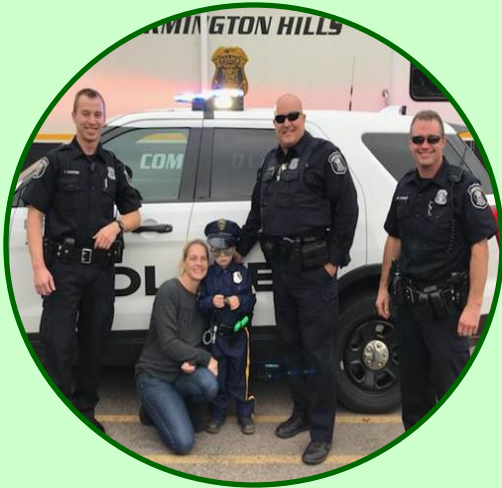


# *CITY OF FARMINGTON HILLS, MICHIGAN*

## *Comprehensive Annual Financial Report*

### *Fiscal Year Ended June 30, 2019*



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November 11, 2019

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

We are pleased to submit the comprehensive annual financial report (CAFR) of the City of Farmington Hills (the "City") for the fiscal year ended June 30, 2019. This report was prepared by the Finance Department in conformance with regulations and standards set forth by the City Charter, the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and its Committee on Governmental Accounting and Auditing, generally accepted accounting principles (GAAP), the Treasurer of the State of Michigan, and the Government Finance Officers Association (GFOA). This report consists of management representations concerning the finances of the City of Farmington Hills. Therefore, responsibility for the accuracy, completeness, reliability, and fairness of the financial data herein, including all disclosures, rests with the administration and management of the City of Farmington Hills. We believe the data presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. The statements have been audited in accordance with generally accepted auditing standards by Yeo & Yeo, a certified public accounting firm licensed by the State of Michigan.

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

Yeo & Yeo has audited the City of Farmington Hills' financial statements to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Farmington Hills' financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of the report.

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

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Farmington Hills’ MD&A can be found immediately following the report of the independent auditor.

### **Profile of the Government**

The City of Farmington Hills was incorporated in 1973 and is a 34-square mile suburban community with a pastoral and gently rolling terrain in Oakland County, Michigan. The City possesses an ideal location that is within an hour’s drive of the Ann Arbor technology corridor, 25 minutes to downtown Detroit and Detroit Metro Airport, and is also the focal point of a freeway network for southeast Michigan to the industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio. Approximately half of America’s disposable income, half of the country’s work force, and nearly half of the total U.S. population are within a 500-mile radius of the City.

The City is enhanced by exemplary educational opportunities for kindergarten through 12<sup>th</sup> grade via both public and private schools and a premier district library system. Twelve major colleges and universities are within a 45-minute drive of the community. A broad spectrum of recreational and cultural activities is also available within the City or within a short drive. Quality health care is provided by Beaumont Hospital, a full service teaching hospital with a Level II Trauma Center and Certified Stroke Center and which is associated with Michigan State University. Many additional medical centers and hospitals are within a half-hour driving distance of the City.

The community offers a wide range of quality housing featuring homes in every style and price range. There are many premier residential areas providing housing options including more than 25,000 single-family homes and over 9,900 rental units designed to fit every lifestyle. Home prices range from under \$100,000 to \$3 million, with the average home priced at approximately \$259,000.

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

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

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

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

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

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

### **Factors Affecting Financial Condition**

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

**Local Economy** - The City of Farmington Hills possesses a diversified property tax base with residential currently comprising 70 percent, commercial 21 percent, industrial 3 percent, and personal property (business equipment, furniture, and machinery) 6 percent. No one taxpayer exceeds 1.95 percent of the tax roll and the top 10 taxpayers combined account for approximately 7.16 percent of the total tax roll. Farmington Hills is home to approximately 4,700 businesses, 75 Fortune 500 companies, and more than 100 international firms. The City's residents are employed predominantly in management, professional sales, and related occupations. Despite its diversification, Farmington Hills does not stand alone and is impacted by the economic environment of the nation, state, and metro-Detroit area. In FY 2018-2019, the ad valorem taxable value of the City increased by 3.38 percent. The projection for FY 2019-2020 is a 4.32 percent increase in ad valorem taxable value. The City's unemployment rate of 4.0 percent at June 2019 is a slight increase from 3.9 percent in June 2018, comparable to the county unemployment rate of 3.7 percent and also lower than the state unemployment rate of 4.2 percent at June 2019.

As the economy continues to improve at a slow but uneven pace, predictions are that it will take several more years to reach the peak employment levels from the recent past. University of Michigan economists forecast that Oakland County will add 31,600 jobs from 2019 through 2021, and the county unemployment rate will decline to 2.6 percent by 2021, with an inflation rate forecast to increase to about 1.8 percent by 2021. This will replenish 100 percent of the jobs lost from the summer of 2000 to the end of 2009.

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

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

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

Oakland County's per capita income of \$68,971 is the highest among Michigan's 83 counties. Oakland County, as well as the City of Farmington Hills, continues to enjoy a AAA bond rating from Standard & Poor's, the highest bond rating achievable. The AAA bond rating allows the City to borrow at the lowest possible interest rate, saving City's taxpayers significant dollars in future borrowing costs.

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

University of Michigan economists are predicting moderate job growth of 35,800 jobs in 2019 and 39,300 in 2020 compared to an estimated 55,200 jobs added in 2018. The top job producers over the next two years are predicted to be in service industries such as health care, leisure and hospitality, and arts and entertainment.

Economists predict that state-wide inflation will increase by 1.9 percent in 2019 and then decrease by 2.1 percent in 2020.



Economists predict that state-wide real disposable income (personal income adjusted for taxes and inflation) will grow at a rate of 2.0 percent in 2019 and 1.3 percent in 2020.

The City Council annually reviews and accepts the updated "Six-year Capital Improvement Program," as prepared by staff and adopted by the City's Planning Commission, which directly impacts the City's infrastructure. The City Council adopts many of the projects in the first year of this program in the annual budget. In addition to road construction and utility projects, the following categories of acquisitions or improvements are planned for FY 2019-2020:

- \$1,867,000 for drainage projects
- \$350,000 for sidewalk and bike path improvements/replacements
- \$1,068,000 for Fire Department vehicles and equipment
- \$1,084,500 for Public Services Department equipment
- \$1,400,000 for technology equipment, software and upgrades
- \$21,751,000 for public facility improvements

**Financial Policies** - The following financial policies of the City had a significant impact on the City's FY 2018-2019 financial statements:

Revenue Policy to Maintain a Diversified and Stable Taxable Revenue Base - Although the tax base remains diversified with approximately 70 percent residential and 30 percent nonresidential, the tax base had an increase in taxable values of approximately 3.38 percent in FY 2018-19. Taxable values are projected to increase by 4.32 percent in FY 2019-2020.

Investment Policy to Maximize Yields while Maintaining the Integrity and Safety of Principal - The City makes a serious effort to maximize investment earnings, diversification, and insurability of its investable funds. At year end, the weighted average liquidity of the City's investment portfolio was approximately 4.25 months, while the average yield on the portfolio was out-performing the three-month and six-month Treasury yield along with the Federal Funds rate.

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

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

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

### **Accounting Changes**

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

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

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Farmington Hills for its CAFR for the fiscal year ended June 30, 2018. This was the 21<sup>st</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2018. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This was the 35<sup>th</sup> consecutive year the City received this award.

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

Respectfully submitted,



Dave Boyer  
City Manager



Steve Barr  
Finance Director/Treasurer



Shu-Fen Lin  
Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Farmington Hills**  
**Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**City of Farmington Hills**  
**List of Elected and Principal Officials**  
**June 30, 2019**

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**Mayor and City Council**

<b>Title</b>	<b>Name</b>
Mayor	Kenneth Massey
Mayor Pro Tem	Michael Bridges
Council Member	Randy Bruce
Council Member	Valerie Knol
Council Member	Richard Lerner
Council Member	Theresa Rich
Council Member	Samantha Steckloff

**City of Farmington Hills**  
**List of Elected and Principal Officials**  
**June 30, 2019**

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**Principal Officials**

<u>Title</u>	<u>Name</u>
City Manager	Dave Boyer
Assistant City Manager	Gary Mekjian
Economic Development Director	Samantha Seimer
City Clerk	Pamela Smith
Central Services Director	Kelly Monico
Finance Director/Treasurer	Steve Barr
Fire Chief	Jon Unruh
Human Resources Director	John Randle
Planning and Community Development Director	Edward Gardiner
Police Chief	Charles Nebus
Public Services Director	Karen Mondora
Special Services Director	Ellen Schnackel
City Attorney	Rosati, Schultz, Joppich & Amtsbuechler, P.C.
Deputy Director Special Services	Bryan Farmer
Assistant Police Chief	Jeff King
Assistant Police Chief	Daniel Rodriguez
Deputy Fire Chief	Jason Olszewski
Building Official	Tammy Murray
City Assessor	Matthew Dingman
City Engineer	James Cubera
City Planner	Mark Stec
Community Development Coordinator	Charmaine Kettler-Schmult
Controller/Assistant Finance Director	Shu-Fen Lin
Deputy City Clerk	Carly Lindahl
Deputy Treasurer	Debbie Shires
Fire Marshal	Jason Baloga
Public Works Superintendent	Kevin McCarthy
Zoning Division Supervisor	Dennis Randt

## City Profile



Farmington Hills, incorporated in 1973, is a 34-square-mile suburban community with a pastoral and gently rolling terrain in Oakland County, located 17 miles from downtown Detroit. The City's tax base of \$3,127,065,020 is comprised of 70 percent residential property and 30 percent commercial, industrial, and personal property. The community's estimated 81,093 residents live in approximately 34,646 households with a median household income of \$67,803.

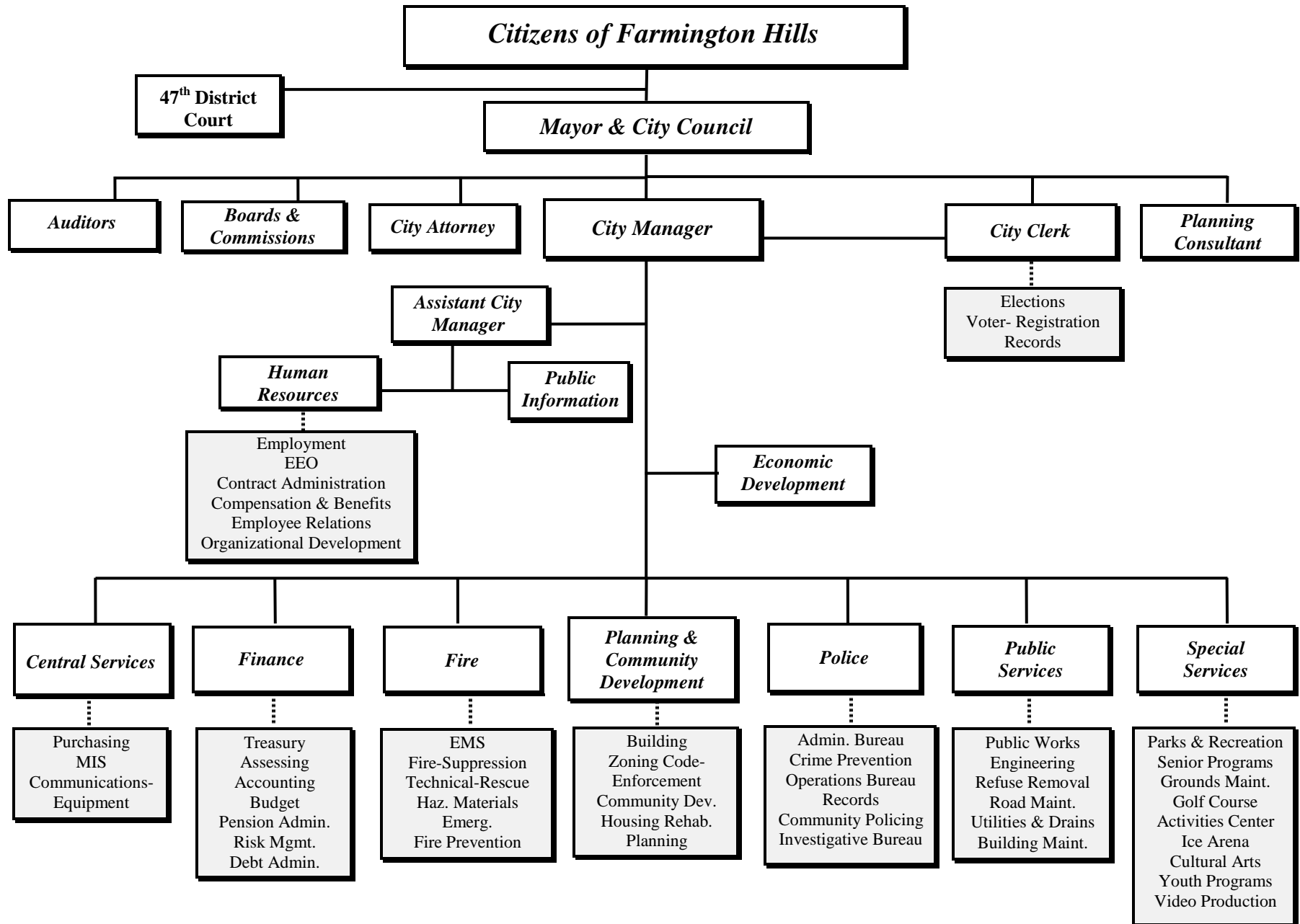
The City possesses an ideal location within 25 minutes of downtown Detroit and Detroit Metro Airport and at the focal point of a north/south and west/east freeway network. Industrial centers of Warren, the Saginaw/Flint area, Lansing, and Toledo, Ohio, as well as the Ann Arbor technology corridor, are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

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

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

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

# CITY OF FARMINGTON HILLS





**City of Farmington Hills  
Fund Organization Chart**

**Governmental Funds**

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**General**

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General Fund

**Debt Service**

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Building Authority  
General Debt Service  
Special Assessments - Local Roads

**Capital Projects**

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Capital Improvement  
Community Activity  
Golf Course Capital Improvement  
Revolving Special Assessment

**Special Revenue**

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

**Proprietary Funds - Enterprise**

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Water and Sewer

**Fiduciary Funds**

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**Pension and Other Employee Benefit Trust**

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Employees' (Pension) Retirement System  
Postretirement Healthcare Finance Fund

**Agency**

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Tax Collections  
General Agency

**Component Units**

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Economic Development Corporation  
Corridor Improvement Authority

Brownfield Redevelopment Authority



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## Independent Auditors' Report

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

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Farmington Hills, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Required Supplementary Information**

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

## **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Farmington Hills' basic financial statements. The introductory section, statistical section and other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory section, list of elected and principal officials and statistical section, which are the responsibility of management, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2019 on our consideration of the City of Farmington Hills' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Farmington Hills' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Farmington Hills' internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Auburn Hills, MI

November 11, 2019

**City of Farmington Hills  
Management's Discussion and Analysis  
June 30, 2019**

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**Using this Annual Report**

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

**The City of Farmington Hills as a Whole**

The City's combined primary government net position decreased \$10.2 million or 3.1 percent from a year ago, decreasing from \$319.7 million to \$309.5 million. Of that amount, \$76.1 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens/creditors. A review of the governmental activities shows a decrease of approximately \$11.2 million in net position or 6.3 percent during fiscal year 2018-2019. Unrestricted net deficit of the governmental activities was approximately (\$2.3) million as of June 30, 2019. Business-type activities net position shows an increase of approximately \$1.1 million in net position or 0.8 percent during fiscal year 2018-2019. Unrestricted net position of the business-type activities was approximately \$78.5 million as of June 30, 2019.

**City of Farmington Hills  
Management's Discussion and Analysis  
June 30, 2019**

In condensed format, the table below shows the comparison of net position (in millions of dollars) as of June 30, 2019 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current assets	\$ 70.0	\$ 74.6	\$ 83.4	\$ 81.6	\$ 153.4	\$ 156.2
Noncurrent assets:						
Noncapital assets	2.0	7.7	-	0.1	2.0	7.8
Capital assets	169.8	162.5	96.4	98.1	266.2	260.6
Total assets	241.8	244.8	179.8	179.8	421.7	424.6
<b>Deferred Outflows of Resources</b>	16.0	6.5	-	-	16.0	6.5
<b>Liabilities</b>						
Current liabilities	11.9	6.9	4.9	4.7	16.8	11.6
Long-term liabilities	76.1	65.4	30.1	31.4	106.2	96.8
Total liabilities	88.0	72.3	35.0	36.1	123.0	108.4
<b>Deferred Inflows of Resources</b>	5.0	3.0	-	-	5.0	3.0
<b>Net Position</b>						
Invested in capital assets	152.4	142.8	66.3	66.7	218.7	209.5
Restricted	14.7	27.4	-	-	14.7	27.4
Unrestricted (deficit)	(2.3)	5.8	78.5	77.0	76.2	82.8
Total net position	<b>\$ 164.8</b>	<b>\$ 176.0</b>	<b>\$ 144.8</b>	<b>\$ 143.7</b>	<b>\$ 309.6</b>	<b>\$ 319.7</b>

**City of Farmington Hills  
Management's Discussion and Analysis  
June 30, 2019**

The following table shows the changes in net position (in millions of dollars) for the years ended June 30, 2019 and 2018:

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 18.8	\$ 14.5	\$ 29.5	\$ 27.1	\$ 48.3	\$ 41.6
Operating grants and contributions	12.3	11.1	-	-	12.3	11.1
Capital grants and contributions	-	0.9	0.7	2.2	0.7	3.1
General revenue:						
Property taxes	50.0	48.6	-	-	50.0	48.6
State-shared revenue	8.6	8.1	-	-	8.6	8.1
Interest	1.9	0.9	1.8	0.9	3.7	1.8
Other	0.9	3.1	-	-	0.9	3.1
Special Items	(9.0)	-	-	-	(9.0)	-
Total revenue	<u>83.5</u>	<u>87.2</u>	<u>32.0</u>	<u>30.2</u>	<u>115.5</u>	<u>117.4</u>
<b>Program Expenses</b>						
General government	17.6	15.5	-	-	17.6	15.5
Public safety	38.6	33.1	-	-	38.6	33.1
Public services	27.4	20.3	-	-	27.4	20.3
Community and economic development	1.9	2.0	-	-	1.9	2.0
Recreation and culture	8.7	9.8	-	-	8.7	9.8
Interest on long-term debt	0.5	0.5	-	-	0.5	0.5
Water and sewer	-	-	31.0	28.4	31.0	28.4
Total program expenses	<u>94.7</u>	<u>81.2</u>	<u>31.0</u>	<u>28.4</u>	<u>125.7</u>	<u>109.6</u>
<b>Change in Net Position</b>	(11.2)	6.0	1.0	1.8	(10.2)	7.8
<b>Net Position</b> - Beginning of year	<u>176.0</u>	<u>170.0</u>	<u>143.7</u>	<u>141.9</u>	<u>319.7</u>	<u>311.9</u>
<b>Net Position</b> - End of year	<u>\$ 164.8</u>	<u>\$ 176.0</u>	<u>\$ 144.7</u>	<u>\$ 143.7</u>	<u>\$ 309.5</u>	<u>\$ 319.7</u>

**Governmental Activities**

The City's total governmental activities revenue decreased by \$3.7 million or 4.2 percent from a year ago. This was primarily attributed to the (\$9.0) special item reported in fiscal year 2018-2019. The City's total governmental program expenses increased by \$13.5 million or 16.6 percent from a

**City of Farmington Hills**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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year ago. This was attributed to increases in general government, public safety, and public works partially offset by decreases in community and economic development and recreation and culture.

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

**Business-type Activities**

The City's business-type activities are recorded in the Water and Sewer Fund. The City provides water distribution and sanitary sewer disposal services, which are supplied by the Great Lakes Water Authority and operated, maintained, and administered by the Oakland County Water Resources Commissioner. The utility system incurred a \$2.9 million operating loss during fiscal year 2018-2019 compared to an operating loss of \$3.0 million in fiscal year 2017-2018. The \$1.1 million increase in net position from the prior year is a result from the increase of the net nonoperating revenue net of the \$2.9 million operating loss. During fiscal year 2018-2019, the Water and Sewer Fund reported net nonoperating revenue of \$3.3 million and capital contributions of \$0.7 million. The Water and Sewer Fund maintained a net position of \$144.8 million at year end, of which approximately \$78.5 million (unrestricted net position) may be used to meet the fund's ongoing obligations to citizens and creditors.

**The City's Funds**

An analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information on the most significant funds, not the City as a whole. In addition to state legislative requirements to maintain separate funds for Act 51 major and local road money, the City Council creates funds to administer certain dedicated dollars and demonstrate accountability to the citizens for special tax millages voted by the citizens and earmarked bond proceeds. The City's major funds for fiscal year 2018-2019 include the General Fund, the Major Roads Fund, the Local Roads Fund and the Public Safety Millage Fund. Capital improvements in the major funds category primarily include major and local road reconstruction/resurfacing.

**General Fund:**

The original fiscal year 2018-2019 General Fund budget reflected a \$2.6 million reduction to fund balance at year end. The General Fund's fund balance actually increased by \$2.2 million or 6.4 percent. The \$2.2 million increase in fund balance compared to what was reflected in the original budget is due primarily to the net of a \$3.3 million increase in actual revenue compared to the original budget, a \$2.1 million decrease in actual expenditures compared to the original budget, and an increase of approximately \$657,000 in net other financing uses compared to the original budget.

**Special Revenue Funds:**

The Major Roads Fund fund balance increased by approximately \$555,000 or 8.9 percent. Total revenue and transfers in was \$0.3 million more than the previous year, while total expenditures and transfers out were \$3.6 million more than the previous year. The Local Roads Fund fund balance increased by approximately \$690,000 or 11.2 percent. Total revenue and other financing sources was \$4.4 million more than the previous year, while total expenditures and transfers-out was \$5.7 million more than the previous year. The Public Safety Millage Fund fund balance



**City of Farmington Hills**  
**Management's Discussion and Analysis**  
**June 30, 2019**

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increased by approximately \$369,000 or 17.3 percent. Total revenue was \$461,000 more than the previous year, while total expenditures were \$143,000 less than the previous year.

**General Fund Budgetary Highlights**

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

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

- The approximately \$1.7 million or 2.9 percent increase in total revenue from the final amended budget reflected a net of more than expected licenses and permits, federal grants, state-shared revenue and grants, service charges, fines and forfeitures, investment income, donations, equipment rentals, and miscellaneous revenue, partially offset by less than expected property taxes.
- Transfers in equaled the final amended budget.
- The approximate \$1.5 million or 2.9 percent decrease in total expenditures from the final amended budget reflects a \$497,000 decrease in general government, a \$352,000 decrease in public safety, a \$314,000 decrease in public services, a \$74,000 decrease in community and economic development, and a \$267,000 decrease in recreation and culture activity budgets.
- Transfers out were \$4,000 higher than the final amended budget.

**Capital Assets and Debt Administration**

On June 30, 2019, the City had approximately \$266.1 million in total net capital assets ranging from land, buildings, equipment, technology equipment, and water and sewer lines. The value of infrastructure (roads, sidewalks, drains, water, and sewer) assets included in this report, net of depreciation and exclusive of construction on progress, is approximately \$160.8 million (see Note 5 of the notes to financial statements for additional information).

Debt reported in these financial statements is related to the construction of the above-mentioned infrastructure assets and is reported as a liability on the statement of net position. The City's total debt for governmental activities decreased by \$2.3 million (8.8 percent) during the current fiscal year. The decrease was the result of the payoff of annual maturities on pre-existing debt (see Note 7 of the notes to financial statements for additional information). The City maintained its AAA noninsured rating from Standard & Poor's and Aa1 noninsured rating from Moody's.

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

The fiscal year 2018-2019 tax rate decreased to 14.5794 mills due to the Headlee rollback on the General Operating, Road Millage, Parks Millage, and Public Safety Millage, partially offset by a small increase in the Refuse Removal Millage. The City's tax base increased by 3.38 percent in fiscal year 2018-2019, and is projected to increase 4.32 percent for fiscal year 2019-2020. Our state equalized value (SEV) will be \$4.4 billion in fiscal year 2019-2020, which is \$947 million more than our taxable value. This is significant because taxes are based on taxable value, not SEV. The tax base is well diversified with residential accounting for 70 percent, commercial 21 percent, industrial 3 percent, and personal property 6 percent. Tax base diversification is further demonstrated by the fact that the top 10 taxpayers combined account for approximately 6.8 percent of the tax roll.

**City of Farmington Hills  
Management's Discussion and Analysis  
June 30, 2019**

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Taxes account for approximately 55 percent of the fiscal year 2019-2020 General Fund budgeted revenue, while state-shared revenue accounts for approximately 14 percent of the fiscal year 2019-2020 General Fund budgeted revenue. The fiscal year 2019-2020 General Fund adopted budget reflects the use of fund balance of \$2.1 million, which includes a continued contribution to the Capital Improvement Program.

On the expense side, the City operates with a relatively small labor force and low personnel costs, while maintaining all city services, with some inflationary cost increases. The City will continue to adjust expenditures through cost savings and efficiencies in fiscal year 2019-2020 to match revenue projections as they are revised.

**Contacting the City's Management**

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

**City of Farmington Hills**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 14,241,330	\$ 28,557,936	\$ 42,799,266	\$ 501
Investments	50,370,734	45,526,557	95,897,291	2,060,457
Receivables:				
Customers	1,224,528	9,744,395	10,968,923	-
Accrued interest and other	22,740	-	22,740	1
Due from other units of government	3,070,343	-	3,070,343	-
Internal balances	430,370	(430,370)	-	-
Due from fiduciary funds	679,764	-	679,764	-
Inventories	736,599	-	736,599	-
Prepaid items	867,649	-	867,649	-
Deposits	377,506	-	377,506	-
Capital assets not being depreciated	60,708,834	2,402,982	63,111,816	-
Capital assets, net of accumulated depreciation	109,042,672	93,978,739	203,021,411	-
Total assets	<u>241,773,069</u>	<u>179,780,239</u>	<u>421,553,308</u>	<u>2,060,959</u>
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding	434,760	-	434,760	-
Deferred amount relating to net pension liability	14,030,772	-	14,030,772	-
Deferred amount relating to net OPEB liability	1,578,973	-	1,578,973	-
Total deferred outflows of resources	<u>16,044,505</u>	<u>-</u>	<u>16,044,505</u>	<u>-</u>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 10,403,111	\$ 4,718,625	\$ 15,121,736	\$ 19,344
Accrued and other liabilities	1,408,209	194,795	1,603,004	-
Due to other units of government	48,978	33,537	82,515	-
Unearned revenue	11,737	-	11,737	-
Noncurrent liabilities:				
Current portion of compensated absences	2,507,889	-	2,507,889	-
Debt due within one year	2,445,000	1,527,255	3,972,255	-
Claims due within one year	406,000	-	406,000	-
Noncurrent portion of compensated absences	3,137,148	-	3,137,148	-
Debt due in more than one year	15,379,185	28,552,513	43,931,698	-
Net pension liability	50,973,877	-	50,973,877	-
Net OPEB liability	1,330,769	-	1,330,769	-
Total liabilities	<u>88,051,903</u>	<u>35,026,725</u>	<u>123,078,628</u>	<u>19,344</u>
<b>Deferred Inflows of Resources</b>				
Deferred amount relating to net pension liability	4,348,511	-	4,348,511	-
Deferred amount relating to net OPEB liability	647,133	-	647,133	-
Total deferred inflows of resources	<u>4,995,644</u>	<u>-</u>	<u>4,995,644</u>	<u>-</u>
<b>Net Position</b>				
Net investment in capital assets	152,362,081	66,301,953	218,664,034	-
Restricted for:				
Roads	13,851,600	-	13,851,600	-
Parks and recreation	884,239	-	884,239	-
Unrestricted (deficit)	<u>(2,327,893)</u>	<u>78,451,561</u>	<u>76,123,668</u>	<u>2,041,615</u>
Total net position	<u>\$ 164,770,027</u>	<u>\$ 144,753,514</u>	<u>\$ 309,523,541</u>	<u>\$ 2,041,615</u>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
<b>Primary government</b>								
Governmental activities:								
General government	\$ 17,593,114	\$ 7,827,566	\$ 651,493	\$ -	\$ (9,114,055)	\$ -	\$ (9,114,055)	\$ -
Public safety	38,570,736	2,332,747	357,046	-	(35,880,943)	-	(35,880,943)	-
Public works	27,456,946	3,809,043	10,187,666	-	(13,460,237)	-	(13,460,237)	-
Community and economic development	1,925,343	-	271,457	-	(1,653,886)	-	(1,653,886)	-
Recreation and culture	8,664,042	4,840,888	855,277	-	(2,967,877)	-	(2,967,877)	-
Interest and fiscal charges on long-term debt	470,284	-	-	-	(470,284)	-	(470,284)	-
Total governmental activities	94,680,465	18,810,244	12,322,939	-	(63,547,282)	-	(63,547,282)	-
Business-type activities - Water and Sewer	31,040,685	29,546,893	-	713,391	-	(780,401)	(780,401)	-
Total primary government	\$ 125,721,150	\$ 48,357,137	\$ 12,322,939	\$ 713,391	(63,547,282)	(780,401)	(64,327,683)	-
<b>Component units</b>								
Economic Development Corporation	\$ -	\$ 500	\$ -	\$ -	-	-	-	500
Brownfield Redevelopment Authority	12,000	-	2,000	-	-	-	-	(10,000)
Corridor Improvement Authority	3,500	-	-	-	-	-	-	(3,500)
Total component units	\$ 15,500	\$ 500	\$ 2,000	\$ -	-	-	-	(13,000)
General revenues								
Property taxes					50,044,486	-	50,044,486	324,281
State-shared revenue					8,589,005	-	8,589,005	-
Unrestricted investment earnings					1,872,340	1,825,495	3,697,835	48,453
Gain on sale of capital assets					144,963	-	144,963	-
Miscellaneous					680,257	-	680,257	-
Special items					(8,982,681)	-	(8,982,681)	-
Total general revenues and special items					52,348,370	1,825,495	54,173,865	372,734
Change in net position					(11,198,912)	1,045,094	(10,153,818)	359,734
Net position - beginning of year					175,968,939	143,708,420	319,677,359	1,681,881
Net position - end of year					\$ 164,770,027	\$ 144,753,514	\$ 309,523,541	\$ 2,041,615

See Accompanying Notes to the Financial Statements

**City of Farmington Hills  
Governmental Funds  
Balance Sheet  
June 30, 2019**

	General	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 11,000,189	\$ 1,995,673	\$ 584,215	\$ 107,807	\$ 553,446	\$ 14,241,330
Investments	22,947,314	6,190,088	11,526,040	3,269,874	6,437,418	50,370,734
Receivables:						
Other receivables	722,872	158,350	1,033	-	342,273	1,224,528
Accrued interest and other	-	3,286	18,366	177	911	22,740
Due from other units of government	1,325,758	1,292,630	387,478	-	64,477	3,070,343
Due from fiduciary funds	679,764	-	-	-	-	679,764
Due from other funds	2,077,278	-	40,401	-	194,756	2,312,435
Prepaid items	867,649	-	-	-	-	867,649
Deposits	377,506	-	-	-	-	377,506
<b>Total assets</b>	<b><u>\$ 39,998,330</u></b>	<b><u>\$ 9,640,027</u></b>	<b><u>\$ 12,557,533</u></b>	<b><u>\$ 3,377,858</u></b>	<b><u>\$ 7,593,281</u></b>	<b><u>\$ 73,167,029</u></b>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills  
Governmental Funds  
Balance Sheet  
June 30, 2019**

	General	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Liabilities</b>						
Accounts payable	\$ 1,295,622	\$ 2,306,615	\$ 5,282,928	\$ -	\$ 1,517,946	\$ 10,403,111
Accrued and other liabilities	1,294,083	-	-	-	-	1,294,083
Due to other funds	58,756	365,399	417,901	876,281	163,728	1,882,065
Unearned revenue	-	11,711	-	-	26	11,737
<b>Total liabilities</b>	<u>2,648,461</u>	<u>2,683,725</u>	<u>5,700,829</u>	<u>876,281</u>	<u>1,681,700</u>	<u>13,590,996</u>
<b>Deferred Inflows of Resources</b>						
Unavailable grant revenue	-	185,542	-	-	8,230	193,772
Miscellaneous	83,759	-	-	-	-	83,759
<b>Total deferred inflows of resources</b>	<u>83,759</u>	<u>185,542</u>	<u>-</u>	<u>-</u>	<u>8,230</u>	<u>277,531</u>
<b>Fund Balances</b>						
Non-spendable:						
Prepaid items	867,649	-	-	-	-	867,649
Restricted for:						
Roads	-	6,770,760	6,856,704	-	38,594	13,666,058
Police and fire	-	-	-	2,501,577	1,065,434	3,567,011
Parks and recreation	-	-	-	-	884,239	884,239
Assigned:						
Capital projects	-	-	-	-	3,768,298	3,768,298
Debt service	-	-	-	-	146,786	146,786
Future expenditures	20,714,136	-	-	-	-	20,714,136
Unassigned	15,684,325	-	-	-	-	15,684,325
<b>Total fund balances</b>	<u>37,266,110</u>	<u>6,770,760</u>	<u>6,856,704</u>	<u>2,501,577</u>	<u>5,903,351</u>	<u>59,298,502</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 39,998,330</u>	<u>\$ 9,640,027</u>	<u>\$ 12,557,533</u>	<u>\$ 3,377,858</u>	<u>\$ 7,593,281</u>	<u>\$ 73,167,029</u>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Position of Governmental Activities**  
**June 30, 2019**

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<b>Total fund balances for governmental funds</b>	<b>\$ 59,298,502</b>
Total net position for governmental activities in the statement of net position is different because:	
Inventories used in governmental activities are reported on the purchase method in the funds.	736,599
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	109,042,672
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	60,708,834
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	277,531
Deferred charges on bond refundings are amortized over the related bond terms and are not reported in the funds	434,760
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(114,126)
Compensated absences	(5,645,037)
Claims and judgments	(406,000)
Deferred outflows (inflows) of resources.	
Deferred inflows of resources resulting from net pension liability	(4,348,511)
Deferred inflows of resources resulting from net OPEB liability	(647,133)
Deferred outflows of resources resulting from net pension liability	14,030,772
Deferred outflows of resources resulting from net OPEB liability	1,578,973
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Bonds and notes payable	(17,824,185)
Net pension liability	(50,973,877)
Net OPEB liability	(1,330,769)
Amounts due to Oakland County for drain projects are not included as a liability in the governmental funds	(48,978)
<b>Net position of governmental activities</b>	<b><u>\$ 164,770,027</u></b>

See Accompanying Notes to the Financial Statements



**City of Farmington Hills**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

	General	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 31,779,255	\$ -	\$ -	\$ 10,245,362	\$ 8,019,869	\$ 50,044,486
Special assessments	-	-	899,599	-	502,673	1,402,272
Licenses and permits	1,783,163	-	-	-	-	1,783,163
Federal grants	189,363	220,732	-	-	553,084	963,179
State and other sources	8,559,660	6,538,379	3,223,181	275,737	756,375	19,353,332
Local contributions	-	15,367	-	-	159,005	174,372
Charges for services	11,407,257	-	-	-	-	11,407,257
Fines and forfeitures	2,197,948	-	-	-	-	2,197,948
Interest income	1,007,406	178,796	375,624	172,982	381,278	2,116,086
Other revenue:						
Other grants and contributions	49,555	-	-	-	-	49,555
Equipment rental	1,559,645	-	-	-	-	1,559,645
Other miscellaneous income	1,006,671	257	-	-	261,048	1,267,976
<b>Total revenues</b>	<b>59,539,923</b>	<b>6,953,531</b>	<b>4,498,404</b>	<b>10,694,081</b>	<b>10,633,332</b>	<b>92,319,271</b>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2019**

	General	Major Roads Fund	Local Roads Fund	Public Safety Millage Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Expenditures</b>						
Current:						
General government	\$ 12,895,593	\$ -	\$ -	\$ -	\$ 750	\$ 12,896,343
Public safety	20,414,816	-	-	10,324,826	86,210	30,825,852
Public works	7,476,453	10,824,687	9,632,161	-	240,829	28,174,130
Community and economic development	1,651,998	-	-	-	272,659	1,924,657
Recreation and culture	8,088,515	-	-	-	553,799	8,642,314
Capital outlay	-	-	-	-	7,618,681	7,618,681
Debt service	-	-	954,713	-	1,891,188	2,845,901
	<u>50,527,375</u>	<u>10,824,687</u>	<u>10,586,874</u>	<u>10,324,826</u>	<u>10,664,116</u>	<u>92,927,878</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>9,012,548</u>	<u>(3,871,156)</u>	<u>(6,088,470)</u>	<u>369,255</u>	<u>(30,784)</u>	<u>(608,607)</u>
<b>Other financing sources (uses)</b>						
Transfers in	1,307,850	4,425,762	7,035,292	-	9,981,912	22,750,816
Transfers out	(8,194,944)	-	(256,913)	-	(14,298,959)	(22,750,816)
Sale of fixed assets	114,498	-	-	-	70,897	185,395
	<u>(6,772,596)</u>	<u>4,425,762</u>	<u>6,778,379</u>	<u>-</u>	<u>(4,246,150)</u>	<u>185,395</u>
Total other financing sources and uses						
Net change in fund balance	2,239,952	554,606	689,909	369,255	(4,276,934)	(423,212)
Fund balance - beginning of year	<u>35,026,158</u>	<u>6,216,154</u>	<u>6,166,795</u>	<u>2,132,322</u>	<u>10,180,285</u>	<u>59,721,714</u>
Fund balance - end of year	<u>\$ 37,266,110</u>	<u>\$ 6,770,760</u>	<u>\$ 6,856,704</u>	<u>\$ 2,501,577</u>	<u>\$ 5,903,351</u>	<u>\$ 59,298,502</u>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (423,212)</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report inventory purchases and prepaid items as expenditures. However in the statement of activities purchases are recognized as inventory and expensed when consumed.	16,772
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(8,657,679)
Capital outlay	15,913,541
Sale of capital assets (net book value)	(40,432)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(8,982,681)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	12,668
Compensated absences	(250,808)
Claims and judgments	138,000
Changes in the amount due to Oakland County for drain projects not included as a liability in the governmental funds	(30,236)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(11,724,319)
Net change in the deferred inflow of resources related to the net pension liability	(1,997,823)
Net change in the deferred outflow of resources related to the net pension liability	8,041,776
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(7,124,477)
Net change in the deferred inflow of resources related to the net OPEB liability	(1,990)
Net change in the deferred outflow of resources related to the net OPEB liability	1,549,039
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Repayments of long-term debt including premium amortization	2,416,890
Amortization deferred outflows related to debt refundings	(53,941)
<b>Change in net position of governmental activities</b>	<b>\$ (11,198,912)</b>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2019**

	<u>Enterprise Fund</u>
	<u>Water and Sewer</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 28,557,936
Investments	45,526,557
Receivables	9,744,395
Due from other funds	30,066
Total current assets	83,858,954
Noncurrent assets:	
Capital assets not being depreciated	2,402,982
Capital assets, net of accumulated depreciation	93,978,739
Total noncurrent assets	96,381,721
Total assets	180,240,675
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	4,718,625
Accrued and other liabilities	194,795
Due to other funds	460,436
Due to other units of government	33,537
Current portion of noncurrent liabilities	1,527,255
Total current liabilities	6,934,648
Noncurrent liabilities:	
Long-term debt net of current portion	28,552,513
Total liabilities	35,487,161
<b>Net Position</b>	
Net investment in capital assets	66,301,953
Unrestricted	78,451,561
Total net position	\$ 144,753,514

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2019**

	Enterprise Fund
	Water and Sewer
<b>Operating revenue</b>	
Sale of water	\$ 13,118,227
Sewage disposal charges	11,593,758
Other operating revenue	2,424,816
Total operating revenue	27,136,801
<b>Operating expenses</b>	
Cost of water	9,777,611
Cost of sewage treatment	9,684,153
Other operating and maintenance costs	4,921,434
Billing and administrative costs	1,192,123
Depreciation	4,484,838
Total operating expenses	30,060,159
Operating loss	(2,923,358)
<b>Nonoperating revenue (expenses)</b>	
Interest income	1,825,495
Interest expense	(980,526)
Debt service charge	2,410,092
Total nonoperating revenues (expenses)	3,255,061
Income before capital contributions	331,703
Tap-in fees	245,000
Lines donated by developers	468,391
Change in net position	1,045,094
Net position - beginning of year	143,708,420
Net position - end of year	\$ 144,753,514

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

	Enterprise Fund
	Water and Sewer
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 26,879,414
Receipts from other funds	390,923
Payments to suppliers	(25,250,774)
Net cash provided by operating activities	2,019,563
<b>Cash flows from capital and related financing activities</b>	
Proceeds from capital debt	174,036
Tap-in fees and other	245,000
Purchases/construction of capital assets	(2,327,350)
Principal and interest paid on long-term debt	(2,459,196)
Debt service charge	2,410,092
Proceeds from sale of capital assets	4,100
Net cash used by capital and related financing activities	(1,953,318)
<b>Cash flows from investing activities</b>	
Purchases of investments	(15,844,633)
Interest received	1,825,495
Net cash used by investing activities	(14,019,138)
Net decrease in cash and cash equivalents	(13,952,893)
Cash and cash equivalents - beginning of year	42,510,829
Cash and cash equivalents - end of year	\$ 28,557,936

See Accompanying Notes to the Financial Statements

**City of Farmington Hills  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended June 30, 2019**

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	Enterprise Fund
	Water and Sewer
<b>Reconciliation of operating loss to net cash provided by operating activities</b>	
Operating loss	\$ (2,923,358)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation expense	4,484,838
Changes in assets and liabilities:	
Receivables	(257,387)
Due from other funds	(30,066)
Prepaid items	103,057
Accounts payable	121,880
Accrued and other liabilities	192,958
Due to other funds	420,989
Due to other units of government	(93,348)
Net cash provided by operating activities	\$ 2,019,563
<b>Noncash transactions</b> - lines donated by developers	\$ 468,391

**City of Farmington Hills**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2019**

	<u>Pension and Other Post Employment Benefit Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 11,439,268	\$ 540,196
Investments:		
Equities	142,430,204	-
Fixed income	21,548,671	5,257,907
Other	60,859,302	-
Receivables	112,609	2,413
Due from other funds	<u>85,647</u>	<u>-</u>
Total assets	<u>236,475,701</u>	<u>\$ 5,800,516</u>
<b>Liabilities</b>		
Accounts payable	213,225	\$ -
Other liabilities	-	1,470,375
Due to other funds	85,647	-
Due to primary government	679,764	-
Refundable deposits and bonds	<u>-</u>	<u>4,330,141</u>
Total liabilities	<u>978,636</u>	<u>\$ 5,800,516</u>
<b>Net Position</b>		
Held in trust for pension benefits and other post employment benefits	<u>\$ 235,497,065</u>	

See Accompanying Notes to the Financial Statements



**City of Farmington Hills**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2019**

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	<u>Pension and Other Post Employment Benefit Trust Funds</u>
<b>Additions</b>	
Contributions:	
Employer	\$ 6,529,882
Employee	<u>1,155,271</u>
Total contributions	<u>7,685,153</u>
<b>Investment earnings</b>	
Interest and dividends	4,403,012
Net change in fair value of investments	<u>7,348,159</u>
Total investment earnings	11,751,171
Less investment expense	<u>(1,967,642)</u>
Net investment earnings	<u>9,783,529</u>
Total additions	<u>17,468,682</u>
<b>Deductions</b>	
Benefit payments	14,668,202
Refunds of contributions	<u>82,341</u>
Total deductions	<u>14,750,543</u>
Change in net position	2,718,139
Net position restricted for pension and other post employment benefits - beginning of year	<u>232,778,926</u>
Net position restricted for pension and other post employment benefits - end of year	<u>\$ 235,497,065</u>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Component Units**  
**Statement of Net Position**  
**June 30, 2019**

	Economic Development Corporation	Brownfield Redevelopment Authority	Corridor Improvement Authority	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 501	\$ -	\$ -	\$ 501
Investments	331	1,918,433	141,693	2,060,457
Receivables:				
Accrued interest and other	1	-	-	1
	<u>833</u>	<u>1,918,433</u>	<u>141,693</u>	<u>2,060,959</u>
<b>Total assets</b>				
<b>Liabilities</b>				
Accounts payable	-	-	19,344	19,344
<b>Net Position</b>				
Unrestricted	<u>\$ 833</u>	<u>\$ 1,918,433</u>	<u>\$ 122,349</u>	<u>\$ 2,041,615</u>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills  
Component Units  
Statement of Activities  
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Brownfield Redevelopment Authority		Corridor Improvement Authority
Economic Development Corporation	\$ -	\$ 500	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ 500
Brownfield Redevelopment Authority	12,000	-	2,000	-	-	(10,000)	-	(10,000)
Corridor Improvement Authority	3,500	-	-	-	-	-	(3,500)	(3,500)
Total component units	<u>\$ 15,500</u>	<u>\$ 500</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>500</u>	<u>(10,000)</u>	<u>(3,500)</u>	<u>(13,000)</u>
General revenues								
Property taxes								
								-
Unrestricted investment earnings								11
Total general revenues								<u>11</u>
Change in net position								511
Net position - beginning of year								<u>322</u>
Net position - end of year								<u>\$ 833</u>
								<u>\$ 1,918,433</u>
								<u>\$ 122,349</u>
								<u>\$ 2,041,615</u>

See Accompanying Notes to the Financial Statements

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**Reporting entity**

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

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

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

**Economic Development Corporation** – The Economic Development Corporation (the "EDC") was created to encourage and assist commercial and industrial enterprises to locate and expand facilities and services to the City and its residents. The EDC's governing body, which consists of nine individuals, is

appointed by the City Council. In certain situations, members of the EDC board of directors may be removed by a majority vote of the City Council.

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

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

The City is party to the following jointly governed organizations:

The City participates in the Michigan 47th District Court Administration Fund with the City of Farmington, Michigan. The City provides approximately 83.92 percent of the funding for the Michigan 47th District Court Administration Fund.

In addition, the City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Recycling Authority"). The Recycling Authority is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, and Wixom, Michigan and the Charter Township of

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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Lyon. The joint venture receives its operating revenue from member contributions and miscellaneous income.

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

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

**Government-wide and fund financial statements**

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

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

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

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. For compensated absences related to employees that have been terminated by year-end, an accrual is made in the General Fund.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

Additionally, the government reports the following fiduciary funds:

**Pension and Other Post Employment Benefits Trust Funds** – The Pension and Other Post Employment Benefits Trust Funds account for the activities of the employee benefit plans that accumulate resources for pension and other post employment benefit payments to qualified employees. Separately issued financial statements may be obtained at City hall, located at 31555 West Eleven Mile Road, Farmington Hills, MI 48336.

**Agency Funds** – The agency funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. They record primarily tax collections received and remitted to other units of government (the county, community college, school districts, etc.), as well as building bonds and deposits held for temporary periods.

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

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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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.

Amounts reported as *program revenues* include 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

**Assets, liabilities, and net position or equity**

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

Investments – Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or

international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value, as determined by management.

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

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

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

The City's 2018 property tax revenue was levied and collectible on July 1, 2018 and is recognized as revenue in the year ended June 30, 2019 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2018 final amended taxable valuation of the City totaled \$3,285,171,610, on which ad valorem taxes levied consisted of 8.2543 mills for operating purposes, 0.4781 mills for parks and recreation, 0.7608 mills for refuse, 0.0151 mills for public information, 1.9593 for roads, and 3.1118 mills for public safety. This resulted in

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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approximately \$27,117,000 for operations, \$1,571,000 for parks and recreation, \$2,500,000 for refuse, \$50,000 for public information, \$6,437,000 for roads, and \$10,223,000 for public safety. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as tax revenue, subsequent to Brownfield captures.

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

Capital assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, water and sewer distribution systems, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate.

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

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

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

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



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Fund has been used to liquidate the liability for compensated absences.

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

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

Other Post employment Benefits (OPEB) – The City offers retiree healthcare benefits to retirees. The City records a net OPEB asset or

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

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

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

Fund balance flow assumption – The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted

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

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes, but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the finance director and the city manager to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally

only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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.

**Adoption of New Accounting Standards**

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities should be included when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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**Upcoming Accounting and Reporting Changes**

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end

of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This statement is effective for the year ending June 30, 2020.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2022.

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

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

**Budgetary information**

The City adopts a formal budget for the General Fund and all special revenue funds, debt service funds, and capital projects funds. By February 1 of each year, all department heads submit spending requests to the finance director so that a budget may be prepared.

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The proposed budget is adopted no later than the first regular council meeting in June. The City Council must approve any budget amendments. During the year, the budget was amended in a legally permissible manner.

The budget is adopted on a departmental and activity total basis. Although spending estimates are produced for each line item, budgetary control is exercised at the activity level. The city manager is authorized to transfer budgeted amounts within budgetary centers (activity); however, any revisions that alter the total expenditures of any budgetary expenditure (activity) must be approved by the City Council. Expenditures at this level in excess of budget appropriation are a violation of Michigan law. Encumbrances represent commitments related to unperformed contracts (or purchase orders) for goods or services. Encumbrances are not included as expenditures or liabilities; the amount of encumbrances outstanding at June 30, 2019 for all funds is not significant. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. Comparison schedules are presented on the same basis of accounting used in preparing the adopted budget.

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

**Excess of expenditures over appropriations**

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

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
Transfers out	\$ 8,190,954	\$ 8,194,944	\$ 3,990
Local Roads Fund			
Public works	7,853,036	9,632,161	1,779,125
Nutrition Grant Fund	502,829	553,799	50,970
Special Assessments Fund			
- Local Roads			
Transfers out	540,417	2,075,397	1,534,980
Deferred Special			
Assessments Fund			
Transfers out	-	53,796	53,796
Revolving Special			
Assessments Fund			
Transfers out	-	3,221,516	3,221,516

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**Construction code fees**

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

Shortfall at July 1, 2018	\$ (1,991,900)
Current year permit revenue	1,663,448
Related expenses	
Direct costs	(993,620)
Estimated indirect costs	<u>(208,897)</u>
Total related expenses	<u>(1,202,517)</u>
Cumulative shortfall at June 30, 2019	<u>\$ (1,530,969)</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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust fund and retiree healthcare fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated nine banks/advisors for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in all investments allowable under the state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority. As noted below, the City participates in the Oakland County, Michigan local government investment pool. This investment pool is not subject to regulatory oversight, is not registered with the SEC, and does not issue a separate financial report.

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

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 14,241,330	\$ 50,370,734	\$ 64,612,064
Business-type activities	<u>28,557,936</u>	<u>45,526,557</u>	<u>74,084,493</u>
Total	42,799,266	95,897,291	138,696,557
Fiduciary funds	11,979,464	230,096,084	242,075,548
Component unit	<u>501</u>	<u>2,060,457</u>	<u>2,060,958</u>
Total	<u>\$ 54,779,231</u>	<u>\$ 328,053,832</u>	<u>\$ 382,833,063</u>

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Unit	Total
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 42,792,826	\$ 11,979,464	\$ 501	\$ 54,772,791
Investments in securities, mutual funds and similar vehicles	95,897,291	230,096,084	2,060,457	328,053,832
Petty cash and cash on hand	<u>6,440</u>	<u>-</u>	<u>-</u>	<u>6,440</u>
	<u>\$ 138,696,557</u>	<u>\$ 242,075,548</u>	<u>\$ 2,060,958</u>	<u>\$ 382,833,063</u>

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

Investment	Fair Value	Weighted- average Maturity	Rating	Rating Organization
U.S. Treasury and U.S. agency notes	\$ 50,484,553	240 days	Aaa	Moody's
Commercial paper	29,533,742	103 days	P-1	Moody's
Municipal bonds	3,297,958	675 days	Aa-1	Moody's
MI CLASS Investment Pool	13,576,438	65 days	AAAm	S&P
Oakland County LGIP	<u>6,322,964</u>	260 days	Not Rated	N/A
Total	<u>\$ 103,215,655</u>			

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

**Custodial credit risk of bank deposits** – Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy strives to minimize custodial credit risk by prequalifying the financial institutions, brokers/dealers, and intermediaries with which the City does business. At year-end, the City had \$42,837,148 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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

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investment policy does not restrict investment maturities. The retirement system allows for actively managed investments in domestic large-cap equities, domestic small/mid-cap equities, domestic fixed income, and international equities. At year-end, the retirement system did not hold any investments subject to interest rate risk.

**Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. City policy – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. Retirement and healthcare system policy – The retirement system and healthcare systems' domestic equity investments must be common stocks, real estate investment trusts, and securities convertible into the common stock of U.S.-based companies. Domestic fixed-income investments must be securities issued by the U.S. government and its agencies, U.S. corporations, Yankee bonds, notes, and securitized mortgages. Fixed-income securities must be rated BBB- or higher at time of purchase, except for collateralized mortgage obligations (CMOs), asset-backed securities, and mortgage-backed securities that shall be rated AAA at time of purchase. International securities must be in American Depositary Receipts (ADRs) or American Depositary Shares (ADSs) or depository securities of non-U.S.-based companies traded in the United States. These investments are deemed allowable by the retirement and healthcare system investment policy.

**Concentration of credit risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer. Retirement system – The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year-end, the plan had multiple investments, which consisted mostly of pooled investments that exceeded 5.00 percent of the total portfolio. The plan had 16.18 percent invested in Loomis Core Plus, 10.62

percent in Edgewood Growth Institutional Fund, and 9.51 percent in Vanguard Institutional Index Fund. Healthcare system – The City is authorized by the State's Pension Investment Act to invest in common stocks, real estate, and various other investment vehicles, subject to certain limitations. As of year-end, the plan had multiple investments, which consisted mostly of pooled investments that exceeded 5.00 percent of the total portfolio. The plan had 15.28 percent invested in Natixis Loomis Sayles Investment Grade Bond Fund, 10.87 percent invested in Edgewood Growth Institutional Fund, and 10.50 percent invested in Vanguard Institutional Index Fund.

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

**Note 4 - Fair Value Measurements**

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

In instances whereby inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance

**City of Farmington Hills**  
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of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	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, 2019
<b>Equities</b>				
Common stock	\$ 55,480,848	\$ -	\$ -	\$ 55,480,848
Foreign common stock	-	14,390,062	-	14,390,062
Mutual funds	46,182,741	-	-	46,182,741
American depository receipts	-	26,376,553	-	26,376,553
Total equities	<u>101,663,589</u>	<u>40,766,615</u>	<u>-</u>	<u>142,430,204</u>
<b>Fixed income</b>				
U.S. Treasury/Agency securities	-	50,484,553	-	50,484,553
Commercial paper	-	29,533,742	-	29,533,742
Municipal bonds	-	3,297,958	-	3,297,958
Mutual fund - corporate bonds	21,548,671	-	-	21,548,671
Total fixed income	<u>21,548,671</u>	<u>83,316,253</u>	<u>-</u>	<u>104,864,924</u>
<b>Other investments</b>				
Private equity funds	-	-	48,384,696	48,384,696
Total investments by fair value level	<u>\$ 123,212,260</u>	<u>\$ 124,082,868</u>	<u>\$ 48,384,696</u>	<u>295,679,824</u>
<b>Investments measured at net asset value (NAV)</b>				
Pooled equity funds				12,474,606
External investment pools				<u>19,899,402</u>
Total investments measured at NAV				<u>32,374,008</u>
Total investments				<u>\$ 328,053,832</u>

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

The fair value of U.S. Treasury securities and agency bonds at June 30, 2019 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, which are observable at commonly quoted intervals.

The fair value of ADRs and U.S.-held foreign stocks at June 30, 2019 was determined primarily based on Level 2 inputs. The City estimates

the fair value of these investments using other inputs, such as the underlying security "best" price and exchange rate for the underlying security's currency against the U.S. dollar.

The fair value of private equity funds and partnership interests at June 30, 2019 was determined primarily based on Level 3 inputs. The City estimates the fair value of these investments using the fund's fair value, which would be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unfunded commitments on the private equity funds total \$19,077,229.

The City has investments in commercial paper in the amount of \$29,533,742 that meet the criteria to be valued at cost or amortized cost at June 30, 2019.

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



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As of June 30, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Redemption Frequency	Redemption Notice Period
Pinehurst Institutional Fund Ltd	\$ 8,125,866	Quarterly, subject to a 25% investor level gate on March 31, June 30, and September 30.	100 days
Entrust Special Opportunities Fund III Ltd	3,493,367	Any time after the end of the commitment period	95 days
Entrust Capital Diversified Fund Ltd Class X	<u>855,373</u>	None permitted	N/A
Total pooled equity funds	12,474,606		
External investment pools	<u>19,899,402</u>	N/A	N/A
Total investments measured at NAV	<u>\$ 32,374,008</u>		

Additional information for the pension and healthcare plan investments can be found in the separately issued financial statements.

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

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

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

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**Note 5 - Capital Assets**

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 16,797,017	\$ 790,515	\$ -	\$ -	\$ 17,587,532
Construction in progress	14,932,170	7,068,742	-	(10,441,540)	11,559,372
Right of way	31,561,930	-	-	-	31,561,930
Total capital assets not being depreciated	<u>63,291,117</u>	<u>7,859,257</u>	<u>-</u>	<u>(10,441,540)</u>	<u>60,708,834</u>
Capital assets being depreciated					
Sidewalks	15,006,084	71,705	-	178,295	15,256,084
Drain rights	18,635,078	1,588,888	-	-	20,223,966
Buildings and improvements	64,810,229	25,490	8,081	-	64,827,638
Machinery and equipment	16,127,130	710,763	1,159,274	-	15,678,619
Vehicles	16,659,243	1,727,906	962,463	1,083,813	18,508,499
Office furnishings	4,098,479	84,110	623,492	-	3,559,097
Land improvements	20,754,197	281,615	12,485	21,169	21,044,496
Major roads	70,419,610	3,543,754	-	-	73,963,364
Local roads	88,143,563	20,053	-	9,158,263	97,321,879
Total capital assets being depreciated	<u>314,653,613</u>	<u>8,054,284</u>	<u>2,765,795</u>	<u>10,441,540</u>	<u>330,383,642</u>
Less accumulated depreciation for					
Sidewalks	10,303,880	323,399	-	-	10,627,279
Drain rights	9,137,882	388,591	-	-	9,526,473
Buildings and improvements	37,847,436	1,491,316	8,081	-	39,330,671
Machinery and equipment	12,143,986	660,919	1,154,483	-	11,650,422
Vehicles	9,550,573	1,529,921	926,822	-	10,153,672
Office furnishings	3,793,303	111,725	623,492	-	3,281,536
Land improvements	16,412,870	598,223	12,485	-	16,998,608
Major roads	43,631,505	2,117,954	-	-	45,749,459
Local roads	72,587,219	1,435,631	-	-	74,022,850
Total accumulated depreciation	<u>215,408,654</u>	<u>8,657,679</u>	<u>2,725,363</u>	<u>-</u>	<u>221,340,970</u>
Net capital assets being depreciated	<u>99,244,959</u>	<u>(603,395)</u>	<u>40,432</u>	<u>10,441,540</u>	<u>109,042,672</u>
Governmental activities capital assets, net	<u>\$ 162,536,076</u>	<u>\$ 7,255,862</u>	<u>\$ 40,432</u>	<u>\$ -</u>	<u>\$ 169,751,506</u>

**City of Farmington Hills**  
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	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated					
Construction in progress	\$ 1,099,062	\$ 2,385,741	\$ 4,100	\$ (1,077,721)	\$ 2,402,982
Capital assets being depreciated					
Sewage disposal system	96,782,346	124,500	-	-	96,906,846
Water and sewer lines	113,970,989	285,500	-	1,077,721	115,334,210
Total capital assets being depreciated	210,753,335	410,000	-	1,077,721	212,241,056
Less accumulated depreciation for					
Sewage disposal system	63,331,916	1,691,221	-	-	65,023,137
Water and sewer lines	50,445,563	2,793,617	-	-	53,239,180
Total accumulated depreciation	113,777,479	4,484,838	-	-	118,262,317
Net capital assets being depreciated	96,975,856	(4,074,838)	-	1,077,721	93,978,739
Business-type capital assets, net	<u>\$ 98,074,918</u>	<u>\$ (1,689,097)</u>	<u>\$ 4,100</u>	<u>\$ -</u>	<u>\$ 96,381,721</u>

**City of Farmington Hills**  
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Depreciation expense was charged to programs of the primary government as follows:

**Governmental activities**

General government	\$ 1,046,590
Public safety	1,399,431
Public services	4,950,920
Recreation and culture	<u>1,260,738</u>
 Total governmental activities	 8,657,679

**Business-type activities**

Water and sewer	<u>4,484,838</u>
 Total primary government	 <u>\$13,142,517</u>

**Construction Commitments**

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

	<u>Contract Amount</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Local Roads	\$ 10,332,905	\$ 3,458,526	\$ 6,874,379
Major Roads	8,465,646	3,458,824	5,006,822
Sewer	1,449,700	320,665	1,129,035
Drainage	<u>1,295,459</u>	<u>1,105,876</u>	<u>189,583</u>
 Total	 <u>\$ 21,543,710</u>	 <u>\$ 8,343,891</u>	 <u>\$ 13,199,819</u>

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

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Major Roads Fund	\$ 229,399
General Fund	Local Roads Fund	417,901
General Fund	Public Safety Millage Fund	876,281
General Fund	Water and Sewer Fund	420,035
General Fund	Nonmajor Funds	133,662
Local Roads Fund	Water and Sewer Fund	40,401
Water and Sewer Fund	Nonmajor Funds	30,066
Nonmajor Funds	General Fund	58,756
Nonmajor Funds	Major Roads Fund	136,000
Employees' Retirement System	Postretirement Healthcare Finance Fund	<u>85,647</u>
		<u>\$ 2,428,148</u>

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

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Nonmajor Funds	\$ 8,194,944
Local Roads Fund	Nonmajor Funds	256,913
Nonmajor Funds	General Fund	1,307,850
Nonmajor Funds	Major Roads Fund	4,425,762
Nonmajor Funds	Local Roads Fund	7,035,292
Nonmajor Funds	Nonmajor Funds	<u>1,530,055</u>
		<u>\$ 22,750,816</u>

The transfers from the General Fund to the nonmajor funds represent the movement of resources for debt service payments and capital improvements. The transfer from the Local Roads Fund to the

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nonmajor funds represents the transfer of resources for debt service payments. The transfer from nonmajor funds to nonmajor funds represents the transfer of resources for debt service payments. The transfer from the nonmajor governmental funds to the Local Roads Fund represents the movement of resources for road improvements and to close the special assessment funds. The transfer from the nonmajor governmental funds to the Major Roads Fund represents the movement of resources for road improvements. The transfer from nonmajor governmental funds to the General Fund represents the movement of restricted funds to be used for restricted purposes in the General Fund.

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**Note 7 - Long-Term Debt**

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

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>									
Bonds and notes payable									
General obligation bonds									
2012 General Obligation Bonds	\$ 970,000	2026	2.00% - 3.00%	\$65,000 - \$85,000	\$ 675,000	\$ -	\$ 65,000	\$ 610,000	\$ 65,000
Building authority bonds									
District Court Refunding Bonds, Series 2017	3,805,000	2021	1.05% - 1.90%	940,000 - 1,000,000	2,935,000	-	940,000	1,995,000	995,000
County contractual obligations									
2013 Refunding Bonds - Golf Course	6,545,000	2031	2.00% - 3.50%	315,000 - 530,000	5,770,000	-	360,000	5,410,000	380,000
Districts 333, 334, 335, and 336 - Public improvements	2,470,000	2022	2.00% - 2.50%	255,000 - 265,000	1,050,000	-	265,000	785,000	265,000
Districts 345, 346, and 347 - 2016 Capital Improvement Bonds	8,475,000	2030	2.00% - 5.00%	510,000 - 655,000	7,825,000	-	655,000	7,170,000	655,000
District 349 - 2017 Capital Improvement Bonds	1,225,000	2031	2.00% - 3.00%	70,000 - 90,000	1,225,000	-	70,000	1,155,000	85,000
Less deferred amounts									
For issuance premiums					761,075	-	61,890	699,185	-
Total					20,241,075	-	2,416,890	17,824,185	2,445,000
Claims and judgments									
Compensated absences					544,000	26,024	164,024	406,000	406,000
					5,394,229	2,802,246	2,551,438	5,645,037	2,507,889
Total governmental activities					<u>\$ 26,179,304</u>	<u>\$ 2,828,270</u>	<u>\$ 5,132,352</u>	<u>\$ 23,875,222</u>	<u>\$ 5,358,889</u>

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	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>									
Bonds and notes payable									
Limited tax general obligation bonds									
2013 Water Supply System Bonds	\$ 6,800,000	2032	2.00% - 3.13%	\$295,000 - \$460,000	\$ 5,460,000	\$ -	\$ 295,000	\$ 5,165,000	\$ 300,000
2014 Water Supply System Bonds	8,800,000	2034	2.00% - 3.00%	295,000 - 460,000	7,825,000	-	350,000	7,475,000	375,000
2014 Evergreen and Middlebelt Transport and Storage Tunnel Bonds	19,750,005*	2036	2.50%	295,000 - 460,000	17,571,057	174,036	785,880	16,959,213	804,465
2017 Evergreen and Farmington Sewage Disposal Systems Middlebelt Transport and Storage Tunnel Project Bonds	528,345	2027	2.14%	295,000 - 460,000	528,345	-	47,790	480,555	47,790
Total business-type activities					<u>\$ 31,384,402</u>	<u>\$ 174,036</u>	<u>\$ 1,478,670</u>	<u>\$ 30,079,768</u>	<u>\$ 1,527,255</u>

\* Issue of \$19,750,005 but only \$18,512,388 was drawn down in total as of June 30, 2019.

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

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Bonds		Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 2,445,000	\$ 436,831	\$ 1,527,255	\$ 755,121
2021	2,455,000	380,595	1,558,495	720,097
2022	1,500,000	321,826	1,609,735	684,170
2023	1,240,000	279,507	1,640,975	647,318
2024	1,270,000	238,801	1,677,525	609,005
2025-2029	5,870,000	716,180	9,112,950	2,370,351
2030-2034	2,345,000	70,346	9,826,200	1,067,446
2035-2037	-	-	3,126,633	78,769
	<u>\$ 17,125,000</u>	<u>\$ 2,444,086</u>	<u>\$ 30,079,768</u>	<u>\$ 6,932,277</u>

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**Debt Issuance**

The Evergreen and Middlebelt Sanitary Sewer Transport and Storage Tunnel Bonds are State Revolving Fund bonds, and the county has drawn down an additional \$327,752, of which 53.10 percent, or \$174,036, is the City's share. The bond interest rate is 2.50 percent. The proceeds were used for the construction on the sanitary sewer system.

**Defeased Refundings**

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2019, the City's portion of bonds outstanding that are considered defeased approximates \$7,375,000.

**Deferred Amount on Debt Refunding**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Deferred amount on refunding	\$ 488,701	\$ -	\$ 53,941	\$ 434,760	\$ 53,941

**No Commitment Debt**

The City has issued Variable Rate Demand Hospital Revenue and Refunding Bonds under state law, which authorizes municipalities under certain circumstances to acquire and lease industrial sites, buildings, and equipment and lease them to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are

not reflected in the City's financial statements. Information regarding the status of each bond issue, including possible default, must be obtained from the paying agent or other knowledgeable source. As of June 30, 2019, there is approximately \$10,535,000 of no commitment debt outstanding.

**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 participates in the Michigan Municipal League Workers' Compensation Fund for workers' compensation claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to general and auto liability, auto physical damage, and property loss claims.

As of September 2005, the City has also assumed a significant amount of financial responsibility for its actual incurred medical claims cost, subject to certain insured limitations, including \$120,000 per specific claim and a 120 percent stop loss with approximately \$3.7 million in aggregate claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

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



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stop-loss coverage for specific claims ranges from \$15,000 to \$200,000 and \$5.0 million in aggregate.

The City maintains insurance coverage through Blue Cross Blue Shield (“BCBS”) for medical and general claims and estimates the liability for medical and general claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustments expense, both allocated and unallocated. The liability is based on individual claims and management’s evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These estimates are recorded in the General Fund and within the governmental activities column in the statement of net position.

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

	BCBS	
	2019	2018
Estimated liability - beginning of year	\$ 115,690	\$ 115,690
Estimated claims incurred, including changes in estimates	2,760,242	3,176,226
Claim payments	(2,789,447)	(3,176,226)
Estimated liability - end of year	\$ 86,485	\$ 115,690

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

	MMRMA	
	2019	2018
Estimated liability - beginning of year	\$ 544,000	\$ 447,000
Estimated claims incurred, including changes in estimates	26,024	160,639
Claim payments	(164,024)	(63,639)
Estimated liability - end of year	\$ 406,000	\$ 544,000

**Note 9 - Employee Retirement and Benefit Systems**

**Defined benefit pension plan**

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

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

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Employees covered by benefit terms – At the June 30, 2018 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	318
Inactive employees entitled to, but not yet receiving benefits	14
Active employees	259
	591

The general group was closed to new hires as follows:

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

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

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

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

each year over 25 years of service, with a maximum multiplier of 75 percent.

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

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

General – Dispatch employees are eligible to retire if the sum of the plan member's age and years of service equals 80 (minimum age 55) or at the age of 60 with eight years of service. The multiplier for this group is 2.80 percent up to 25 years of service (until age 67) and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 75 percent, or 2.375 percent up to 25 years of service (at age 67) and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 70 percent.

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

Police command employees are eligible to retire at the age of 50 with 25 years of service, or 30 years of service regardless of age with a minimum of 25 years as a sworn police officer. The multiplier for this

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group is 3.0 percent up to 25 years of service and 1.0 percent for each year over 25 years of service, with a maximum multiplier of 80 percent.

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

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

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

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

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

requirements. A duty death pension shall be paid for life to a surviving spouse of an employee who dies in service. A duty disability benefit is also available in accordance with an established formula and has no age or service requirements.

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

*1) Straight-life Retirement Benefits*

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

*2) Survivor Allowance Options*

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

The survivor allowance options are:

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

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

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*3) Annuity Option*

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

Contributions – Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the pension board in accordance with the city ordinance, union contracts, and plan provisions. For the year ended June 30, 2019, the average active member contribution rate was 4.50 percent of annual pay. The City's average contribution was 25.38 percent of annual payroll for police members and 21.16 percent of annual payroll for fire members. For general and court members, the City's contribution was \$2,365,004 and \$263,302, respectively.

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

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

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

returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at June 30, 2019 are as follows:

	<u>Required Reserve</u>		<u>Amount Funded</u>
Retiree reserve	\$ 100,251,035	\$	100,251,035
Employee reserve	17,645,816		17,645,816
Employer reserve	-		38,593,357

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

At June 30, 2019, the City reported a liability of \$50,973,877 for its proportionate share of the City of Farmington Hills Employees Retirement System's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from June 30, 2018. The City's proportion of the net pension liability was determined by dividing each employer's actuarially determined pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At June 30, 2019, the City's proportion was 95.43 percent, which was equal to its proportion of 95.43 percent from its proportion measured as of June 30, 2018. For the year ending June 30, 2019, the City recognized pension expense of \$11,179,421.

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At June 30, 2019, 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	Total
Differences in experience	\$ 42,792	\$ (3,734,420)	\$ (3,691,628)
Differences in assumptions	9,881,787	(614,091)	9,267,696
Net difference between projected and actual earning on plan investments	<u>4,106,193</u>	<u>-</u>	<u>4,106,193</u>
Total	<u>\$ 14,030,772</u>	<u>\$ (4,348,511)</u>	<u>\$ 9,682,261</u>

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

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

<u>Year ended June 30,</u>	
2020	\$ 3,515,487
2021	1,550,803
2022	2,836,476
2023	<u>1,779,495</u>
	<u>\$ 9,682,261</u>

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

Actuarial assumptions – The total pension liability in the June 30, 2018 annual actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary increases	4.50 - 23.50%, average, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

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

Asset Class	Target Allocation	
Domestic equity	41.00	%
International equity	16.00	
Domestic bonds	18.00	
International bonds	2.00	
Real estate	10.00	
Alternative assets	11.00	
Cash or cash equivalents	2.00	
	<u>100.00</u>	%

Asset Class	Long-term Expected Real Rate of Return	
Domestic equity	7.50	%
International equity	8.50	
Domestic bonds	2.50	
International bonds	3.50	
Real estate	4.50	
Alternative assets	6.21	

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.64 percent.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.0%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6%) or 1% higher (8%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	<u>\$ 74,700,296</u>	<u>\$ 50,973,877</u>	<u>\$ 30,944,673</u>

**Note 10 - Defined Contribution Pension Plan**

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

The current year contribution was calculated based on covered payroll of \$6,115,170, resulting in an employer contribution of \$611,517 and employee contributions of \$305,759. The City has recorded a payable to the defined contribution plan in the amount of \$12,287 at June 30, 2019.

**Note 11 - Other Postemployment Benefits – Defined Contribution Plan**

The City provides a Retirement Health Savings (RHS) account for eligible employees and their dependents. The plan covers AFSCME,

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

During the year ended June 30, 2019, the City made contributions of \$328,081, and the plan members contributed \$159,907 to the plan.

**Note 12 - Other Postemployment Benefits**

**Defined benefit OPEB plan**

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

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

Benefits provided – The fund provides healthcare and prescription benefits for retirees and their dependents. Benefits are provided

through a third-party insurer, and the full cost of benefits is covered by the plan. Benefits terms have been established by employer policy and contractual agreements authorized by city ordinance, which may be amended by City Council actions.

Employees covered by benefit terms – At June 30, 2018, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	180
Active employees	204
	384

The plan is closed to new members.

Contributions – Contribution requirements of plan members are established and may be amended by the pension board in accordance with city ordinance, union contracts, and plan provisions. The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2019, the City's contribution was \$767,528. Plan members are required to contribute at 1.50 percent of pay.

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

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

Employee reserve – The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 5 percent. For any employee who

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

terminates before vesting in the OPEB plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at June 30, 2019 are as follows:

	<u>Required Reserve</u>		<u>Amount Funded</u>
Retiree reserve	\$ 50,633,461	\$	50,633,461
Employee reserve	5,558,389		5,558,389
Employer reserve	-		22,815,010

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

At June 30, 2019, the City reported a liability of \$1,330,769 for its proportionate share of the City of Farmington Hills OPEB plan's net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from June 30, 2018. The City's proportion of the net OPEB liability was determined by dividing each employer's actuarially determined OPEB contributions to the plan during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At June 30, 2019, the City's proportion was 92.51 percent, which was equal to its proportion of 92.51 percent from its proportion measured as of June 30, 2018. For the year ending June 30, 2019, the City recognized OPEB expense of \$6,287,468.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ -	\$ (647,133)	\$ (647,133)
Net difference between projected and actual earning on plan investments	<u>1,578,973</u>	<u>-</u>	<u>1,578,973</u>
Total	<u>\$ 1,578,973</u>	<u>\$ (647,133)</u>	<u>\$ 931,840</u>

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

<u>Year ended June 30,</u>	
2020	\$ 191,769
2021	191,769
2022	191,769
2023	<u>356,533</u>
	<u>\$ 931,840</u>

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

Actuarial assumptions – The total OPEB liability in the June 30, 2018 annual actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	9.0%, graded down to 3.50%

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



**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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Discount rate – The discount rate used to measure the total OPEB liability is 7.5%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the OPEB plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	41.00 %
International equity	16.00
Domestic bonds	18.00
International bonds	2.00
Real estate	10.00
Alternative assets	11.00
Cash or cash equivalents	2.00

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	7.50 %
International equity	8.50
Domestic bonds	2.50
International bonds	3.50
Real estate	4.50
Alternative assets	6.21

For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.66 percent.

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the employer, calculated using the discount rate of 7.5%, as well as what the employer's net OPEB liability would be using a discount rate that is

**City of Farmington Hills**  
**Notes to the Financial Statements**  
**June 30, 2019**

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1% point lower (6.5%) or 1% higher (8.5%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 10,291,727	\$ 1,330,769	\$ (6,184,825)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate – The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 9.00%, as well as what the net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.00%, decreasing to 2.5%) or 1% higher (10.00% decreasing to 4.5%).

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ (7,290,161)	\$ 1,330,769	\$ 11,711,348

**Note 13 - Fund Balance Assignments**

The General Fund fund balance assignment for future expenditures of \$20,714,136 includes \$105,491 for subsequent year expenditures, \$920,000 for the Corridor Improvement Authority, \$10,277,335 for the retirement system, \$400,000 for buses, \$5,900,000 for storm water, \$1,000,000 for citywide facilities improvements, and \$2,111,310 for subsequent years' budget requests.

**Note 14 - Special Items**

In November 2018, the City passed a Local Roads Millage that will fund local road repairs rather than the previously enacted special assessment districts. As a result of the passage of this millage, \$8,982,681 that had been previously recognized as revenue in the statement of activities must be written off. In addition, all prepaid special assessments will be refunded to the appropriate title holder.

**Note 15 - Subsequent Event**

On September 12, 2019, the City issued the 2019 Capital Improvement Bonds (Limited Tax General Obligation) with a par value of \$23,925,000. The bonds are payable through fiscal year 2040 at interest rates ranging from 2-3%.

**City of Farmington Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under)
				Final Budget
<b>Revenues</b>				
Property taxes	\$ 31,678,645	\$ 31,813,601	\$ 31,779,255	\$ (34,346)
Licenses and permits	1,155,753	1,547,400	1,783,163	235,763
Federal grants	-	149,124	189,363	40,239
State-shared revenue and grants	7,943,602	8,271,766	8,559,660	287,894
Charges for services	10,903,572	10,938,646	11,407,257	468,611
Fines and forfeitures	2,105,000	2,200,000	2,197,948	(2,052)
Interest income	400,000	600,000	1,007,406	407,406
Other revenue:				
Local donations	64,900	47,500	49,555	2,055
Equipment rental	1,100,000	1,410,200	1,559,645	149,445
Other miscellaneous income	840,905	899,661	1,006,671	107,010
	<u>56,192,377</u>	<u>57,877,898</u>	<u>59,539,923</u>	<u>1,662,025</u>
Total revenues				
<b>Expenditures</b>				
General government:				
City Council	96,417	96,385	91,633	(4,752)
Board and commissions	2,820,375	2,826,259	2,833,345	7,086
City administration	651,155	613,426	592,934	(20,492)
Public information	429,906	415,357	382,134	(33,223)
Finance department	2,003,359	1,894,373	1,825,169	(69,204)
Clerk	707,427	789,252	770,426	(18,826)
Attorney	664,020	771,240	703,758	(67,482)
Human resources/personnel	423,320	435,775	423,343	(12,432)
Central services	1,035,843	1,012,776	992,428	(20,348)
Support services	4,627,188	4,538,247	4,280,423	(257,824)
	<u>13,459,010</u>	<u>13,393,090</u>	<u>12,895,593</u>	<u>(497,497)</u>
Total general government				

**City of Farmington Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Public safety:				
Police	14,916,506	14,649,291	14,303,476	(345,815)
Fire	5,835,436	6,117,397	6,111,340	(6,057)
Total public safety	<u>20,751,942</u>	<u>20,766,688</u>	<u>20,414,816</u>	<u>(351,872)</u>
Public services:				
Road maintenance	2,593,465	2,388,851	2,331,402	(57,449)
Administration	452,082	491,938	376,122	(115,816)
General refuse removal	3,966,353	3,956,715	3,924,374	(32,341)
Building maintenance	512,006	503,788	499,245	(4,543)
Maintenance facility	1,401,975	1,357,067	1,233,804	(123,263)
Engineering	1,324,639	1,165,120	1,151,016	(14,104)
Public service reimbursement from road fund	(2,083,294)	(2,073,389)	(2,039,510)	33,879
Total public services	<u>8,167,226</u>	<u>7,790,090</u>	<u>7,476,453</u>	<u>(313,637)</u>
Community and economic development	<u>1,818,358</u>	<u>1,726,013</u>	<u>1,651,998</u>	<u>(74,015)</u>
Recreation and culture	<u>8,473,952</u>	<u>8,355,628</u>	<u>8,088,515</u>	<u>(267,113)</u>
Total expenditures	<u>52,670,488</u>	<u>52,031,508</u>	<u>50,527,375</u>	<u>(1,504,133)</u>
Excess of revenues over expenditures	<u>3,521,889</u>	<u>5,846,390</u>	<u>9,012,548</u>	<u>3,166,158</u>

**City of Farmington Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Other Financing Sources (Uses)</b>				
Sale of fixed assets	122,994	90,000	114,498	24,498
Transfers in	1,307,850	1,307,850	1,307,850	-
Transfers out	(7,546,498)	(8,190,954)	(8,194,944)	(3,990)
 Total other financing sources (uses)	<u>(6,115,654)</u>	<u>(6,793,104)</u>	<u>(6,772,596)</u>	<u>20,508</u>
 Net change in fund balance	(2,593,765)	(946,714)	2,239,952	3,186,666
 Fund balance - beginning of year	<u>35,026,158</u>	<u>35,026,158</u>	<u>35,026,158</u>	<u>-</u>
 Fund balance - end of year	<u>\$ 32,432,393</u>	<u>\$ 34,079,444</u>	<u>\$ 37,266,110</u>	<u>\$ 3,186,666</u>

**City of Farmington Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Major Roads Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ 736,500	\$ 93,194	\$ 220,732	\$ 127,538
State and other sources	6,337,171	6,490,442	6,538,379	47,937
Local contributions	206,900	137,263	15,367	(121,896)
Interest income	30,000	100,000	178,796	78,796
Other revenue	185	190	257	67
<b>Total revenues</b>	<b>7,310,756</b>	<b>6,821,089</b>	<b>6,953,531</b>	<b>132,442</b>
<b>Expenditures</b>				
Public works	12,542,938	11,952,179	10,824,687	(1,127,492)
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,232,182)</b>	<b>(5,131,090)</b>	<b>(3,871,156)</b>	<b>1,259,934</b>
<b>Other Financing Sources</b>				
Transfers in	4,262,141	4,425,762	4,425,762	-
<b>Net change in fund balance</b>	<b>(970,041)</b>	<b>(705,328)</b>	<b>554,606</b>	<b>1,259,934</b>
Fund balance - beginning of year	6,216,154	6,216,154	6,216,154	-
<b>Fund balance - end of year</b>	<b>\$ 5,246,113</b>	<b>\$ 5,510,826</b>	<b>\$ 6,770,760</b>	<b>\$ 1,259,934</b>

**City of Farmington Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Local Roads Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
Special assessments	\$ 245,154	\$ 899,600	\$ 899,599	\$ (1)
State and other sources	2,180,011	3,207,046	3,223,181	16,135
Interest income	815,218	330,007	375,624	45,617
Other revenue	40,000	-	-	-
Total revenues	<u>3,280,383</u>	<u>4,436,653</u>	<u>4,498,404</u>	<u>61,751</u>
<b>Expenditures</b>				
Public works	5,313,973	7,853,036	9,632,161	1,779,125
Debt service	955,213	955,213	954,713	(500)
Total expenditures	<u>6,269,186</u>	<u>8,808,249</u>	<u>10,586,874</u>	<u>1,778,625</u>
Deficiency of revenues over expenditures	<u>(2,988,803)</u>	<u>(4,371,596)</u>	<u>(6,088,470)</u>	<u>(1,716,874)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,225,000	2,225,000	7,035,292	4,810,292
Transfers out	(256,913)	(256,913)	(256,913)	-
Total other financing sources (uses)	<u>1,968,087</u>	<u>1,968,087</u>	<u>6,778,379</u>	<u>4,810,292</u>
Net change in fund balance	(1,020,716)	(2,403,509)	689,909	3,093,418
Fund balance - beginning of year	<u>6,166,795</u>	<u>6,166,795</u>	<u>6,166,795</u>	<u>-</u>
Fund balance - end of year	<u>\$ 5,146,079</u>	<u>\$ 3,763,286</u>	<u>\$ 6,856,704</u>	<u>\$ 3,093,418</u>

**City of Farmington Hills  
Required Supplementary Information  
Budgetary Comparison Schedule  
Public Safety Millage Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
Taxes	\$ 10,241,080	\$ 10,250,428	\$ 10,245,362	\$ (5,066)
Other state grants	100,000	168,379	275,737	107,358
Interest income	80,000	125,000	172,982	47,982
 Total revenues	 10,421,080	 10,543,807	 10,694,081	 150,274
<b>Expenditures</b>				
Public safety	10,551,200	10,535,603	10,324,826	(210,777)
 Net change in fund balance	 (130,120)	 8,204	 369,255	 361,051
Fund balance - beginning of year	2,132,322	2,132,322	2,132,322	-
Fund balance - end of year	<u>\$ 2,002,202</u>	<u>\$ 2,140,526</u>	<u>\$ 2,501,577</u>	<u>\$ 361,051</u>



**City of Farmington Hills**  
**Required Supplementary Information**  
**Employees' Retirement System**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**June 30, 2019**

Fiscal year ended June 30,	2019	2018	2017*	2016	2015	2014
City's proportion of the net pension liability (%)	95.43%	95.43%	95.26%	95.78%	95.92%	95.01%
City's proportionate share of the net pension liability	\$ 50,973,877	\$ 39,249,558	\$ 37,396,907	\$ 38,326,411	\$ 28,834,315	\$ 18,781,050
City's covered payroll	\$ 19,118,157	\$ 19,121,057	\$ 19,032,521	\$ 19,018,880	\$ 19,388,355	\$ 20,278,867
City's proportionate share of the net pension liability as a percentage of its covered payroll	266.63%	205.27%	196.49%	201.52%	148.72%	92.61%
Plan fiduciary net position as a percentage of the total pension liability	74.55%	79.10%	79.21%	77.51%	82.86%	88.48%

Note: GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation.

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

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

**City of Farmington Hills**  
**Required Supplementary Information**  
**Employees' Retirement System of Michigan**  
**Schedule of Employer Contributions**  
**June 30, 2019**

Fiscal Year Ended	Annual Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 4,330,086	\$ 4,330,086	\$ -	\$ 20,278,867	21.35%
2015	4,683,178	4,683,178	-	19,388,355	24.15%
2016	4,511,908	4,511,908	-	19,018,880	23.72%
2017	4,487,059	4,487,059	-	19,032,521	23.58%
2018	5,107,572	5,490,506	(382,934)	19,121,057	28.71%
2019	5,314,161	5,499,052	(184,891)	19,118,157	28.76%

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

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll (level dollar method for general and court divisions)
Remaining amortization period	Police and fire employees: 26 years (closed) Court employees: 13 years (closed) General employees: 10 years (closed)
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increases	4.50 to 7.50 percent (general and court), 4.50 to 23.50 percent (police), 4.50 to 20.50 percent (fire)
Investment rate of return	7.40 percent (net of investment expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB

Note: GASB Statement No. 67 was implemented for the fiscal year ended June 30, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

**City of Farmington Hills  
Required Supplementary Information  
Employees' Retirement System  
Schedule of Investment Returns  
June 30, 2019**

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<u>Fiscal Year Ended</u>	<u>Annual Return*</u>
2010	15.50%
2011	20.70%
2012	-1.70%
2013	10.70%
2014	16.50%
2015	-0.40%
2016	-1.80%
2017	12.30%
2018	7.26%
2019	3.64%

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

**City of Farmington Hills**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of the City's Proportionate Share of the Net OPEB Liability**  
**June 30, 2019**

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

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

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

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

**City of Farmington Hills  
Required Supplementary Information  
Other Post Employment Benefits  
Schedule of Employer Contributions  
June 30, 2019**

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 1,722,056	\$ 1,722,056	-	N/A	N/A
2018	718,608	718,608	-	N/A	N/A
2019	710,062	710,062	-	N/A	N/A

**Notes to Schedule of Contributions**

Valuation date: June 30, 2018

Notes: Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months prior to the end of the fiscal year in which contributions are reported.  
Contributions are not based on a measure of payroll, therefore per GASB Statement No. 85, covered payroll is not presented.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry age normal
Amortization method	Level dollar (closed)
Remaining amortization period	13 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Healthcare cost trend rates	3.50 to 9.00 percent
Salary increases	4.50 to 7.50 percent (general and court), 4.50 to 23.50 percent (police), 4.50 to 20.50 percent (fire)
Investment rate of return	7.50 percent (net of investment expenses)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Combined Healthy Tables, projected 20 years with U.S. Projection Scale BB

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

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

**City of Farmington Hills**  
**Required Supplementary Information**  
**Other Post Employment Benefits**  
**Schedule of Investment Returns**  
**June 30, 2019**

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Fiscal Year Ended	Annual Return*
2010	12.10%
2011	19.40%
2012	-0.10%
2013	9.30%
2014	16.20%
2015	-0.50%
2016	-1.70%
2017	11.90%
2018	7.16%
2019	3.66%

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

**City of Farmington Hills**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Funds						Debt Service Funds
	Community Development Block Grant	Nutrition Grant	Forfeiture Funds	Municipal Street Fund	Parks and Recreation Special Millage	Deferred Special Assessment	Special Assessment Fund Local Roads
<b>Assets</b>							
Cash and cash equivalents	\$ 15,627	\$ 76,314	\$ 15,275	\$ 939	\$ 16,490	\$ -	\$ -
Investments	-	88	1,134,216	1,653	870,419	-	-
Receivables:	-	-	5,079	-	-	-	-
Accrued interest and other	26	126	25	2	27	-	-
Due from other units of government	31,769	29,557	-	-	-	-	-
Due from other funds	-	-	31,598	36,000	-	-	-
<b>Total assets</b>	<b>\$ 47,422</b>	<b>\$ 106,085</b>	<b>\$ 1,186,193</b>	<b>\$ 38,594</b>	<b>\$ 886,936</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities</b>							
Accounts payable	\$ 18,652	\$ 1,184	\$ 115,663	\$ -	\$ 2,697	\$ -	\$ -
Due to other funds	28,744	104,901	17	-	-	-	-
Unearned revenue	26	-	-	-	-	-	-
<b>Total liabilities</b>	<b>47,422</b>	<b>106,085</b>	<b>115,680</b>	<b>-</b>	<b>2,697</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>							
Unavailable grant revenue	-	-	5,079	-	-	-	-
<b>Fund Balances</b>							
Restricted for:							
Roads	-	-	-	38,594	-	-	-
Police	-	-	1,065,434	-	-	-	-
Parks and recreation	-	-	-	-	884,239	-	-
Assigned:							
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>1,065,434</b>	<b>38,594</b>	<b>884,239</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 47,422</b>	<b>\$ 106,085</b>	<b>\$ 1,186,193</b>	<b>\$ 38,594</b>	<b>\$ 886,936</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Debt Service Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	Building Authority	General Debt Service	Capital Improvement Fund	Golf Course Capital Improvement	Revolving Special Assessment	Community Center Renovations	
<b>Assets</b>							
Cash and cash equivalents	\$ -	\$ 12,278	\$ 403,885	\$ 12,638	\$ -	\$ -	\$ 553,446
Investments	258	134,230	3,722,130	14,403	-	560,021	6,437,418
Receivables	-	-	337,194	-	-	-	342,273
Accrued interest and other	-	20	664	21	-	-	911
Due from other units of government	-	-	3,151	-	-	-	64,477
Due from other funds	-	-	127,158	-	-	-	194,756
	<u>-</u>	<u>-</u>	<u>127,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,756</u>
Total assets	<u>\$ 258</u>	<u>\$ 146,528</u>	<u>\$ 4,594,182</u>	<u>\$ 27,062</u>	<u>\$ -</u>	<u>\$ 560,021</u>	<u>\$ 7,593,281</u>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ 936,676	\$ -	\$ -	\$ 443,074	\$ 1,517,946
Due to other funds	-	-	30,066	-	-	-	163,728
Unearned revenue	-	-	-	-	-	-	26
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>966,742</u>	<u>-</u>	<u>-</u>	<u>443,074</u>	<u>1,681,700</u>
<b>Deferred inflows of resources</b>							
Unavailable grant revenue	-	-	3,151	-	-	-	8,230
	<u>-</u>	<u>-</u>	<u>3,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,230</u>
<b>Fund Balances</b>							
Restricted for							
Roads	-	-	-	-	-	-	38,594
Police	-	-	-	-	-	-	1,065,434
Parks and recreation	-	-	-	-	-	-	884,239
Assigned							
Capital projects	-	-	3,624,289	27,062	-	116,947	3,768,298
Debt service	258	146,528	-	-	-	-	146,786
	<u>258</u>	<u>146,528</u>	<u>3,624,289</u>	<u>27,062</u>	<u>-</u>	<u>116,947</u>	<u>5,903,351</u>
Total fund balances	<u>258</u>	<u>146,528</u>	<u>3,624,289</u>	<u>27,062</u>	<u>-</u>	<u>116,947</u>	<u>5,903,351</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 258</u>	<u>\$ 146,528</u>	<u>\$ 4,594,182</u>	<u>\$ 27,062</u>	<u>\$ -</u>	<u>\$ 560,021</u>	<u>\$ 7,593,281</u>



**City of Farmington Hills**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds						Debt Service Funds
	Community Development Block Grant	Nutrition Grant	Forfeiture Funds	Municipal Street Fund	Parks and Recreation Special Millage	Deferred Special Assessment	Special Assessment Fund Local Roads
<b>Revenues</b>							
Property taxes	\$ -	\$ -	\$ -	\$ 6,443,897	\$ 1,575,972	\$ -	\$ -
Special assessments	-	-	-	-	-	-	502,673
Federal grants	271,457	231,673	49,954	-	-	-	-
State and other sources	-	142,656	26,847	173,623	42,372	-	-
Local contributions	-	-	-	-	-	-	-
Interest income	-	827	27,532	35,117	30,443	1,387	104,026
Other revenue	-	149,053	-	-	-	-	-
<b>Total revenues</b>	<u>271,457</u>	<u>524,209</u>	<u>104,333</u>	<u>6,652,637</u>	<u>1,648,787</u>	<u>1,387</u>	<u>606,699</u>
<b>Expenditures</b>							
Current:							
General government	-	-	-	-	-	750	-
Public safety	-	-	86,210	-	-	-	-
Public works	-	-	-	749	-	-	240,080
Community and economic development	271,457	-	-	-	-	-	-
Recreation and culture	-	553,799	-	-	-	-	-
Capital outlay	-	-	-	-	162,603	-	-
Debt service	-	-	-	-	-	-	285,588
<b>Total expenditures</b>	<u>271,457</u>	<u>553,799</u>	<u>86,210</u>	<u>749</u>	<u>162,603</u>	<u>750</u>	<u>525,668</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(29,590)</u>	<u>18,123</u>	<u>6,651,888</u>	<u>1,486,184</u>	<u>637</u>	<u>81,031</u>
<b>Other financing sources (uses)</b>							
Sale of fixed assets	-	-	36,797	-	-	-	-
Transfers in	-	29,590	53,356	-	-	-	-
Transfers out	-	-	-	(6,650,762)	(1,307,850)	(53,796)	(2,075,397)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>29,590</u>	<u>90,153</u>	<u>(6,650,762)</u>	<u>(1,307,850)</u>	<u>(53,796)</u>	<u>(2,075,397)</u>
Net change in fund balance	-	-	108,276	1,126	178,334	(53,159)	(1,994,366)
Fund balance - beginning of year	-	-	957,158	37,468	705,905	53,159	1,994,366
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,065,434</u>	<u>\$ 38,594</u>	<u>\$ 884,239</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Debt Service Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	Building Authority	General Debt Service	Capital Improvement Fund	Golf Course Capital Improvement	Revolving Special Assessment	Community Center Renovations	
<b>Revenues</b>							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,019,869
Special assessments	-	-	-	-	-	-	502,673
Federal grants	-	-	-	-	-	-	553,084
State and other sources	-	-	370,877	-	-	-	756,375
Local contributions	-	159,005	-	-	-	-	159,005
Interest income	4	10,673	97,914	622	62,285	10,448	381,278
Other revenue	-	81,174	-	30,821	-	-	261,048
<b>Total revenues</b>	<u>4</u>	<u>250,852</u>	<u>468,791</u>	<u>31,443</u>	<u>62,285</u>	<u>10,448</u>	<u>10,633,332</u>
<b>Expenditures</b>							
<b>Current</b>							
General government	-	-	-	-	-	-	750
Public safety	-	-	-	-	-	-	86,210
Public works	-	-	-	-	-	-	240,829
Community and economic development	900	-	-	-	302	-	272,659
Recreation and culture	-	-	-	-	-	-	553,799
Capital outlay	-	-	6,659,672	52,705	-	743,701	7,618,681
Debt service	988,638	616,962	-	-	-	-	1,891,188
<b>Total expenditures</b>	<u>989,538</u>	<u>616,962</u>	<u>6,659,672</u>	<u>52,705</u>	<u>302</u>	<u>743,701</u>	<u>10,664,116</u>
Excess (deficiency) of revenues over expenditures	<u>(989,534)</u>	<u>(366,110)</u>	<u>(6,190,881)</u>	<u>(21,262)</u>	<u>61,983</u>	<u>(733,253)</u>	<u>(30,784)</u>
<b>Other financing sources (uses)</b>							
Sale of fixed assets	-	-	34,100	-	-	-	70,897
Transfers in	989,638	1,364,946	6,000,000	29,952	714,430	800,000	9,981,912
Transfers out	-	(989,638)	-	-	(3,221,516)	-	(14,298,959)
<b>Total other financing sources and uses</b>	<u>989,638</u>	<u>375,308</u>	<u>6,034,100</u>	<u>29,952</u>	<u>(2,507,086)</u>	<u>800,000</u>	<u>(4,246,150)</u>
<b>Net change in fund balance</b>	<u>104</u>	<u>9,198</u>	<u>(156,781)</u>	<u>8,690</u>	<u>(2,445,103)</u>	<u>66,747</u>	<u>(4,276,934)</u>
<b>Fund balance - beginning of year</b>	<u>154</u>	<u>137,330</u>	<u>3,781,070</u>	<u>18,372</u>	<u>2,445,103</u>	<u>50,200</u>	<u>10,180,285</u>
<b>Fund balance - end of year</b>	<u>\$ 258</u>	<u>\$ 146,528</u>	<u>\$ 3,624,289</u>	<u>\$ 27,062</u>	<u>\$ -</u>	<u>\$ 116,947</u>	<u>\$ 5,903,351</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Community Development Block Grant Fund**  
**For the Year Ended June 30, 2019**

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	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Federal grants	\$ 340,278	\$ 337,790	\$ 271,457	\$ (66,333)
<b>Expenditures</b>				
Community and economic development	340,278	337,790	271,457	(66,333)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Nutrition Grant Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Federal grants	\$ 298,503	\$ 298,503	\$ 231,673	\$ (66,830)
State and other sources	-	-	142,656	142,656
Interest income	27,593	28,783	827	(27,956)
Other revenue	141,243	141,243	149,053	7,810
Total revenues	467,339	468,529	524,209	55,680
<b>Expenditures</b>				
Recreation and culture	501,839	502,829	553,799	50,970
Excess (deficiency) of revenues over expenditures	(34,500)	(34,300)	(29,590)	4,710
<b>Other Financing Sources</b>				
Transfers in	34,500	34,300	29,590	(4,710)
Net change in fund balance	-	-	-	-
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ -	\$ -	\$ -

**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Forfeiture Funds**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
Federal grants	\$ -	\$ -	\$ 49,954	\$ 49,954
State and other sources	-	-	26,847	26,847
Interest income	-	18,000	27,532	9,532
Other revenue	-	2,925	-	(2,925)
Total revenues	-	20,925	104,333	83,408
<b>Expenditures</b>				
Public safety	616,075	111,582	86,210	(25,372)
Excess (deficiency) of revenues over expenditures	(616,075)	(90,657)	18,123	108,780
<b>Other Financing Sources</b>				
Sale of fixed assets	-	-	36,797	36,797
Transfers in	-	44,656	53,356	8,700
Total other financing sources	-	44,656	90,153	45,497
Net change in fund balance	(616,075)	(46,001)	108,276	154,277
Fund balance - beginning of year	957,158	957,158	957,158	-
Fund balance - end of year	<u>\$ 341,083</u>	<u>\$ 911,157</u>	<u>\$ 1,065,434</u>	<u>\$ 154,277</u>

**City of Farmington Hills  
Other Supplementary Information  
Budgetary Comparison Schedule  
Municipal Street Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 6,447,941	\$ 6,468,021	\$ 6,443,897	\$ (24,124)
State and other sources	-	106,023	173,623	67,600
Interest income	40,000	40,000	35,117	(4,883)
Total revenues	6,487,941	6,614,044	6,652,637	38,593
<b>Expenditures</b>				
Public works	800	750	749	(1)
Excess of revenues over expenditures	6,487,141	6,613,294	6,651,888	38,594
<b>Other Financing Uses</b>				
Transfers out	(6,487,141)	(6,650,762)	(6,650,762)	-
Net change in fund balance	-	(37,468)	1,126	38,594
Fund balance - beginning of year	37,468	37,468	37,468	-
Fund balance - end of year	\$ 37,468	\$ -	\$ 38,594	\$ 38,594

**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Parks and Recreation Special Millage Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 1,573,399	\$ 1,581,886	\$ 1,575,972	\$ (5,914)
State and other sources	40,000	40,000	42,372	2,372
Interest income	13,000	25,000	30,443	5,443
Total revenues	1,626,399	1,646,886	1,648,787	1,901
<b>Expenditures</b>				
Capital outlay	414,900	518,781	162,603	(356,178)
Excess of revenues over expenditures	1,211,499	1,128,105	1,486,184	358,079
<b>Other Financing Uses</b>				
Transfers out	(1,307,850)	(1,307,850)	(1,307,850)	-
Net change in fund balance	(96,351)	(179,745)	178,334	358,079
Fund balance - beginning of year	705,905	705,905	705,905	-
Fund balance - end of year	\$ 609,554	\$ 526,160	\$ 884,239	\$ 358,079

**City of Farmington Hills  
Other Supplementary Information  
Budgetary Comparison Schedule  
Deferred Special Assessment Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Interest income	\$ 500	\$ 800	\$ 1,387	\$ 587
<b>Expenditures</b>				
General government	310	750	750	-
Excess of revenues over expenditures	190	50	637	587
<b>Other Financing Uses</b>				
Transfers out	-	-	(53,796)	(53,796)
Net change in fund balance	190	50	(53,159)	(53,209)
Fund balance - beginning of year	53,159	53,159	53,159	-
Fund balance - end of year	<u>\$ 53,349</u>	<u>\$ 53,209</u>	<u>\$ -</u>	<u>\$ (53,209)</u>



**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Special Assessments Fund - Local Roads**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Special assessments	\$ 543,797	\$ 525,431	\$ 502,673	\$ (22,758)
Interest income	126,485	92,913	104,026	11,113
Total revenues	<u>670,282</u>	<u>618,344</u>	<u>606,699</u>	<u>(11,645)</u>
<b>Expenditures</b>				
Public works	9,500	241,080	240,080	(1,000)
Debt service	1,241,001	285,789	285,588	(201)
Total expenditures	<u>1,250,501</u>	<u>526,869</u>	<u>525,668</u>	<u>(1,201)</u>
Excess (deficiency) of revenues over expenditures	<u>(580,219)</u>	<u>91,475</u>	<u>81,031</u>	<u>(10,444)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	955,213	-	-	-
Transfers out	(540,417)	(540,417)	(2,075,397)	(1,534,980)
Total other financing sources (uses)	<u>414,796</u>	<u>(540,417)</u>	<u>(2,075,397)</u>	<u>(1,534,980)</u>
Net change in fund balance	(165,423)	(448,942)	(1,994,366)	(1,545,424)
Fund balance - beginning of year	<u>1,994,366</u>	<u>1,994,366</u>	<u>1,994,366</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,828,943</u>	<u>\$ 1,545,424</u>	<u>\$ -</u>	<u>\$ (1,545,424)</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Building Authority Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Interest income	\$ -	\$ -	\$ 4	\$ 4
<b>Expenditures</b>				
Community and economic development	925	900	900	-
Debt service	988,638	988,638	988,638	-
Total expenditures	989,563	989,538	989,538	-
Excess (deficiency) of revenues over expenditures	(989,563)	(989,538)	(989,534)	4
<b>Other Financing Sources</b>				
Transfers in	989,638	989,638	989,638	-
Net change in fund balance	75	100	104	4
Fund balance - beginning of year	154	154	154	-
Fund balance - end of year	\$ 229	\$ 254	\$ 258	\$ 4

**City of Farmington Hills  
Other Supplementary Information  
Budgetary Comparison Schedule  
General Debt Service Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Local contributions	\$ 159,005	\$ 159,005	\$ 159,005	\$ -
Interest income	2,000	10,000	10,673	673
Other revenue	<u>81,000</u>	<u>82,000</u>	<u>81,174</u>	<u>(826)</u>
Total revenues	242,005	251,005	250,852	(153)
<b>Expenditures</b>				
Debt service	<u>617,313</u>	<u>617,213</u>	<u>616,962</u>	<u>(251)</u>
Excess (deficiency) of revenues over expenditures	<u>(375,308)</u>	<u>(366,208)</u>	<u>(366,110)</u>	<u>98</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,364,946	1,364,946	1,364,946	-
Transfers out	<u>(989,638)</u>	<u>(989,638)</u>	<u>(989,638)</u>	<u>-</u>
Total other financing sources (uses)	<u>375,308</u>	<u>375,308</u>	<u>375,308</u>	<u>-</u>
Net change in fund balance	-	9,100	9,198	98
Fund balance - beginning of year	<u>137,330</u>	<u>137,330</u>	<u>137,330</u>	<u>-</u>
Fund balance - end of year	<u>\$ 137,330</u>	<u>\$ 146,430</u>	<u>\$ 146,528</u>	<u>\$ 98</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Capital Improvement Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
<b>Revenues</b>				
State and other sources	\$ 900,000	\$ 900,000	\$ 370,877	\$ (529,123)
Interest income	17,000	45,000	97,914	52,914
Total revenues	917,000	945,000	468,791	(476,209)
<b>Expenditures</b>				
Capital outlay	8,093,371	10,113,767	6,659,672	(3,454,095)
Excess (deficiency) of revenues over expenditures	(7,176,371)	(9,168,767)	(6,190,881)	2,977,886
<b>Other Financing Sources</b>				
Sale of fixed assets	-	-	34,100	34,100
Transfers in	5,500,000	6,000,000	6,000,000	-
Total other financing sources	5,500,000	6,000,000	6,034,100	34,100
Net change in fund balance	(1,676,371)	(3,168,767)	(156,781)	3,011,986
Fund balance - beginning of year	3,781,070	3,781,070	3,781,070	-
Fund balance - end of year	\$ 2,104,699	\$ 612,303	\$ 3,624,289	\$ 3,011,986

**City of Farmington Hills**  
**Other Supplementary Information**  
**Budgetary Comparison Schedule**  
**Golf Course Capital Improvement Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Interest income	\$ 350	\$ 500	\$ 622	\$ 122
Other revenue	<u>32,000</u>	<u>32,000</u>	<u>30,821</u>	<u>(1,179)</u>
Total revenues	32,350	32,500	31,443	(1,057)
<b>Expenditures</b>				
Capital outlay	<u>58,205</u>	<u>52,706</u>	<u>52,705</u>	<u>(1)</u>
Deficiency of revenues over expenditures	(25,855)	(20,206)	(21,262)	(1,056)
<b>Other Financing Sources</b>				
Transfers in	<u>29,952</u>	<u>29,952</u>	<u>29,952</u>	<u>-</u>
Net change in fund balance	4,097	9,746	8,690	(1,056)
Fund balance - beginning of year	<u>18,372</u>	<u>18,372</u>	<u>18,372</u>	<u>-</u>
Fund balance - end of year	<u>\$ 22,469</u>	<u>\$ 28,118</u>	<u>\$ 27,062</u>	<u>\$ (1,056)</u>

**City of Farmington Hills  
Other Supplementary Information  
Budgetary Comparison Schedule  
Revolving Special Assessment Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Interest income	\$ 6,000	\$ 40,000	\$ 62,285	\$ 22,285
<b>Expenditures</b>				
Community and economic development	1,330	300	302	2
Excess of revenues over expenditures	4,670	39,700	61,983	22,283
<b>Other Financing Sources (Uses)</b>				
Transfers in	714,430	714,430	714,430	-
Transfers out	-	-	(3,221,516)	(3,221,516)
Total other financing sources (uses)	714,430	714,430	(2,507,086)	(3,221,516)
Net change in fund balance	719,100	754,130	(2,445,103)	(3,199,233)
Fund balance - beginning of year	2,445,103	2,445,103	2,445,103	-
Fund balance - end of year	<u>\$ 3,164,203</u>	<u>\$ 3,199,233</u>	<u>\$ -</u>	<u>\$ (3,199,233)</u>

**City of Farmington Hills  
Other Supplementary Information  
Budgetary Comparison Schedule  
Community Center Renovations Fund  
For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
<b>Revenues</b>				
Interest income	\$ 300	\$ 10,000	\$ 10,448	\$ 448
<b>Expenditures</b>				
Capital outlay	700,300	850,300	743,701	(106,599)
Excess (deficiency) of revenues over expenditures	(700,000)	(840,300)	(733,253)	107,047
<b>Other Financing Sources</b>				
Transfers in	700,000	800,000	800,000	-
Net change in fund balance	-	(40,300)	66,747	107,047
Fund balance - beginning of year	50,200	50,200	50,200	-
Fund balance - end of year	<u>\$ 50,200</u>	<u>\$ 9,900</u>	<u>\$ 116,947</u>	<u>\$ 107,047</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Fiduciary Funds**  
**Combining Statement of Fiduciary Net Position**  
**June 30, 2019**

	Employees' Retirement System	Postretirement Healthcare Finance Fund	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,482,335	\$ 4,956,933	\$ 11,439,268
Investments:			
Equities	93,679,150	48,751,054	142,430,204
Fixed income	6,705,429	14,843,242	21,548,671
Other	49,625,726	11,233,576	60,859,302
Receivables	80,744	31,865	112,609
Due from other funds	85,647	-	85,647
	<u>156,659,031</u>	<u>79,816,670</u>	<u>236,475,701</u>
<b>Liabilities</b>			
Accounts payable	148,475	64,750	213,225
Due to other funds	-	85,647	85,647
Due to primary government	20,349	659,415	679,764
	<u>168,824</u>	<u>809,812</u>	<u>978,636</u>
<b>Net Position</b>			
Held in trust for pension and other post employment benefits	<u>\$ 156,490,207</u>	<u>\$ 79,006,858</u>	<u>\$ 235,497,065</u>



**City of Farmington Hills**  
**Other Supplementary Information**  
**Fiduciary Funds**  
**Combining Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2019**

	Employees' Retirement System	Postretirement Healthcare Finance Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 5,762,354	\$ 767,528	\$ 6,529,882
Employee	917,588	237,683	1,155,271
Total contributions	<u>6,679,942</u>	<u>1,005,211</u>	<u>7,685,153</u>
<b>Investment earnings</b>			
Interest and dividends	2,597,028	1,805,984	4,403,012
Net change in fair value of investments	<u>4,982,951</u>	<u>2,365,208</u>	<u>7,348,159</u>
Total investment earnings	7,579,979	4,171,192	11,751,171
Less investment expense	<u>(1,378,486)</u>	<u>(589,156)</u>	<u>(1,967,642)</u>
Net investment earnings	<u>6,201,493</u>	<u>3,582,036</u>	<u>9,783,529</u>
Total additions	<u>12,881,435</u>	<u>4,587,247</u>	<u>17,468,682</u>
<b>Deductions</b>			
Benefit payments	12,010,440	2,657,762	14,668,202
Refunds of contributions	<u>6,704</u>	<u>75,637</u>	<u>82,341</u>
Total deductions	<u>12,017,144</u>	<u>2,733,399</u>	<u>14,750,543</u>
Change in net position	864,291	1,853,848	2,718,139
Net position restricted for pension and other post employment benefits - beginning of year	<u>155,625,916</u>	<u>77,153,010</u>	<u>232,778,926</u>
Net position restricted for pension and other post employment benefits - end of year	<u>\$ 156,490,207</u>	<u>\$ 79,006,858</u>	<u>\$ 235,497,065</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Agency Funds**  
**Combining Statement of Assets and Liabilities**  
**June 30, 2019**

	<u>Tax Collections</u>	<u>General Agency</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 36,048	\$ 504,148	\$ 540,196
Investments	23,644	5,234,263	5,257,907
Receivables	-	2,413	2,413
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 59,692</u>	<u>\$ 5,740,824</u>	<u>\$ 5,800,516</u>
<b>Liabilities</b>			
Other liabilities	40,557	1,429,818	1,470,375
Refundable deposits and bonds	19,135	4,311,006	4,330,141
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 59,692</u>	<u>\$ 5,740,824</u>	<u>\$ 5,800,516</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**June 30, 2019**

	Tax Collections			
	July 1, 2018	Additions	Deductions	
<b>Assets</b>				
Cash and cash equivalents	\$ 60,337	107,393,173	107,417,462	\$ 36,048
Investments	-	45,531	21,887	23,644
Due from other funds	-	507	507	-
	<u>60,337</u>	<u>107,439,211</u>	<u>107,439,856</u>	<u>59,692</u>
Total assets	<u>\$ 60,337</u>	<u>\$ 107,439,211</u>	<u>\$ 107,439,856</u>	<u>\$ 59,692</u>
<b>Liabilities</b>				
Tax collections distributable	\$ -	\$ 107,749,781	\$ 107,749,781	\$ -
Other liabilities	40,945	40,557	40,945	40,557
Refundable deposits and bonds	19,392	19,135	19,392	19,135
	<u>60,337</u>	<u>107,809,473</u>	<u>107,810,118</u>	<u>59,692</u>
Total liabilities	<u>\$ 60,337</u>	<u>\$ 107,809,473</u>	<u>\$ 107,810,118</u>	<u>\$ 59,692</u>
<b>General Agency</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,718,576	8,721,435	9,935,863	\$ 504,148
Investments	3,118,941	8,534,214	6,418,892	5,234,263
Receivables	29,413	3,506	30,506	2,413
	<u>4,866,930</u>	<u>17,259,155</u>	<u>16,385,261</u>	<u>5,740,824</u>
Total assets	<u>\$ 4,866,930</u>	<u>\$ 17,259,155</u>	<u>\$ 16,385,261</u>	<u>\$ 5,740,824</u>
<b>Liabilities</b>				
Other liabilities	996,766	2,752,521	2,319,469	1,429,818
Refundable deposits and bonds	3,870,164	1,600,337	1,159,495	4,311,006
	<u>4,866,930</u>	<u>4,352,858</u>	<u>3,478,964</u>	<u>5,740,824</u>
Total liabilities	<u>\$ 4,866,930</u>	<u>\$ 4,352,858</u>	<u>\$ 3,478,964</u>	<u>\$ 5,740,824</u>

**City of Farmington Hills**  
**Other Supplementary Information**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**June 30, 2019**

	Total Agency Funds			
	July 1, 2018	Additions	Deductions	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,778,913	116,114,608	117,353,325	\$ 540,196
Investments	3,118,941	8,579,745	6,440,779	5,257,907
Receivables	29,413	3,506	30,506	2,413
Due from other funds	-	507	507	-
	<u>-</u>	<u>507</u>	<u>507</u>	<u>-</u>
Total assets	<u>\$ 4,927,267</u>	<u>\$ 124,698,366</u>	<u>\$ 123,825,117</u>	<u>\$ 5,800,516</u>
<b>Liabilities</b>				
Tax collections distributable	\$ -	\$ 107,749,781	\$ 107,749,781	\$ -
Other liabilities	1,037,711	2,793,078	2,360,414	1,470,375
Refundable deposits and bonds	3,889,556	1,619,472	1,178,887	4,330,141
	<u>3,889,556</u>	<u>1,619,472</u>	<u>1,178,887</u>	<u>4,330,141</u>
Total liabilities	<u>\$ 4,927,267</u>	<u>\$ 112,162,331</u>	<u>\$ 111,289,082</u>	<u>\$ 5,800,516</u>

# City of Farmington Hills

## Description of Statistical Section

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

### Contents

#### **Financial Trends:**

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

#### **Revenue Capacity:**

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

#### **Debt Capacity:**

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

#### **Demographic Information:**

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

#### **Operating Information:**

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

### Sources

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>										
Net investment in capital assets	\$ 140,816,579	\$ 144,671,857	\$ 139,887,283	\$ 134,600,611	\$ 133,625,640	\$ 132,814,511	\$ 136,304,301	\$ 140,687,061	\$ 142,784,702	\$ 152,362,081
Restricted	12,389,692	12,908,263	14,068,925	16,437,051	16,177,067	14,835,556	17,383,179	25,378,243	27,368,668	14,735,839
Unrestricted	17,849,645	13,872,733	16,988,436	23,076,629	23,858,724	6,399,143	5,341,244	(914,254)	5,817,769	(2,327,893)
Total net position	<u>\$ 171,055,916</u>	<u>\$ 171,452,853</u>	<u>\$ 170,944,644</u>	<u>\$ 174,114,291</u>	<u>\$ 173,661,431</u>	<u>\$ 154,049,210</u>	<u>\$ 159,028,724</u>	<u>\$ 165,151,050</u>	<u>\$ 175,971,139</u>	<u>\$ 164,770,027</u>
<b>Business-type Activities:</b>										
Net investment in capital assets	\$ 80,875,970	\$ 77,009,256	\$ 75,525,323	\$ 73,672,425	\$ 73,322,194	\$ 65,547,709	\$ 72,467,388	\$ 66,261,936	\$ 66,690,516	\$ 66,301,953
Unrestricted	59,332,378	60,957,980	61,849,983	65,142,322	64,951,514	72,052,142	67,206,707	75,685,405	77,017,904	78,451,561
Total net position	<u>\$ 140,208,348</u>	<u>\$ 137,967,236</u>	<u>\$ 137,375,306</u>	<u>\$ 138,814,747</u>	<u>\$ 138,273,708</u>	<u>\$ 137,599,851</u>	<u>\$ 139,674,095</u>	<u>\$ 141,947,341</u>	<u>\$ 143,708,420</u>	<u>\$ 144,753,514</u>
<b>Primary Government in Total:</b>										
Net investment in capital assets	\$ 221,692,549	\$ 221,681,113	\$ 215,412,606	\$ 208,273,036	\$ 206,947,834	\$ 198,362,220	\$ 208,771,689	\$ 206,948,997	\$ 209,475,218	\$ 218,664,034
Restricted	12,389,692	12,908,263	14,068,925	16,437,051	16,177,067	14,835,556	17,383,179	25,378,243	27,368,668	14,735,839
Unrestricted	77,182,023	74,830,713	78,838,419	88,218,951	88,810,238	78,451,285	72,547,951	74,771,151	82,835,673	76,123,668
Total net position	<u>\$ 311,264,264</u>	<u>\$ 309,420,089</u>	<u>\$ 308,319,950</u>	<u>\$ 312,929,038</u>	<u>\$ 311,935,139</u>	<u>\$ 291,649,061</u>	<u>\$ 298,702,819</u>	<u>\$ 307,098,391</u>	<u>\$ 319,679,559</u>	<u>\$ 309,523,541</u>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses:</b>										
General government	\$ 11,834,878	\$ 11,447,146	\$ 11,860,089	\$ 11,601,249	\$ 14,315,814	\$ 13,799,558	\$ 16,208,153	\$ 12,966,197	\$ 15,467,484	\$ 17,593,114
Public safety	29,303,406	28,145,708	27,907,504	27,976,966	26,778,223	30,663,569	31,598,884	32,569,828	33,101,621	38,570,736
Public services	15,012,680	14,050,633	16,618,458	17,153,100	18,265,922	17,710,227	19,333,197	20,560,119	20,309,790	27,456,946
Community and economic development	2,627,503	2,551,394	2,127,764	2,221,027	1,383,537	1,582,677	2,175,213	1,938,615	1,995,922	1,925,343
Recreation and culture	8,660,742	8,292,558	9,656,597	9,423,101	8,470,535	8,774,076	9,000,976	8,990,365	9,769,002	8,664,042
Interest on long-term debt	1,542,089	820,126	826,341	852,817	704,688	734,698	499,969	571,203	521,785	470,284
Total expenses	68,981,298	65,307,565	68,996,753	69,228,260	69,918,719	73,264,805	78,816,392	77,596,327	81,165,604	94,680,465
<b>Program revenues:</b>										
Charges for services										
General government	4,290,538	4,454,832	4,266,458	4,881,804	4,952,419	4,982,503	5,623,842	5,825,246	5,248,109	7,827,566
Public safety	1,609,738	1,998,642	1,785,872	1,839,403	1,858,740	2,115,647	2,098,423	2,170,085	2,070,345	2,332,747
Public services	2,381,587	606,504	3,732,813	3,425,246	2,162,983	1,929,655	2,135,470	2,046,939	2,174,599	3,809,043
Community & economic development	521,998	320,955	339,168	684,312	226,124	352,890	561,734	368,733	80,679	-
Recreation and culture	3,287,044	3,259,108	4,733,470	4,502,148	4,403,579	4,450,090	4,638,028	4,744,048	4,858,219	4,840,888
Total charges for services	12,090,905	10,640,041	14,857,781	15,332,913	13,603,845	13,830,785	15,057,497	15,155,051	14,431,951	18,810,244
Operating grants and contributions	8,331,014	7,329,185	7,622,017	7,302,716	7,938,020	8,858,842	11,345,832	16,625,862	11,125,360	12,322,939
Capital grants and contributions	2,509,096	2,171,050	952,324	141,774	209,289	331,999	148,957	175,637	851,238	-
Total program revenue	22,931,015	20,140,276	23,432,122	22,777,403	21,751,154	23,021,626	26,552,286	31,956,550	26,408,549	31,133,183
<b>Excess of Expenses Over Program Revenue</b>	<b>(46,050,283)</b>	<b>(45,167,289)</b>	<b>(45,564,631)</b>	<b>(46,450,857)</b>	<b>(48,167,565)</b>	<b>(50,243,179)</b>	<b>(52,264,106)</b>	<b>(45,639,777)</b>	<b>(54,757,055)</b>	<b>(63,547,282)</b>
<b>General revenues:</b>										
Property taxes	41,422,186	37,311,396	36,296,428	40,043,211	38,910,074	39,015,386	46,644,560	46,432,310	48,612,050	50,044,486
State-shared revenues	5,655,971	5,668,550	6,162,235	6,164,601	6,359,066	6,477,230	6,773,437	7,824,407	8,112,310	8,589,005
Investment earnings	433,574	281,532	329,190	352,239	414,038	396,972	718,517	518,714	879,918	1,872,340
Gain (loss) on disposal	(109,127)	-	-	1,266	-	-	-	-	-	144,963
Special Items	-	-	-	-	-	-	-	-	-	(8,982,681)
Miscellaneous	520,769	1,171,166	2,282,454	3,048,777	2,083,279	3,401,950	3,107,106	2,625,365	3,113,354	680,257
Total general revenues	47,923,373	44,432,644	45,070,307	49,610,094	47,766,457	49,291,538	57,243,620	57,400,796	60,717,632	52,348,370
<b>Transfers</b>	<b>(690,431)</b>	<b>1,131,582</b>	<b>(13,885)</b>	<b>10,410</b>	<b>(51,752)</b>	<b>(59,369)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>\$ 1,182,659</b>	<b>\$ 396,937</b>	<b>\$ (508,209)</b>	<b>\$ 3,169,647</b>	<b>\$ (452,860)</b>	<b>\$ (1,011,010)</b>	<b>\$ 4,979,514</b>	<b>\$ 11,761,019</b>	<b>\$ 5,960,577</b>	<b>\$ (11,198,912)</b>

Source: Annual financial statements

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Program Revenue</b>										
Water and sewer	\$ 23,908,712	\$ 24,279,215	\$ 26,095,005	\$ 27,328,342	\$ 24,749,466	\$ 25,401,057	\$ 26,460,743	\$ 27,747,324	\$ 27,029,571	\$ 29,546,893
Ice arena	1,219,251	1,184,769	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	598,881	271,651	89,998	184,920	281,559	352,150	265,413	847,316	2,204,688	713,391
Capital and debt service charges	-	-	-	-	-	-	-	-	-	-
Total program revenue	25,726,844	25,735,635	26,185,003	27,513,262	25,031,025	25,753,207	26,726,156	28,594,640	29,234,259	30,260,284
<b>Operating Expenses</b>										
Water and sewer	24,571,599	26,181,647	27,121,031	26,084,669	26,344,508	26,769,838	24,962,971	26,340,919	27,618,360	30,060,159
Ice arena	1,272,895	1,229,841	-	-	-	-	-	-	-	-
Interest expense	142,699	120,815	-	164,044	166,488	322,305	426,514	556,588	781,888	980,526
Other	5,950	34,972	36,645	39,405	40,745	-	-	-	-	-
Total operating expenses	25,993,143	27,567,275	27,157,676	26,288,118	26,551,741	27,092,143	25,389,485	26,897,507	28,400,248	31,040,685
<b>Net (Expenses) Revenue</b>	(266,299)	(1,831,640)	(972,673)	1,225,144	(1,520,716)	(1,338,936)	1,336,671	1,697,133	834,011	(780,401)
<b>General Revenue - Investment earnings and other</b>	914,399	722,110	366,858	231,707	920,925	605,710	737,573	576,113	927,068	1,825,495
<b>Transfers</b>	690,431	(1,131,582)	13,885	(10,410)	51,752	59,369	-	-	-	-
<b>Total Change in Net Position</b>	\$ 1,338,531	\$ (2,241,112)	\$ (591,930)	\$ 1,446,441	\$ (548,039)	\$ (673,857)	\$ 2,074,244	\$ 2,273,246	\$ 1,761,079	\$ 1,045,094
<b>Change in Net Position - Primary Government</b>	\$ 2,521,190	\$ (1,844,175)	\$ (1,100,139)	\$ 4,616,088	\$ (1,000,899)	\$ (1,684,867)	\$ 7,053,758	\$ 14,034,265	\$ 7,721,656	\$ (10,153,818)



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund:</b>										
Reserved	\$ 1,417,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	12,307,283	-	-	-	-	-	-	-	-	-
Nonspendable	-	1,117,317	945,439	893,952	996,654	839,501	1,032,308	983,364	838,111	867,649
Committed	-	-	-	-	22,408	22,408	22,409	22,409	22,409	-
Assigned	-	4,155,457	7,017,349	11,577,446	12,178,626	12,888,638	16,409,880	17,599,194	19,224,548	20,714,136
Unassigned	-	9,437,112	10,048,155	10,704,367	11,599,339	13,987,360	13,418,341	14,558,909	14,941,090	15,684,325
Total general fund	13,725,098	14,709,886	18,010,943	23,175,765	24,797,027	27,737,907	30,882,938	33,163,876	35,026,158	37,266,110
<b>All other governmental funds:</b>										
Unreserved reported in:										
Special revenue funds	8,767,426	-	-	-	-	-	-	-	-	-
Capital project funds	5,742,432	-	-	-	-	-	-	-	-	-
Debt service funds	1,941,551	-	-	-	(279,629)	-	-	-	-	-
Nonspendable										
Special revenue funds	-	-	122,063	-	-	32	-	199,698	-	-
Capital project funds	-	-	-	-	-	2,405	-	-	78,500	-
Restricted										
Special revenue funds	-	7,161,071	6,696,348	8,125,155	8,532,419	8,217,395	9,301,626	10,213,655	16,215,802	18,117,308
Capital project funds	-	2,308	-	-	796,306	-	-	-	-	-
Debt service funds	-	1,620,018	910,852	2,090,379	2,177,737	2,097,263	2,113,034	2,094,668	1,994,366	-
Committed										
Special revenue funds	-	53,029	52,953	52,673	52,534	52,536	52,986	52,997	53,159	-
Capital project funds	-	500,606	1,125,361	1,937,953	643,726	241,695	874,876	1,670,443	2,445,103	-
Assigned										
Special revenue funds	-	-	-	-	-	150,000	-	-	-	-
Capital project funds	-	3,678,552	3,745,413	4,599,724	2,386,920	2,126,379	2,902,057	1,778,128	3,771,142	3,768,298
Debt service funds	-	165,439	186,844	9,549	164,698	162,297	162,344	144,293	137,484	146,786
Total other governmental funds	\$ 16,451,409	\$ 13,181,023	\$ 12,839,834	\$ 16,815,433	\$ 14,474,711	\$ 13,050,002	\$ 15,406,923	\$ 16,153,882	\$ 24,695,556	\$ 22,032,392

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenue</b>										
Property taxes	\$ 41,422,186	\$ 37,310,917	\$ 36,296,428	\$ 40,042,754	\$ 38,909,350	\$ 39,244,016	\$ 46,644,560	\$ 46,432,310	\$ 48,612,050	\$ 50,218,109
Special assessments	1,371,632	1,180,232	825,939	1,522,384	1,103,197	954,676	1,267,377	2,102,178	2,284,000	1,402,272
Licenses and permits	696,238	959,129	828,944	1,392,631	1,357,184	1,224,287	1,558,094	1,913,682	1,417,161	1,783,163
Federal grants	1,657,364	1,570,264	1,553,090	1,574,646	1,250,376	1,187,938	1,321,952	1,528,952	1,345,653	963,179
State-shared revenue and grants	11,261,806	11,403,975	12,065,581	12,070,546	12,822,738	13,441,669	14,284,441	15,546,926	17,428,020	19,179,709
Other grants and contributions	1,244,571	78,239	9,442	167,114	255,452	280,500	254,787	259,606	273,269	174,372
Charges for services	8,009,200	8,296,569	10,094,367	10,391,874	9,598,537	10,228,020	11,020,824	10,939,531	11,062,483	11,407,257
Fines and forfeitures	2,490,154	2,264,792	2,149,847	2,113,071	2,141,689	2,179,726	2,145,354	2,006,801	2,085,541	2,197,948
Investment income	433,574	281,532	329,190	352,239	414,038	396,972	718,517	518,714	879,918	1,926,079
Other and equipment rental	927,003	1,199,417	2,649,834	2,748,202	2,239,825	3,192,688	2,686,204	2,883,400	3,691,309	3,067,183
<b>Total revenue</b>	<b>69,513,728</b>	<b>64,545,066</b>	<b>66,802,662</b>	<b>72,375,461</b>	<b>70,092,386</b>	<b>72,330,492</b>	<b>81,902,110</b>	<b>84,132,100</b>	<b>89,079,404</b>	<b>92,319,271</b>
<b>Expenditures</b>										
Current:										
General government	11,168,240	9,944,032	9,927,183	9,786,890	13,584,599	12,087,690	11,924,336	12,354,442	12,700,889	12,896,343
Public safety	28,579,181	26,678,671	26,872,083	26,737,217	26,920,590	28,781,433	28,583,053	29,916,423	30,556,875	30,825,852
Public services	9,627,908	8,842,900	12,120,024	12,114,741	12,863,648	12,388,557	14,299,423	15,523,489	14,115,430	19,879,270
Community and economic development	2,678,034	2,544,986	2,049,923	2,173,913	1,542,280	1,559,679	2,141,207	2,024,943	1,984,459	1,924,657
Recreation and culture	7,071,455	7,000,012	7,869,482	7,697,595	7,102,151	7,521,804	7,789,813	7,862,950	8,488,297	8,642,314
Capital outlay	18,219,667	8,672,572	2,347,706	5,571,436	5,980,088	5,695,657	9,723,407	21,574,339	8,069,908	15,913,541
Debt service principal	2,510,789	2,492,362	1,886,273	1,823,071	2,120,284	2,130,512	1,550,231	1,640,000	2,410,000	2,355,000
Debt service interest and fees	1,621,958	840,828	811,236	886,949	707,455	737,302	480,992	571,018	533,763	490,901
<b>Total expenditures</b>	<b>81,477,232</b>	<b>67,016,363</b>	<b>63,883,910</b>	<b>66,791,812</b>	<b>70,821,095</b>	<b>70,902,634</b>	<b>76,492,462</b>	<b>91,467,604</b>	<b>78,859,621</b>	<b>92,927,878</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(11,963,504)</b>	<b>(2,471,297)</b>	<b>2,918,752</b>	<b>5,583,649</b>	<b>(728,709)</b>	<b>1,427,858</b>	<b>5,409,648</b>	<b>(7,335,504)</b>	<b>10,219,783</b>	<b>(608,607)</b>
<b>Other Financing Sources (Uses)</b>										
Debt issuance	-	-	-	3,523,547	-	-	-	14,015,246	-	-
Transfers in	9,612,220	6,637,322	6,644,366	10,143,304	10,402,521	10,291,938	14,270,227	17,870,989	16,749,125	22,750,816
Transfers out	(10,302,651)	(6,795,012)	(6,658,251)	(10,132,894)	(10,454,273)	(10,351,307)	(14,270,227)	(17,870,989)	(16,749,125)	(22,750,816)
Proceeds from sale of fixed assets	164,063	343,389	55,001	22,815	61,001	147,682	92,304	112,115	184,173	185,395
Debt defeasance	-	-	-	-	-	-	-	(3,763,960)	-	-
<b>Total other financing sources (uses)</b>	<b>(526,368)</b>	<b>185,699</b>	<b>41,116</b>	<b>3,556,772</b>	<b>9,249</b>	<b>88,313</b>	<b>92,304</b>	<b>10,363,401</b>	<b>184,173</b>	<b>185,395</b>
<b>Net change in fund balances</b>	<b>(12,489,872)</b>	<b>(2,285,598)</b>	<b>2,959,868</b>	<b>9,140,421</b>	<b>(719,460)</b>	<b>1,516,171</b>	<b>5,501,952</b>	<b>3,027,897</b>	<b>10,403,956</b>	<b>(423,212)</b>
<b>Fund Balances - Beginning of year</b>	<b>42,666,379</b>	<b>30,176,507</b>	<b>27,890,909</b>	<b>30,850,777</b>	<b>39,991,198</b>	<b>39,271,738</b>	<b>40,787,909</b>	<b>46,289,861</b>	<b>49,317,758</b>	<b>59,721,714</b>
<b>Fund Balances - End of year</b>	<b>\$ 30,176,507</b>	<b>\$ 27,890,909</b>	<b>\$ 30,850,777</b>	<b>\$ 39,991,198</b>	<b>\$ 39,271,738</b>	<b>\$ 40,787,909</b>	<b>\$ 46,289,861</b>	<b>\$ 49,317,758</b>	<b>\$ 59,721,714</b>	<b>\$ 59,298,502</b>
Ratio of Total Debt Service to Noncapital Expenditures	6.53%	5.71%	4.38%	4.43%	4.36%	4.40%	3.04%	3.16%	4.16%	3.70%

Source: Annual Financial Statements

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

Tax Year	Residential	Commercial	Industrial	Personal Property	IFT	Total Value	Tax Rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
2010	\$ 2,265,145,125	\$ 842,383,500	\$ 246,302,990	\$ 259,823,290	\$ 1,962,820	\$ 3,615,617,725	10.0216	\$ 3,681,476,945	98.21%
2011	2,070,714,280	814,312,450	146,524,070	252,232,440	2,145,600	3,285,928,840	10.6180	3,316,262,400	99.09%
2012	1,998,603,460	734,201,260	102,233,330	245,166,290	1,871,620	3,082,075,960	12.3506	3,109,995,440	99.10%
2013	2,019,538,140	683,545,680	92,935,440	247,268,750	2,557,680	3,045,845,690	12.3538	3,087,553,500	98.65%
2014	2,071,108,470	654,855,950	92,381,530	235,714,160	2,101,850	3,056,161,960	12.3806	3,260,293,240	93.74%
2015	2,140,673,280	647,245,830	94,923,440	245,515,980	1,515,030	3,129,873,560	14.3908	3,555,094,530	88.04%
2016	2,181,346,960	649,105,680	93,312,600	203,299,780	1,036,930	3,128,101,950	14.3273	3,752,944,510	83.35%
2017	2,244,198,190	666,176,630	94,984,180	202,500,580	929,350	3,208,788,930	14.6569	3,975,835,450	80.71%
2018	2,328,645,800	686,193,840	105,437,480	195,872,700	846,360	3,316,996,180	14.5794	4,151,773,160	79.89%
2019	2,424,630,660	715,406,880	111,975,400	207,556,420	667,030	3,460,236,390	17.1905	4,407,606,380	78.51%

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

Source: City Assessing Department records

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

Tax Year	General		Voted Special	Total Direct	Overlapping Taxes							State	School: Homestead	School: Homestead	School: Homestead	School: Non-Homestead	School: Non-Homestead	School: Non-Homestead	Zoo	Art Institute
	Operating	Debt	Purpose	Taxes	County	OCPTA	Library	Oakland Community College	Schoolcraft Community College	Intermediate School District	Education	Farmington	Clarenceville	Walled Lake	Farmington	Clarenceville	Walled Lake	Authority		
2009	7.5301	0.5269	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690	6.0000	10.1442	5.1146	6.4793	19.8000	22.5000	22.5000	0.1000	-	
2010	7.4089	0.6481	1.9646	10.0216	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690	6.0000	12.0278	5.1922	6.7508	20.1000	22.5000	22.5000	0.1000	-	
2011	8.1522	0.5012	1.9646	10.6180	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690	6.0000	12.3334	4.5000	6.8812	20.1800	22.5000	22.5000	0.1000	-	
2012	8.1163	0.5697	3.6646	12.3506	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690	6.0000	13.3810	4.5000	7.0254	20.5600	22.5000	22.5600	0.1000	0.2000	
2013	8.0579	0.6313	3.6646	12.3538	4.6461	0.5900	1.5856	1.5844	1.7967	3.3690	6.0000	13.0140	4.5000	7.4730	20.5600	22.5000	23.1445	0.1000	0.2000	
2014	8.0792	0.6368	3.6646	12.3806	4.6461	1.0000	1.5856	1.5844	1.7967	3.3690	6.0000	11.7472	4.5000	7.6843	20.2600	22.5000	23.4872	0.1000	0.2000	
2015	8.2774	0.4488	5.6646	14.3908	4.5456	0.9998	1.5856	1.5819	1.7967	3.3633	6.0000	12.4418	4.5000	7.2841	21.4400	22.5000	23.1180	0.0998	0.1996	
2016	8.2218	0.4671	5.6384	14.3273	4.4938	0.9941	1.5781	1.5707	1.7880	3.3398	6.0000	12.1482	4.5000	7.0150	21.4400	22.5000	22.9279	0.0990	0.1981	
2017	8.6232	0.4434	5.5903	14.6569	4.4908	0.9863	1.5644	1.5555	1.7766	3.3079	6.0000	11.4268	4.5000	6.9458	21.3000	22.5000	20.4179	0.0980	0.1961	
2018	8.6410	0.3892	5.5492	14.5794	4.4878	1.0000	1.5517	1.5431	1.7662	3.2813	6.0000	11.3026	4.4626	6.7968	21.3000	22.4626	22.5643	0.0982	0.1945	

Note: Includes Capital, Refuse Removal and Economic Development Millages

Source: City Assessing Department records

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

	Taxpayer	2019 Taxable Value	Percentage of Total	2010 Taxable Value	Percentage of Total	2010 Rank
1	Oakland Management Co.	\$ 67,477,830	1.95	\$ 75,084,240	2.08	1
2	Detroit Edison	38,573,090	1.11	25,745,980	0.71	5
3	Consumers Energy	22,588,800	0.65	6,983,130	N/A	N/A
4	FH Corporate Investors (Kojaian)	21,870,800	0.63	50,356,830	1.39	2
5	Independence Green Apts.	20,468,510	0.59	16,079,590	0.44	11
6	Green Hill Apartments	18,384,510	0.53	16,103,890	0.45	10
7	Nissan Corp.	15,044,400	0.43	36,201,380	1.00	4
8	Finsilver Friedman	14,857,450	0.43	13,509,040	N/A	N/A
9	Ramco/Lion Venture LP	14,789,880	0.43	18,539,840	0.51	7
10	Robert Bosch Corp	13,634,890	0.39	39,446,180	1.09	3

Source: City Assessing Department Records

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

Fiscal Year	Total Levy (1)		Collections		Delinquent Collections		Percent of Levy	
				Percent Collected	(Real)	Total Tax Collections	Collected	
2010	\$	41,425,383	\$	40,166,471	96.96%	\$ 987,383	\$ 41,153,854	99.34%
2011		35,915,797		34,911,860	97.20%	915,419	35,827,279	99.75%
2012		34,427,859		33,549,142	97.45%	854,721	34,403,863	99.93%
2013		37,762,324		36,966,855	97.89%	670,497	37,637,352	99.67%
2014		37,629,773		36,922,255	98.12%	650,236	37,572,491	99.85%
2015		37,756,272		37,247,698	98.65%	464,793	37,712,491	99.88%
2016		44,773,169		44,164,096	98.64%	563,701	44,727,797	99.90%
2017		44,753,190		44,190,157	98.74%	525,565	44,715,722	99.92%
2018		46,939,639		46,311,617	98.66%	585,082	46,896,699	99.91%
2019		48,336,062		47,730,339	98.75%	556,469	48,286,808	99.90%

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

Source: City Treasurer's Office records

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities:</b>										
General obligation bonds	\$ 17,280,000	\$ 18,246,250	\$ 16,953,750	\$ 16,574,800	\$ 15,521,374	\$ 13,772,393	\$ 12,492,161	\$ 11,216,930	\$ 9,701,699	\$ 8,015,000
County contractual obligations	1,590,821	483,459	372,186	245,565	122,781	-	-	-	-	-
Special assessment bonds	<u>1,295,000</u>	<u>750,000</u>	<u>300,000</u>	<u>2,495,000</u>	<u>2,135,000</u>	<u>1,860,000</u>	<u>1,590,000</u>	<u>11,496,034</u>	<u>10,539,376</u>	<u>9,110,000</u>
Total governmental activities	<u>20,165,821</u>	<u>19,479,709</u>	<u>17,625,936</u>	<u>19,315,365</u>	<u>17,779,155</u>	<u>15,632,393</u>	<u>14,082,161</u>	<u>22,712,964</u>	<u>20,241,075</u>	<u>17,125,000</u>
<b>Business-type Activities:</b>										
General obligation bonds	2,345,000	-	-	-	-	-	-	-	-	-
County contractual obligations	-	-	-	<u>6,800,000</u>	<u>6,570,000</u>	<u>16,712,242</u>	<u>18,974,676</u>	<u>29,980,124</u>	<u>31,384,402</u>	<u>30,079,768</u>
Total business-type activities	<u>2,345,000</u>	<u>-</u>	<u>-</u>	<u>6,800,000</u>	<u>6,570,000</u>	<u>16,712,242</u>	<u>18,974,676</u>	<u>29,980,124</u>	<u>31,384,402</u>	<u>30,079,768</u>
<b>Total Debt of the Government</b>	<b>\$ 22,510,821</b>	<b>\$ 19,479,709</b>	<b>\$ 17,625,936</b>	<b>\$ 26,115,365</b>	<b>\$ 24,349,155</b>	<b>\$ 32,344,635</b>	<b>\$ 33,056,837</b>	<b>\$ 52,693,088</b>	<b>\$ 51,625,477</b>	<b>\$ 47,204,768</b>
<b>Total Taxable Value</b>	\$ 4,165,008,570	\$ 3,619,696,470	\$ 3,283,783,240	\$ 3,080,204,340	\$ 3,043,288,010	\$ 3,054,060,110	\$ 3,128,358,530	\$ 3,127,065,020	\$ 3,207,859,580	\$ 3,207,859,580
<b>Ratio of Total Debt to Taxable Value</b>	0.54%	0.54%	0.54%	0.85%	0.80%	1.06%	1.06%	1.69%	1.61%	1.47%
<b>Total Population</b>	79,740	79,740	79,777	80,895	81,798	81,910	81,412	81,803	81,129	81,093
<b>Total Debt per Capita</b>	\$ 282	\$ 244	\$ 221	\$ 323	\$ 298	\$ 395	\$ 406	\$ 644	\$ 636	\$ 582
<b>Per Capita Personal Income</b>	\$ 2,251,971,438	\$ 2,275,400,877	\$ 2,277,570,573	\$ 2,322,591,765	\$ 2,356,493,265	\$ 2,382,461,814	\$ 2,370,596,289	\$ 2,367,002,730	\$ 2,317,845,555	\$ 2,349,102,738
<b>Ratio of Debt to Personal Income</b>	1.00%	0.86%	0.77%	1.12%	1.03%	1.36%	1.39%	2.23%	2.23%	2.01%

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

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

Fiscal Year Ended June 30	Advalorem + IFT Assessed Value (SEV)	Estimated Population	General Bonded Debt Outstanding	Obligation Debt to Assessed Value (Percent)	General Obligation Debt per Capita
2010	\$ 4,300,702,530	79,740	\$ 17,280,000	0.40%	\$ 217
2011	3,681,476,945	79,740	18,246,250	0.50%	229
2012	3,316,262,400	79,777	16,953,750	0.51%	213
2013	3,109,995,440	80,895	16,574,800	0.53%	205
2014	3,087,553,500	81,798	15,521,374	0.50%	190
2015	3,260,293,240	81,910	13,772,393	0.42%	168
2016	3,555,094,530	81,412	12,492,161	0.35%	153
2017	3,752,944,510	81,803	11,216,930	0.30%	137
2018	3,975,835,450	81,129	9,701,699	0.24%	120
2019	4,151,773,160	81,093	8,015,000	0.19%	99

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

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

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



**City of Farmington Hills**  
**Direct and Overlapping Governmental Activities Debt**  
**June 30, 2019**  
**(Unaudited)**

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Farmington Hills Taxpayers	Amount Applicable to Farmington Hills Taxpayers
Direct Debt - City of Farmington Hills	\$ 17,125,000	100.00%	\$ 17,125,000
Overlapping debt:			
Farmington School District	115,845,000	86.75%	100,495,538
Walled Lake School District	154,475,000	3.05%	4,711,488
Oakland County at Large	314,844,309	5.73%	18,040,579
Oakland County Intermediate School District	43,855,000	5.75%	2,521,663
Schoolcraft Community College	<u>28,160,000</u>	<u>0.63%</u>	<u>177,408</u>
Total overlapping debt	640,085,795		125,946,675
Total direct and overlapping debt	<u>\$ 657,210,795</u>		<u>\$ 143,071,675</u>

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

Source: City Records and the Municipal Advisory Council of Michigan

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Debt Limit (Fiscal Year Ended) (1)</b>										
State equalized valuation (previous year)	\$ 4,300,702,530	\$ 3,681,476,945	\$ 3,316,262,400	\$ 3,109,995,440	\$ 3,087,553,500	\$ 3,260,293,240	\$ 3,555,094,530	\$ 3,751,907,580	\$ 3,974,906,100	\$ 4,151,773,160
Debt limit (10 percent of SEV) (2)	430,070,253	368,147,695	331,626,240	310,999,544	308,755,350	326,029,324	355,509,453	375,190,758	397,490,610	415,177,316
<b>Debt Applicable to Debt Limit</b>										
Total bonded debt	22,510,821	19,479,709	17,625,936	26,115,365	24,349,155	32,344,635	33,056,837	52,693,088	52,693,088	47,204,768
Less deductions allowed by law:										
Special Assessment Bonds	1,295,000	750,000	300,000	2,495,000	2,135,000	1,860,000	1,590,000	11,496,034	11,496,034	9,110,000
<b>Total amount of debt applicable to debt limit</b>	21,215,821	18,729,709	17,325,936	23,620,365	22,214,155	30,484,635	31,466,837	41,197,054	41,197,054	38,094,768
<b>Legal Debt Margin</b>	<b>\$ 408,854,432</b>	<b>\$ 349,417,986</b>	<b>\$ 314,300,304</b>	<b>\$ 287,379,179</b>	<b>\$ 286,541,195</b>	<b>\$ 295,544,689</b>	<b>\$ 324,042,616</b>	<b>\$ 333,993,704</b>	<b>\$ 356,293,556</b>	<b>\$ 377,082,548</b>
<b>Net Debt Subject to Limit as Percentage of Debt Limit</b>	4.93%	5.09%	5.22%	7.59%	7.19%	9.35%	8.85%	10.98%	10.36%	9.18%

(1) The legal debt limit continues to be derived from State Equalized Value (SEV), not Taxable Value (TV).

(2) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. 1943 as amended by Act 42 P.A. 1960

Source: City budget and financial statements

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

Fiscal year	Population		Median Personal		Unemployment Rate	Number of Occupied Households	Total Personal Income
			Income Per Household	Median Per Capita Personal Income			
2010	79,740	(1)	\$ 67,493	\$ 28,241	13.1%	33,366	\$ 2,251,971,438
2011	79,740	(1)	67,803	28,535	11.3%	33,559	2,275,400,877
2012	79,777	(1)	67,803	28,549	9.8%	33,591	2,277,570,573
2013	80,895	(1)	67,803	28,711	9.4%	34,255	2,322,591,765
2014	81,798	(1)	67,803	28,809	7.6%	34,755	2,356,493,265
2015	81,910	(1)	67,803	29,086	5.6%	35,138	2,382,461,814
2016	81,412	(1)	67,803	29,119	5.1%	34,963	2,370,596,289
2017	81,803	(1)	67,803	28,935	3.6%	34,910	2,367,002,730
2018	81,129	(1)	67,803	28,570	3.9%	34,185	2,317,845,555
2019	81,093	(1)	67,803	28,968	4.0%	34,646	2,349,102,738

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

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

**City of Farmington Hills  
Principal Employers  
June 30, 2019  
(Unaudited)**

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Employer	2019 Employees	Percentage of Total	2010 Employees	Percentage of Total	2010 Rank
1 Beaumont Hospital - Farmington Hills (1)	2,500	3.74%	2,000	3.77%	1
2 Robert Bosch Corporation	1,400	2.09%	1,600	3.02%	3
3 Nissan Technical Center North America	1,200	1.80%	500	0.94%	7
4 Hitachi	1,200	1.80%	230	0.43%	9
5 Farmington Public Schools	1,100	1.65%	1,700	3.21%	2
6 TRW Automotive Electronics	650	0.97%	300	0.57%	8
7 Mercedes-Benz Financial Services (2)	650	0.97%	600	1.13%	6
8 Concentrix (3)	550	0.82%	700	1.32%	5
9 Cengage Learning Gale	500	0.75%	850	1.60%	4
10 Mahle	500	0.75%	160	0.30%	10

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

(1) In 2010, was Botsford Hospital

(2) In 2010, was Daimler Financial Services

(3) In 2010, was Aditya Birla Minacs

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Government (1)</b>										
City administration	6.10	5.00	5.00	5.50	5.50	6.00	6.00	6.00	5.10	4.79
Finance	22.38	18.94	18.79	19.00	19.00	20.00	20.00	20.00	20.09	20.09
City clerk	7.58	6.84	6.36	6.62	6.65	6.31	6.34	6.35	6.20	6.28
Human resources	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.14	4.14	4.14
Central services	9.50	9.40	9.26	9.40	9.40	9.40	9.40	9.40	9.90	9.90
<b>Public Safety (2)</b>										
Police	168.54	145.87	144.84	152.72	152.88	153.88	154.14	153.79	153.74	152.79
Fire and EMS	84.95	81.95	81.95	84.95	93.63	93.63	93.63	91.70	93.92	91.69
<b>Public Services (3)</b>										
Administration	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Road maintenance	23.83	21.12	21.12	22.46	22.46	23.46	26.92	26.92	27.92	26.46
Building maintenance	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Engineering	17.50	14.00	13.00	14.28	15.31	15.31	15.31	15.39	15.32	15.32
D.P.W. garage	10.50	10.50	11.00	11.00	11.00	12.00	13.00	13.00	12.00	11.60
Waste collection/recycling	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Planning and Community Development (4)</b>	24.20	19.00	18.60	18.60	18.60	18.00	19.00	19.04	19.37	19.50
<b>Special Services (5)</b>										
Administration	20.32	18.90	19.96	19.90	20.95	20.98	21.15	20.55	22.25	22.00
Public information	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.10	6.10	6.10
Youth and families	8.90	8.00	8.00	8.00	8.00	8.00	9.56	9.73	9.73	9.73
Senior adults	26.44	25.63	27.53	27.53	27.53	27.53	26.13	26.13	26.16	26.25
Parks division	23.62	22.73	24.52	24.10	24.87	24.87	25.83	25.70	25.59	24.92
Cultural arts	3.32	2.47	2.47	2.65	2.75	3.40	3.47	3.47	3.47	3.47
Golf course division	13.80	12.71	12.32	12.50	13.17	13.01	13.57	13.46	13.41	13.43
Recreation	-	-	-	-	-	10.32	11.81	11.69	12.05	12.92
Ice arena	17.34	15.16	15.19	14.13	14.13	14.13	12.66	13.16	13.41	13.16
<b>Total (6)</b>	<u>505.82</u>	<u>455.22</u>	<u>456.91</u>	<u>470.34</u>	<u>482.83</u>	<u>497.23</u>	<u>504.92</u>	<u>504.72</u>	<u>508.87</u>	<u>503.54</u>

- (1) General Government FTE's decreased by 0.23 or 0.51% in 2019.
- (2) Public Safety FTE's decreased by 3.18 or 1.28% in 2019.
- (3) Public Services FTE's decreased by 1.86 or 2.9% in 2019.
- (4) Planning and Community Development FTE's increased by 0.13 or 0.67% in 2019.
- (5) Special Services FTE's decreased by 0.19 or 0.14% in 2019.
- (6) City-wide FTE's decreased by 5.33 or 1.05% in 2019.

Source: City personnel/budget records

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police:</b>										
Physical Arrests	2,627	2,248	3,050	3,435	3,002	3,016	2,486	2,805	2,830	2,692
Traffic violations	17,295	16,377	12,207	12,207	10,441	9,305	7,606	8,861	9,000	9,593
<b>Fire:</b>										
Total incidents	7,060	7,278	7,696	8,003	8,539	8,763	9,027	9,208	9,524	9,500
Public education programs	196	26	39	43	98	104	112	112	140	140
Fire loss	\$ 4,909,621	\$ 4,837,303	\$ 2,172,105	\$ 10,994,335	\$ 3,901,800	\$ 4,200,900	\$ 2,719,603	\$ 2,830,913	\$ 8,577,000	\$ 3,888,500
<b>Public works:</b>										
Dwelling units receiving refuse service	23,145	23,160	23,163	23,178	23,227	23,320	23,329	23,343	23,356	23,372
Percentage of waste stream recycled	36.00	36.00	46.00	44.00	44.20	43.40	44.00	39.40	42.00	42.00
<b>Parks and recreation:</b>										
Recreation programs	2,535	2,570	2,590	2,610	2,630	2,640	2,660	2,670	2,690	2,714
<b>Water:</b>										
Water customers	22,734	22,707	22,698	22,698	22,768	22,838	22,910	22,982	22,966	23,094
Water main breaks	60	56	59	56	81	52	40	53	47	39
Total consumption (mcf)	431,059	427,336	396,125	390,000	400,658	351,872	370,493	391,749	371,701	340,512
Average consumption per user (mcf/year)	18.96	18.82	17.45	17.18	17.60	15.41	16.17	17.05	16.18	14.75
<b>Sewer:</b>										
Average consumption per user (mcf/year)	17.77	19.65	17.41	14.75	15.69	17.01	17.06	18.36	18.12	18.75
Metered Volume (mcf)	398,189	439,761	389,528	330,161	352,562	383,701	385,851	416,257	410,961	426,641
Sewer customers	22,407	22,383	22,379	22,379	22,473	22,553	22,618	22,667	22,684	22,756

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

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

Function/ program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Fleet vehicles	73	64	64	67	67	67	68	69	69	69
<b>Fire:</b>										
Stations	5	5	5	5	5	5	5	5	5	5
Trucks (4)	16	16	16	17	17	18	18	17	16	16
<b>Public Works - Streets (miles)</b>										
Major	58.36	58.36	58.36	58.36	58.36	58.36	58.36	58.36	58.36	58.36
Local	245.71	245.71	245.79	246.38	246.38	246.38	246.38	246.38	246.38	246.87
<b>Parks and recreation:</b>										
Acreage	633	636	636	636	636	636	636	636	636	636
Playgrounds	3	3	4	4	4	4	4	6	6	6
Football/Soccer fields (2)	17	17	19	19	19	19	19	19	19	19
Baseball/Softball diamonds (3)	12	12	12	12	12	12	12	12	12	12
Pools/Splash pads	2	2	2	2	2	2	2	2	2	2
Ice arena	1	1	1	1	1	1	1	1	1	1
Community center	0	0	0	0	0	0	0	0	0	1
Senior center	1	1	1	1	1	1	1	1	1	1
Golf course	1	1	1	1	1	1	1	1	1	1
<b>Water:</b>										
Mains (miles)	471	471	472	472	449	456	456	457	459	459
Fire hydrants	5,045	5,047	5,127	5,127	5,103	5,115	5,126	5,156	5,169	5,169
Storage capacity (gallons)	(1)	(1)	(1)	(1)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
<b>Sewer:</b>										
Miles of sanitary sewers	327	327	329	329	328	328	329	329	329	329
Treatment capacity	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)

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

(1) Information not available

(2) Plus the City maintains 31 football/soccer fields for other entities.

(3) Plus the City maintains 30 baseball/softball diamonds for other entities.

(4) Plus 18 other vehicles and equipment.