

FARMINGTON HILLS, MICHIGAN

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011



City of Farmington Hills, Michigan

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2011

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

City of Farmington Hills, Michigan

Contents

Introductory Section

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

Financial Section

Report of Independent Auditors	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10-11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	12-13
Reconciliation of the Balance Sheet to the Statement of Net Assets	14
Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit)	15-16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficit) to the Statement of Activities	17
Proprietary Funds - Enterprise Funds:	
Statement of Net Assets	18
Statement of Revenue, Expenses, and Changes in Net Assets	19
Statement of Cash Flows	20
Fiduciary Funds:	
Statement of Fiduciary Net Assets	21
Statement of Changes in Fiduciary Net Assets - Pension and Other Employee Benefit Trust Funds	22
Component Units:	
Statement of Net Assets	23
Statement of Activities	24-25
Notes to Financial Statements	26-54

City of Farmington Hills, Michigan

Contents (Continued)

Required Supplemental Information	55
Budgetary Comparison Schedule - General Fund	56-57
Budgetary Comparison Schedule - Major Special Revenue Funds	58-60
Other Supplemental Information	61
Budgetary Comparison Schedule - Major Capital Projects Fund - Capital Improvement	62
Budgetary Comparison Schedule - Major Debt Service Fund - Special Assessment Debt Service	63
Nonmajor Governmental Funds:	
Combining Balance Sheet	64-65
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	66-67
Budgetary Comparison Schedule - Nonmajor Governmental Funds	68-79
Fiduciary Funds:	
Statement of Assets and Liabilities	80
Combining Statement of Changes in Fiduciary Net Assets	81
Schedule of Changes in Assets and Liabilities	82-83
Statistical Section	
Description of Statistical Section	84
Financial Trend Information:	
Net Assets by Component	85-86
Changes in Governmental Net Assets	87-88
Changes in Business-type Net Assets	89-90
Fund Balances - Governmental Funds	91-92
Changes in Fund Balances - Governmental Funds	93-94
Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property	95-96
Direct and Overlapping Property Tax Rates	95-96
Principal Property Taxpayers	97
Property Tax Levies and Collections	98
Debt Capacity Information:	
Ratios of Outstanding Debt	99-100
Ratios of General Bonded Debt Outstanding	101
Direct and Overlapping Debt	101
Legal Debt Margins	102-103
Demographic and Economic Statistics - Principal Employers	104
Operating Information:	
Full-time Equivalent Government Employees	105
Operating Indicators	106-107
Capital Asset Statistics	108



DEPARTMENT OF FINANCE

November 22, 2011

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, 2011. 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 respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The statements have been audited in accordance with generally accepted auditing standards by Plante & Moran, PLLC, a certified public accounting firm licensed by the State of Michigan.

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

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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, 2011 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, 2011 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

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

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Farmington Hills' MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

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

The City is enhanced by exemplary educational opportunities for kindergarten through 12th grade via both public and private schools and a premier district library system. Twelve major colleges and universities are within a 45-minute drive of the community. A broad spectrum of recreational and cultural activities is also available within the City or within a short drive. Quality health care is provided by Botsford Hospital, which is a teaching osteopathic hospital 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 \$1.6 million, with the average home priced at just over \$166,000.

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.

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

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

The other component 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 25 percent, industrial 4 percent, and personal property (business equipment, furniture, and machinery) 8 percent. No one taxpayer exceeds 2.03 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 2010-2011, the ad valorem taxable value of the City declined by 13 percent. The projection for fiscal year 2011-2012 is a 9 percent decrease in ad valorem taxable value. The City's unemployment rate of 9.2 percent at June 2011 is down from 10.6 percent from June 2010, and is lower than the county unemployment rate of 10.9 percent and also lower than the state unemployment rate of 11.0 percent at June 2011.

The economy is still 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. However, University of Michigan economists report that Oakland County will experience job growth this year, which is expected to continue through 2013.

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 new and emerging businesses to Oakland County. Over the last several years, over 100 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 healthcare
- Film
- Life sciences
- Robotics and automation
- Fast growth and finance

Oakland County's per capita income of \$53,650 is the highest among Michigan's 83 counties and is ranked 10th among counties having more than one million in population (and is 75th among all counties in the country). Oakland County is one of 38 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 is continuing its recovery, but it has not been a smooth climb. Job growth for the remainder of 2011 is projected to be close to zero, with small gains in the private sector offset by losses in the government sector. Economists predict that job growth will resume during 2012 at a moderate pace of 0.8 percent, and then accelerate slowly to 1.4 percent during 2013. The continuation of the recovery will be supported by steadily rising vehicle sales and an improved U.S. economy over the next two years. Manufacturing will continue to grow through 2013, but the largest job gains are in the service industries, led by health services and professional and business services. Government will continue to shrink over this period.

Economists predict that local inflation will ease in the second half of 2011 as oil prices return to a more stable path, yielding a rate of 3.3 percent for the calendar year. Local inflation is moderate over the following two years, slowing to 2.3 percent in 2012 and decelerating further in 2013. Economists predict that personal income growth will surge to 5.9 percent in 2011, reflecting the stronger labor market in 2011, as well as the effect of a temporary two-percentage-point reduction in the payroll tax that adds about one percentage point to the growth rate. Income growth returns to the 3 percent neighborhood in 2012 with the softer labor market then, and expands at a slightly higher rate in 2013, with a strengthening economy countered by the assumed end of the tax holiday. Economists predict that growth of real disposable income will decline by a percentage point in 2011, to 1.3 percent, with higher inflation and a larger increase in federal taxes trumping the surge in nominal income growth. A further slowdown in 2012 reflects slower nominal income growth only partially offset by lower inflation and a smaller increase in federal taxes. For 2013, the uptick in nominal income growth and the continued slowing of inflation support a pickup in purchasing power.

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 2011-2012:

- Drainage expenditures of \$369,750 that will concentrate on the storm water pollution prevention initiative, drains, culverts, open channel maintenance, the illicit discharge elimination program, and GIS storm phases I, II, and III
- \$260,000 of sidewalk and bike path improvements/replacements are in process or will take place this next fiscal year including: 8 Mile, north side, Lujon to West; and 10 Mile, north side, I-275 to Research Drive.
- \$110,000 of equipment for the fire department includes radio repeaters and a battalion chief vehicle.

- \$475,000 of equipment for the Division of Public Works includes a radio system replacement (to be shared with special services), Dump truck upgrades, a roadside mowing tractor, a sewer/camera trailer, and a vacuum-type road sweeper
- \$514,600 for various technology equipment and upgrades to keep the network fast and reliable; and \$75,000 for a City-wide phone system upgrade
- \$190,000 of facility improvements at the DPW and fire station facilities

Financial Policies - The following financial policies of the City had a significant impact on the City's fiscal year 2010-2011 financial statements:

Revenue Policy to Maintain a Diversified and Stable Taxable Revenue Base - Although the tax base remained diversified with 63 percent residential and 37 percent non-residential, the tax base was less stable than in the past, with declining taxable values of approximately 13 percent, which negatively impacted tax revenue for the City.

Investment Policy to Maximize Yields while Maintaining the Integrity and Safety of Principal - The City makes a serious effort to maximize investment earnings, diversification and insurability of its investable funds. 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 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 recent 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 water mains, public facilities, sidewalks, transportation, equipment, and parks and recreation facilities. The purpose of this six-year program is to facilitate the orderly planning and infrastructure improvements, maintain, preserve, and protect the City's existing infrastructure system and provide for the scheduled replacement of equipment and acquisition of new equipment to insure the efficient delivery of services to the community. The first year of the adopted CIP is incorporated into the City Manager's proposed budget, if funding is available. The City'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 maintain and update an ongoing financial forecasting model. The end result of this forecasting model is intended to communicate what is likely to happen in the future based on where the City is today and where it appears to be heading. The preparation of a reasonably complete forecast will allow the City to look at its options and prudently plan and act accordingly. As the forecasts are developed over time, they should incorporate benchmark trend analysis to measure how our actual results compare to our projections and to the actual results of other similar benchmark communities.

Accounting Changes

During fiscal year 2008-2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, which fundamentally altered the categories and terminology used to present the amounts on the governmental fund balance sheet, beginning 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 established 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

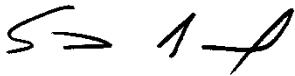
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmington Hills for its CAFR for the fiscal year ended June 30, 2010. This was the 13th consecutive year that the City has received this prestigious award. In 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, 2012. 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 26th 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, 2010

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, 2011

Title	Name
City Manager	Steve Brock
Assistant City Manager	Dana Whinnery
Economic Development Director	Teri Arbenowske
Management Assistant	Nathan Geinzer
City Clerk	Pamela Smith
Central Services Director	Michael Lasley
Finance Director/Treasurer	David Gajda
Fire Chief	Corey Bartsch
Human Resources Director	Mary Kohls (deceased)
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 (retired)
City Planner	Edward Gardiner
Community Development Coordinator	Charmaine Kettler-Schmult
Controller	Shu-Fen Lin
Deputy City Clerk	Vacant
Deputy Treasurer	Linda Grimsby
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 \$3,283,783,240 is comprised of 63 percent residential property and 37 percent commercial, industrial, and personal property. The community's 79,740 residents live in approximately 33,559 households with a median household income of \$60,562.

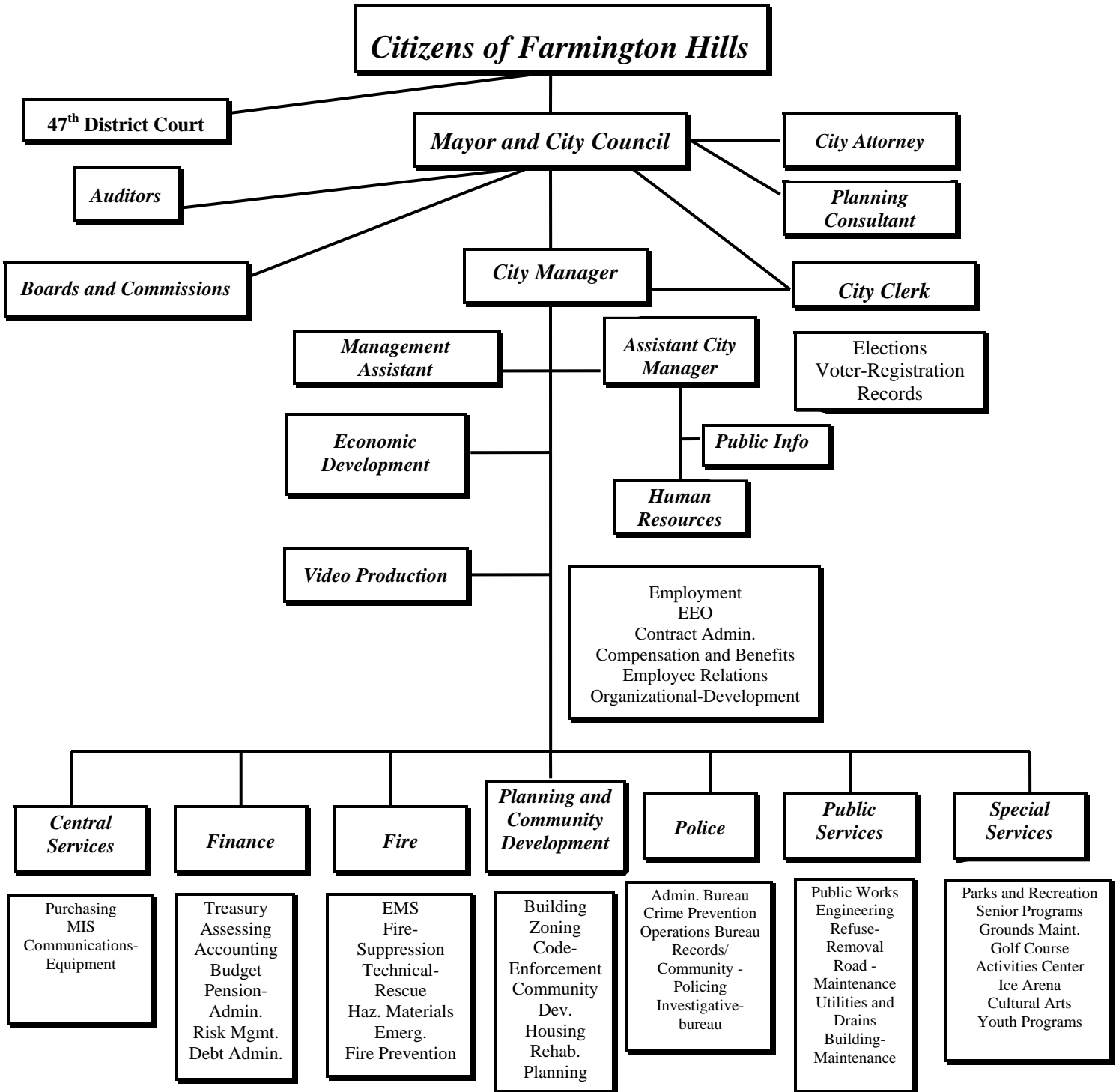
The City possesses an ideal location within 25 minutes of downtown Detroit and Detroit Metro Airport and at the focal point of a north/south and west/east freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio, as well as the Ann Arbor technology corridor, are 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

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



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Independent Auditor's Report

To the Honorable Mayor and
Members of the 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, 2011, 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, 2011 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.



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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Farmington Hills, Michigan's basic financial statements. The management's discussion and analysis, retirement system schedules of funding progress, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011 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.

During the year, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note I. As a result of this required fund balance, classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB Statement No. 54.

Plante & Moran, PLLC

November 17, 2011

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 decreased \$1.7 million or 0.5 percent from a year ago, decreasing from \$311.2 million to \$309.5 million. Of that amount, \$74.9 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$0.5 million in net assets or 0.3 percent during fiscal year 2010-2011. Unrestricted net assets of the governmental activities was approximately \$13.9 million as of June 30, 2011. Business-type activities net assets shows a decrease of approximately \$2.2 million in net assets or 1.6 percent during fiscal year 2010-2011. Unrestricted net assets of the business-type activities was approximately \$61.0 million as of June 30, 2011. In condensed format, the table below shows the comparison of net assets (in millions of dollars) as of June 30, 2011 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current assets	\$ 38.2	\$ 42.9	\$ 63.1	\$ 61.0	\$ 101.3	\$ 103.9
Noncurrent assets - Advances due from SWOCC	1.1	1.3	-	-	1.1	1.3
Capital assets	<u>164.2</u>	<u>161.0</u>	<u>77.1</u>	<u>83.1</u>	<u>241.3</u>	<u>244.1</u>
Total assets	203.5	205.2	140.2	144.1	343.7	349.3
Liabilities						
Current liabilities	6.7	8.2	2.2	1.7	8.9	9.9
Long-term liabilities	<u>25.3</u>	<u>26.0</u>	<u>-</u>	<u>2.2</u>	<u>25.3</u>	<u>28.2</u>
Total liabilities	<u>32.0</u>	<u>34.2</u>	<u>2.2</u>	<u>3.9</u>	<u>34.2</u>	<u>38.1</u>
Net Assets						
Invested in capital assets - Net of related debt	144.7	140.8	77.0	80.9	221.7	221.7
Restricted	12.9	12.4	-	-	12.9	12.4
Unrestricted	<u>13.9</u>	<u>17.8</u>	<u>61.0</u>	<u>59.3</u>	<u>74.9</u>	<u>77.1</u>
Total net assets	<u>\$ 171.5</u>	<u>\$ 171.0</u>	<u>\$ 138.0</u>	<u>\$ 140.2</u>	<u>\$ 309.5</u>	<u>\$ 311.2</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, 2011 and 2010:

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Revenue						
Program revenue:						
Charges for services	\$ 10.6	\$ 12.1	\$ 25.5	\$ 25.1	\$ 36.1	\$ 37.2
Operating grants and contributions	7.3	8.3	-	-	7.3	8.3
Capital grants and contributions	2.2	2.5	0.3	0.6	2.5	3.1
General revenue:						
Property taxes	37.3	41.4	-	-	37.3	41.4
State-shared revenue	5.7	5.7	-	-	5.7	5.7
Loss on sale of capital assets	-	(0.1)	-	-	-	(0.1)
Interest	0.3	0.4	0.7	0.9	1.0	1.3
Other	1.2	0.5	-	-	1.2	0.5
Total revenue	64.6	70.8	26.5	26.6	91.1	97.4
Program Expenses						
General government	11.4	11.9	-	-	11.4	11.9
Public safety	28.1	29.3	-	-	28.1	29.3
Public works	14.1	15.0	-	-	14.1	15.0
Community and economic development	2.6	2.6	-	-	2.6	2.6
Recreation and culture	8.3	8.7	-	-	8.3	8.7
Interest on long-term debt	0.8	1.5	-	-	0.8	1.5
Water and sewer	-	-	26.2	24.6	26.2	24.6
Ice arena	-	-	1.4	1.4	1.4	1.4
Total program expenses	65.3	69.0	27.6	26.0	92.9	95.0
Change in Net Assets Before Transfers	(0.7)	1.8	(1.1)	0.6	(1.8)	2.4
Transfers In (Out)	1.1	(0.7)	(1.1)	0.7	-	-
Change in Net Assets	0.4	1.1	(2.2)	1.3	(1.8)	2.4
Net Assets - Beginning of year	171.1	169.9	140.2	138.9	311.3	308.8
Net Assets - End of year	<u>\$ 171.5</u>	<u>\$ 171.0</u>	<u>\$ 138.0</u>	<u>\$ 140.2</u>	<u>\$ 309.5</u>	<u>\$ 311.2</u>

Governmental Activities

The City's total governmental activities revenue decreased by \$6.2 million or 9 percent from a year ago. This was primarily attributed to a decrease in service charges (\$1.0 million or 12 percent), operating grants and contributions (\$1.0 million or 12 percent), capital grants and contributions (\$0.3 million or 12 percent), property taxes (\$4.1 million or 10 percent), and interest earnings (\$0.1 million or 25 percent), in fiscal year 2010-2011 compared to fiscal year 2009-2010. This was partially offset by increases in other revenue.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

The City's total governmental program expenses decreased by \$3.7 million or 5 percent from a year ago. This was primarily attributed to a decrease in general government (\$0.5 million or 4 percent), public safety (\$1.2 million or 4 percent), public works (\$0.9 million or 6 percent), recreation and culture (\$0.4 million or 5 percent), and interest on long-term debt (\$0.7 million or 47 percent).

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 \$2.4 million operating loss in fiscal year 2010-2011, compared to a \$1.2 million loss in fiscal year 2009-2010. This \$1.2 million increase in loss from the prior year resulted from an increase of \$1.6 million or 7 percent in system operating expenses while operating revenue increased \$0.4 million or 2 percent compared to fiscal year 2009-2010. This loss was made worse by investment income decreasing by \$0.2 million or 21 percent due to decreasing interest rates during fiscal year 2010-2011. The City has managed 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. The ice arena incurred a loss before contributions of approximately \$0.2 million in 2010-2011. Historically, the City's General Fund has made contributions to resolve expected deficits in unrestricted net assets in the Ice Arena Fund. During the fiscal year 2011-2012 budget development process, a decision was made to close out the Ice Arena Fund and move its balance sheet activity to the General Fund as of June 30, 2011. Overall, in fiscal year 2010-2011, business-type activities net assets decreased \$2.2 million or 1.6 percent, of which \$1.3 was due to the close-out of the Ice Arena Fund.

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 2010-2011 include the General Fund, the Major Roads Fund, the Local Roads Fund, the Capital Improvement Fund, the Special Assessment Debt Service Fund, the Special Assessment Capital Projects Fund, and the Public Safety Millage Fund. Capital improvements in the major funds category include major and local road reconstruction/resurfacing, drainage improvements, sidewalks/bike path replacement/construction, facility improvements and expansions, technology upgrades, and the purchase of vehicles and equipment.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

The original fiscal year 2010-2011 General Fund budget (which is the adopted budget plus budgets from the carryforward of prior year encumbrances) reflected the use of \$0.8 million of fund balance to balance the budget. The budget reflected expenditures exceeding revenue by \$2.0 million and operating transfers in exceeding operating transfers out by \$1.2 million. The General Fund's fund balance actually increased by \$1.0 million or 7 percent. The \$1.8 million increase in fund balance compared to the original budget is due primarily to a \$0.2 million increase in actual revenue compared to the original budget and a \$1.6 million decrease in actual expenditures compared to the original budget. The decrease in actual expenditures compared to the original budget occurred in the general government, public safety, and community and economic functional categories, partially offset by increases in actual expenditures compared to the original budget in the public works, and recreation and culture functional categories.

The \$600,000 or 28 percent increase in the Major Road Fund fund balance (which is an increase over what was planned for in the original budget) was the result of more gas and weight tax revenue than originally budgeted and less expenditures than budgeted in all construction, maintenance, and administrative categories. The \$298,000 or 93 percent increase in the Local Road Fund fund balance (which is an increase over what was planned for in the original budget) was the result of more than originally budgeted gas and weight tax revenue and transfers in from other funds, as well as less than originally budgeted construction, maintenance, and administrative expenditures. The significant decrease in fund balance of \$2.5 million or 40 percent in the Capital Improvement Fund (of which the decrease was less than what was planned for in the original budget) was used to complete the City Hall addition and renovation project, technology upgrades, sidewalk and drainage improvements, and vehicles and equipment.

The less than \$5,000 or 0.3 percent decrease in the fund balance in the Special Assessments Debt Service Fund is due primarily to the cumulative difference in annual payments by residents and businesses in the various special assessment districts along with supplemental appropriations from the SAD Revolving Fund compared to the required debt payments by the City. The approximate \$370,000 or 200 percent increase in the fund balance of the Special Assessments Capital Projects Fund is primarily the result of an appropriation from the SAD Revolving Fund to eliminate the prior year's fund deficit.

The \$765,000 or 33 percent decrease in the fund balance of the Public Safety Millage Fund (of which the decrease was more than what was planned for in the original budget) was used to fund police and fire department personnel from dedicated special millage tax dollars.

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 the actual results can be briefly summarized as follows:

- The \$148,220 or 0.3 percent increase in total revenue from the original budget reflected a net of more than expected licenses and permits, grants, state revenue sharing, service charges, donations, and other revenue, partially offset by less than anticipated property taxes, fines and forfeitures, and investment income.
- Transfers in equaled the original budget.
- The \$1,644,548 or 3.5 percent decrease in total expenditures from the original budget reflected primarily a net of less than expected expenditures in the general government, public safety, and community and economic development activity budgets, partially offset by more than anticipated expenditures in the public works and recreation and culture activity budgets.
- Transfers out was \$37,067 or 23.5 percent more than the original budget.

Capital Asset and Debt Administration

On June 30, 2011, the City had \$241.2 million in total net capital assets ranging from land, buildings, equipment, technology equipment, and water and sewer lines. The value of infrastructure (streets, sidewalks, drains, water, and sewer) assets, net of depreciation, included in this report is \$132.4 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. The City's total debt decreased by \$2,884,862 (13 percent) during the current fiscal year. The decrease was the result of the annual maturity of pre-existing debt (see Note 7 of the notes to financial statements for additional information). The City maintains non-insured ratings as follows: AA+ from Standard & Poor's and Aa2 from Moody's.

City of Farmington Hills, Michigan

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The City's tax rate was stable for many years through 2005 at approximately 10.2 mills. Due to the passage of a dedicated library millage, the tax rate for fiscal year 2006 was reduced by 0.70 mills to 9.5221 mills. For fiscal year 2007, the tax rate was raised to 10.0216 due to the implementation of the 0.5 public safety millage increase, reduced by the Headlee Amendment to 0.4995 mills, which was passed by a public vote in November 2003. The fiscal year 2010-2011 tax rate remained the same at 10.0216 mills. The City's tax base has decreased. The reduction in the tax base is projected to be 9 percent for fiscal year 2011-2012. Our state equalized value (SEV) will be \$3.31 billion, which is \$30 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 25 percent, industrial 4 percent, and personal property 8 percent. Tax base diversification is further demonstrated by the fact that the top 10 taxpayers combined account for less than 9 percent of the tax roll. Taxes account for approximately 58 percent of General Fund revenue. State-shared revenue, which amounts to 10 percent of the fiscal year 2011-2012 General Fund budget, remains in critical condition and is forecasted to be at \$5.3 million, down from \$8.1 million received in fiscal year 2002. The fiscal year 2011-2012 General Fund budget is balanced, with the use of \$1,118,000 of fund balance.

On the expense side, the City operates with a 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 2011-2012 to match revenue projections as they are revised.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dave Gajda, Finance Director/Treasurer, City of Farmington Hills, Michigan, 31555 West 11 Mile Road, Farmington Hills, MI 48336.

City of Farmington Hills, Michigan

Statement of Net Assets June 30, 2011

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 4)	\$ 28,576,815	\$ 53,828,625	\$ 82,405,440	\$ 579,124
Receivables:				
Receivables from sales to customers on account	-	9,427,761	9,427,761	-
Other receivables	705,881	-	705,881	-
Due from other governmental units	3,769,297	-	3,769,297	-
Special assessments receivable	4,317,389	-	4,317,389	-
Internal balances (Note 6)	99,751	(99,751)	-	-
Inventory	726,860	-	726,860	-
Advances due from SWOCC (Note 11)	1,117,317	-	1,117,317	-
Noncurrent assets -				
Capital assets (Note 5):				
Assets not subject to depreciation	53,655,262	552,878	54,208,140	-
Assets subject to depreciation	110,496,304	76,456,378	186,952,682	-
Total assets	203,464,876	140,165,891	343,630,767	579,124
Liabilities				
Accounts payable	2,276,210	1,766,417	4,042,627	2,204
Due to other governmental units	222,152	432,238	654,390	-
Accrued liabilities and other	4,259,245	-	4,259,245	-
Unearned revenue (Note 12)	44,906	-	44,906	-
Noncurrent liabilities (Note 7):				
Due within one year	4,652,572	-	4,652,572	-
Due in more than one year	20,556,938	-	20,556,938	-
Total liabilities	32,012,023	2,198,655	34,210,678	2,204
Net Assets				
Invested in capital assets - Net of related debt	144,671,857	77,009,256	221,681,113	-
Restricted for:				
Streets and highways	2,708,619	-	2,708,619	-
Debt service	5,532,645	-	5,532,645	-
Capital projects	572,509	-	572,509	-
Police and fire	2,534,889	-	2,534,889	-
Parks and recreation	1,301,406	-	1,301,406	-
Unrestricted	14,130,928	60,957,980	75,088,908	576,920
Total net assets	<u>\$ 171,452,853</u>	<u>\$ 137,967,236</u>	<u>\$ 309,420,089</u>	<u>\$ 576,920</u>

City of Farmington Hills, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,447,146	\$ 4,454,832	\$ 826,051	\$ 991,297
Public safety	28,145,708	1,998,642	262,431	-
Public works	14,050,633	606,504	5,483,798	1,179,753
Community and economic development	2,551,394	320,955	-	-
Recreation and culture	8,292,558	3,259,108	756,905	-
Interest on long-term debt	820,126	-	-	-
Total governmental activities	65,307,565	10,640,041	7,329,185	2,171,050
Business-type activities:				
Water and sewer	26,216,619	24,279,215	-	271,651
Ice arena	1,350,656	1,184,769	-	-
Total business-type activities	27,567,275	25,463,984	-	271,651
Total primary government	\$ 92,874,840	\$ 36,104,025	\$ 7,329,185	\$ 2,442,701
Component units:				
Economic Development Corporation	\$ 49,875	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	13,350	-	-	-
Total component units	\$ 63,225	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

**Statement of Activities
Year Ended June 30, 2011**

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (5,174,966)	\$ -	\$ (5,174,966)	\$ -
(25,884,635)	-	(25,884,635)	-
(6,780,578)	-	(6,780,578)	-
(2,230,439)	-	(2,230,439)	-
(4,276,545)	-	(4,276,545)	-
(820,126)	-	(820,126)	-
(45,167,289)	-	(45,167,289)	-
-	(1,665,753)	(1,665,753)	-
-	(165,887)	(165,887)	-
-	(1,831,640)	(1,831,640)	-
(45,167,289)	(1,831,640)	(46,998,929)	-
-	-	-	(49,875)
-	-	-	(13,350)
-	-	-	(63,225)
37,311,396	-	37,311,396	414,021
5,668,550	-	5,668,550	-
281,532	722,110	1,003,642	352
1,171,166	-	1,171,166	500
44,432,644	722,110	45,154,754	414,873
1,131,582	(1,131,582)	-	-
396,937	(2,241,112)	(1,844,175)	351,648
171,055,916	140,208,348	311,264,264	225,272
\$ 171,452,853	\$ 137,967,236	\$ 309,420,089	\$ 576,920

City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement	Special Assessments Debt Service
Assets					
Cash and cash equivalents (Note 4)	\$ 13,668,136	\$ 1,926,282	\$ 342,927	\$ 4,164,091	\$ 1,396,810
Receivables:					
Special assessments receivable	-	-	-	-	3,747,188
Other receivables	635,162	-	6,241	9,418	-
Due from other governmental units	2,680,031	760,875	211,165	-	-
Due from other funds	2,033,963	136,180	138,156	76,745	640
Advances due from SWOCC (Note 11)	1,117,317	-	-	-	-
Total assets	\$ 20,134,609	\$ 2,823,337	\$ 698,489	\$ 4,250,254	\$ 5,144,638
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,026,545	\$ 99,218	\$ 81,617	\$ 598,249	\$ 5,385
Due to other funds	347,241	-	640	-	-
Accrued liabilities and other	4,041,536	15,500	-	-	-
Deferred revenue (Note 12)	9,401	-	75	-	3,747,188
Total liabilities	5,424,723	114,718	82,332	598,249	3,752,573
Fund Balances					
Nonspendable - Long-term receivable	1,117,317	-	-	-	-
Restricted:					
Roads	-	2,708,619	-	-	-
Police and fire	-	-	-	-	-
Debt service	-	-	-	-	1,392,065
Grants - Fire protection	-	-	-	-	-
Capital projects (unspent bond proceeds)	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Committed - Special assessment projects	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	3,652,005	-
Debt service	-	-	-	-	-
Future expenditures (Note 14)	5,155,457	-	-	-	-
Roads	-	-	616,157	-	-
Unassigned	8,437,112	-	-	-	-
Total fund balances	14,709,886	2,708,619	616,157	3,652,005	1,392,065
Total liabilities and fund balances	\$ 20,134,609	\$ 2,823,337	\$ 698,489	\$ 4,250,254	\$ 5,144,638

**Governmental Funds
Balance Sheet
June 30, 2011**

Special Assessments Capital Projects	Public Safety	Nonmajor Funds	Total
\$ 5,508	\$ 3,358,988	\$ 3,714,073	\$ 28,576,815
570,201	-	-	4,317,389
-	-	55,060	705,881
-	-	117,226	3,769,297
-	-	-	2,385,684
-	-	-	1,117,317
\$ 575,709	\$ 3,358,988	\$ 3,886,359	\$ 40,872,383
\$ -	\$ -	\$ 465,196	\$ 2,276,210
3,200	1,774,102	160,750	2,285,933
-	-	-	4,057,036
570,201	-	35,430	4,362,295
573,401	1,774,102	661,376	12,981,474
-	-	-	1,117,317
-	-	-	2,708,619
-	1,584,886	927,657	2,512,543
-	-	227,953	1,620,018
-	-	22,346	22,346
2,308	-	-	2,308
-	-	1,301,406	1,301,406
-	-	553,635	553,635
-	-	26,547	3,678,552
-	-	165,439	165,439
-	-	-	5,155,457
-	-	-	616,157
-	-	-	8,437,112
2,308	1,584,886	3,224,983	27,890,909
\$ 575,709	\$ 3,358,988	\$ 3,886,359	\$ 40,872,383

City of Farmington Hills, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets June 30, 2011

Fund Balance Reported in Governmental Funds	\$ 27,890,909
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	164,151,566
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	4,317,389
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(19,479,709)
Accrued interest is not due and payable in the current period and is not reported in the funds	(202,209)
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	(5,443,801)
Other long-term liabilities, specifically general liability claims, do not present a claim on current financial resources and are not reported as fund liabilities	(286,000)
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	(222,152)
Inventories are not recorded as assets in the governmental funds	<u>726,860</u>
Net Assets of Governmental Activities	<u>\$ 171,452,853</u>

City of Farmington Hills, Michigan

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement	Special Assessments Debt Service
Revenue					
Property taxes	\$ 26,193,182	\$ -	\$ -	\$ 1,730,307	\$ -
Licenses and permits	959,129	-	-	-	-
Federal grants	180,606	158,255	-	58,137	-
State-shared revenue and grants	6,011,711	4,008,146	1,308,767	4,838	-
Charges for services	8,296,569	-	-	-	-
Fines and forfeitures	2,264,792	-	-	-	-
Investment income	98,274	1,937	649	8,634	157,783
Other revenue:					
Special assessments	-	-	-	-	983,397
Other grants and contributions	1,093	77,146	-	-	-
Other miscellaneous income	731,637	45,823	-	248,232	-
Total revenue	44,736,993	4,291,307	1,309,416	2,050,148	1,141,180
Expenditures					
Current:					
General government	9,943,732	-	-	-	-
Public safety	20,379,052	-	-	-	-
Public works	6,327,167	3,121,549	3,189,823	-	-
Community and economic development	1,746,153	-	-	-	-
Recreation and culture	6,543,104	-	-	-	-
Capital outlay	-	-	-	4,683,603	33,635
Debt service	-	-	-	-	591,527
Total expenditures	44,939,208	3,121,549	3,189,823	4,683,603	625,162
Excess of Revenue (Under) Over Expenditures	(202,215)	1,169,758	(1,880,407)	(2,633,455)	516,018
Other Financing Sources (Uses)					
Transfers in	1,381,570	-	2,178,096	175,122	521,743
Transfers out	(194,567)	(570,000)	-	-	(1,041,876)
Total other financing sources (uses)	1,187,003	(570,000)	2,178,096	175,122	(520,133)
Net Change in Fund Balances	984,788	599,758	297,689	(2,458,333)	(4,115)
Fund Balances (Deficit) - Beginning of year	13,725,098	2,108,861	318,468	6,110,338	1,396,180
Fund Balances - End of year	\$ 14,709,886	\$ 2,708,619	\$ 616,157	\$ 3,652,005	\$ 1,392,065

**Governmental Funds
Statement of Revenue, Expenditures, and
Changes in Fund Balances (Deficit)
Year Ended June 30, 2011**

Special Assessments Capital Projects	Public Safety	Nonmajor Funds	Total
\$ -	\$ 5,292,260	\$ 4,095,168	\$ 37,310,917
-	-	-	959,129
-	-	1,173,266	1,570,264
-	-	70,513	11,403,975
-	-	-	8,296,569
-	-	-	2,264,792
719	5,902	7,634	281,532
196,356	-	479	1,180,232
-	-	-	78,239
-	-	517,114	1,542,806
<u>197,075</u>	<u>5,298,162</u>	<u>5,864,174</u>	<u>64,888,455</u>
-	-	300	9,944,032
-	6,062,775	236,844	26,678,671
-	-	-	12,638,539
-	-	798,833	2,544,986
-	-	456,908	7,000,012
-	-	159,695	4,876,933
1,134	-	2,740,529	3,333,190
<u>1,134</u>	<u>6,062,775</u>	<u>4,393,109</u>	<u>67,016,363</u>
195,941	(764,613)	1,471,065	(2,127,908)
813,026	-	1,567,765	6,637,322
<u>(638,753)</u>	<u>-</u>	<u>(4,349,816)</u>	<u>(6,795,012)</u>
174,273	-	(2,782,051)	(157,690)
370,214	(764,613)	(1,310,986)	(2,285,598)
<u>(367,906)</u>	<u>2,349,499</u>	<u>4,535,969</u>	<u>30,176,507</u>
<u>\$ 2,308</u>	<u>\$ 1,584,886</u>	<u>\$ 3,224,983</u>	<u>\$ 27,890,909</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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (2,285,598)

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	8,672,572
Depreciation expense	(8,435,098)
Net book value of assets disposed of	(230,755)

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	(1,187,438)
---	-------------

Governmental funds report inventory purchases as expenditures; in the statement of activities, these costs are expensed as used	26,345
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,492,363
---	-----------

Change in accrued interest payable and other	20,551
--	--------

Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment	44,681
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The changes in liabilities for general claims and amounts due to the 47th District Court are recorded when incurred in the statement of activities	(9,958)
--	---------

Transfer of ice arena balances from Ice Arena Fund to the General Fund, recorded as a transfer on the statement of activities and not recorded on fund statements	<u>1,289,272</u>
---	------------------

Change in Net Assets of Governmental Activities \$ 396,937

City of Farmington Hills, Michigan

Proprietary Funds Statement of Net Assets June 30, 2011

	<u>Enterprise Funds</u> <u>Water and Sewer</u>
Assets	
Current assets:	
Cash and cash equivalents (Note 4)	\$ 53,828,625
Receivables	9,427,761
Due from other funds	<u>100</u>
Total current assets	63,256,486
Noncurrent assets - Capital assets (Note 5)	<u>77,009,256</u>
Total assets	140,265,742
Liabilities - Current liabilities	
Accounts payable	1,766,417
Due to other governmental units	432,238
Due to other funds	<u>99,851</u>
Total liabilities	<u>2,298,506</u>
Net Assets	
Invested in capital assets - Net of related debt	77,009,256
Unrestricted	<u>60,957,980</u>
Total net assets	<u><u>\$ 137,967,236</u></u>

City of Farmington Hills, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2011

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
Operating Revenue			
Sale of water	\$ 13,487,226	\$ -	\$ 13,487,226
Sewage disposal charges	9,447,063	-	9,447,063
Ice arena rentals	-	992,545	992,545
Food sales	-	156,787	156,787
Other operating revenue	797,829	35,437	833,266
Total operating revenue	23,732,118	1,184,769	24,916,887
Operating Expenses			
Cost of water	8,412,267	-	8,412,267
Cost of sewage treatment	7,734,376	-	7,734,376
Cost of ice arena sales	-	69,384	69,384
Other operation and maintenance	3,196,716	918,655	4,115,371
Billing and administrative costs	3,486,029	-	3,486,029
Depreciation	3,352,259	241,802	3,594,061
Total operating expenses	26,181,647	1,229,841	27,411,488
Operating Loss	(2,449,529)	(45,072)	(2,494,601)
Nonoperating Revenue (Expenses)			
Investment income	721,807	303	722,110
Interest expense	-	(120,815)	(120,815)
Other nonoperating expenses	(34,972)	-	(34,972)
Debt service charge	547,097	-	547,097
Loss - Before contributions	(1,215,597)	(165,584)	(1,381,181)
Capital Contributions			
Tap-in fees	65,188	-	65,188
Other capital contributions	206,463	-	206,463
Total capital contributions	271,651	-	271,651
Transfers In	-	157,690	157,690
Transfers Out	-	(1,289,272)	(1,289,272)
Change in Net Assets	(943,946)	(1,297,166)	(2,241,112)
Net Assets - Beginning of year	138,911,182	1,297,166	140,208,348
Net Assets - End of year	<u>\$ 137,967,236</u>	<u>\$ -</u>	<u>\$ 137,967,236</u>

City of Farmington Hills, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2011

	Enterprise Funds		
	Water and Sewer	Ice Arena	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 23,495,065	\$ 1,186,612	\$ 24,681,677
Receipts (disbursements) from interfund services and reimbursements	686,795	(91,665)	595,130
Payments to suppliers	(22,204,484)	(561,706)	(22,766,190)
Payments to employees	-	(482,131)	(482,131)
Net cash provided by operating activities	<u>1,977,376</u>	<u>51,110</u>	<u>2,028,486</u>
Cash Flows from Noncapital Financing Activities -			
Transfers from other funds	-	157,690	157,690
Cash Flows from Capital and Related Financing Activities			
Tap-in fees and other	30,216	-	30,216
Purchase of capital assets	(691,044)	-	(691,044)
Principal and interest paid on capital debt	-	(513,315)	(513,315)
Debt service and capital charges	753,560	-	753,560
Net cash provided by (used in) capital and related financing activities	<u>92,732</u>	<u>(513,315)</u>	<u>(420,583)</u>
Cash Flows from Investing Activities - Interest received on investments	<u>721,807</u>	<u>303</u>	<u>722,110</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,791,915	(304,212)	2,487,703
Cash and Cash Equivalents - Beginning of year	<u>51,036,710</u>	<u>304,212</u>	<u>51,340,922</u>
Cash and Cash Equivalents - End of year	<u>\$ 53,828,625</u>	<u>\$ -</u>	<u>\$ 53,828,625</u>
Balance Sheet Classification of Cash and Cash Equivalents -			
Cash and investments	<u>\$ 53,828,625</u>	<u>\$ -</u>	<u>\$ 53,828,625</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (2,449,529)	\$ (45,072)	\$ (2,494,601)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	3,352,259	241,802	3,594,061
Changes in assets and liabilities:			
Receivables	(237,053)	1,843	(235,210)
Due from other funds	686,795	(91,665)	595,130
Accounts payable	624,904	(43,430)	581,474
Accrued and other liabilities	-	(12,368)	(12,368)
Net cash provided by operating activities	<u>\$ 1,977,376</u>	<u>\$ 51,110</u>	<u>\$ 2,028,486</u>

The Enterprise - Ice Arena Fund transferred net capital assets totaling \$3,162,446 and related debt of \$1,806,250 as well as accrued interest payable of \$20,888 and accrued compensated absences of \$46,036 to the General Fund as of June 30, 2011.

City of Farmington Hills, Michigan

Fiduciary Funds Statement of Fiduciary Net Assets June 30, 2011

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 10,692,390	\$ 4,210,792
Investments:		
Stocks	76,553,780	-
Bonds	448,288	-
Pooled funds	87,712,913	-
Asset-backed securities	268,366	-
Receivables	1,218,033	439
Total assets	176,893,770	<u>\$ 4,211,231</u>
Liabilities		
Accounts payable	190,559	\$ -
Due to other governmental units	-	1,008,529
Due to primary government	1,438,114	-
Refundable deposits, bonds, etc.	-	3,202,702
Total liabilities	1,628,673	<u>\$ 4,211,231</u>
Net Assets Held in Trust for Pension and Other Employee Benefits	<u>\$ 175,265,097</u>	

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, 2011

	Pension and Other Employee Benefit Trust Funds
Additions	
Investment income:	
Interest and dividends	\$ 2,564,729
Net increase in fair value of investments	27,187,798
Investment-related expenses	<u>(830,757)</u>
Net investment income	28,921,770
Contributions:	
Employer	7,194,475
Employee	<u>1,303,729</u>
Total contributions	<u>8,498,204</u>
Total additions	37,419,974
Deductions	
Benefit payments	7,924,366
Refunds of contributions	<u>544,321</u>
Total deductions	<u>8,468,687</u>
Net Increase in Net Assets Held in Trust	28,951,287
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>146,313,810</u>
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 175,265,097</u></u>

City of Farmington Hills, Michigan

Component Units Statement of Net Assets June 30, 2011

	Economic Development Corporation	Brownfield Redevelopment Authority	Total
Assets - Cash and cash equivalents	\$ 68,028	\$ 511,096	\$ 579,124
Liabilities - Accounts payable	34	2,170	2,204
Net Assets	<u>\$ 67,994</u>	<u>\$ 508,926</u>	<u>\$ 576,920</u>

City of Farmington Hills, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Economic Development Corporation	\$ 49,875	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	13,350	-	-	-
Total component units	<u>\$ 63,225</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 - Beginning of year

Net Assets - End of year

**Component Units
Statement of Activities
Year Ended June 30, 2011**

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
<u>Economic Development Corporation</u>	<u>Brownfield Redevelopment Authority</u>	<u>Total</u>
\$ (49,875)	\$ -	\$ (49,875)
-	(13,350)	(13,350)
(49,875)	(13,350)	(63,225)
-	414,021	414,021
143	209	352
500	-	500
643	414,230	414,873
(49,232)	400,880	351,648
117,226	108,046	225,272
\$ 67,994	\$ 508,926	\$ 576,920

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 1 - 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

Notes to Financial Statements June 30, 2011

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. 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

Notes to Financial Statements June 30, 2011

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

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

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

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.

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.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

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

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

The City reports the following major proprietary 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.

Ice Arena Fund - The Ice Arena Fund accounts for the operations and maintenance of the City's ice arena. The Ice Arena Fund was closed into the General Fund as of June 30, 2011.

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.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

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

The 2010 taxable valuation of the City totaled \$3,594,559,795, on which ad valorem taxes less special acts levied consisted of 7.4560 mills for operating purposes, .4882 mills for parks and recreation, .6010 mills for refuse, and 1.4764 mills for public safety. This resulted in approximately \$26,690,000 for operating, \$1,750,000 for parks and recreation, \$2,185,000 for refuse, and \$5,290,000 for public safety. These amounts are recognized in the respective General Fund, special revenue, and debt service fund financial statements as taxes receivable - current or as tax revenue, prior to Brownfield captures.

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

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

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

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

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

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net 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 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 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 on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. The City implemented GASB Statement No. 54 during the year.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

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

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

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

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 2 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement addresses financial reporting related to service concession arrangements which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (whether a government or nongovernment) in which the transferor conveys to an operator the right and relation obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to GASB Statement No. 14 and GASB Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting components units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the City's 2012-2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the City's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the government-wide level and also at the fund level.

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:

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

Shortfall at July 1, 2010			\$ (4,708,607)
Current year permit revenue			905,759
Related expenses:			
Direct costs	\$ 805,010		
Estimated indirect costs	<u>135,733</u>	<u>940,743</u>	
Current year shortfall			<u>(34,984)</u>
Cumulative shortfall at June 30, 2011			<u>\$ (4,743,591)</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.

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, 2011 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, 2011

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.

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

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy strives to minimize custodial credit risk by prequalifying the financial institutions, brokers/dealers, and intermediaries with which the City does business. At year end, the City had \$23,752,101 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, 2011

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:

<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Primary Government -		
Bank investment pool	<u>\$ 7,442,104</u>	30 days
Retirement System		
Corporate bonds	\$ 174,241	Less than one year
Corporate bonds	136,452	1 to 5 years
Corporate bonds	137,595	More than 10 years
Asset-backed securities	1,404	1 to 5 years
Asset-backed securities	4,520	5 to 10 years
Asset-backed securities	<u>262,442</u>	More than 10 years
Total	<u>\$ 716,654</u>	

Credit Risk

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

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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
Primary Government			
Bank investment pool	\$ 18,874,982	AAAm	S&P
Bank investment pool	2,700,870	Aaa	Moody's
Bank investment pool	34,175,362	Not rated	N/A
Total	\$ 55,751,214		
Retirement System			
Asset-backed securities	\$ 47,916	AAA	S&P
Asset-backed securities	76	A	S&P
Asset-backed securities	8,673	A-	S&P
Asset-backed securities	28,499	BBB	S&P
Asset-backed securities	8,619	BBB-	S&P
Asset-backed securities	5,817	BB	S&P
Asset-backed securities	528	B	S&P
Asset-backed securities	17,135	B-	S&P
Asset-backed securities	103,306	CCC	S&P
Asset-backed securities	38,830	D	S&P
Asset-backed securities	8,967	Not rated	N/A
Corporate bonds	448,288	Not rated	N/A
Pooled investments	78,993,960	Not rated	N/A
Total	\$ 79,710,614		
Health Care Fund			
Pooled investments/Mutual funds	\$ 8,718,953	Not rated	N/A

Note 4 - Deposits and Investments (Continued)

Concentration of Credit Risk

Retirement System - The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year end, the plan had multiple investments, which consisted mostly of pooled investments that exceeded 5.00 percent of the total portfolio. The plan had 8.59 percent invested in Entrust Fund, 6.73 percent invested in Brandywine Global Fixed Income, 8.74 percent invested in Tradewinds Global All-Cap Portfolio, 9.88 percent invested in iShares Trust, and 17.03 percent invested in Loomis Sayles investments.

Healthcare System - The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year end, the Plan had multiple investments, which consisted mostly of pooled investments that exceeded 5.00 percent of the total portfolio. The Plan had 5.77 percent invested in Loomis Investment Grade Bond Fund, 5.52 percent invested in PIMCO Total Return Fund, and 8.85 percent invested in Templeton Global Bond Fund.

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

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 5 - Capital Assets

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

	Balance July 1, 2010	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2011
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 16,368,813	\$ 390,000	\$ -	\$ -	\$ 16,758,813
Construction in progress	10,765,067	(7,322,527)	1,891,979	-	5,334,519
Right of way	31,561,930	-	-	-	31,561,930
Subtotal	58,695,810	(6,932,527)	1,891,979	-	53,655,262
Capital assets being depreciated:					
Sidewalks	12,385,391	235,904	229	-	12,621,524
Drain rights	17,206,941	-	-	-	17,206,941
Buildings and improvements	53,716,334	4,965,664	2,533,731	-	61,215,729
Machinery and equipment	13,188,718	1,075,148	626,851	316,222	14,574,495
Vehicles	12,290,551	-	1,700,087	1,369,913	12,620,725
Office furnishings	4,009,237	110,412	324,001	23,284	4,420,366
Land improvements	17,499,808	587,754	83,600	-	18,171,162
Major roads	51,612,692	4,989,985	13,376	-	56,616,053
Local roads	74,004,621	2,096,638	1,498,718	-	77,599,977
Subtotal	255,914,293	14,061,505	6,780,593	1,709,419	275,046,972
Accumulated depreciation:					
Sidewalks	7,491,962	-	344,139	-	7,836,101
Drain rights	6,356,207	-	350,355	-	6,706,562
Buildings and improvements	20,882,751	2,544,690	1,836,013	-	25,263,454
Machinery and equipment	8,062,571	737,791	977,646	252,865	9,525,143
Vehicles	6,863,125	-	951,600	1,202,068	6,612,657
Office furnishings	2,873,559	96,313	228,528	23,731	3,174,669
Land improvements	10,360,170	587,737	919,647	-	11,867,554
Major roads	30,205,155	-	1,321,014	-	31,526,169
Local roads	60,532,203	-	1,506,156	-	62,038,359
Subtotal	153,627,703	3,966,531	8,435,098	1,478,664	164,550,668
Net capital assets being depreciated	102,286,590	10,094,974	(1,654,505)	230,755	110,496,304
Net capital assets	\$ 160,982,400	\$ 3,162,447	\$ 237,474	\$ 230,755	\$ 164,151,566

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2010	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2011
Capital assets not being depreciated:					
Land	\$ 390,000	\$ (390,000)	\$ -	\$ -	\$ -
Construction in progress	857,756	(818,371)	513,493	-	552,878
Subtotal	1,247,756	(1,208,371)	513,493	-	552,878
Capital assets being depreciated:					
Sewage disposal system	95,453,965	524	61,250	-	95,515,739
Water distribution system	68,229,361	817,848	116,300	-	69,163,509
Buildings and improvements	4,965,664	(4,965,664)	-	-	-
Machinery and equipment	1,075,819	(1,075,819)	-	-	-
Office furnishings	109,741	(109,741)	-	-	-
Land improvements	587,754	(587,754)	-	-	-
Subtotal	170,422,304	(5,920,606)	177,550	-	164,679,248
Accumulated depreciation:					
Sewage disposal system	-	-	1,881,694	-	1,881,694
Water distribution system	36,260,590	-	1,470,565	-	37,731,155
Drain rights	48,610,021	-	-	-	48,610,021
Buildings and improvements	2,381,131	(2,544,690)	163,559	-	-
Machinery and equipment	692,744	(738,463)	45,719	-	-
Office furnishings	91,482	(95,642)	4,160	-	-
Land improvements	559,372	(587,736)	28,364	-	-
Subtotal	88,595,340	(3,966,531)	3,594,061	-	88,222,870
Net capital assets being depreciated	81,826,964	(1,954,075)	(3,416,511)	-	76,456,378
Net capital assets	\$ 83,074,720	\$ (3,162,446)	\$ (2,903,018)	\$ -	\$ 77,009,256

During the current year, assets with a cost basis of \$7,128,977 and accumulated depreciation of \$3,966,533 were transferred from the Ice Arena Fund (business-type activities) to governmental activities.

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

Governmental activities:	
General government	\$ 1,294,805
Public safety	1,511,348
Public works	3,970,026
Community and economic development	1,552
Recreation and culture	1,657,367
Total governmental activities	<u>\$ 8,435,098</u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 5 - Capital Assets (Continued)

Business-type activities:		
Water and sewer		\$ 3,352,259
Ice arena		<u>241,802</u>
	Total business-type activities	<u>\$ 3,594,061</u>

Note 6 - Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Public Safety Millage Fund	\$ 1,774,102
	Nonmajor governmental funds	160,010
	Water and Sewer Fund	<u>99,851</u>
	Total General Fund	2,033,963
Local Roads Fund	General Fund	134,316
	Nonmajor governmental funds	640
	SAD Capital Projects Fund	<u>3,200</u>
	Total Local Roads Fund	138,156
Major Roads Fund	General Fund	136,180
Capital Improvement Fund	General Fund	76,745
Special Assessment Debt Service Fund	Local Road	640
	Water and Sewer Fund	Nonmajor governmental funds
	Total	<u>\$ 2,385,784</u>

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

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

Fund Transfer From	Fund Transfer To	Amount
General Fund	Capital Improvement Fund	\$ 77,500
	Local Roads Fund	109,377
	Ice Arena Fund	7,690
	Total General Fund	194,567
Major Roads Fund	Local Roads Fund	570,000
Special Assessment Capital Project Fund	Local Roads Fund	638,753
Special Assessment Debt Service Fund	Local Roads Fund	560,222
	Nonmajor governmental funds	481,655
	Total Special Assessment Debt Service Fund	1,041,877
Nonmajor governmental funds	General Fund	1,381,570
	Local Roads Fund	299,744
	Capital Improvement Fund	97,622
	Special Assessment Debt Service Fund	521,744
	Special Assessment Capital Project Fund	813,026
	Nonmajor governmental funds	1,086,109
	Ice Arena Fund	150,000
	Total nonmajor governmental funds	4,349,815
Total	\$ 6,795,012	

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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

The transfer from the General Fund to the Capital Improvement Fund represents the movement of resources for capital improvements. The 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 Parks and Recreation 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 Special Assessment Debt Service Fund to other nonmajor governmental funds represents the transfer of resources for debt service payments. The transfers from the Special Assessment Debt Service Fund, Special Assessment Capital Projects Fund, and the nonmajor governmental funds to the Local Roads Fund represent the movement of resources for capital improvements. The transfers of nonmajor governmental funds to the General Fund, Local Road Fund, Capital Improvement Fund, Special Assessment Debt Service Fund, Special Assessment Capital Project 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.

During 2011, the Ice Arena Fund (business-type activity) transferred all fixed assets, with a net book value of \$3,162,446 and related debt of \$1,873,174, to the General Fund. The transfer is recorded as a transfer out in the Ice Arena Fund and a transfer out on the statement of activities.

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, 2011

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
1998 Refunding Bonds:							
Amount of issue: \$4,495,000	4.20% -						
Maturing through 2015	4.40%	\$425,000- \$500,000	\$ -	\$ 1,920,000	\$ -	\$ 1,920,000	\$ 465,000
Less deferred amount - Issuance discounts			-	(113,750)	-	(113,750)	-
Building Authority Bonds:							
District Court Building:							
Amount of issue: \$11,000,000	4.25% -	\$500,000 -					
Maturing through 2021	5.50%	\$1,000,000	1,600,000	-	500,000	1,100,000	500,000
District Court Refunding Bonds, Series 2007:							
Amount of issue: \$6,555,000	4.00% -	\$685,000 -					
Maturing through 2021	5.50%	\$985,000	6,555,000	-	-	6,555,000	-
Building Authority Refunding Bonds, Series 2003:							
Amount of issue: \$2,910,000	3.00% -	\$165,000 -					
Maturing through 2018	4.00%	\$205,000	1,525,000	-	165,000	1,360,000	185,000
County contractual obligations:							
Minnow Pond Drainage District Refunding Bonds:							
Amount of issue: \$6,524,348	4.25% -	\$787,589 -					
Maturing through 2011	4.50%	\$807,036	807,036	-	807,036	-	-
Caddell Drain Refunding Bonds:							
Amount of issue: \$1,388,991		\$115,110 -					
Maturing through 2014	5.875%	\$126,621	598,569	-	115,110	483,459	111,273
Pebble Creek Drainage District:							
Amount of issue: \$1,508,845	5.00% -	\$185,218 -					
Maturing through 2011	5.50%	\$194,253	185,216	-	185,216	-	-
Golf Course Capital Improvement:							
Amount of issue: \$8,200,000	3.00%-	\$175,000-					
Maturing through 2031	4.375%	\$550,000	7,600,000	-	175,000	7,425,000	175,000
Special assessment bonds:							
Districts 228, 229, 231, 254-262, and 265:							
Public Improvements							
Amount of issue - \$1,885,000	5.80%-	\$35,000-					
Maturing through 2011	5.90%	\$50,000	35,000	-	35,000	-	-
Districts 270, 271, 274, 276, 277, and 278:							
Public Improvements:							
Amount of issue - \$2,155,000	4.35%-	\$25,000-					
Maturing through 2013	4.60%	\$55,000	100,000	-	50,000	50,000	25,000
Districts 285, 286, 287, 289, and 294:							
Public Improvements:							
Amount of issue - \$2,860,000							
Maturing through 2013	3.80%	\$75,000	225,000	-	75,000	150,000	75,000
Districts 312, 314, and 315:							
Public Improvements:							
Amount of issue - \$1,050,000	.034%-						
Maturing through 2013	3.15%	\$100,000-\$125,000	350,000	-	125,000	225,000	125,000
Districts 292, 302, 303, 288, 291, and 293:							
Public Improvements:							
Amount of issue - \$1,490,000	5.00%-						
Maturing through 2014	5.30%	\$25,000-\$100,000	275,000	-	100,000	175,000	75,000
Districts 306, 307, and 308:							
Public Improvements:							
Amount of issue - \$1,585,000	3.00%-						
Maturing through 2012	3.25%	\$150,000- \$160,000	310,000	-	160,000	150,000	150,000
Total bonds payable			20,165,821	1,806,250	2,492,362	19,479,709	1,886,273
Other long-term obligations:							
Accumulated compensated absences							
			5,442,444	2,437,601	2,436,244	5,443,801	2,480,299
Estimated self-insurance claims							
			350,000	-	64,000	286,000	286,000
Total governmental activities			\$ 25,958,265	\$ 4,243,851	\$ 4,992,606	\$ 25,209,510	\$ 4,652,572

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 7 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
General obligation bonds:							
1998 Refunding Bonds:							
Amount of issue: \$4,495,000	4.20% -	\$425,000-					
Maturing through 2015	4.40%	\$500,000	\$ 2,345,000	\$ -	\$ 2,345,000	\$ -	\$ -
Less deferred amounts -							
Issuance discounts			(146,250)	146,250	-	-	-
Total bonds payable			\$ 2,198,750	\$ 146,250	\$ 2,345,000	\$ -	\$ -

Total interest expense for the year was approximately \$928,000. Annual debt service requirements to maturity for the above bonds and note obligations, excluding \$113,750 of unamortized discounts and deferred amounts, are as follows:

Years Ending June 30	Principal	Interest	Total
2012	\$ 1,886,273	\$ 807,229	\$ 2,693,502
2013	1,866,618	735,466	2,602,084
2014	1,762,784	661,990	2,424,774
2015	1,757,784	584,139	2,341,923
2016	1,145,000	518,694	1,663,694
2017-2021	6,500,000	1,756,044	8,256,044
2022-2026	2,100,000	788,513	2,888,513
2027-2031	2,575,000	292,578	2,867,578
Total	\$ 19,593,459	\$ 6,144,653	\$ 25,738,112

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, 2011, the City's portion of bonds outstanding that are considered defeased approximates \$11,446,000.

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, 2011, there is approximately \$14,695,000 of no commitment debt outstanding.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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, 2011. The Plan issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the City of Farmington Hills Employees' Retirement System at 31555 W. 11 Mile Road, Farmington Hills, MI 48336.

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

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

Employer contributions represented approximately 18.4 percent of covered payroll as reported on June 30, 2010.

Annual Pension Cost - For the year ended June 30, 2011, the City's annual pension cost of \$4,008,049 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		
	2009	2010	2011
Annual pension cost (APC)	\$ 3,664,637	\$ 3,710,289	\$ 4,008,049
Percentage of APC contributed	100 %	100 %	100 %

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 8 - Defined Benefit Pension Plan (Continued)

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

	Fiscal Year Ended June 30		
	2008	2009	2010
Actuarial value of assets	\$ 117,994,843	\$ 123,309,158	\$ 122,384,733
Actuarial accrued liability (AAL) (entry age)	\$ 131,182,445	\$ 140,261,150	\$ 149,204,540
Unfunded AAL (UAAL)	\$ 13,187,602	\$ 16,951,992	\$ 26,819,807
Funded ratio	89.9 %	87.9 %	82.0 %
Covered payroll	\$ 24,662,884	\$ 24,904,782	\$ 21,749,242
UAAL as a percentage of covered payroll	53.5 %	68.1 %	123.3 %

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at June 30, 2009 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 4.0 percent to 24.0 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 17 years.

Reserves - As of June 30, 2011, the Plan's legally required reserves have been fully funded as follows:

Reserve for employees' contributions	\$ 15,289,728
Reserve for retired benefit payments	70,584,434

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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, 169 individuals are eligible. The City includes pre-Medicare retirees and their dependents in its insured healthcare plan, which generally requires employee contributions of 1.5 percent of earnings not in excess of the employee wage base. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. The Plan issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the City of Farmington Hills Employees' Retirement System at 31555 W. 11 Mile Road, Farmington Hills, MI 48336.

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

Funding Progress - For the year beginning July 1, 2010, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2009. 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 21 years. Expenditures for postemployment healthcare benefits are funded on an actuarial basis. The City's actuarial required contribution for the year ended June 30, 2011 was \$3,186,426. At June 30, 2010, the date of the most recent actuarial report, assets available for postemployment healthcare benefits totaled \$44,004,631, 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, 2011

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
6/30/09	6/30/07	\$ 3,231,967	\$ 3,231,967	\$ -
6/30/10	6/30/08	2,971,747	2,971,747	-
6/30/11	6/30/09	3,186,426	3,186,426	-

* 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
6/30/08	\$ 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
6/30/10	44,004,631	74,937,594	30,932,963	58.7	21,494,819	143.9

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

Notes to Financial Statements June 30, 2011

Note 9 - Other Postemployment Benefits (Continued)

In the June 30, 2010 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 4.75 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, 2010 was 20 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, 2011

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	
	2011	2010
Unpaid claims - Beginning of year	\$ 1,294,038	\$ 1,097,907
Estimated incurred claims, including changes in estimates	4,871,972	5,544,911
Claim payments	<u>(4,985,356)</u>	<u>(5,348,780)</u>
Unpaid claims - End of year	<u>\$ 1,180,654</u>	<u>\$ 1,294,038</u>

A total of \$286,000 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, 2011 unpaid claims liability is \$684,503, which represents the accrual for claims incurred for medical claims and an estimated liability for general claims of \$210,151, 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 86.4 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, 2011, the total receivable advance is \$1,117,317. The advances will be repaid to the City in annual installments of approximately \$221,000, including interest at 4 percent, through 2017. Fund balance in the General Fund has been recorded as "nonspendable" for this advance since these amounts are not available for use to finance operations as of year end.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

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 11 Mile Road, Farmington Hills, MI 48336.

Note 12 - 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	\$ 4,317,389	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	44,906
Total	<u>\$ 4,317,389</u>	<u>\$ 44,906</u>

Note 13 - Subsequent Events

Declines in Investment Values - Subsequent to year end, the Employees' Retirement System and Postretirement Healthcare Finance Fund's investment portfolios incurred a decline in fair value, consistent with the general decline in the financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

City of Farmington Hills, Michigan

Notes to Financial Statements June 30, 2011

Note 14 - Fund Balance Constraints

The fund balance assignment for future expenditures of \$5,155,457 includes \$1,153,864 for subsequent year expenditures, \$1,250,000 for retiree health care, \$786,086 for activities center, \$400,000 for buses, \$300,000 each for future inspections, \$300,000 for sidewalks/bikepaths, \$250,000 for finance software, \$150,000 for storm water, \$150,000 for information technology, \$100,000 for police patrol cars, \$100,000 for communications, and \$215,507 for miscellaneous capital expenditures.

Required Supplemental Information

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 26,853,658	\$ 26,319,834	\$ 26,193,182	\$ (126,652)
Other licenses and permits	629,600	682,360	959,129	276,769
Grants	144,780	144,780	180,606	35,826
State-shared revenue	5,762,500	6,026,437	6,011,711	(14,726)
Charges for services to external parties	8,033,235	7,868,945	8,296,569	427,624
Fines and forfeitures	2,580,000	2,204,000	2,264,792	60,792
Investment income	300,000	150,000	98,274	(51,726)
Local donations	-	-	1,093	1,093
Other miscellaneous income	285,000	401,236	731,637	330,401
Total revenue	44,588,773	43,797,592	44,736,993	939,401
Expenditures				
General government:				
City Council	108,308	107,522	104,923	2,599
Boards and commissions	2,915,084	2,832,171	2,731,270	100,901
City administration	786,524	799,294	786,302	12,992
Public information	397,339	401,673	391,216	10,457
Finance department	1,871,964	1,810,289	1,750,541	59,748
Clerk	683,080	652,100	617,900	34,200
Attorney	595,330	586,030	584,589	1,441
Human resources/personnel	433,330	436,761	425,946	10,815
Central services	1,262,655	1,267,171	1,221,544	45,627
Support services	1,670,197	2,084,200	1,329,501	754,699
Total general government	10,723,811	10,977,211	9,943,732	1,033,479
Public safety:				
Police	15,857,032	15,993,524	15,590,441	403,083
Fire	5,447,320	5,002,855	4,788,611	214,244
Total public safety	21,304,352	20,996,379	20,379,052	617,327
Public works:				
Road maintenance	2,105,848	2,048,499	2,044,658	3,841
Administration	462,984	432,066	398,859	33,207
Maintenance facility	1,221,264	1,214,751	1,214,596	155
Building maintenance	439,347	415,328	386,414	28,914
General refuse removal	3,488,064	3,473,548	3,499,756	(26,208)
Engineering	1,562,971	1,544,655	1,482,763	61,892
Public service reimbursement from road fund	(3,009,030)	(2,699,879)	(2,699,879)	-
Total public works	6,271,448	6,428,968	6,327,167	101,801

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with <u>Amended Budget</u>
Expenditures (Continued)				
Community and economic development	\$ 1,809,728	\$ 1,792,146	\$ 1,746,153	\$ 45,993
Recreation and culture	<u>6,474,417</u>	<u>6,384,341</u>	<u>6,543,104</u>	<u>(158,763)</u>
Total expenditures	<u>46,583,756</u>	<u>46,579,045</u>	<u>44,939,208</u>	<u>1,639,837</u>
Excess of Expenditures Over Revenue	(1,994,983)	(2,781,453)	(202,215)	2,579,238
Other Financing Sources (Uses)				
Transfers in	1,381,570	1,692,993	1,381,570	(311,423)
Transfers out	<u>(157,500)</u>	<u>(77,500)</u>	<u>(194,567)</u>	<u>(117,067)</u>
Total other financing sources	<u>1,224,070</u>	<u>1,615,493</u>	<u>1,187,003</u>	<u>(428,490)</u>
Net Change in Fund Balance	(770,913)	(1,165,960)	984,788	2,150,748
Fund Balance - Beginning of year	<u>13,725,098</u>	<u>13,725,098</u>	<u>13,725,098</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 12,954,185</u>	<u>\$ 12,559,138</u>	<u>\$ 14,709,886</u>	<u>\$ 2,150,748</u>

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

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Roads Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	\$ -	\$ -	\$ 158,255	\$ 158,255
Intergovernmental revenue	7,966,600	3,801,162	4,008,146	206,984
Investment income	1,500	1,500	1,937	437
Other revenue	845,376	102,600	122,969	20,369
Total revenue	8,813,476	3,905,262	4,291,307	386,045
Expenditures - Public works	8,929,308	4,249,312	3,121,549	1,127,763
Excess of Revenue Over (Under) Expenditures	(115,832)	(344,050)	1,169,758	1,513,808
Other Financing Sources (Uses)				
Transfers in	-	60,312	-	(60,312)
Transfers out	(570,000)	(570,000)	(570,000)	-
Total other financing uses	(570,000)	(509,688)	(570,000)	(60,312)
Net Change in Fund Balance	(685,832)	(853,738)	599,758	1,453,496
Fund Balance - Beginning of year	2,108,861	2,108,861	2,108,861	-
Fund Balance - End of year	<u>\$ 1,423,029</u>	<u>\$ 1,255,123</u>	<u>\$ 2,708,619</u>	<u>\$ 1,453,496</u>

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Roads Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental revenue	\$ 1,296,200	\$ 1,319,200	\$ 1,308,767	\$ (10,433)
Investment income	200	800	649	(151)
Total revenue	1,296,400	1,320,000	1,309,416	(10,584)
Expenditures - Public works	3,627,325	3,394,501	3,189,823	204,678
Excess of Expenditures Over Revenue	(2,330,925)	(2,074,501)	(1,880,407)	194,094
Other Financing Sources -				
Transfers in	2,370,000	2,070,000	2,178,096	108,096
Net Change in Fund Balance	39,075	(4,501)	297,689	302,190
Fund Balance - Beginning of year	318,468	318,468	318,468	-
Fund Balance - End of year	<u>\$ 357,543</u>	<u>\$ 313,967</u>	<u>\$ 616,157</u>	<u>\$ 302,190</u>

City of Farmington Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Safety Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,300,426	\$ 5,286,001	\$ 5,292,260	\$ 6,259
Investment income	10,000	14,920	5,902	(9,018)
Total revenue	5,310,426	5,300,921	5,298,162	(2,759)
Expenditures - Current - Public safety	5,672,957	6,154,006	6,062,775	91,231
Net Change in Fund Balance	(362,531)	(853,085)	(764,613)	88,472
Fund Balance - Beginning of year	2,349,499	2,349,499	2,349,499	-
Fund Balance - End of year	<u>\$ 1,986,968</u>	<u>\$ 1,496,414</u>	<u>\$ 1,584,886</u>	<u>\$ 88,472</u>

Other Supplemental Information

City of Farmington Hills, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Capital Projects Fund - Capital Improvement Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 1,726,199	\$ 1,659,246	\$ 1,730,307	\$ 71,061
Federal grants	-	-	58,137	58,137
Intergovernmental revenue	-	-	4,838	4,838
Investment income	20,000	10,750	8,634	(2,116)
Other revenue	15,000	166,609	248,232	81,623
Total revenue	1,761,199	1,836,605	2,050,148	213,543
Expenditures - Capital outlay	5,390,160	5,831,252	4,683,603	1,147,649
Excess of Expenditures Over Revenue	(3,628,961)	(3,994,647)	(2,633,455)	1,361,192
Other Financing Sources -				
Transfers in	152,800	85,765	175,122	89,357
Net Change in Fund Balance	(3,476,161)	(3,908,882)	(2,458,333)	1,450,549
Fund Balance - Beginning of year	6,110,338	6,110,338	6,110,338	-
Fund Balance - End of year	<u>\$ 2,634,177</u>	<u>\$ 2,201,456</u>	<u>\$ 3,652,005</u>	<u>\$ 1,450,549</u>

City of Farmington Hills, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Major Debt Service Fund - Special Assessment Debt Service Year Ended June 30, 2011

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Investment income	\$ 50,000	\$ 50,000	\$ 157,783	\$ 107,783
Other revenue	425,932	425,932	983,397	557,465
Total revenue	475,932	475,932	1,141,180	665,248
Expenditures				
Current - Capital outlay	-	-	33,635	(33,635)
Debt service:				
Principal	450,000	450,000	544,999	(94,999)
Interest on long-term debt	25,932	25,932	46,528	(20,596)
Total expenditures	475,932	475,932	625,162	(149,230)
Excess of Revenue Over Expenditures	-	-	516,018	516,018
Other Financing Sources (Uses)				
Transfers in	-	-	521,743	521,743
Transfers out	-	-	(1,041,876)	(1,041,876)
Total other financing uses	-	-	(520,133)	(520,133)
Net Change in Fund Balance	-	-	(4,115)	(4,115)
Fund Balance - Beginning of year	1,396,180	1,396,180	1,396,180	-
Fund Balance - End of year	<u>\$ 1,396,180</u>	<u>\$ 1,396,180</u>	<u>\$ 1,392,065</u>	<u>\$ (4,115)</u>

City of Farmington Hills, Michigan

	Special Revenue Funds					
	Fire Grant	Community Development Block Grant	Neighborhood Stabilization	EECBG	Nutrition Grant	Forfeiture Funds
Assets						
Cash and investments	\$ 22,346	\$ -	\$ 100	\$ 30,000	\$ 106,962	\$ 1,328,262
Receivables	-	30,949	-	53,721	22,918	-
Total assets	<u>\$ 22,346</u>	<u>\$ 30,949</u>	<u>\$ 100</u>	<u>\$ 83,721</u>	<u>\$ 129,880</u>	<u>\$ 1,328,262</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 29,844	\$ -	\$ 83,266	\$ -	\$ 336,605
Due to other funds	-	1,105	100	455	94,450	64,000
Deferred revenue	-	-	-	-	35,430	-
Total liabilities	-	30,949	100	83,721	129,880	400,605
Fund Balances						
Restricted:						
Police	-	-	-	-	-	927,657
Debt service	-	-	-	-	-	-
Grants - Fire protection	22,346	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Committed - Special assessment projects						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balances	<u>22,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>927,657</u>
Total liabilities and fund balances	<u>\$ 22,346</u>	<u>\$ 30,949</u>	<u>\$ 100</u>	<u>\$ 83,721</u>	<u>\$ 129,880</u>	<u>\$ 1,328,262</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011**

Special Revenue Funds		Debt Service Funds		Capital Projects Funds		Total
Parks and Recreation Special Millage	Deferred Special Assessment	Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	Nonmajor Governmental Funds
\$ 1,252,602 64,285	\$ 53,029 -	\$ 165,439 -	\$ 227,953 -	\$ 26,134 413	\$ 501,246 -	\$ 3,714,073 172,286
\$ 1,316,887	\$ 53,029	\$ 165,439	\$ 227,953	\$ 26,547	\$ 501,246	\$ 3,886,359
\$ 15,481 - -	\$ - - -	\$ - - -	\$ - - -	\$ - - -	\$ - 640 -	\$ 465,196 160,750 35,430
15,481	-	-	-	-	640	661,376
-	-	-	-	-	-	927,657
-	-	-	227,953	-	-	227,953
-	-	-	-	-	-	22,346
1,301,406	-	-	-	-	-	1,301,406
-	53,029	-	-	-	500,606	553,635
-	-	-	-	26,547	-	26,547
-	-	165,439	-	-	-	165,439
1,301,406	53,029	165,439	227,953	26,547	500,606	3,224,983
\$ 1,316,887	\$ 53,029	\$ 165,439	\$ 227,953	\$ 26,547	\$ 501,246	\$ 3,886,359

City of Farmington Hills, Michigan

	Special Revenue Funds					
	Fire Grant	Community	Neighborhood Stabilization	EECBG	Nutrition Grant	Forfeiture Funds
		Development Block Grant				
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	328,362	13,912	497,952	226,419	106,621
State-shared revenue and grants	-	-	-	-	70,513	-
Investment income	31	-	-	-	129	1,515
Other revenue	-	-	-	53,861	159,847	42,047
Total revenue	31	328,362	13,912	551,813	456,908	150,183
Expenditures						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	236,844
Community and economic development	-	321,370	13,912	461,183	-	-
Recreation and culture	-	-	-	-	456,908	-
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total expenditures	-	321,370	13,912	461,183	456,908	236,844
Excess of Revenue Over (Under) Expenditures	31	6,992	-	90,630	-	(86,661)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(6,992)	-	(90,630)	-	-
Total other financing (uses) sources	-	(6,992)	-	(90,630)	-	-
Net Change in Fund Balances	31	-	-	-	-	(86,661)
Fund Balances - Beginning of year	22,315	-	-	-	-	1,014,318
Fund Balances - End of year	\$ 22,346	\$ -	\$ -	\$ -	\$ -	\$ 927,657

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2011**

Special Revenue Funds		Debt Service Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
Parks and Recreation Special Millage	Deferred Special Assessment	Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	
\$ 1,749,409	\$ -	\$ -	\$ 2,345,759	\$ -	\$ -	\$ 4,095,168
-	-	-	-	-	-	1,173,266
-	-	-	-	-	-	70,513
3,327	29	234	1,517	20	832	7,634
479	-	-	242,015	19,344	-	517,593
<u>1,753,215</u>	<u>29</u>	<u>234</u>	<u>2,589,291</u>	<u>19,364</u>	<u>832</u>	<u>5,864,174</u>
-	300	-	-	-	-	300
-	-	-	-	-	-	236,844
-	-	975	-	-	1,393	798,833
-	-	-	-	-	-	456,908
159,495	-	-	-	200	-	159,695
-	-	1,086,110	1,654,419	-	-	2,740,529
<u>159,495</u>	<u>300</u>	<u>1,087,085</u>	<u>1,654,419</u>	<u>200</u>	<u>1,393</u>	<u>4,393,109</u>
1,593,720	(271)	(1,086,851)	934,872	19,164	(561)	1,471,065
-	-	1,086,110	-	-	481,655	1,567,765
<u>(1,531,570)</u>	<u>-</u>	<u>-</u>	<u>(1,086,110)</u>	<u>-</u>	<u>(1,634,514)</u>	<u>(4,349,816)</u>
<u>(1,531,570)</u>	<u>-</u>	<u>1,086,110</u>	<u>(1,086,110)</u>	<u>-</u>	<u>(1,152,859)</u>	<u>(2,782,051)</u>
62,150	(271)	(741)	(151,238)	19,164	(1,153,420)	(1,310,986)
<u>1,239,256</u>	<u>53,300</u>	<u>166,180</u>	<u>379,191</u>	<u>7,383</u>	<u>1,654,026</u>	<u>4,535,969</u>
<u>\$ 1,301,406</u>	<u>\$ 53,029</u>	<u>\$ 165,439</u>	<u>\$ 227,953</u>	<u>\$ 26,547</u>	<u>\$ 500,606</u>	<u>\$ 3,224,983</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Fire Grant Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 30	\$ 31	\$ 1
Fund Balance - Beginning of year	22,315	22,315	-
Fund Balance - End of year	<u>\$ 22,345</u>	<u>\$ 22,346</u>	<u>\$ 1</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Community Development Block Grant Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 380,792	\$ 328,362	\$ (52,430)
Expenditures - Community and economic development	373,801	321,370	52,431
Excess of Revenue Over Expenditures	6,991	6,992	1
Other Financing Uses - Transfers out	(6,991)	(6,992)	(1)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Neighborhood Stabilization Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 13,912	\$ 13,912	\$ -
Expenditures - Community and economic development	13,912	13,912	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - EECBG Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 359,561	\$ 497,952	\$ 138,391
Other revenue	-	53,861	53,861
Total revenue	359,561	551,813	192,252
Expenditures - Community and economic development	358,287	461,183	(102,896)
Excess of Revenue Over Expenditures	1,274	90,630	89,356
Other Financing Uses - Transfers out	(1,274)	(90,630)	(89,356)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	\$ -	\$ -	\$ -

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Revolving Special Assessment Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 1,000	\$ 832	\$ (168)
Expenditures - Community and economic development	1,395	1,393	2
Excess of Expenditures Over Revenue	(395)	(561)	(166)
Other Financing Sources (Uses)			
Transfers in	60,000	481,655	421,655
Transfers out	(1,382,799)	(1,634,514)	(251,715)
Total other financing uses	(1,322,799)	(1,152,859)	169,940
Net Change in Fund Balance	(1,323,194)	(1,153,420)	169,774
Fund Balance - Beginning of year	1,654,026	1,654,026	-
Fund Balance - End of year	<u>\$ 330,832</u>	<u>\$ 500,606</u>	<u>\$ 169,774</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Nutrition Grant Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 276,502	\$ 226,419	\$ (50,083)
State-shared revenue and grants	-	70,513	70,513
Investment income	350	129	(221)
Other revenue	141,436	159,847	18,411
Total revenue	418,288	456,908	38,620
Expenditures - Recreation and culture	418,288	456,908	(38,620)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Forfeiture Funds Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue			
Federal grants	\$ 100,000	\$ 106,621	\$ 6,621
Investment income	1,540	1,515	(25)
Other revenue	151,597	42,047	(109,550)
Total revenue	253,137	150,183	(102,954)
Expenditures - Public safety	375,589	236,844	138,745
Net Change in Fund Balance	(122,452)	(86,661)	35,791
Fund Balance - Beginning of year	1,014,318	1,014,318	-
Fund Balance - End of year	<u>\$ 891,866</u>	<u>\$ 927,657</u>	<u>\$ 35,791</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Parks and Recreation Special Millage Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue			
Property taxes	\$ 1,747,438	\$ 1,749,409	\$ 1,971
Investment income	5,000	3,327	(1,673)
Other revenue	479	479	-
Total revenue	1,752,917	1,753,215	298
Expenditures - Capital outlay	290,600	159,495	131,105
Excess of Revenue Over Expenditures	1,462,317	1,593,720	131,403
Other Financing Uses - Transfers out	(1,531,570)	(1,531,570)	-
Net Change in Fund Balance	(69,253)	62,150	131,403
Fund Balance - Beginning of year	1,239,256	1,239,256	-
Fund Balance - End of year	<u>\$ 1,170,003</u>	<u>\$ 1,301,406</u>	<u>\$ 131,403</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Deferred Special Assessment Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 40	\$ 29	\$ (11)
Expenditures - Current - General government	300	300	-
Net Change in Fund Balance	(260)	(271)	(11)
Fund Balance - Beginning of year	53,300	53,300	-
Fund Balance - End of year	<u>\$ 53,040</u>	<u>\$ 53,029</u>	<u>\$ (11)</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Building Authority Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue - Investment income	\$ 250	\$ 234	\$ (16)
Expenditures - Current			
Community and economic development	975	975	-
Debt service	1,086,135	1,086,110	25
Total expenditures	1,087,110	1,087,085	25
Excess of Expenditures Over Revenue	(1,086,860)	(1,086,851)	9
Other Financing Sources - Transfers in	1,086,135	1,086,110	(25)
Net Change in Fund Balance	(725)	(741)	(16)
Fund Balance - Beginning of year	166,180	166,180	-
Fund Balance - End of year	<u>\$ 165,455</u>	<u>\$ 165,439</u>	<u>\$ (16)</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - General Debt Service Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue			
Property taxes	\$ 2,321,048	\$ 2,345,759	\$ 24,711
Investment income	1,800	1,517	(283)
Other revenue	231,766	242,015	10,249
Total revenue	2,554,614	2,589,291	34,677
Expenditures			
Current - General government	975	-	975
Debt service:			
Principal	1,282,364	1,282,364	-
Interest on long-term debt	371,673	372,055	(382)
Total expenditures	1,655,012	1,654,419	593
Excess of Revenue Over Expenditures	899,602	934,872	35,270
Other Financing Uses - Transfers out	(1,086,135)	(1,086,110)	25
Net Change in Fund Balance	(186,533)	(151,238)	35,295
Fund Balance - Beginning of year	379,191	379,191	-
Fund Balance - End of year	<u>\$ 192,658</u>	<u>\$ 227,953</u>	<u>\$ 35,295</u>

City of Farmington Hills, Michigan

Other Supplemental Information Nonmajor Governmental Fund - Golf Course Capital Improvement Budgetary Comparison Year Ended June 30, 2011

	Amended Budget	Actual	Variance with Amended Budget
Revenue			
Investment income	\$ 60	\$ 20	\$ (40)
Other revenue	22,000	19,344	(2,656)
Other miscellaneous income	22,000	19,344	(2,656)
Total revenue	22,060	19,364	(2,696)
Expenditures - Current - Capital outlay	210	200	10
Excess of Revenue Over Expenditures	21,850	19,164	(2,686)
Net Change in Fund Balance	21,850	19,164	(2,686)
Fund Balance - Beginning of year	7,383	7,383	-
Fund Balance - End of year	<u>\$ 29,233</u>	<u>\$ 26,547</u>	<u>\$ (2,686)</u>

City of Farmington Hills, Michigan

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds June 30, 2011

	Pension Trust Funds			Agency Funds			
	Pension Fund	Closed Healthcare Fund	Postretirement Health Care Finance Fund	Total Pension Trust Funds	Tax Collections	General Agency	Total Agency Funds
Assets							
Cash and cash equivalents	\$ 5,766,594	\$ 192,525	\$ 4,733,271	\$ 10,692,390	\$ 83,670	\$ 4,127,122	\$ 4,210,792
Investments:							
Stocks	43,803,530	2,900,551	29,849,699	76,553,780	-	-	-
Bonds	433,805	14,483	-	448,288	-	-	-
Pooled funds	76,441,850	2,552,110	8,718,953	87,712,913	-	-	-
Asset-backed securities	259,696	8,670	-	268,366	-	-	-
Receivables	1,178,681	39,352	-	1,218,033	-	439	439
Total assets	127,884,156	5,707,691	43,301,923	176,893,770	\$ 83,670	\$ 4,127,561	\$ 4,211,231
Liabilities							
Accounts payable	149,344	4,986	36,229	190,559	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	81,133	927,396	1,008,529
Due to primary government	-	1,438,114	-	1,438,114	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	2,537	3,200,165	3,202,702
Total liabilities	149,344	1,443,100	36,229	1,628,673	\$ 83,670	\$ 4,127,561	\$ 4,211,231
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 127,734,812	\$ 4,264,591	\$ 43,265,694	\$ 175,265,097			

City of Farmington Hills, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended June 30, 2011

	Pension Fund	Closed Healthcare Fund	Postretirement Health Care Finance Fund	Total
Additions				
Investment income:				
Interest and dividends	\$ 1,323,434	\$ 61,398	\$ 1,179,897	\$ 2,564,729
Net increase in fair value of investments	20,940,578	971,492	5,275,728	27,187,798
Investment-related expenses	<u>(656,701)</u>	<u>(30,466)</u>	<u>(143,590)</u>	<u>(830,757)</u>
Net investment income	21,607,311	1,002,424	6,312,035	28,921,770
Contributions:				
Employer	4,008,049	-	3,186,426	7,194,475
Employee	980,703	-	323,026	1,303,729
Net contributions	<u>4,988,752</u>	<u>-</u>	<u>3,509,452</u>	<u>8,498,204</u>
Total additions	26,596,063	1,002,424	9,821,487	37,419,974
Deductions				
Benefit payments	6,259,082	1,665,284	-	7,924,366
Refunds of contributions	467,593	76,728	-	544,321
Total deductions	<u>6,726,675</u>	<u>1,742,012</u>	<u>-</u>	<u>8,468,687</u>
Net Increase (Decrease) in Net Assets Held in Trust	19,869,388	(739,588)	9,821,487	28,951,287
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>107,865,424</u>	<u>5,004,179</u>	<u>33,444,207</u>	<u>146,313,810</u>
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 127,734,812</u>	<u>\$ 4,264,591</u>	<u>\$ 43,265,694</u>	<u>\$ 175,265,097</u>

City of Farmington Hills, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds June 30, 2011

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
<u>Tax Collections</u>				
Assets				
Cash and investments	\$ 49,988	\$ 200,251,302	\$ (200,217,620)	\$ 83,670
Due from other funds	-	38,373	(38,373)	-
Total assets	<u>\$ 49,988</u>	<u>\$ 200,289,675</u>	<u>\$ (200,255,993)</u>	<u>\$ 83,670</u>
Liabilities				
Tax collections distributable	\$ -	\$ 169,674,250	\$ (169,674,250)	\$ -
Due to other governmental units	49,988	81,133	(49,988)	81,133
Refundable deposits, bonds, etc.	-	2,537	-	2,537
Total liabilities	<u>\$ 49,988</u>	<u>\$ 169,757,920</u>	<u>\$ (169,724,238)</u>	<u>\$ 83,670</u>
<u>General Agency</u>				
Assets - Cash and investments	<u>\$ 4,528,318</u>	<u>\$ 1,822,385</u>	<u>\$ (2,223,142)</u>	<u>\$ 4,127,561</u>
Total assets	<u>\$ 4,528,318</u>	<u>\$ 1,822,385</u>	<u>\$ (2,223,142)</u>	<u>\$ 4,127,561</u>
Liabilities				
Due to other governmental units	\$ 1,168,709	\$ 1,106,523	\$ (1,347,836)	\$ 927,396
Refundable deposits, bonds, etc.	3,359,609	715,862	(875,306)	3,200,165
Total liabilities	<u>\$ 4,528,318</u>	<u>\$ 1,822,385</u>	<u>\$ (2,223,142)</u>	<u>\$ 4,127,561</u>

City of Farmington Hills, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds (Continued) June 30, 2011

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011
<u>Total Agency Funds</u>				
Assets				
Cash and investments	\$ 4,578,306	\$ 202,112,060	\$ (202,479,135)	\$ 4,211,231
Due from other funds	-	38,373	(38,373)	-
Total assets	<u>\$ 4,578,306</u>	<u>\$ 202,150,433</u>	<u>\$ (202,517,508)</u>	<u>\$ 4,211,231</u>
Liabilities				
Tax collections distributable	\$ -	\$ 169,674,250	\$ (169,674,250)	\$ -
Due to other governmental units	1,218,697	1,187,656	(1,397,824)	1,008,529
Refundable deposits, bonds, etc.	3,359,609	718,399	(875,306)	3,202,702
Total liabilities	<u>\$ 4,578,306</u>	<u>\$ 171,580,305</u>	<u>\$ (171,947,380)</u>	<u>\$ 4,211,231</u>

Statistical Section

City of Farmington Hills, Michigan

Description of Statistical Section

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

Contents

Financial Trends:

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity:

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

Debt Capacity:

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

Demographic Information:

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

Operating Information:

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

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

City of Farmington Hills, Michigan

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Invested in capital assets - Net of related debt	\$ 130,784,565	\$ 121,573,154	\$ 123,530,837	\$ 122,136,048
Restricted	16,189,992	13,858,968	13,100,188	13,052,018
Unrestricted	16,384,429	20,915,089	19,867,990	23,301,442
Business-type Activities				
Invested in capital assets - Net of related debt	88,006,277	87,392,224	87,270,670	85,618,579
Restricted	-	-	-	-
Unrestricted	44,062,460	50,165,269	51,494,296	53,730,183
Primary Government in Total				
Invested in capital assets - Net of related debt	218,790,842	208,965,378	210,801,507	207,754,627
Restricted	16,189,992	13,858,968	13,100,188	13,052,018
Unrestricted	60,446,889	71,080,358	71,362,286	77,031,625

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			
2008	2009	2010	2011
\$ 125,093,866	\$ 128,237,651	\$ 140,816,579	\$ 144,671,857
12,944,910	16,711,375	12,389,692	12,908,263
25,761,491	24,924,231	17,849,645	13,872,733
84,322,367	82,314,724	80,875,970	77,009,256
-	-	-	-
54,179,717	56,555,093	59,332,378	60,957,980
209,416,233	210,552,375	221,692,549	221,681,113
12,944,910	16,711,375	12,389,692	12,908,263
79,941,208	81,479,324	77,182,023	74,830,713

City of Farmington Hills, Michigan

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

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

Source: Annual Financial Statements

Financial Trend Information
Changes in Governmental Net Assets

Fiscal Year Ended June 30			
2008	2009	2010	2011
\$ 12,047,284	\$ 12,594,812	\$ 11,834,878	\$ 11,447,146
29,864,624	31,276,618	29,303,406	28,145,708
16,809,129	15,339,315	15,012,680	14,050,633
2,585,741	2,557,494	2,627,503	2,551,394
9,222,890	8,952,811	8,660,742	8,292,558
1,206,196	1,026,617	1,542,089	820,126
71,735,864	71,747,667	68,981,298	65,307,565
3,466,163	3,973,987	4,290,538	4,454,832
1,766,051	1,722,334	1,609,738	1,998,642
3,430,421	3,147,925	2,381,587	606,504
1,258,701	1,063,207	521,998	320,955
3,631,709	3,558,097	3,287,044	3,259,108
13,553,045	13,465,550	12,090,905	10,640,041
6,959,267	6,961,336	8,331,014	7,329,185
2,204,359	5,216,521	2,509,096	2,171,050
22,716,671	25,643,407	22,931,015	20,140,276
(49,019,193)	(46,104,260)	(46,050,283)	(45,167,289)
45,132,374	44,515,945	41,422,186	37,311,396
6,683,814	6,359,311	5,655,971	5,668,550
3,044,879	1,514,504	433,574	281,532
162,230	101,777	(109,127)	-
251,130	440,413	520,769	1,171,166
55,274,427	52,931,950	47,923,373	44,432,644
(746,700)	(754,700)	(690,431)	1,131,582
\$ 5,508,534	\$ 6,072,990	\$ 1,182,659	\$ 396,937

City of Farmington Hills, Michigan

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

Financial Trend Information
Changes in Business-type Net Assets

Fiscal Year Ended June 30			
2008	2009	2010	2011
\$ 24,558,909	\$ 24,687,573	\$ 24,571,599	\$ 26,181,647
1,358,224	1,421,484	1,272,895	1,229,841
230,614	185,705	142,699	120,815
7,978	7,637	5,950	34,972
<u>26,155,725</u>	<u>26,302,399</u>	<u>25,993,143</u>	<u>27,567,275</u>
21,329,632	22,141,498	23,908,712	24,279,215
1,456,179	1,396,199	1,219,251	1,184,769
-	-	-	-
11,046	851,445	598,881	271,651
<u>1,402,096</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>24,198,953</u>	<u>24,389,142</u>	<u>25,726,844</u>	<u>25,735,635</u>
(1,956,772)	(1,913,257)	(266,299)	(1,831,640)
2,179,139	1,526,290	914,399	722,110
<u>746,700</u>	<u>754,700</u>	<u>690,431</u>	<u>(1,131,582)</u>
<u>\$ 969,067</u>	<u>\$ 367,733</u>	<u>\$ 1,338,531</u>	<u>\$ (2,241,112)</u>

City of Farmington Hills, Michigan

	June 30				
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$ 1,107,396	\$ 2,797,226	\$ 2,455,421	\$ 2,261,661	\$ 2,171,865
Unreserved	16,334,333	16,148,367	13,628,760	13,867,351	13,419,323
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	17,441,729	18,945,593	16,084,181	16,129,012	15,591,188
All Other Governmental Funds					
Unreserved, reported in:					
Special revenue funds	9,881,825	8,901,028	10,342,849	9,969,961	9,591,399
Capital project funds	4,753,388	5,907,486	1,337,173	1,594,421	6,522,937
Debt service funds	5,610,303	9,991,355	5,748,253	6,110,990	5,622,287
SAD capital project funds	450,790	(975,155)	110,739	(133,343)	(238,861)
Restricted, reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
SAD capital project funds	-	-	-	-	-
Committed, reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
SAD capital project funds	-	-	-	-	-
Assigned, reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
SAD capital project funds	-	-	-	-	-
Total all other governmental funds	<u>\$38,138,035</u>	<u>\$42,770,307</u>	<u>\$33,623,195</u>	<u>\$33,671,041</u>	<u>\$37,088,950</u>

Source: Annual Financial Statements

** Fund balance classifications were changed as a result of implementation of GASB 54

Financial Trend Information
Fund Balances - Governmental Funds

June 30					
2006	2007	2008	2009	2010	2011**
\$ 2,109,393	\$ 1,768,931	\$ 1,817,933	\$ 1,619,626	\$ 1,417,815	\$ -
14,836,555	16,849,172	16,858,200	16,044,583	12,307,283	-
-	-	-	-	-	1,117,317
-	-	-	-	-	4,155,457
-	-	-	-	-	9,437,112
16,945,948	18,618,103	18,676,133	17,664,209	13,725,098	14,709,886
10,338,792	11,727,791	11,442,855	9,186,589	8,767,426	-
4,242,341	5,719,111	8,449,244	11,606,989	6,110,338	-
4,975,369	4,191,743	3,823,728	3,127,737	1,941,551	-
(230,599)	(42,248)	1,080,855	1,080,855	(367,906)	-
-	-	-	-	-	7,161,071
-	-	-	-	-	-
-	-	-	-	-	1,620,018
-	-	-	-	-	2,308
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	553,635
-	-	-	-	-	-
-	-	-	-	-	3,678,552
-	-	-	-	-	165,439
-	-	-	-	-	-
\$36,271,851	\$40,214,500	\$43,472,815	\$42,666,379	\$30,176,507	\$27,890,909

City of Farmington Hills, Michigan

	Year Ended June 30				
	2001	2002	2003	2004	2005
Revenue					
Property taxes	\$ 34,198,849	\$ 35,798,125	\$ 38,112,953	\$ 39,581,555	\$ 40,837,672
Federal grants	741,673	1,168,058	758,164	1,527,819	2,066,806
State-shared revenue and grants	13,941,350	14,267,451	15,544,463	13,365,212	13,107,584
Other grants and contributions	1,001,507	191,730	154,823	151,902	226,058
Special assessments	-	-	1,405,077	1,637,106	967,958
Charges for services	6,626,030	7,490,817	6,835,109	6,930,483	7,528,987
Fines and forfeitures	2,093,481	2,226,312	2,087,250	2,406,863	2,405,719
Interest and rentals	3,699,519	1,879,853	1,383,409	999,237	1,432,381
Other	1,410,019	2,103,407	1,223,970	3,711,650	1,787,527
Total revenue	63,712,428	65,125,753	67,505,218	70,311,827	70,360,692
Expenditures					
Current:					
General government	11,651,062	12,422,185	12,937,292	13,408,345	13,504,759
Public safety	19,935,804	21,480,500	23,192,361	23,722,620	24,526,966
Public works	11,861,140	13,145,615	10,936,157	11,836,694	13,505,680
Community and economic development	982,594	793,490	2,251,107	2,381,404	2,475,478
Recreation and culture	-	-	5,855,834	5,975,789	6,278,393
Other	-	-	-	-	-
Capital outlay*	10,665,717	18,952,148	18,941,512	8,102,545	5,126,521
Debt service principal	2,963,532	3,125,413	3,241,072	3,592,560	3,560,105
Debt service interest	1,484,843	1,390,073	1,565,841	1,041,824	1,100,363
Total expenditures	59,544,692	71,309,424	78,921,176	70,061,781	70,078,265
Excess of Revenue Over (Under) Expenditures	4,167,736	(6,183,671)	(11,415,958)	250,046	282,427
Other Financing Sources (Uses)					
Debt issuance	-	11,000,000	4,482,836	3,960,000	8,200,000
Transfers in	4,554,883	6,619,741	13,146,991	9,227,229	7,855,405
Transfers out	(4,659,883)	(6,947,237)	(12,463,145)	(10,479,429)	(12,919,923)
Debt defeasance	-	-	(2,897,836)	(2,910,000)	-
Total other financing (uses) sources	(105,000)	10,672,504	2,268,846	(202,200)	3,135,482
Special Item	-	143,439	-	-	-
Net Change in Fund Balances	4,062,736	4,632,272	(9,147,112)	47,846	3,417,909
Fund Balances - Beginning of year	34,075,299	38,138,035	42,770,307	33,623,195	33,671,041
Fund Balances - End of year	\$ 38,138,035	\$ 42,770,307	\$ 33,623,195	\$ 33,671,041	\$ 37,088,950
Ratio of Total Debt Service to Noncapital Expenditures	10.01%	9.44%	8.71%	8.08%	7.73%

Source: Annual Financial Statements

* Capital outlay includes road funds.

Change in Fund Balances Governmental Funds

Year Ended June 30						
	2006	2007	2008	2009	2010	2011
\$	39,833,977	\$ 43,648,073	\$ 45,132,374	\$ 44,515,945	\$ 41,422,186	\$ 37,310,917
	1,470,397	1,633,930	1,034,220	2,864,889	1,657,364	1,570,264
	12,898,513	12,735,007	12,737,789	12,378,168	11,261,806	11,403,975
	194,731	178,317	211,653	224,610	1,244,571	78,239
	799,797	522,985	489,779	1,100,546	1,371,632	1,180,232
	7,412,005	7,350,847	8,123,042	8,119,940	8,705,438	9,255,698
	2,262,481	2,498,603	2,667,589	2,706,691	2,490,154	2,264,792
	2,661,066	3,581,579	3,021,337	1,514,504	433,574	281,532
	1,121,134	1,219,932	1,324,773	1,426,202	1,091,066	1,542,806
	<u>68,654,101</u>	<u>73,369,273</u>	<u>74,742,556</u>	<u>74,851,495</u>	<u>69,677,791</u>	<u>64,888,455</u>
	10,102,475	11,937,785	10,918,120	11,352,739	11,168,240	9,944,032
	25,335,913	27,460,118	28,685,731	30,110,010	28,579,181	26,678,671
	12,307,550	11,017,922	10,690,331	8,579,318	9,627,908	8,842,900
	2,556,411	2,587,708	2,488,079	2,491,450	2,678,034	2,544,986
	6,403,457	7,267,798	7,433,871	7,620,314	7,071,455	7,000,012
	34,289	13,554	12,099	10,194	-	-
	7,548,051	4,126,914	8,398,153	8,574,340	18,219,667	8,672,572
	3,216,331	3,193,368	3,053,526	2,709,552	2,510,789	1,806,250
	1,388,976	1,173,866	1,227,694	1,087,476	1,621,958	1,526,940
	<u>68,893,453</u>	<u>68,779,033</u>	<u>72,907,604</u>	<u>72,535,393</u>	<u>81,477,232</u>	<u>67,016,363</u>
	(239,352)	4,590,240	1,834,952	2,316,102	(11,799,441)	(2,127,908)
	-	6,916,604	-	-	-	-
	5,635,903	3,103,486	7,742,935	9,478,961	9,612,220	6,637,322
	(6,213,650)	(3,907,186)	(8,489,635)	(10,233,661)	(10,302,651)	(6,795,012)
	-	(6,958,270)	-	-	-	-
	(577,747)	(845,366)	(746,700)	(754,700)	(690,431)	(157,690)
	-	-	-	-	-	-
	(817,099)	3,744,874	1,088,252	1,561,402	(12,489,872)	(2,285,598)
	<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>	<u>30,176,507</u>
\$	<u>36,271,851</u>	<u>40,016,725</u>	<u>41,104,977</u>	<u>42,666,379</u>	<u>30,176,507</u>	<u>27,890,909</u>
	8.12%	7.24%	7.11%	6.31%	6.99%	6.06%

City of Farmington Hills, Michigan

Taxable Value by Property Type				
Real Property				
Tax Year	Residential	Commercial	Industrial	Personal Property
2001	\$ 2,279,684,910	\$ 705,244,050	\$ 232,364,480	\$ 296,210,250
2002	2,404,894,930	751,530,320	239,069,180	299,294,170
2003	2,494,573,160	790,858,870	244,276,060	300,524,080
2004	2,601,427,910	817,606,480	248,911,830	306,640,780
2005	2,714,015,100	855,500,180	265,554,000	285,526,350
2006	2,846,495,290	882,999,590	273,655,430	291,027,340
2007	2,961,431,410	907,534,470	279,338,250	290,225,360
2008	2,924,723,280	921,565,770	280,643,650	284,610,560
2009	2,678,367,510	922,563,600	287,879,390	276,198,070
2010	2,265,145,125	842,383,500	246,302,990	259,823,290
2011	2,070,714,280	814,312,450	146,524,070	252,232,440

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
2000	7.2193	0.7785	2.1672	10.1650	4.6478	0.3236	0.5958	1.6109	1.8311
2001	7.2193	0.7432	2.2025	10.1650	4.6438	0.3207	0.5933	1.5952	1.8193
2002	7.2193	0.8117	2.1911	10.2221	4.6523	0.6000	0.5887	1.6090	1.8043
2003	7.5705	0.7932	1.8584	10.2221	4.6497	0.5974	0.5866	1.5983	1.8024
2004	7.7142	0.7014	1.8065	10.2221	4.6476	0.5962	0.5856	1.5889	1.7967
2005	6.9452	0.6318	1.9451	9.5221	4.6461	0.5950	1.5856	1.5844	1.7967
2006	6.9408	0.6362	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967
2007	6.9423	0.6347	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967
2008	7.0368	0.5402	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844	1.7467
2009	7.5301	0.5269	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967
2010	7.4089	0.6481	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967

Source: City Treasury and Assessing records

Revenue Capacity Information
Assessed Value and Actual Value of Taxable Property

				Taxable Value as a Percentage of Actual	
IFT	Total Taxable	Tax Rate (Mills)	Total SEV		
\$ 15,341,050	\$ 3,528,844,740	10.1649	\$ 3,945,512,540		89.44
19,117,510	3,713,906,110	10.1650	4,277,835,510		86.82
18,491,200	3,848,723,370	10.2221	4,504,750,120		85.44
21,201,670	3,995,788,670	10.2221	4,629,979,870		86.30
13,611,350	4,134,206,980	9.5221	4,741,538,300		87.19
14,649,020	4,308,817,670	10.0216	4,873,928,140		88.41
14,001,540	4,452,531,030	10.0216	4,959,218,650		89.78
14,403,740	4,425,947,000	10.0216	4,757,901,480		93.02
2,954,480	4,167,963,050	10.0216	4,300,702,530		96.91
1,962,820	3,615,617,725	10.0216	3,681,476,945		98.21
2,145,600	3,285,928,840	10.6180	3,316,262,400		99.09

Direct and Overlapping Property Tax Rates

		Overlapping Taxes						
Intermediate School District	State Education	School: Homestead Farmington	School: Homestead Clarenceville	School: Homestead Walled Lake	School: Non-homestead Farmington	School: Non-homestead Clarenceville	School: Non-homestead Walled Lake	Zoo Authority
2.0752	6.0000	13.2614	4.7395	8.0982	20.0000	21.7449	23.1000	0.0000
3.4526	6.0000	12.8633	4.5920	7.9538	20.0000	21.6745	23.1000	0.0000
3.4224	6.0000	12.4459	4.7548	7.4728	19.9388	21.8907	22.9884	0.0000
3.3991	5.0000	11.8783	4.7114	7.5248	19.9388	21.8771	23.1000	0.0000
3.3789	6.0000	11.5466	4.5763	7.0548	19.9388	21.7522	22.7900	0.0000
3.3690	6.0000	11.1596	4.3392	6.8975	19.9388	21.5727	22.7900	0.0000
3.3690	6.0000	10.6511	5.1766	6.7841	19.7388	22.5000	22.7900	0.0000
3.3690	6.0000	10.1784	5.1324	6.6700	19.8000	22.5000	22.7900	0.0000
3.3690	6.0000	9.6915	5.0892	6.5722	19.8000	22.5000	22.7900	0.0000
3.3690	6.0000	10.1442	5.1146	6.4793	19.8000	22.5000	22.5000	0.1000
3.3690	6.0000	12.0278	5.1922	6.7508	20.1000	22.5000	22.5000	0.1000

City of Farmington Hills, Michigan

Revenue Capacity Information Principal Property Taxpayers

Taxpayer	2011 Taxable Value	Percentage of Total	2002 Taxable Value	Percentage of Total	2002 Rank
1 Oakland Management Co.	\$ 66,818,190	2.03	\$ 66,536,180	1.79	1
2 FH Corporate Investors (Kojaian)	41,546,880	1.26	26,854,300	0.72	4
3 Robert Bosch Corp	33,201,120	1.01	44,405,220	1.20	2
4 Nissan	31,407,770	0.96	25,666,160	0.69	5
5 Detroit Edison	29,574,890	0.90	32,192,870	0.87	3
6 Arboretum Development	18,830,220	0.57	20,564,910	0.55	6
7 Chrysler Financial	17,398,430	0.53	N/A	-	-
8 Ramco/Lion Venture	16,841,770	0.51	N/A	-	-
9 Green Hill Apts	16,377,630	0.50	N/A	-	-
10 Etkin & Fice	14,533,070	0.44	N/A	-	-

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
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
2011	35,915,797	34,911,860	97.20	34,159	34,946,019	97.30

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

City of Farmington Hills, Michigan

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
General obligation bonds	\$ 15,825,000	\$ 22,440,000	\$ 21,200,000	\$ 20,045,000
County contractual obligations	7,571,472	6,696,107	5,829,778	4,856,409
Installment purchase agreements	-	-	-	-
Special assessment bonds	6,810,000	5,670,000	4,560,000	3,495,000
Highway loan program	-	-	-	-
Total governmental activities	30,206,472	34,806,107	31,589,778	28,396,409
Business-type Activities				
General obligation bonds	4,218,750	3,906,250	3,593,750	3,256,250
County contractual obligations	2,896,023	2,459,082	1,953,253	1,446,653
Total business-type activities	7,114,773	6,365,332	5,547,003	4,702,903
Total debt of the government	\$ 37,321,245	\$ 41,171,439	\$ 37,136,781	\$ 33,099,312
Total taxable value	\$ 3,830,232,170	\$ 3,974,587,000	\$ 4,120,595,630	\$ 4,294,177,650
Ratio of total debt to taxable value	0.97%	1.04%	0.90%	0.77%
Total population	81,058	80,854	80,486	80,392
Total debt per capita	\$ 460	\$ 509	\$ 461	\$ 412
Total personal income	2,268,777,195	2,270,734,492	2,271,139,450	2,277,213,820
Ratio of total debt to personal income	1.64%	1.81%	1.64%	1.45%

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

**Debt Capacity Information
Ratios of Outstanding Debt**

		Fiscal Year					
		2008	2009	2010	2011		
\$	18,920,000	\$	18,105,000	\$	17,280,000	\$	18,246,250
	3,762,883		2,691,610		1,590,821		483,459
	-		-		-		-
	2,660,000		1,880,000		1,295,000		750,000
	-		-		-		-
	<u>25,342,883</u>		<u>22,676,610</u>		<u>20,165,821</u>		<u>19,479,709</u>
	2,923,750		2,775,000		2,345,000		-
	860,022		209,656		-		-
	<u>3,783,772</u>		<u>2,984,656</u>		<u>2,345,000</u>		<u>-</u>
\$	<u>29,126,655</u>	\$	<u>25,661,266</u>	\$	<u>22,510,821</u>	\$	<u>19,479,709</u>
\$	4,438,529,490	\$	4,411,543,260	\$	4,165,008,570	\$	3,613,654,905
	0.66%		0.58%		0.54%		0.54%
	79,327		79,052		79,649		79,740
\$	367	\$	325	\$	283	\$	244
	2,255,076,116		2,255,818,539		2,251,971,438		2,032,400,158
	1.29%		1.14%		1.00%		0.96%

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
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	4,873,928,140	80,392	20,090,000	0.41	249.90
2008	4,959,218,650	79,327	18,920,000	0.40	238.51
2009	4,757,901,480	79,052	18,105,000	0.42	229.03
2010	4,300,702,530	79,649	17,280,000	0.40	216.95
2011*	3,681,476,945	79,740	18,246,250	0.50	228.82

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

* For 2011, general bonded debt now also includes general obligation bonds for the ice arena.

The debt service requirements of all remaining debt are currently funded through revenue sources other than property taxes.

Direct and Overlapping Debt

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Farmington Hills Taxpayers	Amount Applicable to Farmington Hills Taxpayers
Direct debt - City of Farmington Hills	\$ 19,110,000	100.00	\$ 19,110,000
Overlapping debt:			
Farmington School District	47,425,000	87.24	41,373,570
Clarenceville School District		32.37	-
Walled Lake School District	140,345,000	3.12	4,378,764
Oakland County at Large	97,306,733	6.52	6,344,399
Oakland County Intermediate School District	62,379,412	6.53	4,073,376
Oakland Community College	5,075,000	6.36	322,770
Farmington Hills Library	2,450,000	91.20	2,234,400
Total overlapping debt	354,981,145		58,727,279
Total	\$ 374,091,145		\$ 77,837,279

Direct debt - For the purpose of this schedule, direct debt is defined as all bonded debt less deferred amounts and county contractual obligations.

Source: Municipal Advisory Council of Michigan

City of Farmington Hills, Michigan

	2001	2002	2003	2004
Debt Limit (Fiscal Year Ended) (1)				
State equalized valuation (previous year)	\$ 3,645,559,130	\$ 3,945,512,540	\$ 4,277,835,510	\$ 4,504,750,120
Debt limit (10 percent of State equalized valuation) (2)	10.00	10.00	10.00	10.00
Total debt limit	364,555,913	394,551,254	427,783,551	450,475,012
Debt Applicable to Debt Limit				
Total bonded debt	37,370,919	43,499,820	40,562,006	37,321,245
Less deductions allowed by law:				
Special assessment bonds	7,500,000	6,420,000	6,955,000	6,810,000
Michigan transportation bonds	2,800,000	2,400,000	1,950,000	1,500,000
Total amount of debt applicable to debt limit	27,070,919	34,679,820	31,657,006	29,011,245
Legal Debt Margin	\$ 337,484,994	\$ 359,871,434	\$ 396,126,545	\$ 421,463,767
Net Debt Subject to Limit as Percentage of Debt Limit	7.43%	8.79%	7.40%	6.44%

(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

2005	2006	2007	2008	2009	2010	2011
\$ 4,629,979,870	\$ 4,741,538,300	\$ 4,873,928,140	\$ 4,959,218,650	\$ 4,757,901,480	\$ 4,300,702,530	\$ 3,681,476,945
10.00	10.00	10.00	10.00	10.00	10.00	10.00
462,997,987	474,153,830	487,392,814	495,921,865	475,790,148	430,070,253	368,147,695
41,171,439	37,136,781	33,099,312	29,126,655	25,661,266	22,510,821	19,479,709
5,670,000	4,560,000	3,495,000	2,660,000	1,880,000	1,295,000	750,000
1,050,000	600,000	300,000	-	-	-	-
34,451,439	31,976,781	29,304,312	26,466,655	23,781,266	21,215,821	18,729,709
\$ 428,546,548	\$ 442,177,049	\$ 458,088,502	\$ 469,455,210	\$ 452,008,882	\$ 408,854,432	\$ 349,417,986
7.44%	6.74%	6.01%	5.34%	5.00%	4.93%	5.09%

City of Farmington Hills, Michigan

Demographic and Economic Statistics Principal Employers

Fiscal Year	Source	Population	Median	Median	Unemployment Rate	Number of Households	Total Personal Income
			Personal Income Per Household	Per Capita Personal Income			
2001	1	81,970	\$ 67,493	\$ 27,712	2.6	33,656	\$ 2,271,544,408
2002	1	83,500	67,493	27,251	3.7	33,714	2,275,459,002
2003	1	82,274	67,493	27,772	3.7	33,854	2,284,908,022
2004	1	81,058	67,493	27,990	4.7	33,615	2,268,777,195
2005	1	80,854	67,493	28,084	5.1	33,644	2,270,734,492
2006	1	80,486	67,493	28,218	5.0	33,650	2,271,139,450
2007	2	80,392	67,493	28,326	5.5	33,740	2,277,213,820
2008	2	79,327	67,493	28,428	6.1	33,412	2,255,076,116
2009	2	79,052	67,493	28,536	11.6	33,423	2,255,818,539
2010	2	79,649	67,493	28,274	10.6	33,366	2,251,971,438
2011	2	79,740	60,562	25,488	9.2	33,559	2,032,400,158

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

Sources for unemployment rate:

(1) Michigan Department of Labor and Economic Growth

(2) U.S. Department of Commerce/Labor, Bureau of Labor Statistics

Taxpayer		2011 Employees	Percentage of Total	2001 Employees	Percentage of Total	2001 Rank
1	Botsford Hospital	3,477	6.25	(1)	(1)	(1)
2	Robert Bosch Corporation	1,600	2.87	(1)	(1)	(1)
3	Farmington Public Schools	1,576	2.83	(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 and City Economic Development records

(1) Not available

City of Farmington Hills, Michigan

Operating Information Full-time Equivalent Government Employees (I)

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government (1)											
City administration	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.10	5.00
Public information	3.75	3.50	3.50	3.50	3.50	3.50	4.00	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	12.40
Assessing	9.04	9.04	9.04	9.04	9.04	9.04	9.04	8.54	8.54	8.55	6.54
City clerk	11.25	10.61	11.15	9.80	10.26	9.90	8.90	8.77	8.86	7.58	6.84
Human resources	3.75	3.75	3.75	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00
Central services	8.50	8.50	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50	9.40
Public Safety (2)											
Police	178.69	180.74	180.62	180.62	173.58	173.52	181.27	180.58	175.73	168.54	145.87
Fire and EMS	76.95	76.95	80.95	80.95	80.95	80.95	85.95	85.95	85.95	84.95	81.95
Public Services (3)											
Administration	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00
Road maintenance	28.25	28.25	28.25	28.25	27.50	26.50	27.25	27.25	27.25	23.83	21.12
Building maintenance	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Engineering	21.79	21.79	21.79	21.79	21.79	21.07	21.20	20.20	18.60	17.50	14.00
D.P.W. garage	11.50	11.50	11.50	11.50	11.50	11.50	11.00	11.00	11.00	10.50	10.50
Waste collection/recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	1.00
Planning and Community Development (4)											
	28.00	28.00	26.50	26.50	26.50	26.50	26.50	26.50	25.00	24.20	19.00
Special Services (5)											
Administration	10.10	10.40	10.10	10.60	10.80	18.30	19.50	20.30	22.00	20.32	18.90
Youth and families	6.50	6.50	6.70	6.70	7.24	7.24	10.40	10.40	10.40	8.90	8.00
Senior adults	-	20.02	17.24	15.91	16.34	24.75	23.02	25.98	26.74	26.44	25.63
Parks division	24.62	27.11	28.83	27.17	24.47	24.44	25.44	26.44	26.21	23.62	22.73
Cultural arts	-	2.40	2.40	2.75	3.04	3.04	3.04	3.32	3.32	3.32	2.47
William Costick activities center	28.87	7.31	7.35	7.35	7.31	-	-	-	-	-	-
Golf course division	4.31	4.31	5.60	7.77	9.66	10.39	10.39	13.39	13.11	13.80	12.71
Ice arena	23.33	19.10	18.15	16.61	17.39	17.73	18.16	16.93	16.93	17.34	15.16
Total (6)	507.75	508.38	510.52	510.16	505.22	512.02	528.09	532.58	526.67	505.82	455.22

Source: City personnel records

- (1) General government FTEs decreased by 5.38 or 10% in 2011.
- (2) Public safety FTEs decreased by 25.67 or 10% in 2011.
- (3) Public services FTEs decreased by 6.21 or 10% in 2011.
- (4) Planning and community development FTEs decreased by 5.20 or 21% in 2011.
- (5) Special services FTEs decreased by 8.14 or 7% in 2011.
- (6) City-wide FTEs decreased by 50.60 or 10% in 2011.

City of Farmington Hills, Michigan

Function/Program	2001	2002	2003	2004	2005
Police:					
Physical arrests	2,887	3,463	3,060	3,230	3,328
Traffic violations	19,166	19,832	19,081	18,991	17,646
Fire:					
Total incidents	6,440	6,746	6,432	6,487	6,645
Public education programs	288	275	244	451	218
Fire loss	\$ 3,224,960	\$ 4,531,661	\$ 5,967,485	\$ 5,735,652	\$ 3,427,891
Public works:					
Dwelling units receiving refuse service	22,557	22,581	22,661	22,665	22,750
Percent of waste stream recycled	31.35	30.54	28.46	30.91	30.94
Parks and recreation - Recreation programs	(1)	(1)	1,710	2,008	2,329
Library:					
Circulation (books borrowed)	954,333	1,085,750	1,221,738	1,206,540	1,152,305
Collection volume	211,357	221,611	237,152	237,624	240,639
Water:					
Water customers	21,811	21,981	22,198	22,331	22,473
Water main breaks	119	121	134	161	82
Total consumption (mcf)	494,561	543,716	562,976	508,604	493,433
Average consumption per user (mcf/year)	22.7	24.7	25.4	22.8	22
Sewer:					
Sewer - Average daily sewage treatment	22.0	23.8	23.9	21.7	21
Sewer customers	21,577	21,724	21,913	22,051	22,152

(1) Information not available

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

Operating Information
Operating Indicators

2006	2007	2008	2009	2010	2011
2,789	3,482	4,013	4,478	2,614	2,148
13,347	17,770	19,754	20,224	17,990	17,414
6,818	6,668	7,026	7,060	6,886	7,278
109	111	102	94	61	37
\$ 2,490,598	\$ 3,401,006	\$ 9,026,874	\$ 4,469,795	\$ 4,909,621	\$ 4,837,303
22,790	22,980	23,049	23,050	22,137	23,160
30.98	32.48	32.50	35.00	36.20	36.21
2,329	2,454	2,450	2,459	2,500	2,565
1,152,305	1,202,625	1,272,317	1,390,883	1,390,883	1,387,735
240,639	246,016	250,852	300,760	300,760	320,840
22,672	22,713	22,725	22,742	22,734	22,707
77	65	76	63	60	56
529,758	490,831	514,878	471,985	431,059	427,336
23.4	21.6	22.7	20.8	18.96	18.82
20.7	19.3	20.4	19.1	17.44	15.56
22,363	22,393	22,407	22,420	22,407	22,383

City of Farmington Hills, Michigan

Operating Information Capital Asset Statistics

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:											
Stations											
Patrol units	77	78	82	82	82	82	82	82	82	73	64
Fire:											
Stations	5	5	5	5	5	5	5	5	5	5	5
Trucks (4)	15 (**)	15 (**)	18 (*)	16	16	17	16	16	16	16	16
Public works - Streets (miles):											
Major	58	58	58	58	58	58	58	58	58	58.36	58.36
Local	242	242	243	243	243	243	245	245	245	245.71	245.71
Parks and recreation:											
Acreage	629	629	629	629	629	629	629	629	629	633	636
Playgrounds	4	4	4	4	4	4	4	4	4	3	3
Soccer fields (2)	10	15	15	15	15	15	15	15	15	17	17
Baseball/Softball diamonds (3)	10	10	10	10	10	10	10	10	10	12	12
Pools											
Ice arena											
Senior center											
Golf course											
Libraries - Branches											
Water:											
Mains (miles)	439	443	449	450	454	457	460	454	454	470.60	470.80
Fire hydrants	(1)	(1)	(1)	4,703	4,883	5,008	5,033	5,084	5,090	5,045	5,047
Storage capacity	(1)	(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	327.40
Treatment capacity	(1)	(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