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# City of Farmington, Michigan

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**Financial Report  
with Supplementary Information  
June 30, 2024**

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## Independent Auditor's Report

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

### **Opinions**

We have audited the 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, Michigan (the "City") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024 and the respective changes in its financial position and, where applicable, its 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's 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 auditor's 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 GAAS 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.

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

In performing an audit in accordance with GAAS, 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 and other required supplementary information, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.



October 28, 2024

### ***Overview of the Financial Statements***

The discussion and analysis provided here are intended to serve as an introduction to the City of Farmington, Michigan's (the "City") basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### **Government-wide Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances and are presented on a full accrual basis of accounting, with an emphasis on measuring all economic resources and not just current financial resources, as measured in the individual fund statements. These statements make a distinction between governmental activities, such as public safety and public works, and business-type activities, such as the provision of water and sewer services. Two government-wide statements are provided.

One government-wide statement, the statement of net position, presents information on all of the City's assets and liabilities, with the difference shown as net position. Increases or decreases of net position from period to period provide useful information on the direction of the City's financial position over time.

The other government-wide statement, the statement of activities, provides information on how the government-wide net position changed during the fiscal year. This statement provides information on income, expenses, and other increases or decreases in net position.

Following the government-wide statements, individual fund financial statements are provided for the City's major funds and compiled financial information is provided for nonmajor funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services, such as public safety and public works; proprietary funds, which account for business-type activities, such as the provision of water and sewer services; and fiduciary funds, which account for assets held for outside parties.

A reconciliation between the individual fund statements and the government-wide financial statements is provided following the individual fund statements. The differences are primarily related to inclusion of capital assets and recognition of certain receivables and long-term liabilities, such as bonds, accrued interest, and accrued employee leave time, in the government-wide statement of net position, which are not included in the fund balance sheet, and the recognition of certain revenue and expenditures, such as bond proceeds, capital outlays, and debt principal repayment in the individual fund statements, which are not recorded in the government-wide statements.

### ***Government-wide Overall Financial Analysis***

On a yearly basis, the City strives to make sure that current taxpayers continue to pay for current services and that costs are not pushed down to future generations. During the current year, the City experienced an increase of approximately \$2,555,000 in the net position of its governmental activities and an increase of approximately \$31,000 in the net position of its business-type activities, showing that the City is meeting this goal.

Governmental activities net position increased primarily due to a capital improvement millage. This millage generated approximately \$827,000 and was invested in capital assets.

In the City's Water and Sewer Fund, the net position increased by approximately \$85,000. In the City's Farmington Community Theater Fund, net position decreased by approximately \$54,000. The closing of the theater during the pandemic and ongoing reduced attendance continue to affect the theater even though attendance trends have been improving. This business-type activity will be closely monitored in the upcoming year, as operations will continue to be challenging.

# City of Farmington, Michigan

## Management's Discussion and Analysis (Continued)

A detailed analysis of the City's governmental and business-type activities is provided below.

In a condensed format, the tables below show the net position and changes in net position as of and for the years ended June 30, 2024 and 2023. Following the tables is an explanation of the reasons for significant fluctuations.

### The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and other assets	\$ 13,409,744	\$ 11,957,761	\$ 2,806,223	\$ 2,725,227	\$ 16,215,967	\$ 14,682,988
Capital assets	27,711,801	27,493,363	17,948,108	18,353,651	45,659,909	45,847,014
Total assets	41,121,545	39,451,124	20,754,331	21,078,878	61,875,876	60,530,002
<b>Deferred Outflows of Resources</b>	2,713,494	3,865,590	335,238	412,761	3,048,732	4,278,351
<b>Liabilities</b>						
Current liabilities	2,586,802	2,186,465	400,239	544,276	2,987,041	2,730,741
Noncurrent liabilities	21,029,394	22,463,481	5,581,569	5,852,995	26,610,963	28,316,476
Total liabilities	23,616,196	24,649,946	5,981,808	6,397,271	29,598,004	31,047,217
<b>Deferred Inflows of Resources</b>	19,013	1,022,249	2,177	19,679	21,190	1,041,928
<b>Net Position</b>						
Net investment in capital assets	23,899,363	22,868,080	14,009,173	14,134,014	37,908,536	37,002,094
Restricted	1,875,254	1,463,512	-	-	1,875,254	1,463,512
Unrestricted	(5,574,787)	(6,687,073)	1,096,411	940,675	(4,478,376)	(5,746,398)
Total net position	<u>\$ 20,199,830</u>	<u>\$ 17,644,519</u>	<u>\$ 15,105,584</u>	<u>\$ 15,074,689</u>	<u>\$ 35,305,414</u>	<u>\$ 32,719,208</u>

# City of Farmington, Michigan

## Management's Discussion and Analysis (Continued)

### The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2,411,667	\$ 2,304,705	\$ 5,709,219	\$ 5,840,716	\$ 8,120,886	\$ 8,145,421
Operating grants	1,813,916	1,777,792	-	100	1,813,916	1,777,892
Capital grants	221,950	1,474,657	-	-	221,950	1,474,657
General revenue:						
Property taxes	7,792,045	7,365,716	-	-	7,792,045	7,365,716
Intergovernmental	1,532,674	1,424,986	-	-	1,532,674	1,424,986
Investment earnings	562,086	411,640	79,366	75,818	641,452	487,458
Other revenue:						
Cable franchise fees	142,031	162,427	-	-	142,031	162,427
Sale of capital assets	17,650	-	250	14,838	17,900	14,838
Other miscellaneous income	223,455	213,158	-	-	223,455	213,158
<b>Total revenue</b>	<b>14,717,474</b>	<b>15,135,081</b>	<b>5,788,835</b>	<b>5,931,472</b>	<b>20,506,309</b>	<b>21,066,553</b>
<b>Expenses</b>						
General government	1,835,051	1,910,179	-	-	1,835,051	1,910,179
District court	636,549	555,825	-	-	636,549	555,825
Public safety	4,581,193	4,777,600	-	-	4,581,193	4,777,600
Public works	3,221,710	3,119,779	-	-	3,221,710	3,119,779
Health and welfare	6,576	6,507	-	-	6,576	6,507
Community and economic development	369,057	254,954	-	-	369,057	254,954
Recreation and culture	1,041,829	953,803	-	-	1,041,829	953,803
Interest on long-term debt	384,198	412,830	-	-	384,198	412,830
Water and Sewer	-	-	5,333,712	5,463,985	5,333,712	5,463,985
Farmington Community Theater	-	-	510,228	509,947	510,228	509,947
<b>Total expenses</b>	<b>12,076,163</b>	<b>11,991,477</b>	<b>5,843,940</b>	<b>5,973,932</b>	<b>17,920,103</b>	<b>17,965,409</b>
<b>Transfers</b>	<b>(86,000)</b>	<b>(7,500)</b>	<b>86,000</b>	<b>7,500</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>2,555,311</b>	<b>3,136,104</b>	<b>30,895</b>	<b>(34,960)</b>	<b>2,586,206</b>	<b>3,101,144</b>
<b>Net Position - Beginning of year</b>	<b>17,644,519</b>	<b>14,508,415</b>	<b>15,074,689</b>	<b>15,109,649</b>	<b>32,719,208</b>	<b>29,618,064</b>
<b>Net Position - End of year</b>	<b>\$ 20,199,830</b>	<b>\$ 17,644,519</b>	<b>\$ 15,105,584</b>	<b>\$ 15,074,689</b>	<b>\$ 35,305,414</b>	<b>\$ 32,719,208</b>

#### *Governmental Activities*

The City's governmental activities statement of net position changed from the prior year as follows:

First, current and other assets increased by approximately \$1,452,000. Significant changes include an increase in cash of \$2,480,000, due to the sale of property for development and planned increases associated with future capital projects; a decrease in land held for resale of \$1,166,000, due to the sale of the property previously mentioned; and, an increase in net OPEB assets of \$287,000, due to higher than anticipated investment income and less than assumed premium increases. Second, deferred outflows of resources decreased by approximately \$1,152,000 because deferred pension costs decreased by \$585,000 and deferred OPEB costs decreased by \$503,000, resulting from better than assumed investment performance and the reduction of previously deferred investment losses. Third, current liabilities increased by approximately \$400,000 primarily due to a increase in refundable deposits of \$250,000 related to developer deposits for construction projects. Fourth, noncurrent liabilities decreased by approximately \$1,434,000 due to the \$1,494,000 paydown of existing debt issues. Fifth, deferred inflows of resources decreased by approximately \$1,003,000 due to a decrease of \$987,000 in deferred OPEB investment income. Sixth, total net position increased by approximately \$2,555,000 due to an increase of \$1,031,000 of investment in capital assets and an increase of \$1,112,000 in unrestricted net position.

Significant increases and decreases to the governmental activities statement of activities are as follows:

Total revenue decreased by approximately \$418,000. Capital grants decreased by approximately \$1,253,000 primarily due to a one-time grant for the Farmington Road Streetscape that was received in the prior fiscal year. Property taxes increased by approximately \$426,000 primarily due to an inflationary increase in taxable value of 5 percent.

Total expenses increased by approximately \$85,000. There were no significant increases/decreases in expenses.

The City of Farmington, Michigan, by policy, strives to maintain a cash surplus sufficient to bridge any expected gaps in current year revenue or increases in ordinary, unanticipated current year expenditures. In the General Fund, the City's policy has been to maintain an unassigned fund balance of 25 percent of current year operating expenditures.

Prudent financial planning places the City in a sound financial position with adequate cash reserves. In 2022, the City received an AA bond rating, with the rating agency analysis noting the following attributes: strong economy, strong management, healthy financial performance, ample liquidity, forward-looking planning, moderate debt burden, and strong institutional framework score.

#### *Business-type Activities*

The City had an increase in net position of approximately \$31,000 in its business-type activities for the fiscal year ended June 30, 2024.

Significant changes to the statement of net position include a decrease in capital assets of approximately \$406,000, as depreciation of current assets exceeded capital asset replacement, and a decrease in noncurrent liabilities of approximately \$271,000 due to the paydown of existing debt issues.

There were no significant changes in the statement of activities.

#### ***Financial Analysis of Individual Funds***

Of the City's governmental funds, the General Fund accounts for all significant ongoing expenditures except for roads and debt service. The City's major funds include the General Fund and Capital Improvement Millage Fund.

#### **General Fund**

The General Fund ended the fiscal year with an increase in fund balance of approximately \$59,000.



Revenue in the General Fund increased by approximately \$592,000 in the current year. Significant increases and decreases relate to the following:

Property taxes increased by approximately \$286,000 due to a 6.2 percent increase in taxable value. Of the 6.2 percent increase, 5 percent related to an inflationary increase.

Expenditures in the General Fund increased by approximately \$410,000 in the current year. Significant increases and decreases include the following:

Public safety increased by approximately \$199,000 due to increases of \$35,000 in training expenditures related to the hiring of new officers and an increase of \$72,000 in capital outlay.

Community and economic development increased by approximately \$114,000 due to a greater number of plan reviews and attorney fees related to development.

Recreation and culture decreased by approximately \$450,000 primarily due to the purchase of a building for \$395,000 that occurred in the prior year.

Debt service increased by approximately \$405,000 due to the payoff of an installment purchase agreement that was used to purchase land for redevelopment.

#### **Capital Improvement Millage Fund**

The Capital Improvement Millage Fund expenditures exceeded revenue by approximately \$197,000. Revenue exceeded expenditures because the City is accumulating resources to construct a pathway from Riley Park to Shiawassee Park. Significant projects completed included purchasing body-worn cameras for public safety (\$155,000), tree maintenance work (\$49,000), design work for the pathway from Riley Park to Shiawassee Park (\$68,000), improvements to the DPW yard (\$72,000), and improvements to Women's Park (\$59,000).

#### **General Operating Fund Budgetary Highlights**

Actual revenue was under budget by approximately \$84,000. Significant variances include the following: licenses and permits were under budget by approximately \$63,000 due to a delay in anticipated development projects.

The original budget was amended to include an increase in revenue of approximately \$517,000. This increase is composed of an increase in licenses and permits of approximately \$128,000 due to higher than anticipated development and an increase in other miscellaneous income of approximately \$174,000 primarily due to income from the sale of investment property of \$84,000 and higher than anticipated plan review income of \$41,000 related to development.

Actual expenditures were under budget by approximately \$556,000. Significant positive budget variances resulted from the following: general government was under budget by approximately \$159,000 due to numerous small savings achieved by multiple departments, as well as the delay in capital purchases of \$45,000, and public safety was under budget by approximately \$259,000 primarily due to an open position created due to retirement and delayed capital expenditures.

The original budget was amended to include an increase in budgeted expenditures of approximately \$785,000. Significant changes in budgeted expenditures include an increase in general government of approximately \$149,000 related to a \$30,000 allocation for the City's bicentennial celebration and multiple other small adjustments to various departments; a decrease in public safety of \$117,000 related to retirement and staff transitions; an increase in community and economic development of \$153,000 related to professional services costs for several development projects, as well as staff retirement costs; an increase in recreation and culture of \$170,000 related to increased capital outlay and contractual services in the parks of \$92,000 and increased capital outlay for the Warner Mansion of \$58,000; and an increase in debt service of approximately \$405,000 related to the payoff of an installment purchase agreement that was used to fund the purchase of property for redevelopment.

### **Capital Assets and Debt Administration**

Major capital asset and infrastructure additions in governmental funds consisted of the following:

- Road repair (\$588,000)
- Sidewalks (\$257,000)
- Public safety vehicles and equipment (\$369,000)
- City hall and DPW building improvements (\$179,000)
- DPW vehicles and equipment (\$281,000)

Major capital asset and infrastructure additions in the business-type funds consisted of the following:

- Water and sewer line improvements (\$127,000)
- Miscellaneous water and sewer system upgrades (\$154,000)

During the current year, the City sold property that was being held for redevelopment and paid off the related installment purchase agreement. The payoff of the installment purchase agreement was recorded as an expenditure in the General Fund in the amount of \$405,346.

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

On November 8, 2018, City of Farmington, Michigan voters approved a millage increase of 3 mills for 10 years. This vote affirmed what residents and businesses had expressed during several community forums and numerous town hall meetings: the Farmington community wants to invest in its future. During the current year, this millage was allocated 0.8302 mills to operations and 2.0000 mills to capital projects. The millage allocated to operations will help to balance the General Fund over the next several years. The 2 mills for capital projects will fund important community projects, including roads, water and sewer lines, drains, sidewalks and streetscapes, parking lot improvements, renovation of city buildings, and replacement of city vehicles and equipment.

During the current year, property taxes comprised 53.2 percent of the City's General Fund revenue. Taxable value (TV) increased by 6.2 percent in the City. For the upcoming fiscal year, taxable value will increase by 6.7 percent, and the City anticipates taxable value growth into the foreseeable future. Several factors that will have a positive impact on taxable value include the construction of 53 new townhomes, which will break ground in the 2024/2025 fiscal year; construction of a 30-unit apartment building, which will break ground in the 2024/2025 fiscal year; and the construction of a fiber network by a private company valued at \$15,000,000 that will connect all properties in the City, which will be installed in the 2024/2025 fiscal year.

The City's expenditures are for the most part consistent, predictable, and controllable. The two expenses that have the greatest potential to change on a yearly basis are defined benefit pension and retiree health care costs.

The City's pension system is funded at 67.8 percent based on the most recent actuarial valuation dated December 31, 2023. This is an increase of 1.4 percentage points over the prior year. The increase is the result of higher than assumed calendar year 2023 investment income.

The City is also impacted by its retiree health care obligations. Currently, the system is funded at 114.2 percent based on the most recent actuarial valuation dated June 30, 2024. This is an increase of 3.5 percentage points from the prior year. In order to provide a degree of budget stability, the City issued bonds in 2013 to fund its retiree health care obligations. The proceeds of the bonds, together with anticipated investment proceeds, are projected to pay the retiree health care premiums over the term of the bonds. When the bonds are paid off, the City will resume paying premiums from the General Fund and the Water and Sewer Fund.

Adequate cash reserves and authorized unlevied millages ensure provision of current services in the near term as the City meets these challenges and plans for the future.

***Requests for Further Information***

This financial report is designed to provide accountability of our stewardship of the resources provided by our citizens, taxpayers, and customers and to provide financial information to the City's investors and creditors. If you have any questions about this report or need additional financial information, contact the city manager or director of finance and administration at City Hall, 23600 Liberty Street, Farmington, MI 48335.

June 30, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 10,658,537	\$ 1,055,782	\$ 11,714,319	\$ 639,700
Receivables (Note 4)	782,843	1,732,953	2,515,796	11,196
Due from component units	10,000	-	10,000	-
Internal balances (Note 6)	145,957	(145,957)	-	-
Inventory	52,127	114,323	166,450	-
Prepaid expenses and other assets	60,779	500	61,279	2,930
Restricted assets	535,093	-	535,093	-
Net OPEB asset (Note 10)	1,164,408	48,622	1,213,030	-
Capital assets: (Note 5)				
Assets not subject to depreciation	6,958,896	566,427	7,525,323	513,275
Assets subject to depreciation - Net	20,752,905	17,381,681	38,134,586	558,400
<b>Total assets</b>	<b>41,121,545</b>	<b>20,754,331</b>	<b>61,875,876</b>	<b>1,725,501</b>
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding	542,469	65,070	607,539	-
Deferred pension costs (Note 9)	2,111,497	267,689	2,379,186	-
Deferred OPEB costs (Note 10)	59,528	2,479	62,007	-
<b>Total deferred outflows of resources</b>	<b>2,713,494</b>	<b>335,238</b>	<b>3,048,732</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	495,249	349,739	844,988	28,497
Due to other governmental units	428	1,073	1,501	4,945
Due to primary government	-	-	-	10,000
Refundable deposits	418,283	306	418,589	-
Accrued liabilities and other	427,110	49,121	476,231	31,398
Unearned revenue	1,245,732	-	1,245,732	15,899
Noncurrent liabilities:				
Due within one year:				
Compensated absences	199,522	32,713	232,235	-
Current portion of long-term debt	1,089,500	410,500	1,500,000	-
Due in more than one year:				
Compensated absences	144,305	2,649	146,954	272
Net pension liability (Note 9)	9,587,317	1,215,452	10,802,769	-
Long-term debt	10,008,750	3,920,255	13,929,005	-
<b>Total liabilities</b>	<b>23,616,196</b>	<b>5,981,808</b>	<b>29,598,004</b>	<b>91,011</b>
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions (Note 9)	16,383	2,076	18,459	-
Deferred OPEB cost reductions (Note 10)	2,630	101	2,731	-
<b>Total deferred inflows of resources</b>	<b>19,013</b>	<b>2,177</b>	<b>21,190</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	23,899,363	14,009,173	37,908,536	1,071,675
Restricted:				
Roads	1,631,419	-	1,631,419	-
Capital projects	14,584	-	14,584	-
Drug forfeiture	86,259	-	86,259	-
Grants	7,607	-	7,607	-
Opioid settlement	135,385	-	135,385	-
Unrestricted	(5,574,787)	1,096,411	(4,478,376)	562,815
<b>Total net position</b>	<b>\$ 20,199,830</b>	<b>\$ 15,105,584</b>	<b>\$ 35,305,414</b>	<b>\$ 1,634,490</b>

# City of Farmington, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,835,051	\$ 325,036	\$ 26,228	\$ -
District court	636,549	330,252	-	-
Public safety	4,581,193	548,948	73,308	46,121
Public works	3,221,710	1,009,060	1,632,623	175,829
Health and welfare	6,576	-	-	-
Community and economic development	369,057	74,955	-	-
Recreation and culture	1,041,829	123,416	81,757	-
Interest on long-term debt	384,198	-	-	-
Total governmental activities	12,076,163	2,411,667	1,813,916	221,950
Business-type activities:				
Water and Sewer	5,333,712	5,341,287	-	-
Farmington Community Theater	510,228	367,932	-	-
Total business-type activities	5,843,940	5,709,219	-	-
Total primary government	<b>\$ 17,920,103</b>	<b>\$ 8,120,886</b>	<b>\$ 1,813,916</b>	<b>\$ 221,950</b>
Component units:				
Downtown Development Authority	\$ 1,027,474	\$ 208,221	\$ 213,644	\$ 229,952
Brownfield Redevelopment Authority	34,325	-	5,222	-
Corridor Improvement Authority	16,781	-	-	-
Total component units	<b>\$ 1,078,580</b>	<b>\$ 208,221</b>	<b>\$ 218,866</b>	<b>\$ 229,952</b>
General revenue:				
Property taxes				
Unrestricted state-shared revenue:				
State-shared revenue				
Local community stabilization authority				
Investment income				
Cable franchise fees				
Gain on sale of capital assets				
Other miscellaneous income				
Total general revenue				
Transfers				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

## Statement of Activities

**Year Ended June 30, 2024**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,483,787)	\$ -	\$ (1,483,787)	\$ -
(306,297)	-	(306,297)	-
(3,912,816)	-	(3,912,816)	-
(404,198)	-	(404,198)	-
(6,576)	-	(6,576)	-
(294,102)	-	(294,102)	-
(836,656)	-	(836,656)	-
(384,198)	-	(384,198)	-
(7,628,630)	-	(7,628,630)	-
-	7,575	7,575	-
-	(142,296)	(142,296)	-
-	(134,721)	(134,721)	-
(7,628,630)	(134,721)	(7,763,351)	-
-	-	-	(375,657)
-	-	-	(29,103)
-	-	-	(16,781)
-	-	-	(421,541)
7,792,045	-	7,792,045	651,511
1,407,908	-	1,407,908	13,395
124,766	-	124,766	-
562,086	79,366	641,452	41,252
142,031	-	142,031	-
17,650	250	17,900	-
223,455	-	223,455	15,000
10,269,941	79,616	10,349,557	721,158
(86,000)	86,000	-	-
2,555,311	30,895	2,586,206	299,617
17,644,519	15,074,689	32,719,208	1,334,873
<b>\$ 20,199,830</b>	<b>\$ 15,105,584</b>	<b>\$ 35,305,414</b>	<b>\$ 1,634,490</b>

**City of Farmington, Michigan**

**Governmental Funds  
Balance Sheet**

**June 30, 2024**

	General Fund	Capital Improvement Millage Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 5,177,392	\$ 1,945,633	\$ 2,325,818	\$ 9,448,843
Receivables	460,414	87	314,565	775,066
Due from component units (Note 6)	10,000	-	-	10,000
Due from other funds (Note 6)	114,055	-	867	114,922
Advances to other funds (Note 6)	154,000	-	-	154,000
Inventory	52,127	-	-	52,127
Prepaid expenses and other assets	4,257	-	-	4,257
Restricted assets	-	535,093	-	535,093
	<u>\$ 5,972,245</u>	<u>\$ 2,480,813</u>	<u>\$ 2,641,250</u>	<u>\$ 11,094,308</u>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 410,588	\$ 25,706	\$ 52,187	\$ 488,481
Due to other governmental units	428	-	-	428
Due to other funds (Note 6)	32,999	-	109,701	142,700
Refundable deposits	418,283	-	-	418,283
Accrued liabilities and other	340,500	993	10,941	352,434
Unearned revenue	758,370	487,362	-	1,245,732
	<u>1,961,168</u>	<u>514,061</u>	<u>172,829</u>	<u>2,648,058</u>
Total liabilities				
<b>Deferred Inflows of Resources - Unavailable revenue</b>	-	-	104,374	104,374
<b>Fund Balances</b>				
Nonspendable - Inventory, prepaid expenses, and advances to other funds	210,384	-	-	210,384
Restricted:				
Roads	-	-	1,631,419	1,631,419
Grants and donations	7,607	-	-	7,607
Capital projects	-	549,677	-	549,677
Opioid settlement	-	-	31,011	31,011
Drug forfeiture	86,259	-	-	86,259
Committed - Capital projects	-	1,417,075	-	1,417,075
Assigned:				
Other	81,000	-	-	81,000
Debt service	-	-	82,778	82,778
Cemetery	46,259	-	-	46,259
Capital projects	-	-	618,839	618,839
Unassigned	3,579,568	-	-	3,579,568
	<u>4,011,077</u>	<u>1,966,752</u>	<u>2,364,047</u>	<u>8,341,876</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,972,245</u>	<u>\$ 2,480,813</u>	<u>\$ 2,641,250</u>	<u>\$ 11,094,308</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2024

<b>Fund Balances Reported in Governmental Funds</b>	\$ 8,341,876
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds (excluding the internal service fund DPW Equipment Revolving Fund)	26,341,078
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	104,374
Bonds payable, including deferred expense and capital lease obligations, are not due and payable in the current period and are not reported in the funds	(10,555,781)
Accrued interest is not due and payable in the current period and is not reported in the funds	(32,950)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities, net of deferred inflow and outflows of resources (excluding internal service funds):	
Pension benefits	(7,331,985)
Retiree health care benefits	1,221,306
Internal service funds are included as part of governmental activities	<u>2,111,912</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 20,199,830</u></u></b>



**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2024**

	General Fund	Capital Improvement Millage Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 6,281,550	\$ 826,800	\$ 683,695	\$ 7,792,045
Intergovernmental:				
Federal grants	318,116	-	-	318,116
State-shared revenue and grants	1,570,576	23,470	1,406,562	3,000,608
Local grants and contributions	-	53,195	-	53,195
Charges for services	2,184,907	-	-	2,184,907
Fines and forfeitures	345,790	-	-	345,790
Licenses and permits	326,120	-	-	326,120
Investment income	346,633	110,946	104,507	562,086
Other miscellaneous income	431,700	105,962	118,034	655,696
<b>Total revenue</b>	<b>11,805,392</b>	<b>1,120,373</b>	<b>2,312,798</b>	<b>15,238,563</b>
<b>Expenditures</b>				
Current services:				
General government	2,255,203	6,526	-	2,261,729
District court	636,549	-	-	636,549
Public safety	4,775,353	155,000	-	4,930,353
Public works	1,541,230	189,355	1,527,859	3,258,444
Health and welfare	6,576	-	-	6,576
Community and economic development	369,057	-	-	369,057
Recreation and culture	981,485	164,773	-	1,146,258
Debt service:				
Principal	404,749	315,000	810,346	1,530,095
Interest on long-term debt	597	93,000	231,285	324,882
<b>Total expenditures</b>	<b>10,970,799</b>	<b>923,654</b>	<b>2,569,490</b>	<b>14,463,943</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>834,593</b>	<b>196,719</b>	<b>(256,692)</b>	<b>774,620</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	102,100	-	1,329,858	1,431,958
Transfers out	(877,858)	-	(640,100)	(1,517,958)
<b>Total other financing (uses) sources</b>	<b>(775,758)</b>	<b>-</b>	<b>689,758</b>	<b>(86,000)</b>
<b>Net Change in Fund Balances</b>	<b>58,835</b>	<b>196,719</b>	<b>433,066</b>	<b>688,620</b>
<b>Fund Balances - Beginning of year</b>	<b>3,952,242</b>	<b>1,770,033</b>	<b>1,930,981</b>	<b>7,653,256</b>
<b>Fund Balances - End of year</b>	<b>\$ 4,011,077</b>	<b>\$ 1,966,752</b>	<b>\$ 2,364,047</b>	<b>\$ 8,341,876</b>

**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balances to the Statement of Activities**

**Year Ended June 30, 2024**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 688,620</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation (excluding the internal service fund DPW Equipment Revolving Fund):	
Capital outlay and capital contributions	1,641,640
Depreciation expense	(1,566,923)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	53,932
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt) and deferred expense on bond issuance is capitalized and amortized on the statement of activities but not in the governmental funds	1,465,643
Interest expense is recognized in the government-wide statements as it accrues	5,136
Some employee costs (pension and OPEB) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds (excluding internal service funds)	162,895
Internal service funds are included as part of governmental activities	104,368
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 2,555,311</u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2024

	Enterprise Funds			Governmental
	Nonmajor Enterprise - Farmington		Total	Proprietary Internal Service Funds
	Water and Sewer	Community Theater		
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 995,783	\$ 59,999	\$ 1,055,782	\$ 1,209,694
Receivables	1,722,081	10,872	1,732,953	7,777
Due from other funds	26,218	-	26,218	26,230
Inventory	107,832	6,491	114,323	-
Prepaid expenses and other assets	-	500	500	56,522
Total current assets	2,851,914	77,862	2,929,776	1,300,223
Noncurrent assets:				
Net OPEB asset (Note 10)	48,622	-	48,622	-
Capital assets:				
Assets not subject to depreciation	473,542	92,885	566,427	-
Assets subject to depreciation - Net	16,891,327	490,354	17,381,681	1,370,723
Total noncurrent assets	17,413,491	583,239	17,996,730	1,370,723
Total assets	20,265,405	661,101	20,926,506	2,670,946
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding	65,070	-	65,070	-
Deferred pension costs	267,689	-	267,689	45,154
Deferred OPEB costs	2,479	-	2,479	-
Total deferred outflows of resources	335,238	-	335,238	45,154
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	331,360	18,379	349,739	6,768
Due to other governmental units	-	1,073	1,073	-
Due to other funds	15,540	2,635	18,175	6,495
Refundable deposits	-	306	306	-
Accrued liabilities and other	42,540	6,581	49,121	41,726
Compensated absences	32,713	-	32,713	199,522
Current portion of long-term debt	410,500	-	410,500	-
Total current liabilities	832,653	28,974	861,627	254,511
Noncurrent liabilities:				
Advances from other funds	-	154,000	154,000	-
Compensated absences	2,190	459	2,649	144,305
Net pension liability	1,215,452	-	1,215,452	205,021
Long-term debt	3,920,255	-	3,920,255	-
Total noncurrent liabilities	5,137,897	154,459	5,292,356	349,326
Total liabilities	5,970,550	183,433	6,153,983	603,837
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions	2,076	-	2,076	351
Deferred OPEB cost reductions	101	-	101	-
Total deferred inflows of resources	2,177	-	2,177	351
<b>Net Position</b>				
Net investment in capital assets	13,425,934	583,239	14,009,173	1,370,723
Unrestricted	1,201,982	(105,571)	1,096,411	741,189
Total net position	\$ 14,627,916	\$ 477,668	\$ 15,105,584	\$ 2,111,912

Proprietary Funds  
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2024

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise - Farmington Community Theater	Total	Proprietary Internal Service Funds
<b>Operating Revenue</b>				
Sale of water	\$ 2,322,892	\$ -	\$ 2,322,892	\$ -
Sewage disposal charges	2,922,695	-	2,922,695	-
Fees	-	359,602	359,602	-
Other income	95,700	8,330	104,030	7,777
Service charges	-	-	-	759,079
Total operating revenue	5,341,287	367,932	5,709,219	766,856
<b>Operating Expenses</b>				
Source of supply	2,719,701	-	2,719,701	-
Administration and general	959,781	471,195	1,430,976	-
Transmission, distribution, and maintenance	876,051	-	876,051	-
Insurance costs	-	-	-	217,282
Accrued benefit expense	-	-	-	50,915
Fleet maintenance	-	-	-	315,837
Depreciation	665,883	35,183	701,066	137,210
Total operating expenses	5,221,416	506,378	5,727,794	721,244
<b>Operating Income (Loss)</b>	119,871	(138,446)	(18,575)	45,612
<b>Nonoperating Revenue (Expense)</b>				
Investment income	77,226	2,140	79,366	58,756
Interest expense	(112,296)	(3,850)	(116,146)	-
Gain on sale of assets	250	-	250	-
Total nonoperating (expense) revenue	(34,820)	(1,710)	(36,530)	58,756
<b>Transfers In</b>	-	86,000	86,000	-
<b>Change in Net Position</b>	85,051	(54,156)	30,895	104,368
<b>Net Position - Beginning of year</b>	14,542,865	531,824	15,074,689	2,007,544
<b>Net Position - End of year</b>	<b>\$ 14,627,916</b>	<b>\$ 477,668</b>	<b>\$ 15,105,584</b>	<b>\$ 2,111,912</b>

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2024

	Enterprise Funds			Governmental
	Water and Sewer	Nonmajor Enterprise	Total	Proprietary Internal Service Funds
		- Farmington Community Theater		
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 5,338,716	\$ 361,103	\$ 5,699,819	\$ 805,559
Payments to suppliers	(4,116,025)	(313,548)	(4,429,573)	(427,766)
Payments to employees	(576,089)	(146,272)	(722,361)	(76,918)
Internal activity - Payments to other funds	(34,234)	(5,472)	(39,706)	-
Net cash and cash equivalents provided by (used in) operating activities	612,368	(104,189)	508,179	300,875
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from other funds	-	72,000	72,000	-
Principal and interest paid on operating debt	(37,754)	-	(37,754)	-
Net cash and cash equivalents (used in) provided by noncapital financing activities	(37,754)	72,000	34,246	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sale of capital assets	250	-	250	-
Purchase of capital assets	(199,130)	(14,826)	(213,956)	(280,931)
Principal and interest paid on capital debt	(466,094)	(3,850)	(469,944)	-
Transfer from other funds	-	14,000	14,000	-
Net cash and cash equivalents used in capital and related financing activities	(664,974)	(4,676)	(669,650)	(280,931)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	77,226	2,140	79,366	58,756
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(13,134)	(34,725)	(47,859)	78,700
<b>Cash and Cash Equivalents - Beginning of year</b>	1,008,917	94,724	1,103,641	1,130,994
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 995,783</b>	<b>\$ 59,999</b>	<b>\$ 1,055,782</b>	<b>\$ 1,209,694</b>
<b>Classification of Cash and Cash Equivalents</b>	<b>\$ 995,783</b>	<b>\$ 59,999</b>	<b>\$ 1,055,782</b>	<b>\$ 1,209,694</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>				
Operating income	\$ 119,871	\$ (138,446)	\$ (18,575)	\$ 45,612
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	665,883	35,183	701,066	137,210
Changes in assets and liabilities:				
Receivables	(2,571)	(6,829)	(9,400)	(7,777)
Due to and from other funds	(34,234)	(5,472)	(39,706)	58,979
Inventories	(53,805)	4,053	(49,752)	-
Prepaid and other assets	-	451	451	54,025
Net OPEB asset	(34,742)	-	(34,742)	-
Accounts payable	(148,286)	6,629	(141,657)	3,511
Net pension liability	43,742	-	43,742	(10,214)
Deferrals related to pension or OPEB	52,290	-	52,290	15,271
Accrued and other liabilities	4,220	242	4,462	16,758
Unearned revenue	-	-	-	(12,500)
Total adjustments	492,497	34,257	526,754	255,263
Net cash and cash equivalents provided by operating activities	<b>\$ 612,368</b>	<b>\$ (104,189)</b>	<b>\$ 508,179</b>	<b>\$ 300,875</b>

The Evergreen-Farmington Sanitary Drain Drainage District issued debt on behalf of the City's Water and Sewer Fund in the amount of \$81,567, which was used to invest in the drainage district.

**Fiduciary Funds  
Statement of Fiduciary Net Position**

**June 30, 2024**

	Retiree Health Care Fund	Private Purpose Trust Fund - Cemetery Trust Fund	Custodial Funds	Total Fiduciary Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 297,964	\$ 16,525	\$ 1,146,800	\$ 1,461,289
Investments:				
Mutual funds - Equity	1,895,957	-	-	1,895,957
Common stock	4,834,799	-	-	4,834,799
Mutual funds - Fixed income	1,869,260	-	-	1,869,260
Corporate bonds	78,927	-	-	78,927
Real estate	644,772	-	-	644,772
Government securities	140,343	-	-	140,343
Receivables	430	-	-	430
Total assets	<u>9,762,452</u>	<u>16,525</u>	<u>1,146,800</u>	<u>10,925,777</u>
<b>Liabilities - Accrued liabilities and other</b>	<u>2,157</u>	<u>16,525</u>	<u>-</u>	<u>18,682</u>
<b>Net Position</b>				
Restricted:				
Postemployment benefits other than pension	9,760,295	-	-	9,760,295
Organizations and other governments	-	-	1,146,800	1,146,800
Total net position	<u><u>\$ 9,760,295</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,146,800</u></u>	<u><u>\$ 10,907,095</u></u>

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2024

	Retiree Health Care Fund	Private Purpose Trust Fund - Cemetery Trust Fund	Custodial Funds	Total Fiduciary Funds
<b>Additions</b>				
Investment income:				
Interest and dividends	\$ 238,696	\$ -	\$ -	\$ 238,696
Net realized and unrealized gain on investments	755,366	-	-	755,366
Less investment expense	(43,966)	-	-	(43,966)
Net investment income	950,096	-	-	950,096
Contributions - Employer contributions	24,883	-	-	24,883
Property tax collections	-	-	13,079,816	13,079,816
Other additions	-	-	25,806	25,806
District court collections	-	-	4,173,298	4,173,298
Total additions - Net	974,979	-	17,278,920	18,253,899
<b>Deductions</b>				
Insurance costs	379,906	-	-	379,906
Administrative expenses	10,430	-	-	10,430
Tax distributions to other governments	-	-	13,079,816	13,079,816
Other deductions	-	-	23,594	23,594
District court disbursements	-	-	3,715,731	3,715,731
Total deductions	390,336	-	16,819,141	17,209,477
<b>Net Increase in Fiduciary Net Position</b>	584,643	-	459,779	1,044,422
<b>Net Position - Beginning of year</b>	9,175,652	-	687,021	9,862,673
<b>Net Position - End of year</b>	<b>\$ 9,760,295</b>	<b>\$ -</b>	<b>\$ 1,146,800</b>	<b>\$ 10,907,095</b>

**City of Farmington, Michigan**

**Component Units  
Statement of Net Position**

**June 30, 2024**

	Downtown Development Authority	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 400,243	\$ 26,127	\$ 213,330	\$ 639,700
Receivables	10,097	-	1,099	11,196
Prepaid expenses and other assets	2,930	-	-	2,930
Capital assets:				
Assets not subject to depreciation	513,275	-	-	513,275
Assets subject to depreciation - Net	558,400	-	-	558,400
Total assets	1,484,945	26,127	214,429	1,725,501
<b>Liabilities</b>				
Accounts payable	28,497	-	-	28,497
Due to other governmental units	-	4,945	-	4,945
Due to primary government	10,000	-	-	10,000
Accrued liabilities and other	25,057	-	6,341	31,398
Unearned revenue	15,899	-	-	15,899
Noncurrent liabilities - Due in more than one year - Compensated absences	272	-	-	272
Total liabilities	79,725	4,945	6,341	91,011
<b>Net Position</b>				
Net investment in capital assets	1,071,675	-	-	1,071,675
Unrestricted	333,545	21,182	208,088	562,815
Total net position	<u>\$ 1,405,220</u>	<u>\$ 21,182</u>	<u>\$ 208,088</u>	<u>\$ 1,634,490</u>



# City of Farmington, Michigan

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	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Downtown Development Authority	\$ 1,027,474	\$ 208,221	\$ 213,644	\$ 229,952
Brownfield Redevelopment Authority	34,325	-	5,222	-
Corridor Improvement Authority	16,781	-	-	-
Total component units	<b>\$ 1,078,580</b>	<b>\$ 208,221</b>	<b>\$ 218,866</b>	<b>\$ 229,952</b>

General revenue:

Property taxes

Unrestricted state-shared revenue

Investment income

Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

Component Units  
Statement of Activities

Year Ended June 30, 2024

Net (Expense) Revenue and Changes in Net Position			
Downtown Development Authority	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
\$ (375,657)	\$ -	\$ -	\$ (375,657)
-	(29,103)	-	(29,103)
-	-	(16,781)	(16,781)
(375,657)	(29,103)	(16,781)	(421,541)
566,426	26,240	58,845	651,511
13,395	-	-	13,395
30,260	1,226	9,766	41,252
-	15,000	-	15,000
610,081	42,466	68,611	721,158
234,424	13,363	51,830	299,617
1,170,796	7,819	156,258	1,334,873
<b>\$ 1,405,220</b>	<b>\$ 21,182</b>	<b>\$ 208,088</b>	<b>\$ 1,634,490</b>

**Note 1 - Significant Accounting Policies**

***Reporting Entity***

The City of Farmington, Michigan (the "City") is governed by an elected five-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units are, in substance, part of the City's operations, even though they are separate legal entities. Thus, blended component units are appropriately presented as funds of the City. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City (see discussion below for description).

**Discretely Presented Component Units**

The Downtown Development Authority (the "Authority") was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The Authority's governing body, which consists of seven individuals, is selected by the mayor and the City Council. In addition, the Authority's budget is subject to approval by the City Council.

The Brownfield Redevelopment Authority (the "BRA") was created to assist in the redevelopment of environmentally challenged sites within the City. The BRA's governing body, which consists of five individuals, is appointed by the mayor with the City Council's approval.

The Corridor Improvement Authority (the "CIA") was established to correct and prevent deterioration in the commercial corridor business district, encourage historical preservation, and promote economic growth of the district. The CIA's governing body, which consists of six individuals, is appointed by the mayor with the City Council's approval.

The Farmington Retiree Health Care Plan is governed by a three-member board that includes the mayor, city manager, and city treasurer. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints the voting majority to the board, and the plan imposes a financial burden on the City.

***Jointly Governed Organization***

The City participates in the Michigan 47th District Court Administration Fund with the City of Farmington Hills, Michigan. The City provides 17.49 percent of the funding for the Michigan 47th District Court Administration Fund.

Complete financial statements for the 47th District Court Administration Fund can be obtained from the City's administrative offices at 23600 Liberty Street, Farmington, MI 48335.

The City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "RRRASOC"). The RRRASOC is incorporated by the cities of Farmington, Farmington Hills, Milford, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan and the charter townships of South Lyon and Milford. The RRRASOC receives its operating revenue from member contributions and miscellaneous income. The City contributed \$15,520 for the year ended June 30, 2024. Financial information for the RRRASOC can be obtained from the RRRASOC's administrative offices at 20000 West Eight Mile Road, Southfield, MI 48075.

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

**Note 1 - Significant Accounting Policies (Continued)**

***Accounting and Reporting Principles***

The City follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

***Report Presentation***

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

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

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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, if any, are reported as separate columns in the fund financial statements.

***Fund Accounting***

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

**Governmental Funds**

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

General Fund - The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

Capital Improvement Millage Fund - The Capital Improvement Millage Fund is a capital project fund that accounts for the capital project activity that is funded by the voter-approved capital improvement millage.

**Note 1 - Significant Accounting Policies (Continued)**

**Proprietary Funds**

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a major enterprise fund:

Water and Sewer Fund - The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

The City's internal service funds are used for the following purposes: to account for the portion of the City's insurance liability not covered by commercially provided insurance, record the City's liability for accrued vacation and compensated time off, and record the City's use of the DPW fleet and equipment. The internal service funds are accounted for on the full accrual basis so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

**Fiduciary Funds**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

Retiree Health Care Fund - The Retiree Health Care Fund accounts for the resources set aside by the City to provide health and insurance benefits for its retired employees in accordance with resolutions, ordinances, employee agreements, and union contracts.

Private Purpose Trust Fund - The Private Purpose Trust Fund accounts for resources restricted for the upkeep and maintenance of the City's cemetery.

Custodial funds - The custodial funds account for assets held by the City in a trustee capacity or as an agent for organizations and other governments.

**Interfund Activity**

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 (i.e., the governmental and internal service funds) 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 the 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.

**Basis of Accounting**

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

**Note 1 - Significant Accounting Policies (Continued)**

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

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

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

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

**Investments**

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Investments are stated at fair value, except for investments in external investment pools, which are valued at amortized cost. 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 sale price at current exchange rates.

**Receivables and Payables**

In general, outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between 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 net of an allowance for uncollectible amounts.

**Inventories and Prepaid Items**

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

**Restricted Assets**

Restricted assets in the governmental activities consist of unspent bond proceeds associated with the 2020 Capital Improvement Bond.

**Note 1 - Significant Accounting Policies (Continued)**

**Capital Assets**

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

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
County roads	20-30
Infrastructure	10-50
Water and sewer mains	50
Water storage tank	50
Water meters	20
Buildings and improvements	5-80
Equipment and other	4-25
Vehicles	3-30
Truck and tractors	7-15
Office equipment	5-20
Court building	10-50
Green area	3-20
Flowage rights	25
Other equipment	5-15

**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 bond 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 and premiums as other financing sources and bond discounts as other financing uses. The General Fund, Water and Sewer Fund, and debt service funds are generally used to liquidate governmental long-term debt.

**Unearned Revenue**

Unearned revenue represents an advance-funded federal grant award from the American Rescue Plan, as well as advance-funding on other reimbursement-based grants.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pension and other postemployment benefits and deferred charges on bond refunding.

**Note 1 - Significant Accounting Policies (Continued)**

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The City reports deferred inflows related to unavailable revenue and pension and other postemployment benefits.

**Net Position**

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

**Net Position Flow Assumption**

The City will sometimes fund outlays for a particular purpose from both restricted 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 (as applicable), 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 Assumptions**

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.

**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 become a lien on December 1 of the following year. Taxes are considered delinquent on September 1 of the following year, at which time penalties and interest are assessed.

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

The 2023 taxable valuation of the City totaled \$436 million (a portion of which is abated and a portion of which is captured by the Authority, the BRA, and the CIA), on which taxes levied consisted of 13.7500 mills for general operating purposes, 0.2500 mills for capital improvements, 1.4040 mills for street improvements and maintenance, 2.8302 mills for operations and capital, and 1.7716 mills for operating the Authority. This resulted in approximately \$5,691,000 for general operating, \$103,000 for capital improvements, \$581,000 for street improvements and maintenance, \$1,171,000 for operations and capital, and \$50,000 for operating the Authority. These amounts are recognized in the respective General Fund, Capital Improvement Fund, Municipal Street Fund, Capital Improvement Millage Fund, and the Downtown Development Authority.



**Note 1 - Significant Accounting Policies (Continued)**

**Pension**

The City offers a defined benefit pension plan to its employees. 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. Investments are reported at fair value. The net pension liability has historically been liquidated from the funds from which the individual salaries are paid, which are the General Fund, DPW Equipment Revolving Fund, and Water and Sewer Fund.

**Other Postemployment Benefit Costs**

The City offers retiree health care benefits to retirees. The City records a net OPEB liability or asset 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 liability or asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Farmington Retiree Health Care 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net OPEB liability or asset has generally been reported in the funds from which the individual salaries are paid, which are the General Fund and the Water and Sewer Fund.

**Compensated Absences (Vacation and Compensated Time Off)**

It is the City's policy to permit employees to accumulate earned but unused vacation and compensated time off pay. In the government-wide and proprietary fund financial statements, a portion of the vacation pay and compensated time off is accrued when incurred for the amount that would be paid out upon separation of the employee from the City. In the governmental funds, an internal service fund records the portion of the vacation pay and compensated time off when incurred and charges the governmental funds in order to provide resources to pay employees upon termination. The compensated absences recorded in the business-type activities have generally been liquidated from the Water and Sewer Fund and the Farmington Community Theater Fund.

**Proprietary Funds Operating Classification**

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

**Note 1 - Significant Accounting Policies (Continued)**

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

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

**Budgetary Information**

The City Charter requires the city manager to submit a budget for the next fiscal year to the City Council on or before April 20 and the City Council to adopt, by resolution, a budget for the next fiscal year on or after May 1 and no later than June 20. The City Council may pass amendments to the budget during the fiscal year by resolution.

Budget appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2024 has not been calculated.

During the current year, the budget was amended in a legally permissible manner. A comparison of the budget with the statement of revenue, expenditures, and changes in fund balances, including budget variances, for the General Fund is presented as required supplementary information. A comparison of the budget with the statement of revenue, expenditures, and changes in fund balances, including budget variances, for the nonmajor funds can be obtained from the city offices at 23600 Liberty Street, Farmington, MI 48335.

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

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budget document presents information by fund, function, department, and line item. The legal level of budgetary control adopted by the governing body is the activity level.

**Excess of Expenditures Over Appropriations in Budgeted Funds**

The City did not have significant expenditure budget variances.

**Construction Code Fees**

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

Cumulative shortfall at July 1, 2023		\$ (1,274,261)
Current year permit revenue		326,120
Related expenses:		
Direct costs	\$ 305,969	
Estimated indirect costs	30,597	336,566
		<u>                    </u>
Current year shortfall		<u>(10,446)</u>
Cumulative shortfall at June 30, 2024		<u>\$ (1,284,707)</u>

**Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Retiree Health Care Fund is also authorized by Michigan Public Act 347 of 2012, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has deposited funds at two banks. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority. Additionally, the City participates in the Oakland County Local Government Investment Pool, the Michigan CLASS investment pool, and the Comerica J Fund. The investment pools are not subject to regulatory oversight, are not registered with the SEC, and do not issue a separate financial report. The fair value of the position in the investment pools is the same as the value of the pool shares.

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

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 does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of \$475,000 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The uninsured and uncollateralized amount includes \$315,380 of a fiduciary trust fund. The City's component units had no bank deposits 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 noted above, the City participates in the Oakland County Local Government Investment Pool, the Michigan CLASS investment pool, and Comerica J Fund. As of June 30, 2024, the City's investment in the Oakland County investment pool, Michigan CLASS investment pool, and Comerica J Fund was \$980,147, \$6,402,639, and \$4,867,896 respectively.

**Interest Rate Risk**

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

At year end, the City had the following investments:

Investment	Carrying Value	Weighted-average Maturity (Years)
<b>Fiduciary Funds</b>		
Mutual funds - Fixed income	\$ 1,869,260	3.83
Corporate bonds	78,927	7.07
Government securities	140,343	26.10
Total	<u>\$ 2,088,530</u>	

**Credit Risk**

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. As of June 30, 2024, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
Mutual funds - Fixed income	\$ 1,869,260	Not rated	Not rated
Corporate bonds	78,927	A2-BAA2	Moody's
Government securities	140,343	Not rated - AAA	Moody's
Total	<u>\$ 2,088,530</u>		

June 30, 2024

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

**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 net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

The City has the following recurring fair value measurements as of June 30, 2024:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2024
Debt securities:				
Mutual funds - Fixed income	\$ 1,869,260	\$ -	\$ -	\$ 1,869,260
Corporate bonds	-	78,927	-	78,927
Government securities	38,150	102,193	-	140,343
Equity securities:				
Mutual funds - Equity	1,895,957	-	-	1,895,957
Stocks	4,834,799	-	-	4,834,799
Total equity securities	6,730,756	-	-	6,730,756
Total	\$ 8,638,166	\$ 181,120	\$ -	8,819,286
Investments measured at NAV:				
Michigan CLASS investment pool				6,402,639
Oakland County Local Government Investment Pool				980,147
Comerica J Fund				4,867,896
Real estate funds				644,772
Total investments measured at NAV				12,895,454
Total assets				\$ 21,714,740

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

The fair value of governmental securities and corporate bonds were determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using interactive data, which uses other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

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

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

**Investments in Entities That Calculate Net Asset Value per Share**

The City holds shares or interests in investment companies where 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.

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

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS investment pool	\$ 6,402,639	\$ -	No restrictions	None
Oakland County Local Government Investment Pool	980,147	-	No restrictions	None
Real estate funds	644,772	-	Monthly	One month

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by Treasuries and agencies), and approved money market funds. The program 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.

The Oakland County Local Government Investment Pool (LGIP) is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares because the pool does not meet the requirements under GASB Statement No. 79 to report its value for financial reporting purposes at amortized cost.

The real estate funds invest primarily in stabilized income-generating commercial real estate in the United States. The fair value of the investment has been estimated using net asset value per share of the investment.

**Pool and Sweep Accounts That are Recorded at Amortized Cost**

At year end, the City had investments in a government investment fund that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These funds are fully liquid for withdrawal at any time, and the price per unit does not fluctuate with interest earned according to the amount and duration of investment. These pools are not rated, and the GASB Statement No. 40 disclosures do not otherwise apply, but the pools do fully comply with Michigan's Public Act 20 of 1943, as amended.

At year end, the City had \$4,867,896 in such funds at Comerica Bank (J Fund), which is recorded at amortized cost in accordance with GASB Statement No. 79. There are no limitations or restrictions on participant withdrawals for that investment pool.

June 30, 2024

**Note 4 - Receivables**

Receivables as of June 30, 2024 for the City's individual major governmental funds and the nonmajor governmental funds are as follows:

	General Fund	Capital Improvement Millage Fund	Nonmajor Funds	Proprietary Internal Service Funds	Total Governmental Activities
Receivables:					
Taxes	\$ 30,587	\$ 2,421	\$ 2,307	\$ -	\$ 35,315
Other receivables	-	-	104,374	-	104,374
Due from other governmental units	338,963	88	210,192	-	549,243
Interest and other	119,373	-	-	7,777	127,150
Allowance for doubtful accounts	(28,509)	(2,422)	(2,308)	-	(33,239)
Net receivables	<u>\$ 460,414</u>	<u>\$ 87</u>	<u>\$ 314,565</u>	<u>\$ 7,777</u>	<u>\$ 782,843</u>

Receivables as of year end for the City's enterprise funds and component units are as follows:

	Water and Sewer Fund	Nonmajor Enterprise Fund - Farmington Community Theater Fund	Total Business-type Activities
Delinquent water and sewer bills	\$ 181,992	\$ -	\$ 181,992
Customer receivables	1,516,264	-	1,516,264
Intergovernmental	4,540	-	4,540
Interest and other	19,285	10,872	30,157
Total receivables	<u>\$ 1,722,081</u>	<u>\$ 10,872</u>	<u>\$ 1,732,953</u>
			Component Units
Other			\$ 9,980
Due from other governmental units			1,216
Property taxes receivable			30,966
Allowance for doubtful accounts			(30,966)
Total			<u>\$ 11,196</u>

June 30, 2024

**Note 5 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 2,100,552	\$ -	\$ -	\$ -	\$ 2,100,552
Construction in progress	6,156,968	(1,937,984)	639,360	-	4,858,344
Subtotal	8,257,520	(1,937,984)	639,360	-	6,958,896
Capital assets being depreciated:					
County roads	391,690	-	-	-	391,690
Flowage rights	946,170	-	-	-	946,170
Infrastructure	30,748,309	1,937,984	436,522	-	33,122,815
Buildings and improvements	4,569,636	-	178,908	-	4,748,544
Equipment and other	1,817,231	-	475,531	(15,042)	2,277,720
Vehicles	2,819,858	-	192,250	(155,239)	2,856,869
Court building	1,687,748	-	-	-	1,687,748
Subtotal	42,980,642	1,937,984	1,283,211	(170,281)	46,031,556
Accumulated depreciation:					
County roads	261,125	-	13,056	-	274,181
Flowage rights	946,171	-	-	-	946,171
Infrastructure	16,720,472	-	1,156,336	-	17,876,808
Buildings and improvements	2,713,487	-	97,662	-	2,811,149
Equipment and other	948,584	-	278,365	(15,042)	1,211,907
Vehicles	1,479,859	-	124,959	(155,239)	1,449,579
Court building	675,101	-	33,755	-	708,856
Subtotal	23,744,799	-	1,704,133	(170,281)	25,278,651
Net capital assets being depreciated	19,235,843	1,937,984	(420,922)	-	20,752,905
Net governmental activities capital assets	\$ 27,493,363	\$ -	\$ 218,438	\$ -	\$ 27,711,801



June 30, 2024

**Note 5 - Capital Assets (Continued)**

***Business-type Activities***

	Balance July 1, 2023	Reclassifications	Additions	Disposals	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 174,009	\$ -	\$ -	\$ -	\$ 174,009
Construction in progress	1,344,443	(1,140,830)	188,805	-	392,418
Subtotal	1,518,452	(1,140,830)	188,805	-	566,427
Capital assets being depreciated:					
Water and sewer mains	32,830,009	1,140,830	44,988	-	34,015,827
Water storage tank	224,377	-	-	-	224,377
Water meters	671,707	-	31,620	-	703,327
Building	2,228,741	-	6,895	-	2,235,636
Truck and tractors	67,044	-	-	-	67,044
Office equipment	681,788	-	23,215	(19,532)	685,471
Subtotal	36,703,666	1,140,830	106,718	(19,532)	37,931,682
Accumulated depreciation:					
Water and sewer mains	17,452,224	-	595,675	-	18,047,899
Water storage tank	110,651	-	11,372	-	122,023
Water meters	214,695	-	33,342	-	248,037
Building	1,445,414	-	44,600	-	1,490,014
Truck and tractors	67,043	-	-	-	67,043
Office equipment	578,440	-	16,077	(19,532)	574,985
Subtotal	19,868,467	-	701,066	(19,532)	20,550,001
Net capital assets being depreciated	16,835,199	1,140,830	(594,348)	-	17,381,681
Net business-type activity capital assets	<u>\$ 18,353,651</u>	<u>\$ -</u>	<u>\$ (405,543)</u>	<u>\$ -</u>	<u>\$ 17,948,108</u>

June 30, 2024

**Note 5 - Capital Assets (Continued)**

**Component Units**

	Balance July 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:					
Land	\$ 460,580	\$ -	\$ -	\$ -	\$ 460,580
Construction in progress	69,944	(69,944)	52,695	-	52,695
Subtotal	530,524	(69,944)	52,695	-	513,275
Capital assets being depreciated:					
Green area	332,970	-	-	-	332,970
Office equipment	27,772	-	-	-	27,772
Land improvements	321,339	69,944	344,538	-	735,821
Subtotal	682,081	69,944	344,538	-	1,096,563
Accumulated depreciation:					
Green area	316,463	-	7,919	-	324,382
Office equipment	22,053	-	1,144	-	23,197
Land improvements	160,725	-	29,859	-	190,584
Subtotal	499,241	-	38,922	-	538,163
Net capital assets being depreciated	182,840	69,944	305,616	-	558,400
Net capital assets	<u>\$ 713,364</u>	<u>\$ -</u>	<u>\$ 358,311</u>	<u>\$ -</u>	<u>\$ 1,071,675</u>

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

Governmental activities:	
General government	\$ 107,527
Public safety	218,974
Public works	1,117,627
Recreation and culture	122,795
Internal service fund (depreciation is charged to the various functions based on their usage of the asset)	137,210
Total governmental activities	<u>\$ 1,704,133</u>
Business-type activities:	
Water and sewer	\$ 665,883
Theater	35,183
Total business-type activities	<u>\$ 701,066</u>
Component unit activities - Downtown Development Authority	\$ 38,922

**Note 5 - Capital Assets (Continued)**

**Construction Commitments**

The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Governmental activities - Thomas and School streets	\$ -	\$ 496,895
Business-type activities - Evergreen Farmington Sanitary Drain Drainage District	184,005	206,257
Business-type activities - Thomas and School streets Water and Sewer	-	276,360
Total	<u>\$ 184,005</u>	<u>\$ 979,512</u>

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

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental fund	\$ 103,850
	Proprietary internal service funds	6,495
	Water and Sewer Fund	1,075
	Nonmajor enterprise fund	2,635
	Total General Fund	114,055
Major Streets Fund	Nonmajor governmental fund	867
Internal service fund - DPW Equipment Revolving Fund	General Fund	6,874
	Nonmajor governmental fund	4,891
	Water and Sewer Fund	14,465
	Total internal service fund - DPW Equipment Revolving Fund	26,230
Water and Sewer Fund	General Fund	26,125
	Nonmajor governmental fund	93
	Total Water and Sewer Fund	26,218
Total	Total	<u>\$ 167,370</u>

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Nonmajor enterprise fund	\$ 154,000

The advance from the General Fund to the nonmajor enterprise fund (Farmington Community Theater Fund) was made to cover expenditures during the time of mandatory theater shutdown due to the COVID-19 pandemic. The advance will be repaid by January 1, 2025 and bears interest at 4 percent.

The balance of amounts due from discretely presented component units is as follows:

Receivable	Payable	Amount
General Fund	Downtown Development Authority	\$ 10,000

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

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Nonmajor governmental funds	Nonmajor governmental funds (1)	\$ 524,000
	General Fund (2)	102,100
	Nonmajor enterprise fund (3)	<u>14,000</u>
	Total nonmajor governmental funds	640,100
General Fund	Nonmajor governmental funds (4)	805,858
	Nonmajor enterprise fund (5)	<u>72,000</u>
	Total General Fund	<u>877,858</u>
	Total	<u>\$ 1,517,958</u>

- (1) The transfer from the nonmajor governmental funds (Municipal Street Fund and Major Streets Fund) to the nonmajor governmental funds (Local Streets Fund) was made to finance a portion of the cost of the City's road and sidewalk programs.
- (2) Transfers from the nonmajor governmental funds (Capital Improvement Fund) to the General Fund were made to fund capital outlay.
- (3) Transfers from the nonmajor governmental funds (Capital Improvement Fund) to the nonmajor enterprise fund (Farmington Community Theater Fund) were made to fund capital outlay.
- (4) The transfer from the General Fund to the nonmajor governmental funds was made to provide for current year debt service payments (2020 Maxfield Training Center Installment Purchase Agreement and Retiree Health Care Funding Bonds).
- (5) The transfer from the General Fund to the nonmajor enterprise fund was to provide funding for theater operations.

June 30, 2024

**Note 7 - Long-term Debt**

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

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

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings - 2020							
Installment Purchase							
Agreement:							
Amount of issue - \$690,000		\$74,346-					
Maturing through 2029	2.85%	\$85,562	\$ 479,095	\$ -	\$ (479,095)	\$ -	\$ -
Other debt:							
2019 Limited Tax General							
Obligation Refunding							
Bonds:							
Amount of issue -		\$631,000-					
\$8,466,250		\$912,250	7,664,250	-	(631,000)	7,033,250	664,500
Maturing through 2033	1.79%- 2.82%						
2020 Capital							
Improvement Bond:							
Amount of issue -		\$120,000-					
\$2,000,000		\$175,000	1,745,000	-	(160,000)	1,585,000	160,000
Maturing through 2035	2.00%						
2022 Capital							
Improvement Bonds							
Millage:							
Amount of issue -		\$70,000-					
\$3,000,000		\$305,000	2,740,000	-	(260,000)	2,480,000	265,000
Maturing through 2037	2.30%- 3.30%						
Total other debt			12,149,250	-	(1,051,000)	11,098,250	1,089,500
principal							
outstanding							
Total bonds and			12,628,345	-	(1,530,095)	11,098,250	1,089,500
contracts payable							
Compensated absences			292,912	218,632	(167,717)	343,827	199,522
Total governmental			\$ 12,921,257	\$ 218,632	\$ (1,697,812)	\$ 11,442,077	\$ 1,289,022
activities long-term							
debt							

June 30, 2024

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

**Business-type Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Other debt:							
2023 Evergreen-Farmington Sewage Disposal Bond:							
Amount of Issue - \$102,438							
Maturing through 2034	1.875%		\$ 102,438	\$ 81,567	\$ -	\$ 184,005	\$ -
2015 Capital Improvement Bond:							
Amount of issue - \$1,500,000		\$70,000-					
Maturing through 2035	3.00%- 3.50%	\$100,000	1,005,000	-	(70,000)	935,000	75,000
2019 Limited Tax General Obligation Refunding Bonds:							
Amount of issue - \$2,053,750		\$42,750-					
Maturing through 2033	1.79%- 2.82%	\$237,750	1,870,750	-	(204,000)	1,666,750	210,500
2020 Capital Improvement Bond:							
Amount of issue - \$2,000,000		\$125,000-					
Maturing through 2035	2.00%	\$160,000	1,670,000	-	(125,000)	1,545,000	125,000
Total bonds and contracts payable			4,648,188	81,567	(399,000)	4,330,755	410,500
Compensated absences			33,097	33,264	(30,999)	35,362	32,713
Total business-type activities long-term debt			<u>\$ 4,681,285</u>	<u>\$ 114,831</u>	<u>\$ (429,999)</u>	<u>\$ 4,366,117</u>	<u>\$ 443,213</u>

Total interest expense for the year was approximately \$434,000.

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities			Business-type Activities		
	Other Debt			Other Debt		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,089,500	\$ 285,532	\$ 1,375,032	\$ 410,500	\$ 104,715	\$ 515,215
2026	1,128,250	259,989	1,388,239	421,750	95,471	517,221
2027	1,167,000	232,705	1,399,705	428,000	85,696	513,696
2028	1,210,500	203,739	1,414,239	455,735	75,453	531,188
2029	1,258,750	173,299	1,432,049	462,797	64,658	527,455
2030-2034	4,529,250	437,545	4,966,795	1,838,266	161,510	1,999,776
Thereafter	715,000	41,545	756,545	313,707	8,572	322,279
Total	<u>\$ 11,098,250</u>	<u>\$ 1,634,354</u>	<u>\$ 12,732,604</u>	<u>\$ 4,330,755</u>	<u>\$ 596,075</u>	<u>\$ 4,926,830</u>

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

***Revenue Pledged in Connection with Debt***

The Downtown Development Authority has agreed to pay the City, from its tax increment revenue, the amounts necessary to cover the Authority's portion of the principal and interest on the 2019 Limited Tax General Obligation Refunding Bonds (formerly the 2009 Streetscape Capital Improvement Bond, which was refunded). The Authority has further agreed to reimburse the City for any costs of the project not financed from the proceeds of the bonds, including, if necessary, the cost of issuance, any publication costs, and other costs incurred by the City associated with the design and acquisition of the project, in an amount not to exceed \$935,000.

The Downtown Development Authority has agreed to pay the City, from its tax increment revenue, the amounts necessary to cover the Authority's portion of the principal and interest on the 2019 Limited Tax General Obligation Refunding Bonds (formerly the 2013 Grove Street Capital Improvement Bond, which was refunded). The Authority has further agreed to reimburse the City for any costs of the project not financed from the proceeds of the bonds, including, if necessary, the costs of issuance, any publication costs, and other costs incurred by the City associated with the design and acquisition of the project, in an amount not to exceed \$1,400,000.

The Downtown Development Authority has agreed to pay the City, from its tax increment revenue, the amounts necessary to cover the Authority's portion of the principal and interest on the 2022 Capital Improvement Bond, which was issued to fund the Farmington Streetscape improvements. The Authority has further agreed to reimburse the City for any costs of the project not financed from the proceeds of the bonds, including, if necessary, the costs of issuance, any publication costs, and other costs incurred by the City associated with the design and acquisition of the project, in an amount not to exceed \$1,500,000.

**Note 8 - Risk Management**

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical benefits provided to employees and participates in the Michigan Municipal Risk Management Authority, a risk pool for claims relating to property loss, torts, and errors and omissions. The City participates in the Michigan Municipal League (MML) risk pool for employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The Michigan Municipal Risk Management Authority (the "Risk Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Risk Authority that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the City. The activity for the Risk Authority is accounted for in the Self-insurance Fund.

**Note 8 - Risk Management (Continued)**

The City estimates the liability for 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. Changes in the estimated liability for the past two fiscal years were as follows:

	General Liability	
	2024	2023
Estimated liability - Beginning of year	\$ 73,625	\$ 66,000
Estimated claims incurred, including changes in estimates	35,506	47,699
Claim payments	(69,424)	(40,074)
Estimated liability - End of year	<u>\$ 39,707</u>	<u>\$ 73,625</u>

**Note 9 - Agent Defined Benefit Pension Plan**

***Plan Description***

The City of Farmington, Michigan participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board.

The pension system issues a publicly available financial report, which includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

***Benefits Provided***

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers substantially all employees of the City, including the nonunion, department head, and public safety employees; as well as command, dispatch, and department of public works employees hired prior to June 30, 2013. Summary information for each of these groups is provided below:

**Nonunion**

Retirement benefits for employees are calculated as 2.25 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 7 years. Employees are eligible for duty and nonduty disability benefits and duty and nonduty death benefits. Duty disability retirement benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty disability benefits are calculated using the standard benefit formula. The member must be vested. Duty-related death benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Non-duty-related death benefits are calculated as 85 percent of the defined benefit formula. The member must be vested. All disability and death benefits are payable immediately without an actuarial reduction. Employees contribute 1.5 percent of their salary for this benefit. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.



**Note 9 - Agent Defined Benefit Pension Plan (Continued)**

**Department Head**

Retirement benefits for employees are calculated as 2.5 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age is 58, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 7 years. Employees are eligible for duty and nonduty disability benefits and duty and nonduty death benefits. Duty disability retirement benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty disability benefits are calculated using the standard benefit formula. The member must be vested. Duty-related death benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Non-duty-related death benefits are calculated as 85 percent of the defined benefit formula. The member must be vested. All disability and death benefits are payable immediately without an actuarial reduction. Employees contribute 4.5 percent of their salary for this benefit. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

**Command**

Retirement benefits for employees are calculated as 2.5 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement for employees hired prior to January 31, 2020 age is 60, with early unreduced retirement at 25 years of service and reduced retirement at age 55 with 15 years of service. Normal retirement age for employees hired on or after January 31, 2020 is 60, with early unreduced retirement at 25 years of service and age 50 and reduced retirement at age 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for duty and nonduty disability benefits and duty and nonduty death benefits. Duty disability retirement benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty disability benefits are calculated using the standard benefit formula. The member must be vested. Duty-related death benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Non-duty-related death benefits are calculated as 85 percent of the defined benefit formula. The member must be vested. All disability and death benefits are payable immediately without an actuarial reduction. Employees contribute 4.5 percent of their salary for this benefit. An employee who leaves service may withdraw his or her contributions plus any accumulated interest. This plan is closed to new entrants.

**Public Safety**

Retirement benefits for employees are calculated as 2.5 percent of the employee's final 3-year average salary times the employee's years of service. Normal retirement age for employees hired prior to December 2, 2019 is 60, with early unreduced retirement at 25 years of service and reduced retirement at age 55 with 15 years of service. Normal retirement age for employees hired on or after December 2, 2019 is 60, with early unreduced retirement at 25 years of service and age 50 and reduced retirement at age 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for duty and nonduty disability benefits and duty and nonduty death benefits. Duty disability retirement benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty disability benefits are calculated using the standard benefit formula. The member must be vested. Duty-related death benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Non-duty-related death benefits are calculated as 85 percent of the defined benefit formula. The member must be vested. All disability and death benefits are payable immediately without an actuarial reduction. Employees contribute 4.0 percent of their salary for this benefit. An employee who leaves service may withdraw his or her contributions plus any accumulated interest.

**Note 9 - Agent Defined Benefit Pension Plan (Continued)**

**Dispatch**

Retirement benefits for employees are calculated as 2.25 percent of the employee’s final 5-year average salary times the employee’s years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 6 years. Employees are eligible for duty and nonduty disability benefits and duty and nonduty death benefits. Duty disability retirement benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty disability benefits are calculated using the standard benefit formula. The member must be vested. Duty-related death benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Non-duty-related death benefits are calculated as 85 percent of the defined benefit formula. The member must be vested. All disability and death benefits are payable immediately without an actuarial reduction. This plan is closed to new entrants.

**Department of Public Works**

Retirement benefits for employees are calculated as 2.25 percent of the employee’s final 5-year average salary times the employee’s years of service. Normal retirement age is 60, with early reduced retirement at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is 10 years. Employees are eligible for duty and nonduty disability benefits and duty and nonduty death benefits. Duty disability retirement benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty disability benefits are calculated using the standard benefit formula. The member must be vested. Duty-related death benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Non-duty-related death benefits are calculated as 85 percent of the defined benefit formula. The member must be vested. All disability and death benefits are payable immediately without an actuarial reduction. This plan is closed to new entrants. Employees contribute 1.5 percent of their salary for this benefit. An employee who leaves service may withdraw his or her contributions plus any accumulated interest. This plan is closed to new entrants.

There are no annual cost of living adjustments to each employee’s retirement allowance subsequent to the employee’s retirement date.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. Public safety employees' benefit terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

Date of member count	December 31, 2023
Inactive plan members or beneficiaries currently receiving benefits	59
Inactive plan members entitled to but not yet receiving benefits	22
Active plan members	<u>41</u>
Total employees covered by the plan	<u><u>122</u></u>

**Note 9 - Agent Defined Benefit Pension Plan (Continued)**

**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, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. 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. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2024, the active employee contribution rate was 4.5 percent of annual pay for command, 4.5 percent for department heads and public safety, 1.50 percent for nonunion, and 0 percent for dispatch. The City's contribution rates for the year ended June 30, 2024 were set in the December 31, 2021 actuarial valuation and modified through the fiscal year ended June 30, 2024 as benefits were changed. The contribution rates for the year ended June 30, 2024 as a percentage of annual payroll are as follows: nonunion - 28.00 percent; department heads - 59.56 percent; and public safety hired after November 18, 2019 - 11.14 percent. The City contributes \$12,687 per month for the department of public works, \$22,108 per month for the command, and \$23,984 per month for public safety.

**Net Pension Liability**

The City has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2024 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2023 measurement date. The total pension liability was based on the December 31, 2023 actuarial valuation.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2022</b>	\$ 31,832,916	\$ 21,118,982	\$ 10,713,934
Changes for the year:			
Service cost	449,943	-	449,943
Interest	2,253,064	-	2,253,064
Differences between expected and actual experience	701,062	-	701,062
Changes in assumptions	241,915	-	241,915
Contributions - Employer	-	1,120,907	(1,120,907)
Contributions - Employee	-	118,933	(118,933)
Net investment income	-	2,366,452	(2,366,452)
Benefit payments, including refunds	(1,962,298)	(1,962,298)	-
Administrative expenses	-	(49,143)	49,143
<b>Net changes</b>	<b>1,683,686</b>	<b>1,594,851</b>	<b>88,835</b>
<b>Balance at December 31, 2023</b>	<b>\$ 33,516,602</b>	<b>\$ 22,713,833</b>	<b>\$ 10,802,769</b>

The plan's fiduciary net position represents 67.8 percent of the total pension liability.

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

For the year ended June 30, 2024, the City recognized pension expense of \$1,829,793.

June 30, 2024

**Note 9 - Agent Defined Benefit Pension Plan (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 467,375	\$ (18,459)
Changes in assumptions	161,277	-
Net difference between projected and actual earnings on pension plan investments	1,196,921	-
Employer contributions to the plan subsequent to the measurement date	553,613	-
<b>Total</b>	<b>\$ 2,379,186</b>	<b>\$ (18,459)</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions of \$553,613 made subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2025	\$ 495,259
2026	769,472
2027	715,041
2028	(172,658)
<b>Total</b>	<b>\$ 1,807,114</b>

**Actuarial Assumptions**

The total pension liability in the December 31, 2023 actuarial valuation was determined using an inflation assumption of 2.5 percent, salary increases (including inflation) of 3.0 percent (with merit increases totaling up to 6.7 percent, for a total of 3.0 percent - 9.7 percent), and an investment rate of return (net of investment expenses) of 7.18 percent.

Mortality rates were based on certain sex-distinct Pub-2010 mortality tables.

These assumptions were applied to all periods included in the measurement and are based on an experience study conducted for the period from 2014 through 2018.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.18 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

**Note 9 - Agent Defined Benefit Pension Plan (Continued)**

**Investment Rate of Return**

Best estimates of arithmetic real rates of return as of the December 31, 2023 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the City, calculated using the discount rate of 7.18 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.18%)	Current Discount Rate (7.18%)	1 Percentage Point Increase (8.18%)
Net pension liability of the City	\$ 14,603,623	\$ 10,802,769	\$ 7,607,748

**Pension Plan Fiduciary Net Position**

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

**Assumption Changes**

The discount rate was reduced from 7.25 percent to 7.18 percent in the December 31, 2023 actuarial valuation.

**Note 10 - Other Postemployment Benefit Plan**

**Farmington Retiree Health Care Plan**

**Plan Description**

The Farmington Retiree Health Care Plan board of trustees (the "Board") administers the Farmington Retiree Health Care Plan (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for all full-time public safety employees hired before July 1, 2013 and all other full-time employees who had over 20 years of service as of June 30, 2009. The Plan is closed to all new hires.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the Plan is vested with the pension board, which consists of three members: the mayor, city manager, and city treasurer.

**Note 10 - Other Postemployment Benefit Plan (Continued)**

***Benefits Provided***

The Plan provides health care and dental benefits for retirees, retiree spouses, and some dependents. Benefits are provided through a third-party insurer. The amount of the benefit is determined based on labor contracts and employee agreements, in accordance with the Plan. The Plan was established by ordinance and created under the authority of the Public Employee Health Care Fund Investment Act, Public Act 149 of 1999, and is administered by the City of Farmington, Michigan. The Irrevocable Trust Fund (the "Trust Fund"), established in the Plan, funds the City's share of retiree health care insurance premiums and is administered by the Board.

***MERS Health Care Savings Plan***

**Plan Description**

On June 30, 2009, the council established, by resolution, the MERS HCSP, a defined contribution retiree health care plan. The MERS HCSP is a tax-qualified governmental plan and trust under Section 401(a) of the Internal Revenue Code of 1986, and, therefore, all trust assets are exempt from taxation under Code Section 501(a) (IRS Letter of Favorable Determination dated June 15, 2005). The MERS HCSP is administered by the Municipal Employees' Retirement System. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

The MERS HCSP is available to all full-time public safety employees hired after June 30, 2013 and all other full-time employees who had less than 20 years of services as of July 1, 2009.

**Benefits Provided**

Under the terms of the MERS HCSP, nonunion, department head, and public safety employees receive \$2,100 per year in contributions from the City, and department of public service employees receive \$90 per year. Employer contributions for the year were approximately \$62,000. Terms of the MERS HCSP may be amended by future labor contracts and by resolution.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	Farmington Retiree Health Care Plan
Date of member count	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	35
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	14
Total plan members	52

***Contributions***

The City, by ordinance, is required to fund the Trust Fund in an amount sufficient to pay all projected coverage premiums for that fiscal year. The City may contribute additional amounts consistent with the actuarial valuations and calculations made by the actuary for the Trust Fund to result in a prefunded plan. During the year ended June 30, 2014, the City prefunded its employer contribution in the amount of \$8,037,596. For the year ended June 30, 2024, the Trust Fund paid postemployment health care premiums of \$355,023. There were no required employee contributions. Plan members are not required to contribute to the Plan.

**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Net OPEB Asset**

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 2024 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2024 measurement date. The June 30, 2024 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, which used update procedures to roll forward the estimated liability to June 30, 2024.

Changes in the net OPEB asset during the measurement year were as follows:

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
<b>Balance at July 1, 2023</b>	\$ 8,284,704	\$ 9,175,653	\$ (890,949)
Changes for the year:			
Service cost	78,603	-	78,603
Interest	569,384	-	569,384
Differences between expected and actual experience	(5,520)	-	(5,520)
Contributions - Employer	-	24,883	(24,883)
Net investment income	-	950,095	(950,095)
Benefit payments, including refunds	(379,906)	(379,906)	-
Administrative expenses	-	(10,430)	10,430
Net changes	262,561	584,642	(322,081)
<b>Balance at June 30, 2024</b>	<u>\$ 8,547,265</u>	<u>\$ 9,760,295</u>	<u>\$ (1,213,030)</u>

The Plan's fiduciary net position represents 114.19 percent of the total OPEB liability.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2024, the City recognized an OPEB recovery of \$790,091.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (2,731)
Net difference between projected and actual earnings on OPEB plan investments	62,007	-
Total	<u>\$ 62,007</u>	<u>\$ (2,731)</u>



**Note 10 - Other Postemployment Benefit Plan (Continued)**

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

Years Ending June 30	Amount
2025	\$ (55,377)
2026	298,123
2027	(119,351)
2028	(64,119)
Total	<u>\$ 59,276</u>

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, which used update procedures to roll forward the liability to June 30, 2024. The actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases (including 3.0 percent inflation) of 3.0 percent to 9.7 percent; an investment rate of return (net of investment expenses) of 7.0 percent; a health care cost trend rate for pre-65 medical and drug costs of 7.50 percent for 2022, decreasing to 3.5 percent in year 16; a health care cost trend rate for post-65 medical and drug costs of 6.25 percent for 2023, decreasing to 3.5 percent in year 16; and a health care cost trend rate of 3.5 percent for dental. Mortality rates were based on the sex-distinct Pub-2010 mortality tables and include a margin for future mortality improvements projected using a fully generational improvement scale.

Certain actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for MERS for the period from January 1, 2014 to December 31, 2018. These assumptions were first used in the June 30, 2020 actuarial valuation.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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



**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2024 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	40.00 %	6.00 %
International equity	13.00	4.90
Emerging markets equity	3.00	5.90
Fixed income and preferred	22.00	1.30
Private real estate	5.00	4.60
Private credit	5.00	6.60
Private equity	5.00	10.60
Real assets	5.00	3.50
Cash or cash equivalents	2.00	0.70

**Rate of Return**

For the year ended June 30, 2024, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 10.59 percent. The money-weighted rate of return expresses investment performance, net of investment, adjusted for the changing amounts actually invested.

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate**

The following presents the net OPEB asset of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB asset of the Farmington Retiree Health Care Plan	\$ (92,483)	\$ (1,213,030)	\$ (2,134,588)

**Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate**

The following presents the net OPEB asset of the City, calculated using the health care cost trend rate, as well as what the City's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Farmington Retiree Health Care Plan	\$ (2,307,336)	\$ (1,213,030)	\$ 129,184

June 30, 2024

**Note 10 - Other Postemployment Benefit Plan (Continued)**

***OPEB Plan Fiduciary Net Position***

Detailed information about the Plan's fiduciary net position is not available in a separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

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## Required Supplementary Information

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# City of Farmington, Michigan

## Required Supplementary Information Budgetary Comparison Schedule General Fund

**Year Ended June 30, 2024**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 6,276,050	\$ 6,287,155	\$ 6,281,550	\$ (5,605)
Intergovernmental:				
Federal grants	30,502	66,141	59,939	(6,202)
State-shared revenue and grants	1,478,601	1,550,498	1,570,576	20,078
Charges for services	2,132,604	2,202,166	2,184,907	(17,259)
Fines and forfeitures	375,000	340,000	345,790	5,790
Licenses and permits	260,950	388,850	326,120	(62,730)
Investment income	225,000	286,279	298,443	12,164
Other miscellaneous income	287,103	461,539	431,700	(29,839)
<b>Total revenue</b>	<b>11,065,810</b>	<b>11,582,628</b>	<b>11,499,025</b>	<b>(83,603)</b>
<b>Expenditures</b>				
Current services:				
General government	2,265,244	2,414,197	2,255,203	158,994
District court	629,880	636,550	636,549	1
Public safety	5,071,269	4,954,420	4,695,145	259,275
Public works	1,399,687	1,417,581	1,363,262	54,319
Health and welfare	6,660	6,580	6,576	4
Community and economic development	242,428	395,299	369,057	26,242
Recreation and culture	868,084	1,038,168	981,485	56,683
Debt service	-	405,349	405,346	3
<b>Total expenditures</b>	<b>10,483,252</b>	<b>11,268,144</b>	<b>10,712,623</b>	<b>555,521</b>
<b>Excess of Revenue Over Expenditures</b>	<b>582,558</b>	<b>314,484</b>	<b>786,402</b>	<b>471,918</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	225,100	102,100	102,100	-
Transfers out	(805,858)	(878,332)	(877,858)	474
<b>Total other financing uses</b>	<b>(580,758)</b>	<b>(776,232)</b>	<b>(775,758)</b>	<b>474</b>
<b>Net Change in Fund Balance</b>	<b>1,800</b>	<b>(461,748)</b>	<b>10,644</b>	<b>472,392</b>
<b>Fund Balance - Beginning of year</b>	<b>3,918,463</b>	<b>3,918,463</b>	<b>3,918,463</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 3,920,263</b>	<b>\$ 3,456,715</b>	<b>\$ 3,929,107</b>	<b>\$ 472,392</b>

Required Supplementary Information  
Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Ten Plan Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 449,943	\$ 414,007	\$ 369,531	\$ 396,874	\$ 409,084	\$ 388,664	\$ 384,427	\$ 367,638	\$ 384,742	\$ 345,578
Interest	2,253,064	2,203,712	2,161,463	2,040,140	2,025,834	1,986,607	1,936,899	1,935,559	1,804,775	1,755,332
Changes in benefit terms	-	-	(8,182)	(10,200)	(3,847)	-	-	-	-	-
Differences between expected and actual experience	701,062	(55,378)	133,677	(78,868)	44,792	(147,213)	16,098	(583,546)	786,640	-
Changes in assumptions	241,915	-	1,109,857	1,048,979	807,047	-	-	-	1,027,429	-
Benefit payments, including refunds	(1,962,298)	(1,836,900)	(1,828,830)	(1,744,960)	(1,766,610)	(1,729,164)	(1,707,291)	(1,715,276)	(1,637,965)	(1,404,412)
<b>Net Change in Total Pension Liability</b>	1,683,686	725,441	1,937,516	1,651,965	1,516,300	498,894	630,133	4,375	2,365,621	696,498
<b>Total Pension Liability - Beginning of year</b>	31,832,916	31,107,475	29,169,959	27,517,994	26,001,694	25,502,800	24,872,667	24,868,292	22,502,671	21,806,173
<b>Total Pension Liability - End of year</b>	<b>\$ 33,516,602</b>	<b>\$ 31,832,916</b>	<b>\$ 31,107,475</b>	<b>\$ 29,169,959</b>	<b>\$ 27,517,994</b>	<b>\$ 26,001,694</b>	<b>\$ 25,502,800</b>	<b>\$ 24,872,667</b>	<b>\$ 24,868,292</b>	<b>\$ 22,502,671</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 1,120,907	\$ 1,095,663	\$ 968,159	\$ 798,148	\$ 722,843	\$ 670,288	\$ 594,340	\$ 486,144	\$ 586,076	\$ 411,173
Contributions - Member	118,933	112,166	105,478	84,216	65,738	60,195	59,397	55,978	56,538	54,100
Net investment income (loss)	2,366,452	(2,688,078)	2,964,713	2,795,874	2,522,346	(783,996)	2,501,487	2,050,005	(288,575)	1,222,462
Administrative expenses	(49,143)	(44,448)	(35,165)	(40,476)	(43,428)	(39,523)	(39,689)	(40,522)	(42,719)	(44,733)
Benefit payments, including refunds	(1,962,298)	(1,836,900)	(1,828,830)	(1,744,960)	(1,766,610)	(1,729,164)	(1,707,291)	(1,715,276)	(1,637,965)	(1,404,412)
<b>Net Change in Plan Fiduciary Net Position</b>	1,594,851	(3,361,597)	2,174,355	1,892,802	1,500,889	(1,822,200)	1,408,244	836,329	(1,326,645)	238,590
<b>Plan Fiduciary Net Position - Beginning of year</b>	21,118,982	24,480,579	22,306,224	20,413,422	18,912,533	20,734,733	19,326,489	18,490,160	19,816,805	19,578,215
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 22,713,833</b>	<b>\$ 21,118,982</b>	<b>\$ 24,480,579</b>	<b>\$ 22,306,224</b>	<b>\$ 20,413,422</b>	<b>\$ 18,912,533</b>	<b>\$ 20,734,733</b>	<b>\$ 19,326,489</b>	<b>\$ 18,490,160</b>	<b>\$ 19,816,805</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 10,802,769</b>	<b>\$ 10,713,934</b>	<b>\$ 6,626,896</b>	<b>\$ 6,863,735</b>	<b>\$ 7,104,572</b>	<b>\$ 7,089,161</b>	<b>\$ 4,768,067</b>	<b>\$ 5,546,178</b>	<b>\$ 6,378,132</b>	<b>\$ 2,685,866</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	67.77 %	66.34 %	78.70 %	76.47 %	74.18 %	72.74 %	81.30 %	77.70 %	74.35 %	88.06 %
<b>Covered Payroll</b>	\$ 3,243,831	\$ 2,992,027	\$ 3,084,556	\$ 2,928,849	\$ 3,024,228	\$ 2,893,629	\$ 2,875,893	\$ 2,737,705	\$ 2,843,843	\$ 2,608,682
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	333.03 %	358.08 %	214.84 %	234.35 %	234.92 %	244.99 %	165.79 %	202.58 %	224.28 %	102.96 %

Required Supplementary Information  
Schedule of Pension Contributions

Last Ten Fiscal Years  
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,111,366	\$ 1,128,146	\$ 1,065,336	\$ 859,627	\$ 756,555	\$ 700,803	\$ 672,235	\$ 545,225	\$ 478,424	\$ 410,775
Contributions in relation to the actuarially determined contribution	1,111,366	1,128,146	1,065,336	859,627	756,555	700,803	672,235	545,225	478,424	410,775
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 3,243,831</b>	<b>\$ 2,992,027</b>	<b>\$ 3,084,556</b>	<b>\$ 2,928,849</b>	<b>\$ 3,024,228</b>	<b>\$ 2,893,629</b>	<b>\$ 2,875,893</b>	<b>\$ 2,737,705</b>	<b>\$ 2,843,843</b>	<b>\$ 2,608,682</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>34.26 %</b>	<b>36.75 %</b>	<b>34.54 %</b>	<b>29.35 %</b>	<b>25.02 %</b>	<b>24.22 %</b>	<b>23.37 %</b>	<b>19.92 %</b>	<b>16.82 %</b>	<b>15.75 %</b>

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	10-17 years depending on division
Asset valuation method	5-year smoothed with dedicated gains policy
Inflation	2.5 percent
Salary increase	3.00 percent, including inflation
Investment rate of return	7.25 percent
Retirement age	60 years
Mortality	50 percent male - 50 percent female blend of the Pub-2010 mortality tables
Other information	None

Required Supplementary Information  
Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios

Last Eight Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>								
Service cost	\$ 78,603	\$ 81,642	\$ 87,273	\$ 89,011	\$ 89,066	\$ 102,908	\$ 106,758	\$ 107,013
Interest	569,384	670,676	651,482	675,619	660,434	755,902	740,117	722,901
Differences between expected and actual experience	(5,520)	(2,011,047)	(63,897)	(1,429,131)	37,529	(1,660,941)	63,600	124,964
Changes in assumptions	-	193,628	-	797,598	-	78,356	-	-
Benefit payments, including refunds	(379,906)	(380,912)	(414,768)	(539,343)	(600,783)	(665,475)	(700,645)	(716,960)
<b>Net Change in Total OPEB Liability</b>	<b>262,561</b>	<b>(1,446,013)</b>	<b>260,090</b>	<b>(406,246)</b>	<b>186,246</b>	<b>(1,389,250)</b>	<b>209,830</b>	<b>237,918</b>
<b>Total OPEB Liability - Beginning of year</b>	<b>8,284,704</b>	<b>9,730,717</b>	<b>9,470,627</b>	<b>9,876,873</b>	<b>9,690,627</b>	<b>11,079,877</b>	<b>10,870,047</b>	<b>10,632,129</b>
<b>Total OPEB Liability - End of year</b>	<b>\$ 8,547,265</b>	<b>\$ 8,284,704</b>	<b>\$ 9,730,717</b>	<b>\$ 9,470,627</b>	<b>\$ 9,876,873</b>	<b>\$ 9,690,627</b>	<b>\$ 11,079,877</b>	<b>\$ 10,870,047</b>
<b>Plan Fiduciary Net Position</b>								
Contributions - Employer	\$ 24,883	\$ 25,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income (loss)	950,095	870,835	(1,368,754)	2,342,907	(91,358)	310,773	773,670	1,084,916
Miscellaneous other charges	(10,430)	(25,430)	(8,250)	(21,890)	(23,100)	(6,121)	(21,540)	-
Benefit payments, including refunds	(379,906)	(380,912)	(414,768)	(539,343)	(600,783)	(665,475)	(700,645)	(716,960)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>584,642</b>	<b>489,952</b>	<b>(1,791,772)</b>	<b>1,781,674</b>	<b>(715,241)</b>	<b>(360,823)</b>	<b>51,485</b>	<b>367,956</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>9,175,653</b>	<b>8,685,701</b>	<b>10,477,473</b>	<b>8,695,799</b>	<b>9,411,040</b>	<b>9,771,863</b>	<b>9,720,378</b>	<b>9,352,422</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 9,760,295</b>	<b>\$ 9,175,653</b>	<b>\$ 8,685,701</b>	<b>\$ 10,477,473</b>	<b>\$ 8,695,799</b>	<b>\$ 9,411,040</b>	<b>\$ 9,771,863</b>	<b>\$ 9,720,378</b>
<b>Net OPEB (Asset) Liability - Ending</b>	<b>\$ (1,213,030)</b>	<b>\$ (890,949)</b>	<b>\$ 1,045,016</b>	<b>\$ (1,006,846)</b>	<b>\$ 1,181,074</b>	<b>\$ 279,587</b>	<b>\$ 1,308,014</b>	<b>\$ 1,149,669</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	114.19 %	110.75 %	89.26 %	110.63 %	88.04 %	97.11 %	88.19 %	89.42 %
<b>Covered-employee Payroll</b>	\$ 1,236,487	\$ 1,150,043	\$ 1,309,913	\$ 1,402,168	\$ 1,483,638	\$ 1,505,032	\$ 1,532,434	\$ 1,587,676
<b>Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll</b>	(98.10)%	(77.47)%	79.78 %	(71.81)%	79.61 %	18.58 %	85.36 %	72.41 %

Required Supplementary Information  
Schedule of OPEB Contributions

Last Ten Fiscal Years  
Years Ended June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 43,568	\$ 149,489	\$ 152,260	\$ 76,023	\$ 75,363	\$ 233,882	\$ 234,154	\$ 100,742	\$ 104,518	\$ 107,957
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
<b>Contribution Deficiency</b>	<b>\$ (43,568)</b>	<b>\$ (149,489)</b>	<b>\$ (152,260)</b>	<b>\$ (76,023)</b>	<b>\$ (75,363)</b>	<b>\$ (233,882)</b>	<b>\$ (234,154)</b>	<b>\$ (100,742)</b>	<b>\$ (104,518)</b>	<b>\$ (107,957)</b>
<b>Covered-employee Payroll</b>	<b>\$ 1,236,487</b>	<b>\$ 1,150,043</b>	<b>\$ 1,309,913</b>	<b>\$ 1,402,168</b>	<b>\$ 1,483,638</b>	<b>\$ 1,505,032</b>	<b>\$ 1,532,434</b>	<b>\$ 1,587,676</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Contributions as a Percentage of Covered-employee Payroll</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2022. Actuarially determined contribution rates are calculated as of June 30 of even-numbered years. The valuation date is 12 months prior to the fiscal year end of odd-numbered fiscal years and 24 months prior to the fiscal year end of even-numbered fiscal years.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	16 years
Asset valuation method	Market value of assets
Inflation	2.50 percent
Health care cost trend rates	Initial trend of 7.5 percent, gradually decreasing to 3.5 percent in year 12
Salary increase	3.6 to 9.7 percent
Investment rate of return	7.00 percent, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility conditions
Mortality	A version of the sex-distinct Pub-2010 mortality tables



## City of Farmington, Michigan

### Required Supplementary Information Schedule of OPEB Investment Returns

	Last Eight Fiscal Years Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	10.59 %	10.32 %	(13.67)%	28.30 %	(1.04)%	3.29 %	8.27 %	12.20 %

***Budgetary Information***

A reconciliation of the General Fund budgetary comparison schedules to the fund-based statement of revenue, expenditures, and changes in fund balances is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>	<u>Net Change in Fund Balance</u>
Amounts per operating statement	\$ 11,805,392	\$ 10,970,799	\$ (775,758)	\$ 58,835
American Rescue Plan Act	(306,367)	(258,176)	-	(48,191)
Amounts per budget statement	<u>\$ 11,499,025</u>	<u>\$ 10,712,623</u>	<u>\$ (775,758)</u>	<u>\$ 10,644</u>

***Pension Information***

**Changes in Assumptions**

- 2024 - The discount rate was reduced from 7.25 percent to 7.18 percent in the December 31, 2023 actuarial valuation.
- 2022 - The discount rate was reduced from 7.6 percent to 7.25 percent in the December 31, 2021 actuarial valuation.
- 2021 - A five-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. The experience study resulted in updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates that were first used in the December 31, 2020 actuarial valuation.
- 2020 - The discount rate was reduced from 7.75 percent to 7.6 percent in the December 31, 2019 actuarial valuation.
- 2016 - The discount rate was reduced from 8.0 percent to 7.75 percent in the December 31, 2016 actuarial valuation. In addition, the mortality rates were updated to be based on the RP-2014 tables.

***OPEB Information***

**Changes in Assumptions**

- 2023 - The health care cost trend rates were reset for pre-65 and post-65 medical and drug costs.
- 2021 - The mortality rates were updated to be based on the sex-distinct Pub-2010 tables. In addition, the health care cost trend rates were updated for pre-65 medical and drug costs to 7.50 percent, and the health care cost trend rates for post-65 medical and drug costs were updated to 6.25 percent.

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## Supplementary Information

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# City of Farmington, Michigan

	Special Revenue Funds			
	Major Streets	Local Streets	Municipal Street	Opioid Settlement
<b>Assets</b>				
Cash and investments	\$ 858,158	\$ 73,014	\$ 559,554	\$ 31,011
Receivables:				
Property taxes receivable	-	-	2,211	-
Other receivables	-	-	-	104,374
Allowance for doubtful accounts	-	-	(2,211)	-
Due from other governments	150,418	59,700	63	-
Due from other funds	867	-	-	-
<b>Total assets</b>	<b>\$ 1,009,443</b>	<b>\$ 132,714</b>	<b>\$ 559,617</b>	<b>\$ 135,385</b>
<b>Liabilities</b>				
Accounts payable:				
Accounts payable	\$ 11,659	\$ 20,340	\$ -	\$ -
Retainage payable	306	19,632	-	-
Due to other funds	2,988	4,613	-	-
Accrued liabilities and other	5,455	4,665	697	-
<b>Total liabilities</b>	<b>20,408</b>	<b>49,250</b>	<b>697</b>	<b>-</b>
<b>Deferred Inflows of Resources</b> - Unavailable revenue	-	-	-	104,374
<b>Total liabilities and deferred inflows of resources</b>	<b>20,408</b>	<b>49,250</b>	<b>697</b>	<b>104,374</b>
<b>Fund Balances</b>				
Restricted:				
Roads	989,035	83,464	558,920	-
Opioid settlement	-	-	-	31,011
Assigned:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
<b>Total fund balances</b>	<b>989,035</b>	<b>83,464</b>	<b>558,920</b>	<b>31,011</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,009,443</b>	<b>\$ 132,714</b>	<b>\$ 559,617</b>	<b>\$ 135,385</b>

Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2024

Debt Service Funds				Capital Project Fund	
Grove Street Debt Service	Nonvoted Debt Service	Streetscape Debt Service	Retiree Health Care Funding Bonds	Capital Improvement	Total
\$ 47,333	\$ 2,940	\$ -	\$ 32,755	\$ 721,053	\$ 2,325,818
-	-	-	-	96	2,307
-	-	-	-	-	104,374
-	-	-	-	(97)	(2,308)
-	-	-	-	11	210,192
-	-	-	-	-	867
<b>\$ 47,333</b>	<b>\$ 2,940</b>	<b>\$ -</b>	<b>\$ 32,755</b>	<b>\$ 721,063</b>	<b>\$ 2,641,250</b>
\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 32,249
-	-	-	-	-	19,938
-	-	-	-	102,100	109,701
-	-	-	-	124	10,941
250	-	-	-	102,224	172,829
-	-	-	-	-	104,374
250	-	-	-	102,224	277,203
-	-	-	-	-	1,631,419
-	-	-	-	-	31,011
47,083	2,940	-	32,755	-	82,778
-	-	-	-	618,839	618,839
47,083	2,940	-	32,755	618,839	2,364,047
<b>\$ 47,333</b>	<b>\$ 2,940</b>	<b>\$ -</b>	<b>\$ 32,755</b>	<b>\$ 721,063</b>	<b>\$ 2,641,250</b>

# City of Farmington, Michigan

	Special Revenue Funds			
	Major Streets	Local Streets	Municipal Street	Opioid Settlement
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ 580,423	\$ -
Intergovernmental	1,002,093	392,826	11,643	-
Investment income	36,757	1,926	28,233	738
Other miscellaneous income	-	-	-	15,873
<b>Total revenue</b>	<b>1,038,850</b>	<b>394,752</b>	<b>620,299</b>	<b>16,611</b>
<b>Expenditures</b>				
Current services - Public works	534,691	993,168	-	-
Debt service:				
Principal	105,000	-	-	-
Interest on long-term debt	28,113	-	-	-
<b>Total expenditures</b>	<b>667,804</b>	<b>993,168</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>371,046</b>	<b>(598,416)</b>	<b>620,299</b>	<b>16,611</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	524,000	-	-
Transfers out	(224,000)	-	(300,000)	-
<b>Total other financing (uses) sources</b>	<b>(224,000)</b>	<b>524,000</b>	<b>(300,000)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>147,046</b>	<b>(74,416)</b>	<b>320,299</b>	<b>16,611</b>
<b>Fund Balances - Beginning of year</b>	<b>841,989</b>	<b>157,880</b>	<b>238,621</b>	<b>14,400</b>
<b>Fund Balances - End of year</b>	<b>\$ 989,035</b>	<b>\$ 83,464</b>	<b>\$ 558,920</b>	<b>\$ 31,011</b>

Supplementary Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds

**Year Ended June 30, 2024**

Debt Service Funds				Capital Project Fund		
Grove Street Debt Service	Nonvoted Debt Service	Streetscape Debt Service	Retiree Health Care Funding Bonds	Capital Improvement	Total	
\$ -	\$ -	\$ -	\$ -	\$ 103,272	\$	683,695
-	-	-	-	-		1,406,562
2,101	135	-	1,517	33,100		104,507
28,038	-	74,123	-	-		118,034
30,139	135	74,123	1,517	136,372		2,312,798
-	-	-	-	-		1,527,859
15,000	74,346	65,000	551,000	-		810,346
13,038	13,654	9,123	167,357	-		231,285
28,038	88,000	74,123	718,357	-		2,569,490
2,101	(87,865)	-	(716,840)	136,372		(256,692)
-	88,001	-	717,857	-		1,329,858
-	-	-	-	(116,100)		(640,100)
-	88,001	-	717,857	(116,100)		689,758
2,101	136	-	1,017	20,272		433,066
44,982	2,804	-	31,738	598,567		1,930,981
<b>\$ 47,083</b>	<b>\$ 2,940</b>	<b>\$ -</b>	<b>\$ 32,755</b>	<b>\$ 618,839</b>	<b>\$</b>	<b>2,364,047</b>

Supplementary Information  
Combining Statement of Net Position  
Internal Service Funds

June 30, 2024

	Self-insurance Fund	Employee Accrued Benefits Fund	DPW Equipment Revolving Fund	Total Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 282,740	\$ 413,784	\$ 513,170	\$ 1,209,694
Receivables	-	-	7,777	7,777
Due from other funds	-	-	26,230	26,230
Prepaid expenses and other assets	56,522	-	-	56,522
Total current assets	339,262	413,784	547,177	1,300,223
Noncurrent assets - Capital assets subject to depreciation	-	-	1,370,723	1,370,723
Total assets	339,262	413,784	1,917,900	2,670,946
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pension	-	-	45,154	45,154
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	-	6,768	6,768
Due to other funds	-	-	6,495	6,495
Accrued liabilities and other	39,707	-	2,019	41,726
Compensated absences	-	199,522	-	199,522
Total current liabilities	39,707	199,522	15,282	254,511
Noncurrent liabilities:				
Compensated absences	-	144,305	-	144,305
Net pension liability	-	-	205,021	205,021
Total liabilities	39,707	343,827	220,303	603,837
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions	-	-	351	351
<b>Net Position</b>				
Net investment in capital assets	-	-	1,370,723	1,370,723
Unrestricted	299,555	69,957	371,677	741,189
Total net position	<u>\$ 299,555</u>	<u>\$ 69,957</u>	<u>\$ 1,742,400</u>	<u>\$ 2,111,912</u>



**City of Farmington, Michigan**

**Supplementary Information**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Internal Service Funds**

**Year Ended June 30, 2024**

	Self-insurance Fund	Employee Accrued Benefits Fund	DPW Equipment Revolving Fund	Total Internal Service Funds
<b>Operating Revenue</b>				
Other income	\$ -	\$ -	\$ 7,777	\$ 7,777
Service charges	206,776	20,128	532,175	759,079
Total operating revenue	206,776	20,128	539,952	766,856
<b>Operating Expenses</b>				
Insurance costs	217,282	-	-	217,282
Accrued benefit expense	-	50,915	-	50,915
Fleet maintenance	-	-	315,837	315,837
Depreciation	-	-	137,210	137,210
Total operating expenses	217,282	50,915	453,047	721,244
<b>Operating (Loss) Income</b>	(10,506)	(30,787)	86,905	45,612
<b>Nonoperating Revenue</b> - Investment income	15,994	18,029	24,733	58,756
<b>Change in Net Position</b>	5,488	(12,758)	111,638	104,368
<b>Net Position</b> - Beginning of year	294,067	82,715	1,630,762	2,007,544
<b>Net Position</b> - End of year	<u>\$ 299,555</u>	<u>\$ 69,957</u>	<u>\$ 1,742,400</u>	<u>\$ 2,111,912</u>

Supplementary Information  
Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2024

	Self-insurance Fund	Employee Accrued Benefits Fund	DPW Equipment Revolving Fund	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 194,276	\$ 77,776	\$ 533,507	\$ 805,559
Payments to suppliers	(197,175)	-	(230,591)	(427,766)
Payments to employees and fringes	-	-	(76,918)	(76,918)
Net cash and cash equivalents (used in) provided by operating activities	(2,899)	77,776	225,998	300,875
<b>Cash Flows from Financing Activities - Purchase of capital assets</b>				
	-	-	(280,931)	(280,931)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>				
	15,994	18,029	24,733	58,756
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>				
	13,095	95,805	(30,200)	78,700
<b>Cash and Cash Equivalents - Beginning of year</b>	269,645	317,979	543,370	1,130,994
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 282,740</u>	<u>\$ 413,784</u>	<u>\$ 513,170</u>	<u>\$ 1,209,694</u>
<b>Classification of Cash and Cash Equivalents - Cash and investments</b>				
	<u>\$ 282,740</u>	<u>\$ 413,784</u>	<u>\$ 513,170</u>	<u>\$ 1,209,694</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash and Cash Equivalents from Operating Activities</b>				
Operating (loss) income	\$ (10,506)	\$ (30,787)	\$ 86,905	\$ 45,612
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation	-	-	137,210	137,210
Changes in assets and liabilities:				
Receivables	-	-	(7,777)	(7,777)
Due to and from other funds	-	57,648	1,331	58,979
Prepaid and other assets	54,025	-	-	54,025
Accounts payable	-	-	3,511	3,511
Net pension liability	-	-	(10,214)	(10,214)
Deferrals related to pension	-	-	15,271	15,271
Accrued and other liabilities	(33,918)	50,915	(239)	16,758
Unearned revenue	(12,500)	-	-	(12,500)
Total adjustments	7,607	108,563	139,093	255,263
Net cash and cash equivalents (used in) provided by operating activities	<u>\$ (2,899)</u>	<u>\$ 77,776</u>	<u>\$ 225,998</u>	<u>\$ 300,875</u>

**City of Farmington, Michigan**

Supplementary Information  
Statement of Fiduciary Net Position  
Custodial Funds

**June 30, 2024**

	Custodial	47th District Court	Tax Collection	Total
<b>Assets - Cash and cash equivalents</b>	\$ 2,782	\$ 1,144,018	\$ -	\$ 1,146,800
<b>Liabilities</b>	-	-	-	-
<b>Net Position - Organizations and other governments</b>	<u>\$ 2,782</u>	<u>\$ 1,144,018</u>	<u>\$ -</u>	<u>\$ 1,146,800</u>

**Supplementary Information  
Statement of Changes in Fiduciary Net Position  
Custodial Funds**

	<b>Year Ended June 30, 2024</b>			
	Custodial	47th District Court	Tax Collection	Total
<b>Additions</b>				
Property tax collections	\$ -	\$ -	\$ 13,079,816	\$ 13,079,816
Other additions	25,806	-	-	25,806
District court collections	-	4,173,298	-	4,173,298
Total additions	25,806	4,173,298	13,079,816	17,278,920
<b>Deductions</b>				
Tax distributions to other governments	-	-	13,079,816	13,079,816
Other deductions	23,594	-	-	23,594
District court disbursements	-	3,715,731	-	3,715,731
Total deductions	23,594	3,715,731	13,079,816	16,819,141
<b>Net Increase in Fiduciary Net Position</b>	2,212	457,567	-	459,779
<b>Net Position - Beginning of year</b>	570	686,451	-	687,021
<b>Net Position - End of year</b>	<b>\$ 2,782</b>	<b>\$ 1,144,018</b>	<b>\$ -</b>	<b>\$ 1,146,800</b>