

***CITY OF FARMINGTON HILLS, MI
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2024***



City of Farmington Hills

Annual Comprehensive Financial Report

County of Oakland

State of Michigan

Fiscal Year Ended June 30, 2024



Prepared by:

Finance Department

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December 13, 2024

Honorable Mayor, Members of the City Council,
and Citizens of Farmington Hills

We are pleased to submit the annual comprehensive financial report (ACFR) of the City of Farmington Hills (the "City") for the fiscal year ended June 30, 2024. This report was prepared by the Finance Department in conformance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, generally accepted accounting principles (GAAP), the Treasurer of the State of Michigan, and the Government Finance Officers Association (GFOA). This report consists of management representations concerning the finances of the City of Farmington Hills. Therefore, responsibility for the accuracy, completeness, reliability, and fairness of the financial data herein, including all disclosures, rests with the administration and management of the City of Farmington Hills. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The statements have been audited in accordance with generally accepted auditing standards by Yeo & Yeo, a certified public accounting firm licensed by the State of Michigan.

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

Yeo & Yeo has audited the City of Farmington Hills' financial statements to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2024 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Farmington Hills' financial statements for the fiscal year ended June 30, 2024 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

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

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a

management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Farmington Hills' MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

Farmington Hills is a 34 square mile suburban community with a pastoral and gently rolling terrain in Oakland County, MI, located 17 miles from downtown Detroit. It is one of the largest cities in Oakland County, the most prosperous county in Michigan and one of the most prosperous counties in America. Incorporated in 1973, the City quickly grew from its rural roots, and today offers a unique blend of historic charm, international diversity, and cutting-edge commerce, making it one of the most desirable locations to live and work in the United States. The City's tax base of \$4.5 billion is comprised of 70 percent residential property and 30 percent commercial, industrial, and personal property. The community's estimated 83,986 residents live in approximately 33,972 households with a median household income of \$83,268.

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

The community offers a wide range of quality housing featuring homes in every style and price range. There are many premier residential areas providing housing options including more than 25,200 single-family homes and over 10,600 rental units designed to fit every lifestyle. Home prices range from under \$100,000 to \$3 million, with the average home priced at approximately \$309,000.

The City demonstrates its respect for its Quaker heritage by committing to historical preservation through its Historic Commission, Historical District, and the conversion of the historic Spicer Estate House to a Visitor Center within the 211-acre passive Heritage Park, located in the center of the City.

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

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

The City of Farmington Hills provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events; and refuse collection and recycling services. Utility services for water and sanitary sewers are provided by the City, with the Oakland County Water Resources Commission administering the service for water and sanitary sewers under contract with the City. Library functions are provided by the Farmington Community Library, which serves both the City of Farmington Hills and the neighboring City of Farmington.

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

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

The other component units of the City are the Brownfield Redevelopment Authority, established by the City Council to assist in the redevelopment of environmentally challenged sites within the City; and the Corridor Improvement Authority, created by the City Council to correct and prevent deterioration in business districts, encourage historic preservation, and promote economic growth.

The Corridor Improvement Authority was created in collaboration with the City of Farmington in sharing a corridor to leverage investments by defraying some of the costs of redevelopment and sharing resources that can be invested in improvements. The Brownfield Redevelopment Authority and the Corridor Improvement Authority financial statements are also displayed in the basic financial statements.

The City's annual budget provides the foundation for financial planning and control. All departments funded by the City of Farmington Hills are required to submit requests for appropriations to the City Manager in February of each year. The City Manager utilizes these requests as the basis for developing the proposed budget submitted to City Council by the first regular council meeting in May.

In conformity with Article VII General Finance of the City Charter and the State of Michigan Uniform Budgets Act, a public hearing on the proposed annual budget and tax rates is held by the first regular Council meeting in June, after public notice of the meeting and hearing is published at least seven days prior to the public hearing.

The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police department). Department heads may make transfers of appropriated funds within a department with the approval of the City Manager and Finance Director. Transfers of appropriations between departments require approval by the City Council.

Budget-to-actual comparisons are provided in this report for each governmental fund in which an appropriated annual budget has been adopted. For the General Fund and the major Special Revenue Funds (Municipal Street Fund, Major Road Fund, Local Road Fund, and the Public Safety Millage Fund), the comparison is reported as part of the required supplemental information following the notes to the financial statements.

For the major Community Center Renovations Fund and all nonmajor governmental funds with an appropriated annual budget, this comparison is presented in the other supplemental information subsection of this report.

Factors Affecting Financial Condition

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

Local Economy - City of Farmington Hills possesses a diversified property tax base with residential currently comprising 70 percent, commercial 21 percent, industrial 3 percent, and personal property (business equipment, furniture, and machinery) 6 percent. No one taxpayer exceeds 2.19 percent of the tax roll and the top 20 taxpayers combined account for approximately 10.58 percent of the total tax roll. Farmington Hills is home to approximately 4,700 businesses, 75 Fortune 500 companies, and more than 100 international firms. The City's residents are employed predominantly in management, professional sales, and related occupations.

Economic development staff of the City coordinates development activity with the City's Economic Development Corporation. The City participates in a business retention program and has formed a partnership with the Oakland County Planning and Economic Development Services Division and the Michigan Economic Development Corporation. Working together, they have been successful in assisting companies in expanding their business opportunities in the City.

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

Oakland County continues to embrace the “emerging sectors” initiative, an aggressive plan to attract the top new and emerging businesses to Oakland County. Over the last several years over 500 emerging sector endeavors have generated over \$5 billion in investment while creating or retaining over 89,000 jobs. These sectors are:

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

Oakland County’s median household income of \$83,268 is the highest among Michigan’s 83 counties. Oakland County, as well as the City of Farmington Hills, continues to enjoy a AAA bond rating from Standard & Poor’s, the highest bond rating achievable. The AAA bond rating allows the City to borrow at the lowest possible interest rate, saving City’s taxpayers significant dollars in future borrowing costs.

The Michigan Senate Fiscal Agency report from May 2024 forecasts the following:

**SENATE FISCAL AGENCY
ECONOMIC AND BUDGET SUMMARY**

ECONOMIC PROJECTIONS (Calendar Year)					
	2022 Actual	2023 Actual	2024 Estimate	2025 Estimate	2026 Estimate
Real Gross Domestic Product (% change)	1.9%	2.5%	2.4%	2.0%	2.2%
US Consumer Price Index (% change)	8.0%	4.1%	3.2%	2.5%	2.5%
Light Motor Vehicle Sales (millions of units)	13.8	15.5	15.9	16.4	16.3
US Unemployment Rate (%)	3.6%	3.6%	4.0%	4.5%	4.4%
Real Michigan Personal Income (% change)	(6.9%)	(1.0%)	1.4%	1.9%	0.8%
Michigan Wage & Salary Employment (% change)	4.1%	1.8%	0.7%	1.1%	0.2%

The City Council annually reviews and accepts the updated “Six-year Capital Improvement Program,” as prepared by staff and adopted by the City’s Planning Commission, which directly impacts the City’s infrastructure. The City Council adopts many of the projects in the first year of this program in the annual budget. In addition to road construction and utility projects, the following categories of acquisitions or improvements are planned for FY 2024-2025:

- \$6.5 million for drainage projects
- \$1.1 million for sidewalk and bike path improvements/replacements

- \$1.1 million for Fire Department vehicles and equipment
- \$0.5 million for Police Department vehicles and equipment
- \$1.1 million for Public Services Department equipment
- \$1.3 million for technology equipment, software and upgrades
- \$2.9 million for public facility improvements

Financial Policies - The following financial policies of the City had a significant impact on the City's FY 2023-2024 financial statements:

Revenue Policy to Maintain a Diversified and Stable Taxable Revenue Base - Although the tax base remains diversified with approximately 70 percent residential and 30 percent nonresidential, the tax base had an increase in taxable values of approximately 6.2 percent in FY 2023-24. Taxable Values have increased by another 6.2% in FY 2024-25, reflecting a high inflation rate in the housing sector in the last several years and strong development.

Investment Policy to Maximize Yields while Maintaining the Integrity and Safety of Principal - The City makes a serious effort to maximize investment earnings, diversification, and insurability of its investable funds. At year end, the weighted average liquidity of the City's investment portfolio was approximately one week, while the average yield on the portfolio was performing in-line with the three-month and six-month Treasury yield along with the Federal Funds rate.

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

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

In order to better understand the financial condition of the City, it has become increasingly important to maintain and update an ongoing Financial Forecasting model. The end result of this forecasting model is intended to communicate what is likely to happen in the future based on where the City is today and where it appears to be heading. The preparation of a reasonably complete forecast allows the City to look at its options and prudently plan and act accordingly. The Financial Forecasts are developed as part of the annual Citizens Guide and Performance Dashboard document. This document also includes performance measurements of key benchmark data related to fiscal stability and economic strength.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmington Hills for its ACFR for the fiscal year ended June 30, 2023. This was the 26th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one

year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2024. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This was the 40th consecutive year the City received this award.

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

Respectfully submitted,



Gary Mekjian
City Manager



Thomas C. Skrobola
Finance Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Farmington Hills
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

City of Farmington Hills
List of Elected and Principal Officials
June 30, 2024

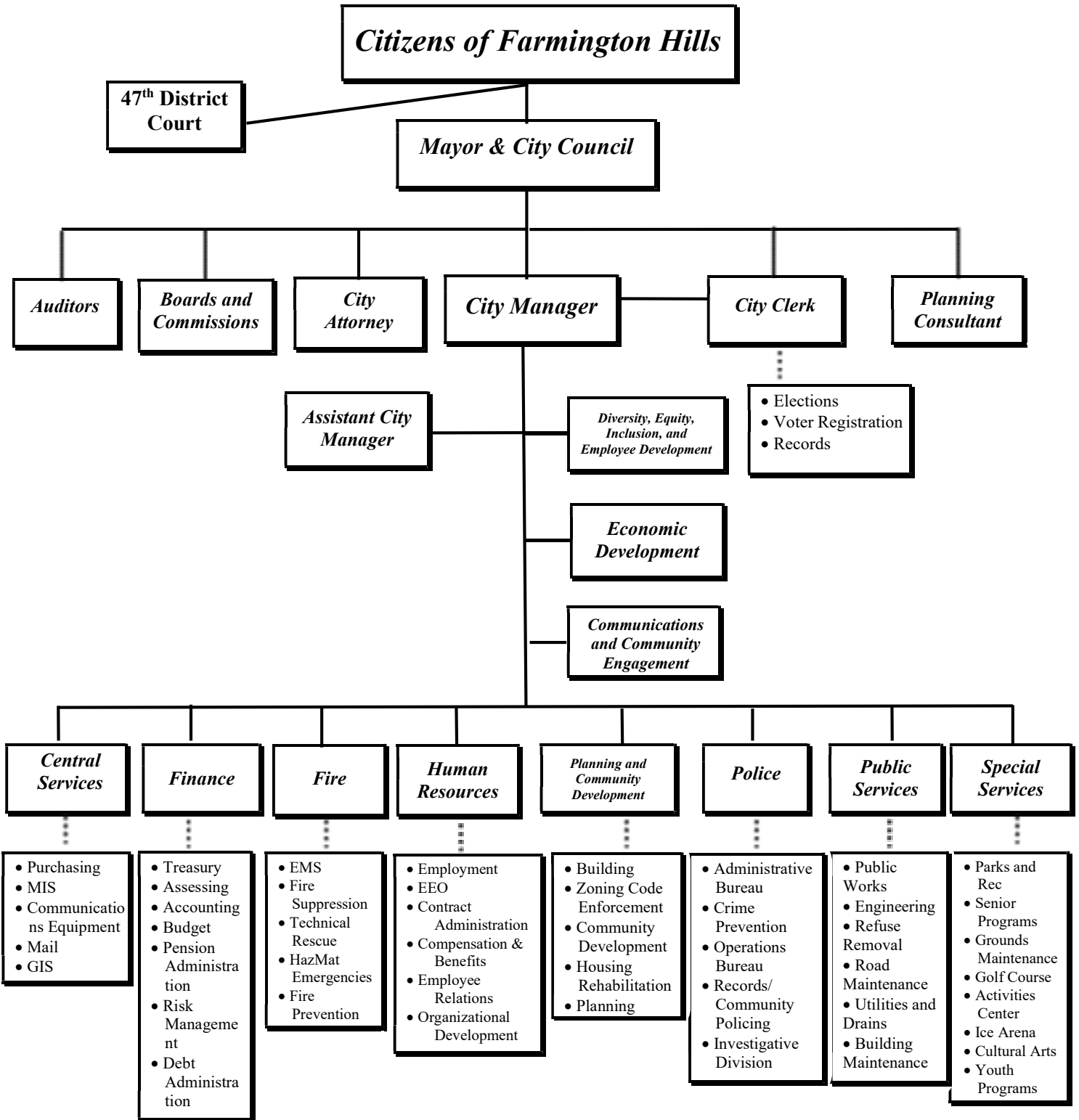
Mayor and City Council

Title	Name
Mayor	Vicki Barnett
Mayor Pro Tem	Randy Bruce
Council Member	Valerie Knol
Council Member	Michael Bridges
Council Member	Ken Massey
Council Member	Mary Newlin
Council Member	Jackie Boleware

Principal Officials

Title	Name
City Manager	Gary Mekjian
Assistant City Manager	Karen Mondora
Economic Development Director	Cristia Brockway
DEI & Employee Development	LaToya Harvey
Communications & Community Engagement	Vickie Sullen-Winn
City Clerk	Carly Lindahl
Central Services Director	Michelle Aranowski
Finance Director/Treasurer	Thomas Skrobola
Fire Chief	Jon Unruh
Human Resources Director	Lori Brown
Planning and Community Development Director	Charmaine Kettler-Schmult
Police Chief	Jeff King
Public Services Director	Jacob Rushlow
Special Services Director	Ellen Schnackel
City Attorney	Rosati, Schultz, Joppich & Amtsbuechler, P.C.
Deputy Director Special Services	Bryan Farmer
Deputy Director Special Services	Brian Moran
Assistant Police Chief	Vacant
Assistant Police Chief	John Piggott
Deputy Fire Chief	Jason Olszewski
Building Official	Scott Lenhart
City Assessor	Matthew Dingman
City Engineer	James Cubera
City Planner	Erik Perdonik
Community Development Coordinator	Tracey Emmanuel
Deputy City Clerk	Ashley Hopper
Deputy Treasurer	Shontae Stringfellow
Fire Marshal	Jason Baloga
Public Works Superintendent	Derrick Schueller
Zoning Division Supervisor	Dennis Randt

CITY OF FARMINGTON HILLS



**City of Farmington Hills
Fund Organization Chart**

Governmental Funds

General

General Fund

Debt Service

General Debt Service

Capital Projects

Capital Improvement
Community Center Renovations
Golf Course Capital Improvement

Special Revenue

Major Roads
Local Roads
Municipal Streets
Public Safety Millage
Community Development Block Grants (CDBG)
Nutrition Grant
Forfeiture
Parks and Recreation Special Millage
Michigan Indigent Defense Commission

Proprietary Funds - Enterprise

Water and Sewer

Fiduciary Funds

Custodial

Tax Collections

Component Units

Economic Development Corporation
Corridor Improvement Authority

Brownfield Redevelopment Authority

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government*

Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension and OPEB schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
December 13, 2024

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2024

Using this Annual Report

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

The City of Farmington Hills as a Whole

The City's combined primary government net position increased \$21 million or 5.3 percent, from \$396.9 million to \$418 million, due primarily to the net increase of \$22.6 million of capital assets and \$8 million of restricted assets, primarily in the Road Funds, due to the acquisition of infrastructure, facilities, and equipment, and the net increase in funds restricted for road construction, due to the timing of capital project expenditures over the fiscal year end. Of that amount, \$67.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens/creditors. Governmental activities net position increased by \$22.6 million or 8.9 percent. Unrestricted net position of governmental activities was approximately \$6.6 million as of June 30, 2024. Business-type activities net position decreased by approximately \$1.6 in net position or 1.1 percent. The unrestricted net position of business-type activities was approximately \$61.3 million as of June 30, 2024.

In condensed format, the table below shows the comparison of net position (in millions of dollars) as of June 30, 2024 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 135.2	\$ 121.6	\$ 64.7	\$ 70.0	\$ 199.9	\$ 191.6
Noncurrent assets:						
Noncapital assets	10.7	7.6	-	-	10.7	7.6
Capital assets	262.0	241.7	119.4	111.7	381.4	353.4
Total assets	407.9	370.9	184.1	181.7	592.0	552.6
Deferred Outflows of Resources	21.1	14.2	-	-	21.1	14.2
Liabilities						
Current liabilities	34.1	23.5	3.9	6.0	38.0	29.5
Long-term liabilities	110.6	92.6	37.5	31.4	148.1	124.0
Total liabilities	144.7	127.8	41.4	37.4	186.1	153.5
Deferred Inflows of Resources	9.0	4.6	-	-	9.0	4.6
Net Position						
Invested in capital assets	222.6	202.6	81.4	78.8	304.0	281.4
Restricted	46.1	38.1	-	-	46.1	38.1
Unrestricted (deficit)	6.6	12.0	61.3	65.5	67.9	77.5
Total net position	\$ 275.3	\$ 252.7	\$ 142.7	\$ 144.3	\$ 418.0	\$ 397.0

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2024

The following table shows the changes in net position (in millions of dollars) for the years ended June 30, 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue						
Program revenue:						
Charges for services	\$ 23.3	\$ 22.1	\$ 36.3	\$ 34.3	\$ 59.6	\$ 56.4
Operating grants and contributions	16.0	20.0	-	-	16.0	20.0
Capital grants and contributions	-	-	0.2	1.5	0.2	1.5
General revenue:						
Property taxes	71.8	67.6	-	-	71.8	67.6
State-shared revenue	11.1	11.1	-	-	11.1	11.1
Interest	7.1	6.3	1.4	2.7	8.5	9.0
Other	1.0	0.4	0.4	-	1.4	0.4
Total revenue	<u>130.3</u>	<u>127.5</u>	<u>38.3</u>	<u>38.5</u>	<u>168.6</u>	<u>166.0</u>
Program Expenses						
General government	19.3	17.3	-	-	19.3	17.3
Public safety	40.7	41.7	-	-	40.7	41.7
Public services	29.0	27.6	-	-	29.0	27.6
Health and welfare	0.5	0.4	-	-	0.5	0.4
Community and economic development	2.1	2.8	-	-	2.1	2.8
Recreation and culture	15.1	15.9	-	-	15.1	15.9
Interest on long-term debt	1.0	0.7	-	-	1.0	0.7
Water and sewer	-	-	39.9	38.4	39.9	38.4
Total program expenses	<u>107.7</u>	<u>106.4</u>	<u>39.9</u>	<u>38.4</u>	<u>147.6</u>	<u>144.8</u>
Change in Net Position	22.6	21.1	(1.6)	0.1	21.0	21.2
Net Position - Beginning of year	<u>252.7</u>	<u>231.6</u>	<u>144.3</u>	<u>144.2</u>	<u>397.0</u>	<u>375.8</u>
Net Position - End of year	<u>\$ 275.3</u>	<u>\$ 252.7</u>	<u>\$ 142.7</u>	<u>\$ 144.3</u>	<u>\$ 418.0</u>	<u>\$ 397.0</u>

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2024

Governmental Activities

The City's total governmental activities revenue increased by \$2.8 million or 2.2 percent. This was primarily attributed to increases in Property Tax Revenue of \$4.2 million, due to an increase of the City's tax base of \$300 million. This was also impacted by a \$1.2 million increase in charges for services as the Hawk Community Center patrons continue to flock to the City's community crown jewel, as well as City staff Engineering work conducted in support of City infrastructure projects. This was also impacted by improved interest earnings of \$0.8 million, due to the Federal Reserve's continued increase in the Federal Funds Rate, which drives most municipal cash investment returns, which are governed strictly by Public Act 20 of the Compiled Laws of Michigan; this increased amount is expected to continue until the Federal Reserve lowers interest rates, which may occur in the next year or two. Finally, revenues were impacted by a \$4 million decrease in operating grants and contributions, driven in part by the full obligation of ARPA funds in September 2023. The City's total governmental program expenses increased by \$1.3 million or 1.2 percent. This is attributable to increases in Public Services expenditures, such as increases in engineering and rubbish collection and disposal. The trend in Hawk-related revenues and expenditures are expected to improve; rate adjustments are continuing to be made to reflect recent inflation and marketplace trends. These expectations have been built into the City's FY 24-25 Budget.

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

Business-type Activities

The City's business-type activities are recorded in the Water and Sewer Fund. The City provides water distribution and sanitary sewer disposal services, which are supplied by the Great Lakes Water Authority and operated, maintained, and administered by the Oakland County Water Resources Commissioner. The utility system incurred a \$1.6 million operating loss during fiscal year 2023-2024 compared to an operating loss of \$0.1 million in the previous fiscal period. The change in net operating income is primarily the result of the negative differential in interest earnings in FY 2023-24. The Water and Sewer Fund maintained a net position of \$142.7 million at year end, of which approximately \$61.3 million (unrestricted net position) may be used to meet the fund's ongoing obligations to citizens and creditors.

The City's Funds

An analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for Act 51 major and local road money, the City Council creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by the citizens and earmarked bond proceeds. The City's major funds for fiscal year 2023-2024 include the General Fund, the Municipal Street Fund, the Major Roads Fund, the Local Roads Fund, and the Public Safety Millage Fund.

General Fund:

The General Fund's fund balance increased by \$5.2 million or 9.3 percent, due primarily to the aforementioned \$4.2 million increase in Property Tax Revenue, an ongoing improvement of \$1.2 million increase in charges for services as the Hawk Community, and by improved interest earnings of \$0.8 million, due to the Federal Reserve's continued increase in the Federal Funds Rate for the reasons outlined in the Governmental Activities section above.

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2024

Major Special Revenue Funds:

The Major Roads Fund balance decreased by approximately \$194,457 or 1% percent. Total revenue and transfers in were \$1 million more than the previous year, due to increases in Road Millage revenue (driven by a 6% improvement in the tax base, which was in turn driven by a broad improvement in housing values). Total expenditures and transfers out were \$3.8 million more than the previous year, due to increased construction activity, which is also impacted by the timing of construction activity in progress as of the year end date of June 30th, which can cause large and more-or-less random fluctuations in year-end construction expenditures.

The Local Roads Fund balance increased by approximately \$1 million or 1.5 percent. Total revenue and other financing sources were higher than the previous year by \$3.6 million, due to the reinstatement of the typical transfer from the Major Roads Fund, this was paused last year to stabilize the Local Road funds balance, while total expenditures and transfers out were \$2.4 million more than the previous year for local street construction projects, due to the timing of construction projects over year end.

The Public Safety Millage Fund balance increased by \$1.3 million, or 38.3 percent, due to the aforementioned increases in interest income and the City's tax base. The Municipal Street Fund, inaugurated in 2019 – 2020; finished with a year-end fund balance of \$3.2 million, a \$906,098 increase, due to the aforementioned increases in interest income and the City's tax base.

General Fund Budgetary Highlights

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

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

- Actual Revenue of \$78.0 million was \$3.0 million higher than the \$75.0 million Budgeted, due to the aforementioned increases in Property Tax Revenue and increases to Charges for Services.
- Actual Expenditures of \$67.8 million were \$0.6 million less than the \$68.4 million budgeted. The approximate 0.9 percent decrease in total expenditures from the final amended budget are based primarily on positive staff vacancy variance due to normal retirement and departures.

Capital Assets and Debt Administration

On June 30, 2024, the City had approximately \$381 million in total capital assets ranging from land, buildings, equipment, technology equipment, and water and sewer lines. The value of infrastructure (roads, sidewalks, drains, water, and sewer) assets included in this report, net of depreciation and exclusive of construction on progress, is approximately \$262.6 million (see Note 5 of the notes to financial statements for additional information).

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and community center and is reported as a liability on the statement of net position. The City's total debt for governmental activities increased by \$4.5 million (11.2 percent). The increase was the result of the issuance of \$6.4 million of General Obligation Debt for the construction of drains (as part of the \$134 million regional project known as the Evergreen Farmington Sewer Drainage District Debt, or EFSDDD) and other infrastructure projects, net of the payoff of annual maturities on pre-existing debt (see Note 7 of the notes to financial statements- for additional information). The City maintained its AAA noninsured rating from Standard & Poor's and Aa1 noninsured rating from Moody's.

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2024

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2024-2025 tax rate decreased from 16.5195 to 16.4240 mills, due to the reduction of the Refuse Removal millage by 0.039, to reflect changes in the Refuse Budget, which were lowered to reflect changes in the Refuse Collection contract, as well as the reduction of the Operating Millage of 0.0275, due to state Constitutional (Headlee Amendment) provisions that require property tax millages to be reduced to offset property value inflationary increases. The City's tax base increased by 6.5 percent in fiscal year 2023-24, and increased 6.2 percent for FY 2024-25, driven primarily by a nationwide trend in housing price inflation. Our state equalized value (SEV) is \$6.1 billion in FY 2024-25, which is \$1.6 billion more than our taxable value. This is significant because taxes are based on taxable value, not SEV, and this positive differential creates a cushion for Taxable Values, in case market values of properties (and thus the SEV) should fall. A further hedge against property value downturns is the fact that the City's tax base is well diversified, with residential accounting for 70 percent, commercial 21 percent, industrial 3 percent, and personal property 6 percent. Tax base diversification is further demonstrated by the fact that the top 10 taxpayers in 2024-25 combined account for approximately 10.58 percent of the tax roll.

Taxes account for approximately 49 percent of the FY 2024-25 General Fund budgeted revenue, while state-shared revenue accounts for approximately 12 percent of the FY 2024-25 General Fund budgeted revenue. The Adopted FY 2023-24 Budget for the General Fund reflects the use of fund balance of \$5.3 million, which includes a continued contribution to the Capital Improvement Program. The FY 23-24 Budget represents the continuation of a 5-year plan to reduce the annual budgeted fiscal imbalance from over \$6 million in FY 2020-21 to roughly \$2 million. This will be accomplished by (a) the aforementioned inflationary increases in Special Services rates for Parks and Recreation services, as well as further increases in users/customers of our Parks and Recreation facilities and programs, as well as significant reductions/efficiencies in Special Services expenditures. These increases in revenues and reductions/efficiencies in expenditures are based on the continued findings of the firm Sports Facilities Companies (SFC), which works nationally to consult with and operate municipal and regional parks and recreation programming and facilities.

On the expense side, the City operates with a relatively small labor force and low personnel costs, while maintaining all city services, with some inflationary cost increases. The City will continue to adjust expenditures through cost savings and efficiencies in FY 2024-25 to match revenue projections as they are revised.

Contacting the City's Management

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

City of Farmington Hills
Statement of Net Position
June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 94,964,676	\$ 55,573,029	\$ 150,537,705	\$ 2,930,767
Investments	31,096,053	26,904	31,122,957	403,049
Receivables				
Accounts	1,576,578	10,740,143	12,316,721	-
Special assessments	-	42,397	42,397	-
Due from other units of government	4,157,021	-	4,157,021	-
Internal balances	1,720,292	(1,720,292)	-	-
Inventories	1,011,198	-	1,011,198	-
Prepaid items	568,546	-	568,546	-
Capital assets not being depreciated	92,780,102	26,128,005	118,908,107	-
Capital assets, net of accumulated depreciation	169,247,415	93,378,117	262,625,532	-
Net OPEB asset	10,793,766	-	10,793,766	-
	<u>407,915,647</u>	<u>184,168,303</u>	<u>592,083,950</u>	<u>3,333,816</u>
Deferred outflows of resources				
Pension related	13,868,200	-	13,868,200	-
OPEB related	7,314,279	-	7,314,279	-
	<u>21,182,479</u>	<u>-</u>	<u>21,182,479</u>	<u>-</u>
Liabilities				
Checks written against future deposits	9,658,244	-	9,658,244	-
Accounts payable	8,256,786	3,635,107	11,891,893	178,485
Due to other units of government	154,912	-	154,912	20,661
Payroll and other liabilities	9,275,211	203,859	9,479,070	-
Interest payable	120,960	-	120,960	-
Unearned revenue	300,470	-	300,470	-
Noncurrent liabilities				
Debt due within one year	6,337,429	1,606,420	7,943,849	-
Debt due in more than one year	38,712,976	35,964,939	74,677,915	-
Net pension liability	71,929,312	-	71,929,312	-
Total liabilities	<u>144,746,300</u>	<u>41,410,325</u>	<u>186,156,625</u>	<u>199,146</u>
Deferred inflows of resources				
Pension related	482,222	-	482,222	-
OPEB related	8,535,684	-	8,535,684	-
	<u>9,017,906</u>	<u>-</u>	<u>9,017,906</u>	<u>-</u>
Net position				
Net investment in capital assets	222,696,820	81,430,907	304,127,727	-
Restricted for				
Roads	26,453,663	-	26,453,663	-
Police and fire operations	6,742,807	-	6,742,807	-
Parks and recreation	1,008,450	-	1,008,450	-
OPEB asset	10,793,766	-	10,793,766	-
Construction code	1,022,864	-	1,022,864	-
Unrestricted	<u>6,615,550</u>	<u>61,327,071</u>	<u>67,942,621</u>	<u>3,134,670</u>
	<u>\$ 275,333,920</u>	<u>\$ 142,757,978</u>	<u>\$ 418,091,898</u>	<u>\$ 3,134,670</u>

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Statement of Activities
For the Year Ended June 30, 2024

Functions/programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 19,352,967	\$ 7,327,987	\$ 338,448	\$ -	\$ (11,686,532)	\$ -	\$ (11,686,532)	\$ -
Public safety	40,738,209	3,360,550	1,461,947	-	(35,915,712)	-	(35,915,712)	-
Public works	28,927,939	3,653,445	12,210,146	-	(13,064,348)	-	(13,064,348)	-
Health and welfare	499,463	-	494,092	-	(5,371)	-	(5,371)	-
Community and economic development	2,165,107	-	548,792	-	(1,616,315)	-	(1,616,315)	-
Recreation and culture	15,094,522	9,042,127	910,617	-	(5,141,778)	-	(5,141,778)	-
Interest	965,100	-	-	-	(965,100)	-	(965,100)	-
Total governmental activities	107,743,307	23,384,109	15,964,042	-	(68,395,156)	-	(68,395,156)	-
Business-type activities - Water and Sewer	39,968,371	36,305,398	-	283,185	-	(3,379,788)	(3,379,788)	-
Total primary government	\$ 147,711,678	\$ 59,689,507	\$ 15,964,042	\$ 283,185	(68,395,156)	(3,379,788)	(71,774,944)	-
Component units								
Local Brownfield Revolving	11,391	-	-	-	-	-	-	(11,391)
Brownfield Redevelopment Authority	258,224	-	-	-	-	-	-	(258,224)
Economic Development Authority	17	-	-	-	-	-	-	(17)
Total component units	\$ 269,632	\$ -	\$ -	\$ -				(269,632)
General revenues								
Property taxes					71,793,294	-	71,793,294	851,000
Unrestricted state-shared revenue					11,126,056	-	11,126,056	-
Unrestricted investment earnings					7,106,339	1,444,246	8,550,585	197,293
Gain on sale of capital assets					173,787	-	173,787	-
Miscellaneous					869,169	394,750	1,263,919	-
Total general revenues					91,068,645	1,838,996	92,907,641	1,048,293
Change in net position					22,673,489	(1,540,792)	21,132,697	778,661
Net position - beginning of year					252,660,431	144,298,770	396,959,201	2,356,009
Net position - end of year					\$ 275,333,920	\$ 142,757,978	\$ 418,091,898	\$ 3,134,670

See Accompanying Notes to the Financial Statements

City of Farmington Hills

Governmental Funds

Balance Sheet

June 30, 2024

	Special Revenue Funds					Nonmajor Governmental Funds	Total Governmental Funds
	General	Municipal Street Fund	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund		
Assets							
Cash and cash equivalents	\$ 33,117,711	\$ 22,470,813	\$ 9,161,665	\$ 1,001,019	\$ 23,666,278	\$ 5,547,190	\$ 94,964,676
Investments	12,773,683	-	4,684,134	4,208,702	3,277,994	6,151,540	31,096,053
Receivables							
Accounts	1,555,783	-	-	-	-	20,795	1,576,578
Due from other units of government	2,168,183	-	1,366,745	476,011	-	146,082	4,157,021
Due from other funds	31,668,091	-	6,399,732	16,464,276	64,208	8,418,433	63,014,740
Inventories	5,854	-	-	-	-	-	5,854
Prepaid items	568,546	-	-	-	-	-	568,546
Total assets	\$ 81,857,851	\$ 22,470,813	\$ 21,612,276	\$ 22,150,008	\$ 27,008,480	\$ 20,284,040	\$ 195,383,468
Liabilities							
Accounts payable	\$ 1,014,697	\$ -	\$ 1,286,240	\$ 4,383,948	\$ -	\$ 1,571,901	\$ 8,256,786
Due to other funds	9,360,306	19,260,036	4,738,584	3,214,518	22,316,359	2,404,645	61,294,448
Due to other units of government	113	-	-	-	-	-	113
Payroll and other liabilities	9,275,211	-	-	-	-	-	9,275,211
Checks written against future deposits	-	-	-	6,896,108	-	2,762,136	9,658,244
Unearned revenue	-	-	-	-	-	300,470	300,470
Total liabilities	19,650,327	19,260,036	6,024,824	14,494,574	22,316,359	7,039,152	88,785,272
Deferred inflows of resources							
Unavailable revenue - receivables	634,593	-	-	-	-	-	634,593
Fund balances							
Non-spendable							
Inventories	5,854	-	-	-	-	-	5,854
Prepaid items	568,546	-	-	-	-	-	568,546
Restricted for							
Roads	-	3,210,777	15,587,452	7,655,434	-	-	26,453,663
Police and fire	-	-	-	-	4,692,121	1,416,093	6,108,214
Parks and recreation	-	-	-	-	-	1,008,450	1,008,450
Construction code	1,022,864	-	-	-	-	-	1,022,864
Assigned							
Capital projects	-	-	-	-	-	10,763,423	10,763,423
Debt service	-	-	-	-	-	56,922	56,922
Unassigned	59,975,667	-	-	-	-	-	59,975,667
Total fund balances	61,572,931	3,210,777	15,587,452	7,655,434	4,692,121	13,244,888	105,963,603
Total liabilities, deferred inflows of resources, and fund balances	\$ 81,857,851	\$ 22,470,813	\$ 21,612,276	\$ 22,150,008	\$ 27,008,480	\$ 20,284,040	\$ 195,383,468

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2024

Total fund balances for governmental funds	\$ 105,963,603
Total net position for governmental activities in the statement of net position is different because:	
Inventories used in governmental activities are reported on the purchase method in the funds.	1,005,344
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	92,780,102
Capital assets, net of accumulated depreciation	169,247,415
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	634,593
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	13,868,200
Deferred outflows of resources resulting from net OPEB liability (asset)	7,314,279
Deferred inflows of resources resulting from net pension liability	(482,222)
Deferred inflows of resources resulting from net OPEB liability (asset)	(8,535,684)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(120,960)
Compensated absences	(6,830,561)
Claims and judgments	(242,800)
Bonds, notes, premiums and discounts	(37,977,044)
Net pension liability	(71,929,312)
Net OPEB asset	10,793,766
Amounts due to Oakland County for drain projects are not included as a liability in the governmental funds.	(154,799)
Net position of governmental activities	<u>\$ 275,333,920</u>

City of Farmington Hills
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2024

	Special Revenue Funds				Capital Project Fund		Nonmajor Governmental Funds	Total Governmental Funds
	General	Municipal Street Fund	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund	Capital Improvement Fund		
Revenues								
Taxes	\$ 38,384,475	\$ 18,769,395	\$ -	\$ -	\$ 12,734,520	\$ -	\$ 1,926,408	\$ 71,814,798
Licenses and permits	1,941,690	-	-	-	-	-	-	1,941,690
Federal grants	854,981	-	-	-	-	-	930,595	1,785,576
State grants	11,493,234	503,674	8,882,315	2,968,922	138,940	-	673,827	24,660,912
Local contributions	35,798	-	13,599	-	-	-	38,649	88,046
Charges for services	17,837,470	-	-	-	-	-	39	17,837,509
Fines and forfeitures	1,980,676	-	-	-	-	-	-	1,980,676
Investment income	3,274,380	893,065	725,216	297,750	1,175,198	-	745,010	7,110,619
Other revenue	2,239,195	-	196,907	-	-	-	241,771	2,677,873
Total revenues	78,041,899	20,166,134	9,818,037	3,266,672	14,048,658	-	4,556,299	129,897,699
Expenditures								
Current								
General government	15,330,436	-	-	-	-	-	-	15,330,436
Public safety	25,551,122	-	-	-	12,749,759	-	90,480	38,391,361
Public works	8,553,283	-	13,726,262	16,911,978	-	-	-	39,191,523
Health and welfare	-	-	-	-	-	-	499,463	499,463
Community and economic development	1,900,704	-	-	-	-	-	548,792	2,449,496
Recreation and culture	14,503,663	-	-	-	-	-	512,730	15,016,393
Capital outlay	1,482,792	-	-	-	-	-	11,866,268	13,349,060
Debt service								
Principal retirement	393,062	-	-	755,000	-	-	1,845,000	2,993,062
Interest and fiscal charges	38,348	-	-	109,313	-	-	981,358	1,129,019
Bond issuance costs	-	-	-	-	-	-	1,000	1,000
Total expenditures	67,753,410	-	13,726,262	17,776,291	12,749,759	-	16,345,091	128,350,813
Excess (deficiency) of revenues over expenditures	10,288,489	20,166,134	(3,908,225)	(14,509,619)	1,298,899	-	(11,788,792)	1,546,886
Other financing sources (uses)								
Transfers in	1,307,852	-	5,713,768	15,546,268	-	-	7,973,951	30,541,839
Transfers out	(7,973,951)	(19,260,036)	(2,000,000)	-	-	-	(1,307,852)	(30,541,839)
Issuance of debt	1,482,792	-	-	-	-	-	-	1,482,792
Sale of capital assets	173,897	-	-	-	-	-	-	173,897
Total other financing sources (uses)	(5,009,410)	(19,260,036)	3,713,768	15,546,268	-	-	6,666,099	1,656,689
Net change in fund balances	5,279,079	906,098	(194,457)	1,036,649	1,298,899	-	(5,122,693)	3,203,575
Fund balances - beginning, as previously presented	56,293,852	2,304,679	15,781,909	6,618,785	3,393,222	16,013,518	2,354,063	102,760,028
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	(16,013,518)	16,013,518	-
Fund balances - beginning, as adjusted	56,293,852	2,304,679	15,781,909	6,618,785	3,393,222	-	18,367,581	102,760,028
Fund balances - end of year	\$ 61,572,931	\$ 3,210,777	\$ 15,587,452	\$ 7,655,434	\$ 4,692,121	\$ -	\$ 13,244,888	\$ 105,963,603

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ 3,203,575
 Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report inventory purchases and prepaid items as expenditures. However in the statement of activities purchases are recognized as inventory and expensed when consumed.	5,854
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Depreciation and amortization expense	(7,802,655)
Capital outlay	28,053,290
Sale of capital assets (net book value)	(110)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	345,310
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	35,148
Compensated absences	(487,849)
Claims and judgments	102,200
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension liability	(8,220,111)
Net change in the deferred outflow of resources related to the net pension liability	3,824,870
Net change in the deferred inflow of resources related to the net pension liability	(482,222)
The statement of net position reports the net OPEB liability (asset) and deferred outflows of resources and deferred inflows related to the net OPEB liability (asset) and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the net OPEB liability (asset)	3,151,137
Net change in the deferred outflow of resources related to the net OPEB liability (asset)	3,200,890
Net change in the deferred inflow of resources related to the net OPEB liability (asset)	(3,895,879)
Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Debt issued	(1,482,792)
Repayments of long-term debt	2,993,062
Amortization of premiums, discounts and similar items	129,771
Change in net position of governmental activities	\$ 22,673,489

City of Farmington Hills
Proprietary Fund
Statement of Net Position
June 30, 2024

	Enterprise Fund
	Water & Sewer
Assets	
Current assets	
Cash and cash equivalents	\$ 55,573,029
Investments	26,904
Receivables	
Accounts	10,740,143
Special assessments	42,397
Total current assets	66,382,473
Noncurrent assets	
Capital assets not being depreciated	26,128,005
Capital assets, net of accumulated depreciation	93,378,117
Total noncurrent assets	119,506,122
Total assets	185,888,595
Liabilities	
Current liabilities	
Accounts payable	3,635,107
Due to other funds	1,720,292
Payroll and other liabilities	203,859
Current portion of long-term liabilities	1,606,420
Total current liabilities	7,165,678
Noncurrent liabilities	
Long-term liabilities net of current portion	35,964,939
Total liabilities	43,130,617
Net position	
Net investment in capital assets	81,430,907
Unrestricted	61,327,071
Total net position	\$ 142,757,978

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Proprietary Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2024

	<u>Enterprise Fund</u>
	<u>Water & Sewer</u>
Operating revenue	
Customer fees	\$ 33,924,093
Other revenue	394,750
	<u>34,318,843</u>
Total operating revenue	<u>34,318,843</u>
Operating expenses	
Cost of water	10,732,189
Cost of sewage treatment	12,426,467
Billing and administrative costs	6,232,968
Other operating and maintenance costs	5,220,242
Depreciation	4,785,697
	<u>39,397,563</u>
Total operating expenses	<u>39,397,563</u>
Operating income (loss)	<u>(5,078,720)</u>
Nonoperating revenue (expenses)	
Investment income	1,444,246
Interest expense	(570,808)
Debt service charge	2,381,305
	<u>3,254,743</u>
Total nonoperating revenues (expenses)	<u>3,254,743</u>
Income (loss) before capital contributions	(1,823,977)
Tap-in fees	104,885
Lines donated by developers	178,300
	<u>178,300</u>
Change in net position	(1,540,792)
Net position - beginning of year	<u>144,298,770</u>
Net position - end of year	<u>\$ 142,757,978</u>

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2024

	Enterprise Fund
	Water & Sewer
Cash flows from operating activities	
Receipts from customers	\$ 33,147,328
Receipts from other funds	639,533
Payments to suppliers	(35,350,918)
Net cash provided (used) by operating activities	(1,564,057)
Cash flows from capital and related financing activities	
Tap-in fees and other	104,885
Proceeds from special assessments	7,348
Purchases/construction of capital assets	(6,008,641)
Principal and interest paid on long-term debt	(2,295,810)
Debt service charge	2,381,305
Net cash provided (used) by capital and related financing activities	(5,810,913)
Cash flows from investing activities	
Purchases of investments	(1,354)
Interest received	1,444,246
Net cash provided (used) by investing activities	1,442,892
Net change in cash and cash equivalents	(5,932,078)
Cash and cash equivalents - beginning of year	61,505,107
Cash and cash equivalents - end of year	\$ 55,573,029
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (5,078,720)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization expense	4,785,697
Changes in assets and liabilities	
Receivables (net)	(1,171,515)
Accounts payable	(739,052)
Due to other funds	639,533
Net cash provided (used) by operating activities	\$ (1,564,057)
Noncash transactions	
Lines donated by developers	\$ 178,300
Construction in progress and long-term debt	6,442,673
	\$ 6,620,973

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2024

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ <u>72,824</u>
Liabilities	
Accounts payable	57,400
Due to other units of government	<u>15,424</u>
Total liabilities	<u>72,824</u>
Net position	<u>\$ -</u>

City of Farmington Hills
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

	<u>Custodial Fund</u>
Additions	
Property tax collections for other governments	<u>\$ 137,218,344</u>
Deductions	
Payments of property tax to other governments	<u>137,218,344</u>
Change in net position	-
Net position - beginning of year	<u>-</u>
Net position - end of year	<u><u>\$ -</u></u>

City of Farmington Hills
Component Units
Combining Statement of Net Position
June 30, 2024

	Corridor Improvement Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Assets				
Cash and cash equivalents	\$ 540,225	\$ 2,390,462	\$ 80	\$ 2,930,767
Investments	<u>402,463</u>	<u>-</u>	<u>586</u>	<u>403,049</u>
Total assets	<u>942,688</u>	<u>2,390,462</u>	<u>666</u>	<u>3,333,816</u>
Liabilities				
Accounts payable	-	178,485	-	178,485
Due to other units of government	<u>141</u>	<u>20,520</u>	<u>-</u>	<u>20,661</u>
Total liabilities	<u>141</u>	<u>199,005</u>	<u>-</u>	<u>199,146</u>
Net position				
Unrestricted	<u>\$ 942,547</u>	<u>\$ 2,191,457</u>	<u>\$ 666</u>	<u>\$ 3,134,670</u>

City of Farmington Hills
Component Units
Combining Statement of Activities
For the Year Ended June 30, 2024

	Corridor Improvement Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Expenses				
Community and economic development	\$ 11,391	\$ 258,224	\$ 17	\$ 269,632
General revenues				
Property taxes	257,231	593,769	-	851,000
Unrestricted investment earnings	54,572	142,698	23	197,293
Total general revenues	311,803	736,467	23	1,048,293
Change in net position	300,412	478,243	6	778,661
Net position - beginning of year	642,135	1,713,214	660	2,356,009
Net position - end of year	\$ 942,547	\$ 2,191,457	\$ 666	\$ 3,134,670

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

Blended Component Units – The Farmington Hills Building Authority (the "Authority") is governed by a board appointed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings. There was no activity during the current year.

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

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

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

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

The City is party to the following jointly governed organizations:

The City participates in the Michigan 47th District Court Administration Fund with the City of Farmington, Michigan. The City provides approximately 84.70 percent of the funding for the Michigan 47th District Court Administration Fund.

In addition, the City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Recycling Authority"). The Recycling Authority is incorporated by the cities of Farmington,

City of Farmington Hills

Notes to the Financial Statements

June 30, 2024

Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan and the Charter Township of Lyon. The joint venture receives its operating revenue from member contributions and miscellaneous income.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments of any of the above joint ventures in the near future.

Complete financial statements for the 47th District Court Administration Fund and Resource Recovery and Recycling Authority of Southwest Oakland County can be obtained from the administrative offices at 31555 W. 11 Mile Road, Farmington Hills, MI 48336.

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are 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.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

The City reports the following major governmental funds:

General Fund – The General Fund is the City’s primary operating fund. It accounts for all financial resources used to provide general government services, except those required to be accounted for in another fund.

Municipal Street Fund – The Municipal Street Fund accounts for revenues provided by a dedicated millage adopted by the electorate of the City that is restricted for the rehabilitation or construction of municipal streets.

Major Roads Fund – The Major Roads Fund accounts for the resources of state gas and weight tax revenue that is restricted for use on major streets. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

Local Roads Fund – The Local Roads Fund accounts for the resources of state gas and weight tax revenue that is restricted for use on local streets. The fund is operated under the provisions of Michigan's Act 51 of the Public Acts of 1951, as amended.

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

The City reports the following major proprietary funds:

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

Additionally, the government reports the following fiduciary funds:

Custodial Fund – The custodial fund accounts for property tax and other deposits collected on behalf of other units and individuals.

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the sewer and water fund are charges to customers for sales and services. The government also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

for sewer and water funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Fund Balance

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

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

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The City considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

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

The City's 2023 property tax revenue was levied and collectible on July 1, 2023 and is recognized as revenue in the year ended June 30, 2024 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2023 final amended taxable valuation of the City totaled \$4,230,557,560 on which ad valorem taxes levied consisted of 7.8510 mills for operating purposes, 0.4546 mills for parks and recreation, 0.6842 mills for refuse, 0.0118 mills for economic development, 4.4790 for roads, and 3.0389 mills for public safety. This resulted in approximately \$32,886,000 for operations, \$1,904,000 for parks and recreation, \$2,866,000 for refuse, \$49,500 for economic development, \$18,761,000 for roads, and \$12,729,000 for public safety. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as tax revenue, subsequent to Brownfield captures.

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when purchased in governmental funds but are capitalized in the statement of net position. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

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

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

Deferred outflows of resources – A deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plans expected to earn from plan investments and what is actually earned. Changes in assumptions, experience differences, and changes in proportionate share relating to the net pension liability or net OPEB asset are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. Deferred amounts on bond refundings are included in the government-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt.

Compensated absences – It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The government-wide and proprietary statements accrue all vacation, sick, and personal pay as it is earned. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end. All other accrued compensated absences are reported in the government-wide financial statements. In prior years, the General Fund has been used to liquidate the liability for compensated absences.

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

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

made to the pensions to fund the liability will be made by the fund from which the employee's salary and wage was earned. Investments are reported at fair value.

Other post employment benefits (OPEB) – The City offers retiree healthcare benefits to retirees. The City records a net OPEB asset or liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The contributions to fund the liability will be made by the fund which the employee's salary and wage was earned. Investments are reported at fair value.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. The City reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plans expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions, experience differences, and changes in proportionate share relating to the net pension and OPEB liability or asset are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

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

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

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

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

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

Use of Estimates

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

Adoption of New Accounting Standards

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

Upcoming Accounting and Reporting Changes

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending June 30, 2025.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

The City is evaluating the impact that the above GASB statements will have on its financial reporting.

City of Farmington Hills
Notes to the Financial Statements
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Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The budget is constructed in compliance with the State Uniform Accounting Budgetary Act of 1968 (Public Act 22 of 1968), as amended, which categorizes elements of the accounting and budget system into Funds, Departments or categories, Reserves and Expenditures. The City budget is presented to the City Council on an activity, department, and fund-level basis. The City Council adopts the Budget Resolution based on fund-level appropriation centers. The City Manager is authorized by Budget Resolution to make budgetary transfers within the appropriation centers established through the budget. However, all increases of and transfers between appropriation centers may be made only by further action by the City Council.

City Council may make additional fund-level appropriations during the fiscal year for unanticipated expenditures required by the City, but such additional appropriations shall not exceed the amount of actual and/or anticipated revenue and available fund balance as estimated in the budget, unless the appropriations are necessary to relieve an emergency endangering the public health, safety or welfare. The Council may also reappropriate funds between appropriation centers. Council is apprised of the budget status through quarterly reports prepared by the Finance Department.

Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at June 30, 2024 for all funds is not significant. General Fund encumbrances represent outstanding at the fiscal year end will not be charged to the current year budget but may be assigned from fund balance and automatically re-appropriated in the new budget year and when paid charged to the new fiscal year. The new fiscal year budget may need to be amended to support the re-appropriated encumbrances, if budget funds were not sufficiently available to be carried forward with the encumbrances.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budget information for revenue and expenditures presented for the General Fund, special revenue funds, debt service funds, and capital projects funds is a summarization of the actual adopted budget. A comparison of the adopted budget with the actual revenue and expenditures for the year is presented as required supplementary information. Comparison schedules are presented on the same basis of accounting used in preparing the adopted budget. Individual amendments were not material in relation to the original appropriations that were adopted. Budget appropriations lapse at year-end.

City of Farmington Hills
Notes to the Financial Statements
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Expenditures in Excess of Appropriations

During the year, the City incurred expenditures that were in excess of the amounts budgeted for various purposes as described below:

	Appropriations	Actual	Budget Variance
General Fund			
General government			
City administration	\$ 819,316	\$ 887,642	\$ 68,326
Central services	782,400	788,852	6,452
Recreation and culture	13,839,159	14,503,663	664,504
Debt service	-	431,410	431,410
Capital Outlay	-	1,482,792	1,482,792
Forfeiture funds			
Public safety	39,231	90,480	51,249
General Debt Service Fund			
Interest and fiscal charges	977,248	982,270	5,022
Bond issuance costs	-	1,000	1,000

Construction Code Fees

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

Restricted at July 1, 2023		\$ 522,642
Current year permit revenue		1,835,289
Related expenses		
Direct costs	\$ 1,125,945	
Estimated indirect costs	<u>209,122</u>	<u>1,335,067</u>
Current year		<u>500,222</u>
Cumulative restricted at June 30, 2024		<u>\$ 1,022,864</u>

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

Note 3 - Deposits and Investments

At year end the City's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 94,964,676	\$ 31,096,053	\$ 126,060,729
Business-type activities	55,573,029	26,904	55,599,933
Total	150,537,705	31,122,957	181,660,662
Fiduciary funds	72,824	-	72,824
Component units	2,930,767	403,049	3,333,816
Total	\$ 153,541,296	\$ 31,526,006	\$ 185,067,302

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 150,528,965	\$ 72,824	\$ 2,930,767	\$ 153,532,556
Investments in securities, mutual funds and similar vehicles	31,122,957	-	403,049	31,526,006
Petty cash and cash on hand	8,740	-	-	8,740
	\$ 181,660,662	\$ 72,824	\$ 3,333,816	\$ 185,067,302

As of year end, the City had the following investments:

Investment	Carrying Value	Weighted Average Maturities	Rating	Rating Organization
MI Class Investment Pool	\$ 20,307,775	85 days	AAAm	S&P
Oakland County LGIP	11,218,231	218 days	Not Rated	N/A
	\$ 31,526,006			

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

Custodial credit risk of bank deposits – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy strives to minimize custodial credit risk by

City of Farmington Hills
Notes to the Financial Statements
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prequalifying the financial institutions, brokers/dealers, and intermediaries with which the City does business. At year-end, the City had \$142,287,421 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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. City policy – The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. City policy – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer.

Risks and uncertainties – The City invests in various securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet. There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

Note 4 - Fair Value Measurements

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

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

All of the City's investments are measured at fair value using the net asset value per share. Investments in entities that calculate net asset value per share – The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient and is presented in the following table.

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As of June 30, 2024 the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments carried at net asset value

External investment pools	<u>\$ 31,526,006</u>
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The external investment pools include Michigan CLASS and the Oakland County Local Government Investment Pool. The fair value of the investments in this class has been estimated using the net asset value per share of the investments. There are no unfunded commitments or redemption restrictions.

At year end, the net asset value of the City's investment in Michigan CLASS was \$20,307,775. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies. Financial statements for Michigan CLASS may be obtained from the website: www.michiganclass.org.

At year end, the net asset value of the City's investment in the Oakland County Local Government Investment Pool was \$11,218,231. The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost. Financial statements for the Oakland County LGIP are included in Oakland County's financial statements and may be obtained from the website: www.oakgov.com.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

Note 5 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 17,587,532	\$ -	\$ -	\$ -	\$ 17,587,532
Construction-in-progress	29,894,572	20,040,688	-	(6,304,620)	43,630,640
Right of Way	31,561,930	-	-	-	31,561,930
Total capital assets not being depreciated	<u>79,044,034</u>	<u>20,040,688</u>	<u>-</u>	<u>(6,304,620)</u>	<u>92,780,102</u>
Capital assets being depreciated					
Sidewalks	16,963,482	18,476	-	150,501	17,132,459
Drain rights	21,735,961	-	-	-	21,735,961
Land improvements	21,862,520	1,076,055	-	-	22,938,575
Buildings, additions and improvements	92,124,221	-	-	-	92,124,221
Machinery and equipment	20,349,498	1,333,963	231,477	-	21,451,984
Vehicles	22,023,134	2,965,343	1,536,832	-	23,451,645
Office furnishings	3,295,268	406,297	7,313	-	3,694,252
Major Roads	88,665,694	96,070	-	3,196,109	91,957,873
Local Roads	130,534,130	633,606	-	2,958,010	134,125,746
Right to use asset - intangibles	629,298	1,482,792	148,519	-	1,963,571
Right to use asset - machinery and equipment	345,706	-	-	-	345,706
Total capital assets being depreciated	<u>418,528,912</u>	<u>8,012,602</u>	<u>1,924,141</u>	<u>6,304,620</u>	<u>430,921,993</u>
Less accumulated depreciation for					
Sidewalks	11,929,294	316,992	-	-	12,246,286
Drain rights	11,180,291	-	-	-	11,180,291
Land improvements	17,970,920	-	-	-	17,970,920
Buildings, additions and improvements	45,935,431	-	-	-	45,935,431
Machinery and equipment	12,954,972	19,606	231,477	-	12,743,101
Vehicles	13,589,478	-	1,536,832	-	12,052,646
Office furnishings	2,806,423	-	7,313	-	2,799,110
Major Roads	55,944,583	2,727,292	-	-	58,671,875
Local Roads	83,091,532	4,345,583	-	-	87,437,115
Right to use asset - intangibles	184,428	288,881	148,409	-	324,900
Right to use asset - machinery and equipment	208,602	104,301	-	-	312,903
Total accumulated depreciation	<u>255,795,954</u>	<u>7,802,655</u>	<u>1,924,031</u>	<u>-</u>	<u>261,674,578</u>
Net capital assets being depreciated	<u>162,732,958</u>	<u>209,947</u>	<u>110</u>	<u>6,304,620</u>	<u>169,247,415</u>
Governmental activities net capital assets	<u>\$ 241,776,992</u>	<u>\$ 20,250,635</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 262,027,517</u>

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Construction-in-progress	\$ 13,676,691	\$ 21,156,814	\$ 8,705,500	\$ -	\$ 26,128,005
Capital assets being depreciated					
Water and sewer lines	132,790,575	23,300	-	-	132,813,875
Sewer disposal system	101,611,738	155,000	-	-	101,766,738
Total capital assets being depreciated	<u>234,402,313</u>	<u>178,300</u>	<u>-</u>	<u>-</u>	<u>234,580,613</u>
Less accumulated depreciation for					
Water and sewer lines	64,669,829	3,104,669	-	-	67,774,498
Sewer disposal system	71,746,970	1,681,028	-	-	73,427,998
Total accumulated depreciation	<u>136,416,799</u>	<u>4,785,697</u>	<u>-</u>	<u>-</u>	<u>141,202,496</u>
Net capital assets being depreciated	<u>97,985,514</u>	<u>(4,607,397)</u>	<u>-</u>	<u>-</u>	<u>93,378,117</u>
Business-type capital assets, net	<u>\$ 111,662,205</u>	<u>\$ 16,549,417</u>	<u>\$ 8,705,500</u>	<u>\$ -</u>	<u>\$ 119,506,122</u>

Depreciation and amortization of right to use assets expenses were charged to programs of the primary government as follows:

Governmental activities

General government	\$ 384,593
Public works	7,408,232
Recreation and culture	<u>9,830</u>
 Total governmental activities	 7,802,655

Business-type activities

Water and sewer	<u>4,785,697</u>
 Total primary government	 <u>\$ 12,588,352</u>

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

Construction Commitments

The City has active construction projects at year-end. The projects include road improvements and water main improvements that were budgeted for and planned. At year-end, the City's commitments are as follows:

	Contract Amount	Spent to Date	Remaining Commitment
Local Roads	\$ 28,013,918	\$ 19,432,437	\$ 8,581,481
Major Roads	10,288,121	5,571,122	4,716,999
Water	10,739,544	10,010,775	728,769
Capital Improvement	4,830,800	3,798,368	1,032,432
Total	\$ 53,872,383	\$ 38,812,702	\$ 15,059,681

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund							Total
	General Fund	Municipal Street Fund	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund	Water and Sewer Fund	NGF*	
General Fund	\$ -	\$ -	\$ 2,109,640	\$ 3,214,518	\$ 22,290,733	\$ 1,717,988	\$ 2,335,212	\$ 31,668,091
Major Roads Fund	664,479	5,713,768	-	-	-	-	21,485	6,399,732
Local Roads Fund	238,812	13,546,268	2,628,944	-	-	2,304	47,948	16,464,276
Public Safety Millage Fund	64,208	-	-	-	-	-	-	64,208
NGF*	8,392,807	-	-	-	25,626	-	-	8,418,433
	\$ 9,360,306	\$ 19,260,036	\$ 4,738,584	\$ 3,214,518	\$ 22,316,359	\$ 1,720,292	\$ 2,404,645	\$ 63,014,740

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

The details for interfund transfers are as follows:

Transfers In	Transfers Out				
	General Fund	Municipal Street Fund	Major Roads Fund	NGF*	Total
General Fund	\$ -	\$ -	\$ -	\$ 1,307,852	\$ 1,307,852
Major Roads Fund	-	5,713,768	-	-	5,713,768
Local Roads Fund	-	13,546,268	2,000,000	-	15,546,268
NGF*	7,973,951	-	-	-	7,973,951
	\$ 7,973,951	\$ 19,260,036	\$ 2,000,000	\$ 1,307,852	\$ 30,541,839

*Denotes nonmajor governmental funds.

City of Farmington Hills
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The transfers from the General Fund to the nonmajor funds represent the movement of resources for debt service payments. The transfer from the Municipal Streets Fund to the Local Roads Fund and Major Roads Fund represents the movement of resources for road improvements from the property tax millage. The transfer from the Major Roads Fund to the Local Roads Fund represents movement of resources for road improvements. The transfer from nonmajor governmental funds to the General Fund represents the movement of restricted funds to be used for restricted purposes in the General Fund.

Note 7 - Leases

Lease Liability

During the 2020 fiscal year, the City entered into a lease agreement for copiers and printers over an 84-month period. With the implementation of GASB Statement No. 87, an initial lease liability was recorded in the amount of \$345,706 as of July 1, 2022. As of June 30, 2024, the value of the lease liability was \$27,822. The City is required to make monthly principal and interest payments of \$9,310. The lease has an interest rate of 3 percent. The value of the right-to-use asset as of the end of the current fiscal year was \$345,706 and had accumulated amortization of \$312,903.

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 27,822	\$ 126

Note 8 - Subscription-Based Information Technology Arrangements (SBITA)

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions
- Information technology security software
- Cloud backup services software
- Payroll and human resources services software
- Officer safety software

The future subscription payments under SBITA agreements are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2025	\$ 377,621	\$ 73,969
2026	364,279	55,481
2027	353,593	37,499
2028	338,192	19,825
2029	219,239	4,123
	\$ 1,652,924	\$ 190,897

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

Note 9 - Long-Term Debt

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

Long-term debt activity for the year ended June 30, 2024 can be summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
2023 Capital Improvements Bonds	\$ 6,285,000	2037	5.00%	\$305,000 - \$585,000	\$ 6,285,000	\$ -	\$ 275,000	\$ 6,010,000	\$ 305,000
2019 Capital Improvements Bonds	23,925,000	2040	2.00% - 3.00%	\$1,025,000 - \$1,545,000	21,005,000	-	1,005,000	20,000,000	1,025,000
2020 Refunding Bonds	4,125,000	2030	1.10% - 1.85%	\$510,000 - \$565,000	3,875,000	-	130,000	3,745,000	550,000
County contractual obligations									
2013 Refunding Bonds - Golf Course Districts 345, 346, and 347 - 2016 Capital Improvement Bonds	6,545,000	2031	0%	\$0	435,000	-	435,000	-	-
District 349 - 2017 Capital Improvement Bonds	8,475,000	2030	2.00% - 3.00%	\$505,000 - \$665,000	4,540,000	-	665,000	3,875,000	665,000
District 349 - 2017 Capital Improvement Bonds	1,225,000	2031	2.00% - 3.00%	\$90,000	810,000	-	90,000	720,000	90,000
Deferred amounts									
For issuance premiums					2,150,759	-	204,461	1,946,298	-
Total					39,100,759	-	2,804,461	36,296,298	2,635,000
Leases									
					136,974	-	109,152	27,822	27,822
Subscriptions									
					454,042	1,482,792	283,910	1,652,924	377,621
Claims and judgments									
					345,000	1,396,865	1,499,065	242,800	242,800
Compensated absences									
					6,342,712	2,970,091	2,482,242	6,830,561	3,054,186
Total governmental activities					\$ 46,379,487	\$ 5,849,748	\$ 7,178,830	\$ 45,050,405	\$ 6,337,429

City of Farmington Hills
Notes to the Financial Statements
June 30, 2024

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities									
Bonds and notes payable									
Limited tax general obligation bonds									
2014 Evergreen and Middlebelt Transport and Storage Tunnel Bonds*	\$ 19,750,005	2036	2.50%	\$910,665 - \$1,194,750	\$ 14,611,307	\$ -	\$ 889,426	\$ 13,721,881	\$ 910,665
2017 Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel Project Bonds	528,345	2027	2.14%	\$55,755 - \$61,065	284,085	-	53,100	230,985	55,755
2021A Water Supply System Refunding Bonds	3,990,000	2033	2.00% - 5.00%	\$290,000 - \$420,000	3,475,000	-	275,000	3,200,000	290,000
2021B Water Supply System Refunding Bonds	5,470,000	2035	3.00% - 4.00%	\$290,000 - \$540,000	5,150,000	-	320,000	4,830,000	350,000
Evergreen Farmington Sanitary Drain Bonds, Series 2023**	36,081,006	2046	1.88%	\$1,503,614 - \$2,140,133	8,091,300	6,442,673	-	14,533,973	-
For issuance premiums					1,277,271	-	222,751	1,054,520	-
Total business-type activities					\$ 32,888,963	\$ 6,442,673	\$ 1,760,277	\$ 37,571,359	\$ 1,606,420

* Issue of \$19,750,005 but only \$19,504,472 was drawn down in total as of June 30, 2024.

** Issue of \$36,081,066 but only \$14,533,973 was drawn down in total as of June 30, 2024.

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

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Bonds		Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 2,635,000	\$ 1,006,713	\$ 1,606,420	\$ 1,238,358
2026	2,685,000	948,037	1,650,315	1,185,124
2027	2,530,000	883,750	1,719,210	1,131,448
2028	2,545,000	813,798	3,294,374	1,063,523
2029	2,600,000	741,680	3,303,149	980,786
2030-2034	10,580,000	2,633,261	17,485,628	3,626,421
2035-2039	9,230,000	998,000	12,947,436	1,909,483
2040-2044	1,545,000	23,175	9,754,394	1,002,447
2045-2049	-	-	6,303,006	169,886
	<u>\$ 34,350,000</u>	<u>\$ 8,048,414</u>	<u>58,063,932</u>	<u>\$ 12,307,476</u>
Less undrawn maturities			(21,547,093)	
			<u>\$ 36,516,839</u>	

City of Farmington Hills
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Defeased Refundings

The City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2024, the City's portion of bonds outstanding that are considered defeased approximates \$3,025,000.

Deferred Amount on Debt Refunding

The City has issued bonds to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through the year.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Deferred amount on refunding	\$ 74,690	\$ -	\$ 74,690	\$ -	\$ -

No Commitment Debt

The City has issued Variable Rate Demand Hospital Revenue and Refunding Bonds under state law, which authorizes municipalities under certain circumstances to acquire and lease industrial sites, buildings, and equipment and lease them to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of June 30, 2024, there is approximately \$8,325,000 of no commitment debt outstanding.

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Note 10 - Net Investment in Capital Assets

The composition of net investment in capital assets as of year end, was as follows:

	Governmental Activities	Business-type Activities
Capital assets		
Capital assets not being depreciated	\$ 92,780,102	\$ 26,128,005
Capital assets, net of accumulated depreciation	169,247,415	93,378,117
Total capital assets	262,027,517	119,506,122
Related debt		
General obligation bonds	(9,755,000)	-
Other bonds	(24,595,000)	(36,516,839)
Lease liability	(27,822)	-
SBITA liability	(1,652,924)	-
Premiums	(1,946,298)	(1,054,520)
Contracts payable - retainage	(1,353,653)	(503,856)
Total related debt	(39,330,697)	(38,075,215)
Net investment in capital assets	\$ 222,696,820	\$ 81,430,907

Note 11 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League Workers' Compensation Fund for workers' compensation claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general and auto liability, auto physical damage, and property loss claims.

As of September 2005, the City has also assumed a significant amount of financial responsibility for its actual incurred medical claims cost, subject to certain insured limitations, including \$120,000 per specific claim and a 120 percent stop loss with approximately \$3 million in aggregate claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority ("MMRMA") risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to MMRMA that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City. Depending upon the type of claim, stop-loss coverage for specific claims ranges from \$15,000 to \$200,000 and \$5.0 million in aggregate.

The City maintains insurance coverage through Blue Cross Blue Shield ("BCBS") for medical and general claims and estimates the liability for medical and general claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustments expense, both allocated and

City of Farmington Hills
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unallocated. The liability is based on individual claims and management’s evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These estimates are recorded in the General Fund and within the governmental activities column in the statement of net position.

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

	BCBS	
	2024	2023
Estimated liability - beginning of year	\$ 183,000	\$ 228,000
Estimated claims incurred, including changes in estimates	(1,615,386)	(4,849,112)
Claim payments	1,545,186	4,804,112
Estimated liability - end of year	\$ 112,800	\$ 183,000

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

	MMRMA	
	2024	2023
Estimated liability - beginning of year	\$ 162,000	\$ 75,000
Estimated claims incurred, including changes in estimates	116,321	153,427
Claim payments	(148,321)	(66,427)
Estimated liability - end of year	\$ 130,000	\$ 162,000

Note 12 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

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

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

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Employees covered by benefit terms – At the June 30, 2023 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	387
Inactive employees entitled to, but not yet receiving benefits	13
Active employees	<u>393</u>
	<u>793</u>

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

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

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

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

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

General – Dispatch employees are eligible to retire if the sum of the plan member's age and years of service equals 80 (minimum age 55) or at the age of 60 with eight years of service. The multiplier for this group is 2.8 percent up to 25 years of service (until age 67) and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent, or 2.375 percent up to 25 years of service (at age 67) and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 70 percent.

Firefighters are eligible to retire with 25 years of service, regardless of age. The multiplier for this group is 2.8 percent up to 25 years of service and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent.

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

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Police officers are eligible to retire with 25 years of service, regardless of age. The multiplier for this group is 2.8 percent up to 25 years of service and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent.

Any officer classified as “Tier Two” POAM members are eligible to retire with 25 years of service, regardless of age. The multiplier for this group is 2.8 percent up to 25 years of service and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent.

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

- General employee – Age 57 with 8 years of service.
- Police employee – Age 50 with 20 years of service as a sworn officer.
- Patrol/Fire employee – Age 50 with 20 years of service.
- Police command employee – Age 50 with 15 years of service or under age 50 with 25 years of service as a sworn police officer.

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

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

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

1) Straight-life Retirement Benefits

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

2) Survivor Allowance Options

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

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The survivor allowance options are:

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

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

3) Annuity Option

In addition to the above survivor allowance options, all city and court employees may elect an annuity option.

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the pension board in accordance with the city ordinance, union contracts, and plan provisions. For the year ended June 30, 2024, the average active member contribution rate was 4.50 percent of annual pay. The City's contribution was \$3,554,741 for police members and \$1,355,322 for fire members. For general and court members, the City's contribution was \$2,254,673 and \$343,226, respectively.

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

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

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

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

The balances of the reserve accounts at June 30, 2024 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 141,671,849	\$ 141,671,849
Employee reserve	18,234,511	18,234,511
Employer reserve	-	18,801,947

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

At June 30, 2024, the City reported a liability of \$71,929,312 for its proportionate share of the City of Farmington Hills Employees Retirement System's net pension liability. The net pension liability was measured as of June

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30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from June 30, 2023. The City's proportion of the net pension liability was determined by dividing each employer's actuarially determined pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At June 30, 2024, the City's proportion was 95.42851 percent, which was a decrease of 1.03842 percent compared to its proportion of 96.46693 percent from its proportion measured as of June 30, 2023. For the year ending June 30, 2024, the City recognized pension expense of \$12,042,197.

At June 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 6,912,471	\$ -	\$ 6,912,471
Change in proportionate share	163,449	(482,222)	(318,773)
Differences in assumptions	4,639,915	-	4,639,915
Net difference between projected and actual earning on plan investments	<u>2,152,365</u>	<u>-</u>	<u>2,152,365</u>
Total	<u>\$ 13,868,200</u>	<u>\$ (482,222)</u>	<u>\$ 13,385,978</u>

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

<u>Year ended June 30,</u>	
2025	\$ 1,547,071
2026	8,223,255
2027	1,144,613
2028	1,105,456
2029	<u>1,365,583</u>
	<u>\$ 13,385,978</u>

The net pension liability is generally liquidated by the General Fund.

Actuarial assumptions – The total pension liability in the June 30, 2023 annual actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	4.00 - 23.00%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates used were based on the Pub-2010 Mortality Tables using scale MP-2018.

Discount rate – The discount rate used to measure the total pension liability is 7.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following tables:

Asset Class	Target Allocation
Domestic equity	41.00 %
International equity	16.00
Domestic bonds	20.00
Real estate	10.00
Alternative assets	11.00
Cash or cash equivalents	2.00
	100.00 %

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.50 %
International equity	8.50
Domestic bonds	2.50
Real estate	4.50
Alternative assets	6.05

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.15 percent.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.0%, as well as what the employer’s net pension liability would be using a discount rate that is 1% point lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	\$ 100,981,854	\$ 71,929,312	\$ 47,537,442

Refer to the separately issued City of Farmington Hills Employees’ Retirement System financial statements for additional information and disclosures. The City of Farmington Hills Employees’ Retirement System’s financial statements may be obtained at the City of Farmington Hills’ city hall.

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Note 13 - Other Postemployment Benefits

Defined Contribution Plan

The City provides a Retirement Health Savings (RHS) account for eligible employees and their dependents. The plan covers AFSCME, executive, and general employees hired on or after July 1, 2006; dispatch employees hired on or after January 1, 2007; Teamster and POAM employees hired on or after January 1, 2008; and IAFF employees hired on or after July 1, 2008. This is a defined contribution plan administered by the City. The collective bargaining agreements and/or city ordinance require all employees to contribute 1.5 percent of their base salary or wage plus longevity pay. The City contributes \$100 per month for the dispatch employees, \$208 per month for police employees, \$225 per month for tier 2 police command, and \$146 per month for all other participating employee groups. All contributions plus interest allocated to the employees' accounts are fully vested after seven years of service. Once plan members terminate employment, they are eligible to use all vested contributions for allowable medical related expenses.

During the year ended June 30, 2024, the City made contributions of \$440,461, and the plan members contributed \$324,389 to the plan.

Defined Benefit Plan

Plan description – The City of Farmington Hills Employees' Retirement System Pension Board administers the City of Farmington Hills Post-Retirement Healthcare Finance Fund – a multiple-employer cost-sharing defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible general, court, police, and fire plan members and their beneficiaries.

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

Benefits provided – The fund provides healthcare and prescription benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. Benefits terms have been established by employer policy and contractual agreements authorized by city ordinance, which may be amended by City Council actions.

Employees covered by benefit terms – At June 30, 2023, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	226
Active employees	<u>393</u>
	<u>619</u>

Contributions – Contribution requirements of plan members are established and may be amended by the pension board in accordance with city ordinance, union contracts, and plan provisions. The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2024, the City's contribution was \$269,166. Plan members are required to contribute at 1.50 percent of pay.

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

Retiree reserve – The retiree reserve is held in the healthcare benefits reserve fund and is to be computed annually by the actuary as the present value of estimated healthcare benefit payments for all current retirees.

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Actuarially computed unfunded liabilities are to be covered by a transfer from the employer reserve. The amounts reserved may be used solely to pay retiree healthcare benefit payments.

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

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

The balances of the reserve accounts at June 30, 2024 are as follows:

		<u>Required Reserve</u>		<u>Amount Funded</u>
Retiree reserve	\$	57,640,182	\$	57,640,182
Employee reserve		3,816,811		3,816,811
Employer reserve		-		35,045,287

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the City reported an asset of \$10,793,766 for its proportionate share of the City of Farmington Hills OPEB plan's net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from June 30, 2023. The City's proportion of the net OPEB asset was determined by dividing each employers' actuarially determined OPEB contributions to the plan during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At June 30, 2024, the City's proportion was 98.02612 percent, which was an increase of 12.15629 percent compared to its proportion of 85.86983 percent from its proportion measured as of June 30, 2023. For the year ending June 30, 2024, the City recognized OPEB expense of \$(2,186,984).

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ -	\$ (7,666,894)	\$ (7,666,894)
Differences in assumptions	6,421,133	-	6,421,133
Change in proportionate share	38,882	(868,790)	(829,908)
Net difference between projected and actual earning on plan investments	854,264	-	854,264
Total	<u>\$ 7,314,279</u>	<u>\$ (8,535,684)</u>	<u>\$ (1,221,405)</u>

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

<u>Year ended June 30,</u>	
2025	\$ (1,989,775)
2026	2,611,340
2027	(737,734)
2028	(482,878)
2029	(208,115)
2030 - 2034	<u>(414,243)</u>
	<u>\$ (1,221,405)</u>

The net OPEB liability or asset is generally liquidated by the General Fund.

Actuarial assumptions – The total OPEB liability in the June 30, 2023 annual actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Investment rate of return	7%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Pre-65 7.50%, graded down to 3.50%
	Post-65 6.25% graded down to 3.50%

Mortality rates used were based on the Pub-2010 Mortality Tables using scale MP-2018.

Discount rate – The discount rate used to measure the total OPEB liability is 7.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the OPEB plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

City of Farmington Hills
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The long-term expected rate of return on OPEB plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class are summarized in the following tables:

Asset Class	Target Allocation
Domestic equity	41.0%
International equity	16.0%
Domestic bonds	20.0%
Real estate	10.0%
Alternative investments	11.0%
Cash	2.0%

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.50%
International equity	8.50%
Domestic bonds	2.50%
Real estate	4.50%
Alternative assets	6.05%
Cash	0.00%

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 8.28 percent.

Sensitivity of the net OPEB liability (asset) to changes in the discount rate – The following presents the net OPEB liability (asset) of the employer, calculated using the discount rate of 7.0%, as well as what the employer’s net OPEB liability (asset) would be using a discount rate that is 1% point lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB asset	<u>\$ (972,051)</u>	<u>\$ (10,793,766)</u>	<u>\$ (19,032,183)</u>

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Sensitivity of the net OPEB liability (asset) to changes in the healthcare cost trend rate – The following presents the net OPEB liability (asset), calculated using the healthcare cost trend rate of 7.25%, as well as what the net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower (6.25%, decreasing to 2.5%) or 1% higher (8.25% decreasing to 4.5%).

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB asset	\$ (20,119,657)	\$ (10,793,766)	\$ 356,821

Refer to the separately issued City of Farmington Hills Post-Retirement Healthcare Finance Fund financial statements for additional information and disclosures. The City of Farmington Hills Post-Retirement Healthcare Finance Fund’s financial statements may be obtained at the City of Farmington Hills’ city hall.

Note 14 - Change in Accounting Principle

During the year, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation had the following effect on fund balance as reported June 30, 2024:

	Capital Improvement Fund	Nonmajor Governmental
Fund balance at June 30, 2023	\$ 16,013,518	\$ 2,354,063
Adjustments		
Change from major to nonmajor	(16,013,518)	16,013,518
Adjusted fund balance at June 30, 2023	\$ -	\$ 18,367,581

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Revenues				
Taxes				
Property taxes	\$ 36,357,283	\$ 36,356,446	\$ 36,389,160	\$ 32,714
Administration fee	1,682,851	1,970,305	1,995,315	25,010
Licenses and permits	1,659,855	2,069,235	1,941,690	(127,545)
Federal grants	15,000	22,748	854,981	832,233
State-shared revenue	8,702,211	9,749,222	9,687,869	(61,353)
State grants	1,091,570	1,353,442	1,805,365	451,923
Local contributions	88,938	90,000	35,798	(54,202)
Charges for services	16,197,679	16,673,053	17,837,470	1,164,417
Fines and forfeitures	1,367,435	1,813,802	1,980,676	166,874
Investment income	303,000	2,848,738	3,274,380	425,642
Other revenue	2,192,905	2,071,786	2,239,195	167,409
	<u>69,658,727</u>	<u>75,018,777</u>	<u>78,041,899</u>	<u>3,023,122</u>
Total revenues				
Expenditures				
General government				
City Council	132,215	151,807	142,296	(9,511)
Board and commissions	3,272,790	3,328,490	3,193,167	(135,323)
City administration	831,949	819,316	887,642	68,326
Public information	1,034,577	811,003	581,230	(229,773)
Finance department	2,138,772	2,109,250	2,017,480	(91,770)
Clerk	1,110,201	1,058,187	1,044,373	(13,814)
Attorney/corporation counsel	800,400	782,400	788,852	6,452
Human resources/personnel	633,156	599,355	556,411	(42,944)
Central services	1,380,246	1,387,032	1,164,372	(222,660)
Support services	5,323,692	5,416,955	4,954,613	(462,342)
	<u>16,657,998</u>	<u>16,463,795</u>	<u>15,330,436</u>	<u>(1,133,359)</u>
Total general government				
Public safety				
Police	19,123,712	19,260,562	17,962,385	(1,298,177)
Fire	8,229,941	8,374,578	7,588,737	(785,841)
	<u>27,353,653</u>	<u>27,635,140</u>	<u>25,551,122</u>	<u>(2,084,018)</u>
Total public safety				

See Accompanying Notes to Required Supplementary Information

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
Public works				
Department of public works	553,506	607,143	498,935	(108,208)
Roads, streets, bridges (not Act 51)	2,593,712	2,481,998	2,150,367	(331,631)
Engineers/engineering	1,564,300	1,485,448	1,354,846	(130,602)
Rubbish collection/disposal	4,019,592	4,186,538	4,140,854	(45,684)
Building maintenance	540,610	515,010	494,419	(20,591)
Maintenance facility	2,231,079	1,465,574	1,405,675	(59,899)
Public service reimbursement from road fund	-	(2,200,454)	(1,491,813)	708,641
Total public works	<u>11,502,799</u>	<u>8,541,257</u>	<u>8,553,283</u>	<u>12,026</u>
Community and economic development				
Economic development	1,820,877	1,942,033	1,900,704	(41,329)
Recreation and culture				
Parks and recreation department	13,912,903	13,839,159	14,503,663	664,504
Capital outlay	<u>-</u>	<u>-</u>	<u>1,482,792</u>	<u>1,482,792</u>
Debt service				
Principal retirement	-	-	393,062	393,062
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>38,348</u>	<u>38,348</u>
Total debt service	<u>-</u>	<u>-</u>	<u>431,410</u>	<u>431,410</u>
Total expenditures	<u>71,248,230</u>	<u>68,421,384</u>	<u>67,753,410</u>	<u>(667,974)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,589,503)</u>	<u>6,597,393</u>	<u>10,288,489</u>	<u>3,691,096</u>
Other financing sources (uses)				
Transfers in	1,307,850	1,307,850	1,307,852	2
Transfers out	(7,623,951)	(7,973,951)	(7,973,951)	-
Issuance of debt	-	-	1,482,792	1,482,792
Sale of capital assets	<u>236,983</u>	<u>59,514</u>	<u>173,897</u>	<u>114,383</u>
Total other financing sources (uses)	<u>(6,079,118)</u>	<u>(6,606,587)</u>	<u>(5,009,410)</u>	<u>1,597,177</u>
Net change in fund balance	(7,668,621)	(9,194)	5,279,079	5,288,273
Fund balance - beginning of year	<u>56,293,852</u>	<u>56,293,852</u>	<u>56,293,852</u>	<u>-</u>
Fund balance - end of year	<u>\$ 48,625,231</u>	<u>\$ 56,284,658</u>	<u>\$ 61,572,931</u>	<u>\$ 5,288,273</u>

See Accompanying Notes to Required Supplementary Information

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
Municipal Street Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 18,704,576	\$ 18,704,576	\$ 18,769,395	\$ 64,819
State grants	211,885	211,885	503,674	291,789
Investment income	<u>20,600</u>	<u>20,600</u>	<u>893,065</u>	<u>872,465</u>
Total revenues	<u>18,937,061</u>	<u>18,937,061</u>	<u>20,166,134</u>	<u>1,229,073</u>
Other financing sources (uses)				
Transfers out	<u>(19,260,036)</u>	<u>(19,260,036)</u>	<u>(19,260,036)</u>	<u>-</u>
Net change in fund balance	(322,975)	(322,975)	906,098	1,229,073
Fund balance - beginning of year	<u>2,304,679</u>	<u>2,304,679</u>	<u>2,304,679</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,981,704</u>	<u>\$ 1,981,704</u>	<u>\$ 3,210,777</u>	<u>\$ 1,229,073</u>

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
Major Roads Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
State grants	\$ 8,194,167	\$ 8,194,167	\$ 8,882,315	\$ 688,148
Local contributions	462,000	1,033,500	13,599	(1,019,901)
Investment income	75,000	266,667	725,216	458,549
Other revenue	190	250	196,907	196,657
	<u>8,731,357</u>	<u>9,494,584</u>	<u>9,818,037</u>	<u>323,453</u>
Expenditures				
Current				
Public works	13,672,780	19,761,768	13,726,262	(6,035,506)
Excess of revenues (deficiency) over expenditures	(4,941,423)	(10,267,184)	(3,908,225)	6,358,959
Other financing sources (uses)				
Transfers in	-	5,713,770	5,713,768	(2)
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing sources (uses)	(2,000,000)	3,713,770	3,713,768	(2)
Net change in fund balance	(6,941,423)	(6,553,414)	(194,457)	6,358,957
Fund balance - beginning of year	15,781,909	15,781,909	15,781,909	-
Fund balance - end of year	\$ 8,840,486	\$ 9,228,495	\$ 15,587,452	\$ 6,358,957

See Accompanying Notes to Required Supplementary Information

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
Local Roads Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
State grants	\$ 2,994,581	\$ 2,994,581	\$ 2,968,922	\$ (25,659)
Investment income	75,000	81,668	297,750	216,082
Total revenues	<u>3,069,581</u>	<u>3,076,249</u>	<u>3,266,672</u>	<u>190,423</u>
Expenditures				
Current				
Public works	19,968,730	21,726,685	16,911,978	(4,814,707)
Debt service				
Principal retirement	755,000	755,000	755,000	-
Interest and fiscal charges	110,000	110,000	109,313	(687)
Total expenditures	<u>20,833,730</u>	<u>22,591,685</u>	<u>17,776,291</u>	<u>(4,815,394)</u>
Excess of revenues (deficiency) over expenditures	<u>(17,764,149)</u>	<u>(19,515,436)</u>	<u>(14,509,619)</u>	<u>5,005,817</u>
Other financing sources				
Transfers in	15,546,266	15,546,266	15,546,268	2
Net change in fund balance	(2,217,883)	(3,969,170)	1,036,649	5,005,819
Fund balance - beginning of year	6,618,785	6,618,785	6,618,785	-
Fund balance - end of year	<u>\$ 4,400,902</u>	<u>\$ 2,649,615</u>	<u>\$ 7,655,434</u>	<u>\$ 5,005,819</u>

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
Public Safety Millage Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final
				Budget
Revenues				
Taxes	\$ 12,686,230	\$ 12,686,230	\$ 12,734,520	\$ 48,290
State grants	200,513	200,513	138,940	(61,573)
Investment income	63,780	63,780	1,175,198	1,111,418
	<u>12,950,523</u>	<u>12,950,523</u>	<u>14,048,658</u>	<u>1,098,135</u>
Total revenues				
Expenditures				
Public safety	<u>12,978,531</u>	<u>12,749,759</u>	<u>12,749,759</u>	<u>-</u>
Excess of revenues (deficiency) over expenditures	(28,008)	200,764	1,298,899	1,098,135
Fund balance - beginning of year	<u>3,393,222</u>	<u>3,393,222</u>	<u>3,393,222</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,365,214</u>	<u>\$ 3,593,986</u>	<u>\$ 4,692,121</u>	<u>\$ 1,098,135</u>

See Accompanying Notes to Required Supplementary Information

City of Farmington Hills
Required Supplementary Information
Employees' Retirement System

Schedule of the City's Proportionate Share of the Net Pension Liability

Fiscal year ended June 30,	2024	2023	2022	2021	2020
City's proportion of the net pension liability (%)	95.43%	96.47%	95.97%	95.78%	95.58%
City's proportionate share of the net pension liability	\$ 71,929,312	\$ 63,709,201	\$ 56,839,126	\$ 25,804,703	\$ 60,395,617
City's covered payroll	\$ 31,307,511	\$ 20,528,927	\$ 19,549,498	\$ 19,720,476	\$ 18,994,170
City's proportionate share of the net pension liability as a percentage of its covered payroll	229.75%	310.34%	290.75%	130.85%	317.97%
Plan fiduciary net position as a percentage of total pension liability	70.33%	72.50%	73.72%	87.74%	70.71%

City of Farmington Hills
Required Supplementary Information
Employees' Retirement System
Schedule of the City's Proportionate Share of the Net Pension Liability

Fiscal year ended June 30,	2019	2018	2017*	2016	2015
City's proportion of the net pension liability (%)	95.43%	95.43%	95.26%	95.78%	95.92%
City's proportionate share of the net pension liability	\$ 50,973,877	\$ 39,249,558	\$ 37,396,907	\$ 38,326,411	\$ 28,834,315
City's covered payroll	\$ 19,118,157	\$ 19,121,057	\$ 19,032,521	\$ 19,018,880	\$ 19,388,355
City's proportionate share of the net pension liability as a percentage of its covered payroll	266.63%	205.27%	196.49%	201.52%	148.72%
Plan fiduciary net position as a percentage of total pension liability	74.55%	79.10%	79.21%	77.51%	82.86%

*The June 30, 2016 total pension liability was restated in the June 30, 2017 actuarial valuation to include the retiree healthcare opt-out stipend payments

City of Farmington Hills
Required Supplementary Information
Employees' Retirement System of Michigan
Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 4,683,178	\$ 4,683,178	\$ -	\$ 19,388,355	24.15%
2016	4,511,908	4,511,908	-	19,018,880	23.72%
2017	4,487,059	4,487,059	-	19,032,521	23.58%
2018	5,107,572	5,490,506	(382,934)	19,121,057	28.71%
2019	5,314,161	5,499,052	(184,891)	19,118,157	28.76%
2020	5,665,884	5,665,884	-	18,994,170	29.83%
2021	6,397,376	6,397,376	-	19,720,476	32.44%
2022	6,890,885	6,890,885	-	19,549,498	35.25%
2023	6,747,849	6,747,860	(11)	20,528,927	32.87%
2024	7,164,736	7,164,736	-	31,307,511	22.89%

See Accompanying Notes to Required Supplementary Information

City of Farmington Hills
Required Supplementary Information
Employees' Retirement System
Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Return*
2015	(0.40)%
2016	(1.80)%
2017	12.30%
2018	7.26%
2019	3.64%
2020	1.36%
2021	32.20%
2022	(9.87)%
2023	8.11%
2024	8.15%

* Annual money-weighted rate of return, net of investment expenses

City of Farmington Hills
Required Supplementary Information
Other Postemployment Benefits

Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Fiscal year ended June 30,	2024	2023	2022	2021	2020
City's proportion of the net OPEB liability (%)	98.03%	85.83%	85.83%	93.30%	93.05%
City's proportionate share of the net OPEB liability (asset)	\$ (10,793,766)	\$ (7,642,629)	\$ (5,633,957)	\$ (20,484,443)	\$ 3,815,708
City's covered payroll	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total OPEB liability	112.90%	110.69%	108.08%	127.75%	95.00%

Note: GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

Note: OPEB contributions are not based on a measure of pay and, therefore, covered payroll information has been omitted in accordance with GASB Statement No. 85.

City of Farmington Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)

Fiscal year ended June 30,	2019	2018	2017
City's proportion of the net OPEB liability (%)	92.51%	92.51%	95.95%
City's proportionate share of the net OPEB liability (asset)	\$ 1,330,769	\$ (5,793,708)	\$ (4,878,157)
City's covered payroll	N/A	N/A	N/A
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of total OPEB liability	98.21%	108.83%	107.47%

Note: GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

Note: OPEB contributions are not based on a measure of pay and, therefore, covered payroll information has been omitted in accordance with GASB Statement No. 85.

City of Farmington Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 1,722,056	1,722,056	-	N/A	N/A
2018	718,608	718,608	-	N/A	N/A
2019	710,062	710,062	-	N/A	N/A
2020	520,481	520,481	-	N/A	N/A
2021	504,451	504,451	-	N/A	N/A
2022	264,242	264,242	-	N/A	N/A
2023	244,802	244,802	-	N/A	N/A
2024	269,166	269,166	-	N/A	N/A

City of Farmington Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Return*
2015	(0.50)%
2016	(1.70)%
2017	11.90%
2018	7.16%
2019	3.66%
2020	1.36%
2021	32.62%
2022	(10.16)%
2023	8.26%
2024	8.28%

* Annual money-weighted rate of return, net of investment expenses

City of Farmington Hills
Notes to the Required Supplementary Information
June 30, 2024

Pension Information

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability – Employees' Retirement System

There were no changes in assumptions as of June 30, 2024.

Notes to the Schedule of Employer Contributions – Employees' Retirement System

- Valuation date: June 30, 2023
- Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are presented.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal
- Amortization method: Level percentage of payroll for Police and Fire; Level dollar method for General and Court employees
- Remaining amortization period: Police and Fire employees: 21 years; General and Court employees: 17 years
- Asset valuation method: 5-year smoothed fair value
- Inflation: 2.5 percent
- Salary increase: 4.00 to 7.00 percent (general and court), 4.00 to 23.00 percent (police), 4.00 to 20.00 percent (fire).
- Investment rate of return: 7 percent net of pension plan investment expense, including inflation
- Mortality rates: General and Court: Pub-2010 and amount-weighted tables; Police and Fire: Pub-2010 headcount-weighted tables; All tables include future mortality improvements projected to 2025 using scale MP-2018.

OPEB Information

Notes to the Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset) – Other Postemployment Benefits

There were no changes in assumptions as of June 30, 2024.

Notes to the Schedule of Employer Contributions – Other Postemployment Benefits

- Valuation date for contributions: June 30, 2022
- Valuation date for liability: June 30, 2023
- Actuarially determined contribution rates are calculated as of June 30 that is 24 months prior to the beginning of the fiscal year for which the contributions are presented.

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry age normal
- Amortization method: Level dollar, closed
- Remaining amortization period: 13 years
- Asset valuation method: 5-year smoothed market value
- Healthcare cost trends: Pre-65 Initial trend of 7.50% gradually decreasing to an ultimate trend rate of 3.50% in year 12; Post-65 Initial trend of 6.25% gradually decreasing to an ultimate trend rate of 3.50% in year 12

City of Farmington Hills
Notes to the Required Supplementary Information
June 30, 2024

- Inflation: 2.5 percent
- Salary increase: 3.0 percent
- Investment rate of return: 7 percent net of pension plan investment expense, including inflation
- Mortality rates: General and Court: Pub-2010 amount-weighted tables; Police and Fire: Pub-2010 amount-weighted tables; All tables include future mortality improvements projected to 2025 using scale MP-2018.

City of Farmington Hills
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

Special Revenue Funds

	Community Development		Forfeiture Funds	Parks and Recreation	
	Block Grant	Nutrition Grant		Special Millage	MIDC Fund
Assets					
Cash and cash equivalents	\$ 107,688	\$ 979,113	\$ 103,472	\$ 2,385,316	\$ 152,649
Investments	-	48,741	1,122,240	-	-
Receivables					
Accounts	9,068	-	-	-	-
Due from other units of government	120,811	25,271	-	-	-
Due from other funds	-	-	262,008	-	54,090
	<u>-</u>	<u>-</u>	<u>262,008</u>	<u>-</u>	<u>54,090</u>
Total assets	<u>\$ 237,567</u>	<u>\$ 1,053,125</u>	<u>\$ 1,487,720</u>	<u>\$ 2,385,316</u>	<u>\$ 206,739</u>
Liabilities					
Accounts payable	\$ 85,367	\$ 33,577	\$ 71,627	\$ 67,731	\$ 51,940
Due to other funds	152,200	873,877	-	1,309,135	-
Checks written against future deposits	-	-	-	-	-
Unearned revenue	-	145,671	-	-	154,799
	<u>-</u>	<u>145,671</u>	<u>-</u>	<u>-</u>	<u>154,799</u>
Total liabilities	<u>237,567</u>	<u>1,053,125</u>	<u>71,627</u>	<u>1,376,866</u>	<u>206,739</u>
Fund balances					
Non-spendable					
Restricted for					
Police and fire	-	-	1,416,093	-	-
Parks and recreation	-	-	-	1,008,450	-
Assigned					
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>1,416,093</u>	<u>1,008,450</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 237,567</u>	<u>\$ 1,053,125</u>	<u>\$ 1,487,720</u>	<u>\$ 2,385,316</u>	<u>\$ 206,739</u>

City of Farmington Hills
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

	Debt Service Fund		Capital Projects Funds		
	General Debt Service	Capital Improvement	Golf Course Capital Improvement	Community Center Renovations	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ -	\$ 1,800,093	\$ 39	\$ 18,820	\$ 5,547,190
Investments	28,657	4,872,306	-	79,596	6,151,540
Receivables					
Accounts	-	11,727	-	-	20,795
Due from other units of government	-	-	-	-	146,082
Due from other funds	2,790,401	5,099,979	-	211,955	8,418,433
	<u>2,790,401</u>	<u>5,099,979</u>	<u>-</u>	<u>211,955</u>	<u>8,418,433</u>
Total assets	<u>\$ 2,819,058</u>	<u>\$ 11,784,105</u>	<u>\$ 39</u>	<u>\$ 310,371</u>	<u>\$ 20,284,040</u>
Liabilities					
Accounts payable	\$ -	\$ 1,223,708	\$ -	\$ 37,951	\$ 1,571,901
Due to other funds	-	69,433	-	-	2,404,645
Checks written against future deposits	2,762,136	-	-	-	2,762,136
Unearned revenue	-	-	-	-	300,470
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,470</u>
Total liabilities	<u>2,762,136</u>	<u>1,293,141</u>	<u>-</u>	<u>37,951</u>	<u>7,039,152</u>
Fund balances					
Non-spendable					
Restricted for					
Police and fire	-	-	-	-	1,416,093
Parks and recreation	-	-	-	-	1,008,450
Assigned					
Capital projects	-	10,490,964	39	272,420	10,763,423
Debt service	56,922	-	-	-	56,922
	<u>56,922</u>	<u>10,490,964</u>	<u>39</u>	<u>272,420</u>	<u>13,244,888</u>
Total fund balances	<u>56,922</u>	<u>10,490,964</u>	<u>39</u>	<u>272,420</u>	<u>13,244,888</u>
Total liabilities and fund balances	<u>\$ 2,819,058</u>	<u>\$ 11,784,105</u>	<u>\$ 39</u>	<u>\$ 310,371</u>	<u>\$ 20,284,040</u>

City of Farmington Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Special Revenue Funds				
	Community Development			Parks and Recreation	
	Block Grant	Nutrition Grant	Forfeiture Funds	Special Millage	MIDC Fund
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 1,904,904	\$ -
Federal grants	546,562	152,336	231,697	-	-
State grants	-	116,248	51,015	51,121	455,443
Local contributions	-	-	-	-	38,649
Charges for services	-	-	-	-	-
Investment income	2,230	2,051	36,252	112,278	5,371
Other revenue	-	173,144	-	-	-
	<u>548,792</u>	<u>443,779</u>	<u>318,964</u>	<u>2,068,303</u>	<u>499,463</u>
Total revenues					
Expenditures					
Current					
Public safety	-	-	90,480	-	-
Health and welfare	-	-	-	-	499,463
Community and economic development	548,792	-	-	-	-
Recreation and culture	-	512,730	-	-	-
Capital outlay	-	-	-	567,664	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
	<u>548,792</u>	<u>512,730</u>	<u>90,480</u>	<u>567,664</u>	<u>499,463</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(68,951)</u>	<u>228,484</u>	<u>1,500,639</u>	<u>-</u>
Other financing sources (uses)					
Transfers in	-	68,951	-	-	-
Transfers out	-	-	-	(1,307,852)	-
	<u>-</u>	<u>68,951</u>	<u>-</u>	<u>(1,307,852)</u>	<u>-</u>
Total other financing sources and uses					
Net change in fund balances	<u>-</u>	<u>-</u>	<u>228,484</u>	<u>192,787</u>	<u>-</u>
Fund balances - beginning, as previously presented	-	-	1,187,609	815,663	-
Change within financial reporting entity (major to nonmajor fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning, as adjusted	<u>-</u>	<u>-</u>	<u>1,187,609</u>	<u>815,663</u>	<u>-</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,416,093</u>	<u>\$ 1,008,450</u>	<u>\$ -</u>

City of Farmington Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2024

	Debt Service Fund	Capital Project Funds			Total Nonmajor Governmental Funds
	General Debt Service	Capital Improvement	Golf Course Capital Improvement	Community Center Renovations	
Revenues					
Taxes	\$ -	\$ 21,504	\$ -	\$ -	\$ 1,926,408
Federal grants	-	-	-	-	930,595
State grants	-	-	-	-	673,827
Local contributions	-	-	-	-	38,649
Charges for services	-	-	39	-	39
Investment income	-	580,868	-	5,960	745,010
Other revenue	68,627	-	-	-	241,771
Total revenues	68,627	602,372	39	5,960	4,556,299
Expenditures					
Current					
Public safety	-	-	-	-	90,480
Health and welfare	-	-	-	-	499,463
Community and economic development	-	-	-	-	548,792
Recreation and culture	-	-	-	-	512,730
Capital outlay	-	11,224,926	-	73,678	11,866,268
Debt service					
Principal retirement	1,845,000	-	-	-	1,845,000
Interest and fiscal charges	981,358	-	-	-	981,358
Bond issuance costs	1,000	-	-	-	1,000
Total expenditures	2,827,358	11,224,926	-	73,678	16,345,091
Excess (deficiency) of revenues over expenditures	(2,758,731)	(10,622,554)	39	(67,718)	(11,788,792)
Other financing sources (uses)					
Transfers in	2,675,000	5,100,000	-	130,000	7,973,951
Transfers out	-	-	-	-	(1,307,852)
Total other financing sources and uses	2,675,000	5,100,000	-	130,000	6,666,099
Net change in fund balances	(83,731)	(5,522,554)	39	62,282	(5,122,693)
Fund balances - beginning, as previously presented	140,653	-	-	210,138	2,354,063
Change within financial reporting entity (major to nonmajor fund)	-	16,013,518	-	-	16,013,518
Fund balances - beginning, as adjusted	140,653	16,013,518	-	210,138	18,367,581
Fund balances - end of year	\$ 56,922	\$ 10,490,964	\$ 39	\$ 272,420	\$ 13,244,888

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Federal grants	\$ 451,864	\$ 577,950	\$ 546,562	\$ (31,388)
Investment income	50	50	2,230	2,180
Total revenues	<u>451,914</u>	<u>578,000</u>	<u>548,792</u>	<u>(29,208)</u>
Expenditures				
Community and economic development	<u>451,814</u>	<u>577,900</u>	<u>548,792</u>	<u>(29,108)</u>
Excess of revenues (deficiency) over expenditures	100	100	-	(100)
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ (100)</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Nutrition Grant Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Federal grants	\$ 286,722	\$ 286,722	\$ 152,336	\$ (134,386)
State grants	-	-	116,248	116,248
Investment income	36,858	36,858	2,051	(34,807)
Other revenue	120,834	120,834	173,144	52,310
	<u>444,414</u>	<u>444,414</u>	<u>443,779</u>	<u>(635)</u>
Expenditures				
Recreation and culture	513,365	513,365	512,730	(635)
Excess of revenues (deficiency) over expenditures	(68,951)	(68,951)	(68,951)	-
Other financing sources (uses)				
Transfers in	68,951	68,951	68,951	-
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Forfeiture Funds
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Federal grants	\$ -	\$ -	\$ 231,697	\$ 231,697
State grants	-	-	51,015	51,015
Investment income	<u>10,000</u>	<u>13,588</u>	<u>36,252</u>	<u>22,664</u>
Total revenues	<u>10,000</u>	<u>13,588</u>	<u>318,964</u>	<u>305,376</u>
Expenditures				
Public safety	<u>117,975</u>	<u>39,231</u>	<u>90,480</u>	<u>51,249</u>
Excess of revenues (deficiency) over expenditures	(107,975)	(25,643)	228,484	254,127
Fund balance - beginning of year	<u>1,187,609</u>	<u>1,187,609</u>	<u>1,187,609</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,079,634</u>	<u>\$ 1,161,966</u>	<u>\$ 1,416,093</u>	<u>\$ 254,127</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Parks and Recreation Special Millage Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ 1,878,197	\$ 1,899,271	\$ 1,904,904	\$ 5,633
State grants	25,000	53,528	51,121	(2,407)
Investment income	22,000	61,812	112,278	50,466
 Total revenues	<u>1,925,197</u>	<u>2,014,611</u>	<u>2,068,303</u>	<u>53,692</u>
 Expenditures				
Capital outlay	<u>807,300</u>	<u>1,250,501</u>	<u>567,664</u>	<u>(682,837)</u>
 Excess of revenues (deficiency) over expenditures	1,117,897	764,110	1,500,639	736,529
 Other financing sources (uses)				
Transfers out	<u>(1,307,850)</u>	<u>(1,307,850)</u>	<u>(1,307,852)</u>	<u>(2)</u>
 Net change in fund balance	(189,953)	(543,740)	192,787	736,527
 Fund balance - beginning of year	<u>815,663</u>	<u>815,663</u>	<u>815,663</u>	<u>-</u>
 Fund balance - end of year	<u>\$ 625,710</u>	<u>\$ 271,923</u>	<u>\$ 1,008,450</u>	<u>\$ 736,527</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
MIDC Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
State grants	\$ 334,784	\$ 571,095	\$ 455,443	\$ (115,652)
Local contributions	21,697	22,083	38,649	16,566
Investment income	100	2,000	5,371	3,371
Total revenues	<u>356,581</u>	<u>595,178</u>	<u>499,463</u>	<u>(95,715)</u>
Expenditures				
Health and welfare	<u>356,581</u>	<u>595,178</u>	<u>499,463</u>	<u>(95,715)</u>
Excess of revenues (deficiency) over expenditures	-	-	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
General Debt Service Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Investment income	\$ 200	\$ 200	\$ 912	\$ 712
Other revenue	502,543	50,000	68,627	18,627
Total revenues	<u>502,743</u>	<u>50,200</u>	<u>69,539</u>	<u>19,339</u>
Expenditures				
Debt service				
Principal retirement	1,845,000	1,845,000	1,845,000	-
Interest and fiscal charges	977,248	977,248	982,270	5,022
Bond issuance costs	-	-	1,000	1,000
Total expenditures	<u>2,822,248</u>	<u>2,822,248</u>	<u>2,828,270</u>	<u>6,022</u>
Excess of revenues (deficiency) over expenditures	<u>(2,319,505)</u>	<u>(2,772,048)</u>	<u>(2,758,731)</u>	<u>13,317</u>
Other financing sources (uses)				
Transfers in	<u>2,325,000</u>	<u>2,675,000</u>	<u>2,675,000</u>	<u>-</u>
Net change in fund balance	5,495	(97,048)	(83,731)	13,317
Fund balance - beginning of year	<u>140,653</u>	<u>140,653</u>	<u>140,653</u>	<u>-</u>
Fund balance - end of year	<u>\$ 146,148</u>	<u>\$ 43,605</u>	<u>\$ 56,922</u>	<u>\$ 13,317</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Capital Improvement Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes	\$ -	\$ -	\$ 21,504	\$ 21,504
State grants	100,000	100,000	-	(100,000)
Investment income	<u>200,000</u>	<u>500,000</u>	<u>580,868</u>	<u>80,868</u>
 Total revenues	 <u>300,000</u>	 <u>600,000</u>	 <u>602,372</u>	 <u>2,372</u>
Expenditures				
Capital outlay	<u>6,465,500</u>	<u>19,704,970</u>	<u>11,224,926</u>	<u>(8,480,044)</u>
 Excess of revenues (deficiency) over expenditures	 (6,165,500)	 (19,104,970)	 (10,622,554)	 8,482,416
Other financing sources (uses)				
Transfers in	<u>5,100,000</u>	<u>5,100,000</u>	<u>5,100,000</u>	<u>-</u>
 Net change in fund balance	 (1,065,500)	 (14,004,970)	 (5,522,554)	 8,482,416
Fund balance - beginning of year	<u>16,013,518</u>	<u>16,013,518</u>	<u>16,013,518</u>	<u>-</u>
Fund balance - end of year	<u>\$ 14,948,018</u>	<u>\$ 2,008,548</u>	<u>\$ 10,490,964</u>	<u>\$ 8,482,416</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Golf Course Capital Improvement Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Charges for services	\$ -	\$ -	\$ 39	\$ 39
Expenditures	-	-	-	-
Net change in fund balance	-	-	39	39
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39</u>	<u>\$ 39</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Community Center Renovations Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Investment income	\$ 30,000	\$ 30,000	\$ 5,960	\$ (24,040)
Expenditures				
Capital outlay	160,000	165,752	73,678	(92,074)
Excess of revenues (deficiency) over expenditures	(130,000)	(135,752)	(67,718)	68,034
Other financing sources (uses)				
Transfers in	130,000	130,000	130,000	-
Net change in fund balance	-	(5,752)	62,282	68,034
Fund balance - beginning of year	210,138	210,138	210,138	-
Fund balance - end of year	<u>\$ 210,138</u>	<u>\$ 204,386</u>	<u>\$ 272,420</u>	<u>\$ 68,034</u>

City of Farmington Hills Description of Statistical Section

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

Contents

Financial Trends:

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

Revenue Capacity:

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its main income source - property taxes.

Debt Capacity:

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

Demographic Information:

These schedules present various demographic and economic indicators for the reader to understand the environment within the City that affects the City's financial statements.

Operating Information:

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

**City of Farmington Hills
Net Position by Component
Last Ten Fiscal Years
(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
Net investment in capital assets	\$ 132,814,511	\$ 136,304,301	\$ 140,687,061	\$ 142,784,702	\$ 152,362,081	\$ 172,734,509	\$ 189,055,502	\$ 198,014,183	\$ 202,562,652	\$ 222,696,820
Restricted	14,835,556	17,383,179	25,378,243	27,368,668	14,735,839	9,572,011	15,291,028	26,870,546	38,125,414	46,021,550
Unrestricted	6,399,143	5,341,244	(914,254)	5,817,769	(2,327,893)	(4,906,858)	6,839,971	6,714,540	11,972,365	6,615,550
Total net position	<u>\$ 154,049,210</u>	<u>\$ 159,028,724</u>	<u>\$ 165,151,050</u>	<u>\$ 175,971,139</u>	<u>\$ 164,770,027</u>	<u>\$ 177,399,662</u>	<u>\$ 211,186,501</u>	<u>\$ 231,599,269</u>	<u>\$ 252,660,431</u>	<u>\$ 275,333,920</u>
Business-type Activities:										
Net investment in capital assets	\$ 65,547,709	\$ 72,467,388	\$ 66,261,936	\$ 66,690,516	\$ 66,301,953	\$ 68,910,061	\$ 70,436,527	\$ 72,709,369	\$ 78,773,242	\$ 81,430,907
Unrestricted	72,052,142	67,206,707	75,685,405	77,017,904	78,451,561	76,963,942	74,991,278	71,512,451	65,525,528	61,327,071
Total net position	<u>\$ 137,599,851</u>	<u>\$ 139,674,095</u>	<u>\$ 141,947,341</u>	<u>\$ 143,708,420</u>	<u>\$ 144,753,514</u>	<u>\$ 145,874,003</u>	<u>\$ 145,427,805</u>	<u>\$ 144,221,820</u>	<u>\$ 144,298,770</u>	<u>\$ 142,757,978</u>
Primary Government in Total:										
Net investment in capital assets	\$ 198,362,220	\$ 208,771,689	\$ 206,948,997	\$ 209,475,218	\$ 218,664,034	\$ 241,644,570	\$ 259,492,029	\$ 270,723,552	\$ 281,335,894	\$ 304,127,727
Restricted	14,835,556	17,383,179	25,378,243	27,368,668	14,735,839	9,572,011	15,291,028	26,870,546	38,125,414	46,021,550
Unrestricted	78,451,285	72,547,951	74,771,151	82,835,673	76,123,668	72,057,084	81,831,249	78,226,991	77,497,893	67,942,621
Total net position	<u>\$ 291,649,061</u>	<u>\$ 298,702,819</u>	<u>\$ 307,098,391</u>	<u>\$ 319,679,559</u>	<u>\$ 309,523,541</u>	<u>\$ 323,273,665</u>	<u>\$ 356,614,306</u>	<u>\$ 375,821,089</u>	<u>\$ 396,959,201</u>	<u>\$ 418,091,898</u>

City of Farmington Hills
Changes in Governmental Net Position
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses:										
General government	\$ 13,799,558	\$ 16,208,153	\$ 12,966,197	\$ 15,467,484	\$ 17,593,114	\$ 16,985,367	\$ 10,616,854	\$ 17,807,296	\$ 17,441,760	\$ 19,352,967
Public safety	30,663,569	31,598,884	32,569,828	33,101,621	38,570,736	37,350,515	30,488,230	35,374,948	41,650,599	40,738,209
Public services	17,710,227	19,333,197	20,560,119	20,309,790	27,456,946	21,949,505	21,792,879	21,642,494	27,687,683	28,927,939
Health and Welfare			-	-	-	-	-	199,574	359,628	499,463
Community and economic development	1,582,677	2,175,213	1,938,615	1,995,922	1,925,343	1,970,504	2,550,617	2,182,133	2,754,805	2,165,107
Recreation and culture	8,774,076	9,000,976	8,990,365	9,769,002	8,664,042	9,436,459	9,703,991	14,302,545	15,919,670	15,094,522
Interest on long-term debt	734,698	499,969	571,203	521,785	470,284	1,191,147	918,731	785,557	687,530	965,100
Total expenses	73,264,805	78,816,392	77,596,327	81,165,604	94,680,465	88,883,497	76,071,302	92,294,547	106,501,675	107,743,307
Program revenues:										
Charges for services										
General government	4,982,503	5,623,842	5,825,246	5,248,109	7,827,566	7,273,250	6,989,875	7,213,066	7,114,125	7,327,987
Public safety	2,115,647	2,098,423	2,170,085	2,070,345	2,332,747	2,645,120	2,181,621	2,570,605	3,007,330	3,360,550
Public services	1,929,655	2,135,470	2,046,939	2,174,599	3,809,043	3,285,783	2,796,015	2,475,015	4,038,117	3,653,445
Community & economic development	352,890	561,734	368,733	80,679	-	-	-	-	-	-
Recreation and culture	4,450,090	4,638,028	4,744,048	4,858,219	4,840,888	3,643,577	3,781,843	6,736,483	7,936,003	9,042,127
Total charges for services	13,830,785	15,057,497	15,155,051	14,431,951	18,810,244	16,847,730	15,749,354	18,995,169	22,095,575	23,384,109
Operating grants and contributions	8,858,842	11,345,832	16,625,862	11,125,360	12,322,939	11,806,082	20,024,920	17,479,719	20,049,311	15,964,042
Capital grants and contributions	331,999	148,957	175,637	851,238	-	-	-	7,635	-	-
Total program revenue	23,021,626	26,552,286	31,956,550	26,408,549	31,133,183	28,653,812	35,774,274	36,482,523	42,144,886	39,348,151
Excess of Expenses Over Program Revenue	(50,243,179)	(52,264,106)	(45,639,777)	(54,757,055)	(63,547,282)	(60,229,685)	(40,297,028)	(55,812,024)	(64,356,789)	(68,395,156)
General revenues:										
Property taxes	39,015,386	46,644,560	46,432,310	48,612,050	50,044,486	61,198,407	62,969,729	64,470,701	67,592,794	71,793,294
State-shared revenues	6,477,230	6,773,437	7,824,407	8,112,310	8,589,005	8,542,647	9,759,804	10,996,874	11,056,305	11,126,056
Investment earnings	396,972	718,517	518,714	879,918	1,872,340	2,206,577	600,963	-	6,333,121	7,106,339
Gain (loss) on disposal	-	-	-	-	144,963	157,129	160,606	-	140,958	173,787
Special Items	-	-	-	-	(8,982,681)	-	-	-	-	-
Miscellaneous	3,401,950	3,107,106	2,625,365	3,113,354	680,257	754,560	438,153	780,305	294,773	869,169
Total general revenues	49,291,538	57,243,620	57,400,796	60,717,632	52,348,370	72,859,320	73,929,255	76,247,880	85,417,951	91,068,645
Transfers	(59,369)	-	-	-	-	-	-	-	-	-
Change in net position	\$ (1,011,010)	\$ 4,979,514	\$ 11,761,019	\$ 5,960,577	\$ (11,198,912)	\$ 12,629,635	\$ 33,632,227	\$ 20,435,856	\$ 21,061,162	\$ 22,673,489

Source: Annual financial statements

City of Farmington Hills
Changes in Business-type Net Position
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Revenue										
Water and sewer	\$ 25,401,057	\$ 26,460,743	\$ 27,747,324	\$ 27,029,571	\$ 29,546,893	\$ 27,163,569	\$ 30,238,018	\$ 31,011,125	\$ 34,313,232	\$ 36,700,148
Capital grants and contributions	<u>352,150</u>	<u>265,413</u>	<u>847,316</u>	<u>2,204,688</u>	<u>713,391</u>	<u>1,182,295</u>	<u>2,083,715</u>	<u>1,227,275</u>	<u>1,467,055</u>	<u>283,185</u>
Total program revenue	25,753,207	26,726,156	28,594,640	29,234,259	30,260,284	28,345,864	32,321,733	32,238,400	35,780,287	36,983,333
Operating Expenses										
Water and sewer	26,769,838	24,962,971	26,340,919	27,618,360	30,060,159	28,168,384	33,297,760	33,444,385	38,031,569	39,397,563
Interest expense	<u>322,305</u>	<u>426,514</u>	<u>556,588</u>	<u>781,888</u>	<u>980,526</u>	<u>747,083</u>	<u>-</u>	<u>-</u>	<u>381,016</u>	<u>570,808</u>
Total operating expenses	27,092,143	25,389,485	26,897,507	28,400,248	31,040,685	28,915,467	33,297,760	33,444,385	38,412,585	39,968,371
Net (Expenses) Revenue	(1,338,936)	1,336,671	1,697,133	834,011	(780,401)	(569,603)	(976,027)	(1,205,985)	(2,632,298)	(2,985,038)
General Revenue - Investment earnings and other	605,710	737,573	576,113	927,068	1,825,495	1,690,092	529,829	-	2,709,248	1,444,246
Transfers	59,369	-	-	-	-	-	-	-	-	-
Total Change in Net Position	\$ (673,857)	\$ 2,074,244	\$ 2,273,246	\$ 1,761,079	\$ 1,045,094	\$ 1,120,489	\$ (446,198)	\$ (1,205,985)	\$ 76,950	\$ (1,540,792)
Change in Net Position - Primary Government	\$ (1,684,867)	\$ 7,053,758	\$ 14,034,265	\$ 7,721,656	\$ (10,153,818)	\$ 13,750,124	\$ 33,186,029	\$ 19,229,871	\$ 21,138,112	\$ 21,132,697

**City of Farmington Hills
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Nonspendable	\$ 839,501	\$ 1,032,308	\$ 983,364	\$ 838,111	\$ 867,649	\$ 858,835	\$ 304,826	\$ 587,647	\$ 240,863	\$ 574,400
Restricted	-	-	-	-	-	-	-	-	618,051	1,022,864
Committed	22,408	22,409	22,409	22,409	-	-	-	-	-	-
Assigned	12,888,638	16,409,880	17,599,194	19,224,548	20,714,136	18,207,555	19,711,996	11,072,450	4,490,061	-
Unassigned	13,987,360	13,418,341	14,558,909	14,941,090	15,684,325	20,905,683	25,512,066	35,554,064	50,944,877	59,975,667
Total general fund	\$ 27,737,907	\$ 30,882,938	\$ 33,163,876	\$ 35,026,158	\$ 37,266,110	\$ 39,972,073	\$ 45,528,888	\$ 47,214,161	\$ 56,293,852	\$ 61,572,931
All other governmental funds:										
Nonspendable										
Special revenue funds	\$ 32	\$ -	\$ 199,698	\$ -	\$ -	\$ 612	\$ -	\$ -	\$ -	\$ -
Capital project funds	2,405	-	-	78,500	-	-	-	-	-	-
Restricted										
Special revenue funds	8,217,395	9,301,626	10,213,655	16,215,802	18,117,308	13,089,014	15,745,839	24,854,395	30,101,867	33,570,327
Capital project funds	-	-	-	-	-	15,953,360	1,334,343	-	402,745	-
Debt service funds	2,097,263	2,113,034	2,094,668	1,994,366	-	-	-	-	-	-
Committed										
Special revenue funds	52,536	52,986	52,997	53,159	-	-	-	-	-	-
Capital project funds	241,695	874,876	1,670,443	2,445,103	-	-	-	-	-	-
Assigned										
Special revenue funds	150,000	-	-	-	-	-	-	-	-	-
Capital project funds	2,126,379	2,902,057	1,778,128	3,771,142	3,768,298	5,485,305	7,323,118	7,709,002	15,820,911	10,763,423
Debt service funds	162,297	162,344	144,293	137,484	146,786	273,594	89,047	102,189	140,653	56,922
Total other governmental funds	\$ 13,050,002	\$ 15,406,923	\$ 16,153,882	\$ 24,695,556	\$ 22,032,392	\$ 34,801,885	\$ 24,492,347	\$ 32,665,586	\$ 46,466,176	\$ 44,390,672

Source: Annual Financial Statements

City of Farmington Hills
Change in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue										
Property taxes	\$ 39,244,016	\$ 46,644,560	\$ 46,432,310	\$ 48,612,050	\$ 50,218,109	\$ 61,198,407	\$ 62,969,729	\$ 64,516,770	\$ 67,607,002	\$ 71,814,798
Special assessments	954,676	1,267,377	2,102,178	2,284,000	1,402,272	-	-	-	-	-
Licenses and permits	1,224,287	1,558,094	1,913,682	1,417,161	1,783,163	1,890,690	1,620,709	1,685,309	2,151,403	1,941,690
Federal grants	1,187,938	1,321,952	1,528,952	1,345,653	963,179	1,296,311	6,734,127	5,332,309	5,936,454	1,785,576
State-shared revenue and grants	13,441,669	14,284,441	15,546,926	17,428,020	19,179,709	18,857,483	20,925,527	22,913,998	24,916,727	24,660,912
Other grants and contributions	280,500	254,787	259,606	273,269	174,372	175,836	2,024,962	349,362	(15,334)	88,046
Charges for services	10,228,020	11,020,824	10,939,531	11,062,483	11,407,257	11,626,315	10,736,549	13,692,720	16,504,638	17,837,509
Fines and forfeitures	2,179,726	2,145,354	2,006,801	2,085,541	2,197,948	1,751,346	1,647,759	1,548,589	1,531,952	1,980,676
Investment income	396,972	718,517	518,714	879,918	1,926,079	2,207,078	600,996	(2,495,624)	6,338,501	7,110,619
Other and equipment rental	3,192,688	2,686,204	2,883,400	3,691,309	3,067,183	2,543,594	2,085,684	2,693,431	2,426,003	2,677,873
Total revenue	<u>72,330,492</u>	<u>81,902,110</u>	<u>84,132,100</u>	<u>89,079,404</u>	<u>92,319,271</u>	<u>101,547,060</u>	<u>109,346,042</u>	<u>110,236,864</u>	<u>127,397,346</u>	<u>129,897,699</u>
Expenditures										
Current:										
General government	12,087,690	11,924,336	12,354,442	12,700,889	12,896,343	13,221,497	13,189,248	14,092,538	13,882,188	15,330,436
Public safety	28,781,433	28,583,053	29,916,423	30,556,875	30,825,852	31,940,936	32,563,982	34,375,131	35,666,482	38,391,361
Public services	12,388,557	14,299,423	15,523,489	14,115,430	19,879,270	36,699,154	30,821,569	26,200,373	34,404,521	39,191,523
Health and Welfare	-	-	-	-	-	-	-	199,480	360,687	499,463
Community and economic development	1,559,679	2,141,207	2,024,943	1,984,459	1,924,657	1,969,161	2,556,330	2,239,964	2,750,891	2,449,496
Recreation and culture	7,521,804	7,769,813	7,862,950	8,488,297	8,642,314	8,249,851	8,535,568	12,394,600	13,919,586	15,016,393
Capital outlay	5,695,657	9,723,407	21,574,339	8,069,908	15,913,541	15,541,788	22,632,176	7,847,129	7,744,776	13,349,060
Debt service	2,867,814	2,031,223	2,211,018	2,943,763	2,845,901	4,020,961	4,641,397	3,151,843	3,296,323	4,123,081
Total expenditures	<u>70,902,634</u>	<u>76,492,462</u>	<u>91,467,604</u>	<u>78,859,621</u>	<u>92,927,878</u>	<u>111,643,348</u>	<u>114,940,270</u>	<u>100,501,058</u>	<u>112,025,454</u>	<u>128,350,813</u>
Excess of Revenue Over (Under) Expenditures	1,427,858	5,409,648	(7,335,504)	10,219,783	(608,607)	(10,096,288)	(5,594,228)	9,735,806	15,371,892	1,546,886
Other Financing Sources (Uses)										
Debt issuance	-	-	14,015,246	-	-	25,297,018	4,125,000	-	7,331,707	1,482,792
Transfers in	10,291,938	14,270,227	17,870,989	16,749,125	22,750,816	29,593,899	28,725,383	29,403,087	27,908,567	30,541,839
Transfers out	(10,351,307)	(14,270,227)	(17,870,989)	(16,749,125)	(22,750,816)	(29,593,899)	(28,725,383)	(29,403,087)	(27,908,567)	(30,541,839)
Proceeds from sale of capital assets	147,682	92,304	112,115	184,173	185,395	274,726	162,171	122,706	176,682	173,897
Debt defeasance	-	-	(3,763,960)	-	-	-	(3,600,278)	-	-	-
Total other financing sources (uses)	<u>88,313</u>	<u>92,304</u>	<u>10,363,401</u>	<u>184,173</u>	<u>185,395</u>	<u>25,571,744</u>	<u>686,893</u>	<u>122,706</u>	<u>7,508,389</u>	<u>1,656,689</u>
Net change in fund balances	1,516,171	5,501,952	3,027,897	10,403,956	(423,212)	15,475,456	(4,907,335)	9,858,512	22,880,281	3,203,575
Fund Balances - Beginning of year	<u>39,271,738</u>	<u>40,787,909</u>	<u>46,289,861</u>	<u>49,317,758</u>	<u>59,721,714</u>	<u>59,298,502</u>	<u>74,773,958</u>	<u>70,021,235</u>	<u>79,879,747</u>	<u>102,760,028</u>
Prior Period Adjustment	-	-	-	-	-	-	154,612	-	-	-
Fund Balances - End of year	<u>\$ 40,787,909</u>	<u>\$ 46,289,861</u>	<u>\$ 49,317,758</u>	<u>\$ 59,721,714</u>	<u>\$ 59,298,502</u>	<u>\$ 74,773,958</u>	<u>\$ 70,021,235</u>	<u>\$ 79,879,747</u>	<u>\$ 102,760,028</u>	<u>\$ 105,963,603</u>
Debt Service as a % of Non Capital Expenditures	4.40%	3.04%	3.16%	4.16%	3.70%	4.18%	5.03%	3.40%	3.16%	3.59%

City of Farmington Hills
Assessed Value and Actual Value of Taxable Property
Last Ten Years
(Unaudited)

Tax Year	Residential	Commercial	Industrial	Personal Property	IFT	Total Value	Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
2015	\$ 2,140,673,280	\$ 647,245,830	\$ 94,923,440	\$ 245,515,980	\$ 1,515,030	\$ 3,129,873,560	14.3908	\$ 3,555,094,530	88.04%
2016	2,181,346,960	649,105,680	93,312,600	203,299,780	1,036,930	3,128,101,950	14.3273	3,752,944,510	83.35%
2017	2,244,198,190	666,176,630	94,984,180	202,500,580	929,350	3,208,788,930	14.6569	3,975,835,450	80.71%
2018	2,328,645,800	686,193,840	105,437,480	195,872,700	846,360	3,316,996,180	14.5794	4,151,773,160	79.89%
2019	2,424,630,660	715,406,880	111,975,400	207,556,420	667,030	3,460,236,390	17.1905	4,407,606,380	78.51%
2020	2,517,986,910	746,753,390	120,726,760	211,527,870	603,160	3,597,598,090	17.0117	4,652,525,100	77.33%
2021	2,595,436,420	782,346,140	125,654,300	226,793,400	221,760	3,730,452,020	16.8566	4,908,706,890	76.00%
2022	2,750,297,650	858,650,680	137,060,770	231,069,790	3,369,780	3,980,448,670	16.5693	5,237,966,510	75.99%
2023	2,938,629,300	923,405,640	145,725,250	230,364,150	3,512,890	4,241,637,230	16.5195	5,722,759,540	74.12%
2024	3,161,728,100	973,806,960	154,554,910	227,490,450	3,659,790	4,521,240,210	16.4240	6,153,802,280	73.47%

Note: Under Michigan law, the revenue base is taxable value. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: City Assessing Department records

City of Farmington Hills
Direct and Overlapping Property Tax Rates
Last Ten Years
(Unaudited)

Tax Year	General Operating	Debt	Voted Special Purpose	Total Direct Taxes	Overlapping Taxes										Zoo				
					County	OCPTA	Library	Oakland Community College	Schoolcraft Community College	Intermediate School District	State Education	School: Homestead Farmington	School: Homestead Clarenceville	School: Homestead Walled Lake	School: Non-Homestead Farmington	School: Non-Homestead Clarenceville	School: Non-Homestead Walled Lake	Authority	Art Institute
2014	8.0792	0.6368	3.6646	12.3806	4.6461	1.0000	1.5856	1.5844	1.7967	3.3690	6.0000	11.7472	4.5000	7.6843	20.2600	22.5000	23.4872	0.1000	0.2000
2015	8.2774	0.4488	5.6646	14.3908	4.5456	0.9998	1.5856	1.5819	1.7967	3.3633	6.0000	12.4418	4.5000	7.2841	21.4400	22.5000	23.1180	0.0998	0.1996
2016	8.2218	0.4671	5.6384	14.3273	4.4938	0.9941	1.5781	1.5707	1.7880	3.3398	6.0000	12.1482	4.5000	7.0150	21.4400	22.5000	22.9279	0.0990	0.1981
2017	8.6232	0.4434	5.5903	14.6569	4.4908	0.9853	1.5644	1.5555	1.7766	3.3079	6.0000	11.4268	4.5000	6.9458	21.3000	22.5000	20.4179	0.0980	0.1961
2018	8.6410	0.3892	5.5492	14.5794	4.4878	1.0000	1.5517	1.5431	1.7662	3.2813	6.0000	11.3026	4.4626	6.7968	21.3000	22.4626	22.5643	0.0982	0.1945
2019	8.4314	0.5216	8.2375	17.1905	4.4846	0.9927	1.5393	1.5303	2.2516	3.2539	6.0000	10.8634	4.3831	6.2300	21.3000	22.3831	21.9531	0.0973	0.1929
2020	8.1292	0.7383	8.1442	17.0117	4.5804	0.9851	1.5209	1.5184	2.2700	3.2280	6.0000	9.4482	4.2940	6.0742	21.2000	22.2940	21.5648	0.0956	0.1897
2021	8.1883	0.6017	8.0666	16.8566	4.5691	0.9765	1.5062	1.5057	2.2700	3.2012	6.0000	9.4482	4.2940	6.0742	21.2000	22.2940	21.5648	0.0956	0.1897
2022	8.0081	0.5887	7.9725	16.5693	4.5187	0.9765	1.4860	1.4891	2.2700	3.1658	6.0000	8.9067	4.2257	4.5969	21.2000	22.2257	21.3430	0.0945	0.1945
2023	7.9583	0.5887	7.9725	16.5195	4.5187	0.9500	1.4742	1.4891	2.2700	3.1658	6.0000	8.7764	4.2257	4.6300	21.2000	22.2257	21.3761	0.0945	0.1945

Note: Includes Capital, Refuse Removal and Economic Development Millages

Source: City Assessing Department records

**City of Farmington Hills
Principal Property Taxpayers
Last Ten Years
(Unaudited)**

	Taxpayer	2024 Taxable Value	Percentage of Total	2015 Taxable Value	Percentage of Total	2015 Rank
1	Oakland Management Co.	\$ 79,384,130	1.76	\$ 67,492,840	1.90	1
2	Detroit Edison	45,727,790	1.01	37,679,290	1.06	2
3	Consumers Energy	37,139,400	0.82	9,314,080	0.26	15
4	Meadows at Hunters Ridge LLC	36,728,510	0.81	17,862,990	0.50	8
5	Independence Green Apts	29,566,500	0.65	20,933,930	0.59	6
6	FH Corporate Investors (Kojaian)	28,308,010	0.63	21,342,290	0.60	5
7	Edward Rose	23,390,230	0.52	10,967,300	0.31	11
8	Green Hill Apartments	21,743,430	0.48	19,893,970	0.56	7
9	Nissan Corp	21,176,000	0.47	27,826,500	0.78	4
10	FREG Farmington Hills	17,735,660	0.39	10,603,550	0.30	12

Source: City Assessing Department Records

City of Farmington Hills
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Total Levy (1)	Collections	Percent Collected	Delinquent Collections (Real)	Total Tax Collections	Percent of Levy Collected
2015	\$ 37,756,272	\$ 37,247,698	98.65%	\$ 464,793	\$ 37,712,491	99.88%
2016	44,773,169	44,164,096	98.64%	563,701	44,727,797	99.90%
2017	44,753,190	44,190,157	98.74%	525,565	44,715,722	99.92%
2018	46,939,639	46,311,617	98.66%	585,082	46,896,699	99.91%
2019	48,336,062	47,730,339	98.75%	556,469	48,286,808	99.90%
2020	59,410,292	58,585,869	98.61%	731,998	59,317,867	99.84%
2021	61,140,114	60,420,160	98.82%	644,250	61,064,410	99.88%
2022	62,882,476	62,230,047	98.96%	554,277	62,784,324	99.84%
2023	65,955,776	65,199,295	98.85%	648,934	65,848,229	99.84%
2024	70,099,604	69,165,110	98.67%	792,388	69,957,498	99.80%

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

Source: City Treasurer's Office records

City of Farmington Hills
Ratios of Outstanding Debt
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
General obligation bonds	\$ 13,375,000	\$ 12,240,000	\$ 10,870,000	\$ 9,380,000	\$ 31,940,000	\$ 30,775,000	\$ 28,370,000	\$ 25,995,000	\$ 31,165,000	\$ 29,755,000
Special assessment bonds	1,860,000	11,290,000	11,020,000	10,100,000	9,110,000	7,585,000	6,845,000	6,950,000	5,785,000	4,595,000
Leases	-	-	-	-	-	-	-	242,903	136,974	27,822
Subscriptions	-	-	-	-	-	-	-	-	454,042	1,652,924
Total governmental activities	<u>15,235,000</u>	<u>23,530,000</u>	<u>21,890,000</u>	<u>19,480,000</u>	<u>41,050,000</u>	<u>38,360,000</u>	<u>35,215,000</u>	<u>33,187,903</u>	<u>37,541,016</u>	<u>36,030,746</u>
Business-type Activities:										
County contractual obligations	<u>19,524,676</u>	<u>30,610,124</u>	<u>34,018,350</u>	<u>31,558,439</u>	<u>30,079,769</u>	<u>28,552,514</u>	<u>25,524,019</u>	<u>26,529,960</u>	<u>32,888,963</u>	<u>36,516,839</u>
Total Debt of the Government	\$ 34,759,676	\$ 54,140,124	\$ 55,908,350	\$ 51,038,439	\$ 71,129,769	\$ 66,912,514	\$ 60,739,019	\$ 59,717,863	\$ 70,429,979	\$ 72,547,586
Total Taxable Value	\$ 3,056,161,960	\$ 3,129,873,560	\$ 3,128,101,950	\$ 3,208,788,930	\$ 3,316,996,180	\$ 3,460,236,390	\$ 3,597,598,090	\$ 3,730,452,020	\$ 3,980,448,670	\$ 4,241,637,230
Ratio of Total Debt to Taxable Value	1.14%	1.73%	1.79%	1.59%	2.14%	1.93%	1.69%	1.60%	1.77%	1.71%
Total Population	81,910	81,412	81,803	81,129	81,093	80,612	83,986	83,292	82,737	82,737
Total Debt per Capita	\$ 424	\$ 665	\$ 683	\$ 629	\$ 877	\$ 830	\$ 723	\$ 717	\$ 851	\$ 877
Personal Income	\$ 2,382,461,814	\$ 2,370,596,289	\$ 2,367,002,730	\$ 2,317,845,555	\$ 2,349,102,738	\$ 2,757,410,271	\$ 2,828,780,496	\$ 2,963,545,056	\$ 3,328,866,552	\$ 3,597,712,448
Ratio of Debt to Personal Income	1.46%	2.28%	2.36%	2.20%	3.03%	2.43%	2.15%	2.02%	2.12%	2.02%

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

City of Farmington Hills
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Advalorem + IFT Assessed Value (SEV)	Estimated Population	General Bonded Debt Outstanding	Obligation Debt to Assessed Value (Percent)	General Obligation Debt per Capita
2015	\$ 3,555,094,530	81,910	\$ 13,772,393	0.42%	168.14
2016	3,752,944,510	81,412	12,492,161	0.35%	153.44
2017	3,975,835,450	81,803	11,216,930	0.30%	137.12
2018	4,151,773,160	81,129	9,701,699	0.24%	119.58
2019	4,407,606,380	81,093	8,015,000	0.19%	98.84
2020	4,652,525,100	80,612	30,500,000	0.69%	378.36
2021	4,908,706,890	83,986	27,095,000	0.55%	322.61
2022	5,237,966,510	83,292	25,995,000	0.50%	312.09
2023	5,722,759,540	82,737	31,165,000	0.54%	376.68
2024	6,153,802,280	82,528	36,030,746	0.59%	436.59

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

Note: As of 2011, General Bonded Debt includes General Obligation Bonds for the Ice Arena.

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

City of Farmington Hills
Direct and Overlapping Governmental Activities Debt
June 30, 2024
(Unaudited)

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Farmington Hills Taxpayers	Amount Applicable to Farmington Hills Taxpayers
Direct Debt - City of Farmington Hills	\$ 37,977,044	100.00%	\$ 37,977,044
Overlapping debt:			
Farmington School District	173,975,000	86.69%	150,818,928
Walled Lake School District	313,745,000	2.96%	9,286,852
Oakland County at Large	181,894,707	5.78%	10,513,514
Oakland County Intermediate School District	39,675,000	5.81%	2,305,118
Schoolcraft Community College	<u>50,820,000</u>	<u>0.64%</u>	<u>325,248</u>
Total overlapping debt	760,109,707		173,249,660
Total direct and overlapping debt	<u>\$ 798,086,751</u>		<u>\$ 211,226,704</u>

Note: Direct debt - For the purpose of this schedule, direct debt is defined as all Governmental Activities bonded debt less deferred amounts.

Source: City Records and the Municipal Advisory Council of Michigan

City of Farmington Hills
Legal Debt Margins
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt Limit (Fiscal Year Ended) (1)										
State equalized valuation (previous year)	\$ 3,260,293,240	\$ 3,555,094,530	\$ 3,752,944,510	\$ 3,975,835,450	\$ 4,151,733,160	\$ 4,652,525,100	\$ 4,908,706,890	\$ 5,237,966,510	\$ 5,722,759,540	\$ 6,153,802,280
Debt limit (10 percent of SEV) (2)	326,029,324	355,509,453	375,294,451	397,583,545	415,173,316	465,252,510	490,870,689	523,796,651	572,275,954	615,380,228
Debt Applicable to Debt Limit										
Total bonded debt	34,759,676	54,140,124	55,908,350	51,038,439	71,129,769	66,912,514	60,739,019	59,717,863	70,429,979	72,547,586
Less deductions allowed by law:										
Special Assessment Bonds	1,860,000	11,290,000	11,020,000	10,100,000	9,110,000	7,585,000	6,845,000	6,950,000	5,785,000	4,595,000
Total amount of debt applicable to debt limit	<u>32,899,676</u>	<u>42,850,124</u>	<u>44,888,350</u>	<u>40,938,439</u>	<u>62,019,769</u>	<u>59,327,514</u>	<u>53,894,019</u>	<u>52,767,863</u>	<u>64,644,979</u>	<u>67,952,585</u>
Legal Debt Margin	\$ 293,129,648	\$ 312,659,329	\$ 330,406,101	\$ 356,645,106	\$ 353,153,547	\$ 405,924,996	\$ 436,976,670	\$ 471,028,788	\$ 507,630,975	\$ 547,427,643
Net Debt Subject to Limit as Percentage of Debt Limit	10.09%	12.05%	11.96%	10.30%	14.94%	12.75%	10.98%	10.07%	11.30%	11.04%

(1) The legal debt limit continues to be derived from State Equalized Value (SEV), not Taxable Value (TV).
(2) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. 1943 as amended by Act 42 P.A. 1960

Source: City budget and financial statements

City of Farmington Hills
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal year	Population		Median Personal		Unemployment	Number of	Total Personal
			Income Per Household	Median Per Capita Personal Income			
2015	81,910	(1)	\$ 67,803	\$ 29,086	5.6%	35,138	\$ 2,382,461,814
2016	81,412	(1)	67,803	29,119	5.1%	34,963	2,370,596,289
2017	81,803	(1)	67,803	28,935	3.6%	34,910	2,367,002,730
2018	81,129	(1)	67,803	28,570	3.9%	34,185	2,317,845,555
2019	81,093	(1)	67,803	28,968	4.0%	34,646	2,349,102,738
2020	80,612	(1)	81,203	44,789	16.3%	33,957	2,757,410,271
2021	83,986	(2)	83,268	45,494	2.3%	33,972	2,828,780,496
2022	83,292	(2)	85,152	50,082	2.9%	34,803	2,963,545,056
2023	82,737	(2)	93,434	50,287	2.2%	35,628	3,328,866,552
2024	82,528	(2)	101,728	53,661	2.4%	35,366	3,597,712,448

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

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

(2) <https://www.census.gov/quickfacts/farmingtonhillscitymichigan>

City of Farmington Hills
Principal Employers
June 30, 2024
(Unaudited)

Employer	2024 Employees	Percentage of		2015 Employees	Percentage of	
		Total	Total		Total	2015 Rank
1 Comerica Bank Great Lakes Campus	2,100	3.14%		N/A	N/A	N/A
2 Corewell Health - Farmington Hills (1)	1,859	2.78%		2,634	6.52%	1
3 Farmington Public Schools	1,265	1.89%		1,372	3.40%	2
4 Mercedes-Benz Financial Services USA	1,188	1.78%		600	1.49%	8
5 MAHLE: 850	1,000	1.50%		N/A	N/A	N/A
6 Robert Bosch Corporation	829	1.24%		1,305	3.23%	3
7 Amerisure	700	1.05%		N/A	N/A	N/A
8 Nissan Technical Center	650	0.97%		1,151	2.85%	4
9 Panasonic Corporation of North America	608	0.91%		N/A	N/A	N/A
10 Ascension	527	0.79%		N/A	N/A	N/A

Source: City Records, Individual Employers and United States Census Bureau

(1) Corewell Health, previously called Beaumont or Botsford Hospital

City of Farmington Hills
Full-time Equivalent Government Employees
Last Ten Fiscal Years
(Unaudited)

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
City administration	6.00	6.00	6.00	5.10	4.79	4.65	4.65	5.65	5.65	5.70
Finance	20.00	20.00	20.00	20.09	20.09	20.00	19.62	20.00	20.50	20.50
City clerk	6.31	6.34	6.35	6.20	6.28	6.78	6.65	6.38	6.81	6.87
Human resources	4.00	4.00	4.14	4.14	4.14	4.14	4.14	5.40	6.40	6.40
Central services	9.40	9.40	9.40	9.90	9.90	9.97	9.88	10.88	10.88	10.88
Public Safety										
Police	153.88	154.14	153.79	153.74	152.79	153.47	154.22	154.22	160.22	163.22
Fire and EMS	93.63	93.63	91.70	93.92	91.69	92.81	92.99	93.99	95.99	103.99
Public Services										
Administration	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Road maintenance	23.46	26.92	26.92	27.92	26.46	26.49	26.49	27.49	26.81	26.81
Building maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Engineering	15.31	15.31	15.39	15.32	15.32	15.99	16.90	17.47	17.28	17.28
D.P.W. garage	12.00	13.00	13.00	12.00	11.60	10.60	10.60	10.60	10.60	10.75
Waste collection/recycling	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Planning and Community Development	18.00	19.00	19.04	19.37	19.50	19.50	19.90	20.00	20.00	20.00
Special Services										
Administration	20.98	21.15	20.55	22.25	22.00	23.00	27.31	39.10	42.64	40.49
Public information	4.00	4.00	6.10	6.10	6.10	5.50	5.50	5.50	6.00	8.50
Youth and families	8.00	9.56	9.73	9.73	9.73	9.73	9.73	7.88	9.73	-
Senior adults	27.53	26.13	26.13	26.16	26.25	27.01	26.82	27.96	27.08	27.08
Parks division	24.87	25.83	25.70	25.59	24.92	26.92	24.92	26.55	26.17	26.17
Cultural arts	3.40	3.47	3.47	3.47	3.47	3.47	5.56	6.41	7.04	16.77
Golf course division	13.01	13.57	13.46	13.41	13.43	13.43	13.43	12.88	12.88	12.88
Recreation	10.32	11.81	11.69	12.05	12.92	13.15	19.52	33.36	48.30	48.30
Ice arena	14.13	12.66	13.16	13.41	13.16	13.66	13.66	13.66	13.66	16.66
Total	<u>497.23</u>	<u>504.92</u>	<u>504.72</u>	<u>508.87</u>	<u>503.54</u>	<u>509.27</u>	<u>521.49</u>	<u>554.38</u>	<u>583.64</u>	<u>598.25</u>

Source: City personnel/budget records

**City of Farmington Hills
Operating Indicators
Last Ten Fiscal Years
(Unaudited)**

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Physical Arrests	3,016	2,486	2,805	2,830	2,692	1,579	1,750	1,819	2,899	2,980
Traffic violations	9,305	7,606	8,861	9,000	9,593	6,833	5,696	8,342	12,123	15,067
Fire:										
Total incidents	8,763	9,027	9,208	9,524	9,500	10,383	10,920	11,354	12,250	13,143
Public education programs	104	112	112	140	140	128	130	55	95	116
Fire loss	\$ 4,200,900	\$ 2,719,603	\$ 2,830,913	\$ 8,577,000	\$ 3,888,500	\$3,229,451	\$3,753,450	\$2,298,561	\$7,500,000	\$3,853,500
Public works:										
Dwelling units receiving refuse	23,320	23,329	23,343	23,356	23,372	23,393	23,452	23,467	23,493	23,569
Percentage of waste stream	43.40	44.00	39.40	42.00	42.00	40.00	40.00	36.80	36.00	35.70
Parks and recreation:										
Recreation programs	2,640	2,660	2,670	2,690	2,714	2,735	2,850	2,860	2,905	3,016
Water:										
Water customers	22,838	22,910	22,982	22,966	23,094	23,101	23,151	23,185	23,205	23,285
Water main breaks	52	40	53	47	39	49	68	74	71	38
Total consumption (mcf)	351,872	370,493	391,749	371,701	340,512	339,627	365,736	364,353	347,516	338,753
Average consumption per user (mcf/year)	15.41	16.17	17.05	16.18	14.75	14.70	15.80	15.72	14.98	14.54
Sewer:										
Average consumption per user	17.01	17.06	18.36	18.12	18.75	18.76	17.60	18.33	15.53	17.42
Metered Volume (mcf)	383,701	385,851	416,257	410,961	426,641	427,282	401,646	418,967	355,362	399,792
Sewer customers	22,553	22,618	22,667	22,684	22,756	22,771	22,820	22,858	22,878	22,954

Source: City records, Department annual reports, and Oakland County Water Resources Commissioner's Office

City of Farmington Hills
Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

Function/ program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fleet vehicles	67	68	69	69	69	72	66	74	73	73
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks (4)	18	18	17	16	16	16	16	17	17	17
Public Works - Streets (miles)										
Major	58.36	58.36	58.36	58.36	58.36	58.36	58.36	58.36	58	58
Local	246.38	246.38	246.38	246.38	246.87	246.87	246.87	246.87	247	247
Parks and recreation:										
Acreage	636	636	636	636	636	669	669	669	669	669
Playgrounds	4	4	6	6	6	6	6	6	6	6
Football/Soccer fields (2)	19	19	19	19	19	19	19	19	19	19
Baseball/Softball diamonds (3)	12	12	12	12	12	13	13	13	13	13
Pools/Splash pads	2	2	2	2	2	3	4	4	4	4
Ice arena	1	1	1	1	1	1	1	1	1	1
Community center	0	0	0	0	1	2	2	2	2	2
Senior center	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
Water:										
Mains (miles)	456	456	457	459	459	459	470	471	475	487
Fire hydrants	5,115	5,126	5,156	5,169	5,169	5,169	5,230	5,250	5,305	5,329
Storage capacity (gallons)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Sewer:										
Miles of sanitary sewers	328	329	329	329	329	330	330	330	330	330
Treatment capacity	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

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

- (1) Information not available
- (2) Plus the City maintains 31 football/soccer fields for other entities.
- (3) Plus the City maintains 30 baseball/softball diamonds for other entities.
- (4) Plus 18 other vehicles and equipment.