

# **City of Farmington Hills, Michigan**

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## **Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2010**

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

# City of Farmington Hills, Michigan

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# City of Farmington Hills, Michigan

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DEPARTMENT OF FINANCE

November 22, 2010

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, 2010. 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, 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 control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

<b>Accounting</b>	<b>Assessing</b>	<b>Treasury</b>
<b>248.871.2440 Phone</b>	<b>248.871.2470 Phone</b>	<b>248.871.2480 Phone</b>
<b>248.871.2431 Fax</b>	<b>248.871.2471 Fax</b>	<b>248.871.2481 Fax</b>

**31555 West Eleven Mile Road • Farmington Hills MI 48336**

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, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Farmington Hills' financial statements for the fiscal year ended June 30, 2010 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal control 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 City**

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 25 minutes of downtown Detroit and Detroit Metro Airport and is also the focal point of a freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, 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.

The City is enhanced by exemplary educational opportunities for kindergarten through 12<sup>th</sup> grade via both public and private schools and a premier district library system. Twelve major colleges and universities are within a 45-minute drive of the community. A broad spectrum of recreational and cultural activities is also available within the City or within a short drive. Quality health care is provided by Botsford Hospital, which is a teaching osteopathic hospital 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 23,000 single-family homes and over 11,000 rental units designed to fit every lifestyle. Home prices range from under \$100,000 to \$2.5 million, with the average home priced at just over \$181,000.

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 administrating 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.

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 unit of the City is the Brownfield Redevelopment Authority established by City Council to assist in the redevelopment of environmentally challenged sites within the City. The Brownfield Redevelopment Authority's 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 and boards and commissions funded by the City of Farmington Hills are required to submit requests for appropriations to the city manager by the third week of February of each year. The city manager utilizes these requests as the basis for developing the proposed budget submitted to City Council at 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 at 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 Capital Improvement Fund), the comparison is reported as part of the required supplemental information following the notes to the financial statements. For the major 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 comprising 63 percent, commercial 23 percent, industrial 7 percent, and personal property (business equipment, furniture, and machinery) 7 percent. No one taxpayer exceeds 2.1 percent of the tax roll and the top 10 payers combined account for less than 9 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 has been impacted by the trying economic environment of the nation and state. In fiscal year 2009-2010, the ad valorem taxable value of the City declined by 5.6 percent. The projection for fiscal year 2010-2011 is a 13 percent decrease in ad valorem taxable value. The City's unemployment rate of 11.0 percent at June 2010 is down from 11.7 percent from June 2009, and is lower than the county unemployment rate of 13.0 percent and also lower than the state unemployment rate of 13.1 percent at June 2010.

Oakland County is forecasting that the county labor market will turn around in the closing quarter of 2010, beginning to add jobs then. The economy is healing, but it is going to be a relatively long convalescence and, for the unemployed, it will continue to be painful. With the current weakness in the national economy and the ongoing difficulties in the residential real estate market, recovery will take time.

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" program, an aggressive plan to attract the top 10 new and emerging businesses to Oakland County. Over the last five years, 106 emerging sector companies have been attracted to either locate or expand their operations. These sectors are:

- Advanced electronics and controls
- Advanced material and chemicals
- Alternative energy and power generation
- Biotechnology
- Communications and information technology
- Homeland security
- Medical devices and instrumentation and health care
- Film

- Robotics and automation
- Fast growth and finance

Oakland County's per capita income was \$55,207 as of 2007, more than 50 percent above the average for both Michigan and the nation, and ranks within the top 1 percent of all counties in the United States. It is the fourth wealthiest county in America and is one of 25 counties in America that enjoys a AAA bond rating.

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.

Michigan's economy continues to remain stagnant, particularly in terms of jobs growth (unemployment was 13.0 percent as of September 2010). Economists predict that the unemployment rate will remain around 13 percent for the remainder of 2010 and then gravitate to 12.9 percent by the end of 2011. Although it is expected that the broad decline in employment will end, the relatively modest pace of job growth through the end of 2012 will regain only the jobs lost since April 2009. Local inflation is expected to return through 2012, but not surpassing 2 percent in any year. Personal income is expected to improve with 2 percent growth in 2010 and 2011 and then accelerates to 3.6 percent in 2012. Growth of real disposable income is expected to move up from around 0 percent in 2009 to 1.2 percent in 2010. The small recovery in 2010 of nominal income (income unadjusted for changes in the purchasing power of the dollar) dominates the effects of the return to inflation and a smaller decline in federal personal taxes. A fallback in purchasing power is expected to near zero growth for 2011, which is reflective of increasing federal personal taxes, along with the rise in inflation. A bounce-back is expected in 2012 to a 1 percent increase in real disposable income due to an increase in nominal income for that year.

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 acquisitions or improvements are planned for fiscal year 2010-2011:

- Drainage expenditures of \$387,500 that will concentrate on the Storm Water Pollution Prevention Initiative and the Storm Model and Master Plan Pilot and update. Also included are GIS Storm Phases I, II, and III, and miscellaneous detention basin improvements.
- A number of sidewalk and bike path improvements are in process or will take place this next fiscal year including: Twelve Mile, south side, west of Inkster to Herndonwood; Halsted, west side, Windwood to Grand River; Folsom, south side, Power west to the Farmington City limit; and Middlebelt, east side, Chateau Court to Spring Road.



- Equipment for the fire department includes replacements for rescues #1 and #3 and the replacement of seven monitor/defibrators
- Equipment for the Division of Public Works includes a 10-yard dump truck and backhoe
- The completion of the revitalization of City Hall to make way for efficiency and image enhancements
- Phone system upgrades, 911 updates, scheduling software, document imaging, and equipment and technology upgrades City-wide to keep the network fast and reliable

**Cash Management** - The City complies with Public Act 20 of 1943 (as amended) of the State of Michigan in its cash management activities. Idle cash in all funds, exclusive of the Employees' Retirement System, is invested in certificates of deposit, governmental obligations, bankers' acceptances, bank pooled accounts, and commercial paper. Interest income for the governmental funds and Enterprise Funds for the current fiscal year is \$1,347,973, a decrease of \$1,692,821 or 56 percent from the fiscal year ended June 30, 2009. This decrease was due primarily to rate decreases by the federal reserve and smaller investment balances.

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. In the state of Michigan, municipalities are not required to insure all bank deposits; however, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution. Only those institutions with an acceptable estimated risk level are used as depositories. The City utilizes an investment policy adopted by the City Council on November 16, 1999 and revised in May 2007.

**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 eligible employees. The City is a member of the Michigan Municipal Workers' Compensation insurance pool and is self-insured for medical benefit claims subject to certain insured limitations.

For claims relating to general and auto liabilities, auto physical damage, and property loss, the City participates in the Michigan Municipal Risk Management Authority (MMRMA) risk pool program that provides risk management, claim administration, legal defense, and reimbursement services for its members. As a member of MMRMA, Farmington Hills has liability coverage of up to \$15,000,000 per occurrence with a self-insured retention for liability of \$150,000 per occurrence with a stop-loss program maximum of \$899,000. Farmington Hills is actively involved in risk control through supervisor and employee training, facilities inspections, and utilization of the MMRMA risk control staff, and City staff has participated in the production of several training videos.

The City of Farmington Hills is self-insured through the Michigan Municipal League (MML) Workers' Compensation Fund. The MML Workers' Compensation Fund utilizes Meadowbrook Insurance Company as a third-party administrator. The City has enjoyed remarkable success in managing its workers' compensation program, and has the distinction of receiving the MML "Workers' Compensation Loss Control Achievement Award." The annual award is given to cities with the lowest workers' compensation claims experience. This distinction has brought with it significant monetary savings. Over the past 16 years, the City has saved over \$3.1 million in workers' compensation premiums. The City has a safety and health program, which includes an active safety committee, ongoing safety training, safety inspections, wellness programs, and a health newsletter. In addition to the favorable impact the program has had on insurance rates, the most important impact has been to protect the health and safety of the City's most valuable resource, its staff.

**Pension and Other Postemployment Benefits** - The City sponsors a single-employer defined benefit pension plan for the employees of the City and the employees of the 47<sup>th</sup> District Court. Employees in some employee groups hired on or after July 1, 2006 participate in a defined contribution plan/retirement health savings plan in lieu of the defined benefit plan. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City of Farmington Hills must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as calculated by the actuary. In accordance with this policy, the City has, as of June 30, 2010, funded 88 percent of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over a period up to 30 years as part of the annual required contribution calculated by our actuary. The City also provides postretirement healthcare benefits to eligible retired employees. These postretirement healthcare benefits are projected annually based on a required contribution calculated by our actuary.

At June 30, 2010, these postretirement healthcare benefits were 70 percent funded, with the remaining unfunded amount amortized over 22 years.

Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

**Financial Policies** - The following financial policies of the City had a significant impact on the City's fiscal year 2009-2010 financial statements:

**Revenue Policy to Maintain a Diversified and Stable Taxable Revenue Base** - Although the tax base remains diversified with 63 percent residential and 37 percent nonresidential, the tax base is less stable than in the past, with declining taxable values of approximately 6 percent, which negatively impacts 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. The decrease in interest earned for the current fiscal year was caused by a combination of a steady decline in market rate yields and a decrease in the average monthly cash balance available for investments generally due primarily to less tax revenue and from the downturn in the economy. Due to the recent credit market problems, which have caused many banks to experience liquidity and overall financial difficulties, the City will need to step up its efforts to diversify its investment portfolio to increase its insured and collateralized deposits.

**Financial Policy to Place Emphasis on Areas of Long-term Importance Such as Employee Relations, Automation, and Technology Improvements** - With significant reductions in staff from a combination of a voluntary separation (retirement) program and attrition, the City has focused on technology improvements, such as the implementation of a city intranet, phone system upgrades, and the City Hall revitalization project 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 watermains, 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 ensure 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's debt management policy has established debt capacity limits or guidelines for the City 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 develop an ongoing financial forecasting model. The end result of this forecasting model should be 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.

## Future Accounting Changes

During fiscal year 2008-2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, which will fundamentally alter the categories and terminology used to present the amount on the governmental fund balance sheet when implemented in fiscal year 2010-2011. This statement is designed to improve financial reporting by establishing fund balance classifications that are easier to understand and apply. In essence, it establishes a hierarchy based largely on the extent to which a government is bound to observe spending constraints that govern how it can use amounts reported in the governmental funds balance sheet. GASB Statement No. 54 establishes the following classifications depicting the relative strength of the constraints that control how specific amounts can be spent:

- **Nonspendable** - Fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** - Fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** - Fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.
- **Assigned** - Fund balance comprises amounts intended to be used by the City for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** - Fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

## Awards and Acknowledgements

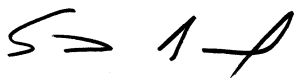
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmington Hills for its CAFR for the fiscal year ended June 30, 2009. This was the 12<sup>th</sup> consecutive year that the City has received this prestigious 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.

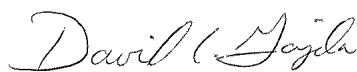
In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2010. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This is the 24<sup>th</sup> consecutive year the City has 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 unfailing support for 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

# 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, 2009

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



President

Executive Director

# City of Farmington Hills, Michigan

## List of Principal Officials

June 30, 2010

Title	Name
City Manager	Steve Brock
Assistant City Manager	Dana Whinnery
Economic Development Director	Teri Arbenowske
Management Assistant	Nathan Geinzer
City Clerk	Kathryn Dornan
Central Services Director	Michael Lasley
Finance Director/Treasurer	David Gajda
Fire Chief	Corey Bartsch
Human Resources Director	Mary Kohls
Planning and Community Dev. Director	Dale Countegan
Police Chief	Charles Nebus
Public Services Director	Gary Mekjian
Special Services Director	David Boyer
City Attorney	Secrest, Wardle, Lynch, Hampton, Truex, and Morley
Deputy Director Special Services	Ellen Schnackel
Deputy Police Chief	Patrick Comini
Deputy Fire Chief	Kevin Bersche
Building Official	Lawrence Andree
City Assessor	Matthew Dingman
City Engineer	William Otwell
City Planner	Edward Gardiner
Community Development Coordinator	Charmaine Keller-Schmult
Controller	Shu-Fen Lin
Deputy City Clerk	Pamela Smith
Deputy Treasurer	Lawrence Williams
Fire Marshal	Stephen Hume
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 \$3,613,654,905 is comprised of 63 percent residential property and 37 percent commercial, industrial, and personal property. The community's 79,649 residents live in approximately 33,366 households with a median household income of \$67,493.

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.

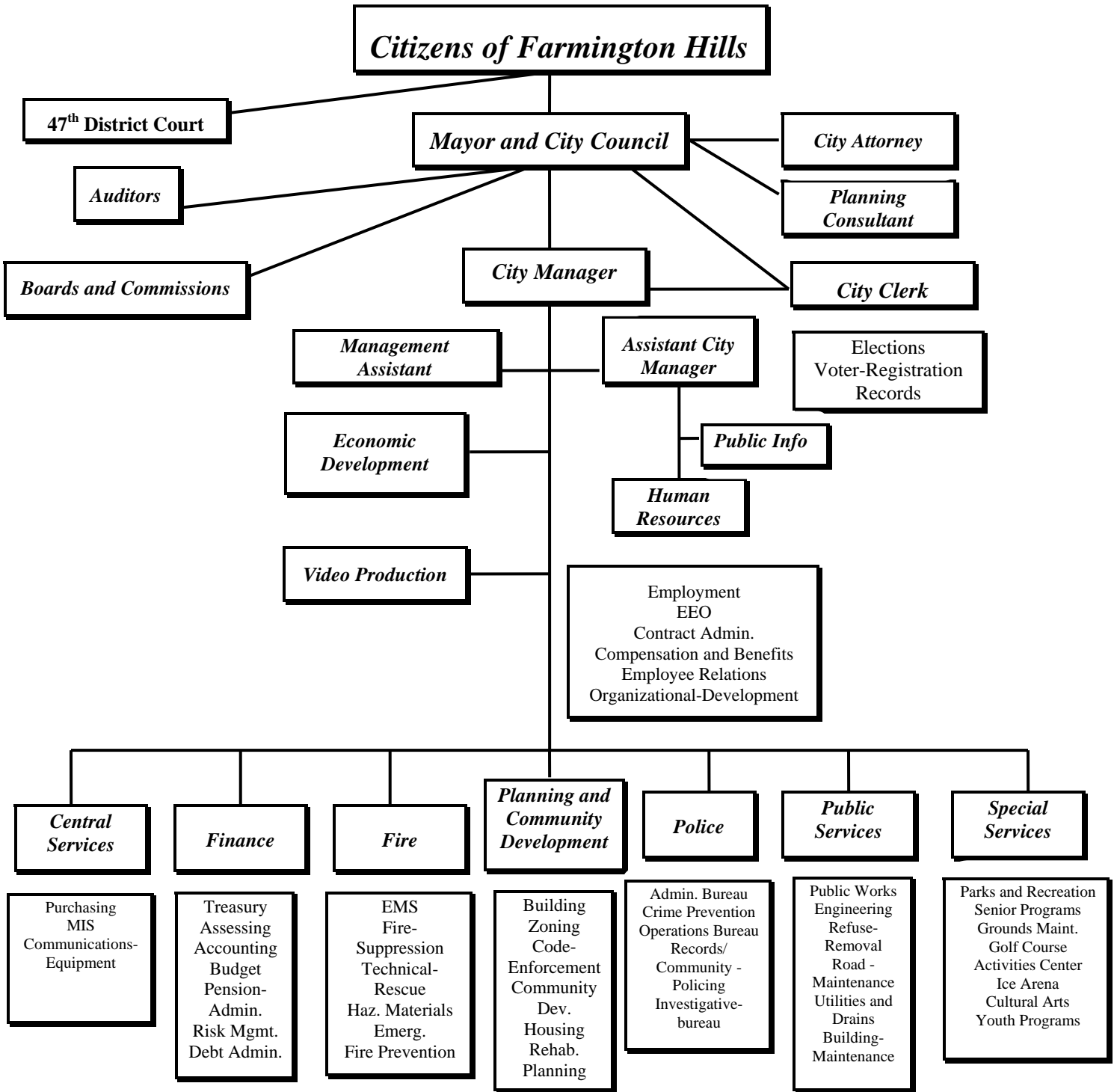
The community offers many premier residential areas providing a wide range of housing options including approximately 23,000 single-family sites (including detached condominiums) and more than 11,000 apartment units designed to fit every lifestyle.

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**

<b>Governmental Funds</b>	
<b>General</b>	<b>Special Revenue</b>
General Fund	Major Road Local Road Public Safety
<b>Debt Service</b>	Capital Improvement Community Development Block Grant (CDBG) CDBG-R (Recovery) Neighborhood Stabilization Energy Efficiency & Conservation Block Grant (EECBG) Revolving Special Assessment Nutrition Grant Police Forfeiture Parks and Recreation Special Millage Golf Course Capital Improvement Deferred Special Assessment
Building Authority General Debt Service Special Assessments	
<b>Capital Projects</b>	
Special Assessments (SAD)	
<b>Proprietary Funds - Enterprise</b>	
Water and Sewer	Ice Arena
<b>Fiduciary Funds</b>	
<b>Pension and Other Employee Benefit Trust</b>	<b>Agency</b>
Employees' Retirement System Postretirement Health Care Finance Fund	Tax Collections General Agency
<b>Component Units</b>	
Economic Development Corporation	Brownfield Redevelopment Authority

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills, Michigan (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Farmington Hills, Michigan's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical section, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The budgetary comparison schedules, combining balance sheets, and combining statements of revenue, expenditures, and changes in fund balance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and retirement systems schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2010 on our consideration of the City of Farmington Hills, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Plante & Moran, PLLC*

November 22, 2010

# 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 assets 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 assets increased \$2.4 million or 0.8 percent from a year ago, increasing from \$308.8 million to \$311.2 million. A review of the government activities, separate from the business-type activities, shows an increase of approximately \$1.1 million in net assets or 0.7 percent during fiscal year 2009-2010. Business-type activities net assets shows an increase of approximately \$1.3 million in net assets or 1.0 percent during fiscal year 2009-2010. In condensed format, the table below shows the comparison of net assets (in millions of dollars) as of June 30, 2010 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets</b>						
Current assets	\$ 42.9	\$ 53.8	\$ 61.0	\$ 60.1	\$ 103.9	\$ 113.9
Noncurrent assets - Advances due from SWOCC	1.3	1.4	-	-	1.3	1.4
Capital assets	161.0	150.9	83.1	85.1	244.1	236.0
Total assets	205.2	206.1	144.1	145.2	349.3	351.3
<b>Liabilities</b>						
Current liabilities	8.2	7.0	1.7	3.5	9.9	10.5
Long-term liabilities	26.0	29.2	2.2	2.8	28.2	32.0
Total liabilities	34.2	36.2	3.9	6.3	38.1	42.5
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	140.8	128.2	80.9	82.3	221.7	210.5
Restricted	12.4	16.8	-	-	12.4	16.8
Unrestricted	17.8	24.9	59.3	56.6	77.1	81.5
Total net assets	<u>\$ 171.0</u>	<u>\$ 169.9</u>	<u>\$ 140.2</u>	<u>\$ 138.9</u>	<u>\$ 311.2</u>	<u>\$ 308.8</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, 2010 and 2009:

	Governmental		Business-type		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 12.1	\$ 13.5	\$ 25.1	\$ 23.5	\$ 37.2	\$ 37.0
Operating grants and contributions	8.3	7.0	-	-	8.3	7.0
Capital grants and contributions	2.5	5.2	0.6	0.9	3.1	6.1
General revenue:						
Property taxes	41.4	44.5	-	-	41.4	44.5
State-shared revenue	5.7	6.4	-	-	5.7	6.4
(Loss) gain on sale of capital assets	(0.1)	0.1	-	-	(0.1)	0.1
Interest	0.4	1.5	0.9	1.5	1.3	3.0
Other	0.5	0.5	-	-	0.5	0.5
Total revenue	70.8	78.7	26.6	25.9	97.4	104.6
<b>Program Expenses</b>						
General government	11.8	12.6	-	-	11.8	12.6
Public safety	29.3	31.3	-	-	29.3	31.3
Public works	15.0	15.3	-	-	15.0	15.3
Community and economic development	2.6	2.6	-	-	2.6	2.6
Recreation and culture	8.7	9.0	-	-	8.7	9.0
Interest on long-term debt	1.5	1.0	-	-	1.5	1.0
Water and sewer	-	-	24.6	24.7	24.6	24.7
Ice arena	-	-	1.4	1.6	1.4	1.6
Total program expenses	68.9	71.8	26.0	26.3	94.9	98.1
<b>Change in Net Assets Before Transfers</b>	1.9	6.9	0.6	(0.4)	2.5	6.5
<b>Transfers (Out) In</b>	(0.7)	(0.8)	0.7	0.8	-	-
<b>Change in Net Assets</b>	1.2	6.1	1.3	0.4	2.5	6.5
<b>Net Assets - Beginning of year</b>	169.9	163.8	138.9	138.5	308.8	302.3
<b>Net Assets - End of year</b>	<u>\$ 171.1</u>	<u>\$ 169.9</u>	<u>\$ 140.2</u>	<u>\$ 138.9</u>	<u>\$ 311.3</u>	<u>\$ 308.8</u>

### Governmental Activities

The City's total governmental revenue decreased by \$7.9 million or 10.0 percent from a year ago. This was primarily attributed to a decrease in service charges (\$1.4 million or 10 percent), capital grants and contributions (\$2.7 million or 53 percent), property taxes (\$3.1 million or 7 percent), state-shared revenue (\$0.7 million or 11 percent), interest earnings (\$1.1 million or 73 percent), and a \$100,000 loss on the sale of capital assets in fiscal year 2009-2010 compared to fiscal year 2008-2009. This was partially offset by a \$1.3 million increase in operating grants and contributions.

# City of Farmington Hills, Michigan

## Management's Discussion and Analysis (Continued)

The City's total governmental program expenses decreased by \$2.9 million or 4 percent from a year ago. This was primarily attributed to a decrease in general government (\$0.8 million or 6 percent), public safety (\$2.0 million or 6 percent), public works (\$0.3 million or 2 percent), recreation and culture (\$0.3 million or 3 percent), partially offset by a \$0.5 million increase in interest on long-term debt.

During the year, the City continued to meet the actuarial required contributions for both the Employees' Retirement System pension and postretirement healthcare plan. The City continues to prefund postretirement healthcare benefits as well as retirement benefits so that future taxpayers will not have to bear the burden of currently earned benefits.

### Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Fund and the Ice Arena Fund. The City provides water purchased from the City of Detroit water system through a contract with Oakland County Department of Public Works, which operates the City's utility system. The utility system incurred a \$1.2 million operating loss in fiscal year 2009-2010, compared to a \$2.6 million loss in fiscal year 2008-2009. This reduction in loss from the prior year resulted from an increase of \$1.3 million or 6 percent in system revenue (charges for services) while operating expenses decreased \$0.1 million or 0.5 percent compared to fiscal year 2008-2009. This loss was made worse by investment income decreasing by \$0.6 million or 40 percent due to decreasing interest rates during fiscal year 2009-2010. The City manages its Ice Arena Fund like a business enterprise, with revenue generated by the arena contributing to operational costs as well as funding principal and interest payments on \$6 million in bonds previously sold to construct the arena. In fiscal year 2009-2010 and fiscal year 2008-2009, the City's General Fund made contributions to resolve expected deficits in unrestricted net assets in the Ice Arena Fund. The amounts contributed totaled \$285,000 and \$260,000 for fiscal year 2009-2010 and fiscal year 2008-2009, respectively. Overall, in fiscal year 2009-2010, business-type activities net assets increased \$1.3 million or 0.9 percent.

### 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 2009-2010 include the General Fund, the Major Roads Fund, the Local Roads Fund, the Capital Improvement Fund, the Special Assessment Debt Service Fund, and the SAD Capital Projects Fund. Capital improvements in the major funds category include local road resurfacing, major road expansion and resurfacing, drainage improvements, sidewalks/bike path construction, facility improvements and expansions, technology upgrades, and the purchase of vehicles and equipment.

# City of Farmington Hills, Michigan

## Management's Discussion and Analysis (Continued)

The adopted fiscal year 2009-2010 General Fund budget reflected the use of \$3.0 million of fund balance to balance the budget. The budget reflected expenditures exceeding revenue by \$1.5 million and operating transfers out exceeding operating transfers in by \$1.5 million. The General Fund's fund balance actually decreased by \$3.9 million or 22 percent. The additional \$0.9 million decrease in fund balance is due to a \$0.7 million additional excess of expenditures over revenue and an additional \$0.2 million increase in net operating transfers. Although expenditures decreased compared to budget in virtually all functions, due primarily to reductions in personnel costs, reductions in virtually all revenue categories compared to budget, less in-kind support from the road funds for personnel and equipment compared to budget, and more direct support to the Ice Arena Fund and Local Road Fund compared to budget exceeded the net reduction in expenditures.

The \$856,000 or 29 percent decrease in the Major Road Fund fund balance (of which the decrease was less than what was planned for in the budget) was the result of various road projects that were more than the current year revenue sources provided. The \$296,000 or 1,345 percent increase in the Local Road Fund fund balance was the result of local road projects and maintenance requiring funds that were less than the current year revenue sources provided. The significant decrease in fund balance of \$5.5 million or 47 percent in the Capital Improvement Fund (of which the decrease was less than what was planned for in the budget) was used to fund the City Hall addition and renovation project, technology upgrades, and vehicles and equipment.

The approximate \$1.0 million or 41 percent decrease in the fund balance in the Special Assessments Debt Service Fund is due to the difference in annual payments by residents and businesses in a special assessment district compared to the required debt payments by the City. The approximate \$1.5 million or 134 percent decrease in the fund balance in the Special Assessments Capital Projects Fund is the result of special assessment bond financing not being used to fund the projects. When the special assessment receivable is collected in ensuing years, revenue will be recognized and the deficits are a result of using other city resources to finance the projects, rather than issuing debt. The fund deficit is primarily the result of project costs associated with the new Hunters Point and Woodbine Special Assessment Districts. The fund deficit can be eliminated by appropriating funds from the Special Assessment Revolving Fund to the Special Assessment Capital Projects Fund.

### **General Fund Budgetary Highlights**

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



# City of Farmington Hills, Michigan

## Management's Discussion and Analysis (Continued)

Differences between the original budget and final amended budget can be briefly summarized as follows:

- The \$1,658,821 or 3 percent decrease in total revenue from the original budget reflected a net of less than expected property taxes, licenses and permits, state-revenue sharing, service charges, fines and forfeitures, investment income, and transfers in; partially offset by more than anticipated other revenue.
- The \$360,102 or less than 1 percent decrease in total expenditures from the original budget reflected primarily a net of less than expected expenditures in the general government, public works, community and economic development, and recreation and culture activity budgets; partially offset by more than anticipated expenditures in the public safety and transfers out activity budgets.

### **Capital Asset and Debt Administration**

On June 30, 2010, the City had \$244.0 million in total net capital assets ranging from land, buildings, equipment, technology equipment, and water and sewer lines. The value of infrastructure assets, net of depreciation, included in this report is \$129.4 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 (see Note 7 of the notes to financial statements for additional information). The City of Farmington Hills, Michigan maintains non-insured ratings as follows: AA+ from Standard & Poor's and Aa2 rating from Moody's.

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

The City's tax rate was stable for eight 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 2009-2010 tax rate remained the same at 10.0216 mills. The City's tax base has decreased. The reduction in the tax base is 13.3 percent for fiscal year 2010-2011. Our state equalized value (SEV) will be \$3.70 billion, which is \$66 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 63 percent, commercial 23 percent, industrial 7 percent, and personal property 7 percent. Tax base diversification is further demonstrated by the fact that the top 10 taxpayers combined account for less than 10 percent of the tax roll. Taxes account for approximately 58 percent of General Fund revenue. State-shared revenue, which amounts to 12 percent of the fiscal year 2010-2011 General Fund budget, remains in critical condition and is forecasted to be at \$5.5 million, down from \$8.1 million received in fiscal year 2002. The fiscal year 2010-2011 General Fund budget is balanced, with the use of \$640,000 of fund balance.

# **City of Farmington Hills, Michigan**

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## **Management's Discussion and Analysis (Continued)**

On the expense side, the City operates with a reduced and relatively small labor force and low personnel costs. The only abnormal 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 2010-2011 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. If you have any questions about this report or need additional information, we invite you to contact the finance department at City Hall.

# City of Farmington Hills, Michigan

## Statement of Net Assets June 30, 2010

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 4)	\$ 34,052,341	\$ 51,340,922	\$ 85,393,263	\$ 225,987
Receivables:				
Receivables from sales to customers on account	-	9,192,551	9,192,551	-
Other receivables	446,329	-	446,329	-
Due from other governmental units	2,746,648	-	2,746,648	-
Special assessments receivable	5,504,827	-	5,504,827	-
Internal balances (Note 6)	(495,379)	495,379	-	-
Inventory	700,515	-	700,515	-
Advances due from SWOCC (Note 11)	1,287,062	-	1,287,062	-
Noncurrent assets:				
Capital assets (Note 5):				
Assets not subject to depreciation	58,695,810	1,247,756	59,943,566	-
Assets subject to depreciation	102,286,590	81,826,964	184,113,554	-
Total assets	205,224,743	144,103,572	349,328,315	225,987
<b>Liabilities</b>				
Accounts payable	4,405,494	1,579,681	5,985,175	715
Due to other governmental units	148,194	37,500	185,694	-
Accrued liabilities and other	3,612,489	79,293	3,691,782	-
Unearned revenue (Note 13)	44,385	-	44,385	-
Noncurrent liabilities (Note 7):				
Due within one year	5,278,606	425,000	5,703,606	-
Due in more than one year	20,679,659	1,773,750	22,453,409	-
Total liabilities	34,168,827	3,895,224	38,064,051	715
<b>Net Assets</b>				
Invested in capital assets - Net of related debt	140,816,579	80,875,970	221,692,549	-
Restricted for:				
Streets and highways	685,832	-	685,832	-
Debt service	4,359,652	-	4,359,652	-
Capital projects	2,718,820	-	2,718,820	-
Police and fire	3,386,132	-	3,386,132	-
Parks and recreation	1,239,256	-	1,239,256	-
Unrestricted	17,849,645	59,332,378	77,182,023	225,272
Total net assets	<u>\$ 171,055,916</u>	<u>\$ 140,208,348</u>	<u>\$ 311,264,264</u>	<u>\$ 225,272</u>

# City of Farmington Hills, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 11,834,878	\$ 4,290,538	\$ 1,536,802	\$ 1,114,244
Public safety	29,303,406	1,609,738	416,146	-
Public works	15,012,680	2,381,587	5,616,580	1,394,852
Community and economic development	2,627,503	521,998	162	-
Recreation and culture	8,660,742	3,287,044	761,324	-
Interest on long-term debt	1,542,089	-	-	-
<b>Total governmental activities</b>	<b>68,981,298</b>	<b>12,090,905</b>	<b>8,331,014</b>	<b>2,509,096</b>
Business-type activities:				
Water and sewer	24,581,584	23,908,712	-	598,881
Ice arena	1,411,559	1,219,251	-	-
<b>Total business-type activities</b>	<b>25,993,143</b>	<b>25,127,963</b>	<b>-</b>	<b>598,881</b>
<b>Total primary government</b>	<b>\$ 94,974,441</b>	<b>\$ 37,218,868</b>	<b>\$ 8,331,014</b>	<b>\$ 3,107,977</b>
<b>Component units:</b>				
Economic Development Corporation	\$ 33,722	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	34,552	-	-	-
<b>Total component units</b>	<b>\$ 68,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General revenue:</b>				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Loss on sale of fixed assets				
<b>Total general revenue</b>				
<b>Transfers</b>				
<b>Change in Net Assets</b>				
<b>Net Assets - Beginning of year</b>				
<b>Net Assets - End of year</b>				

**Statement of Activities  
Year Ended June 30, 2010**

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,893,294)	\$ -	\$ (4,893,294)	\$ -
(27,277,522)	-	(27,277,522)	-
(5,619,661)	-	(5,619,661)	-
(2,105,343)	-	(2,105,343)	-
(4,612,374)	-	(4,612,374)	-
(1,542,089)	-	(1,542,089)	-
(46,050,283)	-	(46,050,283)	-
-	(73,991)	(73,991)	-
-	(192,308)	(192,308)	-
-	(266,299)	(266,299)	-
(46,050,283)	(266,299)	(46,316,582)	-
-	-	-	(33,722)
-	-	-	(34,552)
-	-	-	(68,274)
41,422,186	-	41,422,186	489,327
5,655,971	-	5,655,971	-
433,574	914,399	1,347,973	771
520,769	-	520,769	500
(109,127)	-	(109,127)	-
47,923,373	914,399	48,837,772	490,598
(690,431)	690,431	-	-
1,182,659	1,338,531	2,521,190	422,324
169,873,257	138,869,817	308,743,074	(197,052)
<b>\$ 171,055,916</b>	<b>\$ 140,208,348</b>	<b>\$ 311,264,264</b>	<b>\$ 225,272</b>

# City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement	Special Assessments Debt Service
<b>Assets</b>					
Cash and cash equivalents (Note 4)	\$ 13,249,749	\$ 1,663,204	\$ 162,992	\$ 8,413,028	\$ 1,403,071
Receivables:					
Special assessments receivable	-	-	-	-	2,418,101
Other receivables	350,709	-	6,241	12,489	-
Due from other governmental units	1,024,108	1,376,523	211,196	25,785	-
Due from other funds	2,560,215	575,000	1,220,365	67,076	-
Advances due from SWOCC (Note 11)	1,287,062	-	-	-	-
<b>Total assets</b>	<b>\$ 18,471,843</b>	<b>\$ 3,614,727</b>	<b>\$ 1,600,794</b>	<b>\$ 8,518,378</b>	<b>\$ 3,821,172</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,192,578	\$ 512,159	\$ 563,918	\$ 1,802,823	\$ -
Due to other funds	159,052	978,207	718,408	605,217	6,891
Accrued liabilities and other	3,395,115	15,500	-	-	-
Deferred revenue (Note 13)	-	-	-	-	2,418,101
<b>Total liabilities</b>	<b>4,746,745</b>	<b>1,505,866</b>	<b>1,282,326</b>	<b>2,408,040</b>	<b>2,424,992</b>
<b>Fund Balances</b>					
Reserved for:					
Encumbrances	130,753	-	-	-	-
Long-term advances	1,287,062	-	-	-	-
Unreserved, reported in:					
General Fund:					
Designated (Note 12)	3,643,162	-	-	-	-
Undesignated	8,664,121	-	-	-	-
Special Revenue Funds:					
Designated	-	685,832	-	6,110,338	-
Undesignated	-	1,423,029	318,468	-	-
Debt Service Funds -					
Designated	-	-	-	-	1,396,180
Capital Projects Funds -					
Designated	-	-	-	-	-
<b>Total fund balances</b>	<b>13,725,098</b>	<b>2,108,861</b>	<b>318,468</b>	<b>6,110,338</b>	<b>1,396,180</b>
<b>Total liabilities and fund balances</b>	<b>\$ 18,471,843</b>	<b>\$ 3,614,727</b>	<b>\$ 1,600,794</b>	<b>\$ 8,518,378</b>	<b>\$ 3,821,172</b>

**Governmental Funds  
Balance Sheet  
June 30, 2010**

Special Assessments	Capital Projects	Nonmajor Funds	Total
	\$ -	\$ 9,160,297	\$ 34,052,341
	3,086,726	-	5,504,827
	-	76,890	446,329
	-	109,036	2,746,648
	-	717	4,423,373
	-	-	1,287,062
	<b>\$ 3,086,726</b>	<b>\$ 9,346,940</b>	<b>\$ 48,460,580</b>

\$ 22,505	\$ 311,511	\$ 4,405,494
345,401	2,105,576	4,918,752
-	-	3,410,615
<u>3,086,726</u>	<u>44,385</u>	<u>5,549,212</u>
3,454,632	2,461,472	18,284,073
-	-	130,753
-	-	1,287,062
-	-	3,643,162
-	-	8,664,121
-	6,340,097	13,136,267
-	-	1,741,497
-	545,371	1,941,551
<u>(367,906)</u>	<u>-</u>	<u>(367,906)</u>
<u>(367,906)</u>	<u>6,885,468</u>	<u>30,176,507</u>
<b>\$ 3,086,726</b>	<b>\$ 9,346,940</b>	<b>\$ 48,460,580</b>

# City of Farmington Hills, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets June 30, 2010

<b>Fund Balance Reported in Governmental Funds</b>	\$ 30,176,507
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	160,982,400
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	5,504,827
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(20,165,821)
Accrued interest is not due and payable in the current period and is not reported in the funds	(201,874)
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	(5,442,444)
Other long-term liabilities, specifically general liability claims, do not present a claim on current financial resources and are not reported as fund liabilities	(350,000)
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	(148,194)
Inventories are not recorded as assets in the governmental funds	700,515
<b>Net Assets of Governmental Activities</b>	<u><u>\$ 171,055,916</u></u>



# City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement	Special Assessments Debt Service
<b>Revenue</b>					
Property taxes	\$ 29,096,214	\$ -	\$ -	\$ 1,980,412	\$ -
Licenses and permits	696,238	-	-	-	-
Federal grants	4,992	82,254	-	-	-
State-shared revenue and grants	6,023,060	3,949,051	1,289,695	-	-
Charges for services	7,991,170	-	-	-	-
Fines and forfeitures	2,490,154	-	-	-	-
Investment income	214,509	662	330	37,644	123,118
Other revenue:					
Special assessments	-	-	-	-	862,228
Other grants and contributions	-	295,580	-	948,991	-
Other miscellaneous income	367,786	-	-	53,019	-
Total revenue	46,884,123	4,327,547	1,290,025	3,020,066	985,346
<b>Expenditures</b>					
General government	11,162,858	-	-	-	-
Public safety	22,309,231	-	-	-	-
Public works	6,969,302	4,978,479	4,557,075	-	-
Community and economic development	2,021,743	-	-	-	-
Recreation and culture	6,586,965	-	-	-	-
Capital outlay	-	-	-	10,562,986	8,538
Debt service	-	-	-	-	1,284,310
Total expenditures	49,050,099	4,978,479	4,557,075	10,562,986	1,292,848
<b>Excess of Revenue Over (Under)</b>					
<b>Expenditures</b>	(2,165,976)	(650,932)	(3,267,050)	(7,542,920)	(307,502)
<b>Other Financing Sources (Uses)</b>					
Transfers in	1,069,400	575,000	3,563,481	2,876,700	-
Transfers out	(2,842,535)	(780,000)	-	(830,431)	(657,994)
<b>Net Change in Fund Balances</b>	(3,939,111)	(855,932)	296,431	(5,496,651)	(965,496)
<b>Fund Balances - Beginning of year</b>	17,664,209	2,964,793	22,037	11,606,989	2,361,676
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 13,725,098</b>	<b>\$ 2,108,861</b>	<b>\$ 318,468</b>	<b>\$ 6,110,338</b>	<b>\$ 1,396,180</b>

**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**  
**(Deficit)**  
**Year Ended June 30, 2010**

Special Assessments Capital Projects	Nonmajor Funds	Total
\$ -	\$ 10,345,560	\$ 41,422,186
-	-	696,238
-	1,570,118	1,657,364
-	-	11,261,806
-	18,030	8,009,200
-	-	2,490,154
23,291	34,020	433,574
509,404	-	1,371,632
-	-	1,244,571
-	670,261	1,091,066
<u>532,695</u>	<u>12,637,989</u>	<u>69,677,791</u>
-	5,382	11,168,240
-	6,269,950	28,579,181
-	-	16,504,856
-	656,291	2,678,034
-	484,490	7,071,455
-	771,195	11,342,719
53,167	2,795,270	4,132,747
<u>53,167</u>	<u>10,982,578</u>	<u>81,477,232</u>
479,528	1,655,411	(11,799,441)
-	1,527,639	9,612,220
(1,928,289)	(3,263,402)	(10,302,651)
(1,448,761)	(80,352)	(12,489,872)
<u>1,080,855</u>	<u>6,965,820</u>	<u>42,666,379</u>
<u>\$ (367,906)</u>	<u>\$ 6,885,468</u>	<u>\$ 30,176,507</u>

# City of Farmington Hills, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities Year Ended June 30, 2010

**Net Change in Fund Balances - Total Governmental Funds**                     \$           (12,489,872)

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	18,219,667
Depreciation expense	(7,856,233)
Net book value of assets disposed of	(295,295)

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	322,011
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Governmental funds report inventory purchases as expenditures; in the statement of activities, these costs are expensed as used	(158,681)
---	-----------

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,510,789
---	-----------

Change in accrued interest payable and other	28,363
--	--------

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	772,418
--	---------

The changes in liabilities for general claims and amounts due to the 47th District Court are recorded when incurred in the statement of activities	129,492
--	---------

**Change in Net Assets of Governmental Activities**                     \$           1,182,659

# City of Farmington Hills, Michigan

## Proprietary Funds Statement of Net Assets June 30, 2010

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 4)	\$ 51,036,710	\$ 304,212	\$ 51,340,922
Receivables	9,190,708	1,843	9,192,551
Due from other funds	651,000	308,388	959,388
Total current assets	60,878,418	614,443	61,492,861
Noncurrent assets - Capital assets (Note 5)	79,670,471	3,404,249	83,074,720
Total assets	140,548,889	4,018,692	144,567,581
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,536,251	43,430	1,579,681
Due to other governmental units	37,500	-	37,500
Due to other funds	63,956	400,053	464,009
Accrued liabilities and other	-	79,293	79,293
Current portion of long-term debt (Note 7)	-	425,000	425,000
Total current liabilities	1,637,707	947,776	2,585,483
Noncurrent liabilities - Long-term debt - Net of current portion (Note 7)	-	1,773,750	1,773,750
Total liabilities	1,637,707	2,721,526	4,359,233
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	79,670,471	1,205,499	80,875,970
Unrestricted	59,240,711	91,667	59,332,378
Total net assets	<b>\$ 138,911,182</b>	<b>\$ 1,297,166</b>	140,208,348
<b>Net Assets of Business-type Activities</b>			<b>\$ 140,208,348</b>

# City of Farmington Hills, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2010

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
<b>Operating Revenue</b>			
Sale of water	\$ 12,912,820	\$ -	\$ 12,912,820
Sewage disposal charges	9,332,739	-	9,332,739
Ice arena rentals	-	983,506	983,506
Food sales	-	144,483	144,483
Other operating revenue	1,123,543	91,262	1,214,805
Total operating revenue	23,369,102	1,219,251	24,588,353
<b>Operating Expenses</b>			
Cost of water	7,895,078	-	7,895,078
Cost of sewage treatment	6,820,946	-	6,820,946
Cost of ice arena sales	-	67,770	67,770
Other operation and maintenance	3,705,572	959,573	4,665,145
Billing and administrative costs	2,813,359	-	2,813,359
Depreciation	3,336,644	245,552	3,582,196
Total operating expenses	24,571,599	1,272,895	25,844,494
<b>Operating Loss</b>	(1,202,497)	(53,644)	(1,256,141)
<b>Nonoperating Revenue (Expenses)</b>			
Investment income	914,265	134	914,399
Interest expense	(4,035)	(138,664)	(142,699)
Other nonoperating expenses	(5,950)	-	(5,950)
Debt service charge	539,610	-	539,610
<b>Income (Loss) - Before contributions</b>	241,393	(192,174)	49,219
<b>Capital Contributions</b>			
Tap-in fees	88,432	-	88,432
Other capital contributions	510,449	-	510,449
Total capital contributions	598,881	-	598,881
<b>Transfers In</b>	-	690,431	690,431
<b>Change in Net Assets</b>	840,274	498,257	1,338,531
<b>Net Assets - Beginning of year</b>	138,070,908	798,909	138,869,817
<b>Net Assets - End of year</b>	<u>\$ 138,911,182</u>	<u>\$ 1,297,166</u>	<u>\$ 140,208,348</u>

# City of Farmington Hills, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2010

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 21,567,154	\$ 1,217,818	\$ 22,784,972
Receipts from interfund services and reimbursements	(653,157)	87,839	(565,318)
Payments to suppliers	(23,010,669)	(484,025)	(23,494,694)
Payments to employees	-	(574,841)	(574,841)
Net cash (used in) provided by operating activities	(2,096,672)	246,791	(1,849,881)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from other funds	-	690,431	690,431
Due from component unit	791,926	-	791,926
Net cash provided by noncapital financing activities	791,926	690,431	1,482,357
<b>Cash Flows from Capital and Related Financing Activities</b>			
Tap-in fees and other	82,482	-	82,482
Purchase of capital assets	(1,279,155)	(257,131)	(1,536,286)
Principal and interest paid on capital debt	(213,691)	(536,164)	(749,855)
Debt service and capital charges	1,050,059	-	1,050,059
Net cash used in capital and related financing activities	(360,305)	(793,295)	(1,153,600)
<b>Cash Flows from Investing Activities - Interest received on investments</b>	914,265	134	914,399
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(750,786)	144,061	(606,725)
<b>Cash and Cash Equivalents - Beginning of year</b>	51,787,496	160,151	51,947,647
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 51,036,710</u>	<u>\$ 304,212</u>	<u>\$ 51,340,922</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments</b>	<u>\$ 51,036,710</u>	<u>\$ 304,212</u>	<u>\$ 51,340,922</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (1,202,497)	\$ (53,644)	\$ (1,256,141)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	3,336,644	245,552	3,582,196
Changes in assets and liabilities:			
Receivables	(1,801,948)	(1,433)	(1,803,381)
Due from other funds	(653,157)	87,839	(565,318)
Accounts payable	(1,775,714)	(5,335)	(1,781,049)
Accrued and other liabilities	-	(26,188)	(26,188)
Net cash (used in) provided by operating activities	<u>\$ (2,096,672)</u>	<u>\$ 246,791</u>	<u>\$ (1,849,881)</u>

# City of Farmington Hills, Michigan

## Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2010

	Pension and Other Employee Benefit Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 7,158,771	\$ 4,578,306
Investments:		
Commercial paper	898,000	-
Repurchase agreements	1,072,080	-
Stocks	79,415,331	-
Bonds	440,615	-
Pooled funds	62,388,818	-
Asset-backed securities	371,532	-
Receivables	193,445	-
Total assets	151,938,592	<b>\$ 4,578,306</b>
<b>Liabilities</b>		
Accounts payable	1,400,051	\$ -
Due to other governmental units	-	1,218,585
Refundable deposits, bonds, etc.	-	3,359,721
Obligations under securities lending agreements	4,224,731	-
Total liabilities	5,624,782	<b>\$ 4,578,306</b>
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>		<b><u>\$ 146,313,810</u></b>

# City of Farmington Hills, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds Year Ended June 30, 2010

### Additions

Investment income:	
Interest and dividends	\$ 1,939,342
Net increase in fair value of investments	16,596,931
Investment-related expenses	<u>(804,778)</u>
Net investment income	17,731,495
Contributions:	
Employer	6,682,036
Employee	<u>1,434,820</u>
Total contributions	<u>8,116,856</u>
Total additions	25,848,351

### Deductions

Benefit payments	6,677,515
Refunds of contributions	<u>4,261,920</u>
Total deductions	<u>10,939,435</u>

**Net Increase in Net Assets Held in Trust** 14,908,916

**Net Assets Held in Trust for Pension and Other Employee Benefits -**  
Beginning of year 131,404,894

**Net Assets Held in Trust for Pension and Other Employee Benefits -**  
End of year \$ 146,313,810



# City of Farmington Hills, Michigan

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## Component Units Statement of Net Assets June 30, 2010

	Economic Development Corporation	Brownfield Redevelopment Authority	Total
<b>Assets</b> - Cash and cash equivalents	\$ 117,941	\$ 108,046	\$ 225,987
<b>Liabilities</b> - Accounts payable	715	-	715
<b>Net Assets</b>	<u>\$ 117,226</u>	<u>\$ 108,046</u>	<u>\$ 225,272</u>

# City of Farmington Hills, Michigan

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Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development Corporation	\$ 33,722	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	34,552	-	-	-
Total component units	<u>\$ 68,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenue:

Property taxes

Unrestricted investment income

Other miscellaneous income

Total general revenue

**Change in Net Assets**

**Net Assets (Deficit) - Beginning of year**

**Net Assets - End of year**

**Component Units  
Statement of Activities  
Year Ended June 30, 2010**

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Economic Development Corporation</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
\$ (33,722)	\$ -	\$ (33,722)
<u>-</u>	<u>(34,552)</u>	<u>(34,552)</u>
(33,722)	(34,552)	(68,274)
-	489,327	489,327
560	211	771
<u>500</u>	<u>-</u>	<u>500</u>
<u>1,060</u>	<u>489,538</u>	<u>490,598</u>
(32,662)	454,986	422,324
<u>149,888</u>	<u>(346,940)</u>	<u>(197,052)</u>
<b><u>\$ 117,226</u></b>	<b><u>\$ 108,046</u></b>	<b><u>\$ 225,272</u></b>

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

### 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 assets and the activities of the component units. For both 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

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## Notes to Financial Statements June 30, 2010

### **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.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. 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.

**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.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

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

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 assets are available, the City's policy is to first apply restricted resources.

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 the City's 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.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

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

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 construction, maintenance, and repairs of all streets classified as "major roads" within the City. Financing is provided primarily by state-shared gas and weight taxes and local contributions. 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 construction, maintenance, and repairs of all streets classified as "local roads" within the City. Financing is provided primarily by state-shared gas and weight taxes and local contributions. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

**Capital Improvement Fund** - The Capital Improvement Fund accounts for projects and equipment acquisitions in excess of \$25,000 financed by a portion of the millage from within the City Charter millage cap, allocated for this purpose by the City Council.

**Special Assessments Debt Service Fund** - The Special Assessments Debt Service 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.

**SAD Capital Projects Fund** - The SAD Capital Projects Fund is used to account for the construction activity for local improvements that benefit property owners.

The City reports the following major proprietary funds:

**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.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

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

**Ice Arena Fund** - The Ice Arena Fund accounts for the operations and maintenance of the City's ice arena. User fees provide the funding needed to operate and maintain the arena.

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 Assets 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.

**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.



# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

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

The 2009 taxable valuation of the City totaled \$4,167,963,050, on which ad valorem taxes levied consisted of 7.5301 mills for operating purposes, .4882 mills for parks and recreation, .5269 mills for refuse, and 1.4764 mills for public safety. This resulted in approximately \$31,385,000 for operating, \$2,035,000 for parks and recreation, \$2,196,000 for refuse, and \$6,154,000 for public safety. These amounts are recognized in the respective General, Special Revenue, and Debt Service Fund financial statements as taxes receivable - current or as tax revenue.

**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.

**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 \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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 and the Ice Arena Fund have been used to liquidate the liability for compensated absences.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

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

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. 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 (OPEB) 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.

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**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.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 2 - Upcoming Accounting Pronouncements

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The City will implement Statement No. 54 beginning with the fiscal year ending June 30, 2011.

### 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, 2009		\$	(3,949,886)
Current year permit revenue			655,170
Related expenses:			
Direct costs	\$	1,205,896	
Estimated indirect costs		207,995	1,413,891
			<u>                    </u>
Current year shortfall			(758,721)
			<u>                    </u>
Cumulative shortfall at June 30, 2010		\$	<u>(4,708,607)</u>

The City adopts a formal budget for the General Fund and all Special Revenue and Debt Service 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.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

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

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, 2010 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, and Debt Service 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.

Due to the volume of individual Special Assessment Funds maintained by the City, the activity for the funds has been presented on a combined basis in the SAD Capital Projects Fund and the Special Assessment Debt Service Fund for financial statement purposes. In accordance with State of Michigan law, the City maintains separate accounting records for all special assessment districts.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

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

#### Excess of Expenditures Over Appropriations in Budgeted Funds

There were no significant unfavorable budget variances during the year.

**Fund Deficits** - At June 30, 2010, the following special assessments capital projects districts have fund deficits:

Special Assessment Fund Number	Amount
240	\$ 12,150
251	3,843
305	2,922
318	7,112
321	9,838
323	392,588
324	284,400
325	312,405
326	188,866
330	63,911
331	340,865
332	23,880
Total	<u>\$ 1,642,780</u>

The above special assessment deficits are the result of special assessment bonding (financing) not being used to fund the projects. When the special assessment receivable is collected in ensuing years, revenue will be recognized and the deficits will be eliminated. The current deficits are a result of using other city resources to finance the underlying projects, rather than issuing debt.

In addition, the Special Assessments Capital Projects Fund had a fund deficit of \$367,906. This deficit is a result of utilizing interfund transfers to the Special Assessment Revolving Fund to support payments to contractors.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

### 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 11 banks 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 \$24,950,005 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.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### 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 average maturity of investments is as follows:

Investment	Fair Value	Weighted Average Maturity
<b>Primary Government</b>		
Bank investment pool	\$ 9,247,887	30 days
<b>Retirement System</b>		
Commercial paper	\$ 898,000	Less than one year
Repurchase agreements	1,072,080	Less than one year
Corporate bonds	291,200	Less than one year
Corporate bonds	149,415	One to five years
Asset-backed securities	45,277	One to five years
Asset-backed securities	60,192	Five to ten years
Asset-backed securities	266,064	More than ten years
Total	\$ 2,782,228	

#### 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.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 4 - Deposits and Investments (Continued)

**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.

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
<b>Primary Government</b>			
Bank investment pool	\$ 14,987,986	AAA/VI +	S&P/Fitch
Bank investment pool	2,389,624	Aaa	Moody's
Bank investment pool	27,167,238	AI/PI	S&P/Moody's
Bank investment pool	10,301,102	Not rated	N/A
Bank investment pool	<u>4,656,990</u>	AAAM	S&P
Total	<u>\$ 59,502,940</u>		
<b>Retirement System</b>			
Asset-backed securities	\$ 117,453	AAA	S&P
Asset-backed securities	58,331	A+	S&P
Asset-backed securities	1,637	A	S&P
Asset-backed securities	8,214	A-	S&P
Asset-backed securities	61,706	BBB	S&P
Asset-backed securities	17,020	BB+	S&P
Asset-backed securities	40,304	B	S&P
Asset-backed securities	43,994	CCC	S&P
Asset-backed securities	22,873	CC	S&P
Corporate bonds	131,949	D	S&P
Corporate bonds	308,665	Not rated	N/A
Commercial paper	398,000	PI	S&P
Commercial paper	500,000	AI	S&P
Mutual funds	<u>54,786,474</u>	Not rated	N/A
Total	<u>\$ 56,496,620</u>		



# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 4 - Deposits and Investments (Continued)

Investment	Fair Value	Rating	Rating Organization
<b>Health Care Fund</b>			
Pooled investments/Mutual funds	<u>\$ 7,602,345</u>	Not rated	N/A

**Concentration of Credit Risk** - 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 8.81 percent invested in Entrust Fund, 6.62 percent invested in Brandywine Global Fixed Income, 8.08 percent invested in Tradewinds Global All-Cap Portfolio, 11.51 percent invested in iShares Trust, and 18.82 percent invested in Loomis Sayles investments.

**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.

As permitted by some state statutes, and under the provisions of a Securities Lending Authorization Agreement, the retirement system lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The retirement system's custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 102 percent of the market value of the loaned securities. During the year ended June 30, 2010, only United States currency was received as collateral. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

The retirement system did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 4 - Deposits and Investments (Continued)

The retirement system and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. On June 30, 2010, the retirement system had no credit risk exposure to borrowers. The collateral held and the fair market value of the underlying securities on loan for the retirement system as of June 30, 2010 were \$3,013,515 and \$4,224,731, respectively. The retirement system recorded a realized loss of \$552,905 and an unrealized loss of \$658,310 as of June 30, 2010.

### Note 5 - Capital Assets

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

	Balance July 1, 2009	Transfers	Additions	Disposals	Balance June 30, 2010
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 16,366,046	\$ -	\$ 2,767	\$ -	\$ 16,368,813
Construction in progress	9,435,066	(3,561,327)	4,891,328	-	10,765,067
Other nondepreciable assets	31,561,930	-	-	-	31,561,930
Subtotal	57,363,042	(3,561,327)	4,894,095	-	58,695,810
Capital assets being depreciated:					
Sidewalks	12,216,016	123,783	45,592	-	12,385,391
Drain rights	17,206,941	-	-	-	17,206,941
Buildings and improvements	47,325,924	-	7,517,523	1,127,113	53,716,334
Machinery and equipment	10,998,058	-	2,196,074	5,414	13,188,718
Vehicles	12,232,241	-	1,088,125	1,029,815	12,290,551
Office furnishings	3,853,768	-	205,604	50,135	4,009,237
Land improvements	16,670,525	-	970,144	140,861	17,499,808
Major roads	49,030,605	2,005,193	576,894	-	51,612,692
Local roads	71,846,654	1,432,351	725,616	-	74,004,621
Subtotal	241,380,732	3,561,327	13,325,572	2,353,338	255,914,293
Accumulated depreciation:					
Drain rights	6,012,068	-	344,139	-	6,356,207
Sidewalks	7,142,397	-	349,565	-	7,491,962
Buildings and improvements	19,993,225	-	1,749,137	859,611	20,882,751
Machinery and equipment	7,373,860	-	694,125	5,414	8,062,571
Vehicles	6,982,571	-	886,111	1,005,557	6,863,125
Office furnishings	2,715,493	-	207,667	49,601	2,873,559
Land improvements	9,614,642	-	883,388	137,860	10,360,170
Major roads	28,958,434	-	1,246,721	-	30,205,155
Local roads	59,036,823	-	1,495,380	-	60,532,203
Subtotal	147,829,513	-	7,856,233	2,058,043	153,627,703
Net capital assets being depreciated	93,551,219	3,561,327	5,469,339	295,295	102,286,590
Net capital assets	\$ 150,914,261	\$ -	\$ 10,363,434	\$ 295,295	\$ 160,982,400

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 5 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2009	Transfers	Additions	Disposals	Balance June 30, 2010
Capital assets not being depreciated:					
Land	\$ 390,000	\$ -	\$ -	\$ -	\$ 390,000
Construction in progress	662,502	(583,276)	778,530	-	857,756
Subtotal	1,052,502	(583,276)	778,530	-	1,247,756
Capital assets being depreciated:					
Sewage disposal system	95,432,340	-	21,625	-	95,453,965
Water distribution system	67,167,085	583,276	479,000	-	68,229,361
Buildings and improvements	4,965,664	-	-	-	4,965,664
Machinery and equipment	820,388	-	255,431	-	1,075,819
Office furnishings	108,041	-	1,700	-	109,741
Land improvements	587,754	-	-	-	587,754
Subtotal	169,081,272	583,276	757,756	-	170,422,304
Accumulated depreciation:					
Water distribution system	34,808,697	-	1,451,893	-	36,260,590
Sewage disposal system	46,725,270	-	1,884,751	-	48,610,021
Buildings and improvements	2,217,571	-	163,560	-	2,381,131
Machinery and equipment	652,348	-	40,396	-	692,744
Office furnishings	87,637	-	3,845	-	91,482
Land improvements	521,621	-	37,751	-	559,372
Subtotal	85,013,144	-	3,582,196	-	88,595,340
Net capital assets being depreciated	84,068,128	583,276	(2,824,440)	-	81,826,964
Net capital assets	\$ 85,120,630	\$ -	\$ (2,045,910)	\$ -	\$ 83,074,720

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

#### Governmental activities:

General government	\$ 992,035
Public safety	1,313,139
Public works	3,906,731
Community and economic development	2,943
Recreation and culture	1,641,385
Total governmental activities	<u>\$ 7,856,233</u>

#### Business-type activities:

Water and sewer	\$ 3,336,644
Ice arena	245,552
Total business-type activities	<u>\$ 3,582,196</u>

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 5 - Capital Assets (Continued)

**Construction Commitments** - The City has active construction projects at year end. The projects include the City Hall renovation which was budgeted for and planned. No new debt was issued for the project. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
City hall renovation	\$ 5,662,875	\$ 2,133,247

### 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>
<b>Due to/from Other Funds</b>		
General Fund	Major Roads Fund	\$ 198,207
	Local Roads Fund	718,408
	Capital Improvement Fund	30,217
	Nonmajor governmental funds	1,549,427
	Water and Sewer Fund	<u>63,956</u>
	Total General Fund	2,560,215
Local Roads Fund	Major Roads Fund	780,000
	Nonmajor governmental funds	88,073
	SAD Capital Projects Fund	345,401
	Special Assessment Debt Service Fund	<u>6,891</u>
	Total Local Roads Fund	1,220,365
Major Roads Fund	Capital Improvement Fund	575,000
Capital Improvement Fund	Nonmajor governmental funds	67,076
Nonmajor governmental funds	General Fund	664
	Ice Arena Fund	<u>53</u>
	Total nonmajor governmental funds	717

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

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

Receivable Fund	Payable Fund	Amount
Ice Arena Fund	General Fund	\$ 158,388
	Nonmajor governmental funds	150,000
	Total Ice Arena Fund	308,388
Water and Sewer Fund	Ice Arena Fund	400,000
	Nonmajor governmental funds	251,000
	Total Water and Sewer Fund	651,000
	Total	\$ 5,382,761

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	\$ 2,500,000
	Local Road Fund	57,535
	Ice Arena Fund	285,000
	Total General Fund	2,842,535
Major Roads Fund	Local Roads Fund	780,000
Capital Improvement Fund	Major Roads Fund	575,000
	Ice Arena Fund	255,431
	Total Capital Improvement Fund	830,431
Special Assessment Debt Service Fund	Local Roads Fund	2,180,757
	Nonmajor governmental funds	405,526
	Total Special Assessment Debt Service Fund	2,586,283

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

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

Receivable Fund	Payable Fund	Amount
Nonmajor governmental funds	General Fund	\$ 1,069,400
	Local Roads Fund	545,189
	Capital Improvement Fund	376,700
	Nonmajor governmental funds	1,122,113
	Ice Arena Fund	150,000
	Total nonmajor governmental funds	<u>3,263,402</u>
	Total	<u>\$ 10,302,651</u>

The transfer from the General Fund to the Capital Improvement Fund represents the movement of resources for capital improvements. The transfers from the General Fund and Major Roads Fund to the Local Roads Fund represent the movement of resources for road improvements. The transfers from the General Fund and Capital Improvement Fund to the Ice Arena Fund represent the movement of discretionary funds to be used for the benefit of the community. The transfer from the Capital Improvement Fund to the Major Roads Fund represents the movement of resources for road improvements. The transfers from the Special Assessment Debt Service Fund and nonmajor governmental funds to Local Roads Fund represent the movement of resources for capital improvements. The transfers from the Special Assessment Debt Service Fund to other nonmajor governmental funds represent the transfer of resources for debt service payments. The transfers of nonmajor governmental funds to the General Fund, Capital Improvement Fund, and Ice Arena Fund represent the movement of discretionary funds to be used for the benefit of the community. The transfers of nonmajor governmental funds to the other nonmajor governmental funds represent the transfer of resources for debt service payments.

### Note 7 - Long-term Debt

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

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### 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
<b>Governmental Activities</b>							
General Obligation Bonds:							
Building Authority Bonds:							
District Court Building:							
Amount of issue: \$11,000,000	4.25%-	\$500,000-					
Maturing through 2021	5.00%	\$600,000	\$ 2,100,000	\$ -	\$ 500,000	\$ 1,600,000	\$ 500,000
District Court Building 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	-
Building Authority Refunding Bonds, Series 2003:							
Amount of issue: \$2,910,000	3.00%-	\$165,000-					
Maturing through 2018	4.00%	\$205,000	1,700,000	-	175,000	1,525,000	165,000
Golf Course Capital Improvement:							
Amount of issue: \$8,200,000	3.00%-	\$175,000-					
Maturing through 2031	4.375%	\$550,000	7,750,000	-	150,000	7,600,000	175,000
County contractual obligations:							
Minnow Pond Drainage District Refunding Bonds:							
Amount of issue: \$6,524,348	4.25%-						
Maturing through 2011	4.50%	\$807,036	1,594,625	-	787,589	807,036	807,036
Caddell Drains:							
Amount of issue: \$1,388,991		\$115,110-					
Maturing through 2014	5.875%	\$126,621	717,516	-	118,947	598,569	115,110
Pebble Creek Drainage District:							
Amount of issue: \$1,508,845	5.00%-	\$185,216-					
Maturing through 2011	5.50%	\$194,253	379,469	-	194,253	185,216	185,216
Special Assessment Bonds:							
District 265:							
Public improvements:							
Amount of issue: \$1,885,000	5.80%-	\$35,000-					
Maturing through 2011	5.90%	\$50,000	85,000	-	50,000	35,000	35,000
Districts 263, 264, 266, 267, 268, 269, and 273:							
Public improvements:							
Amount of issue: \$915,000							
Maturing through 2010	5.40%	-	15,000	-	15,000	-	-
Districts 278, 279, 281, 283, and 284:							
Public improvements:							
Amount of issue: \$2,155,000	4.35%-	\$25,000-					
Maturing through 2013	4.60%	\$55,000	155,000	-	55,000	100,000	50,000
District 294:							
Public improvements:							
Amount of issue: \$2,860,000							
Maturing through 2013	3.80%	\$75,000	300,000	-	75,000	225,000	75,000
Districts 293, 295, 297, 290, and 300:							
Public improvements:							
Amount of issue: \$1,490,000	5.00%-	\$25,000-					
Maturing through 2014	5.30%	\$100,000	375,000	-	100,000	275,000	100,000
Districts 306, 307, 308, 309, 310, and 311:							
Public improvements:							
Amount of issue: \$1,585,000	3.00%-	\$150,000-					
Maturing through 2012	3.25%	\$160,000	475,000	-	165,000	310,000	160,000
Districts 312, 314, and 315:							
Public improvements:							
Amount of issue: \$1,050,000	.034%-	\$100,000-					
Maturing through 2013	3.15%	\$125,000	475,000	-	125,000	350,000	125,000
Total bonds payable			22,676,610	-	2,510,789	20,165,821	2,492,362

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Other long-term obligations:							
Accumulated compensated absences			\$ 6,214,862	\$ 1,902,623	\$ 2,675,041	\$ 5,442,444	\$ 2,436,244
Estimated self-insurance claims			350,000	-	-	350,000	350,000
Total governmental activities			29,241,472	1,902,623	5,185,830	25,958,265	5,278,606
<b>Business-type Activities</b>							
General Obligation Bonds:							
1998 Refunding Bonds:							
Amount of issue: \$4,495,000	4.20%-	\$425,000-					
Maturing through 2015	4.40%	\$500,000	2,775,000	-	430,000	2,345,000	425,000
Less deferred amounts - Issuance discounts							
			(178,750)	32,500	-	(146,250)	-
County contractual obligations - Water and sewer:							
Evergreen-Farmington Sewage Disposal System:							
Amount of issue: \$1,079,308							
Maturing through 2010	3.50%	\$105,684	105,684	-	105,684	-	-
Evergreen-Farmington Sewage Disposal System (Segments I and II):							
Amount of issue: \$843,418							
Maturing through 2010	4.85%	\$103,972	103,972	-	103,972	-	-
Total business-type activities			2,805,906	32,500	639,656	2,198,750	425,000
Total primary government			\$ 32,047,378	\$ 1,935,123	\$ 5,825,486	\$ 28,157,015	\$ 5,703,606

Annual debt service requirements to maturity for the above bond obligations, excluding \$146,250 of unamortized discounts and deferred amounts on refunding, are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 2,492,362	\$ 831,675	\$ 3,324,037	\$ 425,000	\$ 92,478	\$ 517,478
2012	1,421,272	733,558	2,154,830	465,000	73,671	538,671
2013	1,406,621	681,681	2,088,302	460,000	53,785	513,785
2014	1,262,784	629,210	1,891,994	500,000	32,780	532,780
2015-2019	6,227,782	2,302,049	8,529,831	495,000	10,890	505,890
2020-2024	3,905,000	1,071,525	4,976,525	-	-	-
2025-2029	2,350,000	507,378	2,857,378	-	-	-
2030-2032	1,100,000	48,125	1,148,125	-	-	-
Total	\$ 20,165,821	\$ 6,805,201	\$ 26,971,022	\$ 2,345,000	\$ 263,604	\$ 2,608,604

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, 2010, the City's portion of bonds outstanding that are considered defeased approximates \$12,905,000.



# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

### Note 7 - Long-term Debt (Continued)

**No Commitment Debt** - The City has issued Variable Rate Demand Hospital Revenue and Refunding Bonds under state law which authorizes municipalities under certain circumstances to acquire and lease industrial sites, buildings, and equipment and lease them to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of June 30, 2010, there is approximately \$15,260,000 of no commitment debt outstanding.

### 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 9). 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, 2010. 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. Eleven 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.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 8 - Defined Benefit Pension Plan (Continued)

Employer contributions represented approximately 14.70 percent of covered payroll as reported on June 30, 2009.

**Annual Pension Cost** - For the year ended June 30, 2010, the City's annual pension cost of \$3,710,289 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		
	2008	2009	2010
Annual pension cost (APC)	\$ 3,775,618	\$ 3,664,637	\$ 3,710,289
Percentage of APC contributed	100 %	100 %	100 %

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

	Fiscal Year Ended June 30		
	2007	2008	2009
Actuarial value of assets	\$ 109,839,894	\$ 117,994,843	\$ 123,309,158
Actuarial accrued liability (AAL)			
(entry age)	121,107,744	131,182,445	140,261,150
Unfunded AAL (UAAL)	11,267,850	13,187,602	16,951,992
Funded ratio	90.7 %	89.9 %	87.9 %
Covered payroll	24,080,517	24,662,884	24,904,782
UAAL as a percentage of covered payroll	46.8 %	53.5 %	68.1 %

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at June 30, 2008, 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 18 years.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 8 - Defined Benefit Pension Plan (Continued)

**Reserves** - As of June 30, 2010, the Plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 14,087,493
Reserve for retired benefit payments	44,414,222

### Note 9 - 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. Currently, 121 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. Eleven 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.

**Funding Progress** - For the year beginning July 1, 2009, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2008. 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 22 years. Expenditures for postemployment healthcare benefits are funded on an actuarial basis. The City's actuarial required contribution for the year ended June 30, 2010 was \$2,971,747. At June 30, 2009, the date of the most recent actuarial report, assets available for postemployment healthcare benefits totaled \$41,318,305, 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:

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 9 - Other Postemployment Benefits (Continued)

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	Net OPEB Obligation
6/30/08	6/30/07	\$ 3,051,388	\$ 3,051,388	\$ -
6/30/09	6/30/08	3,231,967	3,231,967	-
6/30/10	6/30/09	2,971,747	2,971,747	-

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 35,850,866	\$ 54,475,299	\$ 18,624,433	65.8	\$ 24,088,517	77.3
6/30/08	40,551,285	57,063,627	16,512,342	71.1	24,662,884	67.0
6/30/09	41,318,315	59,275,315	17,957,000	69.7	24,904,782	72.1

**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.

# City of Farmington Hills, Michigan

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## Notes to Financial Statements June 30, 2010

### **Note 9 - Other Postemployment Benefits (Continued)**

In the June 30, 2009 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 4.75 percent after seven 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, 2009 was 22 years.

### **Note 10 - 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. The City has elected to participate in the MMRMA stop-loss program, which limits the paid losses to \$899,000 for the most recent plan year.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 10 - 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 assets. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability	
	2010	2009
Unpaid claims - Beginning of year	\$ 1,097,907	\$ 814,000
Estimated incurred claims, including changes in estimates	5,544,911	5,253,753
Claim payments	<u>(5,348,780)</u>	<u>(4,969,846)</u>
Unpaid claims - End of year	<u>\$ 1,294,038</u>	<u>\$ 1,097,907</u>

A total of \$350,000 of the estimated liability for claims incurred but not reported is included as a general long-term liability in the governmental activities. Included in June 30, 2010 unpaid claims liability is \$848,000, which represents the accrual for claims incurred for medical claims and an estimated liability for general claims of \$96,038, both of which are reported in accrued and other liabilities in the General Fund.

### Note 11 - 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 87 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.

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, 2010, the total receivable advance is \$1,287,062. The advances will be repaid to the City in annual installments of approximately \$246,000, including interest at 7 percent, through 2017. Fund balance in the General Fund has been reserved for this advance since these amounts are not available for use to finance operations as of year end.

# City of Farmington Hills, Michigan

## Notes to Financial Statements June 30, 2010

### Note 11 - Joint Ventures (Continued)

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 Eleven Mile Road, Farmington Hills, MI 48336.

### Note 12 - Designated Fund Balance

The following is a summary of the unreserved fund balances of the major governmental funds with management's designations:

	General Fund	Major Roads Fund	Capital Improvement Fund	Special Assessment Debt Service Fund	Other Nonmajor Governmental Funds
Designated for:					
Subsequent year's expenditures	\$ 640,161	\$ 685,832	\$ 3,476,161	\$ -	\$ 29,999
Land acquisition, capital improvements, road construction, and drains	3,003,001	-	2,634,177	-	-
Debt service	-	-	-	1,396,180	545,371
Other	-	-	-	-	6,310,098
Total	<u>\$ 3,643,162</u>	<u>\$ 685,832</u>	<u>\$ 6,110,338</u>	<u>\$ 1,396,180</u>	<u>\$ 6,885,468</u>

### Note 13 - 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	\$ 5,504,827	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	44,385
Total	<u>\$ 5,504,827</u>	<u>\$ 44,385</u>

## **Required Supplemental Information**

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# City of Farmington Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 30,001,992	\$ 29,579,293	\$ 29,096,214	\$ (483,079)
Other licenses and permits	705,150	630,750	696,238	65,488
Grants	-	-	4,992	4,992
State-shared revenue	6,684,000	5,826,797	6,023,060	196,263
Charges for services to external parties	7,989,372	7,895,273	7,991,170	95,897
Fines and forfeitures	2,650,000	2,600,000	2,490,154	(109,846)
Investment income	600,000	350,000	214,509	(135,491)
Other miscellaneous income	195,000	335,700	367,786	32,086
<b>Total revenue</b>	<b>48,825,514</b>	<b>47,217,813</b>	<b>46,884,123</b>	<b>(333,690)</b>
<b>Expenditures</b>				
General government:				
City Council	115,701	114,265	107,756	6,509
Boards and commissions	3,124,202	2,986,551	2,972,599	13,952
City administration	837,435	827,767	795,367	32,400
Public information	394,177	397,510	369,415	28,095
Finance department	2,134,511	2,282,700	2,243,858	38,842
Clerk	731,993	802,924	776,896	26,028
Attorney	535,330	645,330	635,694	9,636
Human resources/personnel	424,261	426,772	419,308	7,464
Central services	1,230,793	1,216,557	1,143,794	72,763
Support services	2,060,782	1,659,595	1,698,171	(38,576)
<b>Total general government</b>	<b>11,589,185</b>	<b>11,359,971</b>	<b>11,162,858</b>	<b>197,113</b>
Public safety:				
Police	17,431,123	17,735,407	17,438,496	296,911
Fire	5,290,368	5,193,477	4,870,735	322,742
<b>Total public safety</b>	<b>22,721,491</b>	<b>22,928,884</b>	<b>22,309,231</b>	<b>619,653</b>
Public works:				
Road maintenance	2,333,657	2,301,874	2,253,448	48,426
Administration	527,598	566,466	535,026	31,440
Maintenance facility	1,196,655	1,319,033	1,306,985	12,048
Building maintenance	498,029	432,895	368,776	64,119
General refuse removal	3,462,051	3,458,139	3,462,187	(4,048)
Engineering	1,762,890	1,656,948	1,618,327	38,621
Public service reimbursement from road fund	(2,985,150)	(2,985,150)	(2,575,447)	(409,703)
<b>Total public works</b>	<b>6,795,730</b>	<b>6,750,205</b>	<b>6,969,302</b>	<b>(219,097)</b>

# City of Farmington Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Expenditures (Continued)</b>				
Community and economic development	\$ 2,258,901	\$ 2,137,786	\$ 2,021,743	\$ 116,043
Recreation and culture	<u>6,926,222</u>	<u>6,685,609</u>	<u>6,586,965</u>	<u>98,644</u>
Total expenditures	<u>50,291,529</u>	<u>49,862,455</u>	<u>49,050,099</u>	<u>812,356</u>
<b>Excess of Expenditures Over Revenue</b>	(1,466,015)	(2,644,642)	(2,165,976)	478,666
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,120,520	1,069,400	1,069,400	-
Transfers out	<u>(2,670,000)</u>	<u>(2,740,000)</u>	<u>(2,842,535)</u>	<u>(102,535)</u>
Total other financing uses	<u>(1,549,480)</u>	<u>(1,670,600)</u>	<u>(1,773,135)</u>	<u>(102,535)</u>
<b>Net Change in Fund Balance</b>	(3,015,495)	(4,315,242)	(3,939,111)	376,131
<b>Fund Balance - Beginning of year</b>	<u>17,664,209</u>	<u>17,664,209</u>	<u>17,664,209</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><b>\$ 14,648,714</b></u>	<u><b>\$ 13,348,967</b></u>	<u><b>\$ 13,725,098</b></u>	<u><b>\$ 376,131</b></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 Fund Major Roads Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ -	\$ -	\$ 82,254	\$ 82,254
Intergovernmental revenue	7,342,000	5,557,528	3,949,051	(1,608,477)
Investment income	14,000	3,000	662	(2,338)
Other revenue	654,512	386,500	295,580	(90,920)
Total revenue	8,010,512	5,947,028	4,327,547	(1,619,481)
<b>Expenditures - Public works</b>	9,279,391	8,171,016	4,978,479	3,192,537
<b>Excess of Expenditures Over Revenue</b>	(1,268,879)	(2,223,988)	(650,932)	1,573,056
<b>Other Financing Sources (Uses)</b>				
Transfers in	370,000	740,920	575,000	(165,920)
Transfers out	(710,000)	(780,000)	(780,000)	-
<b>Net Change in Fund Balance</b>	(1,608,879)	(2,263,068)	(855,932)	1,407,136
<b>Fund Balance - Beginning of year</b>	2,964,793	2,964,793	2,964,793	-
<b>Fund Balance - End of year</b>	<u>\$ 1,355,914</u>	<u>\$ 701,725</u>	<u>\$ 2,108,861</u>	<u>\$ 1,407,136</u>

# City of Farmington Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Local Roads Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Intergovernmental revenue	\$ 1,295,500	\$ 1,321,200	\$ 1,289,695	\$ (31,505)
Investment income	3,000	500	330	(170)
Total revenue	1,298,500	1,321,700	1,290,025	(31,675)
<b>Expenditures - Public works</b>	5,061,658	8,076,011	4,557,075	3,518,936
<b>Excess of Expenditures Over Revenue</b>	(3,763,158)	(6,754,311)	(3,267,050)	3,487,261
<b>Other Financing Sources -</b>				
Transfers in	3,760,460	6,876,169	3,563,481	(3,312,688)
<b>Net Change in Fund Balance</b>	(2,698)	121,858	296,431	174,573
<b>Fund Balance - Beginning of year</b>	22,037	22,037	22,037	-
<b>Fund Balance - End of year</b>	<u>\$ 19,339</u>	<u>\$ 143,895</u>	<u>\$ 318,468</u>	<u>\$ 174,573</u>

# City of Farmington Hills, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Capital Improvement Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,999,204	\$ 1,984,137	\$ 1,980,412	\$ (3,725)
Investment income	90,000	40,000	37,644	(2,356)
Other revenue	15,000	34,929	1,002,010	967,081
Total revenue	2,104,204	2,059,066	3,020,066	961,000
<b>Expenditures - Capital outlay</b>	10,506,140	11,126,507	10,562,986	563,521
<b>Excess of Expenditures Over Revenue</b>	(8,401,936)	(9,067,441)	(7,542,920)	1,524,521
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,566,000	2,983,138	2,876,700	(106,438)
Transfers out	(370,000)	(575,000)	(830,431)	(255,431)
<b>Net Change in Fund Balance</b>	(6,205,936)	(6,659,303)	(5,496,651)	1,162,652
<b>Fund Balance - Beginning of year</b>	11,606,989	11,606,989	11,606,989	-
<b>Fund Balance - End of year</b>	<u>\$ 5,401,053</u>	<u>\$ 4,947,686</u>	<u>\$ 6,110,338</u>	<u>\$ 1,162,652</u>

## **Other Supplemental Information**

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# City of Farmington Hills, Michigan

	Special Revenue Funds					
	Public Safety	Fire Grant	Community Development Block Grant	CDBG-R	Neighborhood Stabilization	EECBG
<b>Assets</b>						
Cash and investments	\$ 2,720,062	\$ 22,315	\$ 4,000	\$ -	\$ 197,411	\$ 50,885
Receivables	-	-	32,477	-	3,831	73,059
Due from other funds	-	-	10	-	-	-
Total assets	<u>\$ 2,720,062</u>	<u>\$ 22,315</u>	<u>\$ 36,487</u>	<u>\$ -</u>	<u>\$ 201,242</u>	<u>\$ 123,944</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ 36,487	\$ -	\$ 50	\$ 5,550
Due to other funds	370,563	-	-	-	201,192	118,394
Deferred revenue	-	-	-	-	-	-
Total liabilities	370,563	-	36,487	-	201,242	123,944
<b>Fund Balances</b>						
Unreserved, reported in:						
Special Revenue Funds - Designated	2,349,499	22,315	-	-	-	-
Debt Service Funds - Designated	-	-	-	-	-	-
Total fund balances	<u>2,349,499</u>	<u>22,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,720,062</u>	<u>\$ 22,315</u>	<u>\$ 36,487</u>	<u>\$ -</u>	<u>\$ 201,242</u>	<u>\$ 123,944</u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2010**

Special Revenue Funds						Debt Service Funds		Total Nonmajor Governmental Funds
Revolving Special Assessment	Nutrition Grant	Forfeiture Funds	Parks and Recreation Special Millage	Golf Course Capital Improvement	Deferred Special Assessment	Building Authority	General Debt Service	
\$ 1,742,099	\$ 139,535	\$ 1,225,650	\$ 2,452,380	\$ 7,289	\$ 53,300	\$ 166,180	\$ 379,191	\$ 9,160,297
-	12,274	-	64,285	-	-	-	-	185,926
-	-	613	-	94	-	-	-	717
<b><u>\$ 1,742,099</u></b>	<b><u>\$ 151,809</u></b>	<b><u>\$1,226,263</u></b>	<b><u>\$2,516,665</u></b>	<b><u>\$ 7,383</u></b>	<b><u>\$ 53,300</u></b>	<b><u>\$ 166,180</u></b>	<b><u>\$ 379,191</u></b>	<b><u>\$ 9,346,940</u></b>
\$ -	\$ -	\$ 211,945	\$ 57,479	\$ -	\$ -	\$ -	\$ -	\$ 311,511
88,073	107,424	-	1,219,930	-	-	-	-	2,105,576
-	44,385	-	-	-	-	-	-	44,385
88,073	151,809	211,945	1,277,409	-	-	-	-	2,461,472
1,654,026	-	1,014,318	1,239,256	7,383	53,300	-	-	6,340,097
-	-	-	-	-	-	166,180	379,191	545,371
1,654,026	-	1,014,318	1,239,256	7,383	53,300	166,180	379,191	6,885,468
<b><u>\$ 1,742,099</u></b>	<b><u>\$ 151,809</u></b>	<b><u>\$1,226,263</u></b>	<b><u>\$2,516,665</u></b>	<b><u>\$ 7,383</u></b>	<b><u>\$ 53,300</u></b>	<b><u>\$ 166,180</u></b>	<b><u>\$ 379,191</u></b>	<b><u>\$ 9,346,940</u></b>



# City of Farmington Hills, Michigan

	Special Revenue Funds					
	Public Safety	Fire Grant	Community Development Block Grant	CDBG-R	Neighborhood Stabilization	EECBG
<b>Revenue</b>						
Property taxes	\$ 6,096,310	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	510,814	100,169	167,404	256,548
Charges for services	-	-	-	-	-	-
Investment income	16,072	54	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenue</b>	<b>6,112,382</b>	<b>54</b>	<b>510,814</b>	<b>100,169</b>	<b>167,404</b>	<b>256,548</b>
<b>Expenditures</b>						
General government	-	-	-	5,082	-	-
Public safety	6,016,421	-	-	-	-	-
Community and economic development	-	-	333,476	95,087	167,404	57,186
Recreation and culture	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
<b>Total expenditures</b>	<b>6,016,421</b>	<b>-</b>	<b>333,476</b>	<b>100,169</b>	<b>167,404</b>	<b>57,186</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>95,961</b>	<b>54</b>	<b>177,338</b>	<b>-</b>	<b>-</b>	<b>199,362</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(177,338)	-	-	(199,362)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(177,338)</b>	<b>-</b>	<b>-</b>	<b>(199,362)</b>
<b>Net Change in Fund Balances</b>	<b>95,961</b>	<b>54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - Beginning of year</b>	<b>2,253,538</b>	<b>22,261</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ 2,349,499</b>	<b>\$ 22,315</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2010**

Special Revenue Funds						Debt Service Funds		Total Nonmajor Governmental Funds
Revolving Special Assessment	Nutrition Grant	Forfeiture Funds	Parks and Recreation Special Millage	Golf Course Capital Improvement	Deferred Special Assessment	Building Authority	General Debt Service	
\$ -	\$ -	\$ -	\$ 2,015,787	\$ -	\$ -	\$ -	\$ 2,233,463	\$ 10,345,560
-	301,476	233,707	-	-	-	-	-	1,570,118
-	-	18,030	-	-	-	-	-	18,030
4,296	353	2,024	6,924	60	26	210	4,001	34,020
-	182,661	123,527	4,800	21,392	-	14,210	323,671	670,261
4,296	484,490	377,288	2,027,511	21,452	26	14,420	2,561,135	12,637,989
-	-	-	-	-	300	-	-	5,382
-	-	253,529	-	-	-	-	-	6,269,950
2,163	-	-	-	-	-	975	-	656,291
-	484,490	-	-	-	-	-	-	484,490
-	-	-	735,253	35,942	-	-	-	771,195
-	-	-	-	-	-	1,122,113	1,673,157	2,795,270
2,163	484,490	253,529	735,253	35,942	300	1,123,088	1,673,157	10,982,578
2,133	-	123,759	1,292,258	(14,490)	(274)	(1,108,668)	887,978	1,655,411
405,526	-	-	-	-	-	1,122,113	-	1,527,639
(545,189)	-	-	(1,219,400)	-	-	-	(1,122,113)	(3,263,402)
(139,663)	-	-	(1,219,400)	-	-	1,122,113	(1,122,113)	(1,735,763)
(137,530)	-	123,759	72,858	(14,490)	(274)	13,445	(234,135)	(80,352)
1,791,556	-	890,559	1,166,398	21,873	53,574	152,735	613,326	6,965,820
<b>\$ 1,654,026</b>	<b>\$ -</b>	<b>\$ 1,014,318</b>	<b>\$ 1,239,256</b>	<b>\$ 7,383</b>	<b>\$ 53,300</b>	<b>\$ 166,180</b>	<b>\$ 379,191</b>	<b>\$ 6,885,468</b>

# City of Farmington Hills, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Special Assessments Debt Service Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Investment income	\$ 50,000	\$ 123,118	\$ 73,118
Other revenue	739,735	862,228	122,493
Total revenue	789,735	985,346	195,611
<b>Expenditures</b>			
Capital outlay	200,000	8,538	191,462
Debt service:			
Principal	545,000	1,214,546	(669,546)
Interest on long-term debt	44,635	69,764	(25,129)
Total expenditures	789,635	1,292,848	(503,213)
<b>Excess of Revenue Over (Under) Expenditures</b>	100	(307,502)	(307,602)
<b>Other Financing Uses -</b>			
Transfers out	-	(657,994)	(657,994)
<b>Net Change in Fund Balance</b>	100	(965,496)	(965,596)
<b>Fund Balance - Beginning of year</b>	2,361,676	2,361,676	-
<b>Fund Balance - End of year</b>	<u>\$ 2,361,776</u>	<u>\$ 1,396,180</u>	<u>\$ (965,596)</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Public Safety Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Property taxes	\$ 6,102,780	\$ 6,096,310	\$ (6,470)
Investment income	22,000	16,072	(5,928)
Total revenue	6,124,780	6,112,382	(12,398)
<b>Expenditures - Public safety</b>	6,162,756	6,016,421	146,335
<b>Net Change in Fund Balance</b>	(37,976)	95,961	133,937
<b>Fund Balance - Beginning of year</b>	2,253,538	2,253,538	-
<b>Fund Balance - End of year</b>	<b>\$ 2,215,562</b>	<b>\$ 2,349,499</b>	<b>\$ 133,937</b>

# City of Farmington Hills, Michigan

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## Other Supplemental Information Nonmajor Governmental Fund - Fire Grant Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ 60	\$ 54	\$ (6)
<b>Fund Balance</b> - Beginning of year	22,261	22,261	-
<b>Fund Balance</b> - End of year	<u>\$ 22,321</u>	<u>\$ 22,315</u>	<u>\$ (6)</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Community Development Block Grant Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 506,338	\$ 510,814	\$ 4,476
<b>Expenditures - Community and economic development</b>	294,000	333,476	(39,476)
<b>Excess of Revenue Over Expenditures</b>	212,338	177,338	(35,000)
<b>Other Financing Uses - Transfers out</b>	(212,338)	(177,338)	35,000
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - CDBG-R Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 100,169	\$ 100,169	\$ -
<b>Expenditures</b>			
General government	5,082	5,082	-
Community and economic development	95,087	95,087	-
Total expenditures	100,169	100,169	-
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-
<b>Fund Balance - End of year</b>	\$ -	\$ -	\$ -

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Neighborhood Stabilization Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Federal grants	\$ 310,000	\$ 167,404	\$ (142,596)
<b>Expenditures</b> - Community and economic development	310,000	167,404	142,596
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance</b> - Beginning of year	-	-	-
<b>Fund Balance</b> - End of year	\$ -	\$ -	\$ -



# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - EECBG Budgetary Comparison Schedule Year Ended June 30, 2010

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Revenue - Federal grants</b>	\$ 354,212	\$ 256,548	\$ (97,664)
<b>Expenditures - Community and economic development</b>	<u>83,412</u>	<u>57,186</u>	<u>26,226</u>
<b>Excess of Revenue Over Expenditures</b>	270,800	199,362	(71,438)
<b>Other Financing Uses - Transfers out</b>	<u>(270,800)</u>	<u>(199,362)</u>	<u>71,438</u>
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Revolving Special Assessment Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ 6,000	\$ 4,296	\$ (1,704)
<b>Expenditures</b> - Community and economic development	2,164	2,163	1
<b>Excess of Revenue Over Expenditures</b>	3,836	2,133	(1,703)
<b>Other Financing Sources (Uses)</b>			
Transfers in	405,527	405,526	(1)
Transfers out	(1,200,274)	(545,189)	655,085
<b>Net Change in Fund Balance</b>	(790,911)	(137,530)	653,381
<b>Fund Balance</b> - Beginning of year	1,791,556	1,791,556	-
<b>Fund Balance</b> - End of year	<b>\$ 1,000,645</b>	<b>\$ 1,654,026</b>	<b>\$ 653,381</b>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Nutrition Grant Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Federal grants	\$ 294,243	\$ 301,476	\$ 7,233
Investment income	500	353	(147)
Other revenue	140,102	182,661	42,559
Total revenue	434,845	484,490	49,645
<b>Expenditures - Recreation and culture</b>	434,845	484,490	(49,645)
<b>Net Change in Fund Balance</b>	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Forfeiture Funds Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Federal grants	\$ 300,000	\$ 233,707	\$ (66,293)
Charges for services	18,000	18,030	30
Investment income	10,337	2,024	(8,313)
Other revenue	75,000	123,527	48,527
Total revenue	403,337	377,288	(26,049)
<b>Expenditures - Public safety</b>	454,429	253,529	200,900
<b>Net Change in Fund Balance</b>	(51,092)	123,759	174,851
<b>Fund Balance - Beginning of year</b>	890,559	890,559	-
<b>Fund Balance - End of year</b>	<u>\$ 839,467</u>	<u>\$ 1,014,318</u>	<u>\$ 174,851</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Special Millage Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Property taxes	\$ 2,021,401	\$ 2,015,787	\$ (5,614)
Investment income	10,000	6,924	(3,076)
Other revenue	3,300	4,800	1,500
Total revenue	2,034,701	2,027,511	(7,190)
<b>Expenditures - Capital outlay</b>	728,566	735,253	(6,687)
<b>Excess of Revenue Over Expenditures</b>	1,306,135	1,292,258	(13,877)
<b>Other Financing Uses - Transfers out</b>	(1,219,400)	(1,219,400)	-
<b>Net Change in Fund Balance</b>	86,735	72,858	(13,877)
<b>Fund Balance - Beginning of year</b>	1,166,398	1,166,398	-
<b>Fund Balance - End of year</b>	<u>\$ 1,253,133</u>	<u>\$ 1,239,256</u>	<u>\$ (13,877)</u>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Golf Course Capital Improvement Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Investment income	\$ 75	\$ 60	\$ (15)
Other revenue	22,000	21,392	(608)
Total revenue	22,075	21,452	(623)
<b>Expenditures - Capital outlay</b>	36,610	35,942	668
<b>Net Change in Fund Balance</b>	(14,535)	(14,490)	45
<b>Fund Balance - Beginning of year</b>	21,873	21,873	-
<b>Fund Balance - End of year</b>	<b>\$ 7,338</b>	<b>\$ 7,383</b>	<b>\$ 45</b>

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Deferred Special Assessment Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ 25	\$ 26	\$ 1
<b>Expenditures</b> - Current - General government	300	300	-
<b>Net Change in Fund Balance</b>	(275)	(274)	1
<b>Fund Balance</b> - Beginning of year	53,574	53,574	-
<b>Fund Balance</b> - End of year	\$ 53,299	\$ 53,300	\$ 1

# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Building Authority Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Investment income	\$ 500	\$ 210	\$ (290)
Other revenue	-	14,210	14,210
Total revenue	500	14,420	13,920
<b>Expenditures - Current</b>			
Community and economic development	975	975	-
Debt service	1,122,175	1,122,113	62
Total expenditures	1,123,150	1,123,088	62
<b>Excess of Expenditures Over Revenue</b>	(1,122,650)	(1,108,668)	13,982
<b>Other Financing Sources - Transfers in</b>	1,122,175	1,122,113	(62)
<b>Net Change in Fund Balance</b>	(475)	13,445	13,920
<b>Fund Balance - Beginning of year</b>	152,735	152,735	-
<b>Fund Balance - End of year</b>	\$ 152,260	\$ 166,180	\$ 13,920



# City of Farmington Hills, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - General Debt Service Budgetary Comparison Schedule Year Ended June 30, 2010

	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>			
Property taxes	\$ 2,233,463	\$ 2,233,463	\$ -
Investment income	5,500	4,001	(1,499)
Other revenue	327,785	323,671	(4,114)
Total revenue	2,566,748	2,561,135	(5,613)
<b>Expenditures - Current -</b>			
Debt service:			
Principal	1,250,789	1,250,789	-
Interest on long-term debt	422,960	422,368	592
Total expenditures	1,673,749	1,673,157	592
<b>Excess of Revenue Over Expenditures</b>	892,999	887,978	(5,021)
<b>Other Financing Uses - Transfers out</b>	(1,122,175)	(1,122,113)	62
<b>Net Change in Fund Balance</b>	(229,176)	(234,135)	(4,959)
<b>Fund Balance - Beginning of year</b>	613,326	613,326	-
<b>Fund Balance - End of year</b>	<b>\$ 384,150</b>	<b>\$ 379,191</b>	<b>\$ (4,959)</b>

# City of Farmington Hills, Michigan

## Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds June 30, 2010

	Pension Trust Funds			Agency Funds		
	Employees' Retirement System	Postretirement Health Care Finance Fund	Total Pension Trust Funds	Tax Collections	General Agency	Total Agency Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 4,924,368	\$ 2,234,403	\$ 7,158,771	\$ 49,988	\$ 4,528,318	\$ 4,578,306
Investments:						
Commercial paper	898,000	-	898,000	-	-	-
Repurchase agreements	1,072,080	-	1,072,080	-	-	-
Stocks	55,779,380	23,635,951	79,415,331	-	-	-
Bonds	440,615	-	440,615	-	-	-
Pooled funds	54,786,473	7,602,345	62,388,818	-	-	-
Asset-backed securities	371,532	-	371,532	-	-	-
Receivables	193,445	-	193,445	-	-	-
Total assets	<u>118,465,893</u>	<u>33,472,699</u>	<u>151,938,592</u>	<u>\$ 49,988</u>	<u>\$ 4,528,318</u>	<u>\$ 4,578,306</u>
<b>Liabilities</b>						
Accounts payable	1,371,559	28,492	1,400,051	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	49,988	1,168,597	1,218,585
Refundable deposits, bonds, etc.	-	-	-	-	3,359,721	3,359,721
Obligations under securities lending agreements	4,224,731	-	4,224,731	-	-	-
Total liabilities	<u>5,596,290</u>	<u>28,492</u>	<u>5,624,782</u>	<u>\$ 49,988</u>	<u>\$ 4,528,318</u>	<u>\$ 4,578,306</u>
<b>Net Assets Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ 112,869,603</u>	<u>\$ 33,444,207</u>	<u>\$ 146,313,810</u>			

# City of Farmington Hills, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended June 30, 2010

	Employees' Retirement System	Postretirement Health Care Finance Fund	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 1,189,876	\$ 749,466	\$ 1,939,342
Net increase in fair value of investments	14,098,497	2,498,434	16,596,931
Investment-related expenses	(688,957)	(115,821)	(804,778)
Net investment income	14,599,416	3,132,079	17,731,495
Contributions:			
Employer	3,710,289	2,971,747	6,682,036
Employee	1,078,697	356,123	1,434,820
Net contributions	4,788,986	3,327,870	8,116,856
Total additions	19,388,402	6,459,949	25,848,351
<b>Deductions</b>			
Benefit payments	6,677,515	-	6,677,515
Refunds of contributions	4,261,920	-	4,261,920
Total deductions	10,939,435	-	10,939,435
<b>Net Increase in Net Assets Held in Trust</b>	8,448,967	6,459,949	14,908,916
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	104,420,636	26,984,258	131,404,894
<b>Net Assets Held in Trust for Pension and Other Employee Benefits - End of year</b>	<b>\$ 112,869,603</b>	<b>\$ 33,444,207</b>	<b>\$ 146,313,810</b>

# City of Farmington Hills, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds June 30, 2010

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010
<b><u>Tax Collections</u></b>				
<b>Assets</b>				
Cash and investments	\$ 77,630	\$ 173,712,177	\$ (173,739,819)	\$ 49,988
Due from other funds	-	12,230	(12,230)	-
Total assets	<b><u>\$ 77,630</u></b>	<b><u>\$ 173,724,407</u></b>	<b><u>\$ (173,752,049)</u></b>	<b><u>\$ 49,988</u></b>
<b>Liabilities</b>				
Tax collections distributable	\$ -	\$ 190,958,632	\$ (190,958,632)	\$ -
Due to other governmental units	77,630	53,707	(81,349)	49,988
Total liabilities	<b><u>\$ 77,630</u></b>	<b><u>\$ 191,012,339</u></b>	<b><u>\$ (191,039,981)</u></b>	<b><u>\$ 49,988</u></b>
<b><u>General Agency</u></b>				
Assets - Cash and investments	<b><u>\$ 4,747,868</u></b>	<b><u>\$ 3,280,265</u></b>	<b><u>\$ (3,499,815)</u></b>	<b><u>\$ 4,528,318</u></b>
<b>Liabilities</b>				
Due to other governmental units	\$ 1,059,380	\$ 2,650,888	\$ (2,541,559)	\$ 1,168,709
Refundable deposits, bonds, etc.	3,688,488	629,378	(958,257)	3,359,609
Total liabilities	<b><u>\$ 4,747,868</u></b>	<b><u>\$ 3,280,266</u></b>	<b><u>\$ (3,499,816)</u></b>	<b><u>\$ 4,528,318</u></b>

# City of Farmington Hills, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds (Continued) June 30, 2010

	Balance at July 1, 2009	Additions	Reductions	Balance at June 30, 2010
<b><u>Total Agency Funds</u></b>				
<b>Assets</b>				
Cash and investments	\$ 4,825,498	\$ 176,992,442	\$ (177,239,634)	\$ 4,578,306
Due from other funds	-	12,230	(12,230)	-
Total assets	<b><u>\$ 4,825,498</u></b>	<b><u>\$ 177,004,672</u></b>	<b><u>\$ (177,251,864)</u></b>	<b><u>\$ 4,578,306</u></b>
<b>Liabilities</b>				
Tax collections distributable	\$ -	\$ 190,958,632	\$ (190,958,632)	\$ -
Due to other governmental units	1,137,010	2,704,595	(2,622,908)	1,218,697
Refundable deposits, bonds, etc.	3,688,488	629,378	(958,257)	3,359,609
Total liabilities	<b><u>\$ 4,825,498</u></b>	<b><u>\$ 194,292,605</u></b>	<b><u>\$ (194,539,797)</u></b>	<b><u>\$ 4,578,306</u></b>

## **Statistical Section**

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# City of Farmington Hills, Michigan

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## 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			
	2003	2004	2005	2006
<b>Governmental Activities</b>				
Invested in capital assets - Net of related debt	\$ 128,876,295	\$ 130,784,565	\$ 121,573,154	\$ 123,530,837
Restricted	16,511,810	16,189,992	13,858,968	13,100,188
Unrestricted	17,111,908	16,384,429	20,915,089	19,867,990
<b>Business-type Activities</b>				
Invested in capital assets - Net of related debt	88,398,551	88,006,277	87,392,224	87,270,670
Restricted	-	-	-	-
Unrestricted	43,771,818	44,062,460	50,165,269	51,494,296
<b>Primary Government in Total</b>				
Invested in capital assets - Net of related debt	217,274,846	218,790,842	208,965,378	210,801,507
Restricted	16,511,810	16,189,992	13,858,968	13,100,188
Unrestricted	60,883,726	60,446,889	71,080,358	71,362,286

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



**Financial Trend Information  
Net Assets by Component**

Fiscal Year			
2007	2008	2009	2010
\$ 122,136,048	\$ 125,093,866	\$ 128,237,651	\$ 140,816,579
13,052,018	12,944,910	16,711,375	12,389,692
23,301,442	25,761,491	24,924,231	17,849,645
85,618,579	84,322,367	82,314,724	80,875,970
-	-	-	-
53,730,183	54,179,717	56,555,093	59,332,378
207,754,627	209,416,233	210,552,375	221,692,549
13,052,018	12,944,910	16,711,375	12,389,692
77,031,625	79,941,208	81,479,324	77,182,023

# City of Farmington Hills, Michigan

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
General government	\$ 13,776,963	\$ 14,927,324	\$ 14,919,138	\$ 11,260,973
Public safety	24,632,334	25,327,565	25,760,614	26,100,754
Public works	16,025,955	15,604,121	18,599,140	17,614,606
Community and economic development	2,389,468	2,668,310	2,692,660	2,640,978
Recreation and culture	7,240,514	8,013,428	8,180,487	8,176,207
Interest on long-term debt	1,590,773	1,092,071	1,163,016	1,297,138
Total expenses	65,656,007	67,632,819	71,315,055	67,090,656
<b>Program Revenue</b>				
Charges for services:				
General government	3,110,839	2,907,838	3,029,686	2,798,752
Public safety	1,337,092	1,373,064	1,438,731	1,378,268
Public works	870,437	1,464,823	876,887	1,237,028
Community and economic development	1,034,612	1,126,532	2,097,060	1,450,251
Recreation and culture	2,049,636	2,527,898	2,858,758	3,232,637
Total charges for services	8,402,616	9,400,155	10,301,122	10,096,936
Operating grants and contributions	8,498,915	7,527,621	7,242,617	7,120,431
Capital grants and contributions	2,060,071	2,396,119	1,568,492	729,827
Total program revenue	18,961,602	19,323,895	19,112,231	17,947,194
<b>Net Expenses</b>	(46,694,405)	(48,308,924)	(52,202,824)	(49,143,462)
<b>General Revenue</b>				
Property taxes	38,112,953	39,581,555	40,837,672	39,833,977
State-shared revenue	7,836,696	7,043,252	6,966,481	6,897,159
Investment earnings	1,433,742	1,044,328	1,448,433	2,890,491
Gain (loss) on disposal	160,556	2,555,618	899,655	148,951
Miscellaneous	362,056	195,344	103,326	102,436
Total general revenue	47,906,003	50,420,097	50,255,567	49,873,014
<b>Transfers</b>	683,846	(1,252,200)	(5,064,518)	(577,747)
<b>Change in Net Assets</b>	<b>\$ 1,895,444</b>	<b>\$ 858,973</b>	<b>\$(7,011,775)</b>	<b>\$ 151,805</b>

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

Source: Annual financial statements

**Financial Trend Information**  
**Changes in Governmental Net Assets**

Fiscal Year			
2007	2008	2009	2010
\$12,731,683	\$12,047,284	\$12,594,812	\$11,834,878
28,359,188	29,864,624	31,276,618	29,303,406
16,157,867	16,809,129	15,339,315	15,012,680
2,520,118	2,585,741	2,557,494	2,627,503
8,668,447	9,222,890	8,952,811	8,660,742
<u>1,191,848</u>	<u>1,206,196</u>	<u>1,026,617</u>	<u>1,542,089</u>
69,629,151	71,735,864	71,747,667	68,981,298
3,043,892	3,466,163	3,973,987	4,290,538
1,519,253	1,766,051	1,722,334	1,609,738
1,132,419	3,430,421	3,147,925	2,381,587
1,436,038	1,258,701	1,063,207	521,998
<u>3,308,205</u>	<u>3,631,709</u>	<u>3,558,097</u>	<u>3,287,044</u>
10,439,807	13,553,045	13,465,550	12,090,905
7,182,121	6,959,267	6,961,336	8,331,014
<u>589,014</u>	<u>2,204,359</u>	<u>5,216,521</u>	<u>2,509,096</u>
<u>18,210,942</u>	<u>22,716,671</u>	<u>25,643,407</u>	<u>22,931,015</u>
(51,418,209)	(49,019,193)	(46,104,260)	(46,050,283)
43,648,073	45,132,374	44,515,945	41,422,186
6,683,814	6,683,814	6,359,311	5,655,971
3,582,399	3,044,879	1,514,504	433,574
74,575	162,230	101,777	(109,127)
<u>223,542</u>	<u>251,130</u>	<u>440,413</u>	<u>520,769</u>
54,212,403	55,274,427	52,931,950	47,923,373
<u>(803,700)</u>	<u>(746,700)</u>	<u>(754,700)</u>	<u>(690,431)</u>
<b><u>\$ 1,990,494</u></b>	<b><u>\$ 5,508,534</u></b>	<b><u>\$ 6,072,990</u></b>	<b><u>\$ 1,182,659</u></b>

# City of Farmington Hills, Michigan

	Fiscal Year Ended June 30			
	2003	2004	2005	2006
<b>Expenses</b>				
Water and sewer	\$22,055,144	\$22,089,078	\$21,586,633	\$22,586,352
Ice arena	1,445,235	1,377,108	1,442,721	1,328,061
Interest expense	432,670	424,438	342,185	307,746
Other	(2,083)	392,895	(150,649)	(104,394)
<b>Total expenses</b>	<b>23,930,966</b>	<b>24,283,519</b>	<b>23,220,890</b>	<b>24,117,765</b>
<b>Program Revenue</b>				
Water and sewer	19,271,313	18,372,826	18,302,420	19,577,393
Ice arena	1,631,055	1,557,670	1,455,787	1,523,295
Operating grants and contributions	-	-	125,630	-
Capital grants and contributions	-	-	-	998,320
Capital and debt service charges	2,092,701	2,347,424	2,721,633	1,623,650
<b>Total program revenue</b>	<b>22,995,069</b>	<b>22,277,920</b>	<b>22,605,470</b>	<b>23,722,658</b>
<b>Net Expenses</b>	<b>(935,897)</b>	<b>(2,005,599)</b>	<b>(615,420)</b>	<b>(395,107)</b>
<b>General Revenue - Investment income</b>	<b>641,126</b>	<b>651,767</b>	<b>1,039,658</b>	<b>1,990,401</b>
<b>Transfers</b>	<b>(683,846)</b>	<b>1,252,200</b>	<b>5,064,518</b>	<b>577,747</b>
<b>Total Change in Net Assets</b>	<b>\$ (978,617)</b>	<b>\$ (101,632)</b>	<b>\$ 5,488,756</b>	<b>\$ 2,173,041</b>

**Financial Trend Information**  
**Changes in Business-type Net Assets**

Fiscal Year Ended June 30			
2007	2008	2009	2010
\$ 26,287,370	\$ 24,558,909	\$ 24,687,573	\$ 24,571,599
1,365,602	1,358,224	1,421,484	1,272,895
270,218	230,614	185,705	142,699
6,023	7,978	7,637	5,950
<u>27,929,213</u>	<u>26,155,725</u>	<u>26,302,399</u>	<u>25,993,143</u>
20,306,011	21,329,632	22,141,498	23,908,712
1,460,261	1,456,179	1,396,199	1,219,251
-	-	-	-
36,281	11,046	851,445	598,881
<u>1,383,576</u>	<u>1,402,096</u>	<u>-</u>	<u>-</u>
<u>23,186,129</u>	<u>24,198,953</u>	<u>24,389,142</u>	<u>25,726,844</u>
(4,743,084)	(1,956,772)	(1,913,257)	(266,299)
2,707,526	2,179,139	1,526,290	914,399
<u>803,700</u>	<u>746,700</u>	<u>754,700</u>	<u>690,431</u>
<b><u>\$(1,231,858)</u></b>	<b><u>\$ 969,067</u></b>	<b><u>\$ 367,733</u></b>	<b><u>\$ 1,338,531</u></b>



## Financial Trend Information Fund Balances - Governmental Funds

June 30					
2005	2006	2007	2008	2009	2010
\$ 2,171,865	\$ 2,109,393	\$ 1,768,931	\$ 1,817,933	\$ 1,619,626	\$ 1,417,815
<u>13,419,323</u>	<u>14,836,555</u>	<u>16,849,172</u>	<u>16,858,200</u>	<u>16,044,583</u>	<u>12,307,283</u>
15,591,188	16,945,948	18,618,103	18,676,133	17,664,209	13,725,098
9,591,399	10,338,792	11,727,791	11,442,855	9,186,589	8,767,426
6,522,937	4,242,341	5,719,111	8,449,244	11,606,989	6,110,338
5,622,287	4,975,369	4,191,743	3,823,728	3,127,737	1,941,551
(238,861)	(230,599)	(42,248)	1,080,855	1,080,855	(367,906)
<b><u>\$37,088,950</u></b>	<b><u>\$36,271,851</u></b>	<b><u>\$40,214,500</u></b>	<b><u>\$43,472,815</u></b>	<b><u>\$42,666,379</u></b>	<b><u>\$30,176,507</u></b>

## Change in Fund Balances Governmental Funds

Year Ended June 30					
2005	2006	2007	2008	2009	2010
\$ 40,837,672	\$ 39,833,977	\$ 43,648,073	\$ 45,132,374	\$ 44,515,945	\$ 41,422,186
2,066,806	1,470,397	1,633,930	1,034,220	2,864,889	1,657,364
13,107,584	12,898,513	12,735,007	12,737,789	12,378,168	11,261,806
226,058	194,731	178,317	211,653	224,610	1,244,571
967,958	799,797	522,985	489,779	1,100,546	1,371,632
7,528,987	7,412,005	7,350,847	8,123,042	8,119,940	8,705,438
2,405,719	2,262,481	2,498,603	2,667,589	2,706,691	2,490,154
1,432,381	2,661,066	3,581,579	3,021,337	1,514,504	433,574
1,787,527	1,121,134	1,219,932	1,324,773	1,426,202	1,091,066
70,360,692	68,654,101	73,369,273	74,742,556	74,851,495	69,677,791
13,504,759	10,102,475	11,937,785	10,918,120	11,352,739	11,168,240
24,526,966	25,335,913	27,262,343	28,685,731	30,110,010	28,579,181
14,891,807	13,155,038	12,927,893	15,561,241	14,444,106	16,504,856
2,475,478	2,556,411	2,587,708	2,488,079	2,491,450	2,678,034
6,278,393	6,403,457	7,267,798	7,433,871	7,620,314	7,071,455
-	34,289	13,554	12,099	10,194	-
3,740,394	6,700,563	2,216,943	3,527,243	2,709,552	11,342,719
3,560,105	3,216,331	3,193,368	3,053,526	2,709,552	2,510,789
1,100,363	1,388,976	1,173,866	1,227,694	1,087,476	1,621,958
<u>70,078,265</u>	<u>68,893,453</u>	<u>68,581,258</u>	<u>72,907,604</u>	<u>72,535,393</u>	<u>81,477,232</u>
282,427	(239,352)	4,788,015	1,834,952	2,316,102	(11,799,441)
8,200,000	-	6,916,604	-	-	-
7,855,405	5,635,903	3,103,486	7,742,935	9,478,961	9,612,220
(12,919,923)	(6,213,650)	(3,907,186)	(8,489,635)	(10,233,661)	(10,302,651)
-	-	(6,958,270)	-	-	-
3,135,482	(577,747)	(845,366)	(746,700)	(754,700)	(690,431)
-	-	-	-	-	-
3,417,909	(817,099)	3,942,649	1,088,252	1,561,402	(12,489,872)
<u>33,671,041</u>	<u>37,088,950</u>	<u>36,271,851</u>	<u>40,016,725</u>	<u>41,104,977</u>	<u>42,666,379</u>
<b><u>\$37,088,950</u></b>	<b><u>\$36,271,851</u></b>	<b><u>\$40,214,500</u></b>	<b><u>\$41,104,977</u></b>	<b><u>\$42,666,379</u></b>	<b><u>\$30,176,507</u></b>
7.56%	8.00%	7.04%	6.58%	5.75%	6.26%

# City of Farmington Hills, Michigan

Taxable Value by Property Type				
Real Property				
Tax Year	Residential	Commercial	Industrial	Personal Property
2000	\$ 2,157,359,040	\$ 669,405,550	\$ 226,018,290	\$ 283,929,650
2001	2,279,684,910	705,244,050	232,364,480	296,210,250
2002	2,404,894,930	751,530,320	239,069,180	299,294,170
2003	2,494,573,160	790,858,870	244,276,060	300,524,080
2004	2,601,427,910	817,606,480	248,911,830	306,640,780
2005	2,714,015,100	855,500,180	265,554,000	285,526,350
2006	2,846,495,290	882,999,590	273,655,430	291,027,340
2007	2,961,431,410	907,534,470	279,338,250	290,225,360
2008	2,924,723,280	921,565,770	280,643,650	284,610,560
2009	2,678,367,510	922,563,600	287,879,390	276,198,070
2010	2,265,145,125	842,383,500	246,302,990	259,823,290

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

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

Source: City assessing department records

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes					
	General Operating	Debt	Special Purpose	Total Direct Taxes	County	OCPTA	Library	Oakland Community College	Schoolcraft Community College	Intermediate School District
1999	7.2193	0.7785	2.1672	10.1650	4.6522	0.3270	0.5985	1.6295	1.8444	2.0999
2000	7.2193	0.7785	2.1672	10.1650	4.6478	0.3236	0.5958	1.6109	1.8311	2.0752
2001	7.2193	0.7432	2.2025	10.1650	4.6438	0.3207	0.5933	1.5952	1.8193	3.4526
2002	7.2193	0.8117	2.1911	10.2221	4.6523	0.6000	0.5887	1.6090	1.8043	3.4224
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

Source: Oakland County Public Transportation Authority



**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 Actual
\$ 1,696,600	\$ 3,338,409,130	10.1650	\$ 3,645,559,130	91.57
15,341,050	3,528,844,740	10.1649	3,945,512,540	89.44
19,117,510	3,713,906,110	10.1650	4,277,835,510	86.82
18,491,200	3,848,723,370	10.2221	4,504,750,120	85.44
21,201,670	3,995,788,670	10.2221	4,629,979,870	86.30
13,611,350	4,134,206,980	9.5221	4,741,538,300	87.19
14,649,020	4,308,826,670	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

**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
6.0000	14.0071	3.6827	7.8520	20.1000	21.7441	22.8000	0.0000
6.0000	13.2614	4.7395	8.0982	20.0000	21.7449	23.1000	0.0000
6.0000	12.8633	4.5920	7.9538	20.0000	21.6745	23.1000	0.0000
6.0000	12.4459	4.7548	7.4728	19.9388	21.8907	22.9884	0.0000
5.0000	11.8783	4.7114	7.5248	19.9388	21.8771	23.1000	0.0000
6.0000	11.5466	4.5763	7.0548	19.9388	21.7522	22.7900	0.0000
6.0000	11.1596	4.3392	6.8975	19.9388	21.5727	22.7900	0.0000
6.0000	10.6511	5.1766	6.7841	19.7388	22.5000	22.7900	0.0000
6.0000	10.1784	5.1324	6.6700	19.8000	22.5000	22.7900	0.0000
6.0000	9.6915	5.0892	6.5722	19.8000	22.5000	22.7900	0.0000
6.0000	10.1442	5.1146	6.4793	19.8000	22.5000	22.5000	0.1000

# City of Farmington Hills, Michigan

## Revenue Capacity Information Principal Property Taxpayers

Taxpayer	2010 Taxable Value	Percentage of Total	2001 Taxable Value	Percentage of Total	2001 Rank
1 Oakland Management Co.	\$ 75,084,240	2.08	\$ 62,737,560	1.78	1
2 FH Corporate Investors (Kojaian)	50,356,830	1.39	N/A	-	-
3 Robert Bosch Corp.	39,446,180	1.09	42,796,080	1.21	2
4 Nissan	36,201,380	1.00	25,611,750	0.73	4
5 Detroit Edison	25,745,980	0.71	35,460,750	1.00	3
6 Arboretum Development	21,510,120	0.59	19,927,260	0.56	5
7 Ramco/Lion Venture LP	18,539,840	0.51	N/A	-	-
8 Etkin & Fice	17,152,750	0.47	N/A	-	-
9 Chrysler Financial	16,459,500	0.46	N/A	-	-
10 Green Hill Apts.	16,103,890	0.45	15,194,450	0.43	11

Source: City assessing department records

# City of Farmington Hills, Michigan

## Property Tax Levies and Collections

Fiscal Year Ended June 30	Tax Levy (1)	Current Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
2000	\$ 32,658,075	\$ 32,112,752	98.33	\$ 11,511	\$ 32,124,263	98.37
2001	33,894,509	33,300,139	98.25	8,984	33,309,123	98.27
2002	35,771,438	35,031,887	97.93	16,431	35,048,318	97.98
2003	37,737,279	36,903,184	97.79	18,324	36,921,508	97.84
2004	39,101,846	38,244,628	97.81	21,482	38,266,110	97.86
2005	40,428,497	39,824,096	98.51	16,868	39,840,964	98.55
2006	39,553,780	38,817,558	98.14	22,108	38,839,666	98.19
2007	42,813,720	41,829,579	97.70	12,546	41,842,125	97.73
2008	44,751,466	43,356,322	96.88	15,638	43,371,960	96.92
2009	44,006,766	42,669,852	96.96	11,513	42,681,365	96.99
2010	41,425,383	40,166,471	96.96	7,669	40,174,140	96.98

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

# City of Farmington Hills, Michigan

	Fiscal Year			
	2002	2003	2004	2005
<b>Governmental Activities</b>				
General obligation bonds	\$ 18,430,000	\$ 17,090,000	\$ 15,825,000	\$ 22,440,000
County contractual obligations	9,797,054	8,527,174	7,571,472	6,696,107
Installment purchase agreements	-	-	-	-
Special assessment bonds	6,420,000	6,955,000	6,810,000	5,670,000
Highway loan program	-	-	-	-
Total governmental activities	34,647,054	32,572,174	30,206,472	34,806,107
<b>Business-type Activities</b>				
General obligation bonds	4,788,750	4,506,250	4,218,750	3,906,250
County contractual obligations	4,064,016	3,483,582	2,896,023	2,459,082
Total business-type activities	8,852,766	7,989,832	7,114,773	6,365,332
Total debt of the government	<b>\$ 43,499,820</b>	<b>\$ 40,562,006</b>	<b>\$ 37,321,245</b>	<b>\$ 41,171,439</b>
Total taxable value	\$ 3,513,503,690	\$ 3,694,788,600	\$ 3,830,232,170	\$ 3,974,587,000
Ratio of total debt to taxable value	1.24%	1.10%	0.97%	1.04%
Total population	83,500	82,274	81,058	80,854
Total debt per capita	\$ 521	\$ 493	\$ 460	\$ 509
Total personal income	\$ 2,275,459,002	\$ 2,284,908,022	\$ 2,268,777,195	\$ 2,270,734,492
Ratio of total debt to personal income	1.91%	1.78%	1.64%	1.81%

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

**Debt Capacity Information  
Ratios of Outstanding Debt**

		Fiscal Year							
		2006	2007	2008	2009	2010			
\$	21,200,000	\$	20,045,000	\$	18,920,000	\$	18,105,000	\$	17,280,000
	5,829,778		4,856,409		3,762,883		2,691,610		1,590,821
	-		-		-		-		-
	4,560,000		3,495,000		2,660,000		1,880,000		1,295,000
	-		-		-		-		-
	<u>31,589,778</u>		<u>28,396,409</u>		<u>25,342,883</u>		<u>22,676,610</u>		<u>20,165,821</u>
	3,593,750		3,256,250		2,923,750		2,775,000		2,345,000
	<u>1,953,253</u>		<u>1,446,653</u>		<u>860,022</u>		<u>209,656</u>		<u>-</u>
	<u>5,547,003</u>		<u>4,702,903</u>		<u>3,783,772</u>		<u>2,984,656</u>		<u>2,345,000</u>
<b>\$</b>	<b><u>37,136,781</u></b>	<b>\$</b>	<b><u>33,099,312</u></b>	<b>\$</b>	<b><u>29,126,655</u></b>	<b>\$</b>	<b><u>25,661,266</u></b>	<b>\$</b>	<b><u>22,510,821</u></b>
\$	4,120,595,630	\$	4,294,168,650	\$	4,438,529,490	\$	4,398,622,329	\$	4,167,963,050
	0.90%		0.77%		0.66%		0.58%		0.54%
	80,486		80,392		79,327		79,052		79,649
\$	461	\$	412	\$	367	\$	325	\$	283
\$	2,271,139,450	\$	2,277,213,820	\$	2,255,076,116	\$	2,255,818,539	\$	2,251,971,438
	1.64%		1.45%		1.29%		1.14%		1.00%

# City of Farmington Hills, Michigan

## Debt Capacity Information Ratios of General Bonded Debt Outstanding

Fiscal Year Ended June 30	Assessed Value (SEV)	Estimated Population	General Bonded Debt Outstanding	Obligation Debt to Assessed Value (Percent)	General Obligation Debt per Capita
2000	\$ 3,456,406,270	82,111	\$ 9,470,000	0.27	115.33
2001	3,645,559,130	81,970	8,480,000	0.23	103.45
2002	3,945,512,540	83,500	18,430,000	0.47	220.72
2003	4,277,835,510	82,274	17,090,000	0.40	207.72
2004	4,504,750,120	81,028	15,825,000	0.35	195.30
2005	4,629,979,870	80,854	22,440,000	0.48	277.54
2006	4,741,538,300	80,486	21,200,000	0.45	263.40
2007	4,848,089,450	80,392	20,090,000	0.41	249.90
2008	4,927,842,460	79,327	18,920,000	0.38	238.51
2009	4,726,122,539	79,052	18,105,000	0.38	229.03
2010	4,280,086,180	79,649	17,280,000	0.40	216.95

General bonded debt - For the purpose of this schedule, general bonded debt includes only Building Authority Bonds. 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	\$ 20,920,000	100.00	\$ 20,920,000
Overlapping debt:			
Farmington School District	53,070,000	87.59	46,484,013
Clarenceville School District	-	32.30	-
Walled Lake School District	154,285,000	3.22	4,967,977
Oakland County at Large	97,719,285	6.67	6,517,876
Oakland County Intermediate School District	64,735,000	6.69	4,330,772
Oakland Community College	6,005,000	6.52	391,526
Farmington Hills Library	3,590,000	91.11	3,270,849
Total overlapping debt	<u>379,404,285</u>		<u>65,963,013</u>
Total	<u>\$ 400,324,285</u>		<u>\$ 86,883,013</u>

General bonded debt - For the purpose of this schedule, general bonded debt is defined as all bonded debt with the exception of Special Assessment and Michigan Transportation Bonds.

Source: Municipal Advisory Council of Michigan

# City of Farmington Hills, Michigan

	2000	2001	2002	2003
<b>Debt Limit (Fiscal Year Ended) (1)</b>				
State equalized valuation (previous year)	\$ 3,456,406,270	\$ 3,645,559,130	\$ 3,945,512,540	\$ 4,277,835,510
Debt limit (10 percent of State equalized valuation) (2)	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
 Total debt limit	 345,640,627	 364,555,913	 394,551,254	 427,783,551
<b>Debt Applicable to Debt Limit</b>				
Total bonded debt	41,476,743	37,370,919	43,499,820	40,562,006
Less deductions allowed by law:				
Special Assessment Bonds	8,680,000	7,500,000	6,420,000	6,955,000
Michigan Transportation Bonds	<u>3,150,000</u>	<u>2,800,000</u>	<u>2,400,000</u>	<u>1,950,000</u>
 Total amount of debt applicable to debt limit	 <u>29,646,743</u>	 <u>27,070,919</u>	 <u>34,679,820</u>	 <u>31,657,006</u>
 <b>Legal Debt Margin</b>	 <b><u>\$ 315,993,884</u></b>	 <b><u>\$ 337,484,994</u></b>	 <b><u>\$ 359,871,434</u></b>	 <b><u>\$ 396,126,545</u></b>
 <b>Net Debt Subject to Limit as Percentage of Debt Limit</b>	 8.58%	 7.43%	 8.79%	 7.40%

(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**

2004	2005	2006	2007	2008	2009	2010
\$ 4,504,750,120	\$ 4,629,979,870	\$ 4,741,538,300	\$ 4,848,089,450	\$ 4,927,842,460	\$ 4,726,122,539	\$ 4,280,086,180
<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>	<u>10.00</u>
450,475,012	462,997,987	474,153,830	484,808,945	492,784,246	472,612,254	428,008,618
37,321,245	41,171,439	37,136,781	33,099,312	29,126,655	25,661,266	22,510,821
6,810,000	5,670,000	4,560,000	3,495,000	2,660,000	1,880,000	1,295,000
<u>1,500,000</u>	<u>1,050,000</u>	<u>600,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>29,011,245</u>	<u>34,451,439</u>	<u>31,976,781</u>	<u>29,304,312</u>	<u>26,466,655</u>	<u>23,781,266</u>	<u>21,215,821</u>
<b><u>\$ 421,463,767</u></b>	<b><u>\$ 428,546,548</u></b>	<b><u>\$ 442,177,049</u></b>	<b><u>\$ 455,504,633</u></b>	<b><u>\$ 466,317,591</u></b>	<b><u>\$ 448,830,988</u></b>	<b><u>\$ 406,792,797</u></b>
6.44%	7.44%	6.74%	6.04%	5.37%	5.03%	4.96%



# City of Farmington Hills, Michigan

## Demographic and Economic Statistics Principal Employers

Fiscal Year	Population	Personal Income Per Household	Per Capita Personal Income	Unemployment Rate	Number of Households	Total Personal Income
2000	82,111	\$ 67,493	\$ 27,585	1.5	33,559	\$ 2,264,997,587
2001	81,970	67,493	27,712	2.6	33,656	2,271,544,408
2002	83,500	67,493	27,251	3.7	33,714	2,275,459,002
2003	82,274	67,493	27,772	3.7	33,854	2,284,908,022
2004	81,058	67,493	27,990	4.7	33,615	2,268,777,195
2005	80,854	67,493	28,084	5.1	33,644	2,270,734,492
2006	80,486	67,493	28,218	5.0	33,650	2,271,139,450
2007	80,392	67,493	28,326	5.6	33,740	2,277,213,820
2008	79,327	67,493	28,428	6.7	33,412	2,255,076,116
2009	79,052	67,493	28,536	11.7	33,423	2,255,818,539
2010	79,649	67,493	28,274	11.0	33,366	2,251,971,438

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

Source for unemployment rate: Michigan Department of Labor and Economic Growth

Taxpayer	2010 Employees	Percentage of Total	2000 Employees	Percentage of Total	2000 Rank
1 Botsford Hospital	2,000	3.59	(1)	(1)	(1)
2 Farmington Public Schools	1,700	3.05	(1)	(1)	(1)
3 Robert Bosch Corporation	1,600	2.87	(1)	(1)	(1)
4 Cengage Learning Gale	850	1.53	(1)	(1)	(1)
5 Aditya Birla Minacs	700	1.26	(1)	(1)	(1)
6 Daomler Financial Services	600	1.08	(1)	(1)	(1)
7 Trott & Trott	600	1.08	(1)	(1)	(1)
8 ACO Hardware	500	0.90	(1)	(1)	(1)
9 Nissan Technical Center North America	500	0.90	(1)	(1)	(1)
10 Green Path Debt Solutions	500	0.90	(1)	(1)	(1)
11 Quicken Loans	500	0.90	(1)	(1)	(1)

Source: SEMCOG + City Economic Development records

(1) Not available

# City of Farmington Hills, Michigan

## Operating Information Full-time Equivalent Government Employees (1)

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Government</b>										
City administration	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.10
Public information	3.75	3.50	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.00
Finance department	15.55	15.60	15.60	15.60	15.60	15.15	14.53	14.53	14.53	13.83
Assessing	9.04	9.04	9.04	9.04	9.04	9.04	9.04	8.54	8.54	8.55
City clerk	11.25	10.61	11.15	9.80	10.26	9.90	8.90	8.77	8.86	7.58
Human resources	3.75	3.75	3.75	4.25	4.25	4.00	4.00	4.00	4.00	4.00
Central services (1)	8.50	8.50	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50
<b>Public Safety</b>										
Police (2)	178.69	180.74	180.62	180.62	173.58	173.52	181.27	180.58	175.73	168.54
Fire and EMS (3)	76.95	76.95	80.95	80.95	80.95	80.95	85.95	85.95	85.95	84.95
<b>Public Services</b>										
Administration (4)	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Road maintenance	28.25	28.25	28.25	28.25	27.50	26.50	27.25	27.25	27.25	23.83
Building maintenance (5)	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Engineering (8)	21.79	21.79	21.79	21.79	21.79	21.07	21.20	20.20	18.60	17.50
D.P.W. garage	11.50	11.50	11.50	11.50	11.50	11.50	11.00	11.00	11.00	10.50
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 (6)	28.00	28.00	26.50	26.50	26.50	26.50	26.50	26.50	25.00	24.20
<b>Special Services (7)</b>										
Administration	10.10	10.40	10.10	10.60	10.80	18.30	19.50	20.30	22.00	20.32
Youth and families	6.50	6.50	6.70	6.70	7.24	7.24	10.40	10.40	10.40	8.90
Senior adults	-	20.02	17.24	15.91	16.34	24.75	23.02	25.98	26.74	26.44
Parks division	24.62	27.11	28.83	27.17	24.47	24.44	25.44	26.44	26.21	23.62
Cultural arts	-	2.40	2.40	2.75	3.04	3.04	3.04	3.32	3.32	3.32
William Costick Activities Center	28.87	7.31	7.35	7.35	7.31	-	-	-	-	-
Golf course division	4.31	4.31	5.60	7.77	9.66	10.39	10.39	13.39	13.11	13.80
Ice arena	23.33	19.10	18.15	16.61	17.39	17.73	18.16	16.93	16.93	17.34
<b>Total (9)</b>	<b>507.75</b>	<b>508.38</b>	<b>510.52</b>	<b>510.16</b>	<b>505.22</b>	<b>512.02</b>	<b>528.09</b>	<b>532.58</b>	<b>526.67</b>	<b>505.82</b>

Source: City personnel records

- (1) One position was added in 2005 for GIS.
- (2) As a cost saving measure, several positions were not filled in 2009.
- (3) Gradual increase over the years due to the passage of a millage and new EMS service. Five fire fighters were added in 2007, funded by a millage renewal and increase.
- (4) An environmental coordinator was added in 2004.
- (5) Several contractual positions were eliminated and one full-time position was added in 2004.
- (6) As a result of less new construction, the building staff was reduced in 2003.
- (7) There has been change over the years in this department with the combining and/or addition of divisions; however, the number of employees has remained steady. It appears there was an increase of 10 employees in 2006, but that was the transfer of employees previously charged to a transportation grant. The number of employees in youth and families increased in 2007 because of the opening of another youth center.
- (8) A civil engineer position was not filled due to declining workload.
- (9) FTEs decreased by 20.85 in fiscal year 2009-2010 (1.87 in general government, 8.19 in public safety, 5.82 in public services, and 4.97 in special services) through a combination of retirements and attrition.

# City of Farmington Hills, Michigan

Function/Program	2000	2001	2002	2003	2004
<b>Police:</b>					
Physical arrests	2,995	2,887	3,463	3,060	3,230
Traffic violations	22,032	19,166	19,832	19,081	18,991
<b>Fire:</b>					
Total incidents	6,393	6,440	6,746	6,432	6,487
Public education programs	315	288	275	244	451
Fire loss	\$ 2,983,042	\$ 3,224,960	\$ 4,531,661	\$ 5,967,485	\$ 5,735,652
<b>Public works:</b>					
Dwelling units receiving refuse service	22,430	22,557	22,581	22,661	22,665
Percent of waste stream recycled	29.82	31.35	30.54	28.46	30.91
Parks and recreation - Recreation programs	(I)	(I)	(I)	1,710	2,008
<b>Library:</b>					
Circulation (books borrowed)	943,335	954,333	1,085,750	1,221,738	1,206,540
Collection volume	207,606	211,357	221,611	237,152	237,624
<b>Water:</b>					
Water customers	21,590	21,811	21,981	22,198	22,331
Water main breaks	131	119	121	134	161
Total consumption (mcf)	563,236	494,561	543,716	562,976	508,604
Average consumption per user (mcf/year)	26.1	22.7	24.7	25.4	22.8
<b>Sewer:</b>					
Sewer - Average daily sewage treatment	25.1	22.0	23.8	23.9	21.7
Sewer customers	21,383	21,577	21,724	21,913	22,051

(I) Information not available

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

**Operating Information**  
**Operating Indicators**

2005	2006	2007	2008	2009	2010
3,328	2,789	3,482	4,013	4,478	2,614
17,646	13,347	17,770	19,754	20,224	17,990
6,645	6,818	6,668	7,026	7,060	6,862
218	109	111	102	94	61
\$3,427,891	\$2,490,598	\$3,401,006	\$9,026,874	\$4,469,795	\$5,522,576
22,750	22,790	22,980	23,049	23,050	22,137
30.94	30.98	32.48	32.50	35.00	36.20
2,329	2,329	2,454	2,450	2,459	2,500
1,152,305	1,152,305	1,202,625	1,272,317	1,390,883	1,390,883
240,639	240,639	246,016	250,852	300,760	300,760
22,473	22,672	22,713	22,725	22,742	22,734
82	77	65	76	63	60
493,433	529,758	490,831	514,878	471,985	431,059
22	23.4	21.6	22.7	20.8	18.96
21	20.7	19.3	20.4	19.1	17.44
22,152	22,363	22,393	22,407	22,420	22,407

# City of Farmington Hills, Michigan

## Operating Information Capital Asset Statistics

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	77	78	82	82	82	82	82	82	82	73
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks (4)	15 (**)	15 (**)	18 (*)	16	16	17	16	16	16	16
Public works - Streets (miles):										
Major	58	58	58	58	58	58	58	58	58	58.36
Local	242	242	243	243	243	243	245	245	245	245.71
Parks and recreation:										
Acreage	629	629	629	629	629	629	629	629	629	633
Playgrounds	4	4	4	4	4	4	4	4	4	3
Soccer fields (2)	10	15	15	15	15	15	15	15	15	17
Baseball/Softball diamonds (3)	10	10	10	10	10	10	10	10	10	12
Pools	1	1	1	1	1	1	1	1	1	1
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
Libraries - Branches										
	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	439	443	449	450	454	457	460	454	454	470.60
Fire hydrants	(1)	(1)	(1)	4,703	4,883	5,008	5,033	5,084	5,090	5,045
Storage capacity	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Sewer:										
Miles of sanitary sewers	315	317	320	322	323	325	326	327	327	327.20
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 20 soccer fields on school property.

(3) Plus the City maintains 30 baseball diamonds on school property.

(4) Plus 15 other vehicles and equipment.

(\*) Two are temporary

(\*\*) Three are temporary