

CITY OF FARMINGTON HILLS, MICHIGAN
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014



City of Farmington Hills, Michigan

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2014

Prepared by:
Dave Gajda, Finance Director
Shu-Fen Lin, Controller

City of Farmington Hills, Michigan

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City of Farmington Hills, Michigan

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City of Farmington Hills, Michigan

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November 21, 2014

Honorable Mayor, Members of the City Council,
and Citizens of Farmington Hills

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Farmington Hills (the "City") for the fiscal year ended June 30, 2014. This report was prepared by the Finance Department in conformance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, generally accepted accounting principles (GAAP), the Treasurer of the State of Michigan, and the Government Finance Officers Association (GFOA). This report consists of management representations concerning the finances of the City of Farmington Hills. Therefore, responsibility for the accuracy, completeness, reliability, and fairness of the financial data herein, including all disclosures, rests with the administration and management of the City of Farmington Hills. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The statements have been audited in accordance with generally accepted auditing standards by Plante & Moran, PLLC, a certified public accounting firm licensed by the State of Michigan.

Since the report consists of management's representations concerning the finances of the City of Farmington Hills, a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for preparation of the City of Farmington Hills' financial statements in conformity with GAAP has been established. However, due to the fact that the internal control systems should be cost effective, 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 misstatement.

Plante & Moran, PLLC has audited the City of Farmington Hills' financial statements to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Farmington Hills' financial statements for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. This report is available in the City of Farmington Hills' separately issued single audit report.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a 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 of Farmington Hills' MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Farmington Hills was incorporated in 1973 and is a 34-square mile suburban community with a pastoral and gently rolling terrain in Oakland County, Michigan. The City possesses an ideal location that is within an hour's drive of the Ann Arbor technology corridor, 25 minutes to downtown Detroit and Detroit Metro Airport and is also the focal point of a freeway network for southeast Michigan to the Industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio. Approximately half of America's disposable income, half of the country's work force, and nearly half of the total U.S. population are within a 500-mile radius of the City.

The City is enhanced by exemplary educational opportunities for kindergarten through 12th grade via both public and private schools and a premier district library system. Twelve major colleges and universities are within a 45-minute drive of the community. A broad spectrum of recreational and cultural activities is also available within the City or within a short drive. Quality health care is provided by Botsford Hospital, which is a teaching osteopathic hospital of Beaumont Health and is associated with Michigan State University. Many additional medical centers and hospitals are within a half-hour driving distance of the City.

The community offers a wide range of quality housing featuring homes in every style and price range. There are many premier residential areas providing housing options including more than 25,000 single-family homes and over 9,900 rental units designed to fit every lifestyle. Home prices range from under \$100,000 to \$3 million, with the average home priced at approximately \$196,500 (using a 2-year sales study).

The City operates under the city council/city manager form of government with seven elected officials, a Mayor, and six City Council members representing the citizens of the City of Farmington Hills. The Mayor is elected directly by the electorate for not more than two consecutive, two-year terms. The six City Council members are elected at large for staggered terms of four years each. The Mayor and City Council establish all policies for the City government. The City Manager is appointed by the City Council.

The City of Farmington Hills provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; and refuse collection and recycling services. Utility services for water and sanitary sewers are provided by the City with the Oakland County Department of Public Services administering the service for water and sanitary sewers under contract with the City. Library functions are provided by the Farmington Community Library, which serves both the City of Farmington Hills and the neighboring City of Farmington.

City Hall, which is a LEED Gold certified facility, will serve the community well through the coming decades by allowing the City to improve its energy and operational efficiencies, strengthen its community image, and provide flexibility in meeting the needs of the community.

Economic development efforts are promoted by the City of Farmington Hills Economic Development Corporation, a component unit of the City whose financial statements are displayed in the basic financial statements.

The other component units of the City are the Brownfield Redevelopment Authority, established by City Council to assist in the redevelopment of environmentally challenged sites within the City; and the Corridor Improvement Authority, created by the City Council to correct and prevent deterioration in business districts, encourage historic preservation and promote economic growth. The Corridor Improvement Authority was created in collaboration with the City of Farmington in sharing a corridor to leverage investments by defraying some of the costs of redevelopment and sharing resources that can be invested in improvements. The Brownfield Redevelopment Authority and the Corridor Improvement Authority financial statements are also displayed in the basic financial statements.

The City's annual budget provides the foundation for the financial planning and control. All departments funded by the City of Farmington Hills are required to submit requests for appropriations to the City Manager in February of each year. The City Manager utilizes these requests as the basis for developing the proposed budget submitted to City Council by the first regular Council meeting in May. In conformity with *Article VII General Finance* of the City Charter and the State of Michigan Uniform Budgets Act, a public hearing on the proposed annual budget and tax rates is held by the first regular Council meeting in June, after public notice of the meeting and hearing is published at least seven days prior to the public hearing. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police department). Department heads may make transfers of appropriated funds within a department with the approval of the City Manager and Finance Director. Transfers of appropriations between departments require approval by the City Council. Budget-to-actual comparisons are provided in this report for each governmental fund in which an appropriated annual budget has been adopted. For the General Fund and the major Special Revenue Funds (Major Road Fund, Local Road Fund, and the Public Safety Fund), the comparison is reported as part of the required supplemental information following the notes to the financial statements. For the major Capital Improvement Fund, major Special Assessment Debt Service Fund and all nonmajor governmental funds with an appropriated annual budget, this comparison is presented in the other supplemental information subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the unique environment within which the City of Farmington Hills operates.

Local Economy - The City of Farmington Hills possesses a diversified property tax base with residential currently comprising 68 percent, commercial 21 percent, industrial 3 percent, and personal property (business equipment, furniture, and machinery) 8 percent. No one taxpayer exceeds 2.07 percent of the tax roll and the top 10 payers combined account for approximately 8 percent of the total tax roll. Farmington Hills is home to approximately 3,300 businesses, 75 Fortune 500 companies, and more than 170 international firms. The City's residents are employed predominantly in management, professional sales, and related occupations. Despite its diversification, Farmington Hills does not stand alone and is impacted by the economic environment of the nation, state and metro-Detroit area. In FY 2013-14, the ad valorem taxable value of the City declined by 1.2%. The projection for FY 2014-15 is a 0.35% increase in ad

valorem taxable value, the first increase in seven years. The City's unemployment rate of 6.8 percent at June 2014 is down from 7.6 percent from June 2013, and is lower than the county unemployment rate of 8.1 percent and also lower than the state unemployment rate of 7.9 percent at June 2014.

As the economy continues to improve at a slow but uneven pace, predictions are that it will take several more years to reach the peak employment levels from the recent past. University of Michigan economists forecast that Oakland County will add 43,000 jobs through 2016, and the county unemployment rate will continue to decline to 5.0 percent by 2016, with an inflation rate forecast to be below 2% through 2016. However, this will only replenish 75% or three in four of the jobs lost from the summer of 2000 to the end of 2009.

Helping to bolster Oakland County's economic growth and business sustainability is "Automation Alley," a dynamic organization of leaders from all backgrounds and business sectors that are combining talent and energy to transform southeast Michigan into a high technology workforce and business development powerhouse. Membership is made up of 1,000 technology-driven companies, governments, and educational institutions which have helped to drive the growth and image of southeast Michigan's technology economy.

Oakland County continues to embrace the "emerging sectors" initiative, an aggressive plan to attract the top new and emerging businesses to Oakland County. Over the last several years over 200 emerging sector companies have generated over \$2.5 billion in investment while creating or retaining over 42,000 jobs. These sectors are:

- Advanced electronics and controls
- Advanced material and chemicals
- Aerospace
- Alternative energy and power generation
- Communications and information technology
- Defense and homeland security
- Film and digital media
- Medical main street (life sciences)
- Robotics and automation
- Water technologies
- Finance, insurance and real estate

Oakland County's per capita income of \$55,761 is the highest among Michigan's 83 counties. Oakland County, as well as the City of Farmington Hills continues to enjoy a AAA bond rating, the highest bond rating achievable. The AAA bond rating allows the City to borrow at the lowest possible interest rate, saving City taxpayers significant dollars in future borrowing costs.

Economic development staff of the City coordinates development activity with the City's Economic Development Corporation. The City participates in a business retention program and has formed a partnership with the Oakland County Planning and Economic Development Services Division and the Michigan Economic Development Corporation. Working together, they have been successful in assisting companies in expanding their business opportunities in the City.

Economists are forecasting the creation of 37,700 jobs State-wide in 2014, about half the additions realized in 2013, due primarily to the impact of harsh winter weather. These economists are forecasting the tempo of job growth ramping up over the next two years to an annual rate averaging 1.5 to 1.8 percent during 2015 and 2016. This pattern translates into State-wide job gains of 62,300 in 2015 and 75,400 in 2016. The top job producers over the next

two years are predicted to be in: professional and business services (primarily the scientific component); and retail trade, transportation, and utilities.

Economists predict that State-wide inflation will remain low over the forecast horizon, within a narrow range of 1.5 to 1.6 percent each year from 2014 to 2016, due primarily to declining energy prices.

Economists predict that State-wide personal income growth will grow from 1.4 percent in 2013 to 4.3 percent in 2014, reflecting in part a return to a steady payroll tax rate in 2014 following a jump in payroll taxes at the beginning of 2013 (a subtraction in calculating personal income). Income growth accelerates further in 2015 and 2016, to 4.5 percent and 4.9 percent, respectively.

Economists predict that State-wide real disposable income growth will grow at a rate of 2.4 percent in 2014, after shrinking in 2013, reflecting the surge in nominal income growth and a smaller increase in federal personal income taxes. Real income growth moves up again in 2015 and 2016, to 2.8 percent, underpinned by the further acceleration of nominal income growth.

The City Council annually reviews and accepts the updated “Six-year Capital Improvement Program”, as prepared by staff and adopted by the City’s Planning Commission, which directly impacts the City’s infrastructure. The City Council adopts many of the projects in the first year of this program in the annual budget. In addition to road construction projects, the following categories of acquisitions or improvements are planned for fiscal year 2014-2015:

- \$499,000 for Drainage Projects;
- \$505,000 for Sidewalk and Bike Path improvements/replacements;
- \$639,000 for Fire Department equipment;
- \$60,000 for Police Department equipment;
- \$1,015,000 for Public Services Department equipment;
- \$30,000 for Special Services Department equipment;
- \$415,000 for Technology equipment and upgrades; and
- \$843,000 for Public Facility improvements.

Financial Policies – The following financial policies of the City had a significant impact on the City’s FY 2013-14 financial statements:

Revenue Policy to Maintain a Diversified and Stable Taxable Revenue Base – Although the tax base remains diversified with approximately 68% residential and 32% non-residential, the tax base had declining taxable values of approximately 1.2% in FY 2013/14, which negatively impacted tax revenue for the City. Fortunately, taxable values are projected to begin to increase in FY 2014/15, albeit slightly at 0.35%. In addition, a new dedicated Road Millage was approved by the electorate in November 2014, which will levy up to 2 mills annually for 10 years, effective in FY 2015/16.

Investment Policy to Maximize Yields while Maintaining the integrity and Safety of Principal - The City makes a serious effort to maximize investment earnings, diversification and insurability of its investable funds. At year-end, the weighted average liquidity of the City’s investment portfolio was just under 8 months, while the average yield on the portfolio was out-performing the two-year Treasury yield.

Financial Policy to Place Emphasis on areas of Long-term importance such as, Employee Relations, Automation and Technology Improvements – With a reduced workforce from the recent past, the City has continued to focus on technology improvements, and process improvements to increase employee productivity and efficiency.

Long-term Financial Planning - Annually City staff prepares a 6-year Capital Improvement Plan (CIP), which is Approved by the City Planning Commission and Accepted by the City Council. This Program will contain projects and equipment costs in excess of \$25,000. Total project cost and sources of funding, along with project descriptions, will be outlined in the Capital Improvement Program. Areas included in the Program will be: drainage, sanitary sewers and water mains, public facilities, sidewalks, transportation, equipment and parks and recreation facilities. The purpose of this Six Year Program is to facilitate the orderly planning and infrastructure improvements, maintain, preserve and protect the City's existing infrastructure system and provide for the scheduled replacement of equipment and acquisition of new equipment to insure the efficient delivery of services to the community. The first year of the adopted CIP is incorporated into the City Manager's Proposed Budget, if funding is available. The City manages its debt by establishing debt capacity limits or guidelines to use in conjunction with its capital planning and budgeting processes.

In order to better understand the financial condition of the City it will become increasingly important to maintain and update an ongoing Financial Forecasting model. The end result of this forecasting model is intended to communicate what is likely to happen in the future based on where the City is today and where it appears to be heading. The preparation of a reasonably complete forecast will allow the City to look at its options and prudently plan and act accordingly. As the forecasts are developed over time, they should incorporate benchmark trend analysis to measure how our actual results compare to our projections and to the actual results of other similar benchmark communities.

Accounting Changes

On June 25, 2012, GASB issued Statement No. 67, Financial Reporting for Pension Plans (effective in FY 2013/14); and Statement No. 68, Accounting and Financial Reporting for Pensions (effective in FY 2014/15), which significantly changes pension accounting and reporting for the Retirement System and its Plan Sponsor, the City of Farmington Hills. The change brought about by these new standards reflect the view that pension costs and obligations should be recorded as employees earn them, rather than when the City pays the retirees' benefit payments or makes contributions to the pension plan.

Previously, the City disclosed pension information in the footnotes to our financial statements, and only reported the contributions we were required to make in a given year, as well as what we actually paid and any difference between the two. The new accounting rules will now require the City to report a "net pension liability" (NPL) for the first time on our full accrual government-wide Statement of Net Position. This liability is calculated as the difference between the total accrued pension liability (the present value of projected benefit payments to employees based on their past service), and the pension assets set aside in a trust and restricted to paying benefits.

There are changes to how the present value of projected benefits is calculated, how the assets are measured, and how the pension expense is calculated. The City and the Retirement System are now subject to more extensive note disclosures than currently required, which will include asset allocations of the pension plan; the expected returns of various asset classes; the differences between what the City records as the pension expense under GAAP vs. what we actually pay in contributions to the Pension Fund; and a 10-year trend history on funding levels.

The Finance Department staff, our Actuary and our Auditor has and will continue to incur more time and cost to comply with these new standards.

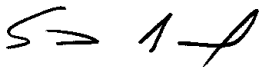
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmington Hills for its CAFR for the fiscal year ended June 30, 2013. This was the 15th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2014. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the 28th consecutive year the City received this award.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department and City Manager's Office. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. The independent auditing firm of Plante & Moran, PLLC provided assistance for proper presentation in the form of counsel, suggestions, and direct input. Credit also must be given to the Mayor and the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Farmington Hills' finances.

Respectfully submitted,



Steve Brock
City Manager



Dave Gajda
Finance Director/Treasurer



Shu-Fen Lin
Controller



Government Finance Officers Association

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

Presented to

**City of Farmington Hills
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

City of Farmington Hills, Michigan

List of Principal Officials

June 30, 2014

Title	Name
City Manager	Steve Brock
Assistant City Manager	Dave Boyer
Economic Development Director	Nancy Cappola
Assistant to the City Manager	Nathan Geinzer
City Clerk	Pamela Smith
Central Services Director	Michael Lasley
Finance Director/Treasurer	David Gajda
Fire Chief	Corey Bartsch
Human Resources Director	John Randle
Planning and Community Dev. Director	Edward Gardiner
Police Chief	Charles Nebus
Public Services Director	Gary Mekjian
Special Services Director	Ellen Schnackel
City Attorney	Johnson, Rosati, Schultz & Joppich, P.C.
Deputy Director Special Services	Bryan Farmer
Deputy Police Chief	Patrick Comini
Deputy Fire Chief	Lee Panoushek
Building Official	Lawrence Andree
City Assessor	Matthew Dingman
Engineering Manager	Jim Cubera
City Planner	Vacant
Community Development Coordinator	Charmaine Keller-Schmult
Controller	Shu-Fen Lin
Deputy City Clerk	Angela Brunke
Deputy Treasurer	Debbie Shires
Fire Marshal	Jason Olszewski
Public Works Superintendent	Kevin McCarthy
Zoning Division Supervisor	Dennis Randt

City Profile



Farmington Hills, incorporated in 1973, is a 34 square mile suburban community with a pastoral and gently rolling terrain in Oakland County, located 17 miles from downtown Detroit. The City's tax base of \$3,056,161,960 is comprised of 68 percent residential property and 32 percent commercial, industrial, and personal property. The community's estimated 81,798 residents live in approximately 34,755 households with a median household income of \$67,803.

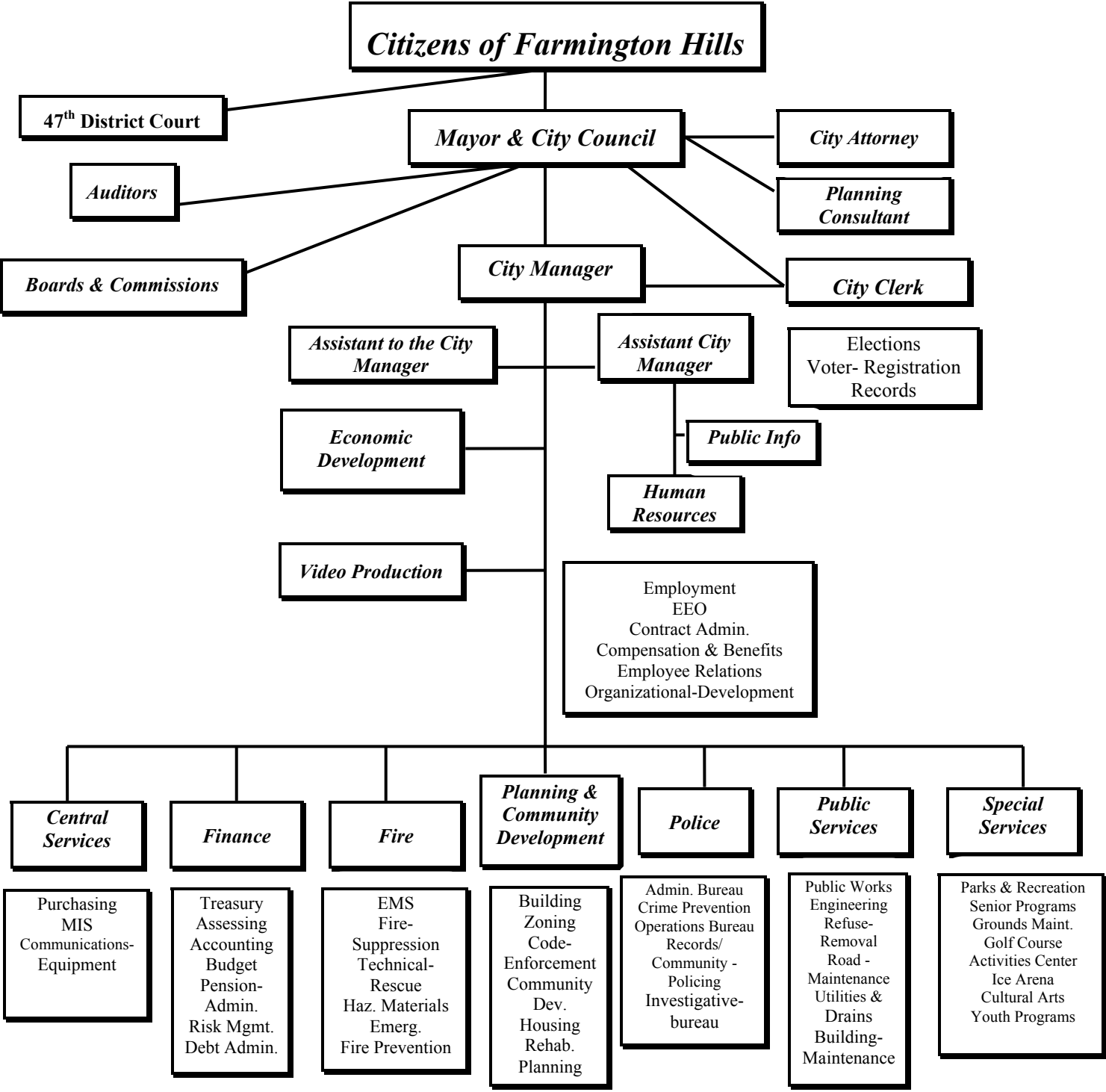
The City possesses an ideal location within 25 minutes of downtown Detroit and Detroit Metro Airport and at the focal point of a north/south and west/east freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio, as well as the Ann Arbor technology corridor, are within an hour's drive. Approximately half of America's disposable income, half of the country's work force, and nearly half of the total U.S. population are within a 500-mile radius of the City. This asset supports seven industrial parks totaling more than 600 acres, which provide first-rate services and facilities. In addition, the 12 Mile Road, Orchard Lake Road, and Northwestern Highway corridors host many commercial and office developments, which house many corporate headquarters and district offices of regional, national, and international prominence.

The community offers many premier residential areas providing a wide range of housing options including approximately 25,070 single-family sites (including detached condominiums) and approximately 9,960 rental units designed to fit every lifestyle.

The City's respect for its Quaker heritage is demonstrated by its commitment to historical preservation through its Historic Commission, Historical District, and the conversion of the historic Spicer Estate House to a visitor center within the 211-acre passive Heritage Park, located in the center of the City.

The City is enhanced by exemplary educational opportunities for kindergarten through 12th grade via both public and private schools and a premier district library system with one of the highest annual circulation rates in the state. A broad spectrum of recreational and cultural activities is available within the City or within a short drive. A total of 12 major colleges and universities are within a 45-minute drive of the community. Quality health care is readily accessible through Botsford Hospital, which is a teaching osteopathic hospital associated with Michigan State University. A total of 12 major medical centers and hospitals are within a half-hour driving distance of the City. Many physicians affiliated with these medical facilities maintain their offices in Farmington Hills.

CITY OF FARMINGTON HILLS



City of Farmington Hills, Michigan

Fund Organization Chart

Governmental Funds

General

General Fund

Debt Service

Building Authority
General Debt Service
Special Assessments - Local Roads

Capital Projects

Capital Improvement
Golf Course Improvement
Revolving Special Assessment

Special Revenue

Major Roads Fund
Local Roads Fund
Public Safety Millage Fund
Fire Grant
Community Development Block Grant
(CDBG)
Nutrition Grant
Police Forfeiture
Parks and Recreation Special Millage
Deferred Special Assessment

Proprietary Funds - Enterprise

Water and Sewer

Fiduciary Funds

Pension and Other Employee Benefit Trust

Employees' Retirement System
Post-Retirement Health Care Finance Fund

Agency

Tax Collections
General Agency

Component Units

Economic Development Corporation
Corridor Improvement Authority

Brownfield Redevelopment Authority

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Farmington Hills, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills, Michigan (the "City") as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor and
Members of the City Council
City of Farmington Hills, Michigan

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills, Michigan as of June 30, 2014, and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, in 2014, the City adopted the new accounting guidance of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred inflows and outflows of resources, certain items that were previously reported as assets and liabilities. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the basic financial statements, approximately \$73,652,000 or 34 percent of the Pension and Other Employee Benefit Trust Fund's net position as of June 30, 2014 is not publicly traded and therefore does not always have a readily determinable market value. Management's estimates of these values are based on information provided by investment managers, general partners, real estate advisors, and other means. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; retirement system schedules of funding progress, investment returns, changes in the City's net pension liability and related ratios, and City contributions; Post-retirement Healthcare Finance Fund schedule of funding progress and employer contributions; and the budgetary comparison schedules for the General Fund and each major special revenue fund, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental 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.

To the Honorable Mayor and
Members of the City Council
City of Farmington Hills, Michigan

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 4, 2014

City of Farmington Hills, Michigan

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City of Farmington Hills, Michigan (the "City") on a government-wide basis. They are designed to present a long-term view of the City's finances. Fund financial statements follow the above-mentioned statements and illustrate how the services provided by the City were financed in the short term, as well as what remains for future spending. Additionally, fund financial statements report the City's operations in more detail than the government-wide financial statements.

The City of Farmington Hills as a Whole

The City's combined primary government net position decreased \$1.0 million or 0.32 percent from a year ago, decreasing from \$312.9 million to \$311.9 million. Of that amount, \$88.2 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. A review of the governmental activities, separate from the business-type activities, shows a decrease of approximately \$0.4 million in net position or 0.23 percent during fiscal year 2013-2014. Unrestricted net position of the governmental activities was approximately \$23.2 million as of June 30, 2014. Business-type activities net position shows a decrease of approximately \$0.6 million in net position or 0.43 percent during fiscal year 2013-2014. Unrestricted net position of the business-type activities was approximately \$64.9 million as of June 30, 2014. In condensed format, the table below shows the comparison of net position (in millions of dollars) as of June 30, 2014 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current assets	\$ 49.7	\$ 49.2	\$ 68.3	\$ 70.7	\$ 118.0	\$ 119.9
Noncurrent assets -						
Noncapital assets	1.2	1.3	-	-	1.2	1.3
Capital assets	151.4	153.9	79.9	76.7	231.3	230.6
Total assets	202.3	204.4	148.2	147.4	350.5	351.8
Deferred Outflows of Resources	0.6	0.6	-	-	0.6	0.6
Liabilities						
Current liabilities	5.9	4.4	3.4	1.8	9.3	6.2
Long-term liabilities	23.3	26.5	6.6	6.8	29.9	33.3
Total liabilities	29.2	30.9	10.0	8.6	39.2	39.5
Net Position						
Net investment in capital assets	133.6	134.6	73.3	73.7	206.9	208.3
Restricted	16.9	16.4	-	-	16.9	16.4
Unrestricted	23.2	23.1	64.9	65.1	88.1	88.2
Total net position	<u>\$ 173.7</u>	<u>\$ 174.1</u>	<u>\$ 138.2</u>	<u>\$ 138.8</u>	<u>\$ 311.9</u>	<u>\$ 312.9</u>

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in net position (in millions of dollars) for the years ended June 30, 2014 and 2013:

	Governmental		Business-type		Total	
	2014	2013	2014	2013	2014	2013
Revenue						
Program revenue:						
Charges for services	\$ 13.6	\$ 15.3	\$ 24.7	\$ 27.3	\$ 38.3	\$ 42.6
Operating grants and contributions	7.9	7.3	-	-	7.9	7.3
Capital grants and contributions	0.2	0.1	0.3	0.2	0.5	0.3
General revenue:						
Property taxes	38.9	40.0	-	-	38.9	40.0
State-shared revenues	6.4	6.2	-	-	6.4	6.2
Interest	0.4	0.4	0.9	0.2	1.3	0.6
Other	2.1	3.0	-	-	2.1	3.0
Total revenue	69.5	72.3	25.9	27.7	95.4	100.0
Program Expenses						
General government	14.3	11.6	-	-	14.3	11.6
Public safety	26.8	28.0	-	-	26.8	28.0
Public works	18.2	17.2	-	-	18.2	17.2
Community and economic development	1.4	2.2	-	-	1.4	2.2
Recreation and culture	8.5	9.4	-	-	8.5	9.4
Interest on long-term debt	0.7	0.8	-	-	0.7	0.8
Water and sewer	-	-	26.5	26.3	26.5	26.3
Total program expenses	69.9	69.2	26.5	26.3	96.4	95.5
Change in Net Position	(0.4)	3.1	(0.6)	1.4	(1.0)	4.5
Net Position - Beginning of year	174.1	171.0	138.8	137.4	312.9	308.4
Net Position - End of year	\$ 173.7	\$ 174.1	\$ 138.2	\$ 138.8	\$ 311.9	\$ 312.9

Governmental Activities

The City's total governmental activities revenue decreased by \$2.8 million or 3.87 percent from a year ago. This was primarily attributed to a decrease in service charges and property taxes, partially offset by an increase in grants and state-shared revenue in fiscal year 2013-2014 compared to fiscal year 2012-2013. The City's total governmental program expenses increased by \$0.7 million or 1.01 percent from a year ago. This was primarily attributed to increases in general government and public works; partially offset by a decrease in public safety, community and economic development, and recreation and culture.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

The City continues to pre-fund postretirement healthcare benefits as well as retirement benefits so that future taxpayers will not have to bear the burden of currently earned benefits. During the year, the City contributed 100 percent of the actuarial required contributions for the Employees' Retirement System pension and the postretirement healthcare plan. In addition, the City contributed an additional amount of approximately \$1.4 million for the postretirement healthcare plan, which not only resulted in the elimination of the net OPEB obligation, but created a small net OPEB asset at year end.

Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Fund. The City provides water purchased from the City of Detroit water system through a contract with Oakland County Department of Public Works, which operates the City's utility system. The utility system incurred a \$1.6 million operating loss during fiscal year 2013-2014, compared to an approximate \$1.2 million operating gain in fiscal year 2012-2013. This \$2.8 million decrease in operating position from the prior year resulted from a decrease of \$2.6 million or 9 percent in system operating revenue while operating expenses increased \$0.2 million or 1 percent compared to fiscal year 2012-2013. The operating loss was partially offset by \$1.1 million during fiscal year 2013-2014 from a net of capital contributions, transfers in and nonoperating items. Overall, in fiscal year 2013-2014, the water and sewer activities net position decreased \$0.5 million or 0.4 percent. Nevertheless, the Water and Sewer Fund maintained a strong net position of over \$138 million at year end, of which approximately \$65 million (unrestricted net position) may be used to meet the Fund's ongoing obligations to citizens and creditors.

The City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for Act 51 major and local road money, the City Council creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by the citizens and earmarked bond proceeds. The City's major funds for fiscal year 2013-2014 include the General Fund, the Major Roads Fund, the Local Roads Fund, the Public Safety Millage Fund, the Capital Improvement Fund, and the Local Road Special Assessment (Debt Service) Fund. Capital improvements in the major funds category include major and local road reconstruction/resurfacing, drainage improvements, sidewalks/bike path replacement/construction, facility improvements and expansions, technology upgrades, and the purchase of vehicles and equipment.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

General Fund:

The original fiscal year 2013-2014 General Fund budget (which is the adopted budget plus budgets from the carry-forward of prior year encumbrances) reflected the addition of \$1.0 million to fund balance at year end. The General Fund's fund balance actually increased by \$1.6 million or 7 percent. The \$0.6 million increase in fund balance compared to what was reflected in the original budget is due primarily to the net of a \$0.4 million decrease in actual revenue compared to the original budget and a \$1.1 million decrease in actual expenditures compared to the original budget.

Special Revenue Funds:

The Major Road Fund fund balance decreased by \$176,000 or 6 percent, due to a planned use of fund balance for various road construction and maintenance projects. Total revenue and transfers in was \$283,000 more than the previous year, while total expenditures and transfers out were \$567,000 more than the previous year. The Local Road Fund fund balance increased by \$175,000 or 24 percent, due primarily from a planned transfer from the Revolving Special Assessment Fund. Total revenue, bond proceeds and transfers in was \$1.0 million less than the previous year, while total expenditures and transfers out was also \$1.0 million less than the previous year. The Public Safety Millage Fund fund balance increased by \$0.75 million or 28 percent, due to less public safety personnel costs than originally budgeted. Total revenue was \$0.1 million less than the previous year, while total expenditures were \$0.6 million more than the previous year.

Debt Service Fund:

The Local Road Special Assessment Fund fund balance decreased by \$0.2 million or 9 percent, due primarily from the decision not to issue debt and absorb some of the project costs from fund balance. Total revenue, bond proceeds and transfers in was \$2.0 million less than the previous year, while total expenditures and transfers out was \$0.6 million less than the previous year.

Capital Projects Fund:

The Capital Improvement Fund fund balance decreased by \$2.2 million or 48 percent, due primarily from the planned use of fund balance for various capital projects. Total revenue, bond proceeds, and transfers in was \$1.1 million less than the previous year, while total expenditures were \$2.0 million more than the previous year.

General Fund Budgetary Highlights

The City administration and City Council continuously monitor and amend the budget to reflect unanticipated events that occur during the year.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

Differences between the final amended budget and year-end actual numbers can be briefly summarized as follows:

- The approximately \$70,000 or 0.1 percent decrease in total revenue from the final amended budget reflected a net of less-than expected property taxes, grants, state-shared revenue, service charges, and donations, partially offset by more than expected licenses and permits, fines and forfeitures, investment income, and miscellaneous income.
- Transfers in increased by approximately \$22,000 from the final amended budget due to the close out of the Fire Grant Fund into the General Fund as restricted funds at year end.
- The approximate \$1.7 million or 4 percent decrease in total expenditures from the final amended budget reflects a \$0.7 million decrease in general government, a \$0.5 million decrease in public safety, a \$0.3 million decrease in public works, and a combined \$0.2 million decrease in community and economic development and recreation and culture activity budgets.
- Transfers out equaled the final amended budget.

Capital Asset and Debt Administration

On June 30, 2014, the City had approximately \$231 million in total net capital assets ranging from land, buildings, equipment, technology equipment, and water and sewer lines. The value of infrastructure (streets, sidewalks, drains, water and sewer) assets, net of depreciation, included in this report is approximately \$132 million (see Note 5 for additional information).

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and is reported as a liability on the statement of net position. The City's total debt decreased by \$1.8 million (7 percent), during the current fiscal year. The decrease was the result of the payoff of annual maturities on pre-existing debt (see Note 7 of the notes to financial statements for additional information). The City maintained its AAA non-insured rating from Standard and Poor's and Aa1 non-insured rating from Moody's.

Economic Factors and Next Year's Budgets and Rates

The City's tax rate was stable for many years through 2005 at approximately 10.2 mills. Due to the passage of a dedicated library millage, the tax rate for fiscal year 2006 was reduced by 0.70 mills to 9.5221 mills. For fiscal year 2007, the tax rate was raised to 10.0216 due to the implementation of the 0.5 public safety millage increase, reduced by the Headlee Amendment to 0.4995 mills, which was passed by a public vote in November 2003. The fiscal year 2011/12 tax rate increased to 10.6180 mills, due to a 0.5000 increase in the Operating Millage, a 0.0812 increase in the Refuse Removal Millage, and the enactment of a new 0.0152 Economic Development Millage. The fiscal year 2012-2013 tax rate increased to 12.3506 mills, due to a 0.0316 increase in the Refuse Removal Millage, a 0.0010 increase in the Economic Development Millage, and a 1.7000 increase in the voted Public Safety Millage.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

The fiscal year 2013-2014 tax rate increased to 12.3538 mills, due to a 0.003 increase in the Refuse Removal Millage and a 0.0002 increase in the Economic Development Millage. Although the City's tax base decreased in fiscal year 2013-2014, the tax base is projected to increase marginally for fiscal year 2014-2015. Our state equalized value (SEV) will be \$3.26 billion in fiscal year 2014-2015, which is \$204 million more than our taxable value. This is significant because taxes are based on taxable value, not SEV. The tax base is well diversified with residential accounting for 68 percent, commercial 21 percent, industrial 3 percent, and personal property 8 percent. Tax base diversification is further demonstrated by the fact that the top 10 taxpayers combined account for approximately 8 percent of the tax roll. Taxes account for approximately 55 percent of the FY 2014-2015 General Fund budgeted revenue, while State-shared revenue accounts for approximately 13 percent of the FY 2014-2015 General Fund budgeted revenue. The fiscal year 2014-2015 General Fund adopted budget reflects the use of fund balance for increased contributions to the Capital Improvement Program and for increased Road Maintenance.

On the expense side, the City operates with a relatively small labor force and low personnel costs. The only greater-than-inflationary cost increases are projected in healthcare costs both for current employees and future retirees as well as pension costs. The City will continue to adjust expenditures in fiscal year 2014-2015 to match revenue projections as they are revised.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dave Gajda, Finance Director/Treasurer, City of Farmington Hills, Michigan, 31555 West Eleven Mile Road, Farmington Hills, MI 48336.

City of Farmington Hills, Michigan

Statement of Net Position June 30, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 4)	\$ 40,777,267	\$ 60,542,743	\$ 101,320,010	\$ 1,044,267
Receivables:				
Receivables from sales to customers on account	-	7,732,293	7,732,293	-
Other receivables	703,450	61,800	765,250	-
Due from other governmental units	2,340,258	1,516	2,341,774	-
Due from fiduciary funds	116,339	-	116,339	-
Special assessments receivable	4,648,197	43,664	4,691,861	-
Internal balances (Note 6)	9,912	(9,912)	-	-
Inventories	623,328	-	623,328	-
Prepaid expenses and other assets	430,407	-	430,407	-
Advances due from SWOCC (Note 17)	566,247	-	566,247	-
Investment in SWOCC (Note 17)	630,457	-	630,457	-
Net retiree healthcare asset (Note 14)	20,063	-	20,063	-
Noncurrent assets - Capital assets (Note 5):				
Assets not subject to depreciation	53,090,855	10,742,305	63,833,160	-
Assets subject to depreciation	98,313,940	69,149,889	167,463,829	-
Total assets	202,270,720	148,264,298	350,535,018	1,044,267
Deferred Outflows of Resources -				
Deferred charges on bond refunding	572,865	-	572,865	-
Liabilities				
Accounts payable	3,490,794	3,420,150	6,910,944	36,784
Due to other governmental units	139,857	-	139,857	-
Accrued liabilities and other	2,285,929	440	2,286,369	-
Unearned revenue	6,225	-	6,225	-
Noncurrent liabilities (Note 7):				
Due within one year:				
Compensated absences	2,173,923	-	2,173,923	-
Provision for self-insurance claims	676,000	-	676,000	-
Current portion of long-term debt	2,137,781	270,000	2,407,781	-
Due in more than one year:				
Compensated absences	2,630,271	-	2,630,271	-
Long-term debt	15,641,374	6,300,000	21,941,374	-
Total liabilities	29,182,154	9,990,590	39,172,744	36,784
Net Position				
Net investment in capital assets	133,625,640	73,322,194	206,947,834	-
Restricted for:				
Streets and highways	3,674,045	-	3,674,045	-
Debt service	6,490,554	-	6,490,554	-
Capital projects	1,775,412	-	1,775,412	-
Police and fire operations	4,298,283	-	4,298,283	-
Parks and recreation	582,499	-	582,499	-
Unrestricted	23,214,998	64,951,514	88,166,512	1,007,483
Total net position	\$ 173,661,431	\$ 138,273,708	\$ 311,935,139	\$ 1,007,483

The Notes to Financial Statements are an
Integral Part of this Statement.

City of Farmington Hills, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 14,315,814	\$ 4,952,419	\$ 320,608	\$ 201,552
Public safety	26,778,223	1,858,740	703,573	-
Public works	18,265,922	2,162,983	6,184,887	7,737
Community and economic development	1,383,537	226,124	-	-
Recreation and culture	8,470,535	4,403,579	728,952	-
Interest on long-term debt	704,688	-	-	-
Total governmental activities	69,918,719	13,603,845	7,938,020	209,289
Business-type activities	26,551,741	24,749,466	-	281,559
Total primary government	\$ 96,470,460	\$ 38,353,311	\$ 7,938,020	\$ 490,848
Component units:				
Economic Development Corporation	\$ 17,528	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	196,081	-	-	-
Corridor Improvement Authority	10,147	-	-	-
Total component units:	\$ 223,756	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended June 30, 2014

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (8,841,235)	\$ -	\$ (8,841,235)	\$ -
(24,215,910)	-	(24,215,910)	-
(9,910,315)	-	(9,910,315)	-
(1,157,413)	-	(1,157,413)	-
(3,338,004)	-	(3,338,004)	-
(704,688)	-	(704,688)	-
(48,167,565)	-	(48,167,565)	-
-	(1,520,716)	(1,520,716)	-
(48,167,565)	(1,520,716)	(49,688,281)	-
-	-	-	(17,528)
-	-	-	(196,081)
-	-	-	(10,147)
-	-	-	(223,756)
38,910,074	-	38,910,074	259,689
6,359,066	-	6,359,066	-
414,038	915,125	1,329,163	235
2,083,279	5,800	2,089,079	31,488
47,766,457	920,925	48,687,382	291,412
(51,752)	51,752	-	-
(452,860)	(548,039)	(1,000,899)	67,656
174,114,291	138,821,747	312,936,038	939,827
\$ 173,661,431	\$ 138,273,708	\$ 311,935,139	\$ 1,007,483

City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement Fund	Special Assessment Fund - Local Roads
Assets					
Cash and cash equivalents (Note 4)	\$ 23,620,934	\$ 2,884,352	\$ 623,805	\$ 3,564,532	\$ 2,208,746
Receivables:					
Special assessments receivable	-	-	-	-	4,648,197
Other receivables	684,693	-	-	9,573	-
Due from other governmental units	1,326,689	696,261	231,842	-	-
Due from fiduciary funds	116,339	-	-	-	-
Due from other funds	1,159,149	-	386,172	996	-
Prepays and other assets	430,407	-	-	-	-
Advances due from SWOCC (Note 17)	566,247	-	-	-	-
Total assets	\$ 27,904,458	\$ 3,580,613	\$ 1,241,819	\$ 3,575,101	\$ 6,856,943
Liabilities					
Accounts payable	\$ 930,365	\$ 716,550	\$ 237,651	\$ 1,207,535	\$ 1,572
Due to other funds	1,943	98,721	95,465	-	309,066
Accrued liabilities and other	2,138,176	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	3,070,484	815,271	333,116	1,207,535	310,638
Deferred Inflows of Resources					
Unavailable revenue - Special assessments	-	-	-	-	4,648,197
Unavailable revenue - Miscellaneous	36,947	-	-	-	-
Total deferred inflows of resources	36,947	-	-	-	4,648,197
Fund Balances					
Nonspendable:					
Prepays	430,407	-	-	-	-
Long-term receivable	566,247	-	-	-	-
Restricted:					
Roads	-	2,765,342	908,703	-	-
Police and fire	-	-	-	-	-
Debt service	-	-	-	-	2,177,737
Grants - Fire protection	22,408	-	-	-	-
Capital projects	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Committed - Special assessment projects	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	2,367,566	-
Debt service	-	-	-	-	-
Future expenditures (Note 18)	12,178,626	-	-	-	-
Unassigned	11,599,339	-	-	-	(279,629)
Total fund balances	24,797,027	2,765,342	908,703	2,367,566	1,898,108
Total liabilities, deferred inflows of resources, and fund balances	\$ 27,904,458	\$ 3,580,613	\$ 1,241,819	\$ 3,575,101	\$ 6,856,943

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

Public Safety Millage Fund	Nonmajor Funds	Total
\$ 4,243,585	\$ 3,631,313	\$ 40,777,267
-	-	4,648,197
-	9,184	703,450
-	85,466	2,340,258
-	-	116,339
-	947	1,547,264
-	-	430,407
-	-	566,247
\$ 4,243,585	\$ 3,726,910	\$ 51,129,429
\$ -	\$ 397,121	\$ 3,490,794
844,210	187,947	1,537,352
-	-	2,138,176
-	6,225	6,225
844,210	591,293	7,172,547
-	-	4,648,197
-	-	36,947
-	-	4,685,144
-	-	430,407
-	-	566,247
-	-	3,674,045
3,399,375	876,500	4,275,875
-	-	2,177,737
-	-	22,408
-	1,440,032	1,440,032
-	582,499	582,499
-	52,534	52,534
-	19,354	2,386,920
-	164,698	164,698
-	-	12,178,626
-	-	11,319,710
3,399,375	3,135,617	39,271,738
\$ 4,243,585	\$ 3,726,910	\$ 51,129,429

City of Farmington Hills, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2014

Fund Balance Reported in Governmental Funds	\$ 39,271,738
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 are not reported in the funds	151,404,795
Investments in joint ventures are not financial resources and are not reported in the funds	630,457
Special assessment receivables and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	4,685,144
Deferred charges on bond refundings are amortized over the related bond terms, and are not reported in the funds	572,865
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(17,779,155)
Accrued interest is not due and payable in the current period and is not reported in the funds	(147,753)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(4,804,194)
Other long-term liabilities, specifically general liability claims, do not present a claim on current financial resources and are not reported as fund liabilities	(676,000)
Other long-term liabilities, specifically amounts due to the 47th District Court, do not present a claim on current financial resources and are not reported as fund liabilities	(167,949)
Cash held by Oakland County for drain projects is not included as an asset in the governmental funds	28,092
Inventories are not recorded as assets in the governmental funds	623,328
Other postemployment assets for employee health benefits are not current financial resources and are not reported as fund assets	20,063
Net Position of Governmental Activities	\$ 173,661,431

City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement Fund	Special Assessment Fund - Local Roads
Revenue					
Property taxes	\$ 27,852,944	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,357,184	-	-	-	-
Federal grants	205,389	239,570	-	46,352	-
State-shared revenue and grants	6,693,966	4,439,437	1,494,719	2,647	-
Charges for services	9,598,537	-	-	-	-
Fines and forfeitures	2,094,189	-	47,500	-	-
Investment income	221,027	847	161	1,442	181,939
Other revenue:					
Special assessments	-	-	-	-	1,102,473
Other grants and contributions	244,291	11,161	-	-	-
Other miscellaneous income	1,752,935	130	-	53,379	-
Total revenue	50,020,462	4,691,145	1,542,380	103,820	1,284,412
Expenditures					
Current:					
General government	13,584,449	-	-	-	-
Public safety	17,498,574	-	-	-	-
Public works	6,826,300	4,417,304	3,208,847	-	-
Community and economic development	1,273,360	-	-	-	-
Recreation and culture	6,703,160	-	-	-	-
Capital outlay	-	-	-	4,150,139	28,327
Debt service	-	-	-	-	422,861
Total expenditures	45,885,843	4,417,304	3,208,847	4,150,139	451,188
Excess of Revenue Over (Under) Expenditures	4,134,619	273,841	(1,666,467)	(4,046,319)	833,224
Other Financing Sources (Uses)					
Transfers in	1,430,258	-	1,841,597	1,845,981	936,717
Transfers out	(3,943,615)	(450,000)	-	-	(1,962,212)
Total other financing (uses) sources	(2,513,357)	(450,000)	1,841,597	1,845,981	(1,025,495)
Net Change in Fund Balances	1,621,262	(176,159)	175,130	(2,200,338)	(192,271)
Fund Balances - Beginning of year	23,175,765	2,941,501	733,573	4,567,904	2,090,379
Fund Balances - End of year	\$ 24,797,027	\$ 2,765,342	\$ 908,703	\$ 2,367,566	\$ 1,898,108

**Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended June 30, 2014**

Public Safety Millage Fund	Nonmajor Funds	Total
\$ 9,582,470	\$ 1,474,660	\$ 38,910,074
-	-	1,357,184
-	759,065	1,250,376
-	191,969	12,822,738
-	-	9,598,537
-	-	2,141,689
3,585	5,037	414,038
-	-	1,102,473
-	-	255,452
-	494,382	2,300,826
<u>9,586,055</u>	<u>2,925,113</u>	<u>70,153,387</u>
-	150	13,584,599
8,835,369	586,647	26,920,590
-	-	14,452,451
-	268,920	1,542,280
-	398,991	7,102,151
-	212,819	4,391,285
-	2,404,878	2,827,739
<u>8,835,369</u>	<u>3,872,405</u>	<u>70,821,095</u>
750,686	(947,292)	(667,708)
-	4,347,968	10,402,521
-	(4,098,446)	(10,454,273)
<u>-</u>	<u>249,522</u>	<u>(51,752)</u>
750,686	(697,770)	(719,460)
<u>2,648,689</u>	<u>3,833,387</u>	<u>39,991,198</u>
<u>\$ 3,399,375</u>	<u>\$ 3,135,617</u>	<u>\$ 39,271,738</u>

City of Farmington Hills, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (719,460)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	5,930,088
Depreciation expense	(8,435,147)
Net book value of assets disposed of	(6,119)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	(681,039)
Governmental funds report inventory purchases as expenditures; in the statement of activities, these costs are expensed as used	(12,837)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,152,784
Change in accrued interest payable and other	(29,733)
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(86,322)
The changes in liabilities for general claims and amounts due to the 47th District Court are recorded when incurred in the statement of activities	(46,271)
Income from joint venture is not reported in the funds	45,266
Decreases in other postemployment healthcare benefits liability reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the fund statements until they come due for payment	1,435,930
Change in Net Position of Governmental Activities	\$ (452,860)

City of Farmington Hills, Michigan

Proprietary Funds Statement of Net Position June 30, 2014

	<u>Enterprise Fund - Water and Sewer</u>
Assets	
Current assets:	
Cash and cash equivalents (Note 4)	\$ 60,542,743
Receivables	7,839,273
Total current assets	<u>68,382,016</u>
Noncurrent assets - Capital assets (Note 5)	<u>79,892,194</u>
Total assets	<u>148,274,210</u>
Liabilities	
Current liabilities:	
Accounts payable	3,420,150
Due to other funds (Note 6)	9,912
Accrued liabilities and other	440
Current portion of long-term debt (Note 7)	270,000
Total current liabilities	<u>3,700,502</u>
Noncurrent liabilities - Long-term debt (Note 7)	<u>6,300,000</u>
Total liabilities	<u>10,000,502</u>
Net Position	
Net investment in capital assets	73,322,194
Unrestricted	64,951,514
Total net position	<u>\$ 138,273,708</u>

City of Farmington Hills, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2014

	<u>Enterprise Fund - Water and Sewer</u>
Operating Revenue	
Sale of water	\$ 13,990,712
Sewage disposal charges	9,866,451
Other operating revenue	<u>892,303</u>
Total operating revenue	24,749,466
Operating Expenses	
Cost of water	10,632,333
Cost of sewage treatment	7,104,322
Other operation and maintenance	4,339,219
Billing and administrative costs	894,132
Depreciation	<u>3,374,502</u>
Total operating expenses	<u>26,344,508</u>
Operating Loss	(1,595,042)
Nonoperating Revenue (Expenses)	
Investment income	915,125
Interest expense	(166,488)
Other nonoperating expenses	(40,745)
Other nonoperating revenue	<u>5,800</u>
Total nonoperating revenue	<u>713,692</u>
Loss - Before contributions	(881,350)
Capital Contributions - Tap-in fees	281,559
Transfers in	<u>51,752</u>
Change in Net Position	(548,039)
Net Position - Beginning of year	<u>138,821,747</u>
Net Position - End of year	<u><u>\$ 138,273,708</u></u>

City of Farmington Hills, Michigan

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

	<u>Enterprise Fund - Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 24,959,970
Payments to suppliers	(21,136,114)
Payments to employees	(168,811)
Payments for interfund services and reimbursements	(81,551)
Other receipts	(620)
	3,572,874
Cash Flows from Noncapital Financing Activities - Transfers from other funds	8,088
Cash Flows from Capital and Related Financing Activities	
Tap-in fees and other	246,614
Purchase of capital assets	(6,617,638)
Principal and interest paid on capital debt	(401,119)
	(6,772,143)
Cash Flows from Investing Activities - Interest received on investments	915,125
Net Decrease in Cash and Cash Equivalents	(2,276,056)
Cash and Cash Equivalents - Beginning of year	62,818,799
Cash and Cash Equivalents - End of year	\$ 60,542,743
Balance Sheet Classification of Cash and Cash Equivalents -	
Cash and investments	\$ 60,542,743
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,595,042)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	3,374,502
Changes in assets and liabilities:	
Receivables	209,884
Accounts payable and other	1,665,081
Due to other funds	(81,551)
	\$ 3,572,874

City of Farmington Hills, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2014

	Pension and Other Employee Benefit Trust Funds	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 10,158,989	\$ 4,694,673
Investments:		
Pooled funds	108,035,447	-
Exchange traded funds	12,535,027	-
Common stock	85,632,226	-
Receivables	431,203	2,463
Prepaid expenses and other assets	23,662	-
	216,816,554	\$ 4,697,136
Liabilities		
Accounts payable	287,490	\$ -
Other payables	-	988,275
Due to primary government	116,339	-
Refundable deposits, bonds, etc.	-	3,708,861
	403,829	\$ 4,697,136
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 216,412,725	

City of Farmington Hills, Michigan

Fiduciary Funds

Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds Year Ended June 30, 2014

	Pension and Other Employee Benefit Trust Funds
Additions	
Investment income (expense):	
Interest and dividends	\$ 3,352,419
Net increase in fair value of investments	28,575,860
Investment-related expenses	(1,085,049)
Net investment income	30,843,230
Contributions:	
Employer	8,850,283
Employee	1,165,372
Total contributions	10,015,655
Total additions	40,858,885
Deductions	
Benefit payments	11,047,695
Refunds of contributions	55,135
Total deductions	11,102,830
Net Increase in Net Position Held in Trust	29,756,055
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	186,656,670
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 216,412,725

City of Farmington Hills, Michigan

Component Units Statement of Net Position June 30, 2014

	Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
Assets - Cash and cash equivalents	\$ 9,457	\$ 1,009,111	\$ 25,699	\$ 1,044,267
Liabilities - Accounts payable	1,665	35,119	-	36,784
Net Position - Unrestricted	<u>\$ 7,792</u>	<u>\$ 973,992</u>	<u>\$ 25,699</u>	<u>\$ 1,007,483</u>

City of Farmington Hills, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development Corporation	\$ 17,528	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	196,081	-	-	-
Corridor Improvement Authority	10,147	-	-	-
Total component units	\$ 223,756	\$ -	\$ -	\$ -

General revenue:

Property taxes

Investment income

Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2014**

Net (Expense) Revenue and Changes in Net Position			
Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
\$ (17,528)	\$ -	\$ -	\$ (17,528)
-	(196,081)	-	(196,081)
-	-	(10,147)	(10,147)
(17,528)	(196,081)	(10,147)	(223,756)
-	259,689	-	259,689
10	210	15	235
500	-	30,988	31,488
510	259,899	31,003	291,412
(17,018)	63,818	20,856	67,656
24,810	910,174	4,843	939,827
\$ 7,792	\$ 973,992	\$ 25,699	\$ 1,007,483

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Farmington Hills, Michigan (the "City"):

Reporting Entity

The City of Farmington Hills, Michigan is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Blended Component Units - The Farmington Hills Building Authority (the "Authority") is governed by a board appointed by the 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 finance and construct the City's public buildings. The operations of the Authority are reported as a nonmajor debt service fund.

Discretely Presented Component Units - The following component units are reported within the component units column in the financial statements. They are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City. The component units do not issue separate financial statements. However, the City's basic financial statements include the statement of net position and the activities of the component units. For all units, the fund-based statements are the same as the government-wide level because there are no differences resulting from the different basis of accounting. Therefore, fund-based statements are not presented.

Economic Development Corporation - The Economic Development Corporation (the "EDC") was created to encourage and assist commercial and industrial enterprises to locate and expand facilities and services to the City and its residents. The EDC's governing body, which consists of nine individuals, is appointed by the City Council. In certain situations, members of the EDC board of directors may be removed by a majority vote of the City Council.

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority (the "BRA") was created to facilitate the implementation of plans for the identification, treatment, and revitalization of environmentally distressed areas within the City designated as Brownfield Redevelopment Zones. The BRA's governing board of directors, consisting of nine members, is appointed by the mayor subject to approval by the City Council. In certain situations, members of the BRA board of directors may be removed by formal action of the City Council.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

Corridor Improvement Authority - The Corridor Improvement Authority (the "CIA") was established to help correct and prevent deterioration in commercial corridor business districts, encourage historical preservation, and promote the economic growth of the districts. The CIA's governing body, consisting of seven members, is appointed by the mayor subject to approval by the City Council. In certain situations, members of the CIA board of directors may be removed by formal action of the City Council.

Jointly Governed Organization - Jointly governed organizations are discussed in Note 17.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives – the government-wide perspective, and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual based presentation found in the fund-based 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 for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

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.

Fund Accounting

The City accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenues were used. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project funds. The City reports the following funds as "major" governmental funds:

- General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- Major Roads Fund - The Major Roads Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.
- Local Roads Fund - The Local Roads Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.
- Capital Improvement Fund - The Capital Improvement Fund accounts for projects and equipment acquisitions in excess of \$25,000 financed by a portion of the millage from within the City Charter millage cap, allocated for this purpose by the City Council.
- Special Assessment Fund - Local Roads - The Special Assessment Fund - Local Roads is used to accumulate special assessment collections to be used to pay debt service costs for bonds issued for specific local improvements that benefit property owners and to account for the construction activity for local improvements that benefit property owners.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

- Public Safety Millage Fund - The Public Safety Millage Fund accounts for police and fire department staffing and equipment needs of the City. Financing is provided by a dedicated millage adopted by the electorate of the City.

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The City reports the following fund as a “major” enterprise fund:

- Water and Sewer Fund - The Water and Sewer Fund accounts for the activity of the water distribution and sewage collection systems administered by Oakland County.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

- Pension and Other Employee Benefits Trust Fund - The Pension and Other Employee Benefits Trust Fund accounts for the activities of the employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees.
- Agency Funds - The agency funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. They record primarily tax collections received and remitted to other units of government (the county, community college, school districts, etc.) as well as building bonds and deposits, held for temporary periods.

Interfund Activity: During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and certain accounts receivable will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

Investments - Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value as determined by management.

Approximately \$73,652,000 or 34 percent of the Pension and Other Postemployment Benefit Trust Fund's net position as of June 30, 2014 is not publicly traded and therefore does not always have a readily determinable market value. Management's estimates of these values are based on information provided by investment managers, general partners, real estate advisors, and other means. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the values that would have been used had a ready market for these securities existed. The difference could be material.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water and sewer distribution systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Infrastructure, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Roads and sidewalks	20 to 50 years
Water and sewer distribution systems	40 to 50 years
Drains	50 years
Land improvements	15 to 30 years
Buildings and building improvements	30 years
Vehicles	3 to 5 years
Machinery and equipment	7 to 20 years
Office equipment and furniture	5 to 7 years

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The deferred inflows of resources related to unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: special assessments and certain accounts receivable. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the finance director and city manager to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note I - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. The related property taxes are billed on July 1 and become a lien at that time. These taxes are payable at the City until August 31 without penalty. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2013 tax is levied and collectible on July 1, 2013 and is recognized as revenue in the year ended June 30, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2013 final amended taxable valuation of the City totaled approximately \$3,026,363,000, on which ad valorem taxes less special acts levied consisted of 7.9560 mills for operating purposes, 0.4882 mills for parks and recreation, 0.7168 mills for refuse, 0.0164 mills for public information, and 3.1764 mills for public safety. This resulted in approximately \$23,992,000 for operations, \$1,472,000 for parks and recreation, \$2,162,000 for refuse, \$49,000 for public information, and \$9,579,000 for public safety. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as taxes receivable - current or as tax revenue, subsequent to Brownfield captures.

Pension and Other Postemployment Benefit Costs - The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation, sick, and personal pay as it is earned. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements. In prior years, the General Fund has been used to liquidate the liability for compensated absences.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification - 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 Water and Sewer Fund are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for enterprise 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.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 3 - Stewardship, Compliance, and Accountability

Construction Code Fees - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since July 1, 2000 is as follows:

Shortfall at July 1, 2013		\$	(4,516,628)
Current year permit revenue			1,268,240
Related expenses:			
Direct costs	\$	587,715	
Estimated indirect costs		<u>196,058</u>	<u>783,773</u>
Current year surplus			<u>484,467</u>
Cumulative shortfall at June 30, 2014		\$	<u>(4,032,161)</u>

The City adopts a formal budget for the General Fund and all special revenue, debt service funds, and capital projects funds. By February 1 of each year, all department heads submit spending requests to the finance director so that a budget may be prepared. The proposed budget is adopted no later than the first regular Council meeting in June. The City Council must approve any budget amendments. During the year, the budget was amended in a legally permissible manner.

The budget is adopted on an activity basis. Although spending estimates are produced for each line item, budgetary control is exercised at the activity level. The city manager is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditures of any budgetary expenditure (activity) must be approved by the City Council. Expenditures at this level in excess of budget appropriation are a violation of Michigan law. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at June 30, 2014 for all funds is not significant.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. Comparison schedules are presented on the same basis of accounting used in preparing the adopted budget.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 3 - Stewardship, Compliance, and Accountability (Continued)

The budget information for revenue and expenditures presented for the General Fund, special revenue funds, debt service funds, and capital projects funds is a summarization of the actual adopted budget. Individual amendments were not material in relation to the original appropriations that were adopted. Budget appropriations lapse at year end; encumbrances are not included as expenditures. A comparison of the adopted budget with the actual revenue and expenditures for the year is presented as required supplemental information.

The Special Assessment Fund - Local Roads has an unassigned deficit of \$279,629. This is not a true deficit according to the Numbered Letter 2014-1 from the State of Michigan because the deferred inflows of resources balance is greater than the unrestricted fund balance. Unrestricted fund balance is the sum of the committed, assigned, and unassigned fund balances.

Essential Services Loss

The percent of General Fund revenue used to fund essential services for fiscal year 2012 was 41 percent.

Note 4 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust fund and retiree healthcare fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 4 - Deposits and Investments (Continued)

The City has designated 17 banks/advisors for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments allowable under the state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy strives to minimize custodial credit risk by prequalifying the financial institutions, brokers/dealers, and intermediaries with which the City does business. At year end, the City had \$7,532,479 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At June 30, 2014, the component units of the City did not have any bank deposits.

Interest Rate Risk

City Policy - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity.

Retirement and Healthcare System Policy - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The retirement system's investment policy does not restrict investment maturities. The retirement system allows for actively managed investments in domestic large-cap equities, domestic small/mid-cap equities, domestic fixed income, and international equities. At year end, the retirement system did not hold any investments subject to interest rate risk.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 4 - Deposits and Investments (Continued)

At year end, the average maturity of investments is as follows:

Investment	Fair Value	Weighted Average Maturity
Primary Government		
U.S. Treasury:		
Bank investment pool	\$ 16,772,188	953 Days
Bank investment pool - Oakland County	1,861,522	30 Days
	24,606,894	646 Days
Total	\$ 43,240,604	

Credit Risk

City Policy - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Retirement and Healthcare System Policy - The retirement system domestic equity investments allow for common stocks, real estate investment trusts, and securities convertible into the common stock of U.S.-based companies. Domestic fixed-income investments allow for securities issued by the U.S. government and its agencies, U.S. corporations, Yankee bonds, notes, and securitized mortgages. Fixed-income securities shall be rated BBB- or higher at time of purchase except for collateralized mortgage obligations (CMOs), asset-backed securities, and mortgage-backed securities that shall be rated AAA at time of purchase. International securities must be in American Depository Receipts (ADRs) or American Depository Shares (ADSs) or depository securities of non-U.S. based companies traded in the United States. These investments are deemed allowable by the retirement and healthcare system investment policy.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 4 - Deposits and Investments (Continued)

As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Bank investment pool	\$ 14,739,327	AAAm	S&P
Bank investment pool	2,875,071	Aaa	Moody's
Bank investment pool	<u>42,873,144</u>	Not rated	N/A
Total	<u>\$ 60,487,542</u>		
Health Care Fund - Pooled investments/			
Mutual funds	<u>\$ 24,521,645</u>	Not rated	N/A
Component Units			
Pooled investments	\$ 1,009,111	AAA	Moody's
Pooled investments	<u>35,156</u>	AAAm	S&P
Total	<u>\$ 1,044,267</u>		

Concentration of Credit Risk

Retirement System - The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year end, the plan had multiple investments, which consisted mostly of pooled investments that exceeded 5.00 percent of the total portfolio. The Plan had 8.80 percent invested in Entrust Diversified Fund, 7.32 percent invested in Brandywine Global Fixed Income, 7.03 percent invested in iShares MSCI ACWI, and 16.83 percent invested in Loomis Sayles investments.

Healthcare System - The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year end, the Plan had multiple investments, which consisted mostly of pooled investments that exceeded 5.00 percent of the total portfolio. The Fund had 6.52 percent invested in PIMCO Total Return Fund, 7.29 percent invested in Templeton Global Bond Fund, 6.95 percent invested in iShares MSCI ACWI Index Fund, 6.31 percent invested in Loomis Sayles Investment Grade Bond Fund, and 9.94 percent invested in iShares Core U.S. Aggregate Fund.

Risks and Uncertainties - The City invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2013	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2014
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 16,767,181	\$ -	\$ 6,052	\$ -	\$ 16,773,233
Construction in progress	5,762,492	(2,991,276)	1,984,476	-	4,755,692
Right of way	31,561,930	-	-	-	31,561,930
Subtotal	54,091,603	(2,991,276)	1,990,528	-	53,090,855
Capital assets being depreciated:					
Sidewalks	12,873,067	265,988	-	-	13,139,055
Drain rights	17,206,941	-	-	-	17,206,941
Buildings and improvements	62,419,947	-	860,828	-	63,280,775
Machinery and equipment	15,054,046	-	993,298	3,095	16,044,249
Vehicles	13,047,889	-	877,701	375,832	13,549,758
Office furnishings	4,384,741	-	-	-	4,384,741
Land improvements	18,247,579	-	177,624	-	18,425,203
Major roads	59,731,099	-	1,881	-	59,732,980
Local roads	78,455,127	2,725,288	1,028,228	-	82,208,643
Subtotal	281,420,436	2,991,276	3,939,560	378,927	287,972,345
Accumulated depreciation:					
Sidewalks	8,553,248	-	361,266	-	8,914,514
Drain rights	7,388,624	-	344,139	-	7,732,763
Buildings and improvements	29,288,030	-	1,771,940	-	31,059,970
Machinery and equipment	11,201,502	-	927,409	3,096	12,125,815
Vehicles	7,947,818	-	985,055	369,712	8,563,161
Office furnishings	3,602,786	-	212,249	-	3,815,035
Land improvements	13,625,296	-	671,112	-	14,296,408
Major roads	34,769,870	-	1,630,082	-	36,399,952
Local roads	65,218,892	-	1,531,895	-	66,750,787
Subtotal	181,596,066	-	8,435,147	372,808	189,658,405
Net capital assets being depreciated	99,824,370	2,991,276	(4,495,587)	6,119	98,313,940
Net capital assets	\$ 153,915,973	\$ -	\$ (2,505,059)	\$ 6,119	\$ 151,404,795
Business-type Activities					
Capital assets not being depreciated -					
Construction in progress	\$ 5,276,072	\$ (1,133,578)	\$ 6,599,811	\$ -	\$ 10,742,305
Capital assets being depreciated:					
Sewage disposal system	95,515,739	-	17,827	-	95,533,566
Water distribution system	70,799,568	1,133,578	-	-	71,933,146
Subtotal	166,315,307	1,133,578	17,827	-	167,466,712
Accumulated depreciation:					
Sewage disposal system	54,227,139	-	1,846,926	-	56,074,065
Water distribution system	40,715,182	-	1,527,576	-	42,242,758
Subtotal	94,942,321	-	3,374,502	-	98,316,823
Net capital assets being depreciated	71,372,986	1,133,578	(3,356,675)	-	69,149,889
Net capital assets	\$ 76,649,058	\$ -	\$ 3,243,136	\$ -	\$ 79,892,194

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 1,408,390
Public safety	1,297,669
Public works	4,364,494
Community and economic development	6,640
Recreation and culture	<u>1,357,954</u>

Total governmental activities \$ 8,435,147

Business-type activities - Water and sewer \$ 3,374,502

Construction Commitments - The City has active construction projects at year end. The projects include water main/sidewalk improvements, sewer and drainage improvements, and local road special assessment district improvements which were budgeted for and planned. No new debt was issued for these projects in the current year. At year end, the City's commitments with contractors are as follows:

	<u>Remaining Commitment</u>
Water tower construction	\$ 7,468,813
Roads/SAD/Drainage/Sewer improvements	332,628
Water main/Side walk improvements	<u>33,278</u>
Total	<u>\$ 7,834,719</u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 6 - Interfund Receivables, Payables, and Transfers

The following balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made. The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Major Roads Fund	\$ 98,721
	Local Roads Fund	95,465
	Public Safety Millage Fund	844,210
	Nonmajor Governmental Funds	110,841
	Water and Sewer Fund	9,912
	Total General Fund	1,159,149
Local Roads Fund	Special Assessment Fund - Local Roads	309,066
	Nonmajor Governmental Funds	77,106
	Total Local Roads Fund	386,172
Capital Improvement Fund	General Fund	996
Nonmajor Governmental Funds	General Fund	947
	Total	<u>\$ 1,547,264</u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Transfer From	Fund Transfer To	Amount
General Fund	Capital Improvement Fund	\$ 1,843,981
	Nonmajor Governmental Funds	2,099,634
	Total General Fund	3,943,615
Major Roads Fund	Local Roads Fund	450,000
Special Assessment Fund - Local Roads	Local Roads Fund	1,114,155
	Nonmajor Governmental Funds	796,306
	Water and Sewer Funds	51,752
	Total Special Assessment Fund - Local Roads	1,962,213
Nonmajor Governmental Funds	General Fund	1,430,259
	Local Roads Fund	277,442
	Capital Improvement Fund	2,000
	Special Assessment Fund - Local Roads	936,717
	Nonmajor Governmental Funds	1,452,028
	Total Nonmajor Governmental Funds	4,098,446
	Total	\$ 10,454,274

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the General Fund to the Capital Improvement Fund represents the movement of resources for capital improvements. The transfer from the General Fund to the nonmajor governmental funds represents the transfer of resources for debt service payments. The transfer from the Major Roads Fund to the Local Roads Fund represents the movement of resources for road improvements. The transfer from the Special Assessment Fund - Local Roads to other nonmajor governmental funds represents the transfer of resources for debt service payments. The transfers from the Special Assessment Fund - Local Roads to the Local Roads Fund and Water and Sewer Fund represent the movement of resources for capital improvements. The transfer from the nonmajor governmental funds to the Local Roads Fund represents the movement of resources for capital improvements. The transfer from nonmajor governmental funds to the Capital Improvement Fund represents the movement of discretionary funds to be used for the benefit of the community. The transfer from nonmajor governmental funds to the General Fund represents the movement of restricted funds to be used for restricted purposes in the General Fund. The transfers from nonmajor governmental funds to the other nonmajor governmental funds represent the transfer of resources for debt service payments.

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the City) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions/ Adjustments	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
1998 Refunding Bonds:							
Amount of issue: \$4,495,000		\$495,000-					
Maturing through 2015	4.40%	\$500,000	\$ 995,000	\$ -	\$ 500,000	\$ 495,000	\$ 495,000
Less deferred amount - Issuance discounts			(48,750)	-	(32,500)	(16,250)	-
2012 General Obligation Bonds:							
Amount of issue: \$970,000	2.00% -	\$55,000 -					
Maturing through 2026	3.00%	\$85,000	970,000	-	55,000	915,000	55,000
Building Authority Bonds:							
District Court Refunding Bonds, Series 2007:							
Amount of issue: \$6,555,000	4.00% -	\$690,000 -					
Maturing through 2021	5.50%	\$985,000	6,555,000	-	685,000	5,870,000	690,000
Building Authority Refunding Bonds, Series 2003:							
Amount of issue: \$2,910,000	3.60% -	\$200,000 -					
Maturing through 2018	4.00%	\$205,000	995,000	-	205,000	790,000	200,000
County contractual obligations:							
Caddell Drain Refunding Bonds:							
Amount of issue: \$1,388,991							
Maturing through 2014	5.875%	\$122,781	245,565	-	122,784	122,781	122,781
Golf Course Capital Improvement:							
Amount of issue: \$8,200,000	3.35%-	\$250,000-					
Maturing through 2016	4.375%	\$550,000	725,000	-	225,000	500,000	250,000
2013 Refunding Bonds - Golf Course							
Amount of issue: \$6,545,000	2.00%-	\$50,000-					
Maturing through 2031	3.50%	\$525,000	6,545,000	-	-	6,545,000	50,000
Less deferred amount - Bond premium			(161,450)	584,074	-	422,624	-
Special assessment bonds:							
Districts 292, 302, 303, 288, 291, 293, 295, 297, 290, and 300:							
Public improvements:							
Amount of issue: \$1,490,000	2.65%						
Maturing through 2014	4.12%		25,000	-	25,000	-	-
Districts 333, 334, 335, and 336:							
Public improvements:							
Amount of issue: \$2,470,000	2.00% -	\$275,000 -					
Maturing through 2022	2.50%	\$335,000	2,470,000	-	335,000	2,135,000	275,000
Total bonds payable			19,315,365	584,074	2,120,284	17,779,155	2,137,781
Other long-term obligations:							
Accumulated compensated absences							
			4,717,870	2,241,684	2,155,360	4,804,194	2,173,923
Estimated self-insurance claims							
			442,000	234,000	-	676,000	676,000
Total governmental activities			\$ 24,475,235	\$ 3,059,758	\$ 4,275,644	\$ 23,259,349	\$ 4,987,704
Business-type Activities							
Limited tax general obligation bonds:							
2013 Water Supply System Bonds:							
Amount of issue: \$6,800,000	2.00% -	\$270,000-	\$ 6,800,000	\$ -	\$ 230,000	\$ 6,570,000	\$ 270,000
Maturing through 2032	3.13%	\$460,000					

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 7 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$871,000. Annual debt service requirements to maturity for the above bonds and note obligations, excluding \$406,374 of unamortized discounts and premiums, are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 2,137,781	\$ 576,971	\$ 2,714,752	\$ 270,000	\$ 161,488	\$ 431,488
2016	1,525,000	503,925	2,028,925	275,000	156,038	431,038
2017	1,640,000	442,750	2,082,750	280,000	150,488	430,488
2018	1,695,000	377,550	2,072,550	285,000	144,838	429,838
2019	1,590,000	325,800	1,915,800	295,000	139,038	434,038
2020-2024	5,165,000	914,925	6,079,925	1,585,000	602,469	2,187,469
2025-2029	2,565,000	405,088	2,970,088	1,845,000	399,413	2,244,413
2030-2034	1,055,000	36,838	1,091,838	1,735,000	108,588	1,843,588
Total	<u>\$ 17,372,781</u>	<u>\$ 3,583,847</u>	<u>\$ 20,956,628</u>	<u>\$ 6,570,000</u>	<u>\$ 1,862,360</u>	<u>\$ 8,432,360</u>

Advance Refundings - In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2014, the City's portion of bonds outstanding that are considered defeased approximates \$13,928,000.

County Contractual Obligations - The above contractual obligations to the County are the result of the County issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the County bonds provided financing for the construction of the storm drains. The remaining principal and interest to be paid on the bonds total \$125,239. During the current year, net operating revenue of the system, excluding depreciation, was \$1,779,460 compared to the annual debt requirements of \$125,239.

No Commitment Debt - The City has issued Variable Rate Demand Hospital Revenue and Refunding Bonds under state law which authorizes municipalities under certain circumstances to acquire and lease industrial sites, buildings, and equipment and lease them to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of June 30, 2014, there is approximately \$25,910,000 of no commitment debt outstanding.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 8 - Pension Plan Description

Plan Administration - The City of Farmington Hills Employees' Retirement System Pension Board administers the City of Farmington Hills Pension Plan - a single employer defined benefit pension plan that provides retirement, disability, and death benefits for all eligible general, court, police, and fire plan members and their beneficiaries. Benefit terms have been established by employer policy and contractual agreements authorized by City Ordinance, which may be amended by City Council actions.

Management of the Plan is vested in the pension board, which consists of seven members - four elected by plan members, two appointed by City Council, and the City finance director/treasurer, who serves as an ex-officio member.

Plan Membership - At June 30 2013, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	265
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	<u>299</u>
Total plan members	<u><u>573</u></u>

The General Group was closed to new hires as follows:

- Nonunion and AFSCME Union - Effective July 1, 2006;
- Dispatcher Union - Effective January 1, 2007; and
- Teamsters Union - Effective January 1, 2008

The General Group consists of union employees from AFSCME and Teamsters, non-union employees, court employees, executive employees, and dispatch employees. The General Group does not include firefighters, police officers, and police command employees.

Benefits Provided - The Pension Plan provides retirement, disability, and death benefits to eligible plan members. Retirement benefits are calculated by multiplying the plan member's Final Average Compensation (FAC) times the member's years of services times the multiplier applicable to the member's employee group. FAC is final average compensation consisting of the three highest consecutive years out of the last 10 years. FAC includes longevity on base pay for all employees plus lump sum holiday pay for police, fire, and dispatch members. The multipliers per employee group are as follows:

General - AFSCME employees are eligible to retire if the sum of the plan member's age and years of service equals 80 (minimum age 55) or at the age of 60 with eight years of service. The multiplier for this group is 2.8 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 8 - Pension Plan Description (Continued)

General - nonunion, court, and Teamsters employees are eligible to retire if the sum of the plan member's age and years of service equals 80 (minimum age 55) or at the age of 60 with eight years of service. The multiplier for this group is 2.8 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 80 percent.

General - executive employees are eligible to retire if the sum of the plan member's age and years of service equals 80 (minimum age 55) or at the age of 60 with eight years of service. The multiplier for this group is 3.0 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 80 percent.

General - dispatch employees are eligible to retire if the sum of the plan member's age and years of service equals 80 (minimum age 55) or at the age of 60 with eight years of service. The multiplier for this group is 2.65 percent up to 25 years of service (until age 67) or 2.375 percent up to 25 years of service (at age 67), 1.0 percent for each year over 25 years of service, with a maximum multiplier of 70 percent.

Firefighters, hired prior to July 1, 2008, are eligible to retire with 25 years of service, regardless of age. The multiplier for this group is 2.8 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent. Firefighters, hired subsequent to July 1, 2008, are eligible to retire at the age 50, with 25 years of service. The multiplier for this group is 2.25 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 60 percent.

Police command employees are eligible to retire at the age of 50 with 25 years of service, or 30 years of service regardless of age with a minimum of 25 years as a sworn police officer. The multiplier for this group is 3.0 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 80 percent.

Police officers, hired prior to January 1, 2008, are eligible to retire with 25 years of service, regardless of age. The multiplier for this group is 2.8 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent. Police officers, hired subsequent to January 1, 2008, are eligible to retire at the age 50, with 25 years of service. The multiplier for this group is 2.25 percent up to 25 years of service, 1.0 percent for each year over 25 years of service, with a maximum multiplier of 60 percent.

Note 8 - Pension Plan Description (Continued)

An early retirement benefit is available and actuarially reduced from normal retirement age as follows:

- General employee - Age 57 with eight years of service
- Patrol/Fire employee - Age 50 with 20 years of service
- Police command employee - Age 50 with 15 years of service or under age 50 with 25 years of service as a sworn police officer

System members are eligible for deferred (vested) retirement benefits if a General employee has eight or more years of service (benefit begins at age 60) or a Police/Fire employee has 15 or more years of service (benefit begins at age 55).

In addition to the normal, early, and deferred retirement provisions, the System provides for duty disability benefits to qualifying members. A pension shall be paid for life to a surviving spouse of an employee who dies in service provided the member attained age 57 and has eight years of service or the member has 10 or more years of credited service regardless of age and died while an employee of the City.

Prior to retirement, but not thereafter, a member may elect to receive a retirement benefit by one of the following three methods:

1) Straight Life Retirement Benefits

This allowance is a benefit payable to the member throughout his/her life. This is a non-survivor benefit and terminates upon the death of the member.

2) Survivor Allowance Options

Under three available options, a retiree receives a reduced Straight Life Benefit, payable for life. Upon death, the reduced pension benefit will continue to be paid throughout the beneficiary's life at the percentage option selected. The reduction of Straight Life Benefit is actuarially determined based on the ages of the member and his/her beneficiary at the time of retirement and the percentage option of primary benefit chosen. A greater reduction of Straight Life Benefit will be made to provide 100 percent of the Primary Pension Benefit than 75 percent or 50 percent. The Survivor Allowance Options are:

- Option A - 100 percent of primary pension benefit
- Option B - 75 percent of primary pension benefit
- Option C - 50 percent of primary pension benefit

Should the named survivor beneficiary die before the retired member, the retired member's pension shall be recomputed (pop-up) to a Straight Life Pension.

3) Annuity Option

Only City employees are eligible for the annuity option.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 8 - Pension Plan Description (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the Pension Board in accordance with the City ordinance, union contracts and plan provisions. For the year ended June 30, 2014, the average active member contribution rate was 4.5 percent of annual pay, and the City's average contribution rate was 21.4 percent of annual payroll.

Note 9 - Pension Plan Reserves

In accordance with City ordinance, the following reserves are required to be set aside within the pension plan:

The retiree reserve is held in the retirement reserve fund and is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. Actuarially computed unfunded liabilities are to be covered by a transfer from the employer reserve. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is held in the member's deposit fund and is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate of 5 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve is held in the pension reserve fund and is used to account for the residual net position balance in the pension plan after funding the retiree reserve.

The balances of the reserve accounts at June 30, 2014 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retirement Reserve Fund	\$ 90,106,395	\$ 90,106,395
Members' Deposit Fund	15,293,944	15,293,944
Pension Reserve Fund	N/A	44,912,715

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 10 - Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that is in compliance with Michigan Public Act 347 of 2012 and manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Domestic equity	28 %
International equity	15
Fixed income	21
Alternative investments	20
Real assets/Real estate	14
Cash and cash equivalents	2
Total	100 %

Rate of Return - For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.5 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - City Pension Cost

The pension plan does issue a separate financial report. That report may be obtained by writing to the City of Farmington Hills Employees' Retirement System at 31555 W. 11 Mile Road, Farmington Hills, MI 48336..

Annual Pension Cost - For the year ended June 30, 2014, the City's annual pension cost of \$4,557,473 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended June 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 4,557,473	\$ 4,302,129	\$ 4,482,745
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	\$ -	\$ -	\$ -

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 11 - City Pension Cost (Continued)

Funding Status and Funding Progress - As of June 30, 2013, the most recent actuarial valuation date, the plan was 83 percent funded. The actuarial accrued liability for benefits was \$163,515,916, and the actuarial value of assets was \$135,447,393, resulting in an unfunded actuarial accrued liability of \$28,068,523. The covered payroll (annual payroll to active employees covered by the plan) was \$19,898,614, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 141 percent.

The schedule of funding progress, presented as required supplemental information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at June 30, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 4.0 percent per year, (c) additional projected salary increases ranging from 1.0 percent to 20.0 percent per year, depending on age and employee group, attributable to seniority/merit, and (d) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The police and fire unfunded actuarial liability is being amortized as a level percentage of payroll on an open basis with an amortization period of 30 years. Effective July 1, 2012 and for the actuarial valuation at June 30, 2013, the police and fire unfunded actuarial liability will be amortized on a closed basis. The general unfunded actuarial liability is being amortized as a level dollar amount on a closed basis with an amortization period of 15 years.

Note 12 - Net Pension Liability of the City

The City reports pension expense based on funding requirements, as directed by GASB 27. Beginning next year, the City will adopt GASB Statement No. 68 which will require the measurement of pension expense as it is earned, rather than as it is funded.

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total pension liability	\$ 169,892,964
Plan fiduciary net position	<u>(150,313,054)</u>
City's net position liability	<u>\$ 19,579,910</u>
Plan fiduciary net position as a percentage of the total pension liability	88.5 %

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 12 - Net Pension Liability of the City (Continued)

Actuarial Assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increases	4.5 - 23.5% average, including inflation and step increases
Investment rate of return	7.5% net of pension plan investment expense, including inflation

Mortality rates were based on the 2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee 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 employee rate.

Projected Cash Flows

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 active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 12 - Net Pension Liability of the City (Continued)

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 pension plan 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 as of June 30, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	6.20 %
International equity	6.10
Emerging markets equity	7.30
Investment grade U.S. fixed-income	1.70
High-yield fixed-income	4.90
International fixed-income	2.00
Hedge funds	4.50
Private equity	9.40
Real estate	6.20
Infrastructure	7.00
Gold	2.00
Cash or cash equivalents	0.80
Total weighted average	<u>5.24 %</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 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	<u>1 Percent Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1 Percent Increase (8.5%)</u>
Net pension liability of the City	\$ 40,293,371	\$ 19,579,910	\$ 2,108,123

Note 13 - Defined Contribution Pension Plan

The City provides retirement benefits through a defined contribution plan to all of its full-time employees in the AFSCME, executive, and general employee groups hired on or after July 1, 2006, in the dispatcher group hired on or after January 1, 2007, and in the Teamster group hired on or after January 1, 2008. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by City ordinance and collective bargaining agreements, the City contributes 10 percent of the employees' base salary or wages plus longevity pay, and employees contribute 5 percent of their base salary or wage plus longevity pay. All contributions plus interest allocated to the employee's account are fully vested after seven years of service.

The current year contribution was calculated based on covered payroll of \$3,084,710, resulting in an employer contribution of \$308,471 and employee contributions of \$154,236.

Note 14 - Other Postemployment Benefits

Plan Description - The City of Farmington Hills Post-retirement Healthcare Finance Fund (the "Plan") is a single-employer other postemployment benefit plan that is administered by the City of Farmington Hills Employees' Retirement System Pension Board. The City provides healthcare benefits to all full-time employees upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. At June 30, 2012, the date of the most recent actuarial valuation, 177 individuals are eligible. The City includes pre-Medicare retirees and their dependents in its insured healthcare plan, which generally requires employee contributions of 1.5 percent of earnings not in excess of the employee wage base. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. The Plan issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the City of Farmington Hills Employees' Retirement System at 31555 W. 11 Mile Road, Farmington Hills, MI 48336.

Funding Policy - The collective bargaining agreements generally require employees to contribute 1.5 percent of their pay for postemployment healthcare benefits. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis) but it has historically budgeted to fund this obligation on an actuarial basis.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 14 - Other Postemployment Benefits (Continued)

Funding Progress - For the year beginning June 30, 2013, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2012. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 18 years. Expenditures for postemployment healthcare benefits are funded on an actuarial basis. The City's actuarial required contribution for the year ended June 30, 2014 was \$2,892,858. The City contributed \$4,269,584 to the fund and received Medicare subsidies of \$23,226 for the fiscal year ended June 30, 2014. At June 30, 2012, the date of the most recent actuarial report, assets available for postemployment healthcare benefits totaled \$50,982,851, including amounts held by the City of Farmington Hills Employees' Retirement System and the Post-retirement Health Care Finance Fund. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ (2,892,858)
Interest on the prior year's net OPEB obligation	(106,190)
Less adjustment to the annual required contribution	<u>142,168</u>
Annual OPEB cost	(2,856,880)
Amounts contributed - Advance funding	<u>4,292,810</u>
Decrease in net OPEB obligation	1,435,930
OPEB obligation - Beginning of year	<u>(1,415,867)</u>
OPEB asset - End of year	<u>\$ 20,063</u>

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Annual OPEB Costs	Percentage of ARC Contributed	Percentage OPEB Costs Contributed	Net OPEB (Obligation) Asset
6/30/12	6/30/10	\$ 3,955,250	\$ 3,955,250	83.7 %	83.7 %	\$ (644,099)
6/30/13	6/30/10	4,161,881	4,147,007	81.1 %	81.4 %	(1,415,867)
6/30/14	6/30/12	2,892,858	2,856,880	148.4 %	150.3 %	20,063

* The required contribution is not expressed to the City as a percentage of payroll.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 14 - Other Postemployment Benefits (Continued)

The funding progress of the Plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/09	\$ 41,318,315	\$ 59,275,315	\$ 17,957,000	69.7 %	\$ 24,904,782	72.1 %
6/30/10	44,004,631	72,230,135	28,225,504	60.9	21,494,819	131.3
6/30/12	50,982,851	69,722,666	18,739,815	73.1	19,889,835	94.2

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

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

The annual required contribution was determined as part of an actuarial valuation at June 30, 2012. In the June 30, 2012 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.00 percent after 10 years. Both rates included a 4.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized using a level dollar method on a closed basis for all divisions except the Court, which is amortized using a level percent of payroll method on a closed basis. The remaining amortization period at June 30, 2012 was 18 years.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 15 - Other Postemployment Benefits - Defined Contribution Plan

The City provides a Retirement Health Savings (RHS) account for eligible employees and their dependents. The plan covers AFSCME, executive, and general employees hired on or after July 1, 2006, dispatch employees hired on or after January 1, 2007, Teamster and POAM employees hired on or after January 1, 2008, and IAFF employees hired on or after July 1, 2008. This is a defined contribution plan administered by the City. The collective bargaining agreements and/or city ordinance require all employees to contribute 1.5 percent of their base salary or wage plus longevity pay. The City contributes \$100 per month for the dispatch employees and \$125 per month for all other participating employee groups. All contributions plus interest allocated to the employees' accounts are fully vested after seven years of service. Once plan members terminate employment, they are eligible to use all vested contributions for allowable medical related expenses.

During the year ended June 30, 2014, the City made contributions of \$133,650 and the plan members contributed \$70,468 to the plan.

Note 16 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League Workers' Compensation Fund for workers' compensation claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general and auto liability, auto physical damage, and property loss claims. As of September 2005, the City has also assumed a significant amount of financial responsibility for its actual incurred medical claims cost, subject to certain insured limitations including \$50,000 per specific claim and approximately \$2.5 million in aggregate claims (prior to September 2005, the City purchased commercial insurance for medical claims). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 16 - Risk Management (Continued)

The City estimates the liability for medical and general claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustments expense, both allocated and unallocated. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These estimates are recorded in the General Fund and within the governmental activities column in the statement of net position. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability	
	2014	2013
Unpaid claims - Beginning of year	\$ 958,474	\$ 1,320,533
Estimated incurred claims, including changes in estimates	3,683,260	3,151,184
Claim payments	<u>(3,803,696)</u>	<u>(3,513,243)</u>
Unpaid claims - End of year	<u>\$ 838,038</u>	<u>\$ 958,474</u>

A total of \$676,000 of the estimated liability for claims incurred but not reported is included as a general long-term liability in the governmental activities. Included in the June 30, 2014 unpaid claims liability is \$148,843, which represents the accrual for claims incurred for medical costs and an estimated liability for general claims of \$13,195, both of which are reported in accrued and other liabilities in the General Fund.

Note 17 - Joint Ventures

The City participates in the Michigan 47th District Court Administration Fund with the City of Farmington and in the Southwest Oakland Cable Commission with the cities of Farmington and Novi. The City provides approximately 83.38 percent of the funding for the Michigan 47th District Court Administration Fund. The Southwest Oakland Cable Commission currently does not receive a subsidy from the City.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 17 - Joint Ventures (Continued)

During the years ended June 30, 2002 and 2001, the City advanced a total of \$2,218,226 to the Southwest Oakland Cable Commission for the acquisition of equipment and improvements to a new facility to be used in its operation. As of June 30, 2014, the total receivable advance is \$566,247. The advances will be repaid to the City in annual installments of approximately \$221,000, including interest at 4 percent, through 2017. Fund balance in the General Fund has been recorded as "nonspendable" for this advance since these amounts are not available for use to finance operations as of year end. The City has recorded an equity interest in the joint venture in the amount of \$630,457 for the year ended June 30, 2014. Financial information for the joint venture can be obtained from the Cable Commission's administrative offices at 33300 Nine Mile Road, Farmington, Michigan.

In addition, the City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Recycling Authority"). The Recycling Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom, and the Charter Township of Lyon. The joint venture receives its operating revenue from member contributions and miscellaneous income.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments of any of the above joint ventures in the near future.

Complete financial statements for the 47th District Court Administration Fund, Southwest Oakland Cable Commission, and Resource Recovery and Recycling Authority of Southwest Oakland County can be obtained from the administrative offices at 31555 11 Mile Road, Farmington Hills, MI 48336.

Note 18 - Fund Balance Constraints

The General Fund fund balance assignment for future expenditures of \$12,178,626 includes \$177,388 for subsequent year expenditures, \$850,000 for retiree health care, \$4,801,423 for public safety, \$1,000,000 for the corridor improvement authority, \$1,000,000 for the retirement system, \$455,000 for activities center, \$400,000 for buses, \$300,000 for future inspections, \$500,000 for sidewalks/bikepaths, \$500,000 for information technology, \$500,000 for storm water, \$400,000 for police patrol cars, \$200,000 for communications, \$1,091,245 for subsequent years budget requests, and \$3,570 for police training.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2014

Note 19 - Subsequent Events

In September 2014, Oakland County issued bonds in the aggregate amount of \$28,370,005 on behalf of the City for water and sewer system related projects.

The 2014 Oakland County Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel Project Bond, in the amount of \$19,570,005, matures through October 2036 with an interest rate of 2.50 percent. Interest on the bonds will be payable semiannually on April 1 and October 1 of each year beginning April 1, 2015. Principal payments will begin October 1, 2017.

The 2014 Oakland County Farmington Hills Water Supply System Improvement Bonds, in the amount of \$8,800,000, mature through October 2034 with interest rates ranging from 2.00 percent to 3.00 percent. Interest on the bonds will be payable semiannually on April 1 and October 1 of each year beginning April 1, 2015. Principal payments will begin October 1, 2015.

Required Supplemental Information

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 28,070,981	\$ 28,000,222	\$ 27,852,944	\$ (147,278)
Other licenses and permits	1,031,701	1,266,551	1,357,184	90,633
Grants	266,792	266,792	205,389	(61,403)
State-shared revenue	6,710,609	6,799,975	6,693,966	(106,009)
Charges for services to external parties	9,886,587	9,611,720	9,598,537	(13,183)
Fines and forfeitures	1,998,083	2,015,600	2,094,189	78,589
Investment income	110,000	130,000	221,027	91,027
Local donations	250,000	248,000	244,291	(3,709)
Other miscellaneous income	2,101,625	1,751,781	1,752,935	1,154
Total revenue	50,426,378	50,090,641	50,020,462	(70,179)
Expenditures				
General government:				
City Council	108,238	105,486	105,077	409
Boards and commissions	2,648,391	2,643,222	2,519,108	124,114
City administration	681,991	679,387	642,193	37,194
Public information	349,995	349,893	337,395	12,498
Finance department	1,534,391	1,522,558	1,500,152	22,406
Clerk	610,936	596,362	581,887	14,475
Attorney	598,000	579,500	565,676	13,824
Human resources/personnel	405,986	420,797	410,781	10,016
Central services	1,075,731	1,051,136	1,005,829	45,307
Support services	5,001,888	6,356,199	5,916,351	439,848
Total general government	13,015,547	14,304,540	13,584,449	720,091
Public safety:				
Police	14,324,720	14,029,077	13,592,112	436,965
Fire	4,022,051	3,972,992	3,906,462	66,530
Total public safety	18,346,771	18,002,069	17,498,574	503,495
Public works:				
Road maintenance	1,931,083	1,993,335	1,960,251	33,084
Administration	473,205	383,751	360,779	22,972
Maintenance facility	1,181,128	1,170,937	1,089,147	81,790
Building maintenance	410,482	411,004	395,879	15,125
General refuse removal	3,586,575	3,578,807	3,547,982	30,825
Engineering	1,235,900	1,175,662	1,068,314	107,348
Public service reimbursement from road fund	(1,542,290)	(1,616,371)	(1,596,052)	(20,319)
Total public works	7,276,083	7,097,125	6,826,300	270,825

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Community and economic development	\$ 1,513,870	\$ 1,336,626	\$ 1,273,360	\$ 63,266
Recreation and culture	6,853,000	6,814,516	6,703,160	111,356
Total expenditures	<u>47,005,271</u>	<u>47,554,876</u>	<u>45,885,843</u>	<u>1,669,033</u>
Excess of Revenue Over Expenditures	3,421,107	2,535,765	4,134,619	1,598,854
Other Financing Sources (Uses)				
Transfers in	1,407,850	1,407,850	1,430,258	22,408
Transfers out	<u>(3,793,615)</u>	<u>(3,943,615)</u>	<u>(3,943,615)</u>	<u>-</u>
Total other financing uses	<u>(2,385,765)</u>	<u>(2,535,765)</u>	<u>(2,513,357)</u>	<u>22,408</u>
Net Change in Fund Balance	1,035,342	-	1,621,262	1,621,262
Fund Balance - Beginning of year	<u>23,175,765</u>	<u>23,175,765</u>	<u>23,175,765</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 24,211,107</u>	<u>\$ 23,175,765</u>	<u>\$ 24,797,027</u>	<u>\$ 1,621,262</u>

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. Comparison schedules are presented on the same basis of accounting used in preparing the adopted budget.

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Roads Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 875,643	\$ 389,218	\$ 239,570	\$ (149,648)
Intergovernmental revenue	4,276,617	4,240,655	4,439,437	198,782
Investment income	1,600	1,000	847	(153)
Other revenue	1,000	20,795	11,291	(9,504)
Total revenue	5,154,860	4,651,668	4,691,145	39,477
Expenditures - Public works	5,689,955	4,656,889	4,417,304	239,585
Excess of Revenue (Under) Over Expenditures	(535,095)	(5,221)	273,841	279,062
Other Financing Uses -				
Transfers out	(450,000)	(450,000)	(450,000)	-
Net Change in Fund Balance	(985,095)	(455,221)	(176,159)	279,062
Fund Balance - Beginning of year	2,941,501	2,941,501	2,941,501	-
Fund Balance - End of year	<u>\$ 1,956,406</u>	<u>\$ 2,486,280</u>	<u>\$ 2,765,342</u>	<u>\$ 279,062</u>

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Roads Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 1,399,007	\$ 1,419,266	\$ 1,494,719	\$ 75,453
Fines and forfeitures	100,580	47,500	47,500	-
Investment income	500	185	161	(24)
Total revenue	1,500,087	1,466,951	1,542,380	75,429
Expenditures - Public works	6,024,833	3,268,806	3,208,847	59,959
Excess of Expenditures Over Revenue	(4,524,746)	(1,801,855)	(1,666,467)	135,388
Other Financing Sources				
Face value of debt issue	695,336	-	-	-
Transfers in	3,851,264	1,576,120	1,841,597	265,477
Total other financing sources	4,546,600	1,576,120	1,841,597	265,477
Net Change in Fund Balance	21,854	(225,735)	175,130	400,865
Fund Balance - Beginning of year	733,573	733,573	733,573	-
Fund Balance - End of year	<u>\$ 755,427</u>	<u>\$ 507,838</u>	<u>\$ 908,703</u>	<u>\$ 400,865</u>

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Safety Millage Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,596,672	\$ 9,568,493	\$ 9,582,470	\$ 13,977
Investment income	10,000	5,200	3,585	(1,615)
Total revenue	9,606,672	9,573,693	9,586,055	12,362
Expenditures - Public safety	9,745,361	9,005,810	8,835,369	170,441
Net Change in Fund Balance	(138,689)	567,883	750,686	182,803
Fund Balance - Beginning of year	2,648,689	2,648,689	2,648,689	-
Fund Balance - End of year	<u>\$ 2,510,000</u>	<u>\$ 3,216,572</u>	<u>\$ 3,399,375</u>	<u>\$ 182,803</u>

City of Farmington Hills, Michigan

Required Supplemental Information Employees' Retirement System Schedules of Funding Progress Year Ended June 30, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/08	\$117,994,843	\$131,182,445	\$13,187,602	89.9	\$24,662,884	53.5
6/30/09	123,309,158	140,261,150	16,951,992	87.9	24,904,782	68.1
6/30/10	122,384,733	149,204,540	26,819,807	82.0	21,749,242	123.3
6/30/11	126,993,894	152,271,739	25,277,845	83.4	21,236,510	119.0
6/30/12	127,759,371	157,810,232	30,050,861	81.0	20,415,113	147.2
6/30/13	135,447,393	163,515,916	28,068,523	82.8	19,898,614	141.1

* The above schedule includes only pension-related activity; assets and liabilities related to post-retirement healthcare activity have been excluded.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2013, the latest actuarial valuation, follows:

Amortization method:		
Court, police, and fire		Level percent-of-payroll
General employees		Level dollar
Remaining amortization period:		
Police and fire		30 years (closed)
General employees		14 years (closed)
Asset valuation method		5-year smoothed market
Actuarial assumptions:		
Investment rate of return*		7.5%
Projected salary increases*		3.5%-23.5%**
*Includes inflation at		3.5%
**Includes step increases		
Cost of living adjustments		None

City of Farmington Hills, Michigan

Required Supplemental Information Employees' Retirement System Schedule of Investment Returns Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual money-weighted rate of return - Net of investment expense	16.5 %	10.7 %	(1.7)%	20.1 %	15.5 %	(15.3)%	(1.9)%	13.4 %	5.3 %	9.2 %

City of Farmington Hills, Michigan

Required Supplemental Information Employees' Retirement System Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*
Total Pension Liability										
Service cost	\$ 3,412,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	12,050,921	-	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-	-
Changes in assumptions	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(9,085,912)	-	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	6,377,048	-	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	163,515,916	-	-	-	-	-	-	-	-	-
Total Pension Liability - End of year	\$ 169,892,964	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position										
Contributions - Employer	\$ 4,557,473	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	892,149	-	-	-	-	-	-	-	-	-
Net investment income	22,334,550	-	-	-	-	-	-	-	-	-
Administrative expenses	(304,659)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(9,085,912)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	18,393,601	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	131,919,453	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	\$ 150,313,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability - Ending	\$ 19,579,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.48 %	- %	- %	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	\$ 21,343,777	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Net Pension Liability as a Percentage of Covered Employee Payroll	91.7 %	- %	- %	- %	- %	- %	- %	- %	- %	- %

* GASB Statement No. 67 was implemented for FYE June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such information is available.

City of Farmington Hills, Michigan

Required Supplemental Information Employees' Retirement System Schedule of City Contributions Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 4,557,473	\$ 4,302,129	\$ 4,482,745	\$ 4,008,049	\$ 3,710,289	\$ 3,664,637	\$ 3,775,618	\$ 3,389,124	\$ 5,751,641	\$ 2,318,001
Contributions in relation to the actuarially determined contribution	4,557,473	4,302,129	4,482,745	4,008,049	3,710,289	3,664,637	3,775,618	3,389,124	5,751,641	2,318,001
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$21,343,777	\$19,898,614	\$20,415,113	\$21,236,510	\$21,749,242	\$24,904,782	\$24,662,884	\$24,080,517	\$23,302,473	\$22,612,504
Contributions as a Percentage of Covered Employee Payroll	21.4 %	21.6 %	22.0 %	18.9 %	17.1 %	14.7 %	15.3 %	14.1 %	24.7 %	10.3 %

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Court, Police, and Fire: Level Percent-of-Payroll
Remaining amortization period	General employees: Level Dollar Court, Police, and Fire: 30 years (closed)
Asset valuation method	General employees: 14 years (closed) 5-year smoothed market
Inflation	3.5%
Salary increases	4.5%-23.5% including inflation
Investment rate of return	7.5% (net of investment and administrative expenses)
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB
Other information	None

City of Farmington Hills, Michigan

Required Supplemental Information Post-retirement Healthcare Finance Fund Schedule of Funding Progress and Employer Contributions Year Ended June 30, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 35,850,866	\$ 54,475,299	\$ 18,624,433	65.8	\$ 24,080,517	77.3
6/30/08	40,551,585	57,063,627	16,512,042	71.1	24,662,884	67.0
6/30/09	41,318,305	59,275,315	17,957,010	69.7	24,904,782	72.1
6/30/10	44,004,631	74,937,594	30,932,963	58.7	21,494,819	143.9
6/30/10**	44,004,631	72,230,135	28,225,504	60.9	21,494,819	131.3
6/30/12	50,982,851	69,722,666	18,739,815	73.1	19,889,835	94.2

* The above schedule includes only postretirement healthcare-related activity reported in the Closed Healthcare Fund and the Post-retirement Healthcare Finance Fund; assets and liabilities related to pension activity have been excluded. The financial information of the Closed Healthcare Fund is reported in the City of Farmington Hills Employees' Retirement System's separately issued financial statements.

** Revised the 2010 valuation using revised assumptions, as of June 30, 2011

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Actual Contributions	Percentage Contributed
6/30/09	6/30/07	\$ 3,231,967	\$ -	100.0
6/30/10	6/30/08	2,971,747	-	100.0
6/30/11	6/30/09	3,186,426	-	100.0
6/30/12	6/30/10	3,955,250	-	83.7
6/30/13	6/30/10	4,161,881	-	81.1
6/30/14	6/30/12	2,892,858	-	148.4

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2013, the latest actuarial valuation, follows:

Amortization method:

General, Police, and Fire
Court

Level dollar (closed)
Level percent-of-pay (closed)

Remaining amortization period

18 years

Asset valuation method

5-year smoothed market

Actuarial assumptions:

Investment rate of return
Projected salary increases

7.50%
1.0% - 20.0%

*Includes inflation at

4.0%

Cost of living adjustments

None

Health cost increases

4.0% - 9.0%

Other Supplemental Information

City of Farmington Hills, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Capital Projects Fund Capital Improvement Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ 49,379	\$ 46,352	\$ (3,027)
Intergovernmental revenue	-	-	2,647	2,647
Investment income	3,000	2,500	1,442	(1,058)
Other revenue	34,000	8,142	53,379	45,237
Total revenue	37,000	60,021	103,820	43,799
Expenditures - Capital outlay	3,915,950	5,062,843	4,150,139	912,704
Excess of Expenditures Over Revenue	(3,878,950)	(5,002,822)	(4,046,319)	956,503
Other Financing Sources -				
Transfers in	1,843,981	1,845,981	1,845,981	-
Net Change in Fund Balance	(2,034,969)	(3,156,841)	(2,200,338)	956,503
Fund Balance - Beginning of year	4,567,904	4,567,904	4,567,904	-
Fund Balance - End of year	<u>\$ 2,532,935</u>	<u>\$ 1,411,063</u>	<u>\$ 2,367,566</u>	<u>\$ 956,503</u>

City of Farmington Hills, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Debt Service Fund Special Assessment Fund - Local Roads Year Ended June 30, 2014

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 193,164	\$ 178,273	\$ 181,939	\$ 3,666
Other revenue	692,466	692,466	1,102,473	410,007
Total revenue	885,630	870,739	1,284,412	413,673
Expenditures				
Capital outlay	-	-	28,327	(28,327)
Debt service	441,651	441,651	422,861	18,790
Total expenditures	441,651	441,651	451,188	(9,537)
Excess of Revenue Over Expenditures	443,979	429,088	833,224	404,136
Other Financing Sources (Uses)				
Face value of debt issue	2,204,664	-	-	-
Transfers in	460,157	931,000	936,717	5,717
Transfers out	(3,137,944)	(1,505,816)	(1,962,212)	(456,396)
Total other financing uses	(473,123)	(574,816)	(1,025,495)	(450,679)
Net Change in Fund Balance	(29,144)	(145,728)	(192,271)	(46,543)
Fund Balance - Beginning of year	2,090,379	2,090,379	2,090,379	-
Fund Balance - End of year	\$ 2,061,235	\$ 1,944,651	\$ 1,898,108	\$ (46,543)

City of Farmington Hills, Michigan

	Special Revenue Funds					
	Fire Grant	Community Development Block Grant	Nutrition Grant	Forfeiture Funds	Parks and Recreation Special Millage	Deferred Special Assessment
Assets						
Cash and investments	\$ -	\$ -	\$ 77,599	\$ 1,257,054	\$ 543,878	\$ 52,534
Receivables	-	10,403	29,064	5,839	48,152	-
Due from other funds	-	-	-	-	947	-
Total assets	<u>\$ -</u>	<u>\$ 10,403</u>	<u>\$ 106,663</u>	<u>\$ 1,262,893</u>	<u>\$ 592,977</u>	<u>\$ 52,534</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 386,393	\$ 10,478	\$ -
Due to other funds	-	10,403	100,438	-	-	-
Unearned revenue	-	-	6,225	-	-	-
Total liabilities	-	10,403	106,663	386,393	10,478	-
Fund Balances						
Restricted:						
Police	-	-	-	876,500	-	-
Capital projects	-	-	-	-	-	-
Parks and recreation	-	-	-	-	582,499	-
Committed - Special assessment projects	-	-	-	-	-	52,534
Assigned:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balances	-	-	-	876,500	582,499	52,534
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 10,403</u>	<u>\$ 106,663</u>	<u>\$ 1,262,893</u>	<u>\$ 592,977</u>	<u>\$ 52,534</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014**

Debt Service Funds		Capital Projects Funds		Total
Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	Nonmajor Governmental Funds
\$ 1,949	\$ 162,999	\$ 18,162	\$ 1,517,138	\$ 3,631,313
-	-	1,192	-	94,650
-	-	-	-	947
\$ 1,949	\$ 162,999	\$ 19,354	\$ 1,517,138	\$ 3,726,910
\$ -	\$ 250	\$ -	\$ -	\$ 397,121
-	-	-	77,106	187,947
-	-	-	-	6,225
-	250	-	77,106	591,293
-	-	-	-	876,500
-	-	-	1,440,032	1,440,032
-	-	-	-	582,499
-	-	-	-	52,534
-	-	19,354	-	19,354
1,949	162,749	-	-	164,698
1,949	162,749	19,354	1,440,032	3,135,617
\$ 1,949	\$ 162,999	\$ 19,354	\$ 1,517,138	\$ 3,726,910

City of Farmington Hills, Michigan

	Special Revenue Funds					
	Fire Grant	Community Development Block Grant	Nutrition Grant	Forfeiture Funds	Parks and Recreation Special Millage	Deferred Special Assessment
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,474,660	\$ -
Federal grants	-	268,547	175,575	314,943	-	-
State-shared revenue and grants	-	-	80,609	111,360	-	-
Investment income	10	-	35	600	3,990	11
Other revenue	-	-	142,772	30,056	9,500	-
Total revenue	10	268,547	398,991	456,959	1,488,150	11
Expenditures						
Current:						
General government	-	-	-	-	-	150
Public safety	-	-	-	586,647	-	-
Community and economic development	-	266,547	-	-	-	-
Recreation and culture	-	-	398,991	-	-	-
Capital outlay	-	-	-	-	120,607	-
Debt service	-	-	-	-	-	-
Total expenditures	-	266,547	398,991	586,647	120,607	150
Excess of Revenue Over (Under) Expenditures	10	2,000	-	(129,688)	1,367,543	(139)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(22,408)	(2,000)	-	-	(1,557,850)	-
Total other financing (uses) sources	(22,408)	(2,000)	-	-	(1,557,850)	-
Net Change in Fund Balances	(22,398)	-	-	(129,688)	(190,307)	(139)
Fund Balances - Beginning of year	22,398	-	-	1,006,188	772,806	52,673
Fund Balances - End of year	\$ -	\$ -	\$ -	\$ 876,500	\$ 582,499	\$ 52,534

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2014**

Debt Service Funds		Capital Projects Fund		Total
Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,474,660
-	-	-	-	759,065
-	-	-	-	191,969
1	137	22	231	5,037
-	262,282	49,772	-	494,382
<u>1</u>	<u>262,419</u>	<u>49,794</u>	<u>231</u>	<u>2,925,113</u>
-	-	-	-	150
-	-	-	-	586,647
975	-	-	1,398	268,920
-	-	-	-	398,991
-	-	92,212	-	212,819
<u>1,223,128</u>	<u>1,181,750</u>	<u>-</u>	<u>-</u>	<u>2,404,878</u>
<u>1,224,103</u>	<u>1,181,750</u>	<u>92,212</u>	<u>1,398</u>	<u>3,872,405</u>
(1,224,102)	(919,331)	(42,418)	(1,167)	(947,292)
1,223,128	2,298,582	29,952	796,306	4,347,968
-	(1,223,128)	-	(1,293,060)	(4,098,446)
<u>1,223,128</u>	<u>1,075,454</u>	<u>29,952</u>	<u>(496,754)</u>	<u>249,522</u>
(974)	156,123	(12,466)	(497,921)	(697,770)
<u>2,923</u>	<u>6,626</u>	<u>31,820</u>	<u>1,937,953</u>	<u>3,833,387</u>
<u>\$ 1,949</u>	<u>\$ 162,749</u>	<u>\$ 19,354</u>	<u>\$ 1,440,032</u>	<u>\$ 3,135,617</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Fire Grant Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ -	\$ 10	\$ 10
Other Financing Uses - Transfers out	-	(22,408)	(22,408)
Net Change in Fund Balance	-	(22,398)	(22,398)
Fund Balance - Beginning of year	22,398	22,398	-
Fund Balance - End of year	<u>\$ 22,398</u>	<u>\$ -</u>	<u>\$ (22,398)</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Community Development Block Grant Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 413,476	\$ 268,547	\$ (144,929)
Expenditures - Community and economic development	<u>411,476</u>	<u>266,547</u>	<u>144,929</u>
Excess of Revenue Over Expenditures	2,000	2,000	-
Other Financing Uses - Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Nutrition Grant Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 244,226	\$ 175,575	\$ (68,651)
State-shared revenue and grants	-	80,609	80,609
Investment income	-	35	35
Other revenue	<u>157,782</u>	<u>142,772</u>	<u>(15,010)</u>
Total revenue	402,008	398,991	(3,017)
Expenditures - Recreation and culture	<u>402,008</u>	<u>398,991</u>	<u>3,017</u>
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Forfeiture Funds Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 39,000	\$ 314,943	\$ 275,943
State-shared revenue and grants	83,000	111,360	28,360
Investment income	400	600	200
Other revenue	-	30,056	30,056
Total revenue	122,400	456,959	334,559
Expenditures - Public safety	473,686	586,647	(112,961)
Net Change in Fund Balance	(351,286)	(129,688)	221,598
Fund Balance - Beginning of year	1,006,188	1,006,188	-
Fund Balance - End of year	<u>\$ 654,902</u>	<u>\$ 876,500</u>	<u>\$ 221,598</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Special Millage Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Property taxes	\$ 1,470,639	\$ 1,474,660	\$ 4,021
Investment income	1,500	3,990	2,490
Other revenue	-	9,500	9,500
Total revenue	1,472,139	1,488,150	16,011
Expenditures - Capital outlay	164,609	120,607	44,002
Excess of Revenue Over Expenditures	1,307,530	1,367,543	60,013
Other Financing Uses - Transfers out	(1,557,850)	(1,557,850)	-
Net Change in Fund Balance	(250,320)	(190,307)	60,013
Fund Balance - Beginning of year	772,806	772,806	-
Fund Balance - End of year	\$ 522,486	\$ 582,499	\$ 60,013

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Deferred Special Assessment Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 20	\$ 11	\$ (9)
Expenditures - General government	300	150	150
Net Change in Fund Balance	(280)	(139)	141
Fund Balance - Beginning of year	52,673	52,673	-
Fund Balance - End of year	<u>\$ 52,393</u>	<u>\$ 52,534</u>	<u>\$ 141</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Building Authority Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 50	\$ 1	\$ (49)
Expenditures - Current			
Community and economic development	975	975	-
Debt service	1,223,645	1,223,128	517
Total expenditures	<u>1,224,620</u>	<u>1,224,103</u>	<u>517</u>
Excess of Revenue Under Expenditures	(1,224,570)	(1,224,102)	468
Other Financing Sources - Transfers in	<u>1,221,647</u>	<u>1,223,128</u>	<u>1,481</u>
Net Change in Fund Balance	(2,923)	(974)	1,949
Fund Balance - Beginning of year	<u>2,923</u>	<u>2,923</u>	<u>-</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 1,949</u>	<u>\$ 1,949</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - General Debt Service Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ 300	\$ 137	\$ (163)
Other revenue	258,020	262,282	4,262
Total revenue	258,320	262,419	4,099
Expenditures - Debt service			
Principal	902,784	902,784	-
Interest on long-term debt	284,609	278,966	5,643
Total expenditures	1,187,393	1,181,750	5,643
Excess of Revenue Under Expenditures	(929,073)	(919,331)	9,742
Other Financing Sources (Uses)			
Face value of debt issue	5,761	-	(5,761)
Transfers in	2,298,582	2,298,582	-
Transfers out	(1,221,697)	(1,223,128)	(1,431)
Total other financing sources	1,082,646	1,075,454	(7,192)
Net Change in Fund Balance	153,573	156,123	2,550
Fund Balance - Beginning of year	6,626	6,626	-
Fund Balance - End of year	<u>\$ 160,199</u>	<u>\$ 162,749</u>	<u>\$ 2,550</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Golf Course Capital Improvement Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ 65	\$ 22	\$ (43)
Other revenue	31,500	49,772	18,272
Total revenue	31,565	49,794	18,229
Expenditures - Capital outlay	75,200	92,212	(17,012)
Excess of Revenue Under Expenditures	(43,635)	(42,418)	1,217
Other Financing Sources - Transfers in	29,952	29,952	-
Net Change in Fund Balance	(13,683)	(12,466)	1,217
Fund Balance - Beginning of year	31,820	31,820	-
Fund Balance - End of year	<u>\$ 18,137</u>	<u>\$ 19,354</u>	<u>\$ 1,217</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Revolving Special Assessment Budgetary Comparison Year Ended June 30, 2014

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 300	\$ 231	\$ (69)
Expenditures - Community and economic development	1,400	1,398	2
Excess of Revenue Under Expenditures	(1,100)	(1,167)	(67)
Other Financing Sources (Uses)			
Transfers in	604,920	796,306	191,386
Transfers out	(1,235,124)	(1,293,060)	(57,936)
Net Change in Fund Balance	(631,304)	(497,921)	133,383
Fund Balance - Beginning of year	1,937,953	1,937,953	-
Fund Balance - End of year	<u>\$ 1,306,649</u>	<u>\$ 1,440,032</u>	<u>\$ 133,383</u>

City of Farmington Hills, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds June 30, 2014

	Pension Trust Funds			Agency Funds			
	Pension Fund	Closed Healthcare Fund	Postretirement Healthcare Finance Fund	Total Pension Trust Funds	Tax Collections	General Agency	Total Agency Funds
Assets							
Cash and cash equivalents	\$ 5,293,004	\$ -	\$ 4,865,985	\$ 10,158,989	\$ -	\$ 4,694,673	\$ 4,694,673
Investments:							
Pooled funds	87,964,158	-	20,071,289	108,035,447	-	-	-
Exchange traded funds	-	-	12,535,027	12,535,027	-	-	-
Common stock	56,843,740	-	28,788,486	85,632,226	-	-	-
Receivables	286,269	-	144,934	431,203	-	2,463	2,463
Due from other funds	223,560	-	-	223,560	-	-	-
Prepaid expenses	-	-	23,662	23,662	-	-	-
Total assets	150,610,731	-	66,429,383	217,040,114	\$ -	\$ 4,697,136	\$ 4,697,136
Liabilities							
Accounts payable	204,783	-	82,707	287,490	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-	988,275	988,275
Due to primary government	92,894	-	23,445	116,339	-	-	-
Due to other funds	-	-	223,560	223,560	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	-	3,708,861	3,708,861
Total liabilities	297,677	-	329,712	627,389	\$ -	\$ 4,697,136	\$ 4,697,136
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 150,313,054	\$ -	\$ 66,099,671	\$ 216,412,725			

City of Farmington Hills, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2014

	Pension Fund	Closed Healthcare Fund	Postretirement Healthcare Finance Fund	Total
Additions				
Investment income (expense):				
Interest and dividends	\$ 1,734,318	\$ -	\$ 1,618,101	\$ 3,352,419
Net increase in fair value of investments	21,133,476	-	7,442,384	28,575,860
Investment-related expenses	(837,903)	-	(247,146)	(1,085,049)
Net investment income	22,029,891	-	8,813,339	30,843,230
Contributions:				
Employer	4,557,473	-	4,292,810	8,850,283
Employee	892,149	-	273,223	1,165,372
Total additions	27,479,513	-	13,379,372	40,858,885
Deductions				
Benefit payments	9,064,838	11,654	1,971,203	11,047,695
Refunds of contributions	9,420	-	45,715	55,135
Total deductions	9,074,258	11,654	2,016,918	11,102,830
Net Increase (Decrease) in Net Position Held in Trust	18,405,255	(11,654)	11,362,454	29,756,055
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	131,907,799	11,654	54,737,217	186,656,670
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 150,313,054	\$ -	\$ 66,099,671	\$ 216,412,725

City of Farmington Hills, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2014

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<u>Tax Collections</u>				
Assets				
Cash and investments	\$ 6,354	\$ 149,530,503	\$ (149,536,857)	\$ -
Due from other funds	-	46,517	(46,517)	-
Total assets	\$ 6,354	\$ 149,577,020	\$ (149,583,374)	\$ -
Liabilities				
Tax collections distributable	\$ -	\$ 144,518,271	\$ (144,518,271)	\$ -
Due to other governmental units	3,784	-	(3,784)	-
Refundable deposits, bonds, etc.	2,570	-	(2,570)	-
Total liabilities	\$ 6,354	\$ 144,518,271	\$ (144,524,625)	\$ -
	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<u>General Agency</u>				
Assets				
Cash and investments	\$ 4,726,735	\$ 2,058,687	\$ (2,090,749)	\$ 4,694,673
Accrued interest receivable	4,040	2,462	(4,039)	2,463
Total assets	\$ 4,730,775	\$ 2,061,149	\$ (2,094,788)	\$ 4,697,136
Liabilities				
Due to other governmental units	\$ 1,066,266	\$ 1,200,580	\$ (1,278,571)	\$ 988,275
Refundable deposits, bonds, etc.	3,664,509	860,569	(816,217)	3,708,861
Total liabilities	\$ 4,730,775	\$ 2,061,149	\$ (2,094,788)	\$ 4,697,136
	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014
<u>Total Agency Funds</u>				
Assets				
Cash and investments	\$ 4,733,089	\$ 151,589,190	\$ (151,627,606)	\$ 4,694,673
Accrued interest receivable	4,040	2,462	(4,039)	2,463
Due from other funds	-	46,517	(46,517)	-
Total assets	\$ 4,737,129	\$ 151,638,169	\$ (151,678,162)	\$ 4,697,136
Liabilities				
Tax collections distributable	\$ -	\$ 144,518,271	\$ (144,518,271)	\$ -
Due to other governmental units	1,070,050	1,200,580	(1,282,355)	988,275
Refundable deposits, bonds, etc.	3,667,079	860,569	(818,787)	3,708,861
Total liabilities	\$ 4,737,129	\$ 146,579,420	\$ (146,619,413)	\$ 4,697,136

Statistical Section

City of Farmington Hills, Michigan

Description of Statistical Section

This part of the City of Farmington Hills' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statements.

Contents

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.

Revenue Capacity:

These schedules contain information to help the reader assess the locally levied taxes including the property tax collected by the City treasurer, which represents the City's largest revenue source.

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 debt in the future.

Demographic Information:

These schedules offer demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information:

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules representing government-wide information include information beginning in that year. The reported numbers begin with the year for which information is available.

City of Farmington Hills, Michigan

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities					
Net investment in capital assets	\$ 121,573,154	\$ 123,530,837	\$ 122,136,048	\$ 125,093,866	\$ 128,237,651
Restricted	13,858,968	13,100,188	13,052,018	12,944,910	16,711,375
Unrestricted	20,915,089	19,867,990	23,301,442	25,761,491	24,924,231
Business-type Activities					
Net investment in capital assets	87,392,224	87,270,670	85,618,579	84,322,367	82,314,724
Restricted	-	-	-	-	-
Unrestricted	50,165,269	51,494,296	53,730,183	54,179,717	56,555,093
Primary Government in Total					
Net investment in capital assets	208,965,378	210,801,507	207,754,627	209,416,233	210,552,375
Restricted	13,858,968	13,100,188	13,052,018	12,944,910	16,711,375
Unrestricted	71,080,358	71,362,286	77,031,625	79,941,208	81,479,324

Note: In fiscal year 2003, the City adopted GASB Statement No. 34 and began reporting a government-wide statement of net position.

Financial Trend Information Net Position by Component

Fiscal Year				
2010	2011	2012	2013	2014
\$ 140,816,579	\$ 144,671,857	\$ 139,887,283	\$ 134,600,611	\$ 133,625,640
12,389,692	12,908,263	14,068,925	16,437,051	16,820,793
17,849,645	13,872,733	16,988,436	23,076,629	23,214,998
80,875,970	77,009,256	75,525,323	73,672,425	73,322,194
-	-	-	-	-
59,332,378	60,957,980	61,849,983	65,142,322	64,951,514
221,692,549	221,681,113	215,412,606	208,273,036	206,947,834
12,389,692	12,908,263	14,068,925	16,437,051	16,820,793
77,182,023	74,830,713	78,838,419	88,218,951	88,166,512

City of Farmington Hills, Michigan

	Fiscal Year Ended June 30				
	2005	2006	2007	2008	2009
Expenses					
General government	\$ 14,919,138	\$ 11,260,973	\$ 12,731,683	\$ 12,047,284	\$ 12,594,812
Public safety	25,760,614	26,100,754	28,359,188	29,864,624	31,276,618
Public works	18,599,140	17,614,606	16,157,867	16,809,129	15,339,315
Community and economic development	2,692,660	2,640,978	2,520,118	2,585,741	2,557,494
Recreation and culture	8,180,487	8,176,207	8,668,447	9,222,890	8,952,811
Interest on long-term debt	<u>1,163,016</u>	<u>1,297,138</u>	<u>1,191,848</u>	<u>1,206,196</u>	<u>1,026,617</u>
Total expenses	71,315,055	67,090,656	69,629,151	71,735,864	71,747,667
Program Revenues					
Charges for services:					
General government	3,029,686	2,798,752	3,043,892	3,466,163	3,973,987
Public safety	1,438,731	1,378,268	1,519,253	1,766,051	1,722,334
Public works	876,887	1,237,028	1,132,419	3,430,421	3,147,925
Community and economic development	2,097,060	1,450,251	1,436,038	1,258,701	1,063,207
Recreation and culture	<u>2,858,758</u>	<u>3,232,637</u>	<u>3,308,205</u>	<u>3,631,709</u>	<u>3,558,097</u>
Total charges for services	10,301,122	10,096,936	10,439,807	13,553,045	13,465,550
Operating grants and contributions	7,242,617	7,120,431	7,182,121	6,959,267	6,961,336
Capital grants and contributions	<u>1,568,492</u>	<u>729,827</u>	<u>589,014</u>	<u>2,204,359</u>	<u>5,216,521</u>
Total program revenues	<u>19,112,231</u>	<u>17,947,194</u>	<u>18,210,942</u>	<u>22,716,671</u>	<u>25,643,407</u>
Net Expenses	(52,202,824)	(49,143,462)	(51,418,209)	(49,019,193)	(46,104,260)
General Revenues					
Property taxes	40,837,672	39,833,977	43,648,073	45,132,374	44,515,945
State-shared revenues	6,966,481	6,897,159	6,683,814	6,683,814	6,359,311
Investment earnings	1,448,433	2,890,491	3,582,399	3,044,879	1,514,504
Gain (loss) on disposal	899,655	148,951	74,575	162,230	101,777
Miscellaneous	<u>103,326</u>	<u>102,436</u>	<u>223,542</u>	<u>251,130</u>	<u>440,413</u>
Total general revenues	50,255,567	49,873,014	54,212,403	55,274,427	52,931,950
Transfers	<u>(5,064,518)</u>	<u>(577,747)</u>	<u>(803,700)</u>	<u>(746,700)</u>	<u>(754,700)</u>
Change in Net Position	<u>\$(7,011,775)</u>	<u>\$ 151,805</u>	<u>\$ 1,990,494</u>	<u>\$ 5,508,534</u>	<u>\$ 6,072,990</u>

Note: In fiscal year 2003, the City adopted GASB Statement No. 34 and began reporting a governmental-wide statement of net position.

Source: Annual Financial Statements

Financial Trend Information Changes in Governmental Net Position

Fiscal Year Ended June 30				
2010	2011	2012	2013	2014
\$ 11,834,878	\$ 11,447,146	\$ 11,860,089	\$ 11,601,249	\$ 14,315,814
29,303,406	28,145,708	27,907,504	27,976,966	26,778,223
15,012,680	14,050,633	16,618,458	17,153,100	18,265,922
2,627,503	2,551,394	2,127,764	2,221,027	1,383,537
8,660,742	8,292,558	9,656,597	9,423,101	8,470,535
1,542,089	820,126	826,341	852,817	704,688
68,981,298	65,307,565	68,996,753	69,228,260	69,918,719
4,290,538	4,454,832	4,266,458	4,881,804	4,952,419
1,609,738	1,998,642	1,785,872	1,839,403	1,858,740
2,381,587	606,504	3,732,813	3,425,246	2,162,983
521,998	320,955	339,168	684,312	226,124
3,287,044	3,259,108	4,733,470	4,502,148	4,403,579
12,090,905	10,640,041	14,857,781	15,332,913	13,603,845
8,331,014	7,329,185	7,622,017	7,302,716	7,938,020
2,509,096	2,171,050	952,324	141,774	209,289
22,931,015	20,140,276	23,432,122	22,777,403	21,751,154
(46,050,283)	(45,167,289)	(45,564,631)	(46,450,857)	(48,167,565)
41,422,186	37,311,396	36,296,428	40,043,211	38,910,074
5,655,971	5,668,550	6,162,235	6,164,601	6,359,066
433,574	281,532	329,190	352,239	414,038
(109,127)	-	-	1,266	-
520,769	1,171,166	2,282,454	3,048,777	2,083,279
47,923,373	44,432,644	45,070,307	49,610,094	47,766,457
(690,431)	1,131,582	(13,885)	10,410	(51,752)
\$ 1,182,659	\$ 396,937	\$ (508,209)	\$ 3,169,647	\$ (452,860)

City of Farmington Hills, Michigan

	Fiscal Year Ended June 30				
	2005	2006	2007	2008	2009
Expenses					
Water and sewer	\$ 21,586,633	\$ 22,586,352	\$ 26,287,370	\$ 24,558,909	\$ 24,687,573
Ice arena	1,442,721	1,328,061	1,365,602	1,358,224	1,421,484
Interest expense	342,185	307,746	270,218	230,614	185,705
Other	(150,649)	(104,394)	6,023	7,978	7,637
Total expenses	23,220,890	24,117,765	27,929,213	26,155,725	26,302,399
Program Revenues					
Water and sewer	18,302,420	19,577,393	20,306,011	21,329,632	22,141,498
Ice arena	1,455,787	1,523,295	1,460,261	1,456,179	1,396,199
Operating grants and contributions	125,630	-	-	-	-
Capital grants and contributions	-	998,320	36,281	11,046	851,445
Capital and debt service charges	<u>2,721,633</u>	<u>1,623,650</u>	<u>1,383,576</u>	<u>1,402,096</u>	<u>-</u>
Total program revenues	22,605,470	23,722,658	23,186,129	24,198,953	24,389,142
Net Expenses	(615,420)	(395,107)	(4,743,084)	(1,956,772)	(1,913,257)
General Revenues - Investment and other	1,039,658	1,990,401	2,707,526	2,179,139	1,526,290
Transfers	5,064,518	577,747	803,700	746,700	754,700
Total Change in Net Position	\$ 5,488,756	\$ 2,173,041	\$ (1,231,858)	\$ 969,067	\$ 367,733

Financial Trend Information Changes in Business-type Net Position

Fiscal Year Ended June 30				
2010	2011	2012	2013	2014
\$ 24,571,599	\$ 26,181,647	\$ 27,121,031	\$ 26,084,669	\$ 26,344,508
1,272,895	1,229,841	-	-	-
142,699	120,815	-	164,044	166,488
<u>5,950</u>	<u>34,972</u>	<u>36,645</u>	<u>39,405</u>	<u>40,745</u>
25,993,143	27,567,275	27,157,676	26,288,118	26,551,741
23,908,712	24,279,215	26,095,005	27,328,342	24,749,466
1,219,251	1,184,769	-	-	-
-	-	-	-	-
598,881	271,651	89,998	184,920	281,559
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>25,726,844</u>	<u>25,735,635</u>	<u>26,185,003</u>	<u>27,513,262</u>	<u>25,031,025</u>
(266,299)	(1,831,640)	(972,673)	1,225,144	(1,520,716)
914,399	722,110	366,858	231,707	920,925
<u>690,431</u>	<u>(1,131,582)</u>	<u>13,885</u>	<u>(10,410)</u>	<u>51,752</u>
<u>\$ 1,338,531</u>	<u>\$ (2,241,112)</u>	<u>\$ (591,930)</u>	<u>\$ 1,446,441</u>	<u>\$ (548,039)</u>

City of Farmington Hills, Michigan

	June 30			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 2,171,865	\$ 2,109,393	\$ 1,768,931	\$ 1,817,933
Unreserved	13,419,323	14,836,555	16,849,172	16,858,200
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	15,591,188	16,945,948	18,618,103	18,676,133
All Other Governmental Funds				
Unreserved/Unassigned, reported in:				
Special Revenue Funds	9,591,399	10,338,792	11,727,791	11,442,855
Capital Project Funds	6,284,076	4,011,742	5,676,863	9,530,099
Debt Service Funds	5,622,287	4,975,369	4,191,743	3,823,728
Nonspendable, reported in:				
Special Revenue Funds				
Restricted, reported in:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed, reported in:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Assigned, reported in:				
Special Revenue Funds	-	-	-	-
Capital Project Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Unassigned, reported in:				
Special Revenue Funds	-	-	-	-
Total all other governmental funds	<u>\$ 21,497,762</u>	<u>\$ 19,325,903</u>	<u>\$ 21,596,397</u>	<u>\$ 24,796,682</u>

** Fund balance classifications were changed as a result of implementation of GASB Statement No. 54

Financial Trend Information
Fund Balances - Governmental Funds

June 30					
2009	2010	2011	2012	2013	2014
\$ 1,619,626	\$ 1,417,815	\$ -	\$ -	\$ -	\$ -
16,044,583	12,307,283	-	-	-	-
-	-	1,117,317	945,439	893,952	996,654
-	-	-	-	-	22,408
-	-	4,155,457	7,017,349	11,577,446	12,178,626
-	-	9,437,112	10,048,155	10,704,367	11,599,339
17,664,209	13,725,098	14,709,886	18,010,943	23,175,765	24,797,027
9,186,589	8,767,426	-	-	-	-
12,687,844	5,742,432	-	-	-	-
3,127,737	1,941,551	-	-	-	-
-	-	-	122,063	-	-
-	-	7,161,071	6,696,348	8,125,155	8,532,419
-	-	2,308	-	-	1,440,032
-	-	1,620,018	910,852	2,090,379	2,177,737
-	-	53,029	52,953	52,673	52,534
-	-	500,606	1,125,361	1,937,953	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,678,552	3,745,413	4,599,724	2,386,920
-	-	165,439	186,844	9,549	164,698
-	-	-	-	-	(279,629)
<u>\$ 25,002,170</u>	<u>\$ 16,451,409</u>	<u>\$ 13,181,023</u>	<u>\$ 12,839,834</u>	<u>\$ 16,815,433</u>	<u>\$ 14,474,711</u>

City of Farmington Hills, Michigan

	Year Ended June 30			
	2005	2006	2007	2008
Revenue				
Property taxes	\$ 40,837,672	\$ 39,833,977	\$ 43,648,073	\$ 45,132,374
Licenses and permits	1,436,811	945,695	850,036	933,023
Federal grants	2,066,806	1,470,397	1,633,930	1,034,220
State-shared revenues and grants	13,107,584	12,898,513	12,735,007	12,737,789
Other grants and contributions	226,058	194,731	178,317	211,653
Special assessments	967,958	614,915	522,985	489,779
Charges for services	6,092,176	6,466,310	6,500,811	7,190,019
Fines and forfeitures	2,405,719	2,262,481	2,498,603	2,667,589
Interest and rentals	1,432,381	2,845,948	3,581,579	3,021,337
Other	1,787,527	1,118,836	1,219,932	1,324,773
Total revenue	70,360,692	68,651,803	73,369,273	74,742,556
Expenditures				
Current:				
General government	13,504,759	10,102,475	11,937,785	10,918,120
Public safety	24,526,966	25,335,913	27,460,118	28,685,731
Public works	13,505,680	12,307,550	11,017,922	10,690,331
Community and economic development	2,475,478	2,556,411	2,587,708	2,488,079
Recreation and culture	6,278,393	6,403,457	7,267,798	7,433,871
Other	-	31,991	13,554	12,099
Capital outlay*	5,126,521	7,548,051	4,126,914	8,398,153
Debt service principal	3,560,105	3,216,331	3,193,368	3,053,526
Debt service interest	1,100,363	1,388,976	1,173,866	1,227,694
Total expenditures	70,078,265	68,891,155	68,779,033	72,907,604
Excess of Revenue Over (Under) Expenditures	282,427	(239,352)	4,590,240	1,834,952
Other Financing Sources (Uses)				
Debt issuance	8,200,000	-	6,916,604	-
Transfers in	7,855,405	5,635,903	3,103,486	7,742,935
Transfers out	(12,919,923)	(6,213,650)	(3,907,186)	(8,489,635)
Debt defeasance	-	-	(6,958,270)	-
Total other financing sources (uses)	3,135,482	(577,747)	(845,366)	(746,700)
Special Item	-	-	-	-
Net Change in Fund Balances	3,417,909	(817,099)	3,744,874	1,088,252
Fund Balances - Beginning of year	33,671,041	37,088,950	36,271,851	40,016,725
Fund Balances - End of year	\$ 37,088,950	\$ 36,271,851	\$ 40,016,725	\$ 41,104,977
Ratio of Total Debt Service to Non-capital Expenditures	7.18%	7.51%	6.75%	6.64%

Source: Annual Financial Statements

* Capital outlay = the amount reflected in the reconciliation statement of changes in fund balances to the statement of activities.

Change in Fund Balances Governmental Funds

Year Ended June 30						
2009	2010	2011	2012	2013	2014	
\$ 44,515,945	\$ 41,422,186	\$ 37,310,917	\$ 36,296,428	\$ 40,042,754	\$ 38,909,350	
716,955	696,238	959,129	828,944	1,392,631	1,357,184	
2,864,889	1,657,364	1,570,264	1,553,090	1,574,646	1,250,376	
12,378,168	11,261,806	11,403,975	12,065,581	12,070,546	12,822,738	
224,610	1,244,571	78,239	9,442	167,114	255,452	
1,100,546	1,371,632	1,180,232	825,939	1,522,384	1,103,197	
7,402,985	8,009,200	8,296,569	10,094,367	10,391,874	9,598,537	
2,706,691	2,490,154	2,264,792	2,149,847	2,113,071	2,141,689	
1,514,504	433,574	281,532	329,190	352,239	414,038	
1,426,202	1,091,066	1,542,806	2,704,835	2,771,017	2,300,826	
<u>74,851,495</u>	<u>69,677,791</u>	<u>64,888,455</u>	<u>66,857,663</u>	<u>72,398,276</u>	<u>70,153,387</u>	
11,352,739	11,168,240	9,944,032	9,927,183	9,786,890	13,584,599	
30,110,010	28,579,181	26,678,671	26,872,083	26,737,217	26,920,590	
8,579,318	9,627,908	8,842,900	12,120,024	12,114,741	12,863,648	
2,491,450	2,678,034	2,544,986	2,049,923	2,173,913	1,542,280	
7,620,314	7,071,455	7,000,012	7,869,482	7,697,595	7,102,151	
10,194	-	-	-	-	-	
8,574,340	18,219,667	8,672,572	2,347,706	5,571,436	5,980,088	
2,709,552	2,510,789	2,492,362	1,886,273	1,823,071	2,120,284	
1,087,476	1,621,958	840,828	811,236	886,949	707,455	
<u>72,535,393</u>	<u>81,477,232</u>	<u>67,016,363</u>	<u>63,883,910</u>	<u>66,791,812</u>	<u>70,821,095</u>	
2,316,102	(11,799,441)	(2,127,908)	2,973,753	5,606,464	(667,708)	
-	-	-	-	3,523,547	-	
9,478,961	9,612,220	6,637,322	6,644,366	10,143,304	10,402,521	
(10,233,661)	(10,302,651)	(6,795,012)	(6,658,251)	(10,132,894)	(10,454,273)	
-	-	-	-	-	-	
(754,700)	(690,431)	(157,690)	(13,885)	3,533,957	(51,752)	
-	-	-	-	-	-	
1,561,402	(12,489,872)	(2,285,598)	2,959,868	9,140,421	(719,460)	
41,104,977	42,666,379	30,176,507	27,890,909	30,850,777	39,991,198	
<u>\$ 42,666,379</u>	<u>\$ 30,176,507</u>	<u>\$ 27,890,909</u>	<u>\$ 30,850,777</u>	<u>\$ 39,991,198</u>	<u>\$ 39,271,738</u>	
5.94%	6.53%	5.71%	4.38%	4.43%	4.36%	

City of Farmington Hills, Michigan

Taxable Value by Property Type

Real Property

Tax Year	Residential	Commercial	Industrial	Personal Property
1999	\$ 2,063,487,370	\$ 638,771,670	\$ 216,396,710	\$ 298,238,050
2000	2,157,359,040	669,405,550	226,018,290	283,929,650
2001	2,279,684,910	705,244,050	232,364,480	296,210,250
2002	2,404,894,930	751,530,320	239,069,180	299,294,170
2003	2,494,573,160	790,858,870	244,276,060	300,524,080
2004	2,601,427,910	817,606,480	248,911,830	306,640,780
2005	2,714,015,100	855,500,180	265,554,000	285,526,350
2006	2,846,495,290	882,999,590	273,655,430	291,027,340
2007	2,961,431,410	907,534,470	279,338,250	290,225,360
2008	2,924,723,280	921,565,770	280,643,650	284,610,560
2009	2,678,367,510	922,563,600	287,879,390	276,198,070
2010	2,265,145,125	842,383,500	246,302,990	259,823,290
2011	2,070,714,280	814,312,450	146,524,070	252,232,440
2012	1,998,603,460	734,201,260	102,233,330	245,166,290
2013	2,019,538,140	683,545,680	92,935,440	247,268,750
2014	2,071,108,470	654,855,950	92,381,530	235,714,160

Note: Under Michigan law, the revenue base is taxable value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes			
	General Operating*	Debt	Voted Special Purpose	Total Direct Taxes	County	OCPTA	Library	Oakland Community College
1999	7.2193	0.7785	2.1672	10.1650	4.6522	0.3270	0.5985	1.6295
2000	7.2193	0.7785	2.1672	10.1650	4.6478	0.3236	0.5958	1.6109
2001	7.2193	0.7432	2.2025	10.1650	4.6438	0.3207	0.5933	1.5952
2002	7.2193	0.8117	2.1911	10.2221	4.6523	0.6000	0.5887	1.6090
2003	7.5705	0.7932	1.8584	10.2221	4.6497	0.5974	0.5866	1.5983
2004	7.7142	0.7014	1.8065	10.2221	4.6476	0.5962	0.5856	1.5889
2005	6.9452	0.6318	1.9451	9.5221	4.6461	0.5950	1.5856	1.5844
2006	6.9408	0.6362	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844
2007	6.9423	0.6347	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844
2008	7.0368	0.5402	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844
2009	7.5301	0.5269	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844
2010	7.4089	0.6481	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844
2011	8.1522	0.5012	1.9646	10.6180	4.6461	0.5900	1.5856	1.5844
2012	8.1163	0.5697	3.6646	12.3506	4.6461	0.5900	1.5856	1.5844
2013	8.0579	0.6313	3.6646	12.3538	4.6461	0.5900	1.5856	1.5844

* Includes Capital, Refuse Removal and Economic Development Millages.

Source: City Treasury and Assessing Records.

Revenue Capacity Information Assessed Value and Actual Value of Taxable Property

IFT	Total Taxable	Tax Rate (Mills)	Total SEV	Taxable Value as a Percentage of SEV
\$ -	\$ 3,216,893,800	10.1650	\$ 3,456,406,270	93.07
1,696,600	3,338,409,130	10.1650	3,645,559,130	91.57
15,341,050	3,528,844,740	10.1649	3,945,512,540	89.44
19,117,510	3,713,906,110	10.1650	4,277,835,510	86.82
18,491,200	3,848,723,370	10.2221	4,504,750,120	85.44
21,201,670	3,995,788,670	10.2221	4,629,979,870	86.30
13,611,350	4,134,206,980	9.5221	4,741,538,300	87.19
14,649,020	4,308,817,670	10.0216	4,873,928,140	88.41
14,001,540	4,452,531,030	10.0216	4,959,218,650	89.78
14,403,740	4,425,947,000	10.0216	4,757,901,480	93.02
2,954,480	4,167,963,050	10.0216	4,300,702,530	96.91
1,962,820	3,615,617,725	10.0216	3,681,476,945	98.21
2,145,600	3,285,928,840	10.6180	3,316,262,400	99.09
1,871,620	3,082,075,960	12.3506	3,109,995,440	99.10
2,557,680	3,045,845,690	12.3538	3,087,553,500	98.65
2,101,850	3,056,161,960	12.3806	3,260,293,240	93.74

Direct and Overlapping Property Tax Rates

Overlapping Taxes										
Schoolcraft Community College	Intermediate School District	State Education	School: Homestead Farmington	School: Homestead Clarenceville	School: Homestead Walled Lake	School: Non- homestead Farmington	School: Non- homestead Clarenceville	School: Non- homestead Walled Lake	Zoo Authority	Art Institute
1.8444	2.0999	6.0000	14.0071	3.6827	7.8520	20.1000	21.7441	22.8000	0.0000	0.0000
1.8311	2.0752	6.0000	13.2614	4.7395	8.0982	20.0000	21.7449	23.1000	0.0000	0.0000
1.8193	3.4526	6.0000	12.8633	4.5920	7.9538	20.0000	21.6745	23.1000	0.0000	0.0000
1.8043	3.4224	6.0000	12.4459	4.7548	7.4728	19.9388	21.8907	22.9884	0.0000	0.0000
1.8024	3.3991	5.0000	11.8783	4.7114	7.5248	19.9388	21.8771	23.1000	0.0000	0.0000
1.7967	3.3789	6.0000	11.5466	4.5763	7.0548	19.9388	21.7522	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	11.1596	4.3392	6.8975	19.9388	21.5727	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	10.6511	5.1766	6.7841	19.7388	22.5000	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	10.1784	5.1324	6.6700	19.8000	22.5000	22.7900	0.0000	0.0000
1.7467	3.3690	6.0000	9.6915	5.0892	6.5722	19.8000	22.5000	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	10.1442	5.1146	6.4793	19.8000	22.5000	22.5000	0.1000	0.0000
1.7967	3.3690	6.0000	12.0278	5.1922	6.7508	20.1000	22.5000	22.5000	0.1000	0.0000
1.7967	3.3690	6.0000	12.3334	4.5000	6.8812	20.1800	22.5000	22.5000	0.1000	0.0000
1.7967	3.3690	6.0000	13.3810	4.5000	7.0254	20.5600	22.5000	22.5600	0.1000	0.2000
1.7967	3.3690	6.0000	13.0140	4.5000	7.4730	20.5600	22.5000	23.1445	0.1000	0.2000

City of Farmington Hills, Michigan

Revenue Capacity Information Principal Property Taxpayers

Taxpayer	2014 Taxable Value	Percentage of Total	2005 Taxable Value	Percentage of Total	2005 Rank
1 Oakland Management Co.	\$ 63,277,950	2.07	\$ 72,027,120	1.75	1
2 Detroit Edison	33,049,350	1.08	38,254,360	0.93	4
3 Robert Bosch Corp	29,064,940	0.95	45,220,920	1.10	3
4 Nissan	27,629,060	0.90	31,139,520	0.76	5
5 FH Corporate Investors (Kojaian)	22,274,220	0.73	52,349,890	1.27	2
6 Green Hill Apts	17,200,840	0.56	16,557,910	0.40	N/A
7 Ramco/Lion Venture (Sherr)	13,808,630	0.45	18,960,840	0.46	9
8 Aimco (Independence Green)	12,583,400	0.41	17,802,900	0.43	10
9 Hartman & Tyner	12,472,910	0.41	16,293,280	0.40	N/A
10 Chrysler Financial	10,963,640	0.36	21,245,130	0.52	6

Source: City Assessing Department Records

City of Farmington Hills, Michigan

Property Tax Levies and Collections

Fiscal Year Ended June 30	Tax Levy (1)	Current Collections	Percent of Levy Collected	Current Year Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
2003	\$ 37,737,279	\$ 36,903,184	97.79	\$ 470,682	\$ 37,373,866	99.04
2004	39,101,846	38,244,628	97.81	523,949	38,768,577	99.15
2005	40,428,497	39,824,096	98.51	400,924	40,225,020	99.50
2006	39,553,780	38,817,558	98.14	549,234	39,366,792	99.53
2007	42,813,720	41,829,579	97.70	703,739	42,533,318	99.35
2008	44,751,466	43,356,322	96.88	1,008,573	44,364,895	99.14
2009	44,006,766	42,669,852	96.96	964,304	43,634,156	99.15
2010	41,425,383	40,166,471	96.96	987,383	41,153,854	99.34
2011	35,915,797	34,911,860	97.20	915,419	35,827,279	99.75
2012	34,427,859	33,549,142	97.45	854,721	34,403,863	99.93
2013	37,762,324	36,966,855	97.89	670,497	37,637,352	99.67
2014	37,629,773	36,922,255	98.12	650,236	37,572,491	99.85

(1) Does not include penalty and interest on late payment of taxes.

(2) Source: BS&A Tax Settlement Report + Eden General Ledger.

City of Farmington Hills, Michigan

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities				
General obligation bonds	\$ 22,440,000	\$ 21,200,000	\$ 20,045,000	\$ 18,920,000
County contractual obligations	6,696,107	5,829,778	4,856,409	3,762,883
Installment purchase agreements	-	-	-	-
Special assessment bonds	5,670,000	4,560,000	3,495,000	2,660,000
Highway loan program	-	-	-	-
Total governmental activities	34,806,107	31,589,778	28,396,409	25,342,883
Business-type Activities				
General obligation bonds	3,906,250	3,593,750	3,256,250	2,923,750
County contractual obligations	2,459,082	1,953,253	1,446,653	860,022
Total business-type activities	6,365,332	5,547,003	4,702,903	3,783,772
Total debt of the government	\$ 41,171,439	\$ 37,136,781	\$ 33,099,312	\$ 29,126,655
Total ad valorem taxable value	\$ 3,974,587,000	\$ 4,120,595,630	\$ 4,294,177,650	\$ 4,438,529,490
Ratio of total debt to taxable value	1.04%	0.90%	0.77%	0.66%
Total population	80,895	80,486	80,280	79,327
Total debt per capita	\$ 509	\$ 461	\$ 412	\$ 367
Total personal income	2,270,734,492	2,271,139,450	2,277,213,820	2,255,076,116
Ratio of total debt to personal income	1.81%	1.64%	1.45%	1.29%

Source: City Annual Financial Statements: Population data reported from demographics data

Debt Capacity Information Ratios of Outstanding Debt

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	18,105,000	\$	17,280,000	\$	18,246,250	\$	16,953,750	\$	16,574,800	\$	15,521,374
	2,691,610		1,590,821		483,459		372,186		245,565		122,781
	-		-		-		-		-		-
	1,880,000		1,295,000		750,000		300,000		2,495,000		2,135,000
	-		-		-		-		-		-
	22,676,610		20,165,821		19,479,709		17,625,936		19,315,365		17,779,155
	2,775,000		2,345,000		-		-		-		-
	209,656		-		-		-		6,800,000		6,570,000
	<u>2,984,656</u>		<u>2,345,000</u>		<u>-</u>		<u>-</u>		<u>6,800,000</u>		<u>6,570,000</u>
\$	<u>25,661,266</u>	\$	<u>22,510,821</u>	\$	<u>19,479,709</u>	\$	<u>17,625,936</u>	\$	<u>26,115,365</u>	\$	<u>24,349,155</u>
\$	4,411,543,260	\$	4,165,008,570	\$	3,613,654,905	\$	3,283,783,240	\$	3,080,204,340	\$	3,043,288,010
	0.58%		0.54%		0.54%		0.54%		0.85%		0.80%
	79,152		79,740		79,740		79,777		80,895		81,798
\$	324	\$	282	\$	244	\$	221	\$	323	\$	298
	2,255,818,539		2,251,971,438		2,275,400,877		2,277,570,573		2,322,591,765		2,356,493,265
	1.14%		1.00%		0.86%		0.77%		1.12%		1.03%

City of Farmington Hills, Michigan

Debt Capacity Information Ratios of General Bonded Debt Outstanding

Fiscal Year Ended June 30	Ad Valorem + IFT Assessed Value (SEV)	Estimated Population	General Bonded Debt Outstanding	Obligation Debt to Assessed Value (Percent)	General Obligation Debt per Capita
2005	\$ 4,629,979,870	80,895	\$ 22,440,000	0.48	277.40
2006	4,741,538,300	80,486	21,200,000	0.45	263.40
2007	4,873,928,140	80,280	20,090,000	0.41	250.25
2008	4,959,218,650	79,327	18,920,000	0.40	238.51
2009	4,757,901,480	79,152	18,105,000	0.42	228.74
2010	4,300,702,530	79,740	17,280,000	0.40	216.70
2011	* 3,681,476,945	79,740	18,246,250	0.50	228.82
2012	* 3,316,262,400	79,777	16,953,750	0.51	212.51
2013	* 3,109,995,440	80,895	16,574,800	0.53	204.89
2014	* 3,087,553,500	81,798	15,521,374	0.50	189.75

General bonded debt - Includes General Obligation and Building Authority Bonds.

* As of 2011, general bonded debt now also includes General Obligation Bonds for the Ice Arena. The debt service requirements of all remaining debt are currently funded through revenue sources other than property taxes.

Direct and Overlapping Debt

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Farmington Hills Taxpayers	Amount Applicable to Farmington Hills Taxpayers
Direct debt - City of Farmington Hills	\$ 17,779,155	100.00	\$ 17,779,155
Overlapping debt:			
Farmington School District	28,575,000	87.21	24,920,258
Walled Lake School District	169,285,000	3.25	5,501,763
Oakland County at Large	447,583,171	6.17	27,615,882
Oakland County Intermediate School District	55,625,000	6.19	3,443,188
Oakland Community College	3,075,000	6.04	185,730
Schoolcraft Community College	17,030,000	0.70	119,210
Total overlapping debt	721,173,171		61,786,031
Total	<u>\$ 738,952,326</u>		<u>\$ 79,565,186</u>

Direct debt - For the purpose of this schedule, direct debt is defined as all bonded debt less deferred amounts and County Contractual Obligations.

Source: Direct Debt - City Records and Overlapping Debt - Municipal Advisory Council of Michigan

City of Farmington Hills, Michigan

	2005	2006	2007	2008
Debt Limit (Fiscal Year Ended) (1)				
State equalized valuation (previous year)	\$ 4,629,979,870	\$ 4,741,538,300	\$ 4,873,928,140	\$ 4,959,218,650
Debt limit (10 percent of State equalized valuation) (2)	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
Total debt limit	462,997,987	474,153,830	487,392,814	495,921,865
Debt Applicable to Debt Limit				
Total bonded debt	41,171,439	37,136,781	33,099,312	29,126,655
Less deductions allowed by law:				
Special Assessment Bonds	5,670,000	4,560,000	3,495,000	2,660,000
Michigan Transportation Bonds	<u>1,050,000</u>	<u>600,000</u>	<u>300,000</u>	<u>-</u>
Total amount of debt applicable to debt limit	<u>34,451,439</u>	<u>31,976,781</u>	<u>29,304,312</u>	<u>26,466,655</u>
Legal Debt Margin	<u>\$ 428,546,548</u>	<u>\$ 442,177,049</u>	<u>\$ 458,088,502</u>	<u>\$ 469,455,210</u>
Net Debt Subject to Limit as Percentage of Debt Limit	7.44%	6.74%	6.01%	5.34%

(1) The legal debt limit continues to be derived from State Equalized Value (SEV), not Taxable Value (TV)

(2) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. 1943 as amended by Act 42 P.A. 1960

Source: City budget and financial statements

Debt Capacity Information Legal Debt Margins

2009	2010	2011	2012	2013	2014
\$ 4,757,901,480	\$ 4,300,702,530	\$ 3,681,476,945	3,316,262,400	3,109,995,440	3,087,553,500
<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
475,790,148	430,070,253	368,147,695	331,626,240	310,999,544	308,755,350
25,661,266	22,510,821	19,479,709	17,625,936	26,115,365	24,349,155
1,880,000	1,295,000	750,000	300,000	2,495,000	2,135,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>23,781,266</u>	<u>21,215,821</u>	<u>18,729,709</u>	<u>17,325,936</u>	<u>23,620,365</u>	<u>22,214,155</u>
<u>\$ 452,008,882</u>	<u>\$ 408,854,432</u>	<u>\$ 349,417,986</u>	<u>\$ 314,300,304</u>	<u>\$ 287,379,179</u>	<u>\$ 286,541,195</u>
5.00%	4.93%	5.09%	5.22%	7.59%	7.19%

City of Farmington Hills, Michigan

Demographic and Economic Statistics Principal Employers

Fiscal Year	Source	Population	Median Personal Income Per Household	Median Per Capita Personal Income	Unemployment Rate	Number of Households	Total Personal Income
2000	1	82,111	\$ 67,493	\$ 27,585	1.5	33,559	\$ 2,264,997,587
2001	1	81,970	67,493	27,712	2.6	33,656	2,271,544,408
2002	1	83,500	67,493	27,251	3.7	33,714	2,275,459,002
2003	1	82,274	67,493	27,772	3.7	33,854	2,284,908,022
2004	1	81,058	67,493	27,990	4.7	33,615	2,268,777,195
2005	1	80,895	67,493	28,070	5.1	33,644	2,270,734,492
2006	1	80,486	67,493	28,218	5.0	33,650	2,271,139,450
2007	2	80,280	67,493	28,366	5.5	33,740	2,277,213,820
2008	2	79,327	67,493	28,428	6.1	33,412	2,255,076,116
2009	2	79,152	67,493	28,500	11.7	33,423	2,255,818,539
2010	2	79,740	67,493	28,241	10.8	33,366	2,251,971,438
2011	2	79,740	67,803	28,535	9.2	33,559	2,275,400,877
2012	2	79,777	67,803	28,549	8.0	33,591	2,277,570,573
2013	2	80,895	67,803	28,711	7.6	34,255	2,322,591,765
2014	2	81,798	67,803	28,809	6.8	34,755	2,356,493,265

Note: Personal income is equal to the median household income and only available per the decennial census data/American Factfinder/SEMCOG.

Sources for Unemployment Rate:

- (1) Michigan Department of Labor and Economic Growth.
- (2) U.S. Department of Commerce/Labor, Bureau of Labor Statistics.

Taxpayer	2014 Employees	Percentage of Total	2005 Employees	Percentage of Total	2005 Rank
1 Botsford Hospital	2,746	6.79	2,500	5.92	1
2 Robert Bosch Corporation	1,600	3.96	1,500	3.55	3
3 Farmington Public Schools	1,418	3.51	2,500	5.92	2
4 Quicken Loans	1,000	2.47	(1)	(1)	(1)
5 Cengage Learning Gale	850	2.10	900	2.13	7
6 Aditya Birla Minacs	700	1.73	(1)	(1)	(1)
7 Mercedes-Benz Financial Services	600	1.48	(1)	(1)	(1)
8 TRW Automotive Electronics	600	1.48	462	1.09	8
9 ACO Hardware	500	1.24	190	0.45	(1)
10 Nissan Technical Center North America	500	1.24	975	2.31	6

Source: Crain's Book of Lists + City Records + Individual Employers.

(1) Not available

City of Farmington Hills, Michigan

Operating Information Full-time Equivalent Government Employees (I)

Function/Program (Fiscal Year Ended)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government (1)														
City administration	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.10	5.00	5.00	5.50	6.00
Public information	3.75	3.50	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	24.59	24.64	24.64	24.64	24.64	24.19	23.57	23.07	23.07	22.38	18.94	18.79	19.00	20.00
City clerk	11.25	10.61	11.15	9.80	10.26	9.90	8.90	8.77	8.86	7.58	6.84	6.36	6.62	6.31
Human resources	3.75	3.75	3.75	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Central services	8.50	8.50	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50	9.40	9.26	9.40	9.40
Public Safety (2)														
Police	178.69	180.74	180.62	180.62	173.58	173.52	181.27	180.58	175.73	168.54	145.87	144.84	152.72	153.88
Fire and EMS	76.95	76.95	80.95	80.95	80.95	80.95	85.95	85.95	85.95	84.95	81.95	81.95	84.95	93.63
Public Services (3)														
Administration	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00
Road maintenance	28.25	28.25	28.25	28.25	27.50	26.50	27.25	27.25	27.25	23.83	21.12	21.12	22.46	23.46
Building maintenance	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Engineering	21.79	21.79	21.79	21.79	21.79	21.07	21.20	20.20	18.60	17.50	14.00	13.00	14.28	15.31
D.P.W. garage	11.50	11.50	11.50	11.50	11.50	11.50	11.00	11.00	11.00	10.50	10.50	11.00	11.00	12.00
Waste collection/recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	1.00	1.00	1.00	1.00
Planning and Community Development (4)	28.00	28.00	26.50	26.50	26.50	26.50	26.50	26.50	25.00	24.20	19.00	18.60	18.60	18.00
Special Services (5)														
Administration	10.10	10.40	10.10	10.60	10.80	18.30	19.50	20.30	22.00	20.32	18.90	19.96	19.90	20.98
Youth and families	6.50	6.50	6.70	6.70	7.24	7.24	10.40	10.40	10.40	8.90	8.00	8.00	8.00	8.00
Senior adults	-	20.02	17.24	15.91	16.34	24.75	23.02	25.98	26.74	26.44	25.63	27.53	27.53	27.53
Parks division	24.62	27.11	28.83	27.17	24.47	24.44	25.44	26.44	26.21	23.62	22.73	24.52	24.10	24.87
Cultural arts	-	2.40	2.40	2.75	3.04	3.04	3.32	3.32	3.32	3.32	2.47	2.47	2.65	3.40
William Costick Activities Center	28.87	7.31	7.35	7.35	7.31	-	-	-	-	-	-	-	-	-
Golf course division	4.31	4.31	5.60	7.77	9.66	10.39	10.39	13.39	13.11	13.80	12.71	12.32	12.50	13.01
Ice arena	23.33	19.10	18.15	16.61	17.39	17.73	18.16	16.93	16.93	17.34	15.16	15.19	14.13	14.13
Total (6)	507.75	508.38	510.52	510.16	505.22	512.02	528.09	532.58	526.67	505.82	455.22	456.91	470.34	486.91

Source: City personnel/budget records

- (1) General Government FTEs increased by 1.19 or 2.51% in 2014.
- (2) Public Safety FTEs increased by 9.84 or 4.34% in 2014.
- (3) Public Services FTEs increased by 3.03 or 5.60% in 2014.
- (4) Planning and Community Development FTEs decreased by 0.60 or 3.23% in 2014.
- (5) Special Services FTEs increased by 3.11 or 2.83% in 2014.
- (6) City-wide FTEs increased by 16.57 or 3.63% in 2014.

City of Farmington Hills, Michigan

Function/Program	2005	2006	2007	2008
Police:				
Physical arrests	3,328	2,789	3,482	4,013
Traffic violations	17,646	13,347	17,770	19,754
Fire:				
Total incidents	6,645	6,818	6,668	7,026
Public education programs	218	109	111	102
Fire loss	\$ 3,427,891	\$ 2,490,598	\$ 3,401,006	\$ 9,026,874
Public works:				
Dwelling units receiving refuse service	22,750	22,790	22,980	23,049
Percent of waste stream recycled	30.94	30.98	32.48	32.50
Parks and recreation - Recreation programs				
	2,329	2,329	2,454	2,450
Water:				
Water customers	22,473	22,672	22,713	22,725
Water main breaks	82	77	65	76
Total consumption (mcf)	493,433	529,758	490,831	514,878
Average consumption per user (mcf/year)	22.00	23.40	21.60	22.70
Sewer:				
Average consumption per user (mcf/year)	20.70	19.30	20.40	19.10
Sewer Customers	22,152	22,363	22,393	22,407

Source: City records, Department annual reports, and Oakland County Drain Commission

Operating Information Operating Indicators

2009	2010	2011	2012	2013	2014
4,478	2,614	2,148	2,298	2,641	3,002
20,224	17,990	17,414	9,039	9,122	8,760
7,060	6,886	7,278	7,696	8,539	8,800
94	61	37	37	84	80
\$ 4,469,795	\$ 4,909,621	\$ 4,837,303	\$ 1,640,525	\$ 3,901,800	\$ 3,500,000
23,050	22,137	23,160	23,179	23,198	23,245
35.00	36.20	36.21	36.80	37.40	44.03
2,459	2,500	2,565	2,581	2,640	2,650
22,742	22,734	22,707	22,698	22,698	22,768
63	60	56	59	56	81
471,985	431,059	427,336	396,125	390,000	400,658
20.80	18.96	18.82	17.45	17.18	17.60
17.90	17.60	17.40	16.10	16.05	15.60
22,420	22,407	22,383	22,379	22,379	22,473

City of Farmington Hills, Michigan

Operating Information Capital Asset Statistics

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fleet Vehicles	82	82	82	82	82	73	64	64	67	67
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks (4)	16	17	16	16	16	16	16	16	17	17
Public works - Streets (miles):										
Major	58	58	58	58	58	58.36	58.36	58.36	58.36	58.36
Local	243	243	245	245	245	245.71	245.71	245.79	246.38	246.38
Parks and recreation:										
Acreage	629	629	629	629	629	633	636	636	636	636
Playgrounds	4	4	4	4	4	3	3	4	4	4
Football/Soccer fields (2)	15	15	15	15	15	17	17	19	19	19
Baseball/Softball diamonds (3)	10	10	10	10	10	12	12	12	12	12
Pools/Splash Pads	1	1	1	1	1	2	2	2	2	2
Ice arena	1	1	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	454	457	460	454	454	470.60	470.80	471.50	471.50	448.95
Fire hydrants	4,883	5,008	5,033	5,084	5,090	5,045	5,047	5,127	5,127	5,103
Storage capacity (gallons)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3,000,000
Sewer:										
Miles of sanitary sewers	323	325	326	327	327	327.20	327.40	329.00	329.00	327.50
Treatment capacity	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

Source: City records, department annual reports, and Oakland County Drain Commission

(1) Information not available

(2) Plus the City maintains 32 football/soccer fields for other entities.

(3) Plus the City maintains 37 baseball/softball diamonds for other entities.

(4) Plus 13 other vehicles and equipment.