



Financial Report

with Supplemental Information
June 30, 2022

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Independent Auditor's Report

To the Members of the City Commission
City of Bloomfield Hills, Michigan

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield Hills, Michigan (the "City") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 87, *Leases*, as of June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Members of the City Commission
City of Bloomfield Hills, Michigan

In performing an audit in accordance with GAAS, we:

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

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

October 26, 2022

As management of the City of Bloomfield Hills, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2022.

Overview of the Financial Statements

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

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private sector business. The statement of net position presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., the cost of pension and other postemployment benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, and public works. The business-type activities of the City include providing water and sewage disposal.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into the following three categories:

- **Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.
- **Proprietary Funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewage disposal activities.
- **Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include the other postemployment benefit trust fund and the Tax Collection Fund.

City of Bloomfield Hills, Michigan

Management's Discussion and Analysis (Continued)

Notes and Other Information

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. The combining statements for nonmajor governmental funds are presented immediately following the required supplemental information on pensions and OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$14,208,190 at the close of the most recent fiscal year.

The City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 9,329,984	\$ 7,982,282	\$ 5,478,247	\$ 4,994,594	\$ 14,808,231	\$ 12,976,876
Capital assets	17,090,126	16,882,982	14,810,760	14,783,129	31,900,886	31,666,111
Total assets	26,420,110	24,865,264	20,289,007	19,777,723	46,709,117	44,642,987
Deferred Outflows of Resources	3,672,379	3,112,269	-	-	3,672,379	3,112,269
Liabilities						
Current liabilities	1,812,991	1,273,903	536,884	732,512	2,349,875	2,006,415
Noncurrent liabilities	28,650,894	29,102,596	1,428,192	1,765,232	30,079,086	30,867,828
Total liabilities	30,463,885	30,376,499	1,965,076	2,497,744	32,428,961	32,874,243
Deferred Inflows of Resources	3,744,345	3,039,977	-	-	3,744,345	3,039,977
Net Position (Deficit)						
Net investment in capital assets	15,590,126	14,982,982	13,382,568	13,017,897	28,972,694	28,000,879
Restricted	847,439	530,371	4,963,614	4,166,976	5,811,053	4,697,347
Unrestricted	(20,553,306)	(20,952,296)	(22,251)	95,106	(20,575,557)	(20,857,190)
Total net position (deficit)	<u>\$ (4,115,741)</u>	<u>\$ (5,438,943)</u>	<u>\$ 18,323,931</u>	<u>\$ 17,279,979</u>	<u>\$ 14,208,190</u>	<u>\$ 11,841,036</u>

The City's combined net position is approximately \$14,200,000, as compared to approximately \$11,800,000 in the prior year. This represents an increase of approximately 20 percent. The governmental activities portion of net position increased by approximately \$1,323,000. The business-type activities increased by approximately \$1,044,000, for a total net increase of approximately \$2,367,000.

City of Bloomfield Hills, Michigan

Management's Discussion and Analysis (Continued)

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program revenue:						
Charges for services	\$ 877,528	\$ 1,038,982	\$ 3,808,077	\$ 3,761,797	\$ 4,685,605	\$ 4,800,779
Operating grants	661,152	696,179	-	-	661,152	696,179
Capital grants	-	-	2,069,396	2,373,916	2,069,396	2,373,916
General revenue:						
Property taxes	10,343,673	10,145,677	-	-	10,343,673	10,145,677
Intergovernmental	546,731	403,448	-	-	546,731	403,448
Investment earnings	36,773	55,871	543	2,409	37,316	58,280
Other revenue:						
Cable franchise fees	174,540	166,466	-	-	174,540	166,466
Sale of capital assets	-	(28,378)	-	-	-	(28,378)
Other miscellaneous income	273,393	230,223	-	211,010	273,393	441,233
Total revenue	12,913,790	12,708,468	5,878,016	6,349,132	18,791,806	19,057,600
Expenses						
General government	2,833,506	3,196,771	-	-	2,833,506	3,196,771
Public safety	5,883,466	4,488,115	-	-	5,883,466	4,488,115
Public works	2,507,353	1,892,733	-	-	2,507,353	1,892,733
Debt service	366,263	601,566	-	-	366,263	601,566
Water and sewer	-	-	4,834,064	4,935,602	4,834,064	4,935,602
Total expenses	11,590,588	10,179,185	4,834,064	4,935,602	16,424,652	15,114,787
Change in Net Position	\$ 1,323,202	\$ 2,529,283	\$ 1,043,952	\$ 1,413,530	\$ 2,367,154	\$ 3,942,813

Governmental Activities

As you read through the next paragraph, it is important to keep in mind that governmental activities include not only the General Fund but also the General Obligation Debt Fund, Road Construction Fund, Major and Local Streets funds, and Drug Enforcement Fund.

The City's total governmental revenue totaled \$12,913,790 in 2022. Property taxes represent \$10,343,673, or 80 percent, of the total and increased from the prior year due to an increase in the City's taxable value. Charges for services totaled \$1,052,068, or 8 percent, of total revenue due to increased licensing and permit activities. Charges for services primarily support the building department and public safety activities.

Business-type Activities

The City's only business-type activity is the Water and Sewer Fund. The City purchases water from the Southeastern Oakland County Water Authority (SOCWA), which, in turn, purchases water from the Great Lakes Water Authority. Sewage treatment is provided through Oakland County, Michigan through the Water Resource Commissioner's Office, formerly the Oakland County Drain Commission, which is a customer of the Great Lakes Water Authority.

The Water and Sewer Fund's major revenue represents fees paid by city residents based on actual metered water usage. The debt recorded in this fund is for the retirement of capital improvement bonds for water and sanitary sewer system improvements. The Water and Sewer Fund revenue increased compared to last year; however, expenses also increased over the last year due to higher consumption. Both revenue and expense are influenced by weather, which affects consumption from year to year.

The business-type activities revenue totaled approximately \$5,878,000. Of this total, the City received capital improvement revenue of approximately \$2,069,400 to fund current and future improvements to the water and sewer infrastructure. Charges for services revenue was \$3,808,077 and increased from the prior year due to increased water and sewer usage. With expenditures totaling approximately \$4,834,000, there was a net position increase of \$1,043,952 in the current year.

The City's Funds

The analysis of the City's major funds begins with the governmental funds balance sheet, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes, as well as to show accountability for certain activities. The City's major funds for the year ended June 30, 2022 were the General Fund and the General Obligation Debt Fund.

The General Fund pays for most of the City's governmental services, including general government, judicial, public safety, and public works. The General Obligation Debt Fund pays the principal and interest amounts due on the City's long-term debt.

General Fund Budgetary Highlights

The City recognized favorable budget results for the fiscal year ended June 30, 2022. In total, revenue of the General Fund came in over budget estimates for the year by \$98,527. This is a result of higher than expected license and permits revenue, as well as an increase to state revenue sharing. The City's General Fund expenditures as of June 30, 2022 were under budget in total by \$208,715. The public works activity produced the majority of budget savings of \$142,677, primarily due to reduction in crack sealing of road expenses over budget estimates.

Capital Assets and Debt Administration

As of June 30, 2022, the City had approximately \$31.9 million (net of depreciation) invested in a broad range of capital assets, including buildings, roads, water and sewer lines, and machinery and equipment.

As of June 30, 2022, the City's total outstanding debt was approximately \$15.4 million.

Economic Factors and Next Year's Budgets and Rates

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. Over two and a half years later, the world is still working through its challenges with the COVID-19 pandemic. The infectious disease has brought ambiguity to our economy. As for the City and its budget, the COVID-19 pandemic could have an adverse effect on the City's operations over time, but no impairments were recorded as of the statement of net position/balance sheet date, as no triggering events or changes in circumstances had occurred as of year end. However, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Requests for Further Information

This financial report is intended to provide a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the City's offices at (248) 644-1520. This report, these budgets, and other financial information are available on the City's website at www.bloomfieldhillsmi.net.

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 8,255,335	\$ 3,875,310	\$ 12,130,645
Receivables:			
Customer receivables	-	1,083,256	1,083,256
Accrued interest receivable	666	-	666
Leases receivable	549,809	-	549,809
Other receivables	88,695	-	88,695
Due from other governments	186,326	519,681	706,007
Delinquent personal property taxes	21,513	-	21,513
Inventory	22,995	-	22,995
Prepaid expenses and other assets	204,645	-	204,645
Capital assets: (Note 5)			
Assets not subject to depreciation	349,638	11,550	361,188
Assets subject to depreciation - Net	16,740,488	14,799,210	31,539,698
Total assets	26,420,110	20,289,007	46,709,117
Deferred Outflows of Resources			
Deferred charges on bond refunding	983,381	-	983,381
Deferred pension costs (Note 9)	1,412,774	-	1,412,774
Deferred OPEB costs (Note 11)	1,276,224	-	1,276,224
Total deferred outflows of resources	3,672,379	-	3,672,379
Liabilities			
Accounts payable	206,205	519,902	726,107
Due to other governmental units	-	7,551	7,551
Refundable deposits, bonds, etc.	947,847	-	947,847
Accrued liabilities and other	238,899	9,431	248,330
Unearned revenue	420,040	-	420,040
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 7)	55,664	-	55,664
Current portion of long-term debt (Note 7)	1,400,000	342,049	1,742,049
Due in more than one year:			
Compensated absences (Note 7)	347,532	-	347,532
Net pension liability (Note 9)	7,824,457	-	7,824,457
Net OPEB liability (Note 11)	6,858,241	-	6,858,241
Long-term debt (Note 7)	12,165,000	1,086,143	13,251,143
Total liabilities	30,463,885	1,965,076	32,428,961
Deferred Inflows of Resources			
Deferred pension costs (Note 9)	2,661,775	-	2,661,775
Deferred OPEB costs (Note 11)	511,390	-	511,390
Deferred inflows from leases	571,180	-	571,180
Total deferred inflows of resources	3,744,345	-	3,744,345
Net Position (Deficit)			
Net investment in capital assets	15,590,126	13,382,568	28,972,694
Restricted:			
Construction code activity	107,586	-	107,586
Roads	738,733	-	738,733
Drug enforcement	1,120	-	1,120
Water debt service	-	316,020	316,020
Sewer capital improvements	-	4,647,594	4,647,594
Unrestricted	(20,553,306)	(22,251)	(20,575,557)
Total net position (deficit)	\$ (4,115,741)	\$ 18,323,931	\$ 14,208,190

City of Bloomfield Hills, Michigan

		Program Revenue		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and	and
			Contributions	Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,833,506	\$ 826,539	\$ -	\$ -
Public safety	5,883,466	50,989	16,268	-
Public works	2,507,353	-	644,884	-
Interest on long-term debt	366,263	-	-	-
Total governmental activities	11,590,588	877,528	661,152	-
Business-type activities	4,834,064	3,808,077	-	2,069,396
Total primary government	\$ 16,424,652	\$ 4,685,605	\$ 661,152	\$ 2,069,396
General revenue:				
Property taxes				
State-shared revenue				
Unrestricted investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position (Deficit) - Beginning of year				
Net Position (Deficit) - End of year				

Statement of Activities

Year Ended June 30, 2022

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,006,967)	\$ -	\$ (2,006,967)
(5,816,209)	-	(5,816,209)
(1,862,469)	-	(1,862,469)
<u>(366,263)</u>	<u>-</u>	<u>(366,263)</u>
(10,051,908)	-	(10,051,908)
<u>-</u>	<u>1,043,409</u>	<u>1,043,409</u>
(10,051,908)	1,043,409	(9,008,499)
10,343,673	-	10,343,673
546,731	-	546,731
36,773	543	37,316
174,540	-	174,540
<u>273,393</u>	<u>-</u>	<u>273,393</u>
11,375,110	543	11,375,653
1,323,202	1,043,952	2,367,154
<u>(5,438,943)</u>	<u>17,279,979</u>	<u>11,841,036</u>
<u>\$ (4,115,741)</u>	<u>\$ 18,323,931</u>	<u>\$ 14,208,190</u>

City of Bloomfield Hills, Michigan

Governmental Funds Balance Sheet

June 30, 2022

	General Fund	General Obligation Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 3)	\$ 7,146,280	\$ 30,055	\$ 1,079,000	\$ 8,255,335
Receivables:				
Accrued interest receivable	666	-	-	666
Leases receivable	549,809	-	-	549,809
Other receivables	88,658	-	37	88,695
Due from other governments	88,029	-	98,297	186,326
Delinquent personal property taxes	21,513	-	-	21,513
Due from other funds	9,830	-	33,550	43,380
Inventory	22,995	-	-	22,995
Prepaid expenses and other assets	204,645	-	-	204,645
Total assets	\$ 8,132,425	\$ 30,055	\$ 1,210,884	\$ 9,373,364
Liabilities				
Accounts payable	\$ 145,901	\$ -	\$ 60,304	\$ 206,205
Due to other funds	-	-	43,380	43,380
Refundable deposits, bonds, etc.	947,847	-	-	947,847
Accrued liabilities and other	172,578	-	-	172,578
Unearned revenue	420,040	-	-	420,040
Total liabilities	1,686,366	-	103,684	1,790,050
Deferred Inflows of Resources				
Unavailable revenue (Note 1)	21,513	-	-	21,513
Deferred inflows from leases (Note 12)	571,180	-	-	571,180
Total deferred inflows of resources	592,693	-	-	592,693
Fund Balances				
Nonspendable:				
Inventory	22,995	-	-	22,995
Prepays	204,645	-	-	204,645
Restricted:				
Roads	-	-	738,733	738,733
Grants	-	-	1,120	1,120
Construction code activity	107,586	-	-	107,586
Assigned:				
Capital projects	-	-	367,347	367,347
Debt service	-	30,055	-	30,055
Compensated absences	403,196	-	-	403,196
Pension obligations	500,000	-	-	500,000
Unassigned	4,614,944	-	-	4,614,944
Total fund balances	5,853,366	30,055	1,107,200	6,990,621
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,132,425	\$ 30,055	\$ 1,210,884	\$ 9,373,364

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2022

Fund Balances Reported in Governmental Funds	\$ 6,990,621
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	17,090,126
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	21,513
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(12,581,619)
Accrued interest is not due and payable in the current period and is not reported in the funds	(66,321)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(403,196)
Pension benefits	(9,073,458)
Retiree health care benefits	(6,093,407)
Net Position (Deficit) of Governmental Activities	<u><u>\$ (4,115,741)</u></u>

City of Bloomfield Hills, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2022

	General Fund	General Obligation Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Taxes (Note 1)	\$ 9,821,641	\$ -	\$ 514,780	\$ 10,336,421
Intergovernmental	562,999	-	644,884	1,207,883
Charges for services	275,429	-	-	275,429
Fines and forfeitures	210,148	-	-	210,148
Licenses and permits	748,102	-	-	748,102
Interest and rentals	34,765	-	2,008	36,773
Other revenue	112,565	-	153,733	266,298
Total revenue	11,765,649	-	1,315,405	13,081,054
Expenditures				
Current services:				
General government	2,324,032	-	-	2,324,032
Judicial	285,447	-	-	285,447
Public safety	5,587,959	-	-	5,587,959
Public works	1,026,281	-	395,039	1,421,320
Capital outlay	-	-	1,654,472	1,654,472
Debt service	-	1,580,306	-	1,580,306
Total expenditures	9,223,719	1,580,306	2,049,511	12,853,536
Excess of Revenue Over (Under) Expenditures	2,541,930	(1,580,306)	(734,106)	227,518
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	1,609,250	640,403	2,249,653
Transfers out (Note 6)	(2,037,042)	-	(212,611)	(2,249,653)
Total other financing (uses) sources	(2,037,042)	1,609,250	427,792	-
Net Change in Fund Balances	504,888	28,944	(306,314)	227,518
Fund Balances - Beginning of year	5,348,478	1,111	1,413,514	6,763,103
Fund Balances - End of year	\$ 5,853,366	\$ 30,055	\$ 1,107,200	\$ 6,990,621

City of Bloomfield Hills, Michigan

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

Year Ended June 30, 2022

Net Change in Fund Balances Reported in Governmental Funds	\$ 227,518
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,665,777
Depreciation expense	(1,458,633)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	7,252
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,305,000
Interest expense is recognized in the government-wide statements as it accrues	(79,284)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(344,428)
Change in Net Position of Governmental Activities	\$ 1,323,202

**Proprietary Fund
Statement of Net Position**

June 30, 2022

Enterprise Fund
Water and
Sewer Fund

Assets

Current assets:

Cash and cash equivalents

\$ 3,875,310

Receivables

1,602,937

Total current assets

5,478,247

Noncurrent assets - Capital assets: (Note 5)

Assets not subject to depreciation

11,550

Assets subject to depreciation - Net

14,799,210

Total noncurrent assets

14,810,760

Total assets

20,289,007

Liabilities

Current liabilities:

Accounts payable

519,902

Due to other governmental units

7,551

Accrued liabilities and other

9,431

Current portion of long-term debt (Note 7)

342,049

Total current liabilities

878,933

Noncurrent liabilities - Long-term debt (Note 7)

1,086,143

Total liabilities

1,965,076

Net Position

Net investment in capital assets

13,382,568

Restricted:

Water debt service

316,020

Sewer capital improvements

4,647,594

Unrestricted

(22,251)

Total net position

\$ 18,323,931

City of Bloomfield Hills, Michigan

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

Year Ended June 30, 2022

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Operating Revenue	
Sale of water	\$ 2,453,373
Sewage disposal charges	<u>1,354,704</u>
Total operating revenue	3,808,077
Operating Expenses	
Cost of water	2,202,351
Cost of sewage treatment	1,428,506
Other operating and maintenance costs	39,969
Billing and administrative costs	293,529
Other operating expense	58,133
Depreciation (Note 5)	<u>788,466</u>
Total operating expenses	<u>4,810,954</u>
Operating Loss	(1,002,877)
Nonoperating Revenue (Expense)	
Investment income	543
Interest expense	<u>(23,110)</u>
Total nonoperating revenue	<u>(22,567)</u>
Loss - Before capital contributions	(1,025,444)
Capital Contributions - Tap fees and capital charges	<u>2,069,396</u>
Change in Net Position	1,043,952
Net Position - Beginning of year	<u>17,279,979</u>
Net Position - End of year	<u><u>\$ 18,323,931</u></u>

**Proprietary Fund
Statement of Cash Flows**

Year Ended June 30, 2022

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 3,979,050
Payments to suppliers	(4,218,116)
Other receipts	<u>7,075</u>
Net cash and cash equivalents used in operating activities	(231,991)
Cash Flows from Capital and Related Financing Activities	
Tap fees and capital charges	2,069,396
Purchase of capital assets	(816,097)
Principal and interest paid on capital debt	<u>(360,150)</u>
Net cash and cash equivalents provided by capital and related financing activities	893,149
Cash Flows Provided by Investing Activities - Investment income	<u>543</u>
Net Increase in Cash and Cash Equivalents	661,701
Cash and Cash Equivalents - Beginning of year	<u>3,213,609</u>
Cash and Cash Equivalents - End of year	<u>\$ 3,875,310</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,002,877)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	788,466
Changes in assets and liabilities:	
Receivables	178,048
Accounts payable and accrued liabilities	<u>(195,628)</u>
Total adjustments	<u>770,886</u>
Net cash and cash equivalents used in operating activities	<u>\$ (231,991)</u>

City of Bloomfield Hills, Michigan

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2022

	OPEB Trust	Tax Collection Fund	Total Fiduciary Funds
Assets - Interest in pooled investments	\$ 4,480,108	\$ -	\$ 4,480,108
Liabilities	-	-	-
Net Position - Restricted - Postemployment benefits other than pension	<u>\$ 4,480,108</u>	<u>\$ -</u>	<u>\$ 4,480,108</u>

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	OPEB Trust	Tax Collection Fund	Total Fiduciary Funds
Additions			
Investment income	\$ (391,350)	\$ -	\$ (391,350)
Contributions - Employer	1,212,500	-	1,212,500
Property tax collections	-	26,097,410	26,097,410
Total additions	821,150	26,097,410	26,918,560
Deductions			
Benefit payments	612,500	-	612,500
Property tax disbursements	-	26,097,410	26,097,410
Account fees	7,951	-	7,951
Total deductions	620,451	26,097,410	26,717,861
Net Increase in Fiduciary Net Position	200,699	-	200,699
Net Position - Beginning of year	4,279,409	-	4,279,409
Net Position - End of year	\$ 4,480,108	\$ -	\$ 4,480,108

June 30, 2022

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Bloomfield Hills, Michigan (the "City") is governed by an elected five-member commission. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable.

OPEB Trust

The City Commission governs an OPEB trust through the Municipal Employees' Retirement System of Michigan (MERS) Retiree Health Funding Vehicle (RHFV). MERS RHFV is governed by a nine-member board that includes three members of a participating municipality, three employee members, two expert members, and one retiree member. Although legally separate from the City, it is reported as a fiduciary component unit, because the plan imposes a financial burden on the City.

Accounting and Reporting Principles

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

Report Presentation

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

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

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

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

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The General Obligation Debt Fund is used to account for the debt payment on bonds and other long-term liabilities.

Proprietary Fund

Proprietary funds include enterprise funds that provide goods or services to users in exchange for charges or fees. The City reports the following fund as a major enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for user charges. The activity of the water distribution and sewage collection systems is administered by Oakland County, Michigan.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs.

Interfund Activity

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

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

June 30, 2022

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

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

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

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

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

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of 12 months or less when acquired. Investments are stated at fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Infrastructure	20-50
Sewer drains	50
Buildings and improvements	50
Machinery, equipment, and vehicles	5-20
Information technology	3
Land improvements	20

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and General Obligation Debt Fund are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The City reports deferred outflows related to the defined benefit pension plan and the other postemployment benefit plan. The deferred outflows of resources related to the defined benefit pension plan and the other postemployment benefit plan are reported in the government-wide financial statements. The deferred outflows of resources result from pension and other postemployment benefit plan activity, as described in Notes 9 and 11.

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

The City reports deferred inflows related to unavailable revenue, leases, the defined benefit pension plan, and the other postemployment benefit plan. Deferred inflows related to the defined benefit pension plan and the other postemployment benefit plan are described in Notes 9 and 11. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from delinquent personal property taxes of \$21,513 at June 30, 2022. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

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

Net Position Flow Assumption

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

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

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

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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. 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 commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 has, by resolution, authorized the finance director to assign fund balance. The commission 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 exist only 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.

Property Tax Revenue

Property taxes are assessed on each December 31 and become an enforceable lien on December 1 of the following year. The tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on February 28 of the following year, at which time penalties and interest are assessed.

The City's 2021 property tax revenue was levied and collectible on July 1, 2021 and is recognized as revenue in the year ended June 30, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

The taxable valuation of the City totaled approximately \$939 million, on which taxes levied consisted of 10.05 mills for operating, 0.55 mills for road purposes, and 0.36 mills for library service. This resulted in approximately \$9.4 million for operating, \$515,000 for road projects, and \$337,000 for the library. These amounts are recognized in the respective General and Road Construction fund financial statements as tax revenue.

June 30, 2022**Note 1 - Significant Accounting Policies (Continued)****Pension**

The City offers a defined benefit pension plan to its employees. This plan is closed to all new hires. For general employees, the plan was closed effective December 31, 2001. For department of public works (DPW) and public safety employees, the plan was closed effective June 30, 2014. 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.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. This plan is closed to all new hires effective June 30, 2009. The City records a net OPEB 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 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 are recognized when due and payable in accordance with the benefit terms. The General Fund is used to liquidate the obligations.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination, which is half of the total accumulated sick leave in accordance with city policy; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. The General Fund is used to liquidate the obligations.

Proprietary Funds Operating Classification

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

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.

Leases

The City is a lessor for a lease of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

June 30, 2022

Note 1 - Significant Accounting Policies (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

The City uses the actual rate charged to lessees as the discount rate for leases.

The lease term includes the noncancelable period of the lease and the additional periods that are unlikely to be terminated. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Upcoming Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments; deferred inflows of resources; and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

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

Adoption of New Accounting Pronouncement

During the current year, the City adopted GASB Statement No. 87, *Leases*. As a result, the General Fund now includes receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 12.

June 30, 2022

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees

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

Cumulative surplus at July 1, 2021		\$	40,363
Current year building permit revenue			571,707
Related expenses:			
Direct costs	\$	436,503	
Estimated indirect costs (adjustments to prior years)		67,981	504,484
Current year shortfall			67,223
Cumulative surplus June 30, 2022		\$	107,586

Note 3 - Deposits and Investments

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

The City has designated two institutions for the deposit of its funds. Each financial intermediary, broker, or dealer that holds the City's funds must be provided with a copy of the investment policy and comply with the policy. The investment policy adopted by the City Commission in accordance with Public Act 196 of 1997 has authorized investment in all of the above securities. The City's deposits and investments are currently in compliance with its investment policy and statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had bank deposits of \$6,282,819 (certificates of deposit and checking and savings accounts), of which \$275,025 was covered by federal depository insurance, and the remainder was 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.

June 30, 2022

Note 3 - Deposits and Investments (Continued)

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, \$6,118,732 of investment securities was uninsured and unregistered, with securities held by the Oakland County Local Government Investment Pool.

Concentration of Custodial Credit Risk of Investments

The Oakland County Local Government Investment Pool's investment policy allows for no more than 15 percent to be invested with any single financial institution.

Interest Rate Risk

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

At year end, the City had the following investments:

Investment	Fair Value	Weighted-average Maturity (Days)
Pooled investment - Oakland County Local Government Investment Pool	\$ 6,118,732	536

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2022, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

	Fair Value	Rating	Rating Organization
Pooled investment - Oakland County Local Government Investment Pool	\$ 6,118,732	Not rated	N/A

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the City has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 4 - Fair Value Measurements (Continued)

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

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

At June 30, 2022, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investments Held at June 30, 2022				
	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	\$ 6,118,732	\$ -	N/A	N/A
MERS Total Market Portfolio	4,480,108	-	N/A	N/A

The Oakland County Local Government Investment Pool (LGIP) is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at \$1 per share regardless of current fair value.

The MERS Total Market Portfolio is a fully diversified portfolio combining the traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

June 30, 2022

Note 5 - Capital Assets

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

Governmental Activities

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 339,638	\$ -	\$ -	\$ -	\$ 339,638
Construction in progress	11,800	(11,800)	10,000	-	10,000
Subtotal	351,438	(11,800)	10,000	-	349,638
Capital assets being depreciated:					
Buildings and improvements	7,109,883	-	195,883	-	7,305,766
Machinery, equipment, and vehicles	3,870,743	-	277,041	(76,250)	4,071,534
Land improvements	292,207	-	-	-	292,207
Infrastructure	30,100,467	11,800	1,182,853	-	31,295,120
Subtotal	41,373,300	11,800	1,655,777	(76,250)	42,964,627
Accumulated depreciation:					
Buildings and improvements	3,215,017	-	157,916	-	3,372,933
Machinery, equipment, and vehicles	3,232,514	-	278,616	(76,250)	3,434,880
Land improvements	250,841	-	2,585	-	253,426
Infrastructure	18,143,384	-	1,019,516	-	19,162,900
Subtotal	24,841,756	-	1,458,633	(76,250)	26,224,139
Net capital assets being depreciated	16,531,544	11,800	197,144	-	16,740,488
Net governmental activities capital assets	<u>\$ 16,882,982</u>	<u>\$ -</u>	<u>\$ 207,144</u>	<u>\$ -</u>	<u>\$ 17,090,126</u>

June 30, 2022

Note 5 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated - Construction in progress	\$ 306,576	\$ (384,093)	\$ 89,067	\$ -	\$ 11,550
Capital assets being depreciated:					
Sewer drains	1,388,637	-	-	-	1,388,637
Infrastructure	18,413,580	384,093	727,030	-	19,524,703
Subtotal	19,802,217	384,093	727,030	-	20,913,340
Accumulated depreciation:					
Sewer drains	476,111	-	39,676	-	515,787
Infrastructure	4,849,553	-	748,790	-	5,598,343
Subtotal	5,325,664	-	788,466	-	6,114,130
Net capital assets being depreciated	14,476,553	384,093	(61,436)	-	14,799,210
Net business-type activities capital assets	<u>\$ 14,783,129</u>	<u>\$ -</u>	<u>\$ 27,631</u>	<u>\$ -</u>	<u>\$ 14,810,760</u>

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

Governmental activities:	
General government	\$ 65,503
Public safety	267,020
Public works	<u>1,126,110</u>
Total governmental activities	<u>\$ 1,458,633</u>
Business-type activities - Water and sewer	<u>\$ 788,466</u>

Construction Commitments

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

	Spent to Date	Remaining Commitment
Rathmor and West Valley Water Main & Road Construction	\$ 1,211,194	\$ 20,000
Reconstruct Roads Long Lake & WWD PRV project	418,708	5,000

June 30, 2022

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other nonmajor governmental funds - Major Streets Fund	\$ 6,710
	Other nonmajor governmental funds - Local Streets Fund	3,120
	Total General Fund	9,830
Other nonmajor governmental funds - Local Streets Fund	Other nonmajor governmental funds - Major Streets Fund	33,550
	Total	\$ 43,380

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	General Obligation Debt Fund	\$ 1,609,250
	Other nonmajor governmental funds - Capital Improvement Fund	427,792
	Total General Fund	2,037,042
Other nonmajor governmental funds - Major Streets Fund	Other nonmajor governmental funds - Local Streets Fund	212,611
	Total	\$ 2,249,653

The transfers from the General Fund to the General Obligation Debt Fund represent the use of unrestricted resources to service debt payments. The transfers from the General Fund to the Capital Improvement Fund were for construction projects in accordance with budgetary authorizations. The transfer from the Major Streets Fund to the Local Streets Fund represents the sharing of gas and weight tax revenue in accordance with Act 51.

June 30, 2022

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Other debt:						
General Obligation Limited Tax Bonds, Series 2010:						
Amount of issue - \$4,000,000	2.00% -					
Maturing through 2025	3.50%	\$ 1,900,000	\$ -	\$ (400,000)	\$ 1,500,000	\$ 500,000
2014 General Obligation Limited Tax Pension Bonds:						
Amount of issue - \$15,860,000	0.40% -					
Maturing through 2034	4.00%	3,055,000	-	(730,000)	2,325,000	750,000
2021 General Obligation Limited Tax Pension Obligation Refunding Bonds:						
Amount of issue - \$9,915,000	0.16% -					
Maturing through 2034	2.29%	9,915,000	-	(175,000)	9,740,000	150,000
Total other debt principal outstanding		14,870,000	-	(1,305,000)	13,565,000	1,400,000
Other long-term obligations - Compensated absences		360,272	406,743	(363,819)	403,196	55,664
Total governmental activities long-term debt		<u>\$ 15,230,272</u>	<u>\$ 406,743</u>	<u>\$ (1,668,819)</u>	<u>\$ 13,968,196</u>	<u>\$ 1,455,664</u>

Business-type Activities

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:						
Other debt - 2015 Water infrastructure Improvement General Obligation Debt:						
Amount of issue - \$3,295,000	2.00% -					
Maturing through 2026	2.25%	\$ 1,730,000	\$ -	\$ (330,000)	\$ 1,400,000	\$ 335,000
Issuance premiums		35,232	-	(7,040)	28,192	7,049
Total business-type activities long-term debt		<u>\$ 1,765,232</u>	<u>\$ -</u>	<u>\$ (337,040)</u>	<u>\$ 1,428,192</u>	<u>\$ 342,049</u>

June 30, 2022

Note 7 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ -	\$ -	\$ 1,400,000	\$ 265,286	\$ 1,665,286
2024	-	-	1,430,000	225,074	1,655,074
2025	-	-	1,455,000	182,453	1,637,453
2026	-	-	970,000	156,077	1,126,077
2027	-	-	980,000	146,548	1,126,548
2028-2032	-	-	5,130,000	498,073	5,628,073
2033-2034	-	-	2,200,000	50,130	2,250,130
Total	\$ -	\$ -	\$ 13,565,000	\$ 1,523,641	\$ 15,088,641

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2023	\$ -	\$ -	\$ 335,000	\$ 24,650	\$ 359,650
2024	-	-	345,000	17,850	362,850
2025	-	-	355,000	12,850	367,850
2026	-	-	365,000	3,650	368,650
2027	-	-	-	-	-
2028-2032	-	-	-	-	-
2033-2034	-	-	-	-	-
Total	\$ -	\$ -	\$ 1,400,000	\$ 59,000	\$ 1,459,000

Note 8 - Risk Management

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

The City is self-insured for health coverage through Blue Cross/Blue Shield for all eligible active employees and retirees under the age of 65 (eligible retirees over 65 are covered under a premium-based coverage with Blue Cross/Blue Shield). Self-insurance coverage pays costs based on claims after any relevant deductible, copays, or coinsurance. The City's policy includes a stop-loss provision to limit liability for catastrophic events. All eligible active employees and retirees are covered under a self-insurance policy for dental through Delta Dental.

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.

Note 8 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority's State Pool program (the "Authority") operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 9 - Defined Benefit Pension Plan

Plan Description

The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan that covers all general, public safety union, and department of public works union employees. This plan is closed to all new hires. For general employees, the plan was closed effective December 31, 2001; for DPW and public safety employees, the plan was closed effective June 30, 2014. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

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

Retirement benefits for employees are calculated as 2.50 to 3.00 percent of the employee's final 3- to 5-year average compensation times the employee's years of service. Employees covered under this plan can retire with 25 years of service at age 50 or 55 depending on the date of hire. The vesting period is 8 to 10 years.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.50 percent, noncompounding.

Employees Covered by Benefit Terms

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	49
Inactive plan members entitled to but not yet receiving benefits	4
Active plan members	17
	<hr/>
Total employees covered by the plan	70

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2022, the average active employee contribution rate was 5.0 percent of annual pay, and the City's average contribution rate was 63.6 percent of annual payroll.

June 30, 2022

Note 9 - Defined Benefit Pension Plan (Continued)***Net Pension Liability***

The net pension liability reported at June 30, 2022 was determined using a measure of the total pension liability and the pension net position as of December 31, 2021. The December 31, 2021 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2020	\$ 41,093,645	\$ 32,752,018	\$ 8,341,627
Changes for the year:			
Service cost	288,398	-	288,398
Interest	3,034,616	-	3,034,616
Differences between expected and actual experience	(56,452)	-	(56,452)
Changes in assumptions	1,657,672	-	1,657,672
Contributions - Employer	-	1,049,604	(1,049,604)
Contributions - Employee	-	82,468	(82,468)
Net investment income	-	4,341,923	(4,341,923)
Benefit payments, including refunds	(2,617,368)	(2,617,368)	-
Administrative expenses	-	(51,544)	51,544
Other	-	18,953	(18,953)
Net changes	2,306,866	2,824,036	(517,170)
Balance at December 31, 2021	<u>\$ 43,400,511</u>	<u>\$ 35,576,054</u>	<u>\$ 7,824,457</u>

The plan's fiduciary net position represents 81.97 percent of the total pension liability.

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

For the year ended June 30, 2022, the City recognized pension expense of \$2,429,057.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (28,226)
Changes in assumptions	828,836	-
Net difference between projected and actual earnings on pension plan investments	-	(2,633,549)
Employer contributions to the plan subsequent to the measurement date	583,938	-
Total	<u>\$ 1,412,774</u>	<u>\$ (2,661,775)</u>

June 30, 2022

Note 9 - Defined Benefit Pension Plan (Continued)

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

Years Ending June 30	Amount
2023	\$ 430,381
2024	(1,090,461)
2025	(774,773)
2026	(398,086)

The amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$583,938), which will impact the net pension liability in fiscal year 2023, rather than pension expense.

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.00 percent, and an investment rate of return (gross of investment expenses) of 7.25 percent. Mortality rates were based on the following tables:

Preretirement mortality:

1. 100 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
2. 100 percent of PubG-2010 Employee Mortality Tables for Ages 18-80
3. 100 percent of PubG-2010 Healthy Retiree Tables for Ages 81-120

Nondisabled retired plan members and beneficiaries:

1. 106 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
2. 106 percent of PubG-2010 Employee Mortality Tables for Ages 18-49
3. 106 percent of PubG-2010 Healthy Retiree Tables for Ages 50-120

Disabled retired plan members:

1. 100 percent of Pub-2010 Juvenile Mortality Tables for Ages 0-17
2. 100 percent of PubNS-2010 Disabled Retiree Tables for Ages 18-120

The December 31, 2020 actuarial valuation included assumptions of investment rate of return (gross of investment expenses) of 7.60 percent. The remaining assumptions were consistent with the current year's valuation assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

June 30, 2022

Note 9 - Defined Benefit Pension Plan (Continued)

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2021 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

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

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

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the City	\$ 13,237,855	\$ 7,824,457	\$ 3,363,260

Pension Plan Fiduciary Net Position

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

Note 10 - Defined Contribution Pension Plan

During the fiscal year ended June 30, 2018, the City consolidated the ICMA-RC plan into the MERS plan. In the defined contribution plan, benefits depend solely on the amount contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment and are fully vested immediately.

The City participates in the Municipal Employees' Retirement System of Michigan, an agent multiple-employer defined contribution pension plan. This plan is provided to full-time nonunion employees; DPW union employees hired after June 30, 2014; dispatch full-time union employees hired after August 14, 2014; public safety officers hired after August 21, 2014; and public safety command officers hired after September 9, 2014. The City contributes a percentage of covered payroll as follows: 16 percent for nonunion employees, 10 percent for dispatch and DPW employees, and 13.5 percent for public safety officers, including command officers. The City's contribution for the fiscal year ended June 30, 2022 was \$153,025 based on compensation of \$1,063,112.

Note 11 - Other Postemployment Benefit Plan

Plan Description

The City provides retiree health care benefits to eligible employees and their spouses. This is a single-employer defined benefit OPEB plan administered by the City. The plan is a pay-as-you-go plan. This plan is closed to all new hires effective June 30, 2009. All investments are held in the MERS of Michigan Retiree Health Funding Vehicle. MERS issues a publicly available financial report. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The OPEB plan provides health care and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

Benefit terms provide for annual cost of living adjustments to each employee's OPEB benefits subsequent to the employee's retirement date. The annual adjustments are one-half of the change in the Consumer Price Index, limited to a maximum increase in OPEB benefits of 2 percent for general employees and 3 percent for public safety employees.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	40
Active plan members	15
	<hr/>
Total plan members	55
	<hr/>

Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2022, the City made payments for postemployment health care benefits of \$612,500, plus it contributed \$600,000 into a prefunded retiree health care fund held by MERS.

June 30, 2022

Note 11 - Other Postemployment Benefit Plan (Continued)**Net OPEB Liability**

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2022 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2022 measurement date. The June 30, 2022 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2021	\$ 9,810,106	\$ 4,279,409	\$ 5,530,697
Changes for the year:			
Service cost	89,294	-	89,294
Interest	705,496	-	705,496
Differences between expected and actual experience	(35,232)	-	(35,232)
Changes in assumptions	1,381,184	-	1,381,184
Contributions - Employer	-	1,212,500	(1,212,500)
Net investment loss	-	(391,350)	391,350
Benefit payments, including refunds	(612,500)	(612,500)	-
Administrative expenses	-	(7,952)	7,952
Net changes	1,528,242	200,698	1,327,544
Balance at June 30, 2022	<u>\$ 11,338,348</u>	<u>\$ 4,480,107</u>	<u>\$ 6,858,241</u>

The plan's fiduciary net position represents 39.51 percent of the total OPEB liability.

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$252,823.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (511,390)
Changes in assumptions	996,672	-
Net difference between projected and actual earnings on OPEB plan investments	279,552	-
Total	<u>\$ 1,276,224</u>	<u>\$ (511,390)</u>

June 30, 2022

Note 11 - Other Postemployment Benefit Plan (Continued)

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

Years Ending June 30	Amount
2023	\$ 108,115
2024	495,101
2025	16,092
2026	145,526

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3.75 percent; an investment rate of return (net of investment expenses) of 7.35 percent; a health care cost trend rate of 7.5 percent pre-65 and 6.5 percent post-65 for 2021, decreasing by 0.5 percent per year to an ultimate rate of 4.5 percent for 2028 and later years; and the SOA Pub-2010 Headcount Weighted Mortality Tables fully generational using Scale MP-2019.

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the same assumptions as the previous report, except for adjusting to the investment rate of return (net of investment expenses) to 7.00 percent.

Discount Rate

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

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

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2022 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

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

June 30, 2022

Note 11 - Other Postemployment Benefit Plan (Continued)***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.00 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the plan	\$ 8,387,036	\$ 6,858,241	\$ 5,613,825

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

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.0 percent pre-65 and 6.5 percent post-65, decreasing to 4.5 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Health Care Cost Trend Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the plan	\$ 5,564,897	\$ 6,858,241	\$ 8,448,853

OPEB Plan Fiduciary Net Position

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

Note 12 - Leases

The City leases certain assets to a third party. The assets leased include land leased to a wireless provider being used as a cell tower location. Payments are generally fixed monthly with a 3 percent annual increase of the annual rent in effect for the year immediately preceding the adjustment date.

During the year ended June 30, 2022, the City recognized the following related to its lessor agreements:

Lease revenue	\$ 4,800
Interest income related to its leases	2,811

Required Supplemental Information

City of Bloomfield Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2022

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Taxes	\$ 9,829,081	\$ 9,819,511	\$ 9,821,641	\$ 2,130
Intergovernmental	401,922	537,420	562,999	25,579
Charges for services	275,684	267,570	275,429	7,859
Fines and forfeitures	526,781	210,148	210,148	-
Licenses and permits	574,892	681,373	748,102	66,729
Investment income	81,036	38,750	34,765	(3,985)
Other revenue	152,386	112,350	112,565	215
Total revenue	11,841,782	11,667,122	11,765,649	98,527
Expenditures				
Current services:				
General government	2,222,833	2,398,029	2,324,032	73,997
Judicial	554,507	285,447	285,447	-
Public safety	5,429,580	5,580,000	5,587,959	(7,959)
Public works	1,055,541	1,168,958	1,026,281	142,677
Total expenditures	9,262,461	9,432,434	9,223,719	208,715
Excess of Revenue Over Expenditures	2,579,321	2,234,688	2,541,930	307,242
Other Financing Uses - Transfers out	(1,941,934)	(2,037,042)	(2,037,042)	-
Net Change in Fund Balance	637,387	197,646	504,888	307,242
Fund Balance - Beginning of year	5,348,478	5,348,478	5,348,478	-
Fund Balance - End of year	<u>\$ 5,985,865</u>	<u>\$ 5,546,124</u>	<u>\$ 5,853,366</u>	<u>\$ 307,242</u>

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

**Last Eight Plan Years
Years Ended December 31**

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 288,398	\$ 281,895	\$ 299,896	\$ 316,016	\$ 311,343	\$ 303,737	\$ 321,098	\$ 349,720
Interest	3,034,616	2,840,526	2,845,893	2,841,279	2,772,061	2,637,009	2,527,139	2,464,654
Differences between expected and actual experience	(56,452)	818,177	(141,974)	(653,783)	189,169	1,101,092	77,828	-
Changes in assumptions	1,657,672	1,176,110	1,297,081	-	-	-	1,614,918	-
Benefit payments, including refunds	(2,617,368)	(2,514,918)	(2,465,504)	(2,410,044)	(2,409,333)	(2,305,661)	(2,097,680)	(1,987,664)
Net Change in Total Pension Liability	2,306,866	2,601,790	1,835,392	93,468	863,240	1,736,177	2,443,303	826,710
Total Pension Liability - Beginning of year	41,093,645	38,491,855	36,656,463	36,562,995	35,699,755	33,963,578	31,520,275	30,693,565
Total Pension Liability - End of year	\$ 43,400,511	\$ 41,093,645	\$ 38,491,855	\$ 36,656,463	\$ 36,562,995	\$ 35,699,755	\$ 33,963,578	\$ 31,520,275
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,049,604	\$ 851,808	\$ 698,124	\$ 514,950	\$ 334,374	\$ 269,316	\$ 283,701	\$ 16,952,688
Contributions - Member	82,468	87,593	95,240	96,641	95,191	98,682	109,331	118,386
Net investment income (loss)	4,341,923	4,121,498	3,767,776	(1,174,098)	3,804,392	3,148,653	(443,538)	937,384
Administrative expenses	(51,544)	(59,968)	(64,850)	(59,459)	(60,403)	(62,233)	(65,737)	(34,875)
Benefit payments, including refunds	(2,617,368)	(2,514,918)	(2,465,504)	(2,410,044)	(2,409,333)	(2,305,661)	(2,097,680)	(1,987,664)
Other	18,953	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,824,036	2,486,013	2,030,786	(3,032,010)	1,764,221	1,148,757	(2,213,923)	15,985,919
Plan Fiduciary Net Position - Beginning of year	32,752,018	30,266,005	28,235,219	31,267,229	29,503,008	28,354,251	30,568,174	14,582,255
Plan Fiduciary Net Position - End of year	\$ 35,576,054	\$ 32,752,018	\$ 30,266,005	\$ 28,235,219	\$ 31,267,229	\$ 29,503,008	\$ 28,354,251	\$ 30,568,174
City's Net Pension Liability - Ending	\$ 7,824,457	\$ 8,341,627	\$ 8,225,850	\$ 8,421,244	\$ 5,295,766	\$ 6,196,747	\$ 5,609,327	\$ 952,101
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.97 %	79.70 %	78.63 %	77.03 %	85.52 %	82.64 %	83.48 %	96.98 %
Covered Payroll	\$ 1,568,464	\$ 1,751,860	\$ 1,830,511	\$ 1,932,814	\$ 1,903,821	\$ 1,859,858	\$ 2,025,423	\$ 2,211,532
City's Net Pension Liability as a Percentage of Covered Payroll	498.86 %	476.16 %	449.37 %	435.70 %	278.17 %	333.18 %	276.95 %	43.05 %

Required Supplemental Information
Schedule of Pension Contributions

Last Ten Plan Years										
Years Ended December 31										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,049,604	\$ 851,808	\$ 698,124	\$ 514,950	\$ 334,374	\$ 269,316	\$ 275,820	\$ 1,262,614	\$ 1,025,420	\$ 967,279
Contributions in relation to the actuarially determined contribution	1,049,604	851,808	698,124	514,950	334,374	269,316	275,820	1,262,614	1,025,420	967,279
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,568,464	\$ 1,751,860	\$ 1,830,511	\$ 1,932,814	\$ 1,903,821	\$ 1,859,858	\$ 2,025,423	\$ 2,211,532	\$ 1,981,561	\$ 2,423,543
Contributions as a Percentage of Covered Payroll	66.92 %	48.62 %	38.14 %	26.64 %	17.56 %	14.48 %	13.62 %	57.09 %	51.75 %	39.91 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, one year and six months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed
Inflation	2.5 percent
Salary increase	3.75 percent
Investment rate of return	7.35 percent
Retirement age	60
Mortality	Pub-2010 Mortality Tables
Other information	None

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Five Fiscal Years				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 89,294	\$ 91,347	\$ 89,976	\$ 90,842	\$ 118,778
Interest	705,496	747,510	809,534	875,542	887,837
Differences between expected and actual experience	(35,232)	(805,229)	(877,969)	(1,195,234)	(1,706,693)
Changes in assumptions	1,381,184	-	303,545	830,388	830,388
Benefit payments, including refunds	(612,500)	(594,213)	(608,676)	(634,850)	(650,990)
Net Change in Total OPEB Liability	1,528,242	(560,585)	(283,590)	(33,312)	(520,680)
Total OPEB Liability - Beginning of year	9,810,106	10,370,691	10,654,281	11,517,981	12,038,661
Total OPEB Liability - End of year	\$ 11,338,348	\$ 9,810,106	\$ 10,370,691	\$ 11,484,669	\$ 11,517,981
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,212,500	\$ 944,213	\$ 908,676	\$ 634,850	\$ 650,990
Net investment (loss) income	(391,350)	884,114	68,034	77,470	289,335
Administrative expenses	(7,952)	(6,529)	(5,335)	(5,493)	(2,431)
Benefit payments, including refunds	(612,500)	(594,213)	(608,676)	(634,850)	(650,990)
Net Change in Plan Fiduciary Net Position	200,698	1,227,585	362,699	71,977	286,904
Plan Fiduciary Net Position - Beginning of year	4,279,409	3,051,824	2,689,125	2,617,148	2,330,244
Plan Fiduciary Net Position - End of year	\$ 4,480,107	\$ 4,279,409	\$ 3,051,824	\$ 2,689,125	\$ 2,617,148
Net OPEB Liability - Ending	\$ 6,858,241	\$ 5,530,697	\$ 7,318,867	\$ 8,795,544	\$ 8,900,833
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	39.51 %	43.62 %	29.43 %	23.41 %	22.72 %
Covered-employee Payroll	\$ 1,152,509	\$ 1,199,733	\$ 1,320,807	\$ 1,537,841	\$ 1,482,256
Net OPEB Liability as a Percentage of Covered-employee Payroll	595.07 %	460.99 %	554.12 %	571.94 %	600.49 %

Required Supplemental Information
Schedule of OPEB Contributions

	Last Ten Fiscal Years Years Ended June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 612,500	\$ 594,213	\$ 617,882	\$ 666,602	\$ 718,126	\$ 670,697	\$ 650,982	\$ 629,451	\$ 529,842	\$ 529,842
Contributions in relation to the actuarially determined contribution	1,212,500	944,213	908,676	634,850	650,990	597,003	887,665	743,166	892,917	908,023
Contribution Excess (Deficiency)	\$ 600,000	\$ 350,000	\$ 290,794	\$ (31,752)	\$ (67,136)	\$ (73,694)	\$ 236,683	\$ 113,715	\$ 363,075	\$ 378,181
Covered-employee Payroll	\$ 1,152,509	\$ 1,199,733	\$ 1,320,807	\$ 1,537,841	\$ 1,482,256	\$ 1,715,716	\$ 1,715,716	\$ 1,715,716	\$ 1,999,296	\$ 1,999,296
Contributions as a Percentage of Covered-employee Payroll	105.21 %	78.70 %	68.80 %	41.28 %	43.92 %	34.80 %	51.74 %	43.32 %	44.66 %	45.42 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30 each year for the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of salary
Remaining amortization period	23 years
Asset valuation method	5-year smoothed
Inflation	2.5 percent
Health care cost trend rates	7.5 percent pre-65 and 6.5 percent post-65
Salary increase	3.75 percent
Investment rate of return	7.0 percent
Retirement age	60
Mortality	SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
Other information	None

June 30, 2022***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. During the year, the budget was amended in a legally permissible manner.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the second Tuesday in May, the finance director/treasurer and the city manager prepare a proposed operating budget for the fiscal year commencing on July 1 and submit it to the City Commission. The budget must be adopted through a passage of a budget resolution no later than June 30.
2. Public hearings are conducted to obtain citizen comments.
3. The legislative budget is adopted by department and fund on a departmental basis. Line item detail is provided as a general guideline. Throughout the year, the commission receives the requests to amend the activity budget. All amendments must be approved by a vote of the City Commission. Changes in line items within an activity may be made and approved by the finance director/treasurer.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the City of Bloomfield Hills, Michigan incurred expenditures that were in excess of the amounts budgeted in public safety due to slightly higher than expected employee-related expenses during the year.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Public safety	\$ 5,580,000	\$ 5,587,959	\$ (7,959)

Pension Information**Changes in Assumptions**

The December 31, 2021 actuarial valuation used a investment rate of return of 7.25 percent. The December 31, 2020 actuarial valuation used a salary increase assumption of 3.0 percent and the Pub-2010 Mortality Tables. The total pension liability in the December 31, 2019 actuarial valuation used a salary increase assumption of 3.75 percent and the RP-2014 Mortality Tables. The December 31, 2018 actuarial valuation used assumptions of 3.75 percent for inflation and 8.00 percent for an investment rate of return.

OPEB Information**Changes in Assumptions**

The total OPEB liability in the June 30, 2022 actuarial valuation used a discount rate of 7.0 percent. The total OPEB liability in the June 30, 2020 actuarial valuation used a discount rate of 7.35 percent and the SOA Pub-2010 Headcount Weighted Mortality Tables fully generational using Scale MP-2019. The June 30, 2019 actuarial valuation used assumptions of 7.75 percent for the discount rate and the SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

Other Supplemental Information

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2022

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Major Streets Fund	Local Streets Fund	Drug Enforcement Fund	Capital Improvement Fund	Road Construction Fund	
Assets						
Cash and cash equivalents	\$ 183,458	\$ 477,174	\$ 1,120	\$ 43,955	\$ 373,293	\$ 1,079,000
Receivables	67,101	31,196	-	-	37	98,334
Due from other funds	-	33,550	-	-	-	33,550
Total assets	\$ 250,559	\$ 541,920	\$ 1,120	\$ 43,955	\$ 373,330	\$ 1,210,884
Liabilities						
Accounts payable	\$ 182	\$ 10,184	\$ -	\$ 39,932	\$ 10,006	\$ 60,304
Due to other funds	40,260	3,120	-	-	-	43,380
Total liabilities	40,442	13,304	-	39,932	10,006	103,684
Fund Balances						
Restricted:						
Roads	210,117	528,616	-	-	-	738,733
Drug enforcement	-	-	1,120	-	-	1,120
Assigned - Capital projects	-	-	-	4,023	363,324	367,347
Total fund balances	210,117	528,616	1,120	4,023	363,324	1,107,200
Total liabilities and fund balances	\$ 250,559	\$ 541,920	\$ 1,120	\$ 43,955	\$ 373,330	\$ 1,210,884

City of Bloomfield Hills, Michigan

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

Year Ended June 30, 2022

	Special Revenue Funds			Capital Project Funds		Total Nonmajor Governmental Funds
	Major Streets Fund	Local Streets Fund	Drug Enforcement Fund	Capital Improvement Fund	Road Construction Fund	
Revenue						
Taxes - Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 514,780	\$ 514,780
Intergovernmental	430,600	214,284	-	-	-	644,884
Interest and rentals	-	-	-	-	2,008	2,008
Other revenue	-	-	-	39,733	114,000	153,733
Total revenue	430,600	214,284	-	39,733	630,788	1,315,405
Expenditures						
Current - Public works	143,787	251,252	-	-	-	395,039
Capital outlay	-	-	-	464,119	1,190,353	1,654,472
Total expenditures	143,787	251,252	-	464,119	1,190,353	2,049,511
Excess of Revenue Over (Under) Expenditures	286,813	(36,968)	-	(424,386)	(559,565)	(734,106)
Other Financing Sources (Uses)						
Transfers in	-	212,611	-	427,792	-	640,403
Transfers out	(212,611)	-	-	-	-	(212,611)
Total other financing (uses) sources	(212,611)	212,611	-	427,792	-	427,792
Net Change in Fund Balances	74,202	175,643	-	3,406	(559,565)	(306,314)
Fund Balances - Beginning of year	135,915	352,973	1,120	617	922,889	1,413,514
Fund Balances - End of year	<u>\$ 210,117</u>	<u>\$ 528,616</u>	<u>\$ 1,120</u>	<u>\$ 4,023</u>	<u>\$ 363,324</u>	<u>\$ 1,107,200</u>