

CITY OF FARMINGTON HILLS, MI
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2025



City of Farmington Hills

Annual Comprehensive Financial Report

County of Oakland

State of Michigan

Fiscal Year Ended June 30, 2025



Prepared by:

Finance Department

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Table of Contents

Section		Page
1	<u>Introductory Section</u>	
	Letter of Transmittal	1 – 1
	GFOA Certificate of Achievement	1 – 7
	List of Elected and Principal Officials	1 – 8
	Organization Chart	1 – 9
	Fund Organization Chart	1 – 10
	<u>Financial Section</u>	
2	Independent Auditors' Report	2 – 1
3	Management's Discussion and Analysis	3 – 1
4	Basic Financial Statements	
	Government-wide Financial Statements	
	Statement of Net Position	4 – 1
	Statement of Activities	4 – 2
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 – 3
	Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	4 – 4
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 – 5
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 6
	Proprietary Fund	
	Statement of Net Position	4 – 7
	Statement of Revenues, Expenses and Changes in Fund Net Position	4 – 8
	Statement of Cash Flows	4 – 9
	Fiduciary Fund	
	Statement of Fiduciary Net Position	4 – 10
	Statement of Changes in Fiduciary Net Position	4 – 11
	Component Units	
	Combining Statement of Net Position	4 – 12
	Combining Statement of Activities	4 – 13
	Notes to the Financial Statements	4 – 14

Section		Page
5	Required Supplementary Information	
	Budgetary Comparison Schedules	
	General Fund	5 – 1
	Municipal Street Fund	5 – 3
	Major Roads Fund	5 – 4
	Local Roads Fund	5 – 5
	Public Safety Millage Fund	5 – 6
	Employees' Retirement System	
	Schedule of City's Proportionate Share of the Net Pension Liability	5 – 7
	Schedule of Employer Contributions	5 – 9
	Schedule of Investment Returns	5 – 10
	Postretirement Healthcare Finance Fund	
	Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)	5 – 11
	Schedule of Employer Contributions	5 – 13
	Schedule of Investment Returns	5 – 14
	Notes to Required Supplementary Information	5 – 15
6	Other Supplementary Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 – 1
	Combining Statement of Revenue, Expenditures and Changes in Fund Balance	6 – 3
	Budgetary Comparison Schedules	6 – 5
7	<u>Statistical Section (Unaudited)</u>	
	Description of Statistical Section	
	Financial Trend Information	
	Net Position by Component	7 – 1
	Changes in Governmental Net Position	7 – 2
	Changes in Business-Type Net Position	7 – 3
	Fund Balances – Governmental Funds	7 – 4
	Change in Fund Balances – Governmental Funds	7 – 5
	Revenue Capacity Information	
	Assessed Value and Actual Value of Taxable Property	7 – 6
	Direct and Overlapping Property Tax Rates	7 – 7
	Principal Property Taxpayers	7 – 8
	Property Tax Levies and Collections	7 – 9
	Debt Capacity Information	
	Ratios of Outstanding Debt	7 – 10
	Ratios of General Bonded Debt Outstanding	7 – 11
	Direct and Overlapping Governmental Activities Debt	7 – 12
	Legal Debt Margins	7 – 13

Section	Page
Demographics and Economic Information	
Demographic and Economic Statistics	7 – 14
Principal Employers	7 – 15
Operating Information	
Full-time Equivalent Government Employees	7 – 16
Operating Indicators	7 – 17
Capital Asset Statistics	7 – 18



December 14, 2025

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, 2025. 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, 2025 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, 2025 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 84,173 residents live in approximately 37,173 households with a median household income of \$94,115.

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 administrating the service for water and sanitary sewers under contract with the City. Library functions are provided by the Farmington Community Library, which serves both the City of Farmington Hills and the neighboring City of Farmington.

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

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

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

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

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

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

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

Budget-to-actual comparisons are provided in this report for each governmental fund in which an appropriated annual budget has been adopted. For the General Fund and the major Special Revenue Funds (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 22 percent, industrial 3 percent, and personal property (business equipment, furniture, and machinery) 5 percent. No one taxpayer exceeds 1.73 percent of the tax roll and the top 20 taxpayers combined account for approximately 7.73 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 \$92,015 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 2025 forecasts the following:

**SENATE FISCAL AGENCY
ECONOMIC AND BUDGET SUMMARY**

ECONOMIC PROJECTIONS (Calendar Year)					
	2023 Actual	2024 Actual	2025 Estimate	2026 Estimate	2027 Estimate
Real Gross Domestic Product (% change)	2.9%	2.8%	0.8%	0.7%	1.8%
US Consumer Price Index (% change)	4.1%	2.9%	3.6%	4.1%	3.2%
Light Motor Vehicle Sales (millions of units)	15.5	15.7	15.5	14.4	14.4
US Unemployment Rate (%)	3.6%	4.0%	4.6%	5.5%	5.5%
Real Michigan Personal Income (% change)	(0.4%)	1.4%	1.2%	(0.5%)	0.3%
Michigan Wage & Salary Employment (% change)	2.0%	0.6%	0.6%	0.0%	(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 2025-2026:

- \$4.5 million for drainage projects
- \$0.3 million for sidewalk and bike path improvements/replacements
- \$1.0 million for Fire Department vehicles and equipment

- \$0.2 million for Police Department vehicles and equipment
- \$1.4 million for Public Services Department equipment
- \$1.3 million for technology equipment, software and upgrades
- \$4.8 million for public facility improvements

Financial Policies - The following financial policies of the City had a significant impact on the City's FY 2024-2025 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 6.6 percent in FY 2024-25. Taxable Values have increased by another 6.6% in FY 2025-26, 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, 2024. This was the 27th 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, 2025. 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 41th 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, 2024

Christopher P. Morill

Executive Director/CEO

City of Farmington Hills
List of Elected and Principal Officials
June 30, 2025

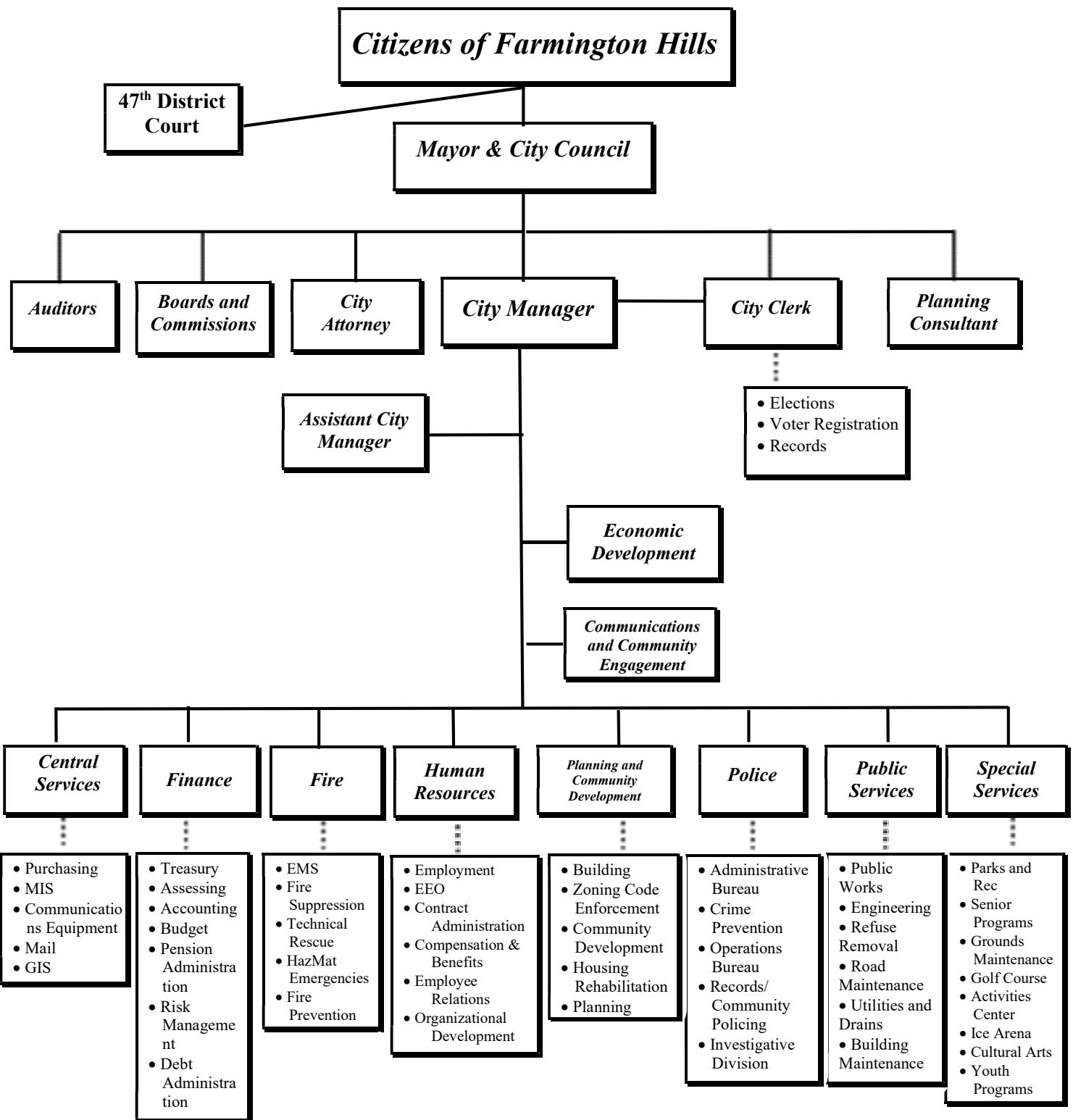
Mayor and City Council

Title	Name
Mayor	Theresa Rich
Mayor Pro Term	William Dwyer
Council Member	Valerie Knol
Council Member	Michael Bridges
Council Member	Jon Aldred
Council Member	Randy Bruce
Council Member	Jackie Boleware

Principal Officials

Title	Name
City Manager	Gary Mekjian
Assistant City Manager	Karen Mondora
Economic Development Director	Cristia Brockway
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	John Piggott
Public Services Director	Jacob Rushlow
Special Services Director	Ellen Schnackel
City Attorney	Rosati, Schultz, Joppich & Amtsuechler, P.C.
Deputy Director Special Services	Bryan Farmer
Deputy Director Special Services	Brian Moran
Assistant Police Chief	Brian Moore
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 Grant

Nutrition Grant

Forfeiture

Opioid Settlement - General

Opioid Settlement - Special

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



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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, 2025, 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, 2025, 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. 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.

Adoption of New Accounting Standard

As discussed in Note 1 and 14 to the financial statements, during the year ended June 30, 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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 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, 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.

Yeo & Yeo, P.C.

Troy, Michigan
December 14, 2025

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2025

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 \$24.6 million or 5.9 percent, from \$415.9 million to \$440.5 million, due primarily to the net increase of \$15.1 million of capital assets and \$16.8 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, \$64.1 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens/creditors. Governmental activities net position increased by \$22.7 million or 8.3 percent. Unrestricted net position of governmental activities was approximately \$4.5 million as of June 30, 2025. Business-type activities net position increased by approximately \$2 million in net position or 1.4 percent. The unrestricted net position of business-type activities was approximately \$59.6 million as of June 30, 2025.

In condensed format, the table below shows the comparison of net position (in millions of dollars) as of June 30, 2025 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2025	2024 (Restated)	2025	2024	2025	2024 (Restated)
Assets						
Current assets	\$ 144.8	\$ 135.2	\$ 64.5	\$ 64.7	\$ 209.3	\$ 199.9
Noncurrent assets:						
Noncapital assets	15.0	10.7	-	-	15.0	10.7
Capital assets	272.1	262.0	124.4	119.4	396.5	381.4
Total assets	431.9	407.9	188.9	184.1	620.8	592.0
Deferred Outflows of Resources	17.9	21.2	-	-	17.9	21.2
Liabilities						
Current liabilities	18.6	34.1	5.1	3.9	23.7	38.0
Long-term liabilities	127.7	112.8	39.1	37.5	166.8	150.3
Total liabilities	146.3	146.9	44.2	41.4	190.5	188.3
Deferred Inflows of Resources	7.7	9.0	-	-	7.7	9.0
Net Position						
Invested in capital assets	228.4	222.6	85.1	81.4	313.5	304.0
Restricted	62.9	46.1	-	-	62.9	46.1
Unrestricted (deficit)	4.5	4.5	59.6	61.3	64.1	65.8
Total net position	\$ 295.8	\$ 273.2	\$ 144.7	\$ 142.7	\$ 440.5	\$ 415.9

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2025

The following table shows the changes in net position (in millions of dollars) for the years ended June 30, 2025 and 2024:

	Governmental Activities		Business-type Activities		Total	
	2024				2024	
	2025	(Restated)	2025	2024	2025	(Restated)
Revenue						
Program revenue:						
Charges for services	\$ 27.5	\$ 23.3	\$ 38.1	\$ 36.3	\$ 65.6	\$ 59.6
Operating grants and contributions	16.9	16.0	-	-	16.9	16.0
Capital grants and contributions	-	-	0.2	0.2	0.2	0.2
General revenue:						
Property taxes	75.7	71.8	-	-	75.7	71.8
State-shared revenue	11.3	11.1	-	-	11.3	11.1
Interest	6.7	7.1	2.4	1.5	9.1	8.6
Other	0.7	1.0	0.3	0.4	1.0	1.4
Total revenue	138.8	130.3	41.0	38.4	179.8	168.7
Program Expenses						
General government	18.2	19.6	-	-	18.2	19.6
Public safety	45.6	41.5	-	-	45.6	41.5
Public services	29.5	29.6	-	-	29.5	29.6
Health and welfare	0.7	0.5	-	-	0.7	0.5
Community and economic development	0.9	2.1	-	-	0.9	2.1
Recreation and culture	20.1	15.4	-	-	20.1	15.4
Interest on long-term debt	1.1	1.0	-	-	1.1	1.0
Water and sewer	-	-	39.1	39.9	39.1	39.9
Total program expenses	116.1	109.7	39.1	39.9	155.2	149.6
Change in Net Position						
Net Position - Beginning of year (restated)	22.7	20.6	1.9	(1.5)	24.6	19.1
Net Position - End of year	273.1	252.6	142.8	144.2	415.9	396.8
Net Position - End of year	\$ 295.8	\$ 273.2	\$ 144.7	\$ 142.7	\$ 440.5	\$ 415.9

Governmental Activities

The City's total governmental activities revenue increased by \$8.5 million or 6.5 percent. This was primarily attributed to:

- a \$4.2 million increase in Charges for Services due primarily to (a) increases in Advanced Life Support revenue (\$0.5 million), (b) City Staff Engineering work (\$1.0 million), (c) an increase in recreation user charge revenue due to increases in the utilization of recreational programming (\$0.6 million), (d) increases in fines & forfeitures (\$0.2 million), (e) as well as increases in other revenue (\$1.9 million);
- a \$0.9 million increase in Operating grants and contributions, due to increases in Opioid Settlement receipts;
- a \$3.9 million increase in Property Tax Revenue, due largely to strong residential property value inflation;

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2025

- an increase in State Shared Revenue of \$0.2 million, based on the State's FY 24-25 Budget allocation to local governments, and a slight increase in State Sales Tax receipts, which are allocated by formula under the State Constitution to local governments,
- a decrease in Interest of (\$0.4 million), based on cash investments that are highly sensitive to recent downward changes in the Federal Funds Interest Rate), and
- a decrease in Other of (\$0.3 million), based on a small decrease in insurance rebates, which fluctuate with random claims experience).

The City's total governmental activities program expenses increased by \$6.2 million or 5.6 percent. This is largely attributable to:

- decreases in General Government of (\$1.1 million) were caused by a larger proportion of capitalized projects in 24-25 versus 23-24, which caused a reduction in expenditures (and a related increase in capital assets on the entity-wide balance sheet);
- increases in Public Safety of \$4.9 million, inclusive of increased Police vehicle purchases of \$0.6 million, and increases in personnel costs of \$1.9 million, \$1.8 million of increased depreciation on capital assets, and an increase of \$0.7 million in the recognition of future compensated absences, as required by the new GASB Statement 101, and
- increases in Public Services and Health and Welfare of a combined \$0.7 million due to increases in the recognition of future compensated absences, as required by the new GASB Statement 101;
- decreases in Community and Economic Development of a larger proportion of capitalized projects in 24-25 versus 23-24, which caused a reduction of (\$1.2 million) in expenditures (and a related increase in capital assets on the entity-wide balance sheet); and
- increases in Recreation and Culture of \$5.0 million, including operations and programs of \$0.8 million, capital outlays of \$1.2 million, compensated absences of \$0.3 million, and increased depreciation expenses of \$2.7 million.

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 \$1.9 million operating gain during fiscal year 2024-2025 compared to an operating loss of \$1.6 million in the previous fiscal period. The change in net operating income is primarily the result of the positive differential in interest earnings in FY 2024-25. The Water and Sewer Fund maintained a net position of \$144.7 million at year end, of which approximately \$59.6 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 2024-

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2025

2025 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 \$3.1 million or 5 percent, due primarily to the aforementioned \$3.9 million increase in Property Tax Revenue, an ongoing improvement of \$1.3 million increase in charges for services, reflecting the aforementioned increases in the utilization of the City's HAWK recreational facility and other recreational programming.

Major Special Revenue Funds:

The Major Roads Fund balance increased by approximately \$3.3 million or 21 percent. Total revenue and transfers in were \$.8 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 \$2.7 million less than the previous year, due to decreased construction activity, which reflects the timing of construction activity that was in progress as of June 30th, 2025.

The Local Roads Fund balance increased by approximately \$4.2 million or 54.7 percent. This is due to an increase in total revenues and other financing sources by \$0.5 million, reflecting an increase in the annual transfer from the Major Roads Fund to the previous/normal transfer amount, while total expenditures and transfers out were \$2.7 million less 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 \$0.6 million, or 12.6 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 \$4.9 million, a \$1.6 million 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 actuals can be briefly summarized as follows:

- Actual Revenue of \$81.6 million was \$3.3 million higher than the \$78.3 million Budgeted, due to increases in:
 - City Staff Engineering work exceeded the budget by \$1.5 million, for work conducted in support of City infrastructure projects;
 - Interest earnings exceeded the budget by \$0.7 million;
 - Building permits exceeded the budget by \$0.4 million;
 - Police Training & Smart grants exceeded the budget by \$0.3 million;
 - Recreation user charges exceeded the budget by \$0.4 million, due to increases in the utilization of recreational programming;
- Actual Expenditures of \$70.7 million were \$3.3 million less than the \$74.0 million budgeted. The approximate 4.5 percent decrease in total expenditures from the final amended budget are based primarily on positive staff vacancy variance due to normal retirement and departures, which saved \$1.6 million, and lower-than-anticipated operational expenses due to deferred projects, savings on support services expenses such as liability and property insurance, due to favorable loss experience.

City of Farmington Hills
Management's Discussion and Analysis
June 30, 2025

Capital Assets and Debt Administration

On June 30, 2025, the City had approximately \$397 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 \$214.4 million (see Note 5 of the notes to financial statements for additional information).

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and community center and is reported as a liability on the statement of net position. The City's total debt for governmental activities increased by \$5.2 million (14.5 percent). The increase was the result of the issuance of \$7.5 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 9 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.

Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2025-2026 tax rate increased from 16.4241 to 16.4902 mills, due to the increase of the Road Millage, which was newly approved in November of 2024, paired with the standard 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 6.6 percent in fiscal year 2024-25, and increased 4.3 percent for FY 2025-26, driven primarily by a nationwide trend in housing price inflation. Our state equalized value (SEV) is \$6.4 billion in FY 2025-26, which is \$1.7 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 69 percent, commercial 22 percent, industrial 3 percent, and personal property 6 percent. Tax base diversification is further demonstrated by the fact that the top 10 taxpayers in 2025-26 combined account for approximately 7.73 percent of the tax roll.

Taxes account for approximately 50 percent of the FY 2025-26 General Fund budgeted revenue, while state-shared revenue accounts for approximately 13 percent of the FY 2025-26 General Fund budgeted revenue. The Adopted FY 2024-25 Budget for the General Fund reflects the use of fund balance of \$5.7 million, which includes a continued contribution to the Capital Improvement Program. The FY 25-26 Budget represents the continuation of an ongoing effort to reduce the annual budgeted fiscal imbalance from over \$6 million in FY 2020-21 to an ultimate target of roughly \$2 million by FY 2029-30. This will be accomplished by (a) 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 2025-26 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, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 101,604,218	\$ 54,107,455	\$ 155,711,673	\$ 4,031,338
Investments	32,658,554	6,515	32,665,069	412,820
Receivables				
Accounts	2,618,049	12,111,619	14,729,668	-
Special assessments	-	35,048	35,048	-
Due from other units of government	4,325,574	2,555	4,328,129	-
Internal balances	1,777,747	(1,777,747)	-	-
Inventories	1,036,712	-	1,036,712	-
Prepaid items	719,500	-	719,500	-
Capital assets not being depreciated	106,851,988	35,617,798	142,469,786	-
Capital assets, net of accumulated depreciation	165,287,296	88,799,091	254,086,387	-
Net OPEB asset	15,009,221	-	15,009,221	-
Total assets	431,888,859	188,902,334	620,791,193	4,444,158
Deferred outflows of resources				
Pension related	13,199,129	-	13,199,129	-
OPEB related	4,719,454	-	4,719,454	-
Total deferred outflows of resources	17,918,583	-	17,918,583	-
Liabilities				
Checks written against future deposits	173,324	-	173,324	-
Accounts payable	7,231,654	4,684,707	11,916,361	202,429
Contracts payable - retainage	890,909	239,506	1,130,415	-
Due to other units of government	154,799	-	154,799	16,330
Payroll and other liabilities	9,473,528	225,209	9,698,737	-
Interest payable	233,861	-	233,861	-
Unearned revenue	397,730	-	397,730	-
Noncurrent liabilities				
Debt due within one year				
Bonds, notes, leases, subscriptions, claims and judgements, and compensated absences	8,487,880	1,650,315	10,138,195	-
Debt due in more than one year				
Bonds, notes, leases, subscriptions, claims and judgements, and compensated absences	45,946,566	37,452,283	83,398,849	-
Net pension liability	73,275,837	-	73,275,837	-
Total liabilities	146,266,088	44,252,020	190,518,108	218,759
Deferred inflows of resources				
Pension related	450,012	-	450,012	-
OPEB related	7,225,405	-	7,225,405	-
Total deferred inflows of resources	7,675,417	-	7,675,417	-
Net position				
Net investment in capital assets	228,429,276	85,074,785	313,504,061	-
Restricted for				
Roads	35,569,075	-	35,569,075	-
Police and fire operations	6,833,223	-	6,833,223	-
Parks and recreation	612,293	-	612,293	-
Health and welfare	3,134,760	-	3,134,760	-
OPEB asset	15,009,221	-	15,009,221	-
Construction code	1,778,287	-	1,778,287	-
Unrestricted	4,499,802	59,575,529	64,075,331	4,225,399
Total net position	\$ 295,865,937	\$ 144,650,314	\$ 440,516,251	\$ 4,225,399

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Statement of Activities
For the Year Ended June 30, 2025

							Net (Expense) Revenue and Changes in Net Position				
	Program Revenues			Primary Government			Total	Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities					
Functions/programs											
Primary government											
Governmental activities											
General government	\$ 18,236,665	\$ 9,285,791	\$ 607,109	\$ -	\$ (8,343,765)	\$ -	\$ (8,343,765)	\$ -			
Public safety	45,522,780	3,813,437	440,766	-	(41,268,577)	-	(41,268,577)	-			
Public works	29,474,568	4,792,097	14,126,409	-	(10,556,062)	-	(10,556,062)	-			
Health and welfare	733,972	-	548,384	-	(185,588)	-	(185,588)	-			
Community and economic development	895,308	-	402,028	-	(493,280)	-	(493,280)	-			
Recreation and culture	20,167,779	9,593,094	806,738	-	(9,767,947)	-	(9,767,947)	-			
Interest	1,112,312	-	-	-	(1,112,312)	-	(1,112,312)	-			
Total governmental activities	116,143,382	27,484,419	16,931,434	-	(71,727,529)	-	(71,727,529)	-			
Business-type activities - Water and Sewer	39,104,602	38,091,848	-	219,450	-	(793,304)	(793,304)	-			
Total primary government	\$ 155,247,984	\$ 65,576,267	\$ 16,931,434	\$ 219,450	(71,727,529)	(793,304)	(72,520,833)	-			
Component units											
Local Brownfield Revolving	68,234	-	-	-	-	-	-	(68,234)			
Brownfield Redevelopment Authority	222,009	-	-	-	-	-	-	(222,009)			
Economic Development Authority	-	-	-	-	-	-	-	-			
Total component units	\$ 290,243	\$ -	\$ -	\$ -				(290,243)			
General revenues											
Property taxes					75,731,013	-	75,731,013	1,218,658			
Unrestricted state-shared revenue					11,320,836	-	11,320,836	-			
Unrestricted investment earnings					6,685,993	2,354,915	9,040,908	159,314			
Gain on sale of capital assets					127,796	-	127,796	-			
Miscellaneous					560,344	330,725	891,069	3,000			
Total general revenues					94,425,982	2,685,640	97,111,622	1,380,972			
Change in net position					22,698,453	1,892,336	24,590,789	1,090,729			
Net position - beginning of year, as previously presented					275,333,920	142,757,978	418,091,898	3,134,670			
Adjustments					(2,166,436)	-	(2,166,436)	-			
Net position - beginning of year, as restated					273,167,484	142,757,978	415,925,462	3,134,670			
Net position - end of year					\$ 295,865,937	\$ 144,650,314	\$ 440,516,251	\$ 4,225,399			

See Accompanying Notes to the Financial Statements

City of Farmington Hills

Governmental Funds

Balance Sheet

June 30, 2025

	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	\$ 48,042,038	\$ 4,861,256	\$ 16,572,248	\$ 14,132,533	\$ 5,569,214	\$ 12,426,929	\$ 101,604,218
Investments	19,184,710	-	2,860,168	561,415	3,437,323	6,614,938	32,658,554
Receivables							
Accounts	961,789	-	252	-	-	1,656,008	2,618,049
Due from other units of government	2,163,811	-	1,422,327	495,661	-	243,775	4,325,574
Due from other funds	6,611,401	-	-	-	-	1,679,292	8,290,693
Prepaid items	719,500	-	-	-	-	-	719,500
Total assets	<u>\$ 77,683,249</u>	<u>\$ 4,861,256</u>	<u>\$ 20,854,995</u>	<u>\$ 15,189,609</u>	<u>\$ 9,006,537</u>	<u>\$ 22,620,942</u>	<u>\$ 150,216,588</u>
Liabilities							
Accounts payable	\$ 1,602,486	\$ -	\$ 1,354,948	\$ 2,269,686	\$ -	\$ 2,004,534	\$ 7,231,654
Contracts payable - retainage	-	-	161,667	462,573	-	266,669	890,909
Due to other funds	1,667,516	-	476,837	611,074	3,724,456	33,063	6,512,946
Payroll and other liabilities	9,473,528	-	-	-	-	-	9,473,528
Checks written against future deposits	-	-	-	-	-	173,324	173,324
Unearned revenue	-	-	-	-	-	397,730	397,730
Total liabilities	<u>12,743,530</u>	<u>-</u>	<u>1,993,452</u>	<u>3,343,333</u>	<u>3,724,456</u>	<u>2,875,320</u>	<u>24,680,091</u>
Deferred inflows of resources							
Unavailable revenue - receivables	<u>299,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,611,621</u>	<u>1,911,447</u>
Fund balances							
Non-spendable							
Prepaid items	719,500	-	-	-	-	-	719,500
Restricted for							
Roads	-	4,861,256	18,861,543	11,846,276	-	-	35,569,075
Police and fire	-	-	-	-	5,282,081	1,551,142	6,833,223
Parks and recreation	-	-	-	-	-	612,293	612,293
Health and welfare	-	-	-	-	-	1,523,139	1,523,139
Construction code	1,778,287	-	-	-	-	-	1,778,287
Assigned							
Capital projects	-	-	-	-	-	13,738,575	13,738,575
Debt service	-	-	-	-	-	708,852	708,852
Future expenditures	4,039,609	-	-	-	-	-	4,039,609
Unassigned	<u>58,102,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,102,497</u>
Total fund balances	<u>64,639,893</u>	<u>4,861,256</u>	<u>18,861,543</u>	<u>11,846,276</u>	<u>5,282,081</u>	<u>18,134,001</u>	<u>123,625,050</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,683,249</u>	<u>\$ 4,861,256</u>	<u>\$ 20,854,995</u>	<u>\$ 15,189,609</u>	<u>\$ 9,006,537</u>	<u>\$ 22,620,942</u>	<u>\$ 150,216,588</u>

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, 2025

Total fund balances for governmental funds	\$ 123,625,050
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.	1,036,712
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	106,851,988
Capital assets, net of accumulated depreciation	165,287,296
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	1,911,447
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	13,199,129
Deferred outflows of resources resulting from net OPEB liability (asset)	4,719,454
Deferred inflows of resources resulting from net pension liability	(450,012)
Deferred inflows of resources resulting from net OPEB liability (asset)	(7,225,405)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(233,861)
Compensated absences	(11,352,847)
Claims and judgments	(262,500)
Bonds, notes, premiums and discounts	(42,819,099)
Net pension liability	(73,275,837)
Net OPEB asset	15,009,221
Amounts due to Oakland County for drain projects are not included as a liability in the governmental funds.	<u>(154,799)</u>
Net position of governmental activities	<u>\$ 295,865,937</u>

City of Farmington Hills
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General	Municipal Street Fund	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund			
Revenues								
Taxes	\$ 40,462,410	\$ 19,814,421	\$ -	\$ -	\$ 13,443,192	\$ 2,017,370	\$ 75,737,393	
Licenses and permits	2,215,578	-	-	-	-	-	-	2,215,578
Federal grants	6,000	-	-	-	-	722,350	728,350	
State grants	11,270,718	559,882	9,726,586	3,109,590	145,734	728,049	25,540,559	
Local contributions	24,582	-	13,379	-	-	451,150	489,111	
Charges for services	19,603,006	-	-	-	-	15	19,603,021	
Fines and forfeitures	2,164,964	-	-	-	-	-	2,164,964	
Investment income	3,459,782	976,176	621,057	270,995	859,891	493,191	6,681,092	
Other revenue	2,409,446	-	98,283	1,921	-	1,767,467	4,277,117	
Total revenues	81,616,486	21,350,479	10,459,305	3,382,506	14,448,817	6,179,592	137,437,185	
Expenditures								
Current								
General government	16,808,391	-	-	-	-	-	16,808,391	
Public safety	27,073,873	-	-	-	13,858,857	107,818	41,040,548	
Public works	8,778,409	-	10,985,214	14,246,276	-	-	34,009,899	
Health and welfare	-	-	-	-	-	710,413	710,413	
Community and economic development	2,133,006	-	-	-	-	402,028	2,535,034	
Recreation and culture	15,336,760	-	-	-	-	518,264	15,855,024	
Capital outlay	59,587	-	-	-	-	12,846,534	12,906,121	
Debt service								
Principal retirement	405,877	-	-	755,000	-	1,880,000	3,040,877	
Interest and fiscal charges	74,095	-	-	90,388	-	917,825	1,082,308	
Bond issuance costs	-	-	-	-	-	100,927	100,927	
Total expenditures	70,669,998	-	10,985,214	15,091,664	13,858,857	17,483,809	128,089,542	
Excess (deficiency) of revenues over expenditures	10,946,488	21,350,479	(525,909)	(11,709,158)	589,960	(11,304,217)	9,347,643	
Other financing sources (uses)								
Transfers in	1,307,852	-	5,800,000	15,900,000	-	9,434,426	32,442,278	
Transfers out	(9,434,426)	(19,700,000)	(2,000,000)	-	-	(1,307,852)	(32,442,278)	
Issuance of debt	-	-	-	-	-	7,475,000	7,475,000	
Premium on issuance of debt	-	-	-	-	-	591,756	591,756	
Sale of capital assets	247,048	-	-	-	-	-	247,048	
Total other financing sources (uses)	(7,879,526)	(19,700,000)	3,800,000	15,900,000	-	16,193,330	8,313,804	
Net change in fund balances	3,066,962	1,650,479	3,274,091	4,190,842	589,960	4,889,113	17,661,447	
Fund balances - beginning of the year	61,572,931	3,210,777	15,587,452	7,655,434	4,692,121	13,244,888	105,963,603	
Fund balances - end of year	\$ 64,639,893	\$ 4,861,256	\$ 18,861,543	\$ 11,846,276	\$ 5,282,081	\$ 18,134,001	\$ 123,625,050	

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, 2025

Net change in fund balances - total governmental funds	\$ 17,661,447
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.	31,368
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	(14,097,347)
Capital outlay	24,328,366
Sale of capital assets (net book value)	(119,252)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	1,276,854
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(112,901)
Compensated absences	(2,355,850)
Claims and judgments	(19,700)
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	(1,346,525)
Net change in the deferred outflow of resources related to the net pension liability	(669,071)
Net change in the deferred inflow of resources related to the net pension liability	32,210
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)	4,215,455
Net change in the deferred outflow of resources related to the net OPEB liability (asset)	(2,594,825)
Net change in the deferred inflow of resources related to the net OPEB liability (asset)	1,310,279
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	(8,066,756)
Repayments of long-term debt	3,040,877
Amortization of premiums, discounts and similar items	<u>183,824</u>
Change in net position of governmental activities	<u>\$ 22,698,453</u>

City of Farmington Hills
Proprietary Fund
Statement of Net Position
June 30, 2025

	<u>Enterprise Fund</u>
	<u>Water & Sewer</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 54,107,455
Investments	6,515
Receivables	
Accounts	12,111,619
Special assessments	35,048
Due from other units of government	<u>2,555</u>
Total current assets	<u>66,263,192</u>
Noncurrent assets	
Capital assets not being depreciated	35,617,798
Capital assets, net of accumulated depreciation	<u>88,799,091</u>
Total noncurrent assets	<u>124,416,889</u>
Total assets	<u>190,680,081</u>
Liabilities	
Current liabilities	
Accounts payable	4,684,707
Contracts payable - retainage	239,506
Due to other funds	1,777,747
Payroll and other liabilities	225,209
Current portion of long-term liabilities	<u>1,650,315</u>
Total current liabilities	<u>8,577,484</u>
Noncurrent liabilities	
Long-term liabilities net of current portion	<u>37,452,283</u>
Total liabilities	<u>46,029,767</u>
Net position	
Net investment in capital assets	85,074,785
Unrestricted	<u>59,575,529</u>
Total net position	<u>\$ 144,650,314</u>

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, 2025

	<u>Enterprise Fund</u>
	<u>Water & Sewer</u>
Operating revenue	
Customer fees	\$ 35,529,009
Other revenue	<u>330,725</u>
 Total operating revenue	 <u>35,859,734</u>
 Operating expenses	
Cost of water	9,571,715
Cost of sewage treatment	12,383,188
Billing and administrative costs	6,600,397
Other operating and maintenance costs	5,174,025
Depreciation	<u>4,734,026</u>
 Total operating expenses	 <u>38,463,351</u>
 Operating income (loss)	 <u>(2,603,617)</u>
 Nonoperating revenue (expenses)	
Investment income	2,354,915
Interest expense	(641,251)
Debt service charge	<u>2,562,839</u>
 Total nonoperating revenues (expenses)	 <u>4,276,503</u>
 Income (loss) before capital contributions	 1,672,886
 Capital Contributions	
Tap-in fees	64,450
Lines donated by developers	<u>155,000</u>
 Change in net position	 1,892,336
 Net position - beginning of year	 <u>142,757,978</u>
 Net position - end of year	 <u>\$ 144,650,314</u>

City of Farmington Hills
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2025

	<u>Enterprise Fund</u>
	<u>Water & Sewer</u>
Cash flows from operating activities	
Receipts from customers	\$ 34,485,703
Receipts from other funds	57,455
Payments to suppliers	<u>(32,175,869)</u>
Net cash provided (used) by operating activities	<u>2,367,289</u>
Cash flows from capital and related financing activities	
Tap-in fees and other	64,450
Proceeds from capital debt	3,076,441
Proceeds from special assessments	7,349
Purchases/construction of capital assets	<u>(9,644,793)</u>
Principal and interest paid on long-term debt	<u>(2,287,483)</u>
Debt service charge	<u>2,562,839</u>
Net cash provided (used) by capital and related financing activities	<u>(6,221,197)</u>
Cash flows from investing activities	
Interest received	<u>2,388,334</u>
Net change in cash and cash equivalents	<u>(1,465,574)</u>
Cash and cash equivalents - beginning of year	<u>55,573,029</u>
Cash and cash equivalents - end of year	<u>\$ 54,107,455</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (2,603,617)
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization expense	4,734,026
Changes in assets and liabilities	
Receivables (net)	(1,371,476)
Due from other units of government	(2,555)
Accounts payable	1,553,456
Due to other funds	<u>57,455</u>
Net cash provided (used) by operating activities	<u>\$ 2,367,289</u>
Noncash transactions	
Lines donated by developers	\$ 155,000
Retainage payable related to construction contracts	239,506
Construction in progress and long-term debt	<u>3,340,790</u>
	<u>\$ 3,735,296</u>

City of Farmington Hills
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2025

	Custodial Fund
Assets	
Cash and cash equivalents	<u>\$ 84,954</u>
Liabilities	
Accounts payable	75,801
Due to other units of government	<u>9,153</u>
Total liabilities	<u>84,954</u>
Net position	<u>\$ -</u>

City of Farmington Hills
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Custodial Fund
Additions	
Property tax collections for other governments	<u>\$ 194,369,311</u>
Deductions	
Payments of property tax to other governments	<u>194,369,311</u>
Change in net position	-
Net position - beginning of year	-----
Net position - end of year	<u>\$ -----</u>

City of Farmington Hills
Component Units
Combining Statement of Net Position
June 30, 2025

	<u>Corridor Improvement Authority</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Corporation</u>	<u>Total</u>
Assets				
Current assets				
Cash and cash equivalents	859,659	\$ 3,171,596	\$ 83	\$ 4,031,338
Investments	<u>412,203</u>	<u>-</u>	<u>617</u>	<u>412,820</u>
Total current assets	<u>1,271,862</u>	<u>3,171,596</u>	<u>700</u>	<u>4,444,158</u>
Liabilities				
Current liabilities				
Accounts payable	15,000	187,429	-	202,429
Due to other units of government	<u>-</u>	<u>16,330</u>	<u>-</u>	<u>16,330</u>
Total current liabilities	<u>15,000</u>	<u>203,759</u>	<u>-</u>	<u>218,759</u>
Net position				
Unrestricted	<u>\$ 1,256,862</u>	<u>\$ 2,967,837</u>	<u>\$ 700</u>	<u>\$ 4,225,399</u>

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Component Units
Combining Statement of Activities
For the Year Ended June 30, 2025

	Corridor Improvement Authority	Brownfield Redevelopment Authority	Economic Development Corporation	Total
Expenses				
Community and economic development	\$ 68,234	\$ 222,009	\$ -	\$ 290,243
General revenues				
Property taxes	347,320	871,338	-	1,218,658
Unrestricted investment earnings	35,229	124,051	34	159,314
Miscellaneous	-	3,000	-	3,000
Total general revenues	<u>382,549</u>	<u>998,389</u>	<u>34</u>	<u>1,380,972</u>
Change in net position	314,315	776,380	34	1,090,729
Net position - beginning of year	<u>942,547</u>	<u>2,191,457</u>	<u>666</u>	<u>3,134,670</u>
Net position - end of year	<u>\$ 1,256,862</u>	<u>\$ 2,967,837</u>	<u>\$ 700</u>	<u>\$ 4,225,399</u>

See Accompanying Notes to the Financial Statements

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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, 2025

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, 2025

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, 2025

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 2024 property tax revenue was levied and collectible on July 1, 2024 and is recognized as revenue in the year ended June 30, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2024 final amended taxable valuation of the City totaled \$4,510,013,640 on which ad valorem taxes levied consisted of 7.8235 mills for operating purposes, 0.4530 mills for parks and recreation, 0.6452 mills for refuse, 0.0110 mills for economic development, 4.4632 for roads, and 3.0281 mills for public safety. This resulted in approximately \$34,720,000 for operations, \$2,010,000 for parks and recreation, \$2,863,000 for refuse, \$48,600 for economic development, \$19,806,000 for roads, and \$13,437,000 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, 2025

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 City records a liability for compensated absences for amounts that are more likely than not to be used or paid out. The government-wide and proprietary statements accrue all vacation, sick, and personal pay as it is earned. 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 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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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.

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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. 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.

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.

Upcoming Accounting and Reporting Changes

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.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets notes disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosure. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. 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.

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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, 2025 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.

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:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
General government			
City council	\$ 163,207	\$ 167,150	\$ 3,943
Board and commissions	3,467,743	3,512,885	45,142
Public works			
Building maintenance	533,663	537,560	3,897
Maintenance facility	1,385,705	1,454,992	69,287
Recreation and culture			
Parks and recreation department	15,007,824	15,336,760	328,936
Transfers out	9,273,787	9,434,426	160,639
Nutrition Grant Fund	513,365	518,264	4,899

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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, 2024	\$ 1,022,864
Current year permit revenue	2,044,674
Related expenses	
Direct costs	\$ 1,080,200
Estimated indirect costs	<u>209,051</u>
	<u>1,289,251</u>
Current year	<u>755,423</u>
Cumulative restricted at June 30, 2025	<u><u>\$ 1,778,287</u></u>

Note 3 - Deposits and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Governmental activities	\$ 101,604,218	\$ 32,658,554	\$ 134,262,772
Business-type activities	<u>54,107,455</u>	<u>6,515</u>	<u>54,113,970</u>
Total	155,711,673	32,665,069	188,376,742
Fiduciary funds	84,954	-	84,954
Component units	<u>4,031,338</u>	<u>412,820</u>	<u>4,444,158</u>
Total	<u>\$ 159,827,965</u>	<u>\$ 33,077,889</u>	<u>\$ 192,905,854</u>

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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)	\$ 155,702,933	\$ 84,954	\$ 4,031,338	\$ 159,819,225
Investments in securities, mutual funds and similar vehicles	32,665,069	-	412,820	33,077,889
Petty cash and cash on hand	8,740	-	-	8,740
	<u>\$ 188,376,742</u>	<u>\$ 84,954</u>	<u>\$ 4,444,158</u>	<u>\$ 192,905,854</u>

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

Investment	Carrying Value	Weighted Average Maturities	Rating	Rating Organization
MI Class Investment Pool	\$ 21,294,852	84 days	AAAm	S&P
Oakland County LGIP	<u>11,783,037</u>	4 days	Not Rated	N/A
	<u>\$ 33,077,889</u>			

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

Custodial credit risk of bank deposits – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy strives to minimize custodial credit risk by prequalifying the financial institutions, brokers/dealers, and intermediaries with which the City does business. At year-end, the City had \$163,968,226 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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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.

As of June 30, 2025 the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments carried at net asset value	
External investment pools	<u>\$ 33,077,889</u>

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 \$21,294,852. 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 \$11,783,037. The Oakland County Local Government Investment Pool is not registered with the SEC

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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.

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	43,630,640	16,713,828	-	(2,641,942)	57,702,526
Right of Way	31,561,930	-	-	-	31,561,930
Total capital assets not being depreciated	<u>92,780,102</u>	<u>16,713,828</u>	<u>-</u>	<u>(2,641,942)</u>	<u>106,851,988</u>
Capital assets being depreciated					
Sidewalks	17,132,459	12,044	-	169,480	17,313,983
Drain rights	21,735,961	-	-	-	21,735,961
Land improvements	22,938,575	3,981,850	-	-	26,920,425
Buildings, additions and improvements	92,124,221	-	-	-	92,124,221
Machinery and equipment	21,451,984	1,022,880	140,301	-	22,334,563
Vehicles	23,451,645	2,456,512	1,229,929	-	24,678,228
Office furnishings	3,694,252	140,607	174,860	-	3,659,999
Major Roads	91,957,873	645	-	-	91,958,518
Local Roads	134,125,746	-	-	2,472,462	136,598,208
Right to use asset - intangibles	1,963,571	-	149,645	-	1,813,926
Right to use asset - machinery and equipment	345,706	-	-	-	345,706
Total capital assets being depreciated	<u>430,921,993</u>	<u>7,614,538</u>	<u>1,694,735</u>	<u>2,641,942</u>	<u>439,483,738</u>
Less accumulated depreciation for					
Sidewalks	12,246,286	320,251	-	-	12,566,537
Drain rights	11,180,291	869,438	-	-	12,049,729
Land improvements	17,970,920	1,442,533	-	-	19,413,453
Buildings, additions and improvements	45,935,431	1,422,532	-	-	47,357,963
Machinery and equipment	12,743,101	1,383,028	84,099	-	14,042,030
Vehicles	12,052,646	1,916,260	1,166,805	-	12,802,101
Office furnishings	2,799,110	123,167	174,860	-	2,747,417
Major Roads	58,671,875	2,810,065	-	-	61,481,940
Local Roads	87,437,115	3,372,078	-	-	90,809,193
Right to use asset - intangibles	324,900	405,192	149,719	-	580,373
Right to use asset - machinery and equipment	312,903	32,803	-	-	345,706
Total accumulated depreciation	<u>261,674,578</u>	<u>14,097,347</u>	<u>1,575,483</u>	<u>-</u>	<u>274,196,442</u>
Net capital assets being depreciated	<u>169,247,415</u>	<u>(6,482,809)</u>	<u>119,252</u>	<u>2,641,942</u>	<u>165,287,296</u>
Governmental activities net capital assets	<u>\$ 262,027,517</u>	<u>\$ 10,231,019</u>	<u>\$ 119,252</u>	<u>\$ -</u>	<u>\$ 272,139,284</u>

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction-in-progress	<u>\$ 26,128,005</u>	<u>\$ 9,993,649</u>	<u>\$ 503,856</u>	<u>\$ 35,617,798</u>
Capital assets being depreciated				
Water and sewer lines	<u>132,813,875</u>	<u>145,000</u>	<u>-</u>	<u>132,958,875</u>
Sewer disposal system	<u>101,766,738</u>	<u>10,000</u>	<u>-</u>	<u>101,776,738</u>
Total capital assets being depreciated	<u>234,580,613</u>	<u>155,000</u>	<u>-</u>	<u>234,735,613</u>
Less accumulated depreciation for				
Water and sewer lines	<u>67,774,498</u>	<u>3,083,941</u>	<u>-</u>	<u>70,858,439</u>
Sewer disposal system	<u>73,427,998</u>	<u>1,650,085</u>	<u>-</u>	<u>75,078,083</u>
Total accumulated depreciation	<u>141,202,496</u>	<u>4,734,026</u>	<u>-</u>	<u>145,936,522</u>
Net capital assets being depreciated	<u>93,378,117</u>	<u>(4,579,026)</u>	<u>-</u>	<u>88,799,091</u>
Business-type capital assets, net	<u>\$ 119,506,122</u>	<u>\$ 5,414,623</u>	<u>\$ 503,856</u>	<u>\$ 124,416,889</u>

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

Governmental activities

General government	\$ 1,224,741
Public safety	1,956,698
Public works	8,157,803
Recreation and culture	<u>2,758,105</u>
 Total governmental activities	 14,097,347

Business-type activities

Water and sewer	<u>4,734,026</u>
 Total primary government	 <u>\$ 18,831,373</u>

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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	\$ 37,036,790	\$ 30,237,852	\$ 6,798,938
Major Roads	19,908,416	15,055,431	4,852,985
Water	16,464,587	14,249,716	2,214,871
Capital Improvement	10,714,194	6,924,615	3,789,578
Total	\$ 84,123,987	\$ 66,467,614	\$ 17,656,372

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund						Total	
	General Fund	Major Roads	Local Roads	Public Safety	Water and	NGF*		
		Fund	Fund	Millage Fund	Sewer Fund			
General Fund	\$ -	\$ 476,837	\$ 611,074	\$ 3,712,680	\$ 1,777,747	\$ 33,063	\$ 6,611,401	
Nonmajor Governmental Funds	<u>1,667,516</u>	<u>-</u>	<u>-</u>	<u>11,776</u>	<u>-</u>	<u>-</u>	<u>1,679,292</u>	
	<u>\$ 1,667,516</u>	<u>\$ 476,837</u>	<u>\$ 611,074</u>	<u>\$ 3,724,456</u>	<u>\$ 1,777,747</u>	<u>\$ 33,063</u>	<u>\$ 8,290,693</u>	

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					Total	
	General Fund	Municipal Street	Major Roads	NGF*	General Fund		
		Fund	Fund				
General Fund	\$ -	\$ -	\$ -	\$ 1,307,852	\$ 1,307,852	\$ 1,307,852	
Major Roads Fund	-	5,800,000	-	-	-	5,800,000	
Local Roads Fund	-	13,900,000	2,000,000	-	-	15,900,000	
NGF*	<u>9,434,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,434,426</u>	
	<u>\$ 9,434,426</u>	<u>\$ 19,700,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,307,852</u>	<u>\$ 32,442,278</u>		

*Denotes nonmajor governmental funds.

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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, 2025, the value of the lease liability was \$0.

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
2026	\$ 364,279	\$ 55,481
2027	353,593	37,499
2028	338,192	19,825
2029	218,805	4,123
	<u>\$ 1,274,869</u>	<u>\$ 116,928</u>

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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Restated 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%	\$320,000 - \$585,000	\$ 6,010,000	\$ -	\$ 305,000	\$ 5,705,000	\$ 320,000
2019 Capital Improvements Bonds	23,925,000	2040	2.00% - 3.00%	\$1,045,000 - \$1,545,000	\$ 20,000,000	\$ -	\$ 1,025,000	\$ 18,975,000	\$ 1,045,000
2020 Refunding Bonds	4,125,000	2030	1.35% - 1.85%	\$510,000 - \$565,000	\$ 3,745,000	\$ -	\$ 550,000	\$ 3,195,000	\$ 565,000
County contractual obligations									
Districts 345, 346, and 347 - 2016 Capital Improvement Bonds	8,475,000	2030	2.00% - 2.13%	\$505,000 - \$665,000	3,875,000	\$ -	\$ 665,000	\$ 3,210,000	\$ 665,000
District 349 - 2017 Capital Improvement Bonds	1,225,000	2031	2.00% - 3.00%	\$90,000	720,000	\$ -	\$ 90,000	\$ 630,000	\$ 90,000
2025 Capital Improvement Bonds	7,475,000	2045	5.00%	\$235,000 - \$570,000	\$ -	\$ 7,475,000	\$ -	\$ 7,475,000	\$ 235,000
Deferred amounts									
For issuance premiums					1,946,298	\$ 591,756	\$ 183,824	\$ 2,354,230	\$ -
Total					36,296,298	\$ 8,066,756	\$ 2,818,824	\$ 41,544,230	\$ 2,920,000
Leases					27,822	\$ -	\$ 27,822	\$ -	\$ -
Subscriptions					1,652,924	\$ -	\$ 378,055	\$ 1,274,869	\$ 364,279
Claims and judgments					242,800	\$ 1,368,744	\$ 1,349,044	\$ 262,500	\$ 173,000
Compensated absences					8,996,997	\$ 2,355,850	\$ -	\$ 11,352,847	\$ 5,030,601
Total governmental activities					\$ 47,216,841	\$ 11,791,350	\$ 4,573,745	\$ 54,434,446	\$ 8,487,880
 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%	\$934,560 - \$1,194,750	\$ 13,721,881	\$ -	\$ 910,665	\$ 12,811,216	\$ 934,560
2017 Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel									
Project Bonds	528,345	2027	2.14%	\$55,755 - \$61,065	230,985	\$ -	\$ 55,755	\$ 175,230	\$ 55,755
2021A Water Supply System Refunding Bonds	3,990,000	2033	2.00% - 5.00%	\$305,000 - \$420,000	3,200,000	\$ -	\$ 290,000	\$ 2,910,000	\$ 305,000
2021B Water Supply System Refunding Bonds	5,470,000	2035	3.00% - 4.00%	\$355,000 - \$540,000	4,830,000	\$ -	\$ 350,000	\$ 4,480,000	\$ 355,000
Evergreen Farmington Sanitary Drain Bonds, Series 2023**	36,081,006	2046	1.88%	\$1,503,614 - \$2,140,133	14,533,973	\$ 3,340,790	\$ -	\$ 17,874,763	\$ -
For issuance premiums					1,054,520	\$ -	\$ 203,131	\$ 851,389	\$ -
Total business-type activities					\$ 37,571,359	\$ 3,340,790	\$ 1,809,551	\$ 39,102,598	\$ 1,650,315

* Issue of \$19,750,005 but only \$19,504,472 was drawn down in total as of June 30, 2025.

**Issue of \$36,081,066 but only \$17,874,762 was drawn down in total as of June 30, 2025.

Compensated absences additions and reductions are reported net.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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
2026	\$ 2,920,000	\$ 1,264,686	\$ 1,650,315	\$ 878,076
2027	2,765,000	1,245,750	1,719,210	824,400
2028	2,795,000	1,164,048	3,294,374	757,806
2029	2,865,000	1,079,430	3,303,149	677,752
2030	2,940,000	991,528	3,400,334	596,066
2031-2035	11,345,000	3,701,583	17,503,799	1,757,490
2036-2040	10,975,000	1,647,325	11,407,387	319,608
2041-2045	2,585,000	400,250	9,938,279	-
2046-2050	-	-	4,240,666	-
	<u>\$ 39,190,000</u>	<u>\$ 11,494,600</u>	<u>56,457,513</u>	<u>\$ 5,811,198</u>
Less undrawn maturities			<u>(18,206,304)</u>	
			<u>\$ 38,251,209</u>	

Defeased Refundings

The City defeated 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 defeated bonds are not included in the basic financial statements. At June 30, 2025, the City's portion of bonds outstanding that are considered defeated approximates \$2,575,000.

No Commitment Debt

The City has issued Variable Rate Demand Hospital Revenue and Refunding Bonds under state law, which authorizes municipalities under certain circumstances to acquire and lease industrial sites, buildings, and equipment and lease them to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of June 30, 2025, there is approximately \$7,840,000 of no commitment debt outstanding.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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	\$ 106,851,988	\$ 35,617,798
Capital assets, net of accumulated depreciation	<u>165,287,296</u>	<u>88,799,091</u>
Total capital assets	<u>272,139,284</u>	<u>124,416,889</u>
 Related debt		
General obligation bonds	(8,900,000)	-
Other bonds	(30,290,000)	(38,251,209)
SBITA liability	(1,274,869)	-
Premiums	(2,354,230)	(851,389)
Contracts payable - retainage	<u>(890,909)</u>	<u>(239,506)</u>
Total related debt	<u>(43,710,008)</u>	<u>(39,342,104)</u>
 Net investment in capital assets	<u><u>\$ 228,429,276</u></u>	<u><u>\$ 85,074,785</u></u>

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

estimates of both future payments of losses and related claim adjustments expense, both allocated and unallocated. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These estimates are recorded in the General Fund and within the governmental activities column in the statement of net position.

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

	BCBS	
	2025	2024
Estimated liability - beginning of year	\$ 112,800	\$ 183,000
Estimated claims incurred, including		
changes in estimates	(4,584,292)	(1,615,386)
Claim payments	<u>4,560,992</u>	<u>1,545,186</u>
Estimated liability - end of year	<u>\$ 89,500</u>	<u>\$ 112,800</u>

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

	MMRMA	
	2025	2024
Estimated liability - beginning of year	\$ 130,000	\$ 162,000
Estimated claims incurred, including		
changes in estimates	219,442	116,321
Claim payments	<u>(176,442)</u>	<u>(148,321)</u>
Estimated liability - end of year	<u>\$ 173,000</u>	<u>\$ 130,000</u>

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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

Employees covered by benefit terms – At the June 30, 2024 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	410
Inactive employees entitled to, but not yet receiving benefits	14
Active employees	<u>402</u>
	<u>826</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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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, 2025, the average active member contribution rate was 4.50 percent of annual pay. The City's contribution was \$4,177,004 for police members and \$1,568,862 for fire members. For general and court members, the City's contribution was \$3,633,209 and \$411,130, 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, 2025 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 154,435,704	\$ 154,435,704
Employee reserve	19,635,043	19,635,043
Employer reserve	-	17,321,067

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

At June 30, 2025, the City reported a liability of \$73,275,837 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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from June 30, 2024. 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, 2025, the City's proportion was 95.80060 percent, which was an increase of .37209 percent compared to its proportion of 95.42851 percent from its proportion measured as of June 30, 2024. For the year ending June 30, 2025, the City recognized pension expense of \$11,362,462.

At June 30, 2025, 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	\$ 9,222,542	\$ -	\$ 9,222,542
Change in proportionate share	268,787	(383,852)	(115,065)
Differences in assumptions	3,707,800	-	3,707,800
Net difference between projected and actual earning on plan investments	-	(66,160)	(66,160)
Total	\$ 13,199,129	\$ (450,012)	\$ 12,749,117

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>		
2026	\$ 8,255,266	
2027	1,149,200	
2028	1,109,959	
2029	1,371,064	
2030	863,628	
	<u>\$ 12,749,117</u>	

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

Actuarial assumptions – The total pension liability in the June 30, 2024 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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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
	<hr/>
	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, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.62 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
Net pension liability	<u>\$ 103,851,662</u>	<u>\$ 73,275,837</u>	<u>\$ 47,646,620</u>

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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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 Teamsters, (formerly 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 \$80 per month for the dispatch employees, \$167 per month for police employees, \$225 per month for tier 2 police command, and \$117 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, 2025, the City made contributions of \$462,738, and the plan members contributed \$362,228 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, 2025, the City's contribution was \$242,536. 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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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, 2025 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 60,079,579	\$ 60,079,579
Employee reserve	3,840,994	3,840,994
Employer reserve	-	38,953,158

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

At June 30, 2025, the City reported an asset of \$15,009,221 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, 2025, 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, 2025, the City's proportion was 98.6031 percent, which was an increase of .57698 percent compared to its proportion of 98.02612 percent from its proportion measured as of June 30, 2024. For the year ending June 30, 2025, the City recognized OPEB expense of \$(2,688,372).

At June 30, 2025, 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	\$ -	\$ (5,876,351)	\$ (5,876,351)
Differences in assumptions	4,719,454	-	4,719,454
Change in proportionate share	-	(552,119)	(552,119)
Net difference between projected and actual earning on plan investments	-	(796,935)	(796,935)
Total	<u>\$ 4,719,454</u>	<u>\$ (7,225,405)</u>	<u>\$ (2,505,951)</u>

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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>	
2026	\$ 1,873,498
2027	(1,495,288)
2028	(1,238,932)
2029	(962,552)
2030	(317,789)
2031 - 2035	<u>(364,888)</u>
	<u><u>\$ (2,505,951)</u></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 7.25%, 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.

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:

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

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

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, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 9.81 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
Net OPEB asset	\$ (5,110,156)	\$ (15,009,221)	\$ (23,329,368)

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%).

	Healthcare Cost Trend Rates		
	1% Decrease	Rates	1% Increase
Net OPEB asset	\$ (25,119,930)	\$ (15,009,221)	\$ (2,906,790)

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.

City of Farmington Hills
Notes to the Financial Statements
June 30, 2025

Note 14 - Change in Accounting Principle

During the year, the City implemented GASB Statement No. 101, *Compensated Absences*. The implementation had the following effect on net position:

	Governmental Activities
Net position at June 30, 2024	\$ 275,333,920
Adjustments	
Implementation of GASB 101	<u>(2,166,436)</u>
Adjusted net position at June 30, 2024	<u>\$ 273,167,484</u>

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Taxes				
Property taxes	\$ 38,583,530	\$ 38,583,530	\$ 38,345,264	\$ (238,266)
Administration fee	2,029,415	2,029,415	2,117,146	87,731
Licenses and permits	1,883,167	1,768,172	2,215,578	447,406
Federal grants	50,000	80,000	6,000	(74,000)
State-shared revenue	9,762,434	9,762,434	9,746,637	(15,797)
State grants	1,229,366	1,180,657	1,524,081	343,424
Local contributions	55,616	55,616	24,582	(31,034)
Charges for services	18,619,741	18,031,754	19,603,006	1,571,252
Fines and forfeitures	1,635,525	2,009,726	2,164,964	155,238
Investment income	1,335,257	2,769,040	3,459,782	690,742
Other revenue	1,940,749	2,084,426	2,409,446	325,020
Total revenues	77,124,800	78,354,770	81,616,486	3,261,716
Expenditures				
General government				
City Council	166,177	163,207	167,150	3,943
Board and commissions	3,388,368	3,467,743	3,512,885	45,142
City administration	652,919	743,674	668,706	(74,968)
Public information	1,121,543	1,024,343	844,036	(180,307)
Finance department	2,376,706	2,399,344	2,183,698	(215,646)
Clerk	1,093,423	1,093,624	1,026,182	(67,442)
Attorney/corporation counsel	798,400	798,400	743,999	(54,401)
Human resources/personnel	921,347	878,363	715,179	(163,184)
Central services	1,578,988	1,542,508	1,286,467	(256,041)
Support services	7,156,955	7,091,117	5,660,089	(1,431,028)
Total general government	19,254,826	19,202,323	16,808,391	(2,393,932)
Public safety				
Police	20,376,217	20,304,236	19,198,094	(1,106,142)
Fire	8,433,099	7,946,817	7,875,779	(71,038)
Total public safety	28,809,316	28,251,053	27,073,873	(1,177,180)

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, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Public works				
Department of public works	\$ 588,001	\$ 646,427	\$ 498,296	\$ (148,131)
Roads, streets, bridges (not Act 51)	2,675,950	2,620,201	2,443,149	(177,052)
Engineers/engineering	1,689,808	1,663,451	1,470,895	(192,556)
Rubbish collection/disposal	4,291,140	4,320,986	4,306,039	(14,947)
Building maintenance	524,924	533,663	537,560	3,897
Maintenance facility	1,483,734	1,385,705	1,454,992	69,287
Public service reimbursement from road fund	-	(2,322,585)	(1,932,522)	390,063
Total public works	11,253,557	8,847,848	8,778,409	(69,439)
Community and economic development				
Economic development	2,485,808	2,454,522	1,989,545	(464,977)
Recreation and culture				
Parks and recreation department	14,945,695	15,007,824	15,336,760	328,936
Capital outlay	60,500	63,528	59,587	(3,941)
Total expenditures	76,749,202	73,991,169	70,669,998	(3,300,561)
Excess (deficiency) of revenues over expenditures	375,598	4,363,601	10,946,488	6,562,277
Other financing sources (uses)				
Transfers in	1,307,850	1,307,850	1,307,852	2
Transfers out	(9,273,787)	(9,273,787)	(9,434,426)	(160,639)
Sale of capital assets	(89,037)	(167,253)	247,048	414,301
Total other financing sources (uses)	(8,054,974)	(8,133,190)	(7,879,526)	253,664
Net change in fund balance	(7,679,376)	(3,769,589)	3,066,962	6,815,941
Fund balance - beginning of year	61,572,931	61,572,931	61,572,931	-
Fund balance - end of year	\$ 53,893,555	\$ 57,803,342	\$ 64,639,893	\$ 6,815,941

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, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Taxes	\$ 20,058,423	\$ 20,049,907	\$ 19,814,421	\$ (235,486)
State grants	218,242	218,242	559,882	341,640
Investment income	21,218	21,218	976,176	954,958
Total revenues	<u>20,297,883</u>	<u>20,289,367</u>	<u>21,350,479</u>	<u>1,061,112</u>
Expenditures				
Excess of revenues (deficiency) over expenditures	20,297,883	20,289,367	21,350,479	1,061,112
Other financing sources (uses)				
Transfers out	<u>(19,700,000)</u>	<u>(19,700,000)</u>	<u>(19,700,000)</u>	<u>-</u>
Net change in fund balance	597,883	589,367	1,650,479	1,061,112
Fund balance - beginning of year	<u>3,210,777</u>	<u>3,210,777</u>	<u>3,210,777</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,808,660</u>	<u>\$ 3,800,144</u>	<u>\$ 4,861,256</u>	<u>\$ 1,061,112</u>

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
Major Roads Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget	
	Original	Final	Actual		
				Over (Under)	Final Budget
Revenues					
State grants	\$ 8,194,167	\$ 9,328,035	\$ 9,726,586	\$ 398,551	
Local contributions	-	-	13,379	13,379	
Investment income	266,667	266,667	621,057	354,390	
Other revenue	-	250	98,283	98,033	
Total revenues	<u>8,460,834</u>	<u>9,594,952</u>	<u>10,459,305</u>	<u>864,353</u>	
Expenditures					
Current					
Public works	<u>7,797,888</u>	<u>16,129,000</u>	<u>10,985,214</u>	<u>(5,143,786)</u>	
Excess of revenues (deficiency) over expenditures	<u>662,946</u>	<u>(6,534,048)</u>	<u>(525,909)</u>	<u>6,008,139</u>	
Other financing sources (uses)					
Transfers in	5,800,000	5,800,000	5,800,000	-	
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-	
Total other financing sources (uses)	<u>3,800,000</u>	<u>3,800,000</u>	<u>3,800,000</u>	<u>-</u>	
Net change in fund balance	<u>4,462,946</u>	<u>(2,734,048)</u>	<u>3,274,091</u>	<u>6,008,139</u>	
Fund balance - beginning of year	<u>15,587,452</u>	<u>15,587,452</u>	<u>15,587,452</u>	<u>-</u>	
Fund balance - end of year	<u>\$ 20,050,398</u>	<u>\$ 12,853,404</u>	<u>\$ 18,861,543</u>	<u>\$ 6,008,139</u>	

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, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
State grants	\$ 2,994,581	\$ 3,006,456	\$ 3,109,590	\$ 103,134
Investment income	75,000	81,668	270,995	189,327
Other revenue	-	-	1,921	1,921
 Total revenues	 3,069,581	 3,088,124	 3,382,506	 294,382
Expenditures				
Current				
Public works	18,001,565	20,893,900	14,246,276	(6,647,624)
Debt service				
Principal retirement	755,000	755,000	755,000	-
Interest and fiscal charges	90,388	90,388	90,388	-
 Total expenditures	 18,846,953	 21,739,288	 15,091,664	 (6,647,624)
 Excess of revenues (deficiency) over expenditures	 (15,777,372)	 (18,651,164)	 (11,709,158)	 6,942,006
Other financing sources				
Transfers in	15,900,000	15,900,000	15,900,000	-
 Net change in fund balance	 122,628	 (2,751,164)	 4,190,842	 6,942,006
 Fund balance - beginning of year	 7,655,434	 7,655,434	 7,655,434	 -
 Fund balance - end of year	 \$ 7,778,062	 \$ 4,904,270	 \$ 11,846,276	 \$ 6,942,006

See Accompanying Notes to Required Supplementary Information

City of Farmington Hills
Required Supplementary Information
Budgetary Comparison Schedule
Public Safety Millage Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Over (Under)	Final Budget
	Original	Final		
Revenues				
Taxes	\$ 13,551,276	\$ 13,603,452	\$ 13,443,192	\$ (160,260)
State grants	200,513	200,513	145,734	(54,779)
Investment income	<u>63,780</u>	<u>63,780</u>	<u>859,891</u>	<u>796,111</u>
Total revenues	<u>13,815,569</u>	<u>13,867,745</u>	<u>14,448,817</u>	<u>581,072</u>
Expenditures				
Public safety	13,040,998	13,932,517	13,858,857	(73,660)
Excess of revenues (deficiency) over expenditures	774,571	(64,772)	589,960	654,732
Fund balance - beginning of year	<u>4,692,121</u>	<u>4,692,121</u>	<u>4,692,121</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,466,692</u>	<u>\$ 4,627,349</u>	<u>\$ 5,282,081</u>	<u>\$ 654,732</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, City's proportion of the net pension liability (%)	2025 95.80%	2024 95.43%	2023 96.47%	2022 95.97%	2021 95.78%
City's proportionate share of the net pension liability	\$ 73,275,837	\$ 71,929,312	\$ 63,709,201	\$ 56,839,126	\$ 25,804,703
City's covered payroll	\$ 33,120,716	\$ 31,307,511	\$ 20,528,927	\$ 19,549,498	\$ 19,720,115
City's proportionate share of the net pension liability as a percentage of its covered payroll	221.24%	229.75%	310.35%	290.74%	130.85%
Plan fiduciary net position as a percentage of total pension liability	71.45%	70.33%	72.50%	73.72%	87.74%

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

	2020	2019	2018	2017*	2016
Fiscal year ended June 30,					
City's proportion of the net pension liability (%)	95.58%	95.43%	95.43%	95.26%	95.78%
City's proportionate share of the net pension liability	\$ 60,395,617	\$ 50,973,877	\$ 39,249,558	\$ 37,396,907	\$ 38,326,411
City's covered payroll	\$ 18,994,170	\$ 19,118,157	\$ 19,121,057	\$ 19,032,521	\$ 19,018,880
City's proportionate share of the net pension liability as a percentage of its covered payroll	317.97%	266.63%	205.27%	196.49%	201.52%
Plan fiduciary net position as a percentage of total pension liability	70.71%	74.55%	79.10%	79.21%	77.51%

*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
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%
2025	9,379,075	9,379,075	-	33,120,716	28.32%

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*
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%
2025	9.62%

* 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,	2025	2024	2023	2022
City's proportion of the net OPEB liability (%)	98.60%	98.03%	85.83%	85.83%
City's proportionate share of the net OPEB liability (asset)	\$ (15,009,221)	\$ (10,793,766)	\$ (7,642,629)	\$ (5,633,957)
City's covered payroll	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
Plan fiduciary net position as a percentage of total OPEB liability	117.37%	112.90%	110.69%	108.08%

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,	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability (%)	93.30%	93.05%	92.51%	92.51%	95.95%
City's proportionate share of the net OPEB liability (asset)	\$ (20,484,443)	\$ 3,815,708	\$ 1,330,769	\$ (5,793,708)	\$ (4,878,157)
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	127.75%	95.00%	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
2025	242,536	242,536	-	N/A	N/A

See Accompanying Notes to Required Supplementary Information

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

Fiscal Year Ended June 30,	Annual Return*
2017	11.90%
2018	7.16%
2019	3.66%
2020	1.36%
2021	32.62%
2022	(10.16)%
2023	8.26%
2024	8.28%
2025	9.81%

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

City of Farmington Hills
Notes to the Required Supplementary Information
June 30, 2025

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, 2025.

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, 2024
- 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: Closed, Level Percent-of-Payroll
- Remaining amortization period: Police and Fire employees: 20 years; General and Court employees: 16 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, 2025.

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, 2023
- Valuation date for liability: June 30, 2024
- 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: 12 years
- Asset valuation method: 5-year smoothed market value

City of Farmington Hills
Notes to the Required Supplementary Information
June 30, 2025

- Healthcare cost trends: Pre-65 Initial trend of 7.25% gradually decreasing to an ultimate trend rate of 3.50% in year 15; Post-65 Initial trend of 6.50% gradually decreasing to an ultimate trend rate of 3.50% in year 15.
- 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 headcount-weighted; 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, 2025

Special Revenue Funds

	Community Development Block Grant	Nutrition Grant	Forfeiture Funds	Parks and Recreation Special Millage	MIDC Fund	Opioid Settlement - General	Opioid Settlement - Special
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 162,495	\$ 790,551	\$ 87,992	\$ 754,210	\$ 766,379
Investments	-	51,237	1,459,897	-	-	-	-
Receivables							
Accounts	7,215	-	-	-	-	200,930	1,410,691
Due from other units of government	212,739	31,036	-	-	-	-	-
Due from other funds	-	205,157	11,776	-	182,083	-	-
Total assets	<u>\$ 219,954</u>	<u>\$ 287,430</u>	<u>\$ 1,634,168</u>	<u>\$ 790,551</u>	<u>\$ 270,075</u>	<u>\$ 955,140</u>	<u>\$ 2,177,070</u>
Liabilities							
Accounts payable	\$ 163,185	\$ 34,211	\$ 83,026	\$ 178,258	\$ 112,726	-	-
Contracts payable - retainage	-	-	-	-	-	-	-
Due to other funds	33,063	-	-	-	-	-	-
Checks written against future deposits	23,706	10,288	-	-	-	-	-
Unearned revenue	-	242,931	-	-	154,799	-	-
Total liabilities	<u>219,954</u>	<u>287,430</u>	<u>83,026</u>	<u>178,258</u>	<u>267,525</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources							
Unavailable revenue - receivables	-	-	-	-	-	200,930	1,410,691
Fund balances							
Restricted for							
Police and fire	-	-	1,551,142	-	-	-	-
Parks and recreation	-	-	-	612,293	-	-	-
Health and welfare	-	-	-	-	2,550	754,210	766,379
Assigned							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total fund balances	-	-	1,551,142	612,293	2,550	754,210	766,379
Total liabilities, deferred inflows, and fund balances	<u>\$ 219,954</u>	<u>\$ 287,430</u>	<u>\$ 1,634,168</u>	<u>\$ 790,551</u>	<u>\$ 270,075</u>	<u>\$ 955,140</u>	<u>\$ 2,177,070</u>

City of Farmington Hills
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	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	\$ -	\$ 9,750,757	\$ 54	\$ 114,491	\$ 12,426,929	
Investments	30,125	4,990,006	-	83,673	6,614,938	
Receivables						
Accounts	-	37,172	-	-	1,656,008	
Due from other units of government	-	-	-	-	243,775	
Due from other funds	851,209	429,067	-	-	1,679,292	
Total assets	<u>\$ 881,334</u>	<u>\$ 15,207,002</u>	<u>\$ 54</u>	<u>\$ 198,164</u>	<u>\$ 22,620,942</u>	
Liabilities						
Accounts payable	\$ 33,152	\$ 1,380,095	\$ -	\$ 19,881	\$ 2,004,534	
Contracts payable - retainage	-	266,669	-	-	266,669	
Due to other funds	-	-	-	-	33,063	
Checks written against future deposits	139,330	-	-	-	173,324	
Unearned revenue	-	-	-	-	397,730	
Total liabilities	<u>172,482</u>	<u>1,646,764</u>	<u>-</u>	<u>19,881</u>	<u>2,875,320</u>	
Deferred inflows of resources						
Unavailable revenue - receivables	-	-	-	-	-	<u>1,611,621</u>
Fund balances						
Restricted for						
Police and fire	-	-	-	-	-	1,551,142
Parks and recreation	-	-	-	-	-	612,293
Health and welfare	-	-	-	-	-	1,523,139
Assigned						
Capital projects	-	13,560,238	54	178,283	13,738,575	
Debt service	708,852	-	-	-	-	<u>708,852</u>
Total fund balances	<u>708,852</u>	<u>13,560,238</u>	<u>54</u>	<u>178,283</u>	<u>18,134,001</u>	
Total liabilities, deferred inflows, and fund balances	<u>\$ 881,334</u>	<u>\$ 15,207,002</u>	<u>\$ 54</u>	<u>\$ 198,164</u>	<u>\$ 22,620,942</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, 2025

	Special Revenue Funds						Opioid Settlement - General	Opioid Settlement - Special		
	Community Development		Parks and Recreation		MIDC Fund					
	Block Grant	Nutrition Grant	Forfeiture Funds	Special Millage						
Revenues										
Taxes	\$ -	\$ -	\$ -	\$ 2,010,990	\$ -	\$ -	\$ -	\$ -		
Federal grants	402,028	184,733	135,589	-	-	-	-	-		
State grants	-	94,167	50,755	56,826	526,301	-	-	-		
Local contributions	-	-	-	-	22,083	-	-	-		
Charges for services	-	-	-	-	-	-	-	-		
Investment income	-	-	56,648	88,585	4,579	-	-	-		
Other revenue	-	169,774	-	-	-	754,210	766,379			
Total revenues	402,028	448,674	242,992	2,156,401	552,963	754,210	766,379			
Expenditures										
Current										
Public safety	-	-	107,818	-	-	-	-	-		
Health and welfare	-	-	-	-	710,413	-	-	-		
Community and economic development	402,028	-	-	-	-	-	-	-		
Recreation and culture	-	518,264	-	-	-	-	-	-		
Capital outlay	-	-	125	1,244,706	-	-	-	-		
Debt service										
Principal retirement	-	-	-	-	-	-	-	-		
Interest and fiscal charges	-	-	-	-	-	-	-	-		
Bond issuance costs	-	-	-	-	-	-	-	-		
Total expenditures	402,028	518,264	107,943	1,244,706	710,413	-	-	-		
Excess (deficiency) of revenues over expenditures	-	(69,590)	135,049	911,695	(157,450)	754,210	766,379			
Other financing sources (uses)										
Transfers in	-	69,590	-	-	160,000	-	-	-		
Transfers out	-	-	-	(1,307,852)	-	-	-	-		
Issuance of debt	-	-	-	-	-	-	-	-		
Premium on issuance of debt	-	-	-	-	-	-	-	-		
Total other financing sources and uses	-	69,590	-	(1,307,852)	160,000	-	-	-		
Net change in fund balances	-	-	135,049	(396,157)	2,550	754,210	766,379			
Fund balances - beginning of year	-	-	1,416,093	1,008,450	-	-	-	-		
Fund balances - end of year	\$ -	\$ -	\$ 1,551,142	\$ 612,293	\$ 2,550	\$ 754,210	\$ 766,379			

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, 2025

	Debt Service Fund		Capital Project Funds			Total Nonmajor Governmental Funds	
	General Debt Service	Capital Improvement	Golf Course Capital Improvement		Community Center Renovations		
Revenues							
Taxes	\$ -	\$ 6,380	\$ -	\$ -	\$ -	\$ 2,017,370	
Federal grants	-	-	-	-	-	722,350	
State grants	-	-	-	-	-	728,049	
Local contributions	-	429,067	-	-	-	451,150	
Charges for services	-	-	15	-	-	15	
Investment income	1,467	335,827	-	6,085	493,191		
Other revenue	<u>77,104</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,767,467</u>	
Total revenues	<u>78,571</u>	<u>771,274</u>	<u>15</u>	<u>6,085</u>	<u>6,179,592</u>		
Expenditures							
Current							
Public safety	-	-	-	-	-	107,818	
Health and welfare	-	-	-	-	-	710,413	
Community and economic development	-	-	-	-	-	402,028	
Recreation and culture	-	-	-	-	-	518,264	
Capital outlay	-	11,501,481	-	100,222	12,846,534		
Debt service							
Principal retirement	1,880,000	-	-	-	-	1,880,000	
Interest and fiscal charges	917,825	-	-	-	-	917,825	
Bond issuance costs	<u>33,652</u>	<u>67,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,927</u>	
Total expenditures	<u>2,831,477</u>	<u>11,568,756</u>	<u>-</u>	<u>100,222</u>	<u>17,483,809</u>		
Excess (deficiency) of revenues over expenditures	<u>(2,752,906)</u>	<u>(10,797,482)</u>	<u>15</u>	<u>(94,137)</u>	<u>(11,304,217)</u>		
Other financing sources (uses)							
Transfers in	3,404,836	5,800,000	-	-	-	9,434,426	
Transfers out	-	-	-	-	-	(1,307,852)	
Issuance of debt	-	7,475,000	-	-	-	7,475,000	
Premium on issuance of debt	-	<u>591,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>591,756</u>	
Total other financing sources and uses	<u>3,404,836</u>	<u>13,866,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,193,330</u>	
Net change in fund balances	651,930	3,069,274	15	(94,137)	4,889,113		
Fund balances - beginning of year	<u>56,922</u>	<u>10,490,964</u>	<u>39</u>	<u>272,420</u>	<u>13,244,888</u>		
Fund balances - end of year	<u>\$ 708,852</u>	<u>\$ 13,560,238</u>	<u>\$ 54</u>	<u>\$ 178,283</u>	<u>\$ 18,134,001</u>		

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual		Over (Under) Final Budget
	Original	Final	Actual	Final	Budget	
	Budget	Budget	Budget	Budget	Budget	
Revenues						
Federal grants	\$ 453,000	\$ 577,950	\$ 402,028	\$ (175,922)		
Investment income	50	50	-	(50)		
Total revenues	<u>453,050</u>	<u>578,000</u>	<u>402,028</u>	<u>(175,972)</u>		
Expenditures						
Community and economic development	452,950	577,900	402,028	(175,872)		
Excess of revenues (deficiency) over expenditures	100	100	-	(100)		
Fund balance - beginning of year	-	-	-	-		
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, 2025

	Budgeted Amounts			Actual		Over (Under) Final Budget
	Original	Final	Actual			
Revenues						
Federal grants	\$ 286,722	\$ 286,722	\$ 184,733	\$ (101,989)		
State grants	-	-	94,167	94,167		
Investment income	5,000	5,000	-	(5,000)		
Other revenue	120,834	120,834	169,774	48,940		
Total revenues	412,556	412,556	448,674	36,118		
Expenditures						
Recreation and culture	513,365	513,365	518,264	4,899		
Excess of revenues (deficiency) over expenditures	(100,809)	(100,809)	(69,590)	31,219		
Other financing sources (uses)						
Transfers in	68,951	68,951	69,590	639		
Net change in fund balance	(31,858)	(31,858)	-	31,858		
Fund balance - beginning of year	-	-	-	-		
Fund balance (deficit) - end of year	\$ (31,858)	\$ (31,858)	\$ -	\$ 31,858		

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Forfeiture Funds
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual		Over (Under) Final Budget
	Original	Final	Actual			
Revenues						
Federal grants	\$ -	\$ 37,097	\$ 135,589	\$ 98,492		
State grants	-	31,574	50,755	19,181		
Investment income	13,588	16,425	56,648	40,223		
Total revenues	13,588	85,096	242,992	157,896		
Expenditures						
Public safety	191,345	109,641	107,818	(1,823)		
Excess of revenues (deficiency) over expenditures	(177,757)	(24,545)	135,049	159,594		
Fund balance - beginning of year	1,416,093	1,416,093	1,416,093	-		
Fund balance - end of year	<u>\$ 1,238,336</u>	<u>\$ 1,391,548</u>	<u>\$ 1,551,142</u>	<u>\$ 159,594</u>		

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Parks and Recreation Special Millage Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget	
	Original	Final	Actual		
Revenues					
Taxes	\$ 2,035,038	\$ 2,034,942	\$ 2,010,990	\$ (23,952)	
State grants	53,528	53,823	56,826	3,003	
Investment income	61,812	112,278	88,585	(23,693)	
Total revenues	<u>2,150,378</u>	<u>2,201,043</u>	<u>2,156,401</u>	<u>(44,642)</u>	
Expenditures					
Capital outlay	1,080,300	1,673,062	1,244,706	(428,356)	
Excess of revenues (deficiency) over expenditures	1,070,078	527,981	911,695	383,714	
Other financing sources (uses)					
Transfers out	(1,307,850)	(1,307,850)	(1,307,852)	(2)	
Net change in fund balance	(237,772)	(779,869)	(396,157)	383,712	
Fund balance - beginning of year	1,008,450	1,008,450	1,008,450	-	
Fund balance - end of year	<u>\$ 770,678</u>	<u>\$ 228,581</u>	<u>\$ 612,293</u>	<u>\$ 383,712</u>	

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
MIDC Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget	
	Original	Final	Actual		
				Over (Under)	Final Budget
Revenues					
State grants	\$ 742,642	\$ 729,535	\$ 526,301	\$ (203,234)	
Local contributions	22,083	22,083	22,083	-	
Investment income	1,000	2,000	4,579	2,579	
Total revenues	<u>765,725</u>	<u>753,618</u>	<u>552,963</u>	<u>(200,655)</u>	
Expenditures					
Current					
Health and welfare	<u>765,725</u>	<u>753,618</u>	<u>710,413</u>	<u>(43,205)</u>	
Excess of revenues (deficiency) over expenditures	-	-	(157,450)	(157,450)	
Other financing sources (uses)					
Transfers in	-	-	160,000	160,000	
Net change in fund balance	-	-	2,550	2,550	
Fund balance - beginning of year	-	-	-	-	
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,550</u>	<u>\$ 2,550</u>	

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Opioid Settlement - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Other revenue	\$ -	\$ -	\$ 754,210	\$ 754,210
Expenditures				
Net change in fund balance	- -	- -	754,210	754,210
Fund balance - beginning of year	- -	- -	- -	- -
Fund balance - end of year	\$ -	\$ -	\$ 754,210	\$ 754,210

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Opioid Settlement - Special Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Other revenue	\$ -	\$ -	\$ 766,379	\$ 766,379
Expenditures				
Net change in fund balance	- -	- -	766,379	766,379
Fund balance - beginning of year	- -	- -	- -	- -
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 766,379</u>	<u>\$ 766,379</u>

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
General Debt Service Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget	
	Original	Final	Actual		
Revenues					
Investment income	\$ 200	\$ 200	\$ 1,467	\$ 1,267	
Other revenue	<u>50,000</u>	<u>50,000</u>	<u>77,104</u>	<u>27,104</u>	
Total revenues	<u>50,200</u>	<u>50,200</u>	<u>78,571</u>	<u>28,371</u>	
Expenditures					
Debt service					
Principal retirement	1,880,000	1,880,000	1,880,000	-	
Interest and fiscal charges	918,825	918,825	917,825	(1,000)	
Bond issuance costs	<u>405,544</u>	<u>405,544</u>	<u>33,652</u>	<u>(371,892)</u>	
Total expenditures	<u>3,204,369</u>	<u>3,204,369</u>	<u>2,831,477</u>	<u>(372,892)</u>	
Excess of revenues (deficiency) over expenditures	(3,154,169)	(3,154,169)	(2,752,906)	401,263	
Other financing sources (uses)					
Transfers in	3,404,836	3,404,836	3,404,836	-	
Net change in fund balance	250,667	250,667	651,930	401,263	
Fund balance - beginning of year	<u>56,922</u>	<u>56,922</u>	<u>56,922</u>	<u>-</u>	
Fund balance - end of year	<u>\$ 307,589</u>	<u>\$ 307,589</u>	<u>\$ 708,852</u>	<u>\$ 401,263</u>	

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Capital Improvement Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget	
	Original	Final	Actual		
Revenues					
Taxes	\$ -	\$ -	\$ 6,380	\$ 6,380	
Local contributions	100,000	3,100,000	429,067	(2,670,933)	
Investment income	500,000	500,000	335,827	(164,173)	
 Total revenues	 600,000	 3,600,000	 771,274	 (2,828,726)	
 Expenditures					
Capital outlay	10,276,000	23,205,373	11,501,481	(11,703,892)	
 Excess of revenues (deficiency) over expenditures	 (9,676,000)	 (19,605,373)	 (10,797,482)	 8,807,891	
 Other financing sources (uses)					
Transfers in	5,800,000	5,800,000	5,800,000	-	
 Net change in fund balance	 3,719,000	 (6,210,373)	 3,069,274	 9,279,647	
 Fund balance - beginning of year	 10,490,964	 10,490,964	 10,490,964	 -	
 Fund balance - end of year	 <u>\$ 14,209,964</u>	 <u>\$ 4,280,591</u>	 <u>\$ 13,560,238</u>	 <u>\$ 9,279,647</u>	

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Golf Course Capital Improvement Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Charges for services	\$ -	\$ -	\$ 15	\$ 15
Expenditures				
Excess of revenues (deficiency) over expenditures	-	-	15	15
Fund balance - beginning of year	39	39	39	-
Fund balance - end of year	\$ 39	\$ 39	\$ 54	\$ 15

City of Farmington Hills
Other Supplementary Information
Budgetary Comparison Schedule
Community Center Renovations Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Actual Over (Under) Final Budget	
	Original	Final	Actual		
Revenues					
Investment income	\$ 30,000	\$ 30,000	\$ 6,085	\$ (23,915)	
Expenditures					
Capital outlay	90,000	145,928	100,222	(45,706)	
Net change in fund balance	(60,000)	(115,928)	(94,137)	21,791	
Fund balance - beginning of year	272,420	272,420	272,420	-	
Fund balance - end of year	<u>\$ 212,420</u>	<u>\$ 156,492</u>	<u>\$ 178,283</u>	<u>\$ 21,791</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)

	2016	2017	2018	2019	2020	2021	2022	2023	* 2024	2025
Governmental Activities:										
Net investment in capital assets	\$ 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	\$ 228,429,276
Restricted	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	62,936,859
Unrestricted	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	4,499,802
Total net position	\$ 159,028,724	\$ 165,151,050	\$ 175,971,139	\$ 164,770,027	\$ 177,399,662	\$ 211,186,501	\$ 231,599,269	\$ 252,660,431	\$ 275,333,920	\$ 295,865,937
Business-type Activities:										
Net investment in capital assets	\$ 72,467,388	\$ 66,281,936	\$ 66,690,516	\$ 66,301,953	\$ 68,910,061	\$ 70,436,527	\$ 72,709,369	\$ 78,773,242	\$ 81,430,907	\$ 85,074,785
Restricted	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	59,575,529
Unrestricted	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	64,075,331
Total net position	\$ 139,674,095	\$ 141,947,341	\$ 143,708,420	\$ 144,753,514	\$ 145,874,003	\$ 145,427,805	\$ 144,221,820	\$ 144,298,770	\$ 142,757,978	\$ 144,650,314
Primary Government in Total:										
Net investment in capital assets	\$ 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	\$ 313,504,061
Restricted	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	62,936,859
Unrestricted	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	64,075,331
Total net position	\$ 298,702,819	\$ 307,098,391	\$ 319,679,559	\$ 309,523,541	\$ 323,273,665	\$ 356,614,306	\$ 375,821,089	\$ 396,959,201	\$ 418,091,898	\$ 440,516,251

* GASB 101 was implemented in 2025, the 2024 column has not been restated to reflect this change.

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

	2016	2017	2018	2019	2020	2021	2022	2023	* 2024	2025
Expenses:										
General government	\$ 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	\$ 18,236,665
Public safety	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	45,522,780
Public services	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	29,474,568
Health and Welfare	-	-	-	-	-	-	199,574	359,628	499,463	733,972
Community and economic development	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	895,308
Recreation and culture	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	20,167,779
Interest on long-term debt	499,969	571,203	521,785	470,284	1,191,147	918,731	785,557	687,530	965,100	1,112,310
Total expenses	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	116,143,382
Program revenues:										
Charges for services										
General government	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	9,285,791
Public safety	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	3,813,437
Public services	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	4,792,097
Community & economic development	561,734	368,733	80,679	-	-	-	-	-	-	-
Recreation and culture	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	9,593,094
Total charges for services	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	27,484,419
Operating grants and contributions	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	16,931,434
Capital grants and contributions	148,957	175,637	851,238	-	-	-	7,635	-	-	-
Total program revenue	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	44,415,853
Excess of Expenses Over Program Revenue	(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)	(71,727,529)
General revenues:										
Property taxes	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	75,731,013
State-shared revenues	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	11,320,836
Investment earnings	718,517	518,714	879,918	1,872,340	2,206,577	600,963	-	6,333,121	7,106,339	6,685,993
Gain (loss) on disposal	-	-	-	144,963	157,129	160,606	-	140,958	173,787	127,796
Special Items	-	-	-	(8,982,681)	-	-	-	-	-	-
Miscellaneous	3,107,106	2,625,365	3,113,354	680,257	754,560	438,153	780,305	294,773	869,169	560,344
Total general revenues	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	94,425,982
Transfers	-	-	-	-	-	-	-	-	-	-
Change in net position	\$ 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	\$ 22,698,453

Source: Annual financial statements

* GASB 101 was implemented in 2025, the 2024 column has not been restated to reflect this change.

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

	2016	2017	2018	2019	2020	2021	2022	2023	* 2024	2025
Program Revenue										
Water and sewer	\$ 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	\$ 38,091,848
Capital grants and contributions	265,413	847,316	2,204,688	713,391	1,182,295	2,083,715	1,227,275	1,467,055	283,185	219,450
Total program revenue	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	38,311,298
Operating Expenses										
Water and sewer	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	39,104,602
Interest expense	426,514	556,588	781,888	980,526	747,083	-	-	381,016	570,808	-
Total operating expenses	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	39,104,602
Net (Expenses) Revenue	1,336,671	1,697,133	834,011	(780,401)	(569,603)	(976,027)	(1,205,985)	(2,632,298)	(2,985,038)	(793,304)
General Revenue - Investment earnings and other	737,573	576,113	927,068	1,825,495	1,690,092	529,829	-	2,709,248	1,444,246	2,685,640
Transfers	-	-	-	-	-	-	-	-	-	-
Total Change in Net Position	\$ 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)	\$ 1,892,336
Change in Net Position - Primary Government	\$ 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	\$ 24,590,789

* GASB 101 was implemented in 2025, the 2024 column has not been restated to reflect this change.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	\$ 1,032,308	\$ 983,364	\$ 838,111	\$ 867,649	\$ 858,835	\$ 304,826	\$ 587,647	\$ 240,863	\$ 574,400	\$ 719,500
Restricted	-	-	-	-	-	-	-	618,051	1,022,864	1,778,287
Committed	22,409	22,409	22,409	-	-	-	-	-	-	-
Assigned	16,409,880	17,599,194	19,224,548	20,714,136	18,207,555	19,711,996	11,072,450	4,490,061	-	4,039,609
Unassigned	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	58,102,497
Total general fund	\$ 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	\$ 64,639,893
All other governmental funds:										
Nonspendable	\$ -	\$ 199,698	\$ -	\$ -	\$ 612	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	\$ -	\$ -	\$ 78,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital project funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	\$ 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	44,537,730
Special revenue funds	\$ -	\$ -	\$ -	\$ -	\$ 15,953,360	\$ 1,334,343	\$ -	\$ 402,745	\$ -	\$ -
Capital project funds	\$ 2,113,034	2,094,668	1,994,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	\$ 52,986	52,997	53,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	\$ 874,876	1,670,443	2,445,103	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital project funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assigned	\$ 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	13,738,575
Special revenue funds	\$ 162,344	144,293	137,484	146,786	273,594	89,047	102,189	140,653	56,922	708,852
Capital project funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other governmental funds	\$ 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	\$ 58,985,157

Source: Annual Financial Statements

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue										
Property taxes	\$ 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	\$ 75,737,393
Special assessments	1,267,377	2,102,178	2,284,000	1,402,272	-	-	-	-	-	-
Licenses and permits	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	2,215,578
Federal grants	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	728,350
State-shared revenue and grants	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	25,540,559
Other grants and contributions	254,787	259,606	273,269	174,372	175,836	2,024,962	349,362	(15,334)	88,046	489,111
Charges for services	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	19,603,021
Fines and forfeitures	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	2,164,964
Investment income	718,517	518,714	879,918	1,926,079	2,207,078	600,996	(2,495,624)	6,338,501	7,110,619	6,681,092
Other and equipment rental	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	4,277,117
Total revenue	<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>	<u>137,437,185</u>
Expenditures										
Current:										
General government	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	16,808,391
Public safety	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	41,040,548
Public services	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	34,009,899
Health and Welfare	-	-	-	-	-	-	199,480	360,687	499,463	710,413
Community and economic development	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	2,535,034
Recreation and culture	7,789,813	7,862,950	8,488,297	8,642,314	8,249,851	8,535,568	12,394,600	13,919,586	15,016,393	15,855,024
Capital outlay	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	12,906,121
Debt service	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	4,224,112
Total expenditures	<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>	<u>128,089,542</u>
Excess of Revenue Over (Under) Expenditures	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	9,347,643
Other Financing Sources (Uses)										
Debt issuance	-	14,015,246	-	-	25,297,018	4,125,000	-	7,331,707	1,482,792	8,066,756
Transfers in	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	32,442,278
Transfers out	(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)	(32,442,278)
Proceeds from sale of capital assets	92,304	112,115	184,173	185,395	274,726	162,171	122,706	176,682	173,897	247,048
Debt defeasance	-	(3,763,960)	-	-	(3,600,278)	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>8,313,804</u>
Net change in fund balances	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	17,661,447
Fund Balances - Beginning of year	40,787,909	46,289,861	49,317,758	59,721,714	59,298,502	74,773,958	70,021,235	79,879,747	102,760,028	105,963,603
Prior Period Adjustment	-	-	-	-	-	-	154,612	-	-	-
Fund Balances - End of year	\$ 46,289,861	\$ 49,317,758	\$ 59,721,714	\$ 59,298,502	\$ 74,773,958	\$ 70,021,235	\$ 79,879,747	\$ 102,760,028	\$ 105,963,603	\$ 123,625,050
Debt Service as a % of Non Capital Expenditures	3.04%	3.16%	4.16%	3.70%	4.18%	5.03%	3.40%	3.16%	3.59%	3.67%

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
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%
2025	3,308,094,140	1,009,811,110	162,267,970	235,831,160	3,605,610	4,719,609,990	16.4902	6,454,895,660	73.12%

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	Overlapping Taxes												School:				School:				School: Non-				Zoo	Art Institute		
	Voted			Oakland			Schoolcraft			Intermediate			School:		School:		School:		School: Non-		School: Non-							
	General	Operating	Debt	Special	Total	Direct	Taxes	County	OCPA	Library	Community	Community	School	State	Homestead	Homestead	Homestead	Homestead	Homestead	Homestead	Homestead	Homestead	Homestead	Homestead				
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	0.9863	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									
2024	7.8931	0.5866	7.9443	16.4240	4.8101	0.9464	1.4688	1.4836	2.2700	3.1541	6.0000	8.4029	4.1809	4.8567	21.2000	22.1809	22.5481	0.0941	0.1937									

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	2025 Taxable Value	Percentage of Total	2016 Taxable Value	Percentage of Total	2016 Rank
1 Oakland Management Co.	\$ 81,554,600	1.73	\$ 63,868,650	2.04	1
2 Detroit Edison	51,423,070	1.09	38,168,280	1.22	2
3 Meadows at Hunters Ridge LLC	37,439,270	0.79	12,681,860	0.41	10
4 Consumers Energy	36,284,820	0.77	9,806,690	0.31	13
5 Edward Rose	34,830,170	0.74	9,845,000	0.31	12
6 FH Corporate Investors	30,500,950	0.65	20,912,900	0.67	3
7 Independence Green Apts	30,410,890	0.64	19,403,140	0.62	4
8 Green Hill Apartments	22,446,200	0.48	17,530,300	0.56	5
9 Nissan Corp	21,727,280	0.46	16,676,480	0.53	6
10 Real Michigan Five LLC	18,021,170	0.38	N/A	N/A	N/A

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		Total Tax Collections	Percent of Levy Collected
				Collections (Real)	Percent Collected		
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%	
2025	74,156,689	73,144,192	98.63%	869,621	74,013,813	99.81%	

(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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
General obligation bonds	\$ 12,240,000	\$ 10,870,000	\$ 9,380,000	\$ 8,015,000	\$ 30,500,000	\$ 28,370,000	\$ 25,995,000	\$ 31,165,000	\$ 29,755,000	\$ 35,350,000
Special assessment bonds	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	3,840,000
Unamortized premium	-	-	-	699,185	2,009,313	1,701,571	1,567,526	2,150,759	1,946,298	2,354,230
Leases	-	-	-	-	-	-	242,903	136,974	27,822	-
Subscriptions	-	-	-	-	-	-	-	454,042	1,652,924	1,274,869
Total governmental activities	23,530,000	21,890,000	19,480,000	17,824,185	40,094,313	36,916,571	34,755,429	39,691,775	37,977,044	42,819,099
Business-type Activities:										
County contractual obligations	30,610,124	34,018,350	31,558,439	30,079,768	28,564,570	27,421,102	25,011,367	31,611,692	36,516,839	38,251,208
Unamortized premium	-	-	-	-	-	657,604	1,518,593	1,277,271	1,054,520	851,390
Total business-type activities	30,610,124	34,018,350	31,558,439	30,079,768	28,564,570	28,078,706	26,529,960	32,888,963	37,571,359	39,102,598
Total Debt of the Government	\$ 54,140,124	\$ 55,908,350	\$ 51,038,439	\$ 47,903,953	\$ 68,658,883	\$ 64,995,277	\$ 61,285,389	\$ 72,580,738	\$ 75,548,403	\$ 81,921,697
Total Taxable Value	\$ 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	\$ 4,521,240,210
Ratio of Total Debt to Taxable Value	1.73%	1.79%	1.59%	1.44%	1.98%	1.81%	1.64%	1.82%	1.78%	1.81%
Total Population	81,910	91,412	81,803	81,129	81,093	80,612	83,968	83,292	82,737	84,173
Total Debt per Capita	\$ 661	\$ 612	\$ 624	\$ 590	\$ 847	\$ 806	\$ 730	\$ 871	\$ 913	\$ 973
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	\$ 3,498,536,895
Ratio of Debt to Personal Income	2.27%	2.36%	2.16%	2.07%	2.92%	2.36%	2.17%	2.45%	2.27%	2.34%

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
2016	\$ 3,752,944,510	81,412	23,530,000	0.63%	289.02
2017	3,975,835,450	81,803	21,890,000	0.55%	267.59
2018	4,151,773,160	81,129	19,480,000	0.47%	240.11
2019	4,407,606,380	81,093	17,824,185	0.40%	219.80
2020	4,652,525,100	80,612	40,094,313	0.86%	497.37
2021	4,908,706,890	83,986	36,916,571	0.75%	439.56
2022	5,237,966,510	83,292	34,755,429	0.66%	417.27
2023	5,722,759,540	82,737	39,691,775	0.69%	479.73
2024	6,153,802,280	82,737	37,977,044	0.62%	459.01
2025	6,454,895,660	84,173	42,819,099	0.66%	508.70

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, 2025
(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	\$ 29,755,000	100.00%	\$ 29,755,000
Overlapping debt:			
Farmington School District	155,205,000	86.57%	134,360,969
Walled Lake School District	343,670,000	2.92%	10,035,164
Oakland County at Large	123,902,591	5.60%	6,938,545
Oakland County Intermediate School District	38,680,000	5.62%	2,173,816
Schoolcraft Community College	41,105,000	0.64%	263,072
Total overlapping debt	702,562,591		153,771,566
Total direct and overlapping debt	<u>\$ 732,317,591</u>		<u>\$ 183,526,566</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)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit (Fiscal Year Ended) (1)										
State equalized valuation (previous year)	\$ 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	\$ 6,454,895,660
Debt limit (10 percent of SEV) (2)	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	645,489,566
Debt Applicable to Debt Limit										
Total bonded debt	54,140,124	55,908,350	51,038,439	47,903,953	68,658,883	64,995,277	61,285,389	72,580,738	75,548,403	81,921,697
Less deductions allowed by law:										
Special Assessment Bonds	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	3,840,000
Total amount of debt applicable to debt limit	42,850,124	44,888,350	40,938,439	38,793,953	61,073,883	58,150,277	54,335,389	66,795,738	70,953,402	78,081,695
Legal Debt Margin	\$ 312,659,329	\$ 330,406,101	\$ 356,645,106	\$ 376,379,363	\$ 404,178,627	\$ 432,720,412	\$ 469,461,262	\$ 505,480,216	\$ 544,426,826	\$ 567,407,871
Net Debt Subject to Limit as Percentage of Debt Limit	12.05%	11.96%	10.30%	9.34%	13.13%	11.85%	10.37%	11.67%	11.53%	12.10%

(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 Rate	Number of Occupied Households	Total Personal Income
		Income Per Household	Median Per Capita Personal Income				
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
2025	84,173	(2) 94,115	53,845		4.0%	37,173	3,498,536,895

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, 2025****(Unaudited)**

Employer	2025 Employees	Percentage of		Percentage of		2016 Rank
		Total	2016 Employees	Total	2016 Employees	
1 Comerica Bank Great Lakes Campus	2,100	3.58%	600	1.49%	7	
2 Corewell Health - Farmington Hills (1)	1,436	2.45%	2,746	6.80%	1	
3 Farmington Public Schools	1,200	2.05%	1,418	3.51%	3	
4 Nissan Technical Center	1,200	2.05%	N/A	N/A	N/A	
5 City of Farmington Hills	1,100	1.88%	N/A	N/A	N/A	
6 ZF	1,000	1.71%	N/A	N/A	N/A	
7 MAHLE	850	1.45%	1,600	3.96%	2	
8 Robert Bosch Corp	826	1.41%	500	1.24%	10	
9 Panasonic Corporation of North America	608	1.04%	N/A	N/A	N/A	
10 Amerisure	500	0.85%	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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
City administration	5.00	5.00	5.00	4.10	3.79	3.65	4.65	4.65	4.70	4.70
Economic development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Communications/Engagement	-	-	-	-	-	-	6.00	8.50	7.65	
Finance	20.00	20.00	20.00	20.09	20.09	20.00	20.00	20.50	20.50	21.25
City clerk	6.31	6.34	6.35	6.20	6.28	6.78	6.38	6.81	6.87	7.15
Human resources	4.00	4.00	4.14	4.14	4.14	4.14	5.40	6.40	6.40	7.60
Central services	9.40	9.40	9.40	9.90	9.90	9.97	10.88	10.88	10.88	13.50
Public Safety										
Police	153.88	154.14	153.79	153.74	152.79	153.47	154.22	160.22	163.22	164.22
Fire and EMS	93.63	93.63	91.70	93.92	91.69	92.81	93.99	95.99	103.99	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	27.49	26.81	26.81	25.29
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	17.47	17.28	17.28	17.10
D.P.W. garage	12.00	13.00	13.00	12.00	11.60	10.60	10.60	10.60	10.75	10.38
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	20.00	20.00	20.00	21.94
Special Services										
Administration	20.98	21.15	20.55	22.25	22.00	23.00	39.10	42.64	40.49	39.61
Public information	4.00	4.00	6.10	6.10	5.50	5.50	-	-	-	-
Youth and families	8.00	9.56	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	27.96	27.08	27.08	24.36
Parks division	24.87	25.83	25.70	25.59	24.92	26.92	26.55	26.17	26.17	26.17
Cultural arts	3.40	3.47	3.47	3.47	3.47	3.47	6.41	7.04	16.77	18.37
Golf course division	13.01	13.57	13.46	13.41	13.43	13.43	12.88	12.88	12.88	13.88
Recreation	10.32	11.81	11.69	12.05	12.92	13.15	33.36	48.30	48.30	41.15
Ice arena	14.13	12.66	13.16	13.41	13.16	13.66	13.66	13.66	16.66	13.66
Total	497.23	504.92	504.72	508.87	503.54	509.27	554.38	583.64	598.25	591.97

Source: City personnel/budget records

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

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Physical Arrests	2,486	2,805	2,830	2,692	1,579	1,750	1,819	2,899	2,980	2,276
Traffic violations	7,606	8,861	9,000	9,593	6,833	5,696	8,342	12,123	15,067	14,059
Fire:										
Total incidents	9,027	9,208	9,524	9,500	10,383	10,920	11,354	12,250	13,143	14,198
Public education programs	112	112	140	140	128	130	55	95	116	121
Fire loss	\$ 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	\$ 5,287,348
Public works:										
Dwelling units receiving refuse	23,329	23,343	23,356	23,372	23,393	23,452	23,467	23,493	23,569	23,576
Percentage of waste stream	44.00	39.40	42.00	42.00	40.00	40.00	36.80	36.00	35.70	36.00
Parks and recreation:										
Recreation programs	2,660	2,670	2,690	2,714	2,735	2,850	2,860	2,905	3,016	3,125
Water:										
Water customers	22,910	22,982	22,966	23,094	23,101	23,151	23,185	23,205	23,285	23,301
Water main breaks	40	53	47	39	49	68	74	71	38	42
Total consumption (mcf)	370,493	391,749	371,701	340,512	339,627	365,736	364,353	347,516	338,753	322,418
Average consumption per user (mcf/year)	16.17	17.05	16.18	14.75	14.70	15.80	15.72	14.98	14.54	14.00
Sewer:										
Average consumption per user	17.06	18.36	18.12	18.75	18.76	17.60	18.33	15.53	17.42	16.00
Metered Volume (mcf)	385,851	416,257	410,961	426,641	427,282	401,646	418,967	355,362	399,792	370,942
Sewer customers	22,618	22,667	22,684	22,756	22,771	22,820	22,858	22,878	22,954	22,988

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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fleet vehicles	68	69	69	69	72	66	74	73	73	71
Fire:										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks (4)	18	17	16	16	16	16	17	17	17	17
Public Works - Streets (miles)										
Major	58.36	58.36	58.36	58.36	58.36	58.36	58.36	58	58	58
Local	246.38	246.38	246.38	246.87	246.87	246.87	246.87	247	247	247
Parks and recreation:										
Acreage	636	636	636	636	669	669	669	669	669	669
Playgrounds	4	6	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	13	13	13	13	13	13
Pools/Splash pads	2	2	2	2	3	4	4	4	4	4
Ice arena	1	1	1	1	1	1	1	1	1	1
Community center	0	0	0	1	2	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	457	459	459	459	470	471	475	487	485
Fire hydrants	5,126	5,156	5,169	5,169	5,169	5,230	5,250	5,305	5,329	5,347
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	329	329	329	329	330	330	330	330	330	331
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.