

***CITY OF FARMINGTON HILLS,
MICHIGAN***

***Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013***



City of Farmington Hills, Michigan

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2013

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

City of Farmington Hills, Michigan

Contents

Introductory Section

Letter of Transmittal	i-vii
GFOA Certificate of Achievement	viii
List of Principal Officials	ix
City Profile	x
Organizational Chart	xi
Fund Organization Chart	xii

Financial Section

Report of Independent Auditors	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11-12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13-14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16-17
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	18
Proprietary Funds - Enterprise Fund:	
Statement of Net Position	19
Statement of Revenue, Expenses, and Changes in Net Position	20
Statement of Cash Flows	21
Fiduciary Funds:	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds	23
Component Units:	
Statement of Net Position	24
Statement of Activities	25-26
Notes to Financial Statements	27-56

City of Farmington Hills, Michigan

Contents (Continued)

Required Supplemental Information	57
Budgetary Comparison Schedule - General Fund	58-59
Budgetary Comparison Schedule - Major Special Revenue Funds	60-62
Other Supplemental Information	63
Budgetary Comparison Schedule - Major Capital Projects Fund - Capital Improvement	64
Budgetary Comparison Schedule - Major Debt Service Fund - Special Assessment Debt Service	65
Nonmajor Governmental Funds:	
Combining Balance Sheet	66-67
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	68-69
Budgetary Comparison Schedule - Nonmajor Governmental Funds	70-80
Fiduciary Funds:	
Statement of Assets and Liabilities	81
Combining Statement of Changes in Fiduciary Net Position	82
Statement of Changes in Assets and Liabilities	83
<u>Statistical Section</u>	
Description of Statistical Section	84
Financial Trend Information:	
Net Position by Component	85-86
Changes in Governmental Net Position	87-88
Changes in Business-type Net Position	89-90
Fund Balances - Governmental Funds	91-92
Changes in Fund Balances - Governmental Funds	93-94
Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property	95-96
Direct and Overlapping Property Tax Rates	95-96
Principal Property Taxpayers	97
Property Tax Levies and Collections	98
Debt Capacity Information:	
Ratios of Outstanding Debt	99-100
Ratios of General Bonded Debt Outstanding	101
Direct and Overlapping Debt	101
Legal Debt Margins	102-103
Demographic and Economic Statistics - Principal Employers	104

City of Farmington Hills, Michigan

Contents (Continued)

Statistical Section (Continued)

Operating Information:	
Full-time Equivalent Government Employees	105
Operating Indicators	106-107
Capital Asset Statistics	108



November 19, 2013

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, 2013. 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, 2013 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 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. 12 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 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 \$1.6 million, with the average home priced at approximately \$178,000 (using a two-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 66 percent, commercial 23 percent, industrial 3 percent, and personal property (business equipment, furniture, and machinery) 8 percent. No one taxpayer exceeds 2.06 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 2012-2013, the ad valorem taxable value of the City declined by 6.2 percent. The projection for FY 2013-2014 is a 1.2 percent decrease in ad valorem taxable value. The City's unemployment rate of 7.6 percent at June 2013 is down from 8.0 percent from June 2012, and is lower than the county unemployment rate of 9.0 percent and also lower than the state unemployment rate of 9.4 percent at June 2013.

As the economy continues to improve at a slow but uneven pace, predictions are that it will take many more years to reach the peak employment levels from the recent past. University of Michigan economists forecast that Oakland County will add 41,000 jobs through 2015, and the county unemployment rate will continue to decline to 6.9 percent by 2015, all within a relatively low inflation environment. However, this will only replenish 62 percent or five in eight of the jobs lost from the summer of 2000 to the end of 2009, and the unemployment rate will sit well above the 5.1 percent level that the county averaged between 1990 and 2008.

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 \$53,297 is the highest among Michigan's 83 counties and is ranked tenth among counties having more than one million in population. While Oakland County continues to enjoy a AAA bond rating, the City of Farmington Hills for the first time in its history has now earned the AAA bond rating as well, 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 82,200 jobs state-wide in 2013, almost double the additions realized in 2012. These economists are forecasting continued solid job growth over the next two years, but backing off from the pace during 2013. With a strong summer quarter, they see job growth coming in at an annual rate of 2.3 percent for the second half of 2013. Growth then settles back to a more sustainable rate, averaging 1.4 to 1.5 percent during 2014 and 2015, with a little more strength in the latter year. This pattern translates into state-wide job gains of 56,400 in 2014 and 62,300 in 2015. The top job producers over the next two years are predicted to be in: professional and business services; trade, transportation, and utilities; and construction. The six-year recovery period through 2015 would return the total job count in Michigan to its level in early 2008, prior to the Great Recession.

Economists predict that state-wide inflation will remain low over the forecast horizon, sitting well below 2 percent for each year from 2013 to 2015: 1.7 percent, 1.1 percent, and 1.5 percent, respectively.

Economists predict that state-wide personal income growth will slow in 2013 to 3.1 percent, corresponding with the increase in payroll taxes at the beginning of 2013 (a subtraction in calculating personal income) due to an increase in the tax rate. Income growth is projected to bounce back to 4.5 percent in 2014, largely a result of steady payroll tax rates. With calendar year job gains relatively steady, income growth is projected to be at 4.4 percent in 2015.

Economists predict that state-wide real disposable income growth will decline to 0.5 percent in 2013, with the weakening of nominal income growth and a larger increase in federal taxes trumping less inflation. Purchasing power growth is projected to rebound strongly in 2014, to 2.8 percent, with an acceleration in nominal income growth, less inflation, and a smaller increase in federal taxes. Growth is then projected to drop off slightly in 2015, down to a still-strong 2.5 percent.

The City Council annually reviews the updated "Six-year Capital Improvement Program" prepared 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 2013-2014:

- \$650,000 for drainage projects
- \$305,000 for sidewalk and bike path improvements/replacements
- \$744,000 for fire department equipment
- \$115,000 for police department equipment
- \$670,000 for public services department equipment
- \$300,000 for technology equipment and upgrades
- \$1,130,000 for public facility improvements

Financial Policies - The following financial policies of the City had a significant impact on the City's FY 2012-13 financial statements:

Revenue Policy to Maintain a Diversified and Stable Taxable Revenue Base - Although the tax base remains diversified with approximately 66 percent residential and 34 percent nonresidential, the tax base had declining taxable values of approximately 6.2 percent, which negatively impacted tax revenue for the City.

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. Despite the Federal Reserve's actions to cut the federal funds target rate to essentially zero percent, along with three rounds of quantitative easing that have pushed yield levels to historical lows across the entire yield curve, we continue to make slow steady progress. Currently, the average yield on the City's investment portfolio is out-performing the one-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 six-year Capital Improvement Plan (CIP), which is reviewed by the City Planning Commission and adopted 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, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*; and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which significantly changes pension accounting and reporting for state and local governments. 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.

Currently, the City discloses pension information in the notes to our financial statements, and only reports the contributions we are 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 require the City to report a net pension liability (NPL) for the first time on our full accrual government-wide statement of net assets. This liability will be 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 will be changes to how the present value of projected benefits will be calculated, how the assets are measured, and how the pension expense is calculated. The City and the retirement system will be 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.

We expect the finance department staff, our actuary, and our auditor will incur significantly more time and cost to comply with these new standards, which are effective in FY 2013-2014 for the pension plan and in FY 2014-2015 for the City.

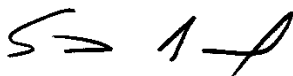
Awards and Acknowledgements

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, 2012. This was the 14th 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, 2013. 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 27th 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, 2012

Executive Director/CEO

City of Farmington Hills, Michigan

List of Principal Officials

June 30, 2013

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	Linda Grimsby
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 \$3,043,288,010 is comprised of 66 percent residential property and 34 percent commercial, industrial, and personal property. The community's estimated 80,895 residents live in approximately 34,255 households with a median household income of \$67,803.

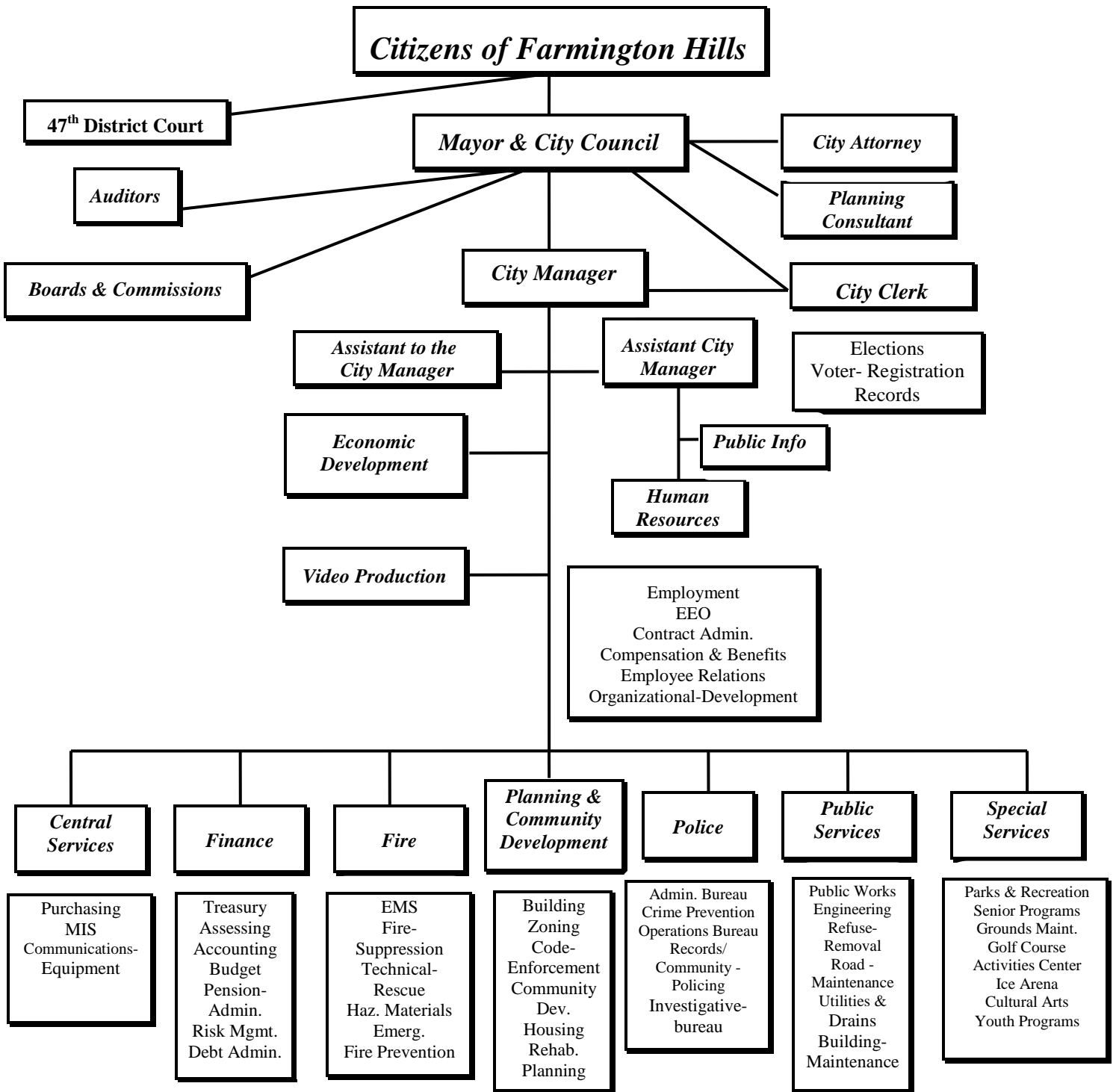
The City possesses an ideal location within 25 minutes of downtown Detroit and Detroit Metro Airport and at the focal point of a north/south and west/east freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio, as well as the Ann Arbor technology corridor, are 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	Special Revenue
General Fund	Major Road Local Road Public Safety Fire Grant
Debt Service	Community Development Block Grant (CDBG) Energy Efficiency & Conservation Block Grant (EECBG) Nutrition Grant Police Forfeiture Parks and Recreation Special Millage Deferred Special Assessment
Building Authority General Debt Service Special Assessments	
Capital Projects	
Capital Improvement Golf Course Capital Improvement Revolving Special Assessment	
Proprietary Funds - Enterprise	
Water and Sewer	
Fiduciary Funds	
Pension and Other Employee Benefit Trust	Agency
Employees' Retirement System Postretirement Health Care Finance Fund	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, 2013 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, 2013, 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.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

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.

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

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 11, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Alante & Morse, PLLC

November 11, 2013

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 increased \$4.5 million or 1.5 percent from a year ago, increasing from \$308.4 million to \$312.9 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 an increase of approximately \$3.1 million in net position or 1.81 percent during fiscal year 2012-2013. Unrestricted net position of the governmental activities was approximately \$23.1 million as of June 30, 2013. Business-type activities net position shows an increase of approximately \$1.4 million in net position or 1.02 percent during fiscal year 2012-2013. Unrestricted net position of the business-type activities was approximately \$65.1 million as of June 30, 2013. In condensed format, the table below shows the comparison of net position (in millions of dollars) as of June 30, 2013 to the prior year:

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current assets	\$ 49.2	\$ 42.3	\$ 70.8	\$ 64.5	\$ 120.0	\$ 106.8
Noncurrent assets - Advances due from SWOCC	1.3	0.9	-	-	1.3	0.9
Capital assets	153.9	157.5	76.6	75.5	230.5	233.0
Total assets	204.4	200.7	147.4	140.0	351.8	340.7
Liabilities						
Current liabilities	9.2	6.1	2.0	2.6	11.2	8.7
Long-term liabilities	21.1	23.6	6.6	-	27.7	23.6
Total liabilities	30.3	29.7	8.6	2.6	38.9	32.3
Net Position						
Net investment in capital assets	134.6	139.9	73.7	75.5	208.3	215.4
Restricted	16.4	14.1	-	-	16.4	14.1
Unrestricted	23.1	17.0	65.1	61.9	88.2	78.9
Total net position	<u>\$ 174.1</u>	<u>\$ 171.0</u>	<u>\$ 138.8</u>	<u>\$ 137.4</u>	<u>\$ 312.9</u>	<u>\$ 308.4</u>

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes in net assets (in millions of dollars) for the years ended June 30, 2013 and 2012:

TABLE 2

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue:						
Charges for services	\$ 15.3	\$ 14.9	\$ 27.3	\$ 26.1	\$ 42.6	\$ 41.0
Operating grants and contributions	7.3	7.6	-	-	7.3	7.6
Capital grants and contributions	0.1	0.9	0.2	0.1	0.3	1.0
General revenue:						
Property taxes	40.0	36.3	-	-	40.0	36.3
State-shared revenue	6.2	6.2	-	-	6.2	6.2
Interest	0.4	0.3	0.2	0.4	0.6	0.7
Other	3.0	2.2	-	-	3.0	2.2
Total revenue	72.3	68.4	27.7	26.6	100.0	95.0
Program Expenses						
General government	11.6	11.9	-	-	11.6	11.9
Public safety	28.0	27.9	-	-	28.0	27.9
Public works	17.2	16.6	-	-	17.2	16.6
Community and economic development	2.2	2.1	-	-	2.2	2.1
Recreation and culture	9.4	9.6	-	-	9.4	9.6
Interest on long-term debt	0.8	0.8	-	-	0.8	0.8
Water and sewer	-	-	26.3	27.2	26.3	27.2
Total program expenses	69.2	68.9	26.3	27.2	95.5	96.1
Change in Net Position	3.1	(0.5)	1.4	(0.6)	4.5	(1.1)
Net Position - Beginning of year	171.0	171.5	137.4	138.0	308.4	309.5
Net Position - End of year	\$ 174.1	\$ 171.0	\$ 138.8	\$ 137.4	\$ 312.9	\$ 308.4

Governmental Activities

The City's total governmental activities revenue increased by \$3.9 million or 5.7 percent from a year ago. This was primarily attributed to an increase in service charges and property taxes in fiscal year 2012-2013 compared to fiscal year 2011-2012. The City's total governmental program expenses increased by \$0.3 million or 0.44 percent from a year ago. This was primarily attributed to increases in public safety, public works, and community and economic development and was partially offset by a decrease in general government 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 81 percent of the actuarial required contributions for the postretirement healthcare plan.

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 received \$1.2 million in operating income during fiscal year 2012-2013, compared to an approximate \$1.6 million operating loss in fiscal year 2011-2012. This \$2.8 million increase in operating position from the prior year resulted from an increase of \$1.8 million or 7 percent in system operating revenue while operating expenses decreased \$1.0 million or 4 percent compared to fiscal year 2011-2012. The operating income was enhanced by \$0.2 million during fiscal year 2012-2013 from a net of capital contributions, transfers out, and nonoperating items. Overall, in fiscal year 2012-2013, the water and sewer activities net position increased \$1.4 million or 1 percent. This compares favorably to the \$0.6 million decrease in 2011-2012.

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 2012-2013 include the General Fund, the Major Roads Fund, the Local Roads Fund, the Public Safety Millage Fund, the Capital Improvement Fund, and the 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.

General Fund

The original fiscal year 2012-2013 General Fund budget (which is the adopted budget plus budgets from the carryforward of prior year encumbrances) reflected the use of \$0.1 million of fund balance to balance the budget. The General Fund's fund balance actually increased by \$5.2 million or 29 percent. The \$5.2 million increase in fund balance compared to the original budget is due primarily to a \$1.9 million increase in actual revenue compared to the original budget and a \$3.4 million decrease in actual expenditures compared to the original budget. The decrease in actual expenditures compared to the original budget occurred in all functional categories.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

Special Revenue Funds

The Major Road Fund - Fund balance increased by \$108,000 or 4 percent. Total revenue was \$43,000 more than the previous year, while total expenditures and transfers out were \$60,000 more than the previous year.

The Local Road Fund - Fund balance increased by \$227,000 or 45 percent. Total revenue, bond proceeds, and transfers in were \$2.1 million more than the previous year, while total expenditures and transfers out were \$1.8 million more than the previous year.

The Public Safety Millage Fund - Fund balance increased by \$1.5 million or 126 percent. Total revenue was \$4.9 million more than the previous year, while total expenditures were \$3.0 million more than the previous year.

Debt Service Fund

The Special Assessment Fund - Fund balance increased by \$1.2 million or 129 percent. Total revenue, bond proceeds and transfers-in was \$3.2 million more than the previous year, while total expenditures and transfers-out were \$1.5 million more than the previous year.

Capital Projects Fund

The Capital Improvement Fund - Fund balance increased by \$871,000 or 24 percent. Total revenue, bond proceeds, and transfers in were \$2.1 million more than the previous year, while total expenditures were \$1.3 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.

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

- The approximately \$1.2 million or 2.4 percent increase in total revenue from the final amended budget reflected a net of more than expected property taxes, licenses and permits, service charges, fines and forfeitures, investment income, and miscellaneous income; partially offset by less than anticipated grants, state-shared revenue, and donations.
- Transfers in equaled the final amended budget.
- The approximate \$2.7 million or 6 percent decrease in total expenditures from the final amended budget reflects a \$1.4 million decrease in general government, a \$0.9 million decrease in public safety, a \$0.3 million decrease in public works, and a combined \$0.1 million decrease in community and economic development and recreation and culture activity budgets.
- Transfers out equaled the final amended budget.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

On June 30, 2013, 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 \$129 million (see Note 5 of the notes to financial statements 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 assets. The City's total debt increased by \$8,489,429 (48 percent) during the current fiscal year. The increase was the result of new Local Road Special Assessment and General Obligation Bonds and County Issued General Obligation Contract Bonds for Water System Improvements, partially offset by the annual maturity of pre-existing debt (see Note 7 of the notes to financial statements for additional information). The City maintained its Aa1 noninsured rating from Moody's, while receiving an upgrade in its noninsured rating from Standard & Poor's from AA+ to AAA.

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 2011-2012 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. The City's tax base has decreased. The reduction in the tax base is projected to be 1.2 percent for fiscal year 2013-2014. Our state equalized value (SEV) will be \$3.08 billion, which is \$42 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 66 percent, commercial 23 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 54 percent of the FY 2013-2014 General Fund budgeted revenue, while State-shared revenue accounts for approximately 12 percent of the FY 2013-2014 General Fund budgeted revenue. The fiscal year 2013-2014 General Fund budget is balanced, with no use of fund balance.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

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 2013-2014 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, 2013

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 4)	\$ 38,604,250	\$ 58,988,432	\$ 97,592,682	\$ 955,512
Receivables:				
Receivables from sales to customers on account	-	8,005,476	8,005,476	-
Other receivables	729,926	17	729,943	-
Due from other governmental units	2,389,154	-	2,389,154	-
Due from fiduciary funds	1,193,313	-	1,193,313	-
Special assessments receivable	5,366,186	-	5,366,186	-
Internal balances (Note 6)	91,463	(91,463)	-	-
Inventory	636,165	-	636,165	-
Prepaid expenses and other assets	136,765	-	136,765	-
Restricted assets	-	3,830,367	3,830,367	-
Advances due from SWOCC (Note 13)	757,187	-	757,187	-
Investment in SWOCC (Note 13)	585,190	-	585,190	-
Noncurrent assets - Capital assets (Note 5):				
Assets not subject to depreciation	54,091,603	5,276,072	59,367,675	-
Assets subject to depreciation	99,824,370	71,372,986	171,197,356	-
Total assets	204,405,572	147,381,887	351,787,459	955,512
Liabilities				
Accounts payable	1,736,194	1,755,069	3,491,263	15,685
Due to other governmental units	373,320	-	373,320	-
Accrued liabilities and other	2,240,429	5,071	2,245,500	-
Unearned revenue (Note 14)	50,236	-	50,236	-
Noncurrent liabilities (Note 7):				
Due within one year	4,750,144	230,000	4,980,144	-
Due in more than one year	21,140,958	6,570,000	27,710,958	-
Total liabilities	30,291,281	8,560,140	38,851,421	15,685
Net Position				
Net investment in capital assets	134,600,611	73,679,425	208,280,036	-
Restricted for:				
Streets and highways	3,675,074	-	3,675,074	-
Debt service	3,786,085	-	3,786,085	-
Capital projects	4,525,811	-	4,525,811	-
Police and fire	3,677,275	-	3,677,275	-
Parks and recreation	772,806	-	772,806	-
Unrestricted	23,076,629	65,142,322	88,218,951	939,827
Total net position	\$ 174,114,291	\$ 138,821,747	\$ 312,936,038	\$ 939,827

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	\$ 11,601,249	\$ 4,881,804	\$ 294,037	\$ 141,774
Public safety	27,976,966	1,839,403	547,916	-
Public works	17,153,100	3,425,246	5,770,068	-
Community and economic development	2,221,027	684,312	-	-
Recreation and culture	9,423,101	4,502,148	690,695	-
Interest on long-term debt	852,817	-	-	-
Total governmental activities	69,228,260	15,332,913	7,302,716	141,774
Business-type activities	26,288,118	27,328,342	-	184,920
Total primary government	<u>\$ 95,516,378</u>	<u>\$ 42,661,255</u>	<u>\$ 7,302,716</u>	<u>\$ 326,694</u>
Component units:				
Economic Development Corporation	\$ 19,873	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	50,512	-	-	-
Corridor Improvement Authority	29,044	-	-	-
Total component units:	<u>\$ 99,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Gain on sale of fixed assets				
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, 2013

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (6,283,634)	\$ -	\$ (6,283,634)	\$ -
(25,589,647)	-	(25,589,647)	-
(7,957,786)	-	(7,957,786)	-
(1,536,715)	-	(1,536,715)	-
(4,230,258)	-	(4,230,258)	-
(852,817)	-	(852,817)	-
(46,450,857)	-	(46,450,857)	-
-	1,225,144	1,225,144	-
(46,450,857)	1,225,144	(45,225,713)	-
-	-	-	(19,873)
-	-	-	(50,512)
-	-	-	(29,044)
-	-	-	(99,429)
40,043,211	-	40,043,211	254,759
6,164,601	-	6,164,601	-
352,239	226,707	578,946	294
3,048,777	5,000	3,053,777	33,873
1,266	-	1,266	-
49,610,094	231,707	49,841,801	288,926
10,410	(10,410)	-	-
3,169,647	1,446,441	4,616,088	189,497
170,944,644	137,375,306	308,319,950	750,330
\$ 174,114,291	\$ 138,821,747	\$ 312,936,038	\$ 939,827

City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement Fund	Special Assessment Fund
Assets					
Cash and cash equivalents (Note 4)	\$ 21,236,262	\$ 2,753,529	\$ 475,770	\$ 4,663,499	\$ 2,148,154
Receivables:					
Special assessments receivable	-	-	-	-	5,366,186
Other receivables	706,179	-	2,671	11,126	-
Due from other governmental units	1,333,913	746,524	225,791	14,109	-
Due from fiduciary funds	1,193,313	-	-	-	-
Due from other funds	827,297	-	115,373	-	-
Prepaid expenses and other assets	136,765	-	-	-	-
Advances due from SWOCC (Note 13)	757,187	-	-	-	-
Total assets	\$ 26,190,916	\$ 3,500,053	\$ 819,605	\$ 4,688,734	\$ 7,514,340
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 850,832	\$ 429,204	\$ 83,361	\$ 101,626	\$ -
Due to other governmental units	45,734	-	-	-	-
Due to other funds	24,115	129,348	-	19,204	57,775
Accrued liabilities and other	2,078,696	-	-	-	-
Deferred revenue (Note 14)	15,774	-	2,671	-	5,366,186
Total liabilities	3,015,151	558,552	86,032	120,830	5,423,961
Fund Balances					
Nonspendable:					
Prepays	136,765	-	-	-	-
Long-term receivable	757,187	-	-	-	-
Restricted:					
Roads	-	2,941,501	733,573	-	-
Police and fire	-	-	-	-	-
Debt service	-	-	-	-	1,045,557
Grants - Fire protection	-	-	-	-	-
Capital projects	-	-	-	-	1,044,822
Parks and recreation	-	-	-	-	-
Committed - Special assessment projects	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	4,567,904	-
Debt service	-	-	-	-	-
Future expenditures (Note 15)	11,577,446	-	-	-	-
Unassigned	10,704,367	-	-	-	-
Total fund balances	23,175,765	2,941,501	733,573	4,567,904	2,090,379
Total liabilities and fund balances	\$ 26,190,916	\$ 3,500,053	\$ 819,605	\$ 4,688,734	\$ 7,514,340

**Governmental Funds
Balance Sheet
June 30, 2013**

Public Safety Millage Fund	Nonmajor Funds	Total
\$ 3,141,888	\$ 4,185,148	\$ 38,604,250
-	-	5,366,186
-	9,950	729,926
-	68,817	2,389,154
-	-	1,193,313
-	4,681	947,351
-	-	136,765
-	-	757,187
\$ 3,141,888	\$ 4,268,596	\$ 50,124,132
\$ -	\$ 271,171	\$ 1,736,194
-	-	45,734
493,199	132,247	855,888
-	-	2,078,696
-	31,791	5,416,422
493,199	435,209	10,132,934
-	-	136,765
-	-	757,187
-	-	3,675,074
2,648,689	1,006,188	3,654,877
-	-	1,045,557
-	22,398	22,398
-	855,331	1,900,153
-	772,806	772,806
-	1,135,295	1,135,295
-	31,820	4,599,724
-	9,549	9,549
-	-	11,577,446
-	-	10,704,367
2,648,689	3,833,387	39,991,198
\$ 3,141,888	\$ 4,268,596	\$ 50,124,132

City of Farmington Hills, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2013

Fund Balance Reported in Governmental Funds	\$ 39,991,198
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	153,915,973
Investments in joint ventures are not financial resources and are not reported in the funds	585,190
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	5,366,186
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(19,315,362)
Accrued interest is not due and payable in the current period and is not reported in the funds	(161,733)
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	(4,717,873)
Other long-term liabilities, specifically general liability claims, do not present a claim on current financial resources and are not reported as fund liabilities	(442,000)
Other long-term liabilities, specifically amounts due to the 47th District Court and Oakland County, do not present a claim on current financial resources and are not reported as fund liabilities	(327,586)
Inventories are not recorded as assets in the governmental funds	636,165
Other postemployment obligations for employee health benefits do not present a claim on current financial resources and are not reported as fund liabilities	(1,415,867)
Net Position of Governmental Activities	<u>\$ 174,114,291</u>

City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement Fund	Special Assessment Fund
Revenue					
Property taxes	\$ 28,896,909	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,392,631	-	-	-	-
Federal grants	156,303	279,994	-	64,258	-
State-shared revenue and grants	6,492,489	4,116,776	1,363,684	15,946	-
Charges for services	10,390,608	-	-	-	-
Fines and forfeitures	2,006,071	-	107,000	-	-
Investment income	129,016	1,385	312	2,356	204,826
Other revenue:					
Special assessments	-	-	-	-	1,521,927
Other grants and contributions	157,500	9,614	-	-	-
Other miscellaneous income	2,180,035	129	-	23,077	-
Total revenue	51,801,562	4,407,898	1,470,996	105,637	1,726,753
Expenditures					
Current:					
General government	9,786,590	-	-	-	-
Public safety	17,978,413	-	-	-	-
Public works	7,315,549	3,850,031	4,175,263	-	-
Community and economic development	1,728,635	-	-	-	-
Recreation and culture	7,243,991	-	-	-	-
Capital outlay	-	-	-	2,147,078	42,455
Debt service	-	-	-	-	287,847
Total expenditures	44,053,178	3,850,031	4,175,263	2,147,078	330,302
Excess of Revenue Over (Under) Expenditures	7,748,384	557,867	(2,704,267)	(2,041,441)	1,396,451
Other Financing Sources (Uses)					
Face value of debt issue	-	-	614,672	355,328	2,470,000
Debt premium or discount	-	-	-	-	-
Transfers in	1,507,850	-	2,316,367	2,557,473	25
Transfers out	(4,091,412)	(450,000)	-	-	(2,686,949)
Payment to bond refunding escrow agent	-	-	-	-	-
Total other financing (uses) sources	(2,583,562)	(450,000)	2,931,039	2,912,801	(216,924)
Net Change in Fund Balances	5,164,822	107,867	226,772	871,360	1,179,527
Fund Balances - Beginning of year	18,010,943	2,833,634	506,801	3,696,544	910,852
Fund Balances - End of year	\$ 23,175,765	\$ 2,941,501	\$ 733,573	\$ 4,567,904	\$ 2,090,379

**Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances
Year Ended June 30, 2013**

Public Safety		
Millage Fund	Nonmajor Funds	Total
\$ 9,659,781	\$ 1,486,064	\$ 40,042,754
-	-	1,392,631
-	1,074,091	1,574,646
-	81,651	12,070,546
-	1,266	10,391,874
-	-	2,113,071
7,070	7,274	352,239
-	457	1,522,384
-	-	167,114
-	567,776	2,771,017
9,666,851	3,218,579	72,398,276
-	300	9,786,890
8,188,804	570,000	26,737,217
-	-	15,340,843
-	445,278	2,173,913
-	453,604	7,697,595
-	155,801	2,345,334
-	2,422,173	2,710,020
8,188,804	4,047,156	66,791,812
1,478,047	(828,577)	5,606,464
-	6,545,000	9,985,000
-	454,163	454,163
-	3,761,589	10,143,304
-	(2,904,533)	(10,132,894)
-	(6,915,616)	(6,915,616)
-	940,603	3,533,957
1,478,047	112,026	9,140,421
1,170,642	3,721,361	30,850,777
\$ 2,648,689	\$ 3,833,387	\$ 39,991,198

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 9,140,421
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	5,571,436
Depreciation expense	(9,130,640)
Net book value of assets disposed of	(5,639)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(595,970)
Governmental funds report inventory purchases as expenditures; in the statement of activities, these costs are expensed as used	(49,813)
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(9,985,000)
Bond premiums from the issuance of debt. Governmental funds report premiums as revenue when received rather than capitalizing and amortizing the premium	(454,163)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,834,121
Payments to bond refunding escrow agent is an other financing use in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	6,300,000
Deferred charge on refunding is an other financing use in the governmental funds, but not in the statement of activities (where it is capitalized and amortized)	615,616
Change in accrued interest payable and other	23,082
Decrease 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	67,051
The changes in liabilities for general claims and amounts due to the 47th District Court are recorded when incurred in the statement of activities	58,126
Income from joint venture is not reported in the funds	585,190
Disposal of work in progress that was recorded in the statement of activities in the current year, but fund statements in the prior year	(32,403)
Increases 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	(771,768)
Change in Net Position of Governmental Activities	\$ 3,169,647

City of Farmington Hills, Michigan

Proprietary Funds Statement of Net Position June 30, 2013

	<u>Enterprise Fund - Water and Sewer</u>
Assets	
Current assets:	
Cash and cash equivalents (Note 4)	\$ 58,988,432
Receivables	<u>8,005,493</u>
Total current assets	66,993,925
Noncurrent assets:	
Restricted assets	3,830,367
Capital assets (Note 5)	<u>76,649,058</u>
Total noncurrent assets	<u>80,479,425</u>
Total assets	147,473,350
Liabilities	
Current liabilities:	
Accounts payable	1,755,069
Due to other funds (Note 6)	91,463
Accrued liabilities and other	5,071
Current portion of long-term debt (Note 7)	<u>230,000</u>
Total current liabilities	2,081,603
Noncurrent liabilities - Long-term debt (Note 7)	<u>6,570,000</u>
Total liabilities	<u>8,651,603</u>
Net Position	
Net investment in capital assets	73,679,425
Unrestricted	<u>65,142,322</u>
Total net position	<u>\$ 138,821,747</u>

City of Farmington Hills, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2013

	<u>Enterprise Fund - Water and Sewer</u>
Operating Revenue	
Sale of water	\$ 15,186,308
Sewage disposal charges	10,356,461
Other operating revenue	<u>1,785,573</u>
Total operating revenue	27,328,342
Operating Expenses	
Cost of water	10,090,738
Cost of sewage treatment	7,417,234
Other operation and maintenance	4,407,302
Billing and administrative costs	793,051
Depreciation	<u>3,376,344</u>
Total operating expenses	<u>26,084,669</u>
Operating Income	1,243,673
Nonoperating Revenue (Expenses)	
Investment income	226,707
Interest expense	(164,044)
Other nonoperating expenses	(39,405)
Other nonoperating revenue	<u>5,000</u>
Total nonoperating revenue	<u>28,258</u>
Income - Before contributions	1,271,931
Capital Contributions - Tap-in fees	184,920
Transfers Out	<u>(10,410)</u>
Change in Net Position	1,446,441
Net Position - Beginning of year	<u>137,375,306</u>
Net Position - End of year	<u><u>\$ 138,821,747</u></u>

City of Farmington Hills, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2013

	<u>Enterprise Fund - Water and Sewer</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 27,854,897
Payments to suppliers	(23,198,222)
Payments to employees	(352,860)
Receipts from interfund services and reimbursements	<u>28,123</u>
Net cash provided by operating activities	4,331,938
Cash Flows from Noncapital Financing Activities -	
Transfers to other funds	(10,410)
Cash Flows from Capital and Related Financing Activities	
Issuance of bonds	6,800,000
Tap-in fees and other	150,515
Purchase of capital assets	(4,500,079)
Principal and interest paid on capital debt	<u>(158,973)</u>
Net cash provided by capital and related financing activities	2,291,463
Cash Flows from Investing Activities - Interest received on investments	<u>226,707</u>
Net Increase in Cash and Cash Equivalents	6,839,698
Cash and Cash Equivalents - Beginning of year	<u>55,979,101</u>
Cash and Cash Equivalents - End of year	<u>\$ 62,818,799</u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 58,988,432
Restricted cash	<u>3,830,367</u>
Total cash and cash equivalents	<u>\$ 62,818,799</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 1,243,673
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	3,376,344
Changes in assets and liabilities:	
Receivables	526,555
Due from other funds	100
Accounts payable and other	(842,757)
Due to other funds	<u>28,023</u>
Net cash provided by operating activities	<u>\$ 4,331,938</u>

City of Farmington Hills, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2013

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 6,063,686	\$ 4,733,089
Investments:		
Pooled funds	97,477,676	-
Exchange traded funds	11,832,695	-
Common stock	72,408,920	-
Receivables	320,778	4,040
Total assets	188,103,755	\$ 4,737,129
Liabilities		
Accounts payable	222,611	\$ -
Other payables	31,161	1,070,050
Due to primary government	1,193,313	-
Refundable deposits, bonds, etc.	-	3,667,079
Total liabilities	1,447,085	\$ 4,737,129
Net Position Held in Trust for Pension and Other Employee Benefits		
	\$ 186,656,670	

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, 2013

	Pension and Other Employee Benefit Trust Funds
Additions	
Investment income (expense):	
Interest and dividends	\$ 2,997,599
Net increase in fair value of investments	15,316,608
Investment-related expenses	(913,026)
Net investment income	17,401,181
Contributions:	
Employer	7,631,634
Employee	1,189,364
Other	45,734
Total additions	26,267,913
Deductions	
Benefit payments	11,727,044
Refunds of contributions	168,724
Total deductions	11,895,768
Net Increase in Net Position Held in Trust	14,372,145
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	172,284,525
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 186,656,670

City of Farmington Hills, Michigan

Component Units Statement of Net Position June 30, 2013

	<u>Economic Development Corporation</u>	<u>Brownfield Redevelopment Authority</u>	<u>Corridor Improvement Authority</u>	<u>Total</u>
Assets - Cash and cash equivalents	\$ 24,810	\$ 923,835	\$ 6,867	\$ 955,512
Liabilities - Accounts payable	<u>-</u>	<u>13,661</u>	<u>2,024</u>	<u>15,685</u>
Net Position - Unrestricted	<u>\$ 24,810</u>	<u>\$ 910,174</u>	<u>\$ 4,843</u>	<u>\$ 939,827</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	\$ 19,873	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	50,512	-	-	-
Corridor Improvement Authority	29,044	-	-	-
Total component units	\$ 99,429	\$ -	\$ -	\$ -

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, 2013**

Net (Expense) Revenue and Changes in Net Position			
Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
\$ (19,873)	\$ -	\$ -	\$ (19,873)
-	(50,512)	-	(50,512)
-	-	(29,044)	(29,044)
(19,873)	(50,512)	(29,044)	(99,429)
-	254,759	-	254,759
56	224	14	294
-	-	33,873	33,873
56	254,983	33,887	288,926
(19,817)	204,471	4,843	189,497
44,627	705,703	-	750,330
\$ 24,810	\$ 910,174	\$ 4,843	\$ 939,827

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note I - Nature of Business and Significant Accounting Policies

The accounting policies of the City of Farmington Hills, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Farmington Hills, Michigan:

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 that is 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 primary 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.

- a. **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.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

- b. 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.
- c. 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 individuals, 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.

Government-wide and Fund Financial Statements

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

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

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

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note I - Nature of Business and Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. The agency funds have no measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The component unit government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The component unit fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. There are no differences between the economic resources measurement focus and the current financial resources measurement focus; therefore, separate financial statements have not been presented.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: property taxes, intergovernmental revenue, special assessments, state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. All other revenue items are considered available only when cash is received.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

When an expense is incurred for purposes for which both restricted and unrestricted net position or fund balance are available, the City's policy is to first apply restricted resources. When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the City's policy to spend funds in this order: committed, assigned, and unassigned.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

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

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Special Assessment Fund - The Special Assessment Fund 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.

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.

The City reports the following major proprietary 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.

Additionally, the City reports the following fiduciary activities:

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.

Assets, Liabilities, and Net Position or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. Approximately \$25.6 million of Pension and Other Postemployment Benefit Trust investments are not publicly traded and, therefore, do not always have a readily determinable market value.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

Property Taxes - 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 2012 taxable valuation of the City totaled \$3,051,449,963, on which ad valorem taxes less special acts levied consisted of 7.9560 mills for operating purposes, .4882 mills for parks and recreation, .7138 mills for refuse, .0162 mills for public information, and 3.1764 mills for public safety. This resulted in approximately \$24,190,000 for operating, \$1,485,000 for parks and recreation, \$2,170,000 for refuse, \$49,000 for public information, and \$9,659,000 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.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis, which approximates market value. 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.

Restricted Assets - Unspent bond proceeds in the Water and Sewer Fund are required to be set aside for construction. These amounts have been classified as restricted assets.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$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.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

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 as it comes due for payment, generally when the time is taken off or employees terminate. In prior years, the General Fund has been used to liquidate the liability for compensated absences.

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, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fund Equity - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable** - Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted** - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed** - Amounts that have been formally set aside by the City Council for use for specific purposes. Commitments are made and can be rescinded only via resolution of the City Council.
- **Assigned** - Intent to spend resources on specific purposes expressed by the governing body or finance director or city manager, who are authorized by resolution approved by the governing body to make assignments
- **Unassigned** - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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 March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the City as of fiscal year 2013-2014.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 2 - Upcoming Accounting Pronouncements (Continued)

In June 2012, GASB Statement No. 67, *Financial Reporting for Pension Plans*, was issued by the Governmental Accounting Standards Board. This new standard, which replaces the requirements of GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, establishes standards for financial reporting that outline the basic framework for separately issued pension plan financial reports and specifies the required approach to measuring the liability of employer(s) and certain nonemployer contributing entities, about which information is required to be disclosed. GASB Statement No. 67 is required to be adopted for years beginning after June 15, 2013. For the City of Farmington Hills, Michigan, this standard will be adopted during fiscal year 2013-2014.

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 fiscal year ending 2014-2015.

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, 2012		\$ (4,874,278)
Current year permit revenue		1,291,690
Related expenses:		
Direct costs	\$ 790,364	
Estimated indirect costs	143,676	934,040
		<u>357,650</u>
Current year surplus		<u>357,650</u>
Cumulative shortfall at June 30, 2013		<u>\$ (4,516,628)</u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

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

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, 2013 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.

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.

Excess of Expenditures Over Appropriations in Budgeted Funds

The City incurred expenditures which were in excess of the amounts budgeted during the year, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Assessment Fund	\$ 315,775	\$ 330,302	\$ (14,527)

These unfavorable variances were caused by unanticipated expenditures that became necessary during the year.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

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.

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 \$31,074,974 of bank deposits (certificates of deposit, 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, 2013, the component units of the City did not have any bank deposits.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 4 - Deposits and Investments (Continued)

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.

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

Investment	Fair Value	Weighted Average Maturity
Primary Government		
Bank investment pool	\$ 9,746,595	30 Days
Bank investment pool - Oakland County	<u>7,085,265</u>	326 Days
Total	<u>\$ 16,831,860</u>	

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, 2013

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	\$ 14,713,403	AAAm	S&P
Bank investment pool	2,311,192	AAA	Moody's
Bank investment pool	<u>33,681,039</u>	Not rated	N/A
Total	<u>\$ 50,705,634</u>		
Retirement System - Pooled investments	<u>\$ 7,053,989</u>	Not rated	N/A
Health Care Fund - Pooled investments/ Mutual funds	<u>\$ 23,168,345</u>	Not rated	N/A
Component Units			
Pooled investments	923,835	AAA	Moody's
Pooled investments	<u>31,677</u>	AAAm	S&P
Total	<u>\$ 955,512</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 8.96 percent invested in Entrust Fund, 7.73 percent invested in Brandywine Global Fixed Income, 7.09 percent invested in iShares MSCI ACWI, 5.29 percent in iShares Core Total U.S. Bond, and 17.44 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 6.90 percent invested in Loomis Investment Grade Bond Fund, 7.53 percent invested in PIMCO Total Return Fund, 8.56 percent invested in Templeton Global Bond Fund, 7.55 percent invested in iShares MSCI ACWI Index Fund, and 11.79 percent invested in iShares Barclays Aggregate Bond Fund.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 4 - Deposits and Investments (Continued)

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.

Note 5 - Capital Assets

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

	Balance July 1, 2012	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2013
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 16,763,576	\$ -	\$ 3,605	\$ -	\$ 16,767,181
Construction in progress	2,527,875	(379,802)	3,646,822	32,403	5,762,492
Right of way	31,561,930	-	-	-	31,561,930
Subtotal	50,853,381	(379,802)	3,650,427	32,403	54,091,603
Capital assets being depreciated:					
Sidewalks	12,798,370	74,697	-	-	12,873,067
Drain rights	17,206,941	-	-	-	17,206,941
Buildings and improvements	61,618,992	-	810,080	9,125	62,419,947
Machinery and equipment	15,016,370	-	335,950	298,274	15,054,046
Vehicles	12,538,527	-	682,422	173,060	13,047,889
Office furnishings	4,408,813	-	34,650	58,722	4,384,741
Land improvements	18,238,467	-	9,112	-	18,247,579
Major roads	59,415,808	305,105	10,186	-	59,731,099
Local roads	78,416,518	-	38,609	-	78,455,127
Subtotal	279,658,806	379,802	1,921,009	539,181	281,420,436
Accumulated depreciation:					
Sidewalks	8,197,662	-	355,586	-	8,553,248
Drain rights	7,044,485	-	344,139	-	7,388,624
Buildings and improvements	27,300,377	-	1,996,778	9,125	29,288,030
Machinery and equipment	10,494,028	-	1,005,749	298,275	11,201,502
Vehicles	7,109,877	-	1,011,001	173,060	7,947,818
Office furnishings	3,414,150	-	241,718	53,082	3,602,786
Land improvements	12,752,955	-	872,341	-	13,625,296
Major roads	33,023,039	-	1,746,831	-	34,769,870
Local roads	63,662,395	-	1,556,497	-	65,218,892
Subtotal	172,998,968	-	9,130,640	533,542	181,596,066
Net capital assets being depreciated	106,659,838	379,802	(7,209,631)	5,639	99,824,370
Net capital assets	\$ 157,513,219	\$ -	\$ (3,559,204)	\$ 38,042	\$ 153,915,973

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2012	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2013
Capital assets not being depreciated - Construction in progress	\$ 2,105,467	\$ (1,329,474)	\$ 4,500,079	\$ -	\$ 5,276,072
Capital assets being depreciated:					
Sewage disposal system	95,515,739	-	-	-	95,515,739
Water distribution system	69,470,094	1,329,474	-	-	70,799,568
Subtotal	164,985,833	1,329,474	-	-	166,315,307
Accumulated depreciation:					
Sewage disposal system	52,359,427	-	1,867,712	-	54,227,139
Water distribution system	39,206,550	-	1,508,632	-	40,715,182
Subtotal	91,565,977	-	3,376,344	-	94,942,321
Net capital assets being depreciated	73,419,856	1,329,474	(3,376,344)	-	71,372,986
Net capital assets	\$ 75,525,323	\$ -	\$ 1,123,735	\$ -	\$ 76,649,058

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

Governmental activities:

General government	\$ 1,416,035
Public safety	1,438,165
Public works	4,498,322
Community and economic development	2,855
Recreation and culture	1,775,263

Total governmental activities \$ 9,130,640

Business-type activities - Water and sewer \$ 3,376,344

Construction Commitments - The City has active construction projects at year end. The projects include water main/sidewalk improvements, golf cart path resurfacing, sewer and drainage improvements, and local and major 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:

	Remaining Commitment
Water tower constuction	\$ 13,822,914
Roads/SAD/Drainage/Sewer improvements	1,082,154
Water main/Side walk improvements	308,900
Farmington Hills Golf Club cart path resurfacing	157,230
Total	<u>\$ 15,371,198</u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Major Roads Fund	\$ 129,348
	Public Safety Millage Fund	493,199
	Capital Improvement Fund	15,789
	Nonmajor governmental funds	107,908
	Water and Sewer Fund	<u>81,053</u>
	Total General Fund	827,297
Local Roads Fund	General Fund	22,849
	Special Assessment Fund	57,775
	Water and Sewer Fund	10,410
	Nonmajor governmental funds	<u>24,339</u>
	Total Local Roads Fund	115,373
Nonmajor governmental funds	General Fund	1,266
	Capital Improvement Fund	<u>3,415</u>
	Total nonmajor governmental funds	<u>4,681</u>
	Total	<u>\$ 947,351</u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

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	\$ 2,338,034
	Nonmajor governmental funds	<u>1,753,378</u>
	Total General Fund	4,091,412
Major Roads Fund	Local Roads Fund	450,000
Special Assessment Fund	Local Roads Fund	1,831,618
	Nonmajor governmental funds	<u>855,331</u>
	Total Special Assessment Fund	2,686,949
Nonmajor governmental funds	General Fund	1,507,850
	Local Roads Fund	24,339
	Capital Improvement Fund	219,439
	Special Assessment Fund	25
	Nonmajor governmental funds	<u>1,152,880</u>
	Total nonmajor governmental funds	2,904,533
Water and Sewer Fund	Local Roads Fund	<u>10,410</u>
	Total	<u><u>\$ 10,143,304</u></u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

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 to other nonmajor governmental funds represents the transfer of resources for debt service payments. The transfers from the Special Assessment Fund to the Local Roads 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. The transfer from the Water and Sewer Fund to the Local Roads Fund represents the movement of resources for road improvements.

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, 2013

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	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	\$ 1,455,000	\$ -	\$ 460,000	\$ 995,000	\$ 500,000
Less deferred amount - Issuance discounts			(81,250)	-	(32,500)	(48,750)	-
2012 General Obligation Bonds:							
Amount of issue: \$970,000	2.00% -	\$55,000 -					
Maturing through 2017	3.00%	\$85,000	-	970,000	-	970,000	55,000
Building Authority Bonds:							
District Court Building:							
Amount of issue: \$11,000,000							
Maturing through 2013	4.30%	\$600,000	600,000	-	600,000	-	-
District Court Refunding Bonds, Series 2007:							
Amount of issue: \$6,555,000	4.00% -	\$685,000 -					
Maturing through 2021	5.50%	\$985,000	6,555,000	-	-	6,555,000	685,000
Building Authority Refunding Bonds, Series 2003:							
Amount of issue: \$2,910,000	3.60% -	\$195,000 -					
Maturing through 2018	4.00%	\$205,000	1,175,000	-	180,000	995,000	205,000
County contractual obligations:							
Caddell Drain Refunding Bonds:							
Amount of issue: \$1,388,991		\$122,781 -					
Maturing through 2014	5.875%	\$122,784	372,186	-	126,621	245,565	122,784
Golf Course Capital Improvement:							
Amount of issue: \$8,200,000	3.35%-	\$225,000-					
Maturing through 2016	4.375%	\$550,000	7,250,000	-	6,525,000	725,000	225,000
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	-
Less deferred amount - Issuance costs and bond premium			-	(161,450)	-	(161,450)	-
Special assessment bonds:							
Districts 270, 271, 274, 276, 277, 278, 279, 281, 283, and 284:							
Public improvements:							
Amount of issue: \$2,155,000							
Maturing through 2013	4.60%	\$25,000	25,000	-	25,000	-	-
Districts 285, 286, 287, 289, and 294:							
Public improvements:							
Amount of issue: \$2,860,000							
Maturing through 2013	3.80%	\$75,000	75,000	-	75,000	-	-
Districts 312, 314, and 315:							
Public improvements:							
Amount of issue: \$1,050,000							
Maturing through 2013	3.22%	\$100,000	100,000	-	100,000	-	-
Districts 292, 302, 303, 288, 291, 293, 295, 297, 290, and 300:							
Public improvements:							
Amount of issue: \$1,490,000	2.65%	\$25,000-					
Maturing through 2014	4.12%	\$75,000	100,000	-	75,000	25,000	25,000
Districts 333, 334, 335, and 336:							
Public improvements:							
Amount of issue: \$2,470,000	2.00% -	\$225,000 -					
Maturing through 2022	2.50%	\$335,000	-	2,470,000	-	2,470,000	335,000
Total bonds payable			17,625,936	9,823,550	8,134,121	19,315,365	2,152,784
Other long-term obligations:							
Accumulated compensated absences			4,784,923	2,046,791	2,113,844	4,717,870	2,155,360
Estimated self-insurance claims			561,000	-	119,000	442,000	442,000
Net OPEB pension obligation			644,099	771,768	-	1,415,867	-
Total governmental activities			\$ 23,615,958	\$ 12,642,109	\$ 10,366,965	\$ 25,891,102	\$ 4,750,144

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
Limited tax general obligation bonds:							
2013 Water Supply System Bonds:							
Amount of issue: \$6,800,000	2.00% -	\$230,000-	\$ -	\$ 6,800,000	\$ -	\$ 6,800,000	\$ 230,000
Maturing through 2032	3.13%	\$460,000					

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The net OPEB obligation will be liquidated from the funds that the individual employee's salaries are paid from, generally the General Fund.

Total interest expense for the year was approximately \$888,000. Annual debt service requirements to maturity for the above bonds and note obligations, excluding \$210,200 of unamortized discounts and deferred amounts, are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 2,152,784	\$ 661,982	\$ 2,814,766	\$ 230,000	\$ 166,488	\$ 396,488
2015	2,137,781	576,970	2,714,751	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
2019-2023	6,240,000	1,110,738	7,350,738	1,545,000	634,188	2,179,188
2024-2028	2,570,000	489,225	3,059,225	1,785,000	448,181	2,233,181
2029-2033	1,565,000	82,688	1,647,688	2,130,000	167,138	2,297,138
Total	\$ 19,525,565	\$ 4,245,828	\$ 23,771,393	\$ 6,800,000	\$ 2,028,847	\$ 8,828,847

Advance and Current Refundings - During the year, the City issued \$6,545,000 in general obligation (tax refunding) bonds with an average interest rate of 2.96 percent. The proceeds of these bonds were used to advance refund \$6,300,000 of outstanding Golf Course Capital Improvement bonds with an average interest rate of 4.259 percent. The net proceeds of \$6,915,616 (after payment of \$83,547 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the general long-term debt account group. The advance refunding reduced total debt service payments over the next 18 years by approximately \$539,135, which represents an economic gain of approximately \$450,672.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 7 - Long-term Debt (Continued)

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, 2013, the City's portion of bonds outstanding that are considered defeased approximates \$14,455,000, of which \$6,300,000 relates to the current year defeasance, and \$8,155,000 relates to defeasance of debt in prior years.

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 \$255,267. During the current year, net revenue of the system, excluding depreciation, was \$4,620,017 compared to the annual debt requirements of \$138,713.

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. During the year, the City issued an additional no commitment bond in the amount of \$13,655,000. As of June 30, 2013, there is approximately \$27,160,000 of no commitment debt outstanding.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 8 - Defined Benefit Pension Plan

Plan Description - The City of Farmington Hills Employees' Retirement System (the "Plan") is a single-employer defined benefit pension plan that is administered by the City of Farmington Hills Employees' Retirement System Pension Board. Plan benefits accrue to all general, court, police, and fire employees who qualify under the Plan. The Plan provides retirement and disability benefits to plan members and their beneficiaries. In addition to providing pension benefits, the Plan provides healthcare benefits (in accordance with certain union contracts) for plan members if they reach the normal retirement age while working for the City (see Note 10). Prior to January 1, 2005, accounts of the City of Farmington Hills Employees' Retirement System were maintained on a calendar year basis. As of January 1, 2005, the retirement system's year end was changed to June 30, the same fiscal year end as the City. The amounts included in the financial statements for this fund are as of June 30, 2013. 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.

Basis of Accounting - The Plan uses the accrual method of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs of the Plan are paid by the General Fund.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of 4.5 percent of base, longevity, and holiday (for certain groups) earnings for pension benefits plus an additional 1.5 percent for health insurance. The funding policy provides for periodic employer contributions at actuarially determined rates.

Annual Pension Cost - For the year ended June 30, 2013, the City's annual pension cost of \$4,302,129 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		
	2011	2012	2013
Annual pension cost (APC)	\$ 4,008,049	\$ 4,482,745	\$ 4,302,129
Percentage of APC contributed	100 %	100 %	100 %

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 8 - Defined Benefit Pension Plan (Continued)

Funded Status and Funding Progress - The funding status for the three most recent years is as follows:

	Fiscal Year Ended June 30		
	2010	2011	2012
Actuarial value of assets	\$ 122,384,733	\$ 126,993,894	\$ 127,759,371
Actuarial accrued liability (AAL) (entry age)	\$ 149,204,540	\$ 152,271,739	\$ 157,810,232
Unfunded AAL (UAAL)	\$ 26,819,807	\$ 25,277,845	\$ 30,050,861
Funded ratio	82.0 %	83.4 %	81.0 %
Covered payroll	\$ 21,749,242	\$ 21,236,510	\$ 20,415,113
UAAL as a percentage of covered payroll	123.3 %	119.0 %	147.2 %

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at June 30, 2011 using the individual 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. The general unfunded actuarial liability is being amortized as a level dollar amount on a closed basis with an amortization period of 15 years.

Reserves - As of June 30, 2013, the Plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 14,687,417
Reserve for retired benefit payments	73,560,123

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 9 - 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 \$2,578,653, resulting in an employer contribution of \$257,865 and employee contributions of \$128,933.

Note 10 - Other Postemployment Benefits

Plan Description - The City of Farmington Hills Postretirement 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, 2013

Note 10 - Other Postemployment Benefits (Continued)

Funding Progress - For the year beginning July 1, 2012, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2010. 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 not to exceed 20 years. Expenditures for postemployment healthcare benefits are funded on an actuarial basis. The City's actuarial required contribution for the year ended June 30, 2013 was \$4,161,881. The City contributed \$3,329,505 to the fund and received Medicare subsidies of \$45,734 for the fiscal year ended June 30, 2013. 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 Postretirement Health Care Finance Fund. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 4,161,881
Interest on the prior year's net OPEB obligation	48,307
Less adjustment to the annual required contribution	<u>(63,181)</u>
Annual OPEB cost	4,147,007
Amounts contributed - Advance funding	<u>(3,375,239)</u>
Increase in net OPEB obligation	771,768
OPEB obligation - Beginning of year	<u>644,099</u>
OPEB obligation - End of year	<u>\$ 1,415,867</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
6/30/11	6/30/09	\$ 3,186,426	\$ 3,186,426	100.0 %	100.0 %	\$ -
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

* 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, 2013

Note 10 - 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, 2010. In the June 30, 2010 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 11 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 as a dollar amount of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 20 years.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 11 - 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, 2013, the City made contributions of \$106,025 and the plan members contributed \$55,627 to the plan.

Note 12 - 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, 2013

Note 12 - 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	
	2013	2012
Unpaid claims - Beginning of year	\$ 1,320,533	\$ 1,180,654
Estimated incurred claims, including changes in estimates	3,151,184	4,394,323
Claim payments	<u>(3,513,243)</u>	<u>(4,254,444)</u>
Unpaid claims - End of year	<u>\$ 958,474</u>	<u>\$ 1,320,533</u>

A total of \$442,000 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, 2013 unpaid claims liability is \$151,637, which represents the accrual for claims incurred for medical costs and an estimated liability for general claims of \$364,837, both of which are reported in accrued and other liabilities in the General Fund.

Note 13 - 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 source with the cities of Farmington and Novi. The City provides approximately 84.67 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, 2013

Note 13 - 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, 2013, the total receivable advance is \$757,187. 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 \$585,190 for the year ended June 30, 2013. 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 14 - Receivables and Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds	
	Unavailable	Unearned
Special assessments	\$ 5,366,186	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	50,236
Total	\$ 5,366,186	\$ 50,236

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2013

Note 15 - Fund Balance Constraints

The General Fund fund balance assignment for future expenditures of \$11,577,446 includes \$110,158 for subsequent year expenditures, \$1,000,000 for retiree health care, \$4,500,000 for public safety, \$1,000,000 for the corridor improvement authority, \$1,500,000 for the retirement system, \$586,086 for activities center, \$400,000 for buses, \$300,000 for future inspections, \$500,000 for sidewalks/bikepaths, \$500,000 for finance software, \$500,000 for storm water, \$400,000 for police patrol cars, \$200,000 for communications, and \$81,202 for miscellaneous capital expenditures.

Required Supplemental Information

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 28,475,831	\$ 28,413,812	\$ 28,896,909	\$ 483,097
Other licenses and permits	785,005	1,235,173	1,392,631	157,458
Grants	-	183,320	156,303	(27,017)
State-shared revenue	6,560,999	6,642,821	6,492,489	(150,332)
Charges for services to external parties	9,844,080	9,808,911	10,390,608	581,697
Fines and forfeitures	2,100,000	1,978,300	2,006,071	27,771
Investment income	112,400	100,000	129,016	29,016
Local donations	1,000	162,500	157,500	(5,000)
Other miscellaneous income	2,045,307	2,053,551	2,180,035	126,484
Total revenue	49,924,622	50,578,388	51,801,562	1,223,174
Expenditures				
General government:				
City Council	108,236	108,221	104,781	3,440
Boards and commissions	2,768,008	2,741,525	2,528,649	212,876
City administration	841,356	868,294	807,670	60,624
Public information	418,031	418,416	391,672	26,744
Finance department	1,756,055	1,726,209	1,664,477	61,732
Clerk	728,194	724,410	716,981	7,429
Attorney	597,830	561,830	556,558	5,272
Human resources/personnel	434,665	430,190	419,182	11,008
Central services	1,355,457	1,374,572	1,351,436	23,136
Support services	2,484,220	2,175,840	1,245,184	930,656
Total general government	11,492,052	11,129,507	9,786,590	1,342,917
Public safety:				
Police	14,913,000	14,813,608	14,019,714	793,894
Fire	4,251,880	4,091,486	3,958,699	132,787
Total public safety	19,164,880	18,905,094	17,978,413	926,681
Public works:				
Road maintenance	2,182,566	2,126,334	2,040,617	85,717
Administration	518,550	522,381	471,789	50,592
Maintenance facility	1,405,650	1,385,000	1,294,951	90,049
Building maintenance	465,295	498,972	494,554	4,418
General refuse removal	3,579,494	3,516,241	3,512,856	3,385
Engineering	1,435,144	1,323,211	1,226,997	96,214
Public service reimbursement from road fund	(1,860,522)	(1,778,402)	(1,726,215)	(52,187)
Total public works	7,726,177	7,593,737	7,315,549	278,188

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Expenditures (Continued)				
Community and economic development	\$ 1,813,182	\$ 1,782,280	\$ 1,728,635	\$ 53,645
Recreation and culture	<u>7,259,233</u>	<u>7,328,980</u>	<u>7,243,991</u>	<u>84,989</u>
Total expenditures	<u>47,455,524</u>	<u>46,739,598</u>	<u>44,053,178</u>	<u>2,686,420</u>
Excess of Revenue Over Expenditures	2,469,098	3,838,790	7,748,384	3,909,594
Other Financing Sources (Uses)				
Transfers in	1,507,850	1,507,850	1,507,850	-
Transfers out	<u>(4,091,412)</u>	<u>(4,091,412)</u>	<u>(4,091,412)</u>	<u>-</u>
Total other financing uses	<u>(2,583,562)</u>	<u>(2,583,562)</u>	<u>(2,583,562)</u>	<u>-</u>
Net Change in Fund Balance	(114,464)	1,255,228	5,164,822	3,909,594
Fund Balance - Beginning of year	<u>18,010,943</u>	<u>18,010,943</u>	<u>18,010,943</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 17,896,479</u>	<u>\$ 19,266,171</u>	<u>\$ 23,175,765</u>	<u>\$ 3,909,594</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, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 875,684	\$ 777,901	\$ 279,994	\$ (497,907)
Intergovernmental revenue	4,150,900	4,131,221	4,116,776	(14,445)
Investment income	2,000	1,500	1,385	(115)
Other revenue	2,000	1,000	9,743	8,743
Total revenue	5,030,584	4,911,622	4,407,898	(503,724)
Expenditures - Public works	6,633,024	6,021,730	3,850,031	2,171,699
Excess of Revenue (Under) Over Expenditures	(1,602,440)	(1,110,108)	557,867	1,667,975
Other Financing Sources (Uses)				
Transfers in	1,250,000	1,254,376	-	(1,254,376)
Transfers out	(450,000)	(450,000)	(450,000)	-
Total other financing sources (uses)	800,000	804,376	(450,000)	(1,254,376)
Net Change in Fund Balance	(802,440)	(305,732)	107,867	413,599
Fund Balance - Beginning of year	2,833,634	2,833,634	2,833,634	-
Fund Balance - End of year	<u>\$ 2,031,194</u>	<u>\$ 2,527,902</u>	<u>\$ 2,941,501</u>	<u>\$ 413,599</u>

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Roads Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 1,390,000	\$ 1,370,469	\$ 1,363,684	\$ (6,785)
Fines and forfeitures	-	107,000	107,000	-
Investment income	500	425	312	(113)
Total revenue	1,390,500	1,477,894	1,470,996	(6,898)
Expenditures - Public works	5,493,321	4,333,338	4,175,263	158,075
Excess of Expenditures Over Revenue	(4,102,821)	(2,855,444)	(2,704,267)	151,177
Other Financing Sources				
Face value of debt issue	-	614,672	614,672	-
Transfers in	480,000	2,203,195	2,316,367	113,172
Total other financing sources	480,000	2,817,867	2,931,039	113,172
Net Change in Fund Balance	(3,622,821)	(37,577)	226,772	264,349
Fund Balance - Beginning of year	506,801	506,801	506,801	-
Fund Balance - End of year	<u>\$ (3,116,020)</u>	<u>\$ 469,224</u>	<u>\$ 733,573</u>	<u>\$ 264,349</u>

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Safety Millage Year Ended June 30, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 9,682,899	\$ 9,655,129	\$ 9,659,781	\$ 4,652
Investment income	7,441	10,000	7,070	(2,930)
Total revenue	9,690,340	9,665,129	9,666,851	1,722
Expenditures - Public safety	8,705,538	8,451,024	8,188,804	262,220
Net Change in Fund Balance	984,802	1,214,105	1,478,047	263,942
Fund Balance - Beginning of year	1,170,642	1,170,642	1,170,642	-
Fund Balance - End of year	<u>\$ 2,155,444</u>	<u>\$ 2,384,747</u>	<u>\$ 2,648,689</u>	<u>\$ 263,942</u>

Other Supplemental Information

City of Farmington Hills, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Capital Projects Fund Capital Improvement Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ 10,313	\$ 12,150	\$ 64,258	\$ 52,108
Intergovernmental revenue	-	-	15,946	15,946
Investment income	3,000	2,700	2,356	(344)
Other revenue	5,500	13,056	23,077	10,021
Total revenue	18,813	27,906	105,637	77,731
Expenditures - Capital outlay	4,455,181	4,477,282	2,147,078	2,330,204
Excess of Expenditures Over Revenue	(4,436,368)	(4,449,376)	(2,041,441)	2,407,935
Other Financing Sources				
Face value of debt issue	256,000	355,328	355,328	-
Transfers in	2,548,034	2,557,473	2,557,473	-
Total other financing sources	2,804,034	2,912,801	2,912,801	-
Net Change in Fund Balance	(1,632,334)	(1,536,575)	871,360	2,407,935
Fund Balance - Beginning of year	3,696,544	3,696,544	3,696,544	-
Fund Balance - End of year	\$ 2,064,210	\$ 2,159,969	\$ 4,567,904	\$ 2,407,935

City of Farmington Hills, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Debt Service Fund - Special Assessment Debt Service Year Ended June 30, 2013

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 340,754	\$ 197,250	\$ 204,826	\$ 7,576
Other revenue	749,642	753,011	1,521,927	768,916
Total revenue	1,090,396	950,261	1,726,753	776,492
Expenditures				
Capital outlay	-	32,381	42,455	(10,074)
Debt service	604,810	283,394	287,847	(4,453)
Total expenditures	604,810	315,775	330,302	(14,527)
Excess of Revenue Over Expenditures	485,586	634,486	1,396,451	761,965
Other Financing Sources (Uses)				
Face value of debt issue	-	2,470,000	2,470,000	-
Transfers in	-	-	25	25
Transfers out	(517,384)	(2,589,009)	(2,686,949)	(97,940)
Total other financing uses	(517,384)	(119,009)	(216,924)	(97,915)
Net Change in Fund Balance	(31,798)	515,477	1,179,527	664,050
Fund Balance - Beginning of year	910,852	910,852	910,852	-
Fund Balance - End of year	<u>\$ 879,054</u>	<u>\$ 1,426,329</u>	<u>\$ 2,090,379</u>	<u>\$ 664,050</u>

City of Farmington Hills, Michigan

	Special Revenue Funds					
	Fire Grant	Community Development Block Grant	EECBG	Nutrition Grant	Forfeiture Funds	Parks and Recreation Special Millage
Assets						
Cash and investments	\$ 22,398	\$ 10,745	\$ -	\$ 91,588	\$ 1,257,429	\$ 747,510
Receivables	-	6,565	-	22,992	-	48,354
Due from other funds	-	-	-	-	4,681	-
Total assets	\$ 22,398	\$ 17,310	\$ -	\$ 114,580	\$ 1,262,110	\$ 795,864
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 600	\$ -	\$ -	\$ 247,513	\$ 23,058
Due to other funds	-	-	-	99,499	8,409	-
Deferred revenue	-	16,710	-	15,081	-	-
Total liabilities	-	17,310	-	114,580	255,922	23,058
Fund Balances						
Restricted:						
Police	-	-	-	-	1,006,188	-
Grants - Fire protection	22,398	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	772,806
Committed - Special assessment projects	-	-	-	-	-	-
Assigned:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balances	22,398	-	-	-	1,006,188	772,806
Total liabilities and fund balances	\$ 22,398	\$ 17,310	\$ -	\$ 114,580	\$ 1,262,110	\$ 795,864

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

Special Revenue Funds	Debt Service Funds		Capital Projects Funds			Total
Deferred Special Assessment	Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	Nonmajor Governmental Funds	
\$ 52,673	\$ 2,923	\$ 6,549	\$ 31,041	\$ 1,962,292	\$ 4,185,148	
-	-	77	779	-	78,767	
-	-	-	-	-	4,681	
\$ 52,673	\$ 2,923	\$ 6,626	\$ 31,820	\$ 1,962,292	\$ 4,268,596	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 271,171	
-	-	-	-	24,339	132,247	
-	-	-	-	-	31,791	
-	-	-	-	24,339	435,209	
-	-	-	-	-	1,006,188	
-	-	-	-	-	22,398	
-	-	-	-	855,331	855,331	
-	-	-	-	-	772,806	
52,673	-	-	-	1,082,622	1,135,295	
-	-	-	31,820	-	31,820	
-	2,923	6,626	-	-	9,549	
52,673	2,923	6,626	31,820	1,937,953	3,833,387	
\$ 52,673	\$ 2,923	\$ 6,626	\$ 31,820	\$ 1,962,292	\$ 4,268,596	

City of Farmington Hills, Michigan

	Special Revenue Funds				
	Fire Grant	Community	EECBG	Nutrition	Forfeiture
		Development			
		Block Grant			
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	647,247	6,936	201,994	217,914
State-shared revenue and grants	-	-	-	81,651	-
Charges for services	-	-	-	-	1,266
Investment income	32	-	-	91	1,343
Other revenue	-	-	8,164	169,868	118,124
Total revenue	32	647,247	15,100	453,604	338,647
Expenditures					
General government	-	-	-	-	-
Public safety	-	-	-	-	570,000
Community and economic development	-	427,808	15,100	-	-
Recreation and culture	-	-	-	453,604	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	-	427,808	15,100	453,604	570,000
Excess of Revenue Over (Under) Expenditures	32	219,439	-	-	(231,353)
Other Financing (Uses) Sources					
Face value of debt issue	-	-	-	-	-
Debt premium	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	(219,439)	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-
Total other financing (uses) sources	-	(219,439)	-	-	-
Net Change in Fund Balances	32	-	-	-	(231,353)
Fund Balances - Beginning of year	22,366	-	-	-	1,237,541
Fund Balances - End of year	\$ 22,398	\$ -	\$ -	\$ -	\$ 1,006,188

Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2013

Special Revenue Funds		Debt Service Funds		Capital Projects Fund		Total
Parks and Recreation Special Millage	Deferred Special Assessment	Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	Nonmajor Governmental Funds
\$ 1,486,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,486,064
-	-	-	-	-	-	1,074,091
-	-	-	-	-	-	81,651
-	-	-	-	-	-	1,266
4,918	20	95	392	65	318	7,274
1,331	-	-	241,143	29,603	-	568,233
1,492,313	20	95	241,535	29,668	318	3,218,579
-	300	-	-	-	-	300
-	-	-	-	-	-	570,000
-	-	975	-	-	1,395	445,278
-	-	-	-	-	-	453,604
109,084	-	-	-	46,717	-	155,801
-	-	1,146,368	1,275,805	-	-	2,422,173
109,084	300	1,147,343	1,275,805	46,717	1,395	4,047,156
1,383,229	(280)	(1,147,248)	(1,034,270)	(17,049)	(1,077)	(828,577)
-	-	-	6,545,000	-	-	6,545,000
-	-	-	454,163	-	-	454,163
-	-	985,582	1,920,676	-	855,331	3,761,589
(1,657,850)	-	-	(985,582)	-	(41,662)	(2,904,533)
-	-	-	(6,915,616)	-	-	(6,915,616)
(1,657,850)	-	985,582	1,018,641	-	813,669	940,603
(274,621)	(280)	(161,666)	(15,629)	(17,049)	812,592	112,026
1,047,427	52,953	164,589	22,255	48,869	1,125,361	3,721,361
\$ 772,806	\$ 52,673	\$ 2,923	\$ 6,626	\$ 31,820	\$ 1,937,953	\$ 3,833,387

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Fire Grant Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ -	\$ 32	\$ 32
Fund Balance - Beginning of year	<u>22,366</u>	<u>22,366</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 22,366</u></u>	<u><u>\$ 22,398</u></u>	<u><u>\$ 32</u></u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Community Development Block Grant Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 606,550	\$ 647,247	\$ 40,697
Expenditures - Community and economic development	386,550	427,808	(41,258)
Excess of Revenue Over Expenditures	220,000	219,439	(561)
Other Financing Uses - Transfers out	(220,000)	(219,439)	561
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ -

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - EECBG Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 13,933	\$ 6,936	\$ (6,997)
Other revenue	-	8,164	8,164
Total revenue	13,933	15,100	1,167
Expenditures - Community and economic development	13,933	15,100	(1,167)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<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, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 276,663	\$ 201,994	\$ (74,669)
State-shared revenue and grants	-	81,651	81,651
Investment income	-	91	91
Other revenue	<u>129,252</u>	<u>169,868</u>	<u>40,616</u>
Total revenue	405,915	453,604	47,689
Expenditures - Recreation and culture	<u>405,915</u>	<u>453,604</u>	<u>(47,689)</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 - Forfeiture Funds Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 290,000	\$ 217,914	\$ (72,086)
Charges for services	-	1,266	1,266
Investment income	1,150	1,343	193
Other revenue	-	118,124	118,124
Total revenue	291,150	338,647	47,497
Expenditures - Public safety	601,630	570,000	31,630
Net Change in Fund Balance	(310,480)	(231,353)	79,127
Fund Balance - Beginning of year	1,237,541	1,237,541	-
Fund Balance - End of year	<u>\$ 927,061</u>	<u>\$ 1,006,188</u>	<u>\$ 79,127</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Special Millage Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue			
Property taxes	\$ 1,483,498	\$ 1,486,064	\$ 2,566
Investment income	3,000	4,918	1,918
Other revenue	457	1,331	874
Total revenue	1,486,955	1,492,313	5,358
Expenditures - Capital outlay	195,000	109,084	85,916
Excess of Revenue Over Expenditures	1,291,955	1,383,229	91,274
Other Financing Uses - Transfers out	(1,657,850)	(1,657,850)	-
Net Change in Fund Balance	(365,895)	(274,621)	91,274
Fund Balance - Beginning of year	1,047,427	1,047,427	-
Fund Balance - End of year	\$ 681,532	\$ 772,806	\$ 91,274

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Deferred Special Assessment Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 20	\$ 20	\$ -
Expenditures - General government	300	300	-
Net Change in Fund Balance	(280)	(280)	-
Fund Balance - Beginning of year	52,953	52,953	-
Fund Balance - End of year	<u>\$ 52,673</u>	<u>\$ 52,673</u>	<u>\$ -</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Building Authority Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 108	\$ 95	\$ (13)
Expenditures - Current			
Community and economic development	975	975	-
Debt service	1,146,530	1,146,368	162
Total expenditures	1,147,505	1,147,343	162
Excess of Expenditures Over Revenue	(1,147,397)	(1,147,248)	149
Other Financing Sources - Transfers in	985,744	985,582	(162)
Net Change in Fund Balance	(161,653)	(161,666)	(13)
Fund Balance - Beginning of year	164,589	164,589	-
Fund Balance - End of year	\$ 2,936	\$ 2,923	\$ (13)

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - General Debt Service Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ 800	\$ 392	\$ (408)
Other revenue	234,568	241,143	6,575
Total revenue	235,368	241,535	6,167
Expenditures - Debt service			
Principal	811,621	811,621	-
Interest on long-term debt	380,933	464,184	(83,251)
Total expenditures	1,192,554	1,275,805	(83,251)
Excess of Expenditures Over Revenue	(957,186)	(1,034,270)	(77,084)
Other Financing Sources (Uses)			
Face value of debt issue	-	6,545,000	6,545,000
Debt premium or discount	-	454,163	454,163
Transfers in	1,920,676	1,920,676	-
Transfers out	(985,745)	(985,582)	163
Payment to bond refunding escrow agent	-	(6,915,616)	(6,915,616)
Total other financing sources	934,931	1,018,641	83,710
Net Change in Fund Balance	(22,255)	(15,629)	6,626
Fund Balance - Beginning of year	22,255	22,255	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ 6,626</u>	<u>\$ 6,626</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Golf Course Capital Improvement Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ 90	\$ 65	\$ (25)
Other revenue	<u>33,000</u>	<u>29,603</u>	<u>(3,397)</u>
Total revenue	33,090	29,668	(3,422)
Expenditures - Capital outlay	<u>51,200</u>	<u>46,717</u>	<u>4,483</u>
Net Change in Fund Balance	(18,110)	(17,049)	1,061
Fund Balance - Beginning of year	<u>48,869</u>	<u>48,869</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 30,759</u></u>	<u><u>\$ 31,820</u></u>	<u><u>\$ 1,061</u></u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Revolving Special Assessment Budgetary Comparison Year Ended June 30, 2013

	Amended Budget (unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 400	\$ 318	\$ (82)
Expenditures - Community and economic development	1,395	1,395	-
Excess of Expenditures Over Revenue	(995)	(1,077)	(82)
Other Financing Sources (Uses)			
Transfers in	855,182	855,331	149
Transfers out	(36,666)	(41,662)	(4,996)
Net Change in Fund Balance	817,521	812,592	(4,929)
Fund Balance - Beginning of year	1,125,361	1,125,361	-
Fund Balance - End of year	<u>\$ 1,942,882</u>	<u>\$ 1,937,953</u>	<u>\$ (4,929)</u>

City of Farmington Hills, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds June 30, 2013

	Pension Trust Funds			Agency Funds			
	Pension Fund	Closed Healthcare Fund	Postretirement Health Care Finance Fund	Total Pension Trust Funds	Tax Collections	General Agency	Total Agency Funds
Assets							
Cash and cash equivalents	\$ 3,863,448	\$ 341	\$ 2,199,897	\$ 6,063,686	\$ 6,354	\$ 4,726,735	\$ 4,733,089
Investments:							
Pooled funds	79,498,886	7,024	17,971,766	97,477,676	-	-	-
Exchange traded funds	-	-	11,832,695	11,832,695	-	-	-
Common stock	48,375,264	1,295,868	22,737,788	72,408,920	-	-	-
Receivables	264,200	23	56,555	320,778	-	4,040	4,040
Total assets	<u>132,001,798</u>	<u>1,303,256</u>	<u>54,798,701</u>	<u>188,103,755</u>	<u>\$ 6,354</u>	<u>\$ 4,730,775</u>	<u>\$ 4,737,129</u>
Liabilities							
Accounts payable	18,749	142,378	61,484	222,611	\$ -	\$ -	\$ -
Other payables	31,158	3	-	31,161	3,784	1,066,266	1,070,050
Due to primary government	44,092	1,149,221	-	1,193,313	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	2,570	3,664,509	3,667,079
Total liabilities	<u>93,999</u>	<u>1,291,602</u>	<u>61,484</u>	<u>1,447,085</u>	<u>\$ 6,354</u>	<u>\$ 4,730,775</u>	<u>\$ 4,737,129</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 131,907,799</u>	<u>\$ 11,654</u>	<u>\$ 54,737,217</u>	<u>\$ 186,656,670</u>			

City of Farmington Hills, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2013

	Pension Fund	Closed Healthcare Fund	Postretirement Health Care Finance Fund	Total
Additions				
Investment income (expense):				
Interest and dividends	\$ 1,400,331	\$ 24,585	\$ 1,572,683	\$ 2,997,599
Net increase in fair value of investments	12,219,205	214,525	2,882,878	15,316,608
Investment-related expenses	(710,696)	(12,477)	(189,853)	(913,026)
Net investment income	12,908,840	226,633	4,265,708	17,401,181
Contributions:				
Employer	4,302,129	-	3,329,505	7,631,634
Employee	905,221	-	284,143	1,189,364
Other	-	-	45,734	45,734
Total additions	18,116,190	226,633	7,925,090	26,267,913
Deductions				
Benefit payments	9,427,001	2,300,043	-	11,727,044
Refunds of contributions	88,950	79,774	-	168,724
Total deductions	9,515,951	2,379,817	-	11,895,768
Net Increase (Decrease) in Net Position Held in Trust	8,600,239	(2,153,184)	7,925,090	14,372,145
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	123,307,560	2,164,838	46,812,127	172,284,525
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 131,907,799	\$ 11,654	\$ 54,737,217	\$ 186,656,670

City of Farmington Hills, Michigan

Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2013

	Balance at July 1, 2012	Additions	Reductions	Balance at June 30, 2013
<u>Tax Collections</u>				
Assets				
Cash and investments	\$ 91,984	\$ 143,876,903	\$ (143,962,533)	\$ 6,354
Due from other funds	-	46,826	(46,826)	-
Total assets	\$ 91,984	\$ 143,923,729	\$ (144,009,359)	\$ 6,354
Liabilities				
Tax collections distributable	\$ -	\$ 147,113,639	\$ (147,113,639)	\$ -
Due to other governmental units	84,889	3,785	(84,890)	3,784
Refundable deposits, bonds, etc.	7,095	2,570	(7,095)	2,570
Total liabilities	\$ 91,984	\$ 147,119,994	\$ (147,205,624)	\$ 6,354
<u>General Agency</u>				
Assets				
Cash and investments	\$ 4,304,926	\$ 2,321,458	\$ (1,899,649)	\$ 4,726,735
Accrued interest receivable	2,512	13,565	(12,037)	4,040
Total assets	\$ 4,307,438	\$ 2,335,023	\$ (1,911,686)	\$ 4,730,775
Liabilities				
Due to other governmental units	\$ 910,862	\$ 1,123,922	\$ (968,518)	\$ 1,066,266
Refundable deposits, bonds, etc.	3,396,576	1,211,097	(943,164)	3,664,509
Total liabilities	\$ 4,307,438	\$ 2,335,019	\$ (1,911,682)	\$ 4,730,775
<u>Total Agency Funds</u>				
Assets				
Cash and investments	\$ 4,396,910	\$ 146,198,361	\$ (145,862,182)	\$ 4,733,089
Accrued interest receivable	2,512	13,565	(12,037)	4,040
Due from other funds	-	46,826	(46,826)	-
Total assets	\$ 4,399,422	\$ 146,258,752	\$ (145,921,045)	\$ 4,737,129
Liabilities				
Tax collections distributable	\$ -	\$ 147,113,639	\$ (147,113,639)	\$ -
Due to other governmental units	995,751	1,127,707	(1,053,408)	1,070,050
Refundable deposits, bonds, etc.	3,403,671	1,213,667	(950,259)	3,667,079
Total liabilities	\$ 4,399,422	\$ 149,455,013	\$ (149,117,306)	\$ 4,737,129

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				
	2004	2005	2006	2007	2008
Governmental Activities					
Net investment in					
capital assets	\$ 130,784,565	\$ 121,573,154	\$ 123,530,837	\$ 122,136,048	\$ 125,093,866
Restricted	16,189,992	13,858,968	13,100,188	13,052,018	12,944,910
Unrestricted	16,384,429	20,915,089	19,867,990	23,301,442	25,761,491
Business-type Activities					
Net investment in					
capital assets	88,006,277	87,392,224	87,270,670	85,618,579	84,322,367
Restricted	-	-	-	-	-
Unrestricted	44,062,460	50,165,269	51,494,296	53,730,183	54,179,717
Primary Government in Total					
Net investment in					
capital assets	218,790,842	208,965,378	210,801,507	207,754,627	209,416,233
Restricted	16,189,992	13,858,968	13,100,188	13,052,018	12,944,910
Unrestricted	60,446,889	71,080,358	71,362,286	77,031,625	79,941,208

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

Financial Trend Information Net Position by Component

Fiscal Year				
2009	2010	2011	2012	2013
\$ 128,237,651	\$ 140,816,579	\$ 144,671,857	\$ 139,887,283	\$ 134,600,611
16,711,375	12,389,692	12,908,263	14,068,925	16,437,051
24,924,231	17,849,645	13,872,733	16,988,436	23,076,629
82,314,724	80,875,970	77,009,256	75,525,323	73,672,425
-	-	-	-	-
56,555,093	59,332,378	60,957,980	61,849,983	65,142,322
210,552,375	221,692,549	221,681,113	215,412,606	208,273,036
16,711,375	12,389,692	12,908,263	14,068,925	16,437,051
81,479,324	77,182,023	74,830,713	78,838,419	88,218,951

City of Farmington Hills, Michigan

	Fiscal Year Ended June 30			
	2004	2005	2006	2007
Expenses				
General government	\$ 14,927,324	\$ 14,919,138	\$ 11,260,973	\$ 12,731,683
Public safety	25,327,565	25,760,614	26,100,754	28,359,188
Public works	15,604,121	18,599,140	17,614,606	16,157,867
Community and economic development	2,668,310	2,692,660	2,640,978	2,520,118
Recreation and culture	8,013,428	8,180,487	8,176,207	8,668,447
Interest on long-term debt	1,092,071	1,163,016	1,297,138	1,191,848
Total expenses	67,632,819	71,315,055	67,090,656	69,629,151
Program Revenue				
Charges for services:				
General government	2,907,838	3,029,686	2,798,752	3,043,892
Public safety	1,373,064	1,438,731	1,378,268	1,519,253
Public works	1,464,823	876,887	1,237,028	1,132,419
Community and economic development	1,126,532	2,097,060	1,450,251	1,436,038
Recreation and culture	2,527,898	2,858,758	3,232,637	3,308,205
Total charges for services	9,400,155	10,301,122	10,096,936	10,439,807
Operating grants and contributions	7,527,621	7,242,617	7,120,431	7,182,121
Capital grants and contributions	2,396,119	1,568,492	729,827	589,014
Total program revenue	19,323,895	19,112,231	17,947,194	18,210,942
Net Expenses	(48,308,924)	(52,202,824)	(49,143,462)	(51,418,209)
General Revenue				
Property taxes	39,581,555	40,837,672	39,833,977	43,648,073
State-shared revenues	7,043,252	6,966,481	6,897,159	6,683,814
Investment earnings	1,044,328	1,448,433	2,890,491	3,582,399
Gain (loss) on disposal	2,555,618	899,655	148,951	74,575
Miscellaneous	195,344	103,326	102,436	223,542
Total general revenue	50,420,097	50,255,567	49,873,014	54,212,403
Transfers	(1,252,200)	(5,064,518)	(577,747)	(803,700)
Change in Net Position	\$ 858,973	\$ (7,011,775)	\$ 151,805	\$ 1,990,494

Note: In fiscal year 2003, the City adopted GASB 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					
2008	2009	2010	2011	2012	2013
\$ 12,047,284	\$ 12,594,812	\$ 11,834,878	\$ 11,447,146	\$ 11,860,089	\$ 11,601,249
29,864,624	31,276,618	29,303,406	28,145,708	27,907,504	27,976,966
16,809,129	15,339,315	15,012,680	14,050,633	16,618,458	17,153,100
2,585,741	2,557,494	2,627,503	2,551,394	2,127,764	2,221,027
9,222,890	8,952,811	8,660,742	8,292,558	9,656,597	9,423,101
<u>1,206,196</u>	<u>1,026,617</u>	<u>1,542,089</u>	<u>820,126</u>	<u>826,341</u>	<u>852,817</u>
71,735,864	71,747,667	68,981,298	65,307,565	68,996,753	69,228,260
3,466,163	3,973,987	4,290,538	4,454,832	4,266,458	4,881,804
1,766,051	1,722,334	1,609,738	1,998,642	1,785,872	1,839,403
3,430,421	3,147,925	2,381,587	606,504	3,732,813	3,425,246
1,258,701	1,063,207	521,998	320,955	339,168	684,312
<u>3,631,709</u>	<u>3,558,097</u>	<u>3,287,044</u>	<u>3,259,108</u>	<u>4,733,470</u>	<u>4,502,148</u>
13,553,045	13,465,550	12,090,905	10,640,041	14,857,781	15,332,913
6,959,267	6,961,336	8,331,014	7,329,185	7,622,017	7,302,716
<u>2,204,359</u>	<u>5,216,521</u>	<u>2,509,096</u>	<u>2,171,050</u>	<u>952,324</u>	<u>141,774</u>
<u>22,716,671</u>	<u>25,643,407</u>	<u>22,931,015</u>	<u>20,140,276</u>	<u>23,432,122</u>	<u>22,777,403</u>
(49,019,193)	(46,104,260)	(46,050,283)	(45,167,289)	(45,564,631)	(46,450,857)
45,132,374	44,515,945	41,422,186	37,311,396	36,296,428	40,043,211
6,683,814	6,359,311	5,655,971	5,668,550	6,162,235	6,164,601
3,044,879	1,514,504	433,574	281,532	329,190	352,239
162,230	101,777	(109,127)	-	-	1,266
<u>251,130</u>	<u>440,413</u>	<u>520,769</u>	<u>1,171,166</u>	<u>2,282,454</u>	<u>3,048,777</u>
55,274,427	52,931,950	47,923,373	44,432,644	45,070,307	49,610,094
<u>(746,700)</u>	<u>(754,700)</u>	<u>(690,431)</u>	<u>1,131,582</u>	<u>(13,885)</u>	<u>10,410</u>
<u>\$ 5,508,534</u>	<u>\$ 6,072,990</u>	<u>\$ 1,182,659</u>	<u>\$ 396,937</u>	<u>\$ (508,209)</u>	<u>\$ 3,169,647</u>

City of Farmington Hills, Michigan

	Fiscal Year Ended June 30			
	2004	2005	2006	2007
Expenses				
Water and sewer	\$ 22,089,078	\$ 21,586,633	\$ 22,586,352	\$ 26,287,370
Ice arena	1,377,108	1,442,721	1,328,061	1,365,602
Interest expense	424,438	342,185	307,746	270,218
Other	392,895	(150,649)	(104,394)	6,023
Total expenses	24,283,519	23,220,890	24,117,765	27,929,213
Program Revenue				
Water and sewer	18,372,826	18,302,420	19,577,393	20,306,011
Ice arena	1,557,670	1,455,787	1,523,295	1,460,261
Operating grants and contributions	-	125,630	-	-
Capital grants and contributions	-	-	998,320	36,281
Capital and debt service charges	2,347,424	2,721,633	1,623,650	1,383,576
Total program revenue	22,277,920	22,605,470	23,722,658	23,186,129
Net Expenses	(2,005,599)	(615,420)	(395,107)	(4,743,084)
General Revenue - Investment and other	651,767	1,039,658	1,990,401	2,707,526
Transfers	1,252,200	5,064,518	577,747	803,700
Total Change in Net Position	\$ (101,632)	\$ 5,488,756	\$ 2,173,041	\$ (1,231,858)

Financial Trend Information Changes in Business-type Net Position

Fiscal Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 24,558,909	\$ 24,687,573	\$ 24,571,599	\$ 26,181,647	\$ 27,121,031	\$ 26,084,669
1,358,224	1,421,484	1,272,895	1,229,841	-	-
230,614	185,705	142,699	120,815	-	164,044
7,978	7,637	5,950	34,972	36,645	39,405
<u>26,155,725</u>	<u>26,302,399</u>	<u>25,993,143</u>	<u>27,567,275</u>	<u>27,157,676</u>	<u>26,288,118</u>
21,329,632	22,141,498	23,908,712	24,279,215	26,095,005	27,328,342
1,456,179	1,396,199	1,219,251	1,184,769	-	-
-	-	-	-	-	-
11,046	851,445	598,881	271,651	89,998	184,920
1,402,096	-	-	-	-	-
<u>24,198,953</u>	<u>24,389,142</u>	<u>25,726,844</u>	<u>25,735,635</u>	<u>26,185,003</u>	<u>27,513,262</u>
(1,956,772)	(1,913,257)	(266,299)	(1,831,640)	(972,673)	1,225,144
2,179,139	1,526,290	914,399	722,110	366,858	231,707
746,700	754,700	690,431	(1,131,582)	13,885	(10,410)
<u>\$ 969,067</u>	<u>\$ 367,733</u>	<u>\$ 1,338,531</u>	<u>\$ (2,241,112)</u>	<u>\$ (591,930)</u>	<u>\$ 1,446,441</u>

City of Farmington Hills, Michigan

	June 30			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 2,261,661	\$ 2,171,865	\$ 2,109,393	\$ 1,768,931
Unreserved	13,867,351	13,419,323	14,836,555	16,849,172
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	16,129,012	15,591,188	16,945,948	18,618,103
All Other Governmental Funds				
Unreserved, reported in:				
Special Revenue Funds	9,969,961	9,591,399	10,338,792	11,727,791
Capital Project Funds	1,461,078	6,284,076	4,011,742	5,676,863
Debt Service Funds	6,110,990	5,622,287	4,975,369	4,191,743
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	-	-	-	-
Total all other governmental funds	<u>\$ 33,671,041</u>	<u>\$ 37,088,950</u>	<u>\$ 36,271,851</u>	<u>\$ 40,214,500</u>

Source: Annual Financial Statements

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

Financial Trend Information Fund Balances - Governmental Funds

June 30					
2008	2009	2010	2011**	2012**	2013**
\$ 1,817,933	\$ 1,619,626	\$ 1,417,815	\$ -	\$ -	\$ -
16,858,200	16,044,583	12,307,283	-	-	-
-	-	-	1,117,317	945,439	893,952
-	-	-	4,155,457	7,017,349	11,577,446
-	-	-	9,437,112	10,048,155	10,704,367
<u>18,676,133</u>	<u>17,664,209</u>	<u>13,725,098</u>	<u>14,709,886</u>	<u>18,010,943</u>	<u>23,175,765</u>
11,442,855	9,186,589	8,767,426	-	-	-
9,530,099	12,687,844	5,742,432	-	-	-
3,823,728	3,127,737	1,941,551	-	-	-
-	-	-	-	122,063	-
-	-	-	7,161,071	6,696,348	8,125,155
-	-	-	2,308	-	-
-	-	-	1,620,018	910,852	2,090,379
-	-	-	53,029	52,953	52,673
-	-	-	500,606	1,125,361	1,937,953
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,678,552	3,745,413	4,599,724
-	-	-	165,439	186,844	9,549
<u>\$ 43,472,815</u>	<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>

City of Farmington Hills, Michigan

	Year Ended June 30			
	2004	2005	2006	2007
Revenue				
Property taxes	\$ 39,581,555	\$ 40,837,672	\$ 39,833,977	\$ 43,648,073
Licenses and permits	1,092,764	1,436,811	945,695	850,036
Federal grants	1,527,819	2,066,806	1,470,397	1,633,930
State-shared revenues and grants	13,365,212	13,107,584	12,898,513	12,735,007
Other grants and contributions	151,902	226,058	194,731	178,317
Special assessments	1,637,106	967,958	614,915	522,985
Charges for services	5,837,719	6,092,176	6,466,310	6,500,811
Fines and forfeitures	2,406,863	2,405,719	2,262,481	2,498,603
Interest and rentals	999,237	1,432,381	2,845,948	3,581,579
Other	3,711,650	1,787,527	1,118,836	1,219,932
Total revenue	70,311,827	70,360,692	68,651,803	73,369,273
Expenditures				
Current:				
General government	13,408,345	13,504,759	10,102,475	11,937,785
Public safety	23,722,620	24,526,966	25,335,913	27,262,343
Public works	11,836,694	13,505,680	12,307,550	11,017,922
Community and economic development	2,381,404	2,475,478	2,556,411	2,587,708
Recreation and culture	5,975,789	6,278,393	6,403,457	7,267,798
Other	-	-	31,991	13,554
Capital outlay*	8,102,545	5,126,521	7,548,051	4,126,914
Debt service principal	3,592,560	3,560,105	3,216,331	3,193,368
Debt service interest	1,041,824	1,100,363	1,388,976	1,173,866
Total expenditures	70,061,781	70,078,265	68,891,155	68,581,258
Excess of Revenue Over (Under) Expenditures	250,046	282,427	(239,352)	4,788,015
Other Financing Sources (Uses)				
Debt issuance	3,960,000	8,200,000	-	6,916,604
Transfers in	9,227,229	7,855,405	5,635,903	3,103,486
Transfers out	(10,479,429)	(12,919,923)	(6,213,650)	(3,907,186)
Debt defeasance	(2,910,000)	-	-	(6,958,270)
Total other financing (uses) sources	(202,200)	3,135,482	(577,747)	(845,366)
Special Item	-	-	-	-
Net Change in Fund Balances	47,846	3,417,909	(817,099)	3,942,649
Fund Balances - Beginning of year	33,623,195	33,671,041	37,088,950	36,271,851
Fund Balances - End of year	\$ 33,671,041	\$ 37,088,950	\$ 36,271,851	\$ 40,214,500
Ratio of Total Debt Service to Non-Capital Expenditures	8.08%	7.73%	8.12%	7.27%

Source: Annual Financial Statements

* Capital Outlay = the amount reflected in the reconciliation statement of changes in fund balance to the statement of activities.

Change in Fund Balances Governmental Funds

Year Ended June 30					
2008	2009	2010	2011	2012	2013
\$ 45,132,374	\$ 44,515,945	\$ 41,422,186	\$ 37,310,917	\$ 36,296,428	\$ 40,042,754
933,023	716,955	696,238	959,129	828,944	1,392,631
1,034,220	2,864,889	1,657,364	1,570,264	1,553,090	1,574,646
12,737,789	12,378,168	11,261,806	11,403,975	12,065,581	12,070,546
211,653	224,610	1,244,571	78,239	9,442	167,114
489,779	1,100,546	1,371,632	1,180,232	825,939	1,522,384
7,190,019	7,402,985	8,009,200	8,296,569	10,094,367	10,391,874
2,667,589	2,706,691	2,490,154	2,264,792	2,149,847	2,113,071
3,021,337	1,514,504	433,574	281,532	329,190	352,239
<u>1,324,773</u>	<u>1,426,202</u>	<u>1,091,066</u>	<u>1,542,806</u>	<u>2,704,835</u>	<u>2,771,017</u>
74,742,556	74,851,495	69,677,791	64,888,455	66,857,663	72,398,276
10,918,120	11,352,739	11,168,240	9,944,032	9,927,183	9,786,890
28,685,731	30,110,010	28,579,181	26,678,671	26,872,083	26,737,217
10,690,331	8,579,318	9,627,908	8,842,900	12,120,024	12,114,741
2,488,079	2,491,450	2,678,034	2,544,986	2,049,923	2,173,913
7,433,871	7,620,314	7,071,455	7,000,012	7,869,482	7,697,595
12,099	10,194	-	-	-	-
8,398,153	8,574,340	18,219,667	8,672,572	2,347,706	5,571,436
3,053,526	2,709,552	2,510,789	2,492,362	1,886,273	1,823,071
<u>1,227,694</u>	<u>1,087,476</u>	<u>1,621,958</u>	<u>840,828</u>	<u>811,236</u>	<u>886,949</u>
<u>72,907,604</u>	<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>
1,834,952	2,316,102	(11,799,441)	(2,127,908)	2,973,753	5,606,464
-	-	-	-	-	3,523,547
7,742,935	9,478,961	9,612,220	6,637,322	6,644,366	10,143,304
(8,489,635)	(10,233,661)	(10,302,651)	(6,795,012)	(6,658,251)	(10,132,894)
-	-	-	-	-	-
(746,700)	(754,700)	(690,431)	(157,690)	(13,885)	3,533,957
-	-	-	-	-	-
1,088,252	1,561,402	(12,489,872)	(2,285,598)	2,959,868	9,140,421
<u>40,016,725</u>	<u>41,104,977</u>	<u>42,666,379</u>	<u>30,176,507</u>	<u>27,890,909</u>	<u>30,850,777</u>
<u>\$ 41,104,977</u>	<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>
7.11%	6.31%	6.99%	6.06%	4.58%	4.63%

City of Farmington Hills, Michigan

Taxable Value by Property Type

Real Property

Tax Year	Residential	Commercial	Industrial	Personal Property
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

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	Schoolcraft Community College	Intermediate School District
2003	7.5705	0.7932	1.8584	10.2221	4.6497	0.5974	0.5866	1.5983	1.8024	3.3991
2004	7.7142	0.7014	1.8065	10.2221	4.6476	0.5962	0.5856	1.5889	1.7967	3.3789
2005	6.9452	0.6318	1.9451	9.5221	4.6461	0.5950	1.5856	1.5844	1.7967	3.3690
2006	6.9408	0.6362	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690
2007	6.9423	0.6347	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690
2008	7.0368	0.5402	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844	1.7467	3.3690
2009	7.5301	0.5269	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690
2010	7.4089	0.6481	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690
2011	8.1522	0.5012	1.9646	10.6180	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690
2012	8.1163	0.5697	3.6646	12.3506	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690

* 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
\$ 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	4,308,826,670	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

Direct and Overlapping Property Tax Rates

Overlapping Taxes								
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
5.0000	11.8783	4.7114	7.5248	19.9388	21.8771	23.1000	0.0000	0.0000
6.0000	11.5466	4.5763	7.0548	19.9388	21.7522	22.7900	0.0000	0.0000
6.0000	11.1596	4.3392	6.8975	19.9388	21.5727	22.7900	0.0000	0.0000
6.0000	10.6511	5.1766	6.7841	19.7388	22.5000	22.7900	0.0000	0.0000
6.0000	10.1784	5.1324	6.6700	19.8000	22.5000	22.7900	0.0000	0.0000
6.0000	9.6915	5.0892	6.5722	19.8000	22.5000	22.7900	0.0000	0.0000
6.0000	10.1442	5.1146	6.4793	19.8000	22.5000	22.5000	0.1000	0.0000
6.0000	12.0278	5.1922	6.7508	20.1000	22.5000	22.5000	0.1000	0.0000
6.0000	12.3334	4.5000	6.8812	20.1800	22.5000	22.5000	0.1000	0.0000
6.0000	13.3810	4.5000	7.0254	20.5600	22.5000	22.5600	0.1000	0.2000

City of Farmington Hills, Michigan

Revenue Capacity Information Principal Property Taxpayers

Taxpayer	2013 Taxable Value	Percentage of Total	2004 Taxable Value	Percentage of Total	2004 Rank
1 Oakland Management Co.	\$ 62,780,070	2.06	\$ 70,511,140	1.77	1
2 Detroit Edison	33,505,320	1.10	40,505,850	1.02	4
3 Robert Bosch Corp	28,139,960	0.92	42,816,560	1.08	3
4 Nissan	26,519,690	0.87	28,820,270	0.73	5
5 FH Corporate Investors (Kojaian)	24,940,410	0.82	49,580,110	1.25	2
6 Green Hill Apts	16,785,430	0.55	15,821,790	0.40	N/A
7 Ramco/Lion Venture (Sherr)	14,593,360	0.48	18,540,050	0.47	9
8 Aimco (Independence Green)	12,600,360	0.41	17,402,670	0.44	10
9 Hartman & Tyner	12,278,530	0.40	15,929,630	0.40	N/A
10 Chrysler Financial	11,934,390	0.39	21,913,000	0.55	6

Source: City Assessing Department Records

City of Farmington Hills, Michigan

Property Tax Levies and Collections

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Tax Levy (1)</u>	<u>Current</u> <u>Collections</u>	<u>Percent</u> <u>of Levy</u> <u>Collected</u>	<u>Current Year</u> <u>Delinquent</u> <u>Collections</u>	<u>Total Tax</u> <u>Collections</u>	<u>Percent of Total</u> <u>Collections to</u> <u>Tax Levy</u>
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

City of Farmington Hills, Michigan

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
General obligation bonds	\$ 15,825,000	\$ 22,440,000	\$ 21,200,000	\$ 20,045,000
County contractual obligations	7,571,472	6,696,107	5,829,778	4,856,409
Installment purchase agreements	-	-	-	-
Special assessment bonds	6,810,000	5,670,000	4,560,000	3,495,000
Highway loan program	-	-	-	-
Total governmental activities	30,206,472	34,806,107	31,589,778	28,396,409
Business-type Activities				
General obligation bonds	4,218,750	3,906,250	3,593,750	3,256,250
County contractual obligations	2,896,023	2,459,082	1,953,253	1,446,653
Total business-type activities	7,114,773	6,365,332	5,547,003	4,702,903
Total debt of the government	<u>\$ 37,321,245</u>	<u>\$ 41,171,439</u>	<u>\$ 37,136,781</u>	<u>\$ 33,099,312</u>
Total Advalorem taxable value	\$ 3,830,232,170	\$ 3,974,587,000	\$ 4,120,595,630	\$ 4,294,177,650
Ratio of total debt to taxable value	0.97%	1.04%	0.90%	0.77%
Total population	81,058	80,895	80,486	80,280
Total debt per capita	\$ 460	\$ 509	\$ 461	\$ 412
Total personal income	2,268,777,195	2,270,734,492	2,271,139,450	2,277,213,820
Ratio of total debt to personal income	1.64%	1.81%	1.64%	1.45%

Source: City annual financial statements: Population data reported from demographics data

Debt Capacity Information Ratios of Outstanding Debt

		Fiscal Year									
		2008	2009	2010	2011	2012	2013				
\$	18,920,000	\$	18,105,000	\$	17,280,000	\$	18,246,250	\$	16,953,750	\$	16,574,800
	3,762,883		2,691,610		1,590,821		483,459		372,186		245,565
	-		-		-		-		-		-
	2,660,000		1,880,000		1,295,000		750,000		300,000		2,495,000
	-		-		-		-		-		-
	<u>25,342,883</u>		<u>22,676,610</u>		<u>20,165,821</u>		<u>19,479,709</u>		<u>17,625,936</u>		<u>19,315,365</u>
	2,923,750		2,775,000		2,345,000		-		-		-
	860,022		209,656		-		-		-		6,800,000
	<u>3,783,772</u>		<u>2,984,656</u>		<u>2,345,000</u>		<u>-</u>		<u>-</u>		<u>6,800,000</u>
\$	<u>29,126,655</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>
\$	4,438,529,490	\$	4,411,543,260	\$	4,165,008,570	\$	3,613,654,905	\$	3,283,783,240	\$	3,080,204,340
	0.66%		0.58%		0.54%		0.54%		0.54%		0.85%
	79,327		79,152		79,740		79,740		79,777		80,895
\$	367	\$	324	\$	282	\$	244	\$	221	\$	323
	2,255,076,116		2,255,818,539		2,251,971,438		2,275,400,877		2,277,570,573		2,322,591,765
	1.29%		1.14%		1.00%		0.86%		0.77%		1.12%

City of Farmington Hills, Michigan

Debt Capacity Information Ratios of General Bonded Debt Outstanding

City of Farmington Hills, Michigan Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita Last Ten Fiscal Years

Fiscal Year Ended June 30	Advalorem + IFT Assessed Value (SEV)	Estimated Population	General Bonded Debt Outstanding	Obligation Debt to Assessed Value (Percent)	General Obligation Debt per Capita
2004	\$ 4,504,750,120	81,058	\$ 15,825,000	0.35	\$ 195.23
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

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	\$ 19,280,000	100.00	\$ 19,280,000
Overlapping debt:			
Farmington School District	34,925,000	87.37	30,513,973
Walled Lake School District	115,325,000	3.23	3,724,998
Oakland County at Large	119,779,697	6.25	7,486,231
Oakland County Intermediate School District	60,095,000	6.27	3,767,957
Oakland Community College	3,765,000	6.11	230,042
Schoolcraft Community College	18,000,000	0.72	129,600
Total overlapping debt	351,889,697		45,852,801
Total	<u>\$ 371,169,697</u>		<u>\$ 65,132,801</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: City Records and the Municipal Advisory Council of Michigan

City of Farmington Hills, Michigan

	2004	2005	2006	2007
Debt Limit (Fiscal Year Ended) (1)				
State equalized valuation (previous year)	\$ 4,504,750,120	\$ 4,629,979,870	\$ 4,741,538,300	\$ 4,873,928,140
Debt limit (10 percent of State equalized valuation)	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
Total debt limit	450,475,012	462,997,987	474,153,830	487,392,814
Debt Applicable to Debt Limit				
Total bonded debt	37,321,245	41,171,439	37,136,781	33,099,312
Less deductions allowed by law:				
Special Assessment Bonds	6,810,000	5,670,000	4,560,000	3,495,000
Michigan Transportation Bonds	<u>1,500,000</u>	<u>1,050,000</u>	<u>600,000</u>	<u>300,000</u>
Total amount of debt applicable to debt limit	<u>29,011,245</u>	<u>34,451,439</u>	<u>31,976,781</u>	<u>29,304,312</u>
Legal Debt Margin	<u>\$ 421,463,767</u>	<u>\$ 428,546,548</u>	<u>\$ 442,177,049</u>	<u>\$ 458,088,502</u>
Net Debt Subject to Limit as Percentage of Debt Limit	6.44%	7.44%	6.74%	6.01%

(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

2008	2009	2010	2011	2012	2013
\$ 4,959,218,650	\$ 4,757,901,480	\$ 4,300,702,530	\$ 3,681,476,945	3,316,262,400	3,109,995,440
<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
495,921,865	475,790,148	430,070,253	368,147,695	331,626,240	310,999,544
29,126,655	25,661,266	22,510,821	19,479,709	17,625,936	26,115,365
2,660,000	1,880,000	1,295,000	750,000	300,000	2,495,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>26,466,655</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>\$ 469,455,210</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>
5.34%	5.00%	4.93%	5.09%	5.22%	7.59%

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
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

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	2013 Employees	Percentage of Total	2004 Employees	Percentage of Total	2004 Rank
1 Botsford Hospital	2,746	6.79	2,500	5.71	1
2 Robert Bosch Corporation	1,600	3.96	1,500	3.43	3
3 Farmington Public Schools	1,418	3.51	2,500	5.71	2
4 Quicken Loans	1,000	2.47	(1)	(1)	(1)
5 Cengage Learning Gale	850	2.10	1,000	2.29	6
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	450	1.03	8
9 ACO Hardware	500	1.24	190	0.43	(1)
10 Nissan Technical Center North America	500	1.24	1,050	2.40	5

Source: Crain's 2013 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)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government (1)										
City administration	6.00	6.00	6.00	6.00	6.00	6.00	6.10	5.00	5.00	5.50
Public information	3.50	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	24.64	24.64	24.19	23.57	23.07	23.07	22.38	18.94	18.79	19.00
City clerk	9.80	10.26	9.90	8.90	8.77	8.86	7.58	6.84	6.36	6.62
Human resources	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Central services	8.50	9.50	9.50	9.50	9.50	9.50	9.50	9.40	9.26	9.40
Public Safety (2)										
Police	180.62	173.58	173.52	181.27	180.58	175.73	168.54	145.87	144.84	152.72
Fire and EMS	80.95	80.95	80.95	85.95	85.95	85.95	84.95	81.95	81.95	84.95
Public Services (3)										
Administration	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Road maintenance	28.25	27.50	26.50	27.25	27.25	27.25	23.83	21.12	21.12	22.46
Building maintenance	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00
Engineering	21.79	21.79	21.07	21.20	20.20	18.60	17.50	14.00	13.00	14.28
D.P.W. garage	11.50	11.50	11.50	11.00	11.00	11.00	10.50	10.50	11.00	11.00
Waste collection/recycling	1.00	1.00	1.00	1.00	1.00	1.00	-	1.00	1.00	1.00
Planning and Community Development (4)	26.50	26.50	26.50	26.50	26.50	25.00	24.20	19.00	18.60	18.60
Special Services (5)										
Administration	10.60	10.80	18.30	19.50	20.30	22.00	20.32	18.90	19.96	19.90
Youth and families	6.70	7.24	7.24	10.40	10.40	10.40	8.90	8.00	8.00	8.00
Senior adults	15.91	16.34	24.75	23.02	25.98	26.74	26.44	25.63	27.53	27.53
Parks division	27.17	24.47	24.44	25.44	26.44	26.21	23.62	22.73	24.52	24.10
Cultural arts	2.75	3.04	3.04	3.04	3.32	3.32	3.32	2.47	2.47	2.65
William Costick Activities Center	7.35	7.31	-	-	-	-	-	-	-	-
Golf course division	7.77	9.66	10.39	10.39	13.39	13.11	13.80	12.71	12.32	12.50
Ice arena	16.61	17.39	17.73	18.16	16.93	16.93	17.34	15.16	15.19	14.13
Total (6)	510.16	505.22	512.02	528.09	532.58	526.67	505.82	455.22	456.91	470.34

Source: City personnel/budget records

- (1) General Government FTEs increased by 1.11 or 2.34% in 2013.
- (2) Public Safety FTEs increased by 10.88 or 4.80% in 2013.
- (3) Public Services FTEs increased by 2.62 or 4.84% in 2013.
- (4) Planning & Community Development FTEs remained the same in 2013.
- (5) Special Services FTEs decreased by 1.18 or 1.07% in 2013.
- (6) City-wide FTEs increased by 13.43 or 2.94% in 2013.

City of Farmington Hills, Michigan

Function/Program	2004	2005	2006	2007
Police:				
Physical arrests	3,230	3,328	2,789	3,482
Traffic violations	18,991	17,646	13,347	17,770
Fire:				
Total incidents	6,487	6,645	6,818	6,668
Public education programs	451	218	109	111
Fire loss	\$ 5,735,652	\$ 3,427,891	\$ 2,490,598	\$ 3,401,006
Public works:				
Dwelling units receiving refuse service	22,665	22,750	22,790	22,980
Percent of waste stream recycled	30.91	30.94	30.98	32.48
Parks and recreation - Recreation programs	2,008	2,329	2,329	2,454
Water:				
Water customers	22,331	22,473	22,672	22,713
Water main breaks	161	82	77	65
Total consumption (mcf)	508,604	493,433	529,758	490,831
Average consumption per user (mcf/year)	22.80	22.00	23.40	21.60
Sewer:				
Average consumption per user (mcf/year)	20.60	20.70	19.30	20.40
Sewer Customers	22,051	22,152	22,363	22,393

(1) Information not available

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

Operating Information Operating Indicators

2008	2009	2010	2011	2012	2013
4,013	4,478	2,614	2,148	2,298	2,641
19,754	20,224	17,990	17,414	9,039	9,122
7,026	7,060	6,886	7,278	7,696	8,343
102	94	61	37	37	81
\$ 9,026,874	\$ 4,469,795	\$ 4,909,621	\$ 4,837,303	\$ 1,640,525	\$ 2,310,143
23,049	23,050	22,137	23,160	23,179	23,198
32.50	35.00	36.20	36.21	36.80	37.40
2,450	2,459	2,500	2,565	2,581	2,640
22,725	22,742	22,734	22,707	22,698	22,698
76	63	60	56	59	56
514,878	471,985	431,059	427,336	396,125	390,000
22.70	20.80	18.96	18.82	17.45	17.18
19.10	17.90	17.60	17.40	16.10	16.05
22,407	22,420	22,407	22,383	22,379	22,379

City of Farmington Hills, Michigan

Operating Information Capital Asset Statistics

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fleet vehicles	82	82	82	82	82	82	73	64	64	67
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks (4)	16	16	17	16	16	16	16	16	16	16
Public works - Streets (miles):										
Major	58	58	58	58	58	58	58.36	58.36	58.36	58.36
Local	243	243	243	245	245	245	245.71	245.71	245.79	246.59
Parks and recreation:										
Acreage	629	629	629	629	629	629	633	636	636	636
Playgrounds	4	4	4	4	4	4	3	3	4	4
Football/Soccer fields (2)	15	15	15	15	15	15	17	17	19	19
Baseball/Softball diamonds (3)	10	10	10	10	10	10	12	12	12	12
Pools/Splash pads	1	1	1	1	1	1	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)	450	454	457	460	454	454	470.60	470.80	471.50	471.50
Fire hydrants	4,703	4,883	5,008	5,033	5,084	5,090	5,045	5,047	5,127	5,127
Storage capacity	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Sewer:										
Miles of sanitary sewers	322	323	325	326	327	327	327.20	327.40	329.00	329.00
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.

(*) Two are temporary

(**) Three are temporary