and (d) cash deposits are reported at carrying amounts which reasonably approximates fair value.

The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the actuary. For fiscal year 2014, the City contributed \$15,188,100 to the plan, including \$10,650,463 for current premiums and an additional \$4,537,637 to prefund benefits.

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 12,203,000
Interest on net OPEB obligation	737,495
Adjustment to annual required contribution	<u>(644,373)</u>
Net OPEB cost	12,296,122
Contributions made	<u>15,188,100</u>
Change in net OPEB obligation	(2,891,978)
Net OPEB obligation, beginning of year	<u>10,535,647</u>
Net OPEB obligation, end of year	<u>\$ 7,643,669</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the new OPEB obligation for 2014 and the prior two years were as follows:

Three-Year Trend Information			
Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 12,296,122	124%	\$ 7,643,669
2013	12,578,777	119%	10,535,647
2012	15,098,093	73%	12,953,999

As of June 30, 2014, the most recent actuarial valuation date, the plan was 44.1 percent funded. The actuarial accrued liability for benefits was \$264.2 million, and the actuarial value of assets was \$116.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$147.6 million. The covered payroll (annual payroll of active employees covered by the plan) was \$48.0 million, and the ratio of the UAAL to the covered payroll was 307.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress and employer contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility and actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The June 30, 2014, actuarial valuation used the entry age actuarial cost method. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after eight years. Both rates include a 3.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll contributions on an open basis over 30 years.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 17. PERMANENT FUND

In 1964, the City became the recipient of an endowment from Elizabeth Dean which is recorded as a permanent fund. The corpus of the trust is to remain invested and may not be liquidated in order to generate investment income. This investment income is to be used for the purchase and maintenance of trees in the City of Ann Arbor. Net appreciation on investments is not considered investment income until realized. The amount in the Elizabeth Dean fund is shown as restricted for endowment on the statement of net position. The corpus of the trust is and shall remain \$1,984,000. Fund balance at June 30, 2014 was \$2,158,298, representing the corpus of the trust and appreciation of investments from prior years. This amount is reflected in cash, equity in pooled cash, investments and accrued interest. The corpus of the trust is restricted to the limitations established by the trust and is considered nonspendable. The entire amount exceeding the corpus, \$1,984,000, is also restricted to the limitations established by the trust, but is available for expenditure and is restricted as to use.

### 18. SIGNIFICANT COMMITMENTS

As of June 30, 2014, the City had \$86,153,723 in construction commitments for various projects including wastewater treatment plant reconstruction, resurfacing of streets, bridge reconstruction and other road improvements. The commitments will be satisfied using millage proceeds, fund balance and bond proceeds.

### 19. ADVANCES FROM POOLED INVESTMENTS

The City's general fund provided two advances in fiscal year 2009. The first advance was made to the Retirement System for \$400,000 for the purchase of the new retirement office. The retirement board determined it would be cost effective to purchase office space rather than to rent. It was determined that the City could provide the funds to the Retirement System at a lower interest rate than any financial institution. An agreement was reached between the City and Retirement System to advance \$400,000 at 4.45% with a 15-year repayment schedule shown below.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The second advance was made to the Airport fund for the renovation of the airport hangars at the Ann Arbor Airport. It was determined that the City could provide the funds to the Airport at a lower interest rate than any financial institution. An agreement was reached between the City and Airport to advance \$1,150,000 at 4.09% with a 15-year repayment schedule shown below.

Repayment Schedules					
Fiscal Year	2009 Retirement (\$400,000) 7/1/2008; Due 3/1 & 9/1		2009 Airport (\$1,150,000) 7/3/2008; Due 6/1 & 12/1		
	Principal	Interest (4.45%)	Principal	Interest (4.09%)	
2015	\$ 25,063	\$ 11,772	\$ 71,057	\$ 32,274	
2016	26,191	10,644	73,993	29,339	
2017	27,369	9,465	77,050	26,281	
2018	28,601	8,234	80,234	23,098	
2019	29,887	6,947	83,549	19,782	
2020	31,232	5,602	87,001	16,330	
2021	32,637	4,197	90,596	12,736	
2022	34,106	2,728	94,339	8,993	
2023	35,640	1,194	98,237	5,094	
2024	-	-	50,630	1,035	
	<u>\$ 270,726</u>	<u>\$ 60,783</u>	<u>\$ 806,686</u>	<u>\$ 174,962</u>	
Total principal	\$ 1,077,412				
Total interest	235,745				
Total requirements	<u>\$ 1,313,157</u>				

## 20. RESTATEMENTS

The beginning fund balance of the general fund was increased by \$2,228,254, and decreased in the construction code special revenue fund by the same amount, to reclassify revenue amounts that had been recorded in the incorrect fund. The effect of this restatement on the change in fund balance for these two funds for the fiscal year ended June 30, 2013 would have been \$290,615.

Also, the beginning fund balance in the general fund was increased by \$524,448 which represents the fund balance of the affordable housing special revenue when it was closed due to it no longer qualifying as a separate fund. In addition, beginning net position of business-type activities was decreased by \$2,139,828, and increased in the governmental activities by the same amount, to account for the closure of the golf course enterprise fund.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 21. DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, is as follows:

	General	Street Repair Millage	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>				
Long-term advances	\$ 806,686	\$ -	\$ -	\$ 806,686
Inventories	46,469	-	-	46,469
Prepaid items	775	-	-	775
Trust corpus	-	-	1,984,000	1,984,000
<b>Total nonspendable</b>	<b>853,930</b>	<b>-</b>	<b>1,984,000</b>	<b>2,837,930</b>
<b>Restricted</b>				
Debt service	-	-	1,141,739	1,141,739
Culture and recreation	-	-	14,177,292	14,177,292
Road maintenance and repairs	-	-	16,689,153	16,689,153
Road construction	-	16,019,850	-	16,019,850
Law enforcement	-	-	1,227,508	1,227,508
Other purposes	-	-	6,090,686	6,090,686
<b>Total restricted</b>	<b>-</b>	<b>16,019,850</b>	<b>39,326,378</b>	<b>55,346,228</b>
<b>Committed</b>				
Culture and recreation	-	-	117,163	117,163
Public safety	-	-	2,274,238	2,274,238
Other purposes	-	-	812,223	812,223
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>3,203,624</b>	<b>3,203,624</b>
<b>Assigned</b>				
Capital projects	-	-	2,699,330	2,699,330
Culture and recreation	473,914	-	-	473,914
Human services	2,180,799	-	-	2,180,799
Other purposes	4,791,885	-	-	4,791,885
<b>Total assigned</b>	<b>7,446,598</b>	<b>-</b>	<b>2,699,330</b>	<b>10,145,928</b>
<b>Unassigned</b>	<b>14,278,680</b>	<b>-</b>	<b>-</b>	<b>14,278,680</b>
<b>Total fund balances</b>	<b>\$ 22,579,208</b>	<b>\$ 16,019,850</b>	<b>\$ 47,213,332</b>	<b>\$ 85,812,390</b>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 22. NET INVESTMENT IN CAPITAL ASSETS

Below is a calculation of the amount shown on the statement of net position for invested in capital assets net of related debt:

	Governmental Activities	Business-type Activities
Capital assets		
Not being depreciated	\$ 119,797,730	\$ 140,732,472
Being depreciated	701,182,838	203,038,134
Total capital assets	<u>820,980,568</u>	<u>343,770,606</u>
Less related debt		
General obligation bonds	(119,725,000)	(14,550,000)
Revenue bonds	-	(70,390,000)
Revolving loans	-	(58,253,512)
Drain notes	-	(9,932,292)
Special assessment debt	(60,000)	-
Capital leases	-	(191,849)
Deferred amounts:		
For issuance premiums	(201,014)	(1,191,018)
For issuance discounts	338,492	105,946
On refunding	-	873,532
Net investment in capital assets	<u>\$ 701,333,046</u>	<u>\$ 190,241,413</u>



## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Funding Progress  
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2014	\$ 433,854	\$ 523,461	\$ 89,607	82.9%	\$ 47,957	186.8%
6/30/2013	407,170	507,436	100,266	80.2%	45,063	222.5%
6/30/2012	410,709	496,770	86,061	82.7%	44,004	195.6%
6/30/2011	423,734	481,330	57,596	88.0%	45,921	125.4%
6/30/2010	421,387	466,883	45,496	90.3%	48,688	93.4%
6/30/2009	426,283	455,219	28,936	93.6%	51,076	56.7%
6/30/2008	428,689	430,438	1,749	99.6%	51,287	3.4%
6/30/2007	413,712	413,490	(222)	100.1%	50,678	-0.4%
6/30/2006	398,258	407,302	9,044	97.8%	49,627	18.2%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2014	\$ 11,227,290	100.2%
2013	9,748,510	100.2%
2012	9,440,262	111.0%
2011	8,658,372	100.0%
2010	7,559,781	100.0%
2009	6,894,506	100.0%
2008	7,517,024	100.0%
2007	5,038,578	100.0%
2006	2,871,450	100.0%



CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information  
Retiree Healthcare Benefits Plan and Trust

Schedule of Funding Progress  
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
6/30/2014	\$ 116,566	\$ 264,164	\$ 147,598	44.1%	\$ 47,957	307.8%
6/30/2013	99,822	258,853	159,031	38.6%	45,063	352.9%
6/30/2012	87,660	249,844	162,184	35.1%	44,004	368.6%
6/30/2011	82,416	241,122	158,706	34.2%	45,921	345.6%
6/30/2010	73,205	242,842	169,637	30.1%	48,688	348.4%
6/30/2009	70,770	232,180	161,410	30.5%	51,076	316.0%
6/30/2008	68,312	225,998	157,686	30.2%	51,287	307.5%
6/30/2007	60,090	215,949	155,859	27.8%	50,678	307.5%
6/30/2006	55,250	197,199	141,949	28.0%	49,627	286.0%
6/30/2005	45,256	166,824	121,568	27.1%	47,225	257.4%

Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contributions	Current Premiums Paid by City	Pre-funding Contributions to VEBA Trust	Percentage Contributed
2014	\$ 12,203,000	\$ 10,650,463	\$ 4,537,637	124.5%
2013	12,379,000	9,207,043	5,790,086	121.1%
2012	14,859,285	8,889,686	2,163,202	74.4%
2011	14,395,148	9,181,437	4,839,659	97.4%
2010	14,284,470	9,349,438	927,417	71.9%
2009	13,908,444	7,890,737	1,699,505	69.0%
2008	12,360,028	7,737,424	4,622,604	100.0%
2007	N/A	7,616,064	-	N/A
2006	N/A	7,292,343	7,065,913	N/A

# CITY OF ANN ARBOR, MICHIGAN

## Required Supplementary Information

Employees' Retirement System  
Schedule of Investment Returns  
Last Two Fiscal Years

Fiscal Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
6/30/2013	12.69%
6/30/2014	14.01%

# CITY OF ANN ARBOR, MICHIGAN

## Required Supplementary Information

### Employees' Retirement System Schedule of Changes in the City's Net Pension Liability and Related Ratios Last Fiscal Year

	2014
Change in total pension liability	
Service cost	\$ 9,802,000
Interest	34,400,000
Changes of benefit terms	-
Differences between expected and actual experience	3,834,000
Changes of assumptions	-
Benefit payments, including refunds of member contributions	(32,011,000)
Net change in total pension liability	<u>16,025,000</u>
 Total pension liability, beginning	 <u>507,436,000</u>
 Total pension liability, ending (a)	 <u>523,461,000</u>
 Change in plan fiduciary net position	
Contributions - employer	11,227,000
Contributions - member	2,948,000
Net investment income	60,186,000
Benefit payments, including refunds of member contributions	(32,011,000)
Administrative expense	(577,000)
Other	-
Net change in plan fiduciary net position	<u>41,773,000</u>
 Plan fiduciary net position, beginning	 <u>427,912,000</u>
 Plan fiduciary net position, ending (b)	 <u>469,685,000</u>
 City's net pension liability, ending (a)-(b)	 <u><u>\$53,776,000</u></u>
  Plan fiduciary net position as a percentage of the total pension liability	  89.73%
 Covered-employee payroll	 47,956,745
 City's net pension liability as a percentage of covered payroll	 112.13%

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**COMBINING FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

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# CITY OF ANN ARBOR, MICHIGAN

## Nonmajor Governmental Funds

### Special Revenue Funds

*Energy Projects* - to account for funding of City Energy Consumption Improvement projects.

*Local Law Enforcement Block Grant* - to account for federal grant monies received for fingerprinting equipment.

*Community Television Network* - to account for the costs of running the City's community access channels on the local cable television system. Revenues are derived primarily from franchise fees.

*Homeland Security Fund* - to account for federal Office of Homeland Security grant money.

*Major Streets* - to account for repairs, maintenance and construction on the City's major streets. The revenues consist primarily of State-shared gasoline and weight tax collections.

*Local Streets* - to account for repairs, maintenance and construction on the City's local streets. The revenues consist primarily of State-shared gasoline and weight tax collections.

*Court Facilities* - to account for a court fee to pay for facility improvements for the district court.

*Open Space and Parkland Preservation* - to account for funds derived from property tax millage and bond proceeds earmarked for parks acquisition and development rights for open space.

*Bandemer* - to account for rental income used to maintain and operate Bandemer Park.

*Construction Code* - to account for the costs of planning and development activities related to construction. Revenues are derived primarily from licenses and permits.

*Drug Enforcement* - to account for confiscated property and money related to drug law enforcement activity and provide funds for future enforcement activity.

*Federal Equitable Sharing Forfeiture* - to account for monies received as a result of joint operations with federal law enforcement. These monies are restricted for use in future law enforcement activities.

*Parks Memorial and Contributions* - to account for the proceeds of various contributions to the Parks System to erect memorials or finance special parks improvement projects.

*Metro Expansion* - to account for the monies passed through from telecom companies for the purpose of maintaining the roadway (above, below, and adjacent to) right of ways.

*Special Assistance* - to account for funds provided by a utility bill checkoff to provide assistance to needy citizens.

# CITY OF ANN ARBOR, MICHIGAN

## Nonmajor Governmental Funds

### Special Revenue Funds (Concluded)

*Open Space Endowment* - to account for funds allotted for the perpetual care of lands purchased with the City's Open Space and Parkland Preservation Millage.

*Police and Fire Relief* - to account for the receipt of investment earnings on previously transferred General fund monies. These earnings are used to subsidize the incomes of certain beneficiaries of deceased police officers and firefighters.

*Cemetery Perpetual Care* - to account for the receipt and expenditures of fees paid for the perpetual care of gravesites at the City-owned Fairview Cemetery.

*Art In Public Places* - to account for funds provided by capital improvements projects for public art equal to one percent of the construction costs, with a maximum of \$250,000 per project.

*Alternative Transportation* - to account for funding set aside for the City's alternative transportation program.

*Michigan Justice Training* - to account for State funds used for law enforcement training.

*Parks Maintenance and Capital Improvements Millage* - to account for funds derived from property tax millage earmarked for parks maintenance and capital improvements of the parks system.

*Local Forfeiture* - to account for monies received as a result of police seizures from non-federal investigations. These monies are restricted for use in future law enforcement activities.

*Community Development Block Grant* - to account for funds received from the federal government for the City's Community Development Block grant program.

*Sidewalk Improvement* - to account for funds related to the City's sidewalk improvement efforts.

*Major Grants* - to account for various grant monies other than community development.

### Debt Service Funds

*General Debt Service* - to accumulate tax revenues and transfers in for payment of principal and interest on non-bonded debt and general obligation bonds sold for various capital purposes.

*Special Assessment Bonds* - to accumulate revenues for payment of principal and interest on general obligation bonds sold to finance various special assessment projects. The primary sources of revenues are special assessments and related revenues (including interest and penalties).



## CITY OF ANN ARBOR, MICHIGAN

### Nonmajor Governmental Funds

#### Capital Projects Funds

*Maintenance Facility* - to account for revenues and expenditures related to the construction of the new maintenance facility.

*Municipal Center* - to account for revenues expended for the construction of a new City facility for Police and District Courts.

*DDA Build America Parking Bond 2009* - to account for the proceeds from the Build America bond for the construction of the new Fifth Avenue underground parking structure and for infrastructure improvements to the surrounding area.

*First and Washington Capital Improvement Bonds* - to account for the proceeds from the First and Washington 2013 bonds for the purchase of the First and Washington parking garage.

*General Capital Improvements* - to account for capital project expenditures for various non-bonded improvements to certain City-owned facilities.

#### Permanent Fund

*Elizabeth R. Dean Trust Fund* - to account for monies provided by a private bequest to finance tree planting and maintenance. The principal amount of the bequest is to remain intact and invested. Investment earnings are used for the above stated purposes.

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CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds			
	Energy Projects	Local Law Enforcement Block Grant	Community Television Network	Homeland Security Fund
<b>Assets</b>				
Cash	\$ 56,036	\$ -	\$ -	\$ -
Equity in pooled cash and investments	486,162	243	4,687,380	-
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	545,301	-
Special assessments	415,744	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	10,215
<b>Total assets</b>	<u>\$ 957,942</u>	<u>\$ 243</u>	<u>\$ 5,232,681</u>	<u>\$ 10,215</u>
<b>Liabilities</b>				
Accounts payable	\$ 35,941	\$ -	\$ 29,142	\$ 142
Accrued liabilities	428	-	34,302	-
Due to other funds	-	-	-	10,073
<b>Total liabilities</b>	<u>36,369</u>	<u>-</u>	<u>63,444</u>	<u>10,215</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	366,266	-	-	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	243	-	-
Capital projects	-	-	-	-
Other purposes	100,000	-	5,169,237	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	455,307	-	-	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>555,307</u>	<u>243</u>	<u>5,169,237</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 957,942</u>	<u>\$ 243</u>	<u>\$ 5,232,681</u>	<u>\$ 10,215</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds			
	Major Streets	Local Streets	Court Facilities	Open Space & Parkland Preservation
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 1,696	\$ 470,327
Equity in pooled cash and investments	10,506,584	3,459,774	-	9,046,201
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	96	-	-	164
Accounts	34,520	1,654	-	-
Special assessments	-	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other governments	1,003,909	271,365	-	-
<b>Total assets</b>	<u>\$ 11,545,109</u>	<u>\$ 3,732,793</u>	<u>\$ 1,696</u>	<u>\$ 9,516,692</u>
<b>Liabilities</b>				
Accounts payable	\$ 122,922	\$ 29,249	\$ -	\$ 37,036
Accrued liabilities	91,702	9,389	-	1,373
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>214,624</u>	<u>38,638</u>	<u>-</u>	<u>38,409</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	-	-	9,478,283
Road maintenance and repairs	11,330,485	3,694,155	-	-
Law enforcement	-	-	1,696	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	-	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>11,330,485</u>	<u>3,694,155</u>	<u>1,696</u>	<u>9,478,283</u>
<b>Total liabilities and fund balances</b>	<u>\$ 11,545,109</u>	<u>\$ 3,732,793</u>	<u>\$ 1,696</u>	<u>\$ 9,516,692</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds			
	Bandemer	Construction Code	Drug Enforcement	Federal Equitable Sharing Forfeiture
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	116,738	2,327,795	187,972	279,610
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	1,188	-	-
Accounts	425	15,777	-	-
Special assessments	-	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<u>\$ 117,163</u>	<u>\$ 2,344,760</u>	<u>\$ 187,972</u>	<u>\$ 279,610</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 2,627	\$ 20,367	\$ 10,091
Accrued liabilities	-	67,895	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>70,522</u>	<u>20,367</u>	<u>10,091</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	-	167,605	269,519
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	117,163	-	-	-
Public safety	-	2,274,238	-	-
Other purposes	-	-	-	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>117,163</u>	<u>2,274,238</u>	<u>167,605</u>	<u>269,519</u>
<b>Total liabilities and fund balances</b>	<u>\$ 117,163</u>	<u>\$ 2,344,760</u>	<u>\$ 187,972</u>	<u>\$ 279,610</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds			
	Parks Memorial & Contribution	Metro Expansion	Special Assistance	Open Space Endowment
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	897,439	1,671,226	11,004	675,191
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	409	-
Special assessments	-	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<u>\$ 897,439</u>	<u>\$ 1,671,226</u>	<u>\$ 11,413</u>	<u>\$ 675,191</u>
<b>Liabilities</b>				
Accounts payable	\$ 14,830	\$ 6,548	\$ -	\$ -
Accrued liabilities	244	165	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>15,074</u>	<u>6,713</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	882,365	-	-	675,191
Road maintenance and repairs	-	1,664,513	-	-
Law enforcement	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	11,413	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>882,365</u>	<u>1,664,513</u>	<u>11,413</u>	<u>675,191</u>
<b>Total liabilities and fund balances</b>	<u>\$ 897,439</u>	<u>\$ 1,671,226</u>	<u>\$ 11,413</u>	<u>\$ 675,191</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds			
	Police and Fire Relief	Cemetery Perpetual Care	Art in Public Places	Alternative Transportation
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	683,433	79,389	575,437	209,552
Investments, at fair value	61,986	-	-	-
Receivables:				
Taxes	-	-	-	558
Accounts	-	-	-	-
Special assessments	-	-	-	32,483
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<u>\$ 745,419</u>	<u>\$ 79,389</u>	<u>\$ 575,437</u>	<u>\$ 242,593</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 4,188	\$ 3,533
Accrued liabilities	-	-	265	7,672
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>4,453</u>	<u>11,205</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	26,428
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	-	570,984	-
Road maintenance and repairs	-	-	-	-
Law enforcement	745,419	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	79,389	-	204,960
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>745,419</u>	<u>79,389</u>	<u>570,984</u>	<u>204,960</u>
<b>Total liabilities and fund balances</b>	<u>\$ 745,419</u>	<u>\$ 79,389</u>	<u>\$ 575,437</u>	<u>\$ 242,593</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds			
	Michigan Justice Training	Parks Maint & Capital Imp Millage	Local Forfeiture	Community Dev. Block Grant
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	28,748	2,850,308	3,497	90,487
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	379	-	-
Accounts	-	325	-	-
Special assessments	-	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	20,801
Due from other governments	10,781	45,768	-	-
<b>Total assets</b>	<u>\$ 39,529</u>	<u>\$ 2,896,780</u>	<u>\$ 3,497</u>	<u>\$ 111,288</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 394,272	\$ -	\$ -
Accrued liabilities	-	106,337	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>500,609</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	111,288
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	2,396,171	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	39,529	-	3,497	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	-	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>39,529</u>	<u>2,396,171</u>	<u>3,497</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 39,529</u>	<u>\$ 2,896,780</u>	<u>\$ 3,497</u>	<u>\$ 111,288</u>

continued...



CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Special Revenue Funds		Debt Service	
	Sidewalk Improvement	Major Grants	General Debt Service	Special Assessment Bonds
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 91,079	\$ 5,191
Equity in pooled cash and investments	61,154	601,311	323,164	695,293
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	1,110	17,103	-
Special assessments	-	-	-	35,256
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	53
Loans	-	-	-	-
Due from other governments	-	569,350	200	-
<b>Total assets</b>	<u>\$ 61,154</u>	<u>\$ 1,171,771</u>	<u>\$ 431,546</u>	<u>\$ 735,793</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 297,430	\$ -	\$ -
Accrued liabilities	-	34,149	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>331,579</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	18,743	-	25,600
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	431,546	710,193
Culture and recreation	-	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	821,449	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	61,154	-	-	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>61,154</u>	<u>821,449</u>	<u>431,546</u>	<u>710,193</u>
<b>Total liabilities and fund balances</b>	<u>\$ 61,154</u>	<u>\$ 1,171,771</u>	<u>\$ 431,546</u>	<u>\$ 735,793</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Capital Projects			
	Maintenance Facility	Municipal Center	DDA Build America Parking Bond 2009 Fund	First & Washington Capital Improvement Bonds
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	1,794,463	187,948	-	-
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other governments	-	-	-	-
<b>Total assets</b>	<u>\$ 1,794,463</u>	<u>\$ 187,948</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>				
Accounts payable	\$ 17,036	\$ -	\$ -	\$ -
Accrued liabilities	2,663	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<u>19,699</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue	-	-	-	-
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	-	-
Assigned to capital projects	1,774,764	187,948	-	-
<b>Total fund balances</b>	<u>1,774,764</u>	<u>187,948</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,794,463</u>	<u>\$ 187,948</u>	<u>\$ -</u>	<u>\$ -</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2014

	Capital Projects	Permanent	
	General Capital Improvements	Elizabeth R. Dean Trust	Total
<b>Assets</b>			
Cash	\$ -	\$ -	\$ 624,329
Equity in pooled cash and investments	890,722	143,317	43,571,542
Investments, at fair value	-	2,006,029	2,068,015
Receivables:			
Taxes	-	-	2,385
Accounts	-	-	616,624
Special assessments	-	-	483,483
Accrued interest and dividends	-	9,017	9,017
Improvement charges	-	-	53
Loans	-	-	20,801
Due from other governments	-	-	1,911,588
<b>Total assets</b>	<u>\$ 890,722</u>	<u>\$ 2,158,363</u>	<u>\$ 49,307,837</u>
<b>Liabilities</b>			
Accounts payable	\$ 154,104	\$ -	\$ 1,179,458
Accrued liabilities	-	65	356,649
Due to other funds	-	-	10,073
<b>Total liabilities</b>	<u>154,104</u>	<u>65</u>	<u>1,546,180</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	-	-	548,325
<b>Fund balances</b>			
Nonspendable	-	1,984,000	1,984,000
Restricted for:			
Debt service	-	-	1,141,739
Culture and recreation	-	174,298	14,177,292
Road maintenance and repairs	-	-	16,689,153
Law enforcement	-	-	1,227,508
Capital projects	-	-	-
Other purposes	-	-	6,090,686
Committed for:			
Culture and recreation	-	-	117,163
Public safety	-	-	2,274,238
Other purposes	-	-	812,223
Assigned to capital projects	736,618	-	2,699,330
<b>Total fund balances</b>	<u>736,618</u>	<u>2,158,298</u>	<u>47,213,332</u>
<b>Total liabilities and fund balances</b>	<u>\$ 890,722</u>	<u>\$ 2,158,363</u>	<u>\$ 49,307,837</u>

concluded.

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2014

	Special Revenue Funds			
	Energy Projects	Local Law Enforcement Block Grant	Community Television Network	Homeland Security Grant
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	-	2,086,980	-
Federal grants	-	33,721	-	67,992
State shared revenues and grants	-	-	-	-
Charges for services	40,225	-	-	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	-	-	-
Investment income (loss)	27,892	(54)	57,121	-
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	7,660	-	1,258	-
<b>Total revenues</b>	<b>75,777</b>	<b>33,667</b>	<b>2,145,359</b>	<b>67,992</b>
<b>Expenditures</b>				
Current:				
General government	507,118	-	1,701,889	-
Public safety	-	33,721	-	67,992
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	133,125	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>507,118</b>	<b>33,721</b>	<b>1,835,014</b>	<b>67,992</b>
<b>Revenues over (under) expenditures</b>	<b>(431,341)</b>	<b>(54)</b>	<b>310,345</b>	<b>-</b>
<b>Other financing sources (uses)</b>				
Transfers in	4,954	-	-	-
Transfers out	(167,423)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(162,469)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(593,810)</b>	<b>(54)</b>	<b>310,345</b>	<b>-</b>
Fund balances, beginning of year, as restated	1,149,117	297	4,858,892	-
<b>Fund balances, end of year</b>	<b>\$ 555,307</b>	<b>\$ 243</b>	<b>\$ 5,169,237</b>	<b>\$ -</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue Funds			
	Major Streets	Local Streets	Court Facilities	Open Space & Parkland Preservation
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ 2,221,908
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	-	-	-
Federal grants	59,250	-	-	-
State shared revenues and grants	6,505,590	1,648,280	-	-
Charges for services	781,823	188,627	-	-
Fines and forfeits	-	-	142,129	-
Interest and penalties	96	-	-	-
Investment income (loss)	121,343	43,180	201	119,028
Contributions and donations	-	-	-	-
Intra-governmental sales	266,970	-	-	-
Other revenues	60,909	1,654	-	170
<b>Total revenues</b>	<b>7,795,981</b>	<b>1,881,741</b>	<b>142,330</b>	<b>2,341,106</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	5,717,731	1,729,440	-	-
Culture and recreation	-	-	-	318,738
Capital outlay	19,681	6,960	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>5,737,412</b>	<b>1,736,400</b>	<b>-</b>	<b>318,738</b>
<b>Revenues over (under) expenditures</b>	<b>2,058,569</b>	<b>145,341</b>	<b>142,330</b>	<b>2,022,368</b>
<b>Other financing sources (uses)</b>				
Transfers in	42,258	55,000	80,000	-
Transfers out	(895,804)	(141,434)	(225,000)	(1,257,117)
<b>Total other financing sources (uses)</b>	<b>(853,546)</b>	<b>(86,434)</b>	<b>(145,000)</b>	<b>(1,257,117)</b>
<b>Net change in fund balances</b>	<b>1,205,023</b>	<b>58,907</b>	<b>(2,670)</b>	<b>765,251</b>
<b>Fund balances, beginning of year, as restated</b>	<b>10,125,462</b>	<b>3,635,248</b>	<b>4,366</b>	<b>8,713,032</b>
<b>Fund balances, end of year</b>	<b>\$ 11,330,485</b>	<b>\$ 3,694,155</b>	<b>\$ 1,696</b>	<b>\$ 9,478,283</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2014

	Special Revenue Funds			
	Bandemer	Construction Code	Drug Enforcement	Federal Equitable Sharing Forfeiture
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	2,829,465	-	-
Federal grants	-	-	-	-
State shared revenues and grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	49,103	26,976
Interest and penalties	-	10	-	-
Investment income (loss)	1,432	52,516	2,925	3,764
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	6,900	4,281	780	-
<b>Total revenues</b>	<b>8,332</b>	<b>2,886,272</b>	<b>52,808</b>	<b>30,740</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	2,419,831	97,588	85,506
Public works	-	-	-	-
Culture and recreation	1,789	-	-	-
Capital outlay	-	11,170	22,576	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>1,789</b>	<b>2,431,001</b>	<b>120,164</b>	<b>85,506</b>
<b>Revenues over (under) expenditures</b>	<b>6,543</b>	<b>455,271</b>	<b>(67,356)</b>	<b>(54,766)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	100,000	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>6,543</b>	<b>555,271</b>	<b>(67,356)</b>	<b>(54,766)</b>
Fund balances, beginning of year, as restated	110,620	1,718,967	234,961	324,285
<b>Fund balances, end of year</b>	<b>\$ 117,163</b>	<b>\$ 2,274,238</b>	<b>\$ 167,605</b>	<b>\$ 269,519</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2014

	Special Revenue Funds			
	Parks Memorial & Contributions	Metro Expansion	Special Assistance	Open Space Endowment
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	-	-	-
Federal grants	-	-	-	-
State shared revenues and grants	-	334,722	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	-	-	-
Investment income (loss)	10,442	18,679	113	8,253
Contributions and donations	503,873	-	4,556	-
Intra-governmental sales	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>514,315</b>	<b>353,401</b>	<b>4,669</b>	<b>8,253</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	258,528	-	-
Culture and recreation	33,337	-	-	-
Capital outlay	55,038	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>88,375</b>	<b>258,528</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>425,940</b>	<b>94,873</b>	<b>4,669</b>	<b>8,253</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	23,867
Transfers out	(45,949)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(45,949)</b>	<b>-</b>	<b>-</b>	<b>23,867</b>
<b>Net change in fund balances</b>	<b>379,991</b>	<b>94,873</b>	<b>4,669</b>	<b>32,120</b>
Fund balances, beginning of year, as restated	502,374	1,569,640	6,744	643,071
<b>Fund balances, end of year</b>	<b>\$ 882,365</b>	<b>\$ 1,664,513</b>	<b>\$ 11,413</b>	<b>\$ 675,191</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2014

	Special Revenue Funds			
	Police and Fire Relief	Cemetery Perpetual Care	Art in Public Places	Alternative Transportation
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-	16,017
Licenses, permits and registration	-	-	-	-
Federal grants	-	-	2,870	21,861
State shared revenues and grants	-	-	15,030	-
Charges for services	-	2,400	-	28,659
Fines and forfeits	-	-	-	-
Interest and penalties	-	-	-	240
Investment income (loss)	8,550	702	15,824	4,617
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>8,550</b>	<b>3,102</b>	<b>33,724</b>	<b>71,394</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	18,930
Public safety	-	-	-	-
Public works	-	-	73,934	238,595
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	3,095
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>73,934</b>	<b>260,620</b>
<b>Revenues over (under) expenditures</b>	<b>8,550</b>	<b>3,102</b>	<b>(40,210)</b>	<b>(189,226)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	180,710
Transfers out	-	-	(943,005)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(943,005)</b>	<b>180,710</b>
<b>Net change in fund balances</b>	<b>8,550</b>	<b>3,102</b>	<b>(983,215)</b>	<b>(8,516)</b>
Fund balances, beginning of year, as restated	736,869	76,287	1,554,199	213,476
<b>Fund balances, end of year</b>	<b>\$ 745,419</b>	<b>\$ 79,389</b>	<b>\$ 570,984</b>	<b>\$ 204,960</b>

continued...



CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2014

	Special Revenue Funds			
	Michigan Justice Training	Parks Maint. & Capital Impr. Millage	Local Forfeiture	Community Development
<b>Revenues</b>				
Taxes	\$ -	\$ 5,114,448	\$ -	\$ -
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	-	-	-
Federal grants	-	-	-	-
State shared revenues and grants	32,499	118,340	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	-	-	-
Investment income (loss)	305	61,875	31	-
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	-	199	-	-
<b>Total revenues</b>	<b>32,804</b>	<b>5,294,862</b>	<b>31</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
General government	-	4,849	-	-
Public safety	50,800	-	-	-
Public works	-	-	-	-
Culture and recreation	-	4,213,895	-	-
Capital outlay	-	1,557,082	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>50,800</b>	<b>5,775,826</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>(17,996)</b>	<b>(480,964)</b>	<b>31</b>	<b>-</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	1,414	-	-
Transfers out	-	(288,979)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(287,565)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(17,996)</b>	<b>(768,529)</b>	<b>31</b>	<b>-</b>
Fund balances, beginning of year, as restated	57,525	3,164,700	3,466	-
<b>Fund balances, end of year</b>	<b>\$ 39,529</b>	<b>\$ 2,396,171</b>	<b>\$ 3,497</b>	<b>\$ -</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Special Revenue Funds		Debt Service	
	Sidewalk Improvement	Major Grants	General Debt Service	Special Assessment Bonds Debt Service
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 2,129	\$ -
Special assessments/improvement charges	-	-	-	21,856
Licenses, permits and registration	-	-	-	-
Federal grants	-	1,178,772	-	-
State shared revenues and grants	-	437,219	-	-
Charges for services	-	11,903	4,219,827	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	-	-	349
Investment income (loss)	879	2,276	7,739	12,842
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	-	-	217	-
<b>Total revenues</b>	<b>879</b>	<b>1,630,170</b>	<b>4,229,912</b>	<b>35,047</b>
<b>Expenditures</b>				
Current:				
General government	-	476,007	4,470	-
Public safety	-	427,360	-	-
Public works	-	360,146	-	-
Culture and recreation	-	22,376	-	-
Capital outlay	-	1,147,604	-	-
Debt service:				
Principal retirement	-	-	7,470,000	80,000
Interest and fiscal charges	-	-	5,065,047	7,309
<b>Total expenditures</b>	<b>-</b>	<b>2,433,493</b>	<b>12,539,517</b>	<b>87,309</b>
<b>Revenues over (under) expenditures</b>	<b>879</b>	<b>(803,323)</b>	<b>(8,309,605)</b>	<b>(52,262)</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	590,638	8,343,899	-
Transfers out	-	-	-	(87,675)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>590,638</b>	<b>8,343,899</b>	<b>(87,675)</b>
<b>Net change in fund balances</b>	<b>879</b>	<b>(212,685)</b>	<b>34,294</b>	<b>(139,937)</b>
Fund balances, beginning of year, as restated	60,275	1,034,134	397,252	850,130
<b>Fund balances, end of year</b>	<b>\$ 61,154</b>	<b>\$ 821,449</b>	<b>\$ 431,546</b>	<b>\$ 710,193</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Capital Projects			
	Maintenance Facility	Municipal Center	DDA Build America Parking Bond 2009 Fund	First & Washington Capital Improvement Bonds
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	-	-	-
Federal grants	-	-	-	-
State shared revenues and grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	-	-	-
Investment income (loss)	23,213	2,677	(129,234)	-
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>23,213</b>	<b>2,677</b>	<b>(129,234)</b>	<b>-</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	72,130	113,231	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>72,130</b>	<b>113,231</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>(48,917)</b>	<b>(110,554)</b>	<b>(129,234)</b>	<b>-</b>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(28,839)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,839)</b>
<b>Net change in fund balances</b>	<b>(48,917)</b>	<b>(110,554)</b>	<b>(129,234)</b>	<b>(28,839)</b>
Fund balances, beginning of year, as restated	1,823,681	298,502	129,234	28,839
<b>Fund balances, end of year</b>	<b>\$ 1,774,764</b>	<b>\$ 187,948</b>	<b>\$ -</b>	<b>\$ -</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

	Capital Projects	Permanent	
	General Capital Improvements	Elizabeth R. Dean Trust	Total
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ 7,338,485
Special assessments/improvement charges	-	-	37,873
Licenses, permits and registration	-	-	4,916,445
Federal grants	-	-	1,364,466
State shared revenues and grants	-	-	9,091,680
Charges for services	-	-	5,273,464
Fines and forfeits	-	-	218,208
Interest and penalties	-	-	695
Investment income (loss)	9,853	25,750	514,734
Contributions and donations	-	500	508,929
Intra-governmental sales	-	-	266,970
Other revenues	-	-	84,028
<b>Total revenues</b>	<b>9,853</b>	<b>26,250</b>	<b>29,615,977</b>
<b>Expenditures</b>			
Current:			
General government	-	-	2,713,263
Public safety	-	-	3,182,798
Public works	886,975	-	9,265,349
Culture and recreation	-	29,434	4,619,569
Capital outlay	160,923	-	3,302,615
Debt service:			
Principal retirement	-	-	7,550,000
Interest and fiscal charges	-	-	5,072,356
<b>Total expenditures</b>	<b>1,047,898</b>	<b>29,434</b>	<b>35,705,950</b>
<b>Revenues over (under) expenditures</b>	<b>(1,038,045)</b>	<b>(3,184)</b>	<b>(6,089,973)</b>
<b>Other financing sources (uses)</b>			
Transfers in	1,550,000	-	10,972,740
Transfers out	-	-	(4,081,225)
<b>Total other financing sources (uses)</b>	<b>1,550,000</b>	<b>-</b>	<b>6,891,515</b>
<b>Net change in fund balances</b>	<b>511,955</b>	<b>(3,184)</b>	<b>801,542</b>
<b>Fund balances, beginning of year, as restated</b>	<b>224,663</b>	<b>2,161,482</b>	<b>46,411,790</b>
<b>Fund balances, end of year</b>	<b>\$ 736,618</b>	<b>\$ 2,158,298</b>	<b>\$ 47,213,332</b>

concluded.

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Energy Projects		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	40,225	40,225
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	6,038	27,892	21,854
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	7,660	7,660
<b>Total revenues</b>	<b>6,038</b>	<b>75,777</b>	<b>69,739</b>
<b>Expenditures</b>			
Current:			
General government	623,138	507,118	(116,020)
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>623,138</b>	<b>507,118</b>	<b>(116,020)</b>
Revenues over (under) expenditures	(617,100)	(431,341)	185,759
<b>Other financing sources (uses)</b>			
Transfers in	1,834	4,954	3,120
Transfers out	(168,000)	(167,423)	(577)
<b>Total other financing sources (uses)</b>	<b>(166,166)</b>	<b>(162,469)</b>	<b>2,543</b>
Net change in fund balances	(783,266)	(593,810)	188,302
Fund balances, beginning of year	1,149,117	1,149,117	-
Fund balances, end of year	\$ 365,851	\$ 555,307	\$ 188,302

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Local Law Enforcement Block Grant		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	21,567	33,721	12,154
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	-	(54)	(54)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>21,567</b>	<b>33,667</b>	<b>12,100</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	33,721	33,721	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>33,721</b>	<b>33,721</b>	<b>-</b>
Revenues over (under) expenditures	(12,154)	(54)	12,100
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(12,154)	(54)	12,100
Fund balances, beginning of year	297	297	-
Fund balances, end of year	\$ (11,857)	\$ 243	\$ 12,100

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Community Television Network		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	1,936,000	2,086,980	150,980
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	42,801	57,121	14,320
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	1,000	1,258	258
<b>Total revenues</b>	<b>1,979,801</b>	<b>2,145,359</b>	<b>165,558</b>
<b>Expenditures</b>			
Current:			
General government	1,774,777	1,701,889	(72,888)
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	396,735	133,125	(263,610)
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>2,171,512</b>	<b>1,835,014</b>	<b>(336,498)</b>
<b>Revenues over (under) expenditures</b>	<b>(191,711)</b>	<b>310,345</b>	<b>502,056</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(191,711)</b>	<b>310,345</b>	<b>502,056</b>
<b>Fund balances, beginning of year</b>	<b>4,858,892</b>	<b>4,858,892</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 4,667,181</b>	<b>\$ 5,169,237</b>	<b>\$ 502,056</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Homeland Security Grant		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	80,041	67,992	(12,049)
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	-	-	-
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>80,041</b>	<b>67,992</b>	<b>(12,049)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	80,041	67,992	(12,049)
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>80,041</b>	<b>67,992</b>	<b>(12,049)</b>
Revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

continued...



CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Major Streets		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	59,250	59,250
State shared revenues and grants	5,788,672	6,505,590	716,918
Charges for services	795,650	781,823	(13,827)
Fines and forfeits	-	-	-
Interest and penalties	-	96	96
Investment income (loss)	80,546	121,343	40,797
Contributions and donations	5,600	-	(5,600)
Intra-governmental sales	230,000	266,970	36,970
Other revenues	20,000	60,909	40,909
<b>Total revenues</b>	<b>6,920,468</b>	<b>7,795,981</b>	<b>875,513</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	6,448,772	5,717,731	(731,041)
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	19,681	19,681
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>6,448,772</b>	<b>5,737,412</b>	<b>(711,360)</b>
<b>Revenues over (under) expenditures</b>	<b>471,696</b>	<b>2,058,569</b>	<b>1,586,873</b>
<b>Other financing sources (uses)</b>			
Transfers in	34,945	42,258	7,313
Transfers out	(900,127)	(895,804)	(4,323)
<b>Total other financing sources (uses)</b>	<b>(865,182)</b>	<b>(853,546)</b>	<b>11,636</b>
<b>Net change in fund balances</b>	<b>(393,486)</b>	<b>1,205,023</b>	<b>1,598,509</b>
<b>Fund balances, beginning of year</b>	<b>10,125,462</b>	<b>10,125,462</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 9,731,976</b>	<b>\$ 11,330,485</b>	<b>\$ 1,598,509</b>

continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Nonmajor Special Revenue Funds For the Year Ended June 30, 2014

	Local Streets		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	1,585,230	1,648,280	63,050
Charges for services	188,011	188,627	616
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	35,210	43,180	7,970
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	1,654	1,654
<b>Total revenues</b>	<b>1,808,451</b>	<b>1,881,741</b>	<b>73,290</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	2,178,705	1,729,440	(449,265)
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	6,960	6,960
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>2,178,705</b>	<b>1,736,400</b>	<b>(442,305)</b>
Revenues over (under) expenditures	(370,254)	145,341	515,595
<b>Other financing sources (uses)</b>			
Transfers in	55,000	55,000	-
Transfers out	(145,692)	(141,434)	(4,258)
<b>Total other financing sources (uses)</b>	<b>(90,692)</b>	<b>(86,434)</b>	<b>(4,258)</b>
Net change in fund balances	(460,946)	58,907	511,337
Fund balances, beginning of year	3,635,248	3,635,248	-
Fund balances, end of year	\$ 3,174,302	\$ 3,694,155	\$ 511,337

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Court Facilities		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	145,000	142,129	(2,871)
Interest and penalties	-	-	-
Investment income (loss)	-	201	201
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>145,000</b>	<b>142,330</b>	<b>(2,670)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>145,000</b>	<b>142,330</b>	<b>(2,670)</b>
<b>Other financing sources (uses)</b>			
Transfers in	80,000	80,000	-
Transfers out	(225,000)	(225,000)	-
<b>Total other financing sources (uses)</b>	<b>(145,000)</b>	<b>(145,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(2,670)</b>	<b>(2,670)</b>
<b>Fund balances, beginning of year</b>	<b>4,366</b>	<b>4,366</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 4,366</b>	<b>\$ 1,696</b>	<b>\$ (2,670)</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Open Space & Parkland Preservation		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ 2,212,390	\$ 2,221,908	\$ 9,518
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	203,105	119,028	(84,077)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	170	170
<b>Total revenues</b>	<b>2,415,495</b>	<b>2,341,106</b>	<b>(74,389)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	197,363	318,738	121,375
Capital outlay	114,267	-	(114,267)
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>311,630</b>	<b>318,738</b>	<b>7,108</b>
<b>Revenues over (under) expenditures</b>	<b>2,103,865</b>	<b>2,022,368</b>	<b>(81,497)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(1,257,342)	(1,257,117)	(225)
<b>Total other financing sources (uses)</b>	<b>(1,257,342)</b>	<b>(1,257,117)</b>	<b>(225)</b>
<b>Net change in fund balances</b>	<b>846,523</b>	<b>765,251</b>	<b>(81,722)</b>
<b>Fund balances, beginning of year</b>	<b>8,713,032</b>	<b>8,713,032</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 9,559,555</b>	<b>\$ 9,478,283</b>	<b>\$ (81,722)</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Bandemer		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	1,084	1,432	348
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	4,200	6,900	2,700
<b>Total revenues</b>	<b>5,284</b>	<b>8,332</b>	<b>3,048</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	1,789	1,789	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>1,789</b>	<b>1,789</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>3,495</b>	<b>6,543</b>	<b>3,048</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>3,495</b>	<b>6,543</b>	<b>3,048</b>
<b>Fund balances, beginning of year</b>	<b>110,620</b>	<b>110,620</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 114,115</b>	<b>\$ 117,163</b>	<b>\$ 3,048</b>

continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Nonmajor Special Revenue Funds For the Year Ended June 30, 2014

	Construction Code		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	1,938,300	2,829,465	891,165
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	10	10
Investment income (loss)	34,000	52,516	18,516
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	4,281	4,281
<b>Total revenues</b>	<b>1,972,300</b>	<b>2,886,272</b>	<b>913,972</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	2,456,022	2,419,831	(36,191)
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	11,170	11,170
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>2,456,022</b>	<b>2,431,001</b>	<b>(25,021)</b>
<b>Revenues over (under) expenditures</b>	<b>(483,722)</b>	<b>455,271</b>	<b>938,993</b>
<b>Other financing sources (uses)</b>			
Transfers in	100,000	100,000	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(383,722)</b>	<b>555,271</b>	<b>938,993</b>
<b>Fund balances, beginning of year</b>	<b>1,718,967</b>	<b>1,718,967</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 1,335,245</b>	<b>\$ 2,274,238</b>	<b>\$ 938,993</b>

continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Nonmajor Special Revenue Funds For the Year Ended June 30, 2014

	Drug Enforcement		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	49,103	49,103
Interest and penalties	-	-	-
Investment income (loss)	1,000	2,925	1,925
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	780	780
<b>Total revenues</b>	<b>1,000</b>	<b>52,808</b>	<b>51,808</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	137,000	97,588	(39,412)
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	22,576	22,576
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>137,000</b>	<b>120,164</b>	<b>(16,836)</b>
<b>Revenues over (under) expenditures</b>	<b>(136,000)</b>	<b>(67,356)</b>	<b>68,644</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(136,000)</b>	<b>(67,356)</b>	<b>68,644</b>
<b>Fund balances, beginning of year</b>	<b>234,961</b>	<b>234,961</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 98,961</b>	<b>\$ 167,605</b>	<b>\$ 68,644</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Federal Equitable Sharing Forfeiture		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	26,976	26,976
Interest and penalties	-	-	-
Investment income (loss)	1,000	3,764	2,764
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>1,000</b>	<b>30,740</b>	<b>29,740</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	138,000	85,506	(52,494)
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>138,000</b>	<b>85,506</b>	<b>(52,494)</b>
Revenues over (under) expenditures	(137,000)	(54,766)	82,234
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	(137,000)	(54,766)	82,234
Fund balances, beginning of year	324,285	324,285	-
Fund balances, end of year	\$ 187,285	\$ 269,519	\$ 82,234

continued...



CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Parks & Memorial Contributions		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	6,432	10,442	4,010
Contributions and donations	568,616	503,873	(64,743)
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>575,048</b>	<b>514,315</b>	<b>(60,733)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	33,598	33,337	(261)
Capital outlay	55,038	55,038	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>88,636</b>	<b>88,375</b>	<b>(261)</b>
<b>Revenues over (under) expenditures</b>	<b>486,412</b>	<b>425,940</b>	<b>(60,472)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(47,502)	(45,949)	(1,553)
<b>Total other financing sources (uses)</b>	<b>(47,502)</b>	<b>(45,949)</b>	<b>(1,553)</b>
<b>Net change in fund balances</b>	<b>438,910</b>	<b>379,991</b>	<b>(62,025)</b>
<b>Fund balances, beginning of year</b>	<b>502,374</b>	<b>502,374</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 941,284</b>	<b>\$ 882,365</b>	<b>\$ (62,025)</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Metro Expansion		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	337,000	334,722	(2,278)
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	12,908	18,679	5,771
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>349,908</b>	<b>353,401</b>	<b>3,493</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	318,713	258,528	(60,185)
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>318,713</b>	<b>258,528</b>	<b>(60,185)</b>
Revenues over (under) expenditures	31,195	94,873	63,678
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	31,195	94,873	63,678
Fund balances, beginning of year	1,569,640	1,569,640	-
Fund balances, end of year	\$ 1,600,835	\$ 1,664,513	\$ 63,678

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Special Assistance		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	-	113	113
Contributions and donations	4,000	4,556	556
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>4,000</b>	<b>4,669</b>	<b>669</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	4,000	-	(4,000)
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>4,000</b>	<b>-</b>	<b>(4,000)</b>
Revenues over (under) expenditures	-	4,669	4,669
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	4,669	4,669
Fund balances, beginning of year	6,744	6,744	-
Fund balances, end of year	\$ 6,744	\$ 11,413	\$ 4,669

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Open Space Endowment		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	5,000	8,253	3,253
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>5,000</b>	<b>8,253</b>	<b>3,253</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	10,000	-	(10,000)
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>10,000</b>	<b>-</b>	<b>(10,000)</b>
<b>Revenues over (under) expenditures</b>	<b>(5,000)</b>	<b>8,253</b>	<b>13,253</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	23,867	23,867
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>23,867</b>	<b>23,867</b>
<b>Net change in fund balances</b>	<b>(5,000)</b>	<b>32,120</b>	<b>37,120</b>
<b>Fund balances, beginning of year</b>	<b>643,071</b>	<b>643,071</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 638,071</b>	<b>\$ 675,191</b>	<b>\$ 37,120</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Police and Fire Relief		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	7,000	8,550	1,550
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>7,000</b>	<b>8,550</b>	<b>1,550</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues over (under) expenditures	7,000	8,550	1,550
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	7,000	8,550	1,550
Fund balances, beginning of year	736,869	736,869	-
Fund balances, end of year	\$ 743,869	\$ 745,419	\$ 1,550

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Cemetery Perpetual Care		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	2,400	2,400
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	760	702	(58)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>760</b>	<b>3,102</b>	<b>2,342</b>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues over (under) expenditures	760	3,102	2,342
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	760	3,102	2,342
Fund balances, beginning of year	76,287	76,287	-
Fund balances, end of year	\$ 77,047	\$ 79,389	\$ 2,342

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Art in Public Places		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	2,870	2,870
State shared revenues and grants	-	15,030	15,030
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	14,000	15,824	1,824
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>14,000</b>	<b>33,724</b>	<b>19,724</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	82,709	73,934	(8,775)
Community and economic development	-	-	-
Culture and recreation	3,912	-	(3,912)
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>86,621</b>	<b>73,934</b>	<b>(12,687)</b>
Revenues over (under) expenditures	(72,621)	(40,210)	32,411
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(943,005)	(943,005)	-
<b>Total other financing sources (uses)</b>	<b>(943,005)</b>	<b>(943,005)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,015,626)</b>	<b>(983,215)</b>	<b>32,411</b>
Fund balances, beginning of year	1,554,199	1,554,199	-
<b>Fund balances, end of year</b>	<b>\$ 538,573</b>	<b>\$ 570,984</b>	<b>\$ 32,411</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Alternative Transportation		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	16,017	16,017
Licenses, permits and registration	-	-	-
Federal grants	-	21,861	21,861
State shared revenues and grants	-	-	-
Charges for services	-	28,659	28,659
Fines and forfeits	-	-	-
Interest and penalties	-	240	240
Investment income (loss)	3,416	4,617	1,201
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>3,416</b>	<b>71,394</b>	<b>67,978</b>
<b>Expenditures</b>			
Current:			
General government	18,926	18,930	4
Public safety	-	-	-
Public works	270,472	238,595	(31,877)
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	3,095	3,095	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>292,493</b>	<b>260,620</b>	<b>(31,873)</b>
Revenues over (under) expenditures	(289,077)	(189,226)	99,851
<b>Other financing sources (uses)</b>			
Transfers in	180,710	180,710	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>180,710</b>	<b>180,710</b>	<b>-</b>
Net change in fund balances	(108,367)	(8,516)	99,851
Fund balances, beginning of year	213,476	213,476	-
Fund balances, end of year	\$ 105,109	\$ 204,960	\$ 99,851

continued...



CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Michigan Justice Training		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	20,000	32,499	12,499
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	800	305	(495)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>20,800</b>	<b>32,804</b>	<b>12,004</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	50,800	50,800	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>50,800</b>	<b>50,800</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>(30,000)</b>	<b>(17,996)</b>	<b>12,004</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(30,000)</b>	<b>(17,996)</b>	<b>12,004</b>
<b>Fund balances, beginning of year</b>	<b>57,525</b>	<b>57,525</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 27,525</b>	<b>\$ 39,529</b>	<b>\$ 12,004</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Parks Maint & Capital Improvement Millage		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ 5,077,989	\$ 5,114,448	\$ 36,459
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	118,340	118,340
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	65,123	61,875	(3,248)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	1,500	199	(1,301)
<b>Total revenues</b>	<b>5,144,612</b>	<b>5,294,862</b>	<b>150,250</b>
<b>Expenditures</b>			
Current:			
General government	-	4,849	4,849
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	4,480,715	4,213,895	(266,820)
Capital outlay	1,477,695	1,557,082	79,387
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>5,958,410</b>	<b>5,775,826</b>	<b>(182,584)</b>
<b>Revenues over (under) expenditures</b>	<b>(813,798)</b>	<b>(480,964)</b>	<b>332,834</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	1,414	1,414
Transfers out	(288,979)	(288,979)	-
<b>Total other financing sources (uses)</b>	<b>(288,979)</b>	<b>(287,565)</b>	<b>1,414</b>
<b>Net change in fund balances</b>	<b>(1,102,777)</b>	<b>(768,529)</b>	<b>334,248</b>
<b>Fund balances, beginning of year</b>	<b>3,164,700</b>	<b>3,164,700</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 2,061,923</b>	<b>\$ 2,396,171</b>	<b>\$ 334,248</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Local Forfeiture		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	100	31	(69)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>100</b>	<b>31</b>	<b>(69)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	100	-	(100)
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>100</b>	<b>-</b>	<b>(100)</b>
Revenues over (under) expenditures	-	31	31
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	31	31
Fund balances, beginning of year	3,466	3,466	-
Fund balances, end of year	\$ 3,466	\$ 3,497	\$ 31

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Community Development		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	198,231	-	(198,231)
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	-	-	-
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>198,231</b>	<b>-</b>	<b>(198,231)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	198,231	-	(198,231)
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>198,231</b>	<b>-</b>	<b>(198,231)</b>
Revenues over (under) expenditures	-	-	-
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Senior Center Endowment		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	396	-	(396)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>396</b>	<b>-</b>	<b>(396)</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>396</b>	<b>-</b>	<b>(396)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>396</b>	<b>-</b>	<b>(396)</b>
<b>Fund balances, beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 396</b>	<b>\$ -</b>	<b>\$ (396)</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Sidewalk Improvement		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	-	879	879
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>879</b>	<b>879</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>-</b>	<b>879</b>	<b>879</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>879</b>	<b>879</b>
Fund balances, beginning of year	60,275	60,275	-
<b>Fund balances, end of year</b>	<b>\$ 60,275</b>	<b>\$ 61,154</b>	<b>\$ 879</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenues, Expenditures and Changes  
in Fund Balances**  
Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2014

	Major Grants		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	937,573	1,178,772	241,199
State shared revenues and grants	236,279	437,219	200,940
Charges for services	12,500	11,903	(597)
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income (loss)	-	2,276	2,276
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>1,186,352</b>	<b>1,630,170</b>	<b>443,818</b>
<b>Expenditures</b>			
Current:			
General government	476,388	476,007	(381)
Public safety	427,360	427,360	-
Public works	360,146	360,146	-
Community and economic development	-	-	-
Culture and recreation	22,376	22,376	-
Capital outlay	1,147,949	1,147,604	(345)
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>2,434,219</b>	<b>2,433,493</b>	<b>(726)</b>
<b>Revenues over (under) expenditures</b>	<b>(1,247,867)</b>	<b>(803,323)</b>	<b>444,544</b>
<b>Other financing sources (uses)</b>			
Transfers in	446,281	590,638	144,357
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>446,281</b>	<b>590,638</b>	<b>144,357</b>
<b>Net change in fund balances</b>	<b>(801,586)</b>	<b>(212,685)</b>	<b>588,901</b>
<b>Fund balances, beginning of year</b>	<b>1,034,134</b>	<b>1,034,134</b>	<b>-</b>
<b>Fund balances, end of year</b>	<b>\$ 232,548</b>	<b>\$ 821,449</b>	<b>\$ 588,901</b>

concluded.

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2014

	Central Stores	Fleet Services	Information Technology	Project Management
<b>Assets</b>				
Current assets:				
Cash	\$ -	\$ 150	\$ -	\$ 200
Equity in pooled cash and investments	1,682,215	7,777,088	5,094,725	5,843,855
Accounts receivable, net	-	3,710	32,500	13,985
Prepaid items	-	-	185,919	-
Inventory	522,646	402,844	-	-
Total current assets	<u>2,204,861</u>	<u>8,183,792</u>	<u>5,313,144</u>	<u>5,858,040</u>
Noncurrent assets:				
Capital assets not depreciated	-	90,005	-	-
Capital assets being depreciated, net	40,878	8,265,597	1,023,817	66,236
Total noncurrent assets	<u>40,878</u>	<u>8,355,602</u>	<u>1,023,817</u>	<u>66,236</u>
Total assets	<u>2,245,739</u>	<u>16,539,394</u>	<u>6,336,961</u>	<u>5,924,276</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	22,617	338,786	110,362	28,535
Accrued liabilities	6,945	40,691	93,905	42,910
Estimated claims payable, current	-	-	-	-
Compensated absences, current	20,440	103,114	168,887	164,687
Total current liabilities	<u>50,002</u>	<u>482,591</u>	<u>373,154</u>	<u>236,132</u>
Noncurrent liabilities:				
Estimated claims payable, net	-	-	-	-
Compensated absences, net	7,794	251,438	180,986	166,644
Total noncurrent liabilities	<u>7,794</u>	<u>251,438</u>	<u>180,986</u>	<u>166,644</u>
Total liabilities	<u>57,796</u>	<u>734,029</u>	<u>554,140</u>	<u>402,776</u>
<b>Net position</b>				
Invested in capital assets	40,878	8,355,602	1,023,817	66,236
Unrestricted	2,147,065	7,449,763	4,759,004	5,455,264
Total net position	<u>\$ 2,187,943</u>	<u>\$ 15,805,365</u>	<u>\$ 5,782,821</u>	<u>\$ 5,521,500</u>

continued...



CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2014

	Insurance	Wheeler Center	Total
<b>Assets</b>			
Current assets:			
Cash	\$ -	\$ -	\$ 350
Equity in pooled cash and investments	14,215,774	346,674	34,960,331
Accounts receivable, net	-	-	50,195
Prepaid items	1,687,309	-	1,873,228
Inventory	-	-	925,490
<b>Total current assets</b>	<b>15,903,083</b>	<b>346,674</b>	<b>37,809,594</b>
Noncurrent assets:			
Capital assets not depreciated	-	-	90,005
Capital assets being depreciated, net	-	-	9,396,528
<b>Total noncurrent assets</b>	<b>-</b>	<b>-</b>	<b>9,486,533</b>
<b>Total assets</b>	<b>15,903,083</b>	<b>346,674</b>	<b>47,296,127</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	814,981	36,382	1,351,663
Accrued liabilities	14,989	958	200,398
Estimated claims payable, current	2,532,029	-	2,532,029
Compensated absences, current	16,201	-	473,329
<b>Total current liabilities</b>	<b>3,378,200</b>	<b>37,340</b>	<b>4,557,419</b>
Noncurrent liabilities:			
Estimated claims payable, net	1,986,678	-	1,986,678
Compensated absences, net	2,339	-	609,201
<b>Total noncurrent liabilities</b>	<b>1,989,017</b>	<b>-</b>	<b>2,595,879</b>
<b>Total liabilities</b>	<b>5,367,217</b>	<b>37,340</b>	<b>7,153,298</b>
<b>Net position</b>			
Invested in capital assets	-	-	9,486,533
Unrestricted	10,535,866	309,334	30,656,296
<b>Total net position</b>	<b>\$ 10,535,866</b>	<b>\$ 309,334</b>	<b>\$ 40,142,829</b>

concluded.

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues,  
Expenses and Changes in Fund  
Net Position  
Internal Service Funds  
For the Year Ended June 30, 2014

	Central Stores	Fleet Services	Information Technology	Project Management
Operating revenues				
Charges for services	\$ 1,454,311	\$ 7,065,976	\$ 6,324,724	\$ 2,381,715
Operating expenses				
Personal services	318,026	1,535,181	3,209,682	1,917,898
Municipal service charge	24,823	138,938	658,653	135,113
Information technology charges	13,238	60,388	233,801	307,423
Other operating costs	933,477	2,435,032	2,269,356	211,062
Depreciation and amortization	10,417	2,202,966	404,156	10,986
Total operating expenses	1,299,981	6,372,505	6,775,648	2,582,482
Operating income (loss)	154,330	693,471	(450,924)	(200,767)
Nonoperating revenues (expenses)				
Investment income	20,279	89,942	67,767	70,170
Gain on sale of capital assets	-	233,321	-	-
Total nonoperating revenues (expenses)	20,279	323,263	67,767	70,170
Income (loss) before contributions and transfers	174,609	1,016,734	(383,157)	(130,597)
Transfers in	-	20,000	-	-
Transfers out	(42,839)	(688,571)	(164,485)	(38,774)
Change in net position	131,770	348,163	(547,642)	(169,371)
Net position, beginning of year	2,056,173	15,457,202	6,330,463	5,690,871
Net position, end of year	\$ 2,187,943	\$ 15,805,365	\$ 5,782,821	\$ 5,521,500

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues,  
Expenses and Changes in Fund  
Net Position  
Internal Service Funds  
For the Year Ended June 30, 2014

	Insurance	Wheeler Center	Total
Operating revenues			
Charges for services	\$ 27,010,775	\$ 422,311	\$ 44,659,812
Operating expenses			
Personal services	536,475	39,155	7,556,417
Municipal service charge	376,841	19,505	1,353,873
Information technology charges	20,288	-	635,138
Other operating costs	24,006,093	349,965	30,204,985
Depreciation and amortization	-	-	2,628,525
Total operating expenses	24,939,697	408,625	42,378,938
Operating income (loss)	2,071,078	13,686	2,280,874
Nonoperating revenues (expenses)			
Investment income	206,716	4,516	459,390
Gain on sale of capital assets	-	-	233,321
Total nonoperating revenues (expenses)	206,716	4,516	692,711
Income (loss) before contributions and transfers	2,277,794	18,202	2,973,585
Transfers in	-	-	20,000
Transfers out	-	-	(934,669)
Change in net position	2,277,794	18,202	2,058,916
Net position, beginning of year	8,258,072	291,132	38,083,913
Net position, end of year	\$ 10,535,866	\$ 309,334	\$ 40,142,829

concluded.

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Cash Flows**  
 Internal Service Funds  
 For the Year Ended June 30, 2014

	Central Stores	Fleet Services	Information Technology	Project Management
<b>Cash flow from operating activities</b>				
Receipts from customers	\$ 1,454,970	\$ 7,062,924	\$ 6,315,063	\$ 2,391,233
Payments to suppliers	(1,079,576)	(2,990,606)	(3,347,820)	(635,109)
Payments on behalf of employees	(320,749)	(1,523,174)	(3,178,320)	(1,822,515)
<b>Net cash provided by operating activities</b>	<u>54,645</u>	<u>2,549,144</u>	<u>(211,077)</u>	<u>(66,391)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	20,000	-	-
Transfers out	(42,839)	(688,571)	(164,485)	(38,774)
<b>Net cash flows provided by (used in) noncapital financing activities</b>	<u>(42,839)</u>	<u>(668,571)</u>	<u>(164,485)</u>	<u>(38,774)</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of equipment	-	258,337	-	-
Acquisition of capital assets	-	(3,610,261)	(12,249)	(29,483)
<b>Net cash flows provided by (used in) capital and related financing activities</b>	<u>-</u>	<u>(3,351,924)</u>	<u>(12,249)</u>	<u>(29,483)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends on investments	<u>20,279</u>	<u>89,942</u>	<u>67,767</u>	<u>70,170</u>
<b>Net change in cash and cash equivalents</b>	<u>32,085</u>	<u>(1,381,409)</u>	<u>(320,044)</u>	<u>(64,478)</u>
Cash and cash equivalents, beginning of the year	<u>1,650,130</u>	<u>9,158,647</u>	<u>5,414,769</u>	<u>5,908,533</u>
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 1,682,215</u>	<u>\$ 7,777,238</u>	<u>\$ 5,094,725</u>	<u>\$ 5,844,055</u>
<b>Reconciliation to statement of net position</b>				
Cash	\$ -	\$ 150	\$ -	\$ 200
Equity in pooled cash and investments	<u>1,682,215</u>	<u>7,777,088</u>	<u>5,094,725</u>	<u>5,843,855</u>
<b>Cash and cash equivalent, end of year</b>	<u>\$ 1,682,215</u>	<u>\$ 7,777,238</u>	<u>\$ 5,094,725</u>	<u>\$ 5,844,055</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Cash Flows**  
 Internal Service Funds  
 For the Year Ended June 30, 2014

	Insurance	Wheeler Center	Total
Cash flow from operating activities			
Receipts from customers	\$ 27,010,774	\$ 423,056	\$ 44,658,020
Payments to suppliers	(24,130,423)	(356,157)	(32,539,691)
Payments on behalf of employees	(519,674)	(40,134)	(7,404,566)
Net cash provided by operating activities	<u>2,360,677</u>	<u>26,765</u>	<u>4,713,763</u>
Cash flows from noncapital financing activities			
Transfers in	-	-	20,000
Transfers out	-	-	(934,669)
Net cash flows provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(914,669)</u>
Cash flows from capital and related financing activities			
Proceeds from sale of equipment	-	-	258,337
Acquisition of capital assets	-	-	(3,651,993)
Net cash flows provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>(3,393,656)</u>
Cash flows from investing activities			
Interest and dividends on investments	<u>206,716</u>	<u>4,516</u>	<u>459,390</u>
Net change in cash and cash equivalents	2,567,393	31,281	864,828
Cash and cash equivalents, beginning of the year	<u>11,648,381</u>	<u>315,393</u>	<u>34,095,853</u>
Cash and cash equivalents, end of the year	<u>\$ 14,215,774</u>	<u>\$ 346,674</u>	<u>\$ 34,960,681</u>
Reconciliation to statement of net position			
Cash	\$ -	\$ -	\$ 350
Equity in pooled cash and investments	<u>14,215,774</u>	<u>346,674</u>	<u>34,960,331</u>
Cash and cash equivalent, end of year	<u>\$ 14,215,774</u>	<u>\$ 346,674</u>	<u>\$ 34,960,681</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2014

	Central Stores	Fleet Services	Information Technology	Project Management
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 154,330	\$ 693,471	\$ (450,924)	\$ (200,767)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	10,417	2,202,966	404,156	10,986
Changes in assets and liabilities:				
Allowance for uncollectible accounts	-	-	5,200	(615)
Accounts receivable	660	(3,050)	(14,859)	10,134
Inventory	(73,677)	(10,316)	-	-
Prepaid items	-	-	(68,230)	-
Accounts payable	(34,359)	(345,934)	(117,780)	18,489
Accrued compensated absences	(615)	12,753	27,340	87,869
Estimated claims payable	-	-	-	-
Accrued liabilities	(549)	(746)	4,020	7,513
Judgment payable	(1,562)	-	-	-
Net cash provided by operating activities	<u>\$ 54,645</u>	<u>\$ 2,549,144</u>	<u>\$ (211,077)</u>	<u>\$ (66,391)</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Cash Flows**  
 Internal Service Funds  
 For the Year Ended June 30, 2014

	Insurance	Wheeler Center	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 2,071,078	\$ 13,686	\$ 2,280,874
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	-	-	2,628,525
Changes in assets and liabilities:			
Allowance for uncollectible accounts	-	(525)	4,060
Accounts receivable	-	1,268	(5,847)
Inventory	-	-	(83,993)
Prepaid items	414,949	-	346,719
Accounts payable	(11,142)	13,315	(477,411)
Accrued compensated absences	10,718	-	138,065
Estimated claims payable	(131,009)	-	(131,009)
Accrued liabilities	6,083	(979)	15,342
Judgment payable	-	-	(1,562)
Net cash provided by operating activities	<u>\$ 2,360,677</u>	<u>\$ 26,765</u>	<u>\$ 4,713,763</u>

concluded.

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

June 30, 2014

	Employees' Retirement System	Retiree Health Care Trust Fund	Total
<b>Assets</b>			
Equity in pooled cash and investments	\$ 11,282	\$ 563	\$ 11,845
Investments, at fair value:			
Equities	251,331,219	74,607,812	325,939,031
Fixed income	157,793,902	40,165,654	197,959,556
Other	62,785,977	12,422,204	75,208,181
Accrued interest and dividends	621,685	214,392	836,077
Due from broker for securities sold	3,980,246	929,470	4,909,716
Capital assets (net of depreciation of \$77,396)	397,088	-	397,088
<b>Total assets</b>	<b>476,921,399</b>	<b>128,340,095</b>	<b>605,261,494</b>
<b>Liabilities</b>			
Accounts payable	2,823,615	-	2,823,615
Accrued liabilities	-	48,663	48,663
Due to broker for securities purchased	4,141,747	1,066,265	5,208,012
Mortgage payable, due in one year	25,063	-	25,063
Mortgage payable, due in more than one year	245,663	-	245,663
<b>Total liabilities</b>	<b>7,236,088</b>	<b>1,114,928</b>	<b>8,351,016</b>
<b>Net position</b>			
Net investment in capital assets	126,362	-	126,362
Held in trust for pension and postemployment benefits	469,558,949	127,225,167	596,784,116
<b>Total net position</b>	<b>\$ 469,685,311</b>	<b>\$ 127,225,167</b>	<b>\$ 596,910,478</b>



# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefit Trusts Funds

For the Year Ended June 30, 2014

	Employee Retirement System	Retiree Health Care Trust Fund	Total
<b>Additions</b>			
Investment income:			
<i>From investing activities:</i>			
Appreciation in fair value of investments	\$ 57,112,678	\$ 14,342,592	\$ 71,455,270
Interest and dividends	3,977,550	2,000,486	5,978,036
Total investment income	61,090,228	16,343,078	77,433,306
Investment management fees	(887,347)	(355,670)	(1,243,017)
Net investment income from investing activities	60,202,881	15,987,408	76,190,289
<i>From securities lending activities:</i>			
Gross earnings	69,759	36,931	106,690
Borrower rebates received (paid)	2,741	23,371	26,112
Securities lending fees	(21,698)	(18,002)	(39,700)
Net investment income from securities lending activities	50,802	42,300	93,102
Total net investment income	60,253,683	16,029,708	76,283,391
Contributions:			
Employer	11,227,290	15,188,100	26,415,390
Plan member	2,948,177	-	2,948,177
Total contributions	14,175,467	15,188,100	29,363,567
Total additions	74,429,150	31,217,808	105,646,958
Deductions			
Benefits	31,369,925	10,650,463	42,020,388
Refund of contributions	641,519	-	641,519
Administrative expense	644,051	28,347	672,398
Total deductions	32,655,495	10,678,810	43,334,305
Change in net position	41,773,655	20,538,998	62,312,653
Net position, beginning of year	427,911,656	106,686,169	534,597,825
Net position, end of year	\$ 469,685,311	\$ 127,225,167	\$ 596,910,478

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Assets and Liabilities**  
 Agency Funds  
 June 30, 2014

	Treasurer's Delinquent Tax	Treasurer's Current Tax	Contractors' Retainage	15th District Court
<b>Assets</b>				
Cash	\$ -	\$ 33,132	\$ 134,860	\$ 178,984
Equity in pooled cash and investments	77,474	61,323	-	-
<b>Total assets</b>	<u>\$ 77,474</u>	<u>\$ 94,455</u>	<u>\$ 134,860</u>	<u>\$ 178,984</u>
<b>Liabilities</b>				
Due to others	\$ -	\$ 94,455	\$ 134,860	\$ -
Due to other governments	77,474	-	-	79,311
Deposits	-	-	-	99,673
<b>Total liabilities</b>	<u>\$ 77,474</u>	<u>\$ 94,455</u>	<u>\$ 134,860</u>	<u>\$ 178,984</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Assets and Liabilities  
Agency Funds

	Payroll	Total
<b>Assets</b>		
Cash	\$ -	\$ 346,976
Equity in pooled cash and investments	78,902	217,699
<b>Total assets</b>	<b>\$ 78,902</b>	<b>\$ 564,675</b>
<b>Liabilities</b>		
Due to others	\$ 78,902	\$ 308,217
Due to other governments	-	156,785
Deposits	-	99,673
<b>Total liabilities</b>	<b>\$ 78,902</b>	<b>\$ 564,675</b>

concluded.

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Treasurer's Delinquent Tax Fund</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 93,253	\$ 191,368	\$ 207,147	\$ 77,474
<b>Liabilities</b>				
Due to other governments	\$ 93,253	\$ 464,626	\$ 480,405	\$ 77,474
<b>Treasurer's Current Tax Fund</b>				
<b>Assets</b>				
Cash	\$ 34,356	\$ 314,871,473	\$ 314,872,697	\$ 33,132
Equity in pooled cash and investments	131,009	2,770,864	2,840,550	61,323
<b>Total assets</b>	<b>\$ 165,365</b>	<b>\$ 317,642,337</b>	<b>\$ 317,713,247</b>	<b>\$ 94,455</b>
<b>Liabilities</b>				
Due to others	\$ 165,365	\$ 119,357,449	\$ 119,428,359	\$ 94,455
<b>Contractors' Retainage Fund</b>				
<b>Assets</b>				
Cash	\$ 340,181	\$ 181,000	\$ 386,321	\$ 134,860
Equity in pooled cash and investments	4,114	205,646	209,760	-
<b>Total assets</b>	<b>\$ 344,295</b>	<b>\$ 386,646</b>	<b>\$ 596,081</b>	<b>\$ 134,860</b>
<b>Liabilities</b>				
Due to others	\$ 344,295	\$ 208,869	\$ 418,304	134,860
<b>Fifteenth District Court Fund</b>				
<b>Assets</b>				
Cash	\$ 169,781	\$ 15,224	\$ 6,021	\$ 178,984
<b>Liabilities</b>				
Due to other governments	\$ 72,351	\$ 6,960	\$ -	\$ 79,311
Deposits	97,430	2,243	-	99,673
<b>Total liabilities</b>	<b>\$ 169,781</b>	<b>\$ 9,203</b>	<b>\$ -</b>	<b>\$ 178,984</b>

continued...

CITY OF ANN ARBOR, MICHIGAN

**Combining Statement of Fiduciary Assets and Liabilities**  
 Fiduciary Funds  
 For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Payroll Fund</b>				
<b>Assets</b>				
Cash	\$ -	\$ 550	\$ 550	\$ -
Equity in pooled cash and investments	-	76,305,495	76,226,593	78,902
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 76,306,045</b>	<b>\$ 76,227,143</b>	<b>\$ 78,902</b>
<b>Liabilities</b>				
Due to others	\$ -	\$ 123,667,853	\$ 123,588,951	\$ 78,902
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash	\$ 544,318	\$ 315,068,247	\$ 315,265,589	\$ 346,976
Equity in pooled cash and investments	228,376	79,473,373	79,484,050	217,699
<b>Total assets</b>	<b>\$ 772,694</b>	<b>\$ 394,541,620</b>	<b>\$ 394,749,639</b>	<b>\$ 564,675</b>
<b>Liabilities</b>				
Due to others	\$ 509,660	\$ 243,234,171	\$ 243,435,614	\$ 308,217
Due to other governments	165,604	471,586	480,405	156,785
Deposits	97,430	2,243	-	99,673
<b>Total liabilities</b>	<b>\$ 772,694</b>	<b>\$ 243,708,000</b>	<b>\$ 243,916,019</b>	<b>\$ 564,675</b>

concluded.

# CITY OF ANN ARBOR, MICHIGAN

## Component Unit Balance Sheet

SmartZone Local Development Finance Authority

June 30, 2014

SmartZone  
Local  
Development  
Finance  
Authority

### Assets

Equity in pooled cash and investments  
Loans receivable

\$ 1,148,013  
1,051,485

Total assets

\$ 2,199,498

### Liabilities

Accounts payable  
Unearned revenue

\$ 242,246  
1,051,485

Total liabilities

1,293,731

### Fund balances

Committed for community and economic development

905,767

Total liabilities and fund balances

\$ 2,199,498

# CITY OF ANN ARBOR, MICHIGAN

## Component Unit Statement of Revenues, Expenditures and Changes in Fund Balance

SmartZone Local Development Finance Authority

For the Year Ended June 30, 2014

	SmartZone Local Development Finance Authority
Revenues	
Taxes	\$ 1,964,393
Investment income	17,090
	<hr/>
Total revenues	1,981,483
Expenditures	
Current -	
Community and economic development	1,725,221
	<hr/>
Net change in fund balance	256,262
Fund balances, beginning of year	649,505
	<hr/>
Fund balances, end of year	<u><u>\$ 905,767</u></u>

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## STATISTICAL SECTION

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# CITY OF ANN ARBOR, MICHIGAN

## Statistical Section Table of Contents

This part of the City of Ann Arbor's 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>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	180
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	193
Debt Capacity	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.	202
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	206
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	208

Sources: Unless otherwise noted, the information in these schedules are derived from the annual financial reports for the applicable year.

**Net Position by Component (Accrual Basis of Accounting)**

Last Ten Fiscal Years

	2014	2013	2012	2011	2010
<b>Governmental activities</b>					
Net investment in capital assets	\$ 701,333,046	\$ 700,945,291	\$ 684,183,914	\$ 672,899,397	\$ 579,020,698
Restricted	56,297,832	57,612,227	66,605,173	66,772,308	118,723,718
Unrestricted	41,320,639	33,838,840	23,913,683	15,649,176	43,955,179
<b>Total governmental activities net position</b>	<b>\$ 798,951,517</b>	<b>\$ 792,396,358</b>	<b>\$ 774,702,770</b>	<b>\$ 755,320,881</b>	<b>\$ 741,699,595</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 190,241,413	\$ 189,062,847	\$ 183,625,625	\$ 164,731,782	\$ 145,084,736
Restricted	30,332,704	28,947,807	21,926,274	17,374,027	17,245,077
Unrestricted	61,803,401	47,860,799	49,549,547	56,356,293	59,771,622
<b>Total business-type activities net position</b>	<b>\$ 282,377,518</b>	<b>\$ 265,871,453</b>	<b>\$ 255,101,446</b>	<b>\$ 238,462,102</b>	<b>\$ 222,101,435</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 891,574,459	\$ 890,008,138	\$ 867,809,539	\$ 837,631,179	\$ 724,105,434
Restricted	86,630,536	86,560,034	88,531,447	84,146,335	135,968,795
Unrestricted	103,124,040	81,699,639	73,463,230	72,005,469	103,726,801
<b>Total primary government net position</b>	<b>\$ 1,081,329,035</b>	<b>\$ 1,058,267,811</b>	<b>\$ 1,029,804,216</b>	<b>\$ 993,782,983</b>	<b>\$ 963,801,030</b>

continued...

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Net Position by Component (Accrual Basis of Accounting)**  
 Last Ten Fiscal Years

	2009	2008	2007	2006	2005
<b>Governmental activities</b>					
Net investment in capital assets	\$ 612,949,811	\$ 626,041,914	\$ 611,225,989	\$ 575,895,851	\$ 603,474,157
Restricted	101,462,605	75,698,698	79,571,639	101,447,127	14,535,869
Unrestricted	10,198,885	30,524,342	25,703,229	17,347,389	44,040,557
<b>Total governmental activities net position</b>	<b>\$ 724,611,301</b>	<b>\$ 732,264,954</b>	<b>\$ 716,500,857</b>	<b>\$ 694,690,367</b>	<b>\$ 662,050,583</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 122,234,225	\$ 77,083,900	\$ 111,888,472	\$ 97,487,787	\$ 90,066,898
Restricted	18,391,715	18,837,147	15,291,215	15,918,577	16,634,604
Unrestricted	69,899,328	101,517,578	55,985,356	56,489,160	58,691,676
<b>Total business-type activities net position</b>	<b>\$ 210,525,268</b>	<b>\$ 197,438,625</b>	<b>\$ 183,165,043</b>	<b>\$ 169,895,524</b>	<b>\$ 165,393,178</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 735,184,036	\$ 703,125,814	\$ 723,114,461	\$ 673,383,638	\$ 693,541,055
Restricted	119,854,320	94,535,845	94,862,854	117,365,704	31,170,473
Unrestricted	80,098,213	132,041,920	81,688,585	73,836,549	102,732,233
<b>Total primary government net position</b>	<b>\$ 935,136,569</b>	<b>\$ 929,703,579</b>	<b>\$ 899,665,900</b>	<b>\$ 864,585,891</b>	<b>\$ 827,443,761</b>

concluded.

**Changes in Net Position (Accrual Basis of Accounting)**  
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
<b>Expenses</b>					
Governmental activities:					
General government	\$ 15,580,703	\$ 14,780,995	\$ 15,236,105	\$ 14,794,159	\$ 17,333,282
Public safety	40,307,361	39,396,533	40,649,428	42,049,504	43,010,456
Public works	37,787,092	24,374,228	19,889,391	20,468,502	17,933,743
Community and economic development	2,031,872	1,820,460	2,931,838	3,781,557	3,996,830
Culture and recreation	12,008,899	10,573,584	10,071,912	9,935,578	7,945,806
Public transportation	9,494,422	9,233,757	8,913,232	9,362,712	9,682,798
Debt service	5,037,624	4,953,237	5,134,805	5,260,736	3,297,914
Unallocated depreciation	-	-	-	44,331	141,823
Total governmental activities expenses	<u>122,247,973</u>	<u>105,132,794</u>	<u>102,826,711</u>	<u>105,697,079</u>	<u>103,342,652</u>
Business-type activities:					
Water	17,332,597	17,939,124	16,976,630	17,338,241	16,861,582
Sewer	15,201,859	15,024,567	14,569,815	14,443,929	14,242,272
Parking	2,434,729	2,537,775	2,708,673	2,678,011	2,879,139
Market	229,134	234,078	168,977	156,059	155,993
Golf courses	-	1,443,008	1,554,083	1,649,866	1,646,340
Airport	676,227	670,743	568,629	744,629	670,736
Stormwater	4,269,354	4,983,006	4,336,523	3,945,211	3,031,318
Solid waste	12,848,176	14,336,494	11,563,289	13,724,530	11,770,761
Hydropower	-	-	-	-	-
Total business-type activities expenses	<u>52,992,076</u>	<u>57,168,795</u>	<u>52,446,619</u>	<u>54,680,476</u>	<u>51,258,141</u>
Total primary government expenses	<u>175,240,049</u>	<u>162,301,589</u>	<u>155,273,330</u>	<u>160,377,555</u>	<u>154,600,793</u>

continued...

**Changes in Net Position (Accrual Basis of Accounting)**  
Last Ten Fiscal Years

	2009	2008	2007	2006	2005
<b>Expenses</b>					
Governmental activities:					
General government	\$ 24,108,111	\$ 14,290,184	\$ 15,219,894	\$ 13,908,277	\$ 13,732,411
Public safety	56,723,757	48,004,360	42,368,701	44,026,682	43,656,127
Public works	21,084,898	22,948,985	16,388,169	19,659,069	22,554,703
Community and economic development	5,869,426	5,611,549	5,146,231	2,188,427	5,425,385
Culture and recreation	9,530,857	8,616,049	6,464,261	6,810,978	7,697,210
Public transportation	9,592,129	9,574,677	9,169,355	8,666,141	8,349,044
Debt service	3,229,523	2,544,827	2,737,333	1,539,263	934,007
Unallocated depreciation	39,175	64,861	55,005	71,575	37,375
Total governmental activities expenses	<u>130,177,876</u>	<u>111,655,492</u>	<u>97,548,949</u>	<u>96,870,412</u>	<u>102,386,262</u>
Business-type activities:					
Water	18,971,550	17,876,975	16,943,066	16,881,883	16,671,468
Sewer	15,190,288	13,585,023	15,247,981	13,488,810	14,019,208
Parking	3,048,960	2,963,565	2,902,894	3,684,777	2,368,344
Market	145,024	136,004	124,636	124,754	115,892
Golf courses	1,510,711	1,374,434	1,115,341	1,134,301	1,152,354
Airport	846,383	728,168	842,521	904,514	860,515
Stormwater	2,789,058	3,038,548	2,622,490	1,556,229	1,662,144
Solid waste	12,131,440	10,881,003	10,322,715	9,876,503	8,086,147
Hydropower	-	-	-	-	259,773
Total business-type activities expenses	<u>54,633,414</u>	<u>50,583,720</u>	<u>50,121,644</u>	<u>47,651,771</u>	<u>45,195,845</u>
Total primary government expenses	<u>184,811,290</u>	<u>162,239,212</u>	<u>147,670,593</u>	<u>144,522,183</u>	<u>147,582,107</u>

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**Changes in Net Position (Accrual Basis of Accounting)**  
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 8,612,587	\$ 8,557,284	\$ 7,371,102	\$ 11,729,555	\$ 8,527,479
Public safety	7,783,075	8,110,028	9,559,178	8,732,273	7,272,976
Public works	2,236,913	2,620,789	3,303,537	2,253,632	3,158,923
Community and economic development	293,533	-	35,269	-	-
Culture and Recreation	3,891,323	2,502,342	2,383,032	2,623,518	2,372,364
Public transportation	-	-	92,518	93,612	97,513
Interest on long-term debt	4,241,683	3,733,571	3,038,523	-	-
Operating grants and contributions	12,380,494	13,682,013	13,210,386	9,635,060	9,998,747
Capital grants and contributions	974,291	493,900	346,046	3,621,001	1,239,229
<b>Total governmental activities program revenues</b>	<b>40,413,899</b>	<b>39,699,927</b>	<b>39,339,591</b>	<b>38,688,651</b>	<b>32,667,231</b>
Business-type activities:					
Charges for services:					
Water	22,725,289	23,746,197	22,017,955	21,160,437	19,905,769
Sewer	22,639,231	21,456,653	21,103,955	21,741,717	19,292,506
Parking	2,860,469	2,884,220	2,877,149	2,923,214	2,941,159
Market	198,989	148,942	253,850	148,687	144,591
Golf courses	-	1,146,989	1,304,135	1,171,776	1,164,840
Airport	869,591	855,286	834,238	847,728	782,039
Stormwater	6,446,776	5,956,093	5,712,581	7,512,538	5,954,788
Solid waste	3,329,167	2,942,230	3,450,410	3,136,831	1,517,653
Capital grants and contributions	1,963,610	4,925,869	1,256,394	951,818	2,204,638
<b>Total business-type activities program revenues</b>	<b>61,033,122</b>	<b>64,062,479</b>	<b>58,810,667</b>	<b>59,594,746</b>	<b>53,907,983</b>
<b>Total primary government program revenues</b>	<b>101,447,021</b>	<b>103,762,406</b>	<b>98,150,258</b>	<b>98,283,397</b>	<b>86,575,214</b>

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**Changes in Net Position (Accrual Basis of Accounting)**  
Last Ten Fiscal Years

	2009	2008	2007	2006	2005
<b>Program revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 5,747,883	\$ 5,365,601	\$ 4,968,702	\$ 10,716,589	\$ 5,425,726
Public safety	11,128,662	13,042,927	12,119,252	11,624,431	11,539,080
Public works	1,552,806	2,104,180	4,224,568	1,834,707	3,220,105
Community and economic development	-	-	-	890	(81,681)
Culture and Recreation	2,615,433	2,561,561	2,447,072	2,482,219	2,280,083
Public transportation	98,464	91,589	91,589	86,770	83,507
Interest on long-term debt	-	-	-	-	-
Operating grants and contributions	10,174,646	10,635,661	10,659,938	12,604,477	12,245,420
Capital grants and contributions	681,800	336,643	479,321	791,100	1,213,663
Total governmental activities program revenues	<u>31,999,694</u>	<u>34,138,162</u>	<u>34,990,442</u>	<u>40,141,183</u>	<u>35,925,903</u>
Business-type activities:					
Charges for services:					
Water	18,420,957	20,274,057	19,075,505	18,377,961	18,085,363
Sewer	19,074,478	19,493,468	17,330,738	18,933,853	18,330,302
Parking	3,423,624	2,531,021	3,305,205	3,066,276	3,462,633
Market	115,902	122,644	126,979	125,347	131,348
Golf courses	1,031,632	865,113	870,567	998,218	1,042,785
Airport	741,339	793,125	773,784	719,842	830,657
Stormwater	5,316,391	4,910,929	4,373,848	3,758,240	3,529,955
Solid waste	1,049,923	1,543,903	729,343	814,140	478,493
Capital grants and contributions	2,736,217	418,430	668,917	-	-
Total business-type activities program revenues	<u>51,910,463</u>	<u>50,952,690</u>	<u>47,254,886</u>	<u>46,793,877</u>	<u>45,891,536</u>
<b>Total primary government program revenues</b>	<u>83,910,157</u>	<u>85,090,852</u>	<u>82,245,328</u>	<u>86,935,060</u>	<u>81,817,439</u>

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**Changes in Net Position (Accrual Basis of Accounting)**  
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
Net (expense) revenue					
Governmental activities	\$ (81,834,074)	\$ (65,432,867)	\$ (63,487,120)	\$ (67,008,428)	\$ (70,675,421)
Business-type activities	8,041,046	6,893,684	6,364,048	4,914,270	2,649,842
Total primary government net expense	<u>(73,793,028)</u>	<u>(58,539,183)</u>	<u>(57,123,072)</u>	<u>(62,094,158)</u>	<u>(68,025,579)</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	67,910,879	66,703,347	65,483,779	58,050,469	60,655,729
Property taxes, levied for designated purpose	-	-	-	7,131,115	7,454,130
Property taxes, levied for debt services	-	-	-	2,265,030	2,274,782
State shared revenues and grants (unrestricted)	10,050,793	9,771,731	9,748,477	9,582,165	9,456,109
Investment income	1,621,595	(410,361)	2,567,568	2,523,944	4,308,095
Special item	-	-	-	-	-
Other	5,231,878	145,399	3,410,739	835,982	215,199
Transfers	3,574,088	3,690,615	2,428,146	241,009	4,140,628
Total governmental activities	<u>88,389,233</u>	<u>79,900,731</u>	<u>83,638,709</u>	<u>80,629,714</u>	<u>88,504,672</u>
Business-type activities:					
Property taxes, levied for general purposes	11,470,474	11,154,045	11,030,550	11,171,676	11,677,513
Investment income	1,241,702	(245,003)	1,188,581	515,730	1,545,547
Other	(673,069)	(504,477)	484,311	-	-
Transfers	(3,574,088)	(3,690,615)	(2,428,146)	(241,009)	(4,140,628)
Total business-type activities	<u>8,465,019</u>	<u>6,713,950</u>	<u>10,275,296</u>	<u>11,446,397</u>	<u>9,082,432</u>
Total primary government	<u>96,854,252</u>	<u>86,614,681</u>	<u>93,914,005</u>	<u>92,076,111</u>	<u>97,587,104</u>
Change in net position					
Governmental activities	6,555,159	14,467,864	20,151,589	13,621,286	17,829,251
Business-type activities	16,506,065	13,607,634	16,639,344	16,360,667	11,732,274
Total primary government	<u>\$ 23,061,224</u>	<u>\$ 28,075,498</u>	<u>\$ 36,790,933</u>	<u>\$ 29,981,953</u>	<u>\$ 29,561,525</u>

continued...

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Changes in Net Position (Accrual Basis of Accounting)**  
Last Ten Fiscal Years

	2009	2008	2007	2006	2005
Net (expense) revenue					
Governmental activities	\$ (98,178,182)	\$ (77,517,330)	\$ (62,558,507)	\$ (56,729,229)	\$ (66,460,359)
Business-type activities	(2,722,951)	368,970	(2,866,758)	(857,894)	695,691
Total primary government net expense	<u>(100,901,133)</u>	<u>(77,148,360)</u>	<u>(65,425,265)</u>	<u>(57,587,123)</u>	<u>(65,764,668)</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	60,468,022	60,510,514	48,243,639	45,587,059	51,423,077
Property taxes, levied for designated purpose	-	-	-	-	-
Property taxes, levied for debt services	9,526,085	9,555,291	17,236,440	16,430,807	8,029,733
State shared revenues and grants (unrestricted)	11,102,183	11,116,813	11,464,818	11,469,467	11,674,762
Investment income	7,890,239	9,059,668	7,990,673	4,246,277	2,181,348
Special item	-	-	-	4,100,000	-
Other	375,390	899,577	709,786	194,410	367,458
Transfers	1,162,611	2,139,564	(1,276,359)	7,134,212	1,870,457
Total governmental activities	<u>90,524,530</u>	<u>93,281,427</u>	<u>84,368,997</u>	<u>89,162,232</u>	<u>75,546,835</u>
Business-type activities:					
Property taxes, levied for general purposes	11,529,057	11,550,982	10,998,459	10,399,700	10,011,080
Investment income	5,443,148	4,493,194	3,861,459	2,177,470	1,651,492
Other	-	-	-	-	-
Transfers	(1,162,611)	(2,139,564)	1,276,359	(7,134,212)	(1,870,457)
Total business-type activities	<u>15,809,594</u>	<u>13,904,612</u>	<u>16,136,277</u>	<u>5,442,958</u>	<u>9,792,115</u>
Total primary government	<u>106,334,124</u>	<u>107,186,039</u>	<u>100,505,274</u>	<u>94,605,190</u>	<u>85,338,950</u>
Change in net position					
Governmental activities	(7,653,652)	15,764,097	21,810,490	32,433,003	9,086,476
Business-type activities	13,086,643	14,273,582	13,269,519	4,585,064	10,487,806
Total primary government	<u>\$ 5,432,991</u>	<u>\$ 30,037,679</u>	<u>\$ 35,080,009</u>	<u>\$ 37,018,067</u>	<u>\$ 19,574,282</u>

concluded.

**Fund Balances (Modified Accrual Basis of Accounting)**

Governmental Funds  
Last Ten Fiscal Years

	2014	2013	2012	2011	2010
<b>General fund</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 199,238
Unreserved	-	-	-	-	12,288,378
Nondspendable (1)	853,930	915,644	960,336	1,032,509	-
Assigned (1)	7,446,598	810,595	243,308	2,024,490	-
Unassigned (1)	14,278,680	14,392,854	14,093,650	10,525,445	-
<b>Total general fund</b>	<b>\$ 22,579,208</b>	<b>\$ 16,119,093</b>	<b>\$ 15,297,294</b>	<b>\$ 13,582,444</b>	<b>\$ 12,487,616</b>
<b>All other governmental funds</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 19,102,850
Unreserved, reported in:					
Special revenue funds	-	-	-	-	67,567,542
Capital projects funds	-	-	-	-	38,031,543
Debt service funds	-	-	-	-	-
Subsequent year's expenditures	-	-	-	-	-
Undesignated	-	-	-	-	320,340
Nondspendable (1)	1,984,000	1,984,000	1,985,800	1,984,000	-
Restricted (1)	55,346,228	56,701,167	63,432,711	85,121,367	-
Committed (1)	3,203,624	6,088,188	4,617,556	-	-
Assigned (1)	2,699,330	2,346,846	2,285,397	2,251,551	-
<b>Total all other governmental funds</b>	<b>\$ 63,233,182</b>	<b>\$ 67,120,201</b>	<b>\$ 72,321,464</b>	<b>\$ 89,356,918</b>	<b>\$ 125,022,275</b>

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(1) In fiscal year 2011, the City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which reclassifies fund balance into new reporting categories.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Fund Balances (Modified Accrual Basis of Accounting)**Governmental Funds  
Last Ten Fiscal Years

	2009	2008	2007	2006	2005
<b>General fund</b>					
Reserved	\$ 444,744	\$ 219,224	\$ 270,048	\$ 485,868	\$ 920,078
Unreserved	10,910,841	19,561,545	16,126,413	11,962,837	9,740,289
Nonspendable (1)	-	-	-	-	-
Assigned (1)	-	-	-	-	-
Unassigned (1)	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 11,355,585</b>	<b>\$ 19,780,769</b>	<b>\$ 16,396,461</b>	<b>\$ 12,448,705</b>	<b>\$ 10,660,367</b>
<b>All other governmental funds</b>					
Reserved	\$ 43,160,630	\$ 16,289,679	\$ 14,783,804	\$ 33,451,679	\$ 7,410,788
Unreserved, reported in:					
Special revenue funds	64,524,470	64,279,003	70,463,629	34,425,813	35,852,445
Capital projects funds	2,401,119	3,622,949	-	11,709,820	10,799,473
Debt service funds	-	-	-	-	1,621,672
Subsequent year's expenditures	-	-	-	-	-
Undesignated	-	-	-	26,634,034	-
Nonspendable (1)	-	-	-	-	-
Restricted (1)	-	-	-	-	-
Committed (1)	-	-	-	-	-
Assigned (1)	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 110,086,219</b>	<b>\$ 84,191,631</b>	<b>\$ 85,247,433</b>	<b>\$ 106,221,346</b>	<b>\$ 55,684,378</b>

concluded.

<b>Changes in Fund Balances (Modified Accrual Basis of Accounting)</b>					
<b>Governmental Funds</b>					
<b>Last Ten Fiscal Years</b>					
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>					
Taxes	\$ 67,910,079	\$ 66,692,158	\$ 65,483,779	\$ 67,446,614	\$ 70,384,641
Special assessments/improvement charges	44,636	43,102	48,843	103,790	54,713
Licenses, fees and permits	6,683,485	6,537,092	6,279,934	6,125,839	5,108,409
Federal grants	1,953,212	3,366,834	1,567,185	4,950,416	2,583,511
State shared revenues and grants	20,428,435	19,916,609	21,367,804	18,156,777	17,277,839
Charges for services	13,732,847	12,050,841	13,721,017	12,642,161	10,393,128
Fines and penalties	4,483,484	4,483,090	4,606,580	4,863,239	4,138,282
Interest and penalties	800	11,189	828	516,159	515,190
Investment income (loss)	1,162,205	(305,700)	2,057,540	1,851,927	3,071,842
Rental	587,361	653,879	463,191	421,742	404,147
Contributions and donations	521,305	295,289	369,920	280,971	260,470
Intra-governmental sales	266,970	157,956	208,243	361,245	318,696
Miscellaneous	1,182,138	1,529,283	719,712	1,181,503	316,652
<b>Total revenues</b>	<b>118,956,957</b>	<b>115,431,622</b>	<b>116,894,576</b>	<b>118,902,383</b>	<b>114,827,520</b>
<b>Expenditures</b>					
Current:					
General government	14,372,873	14,659,352	15,034,085	14,058,718	16,323,784
Public safety	43,123,100	42,347,919	43,139,586	43,678,573	43,654,317
Public works	17,789,296	19,015,177	18,969,637	17,617,067	16,353,447
Community and economic development	2,118,053	1,918,460	3,677,716	3,863,957	4,014,989
Culture and recreation	11,360,700	10,142,639	9,996,650	9,653,540	7,498,717
Public transportation	9,494,422	9,233,757	8,913,232	10,106,607	9,682,798
Capital outlay	14,971,769	26,764,896	29,176,152	46,974,519	49,765,312
Debt service:					
Principal	7,550,000	4,055,000	3,320,000	3,410,000	3,345,000
Interest	5,072,356	5,045,229	5,117,493	5,302,317	2,773,143
<b>Total expenditures</b>	<b>125,852,569</b>	<b>133,182,429</b>	<b>137,344,551</b>	<b>154,665,298</b>	<b>153,411,507</b>
<b>Revenues over (under) expenditures</b>	<b>(6,895,612)</b>	<b>(17,750,807)</b>	<b>(20,449,975)</b>	<b>(35,762,915)</b>	<b>(38,583,987)</b>
<b>Other financing sources (uses):</b>					
Transfers in	15,619,817	10,917,733	9,620,472	7,170,739	11,227,633
Transfers out	(11,131,060)	(6,803,028)	(6,519,432)	(6,023,714)	(5,914,937)
Sale of property and equipment	4,979,951	30,563	2,809,085	45,361	13,855
Payment to refunded bond escrow agent	-	-	(2,714,429)	-	-
Issuance of debt	-	9,085,000	2,670,000	-	49,420,000
Bond premium (discount)	-	141,075	33,375	-	(93,674)
Bond issuance costs	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,468,708</b>	<b>13,371,343</b>	<b>5,899,071</b>	<b>1,192,386</b>	<b>54,652,877</b>
<b>Net change in fund balances</b>	<b>\$ 2,573,096</b>	<b>\$ (4,379,464)</b>	<b>\$ (14,550,904)</b>	<b>\$ (34,570,529)</b>	<b>\$ 16,068,890</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>12.0%</b>	<b>9.4%</b>	<b>8.7%</b>	<b>8.8%</b>	<b>6.4%</b>

continued...

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Changes in Fund Balances (Modified Accrual Basis of Accounting)**  
Governmental Funds  
Last Ten Fiscal Years

	2009	2008	2007	2006	2005
<b>Revenues</b>					
Taxes	\$ 69,994,107	\$ 70,065,805	\$ 65,480,079	\$ 62,017,866	\$ 59,452,810
Special assessments/improvement charges	77,748	182,302	119,198	122,147	130,872
Licenses, fees and permits	1,133,847	1,284,685	1,210,631	3,229,331	3,715,412
Federal grants	3,434,753	3,470,830	3,801,631	4,062,637	3,842,697
State shared revenues and grants	18,469,118	18,743,579	19,214,610	20,011,307	20,077,485
Charges for services	13,350,572	14,228,315	14,846,082	9,608,385	9,343,486
Fines and penalties	4,963,134	5,874,429	5,894,126	5,997,715	5,787,212
Interest and penalties	28,963	30,472	36,551	39,894	50,227
Investment income (loss)	6,807,477	7,864,379	7,216,882	3,844,416	1,830,015
Rental	310,520	335,642	185,173	128,882	58,482
Contributions and donations	228,208	297,087	171,640	164,162	232,206
Intra-governmental sales	188,958	363,457	535,049	157,850	57,020
Miscellaneous	375,390	899,577	709,786	194,410	367,458
<b>Total revenues</b>	<b>119,362,795</b>	<b>123,640,559</b>	<b>119,421,438</b>	<b>109,579,002</b>	<b>104,945,382</b>
<b>Expenditures</b>					
Current:					
General government	22,475,026	16,360,311	14,755,887	15,320,549	18,562,206
Public safety	47,151,174	45,003,004	43,476,726	41,629,068	37,973,587
Public works	15,037,630	15,946,677	19,564,728	13,513,583	16,037,811
Community and economic development	5,243,807	5,610,030	5,059,096	4,601,791	4,782,131
Culture and recreation	8,462,253	7,955,698	6,153,578	11,957,408	11,435,111
Public transportation	9,592,129	9,574,677	9,169,355	8,666,141	8,349,044
Capital outlay	18,102,248	16,661,477	31,209,188	10,943,071	2,438,127
Debt service:					
Principal	3,270,000	3,175,000	3,405,000	2,508,050	2,516,100
Interest	2,934,523	2,586,455	2,422,079	1,329,166	971,713
<b>Total expenditures</b>	<b>132,268,790</b>	<b>122,873,329</b>	<b>135,215,637</b>	<b>110,468,827</b>	<b>103,065,830</b>
Revenues over (under) expenditures	(12,905,995)	767,230	(15,794,199)	(889,825)	1,879,552
<b>Other financing sources (uses):</b>					
Transfers in	13,104,036	8,879,908	9,362,022	21,817,720	11,784,483
Transfers out	(10,513,218)	(7,334,089)	(10,627,817)	(12,938,988)	(9,577,715)
Sale of property and equipment	312,501	15,457	33,837	3,470	18,370
Payment to refunded bond escrow agent	-	-	-	-	-
Issuance of debt	27,660,000	-	-	44,885,000	-
Bond premium (discount)	-	-	-	-	-
Bond issuance costs	(187,920)	-	-	(305,812)	-
<b>Total other financing sources (uses)</b>	<b>30,375,399</b>	<b>1,561,276</b>	<b>(1,231,958)</b>	<b>53,461,390</b>	<b>2,225,138</b>
<b>Net change in fund balances</b>	<b>\$ 17,469,404</b>	<b>\$ 2,328,506</b>	<b>\$ (17,026,157)</b>	<b>\$ 52,571,565</b>	<b>\$ 4,104,690</b>
Debt service as a percentage of noncapital expenditures	5.7%	5.8%	6.2%	4.3%	4.1%

concluded.

**Taxable Value of Property**  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property	Personal Property	Less: Tax-exempt Property (4)	Total Taxable Value	Total Direct Tax Rate
2005	\$ 3,755,255,488	\$ 273,920,800	\$ -	\$ 4,029,176,288	16.9013
2006	3,964,733,709	256,014,650	-	4,220,748,359	16.8156
2007	4,227,329,588	254,272,500	-	4,481,602,088	16.6605
2008	4,469,676,977	266,530,700	-	4,736,207,677	16.7825
2009	4,577,802,604	309,165,535	-	4,886,968,139	16.7807
2010	4,595,490,848	263,449,000	-	4,858,939,848	16.7970
2011	4,447,791,127	220,760,700	-	4,668,551,827	16.8164
2012	4,422,577,957	212,313,200	-	4,634,891,157	16.4660
2013	4,473,471,542	209,747,000	-	4,683,218,542	16.5720
2014	4,614,295,892	225,575,000	-	4,839,870,892	16.4501

Notes:

- (1) Taxable property in the City is assessed by the City Assessor and is subject to review by the County Board of Equalization. Tax levies on property in Michigan are applied against the taxable value of all property. Current statutes require assessments to be 50% of the true cash value of both personal and real property for equalization purposes.
- (2) In accordance with Act 409, Public Acts of Michigan, 1965, and Article 9, Section 2 of the Michigan Constitution, as amended by Joint Resolution S on March 15, 1994, state equalized value shall not exceed 50% of the true cash value. With the passage of Proposal "A", another value is required on each property. The new value is termed "taxable value". Increases in taxable value are limited to 5%, the Consumer Price Index, or State Equalized Value, whichever is less.
- (3) For the Industrial Facilities tax roll, the millage rate is 50% of the normal millage rate.
- (4) As Tax Exempt Property has a zero dollar value, no value is listed.

Source: City of Ann Arbor Financial Services, Assessing Unit



**Direct and Overlapping Property Tax Rates (per \$1,000 of taxable value)**  
Last Ten Fiscal Years

	City of Ann Arbor Direct Rate				
	Fiscal Year	General Operating	Refuse Collection	Transportation*	Employee Benefits
Principal Residence Exemption (PRE)	2005	6.2125	2.5137	2.0948	2.0948
Non-PRE	2005	6.2125	2.5137	2.0948	2.0948
Principal Residence Exemption (PRE)	2006	6.2318	2.4925	2.0772	2.0772
Non-PRE	2006	6.2318	2.4925	2.0772	2.0772
Principal Residence Exemption (PRE)	2007	6.1856	2.4740	2.0618	2.0618
Non-PRE	2007	6.1856	2.4740	2.0618	2.0618
Principal Residence Exemption (PRE)	2008	6.1682	2.4670	2.0560	2.0560
Non-PRE	2008	6.1682	2.4670	2.0560	2.0560
Principal Residence Exemption (PRE)	2009	6.1682	2.4670	2.0560	2.0560
Non-PRE	2009	6.1682	2.4670	2.0560	2.0560
Principal Residence Exemption (PRE)	2010	6.1682	2.4670	2.0560	2.0560
Non-PRE	2010	6.1682	2.4670	2.0560	2.0560
Principal Residence Exemption (PRE)	2011	6.1682	2.4670	2.0560	2.0560
Non-PRE	2011	6.1682	2.4670	2.0560	2.0560
Principal Residence Exemption (PRE)	2012	6.1682	2.4670	2.0560	2.0560
Non-PRE	2012	6.1682	2.4670	2.0560	2.0560
Principal Residence Exemption (PRE)	2013	6.1682	2.4670	2.0560	2.0560
Non-PRE	2013	6.1682	2.4670	2.0560	2.0560
Principal Residence Exemption (PRE)	2014	6.1682	2.4670	2.0560	2.0560
Non-PRE	2014	6.1682	2.4670	2.0560	2.0560

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\* Represents millage collected for Ann Arbor Transportation Authority.

\*\* Includes Washtenaw Intermediate School Ann Arbor District millage of 3.9745 mills and State Education Tax of 6.0 mills on both Principal Residence and Non-Principal Residence properties. On Non-Principal Residence properties, an additional 13.4656 mills is included for School Operating Tax.

Source: City of Ann Arbor Financial Services, Assessing Unit

**Direct and Overlapping Property Tax Rates (per \$1,000 of taxable value)**  
Last Ten Fiscal Years

	City of Ann Arbor Direct Rate			Total Direct Tax Rate
	Debt Service	Parks	Major Street Repair	
Principal Residence Exemption (PRE)	0.6000	1.4162	1.9693	16.9013
Non-PRE	0.6000	1.4162	1.9693	16.9013
Principal Residence Exemption (PRE)	0.5800	1.4042	1.9527	16.8156
Non-PRE	0.5800	1.4042	1.9527	16.8156
Principal Residence Exemption (PRE)	0.5454	1.3937	1.9382	16.6605
Non-PRE	0.5454	1.3937	1.9382	16.6605
Principal Residence Exemption (PRE)	0.4661	1.5748	1.9944	16.7825
Non-PRE	0.4661	1.5748	1.9944	16.7825
Principal Residence Exemption (PRE)	0.4643	1.5748	1.9944	16.7807
Non-PRE	0.4643	1.5748	1.9944	16.7807
Principal Residence Exemption (PRE)	0.4806	1.5748	1.9944	16.7970
Non-PRE	0.4806	1.5748	1.9944	16.7970
Principal Residence Exemption (PRE)	0.5000	1.5748	1.9944	16.8164
Non-PRE	0.5000	1.5748	1.9944	16.8164
Principal Residence Exemption (PRE)	0.1496	1.5748	1.9944	16.4660
Non-PRE	0.1496	1.5748	1.9944	16.4660
Principal Residence Exemption (PRE)	0.1250	1.5748	2.1250	16.5720
Non-PRE	0.1250	1.5748	2.1250	16.5720
Principal Residence Exemption (PRE)	0.0000	1.5779	2.1250	16.4501
Non-PRE	0.0000	1.5779	2.1250	16.4501

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**Direct and Overlapping Property Tax Rates (per \$1,000 of taxable value)**  
Last Ten Fiscal Years

	Overlapping Rates				Total
	Ann Arbor Public Schools**	Ann Arbor District Library	Washtenaw County	Washtenaw Community College	
Principal Residence Exemption (PRE)	19.1890	1.9476	5.5493	3.7748	47.3620
Non-PRE	31.5090	1.9476	5.5493	3.7748	59.6820
Principal Residence Exemption (PRE)	18.7994	1.9332	5.5024	3.7249	46.7755
Non-PRE	31.2636	1.9332	5.5024	3.7249	59.2397
Principal Residence Exemption (PRE)	18.2226	1.9214	5.6768	3.7082	46.1895
Non-PRE	31.2154	1.9214	5.6768	3.7082	59.1823
Principal Residence Exemption (PRE)	17.9610	1.9214	5.6768	3.6956	46.0373
Non-PRE	31.2072	1.9214	5.6768	3.6956	59.2835
Principal Residence Exemption (PRE)	17.5203	1.9214	5.7018	3.6856	45.6098
Non-PRE	31.2040	1.9214	5.7018	3.6856	59.2935
Principal Residence Exemption (PRE)	17.4132	1.5500	5.7418	3.6856	45.1876
Non-PRE	30.9625	1.5500	5.7418	3.6856	58.7369
Principal Residence Exemption (PRE)	17.6315	1.5500	5.7448	3.6856	45.4283
Non-PRE	31.0971	1.5500	5.7448	3.6856	58.8939
Principal Residence Exemption (PRE)	18.1329	1.5500	5.7518	3.6376	45.5383
Non-PRE	31.4245	1.5500	5.7518	3.6376	58.8299
Principal Residence Exemption (PRE)	18.1329	1.5500	5.7654	3.6376	45.6579
Non-PRE	31.4245	1.5500	5.7654	3.6376	58.9495
Principal Residence Exemption (PRE)	17.7937	1.5500	5.7801	3.4576	45.0315
Non-PRE	31.4245	1.5500	5.7801	3.4576	58.6623

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**Principal Property Taxpayers**  
Current Year and Nine Years Ago

Taxpayer	Type of Business	2014		
		Taxable Value	Rank	Percentage of Total City Assessed Value
Briarwood Shopping Complex	Shopping Center	\$ 37,735,014	1	0.78%
Campus Investors 601 Forest	Apartments	30,502,800	2	0.63%
AMCAP Arborland LLC	Shopping Center	29,365,692	3	0.61%
Ann Arbor Campus Housing, LLC	Apartments	27,682,406	4	0.57%
HUB Eisenhower Property	Office Building	27,165,184	5	0.56%
DTE Electric Company	Utility	23,674,700	6	0.49%
THC Ann Arbor WP LLC	Apartments	19,443,700	7	0.40%
DTE Gas Company	Utility	15,761,200	8	0.33%
Sterling - 4 Eleven, LP	Apartments	15,383,449	9	0.32%
Glacier Hills	Apartments	13,643,366	10	0.28%
Pfizer	Pharmaceuticals			
Windemere I Ltd Partnership	Apartments			
Phoenix Drive LLC	Office Building			
Great Lakes Reit LP	Apartments & Office			
Signature Villas Apartments, LLC	Apartments			
<b>Total</b>		<b>\$ 240,357,511</b>		<b>4.97%</b>

continued...

Source: City of Ann Arbor Financial Services, Assessing Unit

**Principal Property Taxpayers**  
Current Year and Nine Years Ago

Taxpayer	2005		
	Taxable Value	Rank	Percentage of Total City Assessed Value
Briarwood Shopping Complex	\$ 35,983,118	2	0.89%
Campus Investors 601 Forest			
AMCAP Arborland LLC	20,572,074	4	0.51%
Ann Arbor Campus Housing, LLC			
HUB Eisenhower Property			
DTE Electric Company	23,296,100	3	0.58%
THC Ann Arbor WP LLC			
DTE Gas Company	12,031,800	7	0.30%
Sterling - 4 Eleven, LP			
Glacier Hills	12,700,083	6	0.32%
Pfizer	194,474,200	1	4.83%
Windemere I Ltd Partnership	14,323,791	5	0.36%
Phoenix Drive LLC	11,787,811	8	0.29%
Great Lakes Reit LP	10,516,437	9	0.26%
Signature Villas Apartments, LLC	10,353,753	10	0.26%
<b>Total</b>	<b>\$ 346,039,167</b>		<b>8.59%</b>

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**Property Tax Levies and Collections**  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (Real)	Collections in Subsequent Years (Personal)	Total Collections to Date	
		Amount	Percentage of Levy			Amounts	Percentage of Levy
2005	\$68,610,496	\$67,417,239	98.26%	\$ 1,057,616	\$ 75,912	\$68,550,767	99.91%
2006	71,482,832	70,318,467	98.37%	1,015,575	108,203	71,442,245	99.94%
2007	75,429,967	73,974,415	98.07%	1,330,102	118,029	75,422,546	99.99%
2008	80,126,988	78,036,023	97.39%	1,986,130	96,075	80,118,228	99.99%
2009	81,928,011	79,444,679	96.97%	2,377,225	64,885	81,886,789	99.95%
2010	81,663,316	79,228,933	97.02%	2,317,119	55,356	81,601,408	99.92%
2011	78,565,863	76,336,483	97.16%	2,121,932	16,935	78,475,350	99.88%
2012	75,840,849	74,102,021	97.71%	1,651,831	21,934	75,775,786	99.91%
2013	77,169,289	76,009,075	98.50%	1,055,355	17,286	77,081,716	99.89%
2014	79,385,502	78,341,354	98.68%	925,652	15,943	79,282,949	99.87%

Ad valorem taxes are levied July 1st annually, and are due July 31st. Delinquent real property taxes are turned over to the County for collection the following March 1st. The County pays all its municipalities from a revolving fund for delinquent real property taxes. Delinquent personal property taxes are negligible.

\* Adjusted tax roll for City millages only at time of settlement with the County. Figures include DDA capture of City taxes and excludes administrative fees and interest.

Source: City of Ann Arbor Financial Services, Treasury Unit (Revised format 2011)

**Ratios of Outstanding Debt by Type (Dollars in thousands except for per capita)  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Business-type Activities			
	General Obligation Bonds	Special Assessment Bonds	Installment Purchase Agreement	General Obligation Bonds	Lease Contract Payable	[1] Revenue Bonds	Other Long-term Debt
2005	\$ 17,445	\$ 1,530	\$ 3,548	\$ 29,676	\$ -	\$ 71,405	\$ 2,260
2006	60,235	1,165	3,500	27,616	-	66,750	2,972
2007	57,190	805	3,500	29,672	-	62,040	5,734
2008	54,140	680	3,911	27,510	-	105,160	6,431
2009	78,655	555	3,500	25,295	-	99,855	6,360
2010	124,855	430	3,500	23,365	-	94,215	9,445
2011	121,565	310	3,500	21,315	-	98,412	12,317
2012	118,053	220	3,500	19,877	-	102,866	1,470
2013	123,552	140	3,500	17,267	278	106,572	35,981
2014	119,588	60	-	15,635	192	128,643	9,932

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Note: For fiscal year 2013 and 2014 percent of personal income, the divisor used was for 2012 since 2013 and 2014 personal income is not available at this time.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

[1] Includes State revolving loan fund debt which is payable from enterprise fund revenues.



**Ratios of Outstanding Debt by Type (Dollars in thousands except for per capita)**  
Last Ten Fiscal Years

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
2005	\$ 125,864	0.92%	\$ 1,101
2006	162,238	1.17%	1,419
2007	158,941	1.17%	1,390
2008	197,832	1.44%	1,683
2009	214,220	1.63%	1,869
2010	255,810	1.90%	2,267
2011	257,419	1.81%	2,259
2012	245,986	1.62%	2,159
2013	287,290	1.89%	2,522
2014	274,050	1.81%	2,405

concluded.

**Ratios of Net General Bonded Debt Outstanding (Dollars in thousands except for per capita)  
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities General Obligation Bonds	Business-type Activities General Obligation Bonds	Total General Bonded Debt Outstanding	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2005	\$ 17,445	\$ 29,676	\$ 47,121	\$ (1,622)	\$ 45,499	1.13%	\$ 398.75
2006	60,235	27,616	87,851	(1,375)	86,476	2.05%	757.13
2007	57,190	29,672	86,862	(1,271)	85,591	1.91%	748.95
2008	54,140	27,510	81,650	(1,268)	80,382	1.70%	703.37
2009	78,655	25,295	103,950	(1,248)	102,702	2.10%	896.16
2010	124,855	23,365	148,220	(1,324)	146,896	3.02%	1,301.67
2011	121,565	21,315	142,880	(1,516)	141,364	3.03%	1,240.78
2012	118,053	19,877	137,930	(1,318)	136,612	2.95%	1,199.05
2013	123,552	17,267	140,819	(1,243)	139,576	2.98%	1,225.06
2014	119,588	15,635	135,223	(1,142)	134,081	2.77%	1,176.83

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Direct and Overlapping Governmental Activities Debt**

(dollars in thousands)

As of June 30, 2014

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Direct debt</b>			
General obligation bonds	\$ 119,588	100.00%	\$ 119,588
Special assessment bonds	60	100.00%	60
<b>Total city direct debt</b>	<b>\$ 119,648</b>		<b>119,648</b>
<b>Overlapping debt</b>			
Ann Arbor School District	\$ 165,540	63.24%	104,687
Washtenaw Community College	15,665	34.88%	5,464
Washtenaw County, at large	77,777	34.06%	26,491
<b>Total overlapping debt</b>	<b>\$ 258,982</b>		<b>136,642</b>
<b>Total direct &amp; overlapping debt</b>			<b>\$ 256,290</b>

*Overlapping Debt* - The issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative Assessed Values.

The Assessed Values is the appraised worth of a property as set by a taxing authority for purposes of ad valorem taxation. The method of establishing assessed valuation varies from state to state. For example, in certain jurisdictions the assessed valuation is equal to the full or market value of the property; in other jurisdictions the assessed valuation is equal to a set percentage of full or market value.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Legal Debt Margin Information**

Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value of real and personal property	<u>\$ 5,482,051,470</u>
Debt limit (10% of assessed value)	\$ 548,205,147
Debt applicable to limit:	
Net direct debt	119,648,000
Less: special assessment bonds (general obligation portion)	<u>(60,000)</u>
Total net debt applicable to limit	<u>119,588,000</u>
Legal debt margin	<u>\$ 428,617,147</u>

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2005	\$ 522,238,970	\$ 43,944,619	\$ 478,294,351	8.41%
2006	563,353,190	63,436,196	499,916,994	11.26%
2007	588,230,120	56,724,615	531,505,505	9.64%
2008	604,890,062	56,724,615	548,165,447	9.38%
2009	607,716,850	80,146,618	527,570,232	13.19%
2010	587,631,660	125,415,000	462,216,660	21.34%
2011	549,528,970	120,935,000	428,593,970	22.01%
2012	526,820,590	121,015,000	405,805,590	22.97%
2013	529,497,464	127,272,000	402,225,464	24.04%
2014	548,205,147	119,588,000	428,617,147	21.81%

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Pledged-revenue Coverage**  
 Last Ten Fiscal Years

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service		Total	Coverage
				Principal	Interest		
<b>Water Supply System:</b>							
2005	\$ 18,365,626	\$ 12,229,142	\$ 6,136,484	\$ 2,665,000	\$ 1,753,678	\$ 4,418,678	1.4
2006	18,719,846	12,793,461	5,926,385	3,090,000	1,266,128	4,356,128	1.4
2007	19,645,050	12,815,434	6,829,616	3,085,000	1,311,200	4,396,200	1.6
2008	20,878,987	13,227,385	7,651,602	3,175,000	1,201,181	4,376,181	1.7
2009	19,228,211	14,442,403	4,785,808	3,710,000	2,004,487	5,714,487	0.8
2010	20,386,564	12,440,872	7,945,692	3,870,000	1,890,994	5,760,994	1.4
2011	21,364,070	13,058,877	8,305,193	4,045,000	1,738,552	5,783,552	1.4
2012	22,301,008	12,562,435	9,738,573	4,584,250	1,669,928	6,254,178	1.6
2013	23,688,293	12,850,446	10,837,847	3,123,721	1,106,529	4,230,250	2.6
2014	23,018,747	12,839,906	10,178,841	2,695,000	1,137,321	3,832,321	2.7
<b>Sewage Disposal System:</b>							
2005	\$ 19,351,456	\$ 9,667,652	\$ 9,683,804	\$ 1,125,000	\$ 1,694,292	\$ 2,819,292	3.4
2006	20,291,760	9,621,514	10,670,246	1,440,000	1,243,005	2,683,005	4.0
2007	21,168,920	11,400,323	9,768,597	1,495,000	1,166,739	2,661,739	3.7
2008	22,263,810	10,571,368	11,692,442	1,490,000	1,110,639	2,600,639	4.5
2009	22,752,472	11,185,369	11,567,103	1,450,000	1,763,808	3,213,808	3.6
2010	19,851,400	10,306,331	9,545,069	2,040,000	2,054,391	4,094,391	2.3
2011	21,810,673	10,120,854	11,689,819	2,355,000	1,990,078	4,345,078	2.7
2012	21,593,098	10,177,877	11,415,221	2,696,000	1,851,394	4,547,394	2.5
2013	21,377,410	10,585,422	10,791,988	2,688,460	1,772,419	4,460,879	2.4
2014	23,200,087	10,713,655	12,486,432	2,305,000	1,416,666	3,721,666	3.4
<b>Stormwater Sewer System (3):</b>							
2005	\$ 3,578,596	\$ 1,449,544	\$ 2,129,052	\$ 115,000	\$ 36,243	\$ 151,243	14.1
2006	3,810,641	1,333,400	2,477,241	125,000	51,547	176,547	14.0
2007	4,564,942	2,261,839	2,303,103	130,000	22,802	152,802	15.1
2008	5,176,719	2,701,223	2,475,496	140,000	15,588	155,588	15.9
2009	5,517,486	2,501,139	3,016,347	145,000	7,643	152,643	19.8

(1) Includes investment income (loss); revenue pledged is covered by charges for services.

(2) Excludes depreciation expense.

(3) 2009 was the final year of debt service for stormwater bonds.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**Demographic and Economic Statistics**  
 Last Ten Calendar Years

Year	Population (1)	Personal income (2)	Per Capita Personal Income (2)	Median Age (1)	Education Level in Years of Schooling (1)	School Enrollment (3)	Unemployment Rate % (4)
2005	114,103	\$ 13,751,795	\$ 40,228	28.1	16.9	16,980	4.7
2006	114,216	13,892,850	40,381	27.3	16.9	16,879	4.4
2007	114,282	13,614,000	39,142	27.3	16.9	16,680	5.2
2008	114,282	13,766,000	39,107	27.3	16.9	17,012	6.3
2009	114,602	13,159,000	38,032	27.3	16.9	16,539	8.3
2010	112,852	13,496,000	39,085	28.1	16.9	16,536	8.1
2011	113,932	14,204,286	40,821	28.1	16.9	16,440	6.5
2012	113,934	15,161,590	43,202	27.8	16.5	16,544	8.6
2013	113,934	N/A	N/A	27.8	16.5	16,545	6.8
2014	113,934	N/A	N/A	27.8	16.5	16,449	5.7

## Sources:

- (1) U. S. Census Bureau
- (2) Bureau of Economic Analysis, Regional Data, CA04 Personal Income and Employment Summary  
<http://www.bea.gov/>  
 \*Note: 2013 data has not been released at this time.  
 \*Note: 2014 data has not been released at this time.
- (3) Ann Arbor Public School's Child Accounting Office.  
<http://www.aaps.k12.mi.us/>
- (4) Michigan Employment Security Commission statistics for Washtenaw County.  
[http://stats.bls.gov/eag/eag.mi\\_annarbor\\_msa.htm](http://stats.bls.gov/eag/eag.mi_annarbor_msa.htm)

## Principal Employers

Current Year and Nine Years Ago

Taxpayer	2014			2005		
	Employees	Rank	Percentage	Employees	Rank	Percentage
University of Michigan	28,777	1	67.86%	15,717	1	40.43%
Trinity Health System (formerly St. Joseph's Health System)	5,468	2	12.89%	4,503	3	11.58%
Ann Arbor Public Schools	2,300	3	5.42%	2,041	5	5.25%
Washtenaw County	1,332	4	3.14%	1,382	6	3.55%
Thomson Reuters	1,100	5	2.59%			
Integrated Health Associates, Inc.	1,016	6	2.40%			
City of Ann Arbor	686	7	1.62%	812	9	2.09%
Edward Brothers	630	8	1.49%			
Domino's Pizza	550	9	1.30%			
Washtenaw Community College	549	10	1.29%			
Univ. of Mich Hospitals & Health System				9,021	2	23.20%
Pfizer Inc.				2,600	4	6.69%
Borders Group, Inc.				1,365	7	3.51%
ProQuest Co.				906	8	2.33%
NSK Corp				530	10	1.37%
<b>Total</b>	<b>42,408</b>		<b>100.00%</b>	<b>38,877</b>		<b>100.00%</b>

Source: Crain's Detroit Business, Vol. 29, No. 52, 2014 Edition, 2014 Book of Lists.  
Crain's Detroit Business, Dec 26, 2005.

**Full-Time Equivalent City Government Employees by Function/Program**  
Last Ten Fiscal Years

Function/Program	2014	2013	2012	2011	2010
General government					
Financial Services	61	48	45	48	49
Community Services	34	32	34	33	35
Parks & Recreation	24	20	20	20	19
City Administrator Services	34	31	30	31	31
Mayor & Council	1	1	1	1	1
Other					
Police					
Officers	119	118	118	150	152
Civilians	27	28	46	27	30
Fire					
Firefighters & Officers	85	81	81	89	94
Civilians	1	1	1		
Public Services					
Project Management	12	13	13	15	15
Water	26	26	26	26	26
Wastewater Treatment	35	35	35	35	35
Field Operations	120	124	126	129	135
Other	61	74	74	75	79
15th District Court	34	34	36	37	39
Retirement System	4	4	4	4	4
Downtown Development Authority	4	4	4	3	3
City Attorney	12	12	13	13	14
<b>Total</b>	<b>694</b>	<b>686</b>	<b>706</b>	<b>736</b>	<b>761</b>

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Source: City of Ann Arbor Financial Services, Accounting Services Unit



**Full-Time Equivalent City Government Employees by Function/Program**  
Last Ten Fiscal Years

Function/Program	2009	2008	2007	2006	2005
General government					
Financial Services	49	51	50	47	49
Community Services	35	42	41	56	67
Parks & Recreation	17	21	23	24	18
City Administrator Services	29	32	31	16	18
Mayor & Council	1	1	1	1	1
Other					
Police					
Officers	152	160	159	159	225
Civilians	30	50	67	67	
Fire					
Firefighters & Officers	94	94	94	94	102
Civilians					
Public Services					
Project Management	15	17	16	17	19
Water	23	26	24	21	24
Wastewater Treatment	34	35	34	32	35
Field Operations	125	125	128	124	146
Other	93	87	92	103	74
15th District Court	39	41	41	41	41
Retirement System	3	4	4	4	4
Downtown Development Authority	3	3	3	3	3
City Attorney	14	14	14	14	14
<b>Total</b>	<b>800</b>	<b>803</b>	<b>822</b>	<b>823</b>	<b>840</b>

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**Operating Indicators by Function/Program**  
 Current and Last Four Fiscal Years

Function/Program	2014	2013	2012	2011	2010
Police					
Physical arrests	1,462	2,395	2,610	2,630	1,605
Parking violations	92,184	87,898	95,990	86,780	137,271
Traffic violations	14,053	14,676	10,638	16,729	NA
Fire					
Emergency responses	6,646	6,180	5,843	5,808	4,985
Fire extinguished	283	418	431	281	226
Inspections	1,164	1,769	1,962	913	508
Refuse collection					
Refuse collected (tons/day)	103.82	121.42	114.85	120.17	94.00
Recyclables collected (tons/day)	42.42	38.13	37.10	30.82	31.00
Other public works					
Street resurfacing (miles)	5.41	6.60	6.20	4.72	6.92
Potholes repaired (tons)	636.50	359.35	392.78	500.00	394.60
Parks and recreation					
Athletic field permits issued	929	956	1,032	1,067	893
Community center admissions	12,000	11,500	11,500	11,500	11,000
Water					
Connections	28,387	38,376	28,333	28,266	28,202
Water main breaks	120	102	72	96	85
Average daily consumption (millions of gallons)	14.091	14.870	14.600	13.782	12.699
Peak daily consumption (millions of gallons)	23.120	28.100	27.115	21.415	17.927
Wastewater					
Average daily sewage treatment (millions of gallons)	17.758	16.700	18.100	17.680	17.745

Source: Various services areas within City of Ann Arbor

**Capital Asset Statistics by Function/Program**  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2014	2013	2012	2011	2010
Police					
Station	1	1	1	1	1
Zone offices	2	2	2	2	2
Patrol units	37	36	36	37	35
Fire Stations	5	5	5	5	5
Refuse collection					
Collection trucks	27	27	26	27	28
Other public works					
Streets (miles)	297	297	295	295	295
Streetlights	7,194	7,194	7,139	7,134	7,134
Traffic signals	158	158	158	158	158
Parks and recreation					
Acreage	2,118	2,095	2,089	2,089	2,088
Playgrounds	77	77	77	77	73
Baseball/softball diamonds	34	34	34	34	34
Soccer/football fields	24	24	24	24	25
Community centers	2	2	2	2	2
Water					
Water mains (miles)	490	501	464	472	485
Fire hydrants	3,733	3,711	2,960	2,909	3,555
Storage capacity (thousands of gallons)	19,000	19,000	19,000	19,000	19,000
Wastewater					
Sanitary sewers (miles)	362	369	364	364	405
Storm sewers (miles)	264	264	322	320	413
Treatment capacity (thousands of gallons)	48,000	48,000	48,000	48,000	50,000

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Source: Various services areas within City of Ann Arbor

**Capital Asset Statistics by Function/Program**  
Last Ten Fiscal Years

Function/Program	Fiscal Year				
	2009	2008	2007	2006	2005
Police					
Station	1	1	1	1	1
Zone offices	2	2	2	2	2
Patrol units	36	36	34	35	35
Fire Stations	5	5	5	5	5
Refuse collection					
Collection trucks	18	18	14	14	16
Other public works					
Streets (miles)	295	295	295	295	295
Streetlights	7,134	7,134	7,134	7,028	8,858
Traffic signals	158	158	154	154	154
Parks and recreation					
Acreage	2,088	2,088	2,069	2,056	2,055
Playgrounds	73	85	78	153	153
Baseball/softball diamonds	34	34	34	34	34
Soccer/football fields	25	25	25	25	23
Community centers	2	2	2	2	2
Water					
Water mains (miles)	485	490	481	482	478
Fire hydrants	3,555	3,549	3,510	3,466	3,428
Storage capacity (thousands of gallons)	19,000	19,000	19,000	19,000	19,000
Wastewater					
Sanitary sewers (miles)	405	407	402	400	395
Storm sewers (miles)	413	388	368	360	341
Treatment capacity (thousands of gallons)	50,000	50,000	50,000	50,000	50,000

concluded.

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