

# **Farmington Public School District**

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## **Comprehensive Annual Financial Report with Supplemental Information Fiscal Year Ended June 30, 2011**

**Comprehensive  
Annual Financial Report of  
Farmington Public School District  
32500 Shiawassee  
Farmington, Michigan 48336**

**For the Fiscal Year Ended  
June 30, 2011**

**Susan H. Zurvalec  
Superintendent of Schools**

**Board of Education**

Sheilah P. Clay  
President

Priscilla Brouillette  
Secretary

Karen L. Bolsen  
Vice President

Frank L. Reid  
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# **Farmington Public School District**

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Issued Under  
Separate  
Cover



High achievement by all students,  
where learning is our most important work.

Susan H. Zurvalec  
Superintendent

Sheilah P. Clay  
President  
Karen L. Bolsen  
Vice President  
Priscilla L. Brouillette  
Secretary  
Frank L. Reid  
Treasurer  
Deborah L. Brauer  
Trustee  
Timothy A. Devine  
Trustee  
Howard I. Wallach  
Trustee

October 7, 2011

To Citizens and Board Members:

The Comprehensive Annual Financial Report of Farmington Public School District (the "School District") for the fiscal year ended June 30, 2011 is submitted herewith. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe that the data as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds with all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs.

### **Reporting Entity and Services**

Farmington Public School District is an independent reporting entity established under the laws of the State of Michigan and governed by an elected, seven-member Board of Education and fully meets criteria established by the Governmental Accounting Standards Board (GASB). All funds of the School District are included in this report. The School District does not have component units.

The School District follows GASB Statement No. 34, a governmental reporting model. The financial section reports separately the governmental funds and the fiduciary fund administered by the board. In addition, the financial section includes the School District's government-wide financial statements.

### **Report Organization**

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

## **Introductory Section**

This section introduces the reader to Farmington Public School District and to this report. Included are facts about the School District, this transmittal letter, the School District's organizational chart, and the Association of School Business Officials Certificate of Excellence in Financial Reporting for the year ended June 30, 2011.

## **Financial Section**

The financial section includes the independent auditor's report on the financial statements and schedules, management's discussion and analysis, government-wide financial statements, the fund financial statements, notes to the financial statements, and required and other supplemental information.

The management of the School District is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

The management's discussion and analysis, which includes an analysis of the School District's financial position and results of operations, government-wide financial statements, fund financial statements, and supplemental statements and schedules presented in the financial section of this report, present fairly and with full disclosure the financial position and results of the financial operation at the fund and government-wide levels in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions. The management's discussion and analysis provides an overview and analysis of the School District's basic financial statements and should be read in conjunction with the financial statements.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The supplemental statements and schedules contain a more detailed analysis of revenue and expenditures that are compared to the 2010/2011 budget for the General and Special Education Center Program Funds. Other supplemental information includes the balance sheet and statement of revenue, expenditures, and changes in fund balances as well as statements and schedules containing a more detailed analysis of revenue and expenditures that are compared to the 2010/2011 budget for nonmajor governmental funds as well as the schedule of bonded indebtedness detailing interest rates and annual maturities, schedule of fiduciary fund activities, schedule of fixed assets by building, and schedule of cash, cash equivalents, and investments.

## **Statistical Section**

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

## **About Farmington Public School District**

### **The Community**

Farmington Public School District is a suburban school district located in the cities of Farmington and Farmington Hills and the Township of West Bloomfield, all within southern Oakland County, Michigan. The School District encompasses 28 square miles with a population of approximately 89,500. All of the City of Farmington lies within the School District boundaries and the majority of the City of Farmington Hills. A small portion of West Bloomfield Township is within the School District boundaries. The School District's 2009 average housing value was \$173,900. The median household income from survey data collected by the Cities of Farmington and Farmington Hills, respectively, was estimated at \$56,442 and \$67,493 in 2000, the latest census data available. Due to its proximity to I-696, Northwestern Highway, Grand River, I-96, and I-275, the School District has a significant commercial and industrial tax base to support community services and provide a strong economic climate.

Many nonprofit agencies within the area, including the Farmington Call to Action, Farmington/Farmington Hills Multi-Cultural/Multi-Racial Community Council, Neighborhood House, Farmington Youth Assistance, the Commission on Children, Youth and Families, and the Farmington Hills/Farmington Community Foundation work closely with the schools and cities to improve the quality of life for Farmington residents. The School District maintains several school/community/business partnerships that enhance educational opportunities for students with the assistance of a Partnership Advisory Council.

The School District has always been a leader in instructional excellence. The attention to a strong comprehensive academic curriculum continues to be an attraction for families moving into the community.

The School District has two early childhood centers, nine K-4 elementary schools, two 5-6 upper elementary schools, two 7-8 middle schools, three 9-12 high schools, one 11-12 alternative high school, two special education centers, a community school, and several other support facilities.

The School District has developed a comprehensive curriculum in the areas of language arts, mathematics, social studies, science, art, music, physical education and health, and world languages. All classrooms have a wide-area networked computer with Internet access and telephone. Curriculum development is guided by the School District's student learning outcomes and the State Board of Education Model Core Curriculum. The approved K-12 frameworks process guides staff through curriculum research, planning, piloting, implementation, and evaluation.

The School District's educational program is rich in choice and offerings. Currently, students are eligible to apply to attend any school of their choice within each school's capacity limit. The School District operates Headstart, a federally sponsored program, for eligible at-risk early childhood students.

There is a strong core curriculum for every student, enhanced by applied technology programs, advanced placement opportunities, bilingual and special education programs, secondary alternative high school, international academy for high school students, an award-winning music program, and a full range of physical education and athletic offerings at the secondary level.

Elementary children have access to literacy and bilingual programs that support students learning art, music, and physical education. In cooperation with the Farmington YMCA, the School District provides Y-Child Care, before and after school child care at its elementary sites, and an infant care program at one of the city activity centers. Special education services are provided government-wide for infants up to age 26 years. In addition, English as a second language is provided for adult learners. A student assessment and evaluation program provides information about individual, school, and School District achievement.

The official blended enrollment for 2010/2011, including alternative and adult education students, but excluding special education center students, was 11,567 students.

## **Accomplishments**

### **Farmington Forward Dynamic Planning Implementation**

During the year, work continued toward developing strategies from each of the four goal areas established in the School District's Farmington Forward Dynamic Plan. Each of the department heads that report directly to the superintendent presented a progress report to the Board of Education in summer 2010, detailing activities during the past year. Many of the accomplishments listed below are the result of Farmington Forward goals and plans.

### **Student and Staff Recognition**

The School District is proud of the many achievements recognized during the 2011 fiscal year. A summarized list of these recognitions is included in the statistical section.

### **School/Community Relations Services**

Media relations have been enhanced with the local papers, the Detroit dailies, the use of TV stations, TV10, social media (Facebook and Twitter) and the use of listservs.

Parent participation is welcomed and encouraged. A parent survey is being drafted to be administered in the fall of 2011.

A local HOPE (Hold On to Public Education) group has organized parents to go to Lansing on several occasions in support of Farmington Public Schools and public education. This group works as the legislative arm of the School District's PTA Council. A Town Hall meeting was held, allowing attendees to share concerns on school funding with local area legislators.

The Farmington African-American Parent Network (FAAPN) had a very productive year. This group was formed to focus on student achievement needs and strengthen parent involvement.

Banner ads were added to the School District website as a means of supplementing revenue by creating a partnership with an e-commerce company. The ads are tasteful and school oriented.

The School District is encouraging all schools to be part of the PTA network.

Further enhancements were made to the School District's website. A district-wide online calendar continues to serve as a tool to help the buildings schedule events. Podcasts on the School District's website provide information on topics presented by the superintendent. We continue to update the site with information to enhance communication.

### **Instructional Services**

We continue to create and revise curriculum maps to include "best practice strategies" as well as common assessments in core curricular areas and align with National Common Core Standards.

The staff development department worked to plan, support, and implement appropriate training venues including PLCs (professional learning communities) at each school level.

The Oakland County student engagement survey was administered to high school students in an effort to continue the work of gathering pertinent data about relationships, school climate and culture, and teacher attitudes as they impact learning for students.

Special education continued to support, align, and integrate special education instructional goals with the general education curriculum and worked to develop a model to facilitate the transition for special education students between levels and programs within the School District.

The School District is implementing an International Baccalaureate (IB) program at Harrison High School in 2011/2012.

The School District received a "highly functional" (top rating) in five of seven categories and "functional" in the remaining two categories during the Quality Assurance Review by North Central Accreditation.

A new student accounting system was planned and will be operational for the 2011/2012 fiscal year.

Work in our implementation of Positive Behavior Supports and our work toward eliminating disproportionate representation continues.

Instructional observations are an integral component toward student achievement. Training has been completed for administrators, instructional leaders, instructional coaches, and interventionists.

### **Operational Services**

The School District continues its work on energy management. Nineteen schools have student-led Green Team groups to develop and encourage energy reductions.

All operational departments continue to practice and investigate sustainable measures. Additionally, furniture, supplies, and materials from the five closed buildings were reused in the remaining buildings with the remainder sold in garage sales or by public auction.

Four closed sites were scheduled to be demolished. Part of the bid specifications included required that 75 percent of building materials be recycled.

A transportation phone bank continued to improve customer service for the start of the school year.

The work of the Education Technology Advisory Committee (EdTAC) continued. Technology advancements include wireless connectivity throughout the district, upgraded voicemail and email capability, and implementation of a helpdesk call center and work order system.

### **Business Services**

Financial and budget reports are prepared in accordance with standards of the Association of School Business Officials criteria and the School District was recognized by each of the respective programs.

The use of PaySchools, the online fee collection system, has been expanded.

Employee online was implemented which allows all employees access to their pay information and demographic data.

The School District budget committee continues to work on a proactive budget model which includes input from stockholder groups and provides a means to address aligning resources with needs.

Transparency information was added to the School District's website providing public access to how the School District spends its tax dollars.

### **Human Resources/Legal Services**

The department continues to monitor, verify, and track employee certifications to meet the requirements of No Child Left Behind and its highly qualified requirements.

In accordance with the National RTTT (Race to the Top) program, we are working with State associations to develop an evaluation assessment tool that is tied to student achievement.

### **Budget and Financial Report Awards**

The School District has received the Association of School Business Officials Meritorious Budget award since 1997/1998 for its budget reports and the Certificate of Excellence in Financial Reporting since the 1996/1997 fiscal year for its financial reports.

## **Economic Outlook**

As the School District completes its 17<sup>th</sup> year under Proposal A, approved by Michigan voters in 1994, revenue has not kept pace with inflation. Proposal A substantially shifted funding responsibility from the local level to the state level and from property tax as the major revenue source. Now, the School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level. In addition, various costs were shifted to local districts, which historically had been paid by the State. These include contributions to the Michigan Public School Employees' Retirement System and FICA. The cumulative rate of per pupil revenue increase has been about 17.6 percent since 1994 and the cumulative rate of inflation more than 40.2 percent, illustrating that funding has not kept pace with the rate of inflation. At this time, the legislature has approved a reduction of \$470 per pupil. The funding cliff that has been referred to in the news is upon us after the receipt of the federal stimulus dollars. This leaves the School District again in the position to work diligently in the budget process to reduce costs, increase revenue, and create additional efficiencies to offset this reduced funding. Our collective bargaining process with our largest groups has frozen steps and other concessionary adjustments including benefit contributions of between 20 - 30 percent of healthcare-related expenses. Michigan continues to lag far behind the national economy and the additional property foreclosures, loss of industry, business, and jobs will have an effect on the funding available to schools. At this time, our revenue base is on a slippery slope without funding reform measures. We are still waiting to see the impact of the small changes made to the retirement system and how this will affect future costs.

Although the School District is financially stable at the present time with a solid fund balance, the future requires that the School District continue to develop a long-term set of strategies to ensure it is able to maintain a balanced budget in the future. The board policy requiring a fund balance range of 8 to 12 percent of expenditures along with cost containment strategies, constant program review, and new programs to remain dynamic has the commitment of the board and administration. Farmington's forward goal of creating a proactive budget model will aid the School District toward maintaining financial stability while we review the process with which we allocate our expenditures. The challenge will come with living into the model and aligning "unstable" resources with program needs. The School District's hold harmless millage was overwhelmingly renewed by voters in August 2010, which will ensure continued levels of local operating revenue through 2016. A bond issue approved by voters in 1997 provided many needed additions and upgrades to building spaces. During 2004, voters approved a bond issue to support secondary outdoor facility improvements.

## **Accounting System, Budgetary, and Internal Control**

The board maintains a system of budgetary and accounting controls designed to assist management in meeting its responsibility for reporting reliable information. The system is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded and executed with management's authorization. Internal control systems are subject to inherent limitations with regard to the necessity to balance cost against the benefits produced. Management believes that the existing system of budgetary and accounting control provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The board utilizes a functional budget that is prepared according to the guidelines and requirements set forth in state law and the *State Financial Reporting Manual*.

During the fiscal year, reports are generated for the budgetary funds, which include the budget, current year-to-date revenue and expenditures, revenue and expenditures over or under, and percentage over or under budget. These reports are provided to the administration and each budget administrator has the capability to run their own reports as needed. The reports also detail the monthly transactions and summarize the remaining balances to be spent from the appropriations allocated for goods and services among the programs managed.

The report of the School District's independent certified public accountants, Plante & Moran, PLLC, appears on pages 1-2 of this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and, accordingly, included a review of the board's system of budgetary and accounting controls.

### **Cash Management**

The board has a prudent cash management program that consists of expediting the receipt (direct deposit) of revenue and prudently investing available cash in bonds, bills, or notes of the United States and its agencies, certificates of deposit issued by a state or national bank, and commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase. Total interest earned was \$246,262 for the governmental fund types for the year ended June 30, 2011.

The School District reduces its risk on commercial paper by adopting third-party safekeeping. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. The board implemented an investment policy in accordance with GASB Statement No. 40.

### **Risk Management**

The School District has a partial self-insurance plan for workers' compensation claims. Under the plan, the School District's maximum loss is limited to an amount equal to the normal workers' compensation premiums (the School District pays the first \$300,000). Losses in excess of this limitation are insured up to an aggregate limit of \$5,000,000 per contract period. As of June 30, 2011, the School District has a long-term liability of approximately \$1,356,000 recorded in the government-wide statements.

The School District is also partially self-insured for medical claims. The School District estimates the liability for medical claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. At June 30, 2011, the recorded long-term liability in the government-wide statements for these medical claims is approximately \$1,037,000.

The School District is in compliance with the *Right to Know* legislation, including preparation of a *Hazard Communication Manual*, establishment of directories for all material safety data sheets, employee training, and the use of labels on all hazardous materials used by the School District.

### **Financial Policies**

The following financial policies and practices of the School District had a significant impact on the School District's fiscal year 2010/2011 financial statements:

**Fund Balance Policy** - Financial stability is important to maintain a strong instructional program for the students in the School District. In order to maintain financial stability, the Board of Education requires that the School District maintain an 8 to 12 percent fund balance in the General Fund. Maintaining this level of fund balance helps the School District weather sudden reductions in funding as well as provide adequate cash flow to meet its payroll and other financial obligations.

**Preventative Maintenance Schedule and Plan** - Maintaining the School District's facilities is important to provide a safe and healthy learning environment. The School District maintains a long-range preventative maintenance and capital projects schedule in order to keep its buildings in good working order as well as to timely identify replacement of significant components within a building. In 2010, a facilities evaluation was completed by a third-party architect. This facilities evaluation has aided the School District in identifying future capital needs based upon the ages and condition of its physical plant.

**Meritorius Budget Award** - Annually, the School District prepares a budget document that requires historical, current, and projected financial information. The document requires each fund of the School District to have a forecast for three years beyond the upcoming fiscal year. These forecasts assist the School District in indentifying financial shortfalls that will require changes either through revenue enhancements, expenditure reductions, or increased efficiencies in order to balance the budget and keep the School District in sound financial condition.

**Enrollment Projections** - Annually, the School District hires a third-party consultant to project student enrollment figures using live birth statistics and grade progression. This assists the School District in facilities and budget planning.

**Pension and Other Postemployment Benefits** - The School District participates in the Michigan Retirement System, which is a State administered cost-sharing multiple-employer public employee retirement system. The Retirement System consists of Defined Benefit Plan for members hired prior to July 1, 2010 and a hybrid plan consisting of a Defined Benefit Plan and a Defined Contribution Plan for all members hired subsequent to that date. All employees contribute 3 percent of their earnings toward the healthcare benefits paid for current retirees. This contribution is currently in the court system as it has been ruled unconstitutional and all amounts are being held in an escrow account awaiting the final determination. If this contribution is deemed allowable, this would help to offset the retirement percentage rate paid by school districts. Contribution rates are established annually by the Office of Retirement Services based upon actuarial data and estimates of future retirements in the system. A factor affecting the retirement rate computation is the number of active members for which contributions are made into the retirement system. Over the last several years, the trend in Michigan public schools is to privatize noninstructional services such as substitutes, custodians, transportation, maintenance, and food service. It has yet to be determined what effect privatization will have on future employer contribution rates.

### **Independent Audit**

The School District's financial statements were audited by Plante & Moran, PLLC, certified public accountants, as of June 30, 2011. Their audit was made in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. The financial statements present fairly the financial position of Farmington Public School District at June 30, 2011. Their audit also included the single audit on federal awards, a copy of which can be obtained from the School District's business office.

### **Excellence in Financial Reporting**

The School District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a Comprehensive Annual Financial Report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. The School District received a Certificate of Excellence in Financial Reporting from the ASBO for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1997 through June 30, 2010.

In order to be awarded a certificate of excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

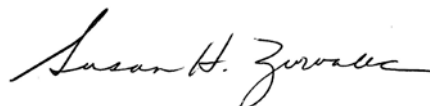
A certificate of excellence is valid for a period of one year only. We believe our current report conforms to program standards, and we are submitting our report to ASBO to determine its eligibility for this certificate.

## Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the effort and dedicated services of the entire staff of the business department. We would like to express our appreciation to all the members of this office who assisted in the timely closing of the School District's financial records and the preparation of this report.

Also, we would like to express our appreciation to other departments and individuals who assisted in the preparation of this report.

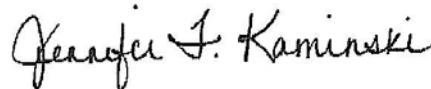
Sincerely,



Susan H. Zurvalec  
Superintendent



Mary A. Reynolds  
Executive Director of Business Services



Jennifer F. Kaminski  
Director of Business

# Farmington Public School District

## District Officials

### Administration

**Susan H. Zurvalec**

Superintendent of Schools

**Catherine M. Cost**

Assistant Superintendent, Instructional Services

**David C. Ruhland**

Assistant Superintendent,  
Administrative Support Services

**Michele Harmala**

Assistant Superintendent, Student Support Services  
and Organizational Leadership

**Mark T. Wilson**

Executive Director, K-12 Instruction

**Jonathan A. Manier**

Executive Director, K-12 Instruction

**Mary A. Reynolds**

Executive Director, Business Services

**Diane Bauman**

Director, School & Community Services

### Board of Education

**Sheilah P. Clay**

President

**Karen L. Bolsen**

Vice President

**Priscilla Brouillette**

Secretary

**Frank L. Reid**

Treasurer

**Deborah L. Brauer**

Trustee

**Timothy A. Devine**

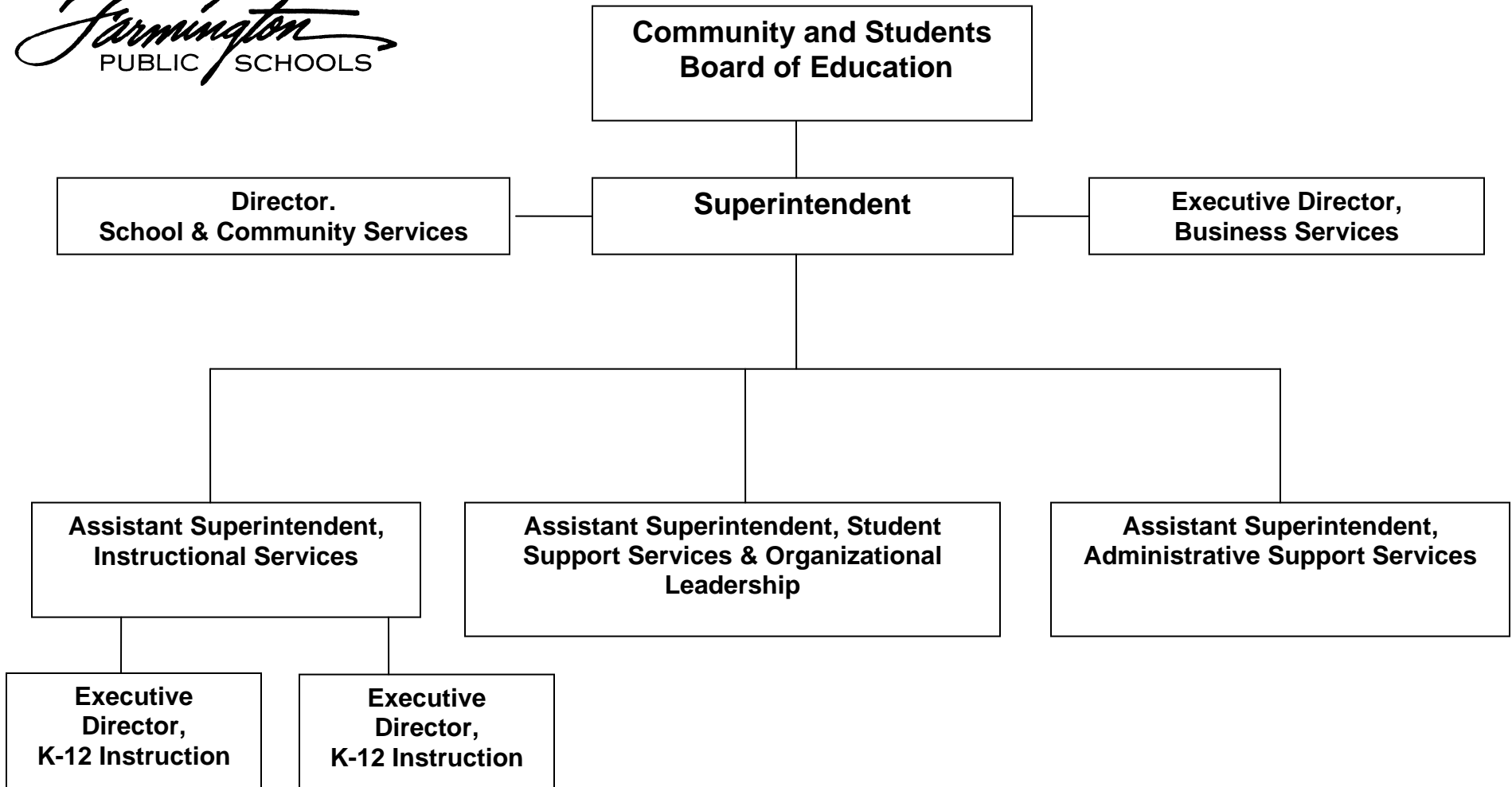
Trustee

**Howard I. Wallach**

Trustee

ADMINISTRATIVE ORGANIZATIONAL CHART

Effective July 2011



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**FARMINGTON PUBLIC SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

## **Financial Section**

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## Independent Auditor's Report

To the Board of Education  
Farmington Public School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Farmington Public School District (the "School District") as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Farmington Public School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Farmington Public School District as of June 30, 2011 and the respective changes in financial position, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

During the year, the School District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, as discussed in Note 1. As a result of this requirement implementation, the Athletic Fund, previously classified as a special revenue fund, is now reported as part of the General Fund. In addition, fund balance classifications in the governmental fund financial statements have been changed to reflect the five new classifications under GASB No. 54.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Education  
Farmington Public School District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Farmington Public School District's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory section and statistical tables, as identified in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated October 7, 2011 on our consideration of Farmington Public School District'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 opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Plante & Moran, PLLC*

October 7, 2011

# **Farmington Public School District**

## **Management's Discussion and Analysis**

This section of Farmington Public School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2011. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### **Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Farmington Public School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the Special Education Center Program Fund, and the Technology/Other Projects Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary assets and liabilities and the statement of changes in fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The School District's financial statements contain the following elements:

Management's Discussion and Analysis (MD&A)  
(Required Supplemental Information)

#### Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Financial Statements

(Required Supplemental Information)  
Budgetary Information for Certain Major Funds

Other Supplemental Information

In addition, the School District has added the introductory section and the statistical section to compile its Comprehensive Annual Financial Report.

# **Farmington Public School District**

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

### ***Reporting the School District as a Whole - Government-wide Financial Statements***

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net assets and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and nutrition services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

### ***Reporting the School District's Most Significant Funds - Fund Financial Statements***

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Nutrition Services Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

The governmental funds of the School District use the following accounting approach:

# Farmington Public School District

## Management's Discussion and Analysis (Continued)

**Governmental Funds** - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

### *The School District as Trustee - Reporting the School District's Fiduciary Responsibilities*

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

### **The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole. Table I provides a summary of the School District's net assets as of June 30, 2011 and 2010:

	Governmental Activities	
	2011	2010
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 57.7	\$ 59.1
Capital assets	<u>119.3</u>	<u>120.8</u>
Total assets	177.0	179.9
<b>Liabilities</b>		
Current liabilities	32.3	35.8
Long-term liabilities	<u>44.5</u>	<u>50.3</u>
Total liabilities	<u>76.8</u>	<u>86.1</u>

# Farmington Public School District

## Management's Discussion and Analysis (Continued)

TABLE I (Continued)

	Governmental Activities	
	2011	2010
	(in millions)	
<b>Net Assets</b>		
Invested in capital assets - Net of related debt	\$ 71.9	\$ 67.8
Restricted	2.8	3.4
Unrestricted	<u>25.5</u>	<u>22.6</u>
Total net assets	<u><b>\$ 100.2</b></u>	<u><b>\$ 93.8</b></u>

The above analysis focuses on the net assets (see Table 1). The change in net assets of the School District's governmental activities is discussed below (see Table 2). The School District's net assets were \$100.2 million and \$93.8 million at June 30, 2011 and 2010, respectively. Capital assets, net of related debt totaling \$71.9 million, compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets, totaling \$2.8 million, are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net assets for day-to-day operations as well as funds to be spent on special education costs. The remaining amount of net assets, \$25.5 million, was unrestricted.

The \$25.5 million in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

# Farmington Public School District

## Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net assets for fiscal years ended June 30, 2011 and 2010 (see Table 2).

TABLE 2

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 5.0	\$ 4.8
Operating grants	36.6	37.4
General revenue:		
Property taxes	57.8	60.4
State foundation allowance	67.1	62.2
Federal sources - Unrestricted	2.7	3.4
Other	<u>1.1</u>	<u>2.5</u>
Total revenue	170.3	170.7
<b>Functions/Program Expenses</b>		
Instruction	93.2	98.8
Support services	58.4	63.4
Nutrition services	3.8	4.0
Athletics	2.0	2.3
Community services	1.2	1.4
Interest on long-term debt	2.4	2.6
Depreciation (unallocated)	<u>2.9</u>	<u>2.9</u>
Total functions/program expenses	<u>163.9</u>	<u>175.4</u>
<b>Increase (Decrease) in Net Assets Before Special Item</b>	6.4	(4.7)
<b>Special Item</b> - Loss on impairment of fixed assets	<u>-</u>	<u>(8.8)</u>
<b>Increase (Decrease) in Net Assets</b>	6.4	(13.5)
<b>Net Assets</b> - Beginning of year	<u>93.8</u>	<u>107.3</u>
<b>Net Assets</b> - End of year	<u><u>\$ 100.2</u></u>	<u><u>\$ 93.8</u></u>

# **Farmington Public School District**

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

As reported in the statement of activities, the cost of all governmental activities this year was \$163.9 million. Certain activities were partially funded from those who benefited from the programs (\$5.0 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$36.6 million). The School District paid for the remaining "public benefit" portion of governmental activities with \$57.8 million in taxes, \$67.1 million in state foundation allowance, and with other revenue (i.e., interest and unrestricted grants, totaling \$3.8 million).

The School District experienced an increase in net assets. The key reasons for this change are due to the net effect of the investment in capital assets offset with the current year depreciation, the payment of principal on bonded debt, and General Fund operating revenue exceeding expenditures.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

### **The School District's Funds**

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$35.1 million, an increase of approximately \$2.3 million from the previous year. The primary reasons for the increase are the General Fund operating revenue exceeded expenditures netted with the budgeted use of fund balance in the Special Education Center Fund, the Technology/Other Projects Fund, and the Bus Purchase/Maintenance Fund.

# **Farmington Public School District**

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

In the General Fund, our principal operating fund, the fund balance increased \$4.7 million to \$28.0 million. Budgeted revenue was estimated to exceed expenditures by \$5.7 million. The School District budget committee has taken a long-range approach to balancing cost reductions with a responsible use of fund balance to ride the current economic tide in Michigan. During fiscal year 2010/2011, approximately \$17.5 million in budgeted programmatic reductions as well as the closure of four elementary school sites were implemented prior to the one-year agreements reached with its employee groups. These one-year agreements also contributed additional savings which will be used to offset future funding shortfalls. Working with our collective bargaining units, the School District reached a two-year wage and benefit package with the School District's largest bargaining unit, the teachers. The two-year agreement provides for step freezes and a 20 percent contribution toward the premium cost of health, dental, and vision insurance beginning January 1, 2012. The School District also reached three-year wage and benefit agreements with its various support units: custodial, maintenance, transportation, nutrition services, and education support personnel. These agreements include varying wage freezes or reductions as well as a 20 - 30 percent contribution toward the premium cost of health, dental, and vision insurance beginning July 1, 2011. The previous agreements contained language on the level of General Fund fund balance. If it exceeded 11 percent at June 30, 2011, the wage concessions above would be paid back to each employee on a pro rata basis beginning with furlough days. Of the contracts currently bargained, all of the support units mentioned above agreed to forgive the repayment of the wage concessions and furlough days. The teachers did not forgive the repayment of the wage concessions or furlough days and therefore the amount has been included as expenditures and recorded as a liability in the accompanying financial statements. The new contracts expire on various dates beginning on June 30, 2013. We understand the challenges that will be placed before us to have a balanced budget and continue to examine further efficiencies and collaborative efforts to reduce costs.

This fund balance is available to fund costs related to school operating purposes for future state funding shortfalls and for working capital.

The Special Education Center Program Fund balance decreased due to a planned use of fund balance for one-time type costs as well as higher than anticipated employee benefit costs.

Technology/other projects experienced a decrease in fund balance due to the investment in new computers as well as lower interest being earned in this fund. During budget deliberations, it was determined to continue to suspend the amount transferred in from the General Fund, the primary support for this fund. No dollars were transferred in 2011.

The other nonmajor funds include the Debt Funds, Maintenance/Bus Purchases Capital Projects Fund, and Nutrition Services Fund. The Debt Service Funds overall showed a fund balance increase of approximately \$94,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. The debt fund balances are reserved since they can only be used to pay debt service obligations.

# **Farmington Public School District**

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

The Nutrition Services Fund experienced a slight increase in fund balance of approximately \$17,000.

In 2010/2011, the Athletics Fund was eliminated and has been reported within the General Fund due to implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*.

The Maintenance/Bus Purchases Capital Projects Fund was created during the 2004/2005 fiscal year to separate large capital and nonoperating expenditures from general operations of the School District. Operating transfers from the General Fund are made to this fund based upon the capital projects budgeted for the fiscal year.

### **General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end (a schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements).

There were revisions made to the revenue of the 2010/2011 General Fund original budget. The revisions totaling a net increase of approximately \$5.7 million consisted mainly of an increase in state funding of approximately \$4.3 million as the foundation amount per pupil did not decline as much as originally expected as well as the switch of stabilization dollars from federal sources to state sources, offset by a reduction in state funding due to the loss of an additional 150 pupils totaling \$1.5 million, an increase in federal funding of Education Jobs Funds dollars totaling \$1.3 million, and the inclusion of the athletic fund revenue of \$800,000 and additional Medicaid funding of \$675,000.

There were revisions made to the expenditures of the 2010/2011 General Fund original budget. Budgeted expenditures were decreased \$4.9 million on a net basis due to actual staffing in place, a reduction in employee benefit costs, including unemployment and workers' compensation, a reduction in utilities, the inclusion of the athletic fund expenditures, and adjustment of grant awards.

The difference between final budgeted expenditures and actual expenditures was insignificant, with actual expenditures being \$376,000, or .26 percent less than budgeted. The reasons for the differences, on a net basis, are as follows:

- Grant expenditures, budgeted upon award amount, were below projections by approximately \$1.7 million.
- Utility costs were below projections by approximately \$200,000.

# Farmington Public School District

## Management's Discussion and Analysis (Continued)

- Many departmental budgets, building budgets and teacher/administrator conference accounts were below projections, with balances remaining at year end totaling approximately \$324,000.
- Employee wage and wage-related benefit costs were above projections by \$2.2 million.

Other financing sources actual was lower than the final budget due to expenditures being higher in the Special Education Center Fund, which allowed less funds to be transferred to the General Fund.

### Capital Assets and Debt Administration

#### *Capital Assets*

At June 30, 2011 and 2010, the School District had \$119,333,876 and \$120,815,598, respectively, invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$1,481,722 from last year.

	June 30	
	2011	2010
Land	\$ 1,022,345	\$ 1,022,345
Construction in progress	953,605	511,352
Buildings and building improvements	166,394,880	163,979,056
Buses and other vehicles	9,974,996	10,534,365
Furniture and equipment	9,502,835	9,462,868
Total capital assets	187,848,661	185,509,986
Less accumulated depreciation	68,514,785	64,694,388
Net capital assets	<u>\$ 119,333,876</u>	<u>\$ 120,815,598</u>

This year's additions of \$2,792,357 included office furniture and equipment, computer network equipment, maintenance equipment, scanners, buses and vehicles, playground equipment, several roof projects, several boiler projects, and the completion of several parking lots.

Capital additions for 2011/2012 will be approximately the same or slightly higher as the amount expended in the 2010/2011 fiscal year due to the School District's ongoing commitment to funding projects to maintain its facilities as well as the additional projects undertaken as a result of the School District's reconfiguration plan. We present more detailed information about our capital assets in Note 5 to the financial statements.

# Farmington Public School District

## Management's Discussion and Analysis (Continued)

### Debt

At the end of this year, the School District had \$47,425,000 in bonds outstanding versus \$53,070,000 in the previous year - a decrease of 10.6 percent. Those bonds consisted of the following:

	<u>2011</u>	<u>2010</u>
2004 general obligation bonds	\$ 18,075,000	\$ 20,050,000
2005 general obligation bonds	<u>29,350,000</u>	<u>33,020,000</u>
Total general obligation bonds	<u><b>\$ 47,425,000</b></u>	<u><b>\$ 53,070,000</b></u>

In 2005, the last time the School District issued debt, its ratings from Moody's and Standard & Poor's was Aaa and AAA, respectively. During 2007, Standard & Poor's lowered their rating of the School District's debt to AA- due to the State's economic condition. During 2010, Standard & Poor's slightly increased the rating to AA due to the School District's fund balance policy and overall low net debt burden. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt, i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. The School District's outstanding qualified general obligation debt of \$47.425 million is significantly below this \$585.2 million statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, and self-insurance obligations. We present more detailed information about our long-term liabilities in Note 7 to the basic financial statements.

# **Farmington Public School District**

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

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

Our elected officials and administration considered many factors when setting the School District's 2012 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2012 fiscal year is 10 percent and 90 percent of the February 2011 and September 2011 student counts, respectively. The 2012 budget was adopted in June 2011, based on an estimate of students that will be enrolled in September 2011. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2012 school year, we anticipate that the fall student count will be approximately the same as the estimates used in creating the 2011/2012 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations. The legislature approved the permanent rebasing of the foundation allowance downward by \$470 per pupil due to the economic conditions used to forecast the 2011/2012 State fiscal year. This was the first time in several years that we knew what our funding would be prior to the start of our fiscal year.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenue. The next revenue-estimating conference has not been scheduled at the present time. Funds remaining in the School Aid Fund will be used to help fund the estimated shortfall in the State's general operating budget. Questions arise as to the State's ability to fund the foundation allowance without the aid of additional federal stimulus dollars. This school aid budget now includes appropriations for community colleges and higher education. The legislature will need to make drastic budget cuts or determine alternate revenue sources should the funding sources identified fall short of projections.

The retirement rate will increase approximately 18 percent from 20.66 to 24.46 percent in fiscal year 2012. This coupled with the rebasing of the foundation allowance has a dramatic impact on balancing future budgets with reduced resources. Included in the School District's fiscal year 2012 budget is a one-time incentive payment for implementing certain best practices as determined by the State Legislature. In order to qualify for the additional \$100 per-pupil incentive, school districts must meet four out of five best practices criteria. We believe we meet this criteria.

During 2011, the School District settled labor contracts with its unions. The financial impact of the 2011 settlements on 2012 operations is estimated by the School District to be approximately \$6.9 million. These contracts expire in various years beginning at the end of the 2013 fiscal year.

# **Farmington Public School District**

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

### **Contacting the School District's Management**

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

# Farmington Public School District

## Statement of Net Assets June 30, 2011

	Governmental Activities
<b>Assets</b>	
Cash and investments (Note 3)	\$ 37,640,444
Receivables:	
Taxes	64,800
Interest	61,866
Accounts receivable	554,695
Due from other governmental units	17,179,218
Inventories	114,797
Prepays	2,120,958
Capital assets not being depreciated (Note 5)	1,975,950
Capital assets being depreciated - Less accumulated depreciation of \$68,514,785 (Note 5)	<u>117,357,926</u>
Total assets	177,070,654
<b>Liabilities</b>	
Accounts payable	2,502,307
Accrued payroll	18,684,134
Interest payable	260,651
Due to other governmental units	852,978
Unearned revenue (Note 4)	518,339
Long-term liabilities (Note 7):	
Bonds and contracts payable, due within one year	5,830,000
Compensated absences and other long-term liabilities, due within one year	3,705,847
Bonds and contracts payable, due in more than one year	41,595,000
Compensated absences and other long-term liabilities, due in more than one year	<u>2,908,431</u>
Total liabilities	<u>76,857,687</u>
<b>Net Assets</b>	
Investment in capital assets - Net of related debt	71,908,876
Restricted for debt service	652,072
Restricted for special education	2,159,143
Unrestricted	<u>25,492,876</u>
Total net assets	<u><u>\$ 100,212,967</u></u>

# Farmington Public School District

## Statement of Activities Year Ended June 30, 2011

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants/Contributions	Activities
				Net (Expense) Revenue and Changes in Net Assets
<b>Functions/Programs</b>				
Primary government - Governmental activities:				
Instruction	\$ 93,196,238	\$ 185,666	\$ 20,239,733	\$ (72,770,839)
Support services	58,420,931	481,660	14,608,700	(43,330,571)
Nutrition services	3,820,318	2,523,645	1,532,806	236,133
Athletics	2,006,621	759,090	-	(1,247,531)
Community services	1,234,414	1,034,647	269,349	69,582
Interest on long-term debt	2,358,627	-	-	(2,358,627)
Depreciation (unallocated)*	2,870,672	-	-	(2,870,672)
	<u>2,870,672</u>	<u>-</u>	<u>-</u>	<u>(2,870,672)</u>
Total primary government - Governmental activities	<u>\$ 163,907,821</u>	<u>\$ 4,984,708</u>	<u>\$ 36,650,588</u>	(122,272,525)
General revenue:				
Taxes:				
Property taxes - Levied for general purposes				49,753,515
Property taxes - Levied for debt services				8,039,571
State aid not restricted to specific purposes				67,066,383
Federal sources - Unrestricted				2,741,173
Interest and investment earnings				246,262
Other				862,471
				<u>862,471</u>
Total general revenue				<u>128,709,375</u>
<b>Change in Net Assets</b>				6,436,850
<b>Net Assets - Beginning of year</b>				<u>93,776,117</u>
<b>Net Assets - End of year</b>				<u>\$ 100,212,967</u>

\* Excludes direct depreciation expense of the various functions/programs

# Farmington Public School District

## Governmental Funds Balance Sheet June 30, 2011

	General Fund	Special Education Center Program	Technology/ Other Projects	Other Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and investments (Note 3)	\$ 32,029,579	\$ -	\$ 3,698,711	\$ 1,912,154	\$ 37,640,444
Receivables:					
Taxes	62,000	-	-	2,800	64,800
Interest	61,866	-	-	-	61,866
Accounts receivable	49,582	-	-	-	49,582
Due from other governmental units	17,153,882	-	-	25,336	17,179,218
Due from other funds (Note 6)	1,421,684	3,143,743	-	1,232,354	5,797,781
Inventories	80,416	-	-	34,381	114,797
Prepays	2,120,958	-	-	-	2,120,958
<b>Total assets</b>	<b>\$ 52,979,967</b>	<b>\$ 3,143,743</b>	<b>\$ 3,698,711</b>	<b>\$ 3,207,025</b>	<b>\$ 63,029,446</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,716,803	\$ 44,242	\$ -	\$ 741,262	\$ 2,502,307
Accrued payroll	18,038,304	581,083	-	64,747	18,684,134
Due to other funds (Note 6)	4,205,097	57,000	381,514	649,057	5,292,668
Due to other governmental units	550,703	302,275	-	-	852,978
Deferred revenue (Note 4)	495,971	-	-	70,393	566,364
<b>Total liabilities</b>	<b>25,006,878</b>	<b>984,600</b>	<b>381,514</b>	<b>1,525,459</b>	<b>27,898,451</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventories	80,416	-	-	34,381	114,797
Prepays	2,120,958	-	-	-	2,120,958
Restricted:					
Special education center program	-	2,159,143	-	-	2,159,143
Nutrition services	-	-	-	559,152	559,152
Debt service	-	-	-	652,072	652,072
Committed:					
Contractual obligations - Retirement and sick	2,908,431	-	-	-	2,908,431
Contractual obligations - Vacation	436,928	-	-	-	436,928
Cash flow deficiency for 2011/2012	585,520	-	-	-	585,520
Capital projects	-	-	3,317,197	435,961	3,753,158
Assigned:					
Budgeted use of fund balance in 2011/2012	7,938,987	-	-	-	7,938,987
Encumbrances	79,937	-	-	-	79,937
Unassigned	13,821,912	-	-	-	13,821,912
<b>Total fund balances</b>	<b>27,973,089</b>	<b>2,159,143</b>	<b>3,317,197</b>	<b>1,681,566</b>	<b>35,130,995</b>
<b>Total liabilities and fund balances</b>	<b>\$ 52,979,967</b>	<b>\$ 3,143,743</b>	<b>\$ 3,698,711</b>	<b>\$ 3,207,025</b>	<b>\$ 63,029,446</b>

# Farmington Public School District

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

**Fund Balances - Governmental Funds** \$ 35,130,995

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

Cost of capital assets	\$ 187,848,661
Accumulated depreciation	<u>(68,514,785)</u>

Total	119,333,876
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Receivables are not available to pay current period expenditures and are therefore deferred in the funds	48,025
--	--------

Long-term liabilities are not due and payable in the current period and are not reported in the funds:

Bonds payable	(47,425,000)
Compensated absences	(4,220,905)
Workers' compensation self-insurance liability	(1,356,023)
Health self-insurance liability	(1,037,350)

Accrued interest payable is not included as a liability in the governmental funds	<u>(260,651)</u>
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**Net Assets of Governmental Activities** \$ 100,212,967

# Farmington Public School District

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2011

	General Fund	Special Education Center Program	Technology/ Other Projects	Other Nonmajor Governmental Funds	Total
<b>Revenue</b>					
Local sources	\$ 54,406,410	\$ -	\$ 59,976	\$ 10,566,322	\$ 65,032,708
State sources	74,955,059	3,701,134	-	177,345	78,833,538
Federal sources	9,221,322	-	-	1,355,461	10,576,783
Interdistrict sources	407,040	15,269,706	-	-	15,676,746
	<u>138,989,831</u>	<u>18,970,840</u>	<u>59,976</u>	<u>12,099,128</u>	<u>170,119,775</u>
<b>Expenditures</b>					
Current:					
Instruction	83,670,204	7,140,293	-	-	90,810,497
Support services	53,776,599	2,893,509	-	-	56,670,108
Community services	1,215,179	-	-	-	1,215,179
Nutrition services	-	-	-	3,807,614	3,807,614
Athletics	2,006,621	-	-	-	2,006,621
Debt service:					
Principal	-	-	-	5,645,000	5,645,000
Interest and other	-	-	-	2,302,693	2,302,693
Intergovernmental payments	73,137	648,270	-	-	721,407
Capital outlay	1,455,112	180,845	529,206	2,549,535	4,714,698
	<u>142,196,852</u>	<u>10,862,917</u>	<u>529,206</u>	<u>14,304,842</u>	<u>167,893,817</u>
<b>Excess of Revenue (Under) Over Expenditures</b>	(3,207,021)	8,107,923	(469,230)	(2,205,714)	2,225,958
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	35,046	-	-	-	35,046
Transfers in (Note 6)	9,088,332	-	-	1,292,439	10,380,771
Transfers out (Note 6)	(1,235,439)	(8,825,808)	-	(319,524)	(10,380,771)
	<u>7,887,939</u>	<u>(8,825,808)</u>	<u>-</u>	<u>972,915</u>	<u>35,046</u>
<b>Net Change in Fund Balances</b>	4,680,918	(717,885)	(469,230)	(1,232,799)	2,261,004
<b>Fund Balances - Beginning of year</b>	23,292,171	2,877,028	3,786,427	2,914,365	32,869,991
<b>Fund Balances - End of year</b>	<u>\$ 27,973,089</u>	<u>\$ 2,159,143</u>	<u>\$ 3,317,197</u>	<u>\$ 1,681,566</u>	<u>\$ 35,130,995</u>

# Farmington Public School District

## 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, 2011

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,261,004

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Depreciation expense	\$ (4,697,653)
Capital outlay subject to capitalization	<u>3,271,022</u>

Total (1,426,631)

The net effect of other transactions involving capital assets (i.e., impairments, sales, and donations) that decreased net assets (55,091)

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 244,941

Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid 13,053

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 5,645,000

Changes in compensated absences and other long-term liabilities are reported as expenditures when financial resources are used in the governmental funds (245,426)

**Change in Net Assets of Governmental Activities** \$ 6,436,850

# Farmington Public School District

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## Fiduciary Fund Statement of Fiduciary Assets and Liabilities June 30, 2011

	Student Activities Agency Fund
<b>Assets - Cash and investments (Note 3)</b>	<b><u>\$ 1,694,696</u></b>
<b>Liabilities</b>	
Accounts payable	\$ 126,904
Due to other funds (Note 6)	505,113
Due to student groups	<u>1,062,679</u>
 Total liabilities	 <b><u>\$ 1,694,696</u></b>

# Farmington Public School District

## Fiduciary Fund Statement of Changes in Fiduciary Assets and Liabilities June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Assets</b>				
Cash and investments (Note 3)	\$ 232,834	\$ 1,485,987	\$ 24,125	1,694,696
Due from other funds (Note 6)	970,014	807,672	1,777,686	-
<b>Total assets</b>	<b><u>\$ 1,202,848</u></b>	<b><u>\$ 2,293,659</u></b>	<b><u>\$ 1,801,811</u></b>	<b><u>\$ 1,694,696</u></b>
<b>Liabilities</b>				
Accounts payable	\$ 135,103	\$ 126,904	\$ 135,103	\$ 126,904
Due to other funds (Note 6)	-	505,113		505,113
Due to student groups	1,067,745	1,661,642	1,666,708	1,062,679
<b>Total liabilities</b>	<b><u>\$ 1,202,848</u></b>	<b><u>\$ 2,293,659</u></b>	<b><u>\$ 1,801,811</u></b>	<b><u>\$ 1,694,696</u></b>

# **Farmington Public School District**

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## **Notes to Financial Statements June 30, 2011**

### **Note 1 - Summary of Significant Accounting Policies**

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

#### **Reporting Entity**

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

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

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

# Farmington Public School District

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**Notes to Financial Statements  
June 30, 2011**

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide Financial Statements** - The government-wide financial statements are reported using the economic resources measurement focus and the 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. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

**Fund-based Financial Statements** - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

# Farmington Public School District

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## Notes to Financial Statements June 30, 2011

### Note 1 - Summary of Significant Accounting Policies (Continued)

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

Fiduciary fund statements report assets and liabilities held by the School District in a trustee capacity or as an agent. They do not involve the measurement of results of operations. Fiduciary fund statements are reported using the accrual basis of accounting.

The School District reports the following major governmental funds:

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

**Special Education Center Program Fund** - The Special Education Center Program Fund is a Special Revenue Fund that is used to record all transactions associated with special education center programs administered by the School District on behalf of the County. The main sources of revenue for this fund are the tuition and PA-18 funds received from the County and the special education funds received from the State.

**Technology/Other Projects Capital Project Fund** - The Technology/Other Projects Capital Project Fund is financed by support of the General Fund and is used for the replacement and addition of computers and other related technology. The fund operates until the purpose for which it was created is accomplished.

The School District reports the following nonmajor funds:

**Nutrition Services Fund** - The Nutrition Services Fund is a Special Revenue Fund and is used to record all transactions of food sales to pupils at all district school buildings. The main sources of revenue for this fund are food sales to pupils, free/reduced breakfast and lunch reimbursement from federal funds, and funds received from the State.

**2004 and 2005 Debt Service Funds** - The 2004 and 2005 Debt Service Funds are used to record tax and interest revenue and the payment of interest, principal, and other expenditures on long-term debt.

# Farmington Public School District

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**Notes to Financial Statements  
June 30, 2011**

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Maintenance/Bus Purchases Fund** - The Maintenance/Bus Purchases Fund is a Capital Projects Fund that is financed by support of the General Fund and is used for purchasing buses and funding maintenance projects throughout the School District. The fund operates until the purpose for which it was created is accomplished.

In addition, the School District maintains an Agency Fund. The Agency Fund is used to record the transactions of student and community groups for school and school-related purposes. The funds are segregated and held in trust for the students.

### **Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from each of the School District's funds is generally allocated to each fund using a weighted average of balance for the principal.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on July 1 for taxes due August 15 and December 1 for the remainder on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls.

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

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

Buildings and building improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and equipment	5-10 years

Construction in progress and land are not depreciated. Construction in progress is reclassified to the appropriate category once placed in service. It is then depreciated according to the useful lives listed in the above table.

**Compensated Absences** - The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated annual vacation, and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

**Long-term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

# Farmington Public School District

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## Notes to Financial Statements June 30, 2011

### Note I - Summary of Significant Accounting Policies (Continued)

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Balance** - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications - nonspendable, restricted, committed, assigned, and unassigned. The School District implemented Statement No. 54 during the year.

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

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Board of Education for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.
- **Assigned:** Intent to spend resources on specific purposes expressed by the Board of Education or Superintendent, who is authorized by policy approved by the Board of Education to make assignments.

The Board of Education has adopted a fund balance policy. The fund balance policy proscribes the minimum fund balance as 8 to 12 percent of expenditures in the General Fund. This is deemed to be the prudent amount to provide working capital to meet cash flow needs and avoid borrowing, serve as a budget stabilization fund, and provide for unanticipated or emergency expenditures.

# Farmington Public School District

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## Notes to Financial Statements June 30, 2011

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Comparative Data/Reclassifications** - Comparative data is not included in the School District's financial statements.

**Accounting Change** - Effective July 1, 2010, the School District implemented the provisions of Governmental Accounting Standards Board Statement No. 54. In addition to the changes to fund balance discussed above, the School District changed its presentation of the athletics activity in the governmental funds. Previously, the athletics function was reported as a special revenue fund. With the adoption of GASB No. 54, the activity no longer met the criteria to be classified as a special revenue fund and the activity is now reported in the General Fund. The Athletics Fund did not have a fund balance as of June 30, 2010.

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

### Note 2 - Stewardship, Compliance, and Accountability

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end. The School District also elected to adopt annual budgets for its Debt Service Funds and Capital Projects Funds.

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. Two amendments to the General Fund, March 2011 and June 2011, were approved by the Board of Education during the year to accommodate significant changes in revenue and expenditures expected. These changes were highlighted on pages 10 and 11 of the General Fund budgetary highlights and in summary include an increase in state funding as the foundation amount per pupil did not decline as much as originally expected as well as the switch of stabilization dollars from federal sources to state sources, offset by a reduction in state funding due to the loss of an additional 150 pupils, an increase in federal funding of Education Jobs Funds dollars, the inclusion of the athletic fund revenue, and additional Medicaid funding. Budgeted expenditures and other uses decreased on a net basis due to actual staffing in place, a reduction in employee benefit costs, including unemployment and workers' compensation, a reduction in utilities, the inclusion of the athletic fund expenditures, and adjustment of grant awards.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

**Excess of Expenditures over Appropriations in Budgeted Funds** - During the year, the School District incurred expenditures in the General Fund that were in excess of the amounts budget, as follows:

	<u>Budget</u>	<u>Actual</u>
Instruction - Basic programs	<u>\$ 65,384,756</u>	<u>\$ 68,071,793</u>

The variance is due to employee wage and benefit costs being higher than anticipated due to the recording of the repayment of the wage concessions and furlough days for the teachers due to the fund balance coming in higher than 11 percent at June 30, 2011, as well as higher than projected benefit costs.

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

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

The School District also incurred expenditures in the Special Education Center Fund that were in excess of the amounts budgeted, as follows:

	Budget	Actual
Support services - Instructional staff	\$ 480,932	\$ 536,070
Support services - Transportation	132,000	177,901

The variance in the instructional staff function is due to the planned use of fund balance to cover the wage and benefit costs for a two-month period in which there was a transition from one supervisor to another for two of the center programs in place.

The variance in the transportation function is due to more career-based instruction (CBI) trips taking place than originally planned as well as higher costs for transportation due to higher retirement costs paid by the School District.

### Note 3 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated two banks for the deposit of its funds.

The School District'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 School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level are used for the School District's deposits for custodial credit risk. The School District 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, 2011, the School District did not have any deposit balances.

# **Farmington Public School District**

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**Notes to Financial Statements  
June 30, 2011**

## **Note 3 - Deposits and Investments (Continued)**

### **Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial credit risk.

### **Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

### **Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy only allows purchases of commercial paper with ratings of A1/P1 and AAA/Aaa.

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

### Note 3 - Deposits and Investments (Continued)

At year end, the maturities of investments and the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
Federal Home Loan Mortgage Company Discount Note	\$ 999,933	8/16/2011	A-1+	S&P
Freddie Mac Discount Note	1,249,191	12/20/2011	A-1+	S&P
Federal Home Loan Bank Tap Bonds	961,525	9/9/2011	AAA	S&P
Federal Home Loan Bank Notes	999,250	6/21/2012	AAA	S&P
Federal Home Loan Bank Global Bonds	250,275	7/27/2011	AAA	S&P
Federal National Mortgage Association Global Notes	602,176	11/23/2011	AAA	S&P
Federal National Mortgage Association Notes (Floating)	575,624	11/23/2012	AAA	S&P
Federal National Mortgage Association Global Notes	612,512	2/22/2013	AAA	S&P
Federal National Mortgage Association Global Notes	1,424,090	2/22/2013	AAA	S&P
Federal Home Loan Mortgage Company Global Notes	1,020,647	4/15/2013	AAA	S&P
Federal National Mortgage Association Notes (Callable)	560,439	7/29/2013	AAA	S&P
Fannie Mae Global Notes	660,240	9/23/2013	AAA	S&P
Federal Home Loan Mortgage Company Notes	1,255,756	10/28/2013	AAA	S&P
Federal Home Loan Mortgage Company Global Reference Notes	1,979,190	11/15/2013	AAA	S&P
Federal Home Loan Bank Tap Bonds	799,178	12/13/2013	AAA	S&P
Federal Home Loan Bank Notes	803,102	12/27/2013	AAA	S&P
Federal Home Loan Bank Global Notes	633,311	5/28/2014	AAA	S&P
RaboBank USA Fin Corp Commercial Paper	499,780	11/4/2011	A-1+	S&P
General Electric Cap Corp Commercial Paper	499,579	1/3/2012	A-1+	S&P
Bankers' Acceptance - US Bank NA Bank Acceptance	499,849	8/22/2011	A-1+	S&P
U.S. Treasury Notes	200,539	11/30/2011	N/A	N/A
U.S. Treasury Notes	1,002,695	11/30/2011	N/A	N/A
U.S. Treasury Notes	1,013,047	7/15/2012	N/A	N/A
U.S. Treasury Notes	1,556,115	1/31/2013	N/A	N/A
U.S. Treasury Notes	1,251,318	5/31/2013	N/A	N/A
Total investments	<u>\$ 21,909,361</u>			

### Concentration of Credit Risk

The School District uses a pooled fund with Michigan Liquid Asset Fund (MILAF). A maximum of 30 percent of available funds may be invested in any one issuer. Since MILAF is a pool fund, it is not considered a single issuer under School District policy. The investment advisor for the MILAF pool manages the investments under Rule 2a-7, which applies to money market funds, of the Securities and Exchange Commission's Investment Act of 1940. The pool shares are monitored daily using a net asset value shock test. This daily test ensures the fair value of the pool shares and removes the risk of the share value dipping below a value of 1.0. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. More than 5 percent of the School District's investments are invested in the following:

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

### Note 3 - Deposits and Investments (Continued)

Investment	Fair Value	Percentage of Total Investments
Agency notes and bonds	\$ 15,386,439	70.23
U.S. Treasury notes	5,023,714	22.93
Total	\$ 20,410,153	93.16

### Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investment in foreign currency.

### Note 4 - Deferred Revenue

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

	Unavailable	Unearned
Tuition and other	\$ -	\$ 360,028
Grant and categorical aid payment received prior to meeting all eligibility requirements	48,025	158,311
Total	\$ 48,025	\$ 518,339

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

### Note 5 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2010	Reclassi- fications	Additions	Disposals and Adjustments	Balance June 30, 2011
Assets not being depreciated:					
Land	\$ 1,022,345	\$ -	\$ -	\$ -	\$ 1,022,345
Construction in progress	511,352	(478,665)	920,918	-	953,605
Subtotal - Assets not being depreciated	1,533,697	(478,665)	920,918	-	1,975,950
Capital assets being depreciated:					
Buildings and building improvements	163,979,056	478,665	1,937,159	-	166,394,880
Buses and other vehicles	10,534,365	-	206,854	766,223	9,974,996
Furniture and equipment	9,462,868	-	206,091	166,124	9,502,835
Subtotal - Capital assets being depreciated	183,976,289	478,665	2,350,104	932,347	185,872,711
Accumulated depreciation:					
Buildings and building improvements	50,760,627	-	3,442,347	-	54,202,974
Buses and other vehicles	6,743,130	-	827,344	766,223	6,804,251
Furniture and equipment	7,190,631	-	427,962	111,033	7,507,560
Subtotal - Accumulated depreciation	64,694,388	-	4,697,653	877,256	68,514,785
Net capital assets being depreciated	119,281,901	478,665	(2,347,549)	55,091	117,357,926
Net capital assets	\$ 120,815,598	\$ -	\$ (1,426,631)	\$ 55,091	\$ 119,333,876

Depreciation expense was charged to the following governmental activities for the year ended June 30, 2011:

#### Governmental activities:

Instruction	\$ 707,445
Support services	1,100,301
Community services	19,235
Unallocated	<u>2,870,672</u>
Total governmental activities	<u>\$ 4,697,653</u>

The School District considers many assets to impact multiple activities; therefore, allocation is not practical. The depreciation expense for these assets has been classified as unallocated.

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from other funds:		
General Fund	Nonmajor governmental funds	\$ 535,057
General Fund	Technology / Other projects	381,514
General Fund	Fiduciary Fund	505,113
Special Education Center Fund	General Fund	3,143,743
Nonmajor governmental funds	Nonmajor governmental funds	114,000
Nonmajor governmental funds	Special Education Center Fund	57,000
Nonmajor governmental funds	General Fund	<u>1,061,354</u>
Total		<u>\$ 5,797,781</u>

The General Fund maintains the majority of the cash and investment accounts. Interfund balances are created upon recording of the revenue and expenditures for each applicable fund. All interfund balances are expected to be repaid within one year.

### Interfund Transfers

	Transfers Out			Total
	General Fund	Special Education Center Program	Nonmajor Governmental Funds	
Transfers in:				
General Fund	\$ -	\$ 8,768,808	\$ 319,524	\$ 9,088,332
Nonmajor governmental funds	<u>1,235,439</u>	<u>57,000</u>	<u>-</u>	<u>1,292,439</u>
Total	<u>\$ 1,235,439</u>	<u>\$ 8,825,808</u>	<u>\$ 319,524</u>	<u>\$ 10,380,771</u>

General Fund transfers out are used by the applicable funds to support and maintain the operations of the funds for the purpose for which they were created. County special education dollars are recorded in the Special Education Center Program Fund and are used to fund the center program operations as well as tuition to send pupils to other district center programs. The remainder of the funds is transferred back to the General Fund to fund non-center special education costs.

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

### Note 7 - Long-term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Notes and installment purchase agreements are also general obligations of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Bonds are liquidated using the Debt Service Funds. Compensated absences, health self-insurance claims, and workers' compensation are liquidated in the governmental fund which pays for the applicable employee's salary and benefits. These governmental funds include the General Fund, Special Education Center Fund, and the Nutrition Services Fund.

Long-term obligation activity can be summarized as follows:

	Balance			Due Within	
	June 30, 2010	Additions	Reductions	Balance June 30, 2011	One Year 2012
Governmental activities:					
Bonds	\$ 53,070,000	\$ -	\$ (5,645,000)	\$ 47,425,000	\$ 5,830,000
Compensated absences	4,343,890	-	(122,985)	4,220,905	1,312,474
Health self-insurance claims	1,182,078	5,370,176	(5,514,904)	1,037,350	1,037,350
Workers' compensation	842,884	1,016,987	(503,848)	1,356,023	1,356,023
Total governmental activities	<u>\$ 59,438,852</u>	<u>\$ 6,387,163</u>	<u>\$ (11,786,737)</u>	<u>\$ 54,039,278</u>	<u>\$ 9,535,847</u>

Annual debt service requirements to maturity for the above governmental bond obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2012	\$ 5,830,000	\$ 2,050,068	\$ 7,880,068
2013	6,025,000	1,855,532	7,880,532
2014	6,225,000	1,654,532	7,879,532
2015	6,440,000	1,436,656	7,876,656
2016	6,660,000	1,145,250	7,805,250
2017-2019	<u>16,245,000</u>	<u>1,407,250</u>	<u>17,652,250</u>
Total	<u>\$ 47,425,000</u>	<u>\$ 9,549,288</u>	<u>\$ 56,974,288</u>

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

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

#### Governmental Activities

General obligation bonds consist of the following at June 30, 2011:

\$24,030,000 serial bonds due in annual installments ranging from \$2,025,000 to \$2,475,000 through May 1, 2019; interest ranging from 3.50 percent to 5.0 percent	\$ 18,075,000
\$42,970,000 serial bonds due in annual installments ranging from \$3,805,000 to \$4,500,000 through May 1, 2018; interest ranging from 3.25 percent to 5.0 percent	<u>29,350,000</u>
Total bonded debt	<u>\$ 47,425,000</u>

**Defeased Debt** - In a prior year, the School District 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 account assets and the liability for the defeased bonds are not included in the basic financial statements. At June 30, 2011, \$31,000,000 of bonds outstanding are considered defeased.

### Note 8 - Risk Management

The School District 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 School District participates in the Middle Cities Risk Management Trust risk pool for claims relating to property loss, torts, and errors and omissions; the School District is partially uninsured for workers' compensation and medical claims.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. There have been no significant reductions in insurance coverage from the prior year. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

# Farmington Public School District

## Notes to Financial Statements June 30, 2011

### Note 8 - Risk Management (Continued)

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded as long-term debt in the government-wide statements as they are not considered due at June 30. At June 30, 2011, \$1,356,023 is recorded as long-term debt.

Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2011</u>	<u>2010</u>
Estimated liability - Beginning of year	\$ 842,884	\$ 873,734
Estimated claims incurred, including changes in estimates	1,016,987	793,154
Claim payments	<u>(503,848)</u>	<u>(824,004)</u>
Estimated liability - End of year	<u>\$ 1,356,023</u>	<u>\$ 842,884</u>

Under the School District's workers' compensation plan, the School District's current maximum loss is limited to 100 percent of the normal workers' compensation premiums. Losses in excess of the 100 percent limitation are insured up to an aggregate limit of \$10,000,000. The School District is also insured against losses in excess of \$100,000 to \$225,000 for each occurrence, depending on the year the claim was made.

The School District is partially self-insured for medical claims. The School District estimates the liability for medical claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded as long-term debt on the government-wide statements as they are not considered due at June 30. At June 30, 2011, the estimated liability for these medical claims totals \$1,037,350.

Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2011</u>	<u>2010</u>
Estimated liability - Beginning of year	\$ 1,182,078	\$ 1,248,457
Estimated claims incurred, including changes in estimates	5,370,176	6,202,214
Claim payments	<u>(5,514,904)</u>	<u>(6,268,593)</u>
Estimated liability - End of year	<u>\$ 1,037,350</u>	<u>\$ 1,182,078</u>

# Farmington Public School District

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## Notes to Financial Statements June 30, 2011

### Note 9 - Defined Benefit Pension Plan and Postemployment Benefits

**Plan Description** - The School District participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. The system provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The system also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at <http://www.michigan.gov/orsschools>, or by writing to the Office of Retirement System at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

**Pension Benefits** - Employer contributions to the pension system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate for basic plan members was 10.13 percent of covered payroll for the period from July 1, 2010 through September 30, 2010 and 12.16 percent for the period from October 1, 2010 through June 30, 2011. The employer contribution rate for pension plus plan members was 10.66 for the period from October 1, 2010 through June 30, 2011. Basic plan members make no contributions, but member investment plan members contribute at rates ranging from 3 to 4.3 percent of gross wages, or up to 6.4 percent of gross wages for members entering the MIP Plus plan on or after July 1, 2008. The School District's required and actual contributions to the plan for the years ended June 30, 2011, 2010, and 2009 were \$10,167,243, \$9,697,605, and \$9,346,785, respectively.

# **Farmington Public School District**

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**Notes to Financial Statements  
June 30, 2011**

## **Note 9 - Defined Benefit Pension Plan and Postemployment Benefits (Continued)**

**Postemployment Benefits** - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.81 percent of covered payroll for the period from July 1, 2010 through September 30, 2010, 7.25 percent for the period from October 1, 2010 through October 31, 2010, and 8.50 percent for the period from November 1, 2010 through June 30, 2011. The School District's required and actual contributions to the plan for retiree healthcare benefits for the years ended July 30, 2011, 2010, and 2009 were \$6,963,980, \$6,581,605, and \$6,409,755, respectively.

## **Required Supplemental Information**

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# Farmington Public School District

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

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
Local sources	\$ 52,646,688	\$ 53,899,507	\$ 54,406,410	\$ 506,903
State sources	70,532,787	74,801,903	74,955,059	153,156
Federal sources	10,866,628	10,950,066	9,221,322	(1,728,744)
Interdistrict sources	<u>270,047</u>	<u>314,718</u>	<u>407,040</u>	<u>92,322</u>
Total revenue	134,316,150	139,966,194	138,989,831	(976,363)
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	66,597,851	65,384,756	68,071,793	2,687,037
Added needs	17,847,987	16,180,511	15,521,848	(658,663)
Adult and continuing education	126,248	123,257	76,563	(46,694)
Support services:				
Pupil	14,813,508	13,374,920	13,424,406	49,486
Instructional staff	8,253,375	8,640,826	8,031,591	(609,235)
General administration	1,117,007	1,197,631	1,171,050	(26,581)
School administration	7,334,692	7,110,805	7,212,750	101,945
Business services	2,010,851	2,105,147	2,108,472	3,325
Operation and maintenance	13,794,012	12,881,920	11,974,347	(907,573)
Transportation	6,645,714	6,299,212	6,651,347	352,135
Central services	5,154,574	4,082,534	3,202,636	(879,898)
Community services	1,310,362	1,360,123	1,215,179	(144,944)
Athletics	-	1,963,061	2,006,621	43,560
Intergovernmental payments	16,760	82,097	73,137	(8,960)
Capital outlay	<u>2,491,965</u>	<u>1,786,526</u>	<u>1,455,112</u>	<u>(331,414)</u>
Total expenditures	147,514,906	142,573,326	142,196,852	(376,474)
<b>Other Financing Sources (Uses)</b>				
Transfers in	9,179,126	9,526,434	9,088,332	(438,102)
Transfers out	(1,225,254)	(1,235,439)	(1,235,439)	-
Proceeds from sale of capital assets	<u>25,000</u>	<u>25,000</u>	<u>35,046</u>	<u>10,046</u>
Total other financing sources	<u>7,978,872</u>	<u>8,315,995</u>	<u>7,887,939</u>	<u>(428,056)</u>
<b>Net Change in Fund Balance</b>	(5,219,884)	5,708,863	4,680,918	(1,027,945)
<b>Fund Balance - July 1, 2010</b>	<u>23,292,171</u>	<u>23,292,171</u>	<u>23,292,171</u>	<u>-</u>
<b>Fund Balance - June 30, 2011</b>	<u><b>\$ 18,072,287</b></u>	<u><b>\$ 29,001,034</b></u>	<u><b>\$ 27,973,089</b></u>	<u><b>\$ (1,027,945)</b></u>

# Farmington Public School District

## Required Supplemental Information Budgetary Comparison Schedule - Special Education Center Program Fund Year Ended June 30, 2011

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
<b>Revenue</b>				
State sources	\$ 4,208,432	\$ 3,761,008	\$ 3,701,134	\$ (59,874)
Interdistrict sources	14,992,205	15,298,908	15,269,706	(29,202)
Total revenue	19,200,637	19,059,916	18,970,840	(89,076)
<b>Expenditures</b>				
Current - Instruction - Added needs	6,924,900	6,648,617	7,140,293	491,676
Support services:				
Pupil	1,981,662	1,691,004	1,855,151	164,147
Instructional staff	518,748	480,932	536,070	55,138
Operation and maintenance	416,545	355,045	324,387	(30,658)
Transportation	132,000	132,000	177,901	45,901
Intergovernmental payments	572,000	649,000	648,270	(730)
Capital outlay	-	180,000	180,845	845
Total expenditures	10,545,855	10,136,598	10,862,917	726,319
<b>Other Financing Uses - Transfers out</b>	8,865,523	9,241,373	8,825,808	(415,565)
<b>Net Change in Fund Balance</b>	(210,741)	(318,055)	(717,885)	(399,830)
<b>Fund Balance - July 1, 2010</b>	2,877,028	2,877,028	2,877,028	-
<b>Fund Balance - June 30, 2011</b>	<b>\$ 2,666,287</b>	<b>\$ 2,558,973</b>	<b>\$ 2,159,143</b>	<b>\$ (399,830)</b>

## **Other Supplemental Information**

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# Farmington Public School District

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	
	Nutrition Services	2004 Issue	2005 Issue	Maintenance/ Bus Purchases	Total
<b>Assets</b>					
Cash and investments	\$ 1,262,319	\$ 244,614	\$ 405,221	\$ -	\$ 1,912,154
Receivables:					
Taxes	-	1,000	1,800	-	2,800
Due from other governmental units	25,336	-	-	-	25,336
Due from other funds	57,000	-	-	1,175,354	1,232,354
Inventories	34,381	-	-	-	34,381
Total assets	<b>\$ 1,379,036</b>	<b>\$ 245,614</b>	<b>\$ 407,021</b>	<b>\$ 1,175,354</b>	<b>\$ 3,207,025</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 1,869	\$ -	\$ -	\$ 739,393	\$ 741,262
Accrued payroll	64,747	-	-	-	64,747
Due to other funds	648,494	297	266	-	649,057
Deferred revenue	70,393	-	-	-	70,393
Total liabilities	785,503	297	266	739,393	1,525,459
<b>Fund Balances</b>					
Nonspendable - Inventories	34,381	-	-	-	34,381
Restricted:					
Nutrition services	559,152	-	-	-	559,152
Debt service	-	245,317	406,755	-	652,072
Committed - Capital projects	-	-	-	435,961	435,961
Total fund balances	593,533	245,317	406,755	435,961	1,681,566
Total liabilities and fund balances	<b>\$ 1,379,036</b>	<b>\$ 245,614</b>	<b>\$ 407,021</b>	<b>\$ 1,175,354</b>	<b>\$ 3,207,025</b>

# Farmington Public School District

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

	Special Revenue	Debt Service Funds		Capital Projects	Total
	Fund			Fund	
	Nutrition Services	2004 Issue	2005 Issue	Maintenance/Bus Purchases	
<b>Revenue</b>					
Local sources	\$ 2,524,293	\$ 2,895,131	\$ 5,146,898	\$ -	\$ 10,566,322
State sources	177,345	-	-	-	177,345
Federal sources	1,355,461	-	-	-	1,355,461
<b>Total revenue</b>	<b>4,057,099</b>	<b>2,895,131</b>	<b>5,146,898</b>	<b>-</b>	<b>12,099,128</b>
<b>Expenditures</b>					
Current - Nutrition services	3,807,614	-	-	-	3,807,614
Debt service:					
Principal	-	1,975,000	3,670,000	-	5,645,000
Interest and other	-	873,438	1,429,255	-	2,302,693
Capital outlay	-	-	-	2,549,535	2,549,535
<b>Total expenditures</b>	<b>3,807,614</b>	<b>2,848,438</b>	<b>5,099,255</b>	<b>2,549,535</b>	<b>14,304,842</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>249,485</b>	<b>46,693</b>	<b>47,643</b>	<b>(2,549,535)</b>	<b>(2,205,714)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	87,000	-	-	1,205,439	1,292,439
Transfers out	(319,524)	-	-	-	(319,524)
<b>Total other financing (uses) sources</b>	<b>(232,524)</b>	<b>-</b>	<b>-</b>	<b>1,205,439</b>	<b>972,915</b>
<b>Net Change in Fund Balances</b>	<b>16,961</b>	<b>46,693</b>	<b>47,643</b>	<b>(1,344,096)</b>	<b>(1,232,799)</b>
<b>Fund Balances - Beginning of year</b>	<b>576,572</b>	<b>198,624</b>	<b>359,112</b>	<b>1,780,057</b>	<b>2,914,365</b>
<b>Fund Balances - End of year</b>	<b>\$ 593,533</b>	<b>\$ 245,317</b>	<b>\$ 406,755</b>	<b>\$ 435,961</b>	<b>\$ 1,681,566</b>

# Farmington Public School District

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Fund Year Ended June 30, 2011

	Nutrition Services Fund			Over (Under) Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenue</b>				
Local sources	\$ 2,777,557	\$ 2,547,181	\$ 2,524,293	\$ (22,888)
State sources	150,740	177,345	177,345	-
Federal sources	<u>1,075,000</u>	<u>1,287,000</u>	<u>1,355,461</u>	<u>68,461</u>
Total revenue	4,003,297	4,011,526	4,057,099	45,573
<b>Expenditures - Current - Nutrition services</b>	<u>3,923,721</u>	<u>3,668,523</u>	<u>3,807,614</u>	<u>139,091</u>
<b>Excess of Revenue Over Expenditures</b>	79,576	343,003	249,485	(93,518)
<b>Other Financing Sources (Uses)</b>				
Transfers in	57,000	87,000	87,000	-
Transfers out	<u>(345,603)</u>	<u>(317,061)</u>	<u>(319,524)</u>	<u>(2,463)</u>
Total other financing uses	<u>(288,603)</u>	<u>(230,061)</u>	<u>(232,524)</u>	<u>(2,463)</u>
<b>Net Change in Fund Balances</b>	(209,027)	112,942	16,961	(95,981)
<b>Fund Balances - Beginning of year</b>	<u>576,572</u>	<u>576,572</u>	<u>576,572</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 367,545</b></u>	<u><b>\$ 689,514</b></u>	<u><b>\$ 593,533</b></u>	<u><b>\$ (95,981)</b></u>

# Farmington Public School District

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Debt Service Funds Year Ended June 30, 2011

	Total Debt Service Funds		2004 Issue	2005 Issue	Total All Issues	Over (Under) Final Budget
	Original Budget	Final Budget	Actual	Actual		
<b>Revenue - Local sources</b>	\$ 8,073,630	\$ 8,073,630	\$ 2,895,131	\$ 5,146,898	\$ 8,042,029	\$ (31,601)
<b>Expenditures - Debt service</b>						
Principal	5,645,000	5,645,000	1,975,000	3,670,000	5,645,000	-
Interest and other	<u>2,251,824</u>	<u>2,251,824</u>	<u>873,438</u>	<u>1,429,255</u>	<u>2,302,693</u>	<u>50,869</u>
Total expenditures	<u>7,896,824</u>	<u>7,896,824</u>	<u>2,848,438</u>	<u>5,099,255</u>	<u>7,947,693</u>	<u>50,869</u>
<b>Net Change in Fund Balances</b>	176,806	176,806	46,693	47,643	94,336	(82,470)
<b>Fund Balances - Beginning of year</b>	<u>557,736</u>	<u>557,736</u>	<u>198,624</u>	<u>359,112</u>	<u>557,736</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u>\$ 734,542</u>	<u>\$ 734,542</u>	<u>\$ 245,317</u>	<u>\$ 406,755</u>	<u>\$ 652,072</u>	<u>\$ (82,470)</u>

# Farmington Public School District

	Technology/Other Projects			Over (Under) Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenue - Local sources</b>	\$ 7,000	\$ 54,190	\$ 59,976	\$ 5,786
<b>Expenditures - Capital outlay</b>	<u>1,017,575</u>	<u>1,017,575</u>	<u>529,206</u>	<u>(488,369)</u>
<b>Excess of Expenditures Over Revenue</b>	(1,010,575)	(963,385)	(469,230)	494,155
<b>Other Financing Sources - Transfers in</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(1,010,575)	(963,385)	(469,230)	494,155
<b>Fund Balances - Beginning of year</b>	<u>3,786,427</u>	<u>3,786,427</u>	<u>3,786,427</u>	<u>-</u>
<b>Fund Balances - End of year</b>	<u><b>\$ 2,775,852</b></u>	<u><b>\$ 2,823,042</b></u>	<u><b>\$ 3,317,197</b></u>	<u><b>\$ 494,155</b></u>

**Other Supplemental Information**  
**Budgetary Comparison Schedule - Capital Projects Funds**  
**Year Ended June 30, 2011**

Maintenance/Bus Purchases			
Original Budget	Final Budget	Actual	Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -
<u>1,185,019</u>	<u>2,985,496</u>	<u>2,549,535</u>	<u>(435,961)</u>
(1,185,019)	(2,985,496)	(2,549,535)	435,961
<u>-</u>	<u>1,205,439</u>	<u>1,205,439</u>	<u>-</u>
(1,185,019)	(1,780,057)	(1,344,096)	435,961
<u>1,780,057</u>	<u>1,780,057</u>	<u>1,780,057</u>	<u>-</u>
<b><u>\$ 595,038</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 435,961</u></b>	<b><u>\$ 435,961</u></b>

# Farmington Public School District

## Other Supplemental Information Schedule of Bonded Indebtedness Year Ended June 30, 2011

<u>June 30</u>	<u>2004 Issue</u> <u>Principal</u>	<u>2005 Issue</u> <u>Principal</u>
2012	\$ 2,025,000	\$ 3,805,000
2013	2,075,000	3,950,000
2014	2,150,000	4,075,000
2015	2,225,000	4,215,000
2016	2,300,000	4,360,000
2017	2,375,000	4,445,000
2018	2,450,000	4,500,000
2019	<u>2,475,000</u>	<u>-</u>
	<b><u>\$ 18,075,000</u></b>	<b><u>\$ 29,350,000</u></b>
Principal payments due	May 1	May 1
Interest payments due	May 1 and November 1	May 1 and November 1
Interest rate	3.50% to 5.00%	3.25% to 5.00%
Original issue	<b><u>\$ 24,030,000</u></b>	<b><u>\$ 42,970,000</u></b>

# Farmington Public School District

## Other Supplemental Information Schedule of Fiduciary Fund Activities Year Ended June 30, 2011

	Balance July 1, 2010	Receipts	Disbursements	Balance June 30, 2011
Alameda Early Childhood	\$ 17,894	\$ 11,987	\$ 10,249	\$ 19,632
Beechview Elementary School	13,492	19,552	17,377	15,667
Bilingual Program	2,481	2,177	3,470	1,188
Cloverdale	21,047	4,312	10,020	15,339
Delta Program	6,449	175	3,846	2,778
District Science	5,210	600	-	5,810
Dunckel Middle School	59,089	96,673	102,120	53,642
Eagle Elementary School	14,101	601	3,124	11,578
East Middle School	77,447	107,288	108,087	76,648
Farmington Alternative High School	6,858	8,115	3,822	11,151
Farmington Community School	24,791	6,147	10,137	20,801
Farmington High School	265,392	371,428	400,357	236,463
Flanders Elementary School	4,323	285	407	4,201
Forest Elementary School	16,463	49,744	56,164	10,043
Gill Elementary School	6,681	8,254	7,410	7,525
Harrison High School	132,639	282,895	287,149	128,385
Highmeadow Elementary School	7,795	19,013	13,058	13,750
Hillside Elementary School	15,778	84,803	40,215	60,366
Kenbrook Elementary School	3,587	10,298	10,709	3,176
Lanigan Elementary School	597	7,511	6,283	1,825
Leadership Team	1,394	782	621	1,555
Longacre Elementary School	18,485	19,736	16,907	21,314
Malen Terry Scholarship	3,967	108	-	4,075
Miller School	902	120	120	902
Music Program	12,556	1,221	175	13,602
North Farmington High School	186,715	415,525	449,696	152,544
Power Middle School	38,388	35,915	26,573	47,730
School/Community Relations	8,953	13,242	9,957	12,238
Special Education	2,500	-	-	2,500
Student Assistance	9,780	2,000	4,391	7,389
Visions Unlimited	34,265	25,490	23,103	36,652
Vocational Education	(48)	48	-	-
Warner Middle School	27,315	33,944	29,208	32,051
William Grace Elementary School	2,563	1,839	1,954	2,448
Wood Creek Elementary School	12,780	18,652	8,837	22,595
Wooddale Elementary School	5,116	1,162	1,162	5,116
<b>Total</b>	<b>\$ 1,067,745</b>	<b>\$ 1,661,642</b>	<b>\$ 1,666,708</b>	<b>\$ 1,062,679</b>

## **Cash and Investments**

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# Farmington Public School District

## Other Supplemental Information Schedule of Cash, Cash Equivalents, and Investments June 30, 2011

Fund	Types of Investment	Interest Rate (Percent)	Date of Maturity	Cost
<b>General</b>	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	\$ 3,026,147
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	87,338
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	310,332
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	53,296
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	110,089
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	6,397,763
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	106,335
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	28,918
	Federal Agency Discount Notes	Variable	Varies	2,249,124
	Federal Agency Bonds/Notes	Variable	Varies	1,960,775
	Federal Agency Bonds/Notes	Variable	Varies	11,176,540
	Bankers' Acceptance	Variable	8/22/2011	499,849
	U.S. Treasury Bonds/Notes	Variable	Varies	5,023,714
	Commercial Paper	Variable	Varies	<u>999,359</u>
	Total General Fund			32,029,579
<b>Special Revenue</b>	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	1,262,319
<b>Debt Service</b>	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	649,835
<b>Capital Projects</b>	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	3,698,711
<b>Trust and Agency</b>	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	-	<u>1,694,696</u>
	Total cash, cash equivalents, and investments			<b><u>\$ 39,335,140</u></b>

# **Capital Assets and Accumulated Depreciation**

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# Farmington Public School District

	Cost					Total
	Land	Buildings and Building Improvements	Furniture and Equipment	Buses and Other Vehicles	Construction in Progress	
<b>Elementary Schools</b>						
Alameda	\$ 53,447	\$ 1,393,181	\$ 6,012	\$ -	\$ -	\$ 1,452,640
Beechview	25,250	3,414,649	67,756	-	-	3,507,655
Eagle	1	-	-	-	-	1
Fairview	17,502	-	-	-	-	17,502
Flanders	34,999	-	-	-	-	34,999
Forest	31,980	2,660,022	49,003	-	-	2,741,005
Gill	4,137	3,024,174	223,024	-	146,209	3,397,544
Highmeadow	49,226	3,333,294	50,715	-	-	3,433,235
Hillside	16,301	6,785,160	100,760	-	75,314	6,977,535
Kenbrook	24,900	4,096,640	113,106	-	-	4,234,646
Lanigan	37,800	4,033,527	132,632	-	-	4,203,959
Longacre	30,300	4,190,670	61,001	-	93,671	4,375,642
William Grace	83,000	-	-	-	-	83,000
Wood Creek	4,391	3,490,565	91,653	-	29,394	3,616,003
Wooddale	4,047	-	-	-	-	4,047
<b>Middle Schools</b>						
Dunckel	36,000	10,822,401	244,536	-	-	11,102,937
East	57,500	10,474,137	298,308	-	-	10,829,945
Power	4,137	7,308,827	227,292	-	5,091	7,545,347
Warner	180,000	7,744,498	206,971	-	197,776	8,329,245
<b>High Schools</b>						
Farmington	1	28,450,345	824,590	-	-	29,274,936
Harrison	199,050	27,118,915	1,054,498	-	-	28,372,463
North	117,600	28,219,512	1,398,024	-	102,701	29,837,837
<b>Shiawassee Complex</b>	-	3,657,668	3,510,954	-	303,449	7,472,071
<b>Maxfield Training Center</b>	2	2,302,397	111,569	-	-	2,413,968
<b>Farmington Community School</b>	6,501	1,644,470	67,365	-	-	1,718,336
<b>Maintenance</b>	4,273	311,009	516,400	-	-	831,682
<b>Cloverdale</b>	-	1,780,964	111,598	-	-	1,892,562
<b>Alternative Academy</b>	-	-	5,350	-	-	5,350
<b>Miller School (BGR)</b>	-	37,051	6,100	-	-	43,151
<b>Visions</b>	-	100,804	23,618	-	-	124,422
<b>Vehicles</b>	-	-	-	9,974,996	-	9,974,996
<b>Total</b>	<b>\$ 1,022,345</b>	<b>\$ 166,394,880</b>	<b>\$ 9,502,835</b>	<b>\$ 9,974,996</b>	<b>\$ 953,605</b>	<b>\$ 187,848,661</b>

**Other Supplemental Information**  
**Schedule of Capital Assets and Accumulated Depreciation**  
**June 30, 2011**

		Accumulated Depreciation				
Buildings and Building Improvements	Furniture and Equipment	Buses and Other Vehicles		Total		
\$ 486,882	\$ 6,012	\$ -	\$ -	\$ 492,894		
1,124,848	40,483	-	-	1,165,331		
-	-	-	-	-		
-	-	-	-	-		
987,412	39,611	-	-	1,027,023		
1,187,505	114,901	-	-	1,302,406		
1,064,198	39,712	-	-	1,103,910		
2,454,712	67,673	-	-	2,522,385		
1,346,174	79,586	-	-	1,425,760		
1,317,290	97,167	-	-	1,414,457		
1,251,594	38,678	-	-	1,290,272		
-	-	-	-	-		
1,304,227	55,806	-	-	1,360,033		
-	-	-	-	-		
3,419,008	160,359	-	-	3,579,367		
3,250,740	177,828	-	-	3,428,568		
2,418,416	156,765	-	-	2,575,181		
2,846,082	102,351	-	-	2,948,433		
8,801,904	559,703	-	-	9,361,607		
8,572,150	875,056	-	-	9,447,206		
8,699,026	1,100,237	-	-	9,799,263		
995,678	3,306,318	-	-	4,301,996		
1,171,944	84,767	-	-	1,256,711		
685,596	43,570	-	-	729,166		
184,435	271,435	-	-	455,870		
619,392	68,829	-	-	688,221		
-	5,350	-	-	5,350		
5,284	6,100	-	-	11,384		
8,477	9,263	-	-	17,740		
-	-	6,804,251	-	6,804,251		
<b><u>\$ 54,202,974</u></b>	<b><u>\$ 7,507,560</u></b>	<b><u>\$ 6,804,251</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 68,514,785</u></b>		

## **Statistical Section**

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# **Farmington Public School District**

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## **Description of Statistical Section**

This part of Farmington Public School District's 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 government'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 Information**

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

#### **Revenue Capacity Information**

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

#### **Debt Capacity Information**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

# Farmington Public School District

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	June 30				
	2002	2003	2004	2005	2006
<b>Governmental Activities</b>					
Invested in capital assets -					
Net of related debt	\$ 54,631,703	\$ 54,259,212	\$ 59,051,887	\$ 61,427,290	\$ 62,757,854
Restricted	942,569	1,165,695	1,597,707	1,965,050	2,823,188
Unrestricted	<u>36,476,117</u>	<u>45,034,060</u>	<u>42,958,541</u>	<u>40,506,451</u>	<u>32,172,676</u>
 Total primary governmental net assets	 <u>\$ 92,050,389</u>	 <u>\$ 100,458,967</u>	 <u>\$ 103,608,135</u>	 <u>\$ 103,898,791</u>	 <u>\$ 97,753,718</u>

Source: Farmington Public School District audited financial statements

Note: 2001 and prior are not available. The School District implemented GASB No. 34 in the 2002 fiscal year.

**Financial Trend Information  
Net Assets by Component  
Governmental Activities**

June 30				
2007	2008	2009	2010	2011
\$ 64,254,664	\$ 68,749,233	\$ 72,382,303	\$ 67,745,598	\$ 71,908,876
2,032,385	907,407	537,407	3,434,764	2,811,215
31,721,790	36,870,342	34,388,054	22,595,755	25,492,876
<b>\$ 98,008,839</b>	<b>\$106,526,982</b>	<b>\$ 107,307,764</b>	<b>\$ 93,776,117</b>	<b>\$ 100,212,967</b>

# Farmington Public School District

	June 30				
	2002	2003	2004	2005	2006
<b>Expenses</b>					
Governmental activities:					
Instruction	\$ 82,349,915	\$ 80,633,748	\$ 86,730,316	\$ 92,624,982	\$ 100,473,625
Support services	56,280,789	56,816,640	59,193,191	62,194,347	64,027,209
Nutrition services	2,959,174	3,152,772	3,213,207	3,459,112	3,648,263
Athletics	1,902,582	1,816,113	1,817,129	1,826,182	2,296,843
Community services	1,259,291	1,741,691	1,800,856	1,852,141	1,915,783
Interest on long-term debt	4,176,568	3,476,183	3,283,672	3,208,298	3,274,622
Depreciation (unallocated)	<u>3,900,510</u>	<u>2,252,958</u>	<u>2,135,687</u>	<u>2,098,140</u>	<u>2,294,225</u>
Total governmental activities	152,828,829	149,890,105	158,174,058	167,263,202	177,930,570
Program revenue:					
Charges for services *					
Instruction	258,060	289,239	197,077	219,635	177,799
Support services	165,971	131,640	189,622	264,165	315,203
Nutrition services	2,412,067	2,437,010	2,633,158	2,819,337	3,058,887
Athletics	148,412	134,819	159,562	174,642	286,739
Community services	1,201,820	1,350,083	1,551,444	1,708,983	1,696,984
Operating grants and contributions	26,249,464	28,823,929	29,621,097	32,311,853	32,907,374
Capital grants and contributions	<u>442,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenue	<u>30,877,886</u>	<u>33,166,720</u>	<u>34,351,960</u>	<u>37,498,615</u>	<u>38,442,986</u>
Net expense	(121,950,943)	(116,723,385)	(123,822,098)	(129,764,587)	(139,487,584)
<b>General Revenue</b>					
Property taxes	58,210,865	59,521,093	60,819,152	61,635,890	62,779,371
State aid not restricted to specific purposes	62,785,586	61,759,874	62,697,958	63,782,013	65,474,619
Federal sources - Unrestricted	-	-	-	-	-
Unrestricted state grants and contributions	2,206,744	2,207,700	2,230,631	2,244,171	2,253,268
Investment earnings	1,325,752	696,976	518,130	1,417,982	2,136,682
Other	<u>296,122</u>	<u>946,320</u>	<u>705,395</u>	<u>1,951,934</u>	<u>698,571</u>
Total general revenue	124,825,069	125,131,963	126,971,266	131,031,990	133,342,511
<b>Special Item</b>	<u>115,711</u>	<u>-</u>	<u>-</u>	<u>(976,747)</u>	<u>-</u>
Change in net assets	<u><b>\$ 2,989,837</b></u>	<u><b>\$ 8,408,578</b></u>	<u><b>\$ 3,149,168</b></u>	<u><b>\$ 290,656</b></u>	<u><b>\$ (6,145,073)</b></u>

\* Historically, approximately 50 percent of charges for services is for nutrition services and the balance is for community education tuition and facility usage charges.

Source: Farmington Public School District audited financial statements

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

June 30				
2007	2008	2009	2010	2011
\$ 97,793,968	\$ 92,551,043	\$ 97,972,023	\$ 98,749,017	\$ 93,196,238
63,706,879	61,606,469	63,072,628	63,369,009	58,420,931
3,915,074	3,944,661	4,015,673	4,007,796	3,820,318
2,310,316	2,320,740	2,418,962	2,349,801	2,006,621
1,806,004	1,722,971	1,435,925	1,375,371	1,234,414
3,024,353	2,838,058	2,597,085	2,644,130	2,358,627
<u>2,705,632</u>	<u>2,802,013</u>	<u>2,845,582</u>	<u>2,905,796</u>	<u>2,870,672</u>
175,262,226	167,785,955	174,357,878	175,400,920	163,907,821
138,167	308,257	153,850	167,093	185,666
373,858	631,939	619,956	458,950	481,660
2,967,053	3,017,669	2,916,709	2,690,018	2,523,645
390,851	368,823	428,455	422,652	759,090
1,591,299	1,610,172	1,168,993	1,035,179	1,034,647
35,250,506	34,945,819	40,120,616	37,441,769	36,650,588
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,711,734</u>	<u>40,882,679</u>	<u>45,408,579</u>	<u>42,215,661</u>	<u>41,635,296</u>
(134,550,492)	(126,903,276)	(128,949,299)	(133,185,259)	(122,272,525)
63,520,606	64,489,779	61,475,322	60,381,468	57,793,086
65,737,190	65,310,870	63,278,069	62,226,033	67,066,383
-	-	-	3,396,898	2,741,173
2,238,873	2,230,346	2,212,809	-	-
2,520,195	1,931,986	1,371,090	482,437	246,262
<u>788,749</u>	<u>1,458,438</u>	<u>1,392,791</u>	<u>1,951,260</u>	<u>862,471</u>
134,805,613	135,421,419	129,730,081	128,438,096	128,709,375
<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,784,484)</u>	<u>-</u>
<b><u>\$ 255,121</u></b>	<b><u>\$ 8,518,143</u></b>	<b><u>\$ 780,782</u></b>	<b><u>\$ (13,531,647)</u></b>	<b><u>\$ 6,436,850</u></b>

# Farmington Public School District

	2002	2003	2004	2005
General Fund:				
Reserved	\$ 1,796,834	\$ 3,610,232	\$ 1,976,754	\$ 1,345,547
Unreserved	24,677,310	31,091,264	34,843,213	32,916,251
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total General Fund	<u><b>\$ 26,474,144</b></u>	<u><b>\$ 34,701,496</b></u>	<u><b>\$ 36,819,967</b></u>	<u><b>\$ 34,261,798</b></u>
All other governmental funds:				
Reserved, reported in:				
Special Revenue Funds	\$ 177,679	\$ 195,419	\$ 46,854	\$ 41,959
Capital Project Funds	6,946	865,998	2,132,384	22,171,433
Debt Service Funds	-	-	1,597,707	694,582
Unreserved, reported in:				
Special Revenue Funds	2,877,208	3,151,368	2,811,018	3,358,140
Capital Project Funds	11,699,364	10,607,596	7,271,209	7,948,140
Debt Service Funds	931,473	1,139,101	-	-
Nonspendable, reported in -				
Special Revenue Funds	-	-	-	-
Restricted, reported in:				
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Committed, reported in -				
Capital Project Funds	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total all other governmental funds	<u><b>\$ 15,692,670</b></u>	<u><b>\$ 15,959,482</b></u>	<u><b>\$ 13,859,172</b></u>	<u><b>\$ 34,214,254</b></u>

Source: Farmington Public School District audited financial statements

Note: Years beginning with 2011 have been presented in accordance with GASB 54 which was effective July 1, 2010.

**Financial Trend Information  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years**

2006	2007	2008	2009	2010	2011
\$ 1,256,885	\$ 2,605,550	\$ 1,238,991	\$ 1,788,231	\$ 2,485,604	\$ -
26,365,956	24,540,968	33,776,836	28,984,831	20,806,567	-
-	-	-	-	-	2,201,374
-	-	-	-	-	-
-	-	-	-	-	3,930,879
-	-	-	-	-	8,018,924
-	-	-	-	-	13,821,912
<b><u>\$ 27,622,841</u></b>	<b><u>\$ 27,146,518</u></b>	<b><u>\$ 35,015,827</u></b>	<b><u>\$ 30,773,062</u></b>	<b><u>\$ 23,292,171</u></b>	<b><u>\$ 27,973,089</u></b>
\$ 225,238	\$ 207,882	\$ 43,011	\$ 39,065	\$ 41,012	\$ -
7,006,838	1,255,342	176,238	1,917,877	858,932	-
1,000,881	777,043	731,169	537,407	557,736	-
7,070,207	6,119,285	3,690,688	3,607,207	3,412,588	-
6,143,272	5,466,103	5,574,676	4,798,195	4,707,552	-
-	-	-	-	-	-
-	-	-	-	-	34,381
-	-	-	-	-	2,718,295
-	-	-	-	-	652,072
-	-	-	-	-	3,753,158
-	-	-	-	-	-
-	-	-	-	-	-
<b><u>\$ 21,446,436</u></b>	<b><u>\$ 13,825,655</u></b>	<b><u>\$ 10,215,782</u></b>	<b><u>\$ 10,899,751</u></b>	<b><u>\$ 9,577,820</u></b>	<b><u>\$ 7,157,906</u></b>

# Farmington Public School District

	2002	2003	2004	2005
<b>Revenue</b>				
Local revenue	\$ 64,256,861	\$ 65,537,344	\$ 66,801,311	\$ 70,198,861
State revenue	75,922,979	76,018,266	74,417,757	78,297,078
Federal revenue	3,271,418	3,555,548	3,893,178	4,671,787
Interdistrict revenue	<u>12,251,697</u>	<u>13,176,835</u>	<u>16,184,475</u>	<u>15,362,879</u>
Total revenue	155,702,955	158,287,993	161,296,721	168,530,605
<b>Expenditures</b>				
Current:				
Instruction	79,752,468	77,615,363	82,970,812	88,690,383
Support services	55,560,132	55,227,849	57,108,106	59,648,086
Community services	1,259,291	1,712,713	1,771,878	1,823,162
Nutrition services	2,933,640	3,138,758	3,199,847	3,419,398
Athletics	1,902,582	1,816,113	1,817,129	1,826,182
Debt service:				
Principal	3,825,000	4,175,000	4,375,000	4,575,000
Interest	3,673,777	3,507,224	3,316,088	3,248,806
Other	-	-	-	-
Intergovernmental payments	1,171,010	1,294,685	1,102,623	1,260,158
Capital outlay	<u>7,767,909</u>	<u>1,330,871</u>	<u>5,647,415</u>	<u>8,667,517</u>
Total expenditures	<u>157,845,809</u>	<u>149,818,576</u>	<u>161,308,898</u>	<u>173,158,692</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	(2,142,854)	8,469,417	(12,177)	(4,628,087)
<b>Other Financing Sources (Uses)</b>				
Debt issuance	-	-	-	67,000,000
Sale of fixed assets	302,952	24,747	30,338	-
Transfers in	9,412,697	8,573,423	11,106,318	12,618,200
Transfers out	(9,412,697)	(8,573,423)	(11,106,318)	(12,618,200)
Payment to bond escrow agent	-	-	-	(44,575,000)
Total other financing sources	<u>302,952</u>	<u>24,747</u>	<u>30,338</u>	<u>22,425,000</u>
<b>Net Change in Fund Balances</b>	(1,839,902)	8,494,164	18,161	17,796,913
<b>Fund Balances - Beginning of year</b>	42,558,678	42,166,814	50,660,978	50,679,139
<b>Adjustment to Fund Balance from Adoption of GASB No. 34</b>	<u>1,448,038</u>	-	-	-
<b>Fund Balances - End of year</b>	<u>\$ 42,166,814</u>	<u>\$ 50,660,978</u>	<u>\$ 50,679,139</u>	<u>\$ 68,476,052</u>
Debt service as a percentage of noncapital expenditures	5.30%	5.51%	5.24%	5.03%

Source: Farmington Public School District audited financial statements

**Financial Trend Information**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**

2006	2007	2008	2009	2010	2011
\$ 71,167,847	\$ 72,357,730	\$ 73,829,784	\$ 69,477,371	\$ 67,589,057	\$ 65,032,708
80,396,333	80,218,401	80,354,016	77,739,909	75,454,052	78,833,538
5,008,360	4,364,678	5,144,317	9,677,723	11,310,338	10,576,783
<u>15,224,655</u>	<u>17,343,384</u>	<u>18,493,107</u>	<u>17,509,716</u>	<u>16,962,427</u>	<u>15,676,746</u>
171,797,195	174,284,193	177,821,224	174,404,719	171,315,874	170,119,775
93,827,659	94,120,648	91,092,053	95,726,635	97,015,401	90,810,497
60,486,232	61,322,450	60,402,363	61,319,924	62,000,776	56,670,108
1,890,289	1,780,866	1,697,832	1,413,738	1,356,136	1,215,179
3,603,064	3,864,834	3,932,541	4,002,917	3,997,493	3,807,614
2,296,843	2,310,316	2,320,740	2,418,962	2,349,801	2,006,621
5,275,000	5,525,000	5,805,000	5,995,000	5,480,000	5,645,000
3,293,201	3,064,853	2,851,454	2,621,518	2,465,030	2,302,693
-	-	-	-	-	-
1,322,596	1,332,315	749,394	558,919	750,522	721,407
<u>19,231,731</u>	<u>9,564,119</u>	<u>4,259,778</u>	<u>3,956,611</u>	<u>4,727,626</u>	<u>4,714,698</u>
<u>191,226,615</u>	<u>182,885,401</u>	<u>173,111,155</u>	<u>178,014,224</u>	<u>180,142,785</u>	<u>167,893,817</u>
(19,429,420)	(8,601,208)	4,710,069	(3,609,505)	(8,826,911)	2,225,958
-	-	-	-	-	-
22,645	13,616	39,855	50,709	24,089	35,046
13,361,691	13,401,276	17,437,871	16,710,465	15,186,436	10,380,771
(13,361,691)	(13,401,276)	(17,437,871)	(16,710,465)	(15,186,436)	(10,380,771)
-	-	-	-	-	-
<u>22,645</u>	<u>13,616</u>	<u>39,855</u>	<u>50,709</u>	<u>24,089</u>	<u>35,046</u>
(19,406,775)	(8,587,592)	4,749,924	(3,558,796)	(8,802,822)	2,261,004
68,476,052	49,069,277	40,481,685	45,231,609	41,672,813	32,869,991
-	-	-	-	-	-
<u>\$ 49,069,277</u>	<u>\$ 40,481,685</u>	<u>\$ 45,231,609</u>	<u>\$ 41,672,813</u>	<u>\$ 32,869,991</u>	<u>\$ 35,130,995</u>
5.29%	5.26%	5.43%	5.23%	4.77%	5.14%

# Farmington Public School District

## Taxable Value by Property Type

Tax Year	Real Property			Personal	Commercial
	Residential	Commercial	Industrial	Property*	Personal Property
2001	\$ 2,413,893,614	\$ 765,131,445	\$ 232,721,830	\$ 311,444,940	N/A
2002	2,548,365,799	815,003,140	238,901,190	312,728,410	N/A
2003	2,645,226,674	855,118,350	244,517,540	312,218,810	N/A
2004	2,759,414,055	883,168,250	249,027,220	318,487,442	N/A
2005	2,878,902,380	920,238,630	266,753,550	294,764,930	N/A
2006	3,018,638,560	950,426,860	274,910,160	298,725,070	N/A
2007	3,128,593,270	987,195,890	280,137,220	299,051,890	N/A
2008	3,097,444,190	1,001,122,800	281,107,040	N/A	\$ 160,417,450
2009	2,852,923,100	1,006,481,180	286,807,880	N/A	156,459,620
2010	2,403,008,210	921,785,410	245,508,730	N/A	146,933,020

Note: Under Michigan law, the revenue base is taxable value. The property tax base in the School District is contingent upon the taxable property values. Taxable value increases are limited by variable caps and other restrictions, which generally cause taxable values to be at or below the state equalized values, which are primarily market-driven. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

\* During fiscal year 2009, the State of Michigan revised the taxable value structure of the personal property tax base. This change was made to lessen property taxes on businesses within the state.

Source: Oakland County Form L-4028

**Revenue Capacity Information**  
**Taxable Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Taxable Value by Property Type					Taxable
Industrial Personal Property	Utility Personal Property	Total Value	Tax Rate (mills) Homestead/Non- Homestead	Estimated Actual Value	Value as a % of Actual Value
N/A	N/A	\$ 3,723,191,829	12.8633/20.0000	\$ 7,446,383,658	50.00
N/A	N/A	3,914,998,539	12.4459/19.9388	7,829,997,078	50.00
N/A	N/A	4,057,081,374	11.8783/19.9388	8,114,162,748	50.00
N/A	N/A	4,210,096,967	11.5466/19.9388	8,420,193,934	50.00
N/A	N/A	4,360,659,490	11.1596/19.9388	8,721,318,980	50.00
N/A	N/A	4,542,700,650	10.6511/19.7388	9,085,401,300	50.00
N/A	N/A	4,694,978,270	10.1784/19.8000	9,389,956,540	50.00
\$ 95,137,710	\$ 36,618,240	4,671,847,430	9.6915/19.8000	9,343,694,860	50.00
90,453,690	37,452,570	4,430,578,040	10.1442/19.8000	8,861,156,080	50.00
86,967,220	38,192,480	3,842,395,070	12.0278/20.1000	7,684,790,140	50.00

# Farmington Public School District

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## Millage Rates - Direct Farmington Public School District Taxes

Tax Year	Fiscal Year Ended June 30	Operating			Total Direct Taxes	
		Homestead	Non- homestead	Debt*	Homestead	Non- homestead
2001	2002	10.8633	18.0000	2.0000	12.8633	20.0000
2002	2003	10.4459	17.9388	2.0000	12.4459	19.9388
2003	2004	9.8783	17.9388	2.0000	11.8783	19.9388
2004	2005	9.5466	17.9388	2.0000	11.5466	19.9388
2005	2006	9.1596	17.9388	2.0000	11.1596	19.9388
2006	2007	8.8511	17.9388	1.8000	10.6511	19.7388
2007	2008	8.3784	18.0000	1.8000	10.1784	19.8000
2008	2009	7.8915	18.0000	1.8000	9.6915	19.8000
2009	2010	8.3442	18.0000	1.8000	10.1442	19.8000
2010	2011	9.9278	18.0000	2.1000	12.0278	20.1000

\* Debt millage applies to homestead and nonhomestead property

Sources: Assessment and tax roll certificates and warrants for West Bloomfield Township, City of Farmington Hills, and City of Farmington

**Revenue Capacity Information  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

Overlapping Taxes

County	Oakland	Oakland	State	City of Farmington	City of Farmington Hills	Township of West Bloomfield
	Community College	Intermediate School District				
4.6438	1.5952	3.4526	6.0000	15.7315	11.0790	7.9503
4.6523	1.6090	3.4224	6.0000	15.7139	11.4108	9.5140
4.6497	1.5983	3.3991	5.0000	15.7050	11.4061	9.4693
4.6476	1.5889	3.3789	6.0000	15.8049	11.4038	9.1694
4.6461	1.5844	3.3690	6.0000	16.0019	11.7027	9.6569
4.6461	1.5844	3.3690	6.0000	16.0019	12.1972	9.5634
4.6461	1.5844	3.3690	6.0000	16.0019	12.1972	9.5894
4.7461	1.5844	3.3690	6.0000	15.4019	12.1972	9.5894
4.7461	1.5844	3.3690	6.0000	15.4019	12.1972	8.9774
4.7461	1.5844	3.3690	6.0000	16.0000	12.1972	9.0074

# Farmington Public School District

## Revenue Capacity Information Principal Property Taxpayers

Taxpayer	2010 Taxable Value	Percentage of Total	2001 Taxable Value	Percentage of Total
1 Oakland Management Company	\$ 57,720,650	1.50	\$ 45,319,020	1.22
2 FH Corporate Inv (Kojaian)	50,356,830	1.31	-	-
3 Robert Bosch Corporation	39,446,180	1.03	21,920,330	0.59
4 Nissan Corporation	36,201,380	0.94	-	-
5 Detroit Edison Company	23,575,330	0.61	32,188,380	0.86
6 Arboretum Development	21,510,120	0.56	-	-
Nissan Corporation	-	-	24,374,970	0.65
7 Ramco/Lion Venture LP	18,539,840	0.48	-	-
Aimco (Independence Green Apartments)	-	-	15,736,860	0.42
8 Etkin & Fice	17,152,750	0.45	-	-
9 Chrysler Financial Company	16,459,500	0.43	-	-
10 Green Hill Apartments	16,103,890	0.42	-	-
Arboretum Development	-	-	19,309,380	0.52
Liberty Property Ltd. Partnership	-	-	18,142,760	0.49
Compuware Corporation	-	-	19,493,960	0.52
Sherr Development Corporation	-	-	16,854,050	0.45
Frankel, Stuart	-	-	15,595,010	0.42
All others	<u>3,545,328,600</u>	<u>92.27</u>	<u>3,494,257,109</u>	<u>93.86</u>
Total	<u><b>\$ 3,842,395,070</b></u>	<u><b>100.00</b></u>	<u><b>\$ 3,723,191,829</b></u>	<u><b>100.00</b></u>

Source: Cities of Farmington and Farmington Hills

# Farmington Public School District

## Revenue Capacity Information Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2001	2002	\$ 58,203,140	\$57,826,582	99.35	\$ -	\$ 57,807,003	99.32
2002	2003	59,857,221	59,519,705	99.43	-	59,487,626	99.38
2003	2004	60,487,764	60,092,799	99.34	-	60,068,773	99.31
2004	2005	61,603,833	61,184,864	99.31	-	61,043,781	99.09
2005	2006	62,760,794	62,642,642	99.81	859	62,515,317	99.61
2006	2007	63,497,573	63,362,114	99.78	520	63,129,475	99.42
2007	2008	64,328,248	64,079,736	99.61	(15,195)	63,864,244	99.30
2008	2009	61,463,059	61,297,437	99.73	(75,380)	60,975,539	99.33
2009	2010	60,356,441	60,208,132	99.75	(347,720)	59,860,412	99.75
2010	2011	57,759,703	57,643,665	99.80	-	57,643,665	99.80

Source: Farmington Public School District audited financial statements

# Farmington Public School District

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	2002	2003	2004	2005
<b>Governmental Activities</b>				
General obligation bonds	\$ 71,850,000	\$ 67,675,000	\$ 63,300,000	\$ 81,150,000
Less pledged debt service funds	-	-	-	-
Net general bonded debt	71,850,000	67,675,000	63,300,000	81,150,000
Installment purchase agreements	-	-	-	-
Capital leases	-	-	-	-
Total debt of the School District	71,850,000	67,675,000	63,300,000	81,150,000
Estimated actual value of taxable property	7,446,383,658	7,829,997,078	8,114,162,748	8,420,193,934
Net general bonded obligation debt as a percentage of estimated actual value of taxable property	0.96%	0.86%	0.78%	0.96%
Total population	93,000	95,000	95,000	95,000
Total debt per capita	\$ 773	\$ 712	\$ 666	\$ 854
Per capita personal income	\$ 34,293	\$ 34,293	\$ 34,293	\$ 34,293
Total debt to per capita personal income	2,095:1	1,973:1	1,846:1	2,366:1

Note: If personal income is unavailable, it is acceptable to use taxable value.

Sources: Farmington Public School District audited financial statements  
Population information obtained from Southeastern Michigan Council of Governments

**Debt Capacity Information  
Ratios of Bonded Debt Outstanding  
Last Ten Fiscal Years**

2006	2007	2008	2009	2010	2011
\$ 75,875,000	\$ 70,350,000	\$ 64,545,000	\$ 58,550,000	\$ 53,070,000	\$ 47,425,000
-	-	-	-	-	-
75,875,000	70,350,000	64,545,000	58,550,000	53,070,000	47,425,000
-	-	-	-	-	-
-	-	-	-	-	-
75,875,000	70,350,000	64,545,000	58,550,000	53,070,000	47,425,000
8,721,318,980	9,085,401,300	9,389,956,540	9,343,694,860	8,861,156,080	7,684,790,140
0.87%	0.77%	0.69%	0.63%	0.60%	0.62%
91,000	91,000	91,000	89,500	89,500	89,500
\$ 834	\$ 773	\$ 709	\$ 654	\$ 593	\$ 530
\$ 34,293	\$ 34,293	\$ 34,293	\$ 34,293	\$ 34,293	\$ 34,293
2,213:1	2,051:1	1,882:1	1,707:1	1,548:1	1,383:1

# Farmington Public School District

## Debt Capacity Information Direct and Overlapping Governmental Activities Debt Year Ended June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
City of Farmington	\$ 2,844,642	100.00%	\$ 2,844,642
City of Farmington Hills	19,593,458	93.04%	18,229,753
Township of West Bloomfield	16,175,547	3.65%	590,407
Farmington Community Library	2,450,000	93.65%	2,294,425
Oakland County	97,781,733	6.95%	6,795,830
Oakland Community College	5,075,000	6.99%	354,743
Oakland Intermediate School District	<u>62,379,412</u>	6.97%	<u>4,347,845</u>
Total overlapping debt	206,299,792		35,457,645
Direct district debt	<u>47,425,000</u>		<u>47,425,000</u>
Total direct and overlapping debt	<u><b>\$ 253,724,792</b></u>		<u><b>\$ 82,882,645</b></u>

Source: Michigan Advisory Council of Michigan, May 2011

The share of overlapping debt is determined by taking the amount of taxable value in each jurisdiction that is within the boundaries of the School District as a percentage of the total taxable value of that jurisdiction. That percentage is then applied to the direct tax-supported debt of the jurisdiction to determine the School District's overlapping share. Only tax-supported debt is included in the overlapping debt.

# Farmington Public School District

	2002	2003	2004	2005	2006
Calculation of debt limit:					
State equalized valuation (SEV)	\$ 4,171,929,440	\$ 4,514,678,230	\$ 4,731,191,540	\$ 4,895,136,120	\$ 5,011,735,710
15% of SEV*	625,789,416	677,201,735	709,678,731	734,270,418	751,760,357
Calculation of debt subject to limit:					
Total debt	71,850,000	67,675,000	63,300,000	81,150,000	75,875,000
Less debt not subject to limit - State qualified debt issuance	(71,850,000)	(67,675,000)	(63,300,000)	(81,150,000)	(75,875,000)
Net debt subject to limit	-	-	-	-	-
Legal debt margin	<u>\$ 625,789,416</u>	<u>\$ 677,201,735</u>	<u>\$ 709,678,731</u>	<u>\$ 734,270,418</u>	<u>\$ 751,760,357</u>
Net debt subject to limit as a percent of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

\* Public Act No. 451 of Michigan 1976, Sec. 1351A provides debt limits as follows: The bonded indebtedness of a school district shall not exceed 15 percent of all assessed valuation of the district. Bonds not included in the computation of the legal debt margin are:

1. Defeased bonds
2. Any bond qualified under Article IX, Section 16 of the 1963 Michigan Constitution
3. Deficit budget bonds as authorized by Sec. 1356

Source: School District audited financial statements

**Debt Capacity Information  
Legal Debt Margin  
Last Ten Fiscal Years**

2007	2008	2009	2010	2011
\$ 5,149,032,060	\$ 5,223,211,550	\$ 5,017,437,570	\$ 4,560,420,200	\$ 3,901,601,510
772,354,809	783,481,733	752,615,636	684,063,030	585,240,227
70,350,000	64,545,000	58,550,000	53,070,000	47,425,000
<u>(70,350,000)</u>	<u>(64,545,000)</u>	<u>(58,550,000)</u>	<u>(53,070,000)</u>	<u>(47,425,000)</u>
-	-	-	-	-
<b><u>\$ 772,354,809</u></b>	<b><u>\$ 783,481,733</u></b>	<b><u>\$ 752,615,636</u></b>	<b><u>\$ 684,063,030</u></b>	<b><u>\$ 585,240,227</u></b>
0.00%	0.00%	0.00%	0.00%	0.00%

# Farmington Public School District

## Demographic and Economic Information Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2002	93,000	\$ 3,189,249	\$ 34,293	3.32%
2003	95,000	3,257,835	34,293	3.63%
2004	95,000	3,257,835	34,293	4.70%
2005	95,000	3,257,835	34,293	4.70%
2006	91,000	3,120,663	34,293	4.70%
2007	91,000	3,120,663	34,293	5.00%
2008	91,000	3,120,663	34,293	5.70%
2009	89,500	3,069,224	34,293	10.00%
2010	89,500	3,069,224	34,293	11.27%
2011	89,500	3,069,224	34,293	9.02%

Sources: U.S. Bureau of the Census, Census 2000  
Michigan Department of Labor and Economic Growth

# Farmington Public School District

## Demographic and Economic Information Principal Employers

Taxpayer	2011 Employees	Percentage of Total Employment	2001 Employees*	Percentage of Total Employment
Botsford Hospital	2,000	4.9%	2,520	5.2%
Robert Bosch Corporation	1,600	3.9%	1,000	2.1%
Farmington Public School District	1,400	3.4%	2,024	4.2%
Quicken Loans	1,000	2.4%	-	0.0%
Cengage Learning (Gale)	850	2.1%	800	1.6%
Aditya Birla Minacs	700	1.7%	-	0.0%
Mercedes-Benz Financial Services	600	1.5%	-	0.0%
TRW Automotive Electronics	600	1.5%	-	0.0%
Nissan Technical Center North America	500	1.2%	555	1.1%
ACO Incorporated	500	1.2%	-	0.0%
Compuware Corporation	-	0.0%	2,300	4.7%
Michigan National Corporation	-	0.0%	940	1.9%
Trinity Health	-	0.0%	600	1.2%
Complete Business Solution	-	0.0%	645	1.3%
Citimortgage Inc.	-	0.0%	900	1.8%
<b>Total principal employers</b>	<b><u>9,750</u></b>		<b><u>12,284</u></b>	
<b>Total employment</b>	<b><u>41,122</u></b>		<b><u>48,703</u></b>	

\*2002 information not available.

Sources: City of Farmington Hills website  
Oakland County  
Southeast Michigan Council of Governments  
Farmington Public School District

## **Farmington Public School District**

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<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government:						
Instruction	995	967	998	998	1,015	987
Support services	606	599	612	613	604	580
Community service	4	6	6	6	6	5
Athletics	3	2	2	2	2	2
Food service	<u>71</u>	<u>71</u>	<u>71</u>	<u>71</u>	<u>71</u>	<u>71</u>
 Total	 <u><b>1,679</b></u>	 <u><b>1,645</b></u>	 <u><b>1,689</b></u>	 <u><b>1,690</b></u>	 <u><b>1,698</b></u>	 <u><b>1,645</b></u>

Source: Farmington Public School District Personnel Department

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**Operating Information**  
**Full-time Equivalent School District Employees**  
**Last Ten Fiscal Years**

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
935	943	953	841
551	567	579	480
5	5	5	4
2	2	2	2
<u>71</u>	<u>71</u>	<u>71</u>	<u>69</u>
<b><u>1,564</u></b>	<b><u>1,588</u></b>	<b><u>1,610</u></b>	<b><u>1,396</u></b>

# Farmington Public School District

## Operating Information Operating Indicators Last Ten Fiscal Years

Year	Enrollment	Operating Expenditures	Cost per Pupil	Operating Revenue	Revenue per Pupil	Total Teaching Staff	Percentage of Students	
							Qualifying for Free/Reduced Meals	Average Teacher Salary
2002	12,065	\$ 132,551,763	\$ 10,986.47	\$ 129,888,426	\$ 10,765.72	897	6.91%	\$ 59,971
2003	12,059	127,201,170	10,548.24	131,113,940	10,872.70	920	7.47%	61,636
2004	12,158	135,842,926	11,173.13	131,060,875	10,779.81	920	8.15%	64,482
2005	12,154	142,066,060	11,688.83	136,189,501	11,205.32	943	9.44%	65,716
2006	12,162	146,897,878	12,078.43	139,406,917	11,462.50	940	10.75%	67,298
2007	12,023	145,741,496	12,121.89	140,273,367	11,667.09	907	12.62%	70,917
2008	12,018	140,920,297	11,725.77	142,211,296	11,833.19	897	13.61%	71,254
2009	11,908	148,411,803	12,463.20	140,526,434	11,801.01	906	15.50%	74,526
2010	11,832	150,653,406	12,732.71	138,003,848	11,663.61	908	19.23%	75,267
2011	11,567	142,196,852	12,293.32	138,989,831	12,016.07	793	22.72%	76,800

Sources: Farmington Public School District audited financial statements  
Michigan Department of Education Bulletin 1014

# Farmington Public School District

Function/Program	2002	2003	2004	2005	2006
Instructional buildings:					
Elementary:					
Number of buildings	13	13	13	13	13
Square footage	640,831	640,831	640,831	640,831	640,831
Capacity	5,325	5,325	5,325	5,325	5,325
Enrollment**	4,972	5,110	5,122	5,033	4,985
Upper Elementary:					
Number of buildings	-	-	-	-	-
Square footage	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment**	-	-	-	-	-
Middle:					
Number of buildings	4	4	4	4	4
Square footage	429,172	429,172	429,172	429,172	429,172
Capacity	3,124	3,124	3,124	3,124	3,124
Enrollment**	2,871	2,861	2,929	2,923	2,794
High:					
Number of buildings	3	3	3	3	3
Square footage	734,412	734,412	734,412	734,412	734,412
Capacity	3,856	3,856	3,856	3,856	3,856
Enrollment**	3,755	3,811	3,809	3,944	3,921
Other:					
Number of buildings	6	6	6	6	6
Square footage	147,542	147,542	147,542	147,542	147,542
Capacity	755	755	755	755	755
Enrollment**	542	306	298	356	556
Administrative:					
Number of buildings	4	4	4	4	4
Square footage	134,491	134,491	134,491	139,853	139,853
Transportation:					
Number of garages	1	1	1	1	1
Buses	101	101	96	96	96
Athletics:					
Football/Soccer fields	12	12	12	12	15
Running tracks	3	3	3	3	5
Baseball/Softball	32	32	32	32	31
Swimming pools	3	3	3	3	3
Playgrounds	17	17	17	17	17

\*This table includes all buildings in service during the periods reported.

\*\*Enrollment is based upon the Fall Head Count of pupils.

Source: Farmington Public School District

**Operating Information**  
**Capital Asset Information**  
**Last Ten Fiscal Years**

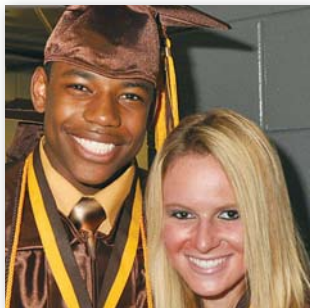
2007	2008	2009	2010	2011*
13	13	13	13	9
640,831	640,831	640,831	640,831	459,488
5,325	5,325	5,325	5,325	4,389
4,945	4,879	4,812	4,880	3,879
-	-	-	-	2
-	-	-	-	209,452
-	-	-	-	1,708
-	-	-	-	1,655
4	4	4	4	2
429,172	429,172	429,172	429,172	232,200
3,124	3,124	3,124	3,124	1,848
2,724	2,651	2,720	2,654	1,752
3	3	3	3	3
734,412	734,412	734,412	734,412	734,412
3,856	3,856	3,856	3,856	3,856
3,949	4,089	3,984	4,054	4,033
6	6	6	6	4
147,542	147,542	147,542	147,542	112,532
755	755	755	755	605
547	575	488	379	330
4	4	4	4	3
139,853	139,853	139,853	139,853	77,588
1	1	1	1	1
96	96	96	96	95
15	15	15	15	15
5	5	5	5	5
31	31	31	31	31
3	3	3	3	3
17	17	17	17	14

# Farmington PUBLIC SCHOOLS

# Points of Pride

## District Mission Statement

Farmington Public Schools, together with our community, will engage every student in a quality learning experience, empowering each student to become a thoughtful, contributing citizen in a changing world.



Farmington Public Schools is a great place to work and learn. We are continually moving forward, growing and improving. Here are just some of our points of pride:

## DISTRICT

- For the 13th year in a row, the District has received the **Meritorious Budget Award** for outstanding financial reporting.
- All schools are **fully accredited** by the North Central Association of Colleges and Schools. Alameda Early Childhood Center and Farmington Community School are accredited by the National Association for the Education of Young Children (NAEYC).
- The District serves families who represent more than **95 languages**.
- In an attempt to respond to the linguistic and educational needs of newly arrived immigrants to the District, the District operates elementary, upper elementary, middle school and high school **Newcomer Centers** that provide a supportive transitional environment intended to help students acquire communicative English language skills.
- The District is a member of the national Minority Student Achievement Network (MSAN) which focuses on **raising achievement** and closing achievement gaps.
- Due to the strong support of the community **passing two millage proposals** in the past 10 years, students learn in state of the art educational spaces and athletic/music facilities.
- All three high schools were named to *Newsweek's* **top 1,000 public high schools** in the country.
- Seven Farmington Public Schools have been named **Michigan Blue Ribbon Exemplary Schools** with three also being named **National Blue Ribbon Exemplary Schools**.
- The District continues to practice and investigate sustainable measures. To this end, the District has **saved almost \$6.1 million in energy costs** during the last five years.
- Sixteen schools in the District have student-led green teams; nine of which have been certified as **Michigan Green Schools**.
- The District offers a wide variety of **summer learning opportunities** for students.
- The District **provides free all-day kindergarten** for families.

## STAFF

- The District is home to **two Milken National Educator Teacher award winners**. This award recognizes exceptional educational talent as evidenced by effective instructional practices and other criteria.
- **Seventy-five percent** of Farmington teachers hold **advanced degrees**.
- Since 1989, 19 FPS teachers have been named **Oakland County Outstanding Teachers of the Year** and eight FPS support staff personnel have been named **Oakland County's Betty Champion Support Persons of the Year**.

# Points of Pride

## District Vision Statement

The vision of Farmington Public Schools is high achievement by all students, where learning is our most important work. We are a District in which:

- Students, teachers, parents, community members, support staff, and administrators work collaboratively to create a positive learning environment to ensure all students are successful, competent and productive.
- Teachers hold high expectations for all students.
- We rely on our diversity of thought, perspective and people to build on our strengths.
- All students and staff feel empowered and supported.
- Teachers use best practice in every classroom to engage each child.
- Each school provides a safe, caring and nurturing environment for students, staff and parents that enables every child to experience the joy of learning.
- Decisions are based on data and quality information.

Farmington Public Schools shall not discriminate against any person based on race, color, religion, national origin or ancestry, sexual orientation, gender, age, disability, height, weight, or marital status in any of its programs, services, activities or employment. Inquiries regarding nondiscrimination policies should be directed to:

Human Resource Specialist  
32500 Shiawassee,  
Farmington, MI 48336  
248.489.3356

## STUDENTS

- Farmington students consistently **score above state and national averages** on the American College Test (ACT), Scholastic Assessment Test (SAT) and the Michigan Education Assessment Program (MEAP).
- Approximately **798 students took Advanced Placement exams and 72 percent qualified for college credit on at least one exam** in 2009/2010. This ultimately saves hundreds of dollars of college tuition for families.
- The three comprehensive high schools' **musical groups** annually compete and **win state and national honors**.
- In 2010, FPS graduated 930 students; approximately **97 percent went on to a four-year university, community college or technical school**.
- Students have the opportunity to participate in a **wide variety of athletics**. Many of the teams have earned **divisional, regional and state championship titles**.
- Students from around the District **excel in State and National competitions** like WordMasters, PTA Reflections and Math Pentathlon.
- Our students regularly earn honors as **AP Scholars, All State Academics winners** and **National Merit Award winners**.
- High school students can participate in the District's student-run television studio, **TV-10**, which just celebrated 26 years of operation.

## COMMUNITY

- **Involved and supportive parents** is a strength of Farmington Public Schools. Parents are involved in their schools and participate in PTAs/PTSAs, booster groups, the Farmington African American Parent Network (FAAPN) and other parent groups.
- For the past two years, the Farmington Area PTA Council was honored with the Michigan Parent Teacher Student Association (MPTSA) **Most Business and Professional Memberships Award**.
- Since 1996, the City of Farmington Hills, in partnership with the City of Farmington, Farmington Public Schools and the Farmington Family YMCA, has operated **After School Youth Centers** which have supported more than 8,000 students between the ages of nine through 15.
- The Farmington Family YMCA offers **before and after school care** for students at each of the District's elementary and upper elementary school sites.

### Farmington Public Schools

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*a world class destination*