

City of  
Ann Arbor,  
Michigan



Comprehensive  
Annual Financial  
Report

Year Ended  
June 30, 2012

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# **CITY OF ANN ARBOR**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**County of Washtenaw  
State of Michigan**

**Fiscal Year Ended June 30, 2012**



**Prepared by:  
Financial and Administrative Services  
Accounting Services Unit  
301 East Huron Street  
Ann Arbor, Michigan 48107  
(734) 794-6500**

# CITY OF ANN ARBOR, MICHIGAN

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## INTRODUCTORY SECTION



December 12, 2012

**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, Michigan, for the year ended June 30, 2012, 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 City of Ann Arbor CAFR for the fiscal year ended June 30, 2012.

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 Robson, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Ann Arbor financial statements for the year ended June 30, 2012. 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 compliment 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 and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, 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 presented as 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.

Recently the City has been recognized nationally for many of the services provided by the City to the citizens of Ann Arbor. The City was included as 7th by Milken Institute, in their recent article, *Best U.S. Small City for Aging*. The City has been recognized nationally by U.S. News & World Report as 3rd in their list of *Top 10 U.S. Cities for Well Being*. Other recognition includes recognition by Frommer's in their list of *20 Best Summer Vacation Destinations*. This recognition demonstrates the commitment to excellence the City strives to provide in each area of service provided to the citizens.



## **Local Economy**

The City is endowed with several major corporations located within its boundaries such as Truven Health Analytics and Google. In addition, Ann Arbor is home to one of the largest employers in the County, the University of Michigan that employs 27,003 people. Ann Arbor is also known for its excellent technology infrastructure that has attracted several large technology firms to the area.

The City is surrounded by three higher educational centers: the University of Michigan, Concordia College, and Cleary College. Additionally, located within a 10-mile radius are two other higher educational centers. Over 69% of the residents have completed four or more years of college.

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, representing 33% of the population base in Washtenaw County. The median household income of our citizens is \$52,711. 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, central and northern Michigan 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 declined to 6.2% as of June 2012, receipts from sales taxes are increasing modestly, and residential property values are increasing in some neighborhoods.

In addition to a sluggish environment for revenues, the City continues to experience increased costs related to inflation, energy costs, and the amortization of financial market losses from fiscal 2008 and 2009 in its pension system. Pension costs are expected to continue to increase for the next two years since the losses are amortized over five years. After that time a more modest increase in pension costs is anticipated. The City continues to constrain its increase in total costs through efficiencies, collaborative opportunities, and fiscal discipline in 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. In 2011, the former City Administrator retired and a new Administrator, Steven D. Powers, was hired. Under the new Administrator, the City's financial policies have not changed and an emphasis on strategic planning is being implemented.

During this lackluster economic environment, the City will strive to maintain an assigned and unassigned general fund balance in a minimum range of 8% to 12%. 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

### *Argo Cascades*

The City recently completed the construction of the Argo Cascades, a boat bypass channel around Argo Dam. For the first time since 1830 this section of river is free-flowing with the portage removed and transformed into a series of nine drops and pools for people in tubes, rafts, canoes and kayaks to enjoy. This section of river and trail located in the heart of Ann Arbor has become a popular recreational destination for our community and surrounding communities, driving more visitors to Ann Arbor.

### *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 fiscal 2012 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, 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 that houses 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, 2011. 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 CAFR 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 2012. 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 departments 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,



Steven D. Powers,  
City Administrator



Tom Crawford,  
Chief Financial Officer

# CITY OF ANN ARBOR, MICHIGAN

## ELECTED AND APPOINTED OFFICIALS

John Hieftje, Mayor

### *Council Members*

Sandi Smith  
Toni Derezinski  
Stephen Kunselman  
Margie Teall  
Mike Anglin

Sabra Briere  
Jane Lumm  
Christopher Taylor  
Marcia Higgins  
Carsten Hohnke

Steve Powers  
*City Administrator*

Tom Crawford  
*Chief Financial Officer*

Karen M. Lancaster  
*Accounting Services Manager*

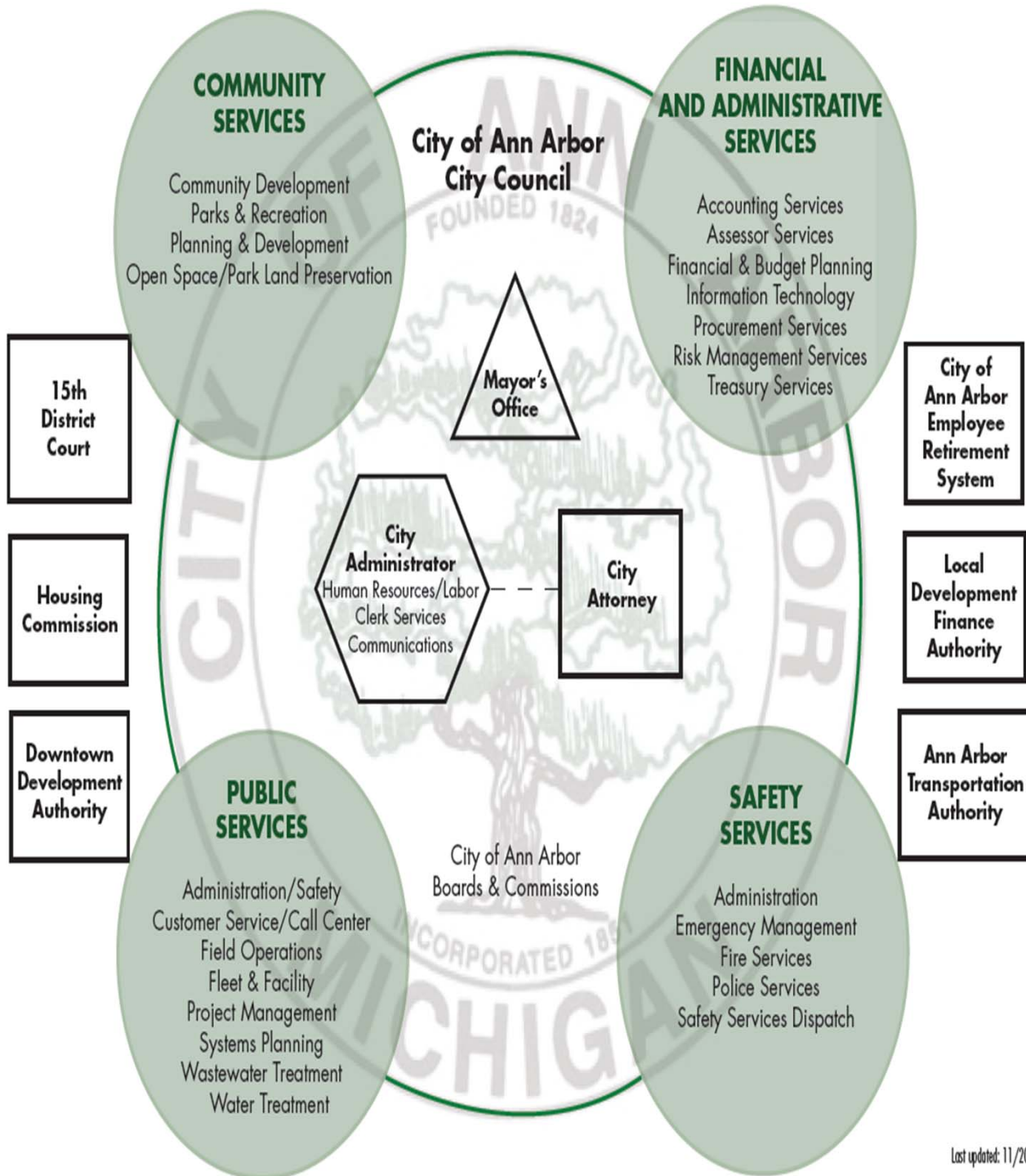
Matthew V. Horning  
*City Treasurer*

Stephen K. Postema  
*City Attorney*

Jacqueline Beaudry  
*City Clerk*

# CITY OF ANN ARBOR, MICHIGAN

## Organizational Chart



Last updated: 11/2007

# 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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davison*

President

*Jeffrey R. Egan*

Executive Director

## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

December 12, 2012

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

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*, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 41.8% of the assets and 38.8% of the revenues of the aggregate discretely presented component units. Those financial 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 Controller 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provides a reasonable basis for our 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 12, 2012, on our consideration of the City of Ann Arbor, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund financial statements and schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Lehmann Lobson".

## **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, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The City's assets exceed its liabilities by \$1,029,804,216 at year-end. Of this amount:
  - \$867,809,539 is invested in capital assets, net of related debt;
  - \$88,531,447 is restricted for specific purposes;
  - \$73,463,230 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 \$23,913,683 in governmental activities and \$49,549,547 in business-type activities.
- The City's total net assets increased by \$36,790,933 during the year, primarily due to increases in capital assets.
- The City's total debt decreased by \$2,279,530 (new issues less retirements) during the current fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$87,618,758. The decrease of \$14,550,904 in fund balance is primarily due to spending of bond funds for the construction of the Fifth Avenue underground parking structure as well as the street repair millage fund.
- Of the fund balance amount, \$14,093,650 is unassigned and may be used to meet the government's ongoing obligations to citizens and creditors, \$2,528,705 is assigned and \$4,617,556 is committed and may be used subject to the purpose of the fund in which they are located, and the remaining amount of \$66,378,847 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 (\$15,297,294), street repair millage special revenue fund (\$25,015,313) and DDA Build America parking bond capital projects fund (\$1,433,725) account for 48% of total fund balance including restricted amounts. The remaining amount is represented across the other 37 nonmajor funds.
- The general fund recognized an increase to fund balance of \$1,577,246. At the end of the current fiscal year, unassigned general fund balance was 19% of the total general fund expenditures.
- The City's new Fifth Avenue underground parking structure and other infrastructure improvements in the surrounding area, accounted for in the DDA Build America parking bond capital projects fund, were completed and opened to the public in July 2012.

### 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 the private-sector companies. The two components of the government-wide statements include:

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

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

The statement of net assets 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, golf courses, 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 40 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, street repair millage special revenue, and DDA Build America parking bond capital projects funds. Data from the other 37 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.

#### *Proprietary funds*

The City maintains 14 individual proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for the water, sanitary sewer, parking system, market, golf courses, airport, stormwater system, and solid waste, each of which are considered major funds of the City. 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. 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.

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

### 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 is limited to the schedule 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 assets and changes in net assets of the City's governmental and business-type activities. As noted earlier, net assets 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 \$1,029,804,216 at June 30, 2012 compared to \$993,782,983 at June 30, 2011.

	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 136,481,479	\$ 141,996,009	\$ 83,147,865	\$ 87,286,566	\$ 219,629,344	\$ 229,282,575
Capital assets, net	805,902,343	782,764,328	304,404,520	287,507,235	1,110,306,863	1,070,271,563
<b>Total assets</b>	<b>942,383,822</b>	<b>924,760,337</b>	<b>387,552,385</b>	<b>374,793,801</b>	<b>1,329,936,207</b>	<b>1,299,554,138</b>
Long-term liabilities	146,886,332	154,757,062	124,768,123	124,699,898	271,654,455	279,456,960
Other liabilities	20,794,720	15,452,094	7,682,816	11,631,801	28,477,536	27,083,895
<b>Total liabilities</b>	<b>167,681,052</b>	<b>170,209,156</b>	<b>132,450,939</b>	<b>136,331,699</b>	<b>300,131,991</b>	<b>306,540,855</b>
Net assets:						
Invested in capital assets, net of related debt	684,183,914	672,899,397	183,625,625	164,731,782	867,809,539	837,631,179
Restricted	66,605,173	66,772,308	21,926,274	17,374,027	88,531,447	84,146,335
Unrestricted	23,913,683	14,879,476	49,549,547	56,356,293	73,463,230	71,235,769
<b>Total net assets</b>	<b>\$ 774,702,770</b>	<b>\$ 754,551,181</b>	<b>\$ 255,101,446</b>	<b>\$ 238,462,102</b>	<b>\$ 1,029,804,216</b>	<b>\$ 993,013,283</b>

By far the largest portion of the City's net assets 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.

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

An additional portion of the City's net assets at June 30, 2012 (\$88,531,447) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$73,463,230 may be used to meet the government's ongoing obligations to citizens and creditors, subject to the restrictions of the fund. The increase in restricted net assets from \$84,146,335 in 2011 to \$88,531,447 in 2012 is primarily due to the increase in the amounts restricted for debt service in the water and sewer enterprise funds to comply with bond covenants.

Long-term liabilities have decreased from 2011 to 2012 due to repayment of existing bond issues.

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

	Change in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 25,783,159	\$ 24,662,890	\$ 57,554,273	\$ 58,642,928	\$ 83,337,432	\$ 83,305,818
Operating grants	13,210,386	9,635,060	-	-	13,210,386	9,635,060
Capital grants	346,046	3,621,001	1,256,394	951,818	1,602,440	4,572,819
General revenues:						
Property taxes	65,483,779	67,446,614	11,030,550	11,171,676	76,514,329	78,618,290
State shared revenues and grants	9,748,477	9,582,165	-	-	9,748,477	9,582,165
Investment income	2,567,568	2,523,944	1,188,581	515,730	3,756,149	3,039,674
Other	3,410,739	835,982	484,311	-	3,895,050	835,982
<b>Total revenues</b>	<b>120,550,154</b>	<b>118,307,656</b>	<b>71,514,109</b>	<b>71,282,152</b>	<b>192,064,263</b>	<b>189,589,808</b>
<b>Expenses</b>						
Governmental activities:						
General government	15,236,105	14,794,159	-	-	15,236,105	14,794,159
Public safety	40,649,428	42,049,504	-	-	40,649,428	42,049,504
Public works	19,889,391	20,468,502	-	-	19,889,391	20,468,502
Community and economic development	2,931,838	3,781,557	-	-	2,931,838	3,781,557
Culture and recreation	10,071,912	9,935,578	-	-	10,071,912	9,935,578
Public transportation	8,913,232	9,362,712	-	-	8,913,232	9,362,712
Debt service	5,134,805	5,260,736	-	-	5,134,805	5,260,736
Unallocated depreciation	-	44,331	-	-	-	44,331
Business-type activities:						
Water	-	-	16,976,630	17,338,241	16,976,630	17,338,241
Sewer	-	-	14,569,815	14,443,929	14,569,815	14,443,929
Parking	-	-	2,708,673	2,678,011	2,708,673	2,678,011
Market	-	-	168,977	156,059	168,977	156,059
Golf courses	-	-	1,554,083	1,649,866	1,554,083	1,649,866
Airport	-	-	568,629	744,629	568,629	744,629
Stormwater	-	-	4,336,523	3,945,211	4,336,523	3,945,211
Solid waste	-	-	11,563,289	13,724,530	11,563,289	13,724,530
<b>Total expenses</b>	<b>102,826,711</b>	<b>105,697,079</b>	<b>52,446,619</b>	<b>54,680,476</b>	<b>155,273,330</b>	<b>160,377,555</b>
Change in net assets, before transfers	17,723,443	12,610,577	19,067,490	16,601,676	36,790,933	29,212,253
Transfers	2,428,146	241,009	(2,428,146)	(241,009)	-	-
Change in net assets	20,151,589	12,851,586	16,639,344	16,360,667	36,790,933	29,212,253
Net assets:						
Beginning of year	754,551,181	741,699,595	238,462,102	222,101,435	993,013,283	963,801,030
End of year	<u>\$ 774,702,770</u>	<u>\$ 754,551,181</u>	<u>\$ 255,101,446</u>	<u>\$ 238,462,102</u>	<u>\$ 1,029,804,216</u>	<u>\$ 993,013,283</u>

# CITY OF ANN ARBOR, MICHIGAN

## Management's Discussion and Analysis

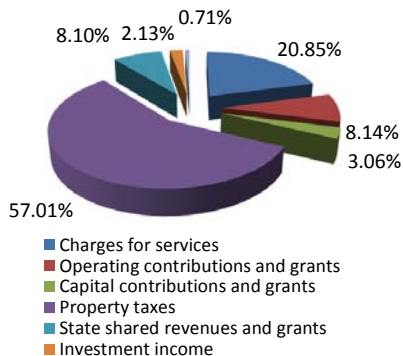
The City's net assets increased by \$36,790,933 during the current fiscal year and \$29,212,253 in the prior fiscal year.

Governmental activities increased the City's net assets by \$20,151,589, accounting for a 55% increase of the City's total growth in the net assets. During fiscal year 2011, governmental activities increased by \$12,851,586, which was a 44% increase of the total growth for fiscal year 2011.

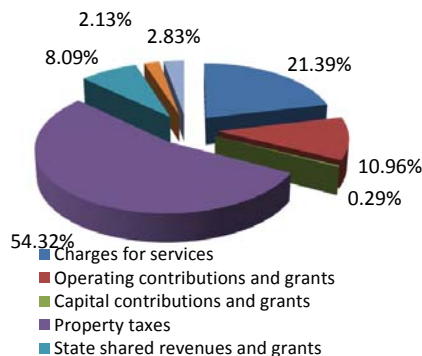
Revenues for governmental activities increased \$2,242,498 from 2011 to 2012. Key elements are as follows:

- Property taxes declined 3.0% in fiscal year 2012 and 4.0% in fiscal year 2011 due to decreasing property values.
- Charges for services increased 5.0% in fiscal year 2012 compared to an 18.6% decrease in fiscal year 2011. This is attributable to increased charges for services for increased volume of fire inspections, building permits and hydropower services. Also, new fees for enhancements to the Argo Liveries began in spring of fiscal year 2012.
- Capital contributions and grants decreased 90% in fiscal year 2012 due to fewer grants received. In fiscal year 2011, this item increased by 192% due to an increase from the Federal Farm and Ranch Land Protection Grant for purchase of property in the City's Greenbelt.
- Other revenue increased 308% due to the sale of property at First and Washington.

**2011 Governmental Activities - Revenues by Source**



**2012 Governmental Activities - Revenue by Source**

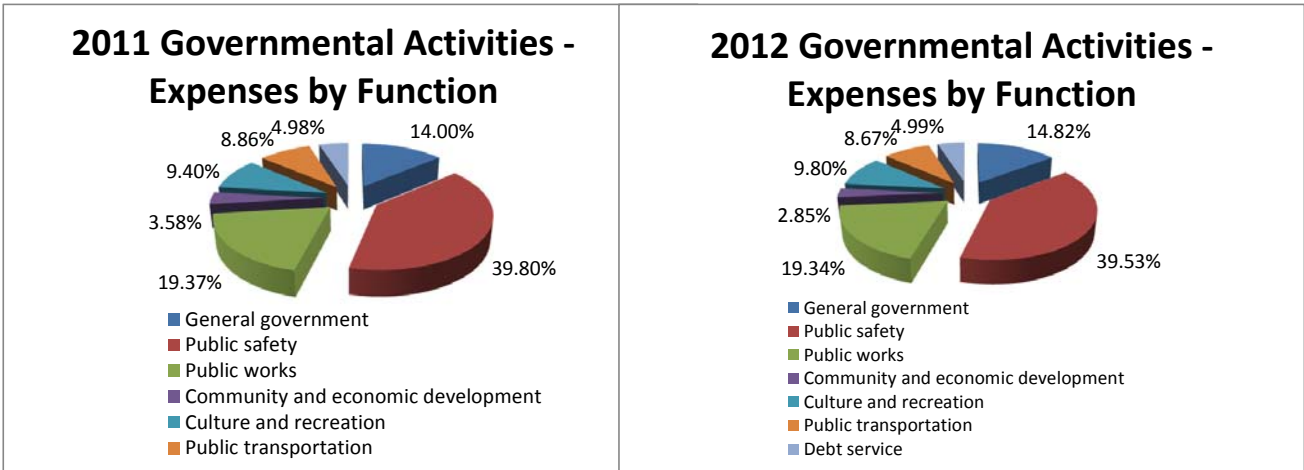


Expenses for governmental activities decreased \$2,870,368 from 2011 to 2012. Key elements are as follows:

- Expenses for community and economic development decreased primarily due to fewer federal grants for Community Development Block Grants and HOME programs. The City is now part of the Urban County program and all new grants are administered by Washtenaw County.
- Public transportation is a pass-through of tax revenue collected to the Ann Arbor Transportation Authority. As tax revenues are down, this pass-through also decreased.

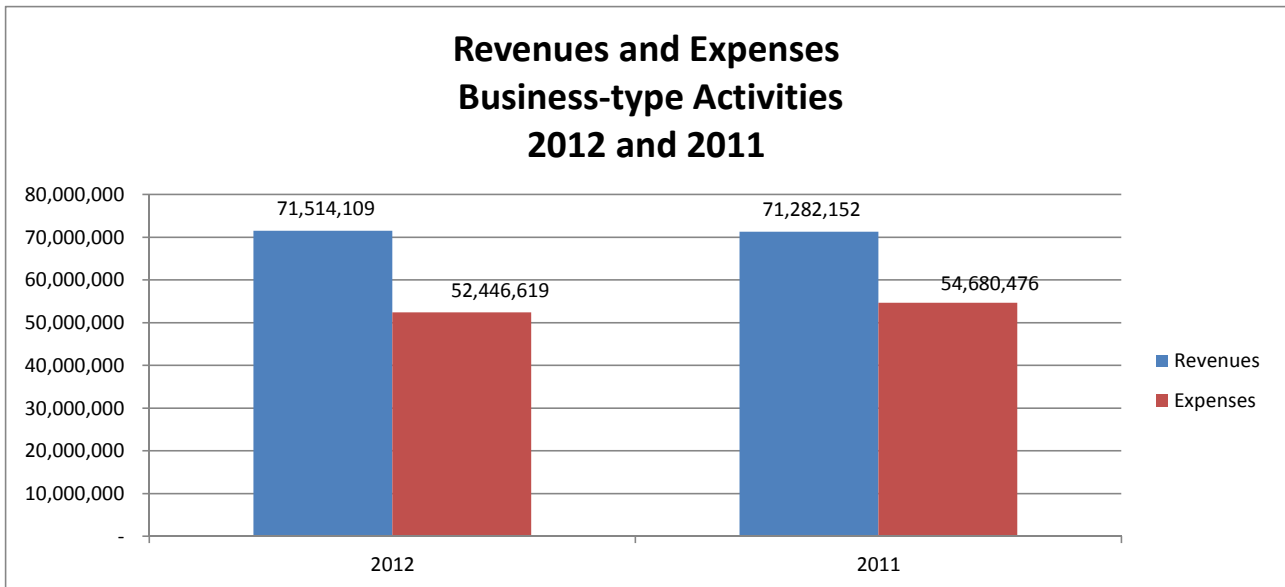


Management's Discussion and Analysis



Business-type activities increased the City's net assets by \$16,639,344 for fiscal year 2012 and by \$16,360,667 for fiscal year 2011, accounting for 45% and 56% of the total growth in the government's net assets for the current year and prior year, respectively. Key elements of this increase are as follows:

- Revenues remained relatively flat between fiscal year 2012 and 2011.
- Expenses decreased \$2,233,857, or 4%, in fiscal year 2012 primarily due to a one-time cost in the prior year in the solid waste enterprise fund. In fiscal year 2011, expenses increased \$3,422,335, or 6.6%, primarily due to increases in materials and supplies in the solid waste fund and professional fees in the stormwater enterprise fund due to more stormwater project activities.



# 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 \$87,618,758 at June 30, 2012 versus \$102,169,662 at June 30, 2011, a decrease of \$14,550,904. Of the total fund balance amount, \$14,093,650 at June 30, 2012 is unassigned fund balance, which indicates this money is available for spending at the government's discretion. At June 30, 2011, \$10,525,445 was unassigned.

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 \$14,093,650 at June 30, 2012. At June 30, 2011, the unassigned fund balance was \$10,525,445. Total fund balance was \$15,297,294 and \$13,582,444 at June 30, 2012 and 2011, respectively. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 19 percent at June 30, 2012 of total general fund expenditures. Unassigned fund balance was 15.5 percent at June 30, 2011 of total general fund expenditures. The fund balance of the City's general fund increased by \$1,577,246 during the current fiscal year in comparison to an increase of \$127,667 for the prior fiscal year. For fiscal year 2012, this is attributable to one-time cost savings, and higher than expected state-shared revenues as well as charges for services.

The street repair millage special revenue fund balance decreased by \$4,192,318 in fiscal year 2012 compared to a decrease of \$734,235 in fiscal year 2011. This decrease is attributable to planned use of fund balance for construction projects including funds that were set aside for the Stadium Bridge project but were able to be repurposed after a grant was received. The DDA Build America parking bond capital projects fund balance decreased \$13,207,535 in fiscal year 2012 compared to a decrease of \$20,147,644 in fiscal year 2011. As this is a bonded construction project, the funds will continue to be depleted as the remaining items for the new underground parking structure are finished. The parking structure went into service this summer.

**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 assets of the water, sanitary sewer, storm sewer, parking system, market, golf courses, solid waste and airport at the end of the year amounted to \$49,549,547. All funds had an increase in net assets for the year totaling \$16,639,344. 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 2.6% increase in fiscal year 2012 compared to a 2.3% increase in fiscal year 2011. The general fund revenues and other financing sources exceeded expenditures and other financing uses by \$1,577,246. The net increase in the general fund balance was \$4,313,335 more than the final budget (which was a net decrease in fund balance \$2,736,089).

### 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, 2012 was \$1,110,306,863 compared to \$1,070,271,563 at June 30, 2011 (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 3.74% compared to 6.34% in fiscal year 2011. Major capital asset events during the fiscal year 2012 included an increase in improvements (\$16,917,634) for water and sewer improvements, an increase in construction work in progress (\$25,994,539) for the underground parking structure and the wastewater treatment plant, and an increase in infrastructure (\$17,251,315) 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	
	2012	2011	2012	2011	2012	2011
Land	\$ 59,792,982	\$ 58,110,657	\$ 8,532,678	\$ 8,596,604	\$ 68,325,660	\$ 66,707,261
Construction in progress	101,931,072	86,079,059	94,433,232	84,290,706	196,364,304	170,369,765
Buildings	42,791,827	43,420,815	82,776,093	86,400,446	125,567,920	129,821,261
Improvements other than buildings	7,436,791	5,093,725	113,258,153	102,024,548	120,694,944	107,118,273
Machinery and equipment	3,217,823	2,947,562	4,742,722	5,598,535	7,960,545	8,546,097
Vehicles	2,989,651	3,588,559	661,642	596,396	3,651,293	4,184,955
Intangible assets	938,872	1,173,590	-	-	938,872	1,173,590
Infrastructure	586,803,325	582,350,361	-	-	586,803,325	582,350,361
<b>Total capital assets, net</b>	<b>\$ 805,902,343</b>	<b>\$ 782,764,328</b>	<b>\$ 304,404,520</b>	<b>\$ 287,507,235</b>	<b>\$ 1,110,306,863</b>	<b>\$ 1,070,271,563</b>

*Long-term debt.* At the end of the current fiscal year, the City had total bonded and related debt outstanding of \$239,934,641. Of that amount, \$118,565,000 comprises bonded 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 bonded and related debt decreased by \$2,317,723 or 0.96% during the fiscal year. Further information regarding the City's outstanding debt can be found in note 12 of the notes to the financial statements.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 118,345,000	\$ 122,215,000	\$ 19,190,000	\$ 21,315,000	\$ 137,535,000	\$ 143,530,000
Special assessment bonds	220,000	310,000	-	-	220,000	310,000
Revenue bonds	-	-	82,005,000	88,140,000	82,005,000	88,140,000
Revolving loans	-	-	20,174,641	10,272,364	20,174,641	10,272,364
<b>Total bonded debt</b>	<b>\$ 118,565,000</b>	<b>\$ 122,525,000</b>	<b>\$ 121,369,641</b>	<b>\$ 119,727,364</b>	<b>\$ 239,934,641</b>	<b>\$ 242,252,364</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 \$526,820,590, 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 2013:

- Property tax revenues are budgeted to increase 0.70%.
- Average salary costs were budgeted to remain flat.
- Healthcare costs were projected to increase 5.38%.
- Pension costs are projected to increase 8.85%.

### 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.

**BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Net Assets

June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash	\$ 1,029,949	\$ 10,055,892	\$ 11,085,841	\$ 4,108,798
Equity in pooled cash and investments	122,904,496	57,995,594	180,900,090	891,877
Investments, at fair value	1,912,944	179,803	2,092,747	8,514,442
Receivables	6,205,932	12,139,253	18,345,185	4,406,562
Internal balances	1,019,279	(1,019,279)	-	-
Other assets	2,388,089	3,796,602	6,184,691	68,132
Capital assets not being depreciated	161,724,054	102,965,910	264,689,964	844,637
Capital assets being depreciated, net	644,178,289	201,438,610	845,616,899	5,449,206
Net pension asset	1,020,790	-	1,020,790	-
<b>Total assets</b>	<b>942,383,822</b>	<b>387,552,385</b>	<b>1,329,936,207</b>	<b>24,283,654</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	19,567,579	5,951,763	25,519,342	4,264,276
Accrued interest payable	1,227,141	1,731,053	2,958,194	-
Unearned revenue	-	-	-	961,007
Long-term liabilities:				
Due within one year	5,168,105	9,917,244	15,085,349	32,941
Due in more than one year	128,861,925	114,753,182	243,615,107	11,438
Other noncurrent liability - net other postemployment benefit obligation	12,856,302	97,697	12,953,999	-
<b>Total liabilities</b>	<b>167,681,052</b>	<b>132,450,939</b>	<b>300,131,991</b>	<b>5,269,662</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	684,183,914	183,625,625	867,809,539	6,293,843
Restricted for:				
Debt service	91,019	10,295,877	10,386,896	-
Equipment replacement	-	11,450,595	11,450,595	-
Endowment (non-expendable)	1,984,000	-	1,984,000	-
Highway and streets	41,193,079	-	41,193,079	-
Culture and recreation	17,663,681	-	17,663,681	-
Other purposes	5,673,394	-	5,673,394	1,430,356
Landfill	-	179,802	179,802	-
Unrestricted	23,913,683	49,549,547	73,463,230	11,289,793
<b>Total net assets</b>	<b>\$ 774,702,770</b>	<b>\$ 255,101,446</b>	<b>\$ 1,029,804,216</b>	<b>\$ 19,013,992</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, 2012

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	\$ 15,236,105	\$ 7,371,102	\$ 1,535,532	\$ -	\$ (6,329,471)
Public safety	40,649,428	9,559,178	1,544,459	-	(29,545,791)
Public works	19,889,391	3,303,537	9,446,092	-	(7,139,762)
Community/economic development	2,931,838	35,269	434,880	33,426	(2,428,263)
Culture and recreation	10,071,912	2,383,032	249,423	312,620	(7,126,837)
Public transportation	8,913,232	92,518	-	-	(8,820,714)
Interest on long-term debt	5,134,805	3,038,523	-	-	(2,096,282)
<b>Total governmental activities</b>	<b>102,826,711</b>	<b>25,783,159</b>	<b>13,210,386</b>	<b>346,046</b>	<b>(63,487,120)</b>
Business-type activities:					
Water	16,976,630	22,017,955	-	1,256,394	6,297,719
Sewer	14,569,815	21,103,955	-	-	6,534,140
Parking	2,708,673	2,877,149	-	-	168,476
Market	168,977	253,850	-	-	84,873
Golf courses	1,554,083	1,304,135	-	-	(249,948)
Airport	568,629	834,238	-	-	265,609
Stormwater	4,336,523	5,712,581	-	-	1,376,058
Solid waste	11,563,289	3,450,410	-	-	(8,112,879)
<b>Total business-type activities</b>	<b>52,446,619</b>	<b>57,554,273</b>	<b>-</b>	<b>1,256,394</b>	<b>6,364,048</b>
<b>Total primary government</b>	<b>\$ 155,273,330</b>	<b>\$ 83,337,432</b>	<b>\$ 13,210,386</b>	<b>\$ 1,602,440</b>	<b>\$ (57,123,072)</b>
<b>Component units</b>					
Housing Commission	\$ 15,111,011	\$ 845,263	\$ 13,189,335	\$ 146,573	\$ (929,840)
Smart Zone LDFA	1,456,619	-	-	-	(1,456,619)
Downtown Development Authority	19,988,623	17,026,279	-	-	(2,962,344)
<b>Total component units</b>	<b>\$ 36,556,253</b>	<b>\$ 17,871,542</b>	<b>\$ 13,189,335</b>	<b>\$ 146,573</b>	<b>\$ (5,348,803)</b>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Activities

For the Year Ended June 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Changes in net assets</b>				
Net (expense) revenue	\$ (63,487,120)	\$ 6,364,048	\$ (57,123,072)	\$ (5,348,803)
General revenues:				
Property taxes	65,483,779	11,030,550	76,514,329	5,163,909
State shared revenues and grants (unrestricted)	9,748,477	-	9,748,477	-
Unrestricted investment earnings	2,567,568	1,188,581	3,756,149	131,197
Other	3,410,739	484,311	3,895,050	104,240
Transfers - internal activities	2,428,146	(2,428,146)	-	-
Total general revenues and transfers	83,638,709	10,275,296	93,914,005	5,399,346
Change in net assets	20,151,589	16,639,344	36,790,933	50,543
Net assets, beginning of year, as restated	754,551,181	238,462,102	993,013,283	18,963,449
Net assets, end of year	\$ 774,702,770	\$ 255,101,446	\$ 1,029,804,216	\$ 19,013,992

Concluded

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



## FUND FINANCIAL STATEMENTS

# CITY OF ANN ARBOR, MICHIGAN

## Balance Sheet

### Governmental Funds

June 30, 2012

	General Fund	Street Repair Millage Fund	DDA Build America Parking Bond 2009 Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 458,120	\$ -	\$ -	\$ 566,342	\$ 1,024,462
Equity in pooled cash and investments	13,821,310	30,840,830	4,470,632	42,912,444	92,045,216
Investments, at fair value	-	-	-	1,912,944	1,912,944
Receivables:					
Taxes	80,372	1,921	-	96,168	178,461
Accounts	852,340	146,404	-	555,157	1,553,901
Special assessments	8,847	11,651	-	144,679	165,177
Accrued interest and dividends	-	-	-	11,806	11,806
Improvement charges	-	4,678	-	745	5,423
Loans	-	-	-	43,193	43,193
Due from other funds	583,303	-	-	-	583,303
Due from other governments	2,022,920	-	-	2,078,989	4,101,909
Prepaid items	1,786	-	-	1,800	3,586
Advances to other funds	943,659	-	-	-	943,659
Inventories, at cost	14,891	-	-	-	14,891
<b>Total assets</b>	<b>\$ 18,787,548</b>	<b>\$ 31,005,484</b>	<b>\$ 4,470,632</b>	<b>\$ 48,324,267</b>	<b>\$ 102,587,931</b>
<b>Liabilities</b>					
Accounts payable	\$ 781,796	\$ 5,899,812	\$ -	\$ 1,229,825	\$ 7,911,433
Accrued liabilities	1,845,496	82,462	-	307,617	2,235,575
Due to other funds	-	-	-	507,683	507,683
Due to other governments	343,635	-	3,036,907	31,935	3,412,477
Deposits	415,682	-	-	-	415,682
Deferred revenue	103,645	7,897	-	374,781	486,323
<b>Total liabilities</b>	<b>3,490,254</b>	<b>5,990,171</b>	<b>3,036,907</b>	<b>2,451,841</b>	<b>14,969,173</b>
<b>Fund balances</b>					
Nonspendable	960,336	-	-	1,985,800	2,946,136
Restricted	-	25,015,313	1,433,725	36,983,673	63,432,711
Committed	-	-	-	4,617,556	4,617,556
Assigned	243,308	-	-	2,285,397	2,528,705
Unassigned	14,093,650	-	-	-	14,093,650
<b>Total fund balances</b>	<b>15,297,294</b>	<b>25,015,313</b>	<b>1,433,725</b>	<b>45,872,426</b>	<b>87,618,758</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,787,548</b>	<b>\$ 31,005,484</b>	<b>\$ 4,470,632</b>	<b>\$ 48,324,267</b>	<b>\$ 102,587,931</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 Assets of Governmental Activities  
June 30, 2012

<b>Fund balances of governmental funds</b>	<b>\$ 87,618,758</b>
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets have not been included as financial resources in governmental fund activity.	975,787,672
Accumulated depreciation of capital assets.	(176,227,109)
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	(118,565,000)
Contracts payable	(3,500,000)
Compensated absences	(11,404,280)
Unfunded other postemployment benefit liability	(12,856,302)
Unamortized bond discounts	292,143
Unamortized deferred loss on refunding	54,429
Accrued interest payable for the current portion of interest due on bonds has not been reported in the governmental funds.	(1,227,141)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.	486,323
Net pension asset has not been included as a financial resource in governmental funds	1,020,790
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 assets.	33,222,487
<b>Net assets of governmental activities</b>	<b><u>\$ 774,702,770</u></b>

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

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Revenue, Expenditures and Changes in Fund Balances**

Governmental Funds

For the Year Ended June 30, 2012

	General	Street Repair Millage	DDA Build America Parking Bond 2009	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 48,856,539	\$ 8,917,409	\$ -	\$ 7,709,831	\$ 65,483,779
Special assessments/improvement charges	5,234	-	-	43,609	48,843
Licenses, permits and registrations	1,270,419	-	-	5,009,515	6,279,934
Federal grants	-	-	-	1,567,185	1,567,185
State shared revenues and grants	11,592,034	1,648,828	-	8,126,942	21,367,804
Charges for services	8,915,832	99,847	-	4,705,338	13,721,017
Fines and forfeits	4,224,044	-	-	382,536	4,606,580
Interest and penalties	-	239	-	589	828
Investment income	467,775	589,045	185,720	815,000	2,057,540
Rentals	463,191	-	-	-	463,191
Contributions and donations	1,545	82,716	-	285,659	369,920
Intra-governmental sales	-	-	-	208,243	208,243
Other revenues	443,166	107,876	-	168,670	719,712
<b>Total revenues</b>	<b>76,239,779</b>	<b>11,445,960</b>	<b>185,720</b>	<b>29,023,117</b>	<b>116,894,576</b>
<b>Expenditures</b>					
Current:					
General government	12,581,787	-	390	2,451,908	15,034,085
Public safety	40,735,952	-	-	2,403,634	43,139,586
Public works	4,026,142	7,292,200	-	7,651,295	18,969,637
Community and economic development	2,021,051	-	743,895	912,770	3,677,716
Culture and recreation	5,123,587	-	-	4,873,063	9,996,650
Public transportation	8,913,232	-	-	-	8,913,232
Capital outlay	77,561	10,157,700	12,648,970	6,291,921	29,176,152
Debt service:					
Principal retirement	-	-	-	3,320,000	3,320,000
Interest and fiscal charges	-	-	-	5,117,493	5,117,493
<b>Total expenditures</b>	<b>73,479,312</b>	<b>17,449,900</b>	<b>13,393,255</b>	<b>33,022,084</b>	<b>137,344,551</b>
Revenues over (under) expenditures	2,760,467	(6,003,940)	(13,207,535)	(3,998,967)	(20,449,975)
<b>Other financing sources (uses)</b>					
Transfers in	1,060,890	2,557,748	-	6,001,834	9,620,472
Transfers out	(2,450,196)	(746,126)	-	(3,323,110)	(6,519,432)
Sale of property and equipment	206,085	-	-	2,603,000	2,809,085
Issuance of bonds	-	-	-	2,670,000	2,670,000
Bond premium	-	-	-	33,375	33,375
Refunding bond escrow agent payment	-	-	-	(2,714,429)	(2,714,429)
<b>Total other financing sources (uses)</b>	<b>(1,183,221)</b>	<b>1,811,622</b>	<b>-</b>	<b>5,270,670</b>	<b>5,899,071</b>
<b>Net change in fund balances</b>	<b>1,577,246</b>	<b>(4,192,318)</b>	<b>(13,207,535)</b>	<b>1,271,703</b>	<b>(14,550,904)</b>
Fund balances, beginning of year, as restated	13,720,048	29,207,631	14,641,260	44,600,723	102,169,662
<b>Fund balances, end of year</b>	<b>\$ 15,297,294</b>	<b>\$ 25,015,313</b>	<b>\$ 1,433,725</b>	<b>\$ 45,872,426</b>	<b>\$ 87,618,758</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 Assets of Governmental Activities  
For the Year Ended June 30, 2012

**Net change in fund balances - total governmental funds** \$ (14,550,904)

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	40,083,294
Depreciation expense	(16,261,210)
Loss on disposal of capital assets	(252,457)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal payments on long-term liabilities	3,320,000
Proceeds from issuance of debt	(2,670,000)
Payments to refunding bond escrow agent	2,714,429
Discount on refunding bonds	(33,375)

Accrued interest is recognized on the government-wide financial statements 30,898

Amortization of bond discount is an expense on statement of activities (48,210)

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	911,110
Judgments payable	2,873,188
Other postemployment benefits liability	(4,013,808)

Deferred revenue in governmental funds is susceptible to full accrual on the government-wide statements. (265,189)

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 1,020,790

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 assets of the internal service funds is allocated to governmental activities	7,293,033
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**Change in net assets of governmental activities** \$ 20,151,589

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

# CITY OF ANN ARBOR, MICHIGAN

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

Budget and Actual - General Fund

For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 49,020,805	\$ 49,020,805	\$ 48,856,539	\$ (164,266)
Special assessments / improvement charges	-	-	5,234	5,234
Licenses, permits and registrations	1,309,350	1,309,350	1,270,419	(38,931)
State shared revenues and grants	10,298,423	10,298,423	11,592,034	1,293,611
Charges for services	7,828,254	7,918,254	8,915,832	997,578
Fines and forfeits	4,462,745	4,462,745	4,224,044	(238,701)
Investment income	335,343	335,343	467,775	132,432
Rentals	491,442	491,442	463,191	(28,251)
Contributions and donations	1,000	1,000	1,545	545
Sale of property and equipment	500	500	206,085	205,585
Other revenues	283,620	448,620	443,166	(5,454)
<b>Total revenues</b>	<b>74,031,482</b>	<b>74,286,482</b>	<b>76,445,864</b>	<b>2,159,382</b>
<b>Expenditures</b>				
Current:				
General government:				
Mayor and Council	362,496	362,496	357,940	4,556
Administration	536,037	597,659	532,713	64,946
Human resources	1,295,999	1,381,567	1,296,213	85,354
Attorney	1,858,803	1,858,803	1,863,446	(4,643)
Clerk / Elections	896,335	1,061,335	1,021,031	40,304
Finance	3,422,768	3,422,768	3,301,617	121,151
Environmental coordination services	110,349	110,349	96,006	14,343
District court	3,799,926	3,799,926	3,700,828	99,098
Planning	919,413	921,913	921,663	250
Other unallocated	2,454,945	2,454,478	2,414,151	40,327
Municipal service charge	(2,923,821)	(2,923,821)	(2,923,821)	-
Public safety:				
Police department	25,592,784	25,999,568	25,873,149	126,419
Fire department	13,290,517	13,650,152	13,581,308	68,844
Building department	1,436,513	1,467,837	1,281,495	186,342
Public works - public services	4,019,944	4,144,160	4,026,142	118,018
Community development	1,992,653	2,087,654	2,021,051	66,603
Culture and recreation -				
Parks and recreation	5,598,730	5,623,871	5,123,587	500,284
Public transportation	9,239,409	9,239,409	8,913,232	326,177
Capital outlay	275,515	263,880	77,561	186,319
<b>Total expenditures</b>	<b>74,179,315</b>	<b>75,524,004</b>	<b>73,479,312</b>	<b>2,044,692</b>
Revenues over (under) expenditures	(147,833)	(1,237,522)	2,966,552	4,204,074

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Revenue, Expenditures and Changes in Fund Balances Budget and Actual - General Fund For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Other financing sources (uses)</b>				
Transfers in	\$ 1,032,554	\$ 1,047,554	\$ 1,060,890	\$ 13,336
Transfers out	(2,002,809)	(2,546,121)	(2,450,196)	95,925
<b>Total other financing sources (uses)</b>	<u>(970,255)</u>	<u>(1,498,567)</u>	<u>(1,389,306)</u>	<u>109,261</u>
<b>Net change in fund balance</b>	(1,118,088)	(2,736,089)	1,577,246	4,313,335
Fund balance, beginning of year, as restated	<u>13,720,048</u>	<u>13,720,048</u>	<u>13,720,048</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 12,601,960</u></u>	<u><u>\$ 10,983,959</u></u>	<u><u>\$ 15,297,294</u></u>	<u><u>\$ 4,313,335</u></u>

Concluded

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

# CITY OF ANN ARBOR, MICHIGAN

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

Budget and Actual - Street Repair Millage Special Revenue Fund  
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 8,897,991	\$ 8,897,991	\$ 8,917,409	\$ 19,418
State shared revenues and grants	-	57,800	1,648,828	1,591,028
Charges for services	-	9,687	99,847	90,160
Interest and penalties	-	-	239	239
Investment income	440,203	440,203	589,045	148,842
Contributions and donations	-	45,300	82,716	37,416
Other revenue	-	-	107,876	107,876
<b>Total revenues</b>	<b>9,338,194</b>	<b>9,450,981</b>	<b>11,445,960</b>	<b>1,994,979</b>
<b>Expenditures</b>				
Current - public works	14,693,934	9,019,543	7,292,200	1,727,343
Capital outlay	-	10,354,965	10,157,700	197,265
<b>Total expenditures</b>	<b>14,693,934</b>	<b>19,374,508</b>	<b>17,449,900</b>	<b>1,924,608</b>
Revenues over (under) expenditures	(5,355,740)	(9,923,527)	(6,003,940)	3,919,587
<b>Other financing sources (uses)</b>				
Transfers in	-	2,443,718	2,557,748	114,030
Transfers out	(220,126)	(746,126)	(746,126)	-
<b>Total other financing sources (uses)</b>	<b>(220,126)</b>	<b>1,697,592</b>	<b>1,811,622</b>	<b>114,030</b>
<b>Net change in fund balance</b>	<b>(5,575,866)</b>	<b>(8,225,935)</b>	<b>(4,192,318)</b>	<b>4,033,617</b>
Fund balances, beginning of year	29,207,631	29,207,631	29,207,631	-
<b>Fund balances - end of year</b>	<b>\$ 23,631,765</b>	<b>\$ 20,981,696</b>	<b>\$ 25,015,313</b>	<b>\$ 4,033,617</b>

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



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CITY OF ANN ARBOR, MICHIGAN

**Statement of Net Assets**  
 Proprietary Funds  
 June 30, 2012

	Business-type Activities - Enterprise Funds			
	Water Supply System	Sewage Disposal System	Parking System	Market
<b>Assets</b>				
Current assets:				
Cash	\$ 4,068,228	\$ 5,981,257	\$ -	\$ -
Equity in pooled cash and investments	15,780,913	19,353,058	1,831,195	587,283
Investments	-	-	-	-
Receivables:				
Accounts, net	4,618,596	3,804,072	-	700
Special assessments	22,640	38,820	-	-
Improvement charges	16,590	33,432	-	-
Taxes receivables	31,718	-	-	-
Interest receivable	-	-	-	-
Due from other governments	1,440,966	-	-	-
Prepaid items	-	3,168,784	-	-
Inventory, at cost	476,850	85,629	-	-
<b>Total current assets</b>	<b>26,456,501</b>	<b>32,465,052</b>	<b>1,831,195</b>	<b>587,983</b>
Noncurrent assets:				
Receivables:				
Special assessments	126,568	213,928	-	-
Improvement charges	150,263	219,618	-	-
Capital assets not depreciated	10,432,592	77,618,777	4,458,367	84,120
Capital assets being depreciated, net	84,949,417	51,002,341	39,898,421	153,604
<b>Total noncurrent assets</b>	<b>95,658,840</b>	<b>129,054,664</b>	<b>44,356,788</b>	<b>237,724</b>
<b>Total assets</b>	<b>122,115,341</b>	<b>161,519,716</b>	<b>46,187,983</b>	<b>825,707</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	1,799,337	2,251,710	-	19,842
Accrued liabilities	244,907	155,792	-	3,581
Accrued interest payable	497,654	983,419	245,776	-
Advance from other funds	-	-	-	-
Due to other funds	-	-	-	-
Deposits	134,256	-	-	-
Estimated claims payable, current	-	-	-	-
Bonds payable, current	4,584,250	2,590,000	2,110,000	-
Compensated absences, current	199,722	29,166	-	-
<b>Total current liabilities</b>	<b>7,460,126</b>	<b>6,010,087</b>	<b>2,355,776</b>	<b>23,423</b>
Noncurrent liabilities:				
Advance from other funds	-	-	-	-
Bonds payable, net	39,971,075	49,800,425	16,658,203	-
Estimated claims payable, net	-	-	-	-
Compensated absences, net	1,053,414	572,096	-	844
Net other postemployment benefit obligation	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>41,024,489</b>	<b>50,372,521</b>	<b>16,658,203</b>	<b>844</b>
<b>Total liabilities</b>	<b>48,484,615</b>	<b>56,382,608</b>	<b>19,013,979</b>	<b>24,267</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	50,826,684	76,230,693	25,588,585	237,724
Restricted for debt service	4,047,548	6,248,329	-	-
Restricted for equipment replacement	1,761,976	9,346,104	-	-
Restricted for landfill	-	-	-	-
Unrestricted (deficit)	16,994,518	13,311,982	1,585,419	563,716
<b>Total net assets</b>	<b>\$ 73,630,726</b>	<b>\$ 105,137,108</b>	<b>\$ 27,174,004</b>	<b>\$ 801,440</b>

Continued...

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

Business-type Activities - Enterprise Funds					Governmental Activities
Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
\$ 2,550	\$ 3,857	\$ -	\$ -	\$ 10,055,892	\$ 5,487
35,852	374,397	6,604,474	13,428,422	57,995,594	30,859,280
-	-	-	179,803	179,803	-
1,753	124,216	1,222,386	56,843	9,828,566	146,062
-	-	1,395	-	62,855	-
-	-	2,101	-	52,123	-
-	-	-	3,843	35,561	-
-	-	-	372	372	-
-	-	-	-	1,440,966	-
-	-	32,670	-	3,201,454	1,479,087
32,669	-	-	-	595,148	890,525
<u>72,824</u>	<u>502,470</u>	<u>7,863,026</u>	<u>13,669,283</u>	<u>83,448,334</u>	<u>33,380,441</u>
-	-	1,792	-	342,288	-
-	-	6,641	-	376,522	-
693,739	708,927	3,616,262	5,353,126	102,965,910	577,285
1,817,910	1,329,616	12,094,783	10,192,518	201,438,610	5,764,495
<u>2,511,649</u>	<u>2,038,543</u>	<u>15,719,478</u>	<u>15,545,644</u>	<u>305,123,330</u>	<u>6,341,780</u>
2,584,473	2,541,013	23,582,504	29,214,927	388,571,664	39,722,221
23,117	56,617	576,178	508,428	5,235,229	1,616,507
40,560	1,197	59,137	77,104	582,278	171,863
4,204	-	-	-	1,731,053	-
-	65,530	-	-	65,530	-
75,620	-	-	-	75,620	-
-	-	-	-	134,256	-
-	-	-	-	-	1,868,574
115,000	-	237,178	-	9,636,428	-
-	-	45,117	6,811	280,816	35,083
<u>258,501</u>	<u>123,344</u>	<u>917,610</u>	<u>592,343</u>	<u>17,741,210</u>	<u>3,692,027</u>
-	878,129	-	-	878,129	-
234,675	-	5,947,748	-	112,612,126	-
-	-	-	-	-	1,935,468
79,489	12,819	155,886	266,508	2,141,056	872,239
14,270	83,427	-	-	97,697	-
<u>328,434</u>	<u>974,375</u>	<u>6,103,634</u>	<u>266,508</u>	<u>115,729,008</u>	<u>2,807,707</u>
586,935	1,097,719	7,021,244	858,851	133,470,218	6,499,734
2,161,974	2,038,543	10,995,778	15,545,644	183,625,625	6,341,780
-	-	-	-	10,295,877	-
-	-	-	342,515	11,450,595	-
-	-	-	179,802	179,802	-
(164,436)	(595,249)	5,565,482	12,288,115	49,549,547	26,880,707
<u>\$ 1,997,538</u>	<u>\$ 1,443,294</u>	<u>\$ 16,561,260</u>	<u>\$ 28,356,076</u>	<u>\$ 255,101,446</u>	<u>\$ 33,222,487</u>

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Revenue, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Water Supply System	Sewage Disposal System	Parking System	Market
<b>Operating revenues</b>				
Charges for services	\$ 22,017,955	\$ 21,103,955	\$ 2,877,149	\$ 253,850
<b>Operating expenses</b>				
Personal services	6,033,933	5,668,333	-	86,346
Municipal service charge	380,661	398,742	-	17,507
Information technology charge	889,312	338,795	-	11,663
Other operating costs	5,258,529	3,772,007	41,814	44,512
Depreciation	2,987,084	2,334,984	1,770,820	8,949
<b>Total operating expenses</b>	<b>15,549,519</b>	<b>12,512,861</b>	<b>1,812,634</b>	<b>168,977</b>
Operating income (loss)	6,468,436	8,591,094	1,064,515	84,873
<b>Nonoperating revenues (expenses)</b>				
Interest income	283,053	489,143	33,210	9,706
Gain (loss) on sale of capital assets	4,076	23,750	(63,926)	-
Interest and fiscal charges	(1,427,111)	(2,056,954)	(896,039)	-
Property taxes	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>(1,139,982)</b>	<b>(1,544,061)</b>	<b>(926,755)</b>	<b>9,706</b>
Income (loss) before contributions and transfers	5,328,454	7,047,033	137,760	94,579
Capital contributions	1,256,394	-	-	-
Transfers in (Note 7)	2,389,289	185,204	-	-
Transfers out (Note 7)	(2,593,942)	(1,032,038)	-	-
<b>Changes in net assets</b>	<b>6,380,195</b>	<b>6,200,199</b>	<b>137,760</b>	<b>94,579</b>
Net assets, beginning of year	67,250,531	98,936,909	27,036,244	706,861
<b>Net assets, end of year</b>	<b>\$ 73,630,726</b>	<b>\$ 105,137,108</b>	<b>\$ 27,174,004</b>	<b>\$ 801,440</b>

Continued...

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

Business-type Activities - Enterprise Funds					Governmental Activities
Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
\$ 1,304,135	\$ 834,238	\$ 5,712,581	\$ 3,450,410	\$ 57,554,273	\$ 46,465,451
851,892	189,401	1,897,991	2,776,774	17,504,670	6,257,127
98,504	23,517	90,525	258,395	1,267,851	1,012,698
61,372	15,253	180,465	151,805	1,648,665	678,709
391,060	252,635	1,782,557	7,722,309	19,265,423	29,932,883
136,149	47,636	286,492	654,006	8,226,120	1,743,447
1,538,977	528,442	4,238,030	11,563,289	47,912,729	39,624,864
(234,842)	305,796	1,474,551	(8,112,879)	9,641,544	6,840,587
(21,614)	6,127	125,903	263,053	1,188,581	510,028
-	-	80,000	440,411	484,311	601,654
(15,106)	(40,187)	(98,493)	-	(4,533,890)	-
-	-	-	11,030,550	11,030,550	-
(36,720)	(34,060)	107,410	11,734,014	8,169,552	1,111,682
(271,562)	271,736	1,581,961	3,621,135	17,811,096	7,952,269
-	-	-	-	1,256,394	13,658
514,587	-	126,000	-	3,215,080	92,192
-	(9,827)	(1,629,769)	(377,650)	(5,643,226)	(765,086)
243,025	261,909	78,192	3,243,485	16,639,344	7,293,033
1,754,513	1,181,385	16,483,068	25,112,591	238,462,102	25,929,454
\$ 1,997,538	\$ 1,443,294	\$ 16,561,260	\$ 28,356,076	\$ 255,101,446	\$ 33,222,487

Concluded

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Water System	Sewage Disposal System	Parking System	Market
<b>Cash flow from operating activities</b>				
Receipts from customers	\$ 20,829,943	\$ 20,467,328	\$ 2,877,149	\$ 152,132
Payments to suppliers	(7,467,300)	(6,680,855)	(41,814)	(78,100)
Payments on behalf of employees	(6,732,594)	(5,626,788)	-	(89,153)
<b>Net cash provided by (used in) operating activities</b>	<u>6,630,049</u>	<u>8,159,685</u>	<u>2,835,335</u>	<u>(15,121)</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	2,389,289	185,204	-	-
Transfers out	(2,593,942)	(1,032,038)	-	-
Property taxes	-	-	-	-
Advance from investment pool	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<u>(204,653)</u>	<u>(846,834)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sales of bonds and notes	7,124,015	797,039	-	-
Capital contributions	1,256,394	-	-	-
Acquisition and construction of capital assets	(9,530,902)	(13,871,563)	-	-
Principal paid on revenue bonds, maturities, capital leases and notes	(4,349,724)	(2,840,547)	(2,081,797)	-
Interest paid on bonds, notes, and capital leases	(1,431,761)	(1,677,577)	(753,538)	-
Proceeds from sale of equipment	4,074	23,748	-	-
<b>Net cash used in capital and related financing activities</b>	<u>(6,927,904)</u>	<u>(17,568,900)</u>	<u>(2,835,335)</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Purchase of investment securities	-	-	-	-
Sale of investment securities	-	-	-	-
Interest and dividends on investments	283,053	489,143	33,210	9,706
<b>Net cash provided by (used in) investing activities</b>	<u>283,053</u>	<u>489,143</u>	<u>33,210</u>	<u>9,706</u>
<b>Net change in cash and cash equivalents</b>	<u>(219,455)</u>	<u>(9,766,906)</u>	<u>33,210</u>	<u>(5,415)</u>
Cash and cash equivalents, beginning of the year	<u>20,068,596</u>	<u>35,101,221</u>	<u>1,797,985</u>	<u>592,698</u>
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 19,849,141</u>	<u>\$ 25,334,315</u>	<u>\$ 1,831,195</u>	<u>\$ 587,283</u>
<b>Reconciliation to statement of net assets</b>				
Cash	\$ 4,068,228	\$ 5,981,257	\$ -	\$ -
Equity in pooled cash and investments	15,780,913	19,353,058	1,831,195	587,283
<b>Cash and cash equivalent, end of year</b>	<u>\$ 19,849,141</u>	<u>\$ 25,334,315</u>	<u>\$ 1,831,195</u>	<u>\$ 587,283</u>

Business-type Activities - Enterprise Funds					Governmental Activities
Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
\$ 1,305,130	\$ 840,163	\$ 6,178,229	\$ 3,776,253	\$ 56,426,327	\$ 46,402,022
(835,216)	(245,808)	(1,973,807)	(8,436,221)	(25,759,121)	(28,883,897)
(837,712)	(328,410)	(1,896,563)	(2,767,004)	(18,278,224)	(9,078,190)
(367,798)	265,945	2,307,859	(7,426,972)	12,388,982	8,439,935
514,587	-	126,000	-	3,215,080	92,192
-	(9,827)	(1,629,769)	(377,650)	(5,643,226)	(765,086)
-	-	-	11,030,550	11,030,550	-
-	(59,725)	-	-	(59,725)	-
514,587	(69,552)	(1,503,769)	10,652,900	8,542,679	(672,894)
-	-	-	-	7,921,054	-
-	-	-	-	1,256,394	-
-	(46,238)	(1,781,602)	-	(25,230,305)	(1,372,018)
(115,325)	-	1,942,822	-	(7,444,571)	-
(9,321)	(43,607)	(98,493)	-	(4,014,297)	-
-	-	80,000	483,392	591,214	675,497
(124,646)	(89,845)	142,727	483,392	(26,920,511)	(696,521)
-	-	-	(1,226)	(1,226)	-
-	-	-	288	288	-
(21,613)	6,127	125,903	263,062	1,188,591	510,028
(21,613)	6,127	125,903	262,124	1,187,653	510,028
530	112,675	1,072,720	3,971,444	(4,801,197)	7,580,548
37,872	265,579	5,531,754	9,456,978	72,852,683	23,284,219
\$ 38,402	\$ 378,254	\$ 6,604,474	\$ 13,428,422	\$ 68,051,486	\$ 30,864,767
\$ 2,550	\$ 3,857	\$ -	\$ -	\$ 10,055,892	\$ 5,487
35,852	374,397	6,604,474	13,428,422	57,995,594	30,859,280
\$ 38,402	\$ 378,254	\$ 6,604,474	\$ 13,428,422	\$ 68,051,486	\$ 30,864,767

Continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Cash Flows**  
 Proprietary Funds  
 For the Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			
	Water System	Sewage Disposal System	Parking System	Market
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 6,468,436	\$ 8,591,094	\$ 1,064,515	\$ 84,873
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,987,084	2,334,984	1,770,820	8,949
Changes in assets and liabilities:				
Allowance for uncollectible accounts	(8,698)	1,497	-	(366)
Accounts receivable	(187,834)	(638,124)	-	2,874
Inventory	14,567	(22,911)	-	-
Prepaid items	-	(48,601)	-	-
Accounts payable	(958,116)	(2,093,072)	-	(4,418)
Accrued compensated absences	(335,044)	39,676	-	(3,821)
Estimated claims payable	-	-	-	-
Accrued liabilities	(363,617)	1,869	-	1,014
Judgment payable	-	-	-	-
Other postemployment benefits	-	-	-	-
Due to other governments	-	-	-	-
Due from other governments	(992,363)	-	-	-
Due to other funds	-	(8,531)	-	-
Due from other funds	883	1,804	-	-
Deposits	4,751	-	-	-
Unearned revenue	-	-	-	(104,226)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 6,630,049</u>	<u>\$ 8,159,685</u>	<u>\$ 2,835,335</u>	<u>\$ (15,121)</u>

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



Business-type Activities - Enterprise Funds					Governmental Activities
Golf Courses	Airport	Stormwater Sewer System	Solid Waste	Total	Internal Service Funds
\$ (234,842)	\$ 305,796	\$ 1,474,551	\$ (8,112,879)	\$ 9,641,544	\$ 6,840,587
136,149	47,636	286,492	654,006	8,226,120	1,743,447
751	-	(57)	2,771	(4,102)	(3,766)
245	5,924	465,658	323,074	(28,183)	(70,923)
4,097	-	-	-	(4,247)	(167,918)
-	-	339	-	(48,262)	37,059
(9,040)	47,339	79,401	(303,711)	(3,241,617)	597,810
8,097	(78,470)	1,451	3,448	(364,663)	(155,980)
-	-	-	-	-	(374,440)
6,080	(16,746)	(23)	6,319	(365,104)	3,706
(14,270)	(60,918)	-	-	(75,188)	-
14,270	17,121	-	-	31,391	-
-	-	-	-	-	(20,909)
-	-	-	-	(992,363)	-
(279,335)	(1,137)	-	-	(289,003)	10,435
-	-	47	-	2,734	827
-	(600)	-	-	4,151	-
-	-	-	-	(104,226)	-
<u>\$ (367,798)</u>	<u>\$ 265,945</u>	<u>\$ 2,307,859</u>	<u>\$ (7,426,972)</u>	<u>\$ 12,388,982</u>	<u>\$ 8,439,935</u>

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	Pension and Employee Benefit Trust Funds	Agency Funds
<b>Assets</b>		
Cash	\$ 21,139	\$ 1,577,276
Equity in pooled cash and investments	595,104	79,807
Investments, at fair value:		
Common stock	29,984,296	-
Common stock funds	168,244,291	-
Government bonds	14,953,673	-
Government agencies	1,261,930	-
Government agency funds	25,970,750	-
Municipal bonds	705,586	-
Corporate bonds	43,573,854	-
Corporate bond funds	48,309,079	-
Bank loan participation	1,722,260	-
Government mortgage backed	20,114,761	-
Commercial mortgage backed	2,970,095	-
Asset backed	2,317,175	-
Non-government backed CMOs	2,140,526	-
Index linked government bonds	1,303,980	-
Real estate	9,135,626	-
Partnerships	83,089,404	-
Hedge funds	25,369,444	-
Short-term bills and notes	417,019	-
Short-term investment funds	8,339,127	-
Portfolio cash	623,586	-
Accrued interest and dividends	961,602	-
Due from other governments	13,389	-
Due from broker for securities sold	7,941,714	-
Capital assets (net of depreciation of \$54,265)	420,220	-
<b>Total assets</b>	<b>500,499,630</b>	<b>\$ 1,657,083</b>
<b>Liabilities</b>		
Accounts payable	2,740,641	\$ 1,483,963
Accrued liabilities	51,135	-
Due to broker for securities purchased	7,873,386	-
Mortgage payable, due in one year	22,951	-
Mortgage payable, due in more than one year	294,710	-
Due to other governments	-	128,280
Deposits	-	44,840
<b>Total liabilities</b>	<b>10,982,823</b>	<b>\$ 1,657,083</b>
<b>Net assets</b>		
Invested in capital assets, net of related debt	125,510	
Held in trust for pension and postemployment benefits	489,391,297	
<b>Total net assets</b>	<b>\$ 489,516,807</b>	

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

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Changes in Fiduciary Net Assets

Pension and Other Employee Benefit Trust Funds

June 30, 2012

### Additions

Investment income:

*From investing activities:*

Depreciation in fair value of investments	\$ (5,637,511)
Interest and dividends	8,756,729
Total investment income	<u>3,119,218</u>
Investment management fees	<u>(1,235,474)</u>
Net investment income from investing activities	<u>1,883,744</u>

*From securities lending activities:*

Gross earnings	168,080
Borrower rebates received (paid)	17,562
Securities lending fees	<u>(55,426)</u>
Net investment income from securities lending activities	<u>130,216</u>

Total net investment income	<u>2,013,960</u>
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Contributions:

Employer	23,794,046
Plan member	<u>2,794,239</u>
Total contributions	<u>26,588,285</u>

<b>Total additions</b>	<u>28,602,245</u>
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### Deductions

Benefits	38,693,898
Refund of contributions	1,255,689
Administrative expense	<u>823,993</u>

<b>Total deductions</b>	<u>40,773,580</u>
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<b>Change in net assets</b>	(12,171,335)
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Net assets, beginning of year	<u>501,688,142</u>
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<b>Net assets, end of year</b>	<u><u>\$ 489,516,807</u></u>
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The accompanying notes are an integral part of the financial statements.

## **COMPONENT UNIT FINANCIAL STATEMENTS**

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Net Assets

Discretely Presented Component Units

June 30, 2012

	Housing Commission	SmartZone Local Development Finance Authority	Downtown Development Authority	Total
<b>Assets</b>				
Cash	\$ 3,763,981	\$ -	\$ 344,817	\$ 4,108,798
Equity in pooled cash and investments	-	772,800	119,077	891,877
Investments, at fair value	-	-	8,514,442	8,514,442
Receivables	36,695	953,926	3,415,941	4,406,562
Other assets	68,132	-	-	68,132
Capital assets not being depreciated	844,637	-	-	844,637
Capital assets being depreciated, net	5,449,206	-	-	5,449,206
<b>Total assets</b>	<b>10,162,651</b>	<b>1,726,726</b>	<b>12,394,277</b>	<b>24,283,654</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	453,887	184,038	3,626,351	4,264,276
Unearned revenue	7,081	953,926	-	961,007
Long-term liabilities:				
Due within one year	32,941	-	-	32,941
Due in more than one year:	11,438	-	-	11,438
<b>Total liabilities</b>	<b>505,347</b>	<b>1,137,964</b>	<b>3,626,351</b>	<b>5,269,662</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	6,293,843	-	-	6,293,843
Restricted for capital projects	1,311,279	-	119,077	1,430,356
Unrestricted	2,052,182	588,762	8,648,849	11,289,793
<b>Total net assets</b>	<b>\$ 9,657,304</b>	<b>\$ 588,762</b>	<b>\$ 8,767,926</b>	<b>\$ 19,013,992</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

June 30, 2012

	Housing Commission	SmartZone Local Development Finance Authority	Downtown Development Authority	Total
<b>Expenses</b>				
Housing and economic development	\$ 15,111,011	\$ 1,456,619	\$ 19,988,623	\$ 36,556,253
<b>Program revenues</b>				
Charges for services	845,263	-	17,026,279	17,871,542
Operating grants and contributions	13,189,335	-	-	13,189,335
Capital grants and contributions	146,573	-	-	146,573
<b>Total program revenues</b>	<b>14,181,171</b>	<b>-</b>	<b>17,026,279</b>	<b>31,207,450</b>
Net program (expense) revenue	(929,840)	(1,456,619)	(2,962,344)	(5,348,803)
<b>General revenues</b>				
Property taxes	-	1,437,146	3,726,763	5,163,909
Unrestricted investment earnings	18,188	16,971	96,038	131,197
Other general revenues	-	-	104,240	104,240
<b>Total general revenues</b>	<b>18,188</b>	<b>1,454,117</b>	<b>3,927,041</b>	<b>5,399,346</b>
<b>Change in net assets</b>	<b>(911,652)</b>	<b>(2,502)</b>	<b>964,697</b>	<b>50,543</b>
Net assets, beginning of year	10,568,956	591,264	7,803,229	18,963,449
<b>Net assets, end of year</b>	<b>\$ 9,657,304</b>	<b>\$ 588,762</b>	<b>\$ 8,767,926</b>	<b>\$ 19,013,992</b>

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

## **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 revenue bonds to finance major capital construction by the City.

#### *Discretely Presented Component Units*

The component unit columns in the government-wide financial statements include the financial data of the City's other component units. They are reported in separate columns 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 plan. The DDA's primary source of funding is 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 \$2.8 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 \$9.4 million for debt service payments and other transfers for maintenance. The DDA issues separate audited 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. 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.



# CITY OF ANN ARBOR, MICHIGAN

## Notes to 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 City of Ann Arbor and the City of 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 \$20,602 as of June 30, 2012.

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

The government-wide financial statements (i.e., the statement of net assets 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.

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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to 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, 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.

*DDA Build America parking bond capital projects fund.* This fund is used 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.

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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

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 *golf courses fund* accounts for the operation of the City's two 18-hole golf courses.

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.

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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

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 assets 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 and 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.

#### *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 non-current 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

### *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

### *Compensated Absences*

The City accrues vacation pay, compensatory time off, severance pay for sick leave, and any salary-related payments for these compensated absences in accordance with GASB Statement No. 16, *Accounting for 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.

### *Fund Equity*

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. 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 statement 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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### *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 revenue 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. Encumbrances outstanding at year-end are reported as assigned fund balance for the general fund and as restricted or assigned fund balance for all other funds respective to the nature of the fund. The encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

## 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 revenue. 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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

- 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 expenditures 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.

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 reported as an assignment of fund balance in the general fund at year-end. In all other governmental funds, encumbrances are included in restricted, committed or assigned fund balance. 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 ASSETS 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 general fund under general government - attorney (final budget of \$1,858,803 and actual of \$1,863,446); this excess of \$4,643 was absorbed by under expenditures for other captions. No other expenditures in excess of appropriations were reported.

At year-end, the golf course and airport enterprise funds reported deficits in unrestricted net assets of \$164,436 and \$595,249, respectively.



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 4. EQUITY IN POOLED CASH AND INVESTMENTS

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. The following is a reconciliation of deposit and investment balances as of June 30, 2012:

	Primary Government	Component Units	Total
<b>Statement of net assets</b>			
Cash	\$ 11,085,841	\$ 4,108,798	\$ 15,194,639
Equity in pooled cash and investments	180,900,090	891,877	181,791,967
Investments	2,092,747	8,514,442	10,607,189
<b>Statement of fiduciary net assets</b>			
Cash	1,598,415	-	1,598,415
Equity in pooled cash and investments	674,911	-	674,911
Investments	490,546,462	-	490,546,462
<b>Total</b>	<b>\$ 686,898,466</b>	<b>\$ 13,515,117</b>	<b>\$ 700,413,583</b>

#### Deposits and investments

Bank deposits (demand accounts and certificates of deposit)	\$ 17,084,177
Investments in securities, mutual funds and similar vehicles:	
City investment pool	184,235,353
Employees' Retirement System	400,738,827
Retiree Health Care Trust Fund	89,807,635
Downtown Development Authority	8,514,442
Cash on hand	33,149
	<u>\$ 700,413,583</u>

#### 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 insured deposits were as follows:

	Carrying Amount	Bank Balance	Insured	Uninsured
City cash pool	\$ 12,726,205	\$ 14,779,310	\$ 280,444	\$ 14,498,866
15th District Court	249,174	382,497	250,000	132,497
Downtown Development Authority	344,817	1,806,591	250,000	1,556,591
Housing Commission	3,763,981	3,883,366	507,083	3,376,283
Totals	<u>\$ 17,084,177</u>	<u>\$ 20,851,764</u>	<u>\$ 1,287,527</u>	<u>\$ 19,564,237</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The uninsured bank balance of \$19,564,237 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 \$3,415,900 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.

### Investments - City Investment Pool

Following is a summary of the City's investments as of June 30, 2012:

U. S. treasuries	\$ 89,103,705
U. S. agencies	83,262,531
Money market accounts	<u>11,869,117</u>
<b>Total Investments</b>	<u><u>\$ 184,235,353</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.* 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, 2012, none of the City's investments, excluding the mutual funds which are not subject to custodial credit risk, 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, 2012, 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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Concentration of Credit Risk.* At June 30, 2012, the investment portfolio was concentrated as follows:

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal National Mortgage Association	17.84%
U.S. agencies	Federal Farm Credit Bank	17.41%
U.S. agencies	Federal Home Loan Mortgage	7.22%

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, 2012, maturities of the City's debt securities were as follows:

	Fair Value	Weighted Average Maturity
U.S. treasuries	\$ 89,103,705	0.07-3.73 years
U.S. agencies	<u>83,262,531</u>	0.13-4.01 years
<b>Total investments</b>	<u><u>\$ 172,366,236</u></u>	

Of the above balances, \$41,720,213 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 seven years from the date of purchase, and the weighted average maturity of the portfolio shall not exceed 3.5 years.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 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 assets 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.

*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 held by an independent trust company. Following is a summary of the System's investments as of June 30, 2012: (investments at fair value, as determined by quoted market price).

	Domestic	Foreign	Total	On Loan
Common stock	\$ 18,631,111	\$ -	\$ 18,631,111	\$ 9,960,966
Common stock funds	144,136,538	-	144,136,538	-
Government bonds	11,473,628	1,746,974	13,220,602	9,604,707
Government agencies	343,966	817,398	1,161,364	91,091
Government agency funds	25,970,750	-	25,970,750	-
Municipal bonds	-	615,298	615,298	-
Corporate bonds	37,273,394	2,963,246	40,236,640	8,011,031
Corporate bond funds	26,354,236	-	26,354,236	-
Bank loans	1,722,260	-	1,722,260	-
Government mortgage backed	17,331,293	-	17,331,293	-
Commercial mortgage backed	2,547,160	-	2,547,160	-
Asset backed securities	2,020,204	-	2,020,204	-
Non-government backed CMOs	1,858,865	-	1,858,865	-
Index linked government bonds	1,303,980	-	1,303,980	-
Real estate	5,178,168	-	5,178,168	-
Partnerships	70,380,045	-	70,380,045	-
Hedge equity	8,130,056	-	8,130,056	-
Hedge funds	5,583,223	8,099,266	13,682,489	-
Short-term bills and notes	-	363,430	363,430	-
Short-term investment funds	5,415,203	-	5,415,203	-
Portfolio cash	479,135	-	479,135	-
<b>Total</b>	<b>\$ 386,133,215</b>	<b>\$ 14,605,612</b>	<b>\$ 400,738,827</b>	<b>\$ 27,667,795</b>

# 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. The System's investment policy provides that its investments in fixed income securities be limited to those rated investment grade or better by a NRSRO. The System's investments in fixed income securities were rated by S&P as follows at June 30, 2012 (investments in short-term funds, corporate bond bonds and hedge funds are not rated):

AAA	1,706,067
AA	4,147,828
A	17,965,469
BBB	16,621,604
BB	4,264,356
B	2,220,841
Not rated	5,346,030
U.S. government guaranteed	56,079,651
	<u>108,351,846</u>

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

Government bonds	\$ 13,220,602
Government agencies	1,161,364
Government agency funds	25,970,750
Municipal bonds	615,298
Corporate bonds	40,236,640
Bank loan participation	1,722,260
Government mortgage backed	17,331,293
Commercial mortgage backed	2,547,160
Asset backed securities	2,020,204
Non-government backed CMOs	1,858,865
Index linked government bonds	1,303,980
Short-term bills and notes	363,430
	<u>\$ 108,351,846</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, 2012, maturities of the System's debt securities were as follows: (in years)

Government bonds	7.93
Government agencies	6.20
Municipal bonds	3.78
Corporate bonds	6.94
Bank loans	6.04
Government mortgage backed	28.34
Commercial mortgage backed	32.37
Asset backed securities	9.64
Non-government backed CMOs	21.65
Index linked government bonds	4.05
Short-term bills and notes	0.71

*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, 2012, the total collateral received from borrowers had a fair value of \$28,029,738 (of which \$28,001,364 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 assets 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, 2012:

	Domestic	Foreign	Total	On Loan
Common stock	\$ 11,126,944	\$ 226,241	\$ 11,353,185	\$ 7,558,007
Common stock funds	24,107,753	-	24,107,753	-
Government bonds	1,426,652	306,419	1,733,071	1,431,767
Government agencies	25,535	75,031	100,566	25,588
Municipal bonds	-	90,288	90,288	-
Corporate bonds	3,016,222	320,992	3,337,214	789,727
Corporate bond funds	21,954,843	-	21,954,843	-
Government mortgage backed sec	2,783,468	-	2,783,468	-
Commercial mortgage backed sec	422,935	-	422,935	-
Asset backed securities	296,971	-	296,971	-
Non-government backed CMOs	281,661	-	281,661	-
Real estate	3,957,458	-	3,957,458	-
Partnerships	2,347,890	10,361,469	12,709,359	-
Hedge equity funds	3,556,899	-	3,556,899	-
Short-term bills and notes	-	53,589	53,589	-
Short-term fund	2,923,924	-	2,923,924	-
Portfolio cash	144,451	-	144,451	-
<b>Total</b>	<b>\$ 78,373,606</b>	<b>\$ 11,434,029</b>	<b>\$ 89,807,635</b>	<b>\$ 9,805,089</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. The Association's investment policy provides that its investments in fixed income securities be limited to those rated investment grade or better by a nationally recognized statistical rating organization.

# 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, 2012 (investments in short-term funds and corporate bond funds are not rated):

AAA	\$ 180,350
AA	289,450
A	1,067,243
BBB	1,814,669
BB	559,240
B	188,967
Not rated	789,725
U.S. government guaranteed	4,210,119
	<u>\$ 9,099,763</u>

The Association's fixed income securities consisted of the following at June 30, 2012:

Government bonds	\$ 1,733,071
Government agencies	100,566
Municipal bonds	90,288
Corporate bonds	3,337,214
Government mortgage backed	2,783,468
Commercial mortgage backed	422,935
Asset backed securities	296,971
Non-government backed CMOs	281,661
Short-term bills and notes	53,589
	<u>\$ 9,099,763</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.

As of June 30, 2012, maturities of the Association's debt securities were as follows: (in years)

Government bonds	9.17
Government agencies	6.04
Municipal bonds	3.78
Corporate bonds	9.54
Government mortgage backed	28.41
Commercial mortgage backed	32.40
Asset backed securities	9.48
Non-government backed CMOs	21.48
Short-term bills and notes	0.71



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*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, 2012, the total collateral received from borrowers had a fair value of \$9,886,306 (of which \$9,868,765 was cash).

### Investments - DDA Component Unit

#### *Deposits and Investments*

*Custodial Credit Risk - Deposits.* There is a custodial credit risk as it relates to deposits. In the case of deposits, this is the risk that in the event of a bank failure, the DDA's deposits may not be returned to it. As of June 30, 2012, the carrying amounts of the DDA's deposits were \$344,617 and the bank balance was \$1,806,591. As of year end, \$1,556,591 of the DDA's bank balance 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, 2012:

U.S. government agencies	\$ 644,776
Money market accounts	<u>7,869,666</u>
<b>Total Investments</b>	<b><u>\$ 8,514,442</u></b>

*Custodial Credit Risk - 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. \$7,869,666 of the investments listed above are unclassified as to custodial credit risk as the invested amount is part of an investment pool. \$644,776 of the investments 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, 2012, all of the investments in U.S. agencies were rated Aaa by Moody's.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*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, 2012, the maturities of the DDA's U.S. agencies were as follows:

Investment Type	Fair Value	Investments Maturities (fair value by years)		
		1-5	6-10	More Than 10
U.S. agencies	\$ 644,776	\$ 27,322	\$ 300,971	\$ 316,483

*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 27.3% trade, 66.1% due from other governments, 2.9% taxes, 2.7% special assessments and 1.0% other receivables. Receivables in the business-type activities are 81.0% trade, 11.9% due from other governments, 3.5% improvement charges, 3.3% special assessments and 0.3% other receivables.

## 6. INTERFUND RECEIVABLES AND PAYABLES

For the year ended June 30, 2012, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 583,303	\$ -
Nonmajor government funds	-	507,683
Golf courses enterprise fund	-	75,620
	<u>\$ 583,303</u>	<u>\$ 583,303</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated:				
Land	\$ 58,110,657	\$ 1,772,325	\$ (90,000)	\$ 59,792,982
Construction in progress	86,079,059	19,464,960	(3,612,947)	101,931,072
Total capital assets not depreciated	<u>144,189,716</u>	<u>21,237,285</u>	<u>(3,702,947)</u>	<u>161,724,054</u>
Capital assets being depreciated:				
Buildings	57,717,166	814,459	-	58,531,625
Improvements other than buildings	10,448,223	2,640,474	-	13,088,697
Machinery and equipment	15,225,861	1,016,466	(361,229)	15,881,098
Vehicles	13,264,498	652,816	(895,893)	13,021,421
Intangible assets	1,173,590	-	-	1,173,590
Infrastructure	711,991,697	18,718,414	(1,467,099)	729,243,012
Total capital assets being depreciated	<u>809,821,035</u>	<u>23,842,629</u>	<u>(2,724,221)</u>	<u>830,939,443</u>
Less accumulated depreciation for:				
Buildings	(14,296,351)	(1,443,447)	-	(15,739,798)
Improvements other than buildings	(5,354,498)	(297,408)	-	(5,651,906)
Machinery and equipment	(12,278,299)	(691,080)	306,104	(12,663,275)
Vehicles	(9,675,939)	(1,198,448)	842,617	(10,031,770)
Intangible assets	-	(234,718)	-	(234,718)
Infrastructure	(129,641,336)	(14,139,553)	1,341,202	(142,439,687)
Total accumulated depreciation	<u>(171,246,423)</u>	<u>(18,004,654)</u>	<u>2,489,923</u>	<u>(186,761,154)</u>
Total capital assets being depreciated, net	<u>638,574,612</u>	<u>5,837,975</u>	<u>(234,298)</u>	<u>644,178,289</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 782,764,328</u>	<u>\$ 27,075,260</u>	<u>\$ (3,937,245)</u>	<u>\$ 805,902,343</u>

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

<b>Depreciation of governmental activities by function</b>	
General government	\$ 265,445
Public safety	669,374
Public works	14,357,368
Culture and recreation	969,020
Capital assets held by the government's internal service are charge to various activities based on asset usage	<u>1,743,447</u>
<b>Total depreciation expense - governmental activities</b>	<u>\$ 18,004,654</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated:				
Land	\$ 8,596,604	\$ -	\$ (63,926)	\$ 8,532,678
Construction in progress	84,290,706	24,419,686	(14,277,160)	94,433,232
Total capital assets not depreciated	<u>92,887,310</u>	<u>24,419,686</u>	<u>(14,341,086)</u>	<u>102,965,910</u>
Capital assets being depreciated:				
Buildings	146,863,378	46,238	-	146,909,616
Improvements other than buildings	169,816,177	14,277,160	-	184,093,337
Machinery and equipment	38,039,587	365,574	(589,764)	37,815,397
Vehicles	6,612,382	398,806	(946,579)	6,064,609
Total capital assets being depreciated	<u>361,331,524</u>	<u>15,087,778</u>	<u>(1,536,343)</u>	<u>374,882,959</u>
Less accumulated depreciation for:				
Buildings	(60,462,932)	(3,670,591)	-	(64,133,523)
Improvements other than buildings	(67,791,629)	(3,043,555)	-	(70,835,184)
Machinery and equipment	(32,441,052)	(1,178,413)	546,790	(33,072,675)
Vehicles	(6,015,986)	(333,560)	946,579	(5,402,967)
Total accumulated depreciation	<u>(166,711,599)</u>	<u>(8,226,119)</u>	<u>1,493,369</u>	<u>(173,444,349)</u>
Total capital assets being depreciated, net	<u>194,619,925</u>	<u>6,861,659</u>	<u>(42,974)</u>	<u>201,438,610</u>
Total capital assets, net	<u>194,619,925</u>	<u>6,861,659</u>	<u>(42,974)</u>	<u>201,438,610</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 287,507,235</u>	<u>\$ 31,281,345</u>	<u>\$ (14,384,060)</u>	<u>\$ 304,404,520</u>

## 8. PAYABLES

Payables in the governmental activities are 11.6% accrued liabilities, 45.8% vendors, 18.3% claims payable, 2.0% deposits payable, 16.4% due to other governments and 5.9% interest payable. Payables in the business-type activities are 88.0% accounts payable, 9.8% accrued liabilities and 2.2% deposits.

## 9. LEASES

*Operating Lease Obligations 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 2012 was \$187,703. The following is a table of future minimum noncancellable lease payments by the City:

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

2013	\$	120,588
2014		107,000
2015		108,932
2016		110,864
2017		112,796
2018		114,728
2019		<u>19,336</u>
<b>Total</b>	<b>\$</b>	<b><u>694,244</u></b>

The City as lessee has other lease arrangements, which have been appropriately accounted for as operating leases. Minimum lease payments payable 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 2012 was \$1,364,955. The total revenue includes \$458,491 for cell towers, \$14,395 for office space, \$764,921 for airport hangers, and \$127,148 for other rentals. All related City assets are fully depreciated. The following is a table of future minimum noncancellable lease payments to the City:

2013	\$	914,747
2014		933,796
2015		755,375
2016		729,090
2017		752,760
2018-2022		3,380,109
2023-2027		2,013,160
2028-2032		736,913
2033-2035		<u>258,360</u>
<b>Total</b>	<b>\$</b>	<b><u>10,474,310</u></b>

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, 2012, is as follow:

	Transfers In								
	General	Street Repair Millage	NMGF	Water Supply System	Sewage Disposal System	Golf Courses	Stormwater System	Internal Service	Totals
<b>Transfers Out</b>									
General	\$ -	\$ -	\$ 1,518,909	\$ 416,700	\$ -	\$ 514,587	\$ -	\$ -	\$ 2,450,196
SRM	-	-	145,404	468,825	-	-	126,000	5,897	746,126
NMGF	66,741	20,221	3,146,908	82,796	-	-	-	6,444	3,323,110
WTR	879,149	1,279,910	220,109	-	172,010	-	-	42,764	2,593,942
SWR	-	(33,600)	50,666	995,028	-	-	-	19,944	1,032,038
AIR	-	-	1,834	7,993	-	-	-	-	9,827
STRM	85,000	1,291,217	14,000	217,066	13,194	-	-	9,292	1,629,769
SW	30,000	-	228,412	111,387	-	-	-	7,851	377,650
ISF	-	-	675,592	89,494	-	-	-	-	765,086
	<u>\$ 1,060,890</u>	<u>\$ 2,557,748</u>	<u>\$ 6,001,834</u>	<u>\$ 2,389,289</u>	<u>\$ 185,204</u>	<u>\$ 514,587</u>	<u>\$ 126,000</u>	<u>\$ 92,192</u>	<u>\$ 12,927,744</u>

SRM - Street repair millage special revenue fund

NMGF - Nonmajor governmental funds

WTR - Water supply system enterprise fund

SWR - Sewer disposal system enterprise fund

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 obtained a \$1 million letter of credit in favor of MDEQ for Closure/Post-Closure/Corrective Action for the landfill. 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 obtained an additional \$1 million letter of credit in favor of MDEQ to ensure compliance with the landfill cleanup regulations. The City is working on a final offsite 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. Discharge volumes have been reduced and are expected to decrease further over time as remediation continues. Capital costs associated with the landfill cleanup were funded by a series of voter-approved bonds totaling \$28 million. These bonds will be retired in fiscal year 2013.

The landfill was closed prior to the implementation date of GASB Statement No. 18, which would have required the recognition of future landfill-related liabilities. As such, no liabilities have been recorded in the accompanying financial statements for the landfill closure. Operating and maintenance costs for the closed landfill are funded out of the annual solid waste fund budget. These costs are funded through the City's statutorily authorized solid waste property tax levy. This levy generates over \$9 million annually, which the City believes is adequate to fund any current and future landfill-related costs.

*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.* The Michigan Department of Environmental Quality (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 the MDEQ 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.

### 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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

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>				
1993 environmental	2013	5.0%	\$ 8,950,000	\$ 625,000
1999 special assessment (G.O. portion)	2014	5.15 - 5.2%	760,000	120,000
2002 special assessment (G.O. portion)	2017	4.3 - 4.7%	290,000	110,000
2005 open space preservation	2034	4.0 - 4.5%	20,250,000	18,050,000
2006 maintenance facility	2031	4.0 - 5.0%	24,636,000	20,900,000
2008 court and police facilities	2038	4.0 - 5.0%	27,660,000	27,105,000
2009 capital improvements (BAB)	2035	3.5 - 6.5%	49,420,000	48,765,000
2012 transportation fund	2023	2.0 - 2.4%	2,670,000	2,670,000
Total governmental activities			<u>\$ 134,636,000</u>	<u>\$ 118,345,000</u>
<b>Business-type activities</b>				
2003 golf course - refunding	2015	3.4 - 3.7%	\$ 1,160,000	\$ 355,000
2005 parking - refunding	2021	4.0 - 5.0%	13,305,000	10,350,000
2007 parking	2027	4.0 - 4.25%	4,250,000	3,635,000
2009 parking - refunding	2017	2.5 - 3.5%	3,570,000	2,620,000
2012 parking - refunding	2022	1.0 - 2.0%	2,230,000	2,230,000
Total business-type activities			<u>\$ 24,515,000</u>	<u>\$ 19,190,000</u>

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	\$ 3,975,000	\$ 4,847,965	\$ 2,225,000	\$ 755,403
2014	3,495,000	4,720,355	2,295,000	662,914
2015	3,560,000	4,606,867	2,360,000	568,841
2016	3,705,000	4,488,874	2,325,000	473,937
2017	3,855,000	4,362,196	2,385,000	373,415
2018-22	21,695,000	19,581,733	6,095,000	783,585
2023-27	25,885,000	14,915,303	1,505,000	195,313
2028-32	30,625,000	8,828,867	-	-
2033-37	19,790,000	2,528,123	-	-
2038	1,760,000	88,000	-	-
	<u>\$ 118,345,000</u>	<u>\$ 68,968,283</u>	<u>\$ 19,190,000</u>	<u>\$ 3,813,408</u>



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

During the year, \$2,670,000 of refunding bonds were issued to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments on \$2,660,000 in bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities. The carrying amount of the old debt exceeded the reacquisition price by \$54,429, which has been added to the new debt and is being amortized over the refunded debt's life. The refunding resulted in a savings of \$217,609 and an economic gain of \$185,672.

During the year, \$2,230,000 of parking refunding bonds were issued to provide resources to purchase U.S. government securities that were placed in an irrevocable trust (along with \$53,436 from the City) to generate resources for all future debt service payments on \$2,230,000 in bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities and parking system enterprise fund. The refunding resulted in a savings of \$399,014 and an economic gain of \$370,707.

**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>				
1998 water	2013	4.20%	\$ 405,000	\$ 405,000
2002 water	2013	4.25%	575,000	575,000
2003 water	2013	3.875%	13,265,000	1,480,000
2004 water	2013	3.375%	535,000	535,000
2005 water	2013	4.00%	6,795,000	610,000
2008 water	2028	4.0 - 4.75%	23,375,000	21,650,000
2012 water - refunding	2024	2.0 - 2.5%	10,450,000	10,450,000
1998 sewer	2014	4.4 - 4.5%	8,900,000	700,000
2004 sewer	2025	3.25 - 4.25%	27,170,000	22,400,000
2008 sewer	2033	3.25 - 4.75%	24,550,000	23,200,000
Total business-type activities			<u>\$ 116,020,000</u>	<u>\$ 82,005,000</u>

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

	Principal	Interest
2013	\$ 6,350,000	\$ 3,521,322
2014	5,000,000	2,878,948
2015	4,635,000	2,736,236
2016	4,765,000	2,587,380
2017	4,930,000	2,431,372
2018-22	23,615,000	9,648,514
2023-27	21,760,000	4,765,760
2028-32	9,250,000	1,371,464
2033	1,700,000	40,375
	<u>\$ 82,005,000</u>	<u>\$ 29,981,371</u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

During the year, \$10,450,000 of water refunding bonds were issued to provide resources to purchase U.S. government securities that were placed in an irrevocable trust (along with \$298,878 from the City) to generate resources for all future debt service payments on \$10,425,000 in bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the business-type activities and water supply system enterprise fund. The carrying amount of the old debt exceeded the reacquisition price by \$538,597, which has been added to the new debt and is being amortized over the refunded debt's life. The refunding resulted in a savings of \$1,046,700 and an economic gain of \$928,042.

**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	\$ 3,598,826
DWRF #7146-01	2024	2.13%	557,950	337,950
DWRF #7325-01	2030	2.50%	624,750	556,789
DWRF #7333-01	2032	2.50%	5,614,250	4,484,837
2004 SWQIF #3002-01	2024	1.625%	874,672	559,672
2005 SWQIF #3002-02	2025	1.625%	879,382	604,382
2006 SWQIF #3002-03	2026	1.625%	889,903	649,903
2007 SWQIF #3002-04	2027	1.625%	964,976	749,976
2008 SWQIF #3002-05	2028	2.50%	900,000	755,000
2009 SWQIF #3010-01	2029	2.50%	1,310,000	1,150,000
2010 SWQIF #3010-02	2030	2.50%	1,320,000	1,215,000
2011 SWQIF #3010-03	2032	2.50%	1,365,000	797,039
2010 CWRP #5338-01	2031	2.50%	2,661,000	2,541,000
2012 SRF (Washtenaw County)	TBD	2.50%	TBD	2,174,267
Total business-type activities			<u>\$ 22,536,883</u>	<u>\$ 20,174,641</u>

TBD = the maturities and the City's portion of the total original amount of the project (which is being managed by Washtenaw County) is yet to be determined.

# 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
2013	\$ 930,250	\$ 377,487
2014	955,000	414,586
2015	980,000	390,322
2016	1,000,000	367,636
2017	1,025,000	344,432
2018-22	5,515,000	1,353,634
2023-27	5,751,883	686,743
2028-32	4,395,000	112,345
2033	-	-
	<u>20,552,133</u>	<u>4,047,185</u>
Remaining available to draw	(2,551,759)	-
Unscheduled maturities	<u>2,174,267</u>	-
	<u><u>\$ 20,174,641</u></u>	<u><u>\$ 4,047,185</u></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
<b>Governmental activities</b>				
1999 special assessment	2014	5.15 - 5.2%	\$ 770,000	\$ 110,000
2002 special assessment	2017	4.3 - 4.7%	<u>525,000</u>	<u>110,000</u>
			<u><u>\$ 1,295,000</u></u>	<u><u>\$ 220,000</u></u>

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

	Principal	Interest
2013	\$ 80,000	\$ 10,617
2014	80,000	6,710
2015	25,000	2,750
2016	20,000	1,625
2017	<u>15,000</u>	<u>705</u>
	<u><u>\$ 220,000</u></u>	<u><u>\$ 22,407</u></u>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

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

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
<b>Business-type activities</b>				
2006 Mallets Creek project	2026	1.625%	\$ 2,180,000	\$ 1,261,250
2006 Traver Creek project	2016	3.85 - 4.2%	492,602	208,409
			<u>\$ 2,672,602</u>	<u>\$ 1,469,659</u>

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

	Principal	Interest
2013	\$ 131,178	\$ 28,734
2014	135,131	25,357
2015	135,132	21,897
2016	139,085	18,378
2017	86,983	15,334
2018-22	454,686	55,115
2023-26	387,464	16,907
	<u>\$ 1,469,659</u>	<u>\$ 181,722</u>

*Installment purchase agreement.* The government entered into a long-term installment purchase agreement in fiscal 2009 for the purchase of the old Ann Arbor YMCA building for \$3,500,000. The agreement provides for a balloon payment of the principal in 2014 along with annual interest at rate of 3.89%. Interest payments totaling \$136,149 and \$68,266 will be due in 2013 and 2014, respectively, to the date of maturity.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for fiscal 2012 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Primary government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 122,215,000	\$ 2,670,000	\$ (6,540,000)	\$ 118,345,000	\$ 3,975,000
Special assessment bonds	310,000	-	(90,000)	220,000	80,000
Purchase agreement	3,500,000	-	-	3,500,000	-
Deferred amounts:					
For issuance premiums	36,500	33,375	(732)	69,143	-
For issuance discounts	(416,064)	-	54,779	(361,285)	-
On refunding	-	(54,429)	-	(54,429)	-
Compensated absences	13,859,814	2,548,119	(4,096,332)	12,311,601	1,113,105
<b>Total governmental activities debt</b>	<b>\$ 139,505,250</b>	<b>\$ 5,197,065</b>	<b>\$ (10,672,285)</b>	<b>\$ 134,030,030</b>	<b>\$ 5,168,105</b>
<b>Business-type activities</b>					
General obligation bonds	\$ 21,315,000	\$ 2,230,000	\$ (4,355,000)	\$ 19,190,000	\$ 2,225,000
Revenue bonds	88,140,000	10,450,000	(16,585,000)	82,005,000	6,350,000
Revolving loans	10,272,364	10,552,027	(649,750)	20,174,641	930,250
Drain notes	1,596,107	-	(126,448)	1,469,659	131,178
Deferred amounts:					
For issuance premiums	1,193,677	143,049	(181,227)	1,155,499	-
For issuance discounts	(719,954)	-	251,154	(468,800)	-
On refunding	(824,511)	(538,597)	85,663	(1,277,445)	-
Compensated absences	2,786,333	543,377	(907,838)	2,421,872	280,816
<b>Total business-type activities debt</b>	<b>\$ 123,759,016</b>	<b>\$ 23,379,856</b>	<b>\$ (22,468,446)</b>	<b>\$ 124,670,426</b>	<b>\$ 9,917,244</b>
<b>Component unit</b>					
Downtown development authority bonds	\$ 650,000	\$ -	\$ (650,000)	\$ -	\$ -
Housing Commission compensated absences	48,615	54,080	(58,316)	44,379	32,941
<b>Total component unit</b>	<b>\$ 698,615</b>	<b>\$ 54,080</b>	<b>\$ (708,316)</b>	<b>\$ 44,379</b>	<b>\$ 32,941</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 \$1,431,701 at June 30, 2012 and is included in estimated claims payable. The total estimated claims payable of \$3,804,042 is reflected in the insurance fund at June 30, 2012. 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
2011	\$ 3,152,410	\$ 16,125,804	\$ (15,099,732)	\$ 4,178,482
2012	4,178,482	15,004,618	(15,379,058)	3,804,042

### 14. DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent City employees, permits each to defer a portion of their salary until future years. The deferred compensation is not available for distribution to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights, are held in trust, with the City serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets shall not be diverted to any other purpose. All provisions of the plan, and the trust, are in conformance with Internal Revenue Code Section 457.

The plan's funds are excluded from the financial statements in conformance with the reporting and disclosure requirements in GASB Statement Number 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 15. 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, 2011, as controlled by the Headlee Amendment, Act 415 and City Charter, is 6.1682 mills raising \$28.3 million. Other tax rates and amounts raised are as follows: employee benefits (2.0560) raising \$9.45 million, refuse collection (2.4670) raising \$11.35 million, Ann Arbor Transportation Authority (2.0560) raising \$9.45 million, street repair (1.9944) raising \$9.2 million, parks maintenance and repair (1.0969) raising \$5.05 million, open space and parkland preservation Millage (0.4779) raising \$2.2 million, and debt service (0.5000) raising \$0.7 million. Real and personal property located in the City as of December 31, 2010 were assessed and equalized at \$5,268,205,900, 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 2011 taxable value on March 17, 2012, was \$4,634,891,157. 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.

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.

### 16. EMPLOYEES' RETIREMENT SYSTEM

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.

The System's financial statements 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.

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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The contribution requirements of plan members are established and may be amended by the City Council. Plan members are required to contribute 5% or 6% of annual compensation dependent on the employee group. The City is required to contribute at an actuarially determined rate; the rate for the most current actuarial report, was 23.77% of annual covered payroll. Administrative costs of CAAERS are financed through investment earnings.

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

Annual required contribution	\$ 9,440,262
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Net pension cost	<u>9,440,262</u>
Contributions made	<u>10,461,052</u>
Change in net pension asset	<u>(1,020,790)</u>
Net pension asset, beginning of year	<u>-</u>
<b>Net pension asset, end of year</b>	<b><u><u>\$ (1,020,790)</u></u></b>

Three-Year Trend Information			
Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2012	\$ 9,440,262	111%	\$ (1,020,790)
2011	8,658,372	100%	-
2010	7,560,000	100%	-

The annual required contribution for the current year was determined as part of the June 30, 2010, 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 27-year open period rolling down to 25 years.

As of June 30, 2012, the most recent actuarial valuation date, the plan was 82.7 percent funded. The actuarial accrued liability for benefits was \$496.8 million and the actuarial value of assets was \$410.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$86.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$44.0 million and the ratio of the UAAL to the covered payroll was 195.6 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.



# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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.

### 17. 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 2012, the City contributed \$11,052,888 to the plan, including \$8,889,686 for current premiums (approximately 56 percent of total health care premiums) and an additional \$2,163,202 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:

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

Annual required contribution	\$ 14,859,285
Interest on net OPEB obligation	623,616
Adjustment to annual required contribution	<u>(384,808)</u>
Net OPEB cost	15,098,093
Contributions made	<u>11,052,888</u>
Change in net OPEB obligation	4,045,205
Net OPEB obligation, beginning of year	<u>8,908,794</u>
<b>Net OPEB obligation, end of year</b>	<b><u>\$ 12,953,999</u></b>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the new OPEB obligation for 2012 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
2012	\$ 15,098,093	73%	\$ 12,953,999
2011	14,533,000	96%	8,908,794
2010	14,284,000	65%	9,347,000

As of June 30, 2012, the most recent actuarial valuation date, the plan was 35.1 percent funded. The actuarial accrued liability for benefits was \$249.8 million, and the actuarial value of assets was \$87.7 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$162.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$44.0 million, and the ratio of the UAAL to the covered payroll was 368.6 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.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The June 30, 2011, 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 8.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten 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.

### 18. 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 assets. The corpus of the trust is and shall remain \$1,984,000. Fund balance at June 30, 2012 was \$2,210,212, 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.

### 19. SIGNIFICANT COMMITMENTS

As of June 30, 2012, the City had \$125,056,051 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.

### 20. JUDGMENT PAYABLE

Effective 1998, the City and the Retiree Health Care Trust Board of Trustees entered into a funding agreement for the allocation of retirement system annual excess earnings (if any) to payment of City retiree health benefit costs thereby allowing the City to allocate the equivalent budgetary amount to prefund the City's VEBA. This agreement and all transfers were executed in compliance with Michigan Public Act 28 (PA 28). The retirement system's transfer to the retiree health care trust was not fully compliant with Section 420 of the Internal Revenue Code with respect to those transfers. The City filed an application through the Internal Revenue Service Voluntary Correction Program and the IRS determined that \$17.1 million dollars of plan assets, incorrectly distributed from the plan, should be returned to the plan, adjusted for income over a five year period beginning in fiscal year 2009. While the City has sufficient monies to fund the future years actuarial required contribution (ARC) for both the pension and retiree health care, the repayment to the pension system will result in reduced funding of the retiree health care ARC in a like amount during the period of the pension repayment. This will necessitate an OPEB liability in the City's financial statements during the repayment period per GASB #45. The OPEB liability is being amortized over a closed 15 year period. At the end of this fiscal year the City has repaid the retirement system the balance of the remaining liability.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 21. 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.

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.

Fiscal Year	Repayment Schedules			
	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%)
2013	\$ 22,951	\$ 13,883	\$ 65,530	\$ 37,801
2014	23,984	12,851	68,238	35,094
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	35,641	1,194	98,237	5,094
2024	-	-	50,630	1,035
	<u>\$ 317,662</u>	<u>\$ 87,517</u>	<u>\$ 940,454</u>	<u>\$ 247,857</u>

Total principal	\$ 1,258,116
Total interest	335,374
Total requirements	<u>\$ 1,593,490</u>

### 22. RESTATEMENT OF FUND BALANCES

The beginning fund balance of the general fund was increased by \$137,604 due to the closing of the special assessments projects capital projects fund and this activity being combined with the general fund in the current year. Also, the beginning fund balance in the DDA Build America parking bond 2009 capital project fund and the governmental activities were decreased by \$769,700 to account for revenue that had erroneously been requested and received in the prior year.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

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

The City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the prior year. GASB 54 establishes 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. Detailed information on fund balances of governmental funds is as follows:

	General	Street Repair Millage	DDA Build America Parking Bond - 2009	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Long-term advances	\$ 943,659	\$ -	\$ -	\$ -	\$ 943,659
Inventories	14,891	-	-	-	14,891
Prepaid items	1,786	-	-	1,800	3,586
Trust corpus	-	-	-	1,984,000	1,984,000
<b>Total nonspendable</b>	<b>960,336</b>	<b>-</b>	<b>-</b>	<b>1,985,800</b>	<b>2,946,136</b>
<b>Restricted</b>					
Debt service	-	-	-	1,318,160	1,318,160
Culture and recreation	-	-	-	16,183,964	16,183,964
Road maintenance and repairs	-	-	-	13,481,429	13,481,429
Road construction	-	25,015,313	-	-	25,015,313
Law enforcement	-	-	-	1,395,115	1,395,115
Capital projects	-	-	1,433,725	-	1,433,725
Other purposes	-	-	-	4,605,005	4,605,005
<b>Total restricted</b>	<b>-</b>	<b>25,015,313</b>	<b>1,433,725</b>	<b>36,983,673</b>	<b>63,432,711</b>
<b>Committed</b>					
Culture and recreation	-	-	-	104,823	104,823
Public safety	-	-	-	3,070,419	3,070,419
Other purposes	-	-	-	1,442,314	1,442,314
<b>Total committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,617,556</b>	<b>4,617,556</b>
<b>Assigned</b>					
Capital projects	-	-	-	2,285,397	2,285,397
Property tax refunds	130,000	-	-	-	130,000
Other purposes	113,308	-	-	-	113,308
<b>Total assigned</b>	<b>243,308</b>	<b>-</b>	<b>-</b>	<b>2,285,397</b>	<b>2,528,705</b>
<b>Unassigned</b>	<b>14,093,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,093,650</b>
<b>Total fund balances</b>	<b>\$ 15,297,294</b>	<b>\$ 25,015,313</b>	<b>\$ 1,433,725</b>	<b>\$ 45,872,426</b>	<b>\$ 87,618,758</b>

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 24. INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT

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

	Governmental Activities	Business-type Activities
<b>Capital assets</b>		
Not being depreciated	\$ 161,724,054	\$ 102,965,910
Being depreciated	644,178,289	201,438,610
Total capital assets	<u>805,902,343</u>	<u>304,404,520</u>
<b>Less related debt</b>		
General obligation bonds	(118,345,000)	(19,190,000)
Revenue bonds	-	(82,005,000)
Revolving loans	-	(20,174,641)
Special assessment debt	(220,000)	-
Installment purchase agreement	(3,500,000)	-
Deferred amounts:		
For issuance premiums	(69,143)	(1,155,499)
For issuance discounts	361,285	468,800
On refunding	54,429	1,277,445
Invested in capital assets, net of related debt	<u>\$ 684,183,914</u>	<u>\$ 183,625,625</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)
6/30/2012	\$ 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
2012	\$ 9,440,262	111%
2011	8,658,372	100%
2010	7,559,781	100%
2009	6,894,506	100%
2008	7,517,024	100%
2007	5,038,578	100%
2006	2,871,450	100%



# 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)
6/30/2012	\$ 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
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

**COMBINING FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

# CITY OF ANN ARBOR, MICHIGAN

## Nonmajor Governmental Funds

### Special Revenue Funds

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

*Parks Repair and Restoration Millage* - to account for funds derived from property tax millage earmarked for parks' repair and restoration.

*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.

*Parks Rehabilitation and Development Millage* - to account for funds derived from property tax millage earmarked for parks' improvements.

*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.

*Affordable Housing* - to account for funding of selected affordable housing projects with the General Fund and federal funds.

*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.

*Senior Center Endowment* - used to account for funds donated to the Senior Center.

*HOME Program* - to account for funds received from the federal government for the City's Community Development HOME 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.

*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.

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Governmental Funds  
June 30, 2012

	Special Revenue Funds			
	Energy Projects	Parks Repair & Restoration Millage	Local Law Enforcement Block Grant	Community Television Network
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	642,413	-	30,663	4,155,606
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	411,000
Special assessments	-	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Inventories, at cost	-	-	-	-
<b>Total assets</b>	<b>\$ 642,413</b>	<b>\$ -</b>	<b>\$ 30,663</b>	<b>\$ 4,566,606</b>
<b>Liabilities</b>				
Accounts payable	\$ 38,552	\$ -	\$ -	\$ 48,954
Accrued liabilities	378	-	-	33,357
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deposits	-	-	-	-
Deferred revenue	-	-	30,663	-
Accrued compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>38,930</b>	<b>-</b>	<b>30,663</b>	<b>82,311</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	-	-	-
Other purposes	-	-	-	4,484,295
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	603,483	-	-	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<b>603,483</b>	<b>-</b>	<b>-</b>	<b>4,484,295</b>
<b>Total liabilities and fund balances</b>	<b>\$ 642,413</b>	<b>\$ -</b>	<b>\$ 30,663</b>	<b>\$ 4,566,606</b>

Special Revenue Funds					
Homeland Security Fund	Parks Rehab & Development Millage	Major Streets	Local Streets	Court Facilities	Open Space & Parkland Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 470,115
-	-	7,518,681	3,333,202	1,632	9,130,832
-	-	-	-	-	-
-	-	66,581	-	-	471
-	-	128,677	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,083	-	930,214	261,326	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,083</u>	<u>\$ -</u>	<u>\$ 8,644,153</u>	<u>\$ 3,594,528</u>	<u>\$ 1,632</u>	<u>\$ 9,601,418</u>
\$ -	\$ -	\$ 38,040	\$ 1,934	\$ -	\$ 13,109
-	-	78,413	18,242	-	781
6,924	-	-	-	-	-
15,159	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
22,083	-	116,453	20,176	-	13,890
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	9,587,528
-	-	8,527,700	3,574,352	-	-
-	-	-	-	1,632	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,527,700	3,574,352	1,632	9,587,528
<u>\$ 22,083</u>	<u>\$ -</u>	<u>\$ 8,644,153</u>	<u>\$ 3,594,528</u>	<u>\$ 1,632</u>	<u>\$ 9,601,418</u>

Continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue Funds			
	Bandemer	Construction Code	Drug Enforcement	Federal Equitable Sharing Forfeiture
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	104,248	3,120,436	277,963	314,582
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	575	10,561	1,046	-
Special assessments	-	-	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Inventories, at cost	-	-	-	-
<b>Total assets</b>	<b>\$ 104,823</b>	<b>\$ 3,130,997</b>	<b>\$ 279,009</b>	<b>\$ 314,582</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 13,114	\$ 19,976	\$ 1,490
Accrued liabilities	-	47,464	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deposits	-	-	-	-
Deferred revenue	-	-	-	-
Accrued compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>60,578</b>	<b>19,976</b>	<b>1,490</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	-	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	-	259,033	313,092
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	104,823	-	-	-
Public safety	-	3,070,419	-	-
Other purposes	-	-	-	-
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<b>104,823</b>	<b>3,070,419</b>	<b>259,033</b>	<b>313,092</b>
<b>Total liabilities and fund balances</b>	<b>\$ 104,823</b>	<b>\$ 3,130,997</b>	<b>\$ 279,009</b>	<b>\$ 314,582</b>



Special Revenue Funds					
Parks Memorial & Contribution	Metro Expansion	Special Assistance	Open Space Endowment	Police and Fire Relief	Cemetery Perpetual Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
543,944	1,389,229	1,908	525,761	677,092	73,500
-	-	-	-	62,163	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	136	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 543,944</u>	<u>\$ 1,389,229</u>	<u>\$ 2,044</u>	<u>\$ 525,761</u>	<u>\$ 739,255</u>	<u>\$ 73,500</u>
\$ 4,046	\$ 8,289	\$ -	\$ -	\$ -	\$ -
217	1,563	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,263</u>	<u>9,852</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
539,681	-	-	525,761	-	-
-	1,379,377	-	-	-	-
-	-	-	-	739,255	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	2,044	-	-	73,500
-	-	-	-	-	-
<u>539,681</u>	<u>1,379,377</u>	<u>2,044</u>	<u>525,761</u>	<u>739,255</u>	<u>73,500</u>
<u>\$ 543,944</u>	<u>\$ 1,389,229</u>	<u>\$ 2,044</u>	<u>\$ 525,761</u>	<u>\$ 739,255</u>	<u>\$ 73,500</u>

Continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2012

	Special Revenue Funds			
	Art in Public Places	Alternative Transportation	Michigan Justice Training	Affordable Housing
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	1,357,402	354,324	79,799	349,868
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	-	-	-	-
Accounts	-	-	-	-
Special assessments	-	56,206	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	-	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	1,800	-
Inventories, at cost	-	-	-	-
<b>Total assets</b>	<u>\$ 1,357,402</u>	<u>\$ 410,530</u>	<u>\$ 81,599</u>	<u>\$ 349,868</u>
<b>Liabilities</b>				
Accounts payable	\$ 28,514	\$ 3,680	\$ 1,120	\$ 130
Accrued liabilities	-	5,567	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deposits	-	-	-	-
Deferred revenue	-	50,362	-	-
Accrued compensated absences	-	-	-	-
<b>Total liabilities</b>	<u>28,514</u>	<u>59,609</u>	<u>1,120</u>	<u>130</u>
<b>Fund balances</b>				
Nonspendable	-	-	1,800	-
Restricted for:				
Debt service	-	-	-	-
Culture and recreation	1,328,888	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	-	78,679	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	350,921	-	349,738
Assigned to capital projects	-	-	-	-
<b>Total fund balances</b>	<u>1,328,888</u>	<u>350,921</u>	<u>80,479</u>	<u>349,738</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,357,402</u>	<u>\$ 410,530</u>	<u>\$ 81,599</u>	<u>\$ 349,868</u>

**Special Revenue Funds**

<b>Parks Maint &amp; Capital Imp Millage</b>	<b>Local Forfeiture</b>	<b>Community Dev. Block Grant</b>	<b>Senior Center Endowment</b>	<b>Home Program</b>	<b>Sidewalk Improvement</b>	<b>Major Grants</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,661,052	3,424	-	38,720	8,319	108,589	-
-	-	-	-	-	-	-
1,057	-	-	-	-	27,741	-
-	-	-	-	-	2,860	438
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	43,193	-	-	-	-
-	-	-	-	-	-	-
-	-	347,098	-	-	-	518,268
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 4,662,109</u>	<u>\$ 3,424</u>	<u>\$ 390,291</u>	<u>\$ 38,720</u>	<u>\$ 8,319</u>	<u>\$ 139,190</u>	<u>\$ 518,706</u>
\$ 626,240	\$ -	\$ 9,453	\$ -	\$ -	\$ 70,872	\$ 44,182
100,838	-	-	-	-	5,690	12,516
-	-	251,850	-	-	-	248,909
-	-	-	-	-	-	16,776
-	-	-	-	-	-	-
-	-	128,988	-	8,319	-	75,613
-	-	-	-	-	-	-
<u>727,078</u>	<u>-</u>	<u>390,291</u>	<u>-</u>	<u>8,319</u>	<u>76,562</u>	<u>397,996</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,935,031	-	-	38,720	-	-	-
-	-	-	-	-	-	-
-	3,424	-	-	-	-	-
-	-	-	-	-	-	120,710
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	62,628	-
-	-	-	-	-	-	-
<u>3,935,031</u>	<u>3,424</u>	<u>-</u>	<u>38,720</u>	<u>-</u>	<u>62,628</u>	<u>120,710</u>
<u>\$ 4,662,109</u>	<u>\$ 3,424</u>	<u>\$ 390,291</u>	<u>\$ 38,720</u>	<u>\$ 8,319</u>	<u>\$ 139,190</u>	<u>\$ 518,706</u>

Continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Governmental Funds  
June 30, 2012

	Debt Service		Capital Projects	
	General Debt Service	Special Assessment Bonds	Maintenance Facility	Municipal Center
<b>Assets</b>				
Cash	\$ 91,038	\$ 5,189	\$ -	\$ -
Equity in pooled cash and investments	228,716	984,653	1,917,821	569,338
Investments, at fair value	-	-	-	-
Receivables:				
Taxes	318	-	-	-
Accounts	-	-	-	-
Special assessments	-	88,337	-	-
Accrued interest and dividends	-	-	-	-
Improvement charges	-	745	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
Inventories, at cost	-	-	-	-
<b>Total assets</b>	<b>\$ 320,072</b>	<b>\$ 1,078,924</b>	<b>\$ 1,917,821</b>	<b>\$ 569,338</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 160,755	\$ 95,092
Accrued liabilities	-	-	981	718
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Deposits	-	-	-	-
Deferred revenue	-	80,836	-	-
Accrued compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>80,836</b>	<b>161,736</b>	<b>95,810</b>
<b>Fund balances</b>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	320,072	998,088	-	-
Culture and recreation	-	-	-	-
Road maintenance and repairs	-	-	-	-
Law enforcement	-	-	-	-
Other purposes	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	-	-	-
Assigned to capital projects	-	-	1,756,085	473,528
<b>Total fund balances</b>	<b>320,072</b>	<b>998,088</b>	<b>1,756,085</b>	<b>473,528</b>
<b>Total liabilities and fund balances</b>	<b>\$ 320,072</b>	<b>\$ 1,078,924</b>	<b>\$ 1,917,821</b>	<b>\$ 569,338</b>



Capital Projects	Permanent	
General Capital Improvements	Elizabeth R. Dean Trust	Total

\$ -	\$ -	\$ 566,342
57,551	351,176	42,912,444
-	1,850,781	1,912,944
-	-	96,168
-	-	555,157
-	-	144,679
-	11,806	11,806
-	-	745
-	-	43,193
-	-	-
-	-	2,078,989
-	-	1,800
-	-	-
<u>\$ 57,551</u>	<u>\$ 2,213,763</u>	<u>\$ 48,324,267</u>

\$ 1,767	\$ 516	\$ 1,229,825
-	892	307,617
-	-	507,683
-	-	31,935
-	-	-
-	-	374,781
-	-	-
<u>1,767</u>	<u>1,408</u>	<u>2,451,841</u>

-	1,984,000	1,985,800
-	-	1,318,160
-	228,355	16,183,964
-	-	13,481,429
-	-	1,395,115
-	-	4,605,005
-	-	104,823
-	-	3,070,419
-	-	1,442,314
55,784	-	2,285,397
<u>55,784</u>	<u>2,212,355</u>	<u>45,872,426</u>
<u>\$ 57,551</u>	<u>\$ 2,213,763</u>	<u>\$ 48,324,267</u>

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

	Special Revenue Funds			
	Energy Projects	Parks Repair & Restoration Millage	Local Law Enforcement Block Grant	Community Television Network
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	-	-	1,813,333
Federal grants	-	-	59,873	-
State shared revenues and grants	-	-	-	-
Charges for services	15,710	-	-	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	-	-	-
Investment income	10,065	647	-	72,839
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	4,122	21	-	11,345
<b>Total revenues</b>	<b>29,897</b>	<b>668</b>	<b>59,873</b>	<b>1,897,517</b>
<b>Expenditures</b>				
Current:				
General government	103,077	-	-	1,488,209
Public safety	-	-	33,872	-
Public works	-	-	-	-
Community and economic development	-	-	-	-
Culture and recreation	-	3,695	-	-
Capital outlay	-	-	26,001	175,135
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>103,077</b>	<b>3,695</b>	<b>59,873</b>	<b>1,663,344</b>
Revenues over (under) expenditures	(73,180)	(3,027)	-	234,173
<b>Other financing sources (uses)</b>				
Transfers in	121,609	-	-	-
Transfers out	-	(64,000)	-	-
Sale of property and equipment	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Refunding bond escrow agent payment	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>121,609</b>	<b>(64,000)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>48,429</b>	<b>(67,027)</b>	<b>-</b>	<b>234,173</b>
Fund balances, beginning of year	555,054	67,027	-	4,250,122
<b>Fund balances, end of year</b>	<b>\$ 603,483</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,484,295</b>

Special Revenue Funds					
Homeland Security Grant	Parks Rehab & Development Millage	Major Streets	Local Streets	Court Facilities	Open Space & Parkland Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,136,675
-	-	-	-	-	-
-	-	-	-	-	-
88,005	-	-	-	-	312,620
-	-	5,787,682	1,575,334	-	-
-	-	1,047,254	180,000	-	-
-	-	-	-	116,725	-
-	-	-	-	-	-
-	4,687	128,561	57,922	(93)	176,082
-	-	-	-	-	-
-	-	208,243	-	-	-
-	-	71,319	1,502	-	391
<u>88,005</u>	<u>4,687</u>	<u>7,243,059</u>	<u>1,814,758</u>	<u>116,632</u>	<u>2,625,768</u>
-	-	-	-	-	-
88,005	-	-	-	-	-
-	-	5,256,461	1,262,453	-	-
-	-	-	-	-	-
-	95,672	-	-	-	253,231
-	30,674	-	-	-	1,584,650
-	-	-	-	-	-
-	-	-	-	-	-
<u>88,005</u>	<u>126,346</u>	<u>5,256,461</u>	<u>1,262,453</u>	<u>-</u>	<u>1,837,881</u>
-	(121,659)	1,986,598	552,305	116,632	787,887
-	-	34,656	-	110,000	-
-	(413,405)	(933,984)	(163,832)	(225,000)	(1,296,751)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(413,405)	(899,328)	(163,832)	(115,000)	(1,296,751)
-	(535,064)	1,087,270	388,473	1,632	(508,864)
-	535,064	7,440,430	3,185,879	-	10,096,392
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,527,700</u>	<u>\$ 3,574,352</u>	<u>\$ 1,632</u>	<u>\$ 9,587,528</u>

Continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Statement of Revenue, Expenditures  
and Changes in Fund Balances - Nonmajor Governmental Funds**

	Special Revenue Funds			
	Bandemer	Construction Code	Drug Enforcement	Federal Equitable Sharing Forfeiture
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-	-
Licenses, permits and registration	-	3,196,182	-	-
Federal grants	-	-	-	-
State shared revenues and grants	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	44,796	221,015
Interest and penalties	-	-	-	-
Investment income	1,490	45,703	3,599	3,597
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	6,900	7,535	-	-
<b>Total revenues</b>	<b>8,390</b>	<b>3,249,420</b>	<b>48,395</b>	<b>224,612</b>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	2,068,519	59,471	86,241
Public works	-	-	-	-
Community and economic development	-	-	-	-
Culture and recreation	2,364	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>2,364</b>	<b>2,068,519</b>	<b>59,471</b>	<b>86,241</b>
Revenues over (under) expenditures	6,026	1,180,901	(11,076)	138,371
<b>Other financing sources (uses)</b>				
Transfers in	-	100,000	-	-
Transfers out	-	-	-	-
Sale of property and equipment	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Refunding bond escrow agent payment	-	-	-	-
<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>6,026</b>	<b>1,280,901</b>	<b>(11,076)</b>	<b>138,371</b>
Fund balances, beginning of year	98,797	1,789,518	270,109	174,721
<b>Fund balances, end of year</b>	<b>\$ 104,823</b>	<b>\$ 3,070,419</b>	<b>\$ 259,033</b>	<b>\$ 313,092</b>



Special Revenue Funds					
Parks Memorial & Contributions	Metro Expansion	Special Assistance	Open Space Endowment	Police and Fire Relief	Cemetery Perpetual Care
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	346,877	-	-	-	-
-	-	-	-	-	700
-	-	-	-	-	-
8,464	20,998	106	8,624	11,982	1,066
247,578	-	4,655	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>256,042</u>	<u>367,875</u>	<u>4,761</u>	<u>8,624</u>	<u>11,982</u>	<u>1,766</u>
-	-	-	-	-	-
-	347,637	-	-	-	-
-	-	8,000	-	-	-
14,304	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>14,304</u>	<u>347,637</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>241,738</u>	<u>20,238</u>	<u>(3,239)</u>	<u>8,624</u>	<u>11,982</u>	<u>1,766</u>
-	-	-	71,601	-	-
(29,241)	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(29,241)</u>	<u>-</u>	<u>-</u>	<u>71,601</u>	<u>-</u>	<u>-</u>
212,497	20,238	(3,239)	80,225	11,982	1,766
<u>327,184</u>	<u>1,359,139</u>	<u>5,283</u>	<u>445,536</u>	<u>727,273</u>	<u>71,734</u>
<u>\$ 539,681</u>	<u>\$ 1,379,377</u>	<u>\$ 2,044</u>	<u>\$ 525,761</u>	<u>\$ 739,255</u>	<u>\$ 73,500</u>

Continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Statement of Revenue, Expenditures  
and Changes in Fund Balances - Nonmajor Governmental Funds**

	Special Revenue Funds			
	Art in Public Places	Alternative Transportation	Michigan Justice Training	Affordable Housing
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	25,000	-	-
Licenses, permits and registration	-	-	-	-
Federal grants	-	-	-	-
State shared revenues and grants	-	-	22,815	-
Charges for services	-	(856)	-	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	147	-	-
Investment income	23,789	10,960	1,330	6,029
Contributions and donations	-	-	-	33,426
Intra-governmental sales	-	-	-	-
Other revenues	-	-	-	30,519
<b>Total revenues</b>	<b>23,789</b>	<b>35,251</b>	<b>24,145</b>	<b>69,974</b>
<b>Expenditures</b>				
Current:				
General government	-	17,384	-	-
Public safety	-	-	40,160	-
Public works	-	187,282	-	-
Community and economic development	387,588	-	-	77,552
Culture and recreation	31,767	-	-	-
Capital outlay	-	166,456	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>419,355</b>	<b>371,122</b>	<b>40,160</b>	<b>77,552</b>
Revenues over (under) expenditures	(395,566)	(335,871)	(16,015)	(7,578)
<b>Other financing sources (uses)</b>				
Transfers in	317,627	169,873	-	-
Transfers out	-	-	-	-
Sale of property and equipment	-	-	-	-
Issuance of debt	-	-	-	-
Bond premium	-	-	-	-
Refunding bond escrow agent payment	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>317,627</b>	<b>169,873</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(77,939)</b>	<b>(165,998)</b>	<b>(16,015)</b>	<b>(7,578)</b>
Fund balances, beginning of year	1,406,827	516,919	96,494	357,316
<b>Fund balances, end of year</b>	<b>\$ 1,328,888</b>	<b>\$ 350,921</b>	<b>\$ 80,479</b>	<b>\$ 349,738</b>

Special Revenue Funds						
Parks Maint. & Capital Impr. Millage	Local Forfeiture	Community Development	Senior Center Endowment	Home Program	Sidewalk Improvement	Major Grants
\$ 4,904,411	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	432,630	-	2,250	-	671,807
(459)	-	-	-	-	78,412	394,234
-	-	-	-	-	-	-
111,882	310	-	814	-	2,770	(777)
-	-	-	-	-	-	-
6,138	-	4,750	-	-	467	-
<u>5,021,972</u>	<u>310</u>	<u>437,380</u>	<u>814</u>	<u>2,250</u>	<u>81,649</u>	<u>1,065,264</u>
-	-	-	-	-	-	751,742
-	24,283	-	-	-	-	3,083
-	-	-	-	-	288,460	29,333
4,388,413	-	437,380	-	2,250	-	-
1,590,834	-	-	-	-	-	187,674
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,979,247</u>	<u>24,283</u>	<u>437,380</u>	<u>-</u>	<u>2,250</u>	<u>288,460</u>	<u>971,832</u>
(957,275)	(23,973)	-	814	-	(206,811)	93,432
477,405	-	-	-	-	-	-
(12,733)	-	-	(37,500)	-	-	(100,000)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>464,672</u>	<u>-</u>	<u>-</u>	<u>(37,500)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
(492,603)	(23,973)	-	(36,686)	-	(206,811)	(6,568)
<u>4,427,634</u>	<u>27,397</u>	<u>-</u>	<u>75,406</u>	<u>-</u>	<u>269,439</u>	<u>127,278</u>
<u>\$ 3,935,031</u>	<u>\$ 3,424</u>	<u>\$ -</u>	<u>\$ 38,720</u>	<u>\$ -</u>	<u>\$ 62,628</u>	<u>\$ 120,710</u>

Continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Statement of Revenue, Expenditures  
and Changes in Fund Balances - Nonmajor Governmental Funds**

	Debt Service		Capital Projects	
	General Debt Service	Special Assessment Bonds Debt Service	Maintenance Facility	Municipal Center
<b>Revenues</b>				
Taxes	\$ 668,745	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	18,609	-	-
Licenses, permits and registration	-	-	-	-
Federal grants	-	-	-	-
State shared revenues and grants	-	-	-	-
Charges for services	3,019,472	-	-	-
Fines and forfeits	-	-	-	-
Interest and penalties	-	442	-	-
Investment income	9,136	25,922	36,185	673
Contributions and donations	-	-	-	-
Intra-governmental sales	-	-	-	-
Other revenues	621	-	23,040	-
<b>Total revenues</b>	<b>3,697,974</b>	<b>44,973</b>	<b>59,225</b>	<b>673</b>
<b>Expenditures</b>				
Current:				
General government	91,496	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community and economic development	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	357,654	2,172,843
Debt service:				
Principal retirement	3,230,000	90,000	-	-
Interest and fiscal charges	5,102,050	15,443	-	-
<b>Total expenditures</b>	<b>8,423,546</b>	<b>105,443</b>	<b>357,654</b>	<b>2,172,843</b>
Revenues over (under) expenditures	(4,725,572)	(60,470)	(298,429)	(2,172,170)
<b>Other financing sources (uses)</b>				
Transfers in	4,599,063	-	-	-
Transfers out	-	-	-	-
Sale of property and equipment	-	-	-	2,603,000
Issuance of debt	2,670,000	-	-	-
Bond premium	33,375	-	-	-
Refunding bond escrow agent payment	(2,714,429)	-	-	-
<b>Total other financing sources (uses)</b>	<b>4,588,009</b>	<b>-</b>	<b>-</b>	<b>2,603,000</b>
<b>Net change in fund balances</b>	<b>(137,563)</b>	<b>(60,470)</b>	<b>(298,429)</b>	<b>430,830</b>
Fund balances, beginning of year	457,635	1,058,558	2,054,514	42,698
<b>Fund balances, end of year</b>	<b>\$ 320,072</b>	<b>\$ 998,088</b>	<b>\$ 1,756,085</b>	<b>\$ 473,528</b>

Capital Projects		Permanent	
General Capital Improvements	Elizabeth R. Dean Trust		Total
\$ -	\$ -	\$	7,709,831
-	-		43,609
-	-		5,009,515
-	-		1,567,185
-	-		8,126,942
365,105	-		4,705,338
-	-		382,536
-	-		589
277	29,361		815,000
-	-		285,659
-	-		208,243
-	-		168,670
<u>365,382</u>	<u>29,361</u>		<u>29,023,117</u>
-	-		2,451,908
-	-		2,403,634
279,669	-		7,651,295
-	-		912,770
-	83,617		4,873,063
-	-		6,291,921
-	-		3,320,000
-	-		5,117,493
<u>279,669</u>	<u>83,617</u>		<u>33,022,084</u>
<u>85,713</u>	<u>(54,256)</u>		<u>(3,998,967)</u>
-	-		6,001,834
(46,664)	-		(3,323,110)
-	-		2,603,000
-	-		2,670,000
-	-		33,375
-	-		(2,714,429)
<u>(46,664)</u>	<u>-</u>		<u>5,270,670</u>
39,049	(54,256)		1,271,703
16,735	2,266,611		44,600,723
<u>\$ 55,784</u>	<u>\$ 2,212,355</u>	<u>\$</u>	<u>45,872,426</u>

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	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	12,000	15,710	3,710
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income	10,141	10,065	(76)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	4,122	4,122
<b>Total revenues</b>	<b>22,141</b>	<b>29,897</b>	<b>7,756</b>
<b>Expenditures</b>			
Current:			
General government	71,472	103,077	(31,605)
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	86,990	-	86,990
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>158,462</b>	<b>103,077</b>	<b>55,385</b>
Revenues over (under) expenditures	(136,321)	(73,180)	(47,629)
<b>Other financing sources (uses)</b>			
Transfers in	21,609	121,609	100,000
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>21,609</b>	<b>121,609</b>	<b>100,000</b>
<b>Net change in fund balances</b>	<b>(114,712)</b>	<b>48,429</b>	<b>52,371</b>
Fund balances, beginning of year	555,054	555,054	-
<b>Fund balances, end of year</b>	<b>\$ 440,342</b>	<b>\$ 603,483</b>	<b>\$ 52,371</b>

Parks Repair & Restoration Millage			Local Law Enforcement Block Grant		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	59,873	59,873	-
-	-	-	-	-	-
-	-	-	-	-	-
-	647	647	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	21	21	-	-	-
-	668	668	59,873	59,873	-
-	-	-	-	-	-
-	-	-	33,872	33,872	-
-	-	-	-	-	-
-	3,695	(3,695)	-	-	-
-	-	-	26,001	26,001	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,695	(3,695)	59,873	59,873	-
-	(3,027)	4,363	-	-	-
-	-	-	-	-	-
(64,000)	(64,000)	-	-	-	-
-	-	-	-	-	-
(64,000)	(64,000)	-	-	-	-
(64,000)	(67,027)	4,363	-	-	-
67,027	67,027	-	-	-	-
\$ 3,027	\$ -	\$ 4,363	\$ -	\$ -	\$ -

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	Community Television Network		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	1,697,662	1,813,333	115,671
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income	47,023	72,839	25,816
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	1,000	11,345	10,345
<b>Total revenues</b>	<b>1,745,685</b>	<b>1,897,517</b>	<b>151,832</b>
<b>Expenditures</b>			
Current:			
General government	1,516,500	1,488,209	28,291
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	346,845	175,135	171,710
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>1,863,345</b>	<b>1,663,344</b>	<b>200,001</b>
Revenues over (under) expenditures	(117,660)	234,173	(48,169)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(117,660)</b>	<b>234,173</b>	<b>(48,169)</b>
Fund balances, beginning of year	4,250,122	4,250,122	-
<b>Fund balances, end of year</b>	<b>\$ 4,132,462</b>	<b>\$ 4,484,295</b>	<b>\$ (48,169)</b>



Homeland Security Grant		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
88,008	88,005	(3)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>88,008</u>	<u>88,005</u>	<u>(3)</u>
-	-	-
88,008	88,005	3
-	-	-
-	-	-
-	-	-
-	-	-
<u>88,008</u>	<u>88,005</u>	<u>3</u>
-	-	(6)
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>(6)</u>
\$ -	\$ -	\$ (6)

Parks Rehab & Development Millage		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
23,336	4,687	(18,649)
-	-	-
-	-	-
<u>23,336</u>	<u>4,687</u>	<u>(18,649)</u>
-	-	-
-	-	-
-	-	-
162,953	95,672	67,281
-	30,674	(30,674)
-	-	-
-	-	-
<u>162,953</u>	<u>126,346</u>	<u>36,607</u>
<u>(139,617)</u>	<u>(121,659)</u>	<u>(55,256)</u>
-	-	-
(413,405)	(413,405)	-
-	-	-
<u>(413,405)</u>	<u>(413,405)</u>	<u>-</u>
(553,022)	(535,064)	(55,256)
535,064	535,064	-
<u>(17,958)</u>	<u>\$ -</u>	<u>\$ (55,256)</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	Major 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	5,453,889	5,787,682	333,793
Charges for services	886,500	1,047,254	160,754
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income	89,360	128,561	39,201
Contributions and donations	-	-	-
Intra-governmental sales	315,000	208,243	(106,757)
Other revenues	29,500	71,319	41,819
<b>Total revenues</b>	<b>6,774,249</b>	<b>7,243,059</b>	<b>468,810</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	6,161,225	5,256,461	904,764
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	17,500	-	17,500
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>6,178,725</b>	<b>5,256,461</b>	<b>922,264</b>
Revenues over (under) expenditures	595,524	1,986,598	(453,454)
<b>Other financing sources (uses)</b>			
Transfers in	34,656	34,656	-
Transfers out	(933,984)	(933,984)	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>(899,328)</b>	<b>(899,328)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(303,804)</b>	<b>1,087,270</b>	<b>(453,454)</b>
Fund balances, beginning of year	7,440,430	7,440,430	-
<b>Fund balances, end of year</b>	<b>\$ 7,136,626</b>	<b>\$ 8,527,700</b>	<b>\$ (453,454)</b>

Local Streets			Court Facilities		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,486,504	1,575,334	88,830	-	-	-
180,000	180,000	-	-	-	-
-	-	-	160,000	116,725	(43,275)
-	-	-	-	-	-
44,158	57,922	13,764	-	(93)	(93)
-	-	-	-	-	-
-	-	-	-	-	-
-	1,502	1,502	-	-	-
<u>1,710,662</u>	<u>1,814,758</u>	<u>104,096</u>	<u>160,000</u>	<u>116,632</u>	<u>(43,368)</u>
-	-	-	-	-	-
-	-	-	-	-	-
1,544,968	1,262,453	282,515	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,544,968</u>	<u>1,262,453</u>	<u>282,515</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>165,694</u>	<u>552,305</u>	<u>(178,419)</u>	<u>160,000</u>	<u>116,632</u>	<u>(43,368)</u>
-	-	-	65,000	110,000	45,000
(165,694)	(163,832)	1,862	(225,000)	(225,000)	-
-	-	-	-	-	-
<u>(165,694)</u>	<u>(163,832)</u>	<u>1,862</u>	<u>(160,000)</u>	<u>(115,000)</u>	<u>45,000</u>
-	388,473	(176,557)	-	1,632	1,632
<u>3,185,879</u>	<u>3,185,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 3,185,879</u>	<u>\$ 3,574,352</u>	<u>\$ (176,557)</u>	<u>\$ -</u>	<u>\$ 1,632</u>	<u>\$ 1,632</u>

Continued...

CITY OF ANN ARBOR, MICHIGAN

**Schedule of Revenue, Expenditures and Changes in Fund Balance**

Budget and Actual - Nonmajor Special Revenue Funds

	Open Space & Parkland Preservation		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ 2,132,145	\$ 2,136,675	\$ 4,530
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	312,620	312,620
State shared revenues and grants	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income	204,441	176,082	(28,359)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	391	391
<b>Total revenues</b>	<b>2,336,586</b>	<b>2,625,768</b>	<b>289,182</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	330,841	253,231	77,610
Capital outlay	1,585,392	1,584,650	742
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>1,916,233</b>	<b>1,837,881</b>	<b>78,352</b>
Revenues over (under) expenditures	420,353	787,887	210,830
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(1,296,976)	(1,296,751)	225
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,296,976)</b>	<b>(1,296,751)</b>	<b>225</b>
<b>Net change in fund balances</b>	<b>(876,623)</b>	<b>(508,864)</b>	<b>211,055</b>
Fund balances, beginning of year	10,096,392	10,096,392	-
<b>Fund balances, end of year</b>	<b>\$ 9,219,769</b>	<b>\$ 9,587,528</b>	<b>\$ 211,055</b>

Bandemer			Construction Code		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	1,878,800	3,196,182	1,317,382
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,311	1,490	179	4,000	45,703	41,703
-	-	-	-	-	-
-	-	-	-	-	-
4,200	6,900	2,700	-	7,535	7,535
<u>5,511</u>	<u>8,390</u>	<u>2,879</u>	<u>1,882,800</u>	<u>3,249,420</u>	<u>1,366,620</u>
-	-	-	-	-	-
-	-	-	2,240,353	2,068,519	171,834
-	-	-	-	-	-
-	-	-	-	-	-
2,323	2,364	(41)	-	-	-
1,877	-	1,877	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,200</u>	<u>2,364</u>	<u>1,836</u>	<u>2,240,353</u>	<u>2,068,519</u>	<u>171,834</u>
<u>1,311</u>	<u>6,026</u>	<u>1,043</u>	<u>(357,553)</u>	<u>1,180,901</u>	<u>1,194,786</u>
-	-	-	100,000	100,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	100,000	100,000	-
1,311	6,026	1,043	(257,553)	1,280,901	1,194,786
98,797	98,797	-	1,789,518	1,789,518	-
<u>\$ 100,108</u>	<u>\$ 104,823</u>	<u>\$ 1,043</u>	<u>\$ 1,531,965</u>	<u>\$ 3,070,419</u>	<u>\$ 1,194,786</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	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	2,500	44,796	42,296
Interest and penalties	-	-	-
Investment income	1,200	3,599	2,399
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>3,700</b>	<b>48,395</b>	<b>44,695</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	119,673	59,471	60,202
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>119,673</b>	<b>59,471</b>	<b>60,202</b>
Revenues over (under) expenditures	(115,973)	(11,076)	(15,507)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(115,973)</b>	<b>(11,076)</b>	<b>(15,507)</b>
Fund balances, beginning of year	270,109	270,109	-
<b>Fund balances, end of year</b>	<b>\$ 154,136</b>	<b>\$ 259,033</b>	<b>\$ (15,507)</b>

Federal Equitable Sharing Forfeiture			Parks & Memorial Contributions		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	221,015	221,015	-	-	-
-	-	-	-	-	-
1,900	3,597	1,697	2,853	8,464	5,611
-	-	-	145,833	247,578	101,745
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,900</u>	<u>224,612</u>	<u>222,712</u>	<u>148,686</u>	<u>256,042</u>	<u>107,356</u>
-	-	-	-	-	-
178,146	86,241	91,905	-	-	-
-	-	-	-	-	-
-	-	-	14,309	14,304	5
-	-	-	57	-	57
-	-	-	-	-	-
-	-	-	-	-	-
<u>178,146</u>	<u>86,241</u>	<u>91,905</u>	<u>14,366</u>	<u>14,304</u>	<u>62</u>
<u>(176,246)</u>	<u>138,371</u>	<u>130,807</u>	<u>134,320</u>	<u>241,738</u>	<u>107,294</u>
-	-	-	-	-	-
-	-	-	(41,056)	(29,241)	11,815
-	-	-	-	-	-
-	-	-	<u>(41,056)</u>	<u>(29,241)</u>	<u>11,815</u>
(176,246)	138,371	130,807	93,264	212,497	119,109
<u>174,721</u>	<u>174,721</u>	<u>-</u>	<u>327,184</u>	<u>327,184</u>	<u>-</u>
<u>\$ (1,525)</u>	<u>\$ 313,092</u>	<u>\$ 130,807</u>	<u>\$ 420,448</u>	<u>\$ 539,681</u>	<u>\$ 119,109</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	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	345,000	346,877	1,877
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income	15,422	20,998	5,576
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>360,422</b>	<b>367,875</b>	<b>7,453</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	360,422	347,637	12,785
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>360,422</b>	<b>347,637</b>	<b>12,785</b>
Revenues over (under) expenditures	-	20,238	(5,332)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>20,238</b>	<b>(5,332)</b>
Fund balances, beginning of year	1,359,139	1,359,139	-
<b>Fund balances, end of year</b>	<b>\$ 1,359,139</b>	<b>\$ 1,379,377</b>	<b>\$ (5,332)</b>



Special Assistance			Open Space Endowment		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49	106	57	1,541	8,624	7,083
8,000	4,655	(3,345)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,049</u>	<u>4,761</u>	<u>(3,288)</u>	<u>1,541</u>	<u>8,624</u>	<u>7,083</u>
-	-	-	-	-	-
-	-	-	-	-	-
8,000	8,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
49	(3,239)	(3,288)	1,541	8,624	7,083
-	-	-	-	71,601	71,601
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	71,601	71,601
49	(3,239)	(3,288)	1,541	80,225	78,684
5,283	5,283	-	445,536	445,536	-
<u>\$ 5,332</u>	<u>\$ 2,044</u>	<u>\$ (3,288)</u>	<u>\$ 447,077</u>	<u>\$ 525,761</u>	<u>\$ 78,684</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	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	10,000	11,982	1,982
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>10,000</b>	<b>11,982</b>	<b>1,982</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	10,000	11,982	1,982
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>10,000</b>	<b>11,982</b>	<b>1,982</b>
Fund balances, beginning of year	727,273	727,273	-
<b>Fund balances, end of year</b>	<b>\$ 737,273</b>	<b>\$ 739,255</b>	<b>\$ 1,982</b>

Cemetery Perpetual Care			Art in Public Places		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,200	700	(500)	-	-	-
-	-	-	-	-	-
-	1,066	1,066	17,033	23,789	6,756
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,200</u>	<u>1,766</u>	<u>566</u>	<u>17,033</u>	<u>23,789</u>	<u>6,756</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	387,588	387,588	-
-	-	-	46,442	31,767	14,675
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>434,030</u>	<u>419,355</u>	<u>14,675</u>
<u>1,200</u>	<u>1,766</u>	<u>566</u>	<u>(416,997)</u>	<u>(395,566)</u>	<u>(7,919)</u>
-	-	-	317,627	317,627	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>317,627</u>	<u>317,627</u>	<u>-</u>
1,200	1,766	566	(99,370)	(77,939)	(7,919)
<u>71,734</u>	<u>71,734</u>	<u>-</u>	<u>1,406,827</u>	<u>1,406,827</u>	<u>-</u>
<u>\$ 72,934</u>	<u>\$ 73,500</u>	<u>\$ 566</u>	<u>\$ 1,307,457</u>	<u>\$ 1,328,888</u>	<u>\$ (7,919)</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	Alternative Transportation		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	25,000	25,000
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	100	(856)	(956)
Fines and forfeits	-	-	-
Interest and penalties	-	147	147
Investment income	11,888	10,960	(928)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>11,988</b>	<b>35,251</b>	<b>23,263</b>
<b>Expenditures</b>			
Current:			
General government	17,578	17,384	194
Public safety	-	-	-
Public works	252,789	187,282	65,507
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	166,456	166,456	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>436,823</b>	<b>371,122</b>	<b>65,701</b>
Revenues over (under) expenditures	(424,835)	(335,871)	(42,438)
<b>Other financing sources (uses)</b>			
Transfers in	169,873	169,873	-
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>169,873</b>	<b>169,873</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(254,962)</b>	<b>(165,998)</b>	<b>(42,438)</b>
Fund balances, beginning of year	516,919	516,919	-
<b>Fund balances, end of year</b>	<b>\$ 261,957</b>	<b>\$ 350,921</b>	<b>\$ (42,438)</b>

Michigan Justice Training		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
20,000	22,815	2,815
-	-	-
-	-	-
1,000	1,330	330
-	-	-
-	-	-
-	-	-
<u>21,000</u>	<u>24,145</u>	<u>3,145</u>
-	-	-
112,010	40,160	71,850
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>112,010</u>	<u>40,160</u>	<u>71,850</u>
<u>(91,010)</u>	<u>(16,015)</u>	<u>(68,705)</u>
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(91,010)	(16,015)	(68,705)
96,494	96,494	-
<u>\$ 5,484</u>	<u>\$ 80,479</u>	<u>\$ (68,705)</u>

Affordable Housing		
Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
2,000	6,029	4,029
30,000	33,426	3,426
-	-	-
8,300	30,519	22,219
<u>40,300</u>	<u>69,974</u>	<u>29,674</u>
-	-	-
-	-	-
255,607	77,552	178,055
-	-	-
-	-	-
-	-	-
-	-	-
<u>255,607</u>	<u>77,552</u>	<u>178,055</u>
<u>(215,307)</u>	<u>(7,578)</u>	<u>(148,381)</u>
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
(215,307)	(7,578)	(148,381)
357,316	357,316	-
<u>\$ 142,009</u>	<u>\$ 349,738</u>	<u>\$ (148,381)</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	Parks Maint & Capital Improvement Millage		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ 4,929,333	\$ 4,904,411	\$ (24,922)
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	-	-	-
State shared revenues and grants	-	-	-
Charges for services	-	(459)	(459)
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income	71,397	111,882	40,485
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	6,138	6,138
<b>Total revenues</b>	<b>5,000,730</b>	<b>5,021,972</b>	<b>21,242</b>
<b>Expenditures</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	-	-	-
Culture and recreation	4,335,226	4,388,413	(53,187)
Capital outlay	1,689,002	1,590,834	98,168
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>6,024,228</b>	<b>5,979,247</b>	<b>44,981</b>
Revenues over (under) expenditures	(1,023,498)	(957,275)	(23,739)
<b>Other financing sources (uses)</b>			
Transfers in	477,405	477,405	-
Transfers out	(12,733)	(12,733)	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>464,672</b>	<b>464,672</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(558,826)</b>	<b>(492,603)</b>	<b>(23,739)</b>
Fund balances, beginning of year	4,427,634	4,427,634	-
<b>Fund balances, end of year</b>	<b>\$ 3,868,808</b>	<b>\$ 3,935,031</b>	<b>\$ (23,739)</b>

Local Forfeiture			Community Development		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	432,630	432,630	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
300	310	10	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,750	4,750	-
<u>300</u>	<u>310</u>	<u>10</u>	<u>437,380</u>	<u>437,380</u>	<u>-</u>
-	-	-	-	-	-
26,538	24,283	2,255	-	-	-
-	-	-	-	-	-
-	-	-	437,380	437,380	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>26,538</u>	<u>24,283</u>	<u>2,255</u>	<u>437,380</u>	<u>437,380</u>	<u>-</u>
<u>(26,238)</u>	<u>(23,973)</u>	<u>(2,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(26,238)</u>	<u>(23,973)</u>	<u>(2,245)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>27,397</u>	<u>27,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,159</u>	<u>\$ 3,424</u>	<u>\$ (2,245)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	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	1,597	814	(783)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>1,597</b>	<b>814</b>	<b>(783)</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	1,597	814	(783)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(37,500)	(37,500)	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<b>(37,500)</b>	<b>(37,500)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(35,903)</b>	<b>(36,686)</b>	<b>(783)</b>
Fund balances, beginning of year	75,406	75,406	-
<b>Fund balances, end of year</b>	<b>\$ 39,503</b>	<b>\$ 38,720</b>	<b>\$ (783)</b>



HOME Program			Sidewalk Improvement		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2,250	2,250	-	-	-	-
-	-	-	-	-	-
-	-	-	-	78,412	78,412
-	-	-	-	-	-
-	-	-	-	2,770	2,770
-	-	-	-	-	-
-	-	-	-	467	467
<u>2,250</u>	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>81,649</u>	<u>81,649</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	288,460	288,460	-
2,250	2,250	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,250</u>	<u>2,250</u>	<u>-</u>	<u>288,460</u>	<u>288,460</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(288,460)</u>	<u>(206,811)</u>	<u>81,649</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(288,460)	(206,811)	81,649
-	-	-	269,439	269,439	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,021)</u>	<u>\$ 62,628</u>	<u>\$ 81,649</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Schedule of Revenue, Expenditures and Changes in Fund Balance

Budget and Actual - Nonmajor Special Revenue Funds

	Major Grants		
	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Special assessments/improvement charges	-	-	-
Licenses, permits and registration	-	-	-
Federal grants	671,808	671,807	(1)
State shared revenues and grants	394,232	394,234	2
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest and penalties	-	-	-
Investment income	-	(777)	(777)
Contributions and donations	-	-	-
Intra-governmental sales	-	-	-
Other revenues	-	-	-
<b>Total revenues</b>	<b>1,066,040</b>	<b>1,065,264</b>	<b>(776)</b>
<b>Expenditures</b>			
Current:			
General government	751,743	751,742	1
Public safety	3,083	3,083	-
Public works	29,332	29,333	(1)
Community and economic development	-	-	-
Culture and recreation	-	-	-
Capital outlay	187,674	187,674	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>971,832</b>	<b>971,832</b>	<b>-</b>
Revenues over (under) expenditures	94,208	93,432	(776)
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	(100,000)	(100,000)	-
Issuance of debt	-	-	-
<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>(5,792)</b>	<b>(6,568)</b>	<b>(776)</b>
Fund balances, beginning of year	127,278	127,278	-
<b>Fund balances, end of year</b>	<b>\$ 121,486</b>	<b>\$ 120,710</b>	<b>\$ (776)</b>

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# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Net Assets

Internal Service Funds

June 30, 2012

	Central Stores	Fleet Services	Information Technology
<b>Assets</b>			
Current assets:			
Cash	\$ -	\$ 150	\$ -
Equity in pooled cash and investments	1,482,252	10,789,700	5,475,993
Accounts receivable, net	1,180	72,694	3,702
Prepaid items	-	-	20,646
Inventory	491,744	398,781	-
<b>Total current assets</b>	<b>1,975,176</b>	<b>11,261,325</b>	<b>5,500,341</b>
Noncurrent assets:			
Capital assets not depreciated	-	90,005	487,280
Capital assets being depreciated, net	61,712	3,825,438	1,818,619
<b>Total noncurrent assets</b>	<b>61,712</b>	<b>3,915,443</b>	<b>2,305,899</b>
<b>Total assets</b>	<b>2,036,888</b>	<b>15,176,768</b>	<b>7,806,240</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	16,011	501,267	258,082
Accrued liabilities	9,010	41,343	73,738
Estimated claims payable, current	-	-	-
Compensated absences, current	-	29,915	5,168
<b>Total current liabilities</b>	<b>25,021</b>	<b>572,525</b>	<b>336,988</b>
Noncurrent liabilities:			
Estimated claims payable, net	-	-	-
Compensated absences, net	27,968	296,899	301,943
<b>Total noncurrent liabilities</b>	<b>27,968</b>	<b>296,899</b>	<b>301,943</b>
<b>Total liabilities</b>	<b>52,989</b>	<b>869,424</b>	<b>638,931</b>
<b>Net assets</b>			
Invested in capital assets	61,712	3,915,443	2,305,899
Unrestricted	1,922,187	10,391,901	4,861,410
<b>Total net assets</b>	<b>\$ 1,983,899</b>	<b>\$ 14,307,344</b>	<b>\$ 7,167,309</b>

Continued...



Project Management	Insurance	Wheeler Center	Total
\$ 200	\$ 5,137	\$ -	\$ 5,487
4,909,755	7,965,610	235,970	30,859,280
68,397	-	89	146,062
-	1,458,441	-	1,479,087
-	-	-	890,525
<u>4,978,352</u>	<u>9,429,188</u>	<u>236,059</u>	<u>33,380,441</u>
-	-	-	577,285
58,726	-	-	5,764,495
<u>58,726</u>	<u>-</u>	<u>-</u>	<u>6,341,780</u>
<u>5,037,078</u>	<u>9,429,188</u>	<u>236,059</u>	<u>39,722,221</u>
17,019	804,132	19,996	1,616,507
36,794	10,776	202	171,863
-	1,868,574	-	1,868,574
-	-	-	35,083
<u>53,813</u>	<u>2,683,482</u>	<u>20,198</u>	<u>3,692,027</u>
-	1,935,468	-	1,935,468
210,931	34,498	-	872,239
<u>210,931</u>	<u>1,969,966</u>	<u>-</u>	<u>2,807,707</u>
<u>264,744</u>	<u>4,653,448</u>	<u>20,198</u>	<u>6,499,734</u>
58,726	-	-	6,341,780
<u>4,713,608</u>	<u>4,775,740</u>	<u>215,861</u>	<u>26,880,707</u>
<u>\$ 4,772,334</u>	<u>\$ 4,775,740</u>	<u>\$ 215,861</u>	<u>\$ 33,222,487</u>

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Revenue, Expenses and Changes in Fund Net Assets

Internal Service Funds

For the Year Ended June 30, 2012

	Central Stores	Fleet Services	Information Technology
<b>Operating revenues</b>			
Charges for services	\$ 1,154,819	\$ 6,900,811	\$ 6,404,569
<b>Operating expenses</b>			
Personal services	287,526	1,406,499	2,579,457
Municipal service charge	27,366	130,068	446,397
Information technology charges	33,508	79,461	259,850
Other operating costs	643,768	2,218,935	2,554,041
Depreciation and amortization	6,335	1,294,790	438,408
<b>Total operating expenses</b>	<b>998,503</b>	<b>5,129,753</b>	<b>6,278,153</b>
Operating income (loss)	156,316	1,771,058	126,416
<b>Nonoperating revenues (expenses)</b>			
Investment income	26,530	181,858	98,162
Gain on sale of capital assets	-	101,654	-
<b>Total nonoperating revenues (expenses)</b>	<b>26,530</b>	<b>283,512</b>	<b>98,162</b>
Income (loss) before contributions and transfers	182,846	2,054,570	224,578
<b>Capital contributions</b>	-	13,658	-
<b>Transfers in</b>	-	-	-
<b>Transfers out</b>	(42,125)	(695,197)	-
<b>Change in net assets</b>	<b>140,721</b>	<b>1,373,031</b>	<b>224,578</b>
Net assets, beginning of year	1,843,178	12,934,313	6,942,731
<b>Net assets, end of year</b>	<b>\$ 1,983,899</b>	<b>\$ 14,307,344</b>	<b>\$ 7,167,309</b>

Continued...



Project Management	Insurance	Wheeler Center	Total
\$ 4,093,867	\$ 27,414,598	\$ 496,787	\$ 46,465,451
1,530,384	417,920	35,341	6,257,127
123,387	285,480	-	1,012,698
283,508	22,382	-	678,709
170,713	23,973,789	371,637	29,932,883
3,914	-	-	1,743,447
2,111,906	24,699,571	406,978	39,624,864
1,981,961	2,715,027	89,809	6,840,587
58,973	141,467	3,038	510,028
-	500,000	-	601,654
58,973	641,467	3,038	1,111,682
2,040,934	3,356,494	92,847	7,952,269
-	-	-	13,658
92,192	-	-	92,192
(27,764)	-	-	(765,086)
2,105,362	3,356,494	92,847	7,293,033
2,666,972	1,419,246	123,014	25,929,454
\$ 4,772,334	\$ 4,775,740	\$ 215,861	\$ 33,222,487

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2012

	Central Stores	Fleet Services	Information Technology	Project Management
<b>Cash flow from operating activities</b>				
Receipts from customers	\$ 1,154,146	\$ 6,838,483	\$ 6,409,824	\$ 4,087,973
Payments to suppliers	(794,332)	(2,190,400)	(3,096,354)	(573,612)
Payments on behalf of employees	(285,729)	(1,483,719)	(2,552,356)	(1,638,696)
<b>Net cash provided by operating activities</b>	<u>74,085</u>	<u>3,164,364</u>	<u>761,114</u>	<u>1,875,665</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	-	-	-	92,192
Transfers out	(42,125)	(695,197)	-	(27,764)
<b>Net cash flows provided by (used in) noncapital financing activities</b>	<u>(42,125)</u>	<u>(695,197)</u>	<u>-</u>	<u>64,428</u>
<b>Cash flows from capital and related financing activities</b>				
Proceeds from sale of equipment	-	175,497	-	-
Acquisition of capital assets	(40,818)	(1,067,405)	(221,362)	(42,433)
<b>Net cash flows provided by (used in) capital and related financing activities</b>	<u>(40,818)</u>	<u>(891,908)</u>	<u>(221,362)</u>	<u>(42,433)</u>
<b>Cash flows from investing activities</b>				
Interest and dividends on investments	<u>26,530</u>	<u>181,858</u>	<u>98,162</u>	<u>58,973</u>
<b>Net change in cash and cash equivalents</b>	<u>17,672</u>	<u>1,759,117</u>	<u>637,914</u>	<u>1,956,633</u>
Cash and cash equivalents, beginning of the year	<u>1,464,580</u>	<u>9,030,733</u>	<u>4,838,079</u>	<u>2,953,322</u>
<b>Cash and cash equivalents, end of the year</b>	<u>\$ 1,482,252</u>	<u>\$ 10,789,850</u>	<u>\$ 5,475,993</u>	<u>\$ 4,909,955</u>
<b>Reconciliation to statement of net assets</b>				
Cash	\$ -	\$ 150	\$ -	\$ 200
Equity in pooled cash and investments	<u>1,482,252</u>	<u>10,789,700</u>	<u>5,475,993</u>	<u>4,909,755</u>
<b>Cash and cash equivalent, end of year</b>	<u>\$ 1,482,252</u>	<u>\$ 10,789,850</u>	<u>\$ 5,475,993</u>	<u>\$ 4,909,955</u>



Insurance	Wheeler Center	Total
\$ 27,414,883	\$ 496,713	\$ 46,402,022
(21,858,124)	(371,075)	(28,883,897)
(3,081,573)	(36,117)	(9,078,190)
<u>2,475,186</u>	<u>89,521</u>	<u>8,439,935</u>
-	-	92,192
-	-	(765,086)
-	-	(672,894)
500,000	-	675,497
-	-	(1,372,018)
<u>500,000</u>	<u>-</u>	<u>(696,521)</u>
<u>141,467</u>	<u>3,038</u>	<u>510,028</u>
3,116,653	92,559	7,580,548
<u>4,854,094</u>	<u>143,411</u>	<u>23,284,219</u>
<u>\$ 7,970,747</u>	<u>\$ 235,970</u>	<u>\$ 30,864,767</u>
\$ 5,137	\$ -	\$ 5,487
<u>7,965,610</u>	<u>235,970</u>	<u>30,859,280</u>
<u>\$ 7,970,747</u>	<u>\$ 235,970</u>	<u>\$ 30,864,767</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2012

	Central Stores	Fleet Services	Information Technology	Project Management
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
Operating income	\$ 156,316	\$ 1,771,058	\$ 126,416	\$ 1,981,961
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	6,335	1,294,790	438,408	3,914
Changes in assets and liabilities:				
Allowance for uncollectible accounts	(700)	-	(125)	1,277
Accounts receivable	27	(72,694)	5,380	(7,172)
Inventory	(91,552)	(76,366)	-	-
Prepaid items	-	-	(20,646)	-
Accounts payable	1,863	318,399	184,582	3,995
Accrued compensated absences	17	(81,818)	19,374	(102,658)
Estimated claims payable	-	-	-	-
Accrued liabilities	1,779	626	7,725	(5,652)
Due to other governments	-	-	-	-
Due to other funds	-	10,369	-	-
Due from other funds	-	-	-	-
<b>Net cash provided by operating activities</b>	<b>\$ 74,085</b>	<b>\$ 3,164,364</b>	<b>\$ 761,114</b>	<b>\$ 1,875,665</b>



Insurance	Wheeler Center	Total
\$ 2,715,027	\$ 89,809	\$ 6,840,587
-	-	1,743,447
(4,256)	38	(3,766)
3,648	(112)	(70,923)
-	-	(167,918)
57,705	-	37,059
88,408	563	597,810
9,105	-	(155,980)
(374,440)	-	(374,440)
5	(777)	3,706
(20,909)	-	(20,909)
66	-	10,435
827	-	827
<u>\$ 2,475,186</u>	<u>\$ 89,521</u>	<u>\$ 8,439,935</u>

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Fiduciary Net Assets

Pension and Other Employee Benefits Trust Funds

June 30, 2012

	Employees' Retirement System	Retiree Health Care Trust Fund	Total
<b>Assets</b>			
Cash	\$ 21,139	\$ -	\$ 21,139
Equity in pooled cash and investments	580,580	14,524	595,104
Investments, at fair value:			
Common stock	18,631,111	11,353,185	29,984,296
Common stock funds	144,136,538	24,107,753	168,244,291
Government bonds	13,220,602	1,733,071	14,953,673
Government agencies	1,161,364	100,566	1,261,930
Government agency funds	25,970,750	-	25,970,750
Municipal bonds	615,298	90,288	705,586
Corporate bonds	40,236,640	3,337,214	43,573,854
Corporate bond funds	26,354,236	21,954,843	48,309,079
Bank loan participation	1,722,260	-	1,722,260
Government mortgage backed	17,331,293	2,783,468	20,114,761
Commercial mortgage backed	2,547,160	422,935	2,970,095
Asset backed	2,020,204	296,971	2,317,175
Non-government backed CMOs	1,858,865	281,661	2,140,526
Index linked government bonds	1,303,980	-	1,303,980
Real estate	5,178,168	3,957,458	9,135,626
Partnerships	70,380,045	12,709,359	83,089,404
Hedge funds	21,812,545	3,556,899	25,369,444
Short-term bills and notes	363,430	53,589	417,019
Short-term investment funds	5,415,203	2,923,924	8,339,127
Portfolio cash	479,135	144,451	623,586
Accrued interest and dividends	855,094	106,508	961,602
Due from other governments	13,389	-	13,389
Due from broker for securities sold	6,933,535	1,008,179	7,941,714
Capital assets (net of depreciation of \$65,830)	420,220	-	420,220
<b>Total assets</b>	<b>409,562,784</b>	<b>90,936,846</b>	<b>500,499,630</b>
<b>Liabilities</b>			
Accounts payable	2,695,184	45,457	2,740,641
Accrued liabilities	51,135	-	51,135
Due to broker for securities purchased	6,769,360	1,104,026	7,873,386
Mortgage payable, due in one year	22,951	-	22,951
Mortgage payable, due in more than one year	294,710	-	294,710
<b>Total liabilities</b>	<b>9,833,340</b>	<b>1,149,483</b>	<b>10,982,823</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	125,510	-	125,510
Held in trust for pension and postemployment benefits	399,603,934	89,787,363	489,391,297
<b>Total net assets</b>	<b>\$ 399,729,444</b>	<b>\$ 89,787,363</b>	<b>\$ 489,516,807</b>

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Assets

Pension and Other Employee Benefit Trusts Funds

June 30, 2012

	Employee Retirement System	Retiree Health Care Trust Fund	Total
<b>Additions</b>			
Investment income:			
<i>From investing activities:</i>			
Depreciation in fair value of investments	\$ (5,228,577)	\$ (408,934)	\$ (5,637,511)
Interest and dividends	6,899,292	1,857,437	8,756,729
Total investment income	1,670,715	1,448,503	3,119,218
Investment management fees	(914,525)	(320,949)	(1,235,474)
Net investment income from investing activities	756,190	1,127,554	1,883,744
<i>From securities lending activities:</i>			
Gross earnings	137,446	30,634	168,080
Borrower rebates received (paid)	10,558	7,004	17,562
Securities lending fees	(44,203)	(11,223)	(55,426)
Net investment income from securities lending activities	103,801	26,415	130,216
Total net investment income	859,991	1,153,969	2,013,960
Contributions:			
Employer	12,741,158	11,052,888	23,794,046
Plan member	2,794,239	-	2,794,239
Total contributions	15,535,397	11,052,888	26,588,285
<b>Total additions</b>	<b>16,395,388</b>	<b>12,206,857</b>	<b>28,602,245</b>
<b>Deductions</b>			
Benefits	29,804,212	8,889,686	38,693,898
Refund of contributions	1,255,689	-	1,255,689
Administrative expense	802,569	21,424	823,993
<b>Total deductions</b>	<b>31,862,470</b>	<b>8,911,110</b>	<b>40,773,580</b>
<b>Change in net assets</b>	<b>(15,467,082)</b>	<b>3,295,747</b>	<b>(12,171,335)</b>
Net assets, beginning of year	415,196,526	86,491,616	501,688,142
<b>Net assets, end of year</b>	<b>\$ 399,729,444</b>	<b>\$ 89,787,363</b>	<b>\$ 489,516,807</b>

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2012

	Treasurer's Delinquent Tax	Treasurer's Current Tax	Contractors' Retainage	15th District Court
<b>Assets</b>				
Cash	\$ -	\$ 79,714	\$ 1,385,130	\$ 112,432
Equity in pooled cash and investments	60,688	14,994	4,125	-
<b>Total assets</b>	<b>\$ 60,688</b>	<b>\$ 94,708</b>	<b>\$ 1,389,255</b>	<b>\$ 112,432</b>
<b>Liabilities</b>				
Due to others	\$ -	\$ 94,708	\$ 1,389,255	\$ -
Due to other governments	60,688	-	-	67,592
Deposits	-	-	-	44,840
<b>Total liabilities</b>	<b>\$ 60,688</b>	<b>\$ 94,708</b>	<b>\$ 1,389,255</b>	<b>\$ 112,432</b>

Continued...



Payroll	Total
---------	-------

\$	-	\$	1,577,276
	-		79,807
<hr/>			
\$	-	\$	1,657,083
<hr/> <hr/>			

\$	-	\$	1,483,963
	-		128,280
	-		44,840
<hr/>			
\$	-	\$	1,657,083
<hr/> <hr/>			

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Treasurer's Delinquent Tax Fund</b>				
<b>Assets</b>				
Equity in pooled cash and investments	\$ 137,109	\$ 415,610	\$ 492,031	\$ 60,688
<b>Liabilities</b>				
Due to others	\$ -	\$ 833,312	\$ 833,312	\$ -
Due to other governments	137,109	216,338	292,759	60,688
<b>Total liabilities</b>	<b>\$ 137,109</b>	<b>\$ 1,049,650</b>	<b>\$ 1,126,071</b>	<b>\$ 60,688</b>
<b>Treasurer's Current Tax Fund</b>				
<b>Assets</b>				
Cash	\$ 155,856	\$ 262,933,511	\$ 263,009,653	\$ 79,714
Equity in pooled cash and investments	97,656	15,543,210	15,625,872	14,994
<b>Total assets</b>	<b>\$ 253,512</b>	<b>\$ 278,476,721</b>	<b>\$ 278,635,525</b>	<b>\$ 94,708</b>
<b>Liabilities</b>				
Due to others	\$ 253,512	\$ 239,044,916	\$ 239,203,720	\$ 94,708
<b>Contractors' Retainage Fund</b>				
<b>Assets</b>				
Cash	\$ 4,135,697	\$ -	\$ 2,750,567	\$ 1,385,130
Equity in pooled cash and investments	-	3,115,211	3,111,086	4,125
<b>Total assets</b>	<b>\$ 4,135,697</b>	<b>\$ 3,115,211</b>	<b>\$ 5,861,653</b>	<b>\$ 1,389,255</b>
<b>Liabilities</b>				
Due to others	\$ 4,135,697	\$ 3,043,837	\$ 5,790,279	1,389,255
<b>Fifteenth District Court Fund</b>				
<b>Assets</b>				
Cash	\$ 108,534	\$ 8,489	\$ 4,591	\$ 112,432
<b>Liabilities</b>				
Due to other governments	\$ 72,008	\$ -	\$ 4,416	\$ 67,592
Deposits	36,526	8,314		44,840
<b>Total liabilities</b>	<b>\$ 108,534</b>	<b>\$ 8,314</b>	<b>\$ 4,416</b>	<b>\$ 112,432</b>

Continued...



# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<b>Payroll Fund</b>				
<b>Assets</b>				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	397	73,495,872	73,496,269	-
Due from other funds	-	47,156,962	47,156,962	-
<b>Total assets</b>	<b>\$ 397</b>	<b>\$ 120,652,834</b>	<b>\$ 120,653,231</b>	<b>\$ -</b>
<b>Liabilities</b>				
Due to others	\$ 397	\$ 111,213,636	\$ 111,214,033	\$ -
Due to other funds	-	310,682	310,682	-
<b>Total liabilities</b>	<b>\$ 397</b>	<b>\$ 111,524,318</b>	<b>\$ 111,524,715</b>	<b>\$ -</b>
<b>Total - All Agency Funds</b>				
<b>Assets</b>				
Cash	\$ 4,400,087	\$ 262,942,000	\$ 265,764,811	\$ 1,577,276
Equity in pooled cash and investments	235,162	92,569,903	92,725,258	79,807
Due from other funds	-	47,156,962	47,156,962	-
<b>Total assets</b>	<b>\$ 4,635,249</b>	<b>\$ 402,668,865</b>	<b>\$ 405,647,031</b>	<b>\$ 1,657,083</b>
<b>Liabilities</b>				
Due to others	\$ 4,389,606	\$ 354,135,701	\$ 357,041,344	\$ 1,483,963
Due to other funds	-	310,682	310,682	-
Due to other governments	209,117	216,338	297,175	128,280
Deposits	36,526	8,314	-	44,840
<b>Total liabilities</b>	<b>\$ 4,635,249</b>	<b>\$ 354,671,035</b>	<b>\$ 357,649,201</b>	<b>\$ 1,657,083</b>

Concluded

## STATISTICAL SECTION

# 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>
<b>Financial Trends</b>	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	150
<b>Revenue Capacity</b>	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	162
<b>Debt Capacity</b>	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.	170
<b>Demographic and Economic Information</b>	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	176
<b>Operating Information</b>	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.	178

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

## CITY OF ANN ARBOR, MICHIGAN

### Net Assets by Component (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009
<b>Governmental activities</b>				
Invested in capital assets, net of related debt	\$ 684,183,914	\$ 672,899,397	\$ 579,020,698	\$ 612,949,811
Restricted	66,605,173	66,772,308	118,723,718	101,462,605
Unrestricted	23,913,683	15,649,176	43,955,179	10,198,885
<b>Total governmental activities net assets</b>	<b>\$ 774,702,770</b>	<b>\$ 755,320,881</b>	<b>\$ 741,699,595</b>	<b>\$ 724,611,301</b>
<b>Business-type activities</b>				
Invested in capital assets, net of related debt	\$ 183,625,625	\$ 164,731,782	\$ 145,084,736	\$ 122,234,225
Restricted	21,926,274	17,374,027	17,245,077	18,391,715
Unrestricted	49,549,547	56,356,293	59,771,622	69,899,328
<b>Total business-type activities net assets</b>	<b>\$ 255,101,446</b>	<b>\$ 238,462,102</b>	<b>\$ 222,101,435</b>	<b>\$ 210,525,268</b>
<b>Primary government</b>				
Invested in capital assets, net of related debt	\$ 867,809,539	\$ 837,631,179	\$ 724,105,434	\$ 735,184,036
Restricted	88,531,447	84,146,335	135,968,795	119,854,320
Unrestricted	73,463,230	72,005,469	103,726,801	80,098,213
<b>Total primary government net assets</b>	<b>\$ 1,029,804,216</b>	<b>\$ 993,782,983</b>	<b>\$ 963,801,030</b>	<b>\$ 935,136,569</b>

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

2008	2007	2006	2005	2004	2003
\$ 626,041,914	\$ 611,225,989	\$ 575,895,851	\$ 603,474,157	\$ 598,685,040	\$ 583,715,108
75,698,698	79,571,639	101,447,127	14,535,869	18,488,574	19,772,929
30,524,342	25,703,229	17,347,389	44,040,557	48,319,797	41,910,911
<u>\$ 732,264,954</u>	<u>\$ 716,500,857</u>	<u>\$ 694,690,367</u>	<u>\$ 662,050,583</u>	<u>\$ 665,493,411</u>	<u>\$ 645,398,948</u>
\$ 77,083,900	\$ 111,888,472	\$ 97,487,787	\$ 90,066,898	\$ 67,551,963	\$ 95,615,594
18,837,147	15,291,215	15,918,577	16,634,604	16,493,596	13,049,290
101,517,578	55,985,356	56,489,160	58,691,676	58,330,509	29,295,034
<u>\$ 197,438,625</u>	<u>\$ 183,165,043</u>	<u>\$ 169,895,524</u>	<u>\$ 165,393,178</u>	<u>\$ 142,376,068</u>	<u>\$ 137,959,918</u>
\$ 703,125,814	\$ 723,114,461	\$ 673,383,638	\$ 693,541,055	\$ 666,237,003	\$ 679,330,702
94,535,845	94,862,854	117,365,704	31,170,473	34,982,170	32,822,219
132,041,920	81,688,585	73,836,549	102,732,233	106,650,306	71,205,945
<u>\$ 929,703,579</u>	<u>\$ 899,665,900</u>	<u>\$ 864,585,891</u>	<u>\$ 827,443,761</u>	<u>\$ 807,869,479</u>	<u>\$ 783,358,866</u>

# CITY OF ANN ARBOR, MICHIGAN

## Changes in Net Assets (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009
<b>Expenses</b>				
Governmental activities:				
General government	\$ 15,236,105	\$ 14,794,159	\$ 17,333,282	\$ 24,108,111
Public safety	40,649,428	42,049,504	43,010,456	56,723,757
Public works	19,889,391	20,468,502	17,933,743	21,084,898
Community and economic development	2,931,838	3,781,557	3,996,830	5,869,426
Culture and recreation	10,071,912	9,935,578	7,945,806	9,530,857
Public transportation	8,913,232	9,362,712	9,682,798	9,592,129
Debt service	5,134,805	5,260,736	3,297,914	3,229,523
Unallocated depreciation	-	44,331	141,823	39,175
<b>Total governmental activities expenses</b>	<b>102,826,711</b>	<b>105,697,079</b>	<b>103,342,652</b>	<b>130,177,876</b>
Business-type activities:				
Water	16,976,630	17,338,241	16,861,582	18,971,550
Sewer	14,569,815	14,443,929	14,242,272	15,190,288
Parking	2,708,673	2,678,011	2,879,139	3,048,960
Market	168,977	156,059	155,993	145,024
Golf courses	1,554,083	1,649,866	1,646,340	1,510,711
Airport	568,629	744,629	670,736	846,383
Stormwater	4,336,523	3,945,211	3,031,318	2,789,058
Solid waste	11,563,289	13,724,530	11,770,761	12,131,440
Hydropower	-	-	-	-
<b>Total business-type activities expenses</b>	<b>52,446,619</b>	<b>54,680,476</b>	<b>51,258,141</b>	<b>54,633,414</b>
<b>Total primary government expenses</b>	<b>155,273,330</b>	<b>160,377,555</b>	<b>154,600,793</b>	<b>184,811,290</b>

2008	2007	2006	2005	2004	2003
\$ 14,290,184	\$ 15,219,894	\$ 13,908,277	\$ 13,732,411	\$ 22,240,005	\$ 21,638,200
48,004,360	42,368,701	44,026,682	43,656,127	38,535,603	36,517,037
22,948,985	16,388,169	19,659,069	22,554,703	16,728,351	15,913,431
5,611,549	5,146,231	2,188,427	5,425,385	4,158,934	14,392,069
8,616,049	6,464,261	6,810,978	7,697,210	9,190,992	11,586,697
9,574,677	9,169,355	8,666,141	8,349,044	7,951,457	7,613,357
2,544,827	2,737,333	1,539,263	934,007	1,218,936	943,997
64,861	55,005	71,575	37,375	41,414	27,326
<u>111,655,492</u>	<u>97,548,949</u>	<u>96,870,412</u>	<u>102,386,262</u>	<u>100,065,692</u>	<u>108,632,114</u>
17,876,975	16,943,066	16,881,883	16,671,468	15,772,718	14,521,017
13,585,023	15,247,981	13,488,810	14,019,208	14,102,932	13,665,415
2,963,565	2,902,894	3,684,777	2,368,344	2,478,172	2,630,276
136,004	124,636	124,754	115,892	149,660	121,863
1,374,434	1,115,341	1,134,301	1,152,354	1,275,010	1,465,206
728,168	842,521	904,514	860,515	804,005	837,252
3,038,548	2,622,490	1,556,229	1,662,144	1,875,871	1,879,044
10,881,003	10,322,715	9,876,503	8,086,147	-	-
-	-	-	259,773	467,783	420,254
<u>50,583,720</u>	<u>50,121,644</u>	<u>47,651,771</u>	<u>45,195,845</u>	<u>36,926,151</u>	<u>35,540,327</u>
<u>162,239,212</u>	<u>147,670,593</u>	<u>144,522,183</u>	<u>147,582,107</u>	<u>136,991,843</u>	<u>144,172,441</u>

Continued...

# CITY OF ANN ARBOR, MICHIGAN

## Changes in Net Assets (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 7,371,102	\$ 11,729,555	\$ 8,527,479	\$ 5,747,883
Public safety	9,559,178	8,732,273	7,272,976	11,128,662
Public works	3,303,537	2,253,632	3,158,923	1,552,806
Community and economic development	35,269	-	-	-
Culture and Recreation	2,383,032	2,623,518	2,372,364	2,615,433
Public transportation	92,518	93,612	97,513	98,464
Interest on long-term debt	3,038,523	-	-	-
Operating grants and contributions	13,210,386	9,635,060	9,998,747	10,174,646
Capital grants and contributions	346,046	3,621,001	1,239,229	681,800
Total governmental activities program revenues	<u>39,339,591</u>	<u>38,688,651</u>	<u>32,667,231</u>	<u>31,999,694</u>
Business-type activities:				
Charges for services:				
Water	22,017,955	21,160,437	19,905,769	18,420,957
Sewer	21,103,955	21,741,717	19,292,506	19,074,478
Parking	2,877,149	2,923,214	2,941,159	3,423,624
Market	253,850	148,687	144,591	115,902
Golf courses	1,304,135	1,171,776	1,164,840	1,031,632
Airport	834,238	847,728	782,039	741,339
Stormwater	5,712,581	7,512,538	5,954,788	5,316,391
Solid waste	3,450,410	3,136,831	1,517,653	1,049,923
Hydropower	-	-	-	-
Capital grants and contributions	1,256,394	951,818	2,204,638	2,736,217
Total business-type activities program revenues	<u>58,810,667</u>	<u>59,594,746</u>	<u>53,907,983</u>	<u>51,910,463</u>
<b>Total primary government program revenues</b>	<u>98,150,258</u>	<u>98,283,397</u>	<u>86,575,214</u>	<u>83,910,157</u>



2008	2007	2006	2005	2004	2003
\$ 5,365,601	\$ 4,968,702	\$ 10,716,589	\$ 5,425,726	\$ 8,974,662	\$ 8,376,855
13,042,927	12,119,252	11,624,431	11,539,080	10,189,485	10,347,613
2,104,180	4,224,568	1,834,707	3,220,105	7,495,156	2,172,513
-	-	890	(81,681)	1,109,134	-
2,561,561	2,447,072	2,482,219	2,280,083	2,650,541	2,119,851
91,589	91,589	86,770	83,507	79,541	76,113
-	-	-	-	-	-
10,635,661	10,659,938	12,604,477	12,245,420	10,608,459	21,132,464
336,643	479,321	791,100	1,213,663	1,806,735	893,925
<u>34,138,162</u>	<u>34,990,442</u>	<u>40,141,183</u>	<u>35,925,903</u>	<u>42,913,713</u>	<u>45,119,334</u>
20,274,057	19,075,505	18,377,961	18,085,363	15,997,464	16,174,325
19,493,468	17,330,738	18,933,853	18,330,302	15,830,994	16,042,136
2,531,021	3,305,205	3,066,276	3,462,633	3,691,597	4,328,687
122,644	126,979	125,347	131,348	151,244	80,162
865,113	870,567	998,218	1,042,785	1,172,313	1,201,935
793,125	773,784	719,842	830,657	716,242	687,558
4,910,929	4,373,848	3,758,240	3,529,955	2,881,077	2,641,035
1,543,903	729,343	814,140	478,493	-	-
-	-	-	-	261,730	214,556
418,430	668,917	-	-	-	-
<u>50,952,690</u>	<u>47,254,886</u>	<u>46,793,877</u>	<u>45,891,536</u>	<u>40,702,661</u>	<u>41,370,394</u>
<u>85,090,852</u>	<u>82,245,328</u>	<u>86,935,060</u>	<u>81,817,439</u>	<u>83,616,374</u>	<u>86,489,728</u>

Continued...

## CITY OF ANN ARBOR, MICHIGAN

### Changes in Net Assets (Accrual Basis of Accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009
<b>Net (expense) revenue</b>				
Governmental activities	\$ (63,487,120)	\$ (67,008,428)	\$ (70,675,421)	\$ (98,178,182)
Business-type activities	6,364,048	4,914,270	2,649,842	(2,722,951)
<b>Total primary government net expense</b>	<u>(57,123,072)</u>	<u>(62,094,158)</u>	<u>(68,025,579)</u>	<u>(100,901,133)</u>
<b>General revenues and other changes in net assets</b>				
Governmental activities:				
Taxes:				
Property taxes, levied for general purposes	65,483,779	58,050,469	60,655,729	60,468,022
Property taxes, levied for designated purpose	-	7,131,115	7,454,130	-
Property taxes, levied for debt services	-	2,265,030	2,274,782	9,526,085
State shared revenues and grants (unrestricted)	9,748,477	9,582,165	9,456,109	11,102,183
Investment income	2,567,568	2,523,944	4,308,095	7,890,239
Gain on sale of assets	-	-	-	-
Special item	-	-	-	-
Other	3,410,739	835,982	215,199	375,390
Transfers	2,428,146	241,009	4,140,628	1,162,611
<b>Total governmental activities</b>	<u>83,638,709</u>	<u>80,629,714</u>	<u>88,504,672</u>	<u>90,524,530</u>
Business-type activities:				
Property taxes, levied for general purposes	11,030,550	11,171,676	11,677,513	11,529,057
Gain on sale of assets	-	-	-	-
Investment income	1,188,581	515,730	1,545,547	5,443,148
Other	484,311	-	-	-
Transfers	(2,428,146)	(241,009)	(4,140,628)	(1,162,611)
<b>Total business-type activities</b>	<u>10,275,296</u>	<u>11,446,397</u>	<u>9,082,432</u>	<u>15,809,594</u>
<b>Total primary government</b>	<u>93,914,005</u>	<u>92,076,111</u>	<u>97,587,104</u>	<u>106,334,124</u>
<b>Change in net assets</b>				
Governmental activities	20,151,589	13,621,286	17,829,251	(7,653,652)
Business-type activities	16,639,344	16,360,667	11,732,274	13,086,643
<b>Total primary government</b>	<u>\$ 36,790,933</u>	<u>\$ 29,981,953</u>	<u>\$ 29,561,525</u>	<u>\$ 5,432,991</u>

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

2008	2007	2006	2005	2004	2003
\$ (77,517,330)	\$ (62,558,507)	\$ (56,729,229)	\$ (66,460,359)	\$ (57,151,979)	\$ (63,512,780)
368,970	(2,866,758)	(857,894)	695,691	3,776,510	5,830,067
<u>(77,148,360)</u>	<u>(65,425,265)</u>	<u>(57,587,123)</u>	<u>(65,764,668)</u>	<u>(53,375,469)</u>	<u>(57,682,713)</u>
60,510,514	48,243,639	45,587,059	51,423,077	56,035,123	53,597,747
-	-	-	-	-	-
9,555,291	17,236,440	16,430,807	8,029,733	8,127,043	7,686,425
11,116,813	11,464,818	11,469,467	11,674,762	11,865,469	13,227,051
9,059,668	7,990,673	4,246,277	2,181,348	907,722	2,495,814
-	-	-	-	-	268,143
-	-	4,100,000	-	-	-
899,577	709,786	194,410	367,458	646,593	1,104,228
2,139,564	(1,276,359)	7,134,212	1,870,457	(335,508)	1,623,844
<u>93,281,427</u>	<u>84,368,997</u>	<u>89,162,232</u>	<u>75,546,835</u>	<u>77,246,442</u>	<u>80,003,252</u>
11,550,982	10,998,459	10,399,700	10,011,080	-	-
-	-	-	-	-	46,255
4,493,194	3,861,459	2,177,470	1,651,492	304,192	1,083,726
-	-	-	-	-	-
(2,139,564)	1,276,359	(7,134,212)	(1,870,457)	335,508	(1,623,844)
<u>13,904,612</u>	<u>16,136,277</u>	<u>5,442,958</u>	<u>9,792,115</u>	<u>639,700</u>	<u>(493,863)</u>
<u>107,186,039</u>	<u>100,505,274</u>	<u>94,605,190</u>	<u>85,338,950</u>	<u>77,886,142</u>	<u>79,509,389</u>
15,764,097	21,810,490	32,433,003	9,086,476	20,094,463	16,490,472
14,273,582	13,269,519	4,585,064	10,487,806	4,416,150	5,336,204
<u>\$ 30,037,679</u>	<u>\$ 35,080,009</u>	<u>\$ 37,018,067</u>	<u>\$ 19,574,282</u>	<u>\$ 24,510,613</u>	<u>\$ 21,826,676</u>

Concluded

# CITY OF ANN ARBOR, MICHIGAN

## Fund Balances (Modified Accrual Basis of Accounting)

Governmental Funds  
Last Ten Fiscal Years

	2012	2011	2010	2009
<b>General fund</b>				
Reserved	\$ -	\$ -	\$ 199,238	\$ 444,744
Unreserved	-	-	12,288,378	10,910,841
Nonspendable (1)	960,336	1,032,509	-	-
Assigned (1)	243,308	2,024,490	-	-
Unassigned (1)	14,093,650	10,525,445	-	-
<b>Total general fund</b>	<b>\$ 15,297,294</b>	<b>\$ 13,582,444</b>	<b>\$ 12,487,616</b>	<b>\$ 11,355,585</b>
<b>All other governmental funds</b>				
Reserved	\$ -	\$ -	\$ 19,102,850	\$ 43,160,630
Unreserved, reported in:				
Special revenue funds	-	-	67,567,542	64,524,470
Capital projects funds	-	-	38,031,543	2,401,119
Debt service funds	-	-	-	-
Subsequent year's expenditures	-	-	-	-
Undesignated	-	-	320,340	-
Nonspendable (1)	1,985,800	1,984,000	-	-
Restricted (1)	63,432,711	85,121,367	-	-
Committed (1)	4,617,556	-	-	-
Assigned (1)	2,285,397	2,251,551	-	-
<b>Total all other governmental funds</b>	<b>\$ 72,321,464</b>	<b>\$ 89,356,918</b>	<b>\$ 125,022,275</b>	<b>\$ 110,086,219</b>

(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

2008	2007	2006	2005	2004	2003
\$ 219,224	\$ 270,048	\$ 485,868	\$ 920,078	\$ 1,346,170	\$ 798,049
19,561,545	16,126,413	11,962,837	9,740,289	8,117,344	7,759,394
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 19,780,769</u>	<u>\$ 16,396,461</u>	<u>\$ 12,448,705</u>	<u>\$ 10,660,367</u>	<u>\$ 9,463,514</u>	<u>\$ 8,557,443</u>
\$ 16,289,679	\$ 14,783,804	\$ 33,451,679	\$ 7,410,788	\$ 13,463,689	\$ 15,115,496
64,279,003	70,463,629	34,425,813	35,852,445	21,250,565	26,026,533
3,622,949	-	11,709,820	10,799,473	21,486,018	15,260,231
-	-	-	1,621,672	1,828,253	1,990,759
-	-	-	-	-	1,963,668
-	-	26,634,034	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 84,191,631</u>	<u>\$ 85,247,433</u>	<u>\$ 106,221,346</u>	<u>\$ 55,684,378</u>	<u>\$ 58,028,525</u>	<u>\$ 60,356,687</u>

# CITY OF ANN ARBOR, MICHIGAN

## Changes in Fund Balances (Modified Accrual Basis of Accounting)

Governmental Funds  
Last Ten Fiscal Years

	2012	2011	2010	2009
<b>Revenues</b>				
Taxes	\$ 65,483,779	\$ 67,446,614	\$ 70,384,641	\$ 69,994,107
Special assessments/improvement charges	48,843	103,790	54,713	77,748
Licenses, fees and permits	6,279,934	6,125,839	5,108,409	1,133,847
Federal grants	1,567,185	4,950,416	2,583,511	3,434,753
State shared revenues and grants	21,367,804	18,156,777	17,277,839	18,469,118
Charges for services	13,721,017	12,642,161	10,393,128	13,350,572
Fines and penalties	4,606,580	4,863,239	4,138,282	4,963,134
Interest and penalties	828	516,159	515,190	28,963
Investment income	2,057,540	1,851,927	3,071,842	6,807,477
Rental	463,191	421,742	404,147	310,520
Contributions and donations	369,920	280,971	260,470	228,208
Sale of property and equipment	-	45,361	13,855	312,501
Intra-governmental sales	208,243	361,245	318,696	188,958
Miscellaneous	719,712	1,181,503	316,652	375,390
<b>Total revenues</b>	<b>116,894,576</b>	<b>118,947,744</b>	<b>114,841,375</b>	<b>119,675,296</b>
<b>Expenditures</b>				
Current:				
General government	15,034,085	14,058,718	16,323,784	22,475,026
Public safety	43,139,586	43,678,573	43,654,317	47,151,174
Public works	18,969,637	17,617,067	16,353,447	15,037,630
Community and economic development	3,677,716	3,863,957	4,014,989	5,243,807
Culture and recreation	9,996,650	9,653,540	7,498,717	8,462,253
Public transportation	8,913,232	10,106,607	9,682,798	9,592,129
Capital outlay	29,176,152	46,974,519	49,765,312	18,102,248
Debt service:				
Principal	3,320,000	3,410,000	3,345,000	3,270,000
Interest	5,117,493	5,302,317	2,773,143	2,934,523
<b>Total expenditures</b>	<b>137,344,551</b>	<b>154,665,298</b>	<b>153,411,507</b>	<b>132,268,790</b>
Revenues over (under) expenditures	(20,449,975)	(35,717,554)	(38,570,132)	(12,593,494)
<b>Other financing sources (uses):</b>				
Transfers in	9,620,472	7,170,739	11,227,633	13,104,036
Transfers out	(6,519,432)	(6,023,714)	(5,914,937)	(10,513,218)
Sale of property and equipment	2,809,085	-	-	-
Payment to refunded bond escrow agent	(2,714,429)	-	-	-
Issuance of debt	2,670,000	-	49,420,000	27,660,000
Bond discount	33,375	-	(93,674)	-
Bond issuance costs	-	-	-	(187,920)
Note proceeds	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,899,071</b>	<b>1,147,025</b>	<b>54,639,022</b>	<b>30,062,898</b>
<b>Net change in fund balances</b>	<b>\$ (14,550,904)</b>	<b>\$ (34,570,529)</b>	<b>\$ 16,068,890</b>	<b>\$ 17,469,404</b>
Debt service as a percentage of noncapital expenditures	8.7%	8.8%	6.4%	5.7%

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

2008	2007	2006	2005	2004	2003
\$ 70,065,805	\$ 65,480,079	\$ 62,017,866	\$ 59,452,810	\$ 64,162,166	\$ 61,284,172
182,302	119,198	122,147	130,872	714,075	893,925
1,284,685	1,210,631	3,229,331	3,715,412	3,145,919	3,001,458
3,470,830	3,801,631	4,062,637	3,842,697	2,132,556	3,018,503
18,743,579	19,214,610	20,011,307	20,077,485	20,341,372	31,341,012
14,228,315	14,846,082	9,608,385	9,343,486	13,268,471	8,175,886
5,874,429	5,894,126	5,997,715	5,787,212	5,479,578	5,901,225
30,472	36,551	39,894	50,227	95,095	86,841
7,864,379	7,216,882	3,844,416	1,830,015	786,244	2,324,906
335,642	185,173	128,882	58,482	109,655	52,839
297,087	171,640	164,162	232,206	398,211	140,025
15,457	33,837	3,470	18,370	49,471	97,668
363,457	535,049	157,850	57,020	526,340	47,048
899,577	709,786	194,410	367,458	646,593	1,104,228
<u>123,656,016</u>	<u>119,455,275</u>	<u>109,582,472</u>	<u>104,963,752</u>	<u>111,855,746</u>	<u>117,469,736</u>
16,360,311	14,755,887	15,320,549	18,562,206	22,676,988	23,063,427
45,003,004	43,476,726	41,629,068	37,973,587	35,940,052	34,327,665
15,946,677	19,564,728	13,513,583	16,037,811	24,427,731	18,132,685
5,610,030	5,059,096	4,601,791	4,782,131	3,518,856	13,868,437
7,955,698	6,153,578	11,957,408	11,435,111	10,906,628	11,296,061
9,574,677	9,169,355	8,666,141	8,349,044	7,951,457	7,613,357
16,661,477	31,209,188	10,943,071	2,438,127	7,216,099	1,687,981
3,175,000	3,405,000	2,508,050	2,516,100	2,556,100	2,470,661
2,586,455	2,422,079	1,329,166	971,713	1,187,383	970,388
<u>122,873,329</u>	<u>135,215,637</u>	<u>110,468,827</u>	<u>103,065,830</u>	<u>116,381,294</u>	<u>113,430,662</u>
782,687	(15,760,362)	(886,355)	1,897,922	(4,525,548)	4,039,074
8,879,908	9,362,022	21,817,720	11,784,483	7,927,995	9,652,384
(7,334,089)	(10,627,817)	(12,938,988)	(9,577,715)	(8,324,538)	(8,037,958)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	44,885,000	-	-	4,000,000
-	-	-	-	-	(55,114)
-	-	(305,812)	-	-	-
-	-	-	-	3,500,000	-
<u>1,545,819</u>	<u>(1,265,795)</u>	<u>53,457,920</u>	<u>2,206,768</u>	<u>3,103,457</u>	<u>5,559,312</u>
<u>\$ 2,328,506</u>	<u>\$ (17,026,157)</u>	<u>\$ 52,571,565</u>	<u>\$ 4,104,690</u>	<u>\$ (1,422,091)</u>	<u>\$ 9,598,386</u>
5.8%	6.2%	4.3%	4.1%	4.2%	3.4%

**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
2003	\$ 3,375,930,999	\$ 299,043,900		\$ 3,674,974,899	16.8691
2004	3,554,607,491	274,842,600		3,829,450,091	16.9015
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

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



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## CITY OF ANN ARBOR, MICHIGAN

### 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	Debt Service
Homestead	2003	6.0315	2.5302	2.1085	2.1085	0.6916
Non-Homestead	2003	6.0315	2.5302	2.1085	2.1085	0.6916
Homestead	2004	6.0315	2.5264	2.1054	2.1054	0.7300
Non-Homestead	2004	6.0315	2.5264	2.1054	2.1054	0.7300
Principal Residence Exemption (PRE)	2005	6.2125	2.5137	2.0948	2.0948	0.6000
Non-PRE	2005	6.2125	2.5137	2.0948	2.0948	0.6000
Principal Residence Exemption (PRE)	2006	6.2318	2.4925	2.0772	2.0772	0.5800
Non-PRE	2006	6.2318	2.4925	2.0772	2.0772	0.5800
Principal Residence Exemption (PRE)	2007	6.1856	2.4740	2.0618	2.0618	0.5454
Non-PRE	2007	6.1856	2.4740	2.0618	2.0618	0.5454
Principal Residence Exemption (PRE)	2008	6.1682	2.4670	2.0560	2.0560	0.4661
Non-PRE	2008	6.1682	2.4670	2.0560	2.0560	0.4661
Principal Residence Exemption (PRE)	2009	6.1682	2.4670	2.0560	2.0560	0.4643
Non-PRE	2009	6.1682	2.4670	2.0560	2.0560	0.4643
Principal Residence Exemption (PRE)	2010	6.1682	2.4670	2.0560	2.0560	0.4806
Non-PRE	2010	6.1682	2.4670	2.0560	2.0560	0.4806
Principal Residence Exemption (PRE)	2011	6.1682	2.4670	2.0560	2.0560	0.5000
Non-PRE	2011	6.1682	2.4670	2.0560	2.0560	0.5000
Principal Residence Exemption (PRE)	2012	6.1682	2.4670	2.0560	2.0560	0.1250
Non-PRE	2012	6.1682	2.4670	2.0560	2.0560	0.1250

\* 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

City of Ann Arbor Direct Rate		Total Direct Tax Rate	Overlapping Rates				Total
Parks	Major Street Repair		Ann Arbor Public Schools**	Ann Arbor District Library***	Washtenaw County	Washtenaw Community College	
1.4166	1.9822	16.8691	19.2398	1.9500	5.6420	3.8559	47.5568
1.4166	1.9822	16.8691	30.6320	1.9500	5.6420	3.8559	58.9490
1.4236	1.9792	16.9015	17.1741	1.9500	5.5819	3.8343	45.4418
1.4236	1.9792	16.9015	29.5202	1.9500	5.5819	3.8343	57.7879
1.4162	1.9693	16.9013	19.1890	1.9476	5.5493	3.7748	47.3620
1.4162	1.9693	16.9013	31.5090	1.9476	5.5493	3.7748	59.6820
1.4042	1.9527	16.8156	18.7994	1.9332	5.5024	3.7249	46.7755
1.4042	1.9527	16.8156	31.2636	1.9332	5.5024	3.7249	59.2397
1.3937	1.9382	16.6605	18.2226	1.9214	5.6768	3.7082	46.1895
1.3937	1.9382	16.6605	31.2154	1.9214	5.6768	3.7082	59.1823
1.5748	1.9944	16.7825	17.9610	1.9214	5.6768	3.6956	46.0373
1.5748	1.9944	16.7825	31.2072	1.9214	5.6768	3.6956	59.2835
1.5748	1.9944	16.7807	17.5203	1.9214	5.7018	3.6856	45.6098
1.5748	1.9944	16.7807	31.2040	1.9214	5.7018	3.6856	59.2935
1.5748	1.9944	16.7970	17.4132	1.5500	5.7418	3.6856	45.1876
1.5748	1.9944	16.7970	30.9625	1.5500	5.7418	3.6856	58.7369
1.5748	1.9944	16.8164	17.6315	1.5500	5.7448	3.6856	45.4283
1.5748	1.9944	16.8164	31.0971	1.5500	5.7448	3.6856	58.8939
1.5748	2.1250	16.5720	18.1329	1.5500	5.7518	3.6376	45.6443
1.5748	2.1250	16.5720	31.4245	1.5500	5.7518	3.6376	58.9359

# CITY OF ANN ARBOR, MICHIGAN

## Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	Type of Business	2012		
		Taxable Value	Rank	Percentage of Total City Assessed Value
Briarwood Shopping Complex	Shopping Center	\$ 37,734,900	1	0.81%
AMCAP Arborland LLC	Shopping Center	29,269,499	2	0.63%
Ann Arbor Campus Housing, LLC	Apartments	27,033,600	3	0.58%
Detroit Edison	Utility	26,923,599	4	0.58%
HUB Eisenhower Property	Office Building	26,528,500	5	0.57%
THC Ann Arbor WP LLC	Apartments	19,707,700	6	0.43%
McKinley Associates	Apartments & Office	19,091,464	7	0.41%
THC Ann Arbor LV LLC	Apartments	16,752,700	8	0.36%
Sterling-4 Eleven LP	Apartments & Retail	15,320,100	9	0.33%
Michigan Consolidated Gas Co.	Utility	15,297,200	10	0.33%
Windemere I Ltd Partnership	Apartments			
Village Cooperative Homes	Co-op Housing			
Glacier Hills	Apartments			
Pfizer	Pharmaceuticals			
Geddes Lakes Cooperative	Co-op Housing			
<b>Total</b>		<u>\$ 233,659,262</u>		<u>5.04%</u>

Source: City of Ann Arbor Financial Services, Assessing Unit

Schedule 7  
UNAUDITED

2003		
Taxable Value	Rank	Percentage of Total City Assessed Value
\$ 35,975,316	2	0.98%
19,733,504	4	0.54%
27,022,655	3	0.74%
15,354,353	6	0.42%
12,437,000	9	0.34%
14,001,751	7	0.38%
13,153,339	8	0.36%
12,414,549	10	0.34%
200,365,900	1	5.45%
15,862,230	5	0.43%
<u>\$ 366,320,597</u>		<u>9.97%</u>

**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
2003	\$61,992,129	\$60,969,653	98.35%	\$ 769,746	\$ 153,189	\$61,892,588	99.84%
2004	64,998,741	63,781,720	98.13%	964,100	134,605	64,880,425	99.82%
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%

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)

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# CITY OF ANN ARBOR, MICHIGAN

## 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
2003	\$ 21,330	\$ 2,335	\$ 460	\$ 34,774	\$ 800	\$ 42,210	\$ 721
2004	19,465	1,930	3,644	32,552	400	75,240	782
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	118,345	220	3,500	19,190	-	102,180	1,470

Note: For fiscal year 2012 percent of personal income, the divisor used was for 2010 since 2011 and 2012 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.



Schedule 9  
UNAUDITED

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 102,630	0.79%	900
134,013	1.00%	1,175
125,864	0.92%	1,101
162,238	1.17%	1,419
158,941	1.14%	1,390
197,832	1.45%	1,683
214,220	1.56%	1,869
255,810	1.94%	2,267
257,419	1.91%	2,259
244,905	1.81%	2,150

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

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Less: Self-Supported Portion of Debt	Net General Bonded Debt		
2003	\$ 21,330	\$ (1,991)	\$ (2,335)	\$ 17,004	0.46%	\$ 187.01
2004	19,465	(1,828)	(1,930)	15,707	0.41%	170.65
2005	17,445	(1,622)	(1,530)	14,293	0.35%	152.59
2006	60,235	(1,375)	(1,165)	57,695	1.37%	526.86
2007	57,190	(1,271)	(805)	55,114	1.23%	500.23
2008	54,140	(1,268)	(680)	52,192	1.10%	470.41
2009	78,655	(1,248)	(555)	76,852	1.57%	670.60
2010	124,855	(1,324)	(430)	123,101	2.53%	1,090.82
2011	121,565	(1,516)	(310)	119,739	2.56%	1,050.97
2012	118,345	(1,318)	(220)	116,807	2.52%	1,025.22

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, 2012

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<b>Direct debt [1]</b>			
General obligation bonds	\$ 118,345	100.00%	\$ 118,345
Special assessment bonds	220	100.00%	220
Installment purchase agreement	3,500	100.00%	3,500
<b>Total city direct debt</b>	<u>\$ 122,065</u>		<u>\$ 122,065</u>
<b>Overlapping debt</b>			
Ann arbor school district	\$ 185,645	62.19%	\$ 115,453
Washtenaw community college	23,270	33.69%	7,840
Washtenaw county at large	90,633	32.91%	29,827
<b>Total overlapping debt</b>	<u>\$ 299,548</u>		<u>153,120</u>
<b>Total direct &amp; overlapping debt</b>			<u>\$ 275,185</u>

**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

[1] Does not include self-supporting debt in business-type activities.

**Legal Debt Margin Information**

Last Ten Fiscal Years

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed value of real and personal property	\$ 5,268,205,900
Debt limit (10% of assessed value)	526,820,590
Debt applicable to limit:	
Net direct debt	121,245,000
Less: Special Assessment bonds (general obligation portion)	(230,000)
Total net debt applicable to limit	<u>121,015,000</u>
<b>Legal debt margin</b>	<u><u>\$ 405,805,590</u></u>

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2003	\$ 437,051,260	\$ 47,909,852	\$ 389,141,408	10.96%
2004	483,540,720	48,124,150	435,416,570	9.95%
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%

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		
Water Supply System:							
2003	\$ 16,510,943	\$ 10,629,592	\$ 5,881,351	\$ 2,240,000	\$ 1,779,305	\$ 4,019,305	1.5
2004	16,105,264	11,065,321	5,039,943	2,470,000	1,580,236	4,050,236	1.2
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
Sewage Disposal System:							
2003	\$ 16,555,436	\$ 9,578,002	\$ 6,977,434	\$ 1,300,000	\$ 367,060	\$ 1,667,060	4.2
2004	15,938,987	10,904,443	5,034,544	1,115,000	322,820	1,437,820	3.5
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
Stormwater Sewer System (3):							
2003	\$ 2,688,709	\$ 1,681,136	\$ 1,007,573	\$ 105,000	\$ 45,270	\$ 150,270	6.7
2004	2,859,418	1,691,556	1,167,862	110,000	41,366	151,366	7.7
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 interest income. 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)
2003	114,061	\$ 12,989,048	\$ 38,706	28.1	16.7	16,664	4.1
2004	114,061	13,391,280	39,528	28.1	16.8	16,724	4.4
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	16.10	16,879	4.4
2007	114,282	13,614,000	39,142	27.3	16.11	16,680	5.2
2008	114,282	13,766,000	39,107	27.3	16.12	17,012	6.3
2009	114,602	13,159,000	38,032	27.3	16.13	16,539	8.3
2010	112,852	13,496,000	39,085	28.1	16.14	16,536	8.1
2011	113,932	N/A	N/A	28.1	16.15	16,440	7.7
2012	113,934	N/A	N/A	28.1	16.5	16,544	6.2

Sources:

- (1) U. S. Census Bureau
- (2) Bureau of Economic Analysis  
[http://www.bea.gov/scb/pdf/2010/09%20September/ Page 7\(135\)](http://www.bea.gov/scb/pdf/2010/09%20September/Page%207(135).pdf)  
<http://research.stlouisfed.org/fred2/series/ANNA426PCPI?rid=139>  
 \*Note: 2011 data has not been released at this time. Scheduled to be released 11/26/12.  
 \*Note: 2012 data has not been released at this time.
- (3) Ann Arbor Public School's Child Accounting Office.  
[http://www.aaps.k12.mi.us/aaps.about/demographic\\_data](http://www.aaps.k12.mi.us/aaps.about/demographic_data)
- (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	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Michigan	27,003	1	63.38%	14,996	1	42.96%
St. Joseph Mercy Health System	5,304	2	12.45%	4,505	3	12.90%
Ann Arbor Public Schools	3,578	3	8.40%	1,851	4	5.30%
Thomson Reuters	1,785	4	4.19%			
Washtenaw County	1,339	5	3.14%	1,300	6	3.72%
Veterans Administration Medical Center	1,230	6	2.89%			
City of Ann Arbor	710	7	1.67%	912	8	2.61%
Washtenaw Community College	576	8	1.35%			
Domino's Pizza	550	9	1.29%	525	10	1.50%
Integrated Health Associates, Inc.	532	10	1.24%			
NSK Corp				568	9	1.63%
ProQuest Co.				1,055	7	3.02%
Borders Group, Inc.				1,800	5	5.16%
Univ. of Mich Hospitals & Health System				7,398	2	21.20%
<b>Total</b>	<b>42,607</b>		<b>100.00%</b>	<b>34,910</b>		<b>100.00%</b>

Source: Business Week (Prime Numbers: Top 100 Employers, January's Edition)  
Crain's Detroit Business, Vol. 27, No. 52, 2012 Edition, 2012 Book of Lists and Detroit Yearbook

# CITY OF ANN ARBOR, MICHIGAN

## Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	2012	2011	2010	2009
Function/Program				
General government				
Financial Services	45	48	49	49
Community Services	34	33	35	35
Parks & Recreation	20	20	19	17
City Administrator Services	30	31	31	29
Mayor & Council	1	1	1	1
Other				
Police				
Officers	118	150	152	152
Civilians	46	27	30	30
Fire				
Firefighters & Officers	81	89	94	94
Civilians	1			
Public Services				
Project Management	13	15	15	15
Water	26	26	26	23
Wastewater Treatment	35	35	35	34
Field Operations	126	129	135	125
Other	74	75	79	93
15th District Court	36	37	39	39
Retirement System	4	4	4	3
Downtown Development Authority	4	3	3	3
City Attorney	13	13	14	14
Per Budget Book	706	736	761	800

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



2008	2007	2006	2005	2004	2003
51	50	47	49	54	66
42	41	56	67	65	73
21	23	24	18	23	34
32	31	16	18	20	20
1	1	1	1	1	1
					1
160	159	159	225	236	240
50	67	67			
94	94	94	102	100	115
17	16	17	19	34	35
26	24	21	24	28	32
35	34	32	35	36	39
125	128	124	146	155	174
87	92	103	74	50	50
41	41	41	41	41	40
4	4	4	4	4	4
3	3	3	3	3	3
14	14	14	14	13	14
803	822	823	840	863	941

**Operating Indicators by Function/Program**

Current and Last Four Fiscal Years

Function/Program	2012	2011	2010	2009	2008
Police					
Physical arrests	2,610	2,630	1,605	2,000	1,685
Parking violations	95,990	86,780	137,271	157,668	167,102
Traffic violations	10,638	16,729	NA	23,764	22,893
Fire					
Emergency responses	5,843	5,808	4,985	6,045	5,996
Fire extinguished	431	281	226	258	265
Inspections	1,962	913	508	21	471
Refuse Collection					
Refuse collected (tons/day)	114.85	120.17	94.00	92.00	123.00
Recyclables collected (tons/day)	37.10	30.82	31.00	34.00	10.00
Other Public works					
Street resurfacing (miles)	6.20	4.72	6.92	4.92	4.34
Potholes repaired (tons)	392.78	500.00	394.60	423.70	444.34
Parks and Recreation					
Athletic field permits issued	1,032	1,067	893	839	814
Community center admissions	11,500	11,500	11,000	10,500	10,168
Water					
Connections	28,333	28,266	28,202	28,222	28,193
Water main breaks	72	96	85	58	110
Average daily consumption (millions of gallons)	14,600	13.782	12.699	12.675	12.800
Peak daily consumption (millions of gallons)	27,115	21.415	17.927	20.775	22.510
Wastewater					
Average daily sewage treatment (millions of gallons)	18.100	17.680	17.745	18.347	18.000

Source: Various services areas within City of Ann Arbor

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# CITY OF ANN ARBOR, MICHIGAN

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

Function/Program	Fiscal Year			
	2012	2011	2010	2009
<b>Police</b>				
Station	1	1	1	1
Zone Offices	2	2	2	2
Patrol units	36	37	35	36
Fire Stations	5	5	5	5
<b>Refuse Collection</b>				
Collection Trucks	26	27	28	18
<b>Other Public works</b>				
Streets (miles)	295	295	295	295
Streetlights	7,139	7,134	7,134	7,134
Traffic signals	158	158	158	158
<b>Parks and Recreation</b>				
Acreage	2,089	2,089	2,088	2,088
Playgrounds	77	77	73	73
Baseball/softball diamonds	34	34	34	34
Soccer/football fields	24	24	25	25
Community centers	2	2	2	2
<b>Water</b>				
Water mains (miles)	464	472	485	485
Fire hydrants	2,960	2,909	3,555	3,555
Storage Capacity (thousands of gallons)	19,000	19,000	19,000	19,000
<b>Wastewater</b>				
Sanitary sewers (miles)	364	364	405	405
Storm sewers (miles)	322	320	413	413
Treatment capacity (thousands of gallons)	48,000	48,000	50,000	50,000

Source: Various services areas within City of Ann Arbor

Fiscal Year						
2008	2007	2006	2005	2004	2003	
1	1	1	1	1	1	1
2	2	2	2	2	2	2
36	34	35	35	37	36	36
5	5	5	5	5	5	6
18	14	14	16	17	18	
295	295	295	295	291	290	
7,134	7,134	7,028	8,858	8,786	8,701	
158	154	154	154	153	150	
2,088	2,069	2,056	2,055	2,055	2,027	
85	78	153	153	153	147	
34	34	34	34	34	34	
25	25	25	23	23	22	
2	2	2	2	2	2	
490	481	482	478	441	440	
3,549	3,510	3,466	3,428	3,345	3,294	
19,000	19,000	19,000	19,000	19,000	19,000	
407	402	400	395	365	364	
388	368	360	341	271	271	
50,000	50,000	50,000	50,000	50,000	50,000	

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