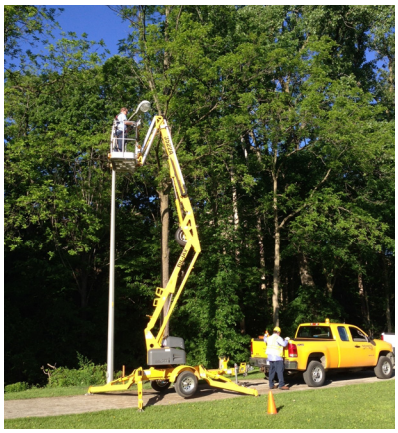
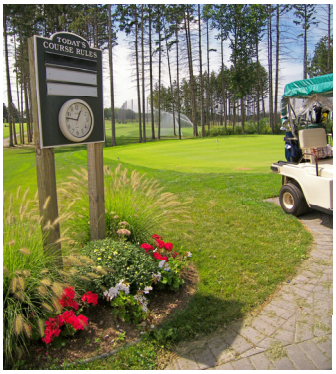
CITY OF FARMINGTON HILLS, MICHIGAN
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016





City of Farmington Hills, Michigan

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016

City of Farmington Hills, Michigan

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November 18, 2016

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, 2016. This report was prepared by the Finance Department in conformance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, generally accepted accounting principles (GAAP), the Treasurer of the State of Michigan, and the Government Finance Officers Association (GFOA). This report consists of management representations concerning the finances of the City of Farmington Hills. Therefore, responsibility for the accuracy, completeness, reliability, and fairness of the financial data herein, including all disclosures, rests with the administration and management of the City of Farmington Hills. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The statements have been audited in accordance with generally accepted auditing standards by Plante & Moran, PLLC, a certified public accounting firm licensed by the State of Michigan.

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

Plante & Moran, PLLC has audited the City of Farmington Hills' financial statements to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2016 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 unmodified opinion that the City of Farmington Hills' financial statements for the fiscal year ended June 30, 2016 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, a full service teaching Hospital with a Level II Trauma Center and Certified Stroke Center, which is associated with Michigan State University and part of Beaumont Health. Many additional medical centers and hospitals are within a half-hour driving distance of the City.

The community offers a wide range of quality housing featuring homes in every style and price range. There are many premier residential areas providing housing options including more than 25,000 single-family homes and over 9,900 rental units designed to fit every lifestyle. Home prices range from under $100,000 to $3 million, with the average home priced at approximately $220,000 (using a two-year sales study).

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

The City of Farmington Hills provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; and refuse collection and recycling services. Utility services for water and sanitary sewers are provided by the City, with the Oakland County Water Resources Commission 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, which is a LEED Gold certified facility, will serve the community well through the coming decades by allowing the City to improve its energy and operational efficiencies, strengthen its community image, and provide flexibility in meeting the needs of the community.

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

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

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

Factors Affecting Financial Condition

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

Local Economy - The City of Farmington Hills possesses a diversified property tax base with residential currently comprising 70 percent, commercial 21 percent, industrial 3 percent, and personal property (business equipment, furniture, and machinery) 6 percent. No one taxpayer exceeds 2.04 percent of the tax roll and the top 10 taxpayers combined account for approximately 7.5 percent of the total tax roll. Farmington Hills is home to approximately 3,300 businesses, 75 Fortune 500 companies, and more than 170 international firms. The City's residents are employed predominantly in management, professional sales, and related occupations. Despite its diversification, Farmington Hills does not stand alone and is impacted by the economic environment of the nation, state, and metro-Detroit area. In FY 2015-2016, the ad valorem taxable value of the City increased by 2.43 percent. The projection for FY 2016-2017 is a 0.04 percent decrease in ad valorem taxable value. The City's unemployment rate of 3.0 percent at June 2016 is down from 3.5 percent from June 2015, and is lower than the county unemployment rate of 4.7 percent and also lower than the state unemployment rate of 4.9 percent at June 2016.

As the economy continues to improve at a slow but uneven pace, predictions are that it will take several more years to reach the peak employment levels from the recent past. University of Michigan economists forecast that Oakland County will add 44,000 jobs through 2018, and the county unemployment rate will continue to decline to 3.3 percent by 2018, with an inflation rate forecast to increase to about 2.4 percent by 2018. However, this will only replenish 92 percent of the jobs lost from the summer of 2000 to the end of 2009.

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

Oakland County continues to embrace the "emerging sectors" initiative, an aggressive plan to attract the top new and emerging businesses to Oakland County. Over the last several years over 330 emerging sector endeavors have generated over $3.0 billion in investment while creating over 35,000 jobs. These sectors are:

- Advanced electronics
- Advanced material
- Aerospace
- Alternative energy
- Communications and information technology
- Defense and homeland security
- Film and digital media
- Medical main street/health care
- Robotics
- Finance, insurance, and real estate

Oakland County's per capita income of $59,759 is the highest among Michigan's 83 counties. Oakland County, as well as the City of Farmington Hills, continues to enjoy a AAA bond rating, the highest bond rating achievable. The AAA bond rating allows the City to borrow at the lowest possible interest rate, saving City taxpayers significant dollars in future borrowing costs.

Economic development staff of the City coordinates development activity with the City's Economic Development Corporation. The City participates in a business retention program and

has formed a partnership with the Oakland County Planning and Economic Development Services Division and the Michigan Economic Development Corporation. Working together, they have been successful in assisting companies in expanding their business opportunities in the City.

State-wide economists are forecasting the creation of 68,100 jobs in 2016, down from 70,000 jobs in 2015, and then state-wide job gains of 43,600 in 2017 and 51,400 in 2018. The top job producers over the next two years are predicted to be in professional and business services; construction; and trade, transportation, and utilities.

Economists predict that state-wide inflation will increase by 1.4 percent in 2016, and then increase by 1.9 percent in 2017 and 1.9 percent again in 2018.

Economists predict that state-wide real disposable income (personal income adjusted for taxes and inflation) will grow at a rate of 2.3 percent in 2016, fall back to 1.6 percent in 2017, and then bounce back to 2.3 percent in 2018.

The City Council annually reviews and accepts the updated "Six-year Capital Improvement Program," as prepared by staff and adopted by the City's Planning Commission, which directly impacts the City's infrastructure. The City Council adopts many of the projects in the first year of this program in the annual budget. In addition to road construction and utility projects, the following categories of acquisitions or improvements are planned for FY 2016/2017:

- $1,777,500 for drainage projects
- $177,000 for sidewalk and bike path improvements/replacements
- $1,945,000 for Fire Department equipment
- $580,000 for Public Services Department equipment
- $669,000 for technology equipment and upgrades
- $1,705,000 for public facility improvements

Financial Policies - The following financial policies of the City had a significant impact on the City's FY 2015-2016 financial statements:

Revenue Policy to Maintain a Diversified and Stable Taxable Revenue Base - Although the tax base remains diversified with approximately 70 percent residential and 30 percent nonresidential, the tax base had only a marginal increase in taxable values of approximately 2.4 percent in FY 2015/2016. Taxable values are projected to decrease by 0.04 percent in FY 2016/2017.

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

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

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

In order to better understand the financial condition of the City, it has 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 allows the City to look at its options and prudently plan and act accordingly. The Financial Forecasts are developed as part of the annual Citizens Guide and Performance Dashboard document. This document also includes performance measurements of key benchmark data related to fiscal stability and economic strength.

Accounting Changes

In June 2015, the GASB issued two new standards addressing accounting and financial reporting for postemployment benefits other than pensions (OPEB, which primarily refers to retiree healthcare). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by the employer governments that provide OPEB benefits to their employees.

Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB 75, recognize on the face of the government-wide financial statements its net OPEB liability. GASB 74 is effective for FY 2016/2017 and GASB 75 is effective for FY 2017/2018.

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, 2015. This was the 17th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2016. 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 30th consecutive year the City received this award.

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

Respectfully submitted,

Dave Boyer City Manager	Dave Gajda Finance Director/Treasurer	Shu-Fen Lin Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Farmington Hills
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

City of Farmington Hills, Michigan

List of Principal Officials

June 30, 2016

Title	Name
City Manager	Dave Boyer
Assistant City Manager	Gary Mekjian
Assistant to City Manager	Vacant
Economic Development Director	Khalfani Stephens
City Clerk	Pamela Smith
Central Services Director	Michael Lasley
Finance Director/Treasurer	Dave Gajda
Fire Chief	Jon Unruh
Human Resources Director	John Randle
Planning and Community Dev. Director	Edward Gardiner
Police Chief	Charles Nebus
Public Service Director	Gary Mekjian
Special Service Director	Ellen Schnackel
City Attorney	Johnson, Rosati, Schultz & Joppich, P.C.
Deputy Director Special Service	Bryan Farmer
Assistant Police Chief	David Stasch
Assistant Police Chief	Matthew Koehn
Deputy Fire Chief	Lee Panoushek
Building Official	Robert Bliss
City Assessor	Matthew Dingman
Engineering Manager	Jim Cubera
City Planner	Vacant
Community Development Coordinator	Charmaine Kettler-Schmult
Asst. Finance Director/Controller	Shu-Fen Lin
Deputy City Clerk	Carly Hotchkiss
Deputy Treasurer	Debbie Shires
Fire Marshal	Jason Olszewski
Public Works Superintendent	Kevin McCarthy
Zoning Division Supervisor	Dennis Randt

City Profile

Farmington Hills, incorporated in 1973, is a 34-square-mile suburban community with a pastoral and gently rolling terrain in Oakland County, located 17 miles from downtown Detroit. The City's tax base of $3,128,101,950 is comprised of 70 percent residential property and 30 percent commercial, industrial, and personal property. The community's estimated 81,412 residents live in approximately 34,963 households with a median household income of $67,803.

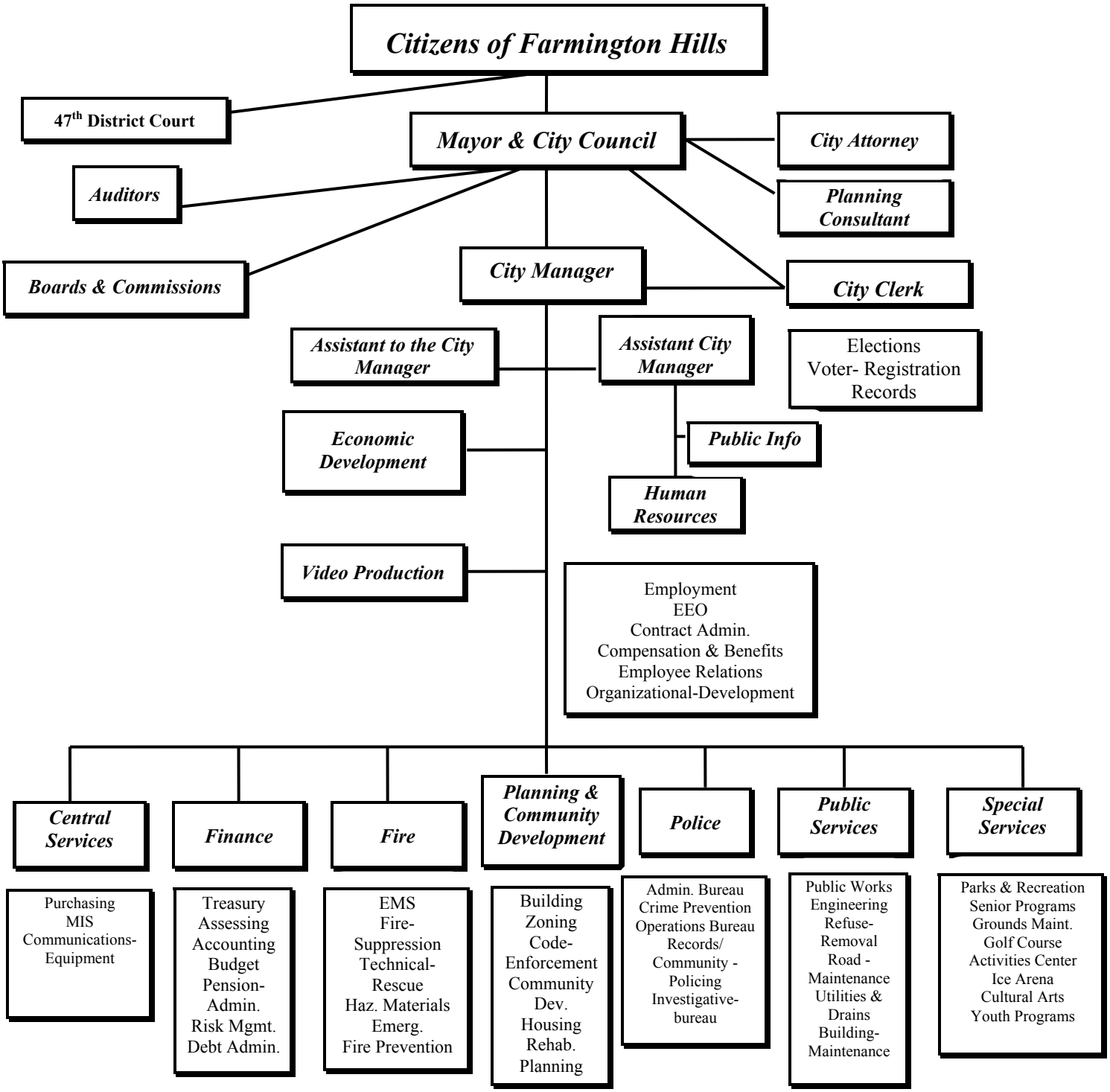
The City possesses an ideal location within 25 minutes of downtown Detroit and Detroit Metro Airport and at the focal point of a north/south and west/east freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio, as well as the Ann Arbor technology corridor, are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

The community offers many premier residential areas providing a wide range of housing options, including approximately 25,000 single-family sites (including detached condominiums) and approximately 9,960 rental units designed to fit every lifestyle.

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

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

CITY OF FARMINGTON HILLS



City of Farmington Hills, Michigan

Fund Organization Chart

Governmental Funds

General

General Fund

Debt Service

Building Authority
General Debt Service
Special Assessments - Local Roads

Capital Projects

Capital Improvement
Golf Course Capital Improvement
Revolving Special Assessment

Special Revenue

Major Road
Local Road
Municipal Street
Public Safety Millage
Community Development Block Grant (CDBG)
Nutrition Grant
Police Forfeiture
Parks and Recreation Special Millage
Deferred Special Assessment

Proprietary Funds - Enterprise

Water and Sewer

Fiduciary Funds

Pension and Other Employee Benefit Trust

Employees' (Pension) Retirement System
Postretirement Healthcare Finance Fund

Agency

Tax Collections
General Agency

Component Units

Economic Development Corporation
Corridor Improvement Authority
Brownfield Redevelopment Authority

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27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Praxity MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in its financial position and, where applicable, cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; retirement system schedules of investment returns, changes in the City's net pension liability and related ratios, and City contributions; Post-retirement Healthcare Finance Fund schedule of funding progress and employer contributions; and the budgetary comparison schedules for the General Fund and each major special revenue fund, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also be issuing a report on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 14, 2016

Using this Annual Report

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

The City of Farmington Hills as a Whole

The City's combined primary government net position increased $7.0 million or 2.4 percent from a year ago, increasing from $291.7 million to $298.7 million. Of that amount, $72.5 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens/creditors. A review of the governmental activities shows an increase of approximately $4.9 million in net position or 3.2 percent during fiscal year 2015/2016. Unrestricted net position of the governmental activities was approximately $5.3 million as of June 30, 2016. Business-type activities net position shows an increase of approximately $2.1 million in net position or 1.5 percent during fiscal year 2015/2016. Unrestricted net position of the business-type activities was approximately $67.2 million as of June 30, 2016. In condensed format, the table below shows the comparison of net position (in millions of dollars) as of June 30, 2016 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current assets	$ 69.5	$ 50.5	$ 71.6	$ 74.7	$ 141.1	$ 125.2
Noncurrent assets:						
Noncapital assets	0.3	1.1	-	-	0.3	1.1
Capital assets	149.9	148.5	91.4	82.3	241.3	230.8
Total assets	219.7	200.1	163.0	157.0	382.7	357.1
Deferred Outflows of Resources	18.4	10.2	-	-	18.4	10.2
Liabilities						
Current liabilities	16.5	5.1	4.3	2.7	20.8	7.8
Long-term liabilities	58.9	50.0	19.0	16.7	77.9	66.7
Total liabilities	75.4	55.1	23.3	19.4	98.7	74.5
Deferred Inflows of Resources	3.7	1.1	0.0	0.0	3.7	1.1
Net Position						
Invested in capital assets - Net of related debt	136.3	132.8	72.5	65.6	208.8	198.4
Restricted	17.4	14.9	-	-	17.4	14.9
Unrestricted	5.3	6.4	67.2	72.0	72.5	78.4
Total net position	**$ 159.0**	**$ 154.1**	**$ 139.7**	**$ 137.6**	**$ 298.7**	**$ 291.7**

The following table shows the changes in net position (in millions of dollars) for the years ended June 30, 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Program revenue:						
Charges for services	$ 15.1	$ 13.8	$ 26.5	$ 25.4	$ 41.6	$ 39.2
Operating grants and contributions	11.3	8.9	-	-	11.3	8.9
Capital grants and contributions	0.1	0.3	0.3	0.4	0.4	0.7
General revenue:						
Property taxes	46.6	39.0	-	-	46.6	39.0
State-shared revenue	6.8	6.5	-	-	6.8	6.5
Interest	0.7	0.4	0.7	0.6	1.4	1.0
Other	3.1	3.4	-	-	3.1	3.4
Total revenue	83.7	72.3	27.5	26.4	111.2	98.7
Program Expenses						
General government	16.2	13.8	-	-	16.2	13.8
Public safety	31.6	30.7	-	-	31.6	30.7
Public services	19.3	17.7	-	-	19.3	17.7
Community and economic development	2.2	1.6	-	-	2.2	1.6
Recreation and culture	9.0	8.8	-	-	9.0	8.8
Interest on long-term debt	0.5	0.7	-	-	0.5	0.7
Water and sewer	-	-	25.4	27.1	25.4	27.1
Total program expenses	78.8	73.3	25.4	27.1	104.2	100.4
Change in Net Position	4.9	(1.0)	2.1	(0.7)	7.0	(1.7)
Net Position - Beginning of year	154.1	155.1	137.6	138.3	291.7	293.4
Net Position - End of year	**$ 159.0**	**$ 154.1**	**$ 139.7**	**$ 137.6**	**$ 298.7**	**$ 291.7**

Governmental Activities

The City's total governmental activities revenue increased by $11.4 million or 15.8 percent from a year ago. This was primarily attributed to an increase in service charges, operating grants and contributions, and property taxes. The City's total governmental program expenses increased by $5.5 million or 7.5 percent from a year ago. This was attributed to an increase in all activity functions, except for interest on long-term debt.

The City continues to pre-fund postretirement healthcare benefits as well as retirement benefits so that future taxpayers will not have to bear the burden of currently earned benefits. During the year, the City contributed 100 percent of the actuarial required contributions for the Employees' Retirement System Pension and the Post-retirement Healthcare Plan.

Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Fund. The City provides water distribution and sanitary sewer disposal services, which are supplied by the City of Detroit and operated, maintained, and administered by the Oakland County Water Resources Commission. During the year, the Great Lakes Water Authority assumed responsibility for the management, operations, and maintenance of the City of Detroit's water and sewer infrastructure. The utility system reported $0.7 million in operating income during fiscal year 2015/2016, compared to a $1.4 million operating loss in fiscal year 2014/2015. This $2.1 million increase in operating position from the prior year resulted from the net of a $0.3 million increase in operating revenue and a $1.8 million decrease in operating expenses. In addition, during fiscal year 2015/2016, the Water and Sewer Fund reported nonoperating revenue of $1.1 million and capital contributions of $0.3 million. The Water and Sewer Fund maintained a strong net position of $139.7 million at year end, of which approximately $67.2 million (unrestricted net position) may be used to meet the Fund's ongoing obligations to citizens and creditors.

The City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for Act 51 major and local road money, the City Council creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by the citizens and earmarked bond proceeds. The City's major funds for fiscal year 2015/2016 include the General Fund, the Major Roads Fund, the Local Roads Fund, the Public Safety Millage Fund, the Capital Improvement Fund, and the Local Road Special Assessment (Debt Service) Fund. Capital improvements in the major funds category include major and local road reconstruction/resurfacing, drainage improvements, sidewalks/bike path replacement/construction, facility improvements and expansions, technology upgrades, and the purchase of vehicles and equipment.

General Fund:

The original fiscal year 2015/2016 General Fund budget reflected a $1.1 million reduction to fund balance at year end. The General Fund's fund balance actually increased by $3.2 million or 11.3 percent. The $4.3 million increase in fund balance compared to what was reflected in the original budget is due primarily to the net of a $2.2 million increase in actual revenue compared to the original budget, a $2.7 million decrease in actual expenditures compared to the original budget, and a $0.6 million increase in actual other financing uses compared to budget.

Special Revenue Funds:

The Major Road Fund fund balance increased by $618,000 or 21 percent. Total revenue and transfers-in was $2.5 million more than the previous year, while total expenditures and transfers-out were $2.1 million more than the previous year. The Local Road Fund fund balance decreased by $1.0 million or 76 percent. Total revenue and transfers-in was $1.9 million more than the previous year, while total expenditures and transfers-out was $3.3 million more than the previous year. The Public Safety Millage Fund fund balance decreased by $39,000 or 1 percent. Total revenue was $294,000 more than the previous year, while total expenditures were $75,000 more than the previous year.

Debt Service Fund:

The Local Road Special Assessment Fund fund balance increased by $16,000 or 0.8 percent. Total revenue and transfers-in was $527,000 less than the previous year, while total expenditures and transfers-out was $343,000 less than the previous year.

Capital Projects Fund:

The Capital Improvement Fund fund balance increased by $808,000 or 39 percent. Total revenue and transfers-in was $1.8 million more than the previous year, while total expenditures were $721,000 more than the previous year.

General Fund Budgetary Highlights

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

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

- The approximately $1.6 million or 3 percent increase in total revenue from the final amended budget reflected a net of more than expected property taxes, licenses and permits, service charges, investment income, donations, and miscellaneous revenue, partially offset by less than expected grants, state-shared revenue, fines and forfeitures, and equipment rental.
- Transfers-in equaled the final amended budget.
- The approximate $2.2 million or 4 percent decrease in total expenditures from the final amended budget reflects a $0.6 million decrease in general government, a $0.8 million decrease in public safety, a $0.5 million decrease in public works, a $0.1 million decrease in community and economic development, and a $0.2 million decrease in recreation and culture activity budgets.
- Transfers-out equaled the final amended budget.

Capital Asset and Debt Administration

On June 30, 2016, the City had approximately $241 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 included in this report, net of depreciation and exclusive of construction on progress, is approximately $126 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 position. The City's total debt decreased by $0.7 million (2 percent) during the current fiscal year. The decrease was the result of the payoff of annual maturities on pre-existing debt, partially offset by the drawdown of $2.8 million on a 2014 county sewer bond issuance (see Note 7 of the notes to financial statements for additional information). The City maintained its AAA noninsured rating from Standard and Poor's and Aa1 noninsured rating from Moody's.

Economic Factors and Next Year's Budgets and Rates

The fiscal year 2015/2016 tax rate increased to 14.3908 mills, due to the net of a new 2.0000 Road Millage, a 0.0106 increase in the Refuse Removal Millage, and a 0.0004 decrease in the Economic Development Millage. The fiscal year 2016/2017 tax rate decreased to 14.3273 mills, due to the net of a Headlee Rollback on the Road Millage, Parks Millage, and Public Safety Millage, as well as a small decrease in the Refuse Removal Millage. The City's tax base increased by 2.43 percent in fiscal year 2015/2016, but is projected to decrease by 0.04 percent for fiscal year 2016/2017. Our state equalized value (SEV) will be $3.75 billion in fiscal year 2016/2017, which is $625 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 70 percent, commercial 21 percent, industrial 3 percent, and personal property 6 percent. Tax base diversification is further demonstrated by the fact that the top 10 taxpayers combined account for less than 8 percent of the tax roll. Taxes account for approximately 53 percent of the FY 2016/2017 General Fund budgeted revenue, while state-shared revenue accounts for approximately 13 percent of the FY 2016/2017 General Fund budgeted revenue. The fiscal year 2016/2017 General Fund adopted budget reflects the use of fund balance for increased contributions to the Capital Improvement Program.

On the expense side, the City operates with a relatively small labor force and low personnel costs, while maintaining all City services, with some inflationary cost increases. The City will continue to adjust expenditures through cost savings and efficiencies in fiscal year 2016/2017 to match revenue projections as they are revised.

Contacting the City's Management

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

City of Farmington Hills, Michigan

Statement of Net Position
June 30, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and cash equivalents (Note 3)	$ 48,376,456	$ 62,395,970	$ 110,772,426	$ 1,269,489
Receivables:				
Receivables from sales to customers on account	-	8,882,917	8,882,917	-
Other receivables	699,035	37,208	736,243	-
Due from other governmental units	2,955,307	1,646	2,956,953	-
Due from fiduciary funds	561,024	600	561,624	-
Due from SWOCC (Note 16)	365,843	-	365,843	-
Special assessments receivable	14,480,173	288,056	14,768,229	-
Internal balances (Note 6)	56,101	(56,101)	-	-
Inventories	736,588	-	736,588	-
Prepaid expenses and other assets	1,283,352	-	1,283,352	-
Restricted assets	83,863	-	83,863	-
Advances due from SWOCC (Note 16)	161,149	-	161,149	-
Net retiree healthcare asset (Note 13)	19,361	-	19,361	-
Noncurrent assets - Capital assets (Note 5):				
Assets not subject to depreciation	56,747,026	15,734,299	72,481,325	-
Assets subject to depreciation	93,134,973	75,707,765	168,842,738	-
Total assets	219,660,251	162,992,360	382,652,611	1,269,489
Deferred Outflows of Resources				
Deferred charges on bond refunding	504,463	-	504,463	-
Deferred outflows related to pensions (Note 11)	17,876,608	-	17,876,608	-
Total deferred outflows of resources	18,381,071	-	18,381,071	-
Liabilities				
Accounts payable	5,316,456	4,342,383	9,658,839	8,780
Deposits	89,500	-	89,500	-
Accrued liabilities and other	2,410,872	1,206	2,412,078	-
Unearned revenue	8,659,256	-	8,659,256	-
Noncurrent liabilities (Note 7):				
Due within one year:				
Compensated absences	2,371,502	-	2,371,502	-
Provision for self-insurance claims	1,186,000	-	1,186,000	-
Current portion of long-term debt	1,640,000	630,000	2,270,000	-
Due in more than one year:				
Compensated absences	2,903,386	-	2,903,386	-
Net pension liability (Note 11)	38,326,411	-	38,326,411	-
Long-term debt	12,442,161	18,344,676	30,786,837	-
Total liabilities	75,345,544	23,318,265	98,663,809	8,780
Deferred Inflows of Resources - Deferred inflows related to pensions (Note 11)	3,667,054	-	3,667,054	-
Net Position				
Net investment in capital assets	136,304,301	72,467,388	208,771,689	-
Restricted for:				
Streets and highways	8,063,962	-	8,063,962	-
Debt service	5,012,642	-	5,012,642	-
Police and fire operations	3,654,522	-	3,654,522	-
Parks and recreation	568,190	-	568,190	-
County drains	83,863	-	83,863	-
Unrestricted	5,341,244	67,206,707	72,547,951	1,260,709
Total net position	**$ 159,028,724**	**$ 139,674,095**	**$ 298,702,819**	**$ 1,260,709**

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

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	$ 16,208,153	$ 5,623,842	$ 330,935	$ 148,957
Public safety	31,598,884	2,098,423	572,501	-
Public services	19,333,197	2,135,470	9,687,672	-
Community and economic development	2,175,213	561,734	-	-
Recreation and culture	9,000,976	4,638,028	754,724	-
Interest on long-term debt	499,969	-	-	-
Total governmental activities	78,816,392	15,057,497	11,345,832	148,957
Business-type activities	25,389,485	26,460,743	-	265,413
Total primary government	**$ 104,205,877**	**$ 41,518,240**	**$ 11,345,832**	**$ 414,370**
Component units:				
Economic Development Corporation	$ -	$ -	$ -	$ -
Brownfield Redevelopment Authority	120,357	-	55,200	-
Corridor Improvement Authority	19,998	-	16,473	-
Total component units	**$ 140,355**	**$ -**	**$ 71,673**	**$ -**
	General revenue:			
	Property taxes			
	State-shared revenue			
	Investment income			
	Other miscellaneous income			
	Total general revenue			
	Change in Net Position			
	Net Position - Beginning of year			
	Net Position - End of year			

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

Statement of Activities
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (10,104,419)	$ -	$ (10,104,419)	$ -
(28,927,960)	-	(28,927,960)	-
(7,510,055)	-	(7,510,055)	-
(1,613,479)	-	(1,613,479)	-
(3,608,224)	-	(3,608,224)	-
(499,969)	-	(499,969)	-
(52,264,106)	-	(52,264,106)	-
-	1,336,671	1,336,671	-
(52,264,106)	1,336,671	(50,927,435)	-
-	-	-	-
-	-	-	(65,157)
-	-	-	(3,525)
-	-	-	(68,682)
46,644,560	-	46,644,560	274,231
6,773,437	-	6,773,437	-
718,517	737,573	1,456,090	16,689
3,107,106	-	3,107,106	50,000
57,243,620	737,573	57,981,193	340,920
4,979,514	2,074,244	7,053,758	272,238
154,049,210	137,599,851	291,649,061	988,471
$ 159,028,724	**$ 139,674,095**	**$ 298,702,819**	**$ 1,260,709**

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement Fund	Special Assessment Fund - Local Roads
Assets					
Cash and cash equivalents (Note 3)	$ 30,234,725	$ 4,290,904	$ 1,243,286	$ 3,427,709	$ 2,113,241
Receivables:					
Special assessments receivable	-	-	11,580,565	-	2,899,608
Other receivables	685,629	3,968	-	9,438	-
Due from other governmental units	1,177,752	990,961	465,515	-	-
Due from fiduciary funds	559,800	1,224	-	-	-
Due from SWOCC (Note 16)	365,843	-	-	-	-
Due from other funds (Note 6)	414,985	325,443	442,317	-	-
Prepaids and other assets	1,283,352	-	-	-	-
Advances due from SWOCC (Note 16)	161,149	-	-	-	-
Total assets	**$ 34,883,235**	**$ 5,612,500**	**$ 13,731,683**	**$ 3,437,147**	**$ 5,012,849**
Liabilities					
Accounts payable	$ 1,121,306	$ 1,626,556	$ 1,742,866	$ 539,377	$ 207
Due to other funds (Note 6)	120,904	384,000	-	12,964	-
Deposits	-	-	89,500	-	-
Accrued liabilities and other	2,298,897	-	-	-	-
Unearned revenue	36,967	-	8,617,926	-	-
Total liabilities	3,578,074	2,010,556	10,450,292	552,341	207
Deferred Inflows of Resources					
Unavailable revenue - Special assessments	-	-	2,962,639	-	2,899,608
Unavailable revenue - Miscellaneous	422,223	-	-	-	-
Total deferred inflows of resources	422,223	-	2,962,639	-	2,899,608
Fund Balances					
Nonspendable:					
Prepaids	871,159	-	-	-	-
Long-term receivable	161,149	-	-	-	-
Restricted:					
Roads	-	3,601,944	318,752	-	-
Police and fire	-	-	-	-	-
Debt service	-	-	-	-	2,113,034
Grants - Fire protection	22,409	-	-	-	-
Parks and recreation	-	-	-	-	-
Committed - Special assessment projects	-	-	-	-	-
Assigned:					
Capital projects	-	-	-	2,884,806	-
Debt service	-	-	-	-	-
Future expenditures (Note 17)	16,409,880	-	-	-	-
Unassigned	13,418,341	-	-	-	-
Total fund balances	30,882,938	3,601,944	318,752	2,884,806	2,113,034
Total liabilities, deferred inflows of resources, and fund balances	**$ 34,883,235**	**$ 5,612,500**	**$ 13,731,683**	**$ 3,437,147**	**$ 5,012,849**

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

Governmental Funds
Balance Sheet
June 30, 2016

Public Safety Millage Fund	Nonmajor Funds	Total
$ 3,335,415	$ 3,731,176	$ 48,376,456
-	-	14,480,173
-	-	699,035
-	321,079	2,955,307
-	-	561,024
-	-	365,843
-	7,492	1,190,237
-	-	1,283,352
-	-	161,149
$ 3,335,415	**$ 4,059,747**	**$ 70,072,576**
$ -	$ 286,144	$ 5,316,456
232,322	383,946	1,134,136
-	-	89,500
-	-	2,298,897
-	4,363	8,659,256
232,322	674,453	17,498,245
-	-	5,862,247
-	-	422,223
-	-	6,284,470
-	-	871,159
-	-	161,149
-	1,180,627	5,101,323
3,103,093	529,020	3,632,113
-	-	2,113,034
-	-	22,409
-	568,190	568,190
-	927,862	927,862
-	17,251	2,902,057
-	162,344	162,344
-	-	16,409,880
-	-	13,418,341
3,103,093	3,385,294	46,289,861
$ 3,335,415	**$ 4,059,747**	**$ 70,072,576**

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
June 30, 2016

Fund Balance Reported in Governmental Funds	$ 46,289,861
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	149,881,999
Special assessment receivables and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	6,284,470
Deferred charges on bond refundings are amortized over the related bond terms and are not reported in the funds	504,463
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(14,082,161)
Accrued interest is not due and payable in the current period and is not reported in the funds	(111,975)
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	(5,274,888)
Other long-term liabilities, specifically general liability claims, do not present a claim on current financial resources and are not reported as fund liabilities	(1,186,000)
Cash held by Oakland County for drain projects is not included as an asset in the governmental funds	83,863
Inventories are not recorded as assets in the governmental funds	736,588
Other postemployment assets for employee health benefits are not current financial resources and are not reported as fund assets	19,361
Net pension liabilities are not due and payable in the current period and are not reported in the funds	(38,326,411)
Certain changes in pension plan net position are reported as deferred inflows and deferred outflows of resources in the statement of net position, but are reported as expenditures in the governmental funds	14,209,554
Net Position of Governmental Activities	**$ 159,028,724**

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

	General Fund	Major Roads Fund	Local Roads Fund	Capital Improvement Fund	Special Assessment Fund - Local Roads
Revenue					
Property taxes	$ 29,058,007	$ -	$ -	$ -	$ -
Licenses and permits	1,558,094	-	-	-	-
Federal grants	252,131	54,367	-	-	-
State-shared revenue and grants	7,148,753	4,616,298	2,313,001	-	-
Charges for services	11,020,824	-	-	-	-
Fines and forfeitures	2,145,354	-	-	-	-
Investment income	404,784	31,981	10,778	26,046	164,578
Other revenue:					
Special assessments	-	-	474,416	-	792,961
Other grants and contributions	254,787	-	-	-	-
Equipment rental	1,061,101	-	-	-	-
Other miscellaneous income	1,209,718	129	15,546	25,264	-
Total revenue	54,113,553	4,702,775	2,813,741	51,310	957,539
Expenditures					
Current:					
General government	11,924,036	-	-	-	-
Public safety	18,378,231	-	-	-	-
Public services	7,275,405	6,655,557	6,210,064	-	9,075
Community and economic development	1,473,854	-	-	-	-
Recreation and culture	7,304,005	-	-	-	-
Capital outlay	-	-	-	3,714,718	-
Debt service	-	-	81,150	-	306,536
Total expenditures	46,355,531	6,655,557	6,291,214	3,714,718	315,611
Excess of Revenue Over (Under) Expenditures	7,758,022	(1,952,782)	(3,477,473)	(3,663,408)	641,928
Other Financing Sources (Uses)					
Transfers in	1,307,850	2,795,349	2,476,025	4,471,709	-
Transfers out	(5,920,841)	(225,000)	-	-	(626,157)
Total other financing (uses) sources	(4,612,991)	2,570,349	2,476,025	4,471,709	(626,157)
Net Change in Fund Balances	3,145,031	617,567	(1,001,448)	808,301	15,771
Fund Balances - Beginning of year	27,737,907	2,984,377	1,320,200	2,076,505	2,097,263
Fund Balances - End of year	**$ 30,882,938**	**$ 3,601,944**	**$ 318,752**	**$ 2,884,806**	**$ 2,113,034**

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

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2016

Public Safety Millage Fund	Nonmajor Funds	Total
$ 9,851,802	$ 7,734,751	$ 46,644,560
-	-	1,558,094
-	1,015,454	1,321,952
-	206,389	14,284,441
-	-	11,020,824
-	-	2,145,354
50,023	30,327	718,517
-	-	1,267,377
-	-	254,787
-	-	1,061,101
-	466,750	1,717,407
9,901,825	9,453,671	81,994,414
-	300	11,924,336
9,940,500	264,322	28,583,053
-	-	20,150,101
-	667,353	2,141,207
-	485,808	7,789,813
-	158,011	3,872,729
-	1,643,537	2,031,223
9,940,500	3,219,331	76,492,462
(38,675)	6,234,340	5,501,952
-	3,219,294	14,270,227
-	(7,498,229)	(14,270,227)
-	(4,278,935)	-
(38,675)	1,955,405	5,501,952
3,141,768	1,429,889	40,787,909
$ 3,103,093	**$ 3,385,294**	**$ 46,289,861**

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	$ 5,501,952
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	9,723,407
Depreciation expense	(8,253,245)
Net book value of assets disposed of	(35,067)
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	1,433,607
Governmental funds report inventory purchases as expenditures; in the statement of activities, these costs are expensed as used	83,259
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,525,000
Change in accrued interest payable and other	6,254
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	(109,565)
The changes in liabilities for general claims are recorded when incurred in the statement of activities	(795,028)
Loss from joint venture is not reported in the funds	(299,731)
Increases in other postemployment healthcare benefits liability reported in the statement of activities do not require the use of current financial resources and therefore are not reported in the fund statements until they come due for payment	(620)
The change in the net pension liability does not require the use of current resources and is not reported in the governmental funds	(3,800,709)
Change in Net Position of Governmental Activities	**$ 4,979,514**

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

Proprietary Funds
Statement of Net Position
June 30, 2016

	Enterprise Fund - Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	$ 62,395,970
Receivables	9,210,427
Total current assets	71,606,397
Noncurrent assets - Capital assets (Note 5)	91,442,064
Total assets	163,048,461
Liabilities	
Current liabilities:	
Accounts payable	4,342,383
Due to other funds (Note 6)	56,101
Accrued liabilities and other	1,206
Current portion of long-term debt (Note 7)	630,000
Total current liabilities	5,029,690
Noncurrent liabilities - Long-term debt (Note 7)	18,344,676
Total liabilities	23,374,366
Net Position	
Net investment in capital assets	72,467,388
Unrestricted	67,206,707
Total net position	**$ 139,674,095**

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

City of Farmington Hills, Michigan

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2016

	Enterprise Fund - Water and Sewer
Operating Revenue	
Sale of water	$ 12,298,112
Sewage disposal charges	10,026,314
Other operating revenue	3,324,258
Total operating revenue	25,648,684
Operating Expenses	
Cost of water	7,948,053
Cost of sewage treatment	8,272,238
Other operation and maintenance	4,022,327
Billing and administrative costs	1,052,686
Depreciation	3,667,667
Total operating expenses	24,962,971
Operating Income	685,713
Nonoperating Revenue (Expenses)	
Investment income	737,573
Interest expense	(426,514)
Debt service charge	812,059
Total nonoperating revenue	1,123,118
Income - Before contributions	1,808,831
Capital Contributions	
Special assessments	85,410
Tap-in fees	180,003
Total capital contributions	265,413
Change in Net Position	2,074,244
Net Position - Beginning of year	137,599,851
Net Position - End of year	**$ 139,674,095**

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

City of Farmington Hills, Michigan

Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2016

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	$ 25,100,927
Payments to suppliers	(19,305,162)
Payments to employees	(334,789)
Payments for interfund services and reimbursements	(84,075)
Other payments	(2,036)
Net cash provided by operating activities	5,374,865
Cash Flows from Capital and Related Financing Activities	
Issuance of bonds	2,812,434
Special assessment collections	38,760
Tap-in fees and other	180,003
Purchase of capital assets	(12,849,780)
Principal and interest paid on capital debt	(975,308)
Debt service charge	812,059
Net cash used in capital and related financing activities	(9,981,832)
Cash Flows from Investing Activities - Interest received on investments	758,458
Net Decrease in Cash and Cash Equivalents	(3,848,509)
Cash and Cash Equivalents - Beginning of year	66,244,479
Cash and Cash Equivalents - End of year	**$ 62,395,970**
Balance Sheet Classification of Cash and Cash Equivalents -	
Cash and investments	**$ 62,395,970**
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 685,713
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation and amortization	3,667,667
Changes in assets and liabilities:	
Receivables	(549,793)
Accounts payable and other	1,655,353
Due to other funds	(84,075)
Net cash provided by operating activities	**$ 5,374,865**

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

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 13,674,914	$ 4,591,889
Investments:		
Pooled funds	107,905,362	-
Exchange traded funds	5,832,947	-
Common stock	76,457,462	-
Receivables	153,875	-
Prepaid expenses and other assets	29,329	-
Total assets	204,053,889	**$ 4,591,889**
Liabilities		
Accounts payable	195,978	$ -
Other payables	-	1,013,022
Due to primary government	559,800	-
Refundable deposits and bonds	-	3,578,867
Total liabilities	755,778	**$ 4,591,889**
Net Position Held in Trust for Pension and Other Employee Benefits	**$ 203,298,111**	

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

Fiduciary Funds
Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds
Year Ended June 30, 2016

	Pension and Other Employee Benefit Trust Funds
Additions	
Investment income (expense):	
Interest and dividends	$ 3,987,602
Net change in fair value of investments	(6,302,499)
Investment-related expenses	(1,650,711)
Net investment loss	(3,965,608)
Contributions:	
Employer	6,518,999
Employee	1,170,464
Total contributions	7,689,463
Total additions	3,723,855
Deductions	
Benefit payments	12,339,099
Refunds of contributions	35,831
Total deductions	12,374,930
Net Decrease in Net Position Held in Trust	(8,651,075)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	211,949,186
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	**$ 203,298,111**

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

Component Units
Statement of Net Position
June 30, 2016

	Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
Assets - Cash and investments	$ 312	$ 1,178,892	$ 90,285	$ 1,269,489
Liabilities - Accounts payable	-	8,657	123	8,780
Net Position - Unrestricted	**$ 312**	**$ 1,170,235**	**$ 90,162**	**$ 1,260,709**

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

		Program Revenue		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Economic Development Corporation	$ -	$ -	$ -	$ -
Brownfield Redevelopment Authority	120,357	-	55,200	-
Corridor Improvement Authority	19,998	-	16,473	-
Total component units	**$ 140,355**	**$ -**	**$ 71,673**	**$ -**

General revenue:
Property taxes
Investment income
Other miscellaneous income

Total general revenue

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

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

Component Units
Statement of Activities
Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position			
Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
$ -	$ -	$ -	$ -
-	(65,157)	-	(65,157)
-	-	(3,525)	(3,525)
-	(65,157)	(3,525)	(68,682)
-	274,231	-	274,231
1	16,399	289	16,689
-	-	50,000	50,000
1	290,630	50,289	340,920
1	225,473	46,764	272,238
311	944,762	43,398	988,471
$ 312	**$ 1,170,235**	**$ 90,162**	**$ 1,260,709**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Blended Component Units - The Farmington Hills Building Authority (the "Authority") is governed by a board appointed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. The operations of the Authority are reported as a nonmajor debt service fund.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Jointly Governed Organization - Jointly governed organizations are discussed in Note 16.

Accounting and Reporting Principles

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

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Fund Accounting

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The deferred inflows of resources related to unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: special assessments and certain accounts receivable. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The deferred inflows of resources related to pensions results from differences between expected and actual experience with regard to economic or demographic factors and changes in assumptions. The deferred inflows related to pensions are reported in the government-wide statement of net position and are amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions.

Net Position Flow Assumption

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Fund Balance Policies

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Property Tax Revenue

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

The City's 2015 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 final amended taxable valuation of the City totaled $3,111,294,000, on which ad valorem taxes less special acts levied consisted of 7.9560 mills for operating purposes, 0.4882 mills for parks and recreation, 0.7542 mills for refuse, 0.0160 mills for public information, 2.0000 for roads, and 3.1764 mills for public safety. This resulted in approximately $24,664,000 for operations, $1,513,000 for parks and recreation, $2,338,000 for refuse, $50,000 for public information, $6,223,000 for roads, and $9,847,000 for public safety. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as taxes receivable - current or as tax revenue, subsequent to Brownfield captures.

Pension - The City offers pension benefits to retirees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs - The City offers 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, 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.

Note 1 - Summary of 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 only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements. In prior years, the General Fund has been used to liquidate the liability for compensated absences.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall at July 1, 2015		$ (3,632,838)
Current year permit revenue		1,461,411
Related expenses:		
Direct costs	$ 648,166	
Estimated indirect costs	136,886	785,052
Current year surplus		676,359
Cumulative shortfall at June 30, 2016		$ (2,956,479)

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

The budget is adopted on an activity basis. Although spending estimates are produced for each line item, budgetary control is exercised at the activity level. The city manager is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditures of any budgetary expenditure (activity) must be approved by the City Council. Expenditures at this level in excess of budget appropriation are a violation of Michigan law. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at June 30, 2016 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.

Note 2 - Stewardship, Compliance, and Accountability (Continued)

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

Excess of Expenditures Over Appropriations - During the year, the City incurred expenditures that were in excess of the amounts budgeted for the Special Assessment Fund - Local Roads, Community Development Block Grant Fund, Nutrition Grant Fund, and General Debt Service Fund. The Special Assessment Fund - Local Roads incurred actual expenditures of $306,536 for debt service expenditures while the City budgeted $306,438 for debt service expenditures. This resulted in an unfavorable variance of $98. This unfavorable variance in the Special Assessment Fund - Local Roads was caused by a higher interest payment on special assessment debt than budgeted. The Community Development Block Grant Fund incurred actual expenditures of $665,158 for community and economic development expenditures while the City budgeted $592,800 for community and economic development expenditures. This resulted in an unfavorable variance of $72,358. This unfavorable variance in the Community Development Block Grant Fund was caused by an increase in program income received by the Community Development Block Grant Fund during the year. The Community Development Block Grant Fund used the extra program income on various rehabilitation projects during the current year. The Nutrition Grant Fund incurred actual expenditures of $485,794 while the City budgeted $437,235 for expenditures. This resulted in an unfavorable variance of $48,559. This unfavorable variance in the Nutrition Grant Fund was caused by additional revenue received and spent in the current year. The General Debt Service Fund incurred transfers out of $1,144,825 while the City budgeted $1,144,675. This resulted in an unfavorable variance of $150. This unfavorable variance in the General Debt Service Fund was caused by higher than anticipated debt service costs.

Note 3 - 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 six banks/advisors for the deposit of its funds. The investment policy adopted by the City Council 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. As noted below, the City participates in the Oakland County local government investment pool. This investment pool is not subject to regulatory oversight, is not registered with the SEC, and does not issue a separate financial report.

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 $16,124,707 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At June 30, 2016, the component units of the City did not have any bank deposits as all amounts were maintained in investment pools.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

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

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

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

Investment	Fair Value	Weighted Average Maturity
Primary Government		
U.S. Treasury	$ 12,533,654	455 days
Bank investment pool	113,190	30 days
Bank investment pool - Oakland County	63,603,388	389 days
Total	$ 76,250,232	

Credit Risk

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

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

Note 3 - Deposits and Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Bank investment pool	$ 9,921,650	AAAm	S&P
Bank investment pool	65,206,572	Not rated	N/A
Total	$ 75,128,222		
Health Care Fund - Pooled investments/ Mutual funds	$ 21,801,940	Not rated	N/A
Component Units - Pooled investments	$ 1,269,489	AAAm	S&P

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 5.55 percent invested in Entrust Diversified Fund, 16.39 percent invested in Loomis Sayles Core Plus, 5.53 percent invested in Templeton Global Bond Fund, 5.22 percent invested in Vanguard FTSE Developed Markets ETF, and 6.12 percent in Pinehurst Institutional LTD.

Healthcare System - The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year end, the plan had multiple investments, which consisted mostly of pooled investments that exceeded 5.00 percent of the total portfolio. The fund had 5.85 percent invested in Templeton Global Bond Fund, 10.29 percent invested in Loomis Sayles Investment Grade Bond Fund, and 5.65 percent in Pinehurst Institutional LTD.

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. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

Note 4 - Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 4 - Fair Value Measurement (Continued)

The City has the following recurring fair value measurements as of June 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurement Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	$ 2,880,066	$ -	$ 2,880,066	$ -
Agency bonds	9,653,587	-	9,653,587	-
Mutual funds - Fixed income	26,080,456	26,080,456	-	-
ETF - Fixed income	2,591,497	2,591,497	-	-
Total debt securities	41,205,606	28,671,953	12,533,653	-
Equity securities:				
Common stock	63,919,928	63,919,928	-	-
ETF - Equity	3,241,451	3,241,451	-	-
Mutual Funds - Equity	15,124,618	15,124,618	-	-
ADR and U.S. held foreign stock	12,537,534	-	12,537,534	-
Total equity securities	94,823,531	82,285,997	12,537,534	-
Private equity funds	17,954,054	-	-	17,954,054
Total investmets by fair value level	153,983,191	$ 110,957,950	$ 25,071,187	$ 17,954,054
Investments measured at net asset value (NAV):				
Pooled equity funds	49,987,454			
External investment pools	73,615,634			
Total investments measured at NAV	123,603,088			
Total investments measured at fair value	$ 277,586,279			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. Treasury securities and agency bonds at June 30, 2016 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 4 - Fair Value Measurement (Continued)

The fair value of ADRs and U.S. foreign held stocks at June 30, 2016 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as the underlying security "best" price and exchange rate for underlying security's currency against U.S. dollar.

The fair value of private equity funds and partnership interests at June 30, 2016 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using the fund's fair value which would be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Total unfunded commitments on the private equity funds is $10,384,739.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies and external investment pools where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended June 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Pooled equity funds	$ 49,987,454	$ 732,823	None	N/A
External investment pools	73,615,634	-	None	N/A
Total investments measured at NAV	$ 123,603,088	$ 732,823		

The pooled equity funds includes funds that invest in equity long/short hedge fund class, event-driven hedge fund class, global opportunties hedge fund class, and multistrategy hedge funds class. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

The external investment pools include funds that invest in debt securities that include high-quality government, mortgage-backed, commerical mortgage-backed, and asset-backed securities. The fair value of the investments in this class have been estimated using the net asset value per share of the investments. There are no unfunded commitments or redemption restrictions.

Note 4 - Fair Value Measurement (Continued)

The private equity funds class includes several private equity funds that invest in infrastructure, energy, shipping, real estate, and corporate debt securities.

Note 5 - Capital Assets

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

Governmental Activities	Balance July 1, 2015	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2016
Capital assets not being depreciated:					
Land	$ 16,773,233	$ -	$ 3,601	$ -	$ 16,776,834
Construction in progress	4,040,803	(763,675)	5,131,134	-	8,408,262
Right of way	31,561,930	-	-	-	31,561,930
Subtotal	52,375,966	(763,675)	5,134,735	-	56,747,026
Capital assets being depreciated:					
Sidewalks	13,554,030	57,444	-	-	13,611,474
Drain rights	17,206,941	-	-	-	17,206,941
Buildings and improvements	63,364,017	-	435,006	102,610	63,696,413
Machinery and equipment	16,453,296	-	717,403	1,157,983	16,012,716
Vehicles	13,962,950	261,227	1,450,235	920,843	14,753,569
Office furnishings	4,511,787	-	83,582	429,710	4,165,659
Land improvements	18,958,809	116,170	294,991	68,083	19,301,887
Major roads	62,692,938	328,834	1,607,455	-	64,629,227
Local roads	82,576,143	-	-	-	82,576,143
Subtotal	293,280,911	763,675	4,588,672	2,679,229	295,954,029
Accumulated depreciation:					
Sidewalks	9,263,594	-	366,523	-	9,630,117
Drain rights	8,076,902	-	344,139	-	8,421,041
Buildings and improvements	32,836,975	-	1,772,474	102,610	34,506,839
Machinery and equipment	12,839,667	-	658,813	1,157,984	12,340,496
Vehicles	8,803,183	-	1,174,341	885,776	9,091,748
Office furnishings	3,952,983	-	139,154	429,709	3,662,428
Land improvements	14,805,312	-	525,584	68,083	15,262,813
Major roads	38,260,611	-	1,748,885	-	40,009,496
Local roads	68,370,746	-	1,523,332	-	69,894,078
Subtotal	197,209,973	-	8,253,245	2,644,162	202,819,056
Net capital assets being depreciated	96,070,938	763,675	(3,664,573)	35,067	93,134,973
Net capital assets	$ 148,446,904	$ -	$ 1,470,162	$ 35,067	$ 149,881,999

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2015	Transfers/ Reclassifications	Additions	Disposals	Balance June 30, 2016
Capital assets not being depreciated -					
Construction in progress	$ 8,921,348	$ (6,036,829)	$ 12,849,780	$ -	$ 15,734,299
Capital assets being depreciated:					
Sewage disposal system	95,945,596	-	-	-	95,945,596
Water distribution system	79,222,952	6,036,829	-	-	85,259,781
Subtotal	175,168,548	6,036,829	-	-	181,205,377
Accumulated depreciation:					
Sewage disposal system	57,920,945	-	1,825,502	-	59,746,447
Water distribution system	43,909,000	-	1,842,165	-	45,751,165
Subtotal	101,829,945	-	3,667,667	-	105,497,612
Net capital assets being depreciated	73,338,603	6,036,829	(3,667,667)	-	75,707,765
Net capital assets	$ 82,259,951	$ -	$ 9,182,113	$ -	$ 91,442,064

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

Governmental activities:	
General government	$ 1,315,146
Public safety	1,129,672
Public services	4,631,372
Community and economic development	6,640
Recreation and culture	1,170,415
Total governmental activities	$ 8,253,245
Business-type activities - Water and sewer	$ 3,667,667

Construction Commitments - The City has active construction projects at year end. The projects include water main/sidewalk improvements, sewer and drainage improvements, water main construction, EFSDS Middlebelt tunnel projects, and local road special assessment district improvements which were budgeted for and planned. At year end, the City's commitments with contractors are as follows:

	Remaining Commitment
Water main construction	$ 313,149
Roads/SAD/Drainage/Sewer improvements	10,027,474
Water main/Sidewalk improvements	323,506
EFSDS Middlebelt Tunnel	14,311,753
Total	$ 24,975,882

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	$ 232,322
	Capital Improvement Fund	12,964
	Water and Sewer Fund	56,101
	Nonmajor governmental funds	113,598
	Total General Fund	414,985
Major Road Fund	General Fund	61,095
	Nonmajor governmental funds	264,348
	Total Major Road Fund	325,443
Local Roads Fund	General Fund	58,317
	Major Road Fund	384,000
	Total Local Roads Fund	442,317
Nonmajor governmental funds	General Fund	1,492
	Nonmajor governmental funds	6,000
	Total nonmajor governmental funds	7,492
	Total	$ 1,190,237

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	$ 4,471,709
	Nonmajor governmental funds	1,449,132
	Total General Fund	5,920,841
Major Roads Fund	Local Roads Fund	225,000
Special Assessment Fund - Local Roads	Local Roads Fund	820
	Nonmajor governmental funds	625,337
	Total Special Assessment Fund - Local Roads	626,157
Nonmajor governmental funds	General Fund	1,307,850
	Major Roads Fund	2,795,349
	Local Roads Fund	2,250,205
	Nonmajor governmental funds	1,144,825
	Total nonmajor governmental funds	7,498,229
	Total	$ 14,270,227

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

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

Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties that 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.

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions/ Adjustments	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
2012 General Obligation Bonds:							
Amount of issue: $970,000	2.00% -	$60,000 -					
Maturing through 2026	3.00%	$85,000	$ 860,000	$ -	$ 60,000	$ 800,000	$ 60,000
Building Authority Bonds:							
District Court Refunding Bonds, Series 2007:							
Amount of issue: $6,555,000	4.00% -	$800,000 -					
Maturing through 2021	5.50%	$985,000	5,180,000	-	695,000	4,485,000	800,000
Building Authority Refunding Bonds, Series 2003:							
Amount of issue: $2,910,000	3.60% -	$195,000 -					
Maturing through 2018	4.00%	$200,000	590,000	-	200,000	390,000	195,000
County contractual obligations -							
Golf Course Capital Improvement:							
General obligation bonds:							
Amount of issue: $8,200,000	3.35%-						
Maturing through 2016	4.375%		250,000	-	250,000	-	-
2013 Refunding Bonds - Golf Course							
Amount of issue: $6,545,000	2.00%-	$315,000-					
Maturing through 2031	3.50%	$525,000	6,495,000	-	50,000	6,445,000	315,000
Less deferred amount - Bond premium			397,393	-	25,232	372,161	-
Districts 333, 334, 335, and 336:							
Public improvements:							
Amount of issue: $2,470,000	2.00% -	$255,000 -					
Maturing through 2022	2.50%	$270,000	1,860,000	-	270,000	1,590,000	270,000
Total bonds payable			15,632,393	-	1,550,232	14,082,161	1,640,000
Other long-term obligations:							
Accumulated compensated absences			5,165,325	2,395,767	2,286,204	5,274,888	2,371,502
Estimated self-insurance claims			386,000	800,000	-	1,186,000	1,186,000
Total governmental activities			$ 21,183,718	$ 3,195,767	$ 3,836,436	$ 20,543,049	$ 5,197,502

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
Limited tax general obligation bonds:							
2013 Water Supply System Bonds:							
Amount of issue: $6,800,000	2.00% -	$275,000-					
Maturing through 2032	3.13%	$460,000	$ 6,300,000	$ -	$ 275,000	$ 6,025,000	$ 280,000
2014 Water Supply System Improvement Bonds:							
Amount of issue: $8,800,000	2.00%-	$275,000-					
Maturing through 2034	3.00%	$460,000	8,800,000	-	275,000	8,525,000	350,000
2014 Evergreen and Middlebelt Transport and Storage Tunnel Bonds:							
Amount of issue: $19,570,005*		$59,067-					
Maturing through 2036	2.50%	$785,880	1,612,242	2,812,434	-	4,424,676	-
Total business-type activities			$ 16,712,242	$ 2,812,434	$ 550,000	$ 18,974,676	$ 630,000

* Issue of $19,570,005 but only $4,424,676 was drawn as of 6/30/2016

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

Note 7 - Long-term Debt (Continued)

Total interest expense for the year was $925,584. Annual debt service requirements to maturity for the above bonds and note obligations, excluding $372,162 of unamortized premiums, are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	$ 1,640,000	$ 442,750	$ 2,082,750	$ 630,000	$ 467,737	$ 1,097,737
2018	1,695,000	377,550	2,072,550	1,402,295	458,426	1,860,721
2019	1,590,000	325,800	1,915,800	1,430,880	426,211	1,857,091
2020	1,705,000	272,100	1,977,100	1,479,465	393,132	1,872,597
2021	1,700,000	213,831	1,913,831	1,510,705	359,154	1,869,859
2022-2026	2,795,000	643,894	3,438,894	4,966,331	1,386,905	6,353,236
2027-2031	2,585,000	227,026	2,812,026	4,405,000	814,738	5,219,738
2032-2036	-	-	-	3,150,000	166,913	3,316,913
Total	$ 13,710,000	$ 2,502,951	$ 16,212,951	$ 18,974,676	$ 4,473,216	$ 23,447,892

Debt Issuance - The Evergreen and Middlebelt Sanitary Sewer Transport and Storage Tunnel Bonds are State Revolving Fund bonds and the county has drawn down an additional $5,296,486, of which 53.10 percent, or $2,812,434, is the City's share. The bond interest rate is 2.50 percent. The proceeds were used for the construction on the sanitary sewer system.

Advance Refundings - In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2016, the City's portion of bonds outstanding that are considered defeased approximates $11,600,000.

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, 2016, there is approximately $23,295,000 of no commitment debt outstanding.

Note 8 - Pension Plan Description

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

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

Plan Membership - At June 30, 2016, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	283
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	283
Total plan members	578

The general group was closed to new hires as follows:

- Nonunion and AFSCME Union - Effective July 1, 2006
- Dispatcher Union - Effective January 1, 2007
- Teamsters Union - Effective January 1, 2008
- District Court - Effective September 1, 2015

The general group consists of union employees from AFSCME and Teamsters, nonunion employees, court employees, executive employees, and dispatch employees. The general group does not include firefighters, police officers, and police command employees.

Benefits Provided - The pension plan provides retirement, disability, and death benefits to eligible plan members. Retirement benefits are calculated by multiplying the plan member's final average compensation (FAC) times the member's years of services times the multiplier applicable to the member's employee group. FAC is final average compensation consisting of the three highest consecutive years out of the last 10 years. FAC includes longevity on base pay for all employees plus lump-sum holiday pay for police, fire, and dispatch members. Benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed with plan net position. The multipliers per employee group are as follows:

Note 8 - Pension Plan Description (Continued)

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

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

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

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

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

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

Note 8 - Pension Plan Description (Continued)

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

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

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

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

In addition to the normal, early, and deferred retirement provisions, the system provides non-duty death benefits to qualifying members. A non-duty death benefit is computed as a regular retirement pension reduced in accordance with a 100 percent joint and survivor option and shall be paid for life to a surviving spouse of an employee provided the member attained age 57 and has eight years of service or the member has 10 or more years of credited service regardless of age and died while an employee of the City. The system also provides duty death benefits to qualifying members, which is computed as a duty disability retirement with no age or service requirements. A duty death pension shall be paid for life to a surviving spouse of an employee who dies in service. A duty disability benefit is also available in accordance with an established formula and has no age or service requirements.

Note 8 - Pension Plan Description (Continued)

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

1) Straight Life Retirement Benefits

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

2) Survivor Allowance Options

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

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

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

3) Annuity Option

   All City and court employees are eligible for the annuity option.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the pension board in accordance with the city ordinance, union contracts, and plan provisions. For the year ended June 30, 2016, the average active member contribution rate was 4.5 percent of annual pay, and the City's average contribution rate was 23.7 percent of annual payroll.

Note 9 - Pension Plan Reserves

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

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

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

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

The balances of the reserve accounts at June 30, 2016 are as follows:

	Required Reserve	Amount Funded
Retirement Reserve Fund	$ 78,974,385	$ 78,974,385
Members' Deposit Fund	16,799,652	16,799,652
Pension Reserve Fund	N/A	42,166,770

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

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that is in compliance with Michigan Public Act 347 of 2012 and manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of June 30, 2016 which represents a range of acceptable allocation percentages, rather than a specific target per asset class:

Asset Class	Target Allocation
Global equity	0 - 70%
Global fixed income	0 - 70%
Hedge funds	0 - 15%
Private equity	0 - 7.5%
Real estate	0 - 10%
Infrastructure	0 - 10%
Real assets - Gold	0 - 5%
Cash and cash equivalents	0 - 10%

Rate of Return - For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.83) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total pension liability	$ 177,957,820
Plan fiduciary net position	(137,940,807)
Net pension liability	$ 40,017,013
Plan fiduciary net position as a percentage of the total pension liability	77.5 %

Note 11 - Net Pension Liability (Continued)

The net pension liability of $40,017,013 has been allocated separately to the City and to the 47th District Court. A special funding situation does not exist in accordance with Governmental Accounting Standards Board Statement No. 68 and therefore, the City has not recorded the court's proportionate share of the net pension liability. The City's proportionate share of the net pension liability is $38,326,411 at June 30, 2016.

The City has chosen to use June 30, 2016 as its measurement date for the net pension liability. The June 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2016. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of June 30, 2015, which used updated procedures to roll forward the estimated liability to June 30, 2016.

Changes in the net pension liability during the measurement year were as follows:

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at June 30, 2015	$175,347,196	$145,286,416	$ 30,060,780
Service cost	3,389,831	-	3,389,831
Interest	12,897,603	-	12,897,603
Changes in benefits	122,932	-	122,932
Differences between expected and actual experience	(677,524)	-	(677,524)
Changes in assumptions	(2,974,074)	-	(2,974,074)
Contributions - Employer	-	4,710,931	(4,710,931)
Contributions - Employee	-	907,655	(907,655)
Net investment (loss) income	-	(3,173,808)	3,173,808
Benefit payments, including refunds	(10,148,144)	(10,148,142)	(2)
Administrative expenses	-	(284,222)	284,222
Other	-	641,977	(641,977)
Net changes	2,610,624	(7,345,609)	9,956,233
Balance at June 30, 2016	$177,957,820	$137,940,807	$ 40,017,013

Note 11 - Net Pension Liability (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of $8,711,302. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 1,376,660
Changes in assumptions	-	2,290,394
Net difference between projected and actual earnings on pension plan investments	17,876,608	-
Total	$ 17,876,608	$ 3,667,054

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

Years Ending June 30	Amount
2017	$ 4,124,457
2018	4,124,457
2019	4,124,457
2020	1,907,712
2021	(71,529)

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %	
Salary increases	4.5 - 23.5 %	Average, including inflation
Investment rate of return	7.5 %	Net of pension plan investment expense, including inflation

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

Note 11 - Net Pension Liability (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Global equity	8.2 %
Global fixed income	3.3
Hedge funds	4.1
Private equity	12.3
Real estate	7.2
Infrastructure	7.2
Real assets - Gold	2.7
Cash or cash equivalents	1.3
Total weighted average	6.41 %

Note 11 - Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 7.5 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability of the City	$ 61,142,636	$ 40,017,013	$ 22,140,230

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows or resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position has been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 12 - Defined Contribution Pension Plan

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

The current year contribution was calculated based on covered payroll of $4,385,724, resulting in an employer contribution of $438,572 and employee contributions of $219,286.

Note 13 - Other Postemployment Benefits

Plan Description - The City of Farmington Hills Postretirement Healthcare Finance Fund (the "Plan") is a single-employer other postemployment benefit plan that is administered by the City of Farmington Hills Employees' Retirement System Pension Board. The City provides healthcare benefits to all full-time employees upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. At June 30, 2014, the date of the most recent actuarial valuation, 203 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.

Note 13 - Other Postemployment Benefits (Continued)

Funding Progress - For the year beginning July 1, 2015, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2014. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 16 years. Expenditures for postemployment healthcare benefits are funded on an actuarial basis. The City's actuarial required contribution for the year ended June 30, 2016 was $1,808,068. The City contributed $1,808,068 to the fund for the fiscal year ended June 30, 2016. At June 30, 2014, the date of the most recent actuarial report, assets available for postemployment healthcare benefits totaled $62,830,994. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	$ (1,808,068)
Interest on the prior year's net OPEB asset	1,498
Less adjustment to the annual required contribution	(2,118)
Annual OPEB cost	(1,808,688)
Amounts contributed - Advance funding	1,808,068
Decrease in net OPEB asset	(620)
OPEB asset - Beginning of year	19,981
OPEB asset - End of year	$ 19,361

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

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Annual OPEB Costs	Percentage of ARC Contributed	Percentage OPEB Costs Contributed	Net OPEB (Obligation) Asset
6/30/14	6/30/12	$ 2,892,858	$ 2,856,880	148.4 %	150.3 %	$ 20,063
6/30/15	6/30/12	2,890,395	2,890,957	100.0	100.0	19,981
6/30/16	6/30/14	1,808,068	1,808,687	100.0	100.0	19,361

* 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 Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/10	$ 44,004,631	$ 72,230,135	$ 28,225,504	60.9 %	$ 21,494,819	131.3 %
6/30/12	50,982,851	69,722,666	18,739,815	73.1	19,889,835	94.2
6/30/14	62,830,994	71,356,286	8,525,292	88.1	17,633,733	48.3

Note 13 - Other Postemployment Benefits (Continued)

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.

In the June 30, 2014 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 3.5 percent after 10 years. Both rates included a 3.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized using a level dollar method on a closed basis for all divisions except the court, which is amortized using a level percent of payroll method on a closed basis. The remaining amortization period at June 30, 2014 was 16 years.

Note 14 - Other Postemployment Benefits - Defined Contribution Plan

The City provides a Retirement Health Savings (RHS) account for eligible employees and their dependents. The plan covers AFSCME, executive, and general employees hired on or after July 1, 2006, dispatch employees hired on or after January 1, 2007, Teamster and POAM employees hired on or after January 1, 2008, and IAFF employees hired on or after July 1, 2008. This is a defined contribution plan administered by the City. The collective bargaining agreements and/or city ordinance require all employees to contribute 1.5 percent of their base salary or wage plus longevity pay. The City contributes $100 per month for the dispatch employees, $142 per month for the police officers, and $125 per month for all other participating employee groups. All contributions plus interest allocated to the employees' accounts are fully vested after seven years of service. Once plan members terminate employment, they are eligible to use all vested contributions for allowable medical related expenses.

During the year ended June 30, 2016, the City made contributions of $190,126 and the plan members contributed $107,142 to the plan.

Note 15 - 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.

Note 15 - Risk Management (Continued)

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

	General Liability	
	2016	2015
Unpaid claims - Beginning of year	$ 490,835	$ 838,038
Estimated incurred claims, including changes in estimates	4,022,795	3,247,608
Claim payments	(3,211,743)	(3,594,811)
Unpaid claims - End of year	$ 1,301,887	$ 490,835

A total of $1,186,000 of the estimated liability for claims incurred but not reported is included as a general long-term liability in the governmental activities. Included in the June 30, 2016 unpaid claims liability is $115,887, which represents the accrual for claims, incurred for medical costs, which is reported in accrued and other liabilities in the General Fund.

Note 16 - Joint Ventures

The City participates in the Michigan 47th District Court Administration Fund with the City of Farmington. The City provides approximately 83.89 percent of the funding for the Michigan 47th District Court Administration Fund.

Note 16 - Joint Ventures (Continued)

During the years ended June 30, 2002 and 2001, the City advanced a total of $2,218,226 to the Southwest Oakland Cable Commission for the acquisition of equipment and improvements to a new facility to be used in its operation. As of June 30, 2016, the total receivable advance is $161,149. The advances were repaid to the City in annual installments of approximately $221,000, including interest at 4 percent. The remaining balance on the advance will be repaid in 2017. Fund balance in the General Fund has been recorded as "nonspendable" for this advance since these amounts are not available for use to finance operations as of year end. The City historically has participated in the Southwest Oakland Cable Commission as a joint venture with the cities of Farmington and Novi. Effective March 31, 2016, the Cable Commission was dissolved and liquidated by board resolution. The dissolution date was the last day of cable production and operating activities. After the dissolution date, the municipal corporations will assume any further responsibility for activities previously assigned to the Cable Commission. As of March 31, 2016, the Cable Commission's final financial statement includes a transfer out to member communities for their share of the Cable Commission's net position. The City recorded a receivable of approximately $366,000 which represents the City's portion of the net position as of June 30, 2016. Financial information for the joint venture can be obtained from the City of Farmington at 23600 Liberty Street, Farmington, Michigan, 48335.

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 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 17 - Fund Balance Constraints

The General Fund fund balance assignment for future expenditures of $16,409,880 includes $157,541 for subsequent year expenditures, $2,000,000 for retiree health care, $920,000 for the corridor improvement authority, $2,500,000 for the retirement system, $355,000 for the activities center, $400,000 for buses, $200,000 for future inspections, $500,000 for sidewalks/bikepaths, $900,000 for information technology, $5,396,353 for storm water, $400,000 for police patrol cars, $200,000 for communications, $2,476,601 for subsequent years' budget requests, and $4,385 for police training.

Note 18 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Note 19 - Subsequent Events

In July 2016, the City of Farmington Hills issued the 2016 Capital Improvement Bond for special assessment road projects. The 2016 Capital Improvement Bond, with a par amount of $8,475,000 and original issue premium of $473,538, matures through October 2030 with an interest rate ranging from 2.00 to 3.00 percent. Interest on the bonds will be payable semiannually on April 1 and October 1 of each year beginning April 1, 2017. Principal payments will begin October 1, 2017.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 28,856,660	$ 28,935,638	$ 29,058,007	$ 122,369
Other licenses and permits	1,327,637	1,229,077	1,558,094	329,017
Federal grants	53,000	279,978	252,131	(27,847)
State-shared revenue and grants	7,016,162	7,272,936	7,148,753	(124,183)
Charges for services to external parties	9,856,402	10,331,041	11,020,824	689,783
Fines and forfeitures	2,173,620	2,148,966	2,145,354	(3,612)
Investment income	243,000	233,000	404,784	171,784
Local donations	251,000	252,750	254,787	2,037
Other miscellaneous income	1,067,887	763,757	1,209,718	445,961
Equipment rental	1,073,200	1,073,200	1,061,101	(12,099)
Total revenue	51,918,568	52,520,343	54,113,553	1,593,210
Expenditures				
General government:				
City Council	113,462	106,580	105,991	589
Boards and commissions	2,706,144	2,658,483	2,649,974	8,509
City administration	733,254	655,379	584,188	71,191
Public information	364,978	362,283	354,217	8,066
Finance department	1,745,639	1,730,318	1,632,179	98,139
Clerk	631,574	636,661	609,803	26,858
Attorney	607,475	601,600	592,446	9,154
Human resources/personnel	375,091	377,726	355,432	22,294
Central services	1,201,609	1,187,238	1,150,627	36,611
Support services	4,331,102	4,182,075	3,889,179	292,896
Total general government	12,810,328	12,498,343	11,924,036	574,307
Public safety:				
Police	14,668,628	14,415,118	13,971,979	443,139
Fire	4,467,184	4,714,880	4,406,252	308,628
Total public safety	19,135,812	19,129,998	18,378,231	751,767
Public services:				
Road maintenance	2,215,713	2,197,861	2,046,071	151,790
Administration	453,463	419,321	346,698	72,623
Maintenance facility	1,505,862	1,473,290	1,239,922	233,368
Building maintenance	549,801	510,160	438,943	71,217
General refuse removal	3,779,938	3,842,941	3,756,482	86,459
Engineering	1,313,741	1,193,691	1,139,253	54,438
Public service reimbursement from road fund	(1,835,187)	(1,822,097)	(1,691,964)	(130,133)
Total public services	7,983,331	7,815,167	7,275,405	539,762

Required Supplemental Information
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Community and economic development	$ 1,654,374	$ 1,535,018	$ 1,473,854	$ 61,164
Recreation and culture	7,469,879	7,528,271	7,304,005	224,266
Total expenditures	49,053,724	48,506,797	46,355,531	2,151,266
Excess of Revenue Over Expenditures	2,864,844	4,013,546	7,758,022	3,744,476
Other Financing Sources (Uses)				
Transfers in	2,307,850	1,307,850	1,307,850	-
Transfers out	(6,297,055)	(5,920,841)	(5,920,841)	-
Total other financing uses	(3,989,205)	(4,612,991)	(4,612,991)	-
Net Change in Fund Balance	(1,124,361)	(599,445)	3,145,031	3,744,476
Fund Balance - Beginning of year	27,737,907	27,737,907	27,737,907	-
Fund Balance - End of year	**$ 26,613,546**	**$ 27,138,462**	**$ 30,882,938**	**$ 3,744,476**

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.

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Fund
Major Roads Fund
Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Federal grants	$ 535,200	$ 45,861	$ 54,367	$ 8,506
Intergovernmental revenue	4,644,431	5,128,648	4,616,298	(512,350)
Investment income	700	2,500	31,981	29,481
Other revenue	150	130	129	(1)
Total revenue	5,180,481	5,177,139	4,702,775	(474,364)
Expenditures - Public works	7,886,847	7,870,715	6,655,557	1,215,158
Excess of Revenue (Under) Over Expenditures	(2,706,366)	(2,693,576)	(1,952,782)	740,794
Other Financing Sources (Uses)				
Transfers in	2,795,349	2,795,349	2,795,349	-
Transfers out	(225,000)	(225,000)	(225,000)	-
Total other financing sources	2,570,349	2,570,349	2,570,349	-
Net Change in Fund Balance	(136,017)	(123,227)	617,567	740,794
Fund Balance - Beginning of year	2,984,377	2,984,377	2,984,377	-
Fund Balance - End of year	**$ 2,848,360**	**$ 2,861,150**	**$ 3,601,944**	**$ 740,794**

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Fund
Local Roads Fund
Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	$ 1,610,148	$ 1,772,080	$ 2,313,001	$ 540,921
Investment income	180	1,300	10,778	9,478
Other revenue:				
Special assessments	811,406	120,671	474,416	353,745
Other miscellaneous income	203,938	14,782	15,546	764
Total revenue	2,625,672	1,908,833	2,813,741	904,908
Expenditures				
Public works	5,731,339	8,815,575	6,210,064	2,605,511
Debt service	81,150	81,150	81,150	-
Total expenditures	5,812,489	8,896,725	6,291,214	2,605,511
Excess of Expenditures (Under) Over Revenue	(3,186,817)	(6,987,892)	(3,477,473)	3,510,419
Other Financing Sources (Uses)				
Face value of debt issue	-	10,185,000	-	(10,185,000)
Transfers in	3,756,600	2,476,830	2,476,025	(805)
Transfers out	(639,908)	-	-	-
Total other financing sources (uses)	3,116,692	12,661,830	2,476,025	(10,185,805)
Net Change in Fund Balance	(70,125)	5,673,938	(1,001,448)	(6,675,386)
Fund Balance - Beginning of year	1,320,200	1,320,200	1,320,200	-
Fund Balance - End of year	**$ 1,250,075**	**$ 6,994,138**	**$ 318,752**	**$ (6,675,386)**

Required Supplemental Information
Budgetary Comparison Schedule - Major Special Revenue Fund
Public Safety Millage Fund
Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	$ 9,856,505	$ 9,845,187	$ 9,851,802	$ 6,615
Investment income	7,000	15,000	50,023	35,023
Total revenue	9,863,505	9,860,187	9,901,825	41,638
Expenditures - Public safety	10,315,908	10,162,749	9,940,500	222,249
Net Change in Fund Balance	(452,403)	(302,562)	(38,675)	263,887
Fund Balance - Beginning of year	3,141,768	3,141,768	3,141,768	-
Fund Balance - End of year	**$ 2,689,365**	**$ 2,839,206**	**$ 3,103,093**	**$ 263,887**

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return - Net of investment expense	(1.8)%	(0.4)%	16.5 %	10.7 %	(1.7)%	20.7 %	15.5 %	(15.3)%	(1.9)%	13.4 %

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

	2016	2015	2014*	2013*	2012*	2011*	2010*	2009*	2008*	2007*
Total Pension Liability										
Service cost	$ 3,389,831	$ 3,345,050	$ 3,412,039	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	12,897,603	12,530,511	12,050,921	-	-	-	-	-	-	-
Changes in benefit terms	122,932	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(677,524)	(1,437,308)	-	-	-	-	-	-	-	-
Changes in assumptions	(2,974,074)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(10,148,144)	(8,984,021)	(9,085,912)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	2,610,624	5,454,232	6,377,048	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	175,347,196	169,892,964	163,515,916	-	-	-	-	-	-	-
Total Pension Liability - End of year	**$ 177,957,820**	**$ 175,347,196**	**$ 169,892,964**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plan Fiduciary Net Position										
Contributions - Employer	$ 4,710,931	$ 4,882,377	$ 4,557,473	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions - Member	907,655	896,588	892,150	-	-	-	-	-	-	-
Net investment income	(3,173,808)	(1,418,620)	22,334,550	-	-	-	-	-	-	-
Administrative expenses	(284,222)	(409,172)	(304,659)	-	-	-	-	-	-	-
Benefit payments, including refunds	(10,148,142)	(8,984,023)	(9,085,912)	-	-	-	-	-	-	-
Other	641,977	6,212	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(7,345,609)	(5,026,638)	18,393,602	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	145,286,416	150,313,054	131,919,452	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	**$ 137,940,807**	**$ 145,286,416**	**$ 150,313,054**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Net Pension Liability - Ending	**$ 40,017,013**	**$ 30,060,780**	**$ 19,579,910**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.51 %	82.86 %	88.48 %	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	$ 19,857,814	$ 20,213,039	$ 21,343,777.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's Net Pension Liability as a Percentage of Covered Employee Payroll	201.5 %	148.7 %	91.7 %	- %	- %	- %	- %	- %	- %	- %

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 4,710,931	$ 4,882,377	$ 4,557,473	$ 4,302,129	$ 4,482,745	$ 4,008,049	$ 3,710,289	$ 3,664,637	$ 3,775,618	$ 3,389,124
Contributions in relation to the actuarially determined contribution	4,710,931	4,882,377	4,557,473	4,302,129	4,482,745	4,008,049	3,710,289	3,664,637	3,775,618	3,389,124
Contribution Deficiency	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$19,857,814	$20,213,039	$21,343,777	$19,898,614	$20,415,113	$21,236,510	$21,749,242	$24,904,782	$24,662,884	$24,080,517
Contributions as a Percentage of Covered Payroll	23.7 %	24.2 %	21.4 %	21.6 %	22.0 %	18.9 %	17.1 %	14.7 %	15.3 %	14.1 %

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll (level dollar method for general division)
Remaining amortization period	Court, Police, and Fire: 29 years (closed) General employees: 13 years (closed)
Asset valuation method	Five-year smoothed market
Inflation	2.75%
Salary increases	4.5%-7.5% (General and Court), 4.5%-23.5% (Police), 4.5%-20.5% (Fire)
Investment rate of return	7.5% (net of investment expenses)
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB
Other information	None

Required Supplemental Information
Post-retirement Healthcare Finance Fund
Schedule of Funding Progress and Employer Contributions
Year Ended June 30, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets* (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/08	$ 40,551,585	$ 57,063,627	$ 16,512,042	71.1	$ 24,662,884	67.0
6/30/09	41,318,305	59,275,315	17,957,010	69.7	24,904,782	72.1
6/30/10	44,004,631	74,937,594	30,932,963	58.7	21,494,819	143.9
6/30/10**	44,004,631	72,230,135	28,225,504	60.9	21,494,819	131.3
6/30/12	50,982,851	69,722,666	18,739,815	73.1	19,889,835	94.2
6/30/14	62,830,994	71,356,286	8,525,292	88.1	17,633,733	48.3

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

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

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/11	6/30/09	$ 3,186,426	100.0
6/30/12	6/30/10	3,955,250	83.7
6/30/13	6/30/10	4,161,881	81.1
6/30/14	6/30/12	2,892,858	148.4
6/30/15	6/30/12	2,890,395	100.0
6/30/16	6/30/14	1,808,068	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2014, the latest actuarial valuation, follows:

Amortization method:	
General, police, and fire	Level dollar (closed)
Court	Level percent of pay (closed)
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	1.0% - 20.0%
*Includes inflation at	3.5%
Cost of living adjustments	None
Health cost increases	3.5% - 9.0%

Other Supplemental Information

Other Supplemental Information
Budgetary Comparison Schedule - Major Capital Projects Fund
Capital Improvement Fund
Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	$ 500	$ 3,000	$ 26,046	$ 23,046
Other revenue	2,000	24,997	25,264	267
Total revenue	2,500	27,997	51,310	23,313
Expenditures - Capital outlay	5,735,846	5,268,212	3,714,718	1,553,494
Excess of Expenditures Over Revenue	(5,733,346)	(5,240,215)	(3,663,408)	1,576,807
Other Financing Sources -				
Transfers in	4,847,923	4,471,709	4,471,709	-
Net Change in Fund Balance	(885,423)	(768,506)	808,301	1,576,807
Fund Balance - Beginning of year	2,076,505	2,076,505	2,076,505	-
Fund Balance - End of year	**$ 1,191,082**	**$ 1,307,999**	**$ 2,884,806**	**$ 1,576,807**

Other Supplemental Information
Budgetary Comparison Schedule - Major Debt Service Fund
Special Assesment Fund - Local Roads Fund
Year Ended June 30, 2016

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
Investment income	$ -	$ 144,002	$ 164,578	$ 20,576
Other revenue	-	668,177	792,961	124,784
Total revenue	-	812,179	957,539	145,360
Expenditures				
Public services	9,075	9,075	9,075	-
Debt service	446,487	306,438	306,536	(98)
Total expenditures	455,562	315,513	315,611	(98)
Excess of Revenue (Under) Over Expenditures	(455,562)	496,666	641,928	145,262
Other Financing Uses -				
Transfers out	-	(640,167)	(626,157)	14,010
Total other financing uses	-	(640,167)	(626,157)	14,010
Net Change in Fund Balance	(455,562)	(143,501)	15,771	159,272
Fund Balance - Beginning of year	2,097,263	2,097,263	2,097,263	-
Fund Balance - End of year	**$ 1,641,701**	**$ 1,953,762**	**$ 2,113,034**	**$ 159,272**

	Special Revenue Funds					
	Community Development Block Grant	Nutrition Grant	Forfeiture Funds	Municipal Street Fund	Parks and Recreation Special Millage	Deferred Special Assessment
Assets						
Cash and cash equivalents	$ 25,450	$ 86,202	$ 787,663	$ 1,180,627	$ 551,269	$ 52,986
Receivables	265,360	29,182	-	-	26,537	-
Due from other funds	-	-	-	-	-	-
Total assets	**$ 290,810**	**$ 115,384**	**$ 787,663**	**$ 1,180,627**	**$ 577,806**	**$ 52,986**
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 23,885	$ -	$ 258,643	$ -	$ 3,616	$ -
Due to other funds	266,925	111,021	-	-	6,000	-
Unearned revenue	-	4,363	-	-	-	-
Total liabilities	290,810	115,384	258,643	-	9,616	-
Fund Balances						
Restricted:						
Roads	-	-	-	1,180,627	-	-
Police	-	-	529,020	-	-	-
Parks and recreation	-	-	-	-	568,190	-
Committed - Special assessment projects	-	-	-	-	-	52,986
Assigned:						
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total fund balances	-	-	529,020	1,180,627	568,190	52,986
Total liabilities and fund balances	**$ 290,810**	**$ 115,384**	**$ 787,663**	**$ 1,180,627**	**$ 577,806**	**$ 52,986**

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Debt Service Funds		Capital Projects Funds		
Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	Total Nonmajor Governmental Funds
$ 150	$ 162,194	$ 9,759	$ 874,876	$ 3,731,176
-	-	-	-	321,079
-	-	7,492	-	7,492
$ 150	**$ 162,194**	**$ 17,251**	**$ 874,876**	**$ 4,059,747**
$ -	$ -	$ -	$ -	$ 286,144
-	-	-	-	383,946
-	-	-	-	4,363
-	-	-	-	674,453
-	-	-	-	1,180,627
-	-	-	-	529,020
-	-	-	-	568,190
-	-	-	874,876	927,862
-	-	17,251	-	17,251
150	162,194	-	-	162,344
150	162,194	17,251	874,876	3,385,294
$ 150	**$ 162,194**	**$ 17,251**	**$ 874,876**	**$ 4,059,747**

	Special Revenue Funds					
	Community Development Block Grant	Nutrition Grant	Forfeiture Funds	Municipal Street Fund	Parks and Recreation Special Millage	Deferred Special Assessment
Revenue						
Property taxes	$ -	$ -	$ -	$ 6,218,690	$ 1,516,061	$ -
Federal grants	665,158	200,847	149,449	-	-	-
State-shared revenue and grants	-	92,138	114,251	-	-	-
Investment income	-	313	6,008	7,286	5,752	750
Other revenue	-	192,496	17,225	-	-	-
Total revenue	665,158	485,794	286,933	6,225,976	1,521,813	750
Expenditures						
Current:						
General government	-	-	-	-	-	300
Public safety	-	-	264,322	-	-	-
Community and economic development	665,158	-	-	-	-	-
Recreation and culture	-	485,794	-	-	14	-
Capital outlay	-	-	-	-	60,432	-
Debt service	-	-	-	-	-	-
Total expenditures	665,158	485,794	264,322	-	60,446	300
Excess of Revenue Over (Under) Expenditures	-	-	22,611	6,225,976	1,461,367	450
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(5,045,349)	(1,307,850)	-
Total other financing (uses) sources	-	-	-	(5,045,349)	(1,307,850)	-
Net Change in Fund Balances	-	-	22,611	1,180,627	153,517	450
Fund Balances - Beginning of year	-	-	506,409	-	414,673	52,536
Fund Balances - End of year	**$ -**	**$ -**	**$ 529,020**	**$ 1,180,627**	**$ 568,190**	**$ 52,986**

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Debt Service Funds		Capital Projects Fund		
Building Authority	General Debt Service	Golf Course Capital Improvement	Revolving Special Assessment	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 7,734,751
-	-	-	-	1,015,454
-	-	-	-	206,389
-	620	254	9,344	30,327
-	224,684	32,345	-	466,750
-	225,304	32,599	9,344	9,453,671
-	-	-	-	300
-	-	-	-	264,322
900	-	-	1,295	667,353
-	-	-	-	485,808
-	-	97,579	-	158,011
1,144,825	498,712	-	-	1,643,537
1,145,725	498,712	97,579	1,295	3,219,331
(1,145,725)	(273,408)	(64,980)	8,049	6,234,340
1,144,825	1,419,180	29,952	625,337	3,219,294
-	(1,144,825)	-	(205)	(7,498,229)
1,144,825	274,355	29,952	625,132	(4,278,935)
(900)	947	(35,028)	633,181	1,955,405
1,050	161,247	52,279	241,695	1,429,889
$ 150	**$ 162,194**	**$ 17,251**	**$ 874,876**	**$ 3,385,294**

Other Supplemental Information
Nonmajor Governmental Fund - Community Development Block Grant Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	$ 592,800	$ 665,158	$ 72,358
Expenditures - Community and economic development	592,800	665,158	(72,358)
Excess of Revenue Over Expenditures	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	$ -	$ -	$ -

Other Supplemental Information
Nonmajor Governmental Fund - Nutrition Grant Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	$ 286,741	$ 200,847	$ (85,894)
State-shared revenue and grants	-	92,138	92,138
Investment income	200	313	113
Other revenue	150,294	192,496	42,202
Total revenue	437,235	485,794	48,559
Expenditures - Recreation and culture	437,235	485,794	(48,559)
Net Change in Fund Balance	-	-	-
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	$ -	$ -	$ -

Other Supplemental Information
Nonmajor Governmental Fund - Forfeiture Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Federal grants	$ 146,580	$ 149,449	$ 2,869
State-shared revenue and grants	101,193	114,251	13,058
Investment income	1,000	6,008	5,008
Other revenue	-	17,225	17,225
Total revenue	248,773	286,933	38,160
Expenditures - Public safety	378,889	264,322	114,567
Net Change in Fund Balance	(130,116)	22,611	152,727
Fund Balance - Beginning of year	506,409	506,409	-
Fund Balance - End of year	**$ 376,293**	**$ 529,020**	**$ 152,727**

Other Supplemental Information
Nonmajor Governmental Fund - Parks and Recreation Special Millage Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Property taxes	$ 1,513,167	$ 1,516,061	$ 2,894
Investment income	3,500	5,752	2,252
Total revenue	1,516,667	1,521,813	5,146
Expenditures			
Recreation and culture	-	14	(14)
Capital outlay	122,110	60,432	61,678
Total expenditures	122,110	60,446	61,664
Excess of Revenue Over Expenditures	1,394,557	1,461,367	66,810
Other Financing Uses - Transfers out	(1,307,850)	(1,307,850)	-
Net Change in Fund Balance	86,707	153,517	66,810
Fund Balance - Beginning of year	414,673	414,673	-
Fund Balance - End of year	**$ 501,380**	**$ 568,190**	**$ 66,810**

Other Supplemental Information
Nonmajor Governmental Fund - Deferred Special Assessment Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	$ 350	$ 750	$ 400
Expenditures - General government	300	300	-
Net Change in Fund Balance	50	450	400
Fund Balance - Beginning of year	52,536	52,536	-
Fund Balance - End of year	**$ 52,586**	**$ 52,986**	**$ 400**

Other Supplemental Information
Nonmajor Governmental Fund - Building Authority Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Expenditures			
General government	900	900	-
Debt service	1,144,825	1,144,825	-
Total expenditures	1,145,725	1,145,725	-
Excess of Expenditures Over Revenue	(1,145,725)	(1,145,725)	-
Other Financing Sources - Transfers in	1,144,675	1,144,825	150
Net Change in Fund Balance	(1,050)	(900)	150
Fund Balance - Beginning of year	1,050	1,050	-
Fund Balance - End of year	**$ -**	**$ 150**	**$ 150**

Other Supplemental Information
Nonmajor Governmental Fund - General Debt Service Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	$ 430	$ 620	$ 190
Other revenue	237,038	224,684	(12,354)
Total revenue	237,468	225,304	(12,164)
Expenditures - Debt service	498,963	498,712	251
Excess of Expenditures Over Revenue	(261,495)	(273,408)	(11,913)
Other Financing Sources (Uses)			
Transfers in	1,419,180	1,419,180	-
Transfers out	(1,144,675)	(1,144,825)	(150)
Net Change in Fund Balance	13,010	947	(12,063)
Fund Balance - Beginning of year	161,247	161,247	-
Fund Balance - End of year	**$ 174,257**	**$ 162,194**	**$ (12,063)**

Other Supplemental Information
Nonmajor Governmental Fund - Golf Course Capital Improvement Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Investment income	$ 80	$ 254	$ 174
Other revenue	31,000	32,345	1,345
Total revenue	31,080	32,599	1,519
Expenditures - Capital outlay	97,924	97,579	345
Excess of Revenue Under Expenditures	(66,844)	(64,980)	1,864
Other Financing Sources - Transfers in	29,952	29,952	-
Net Change in Fund Balance	(36,892)	(35,028)	1,864
Fund Balance - Beginning of year	52,279	52,279	-
Fund Balance - End of year	**$ 15,387**	**$ 17,251**	**$ 1,864**

Other Supplemental Information
Nonmajor Governmental Fund - Revolving Special Assessment Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Investment income	$ 2,000	$ 9,344	$ 7,344
Expenditures - Public services	1,400	1,295	105
Excess of Revenue Over Expenditures	600	8,049	7,449
Other Financing Sources (Uses)			
Transfers in	639,337	625,337	(14,000)
Transfers out	(1,000)	(205)	795
Net Change in Fund Balance	638,937	633,181	(5,756)
Fund Balance - Beginning of year	241,695	241,695	-
Fund Balance - End of year	**$ 880,632**	**$ 874,876**	**$ (5,756)**

Other Supplemental Information
Nonmajor Governmental Fund - Municipal Street Fund
Budgetary Comparison
Year Ended June 30, 2016

	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue			
Property taxes	$ 6,221,391	$ 6,218,690	$ (2,701)
Investment income	4,000	7,286	3,286
Total revenue	6,225,391	6,225,976	585
Expenditures - Public services	500	-	500
Other Financing Uses - Transfers out	(5,045,349)	(5,045,349)	-
Net Change in Fund Balance	1,179,542	1,180,627	1,085
Fund Balance - Beginning of year	-	-	-
Fund Balance - End of year	**$ 1,179,542**	**$ 1,180,627**	**$ 1,085**

Other Supplemental Information
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2016

	Pension Trust Funds			Agency Funds		
	Pension Fund	Postretirement Healthcare Finance Fund	Total Pension Trust Funds	Tax Collections	General Agency	Total Agency Funds
Assets						
Cash and cash equivalents	$ 7,305,270	$ 6,369,644	$ 13,674,914	$ 75,014	$ 4,516,875	$ 4,591,889
Investments:						
Pooled funds	79,811,688	28,093,674	107,905,362	-	-	-
Exchange traded funds	-	5,832,947	5,832,947	-	-	-
Common stock	50,649,818	25,807,644	76,457,462	-	-	-
Receivables	143,636	10,239	153,875	-	-	-
Due from other funds	205,704	-	205,704	-	-	-
Prepaid expenses	-	29,329	29,329	-	-	-
Total assets	138,116,116	66,143,477	204,259,593	**$ 75,014**	**$ 4,516,875**	**$ 4,591,889**
Liabilities						
Accounts payable	140,954	55,024	195,978	$ -	$ -	$ -
Due to other governmental units	-	-	-	50,919	962,103	1,013,022
Due to primary government	34,355	525,445	559,800	-	-	-
Due to other funds	-	205,704	205,704	-	-	-
Refundable deposits and bonds	-	-	-	24,095	3,554,772	3,578,867
Total liabilities	175,309	786,173	961,482	**$ 75,014**	**$ 4,516,875**	**$ 4,591,889**
Net Position Held in Trust for Pension and Other Employee Benefits	**$ 137,940,807**	**$ 65,357,304**	**$ 203,298,111**			

Other Supplemental Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

	Pension Fund	Postretirement Healthcare Finance Fund	Total
Additions			
Investment income (expense):			
Interest and dividends	$ 2,573,301	$ 1,414,301	$ 3,987,602
Net change in fair value of investments	(4,146,778)	(2,155,721)	(6,302,499)
Investment-related expenses	(1,242,576)	(408,135)	(1,650,711)
Net investment expense	(2,816,053)	(1,149,555)	(3,965,608)
Contributions:			
Employer	4,710,931	1,808,068	6,518,999
Employee	907,655	262,809	1,170,464
Total additions	2,802,533	921,322	3,723,855
Deductions			
Benefit payments	10,124,415	2,214,684	12,339,099
Refunds of contributions	23,727	12,104	35,831
Total deductions	10,148,142	2,226,788	12,374,930
Net Decrease in Net Position Held in Trust	(7,345,609)	(1,305,466)	(8,651,075)
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	145,286,416	66,662,770	211,949,186
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	**$ 137,940,807**	**$ 65,357,304**	**$ 203,298,111**

Other Supplemental Information
Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
Tax Collections				
Assets				
Cash and investments	$ 74,706	$ 104,031,962	$ (104,031,654)	$ 75,014
Due from other funds	-	59,148	(59,148)	-
Total assets	**$ 74,706**	**$ 104,091,110**	**$ (104,090,802)**	**$ 75,014**
Liabilities				
Tax collections distributable	$ -	$ 104,584,379	$ (104,584,379)	$ -
Due to other governmental units	51,558	50,919	(51,558)	50,919
Refundable deposits, bonds, etc.	23,148	24,095	(23,148)	24,095
Total liabilities	**$ 74,706**	**$ 104,659,393**	**$ (104,659,085)**	**$ 75,014**

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
General Agency				
Assets - Cash and investments	**$ 4,737,697**	**$ 4,218,747**	**$ (4,439,569)**	**$ 4,516,875**
Liabilities				
Due to other governmental units	$ 956,405	$ 2,217,319	$ (2,211,621)	$ 962,103
Refundable deposits, bonds, etc.	3,781,292	2,001,428	(2,227,948)	3,554,772
Total liabilities	**$ 4,737,697**	**$ 4,218,747**	**$ (4,439,569)**	**$ 4,516,875**

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016
Total Agency Funds				
Assets				
Cash and investments	$ 4,812,403	$ 108,250,709	$ (108,471,223)	$ 4,591,889
Due from other funds	-	59,148	(59,148)	-
Total assets	**$ 4,812,403**	**$ 108,309,857**	**$ (108,530,371)**	**$ 4,591,889**
Liabilities				
Tax collections distributable	$ -	$ 104,584,379	$ (104,584,379)	$ -
Due to other governmental units	1,007,963	2,268,238	(2,263,179)	1,013,022
Refundable deposits, bonds, etc.	3,804,440	2,025,523	(2,251,096)	3,578,867
Total liabilities	**$ 4,812,403**	**$ 108,878,140**	**$ (109,098,654)**	**$ 4,591,889**

Statistical Section

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.

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities					
Net investment in capital assets	$ 122,136,048	$ 125,093,866	$ 128,237,651	$ 140,816,579	$ 144,671,857
Restricted	13,052,018	12,944,910	16,711,375	12,389,692	12,908,263
Unrestricted	23,301,442	25,761,491	24,924,231	17,849,645	13,872,733
Business-type Activities					
Net investment in capital assets	85,618,579	84,322,367	82,314,724	80,875,970	77,009,256
Restricted	-	-	-	-	-
Unrestricted	53,730,183	54,179,717	56,555,093	59,332,378	60,957,980
Primary Government in Total					
Net investment in capital assets	207,754,627	209,416,233	210,552,375	221,692,549	221,681,113
Restricted	13,052,018	12,944,910	16,711,375	12,389,692	12,908,263
Unrestricted	77,031,625	79,941,208	81,479,324	77,182,023	74,830,713

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

Fiscal Year				
2012	2013	2014	2015	2016
$ 139,887,283	$ 134,600,611	$ 133,625,640	$ 132,814,511	$ 136,304,301
14,068,925	16,437,051	16,177,067	14,835,556	17,383,179
16,988,436	23,076,629	23,858,724	6,399,143	5,341,244
75,525,323	73,672,425	73,322,194	65,547,709	72,467,388
-	-	-	-	-
61,849,983	65,142,322	64,951,514	72,052,142	67,206,707
215,412,606	208,273,036	206,947,834	198,362,220	208,771,689
14,068,925	16,437,051	16,177,067	14,835,556	17,383,179
78,838,419	88,218,951	88,810,238	78,451,285	72,547,951

	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
Expenses					
General government	$ 12,731,683	$ 12,047,284	$ 12,594,812	$ 11,834,878	$ 11,447,146
Public safety	28,359,188	29,864,624	31,276,618	29,303,406	28,145,708
Public services	16,157,867	16,809,129	15,339,315	15,012,680	14,050,633
Community and economic development	2,520,118	2,585,741	2,557,494	2,627,503	2,551,394
Recreation and culture	8,668,447	9,222,890	8,952,811	8,660,742	8,292,558
Interest on long-term debt	1,191,848	1,206,196	1,026,617	1,542,089	820,126
Total expenses	69,629,151	71,735,864	71,747,667	68,981,298	65,307,565
Program Revenue					
Charges for services:					
General government	3,043,892	3,466,163	3,973,987	4,290,538	4,454,832
Public safety	1,519,253	1,766,051	1,722,334	1,609,738	1,998,642
Public services	1,132,419	3,430,421	3,147,925	2,381,587	606,504
Community and economic development	1,436,038	1,258,701	1,063,207	521,998	320,955
Recreation and culture	3,308,205	3,631,709	3,558,097	3,287,044	3,259,108
Total charges for services	10,439,807	13,553,045	13,465,550	12,090,905	10,640,041
Operating grants and contributions	7,182,121	6,959,267	6,961,336	8,331,014	7,329,185
Capital grants and contributions	589,014	2,204,359	5,216,521	2,509,096	2,171,050
Total program revenue	18,210,942	22,716,671	25,643,407	22,931,015	20,140,276
Net Expenses	(51,418,209)	(49,019,193)	(46,104,260)	(46,050,283)	(45,167,289)
General Revenue					
Property taxes	43,648,073	45,132,374	44,515,945	41,422,186	37,311,396
State-shared revenue	6,683,814	6,683,814	6,359,311	5,655,971	5,668,550
Investment earnings	3,582,399	3,044,879	1,514,504	433,574	281,532
Gain (loss) on disposal	74,575	162,230	101,777	(109,127)	-
Miscellaneous	223,542	251,130	440,413	520,769	1,171,166
Total general revenue	54,212,403	55,274,427	52,931,950	47,923,373	44,432,644
Transfers	(803,700)	(746,700)	(754,700)	(690,431)	1,131,582
Change in Net Position	**$ 1,990,494**	**$ 5,508,534**	**$ 6,072,990**	**$ 1,182,659**	**$ 396,937**

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

Source: Annual financial statements

Fiscal Year Ended June 30,				
2012	2013	2014	2015	2016
$ 11,860,089	$ 11,601,249	$ 14,315,814	$ 13,799,558	$ 16,208,153
27,907,504	27,976,966	26,778,223	30,663,569	31,598,884
16,618,458	17,153,100	18,265,922	17,710,227	19,333,197
2,127,764	2,221,027	1,383,537	1,582,677	2,175,213
9,656,597	9,423,101	8,470,535	8,774,076	9,000,976
826,341	852,817	704,688	734,698	499,969
68,996,753	69,228,260	69,918,719	73,264,805	78,816,392
4,266,458	4,881,804	4,952,419	4,982,503	5,623,842
1,785,872	1,839,403	1,858,740	2,115,647	2,098,423
3,732,813	3,425,246	2,162,983	1,929,655	2,135,470
339,168	684,312	226,124	352,890	561,734
4,733,470	4,502,148	4,403,579	4,450,090	4,638,028
14,857,781	15,332,913	13,603,845	13,830,785	15,057,497
7,622,017	7,302,716	7,938,020	8,858,842	11,345,832
952,324	141,774	209,289	331,999	148,957
23,432,122	22,777,403	21,751,154	23,021,626	26,552,286
(45,564,631)	(46,450,857)	(48,167,565)	(50,243,179)	(52,264,106)
36,296,428	40,043,211	38,910,074	39,015,386	46,644,560
6,162,235	6,164,601	6,359,066	6,477,230	6,773,437
329,190	352,239	414,038	396,972	718,517
-	1,266	-	-	-
2,282,454	3,048,777	2,083,279	3,401,950	3,107,106
45,070,307	49,610,094	47,766,457	49,291,538	57,243,620
(13,885)	10,410	(51,752)	(59,369)	-
$ (508,209)	**$ 3,169,647**	**$ (452,860)**	**$ (1,011,010)**	**$ 4,979,514**

	Fiscal Year Ended June 30				
	2007	2008	2009	2010	2011
Expenses					
Water and sewer	$ 26,287,370	$ 24,558,909	$ 24,687,573	$ 24,571,599	$ 26,181,647
Ice arena	1,365,602	1,358,224	1,421,484	1,272,895	1,229,841
Interest expense	270,218	230,614	185,705	142,699	120,815
Other	6,023	7,978	7,637	5,950	34,972
Total expenses	27,929,213	26,155,725	26,302,399	25,993,143	27,567,275
Program Revenue					
Water and sewer	20,306,011	21,329,632	22,141,498	23,908,712	24,279,215
Ice arena	1,460,261	1,456,179	1,396,199	1,219,251	1,184,769
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	36,281	11,046	851,445	598,881	271,651
Capital and debt service charges	1,383,576	1,402,096	-	-	-
Total program revenue	23,186,129	24,198,953	24,389,142	25,726,844	25,735,635
Net Expenses	(4,743,084)	(1,956,772)	(1,913,257)	(266,299)	(1,831,640)
General Revenue - Investment and other	2,707,526	2,179,139	1,526,290	914,399	722,110
Transfers	803,700	746,700	754,700	690,431	(1,131,582)
Total Change in Net Position	**$ (1,231,858)**	**$ 969,067**	**$ 367,733**	**$ 1,338,531**	**$ (2,241,112)**
Change in Net Position - Primary Government	**$ 758,636**	**$ 6,477,601**	**$ 6,440,723**	**$ 2,521,190**	**$ (1,844,175)**

Fiscal Year Ended June 30				
2012	2013	2014	2015	2016
$ 27,121,031	$ 26,084,669	$ 26,344,508	$ 26,769,838	$ 24,962,971
-	-	-	-	-
-	164,044	166,488	322,305	426,514
36,645	39,405	40,745	-	-
27,157,676	26,288,118	26,551,741	27,092,143	25,389,485
26,095,005	27,328,342	24,749,466	25,401,057	26,460,743
-	-	-	-	-
-	-	-	-	-
89,998	184,920	281,559	352,150	265,413
-	-	-	-	-
26,185,003	27,513,262	25,031,025	25,753,207	26,726,156
(972,673)	1,225,144	(1,520,716)	(1,338,936)	1,336,671
366,858	231,707	920,925	605,710	737,573
13,885	(10,410)	51,752	59,369	-
$ (591,930)	**$ 1,446,441**	**$ (548,039)**	**$ (673,857)**	**$ 2,074,244**
$ (1,100,139)	**$ 4,616,088**	**$(1,000,899)**	**$(1,684,867)**	**$ 7,053,758**

	June 30				
	2007	2008	2009	2010	2011
General Fund					
Reserved	$ 1,768,931	$ 1,817,933	$ 1,619,626	$ 1,417,815	$ -
Unreserved	16,849,172	16,858,200	16,044,583	12,307,283	-
Nonspendable	-	-	-	-	1,117,317
Restricted	-	-	-	-	-
Assigned	-	-	-	-	4,155,457
Unassigned	-	-	-	-	9,437,112
Total General Fund	**$ 18,618,103**	**$ 18,676,133**	**$ 17,664,209**	**$ 13,725,098**	**$ 14,709,886**
All Other Governmental Funds					
Unreserved/Unassigned, reported in:					
Special Revenue Funds	$ 11,727,791	$ 11,442,855	$ 9,186,589	$ 8,767,426	$ -
Capital Project Funds	5,676,863	9,530,099	12,687,844	5,742,432	-
Debt Service Funds	4,191,743	3,823,728	3,127,737	1,941,551	-
Nonspendable, reported in -					
Special Revenue Funds				-	-
Restricted, reported in:					
Special Revenue Funds	-	-	-	-	7,161,071
Capital Project Funds	-	-	-	-	2,308
Debt Service Funds	-	-	-	-	1,620,018
Committed, reported in:					
Special Revenue Funds	-	-	-	-	53,029
Capital Project Funds	-	-	-	-	500,606
Debt Service Funds	-	-	-	-	-
Assigned, reported in:					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	3,678,552
Debt Service Funds	-	-	-	-	165,439
Total all other governmental funds	**$ 21,596,397**	**$ 24,796,682**	**$ 25,002,170**	**$ 16,451,409**	**$ 13,181,023**

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

June 30				
2012	2013	2014	2015	2016
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
945,439	893,952	996,654	839,501	1,032,308
-	-	22,408	22,408	22,409
7,017,349	11,577,446	12,178,626	12,888,638	16,409,880
10,048,155	10,704,367	11,599,339	13,987,360	13,418,341
$ 18,010,943	**$ 23,175,765**	**$ 24,797,027**	**$ 27,737,907**	**$ 30,882,938**
$ -	$ -	$ (279,629)	$ -	$ -
-	-	-	-	-
-	-	-	-	-
122,063	-	-	32	-
6,696,348	8,125,155	8,532,419	8,217,395	9,301,626
-	-	796,306	-	-
910,852	2,090,379	2,177,737	2,097,263	2,113,034
52,953	52,673	52,534	52,536	52,986
1,125,361	1,937,953	643,726	241,695	874,876
-	-	-	-	-
-	-	-	150,000	-
3,745,413	4,599,724	2,386,920	2,126,379	2,902,057
186,844	9,549	164,698	162,297	162,344
$ 12,839,834	**$ 16,815,433**	**$ 14,474,711**	**$ 13,050,002**	**$ 15,406,923**

	Year Ended June 30					
	2006	2007	2008	2009	2010	2011
Revenue						
Property taxes	$ 39,833,977	$ 43,648,073	$ 45,132,374	$ 44,515,945	$ 41,422,186	$ 37,310,917
Licenses and permits	945,695	850,036	933,023	716,955	696,238	959,129
Federal grants	1,470,397	1,633,930	1,034,220	2,864,889	1,657,364	1,570,264
State-shared revenue and grants	12,898,513	12,735,007	12,737,789	12,378,168	11,261,806	11,403,975
Other grants and contributions	194,731	178,317	211,653	224,610	1,244,571	78,239
Special assessments	614,915	522,985	489,779	1,100,546	1,371,632	1,180,232
Charges for services	6,466,310	6,500,811	7,190,019	7,402,985	8,009,200	8,296,569
Fines and forfeitures	2,262,481	2,498,603	2,667,589	2,706,691	2,490,154	2,264,792
Interest and rentals	2,845,948	3,581,579	3,021,337	1,514,504	433,574	281,532
Other and equipment rental	1,118,836	1,219,932	1,324,773	1,426,202	1,091,066	1,542,806
Total revenue	68,651,803	73,369,273	74,742,556	74,851,495	69,677,791	64,888,455
Expenditures						
Current:						
General government	10,102,475	11,937,785	10,918,120	11,352,739	11,168,240	9,944,032
Public safety	25,335,913	27,460,118	28,685,731	30,110,010	28,579,181	26,678,671
Public services	12,307,550	11,017,922	10,690,331	8,579,318	9,627,908	8,842,900
Community and economic development	2,556,411	2,587,708	2,488,079	2,491,450	2,678,034	2,544,986
Recreation and culture	6,403,457	7,267,798	7,433,871	7,620,314	7,071,455	7,000,012
Other	31,991	13,554	12,099	10,194	-	-
Capital outlay*	7,548,051	4,126,914	8,398,153	8,574,340	18,219,667	8,672,572
Debt service principal	3,216,331	3,193,368	3,053,526	2,709,552	2,510,789	2,492,362
Debt service interest	1,388,976	1,173,866	1,227,694	1,087,476	1,621,958	840,828
Total expenditures	68,891,155	68,779,033	72,907,604	72,535,393	81,477,232	67,016,363
Excess of Revenue (Under) Over Expenditures	(239,352)	4,590,240	1,834,952	2,316,102	(11,799,441)	(2,127,908)
Other Financing Sources (Uses)						
Debt issuance	-	6,916,604	-	-	-	-
Transfers in	5,635,903	3,103,486	7,742,935	9,478,961	9,612,220	6,637,322
Transfers out	(6,213,650)	(3,907,186)	(8,489,635)	(10,233,661)	(10,302,651)	(6,795,012)
Debt defeasance	-	(6,958,270)	-	-	-	-
Total other financing (uses) sources	(577,747)	(845,366)	(746,700)	(754,700)	(690,431)	(157,690)
Special Item	-	-	-	-	-	-
Net Change in Fund Balances	(817,099)	3,744,874	1,088,252	1,561,402	(12,489,872)	(2,285,598)
Fund Balances - Beginning of year	37,088,950	36,271,851	40,016,725	41,104,977	42,666,379	30,176,507
Fund Balances - End of year	**$ 36,271,851**	**$ 40,016,725**	**$ 41,104,977**	**$ 42,666,379**	**$ 30,176,507**	**$ 27,890,909**
Ratio of Total Debt Service to Noncapital Expenditures	7.51%	6.75%	6.64%	5.94%	6.53%	5.71%

Source: Annual financial statements

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

Change in Fund Balances
Governmental Funds

Year Ended June 30				
2012	2013	2014	2015	2016
$ 36,296,428	$ 40,042,754	$ 38,909,350	$ 39,244,016	$ 46,644,560
828,944	1,392,631	1,357,184	1,224,287	1,558,094
1,553,090	1,574,646	1,250,376	1,187,938	1,321,952
12,065,581	12,070,546	12,822,738	13,441,669	14,284,441
9,442	167,114	255,452	280,500	254,787
825,939	1,522,384	1,103,197	954,676	1,267,377
10,094,367	10,391,874	9,598,537	10,228,020	11,020,824
2,149,847	2,113,071	2,141,689	2,179,726	2,145,354
329,190	352,239	414,038	396,972	718,517
2,704,835	2,771,017	2,300,826	3,340,370	2,778,508
66,857,663	72,398,276	70,153,387	72,478,174	81,994,414
9,927,183	9,786,890	13,584,599	12,087,690	11,924,336
26,872,083	26,737,217	26,920,590	28,781,433	28,583,053
12,120,024	12,114,741	12,863,648	12,388,557	14,299,423
2,049,923	2,173,913	1,542,280	1,559,679	2,141,207
7,869,482	7,697,595	7,102,151	7,521,804	7,789,813
-	-	-	-	-
2,347,706	5,571,436	5,980,088	5,695,657	9,723,407
1,886,273	1,823,071	2,120,284	2,130,512	1,550,231
811,236	886,949	707,455	737,302	480,992
63,883,910	66,791,812	70,821,095	70,902,634	76,492,462
2,973,753	5,606,464	(667,708)	1,575,540	5,501,952
-	3,523,547	-	-	-
6,644,366	10,143,304	10,402,521	10,291,938	14,270,227
(6,658,251)	(10,132,894)	(10,454,273)	(10,351,307)	(14,270,227)
-	-	-	-	-
(13,885)	3,533,957	(51,752)	(59,369)	-
-	-	-	-	-
2,959,868	9,140,421	(719,460)	1,516,171	5,501,952
27,890,909	30,850,777	39,991,198	39,271,738	40,787,909
$ 30,850,777	**$ 39,991,198**	**$ 39,271,738**	**$ 40,787,909**	**$ 46,289,861**
4.38%	4.43%	4.36%	4.40%	3.04%

	Taxable Value by Property Type			
	Real Property			
Tax Year	Residential	Commercial	Industrial	Personal Property
1999	$ 2,063,487,370	$ 638,771,670	$ 216,396,710	$ 298,238,050
2000	2,157,359,040	669,405,550	226,018,290	283,929,650
2001	2,279,684,910	705,244,050	232,364,480	296,210,250
2002	2,404,894,930	751,530,320	239,069,180	299,294,170
2003	2,494,573,160	790,858,870	244,276,060	300,524,080
2004	2,601,427,910	817,606,480	248,911,830	306,640,780
2005	2,714,015,100	855,500,180	265,554,000	285,526,350
2006	2,846,495,290	882,999,590	273,655,430	291,027,340
2007	2,961,431,410	907,534,470	279,338,250	290,225,360
2008	2,924,723,280	921,565,770	280,643,650	284,610,560
2009	2,678,367,510	922,563,600	287,879,390	276,198,070
2010	2,265,145,125	842,383,500	246,302,990	259,823,290
2011	2,070,714,280	814,312,450	146,524,070	252,232,440
2012	1,998,603,460	734,201,260	102,233,330	245,166,290
2013	2,019,538,140	683,545,680	92,935,440	247,268,750
2014	2,071,108,470	654,855,950	92,381,530	235,714,160
2015	2,140,673,280	647,245,830	94,923,440	245,515,980
2016	2,181,346,960	649,105,680	93,312,600	203,299,780

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

	Millage Rates - Direct City Taxes				Overlapping Taxes			
Tax Year	General Operating*	Debt	Voted Special Purpose	Total Direct Taxes	County	OCPTA	Library	Oakland Community College
1999	7.2193	0.7785	2.1672	10.1650	4.6522	0.3270	0.5985	1.6295
2000	7.2193	0.7785	2.1672	10.1650	4.6478	0.3236	0.5958	1.6109
2001	7.2193	0.7432	2.2025	10.1650	4.6438	0.3207	0.5933	1.5952
2002	7.2193	0.8117	2.1911	10.2221	4.6523	0.6000	0.5887	1.6090
2003	7.5705	0.7932	1.8584	10.2221	4.6497	0.5974	0.5866	1.5983
2004	7.7142	0.7014	1.8065	10.2221	4.6476	0.5962	0.5856	1.5889
2005	6.9452	0.6318	1.9451	9.5221	4.6461	0.5950	1.5856	1.5844
2006	6.9408	0.6362	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844
2007	6.9423	0.6347	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844
2008	7.0368	0.5402	2.4446	10.0216	4.6461	0.5900	1.5856	1.5844
2009	7.5301	0.5269	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844
2010	7.4089	0.6481	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844
2011	8.1522	0.5012	1.9646	10.6180	4.6461	0.5900	1.5856	1.5844
2012	8.1163	0.5697	3.6646	12.3506	4.6461	0.5900	1.5856	1.5844
2013	8.0579	0.6313	3.6646	12.3538	4.6461	0.5900	1.5856	1.5844
2014	8.0792	0.6368	3.6646	12.3806	4.6461	1.0000	1.5856	1.5844
2015	8.2774	0.4488	5.6646	14.3908	4.5456	0.9998	1.5856	1.5819

* Includes Capital, Refuse Removal, and Economic Development Millages.

Source: City Treasury and Assessing Records

Revenue Capacity Information
Assessed Value and Actual Value of Taxable Property

IFT	Total Taxable	Tax Rate (Mills)	Total SEV	Taxable Value as a Percentage of SEV	Ad valorem
$ -	$ 3,216,893,800	10.1650	$ 3,456,406,270	93.07	3,216,893,800
1,696,600	3,338,409,130	10.1650	3,645,559,130	91.57	3,336,712,530
15,341,050	3,528,844,740	10.1649	3,945,512,540	89.44	3,513,503,690
19,117,510	3,713,906,110	10.1650	4,277,835,510	86.82	3,694,788,600
18,491,200	3,848,723,370	10.2221	4,504,750,120	85.44	3,830,232,170
21,201,670	3,995,788,670	10.2221	4,629,979,870	86.30	3,974,587,000
13,611,350	4,134,206,980	9.5221	4,741,538,300	87.19	4,120,595,630
14,649,020	4,308,817,670	10.0216	4,873,928,140	88.41	4,294,177,650
14,001,540	4,452,531,030	10.0216	4,959,218,650	89.78	4,438,529,490
14,403,740	4,425,947,000	10.0216	4,757,901,480	93.02	4,411,543,260
2,954,480	4,167,963,050	10.0216	4,300,702,530	96.91	4,165,008,570
1,962,820	3,615,617,725	10.0216	3,681,476,945	98.21	3,613,654,905
2,145,600	3,285,928,840	10.6180	3,316,262,400	99.09	3,283,783,240
1,871,620	3,082,075,960	12.3506	3,109,995,440	99.10	3,080,204,340
2,557,680	3,045,845,690	12.3538	3,087,553,500	98.65	3,043,288,010
2,101,850	3,056,161,960	12.3806	3,260,293,240	93.74	3,054,060,110
1,515,030	3,129,873,560	14.3908	3,555,094,530	88.04	3,128,358,530
1,036,930	3,128,101,950	14.3273	3,752,944,510	83.35	3,127,065,020

Direct and Overlapping Property Tax Rates

Overlapping Taxes										
Schoolcraft Community College	Intermediate School District	State Education	School: Homestead Farmington	School: Homestead Clarenceville	School: Homestead Walled Lake	School: Non-homestead Farmington	School: Non-homestead Clarenceville	School: Non-homestead Walled Lake	Zoo Authority	Art Institute
1.8444	2.0999	6.0000	14.0071	3.6827	7.8520	20.1000	21.7441	22.8000	0.0000	0.0000
1.8311	2.0752	6.0000	13.2614	4.7395	8.0982	20.0000	21.7449	23.1000	0.0000	0.0000
1.8193	3.4526	6.0000	12.8633	4.5920	7.9538	20.0000	21.6745	23.1000	0.0000	0.0000
1.8043	3.4224	6.0000	12.4459	4.7548	7.4728	19.9388	21.8907	22.9884	0.0000	0.0000
1.8024	3.3991	5.0000	11.8783	4.7114	7.5248	19.9388	21.8771	23.1000	0.0000	0.0000
1.7967	3.3789	6.0000	11.5466	4.5763	7.0548	19.9388	21.7522	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	11.1596	4.3392	6.8975	19.9388	21.5727	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	10.6511	5.1766	6.7841	19.7388	22.5000	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	10.1784	5.1324	6.6700	19.8000	22.5000	22.7900	0.0000	0.0000
1.7467	3.3690	6.0000	9.6915	5.0892	6.5722	19.8000	22.5000	22.7900	0.0000	0.0000
1.7967	3.3690	6.0000	10.1442	5.1146	6.4793	19.8000	22.5000	22.5000	0.1000	0.0000
1.7967	3.3690	6.0000	12.0278	5.1922	6.7508	20.1000	22.5000	22.5000	0.1000	0.0000
1.7967	3.3690	6.0000	12.3334	4.5000	6.8812	20.1800	22.5000	22.5000	0.1000	0.0000
1.7967	3.3690	6.0000	13.3810	4.5000	7.0254	20.5600	22.5000	22.5600	0.1000	0.2000
1.7967	3.3690	6.0000	13.0140	4.5000	7.4730	20.5600	22.5000	23.1445	0.1000	0.2000
1.7967	3.3690	6.0000	11.7472	4.5000	7.6843	20.2600	22.5000	23.4872	0.1000	0.2000
1.7967	3.3633	6.0000	12.4418	4.5000	7.2841	21.4400	22.5000	23.1180	0.0998	0.1996

Revenue Capacity Information
Principal Property Taxpayers

	Taxpayer	2016 Taxable Value	Percentage of Total	2007 Taxable Value	Percentage of Total	2007 Rank
1	Oakland Management Co.	$ 63,868,650	2.04	$ 76,684,720	1.73	1
2	Detroit Edison	38,168,280	1.22	30,461,740	0.69	5
3	FH Corporate Investors (Kojaian)	20,912,900	0.67	53,133,280	1.20	2
4	Aimco (Independence Green)	19,403,140	0.62	18,696,790	0.42	9
5	Green Hill Apts	17,530,300	0.56	17,737,110	0.40	10
6	Nissan	16,676,480	0.53	42,924,030	0.97	4
7	Robert Bosch Corp	16,057,920	0.51	45,178,800	1.02	3
8	Finsilver Friedman	14,691,620	0.47	-	-	N/A
9	Ramco/Lion Venture (Sherr)	13,848,440	0.44	19,659,900	0.44	8
10	Hartman & Tyner	12,681,860	0.41	-	-	N/A

Source: City Assessing Department Records

Property Tax Levies and Collections

Fiscal Year Ended June 30	Tax Levy (1)	Current Collections	Percent of Levy Collected	Current Year Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
2003	$ 37,737,279	$ 36,903,184	97.79	$ 470,682	$ 37,373,866	99.04
2004	39,101,846	38,244,628	97.81	523,949	38,768,577	99.15
2005	40,428,497	39,824,096	98.51	400,924	40,225,020	99.50
2006	39,553,780	38,817,558	98.14	549,234	39,366,792	99.53
2007	42,813,720	41,829,579	97.70	703,739	42,533,318	99.35
2008	44,751,466	43,356,322	96.88	1,008,573	44,364,895	99.14
2009	44,006,766	42,669,852	96.96	964,304	43,634,156	99.15
2010	41,425,383	40,166,471	96.96	987,383	41,153,854	99.34
2011	35,915,797	34,911,860	97.20	915,419	35,827,279	99.75
2012	34,427,859	33,549,142	97.45	854,721	34,403,863	99.93
2013	37,762,324	36,966,855	97.89	670,497	37,637,352	99.67
2014	37,629,773	36,922,255	98.12	650,236	37,572,491	99.85
2015	37,756,272	37,247,698	98.65	464,793	37,712,491	99.88
2016	44,773,169	44,164,096	98.64	563,701	44,727,797	99.90

(1) Does not include penalty and interest on late payment of taxes
(2) Source: BS&A Tax Settlement Report + Eden General Ledger

	Fiscal Year Ended June 30				
	2007	2008	2009	2010	2011
Governmental Activities					
General obligation bonds	$ 20,045,000	$ 18,920,000	$ 18,105,000	$ 17,280,000	$ 18,246,250
County contractual obligations	4,856,409	3,762,883	2,691,610	1,590,821	483,459
Installment purchase agreements	-	-	-	-	-
Special assessment bonds	3,495,000	2,660,000	1,880,000	1,295,000	750,000
Highway loan program	-	-	-	-	-
Total governmental activities	28,396,409	25,342,883	22,676,610	20,165,821	19,479,709
Business-type Activities					
General obligation bonds	3,256,250	2,923,750	2,775,000	2,345,000	-
County contractual obligations	1,446,653	860,022	209,656	-	-
Total business-type activities	4,702,903	3,783,772	2,984,656	2,345,000	-
Total debt of the government	**$ 33,099,312**	**$ 29,126,655**	**$ 25,661,266**	**$ 22,510,821**	**$ 19,479,709**
Total ad valorem taxable value	$ 4,294,177,650	$ 4,438,529,490	$ 4,411,543,260	$ 4,165,008,570	$ 3,619,696,470
Ratio of total debt to taxable value	0.77%	0.66%	0.58%	0.54%	0.54%
Total population	80,280	79,327	79,152	79,740	79,740
Total debt per capita	$ 412	$ 367	$ 324	$ 282	$ 244
Total personal income	2,277,213,820	2,255,076,116	2,255,818,539	2,251,971,438	2,275,400,877
Ratio of total debt to personal income	1.45%	1.29%	1.14%	1.00%	0.86%

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

Fiscal Year Ended June 30				
2012	2013	2014	2015	2016
$ 16,953,750	$ 16,574,800	$ 15,521,374	$ 13,772,393	$ 12,492,162
372,186	245,565	122,781	-	-
-	-	-	-	-
300,000	2,495,000	2,135,000	1,860,000	1,590,000
-	-	-	-	-
17,625,936	19,315,365	17,779,155	15,632,393	14,082,162
-	-	-	-	-
-	6,800,000	6,570,000	16,712,242	18,974,676
-	6,800,000	6,570,000	16,712,242	18,974,676
$ 17,625,936	**$ 26,115,365**	**$ 24,349,155**	**$ 32,344,635**	**$ 33,056,838**
$ 3,283,783,240	$ 3,080,204,340	$ 3,043,288,010	$ 3,054,060,110	$ 3,128,358,530
0.54%	0.85%	0.80%	1.06%	1.06%
79,777	80,895	81,798	81,910	81,412
$ 221	$ 323	$ 298	$ 395	$ 406
2,277,570,573	2,322,591,765	2,356,493,265	2,382,461,814	2,370,596,289
0.77%	1.12%	1.03%	1.36%	1.39%

Debt Capacity Information
Ratios of General Bonded Debt Outstanding

Fiscal Year Ended June 30		Ad valorem + IFT Assessed Value (SEV)	Estimated Population	General Bonded Debt Outstanding	Obligation Debt to Assessed Value (Percent)	General Obligation Debt per Capita
2000		$ 3,456,406,270	82,111	$ 9,470,000	0.27	$ 115.33
2001		3,645,559,130	81,970	8,480,000	0.23	103.45
2002		3,945,512,540	83,500	18,430,000	0.47	220.72
2003		4,277,835,510	82,274	17,090,000	0.40	207.72
2004		4,504,750,120	81,058	15,825,000	0.35	195.23
2005		4,629,979,870	80,895	22,440,000	0.48	277.40
2006		4,741,538,300	80,486	21,200,000	0.45	263.40
2007		4,873,928,140	80,280	20,090,000	0.41	250.25
2008		4,959,218,650	79,327	18,920,000	0.40	238.51
2009		4,757,901,480	79,152	18,105,000	0.42	228.74
2010		4,300,702,530	79,740	17,280,000	0.40	216.70
2011	*	3,681,476,945	79,740	18,246,250	0.50	228.82
2012	*	3,316,262,400	79,777	16,953,750	0.51	212.51
2013	*	3,109,995,440	80,895	16,574,800	0.53	204.89
2014	*	3,087,553,500	81,798	15,521,374	0.50	189.75
2015	*	3,260,293,240	81,910	13,772,393	0.42	168.14
2016	*	3,555,094,530	81,412	12,492,162	0.35	153.44

General bonded debt includes General Obligation and Building Authority Bonds.

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

Direct and Overlapping Governmental Activities 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	$ 14,082,162	100.00	$ 14,082,162
Overlapping debt:			
Farmington School District	82,955,000	87.22	72,353,351
Walled Lake School District	139,470,000	3.24	4,518,828
Oakland County at Large	403,351,276	6.09	24,564,093
Oakland County Intermediate School District	46,680,000	6.11	2,852,148
Oakland Community College	1,605,000	5.96	95,658
Schoolcraft Community College	23,055,000	0.69	159,080
Total overlapping debt	697,116,276		104,543,157
Total	**$ 711,198,438**		**$ 118,625,319**

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

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

	2007	2008	2009	2010
Debt Limit (Fiscal Year Ended) (1)				
State equalized valuation (previous year)	$ 4,873,928,140	$ 4,959,218,650	$ 4,757,901,480	$ 4,300,702,530
Debt limit (10 percent of state equalized valuation) (2)	10.00	10.00	10.00	10.00
Total debt limit	487,392,814	495,921,865	475,790,148	430,070,253
Debt Applicable to Debt Limit				
Total bonded debt	33,099,312	29,126,655	25,661,266	22,510,821
Less deductions allowed by law:				
Special Assessment Bonds	3,495,000	2,660,000	1,880,000	1,295,000
Michigan Transportation Bonds	300,000	-	-	-
Total amount of debt applicable to debt limit	29,304,312	26,466,655	23,781,266	21,215,821
Legal Debt Margin	**$ 458,088,502**	**$ 469,455,210**	**$ 452,008,882**	**$ 408,854,432**
Net Debt Subject to Limit as Percentage of Debt Limit	6.01%	5.34%	5.00%	4.93%

(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

2011	2012	2013	2014	2015	2016
$ 3,681,476,945	3,316,262,400	3,109,995,440	3,087,553,500	3,260,293,240	3,555,094,530
10.00	10.00	10.00	10.00	10.00	10.00
368,147,695	331,626,240	310,999,544	308,755,350	326,029,324	355,509,453
19,479,709	17,625,936	26,115,365	24,349,155	32,344,635	33,056,838
750,000	300,000	2,495,000	2,135,000	1,860,000	1,590,000
-	-	-	-	-	-
18,729,709	17,325,936	23,620,365	22,214,155	30,484,635	31,466,838
$ 349,417,986	**$ 314,300,304**	**$ 287,379,179**	**$ 286,541,195**	**$ 295,544,689**	**$ 324,042,615**
5.09%	5.22%	7.59%	7.19%	9.35%	8.85%

Fiscal Year	Source	Household Population	Median Personal Income Per Household	Median Per Capita Personal Income	Unemployment Rate	Number of Occupied Households	Total Personal Income
2000	1	82,111	$ 67,493	$ 27,585	1.5	33,559	$ 2,264,997,587
2001	1	81,970	67,493	27,712	2.6	33,656	2,271,544,408
2002	1	83,500	67,493	27,251	3.7	33,714	2,275,459,002
2003	1	82,274	67,493	27,772	3.7	33,854	2,284,908,022
2004	1	81,058	67,493	27,990	4.7	33,615	2,268,777,195
2005	1	80,895	67,493	28,070	5.1	33,644	2,270,734,492
2006	1	80,486	67,493	28,218	5.0	33,650	2,271,139,450
2007	2	80,280	67,493	28,366	5.5	33,740	2,277,213,820
2008	2	79,327	67,493	28,428	6.1	33,412	2,255,076,116
2009	2	79,152	67,493	28,500	11.7	33,423	2,255,818,539
2010	2	79,740	67,493	28,241	10.8	33,366	2,251,971,438
2011	2	79,740	67,803	28,535	9.2	33,559	2,275,400,877
2012	2	79,777	67,803	28,549	8.0	33,591	2,277,570,573
2013	2	80,895	67,803	28,711	7.6	34,255	2,322,591,765
2014	2	81,798	67,803	28,809	6.8	34,755	2,356,493,265
2015	2	81,910	67,803	29,086	3.5	35,138	2,382,461,814
2016	2	81,412	67,803	29,119	3.0	34,963	2,370,596,289

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

Sources for Unemployment Rate:
(1) Michigan Department of Labor and Economic Growth
(2) U.S. Department of Commerce/Labor, Bureau of Labor Statistics/SEMCOG

Principal Employers

	Taxpayer	2016 Employees	Percentage of Total	2007 Employees	Percentage of Total	2007 Rank
1	Botsford Hospital	2,634	6.49	2,500	5.72	1
2	Farmington Public Schools	1,372	3.38	1,700	3.89	2
3	Robert Bosch Corporation	1,305	3.21	1,600	3.66	3
4	Nissan Technical Center North America	1,300	3.20	500	1.14	9
5	Quicken Loans	1,000	2.46	1,000	(1)	4
6	Cengage Learning Gale	850	2.09	850	1.95	5
7	Aditya Birla Minacs	650	1.60	(1)	(1)	(1)
8	Mercedes-Benz Financial Services	600	1.48	(1)	(1)	(1)
9	TRW Automotive Electronics	600	1.48	600	1.37	7
10	ACO Hardware	500	1.23	(1)	(1)	(1)

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

(1) Not available

Operating Information
Full-time Equivalent Government Employees (1)

Function/Program (Fiscal Year Ended)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government (1)														
City administration	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.10	5.00	5.00	5.50	5.50	6.00	6.00
Public information	3.50	3.50	3.50	3.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Finance	24.64	24.64	24.64	24.19	23.57	23.07	23.07	22.38	18.94	18.79	19.00	19.00	20.00	20.00
City clerk	11.15	9.80	10.26	9.90	8.90	8.77	8.86	7.58	6.84	6.36	6.62	6.65	6.31	6.34
Human resources	3.75	4.25	4.25	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Central services	8.50	8.50	9.50	9.50	9.50	9.50	9.50	9.50	9.40	9.26	9.40	9.40	9.40	9.40
Public Safety (2)														
Police	180.62	180.62	173.58	173.52	181.27	180.58	175.73	168.54	145.87	144.84	152.72	152.88	153.88	154.14
Fire and EMS	80.95	80.95	80.95	80.95	85.95	85.95	85.95	84.95	81.95	81.95	84.95	93.63	93.63	93.63
Public Services (3)														
Administration	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Road maintenance	28.25	28.25	27.50	26.50	27.25	27.25	27.25	23.83	21.12	21.12	22.46	22.46	23.46	26.92
Building maintenance	2.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Engineering	21.79	21.79	21.79	21.07	21.20	20.20	18.60	17.50	14.00	13.00	14.28	15.31	15.31	15.31
D.P.W. garage	11.50	11.50	11.50	11.50	11.00	11.00	11.00	10.50	10.50	11.00	11.00	11.00	12.00	13.00
Waste collection/recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	1.00	1.00	1.00	1.00	1.00	1.00
Planning and Community Development (4)	26.50	26.50	26.50	26.50	26.50	26.50	25.00	24.20	19.00	18.60	18.60	18.60	18.00	19.00
Special Services (5)														
Administration	10.10	10.60	10.80	18.30	19.50	20.30	22.00	20.32	18.90	19.96	19.90	20.95	20.98	21.15
Youth and families	6.70	6.70	7.24	7.24	10.40	10.40	10.40	8.90	8.00	8.00	8.00	8.00	8.00	9.56
Senior adults	17.24	15.91	16.34	24.75	23.02	25.98	26.74	26.44	25.63	27.53	27.53	27.53	27.53	26.13
Parks division	28.83	27.17	24.47	24.44	25.44	26.44	26.21	23.62	22.73	24.52	24.10	24.87	24.87	25.83
Cultural arts	2.40	2.75	3.04	3.04	3.04	3.32	3.32	3.32	2.47	2.47	2.65	2.75	3.40	3.47
William Costick Activities Center	7.35	7.35	7.31	-	-	-	-	-	-	-	-	-	-	-
Golf course division	5.60	7.77	9.66	10.39	10.39	13.39	13.11	13.80	12.71	12.32	12.50	13.17	13.01	13.57
Ice arena	18.15	16.61	17.39	17.73	18.16	16.93	16.93	17.34	15.16	15.19	14.13	14.13	14.13	12.66
Total (6)	**510.52**	**510.16**	**505.22**	**512.02**	**528.09**	**532.58**	**526.67**	**505.82**	**455.22**	**456.91**	**470.34**	**482.83**	**486.91**	**493.11**

Source: City personnel/budget records

(1) General Governemnt FTE's increased by 0.03 or 0.06% in 2016.

(2) Public Safety FTE's increased by 0.26 or 0.11% in 2016.

(3) Public Services FTE's increased by 4.46 or 7.46% in 2016.

(4) Planning & Community Development FTE's increased by 1.00 or 5.56% in 2016.

(5) Special Services FTE's increased by 0.45 or 0.40% in 2016.

(6) City-wide FTE's increased by 6.20 or 1.27% in 2016.

Operating Information
Operating Indicators

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Physical arrests	3,482	4,013	4,478	2,614	2,148	2,298	2,641	3,002	3,166	2,627
Traffic violations	17,770	19,754	20,224	17,990	17,414	9,039	9,122	8,760	7,953	7,198
Fire:										
Total incidents	6,668	7,026	7,060	6,886	7,278	7,696	8,539	8,800	8,950	9,128
Public education programs	111	102	94	61	37	37	84	80	121	127
Fire loss	$ 3,401,006	$ 9,026,874	$ 4,469,795	$ 4,909,621	$ 4,837,303	$ 1,640,525	$ 3,901,800	$ 3,500,000	$ 2,000,000	$ 2,847,000
Public works:										
Dwelling units receiving refuse service	22,980	23,049	23,050	22,137	23,160	23,179	23,198	23,245	23,336	23,334
Percent of waste stream recycled	32.48	32.50	35.00	36.20	36.21	36.80	37.40	42.99	43.36	44.00
Parks and recreation - Recreation programs	2,454	2,450	2,459	2,500	2,565	2,581	2,640	2,650	2,655	2,660
Water:										
Water customers	22,713	22,725	22,742	22,734	22,707	22,698	22,698	22,768	22,838	22,910
Water main breaks	65	76	63	60	56	59	56	81	52	40
Total consumption (mcf)	490,831	514,878	471,985	431,059	427,336	396,125	390,000	400,658	351,872	370,493
Average consumption per user (mcf/year)	21.60	22.70	20.80	18.96	18.82	17.45	17.18	17.60	15.41	16.17
Sewer:										
Average consumption per user (mcf/year)	20.40	19.10	17.90	17.60	17.40	16.10	16.05	15.60	15.86	14.62
Sewer customers	22,393	22,407	22,420	22,407	22,383	22,379	22,379	22,473	22,553	22,618

(1) Information not available

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

Operating Information
Capital Asset Statistics

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fleet Vehicles	82	82	82	73	64	64	67	67	67	68
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks (4)	16	16	16	16	16	16	17	17	18	18
Public works - Streets (miles):										
Major	58	58	58	58.36	58.36	58.36	58.36	58.36	58.36	58.36
Local	245	245	245	245.71	245.71	245.79	246.38	246.38	246.38	246.38
Parks and recreation:										
Acreage	629	629	629	633	636	636	636	636	636	636
Playgrounds	4	4	4	3	3	4	4	4	4	4
Football/Soccer fields (2)	15	15	15	17	17	19	19	19	19	19
Baseball/Softball diamonds (3)	10	10	10	12	12	12	12	12	12	12
Pools/Splash pads	1	1	1	2	2	2	2	2	2	2
Ice arena	1	1	1	1	1	1	1	1	1	1
Senior center	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	460	454	454	470.60	470.80	471.50	471.50	448.95	456.11	456.41
Fire hydrants	5,033	5,084	5,090	5,045	5,047	5,127	5,127	5,103	5,115	5,126
Storage capacity (gallons)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	3,000,000	3,000,000	3,000,000
Sewer:										
Miles of sanitary sewers	326	327	327	327.20	327.40	329.00	329.00	327.50	327.80	328.52
Treatment capacity	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

Source: City records, department annual reports, and Oakland County Drain Commission
(1) Information not available
(2) Plus the City maintains 32 football/soccer fields for other entities.
(3) Plus the City maintains 37 baseball/softball diamonds for other entities.
(4) Plus 13 other vehicles and equipment