

City of
Ann Arbor,
Michigan



Annual
Comprehensive
Financial Report

Year Ended
June 30, 2022

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CITY OF ANN ARBOR

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**County of Washtenaw
State of Michigan**

Fiscal Year Ended June 30, 2022



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

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CITY OF ANN ARBOR, MICHIGAN

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INTRODUCTORY SECTION

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December 21, 2022

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

The Annual Comprehensive Financial Report (ACFR) of the City of Ann Arbor for the year ended June 30, 2022, 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 annual comprehensive financial report of the City of Ann Arbor for the fiscal year ended June 30, 2022.

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 LLC has issued an unmodified ("clean") opinion on the City of Ann Arbor financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

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

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

The City is responsible for managing and financing many of the services for its citizens. The service areas include: Community Services, Financial Services, Safety Services, and Public Services. The City provides a full range of services including: police, fire, the construction and maintenance of streets and other infrastructure, refuse collection and disposal, recycling collection and processing, recreation, social services by contract, public improvements, planning and zoning, and general administrative services. The citizens and visitors to 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 three discretely presented component units in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The 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.

The City takes pride in the service provided to its citizens and the community's well-earned reputation. The City of Ann Arbor is nationally recognized on the following lists:

- ◆ Best Places to Live for Families
- ◆ Best College in America: The University of Michigan
- ◆ Most Educated City in America
- ◆ Best City to Live in Michigan
- ◆ Best Hospital in Michigan
- ◆ Best Places to Live in the U.S.
- ◆ College with Best Student Life in America

Local Economy

The City is endowed with several major corporations located within its boundaries such as Google. In addition, Ann Arbor is home to one of the largest employers in the county, the University of Michigan, which employs approximately 34,000 people. Ann Arbor is also known for its excellent talent and technology infrastructure that has attracted several large technology firms to the area.

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

The City of Ann Arbor has the largest population base in Washtenaw County and serves as the County Seat. The U.S. Census Bureau reports 121,851 residents in Ann Arbor, representing 33% of the population base in Washtenaw County. The median household income of our citizens is \$73,276.

Ann Arbor is accessible by three major Interstate highways connecting Detroit to the east, Chicago to the west, the Upper Peninsula to the north, and Ohio to the south.

The City of Ann Arbor enjoys a healthy local economy. The local area unemployment rate is 3.5% as of August 2022, receipts from sales taxes have increased modestly, and residential property values are increasing, primarily due to new construction. Offsetting some of this economic improvement are State laws limiting property tax revenues, legislative uncertainty of funds provided by the State to the City, and record inflation.

The City continues to constrain increases in total expenditures through efficiencies, collaborative opportunities, and fiscal discipline.

Long-term Financial Planning

The City Council and City Administrator are committed to strategies designed to ensure the long-term financial health of the City. The City's financial policies include a sinking fund for capital needs which was approved by Council in May of 2018 and funded for the fiscal year 2023 budget. In addition, the City funded multiple priorities with new funding from Washtenaw County as a result of a new millage.

During this economic environment, the City will strive to maintain an unassigned General Fund fund balance with a minimum of 15% to 20%. If it is necessary to use these funds, subsequent budgets will be planned for additions to restore fund balance. The City continues to manage its operating expenditures within levels supported by recurring revenues. 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. With respect to the pension and other postemployment benefits funding policies, to the extent that a fully funded plan has not been achieved, the City funds the higher of the actuarially required contribution or the existing level of funding adjusted annually by an increase of at least 2%.

Major Initiatives

Water Meter Replacement Program

Phase two of this program is to replace 400 large meters and meter transmission units (“MTUs”) that primarily exist in commercial, university, and multifamily residential buildings throughout the City and make network upgrades to improve communication of water and sewer usage data. The program is appropriate due to the battery life (approximately 15 years) of existing MTUs which were installed in 2004-2005. Contemporaneously installed water meters are also nearing the end of their useful life. Failure of either would result in a loss of, or inaccurate water/sewer use data. Phase one of the project included the replacement of 26,650 residential meters and MTUs. The entire project’s budget is \$9.8 million.

WTP Barton Pump Station Valve Replacement

A need has been identified to replace aging valves and piping at the Barton Raw Water Pump Station (Barton Pump Station) and install air relief valves (ARVs) on the raw water transmission mains that convey source water withdrawn from Barton Pond to the City’s Water Treatment Plant (WTP). The proposed improvements are necessary to assure operational control and system reliability for the City’s critical raw source water supply infrastructure. The budget for this project is \$4.6 million.

Sanitary Sewer Lining Project

The City’s Sanitary Sewer Asset Management Plan recommends sewer pipe lining as a cost-effective method used for reinvestment and rehabilitation of the sanitary sewer collection system. The trenchless process minimizes the construction impact to the community, improves the life of existing pipes by improving structural and hydraulic characteristics while eliminating costly replacement projects.

The City’s Sanitary Sewer Collection System is a network of approximately 400 miles of pipes that transport sewage to the City’s wastewater treatment plant on the east side of the City. The cost of construction for sewer lining projects is borne wholly by the Sanitary Sewer Fund. From 2021 through 2027, sanitary sewer lining project capital costs will amount to \$33,543,000. The projects meet multiple sustainability goals, including Sustainable Systems and Clean Air and Water.

Galvanized Pipe Replacement

The State of Michigan approved lead and copper rule changes in 2018 that require water utilities to identify all addresses where there are publicly or privately owned lead or galvanized steel service lines that are now or were at some point connected to lead parts and replace them. The City has identified that list and is working to replace them now. The total project is estimated to be in excess of \$10 million. The project will provide important benefit to residents because it will ensure the total removal of any known lead issues in our water system years earlier than originally planned. In addition, it will provide important public health benefits.

Fire Station #4 Replacement

This project will build the City’s first carbon-neutral facility, a net-zero fire station at the current Fire Station 4 location. This Facility will produce energy through geothermal heating and cooling, solar panels, and an architectural design that encourages energy efficiency. The facility will also be gender-neutral to accommodate fire fighters of all genders. The total project cost is estimated to be \$5 million.

Solar on City Facilities

This project will install over 4 Megawatts of solar on 19 city facilities, saving the City operating costs, enhancing resilience, and reducing climate pollution. Sites identified include nearly every park with a major facility, the water treatment plant, City Hall, the water recovery facility, the airport, and the public works building. The installations would also be designed to eventually accommodate energy storage, which would enable these facilities to operate even during power outages. This is especially important for critical facilities, such as water treatment plant and public works.

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 annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the thirty-second 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 annual comprehensive 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 ACFR 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 2022. 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 Area. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City of Ann Arbor's finances.

Sincerely,



Milton Dohoney Jr.,
City Administrator



Marti Praschan,
Chief Financial Officer

CITY OF ANN ARBOR, MICHIGAN

ELECTED AND APPOINTED OFFICIALS

Christopher Taylor, Mayor

Council Members

Lisa Disch	Julie Grand
Jeff Hayner	Jen Eyer
Linh Song	Elizabeth Nelson
Kathy Griswold	Erica Briggs
Travis Radina	Ali Ramlawi

Milton Dohoney Jr.

City Administrator

John Fournier

Deputy City Administrator

Marti Praschan

Chief Financial Officer

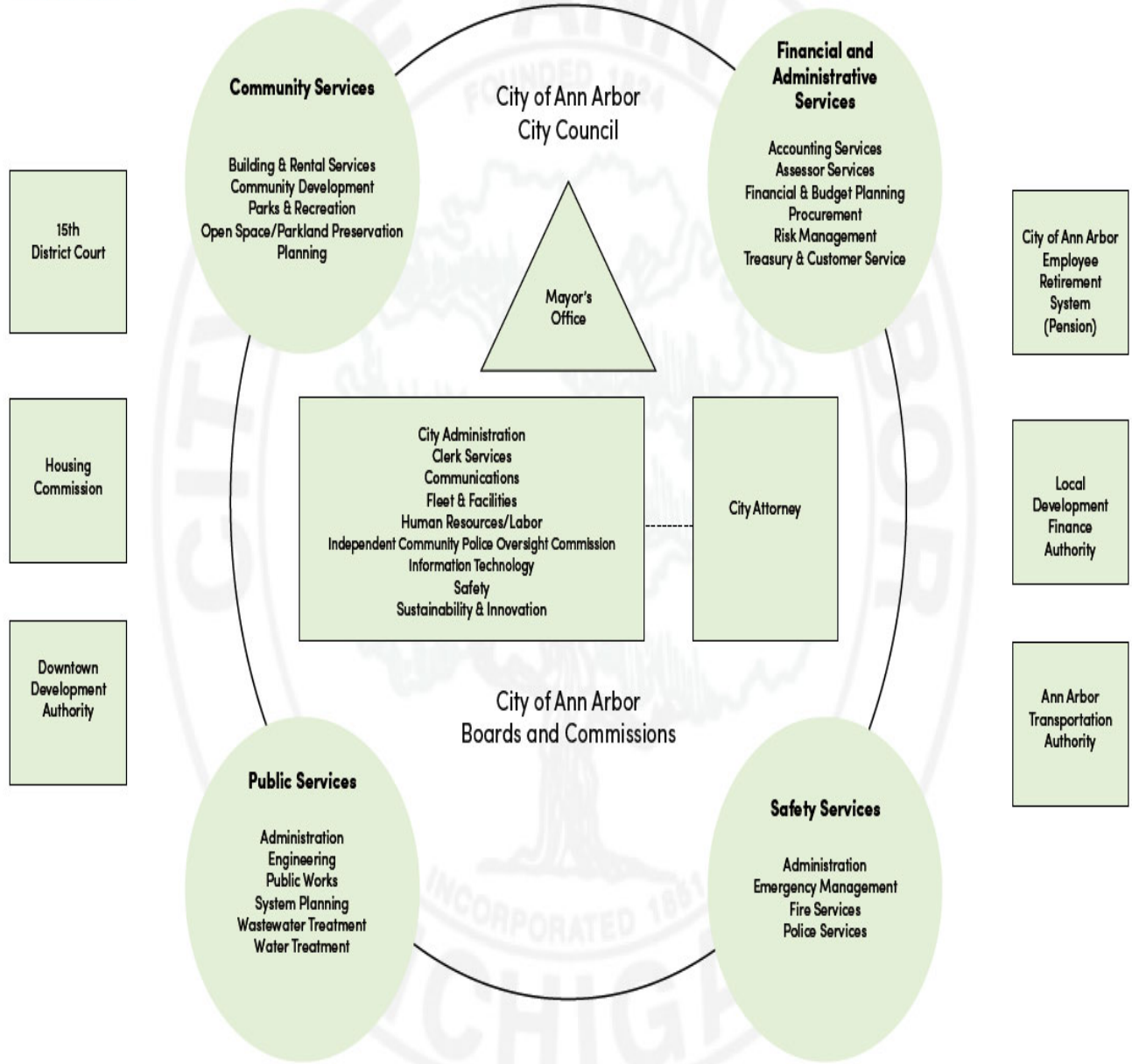
Atleen Kaur
City Attorney

Jacqueline Beaudry
City Clerk

Michael J. Pettigrew
City Treasurer

CITY OF ANN ARBOR ORGANIZATIONAL CHART

FY 23 Expenditure Budget \$526,176,791



Last updated: 07/01/2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Ann Arbor
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 21, 2022

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Ann Arbor, Michigan** (the "City"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following entity, which represents the indicated percentages of total aggregate discretely presented component units:

	Percent of Assets and Deferred Outflows	Percent of Revenues	Percent of Net Position
Ann Arbor Housing Commission	11.7%	43.8%	7.1%

Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the above entity, are based solely on the report of the other auditors.



Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 21, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Rohan LLC". The signature is written in a cursive, flowing style.

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

· Total net position	\$ 1,065,230,114
· Change in total net position	28,867,447
· Fund balances, governmental funds	135,893,909
· Change in fund balances, governmental funds	24,340,305
· Unassigned fund balance, general fund	25,534,780
· Change in fund balance, general fund	1,802,272
· Installment debt outstanding	260,264,794
· Change in installment debt	(8,531,825)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community/economic development, culture and recreation, and public transportation. The business-type activities of the City include water, sewer, parking, airport, stormwater, and solid waste.

The government-wide financial statements include, not only the City itself (known as the primary government), but also a legally separate housing commission, a legally separate local development finance authority, and a legally separate downtown development authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City of Ann Arbor Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore its activities have been included as an integral part of the primary government of the City.

CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-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 funds balance sheet and the governmental funds 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 numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and two other major funds: street repair millage and major grants. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

The City adopts an annual budget in accordance with the General Appropriation Act for its general fund and special revenue funds. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains numerous individual enterprise funds. The City's water supply system, sewage disposal system, parking system, airport, stormwater sewer system, and solid waste funds are all considered to be major funds.

Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. 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, and the Wheeler Center.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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.

Notes to 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 concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees.

CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and custodial funds are presented immediately following the required supplementary information on pensions and OPEB.

The City's SmartZone Local Development Finance Authority discretely presented component unit does not issue separate financial statements; therefore, the component unit's fund financial statements have been included in this report.

Financial Analysis of the City as a Whole

The government-wide financial analysis focuses on the net position and changes in net position of the City's governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.065 billion at June 30, 2022 compared to \$1.036 billion at June 30, 2021.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 209,372,760	\$ 182,966,619	\$ 183,707,408	\$ 175,917,093	\$ 393,080,168	\$ 358,883,712
Capital assets, net	706,638,724	736,603,751	442,263,781	438,221,071	1,148,902,505	1,174,824,822
Total assets	916,011,484	919,570,370	625,971,189	614,138,164	1,541,982,673	1,533,708,534
Deferred outflows of resources	28,976,123	24,394,558	7,793,812	8,291,748	36,769,935	32,686,306
Long-term liabilities	129,544,846	120,956,010	152,951,716	169,522,701	282,496,562	290,478,711
Pension and OPEB	111,577,711	56,332,480	23,885,718	24,542,333	135,463,429	80,874,813
Other liabilities	44,945,884	29,977,103	16,291,325	16,379,030	61,237,209	46,356,133
Total liabilities	286,068,441	207,265,593	193,128,759	210,444,064	479,197,200	417,709,657
Deferred inflows of resources	27,185,118	91,504,494	7,140,176	20,818,022	34,325,294	112,322,516
Net position						
Net investment in capital assets	593,034,060	633,001,332	289,662,026	273,699,074	882,696,086	906,700,406
Restricted	97,821,345	85,929,084	34,572,747	34,200,616	132,394,092	120,129,700
Unrestricted	(59,121,357)	(73,735,575)	109,261,293	83,268,136	50,139,936	9,532,561
Total net position	\$ 631,734,048	\$ 645,194,841	\$ 433,496,066	\$ 391,167,826	\$ 1,065,230,114	\$ 1,036,362,667

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

An additional \$132,394,092 of the City's net position at June 30, 2022 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$50,139,936 may be used to meet the government's ongoing obligations to citizens and creditors, subject to the restrictions of the fund.

Pension and OPEB liabilities have increased due to the increase in pension liability primarily related to the valuation of plan assets at June 30, 2022, compared to June 30, 2021. Other liabilities have increased from 2021 to 2022 primarily due to the receipt of the coronavirus State and Local Fiscal Recovery Funds (SLFRF) recorded as unearned revenue.

CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

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

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 33,677,897	\$ 24,902,690	\$ 87,171,577	\$ 80,239,156	\$ 120,849,474	\$ 105,141,846
Operating grants	23,883,134	26,835,761	23,000	-	23,906,134	26,835,761
Capital grants	780,957	1,536	228,164	95,519	1,009,121	97,055
General revenues:						
Property taxes	98,091,239	87,745,641	14,699,709	14,264,703	112,790,948	102,010,344
State shared revenues and grants	15,340,846	11,960,256	-	-	15,340,846	11,960,256
Investment earnings (loss)	(4,111,794)	151,705	(2,959,410)	181,798	(7,071,204)	333,503
Other	-	2,401,591	210,940	452,062	210,940	2,853,653
Total revenues	167,662,279	153,999,180	99,373,980	95,233,238	267,036,259	249,232,418
Expenses						
Governmental activities:						
General government	22,756,099	15,690,533	-	-	22,756,099	15,690,533
Public safety	55,560,167	40,110,094	-	-	55,560,167	40,110,094
Public works	65,039,472	64,673,932	-	-	65,039,472	64,673,932
Community/economic development	4,728,505	3,919,158	-	-	4,728,505	3,919,158
Culture and recreation	16,217,984	11,390,116	-	-	16,217,984	11,390,116
Public transportation	12,225,468	12,063,787	-	-	12,225,468	12,063,787
Interest on long-term debt	3,031,127	3,120,035	-	-	3,031,127	3,120,035
Business-type activities:						
Water	-	-	19,390,604	19,677,049	19,390,604	19,677,049
Sewer	-	-	18,934,433	24,059,586	18,934,433	24,059,586
Parking	-	-	1,727,152	1,736,718	1,727,152	1,736,718
Airport	-	-	929,227	832,231	929,227	832,231
Stormwater	-	-	6,199,548	7,291,027	6,199,548	7,291,027
Solid waste	-	-	11,429,026	12,821,555	11,429,026	12,821,555
Total expenses	179,558,822	150,967,655	58,609,990	66,418,166	238,168,812	217,385,821
Change in net position before transfers	(11,896,543)	3,031,525	40,763,990	28,815,072	28,867,447	31,846,597
Transfers	(1,564,250)	(1,115,702)	1,564,250	1,115,702	-	-
Change in net position	(13,460,793)	1,915,823	42,328,240	29,930,774	28,867,447	31,846,597
Net position:						
Beginning of year	645,194,841	643,279,018	391,167,826	361,237,052	1,036,362,667	1,004,516,070
End of year	\$ 631,734,048	\$ 645,194,841	\$ 433,496,066	\$ 391,167,826	\$ 1,065,230,114	\$ 1,036,362,667

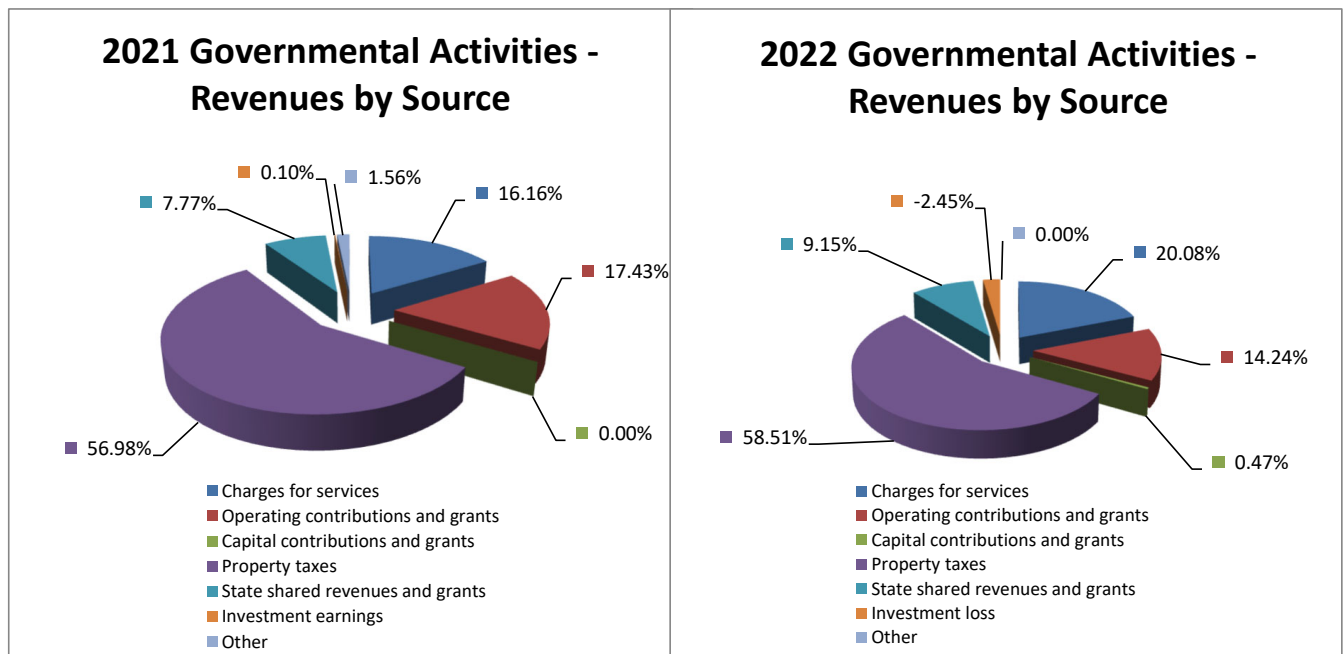
CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

The City's net position increased by \$28,867,447 during the current fiscal year and \$31,846,597 in the prior fiscal year.

Governmental activities decreased the City's net position by \$13,460,793. During fiscal year 2021, governmental activities increased by \$1,915,823. Key elements impacting this change are as follows:

- The City's net pension liability increased by approximately \$66.12 million due to investment losses. That change in net pension liability and the related deferred amounts is allocated to operating expense primarily in governmental activities.
- Investment losses for fiscal year 2022 were \$4.11 million compared to last year's investment income of \$151,705. The City holds all investments to maturity so losses on current investments have not yet been realized.
- Offsetting the increases in operating expense were increases in program and general revenues. Property tax revenue increased 11.8% during fiscal year 2022 and 4.4% in fiscal year 2021.
- State shared revenues increased by 28.3% and included a census adjustment allocation of \$1.14 million.
- Charges for services increased 35.2% in fiscal year 2022 compared to fiscal year 2021 primarily due to revenues from parking and parks and recreation activities returning to more normal levels since the pandemic.

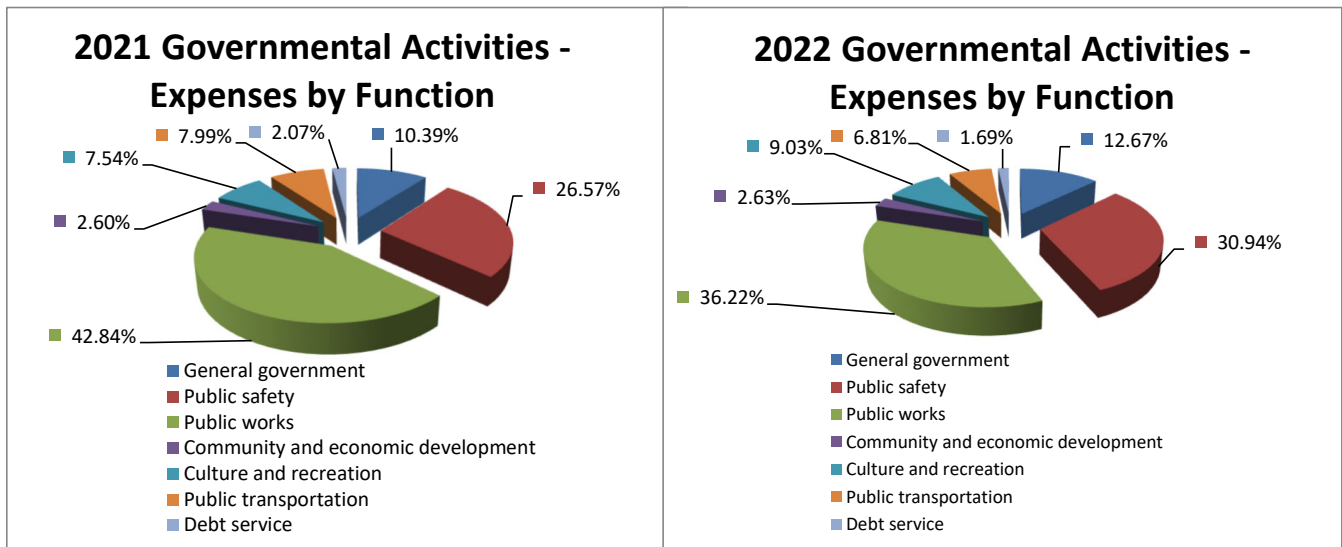


CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

Expenses for governmental activities increased \$28.6 million from 2021 to 2022. Key elements are as follows:

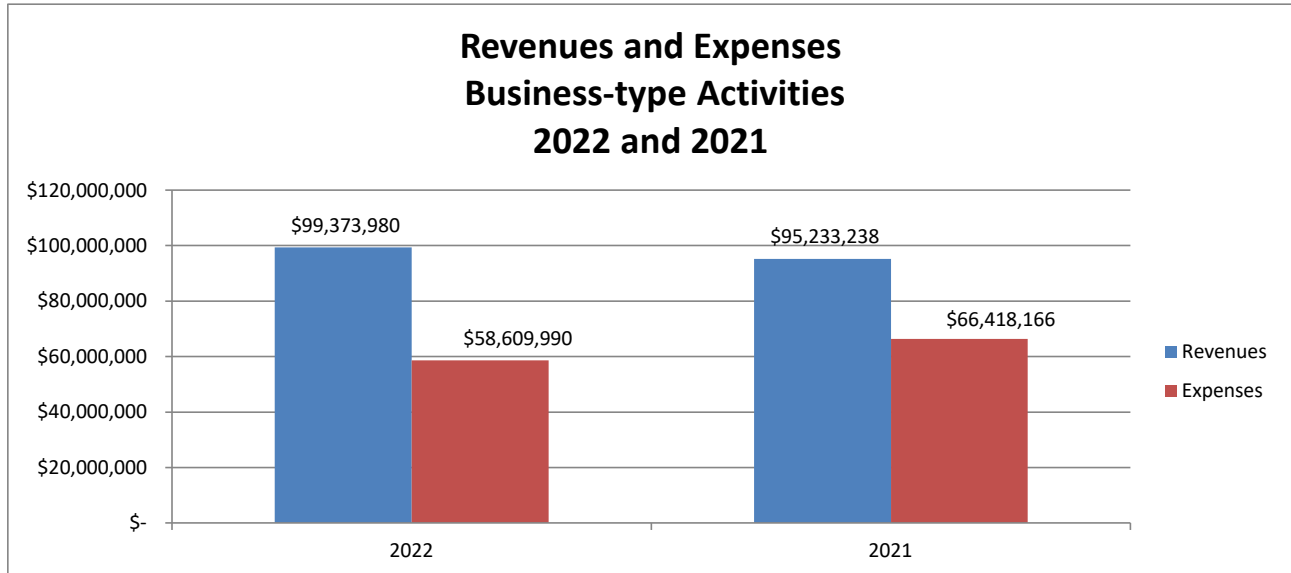
- As noted above, governmental activities expense was significantly impacted by the increase in net pension liability and related deferred amounts primarily driven by investment losses.
- Certain factors also offset the changes in net pension liabilities running through expense. General government expenses not including the pension allocation decreased due to increased intergovernmental sales offset.
- Public works expenses not including the pension allocation decreased due to reduced alternative transportation and reductions in other nonmajor governmental fund expenditures.



Business-type activities increased the City's net position by \$42.33 million for fiscal year 2022 and by \$29.93 million for fiscal year 2021. Key elements of this increase are as follows:

- Charges for services increased by 8.6% in fiscal year 2022 due to the increased cost of operations.
- Expenses decreased by \$7.81 million or 11.8% in fiscal year 2022 primarily due to the following:
 - Water expenses decreased \$0.29 million or 1.5% primarily due the allocation of the accrued pension liability, which offset increased operating costs and depreciation.
 - Sewer expenses have decreased \$5.13 million or 21.3% due to the allocation of the accrued pension liability and related deferred amounts, as well as a decrease in certain other operating costs.
 - Stormwater expenses have decreased \$1.09 million or 15.0% primarily due to the allocation of the pension liability and related deferred amounts.
 - Solid Waste expenses have decreased \$1.39 million or 10.9% primarily due the allocation of the pension liability and related deferred amounts as well as decreased operating costs.

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, unassigned 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 \$135,893,909 at June 30, 2022 versus \$111,553,604 at June 30, 2021, an increase of \$24,340,305. Of the total fund balance amount, \$24,860,929 was unassigned at June 30, 2022, indicating this money is available for spending at the government's discretion. At June 30, 2021, \$19,641,336 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 \$25,534,780 at June 30, 2022. At June 30, 2021, the unassigned fund balance was \$21,604,204. 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 26.8% at June 30, 2022 of total general fund expenditures. Unassigned fund balance was 24.6% at June 30, 2021 of total general fund expenditures. The fund balance of the City's general fund increased by \$1.8 million during the current fiscal year in comparison to an increase of \$4.4 million during the prior fiscal year.

The street repair millage fund balance increased by \$8.1 million in fiscal year 2022 compared to an increase of \$5.0 million in fiscal year 2021. Total fund balance of \$20.6 million is restricted for construction projects.

The major grants fund has an ending fund balance deficit of \$673,851 caused by unreimbursed grant expenditures.

CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

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.

The combined net position of the water supply system, sewage disposal system, parking system, airport, stormwater sewer system, and solid waste was \$424.15 million. The combined increase of these proprietary funds was \$40.85 million. The parking system had a decrease in net position of \$1.21 million due to the drastic impact of the pandemic and slower than expected return to normal, pre-pandemic levels.

General Fund Budgetary Highlights

Actual expenditures came in under budget in almost all categories. Coupled with better than expected revenue collections, this resulted in the addition of \$1.8 million in fund balance for fiscal year 2022 compared to the addition of \$4.4 million in fiscal year 2021.

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, 2022 was \$1,148,902,505 compared to \$1,174,824,822 at June 30, 2021 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery and equipment, vehicles, intangible assets, infrastructure, and leased assets. The total decrease in the City's investment in capital assets for the current fiscal year was 2.21% compared to an increase of .22% in fiscal year 2021. Additional information on the City's capital assets can be located in the notes to the financial statements.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 69,975,060	\$ 68,110,470	\$ 7,461,349	\$ 7,461,349	\$ 77,436,409	\$ 75,571,819
Construction in progress	35,491,057	26,989,153	44,477,363	29,155,937	79,968,420	56,145,090
Buildings	20,045,552	21,076,841	297,055,304	303,636,124	317,100,856	324,712,965
Improvements other than buildings	-	-	90,883,103	95,640,451	90,883,103	95,640,451
Machinery and equipment	450,635,139	485,156,728	2,290,738	2,280,459	452,925,877	487,437,187
Vehicles	116,684,215	120,753,083	95,924	46,751	116,780,139	120,799,834
Intangible assets	4,091,580	3,447,239	-	-	4,091,580	3,447,239
Infrastructure	9,608,309	10,896,079	-	-	9,608,309	10,896,079
Leased assets	107,812	174,158	-	-	107,812	174,158
Total capital assets, net	\$ 706,638,724	\$ 736,603,751	\$ 442,263,781	\$ 438,221,071	\$ 1,148,902,505	\$ 1,174,824,822

CITY OF ANN ARBOR, MICHIGAN

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$282,496,562. Of that amount, \$110,902,000 comprises general obligation debt. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds), revolving loans, drain notes, financed purchases, unamortized bond premiums and discounts, and compensated absences.

The City's total debt decreased by \$7,982,149 or 2.75% during the fiscal year, primarily due to payment of the regular debt principal payments. A summary of the City's outstanding debt can be found in the notes to the financial statements.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 109,442,000	\$ 102,705,000	\$ 1,460,000	\$ 1,980,000	\$ 110,902,000	\$ 104,685,000
Revenue bonds	-	-	26,960,000	35,710,000	26,960,000	35,710,000
Revolving loans	-	-	106,977,603	112,727,101	106,977,603	112,727,101
Drain notes	-	-	14,626,144	15,674,518	14,626,144	15,674,518
Installment purchase agreements	799,047	-	-	-	799,047	-
Deferred amounts:						
For issuance premiums	4,497,357	3,291,870	498,883	598,786	4,996,240	3,890,656
For issuance discounts	(97,300)	(104,026)	-	-	(97,300)	(104,026)
Compensated absences	14,903,742	15,063,166	2,429,086	2,832,296	17,332,828	17,895,462
Total long-term debt	\$ 129,544,846	\$ 120,956,010	\$ 152,951,716	\$ 169,522,701	\$ 282,496,562	\$ 290,478,711

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 \$912,221,924, which significantly exceeds 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 2023:

- Property tax revenues are budgeted to increase 4.65% in fiscal year 2023.
- Average salary costs were budgeted to increase 2.78% in fiscal year 2023.
- Healthcare costs were projected to increase 11.18% in fiscal year 2023.
- Pension contributions are projected to decrease 9.95% in fiscal year 2023.

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 Position

June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 110,811	\$ 188,491	\$ 299,302	\$ 4,488,034
Equity in pooled cash and investments	186,718,001	137,181,006	323,899,007	2,459,713
Investments	16,965,343	12,593,148	29,558,491	26,451,077
Receivables, net	10,470,086	23,584,769	34,054,855	1,718,496
Internal balances	(9,341,199)	9,341,199	-	-
Other assets	4,449,718	818,795	5,268,513	939,479
Capital assets not being depreciated	105,466,117	51,938,712	157,404,829	-
Capital assets being depreciated/amortized, net	601,172,607	390,325,069	991,497,676	97,926
Total assets	916,011,484	625,971,189	1,541,982,673	36,154,725
Deferred outflows of resources				
Deferred charge on refunding	2,304,289	1,923,123	4,227,412	-
Deferred pension amounts	11,028,143	1,943,080	12,971,223	17,501
Deferred OPEB amounts	15,643,691	3,927,609	19,571,300	-
Total deferred outflows of resources	28,976,123	7,793,812	36,769,935	17,501
Liabilities				
Accounts payable and accrued liabilities	20,338,649	16,291,325	36,629,974	5,865,540
Unearned revenue	24,498,087	-	24,498,087	322,590
Leases payable:				
Due within one year	66,539	-	66,539	-
Due in more than one year	42,609	-	42,609	-
Long-term debt:				
Due within one year	14,730,517	11,714,510	26,445,027	91,622
Due in more than one year	114,814,329	141,237,206	256,051,535	188,805
Other liabilities due in more than one year:				
Net pension liability	55,128,886	9,713,309	64,842,195	83,679
Net OPEB liability	56,448,825	14,172,409	70,621,234	-
Total liabilities	286,068,441	193,128,759	479,197,200	6,552,236
Deferred inflows of resources				
Deferred pension amounts	5,496,953	968,523	6,465,476	9,072
Deferred OPEB amounts	21,228,009	5,329,642	26,557,651	-
Deferred lease amounts	460,156	842,011	1,302,167	-
Total deferred inflows of resources	27,185,118	7,140,176	34,325,294	9,072
Net position				
Net investment in capital assets	593,034,060	289,662,026	882,696,086	97,926
Restricted for:				
Debt service	-	12,178,576	12,178,576	-
Equipment replacement	-	22,206,160	22,206,160	-
Endowment (non-expendable)	1,984,000	-	1,984,000	-
Highway and streets	56,801,462	-	56,801,462	-
Culture and recreation	19,885,683	-	19,885,683	-
Other purposes	19,150,200	-	19,150,200	839,704
Landfill	-	188,011	188,011	-
Unrestricted (deficit)	(59,121,357)	109,261,293	50,139,936	28,673,288
Total net position	\$ 631,734,048	\$ 433,496,066	\$ 1,065,230,114	\$ 29,610,918

The accompanying notes are an integral part of these financial statements

CITY OF ANN ARBOR, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 22,756,099	\$ 10,452,231	\$ 1,996,123	\$ 11,102	\$ (10,296,643)
Public safety	55,560,167	10,438,351	30,203	59,516	(45,032,097)
Public works	65,039,472	2,694,880	20,279,401	446,089	(41,619,102)
Community/economic development	4,728,505	27,204	832,389	-	(3,868,912)
Culture and recreation	16,217,984	4,631,558	745,018	264,250	(10,577,158)
Public transportation	12,225,468	-	-	-	(12,225,468)
Interest on long-term debt	3,031,127	5,433,673	-	-	2,402,546
Total governmental activities	179,558,822	33,677,897	23,883,134	780,957	(121,216,834)
Business-type activities:					
Water	19,390,604	30,553,152	-	224,880	11,387,428
Sewer	18,934,433	36,316,978	-	3,284	17,385,829
Parking	1,727,152	561,600	-	-	(1,165,552)
Airport	929,227	975,774	23,000	-	69,547
Stormwater	6,199,548	14,175,091	-	-	7,975,543
Solid waste	11,429,026	4,588,982	-	-	(6,840,044)
Total business-type activities	58,609,990	87,171,577	23,000	228,164	28,812,751
Total primary government	\$ 238,168,812	\$ 120,849,474	\$ 23,906,134	\$ 1,009,121	\$ (92,404,083)
Component units					
Ann Arbor Housing Commission	\$ 27,221,943	\$ 7,457	\$ 26,767,841	\$ -	\$ (446,645)
SmartZone LDFA	7,502,646	-	-	-	(7,502,646)
Downtown Development Authority	24,832,721	22,252,357	-	-	(2,580,364)
Total component units	\$ 59,557,310	\$ 22,259,814	\$ 26,767,841	\$ -	\$ (10,529,655)

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CITY OF ANN ARBOR, MICHIGAN

Statement of Activities

For the Year Ended June 30, 2022

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net expense	\$ (121,216,834)	\$ 28,812,751	\$ (92,404,083)	\$ (10,529,655)
General revenues:				
Property taxes	98,091,239	14,699,709	112,790,948	12,642,593
State shared revenues and grants (unrestricted)	15,340,846	-	15,340,846	-
Unrestricted investment earnings (loss)	(4,111,794)	(2,959,410)	(7,071,204)	(834,761)
Gain on sale of capital assets	-	210,940	210,940	-
Other revenues	-	-	-	228,965
Transfers - internal activities	(1,564,250)	1,564,250	-	-
Total general revenues and transfers	107,756,041	13,515,489	121,271,530	12,036,797
Change in net position	(13,460,793)	42,328,240	28,867,447	1,507,142
Net position, beginning of year	645,194,841	391,167,826	1,036,362,667	28,103,776
Net position, end of year	\$ 631,734,048	\$ 433,496,066	\$ 1,065,230,114	\$ 29,610,918

concluded.

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

FUND FINANCIAL STATEMENTS

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CITY OF ANN ARBOR, MICHIGAN

Balance Sheet

Governmental Funds

June 30, 2022

	General Fund	Street Repair Millage Fund	Major Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 94,466	\$ -	\$ -	\$ 16,047	\$ 110,513
Equity in pooled cash and investments	37,244,520	15,449,650	23,207,325	72,853,022	148,754,517
Investments	-	6,004,975	-	10,960,368	16,965,343
Receivables:					
Taxes	80,943	3,137	-	2,758	86,838
Accounts, net	2,119,023	2,655,378	-	831,535	5,605,936
Leases	428,070	-	-	32,086	460,156
Special assessments	-	78,032	-	88,399	166,431
Accrued interest and dividends	-	-	-	9,351	9,351
Improvement charges	-	15,448	-	-	15,448
Due from other governments	793,910	26,481	366,132	2,672,299	3,858,822
Inventories	46,633	-	-	-	46,633
Prepaid items	18,878	-	-	27,482	46,360
Total assets	\$ 40,826,443	\$ 24,233,101	\$ 23,573,457	\$ 87,493,347	\$ 176,126,348
Liabilities					
Accounts payable	\$ 1,281,039	\$ 2,679,519	\$ 457,981	\$ 4,191,041	\$ 8,609,580
Accrued liabilities	2,671,476	37,220	457	401,639	3,110,792
Due to other governments	556,030	-	-	-	556,030
Unearned revenue	-	738,589	23,759,498	-	24,498,087
Deposits payable	2,015,354	59,098	-	539,540	2,613,992
Total liabilities	6,523,899	3,514,426	24,217,936	5,132,220	39,388,481
Deferred inflows of resources					
Unavailable revenue	-	93,481	29,372	260,949	383,802
Deferred lease amounts	428,070	-	-	32,086	460,156
Total deferred inflows of resources	428,070	93,481	29,372	293,035	843,958
Fund balances					
Nonspendable	65,511	-	-	2,011,482	2,076,993
Restricted	-	20,625,194	-	75,185,000	95,810,194
Committed	697,537	-	-	819,733	1,517,270
Assigned	7,576,646	-	-	4,051,877	11,628,523
Unassigned (deficit)	25,534,780	-	(673,851)	-	24,860,929
Total fund balances	33,874,474	20,625,194	(673,851)	82,068,092	135,893,909
Total liabilities, deferred inflows of resources and fund balances	\$ 40,826,443	\$ 24,233,101	\$ 23,573,457	\$ 87,493,347	\$ 176,126,348

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

CITY OF ANN ARBOR, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2022

Fund balances of governmental funds \$ 135,893,909

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

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

Capital assets not being depreciated	105,466,117
Capital assets being depreciated/amortized, net	601,172,607
Less capital assets accounted for in internal service funds	(11,797,873)

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Bonds payable	(109,442,000)
Compensated absences	(14,903,742)
Unamortized bond discounts/premiums	(4,400,057)
Unamortized deferred charge on refunding	2,304,289
Leases payable	(109,148)
Accrued interest on bonds	(623,990)

Certain pension and other postemployment benefit-related amounts, such as the net pension and other postemployment benefit liabilities and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

Net pension liability	(55,128,886)
Deferred outflows related to the net pension liability	11,028,143
Deferred inflows related to the net pension liability	(5,496,953)
Net OPEB liability	(56,448,825)
Deferred outflows related to the net OPEB liability	15,643,691
Deferred inflows related to the net OPEB liability	(21,228,009)

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, are thus not included in fund balance.

Deferred long-term receivables	383,802
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Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds.

Net position of governmental activities accounted for in internal service funds:

Total internal service fund net position	48,762,172
Internal service fund net position accounted for in business-type activities	(9,341,199)

Net position of governmental activities \$ 631,734,048

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	General Fund	Street Repair Millage Fund	Major Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 65,583,524	\$ 12,809,741	\$ -	\$ 19,697,974	\$ 98,091,239
Licenses, permits and registrations	1,901,257	-	-	7,413,981	9,315,238
Intergovernmental	18,931,121	224,564	2,197,945	16,401,543	37,755,173
Charges for services	9,575,385	26,724	-	9,827,587	19,429,696
Fines and forfeits	3,128,973	-	-	93,373	3,222,346
Investment earnings (loss)	(1,330,862)	(408,161)	(13,245)	(1,510,642)	(3,262,910)
Rentals	875,550	-	-	-	875,550
Contributions and donations	94,126	2,736,722	100,000	1,250,342	4,181,190
Other	500,463	55,151	63,678	317,429	936,721
Total revenues	99,259,537	15,444,741	2,348,378	53,491,587	170,544,243
Expenditures					
Current:					
General government	16,004,459	-	236,106	4,273,337	20,513,902
Public safety	51,001,838	-	9,747	5,222,214	56,233,799
Public works	4,732,988	4,973,035	412,026	12,074,762	22,192,811
Community/economic development	2,260,442	-	-	2,386,051	4,646,493
Culture and recreation	8,780,565	-	56,678	6,972,029	15,809,272
Public transportation	12,225,468	-	-	-	12,225,468
Capital outlay	333,976	7,929,795	-	10,651,593	18,915,364
Debt service:					
Principal retirement	-	-	-	6,868,000	6,868,000
Lease principal	65,010	-	-	-	65,010
Interest and fiscal charges	-	-	-	3,062,290	3,062,290
Total expenditures	95,404,746	12,902,830	714,557	51,510,276	160,532,409
Revenues over expenditures	3,854,791	2,541,911	1,633,821	1,981,311	10,011,834
Other financing sources (uses)					
Issuance of long-term debt	-	5,442,000	-	8,163,000	13,605,000
Premium on issuance of long-term debt	-	568,415	-	852,622	1,421,037
Transfers in	1,296,330	2,063,704	-	8,803,305	12,163,339
Transfers out	(3,348,849)	(2,563,618)	(359,184)	(6,589,254)	(12,860,905)
Total other financing sources (uses)	(2,052,519)	5,510,501	(359,184)	11,229,673	14,328,471
Net change in fund balances	1,802,272	8,052,412	1,274,637	13,210,984	24,340,305
Fund balances, beginning of year	32,072,202	12,572,782	(1,948,488)	68,857,108	111,553,604
Fund balances, end of year	\$ 33,874,474	\$ 20,625,194	\$ (673,851)	\$ 82,068,092	\$ 135,893,909

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

CITY OF ANN ARBOR, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ 24,340,305

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 assets purchased/constructed	27,303,425
Depreciation expense	(55,706,513)
Loss on disposal of capital assets	(871,194)

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

Principal payments on long-term liabilities	6,868,000
Principal payments on leases	65,010
Issuance of long-term debt	(13,605,000)
Premium on issuance of long-term debt	(1,421,037)

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on long-term debt	(17,367)
Amortization of bond premium and discounts	208,824
Change in compensated absences	159,424
Amortization of deferred charge on refunding	(160,294)
Change in the net pension liability and relatd deferred amounts	6,361,446
Changed in the net OPEB liability and related amounts	(5,344,826)

Deferred inflow of resources in governmental funds is susceptible to full accrual on the government-wide statements. (2,423,168)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds.

Total change in net position of the internal service funds	2,257,702
Internal service fund change in net position accounted for in business-type activities	(1,475,530)

Change in net position of governmental activities \$ (13,460,793)

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 64,654,605	\$ 64,654,605	\$ 65,583,524	\$ 928,919
Licenses, permits and registrations	1,899,586	1,899,586	1,901,257	1,671
Intergovernmental	14,894,367	14,894,367	18,931,121	4,036,754
Charges for services	9,536,735	9,536,735	9,575,385	38,650
Fines and forfeits	3,968,247	3,968,247	3,128,973	(839,274)
Investment earnings (loss)	470,268	470,268	(1,330,862)	(1,801,130)
Rentals	655,465	655,465	875,550	220,085
Contributions and donations	-	-	94,126	94,126
Other	325,000	325,000	500,463	175,463
Total revenues	96,404,273	96,404,273	99,259,537	2,855,264
Expenditures				
Current:				
General government:				
Mayor and council	526,751	528,561	475,332	(53,229)
Administration	2,459,636	2,472,677	2,180,127	(292,550)
Human resources	2,283,989	2,371,004	2,313,894	(57,110)
Attorney	2,663,918	2,885,240	2,843,223	(42,017)
Clerk/elections	1,206,766	1,360,451	1,268,655	(91,796)
Finance	8,253,895	8,573,496	8,383,548	(189,948)
Environmental coordination services	1,110,251	1,823,354	1,395,670	(427,684)
District court	4,961,103	5,191,326	4,845,046	(346,280)
Planning	1,685,310	1,696,854	1,437,995	(258,859)
Other unallocated	2,020,798	959,105	802,254	(156,851)
Municipal service charge	(9,967,473)	(9,967,473)	(9,941,285)	(26,188)
	17,204,944	17,894,595	16,004,459	(1,890,136)
Public safety:				
Police department	31,124,687	32,071,803	31,967,336	(104,467)
Fire department	17,233,889	17,865,261	17,886,331	21,070
Building department	1,140,200	1,148,188	1,148,171	(17)
	49,498,776	51,085,252	51,001,838	(83,414)
Public works:				
Public services	8,892,994	9,113,561	8,669,595	(443,966)
Municipal service charge	(3,956,671)	(3,956,671)	(3,936,607)	(20,064)
	4,936,323	5,156,890	4,732,988	(423,902)

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CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Current (concluded):				
Community development:				
Community development	\$ 5,976,769	\$ 6,199,044	\$ 5,733,852	\$ (465,192)
Municipal service charge	(3,931,598)	(3,931,598)	(3,473,410)	(458,188)
	<u>2,045,171</u>	<u>2,267,446</u>	<u>2,260,442</u>	<u>(7,004)</u>
Culture and recreation -				
Parks and recreation	<u>8,706,042</u>	<u>8,877,442</u>	<u>8,780,565</u>	<u>(96,877)</u>
Public transportation	<u>12,155,060</u>	<u>12,155,060</u>	<u>12,225,468</u>	<u>70,408</u>
Debt service -				
Lease principal	<u>-</u>	<u>-</u>	<u>65,010</u>	<u>65,010</u>
Capital outlay	<u>2,408,238</u>	<u>1,876,462</u>	<u>333,976</u>	<u>(1,542,486)</u>
Total expenditures	<u>96,954,554</u>	<u>99,313,147</u>	<u>95,404,746</u>	<u>(3,908,401)</u>
Revenues over (under) expenditures	<u>(550,281)</u>	<u>(2,908,874)</u>	<u>3,854,791</u>	<u>6,763,665</u>
Other financing sources (uses)				
Transfers in	1,099,397	1,099,397	1,296,330	196,933
Transfers out	<u>(2,950,025)</u>	<u>(3,351,333)</u>	<u>(3,348,849)</u>	<u>(2,484)</u>
Total other financing sources (uses)	<u>(1,850,628)</u>	<u>(2,251,936)</u>	<u>(2,052,519)</u>	<u>199,417</u>
Net change in fund balance	<u>(2,400,909)</u>	<u>(5,160,810)</u>	<u>1,802,272</u>	<u>6,963,082</u>
Fund balance, beginning of year	<u>32,072,202</u>	<u>32,072,202</u>	<u>32,072,202</u>	<u>-</u>
Fund balance, end of year	<u>\$ 29,671,293</u>	<u>\$ 26,911,392</u>	<u>\$ 33,874,474</u>	<u>\$ 6,963,082</u>

concluded.

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Street Repair Millage Special Revenue Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Taxes	\$ 12,822,525	\$ 12,822,525	\$ 12,809,741	\$ (12,784)
Intergovernmental	-	140,000	224,564	84,564
Charges for services	-	255,054	26,724	(228,330)
Investment earnings (loss)	103,551	103,551	(408,161)	(511,712)
Contributions and donations	2,667,000	4,045,000	2,736,722	(1,308,278)
Other	-	-	55,151	55,151
Total revenues	<u>15,593,076</u>	<u>17,366,130</u>	<u>15,444,741</u>	<u>(1,921,389)</u>
Expenditures				
Current - public works	14,272,279	4,785,111	4,973,035	187,924
Capital outlay	-	8,522,163	7,929,795	(592,368)
Total expenditures	<u>14,272,279</u>	<u>13,307,274</u>	<u>12,902,830</u>	<u>(404,444)</u>
Revenues over expenditures	<u>1,320,797</u>	<u>4,058,856</u>	<u>2,541,911</u>	<u>(1,516,945)</u>
Other financing sources (uses)				
Issuance of long-term debt	-	-	5,442,000	5,442,000
Premium on issuance of long-term debt	-	-	568,415	568,415
Transfers in	285,000	2,285,946	2,063,704	(222,242)
Transfers out	(182,969)	(1,784,406)	(2,563,618)	779,212
Total other financing sources (uses)	<u>102,031</u>	<u>501,540</u>	<u>5,510,501</u>	<u>5,008,961</u>
Net change in fund balance	<u>1,422,828</u>	<u>4,560,396</u>	<u>8,052,412</u>	<u>3,492,016</u>
Fund balance, beginning of year	<u>12,572,782</u>	<u>12,572,782</u>	<u>12,572,782</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,995,610</u>	<u>\$ 17,133,178</u>	<u>\$ 20,625,194</u>	<u>\$ 3,492,016</u>

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Grants Special Revenue Fund

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	\$ -	\$ 2,417,217	\$ 2,197,945	\$ (219,272)
Investment earnings (loss)	-	-	(13,245)	(13,245)
Contributions and donations	-	-	100,000	100,000
Other	7,000	63,678	63,678	-
Total revenues	7,000	2,480,895	2,348,378	(132,517)
Expenditures				
Current:				
General government	7,000	236,106	236,106	-
Public safety	-	9,747	9,747	-
Public works	-	1,515,728	412,026	(1,103,702)
Culture and recreation	-	56,678	56,678	-
Total expenditures	7,000	1,818,259	714,557	(1,103,702)
Revenues over expenditures	-	662,636	1,633,821	971,185
Other financing sources (uses)				
Transfers in	-	1,907,432	-	(1,907,432)
Transfers out	-	(359,184)	(359,184)	-
Total other financing sources (uses)	-	1,548,248	(359,184)	(1,907,432)
Net change in fund balance	-	2,210,884	1,274,637	(936,247)
Fund balance, beginning of year	(1,948,488)	(1,948,488)	(1,948,488)	-
Fund balance, end of year	\$ (1,948,488)	\$ 262,396	\$ (673,851)	\$ (936,247)

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2022

	Business-type Activities - Enterprise Funds				
	Water Supply System	Sewage Disposal System	Parking System	Airport	Stormwater Sewer System
Assets					
Current assets:					
Cash and cash equivalents	\$ 450	\$ -	\$ -	\$ 30	\$ -
Equity in pooled cash and investments	32,997,241	51,224,582	1,409,616	1,723,538	21,819,066
Investments	2,396,080	10,197,068	-	-	-
Receivables:					
Taxes	101,226	-	-	-	-
Accounts, net	6,267,462	7,150,602	540,000	69,353	3,091,936
Leases	-	-	-	126,847	-
Improvement charges	30,880	87,429	-	-	5,864
Due from other governments	1,036,361	-	1,100	-	-
Prepaid items	-	9,000	-	-	-
Inventories	718,140	23,879	-	-	67,776
Total current assets	43,547,840	68,692,560	1,950,716	1,919,768	24,984,642
Noncurrent assets:					
Receivables:					
Leases	-	-	-	715,164	-
Improvement charges	156,549	269,031	-	-	39,327
Due from other governments	3,042,184	-	-	-	-
Capital assets not being depreciated	30,434,288	8,974,355	3,934,897	708,927	5,172,606
Capital assets being depreciated, net	119,144,886	214,511,187	22,527,388	1,077,221	23,261,050
Total noncurrent assets	152,777,907	223,754,573	26,462,285	2,501,312	28,472,983
Total assets	196,325,747	292,447,133	28,413,001	4,421,080	53,457,625
Deferred outflows of resources					
Deferred charge on refunding	566,636	1,286,210	70,277	-	-
Deferred pension amounts	767,074	614,700	-	-	287,816
Deferred OPEB amounts	1,595,774	1,289,575	-	-	528,000
Total deferred outflows of resources	2,929,484	3,190,485	70,277	-	815,816
Liabilities					
Current liabilities:					
Accounts payable	4,811,329	2,041,386	-	52,371	1,443,928
Accrued liabilities	216,937	192,953	-	-	102,852
Accrued interest payable	183,341	721,420	9,733	-	95,881
Deposits payable	189,990	-	-	-	41,200
Due to other governments	-	-	-	-	-
Long-term debt, current	3,685,200	5,377,245	286,164	-	1,205,450
Estimated claims payable, current	-	-	-	-	-
Compensated absences, current	447,606	389,676	-	-	186,951
Total current liabilities	9,534,403	8,722,680	295,897	52,371	3,076,262
Noncurrent liabilities:					
Long-term debt, net	23,646,153	101,695,745	1,205,978	-	13,420,695
Estimated claims payable, net	-	-	-	-	-
Compensated absences, net	675,921	369,508	-	-	80,157
Net pension liability	3,834,543	3,072,843	-	-	1,438,768
Net OPEB liability	5,758,205	4,653,310	-	-	1,905,236
Total noncurrent liabilities	33,914,822	109,791,406	1,205,978	-	16,844,856
Total liabilities	43,449,225	118,514,086	1,501,875	52,371	19,921,118
Deferred inflows of resources					
Deferred pension amounts	382,346	306,396	-	-	143,461
Deferred OPEB amounts	2,165,417	1,749,912	-	-	716,479
Deferred lease amounts	-	-	-	842,011	-
Total deferred inflows of resources	2,547,763	2,056,308	-	842,011	859,940
Net position					
Net investment in capital assets	120,786,003	116,829,281	25,040,420	1,786,148	12,955,000
Restricted for debt service	2,240,836	9,937,740	-	-	-
Restricted for equipment replacement	13,593,202	8,612,958	-	-	-
Restricted for landfill	-	-	-	-	-
Unrestricted	16,638,202	39,687,245	1,940,983	1,740,550	20,537,383
Total net position	\$ 153,258,243	\$ 175,067,224	\$ 26,981,403	\$ 3,526,698	\$ 33,492,383

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

Business-type Activities - Enterprise Funds		Governmental Activities
Solid Waste	Total Enterprise Funds	Internal Service Funds
\$ 188,011	\$ 188,491	\$ 298
28,006,963	137,181,006	37,963,484
-	12,593,148	-
10,524	111,750	-
842,930	17,962,283	267,104
-	126,847	-
-	124,173	-
-	1,037,461	-
-	9,000	3,201,019
-	809,795	1,155,706
<u>29,048,428</u>	<u>170,143,954</u>	<u>42,587,611</u>
-	715,164	-
-	464,907	-
-	3,042,184	-
2,713,639	51,938,712	90,005
9,803,337	390,325,069	11,707,868
<u>12,516,976</u>	<u>446,486,036</u>	<u>11,797,873</u>
41,565,404	616,629,990	54,385,484
-	1,923,123	-
273,490	1,943,080	-
514,260	3,927,609	-
<u>787,750</u>	<u>7,793,812</u>	<u>-</u>
1,584,223	9,933,237	1,325,652
110,997	623,739	2,810
-	1,010,375	-
-	231,190	964,636
-	-	-
-	10,554,059	167,797
-	-	461,624
136,218	1,160,451	-
<u>1,831,438</u>	<u>23,513,051</u>	<u>2,922,519</u>
-	139,968,571	631,250
4,492,784	4,492,784	2,069,543
143,049	1,268,635	-
1,367,155	9,713,309	-
1,855,658	14,172,409	-
<u>7,858,646</u>	<u>169,615,708</u>	<u>2,700,793</u>
9,690,084	193,128,759	5,623,312
136,320	968,523	-
697,834	5,329,642	-
-	842,011	-
<u>834,154</u>	<u>7,140,176</u>	<u>-</u>
12,265,174	289,662,026	10,998,826
-	12,178,576	-
-	22,206,160	-
188,011	188,011	-
19,375,731	99,920,094	37,763,346
<u>\$ 31,828,916</u>	<u>\$ 424,154,867</u>	<u>\$ 48,762,172</u>

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CITY OF ANN ARBOR, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2022

Net position of enterprise funds \$ 424,154,867

Amounts reported for *business-type activities* in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. A portion of the net position of the internal service funds is allocated to the enterprise funds and reported in the statement of net position.

Net position of business-type activities accounted for in governmental-type internal service funds

9,341,199

Net position of business-type activities

\$ 433,496,066

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				
	Water Supply System	Sewage Disposal System	Parking System	Airport	Stormwater Sewer System
Operating revenues					
Charges for services	\$ 30,553,152	\$ 36,316,978	\$ 561,600	\$ 975,774	\$ 14,175,091
Operating expenses					
Personal services	2,497,168	1,766,892	-	448,966	1,161,790
Municipal service charge	465,060	667,416	-	33,852	266,940
Information technology charge	885,938	606,300	-	11,952	280,714
Other operating costs	9,655,356	5,467,463	-	364,874	3,705,539
Depreciation	5,598,628	7,708,195	1,687,836	69,658	855,839
Total operating expenses	19,102,150	16,216,266	1,687,836	929,302	6,270,822
Operating income (loss)	11,451,002	20,100,712	(1,126,236)	46,472	7,904,269
Nonoperating revenues (expenses)					
Grants	-	-	-	23,000	-
Property taxes	-	-	-	-	-
Investment earnings (loss)	(710,748)	(1,041,071)	(39,989)	(37,447)	(432,196)
Gain on sale of capital assets	44,550	164,356	-	2,034	-
Interest and fiscal charges	(642,547)	(2,777,369)	(39,316)	-	(384,340)
Total nonoperating revenues (expenses)	(1,308,745)	(3,654,084)	(79,305)	(12,413)	(816,536)
Income (loss) before contributions and transfers	10,142,257	16,446,628	(1,205,541)	34,059	7,087,733
Capital contributions	224,880	3,284	-	-	-
Transfers in	5,517,672	176,069	-	-	1,152,255
Transfers out	(1,524,074)	(2,061,934)	-	(11,304)	(1,204,172)
Changes in net position	14,360,735	14,564,047	(1,205,541)	22,755	7,035,816
Net position, beginning of year	138,897,508	160,503,177	28,186,944	3,503,943	26,456,567
Net position, end of year	\$ 153,258,243	\$ 175,067,224	\$ 26,981,403	\$ 3,526,698	\$ 33,492,383

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

Business-type Activities - Enterprise Funds		Governmental Activities
Solid Waste	Total Enterprise Funds	Internal Service Funds
\$ 4,588,982	\$ 87,171,577	\$ 58,733,045
(79,939)	5,794,877	9,750,465
472,584	1,905,852	1,728,180
232,320	2,017,224	1,312,095
10,466,623	29,659,855	40,069,627
943,984	16,864,140	2,491,903
<u>12,035,572</u>	<u>56,241,948</u>	<u>55,352,270</u>
<u>(7,446,590)</u>	<u>30,929,629</u>	<u>3,380,775</u>
-	23,000	-
14,699,709	14,699,709	-
(697,959)	(2,959,410)	(848,884)
-	210,940	390,088
-	(3,843,572)	-
<u>14,001,750</u>	<u>8,130,667</u>	<u>(458,796)</u>
6,555,160	39,060,296	2,921,979
-	228,164	202,407
13,453	6,859,449	27,743
<u>(493,715)</u>	<u>(5,295,199)</u>	<u>(894,427)</u>
6,074,898	40,852,710	2,257,702
<u>25,754,018</u>	<u>383,302,157</u>	<u>46,504,470</u>
<u>\$ 31,828,916</u>	<u>\$ 424,154,867</u>	<u>\$ 48,762,172</u>

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CITY OF ANN ARBOR, MICHIGAN

Reconciliation

Changes in Net Position of Enterprise Funds
to Changes in Net Position of Business-type Activities
For the Year Ended June 30, 2022

Net change in net position - total enterprise funds \$ 40,852,710

Amounts reported for *business-type activities* in the statement of activities differs from the amounts reported in the statement of revenues, expenses, and changes in fund net position because:

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. A portion of the operating income (loss) of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.

Net operating income from business-type activities accounted for in governmental-type internal service funds

1,475,530

Change in net position of business-type activities \$ 42,328,240

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				
	Water System	Sewage Disposal System	Parking System	Airport	Stormwater Sewer System
Cash flow from operating activities					
Receipts from customers	\$ 30,316,922	\$ 39,906,052	\$ 20,800	\$ 983,887	\$ 14,129,683
Payments to suppliers	(8,917,962)	(4,649,153)	-	(397,735)	(4,718,992)
Payments on behalf of employees	(7,782,210)	(6,562,585)	-	(448,966)	(2,905,788)
Payments received for interfund services	-	-	-	-	-
Payments made for interfund services	(1,350,998)	(1,273,716)	-	(45,804)	(547,654)
Net cash provided by (used in) operating activities	<u>12,265,752</u>	<u>27,420,598</u>	<u>20,800</u>	<u>91,382</u>	<u>5,957,249</u>
Cash flows from noncapital financing activities					
Transfers in	5,517,672	176,069	-	-	1,152,255
Transfers out	(1,524,074)	(2,061,934)	-	(11,304)	(1,204,172)
Grants received	-	-	-	23,000	-
Property taxes	-	-	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>3,993,598</u>	<u>(1,885,865)</u>	<u>-</u>	<u>11,696</u>	<u>(51,917)</u>
Cash flows from capital and related financing activities					
Capital contributions	224,880	3,284	-	-	-
Purchase of capital assets	(13,633,757)	(4,998,340)	-	(31,293)	(1,452,057)
Proceeds from sale of capital assets	44,550	164,356	-	2,034	-
Principal paid on long-term debt	(3,811,572)	(11,575,000)	(520,000)	-	(1,153,373)
Interest paid on long-term debt	(580,292)	(2,772,298)	(53,599)	-	(389,262)
Proceeds from issuance of long-term debt	887,073	-	-	-	105,000
Net cash used in capital and related financing activities	<u>(16,869,118)</u>	<u>(19,177,998)</u>	<u>(573,599)</u>	<u>(29,259)</u>	<u>(2,889,692)</u>
Cash flows from investing activities					
Proceeds from sale and maturities of investments	123,217	177,562	-	-	-
Interest and dividends/losses on investments	(710,748)	(1,041,071)	(39,989)	(37,447)	(432,196)
Net cash used in investing activities	<u>(587,531)</u>	<u>(863,509)</u>	<u>(39,989)</u>	<u>(37,447)</u>	<u>(432,196)</u>
Net change in cash and cash equivalents	<u>(1,197,299)</u>	<u>5,493,226</u>	<u>(592,788)</u>	<u>36,372</u>	<u>2,583,444</u>
Cash and cash equivalents, beginning of the year	<u>34,194,990</u>	<u>45,731,356</u>	<u>2,002,404</u>	<u>1,687,196</u>	<u>19,235,622</u>
Cash and cash equivalents, end of the year	<u>\$ 32,997,691</u>	<u>\$ 51,224,582</u>	<u>\$ 1,409,616</u>	<u>\$ 1,723,568</u>	<u>\$ 21,819,066</u>
Reconciliation to statement of net position					
Cash and cash equivalents	\$ 450	\$ -	\$ -	\$ 30	\$ -
Equity in pooled cash and investments	<u>32,997,241</u>	<u>51,224,582</u>	<u>1,409,616</u>	<u>1,723,538</u>	<u>21,819,066</u>
Total cash and cash equivalents, end of year	<u>\$ 32,997,691</u>	<u>\$ 51,224,582</u>	<u>\$ 1,409,616</u>	<u>\$ 1,723,568</u>	<u>\$ 21,819,066</u>

Business-type Activities - Enterprise Funds		Governmental Activities
Solid Waste	Total Enterprise Funds	Internal Service Funds
\$ 4,537,725	\$ 89,895,069	\$ -
(10,266,653)	(28,950,495)	(44,223,864)
(4,135,159)	(21,834,708)	(10,010,946)
-	-	58,733,045
(704,904)	(3,923,076)	-
<u>(10,568,991)</u>	<u>35,186,790</u>	<u>4,498,235</u>
13,453	6,859,449	27,743
(493,715)	(5,295,199)	(894,427)
-	23,000	-
<u>14,699,709</u>	<u>14,699,709</u>	<u>-</u>
<u>14,219,447</u>	<u>16,286,959</u>	<u>(866,684)</u>
-	228,164	202,407
(791,403)	(20,906,850)	(1,808,871)
-	210,940	397,801
-	(17,059,945)	-
-	(3,795,451)	-
-	<u>992,073</u>	<u>799,047</u>
<u>(791,403)</u>	<u>(40,331,069)</u>	<u>(409,616)</u>
-	300,779	-
(697,959)	(2,959,410)	(848,884)
<u>(697,959)</u>	<u>(2,658,631)</u>	<u>(848,884)</u>
2,161,094	8,484,049	2,373,051
<u>26,033,880</u>	<u>128,885,448</u>	<u>35,590,731</u>
<u>\$ 28,194,974</u>	<u>\$ 137,369,497</u>	<u>\$ 37,963,782</u>
\$ 188,011	\$ 188,491	\$ 298
<u>28,006,963</u>	<u>137,181,006</u>	<u>37,963,484</u>
<u>\$ 28,194,974</u>	<u>\$ 137,369,497</u>	<u>\$ 37,963,782</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				
	Water System	Sewage Disposal System	Parking System	Airport	Stormwater Sewer System
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 11,451,002	\$ 20,100,712	\$ (1,126,236)	\$ 46,472	\$ 7,904,269
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	5,598,628	7,708,195	1,687,836	69,658	855,839
Changes in assets and liabilities:					
Receivables	436,670	180,786	(540,000)	137,769	(58,882)
Due from other governments	(569,399)	-	(800)	-	-
Prepaid items	325	3,410,993	-	-	7,004
Inventories	(103,826)	(2,705)	-	-	6,470
Deferred outflows related to the net pension liability	38,913	1,747	-	-	84,986
Deferred outflows related to the net OPEB liability	(82,698)	129,423	-	-	(160,578)
Accounts payable	700,088	818,310	-	(32,861)	(915,137)
Accrued liabilities	(22,318)	53,111	-	-	36,041
Deposits payable	37,306	-	-	-	6,684
Due to other governments	-	-	-	-	(105,000)
Estimated claims payable	-	-	-	-	-
Accrued compensated absences	(243,965)	(36,688)	-	-	(122,629)
Net pension liability	(612,109)	52,984	-	-	(1,006,022)
Net OPEB liability	798,081	(266,014)	-	-	1,801,500
Deferred inflows related to the net pension liability	(4,608,059)	(4,143,420)	-	-	(1,764,997)
Deferred inflows related to the net OPEB liability	(552,887)	(586,836)	-	-	(612,299)
Deferred inflows related to leases	-	-	-	(129,656)	-
Net cash provided by (used in) operating activities	<u>\$ 12,265,752</u>	<u>\$ 27,420,598</u>	<u>\$ 20,800</u>	<u>\$ 91,382</u>	<u>\$ 5,957,249</u>

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

Business-type Activities - Enterprise Funds		Governmental Activities
Solid Waste	Total Enterprise Funds	Internal Service Funds
\$ (7,446,590)	\$ 30,929,629	\$ 3,380,775
943,984	16,864,140	2,491,903
(51,257)	105,086	38,398
-	(570,199)	-
-	3,418,322	(3,102,624)
-	(100,061)	1,551,768
63,708	189,354	-
177,150	63,297	-
199,970	770,370	1,336
35,315	102,149	2,643
-	43,990	397,160
-	(105,000)	-
(814,949)	(814,949)	(263,124)
72	(403,210)	-
(686,851)	(2,251,998)	-
(738,184)	1,595,383	-
(1,917,859)	(12,434,335)	-
(333,500)	(2,085,522)	-
-	(129,656)	-
<u>\$ (10,568,991)</u>	<u>\$ 35,186,790</u>	<u>\$ 4,498,235</u>

concluded.

CITY OF ANN ARBOR, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	Private-purpose Trust Fund	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ 146,580
Equity in pooled cash and investments	-	6,079,126	159,324
Investments, at fair value:			
Equities	-	500,437,899	-
Fixed income	-	155,044,359	-
Other	667,659	143,570,300	-
Accrued interest and dividends	-	459,549	-
Due from the City of Ann Arbor	-	216,962	-
Capital assets being depreciated, net	-	312,106	-
Total assets	667,659	806,120,301	305,904
Deferred outflows of resources			
Deferred pension amounts	-	52,093	-
Deferred OPEB amounts	-	56,922	-
Total deferred outflows of resources	-	109,015	-
Liabilities			
Accounts payable	-	3,985,662	-
Due to other governments	-	-	305,904
Undistributed receipts	-	-	-
Advances from general fund	-	35,640	-
Net pension liability	-	260,410	-
Net OPEB liability	-	205,397	-
Total liabilities	-	4,487,109	305,904
Deferred inflows of resources			
Deferred pension amounts	-	25,966	-
Deferred OPEB amounts	-	77,241	-
Total deferred inflows of resources	-	103,207	-
Net position			
Investment in capital assets	-	312,106	-
Restricted for:			
Police and fire relief	667,659	-	-
Pension benefits	-	574,968,889	-
Other postemployment benefits	-	226,358,005	-
Total net position	\$ 667,659	\$ 801,639,000	\$ -

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

CITY OF ANN ARBOR, MICHIGAN

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	Private-purpose Trust Fund	Pension and Other Employee Benefit Trust Funds	Custodial Funds
Additions			
Investment income (loss):			
<i>From investing activities:</i>			
Net depreciation in fair value of investments	\$ -	\$ (59,628,838)	\$ -
Interest and dividends	1,619	9,821,738	59
Total investment income (loss)	1,619	(49,807,100)	59
Investment management fees	-	(693,405)	-
Net investment income (loss) from investing activities	1,619	(50,500,505)	59
<i>From securities lending activities:</i>			
Gross earnings	-	5,971	-
Borrower rebates paid	-	(11,098)	-
Securities lending fees	-	3,971	-
Net investment income (loss) from securities lending activities	-	(1,156)	-
Total net investment income (loss)	1,619	(50,501,661)	59
Contributions:			
Employer	-	30,747,648	-
Plan members	-	3,657,890	-
Total contributions	-	34,405,538	-
Taxes collected for other governments	-	-	285,680,448
Court disbursements	-	-	1,981,928
Total additions	1,619	(16,096,123)	287,662,435
Deductions			
Benefits	-	54,718,147	-
Refunds	-	938,594	-
Administrative expenses	-	421,641	-
Payments of taxes to other governments	-	-	285,771,323
Court disbursements	-	-	1,981,987
Total deductions	-	56,078,382	287,753,310
Change in net position	1,619	(72,174,505)	(90,875)
Net position, beginning of year	666,040	873,813,505	90,875
Net position, end of year	\$ 667,659	\$ 801,639,000	\$ -

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

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COMPONENT UNIT FINANCIAL STATEMENTS

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2022

	Ann Arbor Housing Commission	SmartZone Local Development Finance Authority	Downtown Development Authority	Total
Assets				
Cash and cash equivalents	\$ 2,960,307	\$ -	\$ 1,527,727	\$ 4,488,034
Equity in pooled cash and investments	-	2,459,713	-	2,459,713
Investments, at fair value	-	-	26,451,077	26,451,077
Receivables	1,065,892	369,510	283,094	1,718,496
Other assets	99,775	-	839,704	939,479
Capital assets being depreciated, net	97,926	-	-	97,926
Total assets	4,223,900	2,829,223	29,101,602	36,154,725
Deferred outflows of resources				
Deferred pension amounts	17,501	-	-	17,501
Liabilities				
Accounts payable and accrued liabilities	1,878,312	692,442	3,294,786	5,865,540
Unearned revenue	17,541	305,049	-	322,590
Long-term liabilities:				
Due within one year	70,696	-	20,926	91,622
Due in more than one year	75,843	-	112,962	188,805
Net pension liability	83,679	-	-	83,679
Total liabilities	2,126,071	997,491	3,428,674	6,552,236
Deferred inflows of resources				
Deferred pension amounts	9,072	-	-	9,072
Net position				
Investment in capital assets	97,926	-	-	97,926
Restricted for:				
Housing	-	-	6,790	6,790
Parking operations	-	-	832,914	832,914
Unrestricted	2,008,332	1,831,732	24,833,224	28,673,288
Total net position	\$ 2,106,258	\$ 1,831,732	\$ 25,672,928	\$ 29,610,918

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

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units
For the Year Ended June 30, 2022

	Ann Arbor Housing Commission	SmartZone Local Development Finance Authority	Downtown Development Authority	Total
Expenses				
Housing and economic development	\$ 27,221,943	\$ 7,502,646	\$ 24,832,721	\$ 59,557,310
Program revenues				
Charges for services	7,457	-	22,252,357	22,259,814
Operating grants and contributions	26,767,841	-	-	26,767,841
Total program revenues	26,775,298	-	22,252,357	49,027,655
Net program expense	(446,645)	(7,502,646)	(2,580,364)	(10,529,655)
General revenues				
Property taxes	-	4,713,750	7,928,843	12,642,593
Unrestricted investment earnings (loss)	1,132	(66,992)	(768,901)	(834,761)
Other revenues	-	100,464	128,501	228,965
Total general revenues	1,132	4,747,222	7,288,443	12,036,797
Change in net position	(445,513)	(2,755,424)	4,708,079	1,507,142
Net position, beginning of year	2,551,771	4,587,156	20,964,849	28,103,776
Net position, end of year	\$ 2,106,258	\$ 1,831,732	\$ 25,672,928	\$ 29,610,918

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

Downtown Development Authority (DDA). The DDA was created to finance rehabilitation and redevelopment in the downtown area. Commissioners of the DDA are appointed by the Mayor and approved by City Council. Development plans are approved by Council and Council must approve all modifications to the plans. The DDA's primary source of funding is charges for services (parking) and tax increment financing revenues. Bonds secured by those revenues are issued by the City on behalf of the DDA, which does not have the ability to issue debt. During the fiscal year, the DDA paid \$3.5 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 paid \$6.0 million for debt service payments. The DDA issues separate audited financial statements.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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

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

Complete financial statements of the individual component units can be requested from the City 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 Area Transportation Authority (AAATA) 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 \$25,833 as of June 30, 2022.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for custodial funds which do not have a measurement focus. 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.

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

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

The City reports the following major governmental 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.

Major grants special revenue fund. This fund is used to account for various grant monies.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

The government reports the following major enterprise funds:

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

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

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

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 fund* 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 *custodial funds* are used to account for monies held by the City in a trustee capacity for individuals, private organizations, and other governments, specifically funds property tax collections.

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 enterprise funds and of the government's internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value.

Leases

Lessee. The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The City is a lessor for six noncancellable leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund, and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Receivables and Payables

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

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.

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

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to pension and other postemployment benefit liabilities as well as for the deferred charge on refunding. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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. 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, should the employee terminate their employment other than via retirement or death. Paid time off is accrued when incurred in proprietary funds and reported as a liability. For governmental funds, the current portion of the liability for compensated absences reflects only the unpaid balance of reimbursable unused leave for employees that terminated by the fiscal year end. In accordance with GAAP, for the governmental funds, in the fund financial statements, the noncurrent portion of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentations. In addition to the proprietary funds, the general fund, and several nonmajor special revenue funds have been used to liquidate the liability for compensated absences.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its pension and other postemployment benefit liabilities. The governmental funds also report unavailable revenues, which arises only under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Finally, the statements of net position and governmental funds balance sheets report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, net other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit plans, and pension and other postemployment benefit expenses, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Fund Balances

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

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.

Use of Estimates

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

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Outstanding encumbrances at year-end consisted of the following: \$389,695 in assigned fund balance of the general fund, \$10,186,209 in restricted fund balance of the street repair millage special revenue fund, and \$10,844,910 in the restricted or assigned fund balance of the other governmental funds. The encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

2. BUDGETARY CONTROLS AND INFORMATION

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

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

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

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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

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

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

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures in Excess of Appropriations

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. Excess of expenditures or transfers out over appropriations in individual funds are as follow:

	Final Budget	Actual	Excess
General fund			
Public safety - fire department	\$ 17,865,261	\$ 17,886,331	\$ 21,070
Public transportation	12,155,060	12,225,468	70,408
Debt service - lease principal	-	65,010	65,010
Sidewalk construction special revenue fund			
Public works and transfers out	1,142,104	1,296,664	154,560

Deficit Fund Equity

The City has an accumulated fund balance deficit in the major grants special revenue fund in the amount of \$673,851.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

4. DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of June 30, 2022:

	Primary Government	Component Units	Total
Statement of net position			
Cash and cash equivalents	\$ 299,302	\$ 4,488,034	\$ 4,787,336
Equity in pooled cash and investments	323,899,007	2,459,713	326,358,720
Investments	29,558,491	26,451,077	56,009,568
Statement of fiduciary net position			
Cash and cash equivalents	146,580	-	146,580
Equity in pooled cash and investments	6,238,450	-	6,238,450
Investments	799,720,217	-	799,720,217
Total	<u>\$ 1,159,862,047</u>	<u>\$ 33,398,824</u>	<u>\$ 1,193,260,871</u>
Deposits and investments			
Bank deposits (demand accounts)			\$ 12,689,374
Certificates of deposit due within one year			796,217
Certificates of deposit due in more than 1 year (DDA)			2,059,306
Investments in securities, mutual funds and similar vehicles:			
City investment pool			354,263,010
Employees' Retirement System			573,117,763
Retiree Health Care Trust Fund			225,934,795
Downtown Development Authority			24,391,771
Cash on hand			8,635
			<u>\$ 1,193,260,871</u>

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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Deposits

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

	Carrying Amount	Bank Balance	Insured	Uninsured
City cash pool	\$ 8,997,664	\$ 7,938,343	\$ 1,213,782	\$ 6,724,561
Downtown Development Authority	3,586,926	3,775,452	1,236,026	2,539,426
Housing Commission	2,960,307	2,955,371	979,783	1,975,588
Totals	<u>\$ 15,544,897</u>	<u>\$ 14,669,166</u>	<u>\$ 3,429,591</u>	<u>\$ 11,239,575</u>

The uninsured bank balance of \$10,166,295 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 \$1,360,980 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, 2022:

U.S. treasuries	\$ 194,381,341
U.S. agencies (asset backed)	122,881,111
Michigan CLASS	36,812,547
Money market funds	<u>188,011</u>
Total Investments	<u><u>\$ 354,263,010</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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Custodial Credit Risk - Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2022, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

Credit Risk. The City analyzes credit risk of banking institutions and issuers of securities prior to depositing or investing City funds. State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROS). In addition to the restrictions placed on the City by Public Act 20 of 1943, the City's investment policy further requires that banks in which the City invests public funds must have maintained an average Highline Banking Data Services Rating of 30 or better for the four most recent reporting quarters. Securities purchased by the City always conform to the rating requirements set forth in Public Act 20. As of June 30, 2022, all of the City's investments in securities of the U.S. Treasury and U.S. agencies were rated AA+ by Standard & Poor's (S&P) and Aaa by Moody's. All of the City's investments comply with its policy regarding the types of investments it may hold.

Concentration of Credit Risk. At June 30, 2022, the investment portfolio was concentrated as follows:

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal Home Loan Bank	12.61%
U.S. agencies	Federal Farm Credit Bank	9.74%
U.S. agencies	Federal National Mortgage Association	6.90%
U.S. agencies	Federal Home Loan Mortgage	5.44%

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.

- 65% in Federal Instrumentality Securities
- 30% in Money Market Mutual Funds
- 25% in Prime Commercial Paper
- 10% 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
- 10% in Joint Interlocal Investment Ventures
- 10% in Local Government Investment Pools

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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of June 30, 2022, maturities of the City's debt securities were as follows:

Investment Type	Fair Value	Investments Maturities (fair value by years)	
		<1	1-5
U.S. treasuries	\$ 194,381,341	\$ 40,495,779	\$ 153,885,562
U.S. agencies	122,881,111	59,429,575	63,451,536
	<u>\$ 317,262,452</u>	<u>\$ 99,925,354</u>	<u>\$ 217,337,098</u>

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

Fair Value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in markets that are not active; and c) inputs other than quoted prices that are observable for the asset or liability, such as: (1) interest rates and yield curves observable at commonly quoted intervals; (2) implied volatilities and (3) credit spreads. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the City's investment managers. These are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment managers will request the information from the fund manager if necessary. The City had the following recurring fair value measurements as of June 30, 2022.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

	Level 1	Level 2	Level 3	Total
U.S. agencies	\$ -	\$ 194,381,341	\$ -	\$ 194,381,341
Asset backed securities	-	122,881,111	-	122,881,111
Money market funds	-	188,011	-	188,011
Total investments at fair value	\$ -	\$ 317,450,463	\$ -	317,450,463

Investments measured at the net asset value (NAV)

Michigan CLASS investment pool	36,812,547
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Total investments

\$ 354,263,010

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Investments - Employees' Retirement System

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

Investments - The Michigan Public Employee Retirement System 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.

Investment allocation policy - The System's policy in regard to the allocation of invested assets is established and may be amended by the Retirement System Board of Trustees. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. System assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the System may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the System will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

The adopted asset allocation policy as of June 30, 2022, is as follows:

Asset Class	Target Allocation	Allocation Range
Equities		
Domestic equities	36%	25% to 42%
Developed foreign equities	14%	9% to 17%
Emerging markets equities	7%	0% to 10%
Private equities	7%	0% to 10%
	64%	
Fixed income		
Investment grade bonds	10%	6% to 22%
Private debt	7%	0% to 10%
	17%	
Other investments		
Real estate	9%	2% to 12%
Natural resources	7%	0% to 5%
Infrastructure (core private)	3%	0% to 10%
	19%	
Total investments	100%	

The investment allocation policy will be reviewed periodically to ensure that the objectives and constraints remain relevant. However, the Trustees recognize the need for a stable long-term policy for the System and major changes to this policy will be made only when significant developments in the circumstances, objectives or constraints of the System occur.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

The System's investments are held by an independent trust company. Following is a summary of the System's investments as of June 30, 2022 (investments at fair value, as determined by quoted market price):

	Domestic	Foreign	Total	On Loan
Equities				
Common stock	\$ 130,344,124	\$ 702,043	\$ 131,046,167	\$ 2,300,438
Common stock funds	76,119,459	114,594,257	190,713,716	-
Private equity	45,096,138	-	45,096,138	-
Equity mutual funds	1,981,702	861,020	2,842,722	-
	<u>253,541,423</u>	<u>116,157,320</u>	<u>369,698,743</u>	<u>2,300,438</u>
Fixed income				
Government agency funds	33,766,161	-	33,766,161	-
Corporate bonds	-	4,404,938	4,404,938	-
Corporate bond funds	26,900,554	-	26,900,554	-
Bank loan participation	10,489,845	-	10,489,845	-
Private credit	13,030,410	-	13,030,410	-
Index linked government bonds	3,580,864	-	3,580,864	-
Fixed income mutual funds	5,171,036	33	5,171,069	-
	<u>92,938,870</u>	<u>4,404,971</u>	<u>97,343,841</u>	<u>-</u>
Other				
Infrastructure	-	16,754,904	16,754,904	-
Real estate	66,195,544	-	66,195,544	-
Real estate - private credit	2,766,439	-	2,766,439	-
Hedge funds	-	4,255,373	4,255,373	-
Short-term investment funds	1,112,000	-	1,112,000	-
Mutual funds - other	307,969	-	307,969	-
Portfolio cash	14,682,950	-	14,682,950	-
	<u>85,064,902</u>	<u>21,010,277</u>	<u>106,075,179</u>	<u>-</u>
Total investments	<u>\$ 431,545,195</u>	<u>\$ 141,572,568</u>	<u>\$ 573,117,763</u>	<u>\$ 2,300,438</u>

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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in any particular asset class may or may not be consistent with the objectives of the System. The investment policy statement specifically indicates permissible asset classes, including high yield fixed income and alternatives, in appropriate target percentages. The System's investments in government agency funds, corporate bond funds, bank loan participation, private credit, and index linked government bonds (each of which are essentially funds) are not rated.

The System's fixed income securities consisted of the following at June 30, 2022:

Government agency funds	\$ 33,766,161
Corporate bonds	4,404,938
Corporate bond funds	26,900,554
Bank loan participation	10,489,845
Private credit	13,030,410
Index linked government bonds	3,580,864
Fixed income mutual funds	<u>5,171,069</u>
	<u>\$ 97,343,841</u>

The System's investments in corporate bond funds and hedge funds are not rated; also, the other fixed income securities at June 30, 2022 were essentially in "funds" and therefore not rated, with the exception of corporate bonds.

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.

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, 2022, the weighted average maturity of the System's corporate bonds was 5.6 years.

Inasmuch as all of the debt or fixed income securities as of June 30, 2022, except for the corporate bonds, are essentially held in funds by the portfolio managers, maturity information is not available.

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on plan investments, net of investment expenses, was negative 5.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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, 2022, the total collateral received from borrowers had a fair value of \$2,365,977, all of which was cash.

Fair Value Measurements. The System categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the System's investment manager. These are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment manager will request the information from the fund manager, if necessary.

The System had the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Equities				
Common stock	\$ 131,046,167	\$ -	\$ -	\$ 131,046,167
Common stock funds	61,884,036	128,829,680	-	190,713,716
Private equity	-	-	45,096,138	45,096,138
Equity mutual funds	2,842,722	-	-	2,842,722
	<u>195,772,925</u>	<u>128,829,680</u>	<u>45,096,138</u>	<u>369,698,743</u>
Fixed income				
Government agency funds	-	33,766,161	-	33,766,161
Corporate bonds	-	-	4,404,938	4,404,938
Corporate bond funds	-	26,900,554	-	26,900,554
Bank loan participation	-	-	10,489,845	10,489,845
Private credit	-	-	13,030,410	13,030,410
Index linked government bonds	-	3,580,864	-	3,580,864
Fixed-income mutual funds	462,671	4,708,398	-	5,171,069
	<u>462,671</u>	<u>68,955,977</u>	<u>27,925,193</u>	<u>97,343,841</u>
Other				
Infrastructure	-	-	16,754,904	16,754,904
Real estate funds and REITs	-	-	66,195,544	66,195,544
Real estate - private credit	-	-	2,766,439	2,766,439
Hedge funds	-	-	4,255,373	4,255,373
Short-term investment funds	1,112,000	-	-	1,112,000
Mutual funds - other	307,969	-	-	307,969
Portfolio cash	14,682,950	-	-	14,682,950
	<u>16,102,919</u>	<u>-</u>	<u>89,972,260</u>	<u>106,075,179</u>
Total investments	<u>\$ 212,338,515</u>	<u>\$ 197,785,657</u>	<u>\$ 162,993,591</u>	<u>\$ 573,117,763</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Investments - Retiree Health Care Trust Fund

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

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

Investments - The Michigan Public Employee Retirement System 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.

Investment Allocation Policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by its Board of Trustees. The policy pursues an investment strategy that protects the financial health of the Plan and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets will be invested in the broad investment categories and asset classes to achieve the allocation targets following. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the Plan may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the Plan will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

The adopted asset allocation policy as of June 30, 2022, is as follows:

Asset Class	Target Allocation	Allocation Range
Equities		
Domestic equities	33%	27% to 39%
Developed foreign equities	12%	9% to 15%
Emerging markets equities	7%	0% to 10%
Private equities	5%	0% to 8%
	57%	
Fixed income		
Investment grade bonds	10%	1.8%
TIPS	2%	1.2%
High yield bonds	4%	4.9%
Private debt	7%	6.4%
	23%	
Other		
Real estate	10%	5.7%
Natural resources	3%	6.9%
Infrastructure (core private)	7%	5.8%
	20%	
Total investments	100%	

The investment allocation policy will be reviewed periodically to ensure that the objectives and constraints remain relevant. However, the Trustees recognize the need for a stable long-term policy for the Plan and major changes to this policy will be made only when significant developments in the circumstances, objectives or constraints of the Plan occur.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

The Plan's investments are held by an independent trust company. Following is a summary of the Plan's investments as of June 30, 2022:

	Domestic	Foreign	Total	On Loan
Equities				
Common stock	\$ 49,557,419	\$ 224,979	\$ 49,782,398	\$ 963,607
Common stock funds	31,711,755	39,643,688	71,355,443	-
Private equities	9,601,315	-	9,601,315	-
	<u>90,870,489</u>	<u>39,868,667</u>	<u>130,739,156</u>	<u>963,607</u>
Fixed income				
Corporate bond funds	27,052,074	-	27,052,074	-
Bank loan participation	5,973,438	-	5,973,438	-
Fixed income mutual funds	9,549,797	-	9,549,797	-
Index linked government bonds	10,939,775	-	10,939,775	-
Private credit	4,185,434	-	4,185,434	-
	<u>57,700,518</u>	<u>-</u>	<u>57,700,518</u>	<u>-</u>
Other				
Infrastructure	-	3,658,088	3,658,088	-
Real estate funds and REITs	28,346,036	-	28,346,036	-
Real estate - private credit	1,229,529	-	1,229,529	-
Short-term investment funds	4,261,468	-	4,261,468	-
	<u>33,837,033</u>	<u>3,658,088</u>	<u>37,495,121</u>	<u>-</u>
Total investments	<u>\$ 182,408,040</u>	<u>\$ 43,526,755</u>	<u>\$ 225,934,795</u>	<u>\$ 963,607</u>

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 Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan's investment policy requires that securities be held in trust by a third-party institution in the Plan's name. As such, although uninsured and unregistered, the Plan's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the Plan'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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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

The Plan's fixed income securities, which are not rated for credit risk, consisted of the following at June 30, 2022:

Corporate bond funds	\$ 27,052,074
Bank loan participation	5,973,438
Fixed income mutual funds	9,549,797
Index linked government bonds	10,939,775
Private credit	<u>4,185,434</u>
	<u>\$ 57,700,518</u>

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan'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 Plan's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The Plan's investment policy does not address weighted average portfolio maturities.

As of June 30, 2022, the weighted average maturity of the Plan's corporate bonds was 6.6 years.

Inasmuch as all of the debt or fixed income securities as of June 30, 2022, except for the corporate bonds, are essentially held in funds by the portfolio managers, maturity information is not available.

Rate of Return. For the years ended June 30, 2022, the annual money-weighted rate of return on plan investments, net of investment expenses, was negative 7.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Fair Value Measurements. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Equities				
Common stock	\$ 49,782,398	\$ -	\$ -	\$ 49,782,398
Common stock funds	23,306,767	48,048,676	-	71,355,443
Private equity	-	-	9,601,315	9,601,315
	<u>73,089,165</u>	<u>48,048,676</u>	<u>9,601,315</u>	<u>130,739,156</u>
Fixed income				
Corporate bond funds	-	27,052,074	-	27,052,074
Bank loan participation	-	-	5,973,438	5,973,438
Fixed income mutual funds	3,022,736	6,527,061	-	9,549,797
Index linked government bonds	-	10,939,775	-	10,939,775
Private credit	-	-	4,185,434	4,185,434
	<u>3,022,736</u>	<u>44,518,910</u>	<u>10,158,872</u>	<u>57,700,518</u>
Other				
Infrastructure	-	-	3,658,088	3,658,088
Real estate funds and REITs	7,354,837	-	20,991,199	28,346,036
Real estate - private credit	-	-	1,229,529	1,229,529
Short-term investment funds	4,261,468	-	-	4,261,468
	<u>11,616,305</u>	<u>-</u>	<u>25,878,816</u>	<u>37,495,121</u>
Total investments	<u>\$ 87,728,206</u>	<u>\$ 92,567,586</u>	<u>\$ 45,639,003</u>	<u>\$ 225,934,795</u>

Investments - DDA Component Unit

Custodial Credit Risk – Investments. Following is a summary of the DDA's investments as of June 30, 2022:

U.S. treasuries	\$ 1,450,488
U.S. agencies	16,375,841
Municipal bonds	2,842,772
Commercial paper	992,177
Money market funds	<u>2,730,493</u>
Total investments	<u>\$ 24,391,771</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority'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, 2022, none of the Authority's investments were exposed to risk since the securities are held in the Authority's name by the counterparty. Short-term investments in money market funds are not subject to custodial credit risk.

Credit Risk. The Authority's investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2022, the Authority's investments in U.S. Government notes and bonds, municipal bonds, and commercial paper were as follows:

Investment	Amount	S&P Rating
U.S. treasuries	\$ 1,450,488	AA+
U.S. agencies	16,375,841	N/A
Municipal bonds		
Rated bonds	235,090	AAA
Rated bonds	455,955	AA
Rated bonds	1,080,918	AA-
Unrated bonds	1,070,809	N/A
Commercial paper	992,177	A-1+

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, 2022, the maturities of the DDA's investments in debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)		
		Less Than 1	1-5	6-10
Certificates of deposit - due in more than 1 year	\$ 2,059,306	\$ -	\$ 2,059,306	\$ -
U.S. treasuries	1,450,488	-	1,450,488	-
U.S. agencies	16,375,841	2,868,735	13,507,106	-
Municipal bonds	2,842,772	-	2,386,817	455,955
Commercial paper	992,177	992,177	-	-
	<u>\$ 23,720,584</u>	<u>\$ 3,860,912</u>	<u>\$ 19,403,717</u>	<u>\$ 455,955</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Fair Value. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Authority had the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
U.S. government treasury notes	\$ -	\$ 1,450,488	\$ -	\$ 1,450,488
U.S. agencies	-	16,375,841	-	16,375,841
Municipal bonds	2,842,772	-	-	2,842,772
Commercial paper	992,177	-	-	992,177
Money market funds	2,730,493	-	-	2,730,493
	<u>\$ 6,565,442</u>	<u>\$ 17,826,329</u>	<u>\$ -</u>	<u>\$ 24,391,771</u>

Concentration of Credit Risk. The Authority's investment policy does not address this risk. At June 30, 2022, the investment portfolio was concentrated as follows:

Investment Type	Issuer	% of Portfolio
U.S. agencies	Federal Home Loan Bank	57.74%
U.S. agencies	Federal Farm Credit Bank	13.34%

5. RECEIVABLES

Receivables in the governmental and business-type activities are as follows:

	Governmental Activities	Business-type Activities
Taxes	\$ 86,838	\$ 111,750
Accounts	6,901,020	18,013,757
Leases	460,156	842,011
Special assessments	166,431	-
Accrued interest and dividends	9,351	-
Improvement charges	15,448	589,080
Due from other governments	3,858,822	4,079,645
Less: allowance for uncollectibles	(1,027,980)	(51,474)
Total receivables	<u>\$ 10,470,086</u>	<u>\$ 23,584,769</u>

Amounts not expected to be collected within one year

	<u>\$ 313,261</u>	<u>\$ 4,222,255</u>
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CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance*	Additions	Disposals	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 68,110,470	\$ 1,864,590	\$ -	\$ 69,975,060
Construction in progress	26,989,153	8,937,507	(435,603)	35,491,057
Total capital assets not depreciated	<u>95,099,623</u>	<u>10,802,097</u>	<u>(435,603)</u>	<u>105,466,117</u>
Capital assets being depreciated/amortized:				
Land improvements	35,346,754	435,517	-	35,782,271
Intangible assets	1,173,590	-	-	1,173,590
Infrastructure	893,275,386	15,984,169	(2,862,565)	906,396,990
Buildings, additions and improvements	166,400,455	-	-	166,400,455
Machinery and equipment	15,202,914	1,556,570	(235,566)	16,523,918
Vehicles	27,055,797	769,546	(2,143,662)	25,681,681
Leased equipment	174,158	-	-	174,158
Total capital assets being depreciated/amortized	<u>1,138,629,054</u>	<u>18,745,802</u>	<u>(5,241,793)</u>	<u>1,152,133,063</u>
Less accumulated depreciation/amortization for:				
Land improvements	(14,269,913)	(1,466,806)	-	(15,736,719)
Intangible assets	(1,173,590)	-	-	(1,173,590)
Infrastructure	(408,118,658)	(49,641,523)	1,998,330	(455,761,851)
Buildings, additions and improvements	(45,647,372)	(4,068,868)	-	(49,716,240)
Machinery and equipment	(11,755,675)	(905,270)	228,607	(12,432,338)
Vehicles	(16,159,718)	(2,049,603)	2,135,949	(16,073,372)
Leased equipment	-	(66,346)	-	(66,346)
Total accumulated depreciation/amortization	<u>(497,124,926)</u>	<u>(58,198,416)</u>	<u>4,362,886</u>	<u>(550,960,456)</u>
Total capital assets being depreciated/amortized, net	<u>641,504,128</u>	<u>(39,452,614)</u>	<u>(878,907)</u>	<u>601,172,607</u>
Governmental activities capital assets, net	<u>\$ 736,603,751</u>	<u>\$ (28,650,517)</u>	<u>\$ (1,314,510)</u>	<u>\$ 706,638,724</u>

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

Depreciation/amortization of governmental activities by function

General government	\$ 1,959,303
Public safety	142,064
Public works	52,289,819
Culture and recreation	1,315,327
Capital assets held by the government's internal service are charged to various activities based on asset usage	<u>2,491,903</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 58,198,416</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances shown above and a corresponding lease payable has been recorded for the same amount.

	Beginning Balance	Additions	Disposals	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 7,461,349	\$ -	\$ -	\$ 7,461,349
Construction in progress	29,155,937	20,765,127	(5,443,701)	44,477,363
Total capital assets not depreciated	<u>36,617,286</u>	<u>20,765,127</u>	<u>(5,443,701)</u>	<u>51,938,712</u>
Capital assets being depreciated:				
Land improvements	424,021,952	4,821,236	-	428,843,188
Buildings, additions and improvements	190,563,827	-	-	190,563,827
Machinery and equipment	27,679,062	702,538	(14,099)	28,367,501
Vehicles	1,462,956	61,650	(151,280)	1,373,326
Total capital assets being depreciated	<u>643,727,797</u>	<u>5,585,424</u>	<u>(165,379)</u>	<u>649,147,842</u>
Less accumulated depreciation for:				
Land improvements	(120,385,828)	(11,402,056)	-	(131,787,884)
Buildings, additions and improvements	(94,923,376)	(4,757,348)	-	(99,680,724)
Machinery and equipment	(25,398,603)	(692,259)	14,099	(26,076,763)
Vehicles	(1,416,205)	(12,477)	151,280	(1,277,402)
Total accumulated depreciation	<u>(242,124,012)</u>	<u>(16,864,140)</u>	<u>165,379</u>	<u>(258,822,773)</u>
Total capital assets being depreciated, net	<u>401,603,785</u>	<u>(11,278,716)</u>	<u>-</u>	<u>390,325,069</u>
Business-type activities capital assets, net	<u>\$ 438,221,071</u>	<u>\$ 9,486,411</u>	<u>\$ (5,443,701)</u>	<u>\$ 442,263,781</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables in the governmental activities are 15.3% accrued liabilities, 49.0% vendors, 12.5% claims payable, 17.5% deposits payable, 2.7% due to other governments and 3.0% interest payable. Payables in the business-type activities are 3.8% accrued liabilities, 61.0% vendors, 27.6% claims payable, 1.4% deposits payable and 6.2% interest payable.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

8. LEASES

Lessee - The City is involved in an agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use of an asset and not a financed purchase, as the City will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

Remaining Term of Agreements

Asset Type	
Equipment	2 years

The assets acquired through leases in governmental activities are summarized as follows:

Leased equipment	\$ 174,158
Less accumulated amortization	<u>(66,346)</u>
Net book value	<u><u>\$ 107,812</u></u>

The net present value of future minimum payments as of June 30, 2022, were as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 66,539	\$ 2,365
2024	<u>42,609</u>	<u>456</u>
Total	<u><u>\$ 109,148</u></u>	<u><u>\$ 2,821</u></u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Lease liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance *	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
Leases payable	\$ 174,158	\$ -	\$ 65,010	\$ 109,148	\$ 66,539

* The City implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leases payable have been added to the beginning balances shown above and a corresponding lease asset has been recorded for the same amount.

Lessor - The City is involved in six agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2022 was \$146,104.

Remaining Term of Agreements

Asset Type	Beginning Balance	Additions	Deductions	Ending Balance
Land and buildings				
			3-6 years	
Governmental activities				
Leases receivable	\$ 465,058	\$ -	\$ (4,902)	\$ 460,156
Business type activities				
Leases receivable	971,666	-	(129,655)	842,011
Total	\$ 1,436,724	\$ -	\$ (134,557)	\$ 1,302,167

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

9. TRANSFERS

A summary of interfund transfers for the year ended June 30, 2022, is as follows:

	Transfers In								
	General	Street Repair Millage	NMGF	Water Supply System	Sewage Disposal System	Stormwater System	Solid Waste	Internal Service	Totals
Transfers Out									
General	\$ -	\$ -	\$ 3,287,338	\$ 33,768	\$ -	\$ -	\$ -	\$ 27,743	\$ 3,348,849
SRM	-	-	7,235	1,798,622	-	757,761	-	-	2,563,618
MG	359,184	-	-	-	-	-	-	-	359,184
NMGF	210,678	1,638,783	4,443,663	209,639	-	86,491	-	-	6,589,254
WTR	641,472	424,921	176,200	-	107,459	174,022	-	-	1,524,074
SWR	-	-	3,290	2,058,644	-	-	-	-	2,061,934
AIR	-	-	-	11,304	-	-	-	-	11,304
STRM	84,996	-	-	1,037,113	68,610	-	13,453	-	1,204,172
SW	-	-	219,237	274,478	-	-	-	-	493,715
ISF	-	-	666,342	94,104	-	133,981	-	-	894,427
	<u>\$ 1,296,330</u>	<u>\$ 2,063,704</u>	<u>\$ 8,803,305</u>	<u>\$ 5,517,672</u>	<u>\$ 176,069</u>	<u>\$ 1,152,255</u>	<u>\$ 13,453</u>	<u>\$ 27,743</u>	<u>\$ 19,050,531</u>

SRM - Street repair millage special revenue fund

MG - Major grants 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.

Total transfers were \$19,050,531 during fiscal year 2022. Of this amount, \$4,286,242 were normal operational transfers, \$11,895,603 were project based and council-directed transfers, and \$2,868,686 were debt service transfers made during the year.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

10. CONTINGENT LIABILITIES

Litigation. Various lawsuits are pending against the City, some of which are for substantial amounts. With the exception of the matter noted below for stormwater management, 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.

Stormwater management fees. The City is involved in a lawsuit that could have a material impact on the financial position of the City's proprietary funds. The City is a defendant in a class action lawsuit challenging the City's stormwater management utility system rates and fees. Based on the current filings and arguments asserted by the Plaintiff and presently known facts, the City's attorneys believe that it is more likely than not that the City will achieve an outcome in this case that will not encumber the City's general fund. As the result of the case is unknown, the City has not estimated or accrued any contingent liability at this time.

Landfill. The City owns and maintains a closed landfill in full compliance with Michigan Department of Environmental Quality (MDEQ) requirements. The City had received approval for an onsite and (interim) offsite Remedial Action Plan (RAP) that has been implemented. This implementation included a slurry wall almost two miles in length enclosing most of the landfill. As part of these requirements, the City has posted a \$1,000,000 letter of credit to ensure compliance with the landfill cleanup regulations. The City is working on a final RAP and evaluating the feasibility of treating the collected landfill groundwater prior to discharge to the sanitary sewer. Treating the water onsite with discharge to surface or groundwater may reduce annual operating costs because of reduced payments for discharge to the sanitary system. Capital costs associated with the landfill cleanup were funded by a series of voter-approved bonds totaling \$28,000,000. Operating and maintenance costs for the closed landfill are funded out of the solid waste enterprise fund. A liability has been accrued in the solid waste enterprise fund for offsite remediation in the amount of \$4,492,784. These costs will be funded through the City's earmarked solid waste (refuse collection) property tax levy. The projects to be accomplished are subject to major changes (both in the nature of the work to be accomplished and in the cost thereof) due to inflation, changes in technology or changes in regulatory requirements.

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

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Wetland Restoration. MDEQ has issued a permit to the City for wetland restoration. The City was required to obtain a \$90,650 letter of credit in favor of MDEQ to ensure compliance with its wetland restoration requirements. A site inspection by 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.

11. LONG-TERM DEBT

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

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

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Governmental activities				
2012 transportation fund	2023	2.0 - 2.4%	\$ 2,670,000	\$ 270,000
2013 1st and Washington (series A)	2032	1.75 - 3.0%	4,480,000	2,665,000
2013 1st and Washington (series B)	2032	2.0 - 3.75%	4,045,000	2,375,000
2013 clean energy	2024	3.5 - 4.34%	536,000	107,000
2015 open space preservation refunding	2034	2.0 - 3.375%	16,235,000	10,165,000
2015 maintenance facility refunding	2029	2.0 - 3.0%	17,710,000	11,645,000
2017 court and police refunding	2035	3.0 - 3.25%	24,030,000	19,170,000
2018 capital improvement bonds	2033	2.75%	5,350,000	5,350,000
2019 capital improvement bonds	2033	2.25 - 4.0%	14,780,000	11,230,000
2019-A capital improvement bonds	2035	3.0 - 4.0%	37,175,000	32,860,000
2022 transportation fund	2032	3.0 - 5.0%	13,605,000	13,605,000
Total governmental activities			<u>\$ 140,616,000</u>	<u>\$ 109,442,000</u>
Business-type activities				
2016 parking - refunding	2027	2.0%	<u>\$ 2,790,000</u>	<u>\$ 1,460,000</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 8,418,000	\$ 3,536,532	\$ 280,000	\$ 29,200
2024	8,619,000	3,343,461	285,000	23,600
2025	8,830,000	3,094,825	290,000	17,900
2026	9,085,000	2,826,469	300,000	12,100
2027	9,390,000	2,542,444	305,000	6,100
2028-2032	47,035,000	8,059,701	-	-
2033-2035	18,065,000	1,197,243	-	-
	<u>\$ 109,442,000</u>	<u>\$ 24,600,675</u>	<u>\$ 1,460,000</u>	<u>\$ 88,900</u>

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

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Business-type activities				
2012 water - refunding	2024	2.0 - 2.5%	\$ 10,450,000	\$ 1,360,000
2016 water - refunding	2027	2.0%	16,285,000	8,975,000
2013 sewer - refunding	2025	2.0 - 3.25%	17,985,000	3,670,000
2016 sewer - refunding	2031	2.0 - 2.5%	19,280,000	12,955,000
Total business-type activities			<u>\$ 64,000,000</u>	<u>\$ 26,960,000</u>

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

Year Ended June 30,	Principal	Interest
2023	\$ 2,420,000	\$ 407,934
2024	5,760,000	508,494
2025	5,215,000	368,275
2026	3,405,000	270,581
2027	3,405,000	202,231
2028-2031	<u>6,755,000</u>	<u>317,634</u>
	<u>\$ 26,960,000</u>	<u>\$ 2,075,149</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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
Business-type activities				
DWRF 7319-01	2031	2.50%	\$ 4,575,000	\$ 2,335,000
DWRF 7146-01	2024	2.125%	557,950	62,950
DWRF 7325-01	2030	2.50%	624,750	278,271
DWRF 7333-01	2032	2.50%	5,614,250	2,720,602
DWRF 7362-01	2034	2.50%	8,864,396	5,702,720
DWRF 7375-01	2035	2.00%	3,025,000	1,961,522
DWRF 7472-01, Series 2020	2040	2.00%	3,008,191	3,052,461
DWRF 7569-01	2044	1.875%	3,220,000	703,681
2012 CWRF 5441-01	2036	2.50%	34,407,832	25,805,000
2013 CWRF 5441-02	2038	2.00%	73,305,000	60,895,000
2004 SWQIF 3002-01	2024	1.625%	874,672	99,672
2005 SWQIF 3002-02	2025	1.625%	879,382	149,382
2006 SWQIF 3002-03	2026	1.625%	889,903	199,903
2007 SWQIF 3002-04	2027	1.625%	964,976	269,976
2008 SWQIF 3002-05	2028	2.50%	900,000	315,000
2009 SWQIF 3010-01	2029	2.50%	1,310,000	530,000
2010 SWQIF 3010-02	2030	2.50%	1,320,000	605,000
2012 SWQIF 3010-03	2032	2.50%	1,365,000	764,760
2013 SWQIF 3010-04	2033	2.50%	891,703	526,703
Total business-type activities			<u>\$ 146,598,005</u>	<u>\$ 106,977,603</u>

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

Year Ended June 30,	Principal	Interest
2023	\$ 6,551,500	\$ 2,333,164
2024	6,694,122	2,189,134
2025	6,900,882	2,102,253
2026	7,001,403	1,950,470
2027	7,106,476	1,796,179
2028-2032	36,601,133	6,584,548
2033-2037	32,378,445	2,666,404
2038-2042	5,879,961	285,170
2043-2044	380,000	10,688
	<u>109,493,922</u>	<u>19,918,010</u>
Remaining available to draw	<u>(2,516,319)</u>	<u>-</u>
	<u>\$ 106,977,603</u>	<u>\$ 19,918,010</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Business-type activities				
2014 Allen Creek West Park Fairgrounds	2034	2.5 - 3.5%	\$ 2,430,000	\$ 1,655,000
2006 Mallets Creek Project	2028	1.625%	1,613,905	538,476
2009 Allen Creek Pioneer High School Project	2031	2.5%	2,522,126	1,281,126
2010 Stadium Blvd phase I	2029	2.5%	165,000	70,000
2010 Stadium Blvd phase II	2032	2.5%	916,204	509,330
2010 Allen Creek West Park Project	2031	2.5%	994,635	509,330
2010 Allen Creek Sylvan Ave Project	2030	2.5%	405,000	190,000
2011 Swift Run Cistern	2032	2.5%	26,362	16,862
2011 County Farm Streambank	2032	2.5%	349,699	197,199
2011 Mallets Creek E Stadium Bridge Project	2033	2.5%	162,209	107,209
2012 Allen Creek Willard Street Project	2032	2.5%	123,819	71,319
2011 Malletts Creek Burns Park Project	2032	2.5%	1,052,556	567,281
2011 Traver Creek Cistern	2032	2.5%	182,434	100,828
2011 Allen Creek Cistern I	2032	2.5%	140,746	90,746
2011 Allen Creek Cistern II	2032	2.5%	31,261	20,761
2012 SRF Tree Planting	2033	2.5%	167,467	114,967
2012 Leslie Park Project	2033	2.5%	648,479	397,532
2013 Allen Creek Miller Ave	2034	2.0%	805,723	521,373
2013 Allen Creek Madison Ave	2034	2.0%	590,130	560,466
2013 Allen Creek Fourth Ave	2033	2.0%	175,163	110,163
2013 Allen Creek Forest Ave	2034	2.0%	211,099	131,099
2013 Huron River Infrastructure I	2034	2.0%	215,795	138,295
2014 Malletts Creek Springwater	2035	2.5%	332,447	227,602
2014 Malletts Creek Stone School	2035	2.5%	2,025,000	1,409,423
2013 Huron River Infrastructure II	2035	2.0%	278,379	198,379
2015 HRGI Geddes	2037	2.5%	1,015,000	805,000
2015 HRGI - Tree Planting	2035	2.5%	188,503	143,503
2016 Allen Creek	2037	2.5%	867,872	692,872
2016 Malletts Creek Drain	2037	2.5%	689,553	544,553
2016 HRGI - Tree Planting	2037	2.5%	205,801	155,801
2017 HRGI	2037	2.5%	292,221	252,220
2018 HRGI	2039	2.0%	365,000	242,921
2019 HRGI	2040	2.0%	288,000	249,508
Benz Creek	2041	2.0%	1,104,000	1,060,000
Millers Creek - Pepper Pike	2040	2.0%	815,000	745,000
			<u>\$ 22,396,588</u>	<u>\$ 14,626,144</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Annual debt service requirements to maturity for the drain notes (business-type activities) are as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 1,205,450	\$ 386,725
2024	1,111,577	318,150
2025	1,136,577	292,057
2026	1,174,857	264,773
2027	1,201,423	236,794
2028-2032	5,596,060	760,867
2033-2037	2,785,560	623,144
2038-2041	512,220	492,283
	<u>14,723,724</u>	<u>3,374,793</u>
Remaining available to draw	<u>(97,580)</u>	<u>-</u>
	<u>\$ 14,626,144</u>	<u>\$ 3,374,793</u>

Installment purchase agreement. The City has entered into an installment purchase agreement for financing the acquisition of certain equipment. The installment purchase agreement currently outstanding is as follows:

	Year of Maturity	Interest Rates	Original Amount	Amount Outstanding
Governmental activities				
Installment purchase agreement	2027	2.5%	<u>\$ 799,047</u>	<u>\$ 799,047</u>

Annual debt service requirements to maturity for the installment purchase agreement are as follows:

Year Ended June 30,	Principal	Interest
2023	\$ 167,797	\$ -
2024	163,705	4,093
2025	159,712	8,085
2026	155,817	11,981
2027	<u>152,016</u>	<u>15,781</u>
	<u>\$ 799,047</u>	<u>\$ 39,940</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for fiscal 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Primary government					
Governmental activities					
General obligation bonds	\$ 102,705,000	\$ 13,605,000	\$ (6,868,000)	\$ 109,442,000	\$ 8,418,000
Installment purchase agreements	-	799,047	-	799,047	167,797
Deferred amounts:					
For issuance premiums	3,291,870	1,421,037	(215,550)	4,497,357	319,239
For issuance discounts	(104,026)	-	6,726	(97,300)	(6,852)
Compensated absences	15,063,166	5,672,909	(5,832,333)	14,903,742	5,832,333
Total governmental activities debt	\$ 120,956,010	\$ 21,497,993	\$ (12,909,157)	\$ 129,544,846	\$ 14,730,517
Business-type activities					
General obligation bonds	\$ 1,980,000	\$ -	\$ (520,000)	\$ 1,460,000	\$ 280,000
Revenue bonds	35,710,000	-	(8,750,000)	26,960,000	2,420,000
Revolving loans	112,727,101	887,073	(6,636,571)	106,977,603	6,551,500
Drain notes	15,674,518	105,000	(1,153,374)	14,626,144	1,205,450
Deferred amounts -					
For issuance premiums	598,786	-	(99,903)	498,883	97,109
Compensated absences	2,832,296	757,242	(1,160,452)	2,429,086	1,160,451
Total business-type activities debt	\$ 169,522,701	\$ 1,749,315	\$ (18,320,300)	\$ 152,951,716	\$ 11,714,510
Component unit					
Downtown Development Authority compensated absences	\$ 109,978	\$ 57,805	\$ (33,895)	\$ 133,888	\$ 20,926
Housing Commission compensated absences	119,409	152,802	(125,672)	146,539	70,696
Total component unit	\$ 229,387	\$ 210,607	\$ (159,567)	\$ 280,427	\$ 91,622

12. 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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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 \$2,066,095 at June 30, 2022 and is included in estimated claims payable. The total estimated claims payable of \$2,531,167, of which \$461,624 is estimated to be due within one year, is reflected in the insurance fund at June 30, 2022. 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
2021	\$ 2,558,507	\$ 21,575,279	\$ (21,339,495)	\$ 2,794,291
2022	2,794,291	25,958,541	(26,221,665)	2,531,167

13. 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, 2021 as controlled by the Headlee Amendment, Act 415 and City Charter, was 5.8359 mills raising \$38.8 million. Other tax rates and amounts raised were as follows: employee benefits (1.9452) raising \$12.9 million, refuse collection (2.3339) raising \$15.5 million, Ann Arbor Transportation Authority (1.9452) raising \$12.9 million, street & sidewalk repair (2.0289) raising \$13.4 million, parks maintenance and repair (1.0805) raising \$7.1 million, open space and parkland preservation (0.4519) raising \$3 million, city sidewalk (0.2000) raising \$1.3 million, and affordable housing (1.0000) raising \$6.6 million Real and personal property located in the City as of December 31, 2020 was assessed and equalized at \$9,123,591,835 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 2021 taxable value on March 21, 2022, was \$6,649,141,223. 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 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.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

14. EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plan

Plan administration. The City of Ann Arbor Employees' Retirement Plan is a single-employer defined benefit plan administered by the City of Ann Arbor Employees' Retirement System (CAAERS). CAAERS provides retirement, disability and death benefits to plan members and beneficiaries. Cost of living adjustments are provided to members and beneficiaries per the Ann Arbor City Code Section 1:573 of Chapter 18. Chapter 17.1 of the Ann Arbor City Charter assigns the authority to establish and amend benefit provisions to City Council. CAAERS issues a publicly available financial report that may be obtained by writing to City of Ann Arbor Employees' Retirement System, 532 South Maple Road, Ann Arbor, Michigan, 48103 or by calling 734-794-6710.

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

Plan membership. At June 30, 2021, the date of the latest actuarial valuation, System membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	1,121
Terminated employees entitled to but not yet receiving benefits	105
Active members	<u>707</u>
Total membership	<u><u>1,933</u></u>

Benefits provided. The System provides retirement, disability, and death benefits. Retirement benefits for general plan members are calculated as 2.5 percent of the member's final three-year average salary or five-year average salary depending on hire date, times the member's years of service. Benefits for public safety plan members (police and fire) are calculated as 2.75 percent of the member's final three-year average salary or five-year average salary depending on hire date, times the member's years of service. Effective January 1, 2017, the Retirement System was amended and restated to add to the existing defined benefit plan (to be called the "Traditional Retirement Plan"), a defined contribution money purchase pension plan (the "Dual Retirement Plan") which will only apply to non-union, AFSCME, and Teamsters Civilian Supervisor employees first hired or rehired on or after January 1, 2017. Employees who are members of the Dual Retirement Plan will also participate in and accrue benefits under the Traditional Retirement Plan, but at a rate of accruals that is 50% of the rate of accruals for members of the Traditional Retirement Plan who were hired or rehired prior to January 1, 2017. Certain collective bargaining units may agree that newly hired or rehired members of that union will be covered by the Dual Retirement Plan on dates after January 1, 2017. The Traditional Retirement Plan and the Dual Retirement Plan are together called the City of Ann Arbor Employees Retirement System (CAAERS).

General plan members with 20 years of service are eligible to retire at age 50 with an early retirement reduction of .333 percent for each month that retirement precedes the normal retirement date. Public safety plan members with 20 years of service are eligible to retire at age 50 with an early retirement reduction of .333 percent for each month that retirement precedes the normal retirement date.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

A plan member who leaves City service may withdraw his or her contributions plus any accumulated interest. A withdrawal may reduce or even eliminate any future benefit payable under a deferred vested retirement.

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

Contributions - Traditional Plan. All plan members hired before January 1, 2017, are required to participate in the Traditional Retirement Plan administered by the City of Ann Arbor Employee's Retirement System. The members of the Traditional plan are required to contribute 6% of annual compensation. Effective in 2020, certain Fire union members, based on date of hire are required to contribute 6.5% of annual compensation. The City is required to contribute at an actuarially determined rate; the rates for 2022 were 27.96% to 40.33%. Plan provisions and contribution requirements are established and can be amended by the City Council. System administrative costs are financed through investment earnings.

Contributions - Dual Retirement Plan. All plan members hired after January 1, 2017, except for Ann Arbor Police Officers' Association, Command Officers' Association of Michigan, and Fire union employees, are required to participate in a hybrid pension plan (Dual Retirement Plan) administered by the City of Ann Arbor Employee's Retirement System. The Dual Retirement Plan is comprised of two components: a defined benefit plan and a defined contribution plan. Under the defined benefit plan, the City contributes at an actuarially determined rate and employees contribute 3% of their wages. Employees vest 100% in the Defined Benefit Plan after 10 years of service.

Net pension liability. The total pension liability was determined by an actuarial valuation as of June 30, 2021 (and rolled forward to June 30, 2022), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.5 percent, average, including inflation
Investment rate of return	6.8 percent, net of pension plan investment expense, including inflation
Mortality rate	RP-2014 healthy employees and annuitants

These actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Long-term expected rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 (see the discussion of the System's investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic equities	36.0%	5.8%	2.09%
Developed foreign equities	14.0%	6.8%	0.95%
Emerging markets equities	7.0%	7.1%	0.50%
Private equities	7.0%	8.7%	0.61%
Investment grade bonds	10.0%	1.8%	0.18%
Private debt	7.0%	6.4%	0.45%
Real estate	9.0%	5.7%	0.51%
Natural resources	3.0%	6.9%	0.21%
Infrastructure (core private)	7.0%	5.8%	0.41%
	100.0%		5.91%
Inflation			2.50%
Risk adjustments			-1.61%
			6.80%

Discount rate. The discount rate used to measure the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 625,228,357	\$ 626,250,148	\$ (1,021,791)
Changes for the year:			
Service cost	9,923,074	-	9,923,074
Interest	42,015,152	-	42,015,152
Differences between expected and actual experience	(5,613,016)	-	(5,613,016)
Changes in assumptions	7,273,056	-	7,273,056
Employer contributions	-	16,255,245	(16,255,245)
Employee contributions	-	3,222,809	(3,222,809)
Net investment loss	-	(31,380,434)	31,380,434
Benefit payments, including refunds of employee contributions	(42,549,302)	(42,549,302)	-
Administrative expense	-	(702,218)	702,218
Other	-	78,468	(78,468)
Net changes	<u>11,048,964</u>	<u>(55,075,432)</u>	<u>66,124,396</u>
Balances at June 30, 2022	<u>\$ 636,277,321</u>	<u>\$ 571,174,716</u>	<u>\$ 65,102,605</u>
		Primary government	\$ 64,842,195
		Fiduciary funds	260,410
			<u>\$ 65,102,605</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 6.8 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
City's net pension liability	\$ 107,598,883	\$ 65,102,605	\$ 40,410,686

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Pension expense and deferred outflows/inflows of resources related to pensions. For the year ended June 30, 2022, the City recognized pension expense of \$6,807,430. At June 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 830,591	\$ 6,491,442	\$ (5,660,851)
Changes in assumptions	8,357,315	-	8,357,315
Net difference between projected and actual earnings on pension plan investments	3,835,410	-	3,835,410
Total	\$ 13,023,316	\$ 6,491,442	\$ 6,531,874
Statement of net position	\$ 12,971,223	\$ 6,465,476	\$ 6,505,747
Statement of fiduciary net position	52,093	25,966	26,127
Total	\$ 13,023,316	\$ 6,491,442	\$ 6,531,874

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

Year Ended June 30,	Net Amount
2023	\$ (572,074)
2024	(2,449,224)
2025	(5,201,673)
2026	14,754,845
	<u>\$ 6,531,874</u>

For governmental activities, the net pension liability is generally liquidated by the general fund.

15. OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan administration. The City of Ann Arbor Retiree Health Care Benefits Plan and Trust, a voluntary employees beneficiary association (VEBA) (hereinafter referred to as the "Plan" or "VEBA") is a single-employer defined benefit postemployment healthcare plan established and administered by the City through a board of trustees to provide health and life benefits to eligible retirees and their beneficiaries. 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 734-794-6710.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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

Plan membership. At June 30, 2021, the date of the latest actuarial valuation, VEBA membership consisted of the following:

Retirees and surviving spouses currently covered	1,048
Vested active employees	<u>707</u>
Total membership	<u><u>1,755</u></u>

Benefits provided. The Plan provides certain healthcare and life insurance benefits for eligible retired employees and their dependents in accordance with the 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. Plan benefit provisions are established and may be amended by the City, subject to the City's various collective bargaining agreements.

Contributions. The Plan is funded by actuarially determined contributions from the City, under a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code, which allows for the formation of such a plan. For the year ended June 30, 2022, the City's average contribution rate was 22.2% percent of covered-employee payroll. Plan members are not required to contribute to the plan.

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. Plan members are not required to contribute to the plan. For fiscal year ended June 30, 2022, the City contributed approximately \$13.8 million to the plan, including \$13.0 million for current premiums and an additional \$0.8 million to prefund benefits.

Net OPEB liability. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 (and rolled forward to June 30, 2022), using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Healthcare cost trend rates	Pre-Medicare 7.5% initial, 3.5% ultimate; post-Medicare 6.25% initial, 3.5% ultimate.
Salary increases	4.0% to 7.5%, including price inflation
Investment rate of return	6.8% net of OPEB plan investment expense, including inflation

Healthy mortality rates (both pre and post retirement) were based on the RP-2014 Employee Generational Mortality Tables, extended via cubic spline. This table is adjusted backwards to 2006 with the MP-2014 scale, resulting in a base year of 2006 with future mortality improvements assumed each year using scale MP-2017. Disabled retirement mortality rates were based on the same mortality tables.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

These actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2017.

Long-term expected rate of return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation (see the discussion of the Plan's investment allocation policy) are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic equities	33.0%	5.8%	1.91%
Developed foreign equities	12.0%	6.8%	0.82%
Emerging markets equities	7.0%	7.1%	0.50%
Private equities	5.0%	8.7%	0.44%
Investment grade bonds	10.0%	1.8%	0.18%
TIPS	2.0%	1.2%	0.02%
High yield bonds	4.0%	4.9%	0.20%
Private debt	7.0%	6.4%	0.45%
Real estate	10.0%	5.7%	0.57%
Natural resources	3.0%	6.9%	0.21%
Infrastructure (core private)	7.0%	5.8%	0.41%
	<u>100.0%</u>		5.71%
Inflation			3.50%
Risk adjustments			<u>-2.41%</u>
			<u>6.80%</u>

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2022, was 6.8 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 313,723,384	\$ 244,344,934	\$ 69,378,450
Changes for the year:			
Service cost	2,721,983	-	2,721,983
Interest	21,291,056	-	21,291,056
Differences between expected and actual experience	(28,294,707)	-	(28,294,707)
Changes in assumptions	779,616	-	779,616
Employer contributions	-	13,797,260	(13,797,260)
Net investment loss	-	(18,590,756)	18,590,756
Benefit payments, including refunds of employee contributions	(13,036,696)	(13,036,696)	-
Administrative expense	-	(156,737)	156,737
Net changes	<u>(16,538,748)</u>	<u>(17,986,929)</u>	<u>1,448,181</u>
Balances at June 30, 2022	<u>\$ 297,184,636</u>	<u>\$ 226,358,005</u>	<u>\$ 70,826,631</u>
		Primary government	\$ 70,621,234
		Fiduciary funds	205,397
			<u>\$ 70,826,631</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 6.8 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	1% Decrease (5.8%)	Current Discount (6.8%)	1% Increase (7.8%)
City's net OPEB liability	\$ 107,598,883	\$ 70,826,631	\$ 40,410,686

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City at June 30, 2022, calculated using the healthcare cost trend rates of 7.5 percent decreasing to 3.5 percent, as well as what the City's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 2.5 percent) or 1-percentage-point higher (8.5 percent decreasing to 4.5 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 2.5%)	Current Discount (7.5% decreasing to 3.5%)	1% Increase (8.5% decreasing to 4.5%)
City's net OPEB liability	\$ 38,035,610	\$ 70,826,631	\$ 110,343,799

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Plan financial statements.

OPEB expense and deferred outflows/inflows of resources related to OPEB. For the year ended June 30, 2022, the City recognized OPEB expense of \$6,826,773. At June 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 2,917,542	\$ 21,224,389	\$ (18,306,847)
Changes in assumptions	7,421,363	5,410,503	2,010,860
Net difference between projected and actual earnings on pension plan investments	9,289,317	-	9,289,317
Total	<u>\$ 19,628,222</u>	<u>\$ 26,634,892</u>	<u>\$ (7,006,670)</u>
Statement of net position	\$ 19,571,300	\$ 26,557,651	\$ (6,986,351)
Statement of fiduciary net position	56,922	77,241	(20,319)
Total	<u>\$ 19,628,222</u>	<u>\$ 26,634,892</u>	<u>\$ (7,006,670)</u>

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Net Amount
2023	\$ (5,282,851)
2024	(1,928,233)
2025	(6,876,799)
2026	<u>7,081,213</u>
	<u>\$ (7,006,670)</u>

For governmental activities, the net OPEB liability is generally liquidated by the general fund.

16. PERMANENT FUND

In 1964, the City became the recipient of an endowment from Elizabeth Dean which is recorded as a permanent fund. The corpus of the trust is to remain invested and may not be liquidated in order to generate investment income. This investment income is to be used for the purchase and maintenance of trees in the City of Ann Arbor. Net appreciation on investments is not considered investment income until realized. The amount in the Elizabeth Dean fund is shown as restricted for endowment on the statement of net position. The corpus of the trust is and shall remain \$1,984,000. Fund balance at June 30, 2022 was \$2,114,273, 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.

17. SIGNIFICANT COMMITMENTS

As of June 30, 2022, the City had \$21,203,654 in construction commitments for various projects including water mains, resurfacing of streets, bridge reconstruction, and other road improvements. The commitments will be satisfied using millage proceeds, fund balance, and bond proceeds.

18. ADVANCES FROM POOLED INVESTMENTS

The City's general fund provided an advance in fiscal year 2009. The 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 final principal and interest payments of \$35,640 and \$1,194, respectively, are due in fiscal year 2023.

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

19. DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

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

	General	Street Repair Millage	Major Grants	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	\$ 46,633	\$ -	\$ -	\$ -	\$ 46,633
Prepaid items	18,878	-	-	27,482	46,360
Trust corpus	-	-	-	1,984,000	1,984,000
Total nonspendable	65,511	-	-	2,011,482	2,076,993
Restricted					
Debt service	-	-	-	449,674	449,674
Culture and recreation	-	-	-	19,807,560	19,807,560
Road maintenance and repairs	-	-	-	35,783,048	35,783,048
Road construction	-	20,625,194	-	-	20,625,194
Law enforcement	-	-	-	86,690	86,690
Energy projects	-	-	-	60,000	60,000
Community television network	-	-	-	4,445,603	4,445,603
Construction code	-	-	-	7,409,489	7,409,489
Mental health	-	-	-	1,799,067	1,799,067
Sidewalk construction	-	-	-	210,986	210,986
Affordable housing	-	-	-	5,132,883	5,132,883
Total restricted	-	20,625,194	-	75,185,000	95,810,194
Committed					
Capital projects	697,537	-	-	-	697,537
Culture and recreation	-	-	-	101,306	101,306
Energy projects	-	-	-	192,372	192,372
Special assistance	-	-	-	6,783	6,783
Cemetery perpetual care	-	-	-	128,175	128,175
Alternative transportation	-	-	-	391,097	391,097
Total committed	697,537	-	-	819,733	1,517,270
Assigned					
Culture and recreation	270,193	-	-	-	270,193
Capital projects	-	-	-	4,051,877	4,051,877
Human services	159,052	-	-	-	159,052
Subsequent years expenditures, potential retirement payouts, and encumbrances	7,147,401	-	-	-	7,147,401
Total assigned	7,576,646	-	-	4,051,877	11,628,523
Unassigned (deficit)	25,534,780	-	(673,851)	-	24,860,929
Total fund balances	\$ 33,874,474	\$ 20,625,194	\$ (673,851)	\$ 82,068,092	\$ 135,893,909

CITY OF ANN ARBOR, MICHIGAN

Notes to Financial Statements

20. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2022, was as follows:

	Governmental Activities	Business-type Activities
Capital assets		
Capital assets not being depreciated	\$ 105,466,117	\$ 51,938,712
Capital assets being depreciated, net	<u>601,172,607</u>	<u>390,325,069</u>
Total capital assets	<u>706,638,724</u>	<u>442,263,781</u>
Less related debt		
General obligation bonds	109,442,000	1,460,000
Revenue bonds	-	26,960,000
Revolving loans	-	106,977,603
Drain notes	-	14,626,144
Leases payable	109,148	-
Construction related payables	1,957,748	4,002,248
Deferred amounts:		
For issuance premiums	4,497,357	498,883
For issuance discounts	(97,300)	-
Charge on refunding	<u>(2,304,289)</u>	<u>(1,923,123)</u>
	<u>113,604,664</u>	<u>152,601,755</u>
Net investment in capital assets	<u><u>\$ 593,034,060</u></u>	<u><u>\$ 289,662,026</u></u>

21. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the City has been awarded funds from various sources to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, \$423,132 was expended and recognized as revenue during the current fiscal year. In addition, approximately \$23.8 million received through the State and Local Fiscal Recovery Fund has been reported as unearned revenue and is available to spend at year end. At this time, management does not believe that any ongoing negative financial impact related to the pandemic, if any, would be material to the City.



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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios

	Fiscal Year Ended June 30,			
	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 9,923,074	\$ 10,172,596	\$ 9,922,176	\$ 9,783,377
Interest	42,015,152	41,832,292	40,637,790	40,055,937
Differences between expected and actual experience	(5,613,016)	(5,188,914)	5,221,388	(2,982,853)
Changes in assumptions	7,273,056	6,182,687	1,248,573	-
Benefit payments, including refunds of member contributions	(42,549,302)	(40,576,348)	(39,605,298)	(37,622,046)
Other changes	-	-	-	-
Net change in total pension liability	11,048,964	12,422,313	17,424,629	9,234,415
Total pension liability, beginning of year	625,228,357	612,806,044	595,381,415	586,147,000
Total pension liability, end of year	636,277,321	625,228,357	612,806,044	595,381,415
Plan fiduciary net position				
Employer contributions	16,255,245	15,284,295	14,124,165	13,621,926
Employee contributions	3,222,809	3,194,016	3,164,729	3,264,590
Net investment income (loss)	(31,380,434)	136,319,258	23,143,999	30,599,351
Benefit payments, including refunds of employee contributions	(42,549,302)	(40,576,348)	(39,605,298)	(37,622,046)
Administrative expense	(702,218)	(604,004)	(1,049,565)	(671,194)
Other	78,468	(43,329)	-	(29,397)
Net change in plan fiduciary net position	(55,075,432)	113,573,888	(221,970)	9,163,230
Plan fiduciary net position, beginning, before restatement	626,250,148	512,676,260	512,898,230	503,735,000
Restatement for pension liability	-	-	-	-
Restatement for net OPEB liability	-	-	-	-
Plan fiduciary net position, end of year	571,174,716	626,250,148	512,676,260	512,898,230
City's net pension liability (asset)	\$ 65,102,605	\$ (1,021,791)	\$ 100,129,784	\$ 82,483,185
Plan fiduciary net position as a percentage of total pension liability	89.77%	100.16%	83.66%	86.15%
Covered payroll	\$ 62,187,947	\$ 60,232,543	\$ 57,970,915	\$ 57,077,636
County's net pension liability (asset) as a percentage of covered payroll	104.69%	-1.70%	172.72%	144.51%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2020 assumption changes resulted from changes in the inflation rate and wage rate assumptions and updating the mortality tables used from RP-2000 to RP-2014.

The 2021 assumption changes resulted from a decrease in the discount rate used to measure the total pension liability from 7.0% to 6.9%.

The 2022 assumption changes resulted from a decrease in the discount rate used to measure the total pension liability from 6.9% to 6.8%.

Fiscal Year Ended June 30,				
2018	2017	2016	2015	2014
\$ 9,403,000	\$ 8,869,000	\$ 8,729,000	\$ 9,760,000	\$ 9,802,000
38,552,000	37,755,000	36,925,458	35,978,096	34,400,755
15,517,000	3,488,000	(3,826,000)	279,000	3,834,000
-	-	-	-	-
(36,715,000)	(35,436,000)	(33,960,032)	(32,667,512)	(32,011,444)
4,342	30,337	-	-	-
<u>26,761,342</u>	<u>14,706,337</u>	<u>7,868,426</u>	<u>13,349,584</u>	<u>16,025,311</u>
<u>559,385,658</u>	<u>544,679,321</u>	<u>536,810,895</u>	<u>523,461,311</u>	<u>507,436,000</u>
<u>586,147,000</u>	<u>559,385,658</u>	<u>544,679,321</u>	<u>536,810,895</u>	<u>523,461,311</u>
13,446,000	13,253,000	13,352,412	13,091,474	11,227,290
3,185,000	3,325,000	3,139,266	3,013,353	2,948,177
33,235,000	54,243,000	2,434,339	20,144,251	60,253,683
(36,715,000)	(35,436,000)	(33,960,032)	(32,667,512)	(32,011,444)
(694,000)	(762,000)	(719,561)	(683,980)	(644,051)
299,982	30,337	-	-	-
<u>12,756,982</u>	<u>34,653,337</u>	<u>(15,753,576)</u>	<u>2,897,586</u>	<u>41,773,655</u>
491,273,658	456,620,321	472,373,897	469,685,311	427,911,656
-	-	-	(209,000)	-
<u>(295,640)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>503,735,000</u>	<u>491,273,658</u>	<u>456,620,321</u>	<u>472,373,897</u>	<u>469,685,311</u>
<u>\$ 82,412,000</u>	<u>\$ 68,112,000</u>	<u>\$ 88,059,000</u>	<u>\$ 64,436,998</u>	<u>\$ 53,776,000</u>
85.94%	87.82%	83.83%	88.00%	89.73%
\$ 55,459,000	\$ 51,059,000	\$ 46,887,000	\$ 49,638,000	\$ 47,956,745
148.60%	133.40%	187.81%	129.81%	112.13%

CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as Percentage of Covered-Employee Payroll
2014	\$ 11,217,000	\$ 11,227,290	\$ (10,290)	\$ 47,956,745	23.4%
2015	12,327,000	13,091,474	(764,474)	49,638,000	26.4%
2016	12,233,000	13,352,412	(1,119,412)	46,887,000	28.5%
2017	11,348,853	13,253,118	(1,904,265)	51,059,000	26.0%
2018	11,757,000	13,446,000	(1,689,000)	55,459,000	24.2%
2019	13,464,778	13,621,926	(157,148)	57,077,636	23.9%
2020	14,092,966	14,124,165	(31,199)	57,970,915	24.4%
2021	15,251,454	15,284,295	(32,841)	60,232,543	25.4%
2022	16,125,556	16,255,245	(129,689)	62,187,947	26.1%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	21 years closed until 15 years at which a 15-year open period is used
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	General: 4.0% - 7.5%
	Police: 5.3% - 11.0%
	Fire: 5.4% - 10.8%
Investment rate of return	6.9% net of pension plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality rates	RP-2014 Health Employees and Annuitants, adjusted back to 2006, Generational Under Projection Scale MP-2017

CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information

Employees' Retirement System
Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2014	14.01%
2015	4.35%
2016	0.50%
2017	11.93%
2018	7.02%
2019	6.07%
2020	4.45%
2021	26.74%
2022	-5.19%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of Changes in City's Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30,			
	2022	2021	2020	2019
Total OPEB liability				
Service cost	\$ 2,721,983	\$ 3,070,762	\$ 2,169,920	\$ 2,623,066
Interest on total OPEB liability	21,291,056	19,890,079	20,212,994	17,926,505
Changes in benefit terms	-	29,557	-	-
Difference between expected and actual experience	(28,294,707)	1,826,175	8,453,222	23,161,053
Changes in assumptions	779,616	13,556,526	(22,907,010)	1,500,000
Benefit payments	(13,036,696)	(14,516,628)	(11,468,614)	(13,171,224)
Other changes	-	-	(353)	-
Net change in total OPEB liability	<u>(16,538,748)</u>	<u>23,856,471</u>	<u>(3,539,841)</u>	<u>32,039,400</u>
Total OPEB liability, beginning of year	<u>313,723,384</u>	<u>289,866,913</u>	<u>293,406,754</u>	<u>261,367,354</u>
Total OPEB liability, end of year	<u>297,184,636</u>	<u>313,723,384</u>	<u>289,866,913</u>	<u>293,406,754</u>
Plan fiduciary net position				
Employer contributions	13,797,260	15,625,495	12,241,536	15,987,768
Net investment income (loss)	(18,590,756)	49,728,641	6,722,726	11,824,566
Benefit payments, including refunds of employee contributions	(13,036,696)	(14,516,628)	(11,468,614)	(13,171,224)
Administrative expense	(156,737)	(142,053)	(177,731)	(116,902)
Other	-	-	-	-
Net change in plan fiduciary net position	<u>(17,986,929)</u>	<u>50,695,455</u>	<u>7,317,917</u>	<u>14,524,208</u>
Plan fiduciary net position, beginning of year	<u>244,344,934</u>	<u>193,649,479</u>	<u>186,331,562</u>	<u>171,807,354</u>
Plan fiduciary net position, end of year	<u>226,358,005</u>	<u>244,344,934</u>	<u>193,649,479</u>	<u>186,331,562</u>
City's net OPEB liability	<u>\$ 70,826,631</u>	<u>\$ 69,378,450</u>	<u>\$ 96,217,434</u>	<u>\$ 107,075,192</u>
Plan fiduciary net position as a percentage of total OPEB liability	76.17%	77.89%	66.81%	95.24%
Covered payroll	\$ 62,187,947	\$ 60,232,543	\$ 57,970,915	\$ 57,077,636
Net OPEB liability as a percentage of covered payroll	113.89%	115.18%	165.98%	48.58%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

The 2019 assumption changes resulted from changes in the healthcare cost trend rates.

The 2020 assumption changes resulted from changes in the healthcare cost trend rates.

The 2021 assumption changes resulted from a decrease in the discount rate from 7.0% to 6.9% and updating the mortality tables used from RP-2000 to RP-2014.

The 2022 assumption changes resulted from changes in the healthcare cost trend rate and a decrease in the discount rate from 6.9% to 6.8%.



Fiscal Year Ended June 30,	
2018	2017
\$ 3,331,000	\$ 3,071,000
17,099,000	17,058,000
-	-
-	-
-	-
(14,273,000)	(13,207,000)
1,181,354	-
<u>7,338,354</u>	<u>6,922,000</u>
<u>254,029,000</u>	<u>247,107,000</u>
<u>261,367,354</u>	<u>254,029,000</u>
17,724,000	16,820,000
11,114,000	17,225,000
(14,273,000)	(13,207,000)
(97,000)	(130,000)
354	(153,000)
<u>14,468,354</u>	<u>20,555,000</u>
<u>157,339,000</u>	<u>136,784,000</u>
<u>171,807,354</u>	<u>157,339,000</u>
<u>\$ 89,560,000</u>	<u>\$ 96,690,000</u>
65.73%	61.94%
\$ 55,458,000	\$ 53,583,000
161.49%	180.45%

CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan
Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contributions	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as Percentage of Covered Payroll
2017	\$ 11,168,000	\$ 16,819,824	\$ (5,651,824)	\$ 53,583,000	31.4%
2018	9,683,000	17,724,000	(8,041,000)	55,458,000	32.0%
2019	9,234,000	15,987,768	(6,753,768)	57,077,636	28.0%
2020	12,129,387	12,241,536	(112,149)	57,970,915	21.1%
2021	11,663,630	15,625,495	(3,961,865)	60,232,543	25.9%
2022	13,001,479	13,797,260	(795,781)	62,187,947	22.2%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation date Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	22 years
Asset valuation method	5-year smoothed market
Wage inflation	3.5%
Salary increases	3.5% average including inflation
Investment rate of return	6.9% net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality rates	Post-retirement: RP-2014 Healthy Employee Tables, projected with scale MP-2017 from a base year of 2006 Pre-retirement: RP-2014 Health Employee Tables, projected with scale MP-2017 from a base year of 2006
Healthcare cost trend rates	Initial trend of 8.25% gradually decreasing to an ultimate trend rate of 3.50% in year 10

CITY OF ANN ARBOR, MICHIGAN

Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2017	11.78%
2018	7.21%
2019	6.83%
2020	3.52%
2021	25.68%
2022	-7.69%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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**COMBINING AND INDIVIDUAL 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.

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

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

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

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

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

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

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

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

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

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

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

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

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.

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CITY OF ANN ARBOR, MICHIGAN

Nonmajor Governmental Funds

Special Revenue Funds (Concluded)

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.

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

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

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

County Mental Health Millage - to account for the proceeds of a Washtenaw County special millage. The City is using the funds to provide pedestrian safety, affordable housing improvements, and climate action initiatives.

Indigent Defense - to account for State grant monies in the Fifteenth District Court related to indigent defense improvement initiatives.

Sidewalk Construction Millage - to account for the proceeds of a special revenue millage to repair streets and sidewalks.

Affordable Housing Millage - to account for proceeds of a special revenue millage to provide for the construction, acquisition, and maintenance of affordable housing units within the City.

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.

2019-A Capital Improvement Bonds - to account for bond proceeds and construction of pedestrian and road improvements in the downtown area.

Capital Projects Funds

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

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 - 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, 2022

	Special Revenue				
	Energy Projects	Community Television Network	Homeland Security	Major Streets	Local Streets
Assets					
Cash and cash equivalents	\$ 16,047	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	237,240	4,055,934	301	19,274,325	3,939,889
Investments	-	-	-	6,004,975	3,002,487
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	415,938	-	202,500	-
Leases	-	-	-	-	-
Special assessments	88,399	-	-	-	-
Accrued interest and dividends	-	-	-	-	-
Due from other governments	-	-	-	1,888,405	518,644
Prepaid items	-	-	-	22,000	-
Total assets	<u>\$ 341,686</u>	<u>\$ 4,471,872</u>	<u>\$ 301</u>	<u>\$ 27,392,205</u>	<u>\$ 7,461,020</u>
Liabilities					
Accounts payable	\$ -	\$ 2,297	\$ -	\$ 1,530,840	\$ 38,453
Accrued liabilities	915	23,972	-	139,216	22,711
Deposits payable	-	-	-	539,540	-
Total liabilities	<u>915</u>	<u>26,269</u>	<u>-</u>	<u>2,209,596</u>	<u>61,164</u>
Deferred inflows of resources					
Unavailable revenue	88,399	-	-	-	-
Deferred lease amounts	-	-	-	-	-
Total deferred inflows of resources	<u>88,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	22,000	-
Restricted for:					
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Road maintenance and repairs	-	-	-	25,160,609	7,399,856
Law enforcement	-	-	301	-	-
Other purposes	60,000	4,445,603	-	-	-
Committed for:					
Culture and recreation	-	-	-	-	-
Other purposes	192,372	-	-	-	-
Assigned for capital projects	-	-	-	-	-
Total fund balances	<u>252,372</u>	<u>4,445,603</u>	<u>301</u>	<u>25,182,609</u>	<u>7,399,856</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 341,686</u>	<u>\$ 4,471,872</u>	<u>\$ 301</u>	<u>\$ 27,392,205</u>	<u>\$ 7,461,020</u>

Special Revenue						
Court Facilities	Open Space & Parkland Preservation	Bandemer	Construction Code	Drug Enforcement	Federal Equitable Sharing Forfeiture	Parks Memorial & Contribution
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,716	10,046,275	100,818	7,712,016	20,881	50,002	1,615,703
-	-	-	-	-	-	-
-	611	-	-	-	-	-
-	-	488	42,171	-	-	-
-	-	32,086	-	-	-	-
-	-	-	-	-	-	-
-	264,250	-	-	-	-	-
-	-	-	5,482	-	-	-
<u>\$ 9,716</u>	<u>\$ 10,311,136</u>	<u>\$ 133,392</u>	<u>\$ 7,759,669</u>	<u>\$ 20,881</u>	<u>\$ 50,002</u>	<u>\$ 1,615,703</u>
\$ -	\$ 10,349	\$ -	\$ 79,927	\$ -	\$ -	\$ 9,243
-	3,378	-	92,221	-	-	-
-	-	-	-	-	-	-
-	13,727	-	172,148	-	-	9,243
-	-	-	172,550	-	-	-
-	-	32,086	-	-	-	-
-	-	32,086	172,550	-	-	-
-	-	-	5,482	-	-	-
-	-	-	-	-	-	-
-	10,297,409	-	-	-	-	1,606,460
-	-	-	-	-	-	-
9,716	-	-	-	20,881	50,002	-
-	-	-	7,409,489	-	-	-
-	-	101,306	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>9,716</u>	<u>10,297,409</u>	<u>101,306</u>	<u>7,414,971</u>	<u>20,881</u>	<u>50,002</u>	<u>1,606,460</u>
<u>\$ 9,716</u>	<u>\$ 10,311,136</u>	<u>\$ 133,392</u>	<u>\$ 7,759,669</u>	<u>\$ 20,881</u>	<u>\$ 50,002</u>	<u>\$ 1,615,703</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

	Special Revenue				
	Metro Expansion	Special Assistance	Open Space Endowment	Cemetery Perpetual Care	Alternative Transportation
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Equity in pooled cash and investments	3,264,286	9,812	990,146	128,175	397,597
Investments	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	288	-	-	-
Leases	-	-	-	-	-
Special assessments	-	-	-	-	-
Accrued interest and dividends	-	-	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 3,264,286</u>	<u>\$ 10,100</u>	<u>\$ 990,146</u>	<u>\$ 128,175</u>	<u>\$ 397,597</u>
Liabilities					
Accounts payable	\$ 38,209	\$ 3,317	\$ -	\$ -	\$ 326
Accrued liabilities	3,494	-	-	-	6,174
Deposits payable	-	-	-	-	-
Total liabilities	<u>41,703</u>	<u>3,317</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	-
Deferred lease amounts	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted for:					
Debt service	-	-	-	-	-
Culture and recreation	-	-	990,146	-	-
Road maintenance and repairs	3,222,583	-	-	-	-
Law enforcement	-	-	-	-	-
Other purposes	-	-	-	-	-
Committed for:					
Culture and recreation	-	-	-	-	-
Other purposes	-	6,783	-	128,175	391,097
Assigned for capital projects	-	-	-	-	-
Total fund balances	<u>3,222,583</u>	<u>6,783</u>	<u>990,146</u>	<u>128,175</u>	<u>391,097</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,264,286</u>	<u>\$ 10,100</u>	<u>\$ 990,146</u>	<u>\$ 128,175</u>	<u>\$ 397,597</u>

Special Revenue						Debt Service
Michigan Justice Training	Parks Maint & Capital Imp Millage	County Mental Health Millage	Indigent Defense	Sidewalk Construcion Millage	Affordable Housing Millage	General Debt Service
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,790	7,263,396	1,935,460	-	267,897	5,520,453	450,265
-	-	-	-	-	-	-
-	1,450	-	-	115	573	9
-	20,150	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,000
-	-	-	-	-	-	-
<u>\$ 5,790</u>	<u>\$ 7,284,996</u>	<u>\$ 1,935,460</u>	<u>\$ -</u>	<u>\$ 268,012</u>	<u>\$ 5,521,026</u>	<u>\$ 451,274</u>
\$ -	\$ 410,830	\$ 127,102	\$ -	\$ 54,279	\$ 382,250	\$ 1,600
-	90,894	9,291	-	2,747	5,893	-
-	-	-	-	-	-	-
-	501,724	136,393	-	57,026	388,143	1,600
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	449,674
-	6,783,272	-	-	-	-	-
-	-	-	-	-	-	-
5,790	-	-	-	-	-	-
-	-	1,799,067	-	210,986	5,132,883	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,790</u>	<u>6,783,272</u>	<u>1,799,067</u>	<u>-</u>	<u>210,986</u>	<u>5,132,883</u>	<u>449,674</u>
<u>\$ 5,790</u>	<u>\$ 7,284,996</u>	<u>\$ 1,935,460</u>	<u>\$ -</u>	<u>\$ 268,012</u>	<u>\$ 5,521,026</u>	<u>\$ 451,274</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2022

	Debt Service	Capital Projects		Permanent	
	2019-A Capital Improvement Bonds	Maintenance Facility	General Capital Improvements	Elizabeth R. Dean Trust	Total
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 16,047
Equity in pooled cash and investments	-	754,206	4,631,656	170,783	72,853,022
Investments	-	-	-	1,952,906	10,960,368
Receivables:					
Taxes	-	-	-	-	2,758
Accounts	-	-	150,000	-	831,535
Leases	-	-	-	-	32,086
Special assessments	-	-	-	-	88,399
Accrued interest and dividends	-	-	-	9,351	9,351
Due from other governments	-	-	-	-	2,672,299
Prepaid items	-	-	-	-	27,482
Total assets	<u>\$ -</u>	<u>\$ 754,206</u>	<u>\$ 4,781,656</u>	<u>\$ 2,133,040</u>	<u>\$ 87,493,347</u>
Liabilities					
Accounts payable	\$ -	\$ 22,755	\$ 1,460,497	\$ 18,767	\$ 4,191,041
Accrued liabilities	-	-	733	-	401,639
Deposits payable	-	-	-	-	539,540
Total liabilities	<u>-</u>	<u>22,755</u>	<u>1,461,230</u>	<u>18,767</u>	<u>5,132,220</u>
Deferred inflows of resources					
Unavailable revenue	-	-	-	-	260,949
Deferred lease amounts	-	-	-	-	32,086
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,035</u>
Fund balances					
Nonspendable	-	-	-	1,984,000	2,011,482
Restricted for:					
Debt service	-	-	-	-	449,674
Culture and recreation	-	-	-	130,273	19,807,560
Road maintenance and repairs	-	-	-	-	35,783,048
Law enforcement	-	-	-	-	86,690
Other purposes	-	-	-	-	19,058,028
Committed for:					
Culture and recreation	-	-	-	-	101,306
Other purposes	-	-	-	-	718,427
Assigned for capital projects	-	731,451	3,320,426	-	4,051,877
Total fund balances	<u>-</u>	<u>731,451</u>	<u>3,320,426</u>	<u>2,114,273</u>	<u>82,068,092</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 754,206</u>	<u>\$ 4,781,656</u>	<u>\$ 2,133,040</u>	<u>\$ 87,493,347</u>

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CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue				
	Energy Projects	Community Television Network	Homeland Security	Major Streets	Local Streets
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	1,679,477	-	73,996	-
Intergovernmental	-	-	59,516	11,986,411	3,308,175
Charges for services	47,086	-	-	1,081,561	206,795
Fines and forfeits	-	-	-	-	-
Investment income (loss)	(849)	(89,325)	10	(349,910)	(100,165)
Contributions and donations	-	-	-	3,405	-
Other	-	-	-	234,163	342
Total revenues	46,237	1,590,152	59,526	13,029,626	3,415,147
Expenditures					
Current:					
General government	40,919	1,443,082	-	-	-
Public safety	-	-	59,516	-	-
Public works	-	-	-	8,538,621	2,025,550
Community and economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	14,625	-	1,853,705	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	40,919	1,457,707	59,516	10,392,326	2,025,550
Revenues over (under) expenditures	5,318	132,445	10	2,637,300	1,389,597
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	5,442,000	2,721,000
Premium on issuance of long-term debt	-	-	-	568,415	284,207
Transfers in	-	-	-	1,173,782	6,756
Transfers out	(58,794)	(375,005)	-	(1,365,697)	(1,953,995)
Total other financing sources (uses)	(58,794)	(375,005)	-	5,818,500	1,057,968
Net change in fund balances	(53,476)	(242,560)	10	8,455,800	2,447,565
Fund balances, beginning of year	305,848	4,688,163	291	16,726,809	4,952,291
Fund balances, end of year	\$ 252,372	\$ 4,445,603	\$ 301	\$ 25,182,609	\$ 7,399,856

Special Revenue						
Court Facilities	Open Space & Parkland Preservation	Bandemer	Construction Code	Drug Enforcement	Federal Equitable Sharing Forfeiture	Parks Memorial & Contributions
\$ -	\$ 2,847,092	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	5,660,508	-	-	-
-	264,250	-	-	-	-	-
-	-	1,170	-	-	-	52,302
30,049	-	-	-	19,792	43,532	-
47	(255,918)	(2,098)	(152,227)	(409)	(541)	(31,760)
-	-	-	-	-	-	270,248
-	13,271	7,838	669	-	-	-
<u>30,096</u>	<u>2,868,695</u>	<u>6,910</u>	<u>5,508,950</u>	<u>19,383</u>	<u>42,991</u>	<u>290,790</u>
-	-	-	-	-	-	-
-	-	-	4,773,932	3,000	53,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,723,156	1,516	-	-	-	18,307
-	1,789,037	-	-	-	-	10,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	3,512,193	1,516	4,773,932	3,000	53,000	28,307
<u>30,096</u>	<u>(643,498)</u>	<u>5,394</u>	<u>735,018</u>	<u>16,383</u>	<u>(10,009)</u>	<u>262,483</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
196,700	-	-	-	-	541	-
(225,000)	(1,214,497)	-	-	-	-	(15,000)
<u>(28,300)</u>	<u>(1,214,497)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>541</u>	<u>(15,000)</u>
1,796	(1,857,995)	5,394	735,018	16,383	(9,468)	247,483
<u>7,920</u>	<u>12,155,404</u>	<u>95,912</u>	<u>6,679,953</u>	<u>4,498</u>	<u>59,470</u>	<u>1,358,977</u>
<u>\$ 9,716</u>	<u>\$ 10,297,409</u>	<u>\$ 101,306</u>	<u>\$ 7,414,971</u>	<u>\$ 20,881</u>	<u>\$ 50,002</u>	<u>\$ 1,606,460</u>

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CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue				
	Metro Expansion	Special Assistance	Open Space Endowment	Cemetery Perpetual Care	Alternative Transportation
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	-	-
Intergovernmental	497,134	-	-	-	221,525
Charges for services	-	-	-	5,000	-
Fines and forfeits	-	-	-	-	-
Investment income (loss)	(63,876)	(267)	(21,073)	1,135	(8,055)
Contributions and donations	-	15,163	-	-	-
Other	500	-	-	-	-
Total revenues	433,758	14,896	(21,073)	6,135	213,470
Expenditures					
Current:					
General government	-	-	-	-	11,856
Public safety	-	-	-	-	-
Public works	340,362	-	-	-	430,189
Community and economic development	-	24,000	-	-	-
Culture and recreation	-	-	3,667	-	-
Capital outlay	-	-	-	-	15,160
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	340,362	24,000	3,667	-	457,205
Revenues over (under) expenditures	93,396	(9,104)	(24,740)	6,135	(243,735)
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-
Transfers in	-	-	47,734	-	649,212
Transfers out	(1,680)	-	-	-	-
Total other financing sources (uses)	(1,680)	-	47,734	-	649,212
Net change in fund balances	91,716	(9,104)	22,994	6,135	405,477
Fund balances, beginning of year	3,130,867	15,887	967,152	122,040	(14,380)
Fund balances, end of year	\$ 3,222,583	\$ 6,783	\$ 990,146	\$ 128,175	\$ 391,097

Special Revenue						Debt Service
Michigan Justice Training	Parks Maint & Capital Imp Millage	County Mental Health Millage	Indigent Defense	Sidewalk Construcion Millage	Affordable Housing Millage	General Debt Service
\$ -	\$ 6,805,059	\$ 2,495,140	\$ -	\$ 1,257,996	\$ 6,290,557	\$ 2,130
-	-	-	-	-	-	-
14,532	-	-	-	-	-	-
-	-	-	-	-	-	5,433,673
-	-	-	-	-	-	-
138	(207,146)	(26,631)	-	-	-	(2,848)
-	82,500	-	-	-	-	-
-	3,622	13,950	-	238	1,188	6
<u>14,670</u>	<u>6,684,035</u>	<u>2,482,459</u>	<u>-</u>	<u>1,258,234</u>	<u>6,291,745</u>	<u>5,432,961</u>
-	-	643,120	-	-	-	-
31,884	-	-	-	-	-	-
-	-	219,692	-	355,874	-	-
-	-	1,090,339	-	-	1,158,862	-
-	5,170,219	-	-	-	-	-
-	1,322,097	54,238	-	-	-	-
-	-	-	-	-	-	6,868,000
-	-	-	-	-	-	3,062,290
<u>31,884</u>	<u>6,492,316</u>	<u>2,007,389</u>	<u>-</u>	<u>355,874</u>	<u>1,158,862</u>	<u>9,930,290</u>
<u>(17,214)</u>	<u>191,719</u>	<u>475,070</u>	<u>-</u>	<u>902,360</u>	<u>5,132,883</u>	<u>(4,497,329)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	360,015	-	-	249,416	-	4,430,885
-	(203,017)	(115,106)	(120,673)	(940,790)	-	-
-	156,998	(115,106)	(120,673)	(691,374)	-	4,430,885
(17,214)	348,717	359,964	(120,673)	210,986	5,132,883	(66,444)
<u>23,004</u>	<u>6,434,555</u>	<u>1,439,103</u>	<u>120,673</u>	<u>-</u>	<u>-</u>	<u>516,118</u>
<u>\$ 5,790</u>	<u>\$ 6,783,272</u>	<u>\$ 1,799,067</u>	<u>\$ -</u>	<u>\$ 210,986</u>	<u>\$ 5,132,883</u>	<u>\$ 449,674</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Debt Service	Capital Projects		Permanent	Total
	2019-A Capital Improvement Bonds	Maintenance Facility	General Capital Improvements	Elizabeth R. Dean Trust	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 19,697,974
Licenses, permits and registrations	-	-	-	-	7,413,981
Intergovernmental	-	-	50,000	-	16,401,543
Charges for services	-	-	3,000,000	-	9,827,587
Fines and forfeits	-	-	-	-	93,373
Investment income (loss)	1,275	(16,371)	(122,168)	(61,610)	(1,510,642)
Contributions and donations	729,026	-	150,000	-	1,250,342
Other	-	41,642	-	-	317,429
Total revenues	730,301	25,271	3,077,832	(61,610)	53,491,587
Expenditures					
Current:					
General government	-	898	2,133,462	-	4,273,337
Public safety	-	-	300,882	-	5,222,214
Public works	-	-	164,474	-	12,074,762
Community and economic development	112,850	-	-	-	2,386,051
Culture and recreation	-	-	-	55,164	6,972,029
Capital outlay	4,860,171	-	732,560	-	10,651,593
Debt service:					
Principal retirement	-	-	-	-	6,868,000
Interest and fiscal charges	-	-	-	-	3,062,290
Total expenditures	4,973,021	898	3,331,378	55,164	51,510,276
Revenues over (under) expenditures	(4,242,720)	24,373	(253,546)	(116,774)	1,981,311
Other financing sources (uses)					
Issuance of long-term debt	-	-	-	-	8,163,000
Premium on issuance of long-term debt	-	-	-	-	852,622
Transfers in	-	-	1,688,264	-	8,803,305
Transfers out	-	-	-	-	(6,589,254)
Total other financing sources (uses)	-	-	1,688,264	-	2,214,051
Net change in fund balances	(4,242,720)	24,373	1,434,718	(116,774)	4,195,362
Fund balances, beginning of year	4,242,720	707,078	1,885,708	2,231,047	68,857,108
Fund balances, end of year	\$ -	\$ 731,451	\$ 3,320,426	\$ 2,114,273	\$ 73,052,470

concluded.

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Energy Projects			Community Television Network		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	1,966,500	1,679,477	(287,023)
Intergovernmental	-	-	-	-	-	-
Charges for services	49,452	47,086	(2,366)	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	2,879	(849)	(3,728)	37,192	(89,325)	(126,517)
Contributions and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	52,331	46,237	(6,094)	2,003,692	1,590,152	(413,540)
Expenditures						
Current:						
General government	45,167	40,919	(4,248)	1,573,368	1,443,082	(130,286)
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	50,000	14,625	(35,375)
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	45,167	40,919	(4,248)	1,623,368	1,457,707	(165,661)
Revenues over (under) expenditures	7,164	5,318	(1,846)	380,324	132,445	(247,879)
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(59,294)	(58,794)	(500)	(357,927)	(375,005)	17,078
Total other financing sources (uses)	(59,294)	(58,794)	500	(357,927)	(375,005)	(17,078)
Net change in fund balances	(52,130)	(53,476)	(1,346)	22,397	(242,560)	(264,957)
Fund balances, beginning of year	305,848	305,848	-	4,688,163	4,688,163	-
Fund balances, end of year	\$ 253,718	\$ 252,372	\$ (1,346)	\$ 4,710,560	\$ 4,445,603	\$ (264,957)

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Homeland Security			Major Streets		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	50,000	73,996	23,996
Intergovernmental	59,517	59,516	(1)	10,277,682	11,986,411	1,708,729
Charges for services	-	-	-	945,323	1,081,561	136,238
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	-	10	10	145,537	(349,910)	(495,447)
Contributions and donations	-	-	-	3,405	3,405	-
Other	-	-	-	60,000	234,163	174,163
Total revenues	59,517	59,526	9	11,481,947	13,029,626	1,547,679
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	59,517	59,516	(1)	-	-	-
Public works	-	-	-	11,130,777	8,538,621	(2,592,156)
Community and economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	610,655	1,853,705	1,243,050
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	59,517	59,516	(1)	11,741,432	10,392,326	(1,349,106)
Revenues over (under) expenditures	-	10	10	(259,485)	2,637,300	2,896,785
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	5,442,000	(5,442,000)
Premium on issuance of long-term debt	-	-	-	-	568,415	(568,415)
Transfers in	-	-	-	1,245,166	1,173,782	(71,384)
Transfers out	-	-	-	(2,334,300)	(1,365,697)	(968,603)
Total other financing sources (uses)	-	-	-	(1,089,134)	5,818,500	6,907,634
Net change in fund balances	-	10	10	(1,348,619)	8,455,800	9,804,419
Fund balances, beginning of year	291	291	-	16,726,809	16,726,809	-
Fund balances, end of year	\$ 291	\$ 301	\$ 10	\$ 15,378,190	\$ 25,182,609	\$ 9,804,419

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Local Streets			Court Facilities		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	2,856,525	3,308,175	451,650	-	-	-
Charges for services	206,203	206,795	592	-	-	-
Fines and forfeits	-	-	-	90,000	30,049	(59,951)
Investment income (loss)	58,400	(100,165)	(158,565)	-	47	47
Contributions and donations	-	-	-	-	-	-
Other	-	342	342	-	-	-
Total revenues	3,121,128	3,415,147	294,019	90,000	30,096	(59,904)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	2,204,757	2,025,550	(179,207)	-	-	-
Community and economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	2,204,757	2,025,550	(179,207)	-	-	-
Revenues over (under) expenditures	916,371	1,389,597	473,226	90,000	30,096	(59,904)
Other financing sources (uses)						
Issuance of long-term debt	-	2,721,000	(2,721,000)	-	-	-
Premium on issuance of long-term debt	-	284,207	(284,207)	-	-	-
Transfers in	6,758	6,756	(2)	196,700	196,700	-
Transfers out	(2,053,252)	(1,953,995)	(99,257)	(225,000)	(225,000)	-
Total other financing sources (uses)	(2,046,494)	1,057,968	3,104,462	(28,300)	(28,300)	-
Net change in fund balances	(1,130,123)	2,447,565	3,577,688	61,700	1,796	(59,904)
Fund balances, beginning of year	4,952,291	4,952,291	-	7,920	7,920	-
Fund balances, end of year	\$ 3,822,168	\$ 7,399,856	\$ 3,577,688	\$ 69,620	\$ 9,716	\$ (59,904)

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Open Space & Parkland Preservation			Bandemer		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ 2,845,201	\$ 2,847,092	\$ 1,891	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	-	264,250	264,250	-	-	-
Charges for services	-	-	-	-	1,170	1,170
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	113,523	(255,918)	(369,441)	777	(2,098)	(2,875)
Contributions and donations	-	-	-	-	-	-
Other	-	13,271	13,271	7,650	7,838	188
Total revenues	2,958,724	2,868,695	(90,029)	8,427	6,910	(1,517)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Culture and recreation	1,799,733	1,723,156	(76,577)	1,366	1,516	150
Capital outlay	1,779,489	1,789,037	9,548	5,634	-	(5,634)
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	3,579,222	3,512,193	(67,029)	7,000	1,516	(5,484)
Revenues over (under) expenditures	(620,498)	(643,498)	(23,000)	1,427	5,394	3,967
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(1,214,497)	(1,214,497)	-	-	-	-
Total other financing sources (uses)	(1,214,497)	(1,214,497)	-	-	-	-
Net change in fund balances	(1,834,995)	(1,857,995)	(23,000)	1,427	5,394	3,967
Fund balances, beginning of year	12,155,404	12,155,404	-	95,912	95,912	-
Fund balances, end of year	\$ 10,320,409	\$ 10,297,409	\$ (23,000)	\$ 97,339	\$ 101,306	\$ 3,967

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Construction Code			Drug Enforcement		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	4,303,250	5,660,508	1,357,258	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	19,792	19,792	-
Investment income (loss)	66,558	(152,227)	(218,785)	443	(409)	(852)
Contributions and donations	-	-	-	-	-	-
Other	1,200	669	(531)	-	-	-
Total revenues	4,371,008	5,508,950	1,137,942	20,235	19,383	(852)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	5,434,903	4,773,932	(660,971)	22,444	3,000	(19,444)
Public works	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	265	-	(265)
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	5,434,903	4,773,932	(660,971)	22,709	3,000	(19,709)
Revenues over (under) expenditures	(1,063,895)	735,018	1,798,913	(2,474)	16,383	18,857
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(1,063,895)	735,018	1,798,913	(2,474)	16,383	18,857
Fund balances, beginning of year	6,679,953	6,679,953	-	4,498	4,498	-
Fund balances, end of year	\$ 5,616,058	\$ 7,414,971	\$ 1,798,913	\$ 2,024	\$ 20,881	\$ 18,857

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Federal Equitable Sharing Forfeiture			Parks & Memorial Contributions		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	87,000	52,302	(34,698)
Fines and forfeits	43,532	43,532	-	-	-	-
Investment income (loss)	2,209	(541)	(2,750)	11,021	(31,760)	(42,781)
Contributions and donations	-	-	-	138,579	270,248	131,669
Other	-	-	-	-	-	-
Total revenues	45,741	42,991	(2,750)	236,600	290,790	54,190
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	69,287	53,000	(16,287)	-	-	-
Public works	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	62,615	18,307	(44,308)
Capital outlay	17,327	-	(17,327)	10,000	10,000	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	86,614	53,000	(33,614)	72,615	28,307	(44,308)
Revenues over (under) expenditures	(40,873)	(10,009)	30,864	163,985	262,483	98,498
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	541	541	-	-	-
Transfers out	-	-	-	(90,000)	(15,000)	(75,000)
Total other financing sources (uses)	-	541	541	(90,000)	(15,000)	75,000
Net change in fund balances	(40,873)	(9,468)	31,405	73,985	247,483	173,498
Fund balances, beginning of year	59,470	59,470	-	1,358,977	1,358,977	-
Fund balances, end of year	\$ 18,597	\$ 50,002	\$ 31,405	\$ 1,432,962	\$ 1,606,460	\$ 173,498

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Metro Expansion			Special Assistance		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	420,000	497,134	77,134	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	24,797	(63,876)	(88,673)	144	(267)	(411)
Contributions and donations	-	-	-	15,000	15,163	163
Other	-	500	500	-	-	-
Total revenues	444,797	433,758	(11,039)	15,144	14,896	(248)
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	497,498	340,362	(157,136)	-	-	-
Community and economic development	-	-	-	24,000	24,000	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	497,498	340,362	(157,136)	24,000	24,000	-
Revenues over (under) expenditures	(52,701)	93,396	146,097	(8,856)	(9,104)	(248)
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(1,680)	(1,680)	-	-	-	-
Total other financing sources (uses)	(1,680)	(1,680)	-	-	-	-
Net change in fund balances	(54,381)	91,716	146,097	(8,856)	(9,104)	(248)
Fund balances, beginning of year	3,130,867	3,130,867	-	15,887	15,887	-
Fund balances, end of year	\$ 3,076,486	\$ 3,222,583	\$ 146,097	\$ 7,031	\$ 6,783	\$ (248)

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Open Space Endowment			Cemetery Perpetual Care		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	3,000	5,000	2,000
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	8,360	(21,073)	(29,433)	1,035	1,135	100
Contributions and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	8,360	(21,073)	(29,433)	4,035	6,135	2,100
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-
Culture and recreation	15,000	3,667	(11,333)	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	15,000	3,667	(11,333)	-	-	-
Revenues over (under) expenditures	(6,640)	(24,740)	(18,100)	4,035	6,135	2,100
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	47,734	47,734	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	47,734	47,734	-	-	-
Net change in fund balances	(6,640)	22,994	29,634	4,035	6,135	2,100
Fund balances, beginning of year	967,152	967,152	-	122,040	122,040	-
Fund balances, end of year	\$ 960,512	\$ 990,146	\$ 29,634	\$ 126,075	\$ 128,175	\$ 2,100

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Alternative Transportation			Michigan Justice Training		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	-	221,525	221,525	15,000	14,532	(468)
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	7,947	(8,055)	(16,002)	119	138	19
Contributions and donations	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>7,947</u>	<u>213,470</u>	<u>205,523</u>	<u>15,119</u>	<u>14,670</u>	<u>(449)</u>
Expenditures						
Current:						
General government	22,997	11,856	(11,141)	-	-	-
Public safety	-	-	-	33,000	31,884	(1,116)
Public works	506,605	430,189	(76,416)	-	-	-
Community and economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	15,160	15,160	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>529,602</u>	<u>457,205</u>	<u>(72,397)</u>	<u>33,000</u>	<u>31,884</u>	<u>(1,116)</u>
Revenues over (under) expenditures	<u>(521,655)</u>	<u>(243,735)</u>	<u>277,920</u>	<u>(17,881)</u>	<u>(17,214)</u>	<u>667</u>
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	649,210	649,212	2	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>649,210</u>	<u>649,212</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>127,555</u>	<u>405,477</u>	<u>277,922</u>	<u>(17,881)</u>	<u>(17,214)</u>	<u>667</u>
Fund balances, beginning of year	<u>(14,380)</u>	<u>(14,380)</u>	<u>-</u>	<u>23,004</u>	<u>23,004</u>	<u>-</u>
Fund balances, end of year	<u>\$ 113,175</u>	<u>\$ 391,097</u>	<u>\$ 277,922</u>	<u>\$ 5,123</u>	<u>\$ 5,790</u>	<u>\$ 667</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Parks Maint & Capital Imp Millage			County Mental Health Millage		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ 6,802,920	\$ 6,805,059	\$ 2,139	\$ 2,500,000	\$ 2,495,140	\$ (4,860)
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	74,364	(207,146)	(281,510)	8,857	(26,631)	(35,488)
Contributions and donations	-	82,500	82,500	-	-	-
Other	301,100	3,622	(297,478)	-	13,950	13,950
Total revenues	7,178,384	6,684,035	(494,349)	2,508,857	2,482,459	(26,398)
Expenditures						
Current:						
General government	-	-	-	970,720	643,120	(327,600)
Public safety	-	-	-	-	-	-
Public works	-	-	-	400,000	219,692	(180,308)
Community and economic development	-	-	-	1,584,499	1,090,339	(494,160)
Culture and recreation	5,995,458	5,170,219	(825,239)	-	-	-
Capital outlay	1,043,490	1,322,097	278,607	180,818	54,238	(126,580)
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	7,038,948	6,492,316	(546,632)	3,136,037	2,007,389	(1,128,648)
Revenues over (under) expenditures	139,436	191,719	52,283	(627,180)	475,070	1,102,250
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	135,015	360,015	225,000	-	-	-
Transfers out	(79,956)	(203,017)	123,061	(100,000)	(115,106)	15,106
Total other financing sources (uses)	55,059	156,998	101,939	(100,000)	(115,106)	(15,106)
Net change in fund balances	194,495	348,717	154,222	(727,180)	359,964	1,087,144
Fund balances, beginning of year	6,434,555	6,434,555	-	1,439,103	1,439,103	-
Fund balances, end of year	\$ 6,629,050	\$ 6,783,272	\$ 154,222	\$ 711,923	\$ 1,799,067	\$ 1,087,144

continued...

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2022

	Indigent Defense			Sidewalk Construction Millage		
	Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ 1,261,050	\$ 1,257,996	\$ (3,054)
Licenses, permits and registrations	-	-	-	-	-	-
Intergovernmental	198,033	-	(198,033)	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Investment income (loss)	-	-	-	-	-	-
Contributions and donations	-	-	-	922,000	-	(922,000)
Other	-	-	-	-	238	238
Total revenues	198,033	-	(198,033)	2,183,050	1,258,234	(924,816)
Expenditures						
Current:						
General government	427,381	-	(427,381)	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	355,875	355,874	(1)
Community and economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	427,381	-	(427,381)	355,875	355,874	(1)
Revenues over (under) expenditures	(229,348)	-	229,348	1,827,175	902,360	(924,815)
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	-	-
Premium on issuance of long-term debt	-	-	-	-	-	-
Transfers in	-	-	-	249,416	249,416	-
Transfers out	-	(120,673)	120,673	(786,229)	(940,790)	154,561
Total other financing sources (uses)	-	(120,673)	(120,673)	(536,813)	(691,374)	(154,561)
Net change in fund balances	(229,348)	(120,673)	108,675	1,290,362	210,986	(1,079,376)
Fund balances, beginning of year	120,673	120,673	-	-	-	-
Fund balances, end of year	\$ (108,675)	\$ -	\$ 108,675	\$ 1,290,362	\$ 210,986	\$ (1,079,376)

concluded.

CITY OF ANN ARBOR, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual - Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2022

	Affordable Housing Millage		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes	\$ 6,305,250	\$ 6,290,557	\$ (14,693)
Licenses, permits and registrations	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment income (loss)	-	-	-
Contributions and donations	-	-	-
Other	-	1,188	1,188
Total revenues	<u>6,305,250</u>	<u>6,291,745</u>	<u>(13,505)</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Community and economic development	6,305,250	1,158,862	(5,146,388)
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>6,305,250</u>	<u>1,158,862</u>	<u>(5,146,388)</u>
Revenues over (under) expenditures	<u>-</u>	<u>5,132,883</u>	<u>5,132,883</u>
Other financing sources (uses)			
Issuance of long-term debt	-	-	-
Premium on issuance of long-term debt	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>5,132,883</u>	<u>5,132,883</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 5,132,883</u>	<u>\$ 5,132,883</u>

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CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2022

	Central Stores	Fleet Services	Information Technology	Project Management
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 200
Equity in pooled cash and investments	2,094,112	19,149,925	4,178,536	2,514,280
Accounts receivable, net	-	-	85,016	43,263
Prepaid items	-	-	555,772	-
Inventories	660,848	494,858	-	-
Total current assets	2,754,960	19,644,783	4,819,324	2,557,743
Noncurrent assets:				
Capital assets not depreciated	-	90,005	-	-
Capital assets being depreciated, net	2,441	10,243,733	1,379,152	82,542
Total noncurrent assets	2,441	10,333,738	1,379,152	82,542
Total assets	2,757,401	29,978,521	6,198,476	2,640,285
Liabilities				
Current liabilities:				
Accounts payable	57,209	203,440	250,833	113,920
Accrued liabilities	-	-	2,810	-
Deposits payable	-	-	5,469	959,167
Long-term debt, current	-	-	167,797	-
Estimated claims payable, current	-	-	-	-
Total current liabilities	57,209	203,440	426,909	1,073,087
Noncurrent liabilities:				
Long-term debt, net	-	-	631,250	-
Estimated claims payable, net	-	-	-	-
Total noncurrent liabilities	-	-	631,250	-
Total liabilities	57,209	203,440	1,058,159	1,073,087
Net position				
Net invested in capital assets	2,441	10,333,738	580,105	82,542
Unrestricted	2,697,751	19,441,343	4,560,212	1,484,656
Total net position	\$ 2,700,192	\$ 29,775,081	\$ 5,140,317	\$ 1,567,198



Insurance	Wheeler Center	Total
\$ 98	\$ -	\$ 298
9,310,640	715,991	37,963,484
138,000	825	267,104
2,645,247	-	3,201,019
-	-	1,155,706
<u>12,093,985</u>	<u>716,816</u>	<u>42,587,611</u>
-	-	90,005
-	-	11,707,868
-	-	<u>11,797,873</u>
<u>12,093,985</u>	<u>716,816</u>	<u>54,385,484</u>
663,999	36,251	1,325,652
-	-	2,810
-	-	964,636
-	-	167,797
461,624	-	461,624
<u>1,125,623</u>	<u>36,251</u>	<u>2,922,519</u>
-	-	631,250
2,069,543	-	2,069,543
<u>2,069,543</u>	-	<u>2,700,793</u>
<u>3,195,166</u>	<u>36,251</u>	<u>5,623,312</u>
-	-	10,998,826
8,898,819	680,565	37,763,346
<u>\$ 8,898,819</u>	<u>\$ 680,565</u>	<u>\$ 48,762,172</u>

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the Year Ended June 30, 2022

	Central Stores	Fleet Services	Information Technology	Project Management
Operating revenues				
Charges for services	\$ 1,221,390	\$ 8,644,639	\$ 10,502,125	\$ 3,745,634
Operating expenses				
Personal services	224,784	1,441,941	4,395,901	2,715,350
Municipal service charge	33,408	184,344	713,220	164,280
Information technology charges	10,176	130,102	628,632	476,472
Other operating costs	866,786	2,568,755	3,930,799	890,518
Depreciation	2,254	2,264,001	202,668	22,980
Total operating expenses	<u>1,137,408</u>	<u>6,589,143</u>	<u>9,871,220</u>	<u>4,269,600</u>
Operating income (loss)	<u>83,982</u>	<u>2,055,496</u>	<u>630,905</u>	<u>(523,966)</u>
Nonoperating revenues (losses)				
Investment loss	(44,251)	(382,759)	(99,856)	(45,059)
Gain on sale of capital assets	-	390,088	-	-
Total nonoperating revenues (losses)	<u>(44,251)</u>	<u>7,329</u>	<u>(99,856)</u>	<u>(45,059)</u>
Income (loss) before contributions and transfers	39,731	2,062,825	531,049	(569,025)
Capital contributions	-	202,407	-	-
Transfers in	-	27,743	-	-
Transfers out	<u>(45,720)</u>	<u>(647,766)</u>	<u>(133,981)</u>	<u>(66,960)</u>
Changes in net position	(5,989)	1,645,209	397,068	(635,985)
Net position, beginning of year	<u>2,706,181</u>	<u>28,129,872</u>	<u>4,743,249</u>	<u>2,203,183</u>
Net position, end of year	<u>\$ 2,700,192</u>	<u>\$ 29,775,081</u>	<u>\$ 5,140,317</u>	<u>\$ 1,567,198</u>



Insurance	Wheeler Center	Total
<u>\$ 33,940,131</u>	<u>\$ 679,126</u>	<u>\$ 58,733,045</u>
923,352	49,137	9,750,465
607,188	25,740	1,728,180
42,917	23,796	1,312,095
31,381,776	430,993	40,069,627
-	-	2,491,903
<u>32,955,233</u>	<u>529,666</u>	<u>55,352,270</u>
<u>984,898</u>	<u>149,460</u>	<u>3,380,775</u>
(262,412)	(14,547)	(848,884)
-	-	390,088
<u>(262,412)</u>	<u>(14,547)</u>	<u>(458,796)</u>
722,486	134,913	2,921,979
-	-	202,407
-	-	27,743
-	-	(894,427)
722,486	134,913	2,257,702
<u>8,176,333</u>	<u>545,652</u>	<u>46,504,470</u>
<u>\$ 8,898,819</u>	<u>\$ 680,565</u>	<u>\$ 48,762,172</u>

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Central Stores	Fleet Services	Information Technology	Project Management
Cash flow from operating activities				
Payments to suppliers	\$ (892,060)	\$ (2,912,432)	\$ (5,698,828)	\$ (977,832)
Payments on behalf of employees	(224,784)	(1,441,941)	(4,393,258)	(2,715,350)
Payments received for interfund services	1,221,390	8,644,639	10,502,125	3,745,634
Net cash provided by (used in) operating activities	<u>104,546</u>	<u>4,290,266</u>	<u>410,039</u>	<u>52,452</u>
Cash flows from noncapital financing activities				
Transfers in	-	27,743	-	-
Transfers out	(45,720)	(647,766)	(133,981)	(66,960)
Net cash flows used in noncapital financing activities	<u>(45,720)</u>	<u>(620,023)</u>	<u>(133,981)</u>	<u>(66,960)</u>
Cash flows from capital and related financing activities				
Capital contributions	-	202,407	-	-
Purchase of capital assets	-	(804,846)	(1,004,025)	-
Proceeds from sale of equipment	-	397,801	-	-
Proceeds from issuance of long-term debt	-	-	799,047	-
Net cash flows used in capital and related financing activities	<u>-</u>	<u>(204,638)</u>	<u>(204,978)</u>	<u>-</u>
Cash flows from investing activities				
Interest and dividends on investments	(44,251)	(382,759)	(99,856)	(45,059)
Net change in cash and cash equivalents	14,575	3,082,846	(28,776)	(59,567)
Cash and cash equivalents, beginning of the year	2,079,537	16,067,079	4,207,312	2,574,047
Cash and cash equivalents, end of the year	<u>\$ 2,094,112</u>	<u>\$ 19,149,925</u>	<u>\$ 4,178,536</u>	<u>\$ 2,514,480</u>
Reconciliation to statement of net position				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 200
Equity in pooled cash and investments	2,094,112	19,149,925	4,178,536	2,514,280
Cash and cash equivalents, end of year	<u>\$ 2,094,112</u>	<u>\$ 19,149,925</u>	<u>\$ 4,178,536</u>	<u>\$ 2,514,480</u>



Insurance	Wheeler Center	Total
\$ (33,285,291)	\$ (457,421)	\$ (44,223,864)
(1,186,476)	(49,137)	(10,010,946)
<u>33,940,131</u>	<u>679,126</u>	<u>58,733,045</u>
<u>(531,636)</u>	<u>172,568</u>	<u>4,498,235</u>
-	-	27,743
-	-	<u>(894,427)</u>
-	-	<u>(866,684)</u>
-	-	202,407
-	-	(1,808,871)
-	-	397,801
-	-	<u>799,047</u>
-	-	<u>(409,616)</u>
<u>(262,412)</u>	<u>(14,547)</u>	<u>(848,884)</u>
(794,048)	158,021	2,373,051
<u>10,104,786</u>	<u>557,970</u>	<u>35,590,731</u>
<u>\$ 9,310,738</u>	<u>\$ 715,991</u>	<u>\$ 37,963,782</u>
\$ 98	\$ -	\$ 298
<u>9,310,640</u>	<u>715,991</u>	<u>37,963,484</u>
<u>\$ 9,310,738</u>	<u>\$ 715,991</u>	<u>\$ 37,963,782</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2022

	Central Stores	Fleet Services	Information Technology	Project Management
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 83,982	\$ 2,055,496	\$ 630,905	\$ (523,966)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,254	2,264,001	202,668	22,980
Changes in assets and liabilities:				
Accounts receivable	-	-	100,574	76,390
Prepaid items	-	-	(457,377)	-
Inventories	874	(98,637)	-	-
Accounts payable	17,436	69,406	(69,374)	79,888
Accrued liabilities	-	-	2,643	-
Deposits payable	-	-	-	397,160
Estimated claims payable	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 104,546</u>	<u>\$ 4,290,266</u>	<u>\$ 410,039</u>	<u>\$ 52,452</u>



Insurance	Wheeler Center	Total
\$ 984,898	\$ 149,460	\$ 3,380,775
-	-	2,491,903
(138,000)	(566)	38,398
(2,645,247)	-	(3,102,624)
1,649,531	-	1,551,768
(119,694)	23,674	1,336
-	-	2,643
-	-	397,160
(263,124)	-	(263,124)
<u>\$ (531,636)</u>	<u>\$ 172,568</u>	<u>\$ 4,498,235</u>

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

June 30, 2022

	Employees' Retirement System	Retiree Health Care Trust	Total
Assets			
Equity in pooled cash and investments	\$ 5,594,514	\$ 484,612	\$ 6,079,126
Investments, at fair value:			
Equities	369,698,743	130,739,156	500,437,899
Fixed income	97,343,841	57,700,518	155,044,359
Other	106,075,179	37,495,121	143,570,300
Accrued interest and dividends	273,091	186,458	459,549
Due from the City of Ann Arbor	216,962	-	216,962
Capital assets being depreciated, net	312,106	-	312,106
Total assets	579,514,436	226,605,865	806,120,301
Deferred outflows of resources			
Deferred pension amounts	52,093	-	52,093
Deferred OPEB amounts	56,922	-	56,922
Total deferred outflows of resources	109,015	-	109,015
Liabilities			
Accounts payable	3,737,802	247,860	3,985,662
Mortgage payable, due in one year	35,640	-	35,640
Net pension liability, due in more than one year	260,410	-	260,410
Net OPEB liability, due in more than one year	205,397	-	205,397
Total liabilities	4,239,249	247,860	4,487,109
Deferred inflows of resources			
Deferred pension amounts	25,966	-	25,966
Deferred OPEB amounts	77,241	-	77,241
Total deferred inflows of resources	103,207	-	103,207
Net position			
Investment in capital assets	312,106	-	312,106
Restricted for:			
Pension benefits	574,968,889	-	574,968,889
Other postemployment benefits	-	226,358,005	226,358,005
Total net position	\$ 575,280,995	\$ 226,358,005	\$ 801,639,000

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

For the Year Ended June 30, 2022

	Employees' Retirement System	Retiree Health Care Trust	Total
Additions			
Investment income (loss):			
<i>From investing activities:</i>			
Net depreciation in fair value of investments	\$ (38,072,291)	\$ (21,556,547)	\$ (59,628,838)
Interest and dividends	6,673,604	3,148,134	9,821,738
Total investment income (loss):	(31,398,687)	(18,408,413)	(49,807,100)
Investment management fees	(508,707)	(184,698)	(693,405)
Net investment income (loss) from investing activities	(31,907,394)	(18,593,111)	(50,500,505)
<i>From securities lending activities:</i>			
Gross earnings	1,220	4,751	5,971
Borrower rebates paid	(7,280)	(3,818)	(11,098)
Securities lending fees	2,549	1,422	3,971
Net investment income (loss) from securities lending activities	(3,511)	2,355	(1,156)
Total net investment loss	(31,910,905)	(18,590,756)	(50,501,661)
Contributions:			
Employer	16,950,388	13,797,260	30,747,648
Plan members	3,657,890	-	3,657,890
Total contributions	20,608,278	13,797,260	34,405,538
Total additions	(11,302,627)	(4,793,496)	(16,096,123)
Deductions			
Benefits	41,681,451	13,036,696	54,718,147
Refunds	938,594	-	938,594
Administrative expenses	264,904	156,737	421,641
Total deductions	42,884,949	13,193,433	56,078,382
Change in net position	(54,187,576)	(17,986,929)	(72,174,505)
Net position, beginning of year	629,468,571	244,344,934	873,813,505
Net position, end of year	\$ 575,280,995	\$ 226,358,005	\$ 801,639,000

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2022

	15th District Court Depository	Treasurer's Delinquent Tax	Treasurer's Current Tax	Total
Assets				
Cash and cash equivalents	\$ 146,580	\$ -	\$ -	\$ 146,580
Equity in pooled cash and investments	-	159,324	-	159,324
Total assets	146,580	159,324	-	305,904
Liabilities				
Due to other governments	146,580	159,324	-	305,904
Net position				
Restricted for individuals, organizations and other governments	\$ -	\$ -	\$ -	\$ -

CITY OF ANN ARBOR, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2022

	15th District Court Depository	Treasurer's Delinquent Tax	Treasurer's Current Tax	Total
Additions				
Taxes collected for other governments	\$ -	\$ -	\$ 285,680,448	\$ 285,680,448
Court fines, fees and costs	1,981,928	-	-	1,981,928
Interest	59	-	-	59
Total Additions	<u>1,981,987</u>	<u>-</u>	<u>285,680,448</u>	<u>287,662,435</u>
Deductions				
Payments of taxes to other governments	-	3,869	285,767,454	285,771,323
Court disbursements	1,981,987	-	-	1,981,987
Total deductions	<u>1,981,987</u>	<u>3,869</u>	<u>285,767,454</u>	<u>287,753,310</u>
Total change in net position	-	(3,869)	(87,006)	(90,875)
Net position, beginning of year	-	3,869	87,006	90,875
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ANN ARBOR, MICHIGAN

Component Unit Balance Sheet

SmartZone Local Development Finance Authority

June 30, 2022

SmartZone Local Development Finance Authority

Assets

Equity in pooled cash and investments	\$ 2,459,713
Accounts receivable	64,461
Loans receivable	<u>305,049</u>

Total assets

\$ 2,829,223

Liabilities

Accounts payable	\$ 692,442
Unearned revenue	<u>305,049</u>

Total liabilities

997,491

Fund balance

Committed for community and economic development	<u>1,831,732</u>
--	------------------

Total liabilities and fund balance

\$ 2,829,223

CITY OF ANN ARBOR, MICHIGAN

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

SmartZone Local Development Finance Authority

For the Year Ended June 30, 2022

**SmartZone
Local
Development
Finance
Authority**

Revenues

Taxes	\$ 4,713,750
Investment income	(66,992)
Other	100,464
	<hr/>

Total revenues 4,747,222

Expenditures

Current -	
Community and economic development	7,502,646
	<hr/>

Net change in fund balance (2,755,424)

Fund balance, beginning of year

 4,587,156

Fund balance, end of year

 \$ 1,831,732

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STATISTICAL SECTION

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CITY OF ANN ARBOR, MICHIGAN

Statistical Section Table of Contents

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

		<u>Page</u>
Financial Trends	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	168
Revenue Capacity	These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	179
Debt Capacity	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	184
Demographic and Economic Information	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	190
Operating Information	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	194

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

	2022	2021	2020	2019	2018
Governmental activities					
Net investment in capital assets	\$ 593,034,060	\$ 633,001,332	\$ 653,605,138	\$ 664,619,342	\$ 701,307,637
Restricted	97,821,345	74,937,129	71,507,486	66,516,345	57,546,687
Unrestricted (deficit)	(59,121,357)	(62,743,620)	(81,833,606)	(64,115,536)	(92,031,983)
Total governmental activities net position	<u>\$ 631,734,048</u>	<u>\$ 645,194,841</u>	<u>\$ 643,279,018</u>	<u>\$ 667,020,151</u>	<u>\$ 666,822,341</u>
Business-type activities					
Net investment in capital assets	\$ 289,662,026	\$ 273,699,074	\$ 251,130,814	\$ 234,555,667	\$ 216,805,278
Restricted	34,572,747	34,200,616	33,752,565	33,863,408	33,448,566
Unrestricted	109,261,293	83,268,136	76,353,673	66,288,021	66,043,566
Total business-type activities net position	<u>\$ 433,496,066</u>	<u>\$ 391,167,826</u>	<u>\$ 361,237,052</u>	<u>\$ 334,707,096</u>	<u>\$ 316,297,410</u>
Primary government					
Net investment in capital assets	\$ 882,696,086	\$ 906,700,406	\$ 904,735,952	\$ 899,175,009	\$ 918,112,915
Restricted	132,394,092	109,137,745	105,260,051	100,379,753	90,995,253
Unrestricted (deficit)	50,139,936	20,524,516	(5,479,933)	2,172,485	(25,988,417)
Total primary government net position	<u>\$ 1,065,230,114</u>	<u>\$ 1,036,362,667</u>	<u>\$ 1,004,516,070</u>	<u>\$ 1,001,727,247</u>	<u>\$ 983,119,751</u>

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

Note: GASB Statement No. 67 was implemented in 2014 and previous years were not restated.

Note: GASB Statement No. 74 was implemented in 2017 and previous years were not restated.

2017	2016	2015	2014	2013
\$ 700,165,724	\$ 696,101,749	\$ 633,001,332	\$ 701,552,873	\$ 700,945,291
55,228,918	57,396,259	85,929,084	56,297,832	57,612,227
(430,810)	526,827	(73,735,575)	41,317,182	33,838,840
<u>\$ 754,963,832</u>	<u>\$ 754,024,835</u>	<u>\$ 645,194,841</u>	<u>\$ 799,167,887</u>	<u>\$ 792,396,358</u>
\$ 210,361,709	\$ 198,917,535	\$ 273,699,074	\$ 190,021,586	\$ 189,062,847
32,956,794	33,715,282	34,200,616	30,332,704	28,947,807
70,350,912	66,341,759	83,268,136	61,806,858	47,860,799
<u>\$ 313,669,415</u>	<u>\$ 298,974,576</u>	<u>\$ 391,167,826</u>	<u>\$ 282,161,148</u>	<u>\$ 265,871,453</u>
\$ 910,527,433	\$ 895,019,284	\$ 906,700,406	\$ 891,574,459	\$ 890,008,138
88,185,712	91,111,541	120,129,700	86,630,536	86,560,034
69,920,102	66,868,586	9,532,561	103,124,040	81,699,639
<u>\$ 1,068,633,247</u>	<u>\$ 1,052,999,411</u>	<u>\$ 1,036,362,667</u>	<u>\$ 1,081,329,035</u>	<u>\$ 1,058,267,811</u>

CITY OF ANN ARBOR, MICHIGAN

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

	2022	2021	2020	2019	2018
Expenses					
Governmental activities:					
General government	\$ 22,756,099	\$ 15,690,533	\$ 20,385,283	\$ 18,166,147	\$ 19,219,630
Public safety	55,560,167	40,110,094	58,996,948	47,984,733	46,868,877
Public works	65,039,472	64,673,932	62,633,254	53,143,075	49,591,083
Community and economic development	4,728,505	3,919,158	3,937,980	2,696,878	2,063,185
Culture and recreation	16,217,984	11,390,116	15,150,651	14,009,824	13,779,455
Public transportation	12,225,468	12,063,787	11,408,712	10,864,768	10,524,383
Debt service	3,031,127	3,120,035	3,583,704	3,272,391	3,527,743
Total governmental activities expenses	179,558,822	150,967,655	176,096,532	150,137,816	145,574,356
Business-type activities:					
Water	19,390,604	19,677,049	19,798,550	24,075,346	19,737,572
Sewer	18,934,433	24,059,586	23,155,043	21,258,970	19,382,437
Parking	1,727,152	1,736,718	1,754,222	1,789,366	1,831,512
Market	-	-	-	-	-
Golf courses	-	-	-	-	-
Airport	929,227	832,231	827,366	909,745	727,902
Stormwater	6,199,548	7,291,027	6,770,918	9,615,145	5,747,664
Solid waste	11,429,026	12,821,555	17,001,298	17,748,336	14,890,852
Total business-type activities expenses	58,609,990	66,418,166	69,307,397	75,396,908	62,317,939
Total primary government expenses	238,168,812	217,385,821	245,403,929	225,534,724	207,892,295
Program revenues					
Governmental activities:					
Charges for services:					
General government	10,452,231	6,107,653	13,783,296	9,052,049	9,796,913
Public safety	10,438,351	5,317,199	8,993,203	11,031,951	10,613,768
Public works	2,694,880	4,862,025	2,452,173	3,752,184	2,630,025
Community and economic development	27,204	-	-	-	-
Culture and recreation	4,631,558	3,196,872	3,461,681	4,666,251	4,738,164
Interest on long-term debt	5,433,673	5,418,941	5,402,027	4,181,335	4,306,049
Operating grants and contributions	23,883,134	26,835,761	16,424,627	16,661,456	14,948,746
Capital grants and contributions	780,957	1,536	1,070,562	2,480,753	4,086,170
Total governmental activities program revenues	58,341,988	51,739,987	51,587,569	51,825,979	51,119,835
Business-type activities:					
Charges for services:					
Water	30,553,152	29,580,802	25,277,253	27,143,417	27,002,482
Sewer	36,316,978	32,394,186	31,984,321	32,549,393	28,329,519
Parking	561,600	550,100	1,271,600	1,994,288	2,036,188
Market	-	-	-	-	-
Golf courses	-	-	-	-	-
Airport	975,774	926,112	933,066	1,137,674	935,786
Stormwater	14,175,091	13,150,716	12,485,490	11,505,361	9,444,063
Solid waste	4,588,982	3,637,240	3,714,281	3,920,945	4,035,824
Capital grants and contributions	228,164	95,519	-	118,425	54,384
Total business-type activities program revenues	87,399,741	80,334,675	75,666,011	78,369,503	71,838,246
Total primary government program revenues	145,741,729	132,074,662	127,253,580	130,195,482	122,958,081

Schedule 2
UNAUDITED

	2017	2016	2015	2014	2013
\$	17,463,340	\$ 15,951,143	\$ 16,550,948	\$ 15,580,703	\$ 14,780,995
	46,375,914	45,158,518	43,882,972	40,307,361	39,396,533
	40,196,459	38,305,144	33,619,237	37,787,092	24,374,228
	2,098,986	2,925,711	2,749,048	2,031,872	1,820,460
	14,074,974	12,865,261	13,374,937	12,008,899	10,573,584
	10,269,099	10,038,406	9,735,605	9,494,422	9,233,757
	3,340,791	4,837,529	4,691,976	5,037,624	4,953,237
	<u>133,819,563</u>	<u>130,081,712</u>	<u>124,604,723</u>	<u>122,247,973</u>	<u>105,132,794</u>
	19,288,471	19,188,325	18,494,776	17,332,597	17,939,124
	18,621,741	17,880,966	16,842,294	15,201,859	15,024,567
	1,871,468	2,048,444	2,144,727	2,434,729	2,537,775
	-	-	-	229,134	234,078
	-	-	-	-	1,443,008
	791,342	670,167	746,680	676,227	670,743
	5,802,413	5,616,057	5,986,171	4,269,354	4,983,006
	<u>15,624,601</u>	<u>18,301,294</u>	<u>12,986,803</u>	<u>12,848,176</u>	<u>14,336,494</u>
	<u>62,000,036</u>	<u>63,705,253</u>	<u>57,201,451</u>	<u>52,992,076</u>	<u>57,168,795</u>
	<u>195,819,599</u>	<u>193,786,965</u>	<u>181,806,174</u>	<u>175,240,049</u>	<u>162,301,589</u>
	8,200,188	8,691,577	9,296,146	8,612,587	8,557,284
	9,807,563	9,026,629	8,847,862	7,783,075	8,110,028
	3,611,282	4,262,035	2,662,357	2,236,913	2,620,789
	-	-	657	293,533	-
	4,548,675	5,121,351	4,097,635	3,891,323	2,502,342
	4,291,510	4,283,146	4,287,804	4,241,683	3,733,571
	13,756,071	12,273,077	11,030,886	12,380,494	13,682,013
	<u>1,025,460</u>	<u>638,182</u>	<u>865,776</u>	<u>974,291</u>	<u>493,900</u>
	<u>45,240,749</u>	<u>44,295,997</u>	<u>41,089,123</u>	<u>40,413,899</u>	<u>39,699,927</u>
	26,602,226	24,053,722	22,697,619	22,725,289	23,746,197
	27,363,541	23,926,479	22,137,470	22,639,231	21,456,653
	2,657,169	2,732,541	2,820,269	2,860,469	2,884,220
	-	-	-	198,989	148,942
	-	-	-	-	1,146,989
	923,228	924,141	888,809	869,591	855,286
	7,404,199	6,915,369	6,343,928	6,446,776	5,956,093
	4,164,508	2,965,288	2,875,575	3,329,167	2,942,230
	<u>359,981</u>	<u>600,945</u>	<u>4,645,758</u>	<u>1,963,610</u>	<u>4,925,869</u>
	<u>69,474,852</u>	<u>62,118,485</u>	<u>62,409,428</u>	<u>61,033,122</u>	<u>64,062,479</u>
	<u>114,715,601</u>	<u>106,414,482</u>	<u>103,498,551</u>	<u>101,447,021</u>	<u>103,762,406</u>

continued...

CITY OF ANN ARBOR, MICHIGAN

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

	2022	2021	2020	2019	2018
Net (expense) revenue					
Governmental activities	\$ (121,216,834)	\$ (99,227,668)	\$ (124,508,963)	\$ (98,311,837)	\$ (94,454,521)
Business-type activities	28,812,751	13,916,509	6,358,614	2,972,595	9,520,307
Total primary government net expense	<u>(92,404,083)</u>	<u>(85,311,159)</u>	<u>(118,150,349)</u>	<u>(95,339,242)</u>	<u>(84,934,214)</u>
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes, levied for general purposes	79,943,311	64,431,379	60,987,539	58,071,684	56,134,197
Property taxes, levied for designated purpose	18,145,588	24,312,199	23,034,375	22,078,216	19,233,238
Property taxes, levied for debt services	2,340	2,063	2,134	2,117	2,091
State shared revenues and grants (unrestricted)	15,340,846	11,960,256	11,845,757	11,493,427	11,034,159
Investment income (loss)	(4,111,794)	151,705	6,303,600	5,269,825	655,430
Gain on sale of capital assets		903,655	-	-	-
Other	-	1,497,936	-	351,982	162,745
Transfers	(1,564,250)	(1,115,702)	(1,405,575)	2,002,648	2,093,810
Total governmental activities	<u>107,756,041</u>	<u>102,143,491</u>	<u>100,767,830</u>	<u>99,269,899</u>	<u>89,315,670</u>
Business-type activities:					
Property taxes, levied for general purposes	14,699,709	14,264,703	13,728,287	13,064,727	12,638,680
Investment income	(2,959,410)	181,798	5,037,480	4,361,262	472,977
Other	210,940	452,062	-	13,750	35,500
Transfers	1,564,250	115,702	1,405,575	(2,002,648)	(2,093,810)
Total business-type activities	<u>13,515,489</u>	<u>15,014,265</u>	<u>20,171,342</u>	<u>15,437,091</u>	<u>11,053,347</u>
Total primary government	<u>121,271,530</u>	<u>117,157,756</u>	<u>120,939,172</u>	<u>114,706,990</u>	<u>100,369,017</u>
Change in net position					
Governmental activities	(13,460,793)	2,915,823	(23,741,133)	958,062	(5,138,851)
Business-type activities	42,328,240	28,930,774	26,529,956	18,409,686	20,573,654
Total primary government	<u>\$ 28,867,447</u>	<u>\$ 31,846,597</u>	<u>\$ 2,788,823</u>	<u>\$ 19,367,748</u>	<u>\$ 15,434,803</u>

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

	2017	2016	2015	2014	2013
\$	(88,578,814)	\$ (85,785,715)	\$ (83,515,600)	\$ (81,834,074)	\$ (65,432,867)
	7,474,816	(1,586,768)	5,207,977	8,041,046	6,893,684
	<u>(81,103,998)</u>	<u>(87,372,483)</u>	<u>(78,307,623)</u>	<u>(73,793,028)</u>	<u>(58,539,183)</u>
	54,617,165	53,396,465	51,977,008	50,671,754	49,380,190
	18,501,675	18,145,558	17,626,382	17,236,996	16,753,667
	2,129	2,340	2,129	2,129	569,490
	10,712,412	10,215,633	10,317,088	10,050,793	9,771,731
	10,347	1,558,594	1,262,302	1,621,595	(410,361)
	-	-	-	-	-
	500,138	320,426	150,905	5,231,878	145,399
	5,173,955	460,882	4,831,153	3,574,088	3,690,615
	<u>89,517,821</u>	<u>84,099,898</u>	<u>86,166,967</u>	<u>88,389,233</u>	<u>79,900,731</u>
	12,306,559	12,072,979	11,728,679	11,470,474	11,154,045
	(11,349)	1,774,739	1,293,959	1,241,702	(245,003)
	98,767	59,648	67,250	(673,069)	(504,477)
	<u>(5,173,955)</u>	<u>(460,884)</u>	<u>(4,831,153)</u>	<u>(3,574,088)</u>	<u>(3,690,615)</u>
	7,220,022	13,446,482	8,258,735	8,465,019	6,713,950
	<u>96,737,843</u>	<u>97,546,380</u>	<u>94,425,702</u>	<u>96,854,252</u>	<u>86,614,681</u>
	939,007	(1,685,817)	2,651,367	6,555,159	14,467,864
	14,694,838	11,859,714	13,466,712	16,506,065	13,607,634
\$	<u>15,633,845</u>	<u>\$ 10,173,897</u>	<u>\$ 16,118,079</u>	<u>\$ 23,061,224</u>	<u>\$ 28,075,498</u>

concluded.

CITY OF ANN ARBOR, MICHIGAN

Fund Balances

(Modified Accrual Basis of Accounting)

Governmental Funds

Last Ten Fiscal Years

	2022	2021	2020	2019	2018
General fund					
Nonspendable	\$ 65,511	\$ 46,196	\$ 286,295	\$ 386,772	\$ 462,384
Committed	697,537	533,506	498,352	-	-
Assigned	7,576,646	9,888,296	7,292,712	5,537,411	7,714,673
Unassigned	25,534,780	21,604,204	19,554,234	19,713,016	11,143,139
Total general fund	<u>\$ 33,874,474</u>	<u>\$ 32,072,202</u>	<u>\$ 27,631,593</u>	<u>\$ 25,637,199</u>	<u>\$ 19,320,196</u>
All other governmental funds					
Nonspendable	\$ 2,011,482	\$ 2,027,000	\$ 1,984,000	\$ 1,984,000	\$ 1,984,000
Restricted	95,810,194	70,662,974	64,888,488	64,482,671	55,440,810
Committed	819,733	1,918,790	2,953,568	2,674,688	929,257
Assigned	4,051,877	6,835,506	10,258,267	16,674,824	3,709,223
Unassigned	(673,851)	(1,962,868)	(1,681,092)	-	-
Total all other governmental funds	<u>\$ 102,019,435</u>	<u>\$ 79,481,402</u>	<u>\$ 78,403,231</u>	<u>\$ 85,816,183</u>	<u>\$ 62,063,290</u>

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

Schedule 3
UNAUDITED

2017	2016	2015	2014	2013
\$ 540,869	\$ 619,311	\$ 765,634	\$ 853,157	\$ 915,645
-	-	-	-	-
6,414,602	9,185,273	4,482,510	7,446,598	810,595
16,243,676	15,330,765	17,235,156	14,279,454	14,392,859
<u>\$ 23,199,147</u>	<u>\$ 25,135,349</u>	<u>\$ 22,483,300</u>	<u>\$ 22,579,209</u>	<u>\$ 16,119,099</u>
\$ 1,984,000	\$ 1,984,000	\$ 1,984,000	\$ 1,984,000	\$ 1,984,000
53,939,042	56,176,316	55,120,246	55,346,230	56,701,167
5,494,990	4,584,590	3,984,155	3,203,628	6,088,188
6,327,002	5,832,928	2,642,775	2,699,330	2,346,846
-	-	-	-	-
<u>\$ 67,745,034</u>	<u>\$ 68,577,834</u>	<u>\$ 63,731,176</u>	<u>\$ 63,233,188</u>	<u>\$ 67,120,201</u>

CITY OF ANN ARBOR, MICHIGAN

Changes in Fund Balances

(Modified Accrual Basis of Accounting)

Governmental Funds

Last Ten Fiscal Years

	2022	2021	2020	2019	2018
Revenues					
Taxes	\$ 98,091,239	\$ 87,745,640	\$ 84,024,048	\$ 80,152,017	\$ 75,369,504
Special assessments/improvement charges	-	90,423	74,263	136,227	63,746
Licenses, permits and registrations	9,315,238	7,898,206	7,617,172	8,678,516	8,927,341
Intergovernmental	37,755,173	18,415,936	28,548,327	27,664,334	26,152,120
Charges for services	19,429,696	12,661,629	15,418,166	17,632,847	16,437,936
Fines and forfeits	3,222,346	3,125,206	3,770,147	4,611,776	4,283,940
Interest and penalties	-	-	-	-	-
Investment earnings (loss)	(3,262,910)	75,071	4,829,585	4,145,380	535,299
Rental	875,550	847,243	778,765	761,445	735,822
Contributions and donations	4,181,190	6,184,114	1,537,299	2,439,867	3,775,006
Intra-governmental sales	-	239,533	267,765	412,620	306,526
Other	936,721	1,087,777	990,079	512,211	402,002
Total revenues	170,544,243	138,370,778	147,855,616	147,147,240	136,989,242
Expenditures					
Current:					
General government	20,513,902	18,101,639	17,063,537	16,845,714	17,140,624
Public safety	56,233,799	51,387,902	52,532,154	51,918,701	48,947,304
Public works	22,192,811	22,491,092	23,051,857	18,974,405	24,532,861
Community/economic development	4,646,493	3,164,360	3,615,970	2,879,621	2,146,752
Culture and recreation	15,809,272	12,612,966	14,387,053	13,091,727	13,172,050
Public transportation	12,225,468	12,063,787	11,697,544	10,864,768	10,524,383
Capital outlay	18,915,364	20,038,436	24,171,714	16,964,124	24,016,528
Debt service:					
Principal	6,868,000	6,694,000	6,213,000	5,393,000	5,189,000
Lease principal	65,010	-	-	-	-
Interest and fiscal charges	3,062,290	3,205,397	3,747,600	2,430,211	3,558,867
Bond issuance costs	-	-	-	646,298	-
Total expenditures	160,532,409	149,759,579	156,480,429	140,008,569	149,228,369
Revenues over (under) expenditures	10,011,834	(11,388,801)	(8,624,813)	7,138,671	(12,239,127)
Other financing sources (uses)					
Proceeds from sale of capital assets	-	123,801	-	36,500	26,750
Issuance of long-term debt	13,605,000	-	-	57,305,000	-
Payment to refunded bond escrow agent	-	-	-	(39,206,297)	-
Premium/discount on issuance of long-term debt	1,421,037	-	-	2,789,032	-
Transfers in	12,163,339	15,619,555	18,916,182	10,617,994	11,198,070
Transfers out	(12,860,905)	(15,835,775)	(15,709,927)	(7,850,752)	(8,546,388)
Total other financing sources (uses)	14,328,471	(92,419)	3,206,255	23,691,477	2,678,432
Net change in fund balances	\$ 24,340,305	\$ (11,481,220)	\$ (5,418,558)	\$ 30,830,148	\$ (9,560,695)
Debt service as a percentage of noncapital expenditures	7.5%	8.2%	8.1%	7.3%	7.8%

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

Schedule 4
UNAUDITED

	2017	2016	2015	2014	2013
\$	73,118,985	\$ 71,544,363	\$ 69,605,308	\$ 67,910,079	\$ 66,692,158
	93,373	-	52,373	44,636	43,102
	7,710,797	7,371,840	7,619,826	6,683,485	6,537,092
	23,800,709	22,749,178	21,826,308	22,381,647	23,283,443
	14,770,842	15,515,836	14,034,309	13,732,847	12,050,841
	4,704,380	4,596,544	4,601,589	4,483,484	4,483,090
	2,604	-	211	800	11,189
	3,926	1,190,815	928,186	1,162,205	(305,700)
	661,086	634,819	637,366	587,361	653,879
	3,343,936	334,247	981,965	521,305	295,289
	297,201	2,627,905	213,511	266,970	157,956
	432,973	594,470	678,652	1,182,138	1,529,283
	<u>128,940,812</u>	<u>127,160,017</u>	<u>121,179,604</u>	<u>118,956,957</u>	<u>115,431,622</u>
	15,153,388	14,257,197	14,501,593	14,372,873	14,659,352
	48,503,006	47,189,457	45,217,288	43,123,100	42,347,919
	19,366,244	18,863,228	17,869,057	17,789,296	19,015,177
	2,169,450	3,007,207	2,808,976	2,118,053	1,918,460
	13,197,781	12,072,443	12,567,890	11,360,700	10,142,639
	10,269,099	10,038,406	9,735,605	9,494,422	9,233,757
	21,162,097	18,043,661	14,237,971	14,971,769	26,764,896
	4,793,000	4,148,000	4,150,000	7,550,000	4,055,000
	-	-	-	-	-
	3,448,031	4,080,504	4,920,544	5,072,356	5,045,229
	555,599	-	-	-	-
	<u>138,617,695</u>	<u>131,700,103</u>	<u>126,008,924</u>	<u>125,852,569</u>	<u>133,182,429</u>
	<u>(9,676,883)</u>	<u>(4,540,086)</u>	<u>(4,829,320)</u>	<u>(6,895,612)</u>	<u>(17,750,807)</u>
	32,850	16,350	3,598	4,979,951	30,563
	24,030,000	17,710,000	16,235,000	-	9,085,000
	(24,509,365)	(18,439,571)	(16,486,836)	-	-
	479,365	416,162	(135,652)	-	141,075
	15,062,028	21,803,130	13,294,382	15,619,817	10,917,733
	(8,186,997)	(9,467,278)	(7,679,086)	(11,131,060)	(6,803,028)
	<u>6,907,881</u>	<u>12,038,793</u>	<u>5,231,406</u>	<u>9,468,708</u>	<u>13,371,343</u>
\$	<u>(2,769,002)</u>	<u>\$ 7,498,707</u>	<u>\$ 402,086</u>	<u>\$ 2,573,096</u>	<u>\$ (4,379,464)</u>
	8.2%	8.0%	8.5%	12.0%	9.4%

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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 (2)	Total Assessed Value (2)	True Cash Value (2)	Total Direct Tax Rate
2013	\$ 4,473,471,542	\$ 209,747,000	\$ -	\$ 4,683,218,542	\$ 5,482,051,470	\$ 10,964,102,940	16.5720
2014	4,614,295,892	225,575,000	-	4,839,870,892	5,447,340,500	10,894,681,000	16.4501
2015	4,739,348,866	230,309,300	-	4,969,658,166	6,118,573,700	12,237,147,400	16.4501
2016	4,870,231,067	240,179,600	-	5,110,410,667	6,643,622,400	13,287,244,800	16.4436
2017	5,035,021,720	258,429,800	-	5,293,451,520	7,134,355,100	14,268,710,200	16.3003
2018	5,242,521,458	253,065,300	-	5,495,586,758	7,527,133,730	15,054,267,460	16.1390
2019	5,539,356,212	251,477,400	-	5,790,833,612	8,217,852,850	16,435,705,700	15.8885
2020	5,887,823,600	264,810,400	-	6,152,634,000	8,177,422,349	16,354,844,698	15.7131
2021	6,192,607,215	309,486,300	-	6,502,093,515	8,686,447,970	17,372,895,940	15.6215
2022	6,360,653,252	283,981,300	-	6,644,634,552	9,115,126,235	18,230,252,470	16.8215

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

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	Parks
Principal Residence Exemption (PRE)	2013	6.1682	2.4670	2.0560	2.0560	0.1250	1.5748
Non-PRE	2013	6.1682	2.4670	2.0560	2.0560	0.1250	1.5748
Principal Residence Exemption (PRE)	2014	6.1682	2.4670	2.0560	2.0560	0.0000	1.5779
Non-PRE	2014	6.1682	2.4670	2.0560	2.0560	0.0000	1.5779
Principal Residence Exemption (PRE)	2015	6.1682	2.4670	2.0560	2.0560	0.0000	1.5779
Non-PRE	2015	6.1682	2.4670	2.0560	2.0560	0.0000	1.5779
Principal Residence Exemption (PRE)	2016	6.1657	2.4660	2.0552	2.0552	0.0000	1.5773
Non-PRE	2016	6.1657	2.4660	2.0552	2.0552	0.0000	1.5773
Principal Residence Exemption (PRE)	2017	6.1120	2.4445	2.0373	2.0373	0.0000	1.5635
Non-PRE	2017	6.1120	2.4445	2.0373	2.0373	0.0000	1.5635
Principal Residence Exemption (PRE)	2018	6.0343	2.4134	2.0114	2.0114	0.0000	1.5435
Non-PRE	2018	6.0343	2.4134	2.0114	2.0114	0.0000	1.5435
Principal Residence Exemption (PRE)	2019	5.9407	2.3759	1.9802	1.9802	0.0000	1.5195
Non-PRE	2019	5.9407	2.3759	1.9802	1.9802	0.0000	1.5195
Principal Residence Exemption (PRE)	2020	5.8884	2.3549	1.9627	1.9627	0.0000	1.5463
Non-PRE	2020	5.8884	2.3549	1.9627	1.9627	0.0000	1.5463
Principal Residence Exemption (PRE)	2021	5.8359	2.3339	1.9452	1.9452	0.0000	1.5324
Non-PRE	2021	5.8359	2.3339	1.9452	1.9452	0.0000	1.5324
Principal Residence Exemption (PRE)	2022	5.8359	2.3339	1.9452	1.9452	0.0000	1.5324
Non-PRE	2022	5.8359	2.3339	1.9452	1.9452	0.0000	1.5324

* Represents millage collected for Ann Arbor Area Transportation Authority.

** Includes Washtenaw Intermediate School Ann Arbor District millage (5.6417 Mills) and State Education Tax (6.0 mills) on both Principal Residence and Non-Principal Residence properties. On Non-Principal Residence properties, an additional 18 mills is included for School Operating Tax. On Principal Residence properties, 2.8267 mills are levied for Hold Harmless mills in lieu of 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
Major Street Repair	Major New Sidewalk	Major Affordable Housing		Ann Arbor Area Transportation Authority	Ann Arbor Public Schools**	Ann Arbor District Library	Washtenaw County	Washtenaw Community College	
2.1250	0.0000	0.0000	16.5720	0.0000	18.1329	1.5500	5.7654	3.6376	45.6579
2.1250	0.0000	0.0000	16.5720	0.0000	31.4245	1.5500	5.7654	3.6376	58.9495
2.1250	0.0000	0.0000	16.4501	0.0000	17.7937	1.5500	5.7801	3.4576	45.0315
2.1250	0.0000	0.0000	16.4501	0.0000	31.4245	1.5500	5.7801	3.4576	58.6623
2.1250	0.0000	0.0000	16.4501	0.7000	17.9172	1.5500	6.2838	3.4576	46.3587
2.1250	0.0000	0.0000	16.4501	0.7000	31.4245	1.5500	6.2838	3.4576	59.8660
2.1242	0.0000	0.0000	16.4436	0.7000	17.7692	1.6500	6.3058	3.4576	46.3262
2.1242	0.0000	0.0000	16.4436	0.7000	31.3913	1.6500	6.3058	3.4576	59.9483
2.1057	0.0000	0.0000	16.3003	0.6943	17.4740	1.9000	6.2432	3.4360	46.0478
2.1057	0.0000	0.0000	16.3003	0.6943	30.9674	1.9000	6.2432	3.4360	59.5412
2.1250	0.0000	0.0000	16.1390	0.6860	20.7173	1.8913	6.2122	3.4267	49.0725
2.1250	0.0000	0.0000	16.1390	0.6860	33.9566	1.8913	6.2122	3.4267	62.3118
2.0920	0.0000	0.0000	15.8885	0.6773	20.4255	1.8663	7.1532	3.3978	49.4086
2.0920	0.0000	0.0000	15.8885	0.6773	34.2813	1.8663	7.1532	3.3978	63.2644
1.9981	0.0000	0.0000	15.7131	0.6936	20.1954	1.8519	7.1093	3.3763	48.9396
1.9981	0.0000	0.0000	15.7131	0.6936	34.2267	1.8519	7.1093	3.3763	62.9709
2.0289	0.0000	0.0000	15.6215	0.6880	21.8689	1.8365	7.0962	3.3538	50.4649
2.0289	0.0000	0.0000	15.6215	0.6880	36.1903	1.8365	7.0962	3.3538	64.7863
2.0289	0.2000	1.0000	16.8215	0.6862	20.9923	1.8333	7.0856	3.3759	50.7948
2.0289	0.2000	1.0000	16.8215	0.6862	36.1656	1.8333	7.0856	3.3759	65.9681

Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Taxable Value	Rank	Percentage of Total City Assessed Value	Taxable Value	Rank	Percentage of Total City Assessed Value
CEDR Landmark LLC 1300 S University	\$ 46,002,036	1	0.69%			
DTE Electric Company	45,904,305	2	0.69%	\$ 32,786,122	2	0.68%
Briarwood Shopping Complex	45,840,300	3	0.69%	38,639,614	1	0.80%
BVK HSRE Ann Arbor, LLC	43,395,105	4	0.65%	27,682,406	5	0.57%
Brixmor (formerly AMCAP) Arborland LLC	42,216,780	5	0.64%	29,971,966	4	0.62%
CPI Foundry, LLC	40,447,493	6	0.61%			
ITC Transmission	31,183,800	7	0.47%			
Northstar Fund IV, LLC	29,234,600	8	0.44%	19,443,700	8	0.40%
CCSHP Ann Arbor I, LLC (The Yard)	27,593,758	9	0.42%			
Mainstreet Fund IV, LLV	26,006,900	10	0.39%	17,154,764	9	0.35%
DTE Gas Company				17,057,300	10	0.35%
McKinley Associates				19,549,657	7	0.40%
Campus Investors 601 Forest				30,502,800	3	0.63%
HUB Eisenhower Property				27,165,184	6	0.56%
Total	<u>\$ 377,825,077</u>		<u>5.69%</u>	<u>\$ 259,953,513</u>		<u>5.37%</u>

Source: City of Ann Arbor Financial Services, Assessing Unit

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
2013	\$ 77,169,289	\$ 76,009,075	98.50%	\$ 1,055,355	\$ 63,350	\$ 77,127,780	99.95%
2014	79,385,502	78,341,354	98.68%	925,652	61,101	79,328,107	99.93%
2015	81,742,181	80,666,319	98.68%	819,344	206,946	81,692,609	99.94%
2016	83,995,895	83,115,705	98.95%	733,314	72,910	83,921,929	99.91%
2017	86,216,588	85,305,863	98.94%	753,004	43,685	86,102,553	99.87%
2018	88,485,078	87,698,238	99.11%	670,466	23,305	88,392,008	99.89%
2019	91,688,677	90,786,330	99.02%	772,637	18,151	91,577,118	99.88%
2020	96,323,717	95,370,692	99.01%	774,399	410	96,145,502	99.81%
2021	100,950,080	99,844,706	98.91%	957,920	35,152	100,837,778	99.89%
2022	110,422,305	109,532,160	99.19%	724,978	36,947	110,294,085	99.88%

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

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 Agreements	Leases	General Obligation Bonds	Lease Contract Payable	[1] Revenue Bonds	Other Long-term Debt
2013	\$ 122,752	\$ 140	\$ 4,060	\$ -	\$ 16,965	\$ 86	\$ 106,572	\$ 35,981
2014	119,725	60	-	-	14,550	192	128,643	9,932
2015	115,624	35	-	-	12,140	106	159,195	13,827
2016	111,919	15	-	-	9,855	63	177,852	14,721
2017	108,284	-	-	-	7,623	21	181,546	16,187
2018	103,060	-	-	-	5,689	-	180,204	15,778
2019	119,183	-	-	-	3,761	-	168,805	15,232
2020	112,790	-	-	-	2,533	-	160,418	14,474
2021	107,188	-	-	-	728	-	148,630	13,770
2022	113,842	-	799	109,148	1,460	-	134,436	14,626

Note: For fiscal year 2021 and 2022 percent of personal income, the divisor used was for 2020 since more recent data was 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.

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 286,556	1.84%	\$ 2,515
273,102	1.58%	2,397
300,927	1.63%	2,641
314,425	1.63%	2,760
313,661	1.51%	2,753
304,731	1.38%	2,675
306,981	1.37%	2,694
290,215	1.24%	2,547
270,316	1.16%	2,183
374,311	1.60%	3,022

Ratios of Net General Bonded Debt Outstanding

(Dollars in thousands except for per capita)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Less: Self-supported Portion	Net General Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
2013	\$ 139,717	\$ 1,243	\$ 150	\$ 138,324	2.95%	\$ 1,214.07
2014	134,275	1,142	60	133,073	2.75%	1,167.98
2015	127,764	1,123	35	126,606	2.55%	1,111.22
2016	121,774	1,087	15	120,672	2.36%	1,059.14
2017	115,907	1,071	-	114,836	2.17%	1,007.92
2018	108,749	477	-	108,272	1.97%	950.30
2019	122,944	629	-	122,315	2.11%	1,073.56
2020	115,323	554	-	114,769	1.87%	1,007.33
2021	107,916	516	-	107,400	1.65%	867.17
2022	115,302	-	-	115,302	1.74%	930.97

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, 2022

Government Unit	Net Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct debt			
General obligation bonds	\$ 113,842	100.00%	\$ 113,842
Installment purchase agreements	799	100.00%	799
Total direct debt	<u>\$ 114,641</u>		<u>114,641</u>
Overlapping debt			
Ann Arbor School District	\$ 241,330	64.56%	155,803
Washtenaw Intermediate School District	38,315	35.52%	13,609
Washtenaw Community College	5,758	35.99%	2,072
Washtenaw County, at large	35,050	35.19%	12,334
Total overlapping debt	<u>\$ 320,453</u>		<u>183,819</u>
Total direct & overlapping debt			<u>\$ 298,460</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

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value of real and personal property	<u>\$ 9,122,219,235</u>
Debt limit (10% of assessed value)	\$ 912,221,924
Debt applicable to limit - Net direct debt	<u>113,842,057</u>
Legal debt margin	<u>\$ 798,379,867</u>

	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2013	\$ 529,497,464	\$ 127,272,000	\$ 402,225,464	24.04%
2014	548,205,147	119,588,000	428,617,147	21.81%
2015	544,734,050	115,624,000	429,110,050	21.23%
2016	587,315,552	111,919,000	475,396,552	19.06%
2017	664,362,240	108,284,000	556,078,240	16.30%
2018	686,875,930	103,060,000	583,815,930	15.00%
2019	726,197,693	119,183,000	607,014,693	16.41%
2020	791,747,775	112,790,000	678,957,775	14.25%
2021	838,444,077	105,893,000	732,551,077	12.63%
2022	912,221,924	113,842,057	798,379,867	12.48%

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:							
2013	\$ 23,688,291	\$ 12,850,445	\$ 10,837,846	\$ 3,123,721	\$ 1,106,529	\$ 4,230,250	2.6
2014	23,018,750	12,839,911	10,178,839	2,695,000	1,137,321	3,832,321	2.7
2015	22,948,029	13,859,781	9,088,248	2,410,000	1,262,901	3,672,901	2.5
2016	24,338,898	14,300,508	10,038,390	3,400,000	1,257,924	4,657,924	2.2
2017	26,610,731	14,239,387	12,371,344	3,905,001	764,316	4,669,317	2.6
2018	27,138,806	14,978,482	12,160,324	3,155,000	770,420	3,925,420	3.1
2019	28,343,557	16,463,996	11,879,561	3,250,000	754,316	4,004,316	3.0
2020	26,547,938	14,610,523	11,937,415	3,310,000	728,050	4,038,050	3.0
2021	29,349,646	15,654,139	13,695,507	3,546,584	610,667	4,157,251	3.3
2022	29,842,404	19,880,086	9,962,318	3,646,500	587,183	4,233,683	2.4
Sewage Disposal System:							
2013	\$ 21,377,410	\$ 10,585,422	\$ 10,791,988	\$ 2,688,460	\$ 1,772,419	\$ 4,460,879	2.4
2014	23,200,088	10,713,654	12,486,434	2,305,000	1,416,666	3,721,666	3.4
2015	22,878,298	11,407,792	11,470,506	2,225,000	2,658,665	4,883,665	2.3
2016	25,025,055	11,924,749	13,100,306	2,995,000	3,145,865	6,140,865	2.1
2017	27,336,885	11,851,017	15,485,868	4,427,831	2,779,118	7,206,949	2.1
2018	28,515,463	12,302,096	16,213,367	6,358,045	3,105,990	9,464,035	1.7
2019	34,230,942	9,813,919	24,417,023	8,075,000	3,014,702	11,089,702	2.2
2020	33,971,553	12,394,319	21,577,234	7,965,000	2,850,467	10,815,467	2.0
2021	32,589,166	15,536,787	17,052,379	8,355,000	2,471,751	10,826,751	1.6
2022	35,275,907	11,962,382	23,313,525	5,325,000	1,886,720	7,211,720	3.2

(1) Includes investment earnings (loss); revenue pledged is covered by charges for services.
 (2) Excludes depreciation expense and change in accrued net pension liability.

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)	Unemployment Rate % (3)
2013	113,934	\$ 15,560,767	\$ 43,927	6.7
2014	113,934	17,260,080	48,365	5.5
2015	113,934	18,446,608	51,400	4.4
2016	113,934	19,261,779	52,814	4.2
2017	113,934	20,715,000	56,312	3.8
2018	113,934	22,021,358	58,823	3.5
2019	113,934	22,365,853	60,843	3.4
2020	113,934	23,327,716	63,655	10.5
2021	123,851	N/A	N/A	5.3
2022	123,851	N/A	N/A	4.1

Sources:

- (1) U. S. Census Bureau
<https://www.census.gov/quickfacts/annarborcitymichigan>
- (2) Bureau of Economic Analysis, Ann Arbor Metropolitan Statistical Area, MAIN04 Personal Income and Employment Summary
<http://www.bea.gov/>
*Note: 2021 & 2022 data has not been released at this time.
- (3) Michigan Employment Security Commission statistics for Washtenaw County as of June 2021
http://stats.bls.gov/eag/eag.mi_annarbor_msa.htm

Principal Employers
Current Year and Nine Years Ago

Taxpayer	2022			2013		
	Employees	Rank	Percentage	Employees	Rank	Percentage
University of Michigan	34,300	1	66.34%	27,003	1	63.38%
St. Joseph Mercy Health Systems	5,800	2	11.22%	5,304	2	12.45%
Veterans Administration Ann Arbor Healthcare System	2,800	3	5.42%	1,230	6	2.89%
Ann Arbor Public Schools	2,500	4	4.84%	3,578	3	8.40%
Integrated Health Associates, Inc.	1,600	5	3.09%	532	10	1.25%
Washtenaw County Government	1,300	6	2.51%	1,339	5	3.14%
Domino's Pizza	1,000	7	1.93%	550	9	1.29%
Thompson-Reuters	1,000	8	1.93%	1,785	4	4.19%
City of Ann Arbor	700	9	1.35%	710	7	1.67%
Truck Hero Inc.	700	10	1.35%			
Washtenaw Community College				576	8	1.35%
Total	51,700		100.00%	42,607		100.00%

Source: Ann Arbor Spark, January 18, 2022: Top Regional Employers
<https://annarborusa.org/news/top-regional-employers/>

CITY OF ANN ARBOR, MICHIGAN

Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
General government					
Financial Services	48	61	61	61	60
Community Services	32	33.73	57	59	63
Parks & Recreation	20	24	24	24	24
City Administrator Services	31	34	34	34	34
Mayor & Council	1	1	1	1	1
Safety Services					
Police	146	146	149	149	149
Fire	82	86	87	87	87
Public Services					
Engineering	13	12	12	16	16
Water	26	26	26	26	26
Wastewater Treatment	35	35	35	35	35
Public Works	124	120	120	117	117
Other	74	61	61	59	62
15th District Court	34	34	34	34	34
Retirement System	4	4	4	4	4
Downtown Development Authority	4	4	4	4	4
City Attorney	12	12	12	12	13
Per Budget Book	686	694	721	722	729

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

Schedule 16
UNAUDITED

2018	2019	2020	2021	2022
61	62	62	64	64
66	67	71	73	89
23	37	38	38	37
37	63	65	70	74
1	1	2	2	1
149	150	154	156	149
87	87	87	87	86
17	30	30	32	34
27	27	27	27	28
35	36	36	36	36
117	90	90	90	93
63	36	40	40	36
35	35	35	35	35
4	4	4	4	4
6	6	6	6	6
13	13	13	14	14
<u>741</u>	<u>744</u>	<u>759</u>	<u>773</u>	<u>785</u>

CITY OF ANN ARBOR, MICHIGAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
Police					
Physical arrests	2,395	1,462	1,461	1,542	1,289
Parking violations	87,898	92,184	108,759	118,041	117,221
Traffic violations	14,676	14,053	12,205	12,548	11,022
Fire					
Emergency responses	6,180	6,646	6,572	6,947	7,234
Fire extinguished	418	283	220	259	205
Inspections (1st inspections)	1,769	1,164	1,218	1,339	1,182
Refuse Collection					
Refuse collected (tons/day)	72.30	72.84	72.87	72.52	73.21
Recyclables collected (tons/day)	38.13	39.54	40.17	40.31	40.27
Other Public works					
Street resurfacing and reconstruction (miles)	6.60	5.29	6.13	5.91	3.91
Capital Preventative Maintenance (miles) (a)		-	2.12	7.70	55.39
Potholes repaired (tons)	359.35	636.50	570.92	482.32	397.60
Parks and Recreation					
Athletic field permits issued	956	929	866	733	692
Community center admissions	11,500	12,000	12,000	12,500	19,750
Water					
Connections	28,376	28,387	28,418	28,452	28,496
Water main breaks	102	120	91	65	73
Average daily consumption (millions of gallons)	14.8700	14.0910	13.5760	13.8240	13.9020
Peak daily consumption (millions of gallons)	28.1000	23.1200	19.1740	20.1310	21.2620
Wastewater					
Average daily sewage treatment (millions of gallons)	18.10	16.70	17.76	17.00	16.81

Source: Various services areas within City of Ann Arbor

(a) This includes crack sealing and thin mill and fill.

2018	2019	2020	2021	2022
1,467	1,678	1,178	998	941
102,981	99,079	69,605	51,289	69,279
9,515	8,748	7,889	3,354	3,134
7,214	8,504	8,293	7,870	10,156
206	260	258	303	367
1,257	1,140	767	981	867
151.22	140.69	135.03	133.12	137.64
36.32	35.89	34.36	32.99	33.35
3.71	7.35	7.20	5.92	15.40
42.44	1.69	21.85	52.61	36.37
648.43	733.88	596.00	428.00	844.00
987	629	456	141	720
19,750	21,524	23,950	24,700	26,400
28,565	28,592	28,674	28,765	28,891
66	106	59	80	75
14.0803	13.5800	12.8360	12.5260	12.4929
21.7170	22.8200	18.6680	20.2160	23.1536
17.90	18.30	18.19	15.69	18.84

CITY OF ANN ARBOR, MICHIGAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	2013	2014	2015	2016	2017
Police					
Station	1	1	1	1	1
Zone offices	2	2	2	2	1
Patrol units	36	37	35	35	36
Fire Stations	5	5	5	5	5
Refuse collection					
Collection trucks	27	27	27	26	26
Other public works					
Streets (miles)	296.70	296.83	296.83	296.83	296.83
Streetlights	7,194	7,194	7,497	7,562	7,567
Traffic signals	158	158	159	159	159
Parks and recreation					
Acreage	2,095	2,074	2,074	2,110	2,110
Playgrounds	77	77	77	79	79
Baseball/softball diamonds	34	34	34	34	34
Soccer/football fields	24	24	24	24	24
Community centers	2	2	2	2	2
Water					
Water mains (miles)	501.0	489.5	488	455	456
Fire hydrants	3,711	3,733	3,741	3,178	3,239
Storage capacity (millions of gallons)	19.0	19.0	19.0	19.0	19.0
Wastewater					
Sanitary sewers (miles)	369.0	362	362	362	362
Storm sewers (miles)	264	264	266	294	294
Treatment capacity (millions of gallons)	48.0	48.0	48.0	48.0	48.0

Source: Various services areas within City of Ann Arbor

2018	2019	2020	2021	2022
1	1	1	1	1
1	1	1	1	1
35	35	35	35	35
5	5	5	5	5
27	28	28	19	19
297.65	297.65	298.20	298.20	298.20
7,572	7,592	7,721	7,811	7,940
159	159	159	159	128
2,110	2,187	2,195	2,195	2,210
80	80	80	80	80
34	34	34	34	34
24	24	24	24	24
2	2	2	2	2
459	461	461	462	463
3,887	3,947	3,370	3,398	3,447
19.0	19.0	19.0	19.0	19.0
364	367	375	365	366
294	298	290	290	289
48.0	48.0	48.0	48.0	48.0

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