

City of Auburn Hills

Financial Statements

December 31, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Auburn Hills
Auburn Hills, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn Hills (the City), as of and for the year ended December 31, 2023, 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Yeo & Yeo, P.C.

Auburn Hills, Michigan
May 23, 2024

City of Auburn Hills, Michigan

Management's Discussion and Analysis

December 31, 2023

As management of the City of Auburn Hills, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended December 31, 2023.

Financial Highlights

- 2022 property tax values saw a net increase of 5.32% from the year prior. 2022 property tax values drive the 2023 property tax revenues. General fund property tax revenues totaled \$22.6 million and reflected an increase over 2022 property tax revenues of approximately \$1.2 million .
- GASB Statement No. 96 Subscription Based information technology arrangements (SBITAs) established a single model for subscription based contracts that provide government access to a vendors IT software over a specified period of time. These arrangements are by nature contracts requiring periodic payments much like a capital lease agreement. The standard is based on the principle that SBITA's are financings of the right to use an asset. The guidance required an evaluation of several City agreements that involved the right to use software. The City found only one contract that was necessary to report as a right to use asset liability in the Governmental Funds. Additional information about this new reporting requirement and the impact on the financial statements can be found in the notes of the financial statements on pages 3-25, 3-38.
- In the 3rd quarter of 2021, the City issued \$14.5 million in debt to fund approximately \$12.5 million in road and \$2 million in roof, HVAC, and other infrastructure projects through 2023. At the end of 2022, \$8.2M was spent on projects with the remainder \$6.1 million being utilized to finish road projects and fund additional infrastructure projects related to Fire and the DPW in 2023. As of 12/2023, approximately \$120K remains to be applied to finish two parking lots and final engineering costs for two roads. Any interest earned not required to be paid back will be moved to debt service for future bond payments.
- The City received \$2.6 Million in American Rescue Plan money during 2022. The City will be using most of the funding to create additional parking space in the City's downtown district. \$201,860.62 was spent in 2023 toward design and engineering of the structure. \$80,000 was provided to support the Rochester Area Neighborhood House to serve Auburn Hills residents. The remaining \$2,318,675 that is being held by the City will be spent before its expiration 12/31/2026.
- The City incurred new debt passed on by Oakland County for a proportionate share of work needed to Clinton River Water Resource Recovery Facility (CRWRRF) and Evergreen Farmington Sewage Disposal system. The debt amount will increase as the project gets underway and larger portions of the funds are drawn down for the intended projects. More details can be found on pages 3-38 through 3-41 about this assigned debt. The City also prepaid \$762,524 for its assigned share of work related to the Oakland Macomb Interceptor Drain Drainage District (OMID) for electrical and mechanical equipment replacements and repairs at the Northeast Sewage Pumping Station forgoing additional costs of approximately \$380,000.

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 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, revenues 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).

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2023

Both 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, public works, community and economic development, and culture and recreation. The business-type activities of the City include providing water and sewage disposal, as well as the City's golf course operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also eight discreetly presented component units. There are three separate Tax Increment Finance Authority (TIFA) Districts, the Brownfield Redevelopment Authority (BRA), the Economic Development Corporation (EDC), the Downtown Development Authority (DDA), the Pension Trust Fund, and the Retiree Health Care Trust Fund.

The Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as part of the primary government.

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 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 and special revenue funds. A budgetary comparison statement has been provided for the General Fund and major special revenue funds to demonstrate compliance with this budget.
- **Proprietary funds** - The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewage disposal activities and the City's golf course operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of the fleet (supporting the needs of the City's vehicle and equipment needs) and the retiree health care program (supporting the funding of retiree health care for those employees eligible for OPEB). Because both services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.
- **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 both the pension and other postemployment benefit trust funds, and custodial funds.

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 the required supplemental information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplemental information on pensions and OPEB.

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2023

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 \$246,586,569 at the close of the most recent fiscal year. This is an increase of \$21.7 million from that of the prior year. The increase is due primarily to the addition of \$8.6 million in current and other assets partly due to \$5.8 million more in cash and investments. Deferred outflows of resources decreased \$2 million due to a decrease in deferred outflows in pension costs of nearly \$1.9 million. Deferred inflows of resources decreased approximately \$1.6 million primarily due to a \$2.8 million decrease related to retiree health care costs but an increase of \$1.7 million in deferred property tax revenue.

City's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 98,567,502	\$ 92,664,882	\$ 47,312,363	\$ 44,633,973	\$ 145,879,865	\$ 137,298,855
Capital assets	91,290,995	86,837,108	85,007,439	83,426,276	176,298,434	170,263,384
Total assets	189,858,497	179,501,990	132,319,802	128,060,249	322,178,299	307,562,239
Deferred Outflows of Resources	3,029,220	4,872,895	327,889	507,444	3,357,109	5,380,339
Liabilities						
Current liabilities	8,027,015	7,470,637	2,500,273	2,916,198	10,527,288	10,386,835
Noncurrent liabilities	30,651,298	37,885,918	6,656,663	7,098,917	37,307,961	44,984,835
Total liabilities	38,678,313	45,356,555	9,156,936	10,015,115	47,835,249	55,371,670
Deferred Inflows of Resources	30,984,218	32,270,433	129,372	402,780	31,113,590	32,673,213
Net Position	<u>\$ 123,225,186</u>	<u>\$ 106,747,897</u>	<u>\$ 123,361,383</u>	<u>\$ 118,149,798</u>	<u>\$ 246,586,569</u>	<u>\$ 224,897,695</u>

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2023

City's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenue						
Program revenue:						
Charges for services	\$ 7,991,093	\$ 8,470,545	\$ 18,692,525	\$ 19,579,043	\$ 26,683,618	\$ 28,049,588
Operating grants	5,145,705	5,034,970	-	-	5,145,705	5,034,970
Capital grants	795,742	1,806,868	2,353,456	2,940,299	3,149,198	4,747,167
General revenue:						
Taxes	22,597,283	21,388,206	-	-	22,597,283	21,388,206
Intergovernmental	4,958,915	5,494,564	-	-	4,958,915	5,494,564
Investment earnings	3,192,248	515,696	1,490,721	-	4,682,969	515,696
Other revenue	1,101,563	299,279	-	-	1,101,563	299,279
Total revenue	45,782,549	43,010,128	22,536,702	22,519,342	68,319,251	65,529,470
Expenses						
General government	8,199,042	7,031,687	-	-	8,199,042	7,031,687
Public safety	13,367,623	13,201,714	-	-	13,367,623	13,201,714
Public works	5,567,036	5,223,437	-	-	5,567,036	5,223,437
Health, welfare and community development	891,815	768,963	-	-	891,815	768,963
Recreation and culture	1,001,451	1,272,743	-	-	1,001,451	1,272,743
Debt service	328,293	370,077	-	-	328,293	370,077
Water & Sewer	-	-	15,361,161	16,055,546	15,361,161	16,055,546
Fieldstone Golf Club	-	-	1,913,956	1,675,734	1,913,956	1,675,734
Total expenses	29,355,260	27,868,621	17,275,117	17,731,280	46,630,377	45,599,901
Transfers	50,000	50,000	(50,000)	(50,000)	-	-
Change in net position	\$ 16,477,289	\$ 15,191,507	\$ 5,211,585	\$ 4,738,062	\$ 21,688,874	\$ 19,929,569

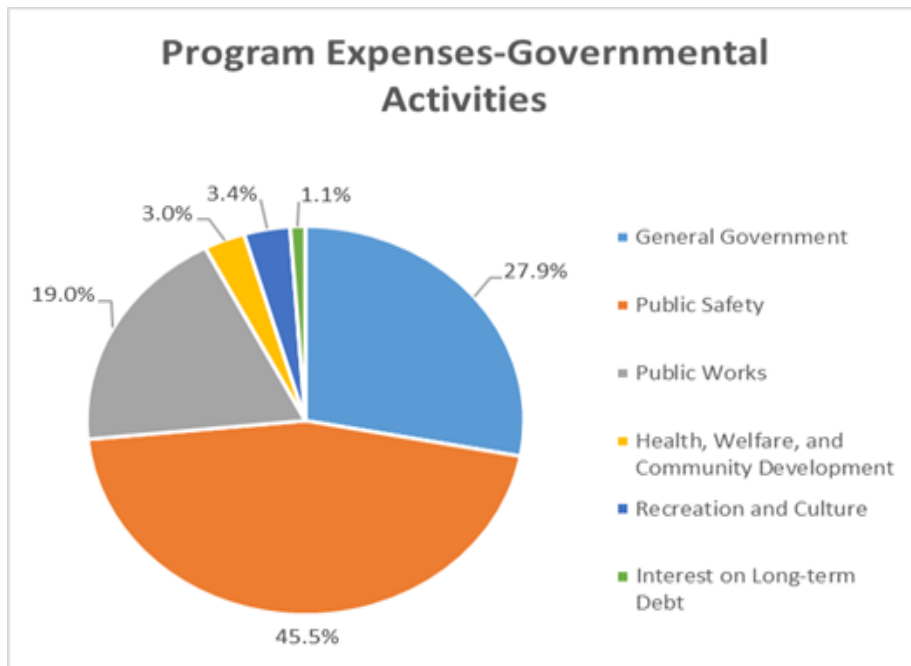
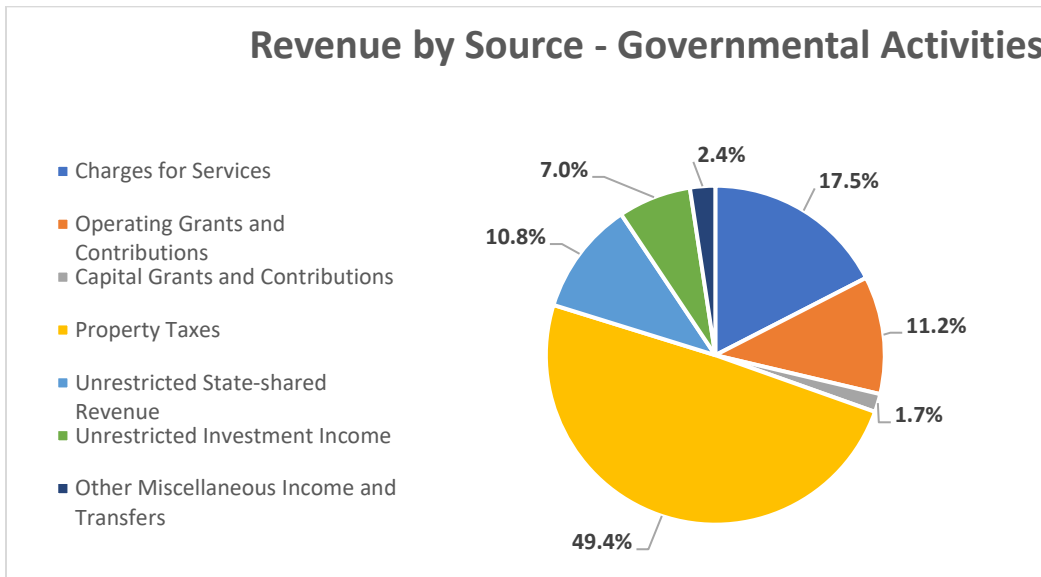
City of Auburn Hills, Michigan

Management's Discussion and Analysis

December 31, 2023

Governmental Activities

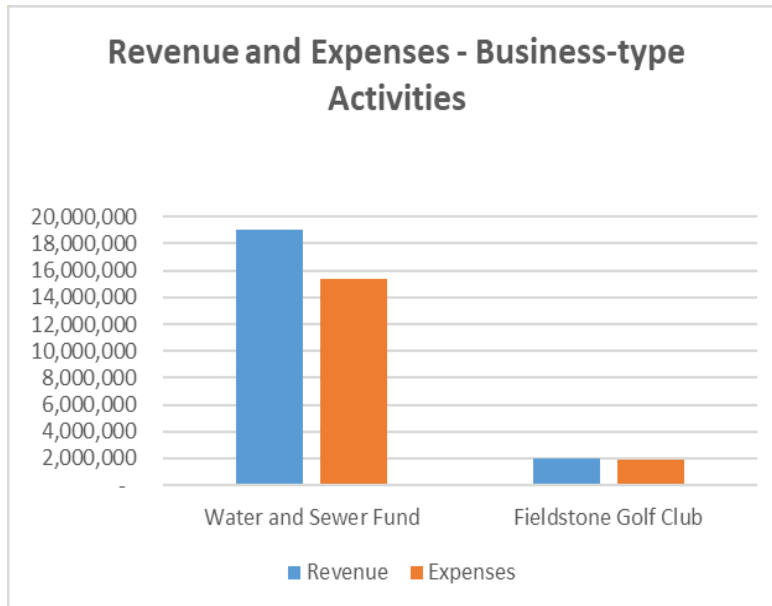
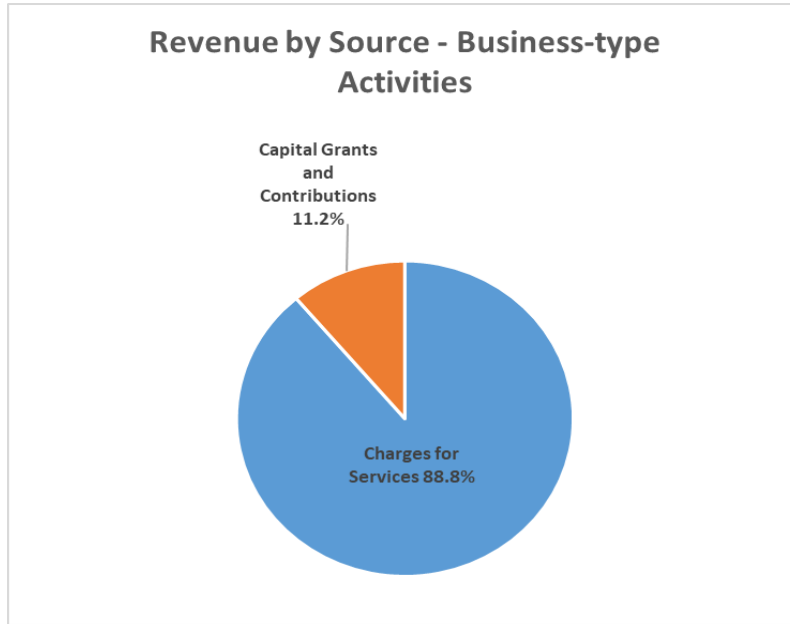
The City experienced an increase in net position of approximately \$16.5 million in its governmental activities during 2023. Revenues increased \$2.8 million while expenditures including transfers increased \$1.5 million from that of the prior year. While most areas of revenues decreased, the increase in property tax and investment earnings revenue were directly responsible for the overall increase in revenues. Expenditures were all fairly consistent, impacted by inflation but offset by staffing challenges. The overall expenditure increase was due to a one-time general government expense that was offset by other contributed revenue.



City of Auburn Hills, Michigan Management's Discussion and Analysis December 31, 2023

Business-Type Activities

The City had an increase in net position of approximately \$5.2 million compared to the prior year's change of an increase of \$4.7 million. While enterprise funds saw a large increase in investment income over 2022, capital contributions were less resulting in flat revenues. However, the enterprise funds experienced less expense resulting in a slightly improved net position from that of the prior year.



City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2023

Governmental Funds

On December 31, 2023, the City's governmental funds reported a combined fund balance of \$54.7 million, an increase of approximately \$4 million from the December 31, 2022, fund balance of 50.7 million. This change is primarily a result of an increase to the General Fund balance of \$9.6 million but a reduction in the Capital Projects Fund balance of \$5.7 million.

The unassigned portion of the General fund balance represents 133.4% of total General Fund expenditures (excluding net transfers) for the 2023 fiscal year as compared to 118.4% for fiscal year ending 2022. In 2023, the City is assigning \$9.9 million of its fund balance for expected use for 2024 and beyond. This includes \$1.9 million for 2025 capital improvement debt payments and \$6.8 million for 2025 road work. These assignments beyond the 2024 expected use of fund balance per the current 2024 budget plan provide additional assurance that sufficient funds are recognized as budget planning resumes for 2025.

Revenue increased \$3.5 million across governmental funds in 2023 over the prior year. The largest factor in this increase was due to the governmental funds investment income increase of approximately \$2.9 million over that of the prior year. Expenditures (not including transfers and other financing uses) in the governmental funds increased by \$2.3 million. The change was primarily due to an increase in general government expenses.

Enterprise Funds

The City's enterprise funds provide the same type of information found in the business-type activities portion of the government-wide financial statements. The enterprise funds include the Water and Sewer fund and the Fieldstone Golf Club fund. The net position in the Water and Sewer fund is \$109 million as of December 31, 2023, an increase of \$5 million from 2022. The unrestricted net position increased \$3.8 million from \$32.7 million in 2022 to \$36.5 million in 2023.

The City has been a member of the North Oakland County Water Authority (NOCWA), which provides joint management of four-member community water systems, since 2015. NOCWA began operations with the goal of optimizing operational efficiency and contain water service costs by which GLWA wholesale water rates are driven with the maximum day and peak hour values agreed upon in the contract. NOCWA members followed their operational plan and was able to demonstrate that it could achieve a more favorable reduced peak hour demand than the original contract value. The GLWA contract was amended, and water service cost increases were minimized to achieve greater fiscal value. The City's participation in NOCWA has allowed the City to contain its water service costs and has helped the fund continue to realize operational. These efficiencies enable the City to pass on lower increases in utility service fees despite increases in some years. For users connected to the City water system there was no increase effective for sewer service and no increase in general water service as of 1/1/2023.

The Water and Sewer fund experienced an operational gain in 2023 of \$1.3 million. Non-operating revenues, including capital contributions, increased \$1.1 million from the prior year. This was primarily due to an increase in investment income compared to 2022.

The water and sewer departments have remained diligent in controlling costs to maintain adequate reserves for both regular maintenance of infrastructure and any emergency, while minimizing annual rate increases to maintain sufficient reserves for capital repairs, reconstructions, and emergency situations. The Water and Sewer fund operating expenses in 2023 were \$15.4 million. This was a decrease of \$443,605 from the prior year. Water and sewer utility charges consider that the City needs to cover not only water and sewer treatment costs and unanticipated emergency repairs, but also operational departmental costs and improvements in infrastructure. Capital improvements performed by the Oakland County Water Resources Commissioner (OCWRC) with respect to the Clinton-Oakland Sanitary Disposal System (COSDS), the Evergreen-Farmington Sanitary Disposal System (EFSDS), the Oakland-Macomb Interceptor Drain (OMID), and the Clinton River Water Resources Recovery (CRWRR) sewage treatment facility, are allocated to the City. Therefore, increases in service costs assist in meeting the ongoing shared CIP infrastructure costs passed on by these entities.

City of Auburn Hills, Michigan

Management's Discussion and Analysis

December 31, 2023

The unrestricted net position of Fieldstone Golf Club at year-end is \$1.4 million. The Fieldstone Golf Club fund experienced an operating income of \$105,761.

General Fund Budgetary Highlights

The General Fund actual revenue exceeded budgeted revenues by \$3.1 million. This additional revenue is primarily related to increased state-shared revenue and investment income. Details can be found on the budgetary comparison schedule on page 4-1. The expenses of the General fund were under budget by approximately \$572,677. The largest savings are in facilities and grounds costs. This is primarily due to a decrease in capital purchases for 2023.

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2023, is \$176.2 million (net of accumulated depreciation and related debt), an increase of approximately \$6 million from 2022. This increase is due to the City's attention to roads, building, infrastructure, land improvements, and fleet upgrades and replacements.

Long-Term Debt- The City has total debt outstanding of \$23,316,018 (excluding compensated absences, subscriptions, and leases) on December 31, 2023. The debt schedule includes an addition to Business-type Activity debt related to Lease as required by the new Governmental Accounting Standard Board 87. This lease is related to the City's golf cart agreement. In 2023, City was passed on the 2023 pro rata additional debt incurred related to the Evergreen-Farmington Sanitary Drain Drainage District of \$228,064. We expect to pay this debt off in 2046. Total principal and interest expected is \$ \$661,098. Further, the City also incurred new Clinton River Water Resource Recovery Facility Drainage District pro rata debt in 2023 of \$215,064. . We expect to pay this debt off in 2046. Total principal and interest expected is \$2,658,139. While the City will pay upfront for assessments passed on from different authorities when it is able, debt is incurred when analysis proves it is financially advantageous to do so.

Economic Factors and Next Year's Budgets and Rates

The economic outlook for the City of Auburn Hills and suburban Oakland County has been steadily improving. The region, in general, has rebounded in the post-pandemic phase primarily due to participation in many of the federal stimulus programs available. Currently, unemployment remains low, but job growth is lagging as it is for the entire state. This means the City will continue seeing challenges filling open positions in a very competitive market. The City continues to be cautious in budget planning and strategically works to preserve resources. This is not just due to local economic factors, but global unrest in general. The US supply chain has continued to be challenged the past year, there has been a delay in a softening of inflation, and an imminent need to increase resources addressing the security of US soil. Fortunately, the City of Auburn Hills continues to remain positioned to adapt to fiscal disruptions quickly and continues to make strategic investment in core services that will benefit the lives of our residents and enhance the investment of businesses.

The City will continue to carefully utilize road millage funding analyzing both need and economies of scale. Coupled with strategic financing, the City has been able to adhere to its capital plan through 2023 leveraging low cost debt that has allowed for incremental reserve growth in the next year when borrowing is costly. The City continues to fill to staff shortages, but has made progress this last year finding dedicated staff eager to learn and serve. Funding for delayed projects will stay in place, thus a shift of funds to another year may create a larger draw from cash resources than that from the prior year, but over the longer term the City will still meet its fiscal projections.

The City remains optimistic about the strength and stability of its tax base. Based on development projects currently underway or proposed to be underway, the City expects as much as \$600 million in private investment in the community over the next 24 months. An estimated \$140 million is anticipated to be invested in housing developments and \$460 million in nonresidential developments. Annual tax revenue is anticipated to steadily increase. Currently, depending on the source, inflation for 2024 is expected to average 3.3% and then drop to an average of 1.9% in 2025. Averages were (9.59% in 2022 and 4.06% in 2023). As inflation levels to more moderate rates of 2%, the city expects continued increases in tax revenues over the next 4 years held to the limits of the Headlee Amendment and Proposal A. Taxable values for 2023 and 2024 have increased 5.89% and 7.80% respectively. These larger increases in taxable value coupled with the City's continued growth, will drive increased revenues for 2024 and 2025.

There has been no change, other than reductions as required by the Headlee Amendment, in the City's general operating millage (since 2005), police millage (since 2003), fire millage (since 2016), road millage (since 2020). While revenue growth is expected from property taxes, personal property tax reimbursement declines and the eventual expiration of reimbursement beyond 2029 will temper overall state shared revenues limiting general revenue growth for the City.

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2023

Below is a chart populated with information from the City's current approved amended 2024 budget.

The current year's budget is amended as necessary throughout the year. The next year budget is approved each October and at that time, the 2025 - 2028 projections will be updated as well. Below is a chart populated with information from the City's current approved amended 2024 budget.

City of Auburn Hills General Fund

<u>Description</u>	2023 ACTUALS	2024 AMENDED BUDGET (as of 5/21/2024)
PROPERTY TAXES	\$ 22,623,513	\$ 26,305,399
STATE SHARED REVENUE & REFUNDS	5,366,116	4,701,661
LICENSES AND PERMITS	1,955,908	1,138,320
GRANTS	847,931	494,928
CHARGES FOR SERVICES	2,002,884	1,921,950
OTHER REVENUE	4,918,609	1,717,930
INTERFUND CHARGES	2,800,721	2,454,659
TRANSFERS FROM FUNDS	104,611	-
TOTAL REVENUE SOURCES	\$ 40,620,292	\$ 38,734,847
ANNUAL EXPENDITURES (EXCLUDING TRANSFERS OUT)	\$ 27,573,402	\$ 33,652,214
TRANSFER TO RETIREE HEALTH	854,395	250,000
TRANSFER TO MAJOR STREETS	180,000	1,026,000
TRANSFER TO LOCAL STREETS	495,000	3,266,000
TRANSFER TO CI DEBT SERVICE	1,861,325	1,858,525
TOTAL EXPENDITURES	\$ 30,964,122	\$ 40,052,739
Net Revenue Under Expenditures	9,656,171	(1,317,892)

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 Treasurer/Finance Department at 1827 N. Squirrel Road, Auburn Hills, Michigan 48326. This report, City budgets, and other financial information are available on the City's website at www.auburnhills.org.

City of Auburn Hills
Statement of Net Position
December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 68,743,770	\$ 38,810,836	\$ 107,554,606	\$ 25,822,881
Receivables				
General accounts receivable	796,209	-	796,209	23,067
Property taxes	19,590,004	-	19,590,004	3,793,980
Utility bills	-	3,139,030	3,139,030	-
Special assessments	1,300,409	-	1,300,409	-
Accrued interest	48,025	-	48,025	-
Loans receivable	-	-	-	8,333
Leases receivable	6,460,089	54,467	6,514,556	139,272
Due from other units of government	3,294,996	198,563	3,493,559	48,634
Internal balances	(2,356,071)	2,356,071	-	-
Inventories	-	279,248	279,248	-
Prepaid items	208,842	-	208,842	110
Assets held for sale	126,172	-	126,172	-
Restricted assets				
Cash and cash equivalents	-	2,474,148	2,474,148	-
Investments	355,057	-	355,057	-
Capital assets not being depreciated	9,697,197	14,671,557	24,368,754	8,671,318
Capital assets, net of accumulated depreciation	<u>81,593,798</u>	<u>70,335,882</u>	<u>151,929,680</u>	<u>41,525,560</u>
Total assets	<u>189,858,497</u>	<u>132,319,802</u>	<u>322,178,299</u>	<u>80,033,155</u>
Deferred outflows of resources				
Pension related	1,157,370	173,675	1,331,045	-
OPEB related	<u>1,871,850</u>	<u>154,214</u>	<u>2,026,064</u>	<u>-</u>
Total deferred outflows of resources	<u>3,029,220</u>	<u>327,889</u>	<u>3,357,109</u>	<u>-</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Statement of Net Position
December 31, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 2,014,852	\$ 1,417,379	\$ 3,432,231	\$ 107,691
Contracts payable - retainage	98,088	45,177	143,265	20,613
Due to other units of government	1,766	129,342	131,108	-
Provision for property tax refunds	89,308	-	89,308	20,000
Payroll and other liabilities	1,105,634	65,625	1,171,259	13,216
Interest payable	39,581	-	39,581	-
Refundable deposits	2,358,911	810,193	3,169,104	-
Unearned revenue	2,318,875	32,557	2,351,432	-
Noncurrent liabilities				
Debt due within one year	2,046,659	460,207	2,506,866	49,389
Debt due in more than one year	17,869,228	4,845,360	22,714,588	312,287
Arbitrage liability	177,405	-	177,405	-
Net pension liability	7,117,697	1,067,663	8,185,360	-
Net OPEB liability	3,440,309	283,433	3,723,742	-
Total liabilities	<u>38,678,313</u>	<u>9,156,936</u>	<u>47,835,249</u>	<u>523,196</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	23,722,494	-	23,722,494	3,920,513
Lease related	6,352,345	54,467	6,406,812	139,272
OPEB related	909,379	74,905	984,284	-
Total deferred inflows of resources	<u>30,984,218</u>	<u>129,372</u>	<u>31,113,590</u>	<u>4,059,785</u>
Net position				
Net investment in capital assets	73,875,587	82,305,344	156,180,931	49,835,202
Restricted for				
Donations	355,057	-	355,057	-
Debt service	692,387	-	692,387	-
Streets	2,336,795	-	2,336,795	-
Public works	941,209	-	941,209	-
Public safety	138,748	-	138,748	-
Health and welfare	408,758	-	408,758	-
Community and economic development	21,936	-	21,936	-
North Oakland County Water Authority	-	776,610	776,610	-
Unrestricted	<u>44,454,709</u>	<u>40,279,429</u>	<u>84,734,138</u>	<u>25,614,972</u>
Total net position	<u>\$ 123,225,186</u>	<u>\$ 123,361,383</u>	<u>\$ 246,586,569</u>	<u>\$ 75,450,174</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Statement of Activities
For the Year Ended December 31, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Functions/programs								
Primary government								
Governmental activities								
General government	\$ 8,199,042	\$ 3,569,656	\$ 503,412	\$ -	\$ (4,125,974)	\$ -	\$ (4,125,974)	\$ -
Public safety	13,367,623	3,976,229	1,234,450	-	(8,156,944)	-	(8,156,944)	-
Public works	5,567,036	224,642	3,295,242	795,742	(1,251,410)	-	(1,251,410)	-
Health and welfare	891,815	74,551	-	-	(817,264)	-	(817,264)	-
Community and economic development	-	-	90,569	-	90,569	-	90,569	-
Recreation and culture	1,001,451	146,015	22,032	-	(833,404)	-	(833,404)	-
Interest and fiscal charges on long-term debt	<u>328,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(328,293)</u>	<u>-</u>	<u>(328,293)</u>	<u>-</u>
Total governmental activities	<u>29,355,260</u>	<u>7,991,093</u>	<u>5,145,705</u>	<u>795,742</u>	<u>(15,422,720)</u>	<u>-</u>	<u>(15,422,720)</u>	<u>-</u>
Business-type activities								
Golf Course	1,913,956	2,019,404	-	-	-	105,448	105,448	-
Water & Sewer	15,361,161	16,673,121	-	2,353,456	-	3,665,416	3,665,416	-
Total business-type activities	<u>17,275,117</u>	<u>18,692,525</u>	<u>-</u>	<u>2,353,456</u>	<u>-</u>	<u>3,770,864</u>	<u>3,770,864</u>	<u>-</u>
Total primary government	<u>\$ 46,630,377</u>	<u>\$ 26,683,618</u>	<u>\$ 5,145,705</u>	<u>\$ 3,149,198</u>	<u>(15,422,720)</u>	<u>3,770,864</u>	<u>(11,651,856)</u>	<u>-</u>
Component units								
TIFA A	\$ 1,934,275	\$ 53,465	\$ -	\$ -	-	-	-	(1,880,810)
TIFA B	613,998	-	-	-	-	-	-	(613,998)
TIFA D	1,269,948	519	130,020	-	-	-	-	(1,139,409)
Brownfield Redevelopment Authority	478,363	-	-	737,717	-	-	-	259,354
Economic Development Authority	-	-	-	-	-	-	-	-
Downtown Development Authority	<u>249,545</u>	<u>-</u>	<u>-</u>	<u>10,610</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(238,935)</u>
Total component units	<u>\$ 4,546,129</u>	<u>\$ 53,984</u>	<u>\$ 130,020</u>	<u>\$ 748,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,613,798)</u>
General revenues								
Property taxes					22,597,283	-	22,597,283	3,729,263
Unrestricted state-shared revenue					4,958,915	-	4,958,915	1,278,400
Unrestricted investment earnings (losses)					3,192,248	1,490,721	4,682,969	976,438
Gain on sale of capital assets					336	-	336	-
Miscellaneous					1,101,227	-	1,101,227	23,067
Transfers					<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>31,900,009</u>	<u>1,440,721</u>	<u>33,340,730</u>	<u>6,007,168</u>
Change in net position					16,477,289	5,211,585	21,688,874	2,393,370
Net position - beginning of year					<u>106,747,897</u>	<u>118,149,798</u>	<u>224,897,695</u>	<u>73,056,804</u>
Net position - end of year					<u>\$ 123,225,186</u>	<u>\$ 123,361,383</u>	<u>\$ 246,586,569</u>	<u>\$ 75,450,174</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Balance Sheet
December 31, 2023

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 55,509,929	\$ 1,287,732	\$ 5,945,820	\$ 62,743,481
Receivables				
General accounts receivable	720,115	-	30,366	750,481
Property taxes	19,590,004	-	-	19,590,004
Special assessments	939,374	-	361,035	1,300,409
Accrued interest	48,025	-	-	48,025
Leases receivable	6,460,089	-	-	6,460,089
Due from other units of government	2,311,092	-	983,904	3,294,996
Due from other funds	32,752	-	-	32,752
Prepaid items	199,355	-	-	199,355
Assets held for sale	126,172	-	-	126,172
Total assets	<u>\$ 85,936,907</u>	<u>\$ 1,287,732</u>	<u>\$ 7,321,125</u>	<u>\$ 94,545,764</u>
Liabilities				
Accounts payable	\$ 953,997	\$ 481,663	\$ 158,036	\$ 1,593,696
Contracts payable - retainage	10,160	80,961	6,967	98,088
Due to other funds	-	-	32,752	32,752
Due to other units of government	-	741	1,025	1,766
Payroll and other liabilities	1,076,873	-	19,766	1,096,639
Provision for property tax refunds	89,308	-	-	89,308
Refundable deposits and bonds	1,029,139	-	1,329,772	2,358,911
Unearned revenue	2,318,875	-	-	2,318,875
Total liabilities	<u>5,478,352</u>	<u>563,365</u>	<u>1,548,318</u>	<u>7,590,035</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills
Governmental Funds
Balance Sheet
December 31, 2023**

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred inflows of resources				
Unavailable revenue				
Property taxes	\$ 23,722,494	\$ -	\$ -	\$ 23,722,494
Lease related	6,352,345	-	-	6,352,345
Other receivables	447,718	-	396,448	844,166
Special assessments	955,905	-	330,472	1,286,377
	<u>31,478,462</u>	<u>-</u>	<u>726,920</u>	<u>32,205,382</u>
Total deferred inflows of resources				
Fund balances				
Non-spendable				
Prepaid items	199,355	-	-	199,355
Land held for sale	126,172	-	-	126,172
Restricted for				
Streets	-	-	2,334,174	2,334,174
Public works	-	-	941,209	941,209
Public safety	-	-	138,748	138,748
Health and welfare	-	-	51,970	51,970
Debt service	-	-	401,496	401,496
Capital projects	-	724,367	-	724,367
Committed				
Storm management	66,754	-	-	66,754
Wayne disposal	-	-	1,193,393	1,193,393
Assigned				
Subsequent year's budget	1,251,138	-	-	1,251,138
Roads contribution	6,830,000	-	-	6,830,000
Debt service	1,864,900	-	-	1,864,900
Unassigned (deficit)	38,641,774	-	(15,103)	38,626,671
Total fund balances	<u>48,980,093</u>	<u>724,367</u>	<u>5,045,887</u>	<u>54,750,347</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 85,936,907</u>	<u>\$ 1,287,732</u>	<u>\$ 7,321,125</u>	<u>\$ 94,545,764</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2023

Total fund balances for governmental funds	\$ 54,750,347
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	9,697,197
Capital assets, net of accumulated depreciation	76,506,297
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	2,130,543
Restricted assets held by outside entities are not financial resources and are not reported in the funds.	
	355,057
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	1,157,370
Deferred outflows of resources resulting from net OPEB liability	1,851,340
Deferred inflows of resources resulting from net OPEB liability	(899,415)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(39,581)
Compensated absences	(1,640,716)
Arbitrage liability	(177,405)
Bonds, notes, premiums and discounts	(18,139,775)
Subscription arrangements	(106,731)
Net pension liability	(7,117,697)
Net OPEB liability	(3,402,617)
Internal service funds are included as part of governmental activities.	8,300,972
Net position of governmental activities	\$ 123,225,186

City of Auburn Hills
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023

	General	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 22,623,513	\$ -	\$ -	\$ 22,623,513
Special assessments	276,680	-	103,899	380,579
Licenses and permits	2,319,959	-	-	2,319,959
Federal grants	333,084	-	63,020	396,104
State-shared revenue	5,587,725	-	-	5,587,725
Other state grants	196,438	-	3,229,735	3,426,173
Local contributions	288,441	-	-	288,441
Charges for services	4,751,069	-	217,063	4,968,132
Fines and forfeitures	219,375	-	48,686	268,061
Rental income	341,389	-	-	341,389
Investment income	2,600,928	272,367	192,210	3,065,505
Other revenue	1,435,384	-	124,469	1,559,853
	<u>40,973,985</u>	<u>272,367</u>	<u>3,979,082</u>	<u>45,225,434</u>
Total revenues				
Expenditures				
Current				
General government	8,600,281	-	145,962	8,746,243
Public safety	17,474,314	-	36	17,474,350
Streets	-	-	4,113,474	4,113,474
Public works	756,486	-	39,372	795,858
Health, welfare and community development	980,502	-	85,829	1,066,331
Recreation and culture	1,066,725	-	-	1,066,725
Capital outlay	-	5,996,488	-	5,996,488
Debt service				
Principal retirement	78,492	-	1,580,000	1,658,492
Interest and fiscal charges	7,145	-	467,250	474,395
	<u>28,963,945</u>	<u>5,996,488</u>	<u>6,431,923</u>	<u>41,392,356</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>12,010,040</u>	<u>(5,724,121)</u>	<u>(2,452,841)</u>	<u>3,833,078</u>
Other financing sources (uses)				
Transfers in	50,000	-	2,616,325	2,666,325
Transfers out	(2,536,325)	-	(80,000)	(2,616,325)
Insurance recoveries	1,897	-	5,397	7,294
Subscription liabilities issued	130,223	-	-	130,223
Sale of capital assets	336	-	-	336
	<u>(2,353,869)</u>	<u>-</u>	<u>2,541,722</u>	<u>187,853</u>
Total other financing sources (uses)				
Net change in fund balances	9,656,171	(5,724,121)	88,881	4,020,931
Fund balances - beginning of year	<u>39,323,922</u>	<u>6,448,488</u>	<u>4,957,006</u>	<u>50,729,416</u>
Fund balances - end of year	<u>\$ 48,980,093</u>	<u>\$ 724,367</u>	<u>\$ 5,045,887</u>	<u>\$ 54,750,347</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds	\$ 4,020,931
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Depreciation and amortization expense	(4,171,788)
Capital outlay	7,501,173
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
	343,602
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	3,518
Compensated absences	(20,564)
Arbitrage	(177,405)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension liability	4,469,490
Net change in the deferred outflow of resources related to the net pension liability	(1,697,294)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the net OPEB liability	1,282,868
Net change in the deferred outflow of resources related to the net OPEB liability	(143,853)
Net change in the deferred inflow of resources related to the net OPEB liability	2,583,226
Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Debt issued	(130,223)
Repayments of long-term debt	1,658,492
Amortization of premiums, discounts and similar items	142,584
Internal service funds are also included as governmental activities	812,532
Change in net position of governmental activities	\$ 16,477,289

City of Auburn Hills
Proprietary Funds
Statement of Net Position
December 31, 2023

	Enterprise Funds			Internal Service Fund
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	
Assets				
Current assets				
Cash and investments	\$ 37,343,463	\$ 1,467,373	\$ 38,810,836	\$ 6,000,289
Receivables				
General accounts receivable	-	-	-	45,728
Utility bills	3,139,030	-	3,139,030	-
Leases receivable, current	-	54,467	54,467	-
Due from other units of government	198,563	-	198,563	-
Inventories	210,396	68,852	279,248	-
Prepaid items	-	-	-	9,487
	40,891,452	1,590,692	42,482,144	6,055,504
Total current assets				
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	2,474,148	-	2,474,148	-
Capital assets not being depreciated	6,352,002	8,319,555	14,671,557	-
Capital assets, net of accumulated depreciation	67,849,932	2,485,950	70,335,882	5,087,501
	76,676,082	10,805,505	87,481,587	5,087,501
Total noncurrent assets				
Total assets	117,567,534	12,396,197	129,963,731	11,143,005
Deferred outflows of resources				
Pension related	173,675	-	173,675	-
OPEB related	138,629	15,585	154,214	20,510
	312,304	15,585	327,889	20,510
Total deferred outflows of resources				

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Net Position
December 31, 2023

	Enterprise Funds			Internal Service Fund
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	
Liabilities				
Current liabilities				
Accounts payable	\$ 1,383,630	\$ 33,749	\$ 1,417,379	\$ 421,156
Contracts payable - retainage	5,000	40,177	45,177	-
Due to other units of government	129,324	18	129,342	-
Payroll and other liabilities	61,145	4,480	65,625	8,995
Refundable deposits	810,193	-	810,193	-
Unearned revenue	-	32,557	32,557	-
Compensated absences	16,666	2,441	19,107	-
Current portion of long-term liabilities	441,100	-	441,100	-
	<u>2,847,058</u>	<u>113,422</u>	<u>2,960,480</u>	<u>430,151</u>
Total current liabilities				
Noncurrent liabilities				
Compensated absences	100,391	9,826	110,217	28,665
Long-term liabilities	4,735,143	-	4,735,143	-
Net pension liability	1,067,663	-	1,067,663	-
Net OPEB liability	254,790	28,643	283,433	37,692
	<u>6,157,987</u>	<u>38,469</u>	<u>6,196,456</u>	<u>66,357</u>
Total noncurrent liabilities				
Total liabilities				
	<u>9,005,045</u>	<u>151,891</u>	<u>9,156,936</u>	<u>496,508</u>
Deferred inflows of resources				
Lease related	-	54,467	54,467	-
OPEB related	67,335	7,570	74,905	9,964
	<u>67,335</u>	<u>62,037</u>	<u>129,372</u>	<u>9,964</u>
Total deferred inflows of resources				
Net position				
Net investment in capital assets	71,499,839	10,805,505	82,305,344	5,087,501
Restricted for				
North Oakland County Water Authority	776,610	-	776,610	-
Unrestricted	36,531,009	1,392,349	37,923,358	5,569,542
	<u>108,807,458</u>	<u>12,197,854</u>	<u>121,005,312</u>	<u>10,657,043</u>
Total net position				
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			<u>2,356,071</u>	
Net position of business-type activities			<u>\$ 123,361,383</u>	

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2023

	Enterprise Funds			Internal Service Fund
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	
Operating revenue				
Customer fees	\$ 16,453,306	\$ 1,432,611	\$ 17,885,917	\$ -
Billings to other funds	-	-	-	3,179,208
Rental income	-	423,054	423,054	-
Other revenue	219,815	163,739	383,554	263
Total operating revenue	<u>16,673,121</u>	<u>2,019,404</u>	<u>18,692,525</u>	<u>3,179,471</u>
Operating expenses				
Personnel services	700,919	372,197	1,073,116	257,450
Supplies	345,675	112,791	458,466	597,666
Contractual services	139,402	680,076	819,478	5,096
Utilities	9,394,204	69,439	9,463,643	-
Repairs and maintenance	47,038	72,071	119,109	175,898
Other expenses	2,379,537	218,804	2,598,341	274,323
Depreciation	2,380,897	388,265	2,769,162	1,366,106
Total operating expenses	<u>15,387,672</u>	<u>1,913,643</u>	<u>17,301,315</u>	<u>2,676,539</u>
Operating income (loss)	<u>1,285,449</u>	<u>105,761</u>	<u>1,391,210</u>	<u>502,932</u>
Nonoperating revenue (expenses)				
Investment income	1,433,454	57,267	1,490,721	205,883
Gain on sale of capital assets	-	-	-	208,263
Interest expense	(78,035)	(313)	(78,348)	-
Total nonoperating revenues (expenses)	<u>1,355,419</u>	<u>56,954</u>	<u>1,412,373</u>	<u>414,146</u>
Income (loss) before contributions and transfers out	<u>2,640,868</u>	<u>162,715</u>	<u>2,803,583</u>	<u>917,078</u>
Capital contributions	2,353,456	-	2,353,456	-
Transfers out	-	(50,000)	(50,000)	-
Change in net position	<u>4,994,324</u>	<u>112,715</u>	<u>5,107,039</u>	<u>917,078</u>
Net position - beginning of year	103,813,134	12,085,139		9,739,965
Net position - end of year	<u>\$ 108,807,458</u>	<u>\$ 12,197,854</u>		<u>\$ 10,657,043</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			<u>104,546</u>	
Change in net position of business-type activities			<u>\$ 5,211,585</u>	

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2023

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf	Total	Internal Service
	Fund	Club Fund		Fund
Cash flows from operating activities				
Receipts from customers	\$ 16,705,441	\$ 2,032,150	\$ 18,737,591	\$ 263
Receipts from interfund users	-	-	-	3,133,480
Receipts from other funds	-	622	622	-
Payments to suppliers	(12,698,533)	(1,102,910)	(13,801,443)	-
Payments to employees	(701,193)	(373,020)	(1,074,213)	-
Payments for interfund services used	(466,712)	-	(466,712)	(932,992)
Net cash provided (used) by operating activities	<u>2,839,003</u>	<u>556,842</u>	<u>3,395,845</u>	<u>2,200,751</u>
Cash flows from noncapital financing activities				
Transfers to other funds	-	(50,000)	(50,000)	-
Cash flows from capital and related financing activities				
Proceeds from capital debt	443,128	-	443,128	-
Capital contributions	2,353,456	-	2,353,456	-
Purchases/construction of capital assets	(3,588,337)	(761,989)	(4,350,326)	(2,490,608)
Principal and interest paid on long-term debt	(510,524)	(32,371)	(542,895)	-
Proceeds from sale of capital assets	-	-	-	208,263
Net cash provided (used) by capital and related financing activities	<u>(1,302,277)</u>	<u>(794,360)</u>	<u>(2,096,637)</u>	<u>(2,282,345)</u>
Cash flows from investing activities				
Interest received	<u>1,433,454</u>	<u>57,267</u>	<u>1,490,721</u>	<u>205,883</u>
Net change in cash and cash equivalents	2,970,180	(230,251)	2,739,929	124,289
Cash and cash equivalents - beginning of year	<u>36,847,431</u>	<u>1,697,624</u>	<u>38,545,055</u>	<u>5,876,000</u>
Cash and cash equivalents - end of year	<u>\$ 39,817,611</u>	<u>\$ 1,467,373</u>	<u>\$ 41,284,984</u>	<u>\$ 6,000,289</u>
Reconciliation to statement of net position				
Cash and cash equivalents	\$ 37,343,463	\$ 1,467,373	\$ 38,810,836	\$ 6,000,289
Restricted cash and cash equivalents	<u>2,474,148</u>	<u>-</u>	<u>2,474,148</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 39,817,611</u>	<u>\$ 1,467,373</u>	<u>\$ 41,284,984</u>	<u>\$ 6,000,289</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2023

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf	Total	Internal Service
	Fund	Club Fund		Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,285,449	\$ 105,761	\$ 1,391,210	\$ 502,932
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	2,380,897	388,265	2,769,162	1,366,106
Changes in assets and liabilities				
Receivables (net)	306,977	53,497	360,474	(45,728)
Due from other units of government	(198,563)	-	(198,563)	-
Due from other funds	-	622	622	-
Inventories	(10,217)	(31,231)	(41,448)	-
Prepaid items	-	45,000	45,000	29,951
Pension related deferred outflows of resources	164,890	-	164,890	-
OPEB related deferred outflows of resources	14,918	(253)	14,665	2,528
Accounts payable	(437,536)	22,948	(414,588)	384,359
Accrued and other liabilities	(50,862)	40,938	(9,924)	239
Due to other units of government	72,509	(574)	71,935	-
Unearned revenue	-	12,746	12,746	-
Refundable deposits payable	(76,094)	-	(76,094)	-
Compensated absences	(274)	(823)	(1,097)	7,028
Net pension liability	(306,578)	-	(306,578)	-
Net OPEB liability	(105,797)	(7,362)	(113,159)	(16,406)
Lease related deferred inflows of resources	-	(53,497)	(53,497)	-
OPEB related deferred inflows of resources	(200,716)	(19,195)	(219,911)	(30,258)
Net cash provided (used) by operating activities	<u>\$ 2,839,003</u>	<u>\$ 556,842</u>	<u>\$ 3,395,845</u>	<u>\$ 2,200,751</u>

During 2023, developers contributed \$1,637,813 of water mains and \$162,630 of sewer mains to the Water & Sewer Fund.

City of Auburn Hills
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds		Total Fiduciary Funds
		Tax Collection Fund	Auburn Hills Public Library Investment Pool	
Assets				
Cash and cash equivalents	\$ 1,113,483	\$ 4,603,224	\$ 563,127	\$ 6,279,834
Investments				
Mutual funds	60,187,549	-	1,311,197	61,498,746
Hedge funds	6,467,923	-	-	6,467,923
Commingled funds	14,659,473	-	-	14,659,473
Real estate	6,042,929	-	-	6,042,929
Accrued interest and other	6,703	-	-	6,703
Total assets	88,478,060	4,603,224	1,874,324	94,955,608
Liabilities				
Accounts payable	3,812	8,212	-	12,024
Due to other units of government	-	4,595,012	-	4,595,012
Total liabilities	3,812	4,603,224	-	4,607,036
Net position				
Restricted for:				
Pensions	58,208,026	-	-	58,208,026
Postemployment benefits other than pension	30,266,222	-	-	30,266,222
Pool participants	-	-	1,874,324	1,874,324
Total net position	\$ 88,474,248	\$ -	\$ 1,874,324	\$ 90,348,572

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2023

	Pension and Other Employee Benefit Trust Funds	Custodial Funds		Total Fiduciary Funds
		Tax Collection Fund	Auburn Hills Public Library Investment Pool	
Additions				
Contributions				
Employer	\$ 2,432,887	\$ -	\$ -	\$ 2,432,887
Members	30,219	-	-	30,219
Total contributions	<u>2,463,106</u>	<u>-</u>	<u>-</u>	<u>2,463,106</u>
Investment earnings				
Interest, dividends and other	1,214,359	-	-	1,214,359
Net increase in fair value of investments	6,638,385	-	542,038	7,180,423
Total investment earnings	<u>7,852,744</u>	<u>-</u>	<u>542,038</u>	<u>8,394,782</u>
Less investment costs				
Investment activity costs	<u>34,440</u>	<u>-</u>	<u>-</u>	<u>34,440</u>
Net investment earnings	<u>7,818,304</u>	<u>-</u>	<u>542,038</u>	<u>8,360,342</u>
Property tax collections for other governments	-	60,195,517	-	60,195,517
Additions by Auburn Hills Public Library	<u>-</u>	<u>-</u>	<u>3,317,485</u>	<u>3,317,485</u>
Total additions	<u>10,281,410</u>	<u>60,195,517</u>	<u>3,859,523</u>	<u>74,336,450</u>
Deductions				
Benefits paid to participants or beneficiaries	6,164,027	-	-	6,164,027
Deductions by Auburn Hills Public Library	-	-	3,575,585	3,575,585
Administrative expense	138,704	-	-	138,704
Payments of property tax to other governments	<u>-</u>	<u>60,195,517</u>	<u>-</u>	<u>60,195,517</u>
Total deductions	<u>6,302,731</u>	<u>60,195,517</u>	<u>3,575,585</u>	<u>70,073,833</u>
Change in net position	3,978,679	-	283,938	4,262,617
Net position - beginning of year	<u>84,495,569</u>	<u>-</u>	<u>1,590,386</u>	<u>86,085,955</u>
Net position - end of year	<u>\$ 88,474,248</u>	<u>\$ -</u>	<u>\$ 1,874,324</u>	<u>\$ 90,348,572</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills
Component Units
Statement of Net Position
December 31, 2023**

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Corporation	Downtown Development Authority	Total
Assets							
Current assets							
Cash and cash equivalents	\$ 3,322,100	\$ 14,524,893	\$ 4,086,591	\$ 3,065,612	\$ 9,344	\$ 814,341	\$ 25,822,881
Receivables							
General accounts receivable	-	-	23,067	-	-	-	23,067
Property taxes	1,057,589	1,589,027	290,467	348,845	-	508,052	3,793,980
Loans receivable	-	-	-	-	-	8,333	8,333
Leases receivable, current	139,272	-	-	-	-	-	139,272
Due from other units of government	-	-	48,634	-	-	-	48,634
Prepaid items	-	-	-	-	-	110	110
Total current assets	4,518,961	16,113,920	4,448,759	3,414,457	9,344	1,330,836	29,836,277
Noncurrent assets							
Capital assets not being depreciated	6,336,254	-	2,335,064	-	-	-	8,671,318
Capital assets, net of accumulated depreciation	15,603,368	6,841,025	19,081,167	-	-	-	41,525,560
Total noncurrent assets	21,939,622	6,841,025	21,416,231	-	-	-	50,196,878
Total assets	26,458,583	22,954,945	25,864,990	3,414,457	9,344	1,330,836	80,033,155
Liabilities							
Current liabilities							
Accounts payable	21,622	3,404	48,738	33,193	-	734	107,691
Contracts payable - retainage	20,613	-	-	-	-	-	20,613
Provision for property tax refunds	666	15	18,625	2	-	692	20,000
Payroll and other liabilities	-	-	-	13,072	-	144	13,216
Current portion of long-term liabilities	-	-	-	49,389	-	-	49,389
Total current liabilities	42,901	3,419	67,363	95,656	-	1,570	210,909
Noncurrent liabilities							
Long-term liabilities	-	-	-	312,287	-	-	312,287
Total liabilities	42,901	3,419	67,363	407,943	-	1,570	523,196
Deferred inflows of resources							
Unavailable revenue - taxes	1,069,816	1,682,452	301,545	348,845	-	517,855	3,920,513
Lease related	139,272	-	-	-	-	-	139,272
Total deferred inflows of resources	1,209,088	1,682,452	301,545	348,845	-	517,855	4,059,785
Net position							
Net investment in capital assets	21,939,622	6,841,025	21,054,555	-	-	-	49,835,202
Unrestricted	3,266,972	14,428,049	4,441,527	2,657,669	9,344	811,411	25,614,972
Total net position	\$ 25,206,594	\$ 21,269,074	\$ 25,496,082	\$ 2,657,669	\$ 9,344	\$ 811,411	\$ 75,450,174

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Component Units
Statement of Activities
For the Year Ended December 31, 2023

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Authority	Downtown Development Department	Total
Expenses							
Community and economic development	\$ 1,934,275	\$ 613,998	\$ 1,269,948	\$ 468,365	\$ -	\$ 248,291	\$ 4,534,877
Program revenues							
Charges for services	53,465	-	519	-	-	-	53,984
Capital grants and contributions	-	-	130,020	737,717	-	10,610	878,347
Total program revenues	53,465	-	130,539	737,717	-	10,610	932,331
Net program expense	1,880,810	613,998	1,139,409	(259,354)	-	238,935	3,613,798
General revenues							
Property taxes	1,074,567	1,624,037	244,839	320,252	-	465,568	3,729,263
State-shared revenue	281,622	121,082	859,336	16,360	-	-	1,278,400
Unrestricted investment earnings	74,715	599,757	116,749	162,977	99	22,141	976,438
Miscellaneous	-	-	23,067	-	-	-	23,067
Total general revenues	1,430,904	2,344,876	1,243,991	499,589	99	487,709	6,007,168
Change in net position	(449,906)	1,730,878	104,582	758,943	99	248,774	2,393,370
Net position - beginning of year	25,656,500	19,538,196	25,391,500	1,898,726	9,245	562,637	73,056,804
Net position - end of year	\$ 25,206,594	\$ 21,269,074	\$ 25,496,082	\$ 2,657,669	\$ 9,344	\$ 811,411	\$ 75,450,174

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Notes to the Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Auburn Hills (the City):

Reporting Entity

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

Blended Component Unit

The Building Authority is governed by a five-member board appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the City's public buildings.

Discretely Presented Component Units

The following component units are reported within the component unit column in the government-wide financial statements. They are reported in a separate column to emphasize that they are legally separate from the City.

Tax Increment Finance Authorities (TIFA) - The TIFAs are governed by a nine-member board. The board is appointed by the mayor and confirmed by the City Council. The City can significantly influence the operations of the TIFA board, as the City Council approves the TIFA budgets. The TIFAs were created to finance infrastructure improvements within certain boundaries of the City.

Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority is governed by a five-member board. The board is appointed by the mayor and confirmed by the City Council. The City can significantly influence the operations of the Brownfield Redevelopment Authority board, as the City Council approves the Brownfield Redevelopment Authority budget. The five-member board is composed of one member of the City Council and four citizens at large. The Brownfield Redevelopment Authority was created to provide a means for financing remediation of brownfield (environmentally contaminated) sites within the City.

Economic Development Corporation (EDC) - The EDC is governed by a nine-member board. This board is appointed by the mayor and confirmed by the City Council. The City can significantly influence the operations of the EDC, as the City Council approves the EDC budget. The EDC was created to provide a means and method for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City. The EDC may issue industrial revenue bonds as a means of providing financing for certain enterprises.

Downtown Development Authority (DDA) - The Downtown Development Authority is governed by a nine-member board. This board is appointed by the mayor and confirmed by the City Council. The City can significantly influence the operations of the DDA, as the City Council approves the DDA budget. The DDA was created to provide a means and method for the encouragement of development in the downtown district of the City.

Although no separate financial statements are prepared for the component units, all financial information can be obtained from the City's finance department.

Pension Trust Fund

The City of Auburn Hills Employee Pension Plan is governed by a seven-member pension board that includes the mayor, city manager, city clerk, finance director, and three union members. Although it is legally separate

City of Auburn Hills
Notes to the Financial Statements
December 31, 2023

from the City, it is reported as a fiduciary component unit because the City appoints the voting majority to the pension board and the plan imposes a financial burden on the City.

Retiree Health Care Trust Fund

The Auburn Hills Retiree Health Care Plan is governed by a seven-member retiree health care board that includes the mayor, city manager, city clerk, finance director, and three union members. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints the voting majority to the retiree health care board and 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).

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. On 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. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

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

City of Auburn Hills
Notes to the Financial Statements
December 31, 2023

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was 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. This includes the General Fund, special revenue funds, capital project funds, and debt service 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 Capital Projects Fund is used to account for bond proceeds and funds spent on road and traffic improvements.

Additionally, the City reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Debt service funds are used to record special assessment revenue and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

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

- The Water & Sewer Fund provides water to customers and disposes of sanitary sewage for residents and commercial enterprises of the City on a user-charge basis.

Additionally, the City reports the following nonmajor enterprise fund:

- The Fieldstone Golf Club Fund is used for the operation and maintenance of the City golf course for use of residential and nonresidential customers.

The City's internal service fund is used to record the financing of services provided by the City to other departments and funds on a cost-reimbursement basis. The internal service fund is accounted for on a full accrual basis, so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

Fiduciary Funds

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

- The Pension Trust Fund accumulates resources for pension benefit payments to retirees.
- The Retiree Health Care Trust Fund accumulates resources for future retiree health care payments to retirees.

City of Auburn Hills
Notes to the Financial Statements
December 31, 2023

- The Tax Collection Fund collects taxes on behalf of all the taxing authorities (state, county, school district, and the various smaller authorities).
- The Auburn Hills Public Library Investment Pool accumulates cash and investments on behalf of the Auburn Hills Public Library. The Auburn Hills Public Library deposits are invested with city funds. Income, gains, and losses are allocated based upon the average monthly balance. The Auburn Hills Public Library Investment Pool is not subject to regulatory oversight, is not registered with the Securities and Exchange Commission (SEC), and does not issue a separate report. Investments are valued monthly at fair value.

Interfund Activity

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

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In 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 governmentwide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government 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, 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. In addition, property taxes collected in December of the current year are available; however, those taxes were levied for the following year's budget; therefore, this revenue has also been shown as a deferred inflow.

Proprietary funds and fiduciary funds 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.

City of Auburn Hills
Notes to the Financial Statements
December 31, 2023

Specific Balances and Transactions

Cash and Investments - Cash and cash equivalents include cash on hand and short-term investments with a maturity of three months or less when acquired. Pooled investment income is generally allocated to each fund using a weighted average. Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates. Investments that do not have an established market value are reported at estimated fair value, as determined based on the City's share of the audited net asset value (NAV) of the investment.

The pension and OPEB trusts include investments valued at approximately \$23.7 million (approximately 41 percent of pension assets) and approximately \$3.5 million (approximately 12 percent of OPEB assets), respectively, whose fair values are not publicly traded and, therefore, do not always have a readily determinable market value at year end. Management's estimates of these values are based on the City's share of NAV of the related investment company.

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

Restricted Assets - Assets have been restricted in the primary government, as they represent assets held by the Auburn Hills Community Foundation; Oakland County, Michigan; and North Oakland County Water Authority to be applied against future payment obligations of the City. See Note 4 for additional discussion.

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. The City adopted a dollar cost threshold of \$25,000 for capital asset classes pertaining to water/sewer infrastructure/mains, buildings, and roads. The threshold for all other capital asset classes is \$5,000. All capital asset classes must have an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City uses a full year of depreciation in the first year of service. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and sewer lines	50 to 75 years
Vehicles	3 to 10 years
Office equipment computer equipment	5 to 7 years
Computer equipment	3 to 7 years

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

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Deferred Outflows 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, deferred outflows of resources, represents a consumption of net assets that is applicable to a future reporting period. Changes in assumptions and experience differences relating to the net OPEB liability are amortized over the remaining service lives of employees in the plan. Deferred outflows of resources may also be reported as the result of OPEB plan earnings. This occurs when actual plan earnings fall short of expected plan earnings and are amortized over future years and is included in OPEB expense.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position and/or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. The City has four types of items that arise under a modified accrual basis of accounting that qualifies for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues not collected within the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Both the governmental funds and governmental activities report deferred inflow for property taxes levied for the next year's budget.

Net Position - Net position of the City is classified in three components. Net investment in capital assets - net of related debt 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. Restricted net position is further classified as expendable and nonexpendable, where applicable. 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 (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider unrestricted net position to have been depleted before restricted net position is applied.

Fund Balance Flow Assumptions - The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. In all previous years, it has been the City's policy to consider unrestricted fund balance to have been depleted before using any of the components of restricted fund balance. During December 2020, the City's policy was amended on a forward-looking basis to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of

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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 resolution) to remove or revise the limitation.

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

The City's fund balance policy proscribes the minimum unrestricted fund balance as 20 percent of operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the City's ability to meet obligations as they come due throughout the year.

Property Tax Revenue - Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City's 2023 property tax revenue was levied and collectible on December 1, 2023 and is recognized as revenue in the year ending December 31, 2024 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the City totaled \$1.929 billion (ad valorem only). A portion of the City's taxable value is abated, and a portion is captured by the TIFAs, Brownfield Redevelopment Authority, and DDA. These authorities have tax levies both on the December and July property tax bills.

Purpose	Millage Rate	Revenue
General Operating	2.1049	\$ 4,061,761
Roads	1.5000	2,894,504
Fire Department	2.4940	4,812,595
Police Department	5.9713	11,522,633
Total		<u>\$ 23,291,493</u>

Pension - The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability has historically been liquidated from the funds from which the individual salaries are paid, which are the General Fund and Water & Sewer Fund.

Other Postemployment Benefit Costs - The City offers retiree health care benefits to retirees. 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

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determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net OPEB liability has generally been liquidated from the funds from which the individual salaries are paid, which are the General Fund, Water & Sewer Fund, Fieldstone Golf Club Fund, and Fleet Management Fund.

Compensated Absences (Leave Time) - City employees are granted leave time in varying amounts based on length of service. Leave time is accrued and fully vested when earned; upon termination, employees are paid accumulated vacation at full rates to a limit of their maximum accrual, which varies by bargaining unit. All leave time is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally, the funds that report each employee's compensation (the General Fund and Water & Sewer Fund, primarily) are used to liquidate 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 & Sewer Fund and internal service funds is charges to customers for sales and services. The Water & Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and 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.

Adoption of New Accounting Standards

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

Upcoming Accounting and Reporting Changes

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending December 31, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance

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under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending December 31, 2024.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This statement is effective for the year ending December 31, 2025.

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

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 January 1, 2000 is as follows:

Cumulative shortfall at January 1, 2023		\$	(595,950)
Building permit revenue			2,054,588
Related expenses:			
Direct expenses	\$		1,355,898
Estimated indirect costs		<u>461,697</u>	
Total related expenses			<u>1,817,595</u>
Current year surplus (deficit)			236,993
Cumulative shortfall at December 31, 2023		<u>\$</u>	<u>(358,957)</u>

Fund Deficit

The Community Development Block Grant fund has an unassigned fund deficit of \$15,103, which is covered by deferred inflows of resources for unavailable grant receivables and therefore a deficit elimination plan is not required by the State of Michigan.

Note 3 - Deposits and Investments

Deposits and Investments are reported in the financial statements as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Component Units
Cash and investments	\$ 68,743,770	\$ 38,810,836	\$ 94,948,905	\$ 25,822,881
Restricted cash and cash equivalents	-	2,474,148	-	-
Restricted investments	<u>355,057</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 69,098,827</u>	<u>\$ 41,284,984</u>	<u>\$ 94,948,905</u>	<u>\$ 25,822,881</u>

City of Auburn Hills
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These amounts are classified into the following deposits and investment categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Component Units
Deposits	\$ 22,350,728	\$ 11,969,771	\$ 6,278,322	\$ 9,470,732
Petty cash	2,650	1,800	200	-
Restricted assets	355,057	2,474,148	-	-
Investments:				
Oakland County - LGIP	3,659,954	1,554,669	-	445,642
Michigan CLASS	2,109,449	535,764	1,312	568,304
Michigan CLASS EDGE	10,251,108	6,799,363	505,230	3,163,879
Investment managers	<u>30,369,881</u>	<u>17,949,469</u>	<u>88,163,841</u>	<u>12,174,324</u>
Total	<u>\$ 69,098,827</u>	<u>\$ 41,284,984</u>	<u>\$ 94,948,905</u>	<u>\$ 25,822,881</u>

Michigan Compiled Laws Section 129.91 (Public Act (PA) 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 pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City adopted Public Act 149 of 1999, which allows the City to invest retiree health care funds in more diversified investment asset classes, as allowed under Michigan Public Act 314 of 1965, as amended.

The City has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts, CDs, commercial paper, and municipal bonds. The City's deposits and investment policies are in accordance with statutory authority. The City's treasurer periodically submits recommendations for approved depository banks and credit unions to the City Council. The recommendations are based on external rating services and recommendations by the City's external cash fund managers. Additionally, the City participates in the Oakland County Local Government Investment Pool (LGIP) and the Michigan CLASS investment pool. The investment pools are not subject to regulatory oversight, are not registered with the SEC, and do not issue a separate financial report. The fair value of the position in the pools is the same as the value of the pool shares.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy restricts depository accounts to federally insured institutions located within the state of Michigan (consistent with state law). At year end, the City had \$49,449,630 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured

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and uncollateralized. The uninsured and uncollateralized amount includes \$6,589,218 of a fiduciary trust fund and \$9,344 of component unit deposits. The City believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (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.

The City contracts one investment manager to manage a portion of the City's surplus operating cash. The funds placed under the investment manager represent commingled funds of the primary government, component unit funds, an internal service fund, and a custodial external investment pool fund. Investments held by the investment manager at December 31, 2023 by the custodial bank include U.S. Treasuries of \$32,395,592 and U.S. agency securities of \$28,098,081. The investments held by the investment managers include \$12,174,324 and \$805,967 of component unit and Auburn Hills Public Library Investment Pool investments, respectively.

As noted above, the City participates in the Oakland County Local Government Investment Pool, the Michigan CLASS investment pool, and the Michigan CLASS EDGE investment pool. As of December 31, 2023, the City's investment in the Oakland County Local Government Investment Pool was \$5,660,265 which includes \$445,642 of component unit investments. As of December 31, 2023, the City's investment in the Michigan CLASS investment pool was \$3,213,517, which includes \$568,304 of component unit investments. As of December 31, 2023, the City's investment in the Michigan CLASS EDGE investment pool was \$20,719,580, which includes \$3,163,879 of component unit investments.

In addition to the governmental fund bank deposits noted above, the City had cash and investments held in trust by a custodial bank as a part of the City's Pension Trust Fund and Retiree Health Care Trust Fund program. The funds' cash and investments stated at market value were \$58,207,476 and \$30,263,881 in the Pension Trust Fund and Retiree Health Care Trust Fund, respectively, as of December 31, 2023.

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 restricts the average maturity of investments to two years, with the exception of long-term debt or capital fund investments, which may be invested in securities matched to cash flow requirements with a maximum of five years. The City's pension and retiree health care investment policies restrict cash equivalents to a dollar-weighted average maturity of 90 days or less.

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

<u>Primary Government (Includes Component Unit Investments)</u>	<u>Carrying Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>
U.S. government agencies	\$ 28,098,081	\$ 16,760,204	\$ 11,337,877
U.S. Treasuries	32,395,592	5,706,743	26,688,849
Oakland County - investment pool	5,660,265	-	5,660,265
Michigan CLASS - investment pool	3,213,517	3,213,517	-
Michigan CLASS EDGE - investment pool	<u>20,214,350</u>	<u>20,214,350</u>	<u>-</u>
 Total	 <u>\$ 89,581,805</u>	 <u>\$ 45,894,814</u>	 <u>\$ 43,686,991</u>
 <u>Fiduciary Funds</u>	 <u>Carrying Value</u>	 <u>Less Than One Year</u>	 <u>One to Five Years</u>
Mutual funds - fixed Income	\$ 7,000,133	\$ -	\$ 7,000,133
Commingled funds - fixed income	14,659,473	-	14,659,473
Michigan CLASS - investment pool	1,312	-	1,312
Michigan CLASS EDGE - investment pool	505,230	505,230	-
Investment pool	<u>805,967</u>	<u>805,967</u>	<u>-</u>
 Total	 <u>\$ 22,972,115</u>	 <u>\$ 1,311,197</u>	 <u>\$ 21,660,918</u>

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Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City's general investment policy also limits investments to commercial paper to the highest rating (A-I/P-I), bankers' acceptances whose long-term debt rating is at least an A, obligations of the State or its political subdivisions to the highest rating (A-I/P-I), or pooled funds with a rating of at least an A. As of year end, the credit quality ratings of debt securities (other than the U.S government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<u>Primary Government (Includes Component Unit Investments)</u>			
U.S. government agencies	\$ 28,098,081	AA+	S&P
U.S. Treasuries	32,395,592	AA+	S&P
Oakland County - investment pool	5,660,265	Not rated	N/A
Michigan CLASS - investment pool	3,213,517	AAAm	S&P
Michigan CLASS EDGE - investment pool	<u>20,214,350</u>	AAAf/S1	Fitch Ratings
Total	<u>\$ 89,581,805</u>		

Investment	Fair Value	Rating	Rating Organization
<u>Fiduciary Funds</u>			
Mutual funds - fixed income	\$ 7,000,133	A1	Moody's
Commingled funds - fixed income	14,659,473	Aa3	Moody's
Michigan CLASS - investment pool	1,312	AAAm	S&P
Michigan CLASS EDGE - investment pool	505,230	AAAf/S1	Fitch Ratings
Investment pool	<u>805,967</u>	AA+	S&P
Total	<u>\$ 22,972,115</u>		

Fair Value Measurements

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

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

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The City has the following recurring fair value measurements as of December 31, 2023:

	Assets and Liabilities Measured at Carrying Value on a Recurring Basis at December 31, 2023			
	Quoted Prices in			Balance at December 31, 2023
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Debt Securities				
U.S. Treasuries	\$ 32,395,593	\$ -	\$ -	\$ 32,395,593
U.S. government agencies	-	28,904,048	-	28,904,048
Mutual funds and fixed income	7,000,133	-	-	7,000,133
Total debt securities	39,395,726	28,904,048	-	68,299,774
Equity securities				
Mutual funds - equity	53,187,416	-	-	53,187,416
Total investments by fair value level	\$ 92,583,142	\$ 28,904,048	\$ -	121,487,190
Investments measured at net asset value (NAV):				
Oakland County Local Government Investment Pool				5,660,265
Michigan CLASS investment pool				3,214,829
Michigan CLASS EDGE investment pool				20,719,580
Commingled funds				14,659,473
Multistrategy hedge funds				4,220,292
Private equity funds				2,247,631
Private real estate funds				6,042,929
Total investments measured at NAV				56,764,999
Total assets				\$ 178,252,189

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

The fair values of U.S. government agency securities at December 31, 2023 were determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using interactive data, which uses other inputs, such as interest rates and yield curves, that are observable at commonly quoted

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

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At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local				
Government Investment Pool	\$ 5,660,265	\$ -	None	None
Michigan CLASS investment pool	3,214,829	-	None	None
Michigan CLASS EDGE investment pool	20,719,580	-	None	None
Commingled funds	14,659,473	-	Daily	Daily
Multistrategy hedge funds	4,220,292	-	Quarterly	95 days
Private equity funds	2,247,631	562,500	None	None
Private real estate funds	6,042,929	-	None - quarterly	None - 10 days
Total	<u>\$ 56,764,999</u>	<u>\$ 562,500</u>		

Michigan Class Investment Pool - The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A-1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Michigan Class Edge Investment Pool - The Michigan CLASS EDGE investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies. It has a rating of AAAf/S1 from FitchRatings.

Oakland County Local Government Investment Pool - The Oakland County Local Government Investment Pool is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized cost.

Commingled Funds - This type includes one commingled fund that invest in publicly traded domestic equity, international equity, or fixed income. 100 percent of the assets can be redeemed on a daily basis. All of the underlying securities within the commingled funds carry a Level 1 or Level 2 valuation.

Multistrategy Hedge Funds - This type invests in two hedge funds that pursues multiple strategies to diversify risks and reduce volatility. The hedge funds' portfolio for this type includes investments in approximately 47 percent global stocks, 26 percent global fixed income, and 27 percent balanced/global macro in the Pension Trust Fund and approximately 83 percent in private equity and real estate, 14 percent hedged investments, and 3 percent cash in the Retiree Health Care Trust Fund . The fair values of the investments in this type have been determined using NAV per share (or its equivalent) of the investments.

Private Equity Funds - This type includes two private equity fund that invest primarily in debt securities. The investments do not offer a stated redemption window. Instead, the nature of the investments in this type is that the distributions are received through the liquidation of the underlying assets of the funds. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over one to eight years.

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However, as of December 31, 2023, it is probable that all of the investments in this type will be sold at an amount different from the net asset value per share (or its equivalent) of the Plan's ownership interest in partners' capital.

Private Real Estate Funds - This type includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 8 years. 100 percent of the total investment in this type is expected to be sold. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The assets are able to be liquidated via a quarterly redemption queue of approximately 62 percent in the Pension Trust Fund and approximately 38 percent in the Retiree Health Care Trust Fund. The balance of the assets will be liquidated as underlying properties are sold or the investee fund's management approves of the buyer before the sale of the investments can be completed.

Note 4 - Restricted Assets

Restricted assets in the governmental activities represent cash held by the Auburn Hills Community Foundation (the Foundation) in the amount of \$355,057 that is reflective of donations made to the Foundation for the benefit of the City that are restricted for city capital projects. Restricted assets in the business-type activities are composed of the City's unspent bond proceeds held by Oakland County, Michigan (the County) for the improvement of the water and sewer system in the amount of \$2,474,148. The County holds these moneys to apply against future water and sewer system construction for the City. Additionally, restricted assets include a deposit held by North Oakland County Water Authority (NOCWA) in the amount of \$776,610. NOCWA is holding the deposit to cover future water expenses.

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Note 5 - Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,648,991	\$ -	\$ -	\$ 5,648,991
Construction-in-progress	6,966,914	3,977,807	6,896,515	4,048,206
Total capital assets not being depreciated	<u>12,615,905</u>	<u>3,977,807</u>	<u>6,896,515</u>	<u>9,697,197</u>
Capital assets being depreciated				
Land improvements	2,907,361	473,594	-	3,380,955
Roads	100,550,327	9,118,351	-	109,668,678
Storm drains	7,713,816	-	-	7,713,816
Buildings, additions and improvements	23,807,986	499,468	-	24,307,454
Machinery and equipment	7,005,328	1,213,029	177,721	8,040,636
Vehicles	9,511,220	1,475,824	680,104	10,306,940
Office furnishings and equipment	437,192	-	-	437,192
Right to use asset - subscription arrangements	-	130,223	-	130,223
Total capital assets being depreciated	<u>151,933,230</u>	<u>12,910,489</u>	<u>857,825</u>	<u>163,985,894</u>
Less accumulated depreciation for				
Land improvements	92,977	94,186	-	187,163
Roads	46,295,310	2,922,162	-	49,217,472
Storm drains	2,964,497	153,892	-	3,118,389
Buildings, additions and improvements	15,760,863	750,506	-	16,511,369
Machinery and equipment	5,510,003	666,069	177,721	5,998,351
Vehicles	6,654,494	947,462	680,104	6,921,852
Office furnishings and equipment	433,883	-	-	433,883
Right to use asset - subscription arrangements	-	3,617	-	3,617
Total accumulated depreciation	<u>77,712,027</u>	<u>5,537,894</u>	<u>857,825</u>	<u>82,392,096</u>
Net capital assets being depreciated	<u>74,221,203</u>	<u>7,372,595</u>	<u>-</u>	<u>81,593,798</u>
Governmental activities net capital assets	<u>\$ 86,837,108</u>	<u>\$ 11,350,402</u>	<u>\$ 6,896,515</u>	<u>\$ 91,290,995</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 8,325,776	\$ -	\$ -	\$ 8,325,776
Construction-in-progress	6,155,395	1,276,940	1,086,554	6,345,781
Total capital assets not being depreciated	<u>14,481,171</u>	<u>1,276,940</u>	<u>1,086,554</u>	<u>14,671,557</u>
Capital assets being depreciated				
Buildings, additions and improvements	10,748,096	764,877	-	11,512,973
Machinery and equipment	2,744,782	-	-	2,744,782
Water and sewer mains	104,971,440	3,395,063	-	108,366,503
Right to use asset - machinery and equipment	63,545	-	63,545	-
Total capital assets being depreciated	<u>118,527,863</u>	<u>4,159,940</u>	<u>63,545</u>	<u>122,624,258</u>
Less accumulated depreciation for				
Buildings, additions and improvements	8,064,027	450,353	-	8,514,380
Machinery and equipment	2,604,126	60,608	-	2,664,734
Water and sewer mains	38,882,833	2,226,429	-	41,109,262
Right to use asset - machinery and equipment	31,772	31,772	63,544	-
Total accumulated depreciation	<u>49,582,758</u>	<u>2,769,162</u>	<u>63,544</u>	<u>52,288,376</u>
Net capital assets being depreciated	<u>68,945,105</u>	<u>1,390,778</u>	<u>1</u>	<u>70,335,882</u>
Business-type capital assets, net	<u>\$ 83,426,276</u>	<u>\$ 2,667,718</u>	<u>\$ 1,086,555</u>	<u>\$ 85,007,439</u>

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Capital assets activity of the component unit for the current year is as follows:

Component Units	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 8,137,567	\$ 215,898	\$ -	\$ 8,353,465
Construction-in-progress	185,403	147,450	15,000	317,853
Total capital assets not being depreciated	<u>8,322,970</u>	<u>363,348</u>	<u>15,000</u>	<u>8,671,318</u>
Capital assets being depreciated				
Roads	36,470,409	-	-	36,470,409
Buildings, additions and improvements	26,827,380	47,931	-	26,875,311
Machinery and equipment	435,544	-	-	435,544
Land improvements	10,312,494	28,791	-	10,341,285
Total capital assets being depreciated	<u>74,045,827</u>	<u>76,722</u>	<u>-</u>	<u>74,122,549</u>
Less accumulated depreciation for				
Roads	14,766,349	956,190	-	15,722,539
Buildings, additions and improvements	10,885,951	693,959	-	11,579,910
Machinery and equipment	300,761	27,435	-	328,196
Land improvements	4,525,404	440,940	-	4,966,344
Total accumulated depreciation	<u>30,478,465</u>	<u>2,118,524</u>	<u>-</u>	<u>32,596,989</u>
Net capital assets being depreciated	<u>43,567,362</u>	<u>(2,041,802)</u>	<u>-</u>	<u>41,525,560</u>
Component units capital assets, net	<u>\$ 51,890,332</u>	<u>\$ (1,678,454)</u>	<u>\$ 15,000</u>	<u>\$ 50,196,878</u>

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

Governmental activities

General government	\$ 224,295
Public safety	394,615
Public works	3,422,396
Health, welfare and community development	130,482
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,366,106</u>
Total governmental activities	<u>5,537,894</u>

Business-type activities

Golf Course Fund	388,265
Water and Sewer Fund	<u>2,380,897</u>
Total business-type activities	<u>2,769,162</u>
Total primary government	<u>\$ 8,307,056</u>

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Construction Commitments

The City had \$757,351 remaining construction commitments as of December 31, 2023.

Note 6 - Interfund Receivables, Payables, and Transfers

The City has an interfund balance as of \$32,752 as of December 31, 2023, payable by nonmajor governmental funds to the General Fund.

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

Transfers In	Transfers Out			Total
	General Fund	Nonmajor governmental funds	Nonmajor enterprise funds	
General Fund	\$ -	\$ -	\$ 50,000	\$ 50,000
Nonmajor governmental funds	2,536,325	80,000	-	2,616,325
	\$ 2,536,325	\$ 80,000	\$ 50,000	\$ 2,666,325

The transfers from General Fund to the Major and Local Streets Fund were of unrestricted resources necessary to supplement Act 51 funds provided by the State of Michigan for road maintenance. The transfer from the General Fund to the Capital Improvement Debt Service Fund was of unrestricted resources and necessary for debt service payments. The transfer from the Wayne-Oakland Disposal Fund to the Major and Local Streets Fund was made with unrestricted funds to support additional local street maintenance expenditure.

Note 7 - Leases

Lease Receivable

The City and its component units have ten significant agreements leasing ground and airspace for billboards, ground space for cell phone towers, buildings, office space, and parking spaces. The terms of these arrangements are as follows:

Description	Agreement Date	Lease Terms	Renewal Options	Payment Frequency	Amount	Interest Rate
Outfront Media - ground/air space	10/17/2016	20 years	None	Annual	\$ 45,000	1.80%
AT&T - ground space	8/18/1995	10 years	2 10-year terms	Annual	16,277	1.80%
Omnipoint - ground space	4/1/2004	5 years	5 5-year terms	Monthly	6,000	1.80%
Nextel - ground space	10/8/1997	10 years	2 10-year terms	Annual	15,017	1.80%
GTP - ground space	9/11/1997	30 years	6 5-year terms	Annual	21,130	1.80%
Verizon - ground space	8/18/1995	30 years	3 10-year terms	Monthly	1,966	1.80%
Library building	1/1/2022	10 years	None	Monthly	24,765	1.80%
Chamber office space	7/25/2022	3 years	None	Monthly	1,660	1.80%
Parking spaces	1/1/2017	60 months	None	Bi-annual	\$17,487 / \$17,852	1.80%
Cranks building	3/1/2016	58 months	4 years	May-September	11,000	1.80%

The leases have varying rent escalation terms:

- GTP and Verizon ground space leases increase annually equal to the increase in CPI up to a maximum of 5%.

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- AT&T and Nextel ground space leases increase annually based on general price levels up to a maximum of 5%.
- Omnipoint ground space lease increases 10% at each renewal.
- Library building increases 4% annually and includes a service component that was not practical to allocate.
- Chamber office space lease increases to \$1,727 per month on August 1, 2023 and to \$1,796 per month on August 1, 2024.

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

The City has entered into subscription-based information technology arrangements (SBITAs) involving various desktop subscriptions and security software.

The future subscription payments under SBITA agreements are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2024	\$ 19,396	\$ 5,019
2025	20,326	4,090
2026	21,300	3,116
2027	22,320	2,095
2028	23,389	1,025
	\$ 106,731	\$ 15,345

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Note 9 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Long-term debt activity for the year ended December 31, 2023 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Bonds and notes payable							
General obligation bonds							
Capital Improvement Bonds, Series 2017 (LTGO) (2)	3.00%	\$435,000 - \$550,000	\$ 4,850,000	\$ -	\$ 425,000	\$ 4,425,000	\$ 435,000
Capital Improvement Bonds, Series 2021 (LTGO) (4)	2.0-3.0%	\$1,005,000-\$1,280,000	<u>12,270,000</u>	<u>-</u>	<u>985,000</u>	<u>11,285,000</u>	<u>1,005,000</u>
Total general obligation bonds			<u>17,120,000</u>	<u>-</u>	<u>1,410,000</u>	<u>15,710,000</u>	<u>1,440,000</u>
Special assessment obligations							
Special Assessment Bonds, Series 2017 (LTGO) (3)	3%	\$165,000 - \$170,000	<u>840,000</u>	<u>-</u>	<u>170,000</u>	<u>670,000</u>	<u>170,000</u>
Notes from direct borrowings and direct placements							
State Revolving Fund Loan -							
Storm Water Management Retrofit (1)	2.50%	\$5,000 - \$10,000	67,658	-	5,000	62,658	5,000
State Revolving Fund Loan -							
Storm Water Management Galloway Drain (1)	2.50%	\$50,000 - \$60,000	<u>430,000</u>	<u>-</u>	<u>50,000</u>	<u>380,000</u>	<u>50,000</u>
Total notes from direct borrowings and direct placements			<u>497,658</u>	<u>-</u>	<u>55,000</u>	<u>442,658</u>	<u>55,000</u>
Premiums and discounts							
Unamortized premiums							
			<u>1,459,701</u>	<u>-</u>	<u>142,584</u>	<u>1,317,117</u>	<u>142,584</u>
Total bonds and notes payable			19,917,359	-	1,777,584	18,139,775	1,807,584
Subscriptions							
Compensated absences			-	130,223	23,492	106,731	19,396
			<u>1,641,789</u>	<u>243,697</u>	<u>216,105</u>	<u>1,669,381</u>	<u>219,679</u>
Total governmental activities			<u>\$ 21,559,148</u>	<u>\$ 373,920</u>	<u>\$ 2,017,181</u>	<u>\$ 19,915,887</u>	<u>\$ 2,046,659</u>

- (1) The principal repayment amounts for the Storm Water Management Retrofit and Galloway Drain projects represent 60 percent of the project costs, while 40 percent of the project costs qualified for principal forgiveness from the American Recovery and Reinvestment Act of 2009. Principal payments on both projects began in April 2011, and the loan repayments are amortized over 20 years with an interest rate of 2.5 percent.
- (2) In October 2017, the City issued Capital Improvement Bonds to fund a portion of the City's costs of improvements in three Special Assessment Districts (Pacific Drive, N. Atlantic and Continental Drives, and Deepwood Drive) and to fund the construction costs of other identified road, building, and facility improvements completed in 2018. The original issue amount was \$6,865,000. The final loan payment related to issuance is expected to be fiscal year 2032.
- (3) In October 2017, the City issued Special Assessment Bonds to fund a portion of the City's upfront costs of improvements in three Special Assessment Districts (Pacific Drive, N. Atlantic and Continental Drives, and Deepwood Drive). The original issue amount was \$1,655,000. The final loan payment related to issuance is expected to be fiscal year 2027. Payments on this debt is expected to be made with special assessment revenue collected from benefiting property owners.
- (4) In August 2021, the City issued Capital Improvement Bonds at a purchase price of \$14,588,209 to assist in funding the cost of construction improvements to several roads including all or parts of Auburn, Shimmons, Five Points, Harmon, Taylor, Bald Mountain, Paramount Estates, and the Canadian Subdivision. Also, this issue supports HVAC and roof replacements across City properties. All activity is expected to be completed by 2023. The original issue par amount of the bonds is \$13,240,000. The final loan payment related to issuance is expected to be fiscal year 2033.

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	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities							
Bonds and notes payable							
Direct borrowings and direct placements:							
Oakland-Macomb Interceptor Drain Bonds, Series 2010A (5)	2.50%	\$45,456 - \$54,879	\$ 442,330	\$ -	\$ 44,299	\$ 398,031	\$ 45,456
Oakland-Macomb Interceptor Drain Bonds, Series 2011A Segment 2 (6)	1.85%	\$51,953 - \$63,818	624,343	-	50,736	573,607	51,953
Oakland-Macomb Interceptor Drain Bonds, Financing source not finalized by Oakland County for OMID 2013A Segment 3 (7)	2.00%	\$111,254 - \$132,950	1,459,695	-	108,998	1,350,697	111,254
Oakland-Macomb Interceptor Drain Bonds, Series 2019A Refunding Bonds (5)	1.85%	\$13,224 - \$16,530	116,202	-	12,562	103,640	13,224
Oakland-Macomb Interceptor Drain Bonds, Series 2019B (10)	1.55%	\$56,852 - \$58,000	171,129	-	56,277	114,852	56,852
State Revolving Fund Loan - Sanitary Sewer Rehabilitation (8)	2.50%	\$60,000 - \$70,000	535,000	-	60,000	475,000	60,000
Clinton River Water Resource Recover Facility - Drainage District Drain Bond, Series 2017 (SRF) (9)	2.50%	\$23,431 - \$141,580	1,816,905	-	99,617	1,717,288	102,361
CR - Water Resource Recovery Facility #5835 - 01 (11)	5.26%		-	215,064	-	215,064	-
Evergreen Farmington (12)	0.48%	\$14,741 - \$25,513	-	228,064	-	228,064	-
Total notes from direct borrowings and direct placements			5,165,604	443,128	432,489	5,176,243	441,100
Leases			32,059	-	32,059	-	-
Compensated absences			130,421	18,212	19,309	129,324	19,107
Total business-type activities			<u>\$ 5,328,084</u>	<u>\$ 461,340</u>	<u>\$ 483,857</u>	<u>\$ 5,305,567</u>	<u>\$ 460,207</u>

(5) During 2009, the counties of Macomb and Oakland, Michigan jointly established the Oakland-Macomb Interceptor Drain - Drainage District (OMID), an intercounty drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); title to the OMI was transferred from the City of Detroit, Michigan to the OMID as part of a settlement agreement with the City of Detroit, Michigan reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties. The OMID bond debt will be amortized over a 20-year period with an interest rate of 2.5 percent. The OMID 2010B debt has a 45 percent federal interest subsidy, which is reimbursed to the City semiannually. The OMID 2010B bond was refunded during 2020.

(6) During 2011, additional bonds (Series 2011A) were issued through the State's revolving fund loans for Segment 2 of the OMID project. The state revolving fund loan is for a 20-year period with a fixed interest rate of 2.5 percent. The City will have a level debt service payment of approximately \$66,400 for principal and interest for the loan duration. The final loan payment related to this issuance will be in fiscal year 2033.

(7) Beginning in 2012 as part of Oakland-Macomb Interceptor Drain project, Oakland County, Michigan commenced with Segment 3 of the project. The tentative estimated cost of this segment is \$65,140,000. The City's pro rata share of the project is approximately 3.47 percent, which resulted in the City's share of the debt being approximately \$2.26 million. The City will have a level debt service payment of approximately \$138,300 for principal and interest for the loan duration. The final loan payment related to this issuance will be in fiscal year 2034.

(8) The principal repayment amounts for the Sanitary Sewer Rehabilitation represent 60 percent of the total project costs, as 40 percent of the project cost qualified for principal forgiveness from the American Recovery and Reinvestment Act of 2009. The first principal payment on this project was paid in April 2011. The loan repayments are amortized over 20 years with an interest rate of 2.5 percent.

(9) During 2017, the Clinton River Water Resource Recovery Facility Drainage District sold Drain Bonds Series 2017 for the Biosolids Handling and Septage Receiving Facility Project that spans the Oakland County community. This debt reflects the City's 6.124 percent share of this project. The project is in progress at December 31, 2020. The final payment related to this debt is expected in 2038.

(10) During 2020, as part of the Oakland-Macomb Interceptor Drain project, Oakland County, Michigan and the Great Lakes Water Authority (GLWA) commenced rehabilitation and construction of certain

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wastewater facilities. This debt reflects the City's 4.9750 percent share of the project. The first principal payment on this project was paid in September 2020. The final payment related to this debt is expected in 2025.

(11) During 2023, the Clinton River Water Resource Recovery Facility Drainage District issued drain bonds through the State of Michigan CWSRF Program. The project intends to upgrade and replace aging electrical infrastructure at the CRWRRF. The debt issued spans the Oakland County community. This debt reflects the City's 5.257 percent share for this project. The first principal payment on this project will be paid in October 2027 at an interest rate of 1.875%. The final payment related to this debt is expected in 2046.

(12) During 2023, the Evergreen Farmington Sanitary Drain Drainage District issued drain bonds with the Clean Water State Revolving Fund (CWSRF) which includes a 10% principal forgiveness of 10% of the amount financed. It is a draw based loan. The project is to increase the outlet capacity of the Evergreen Farmington Sewage Disposal System to the Great Lakes Water Authority. This debt reflects the City's 0.48457 percent share for this project. The first principal payment on this project will be paid in October 2027 at an interest rate of 1.875%. The final payment related to this debt is expected in 2046.

Component units	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes from direct borrowings and direct placements							
Michigan Department of Environmental Quality Loan (13)	1.5%	\$49,389 - \$54,004	\$ 410,335	\$ -	\$ 48,659	\$ 361,676	\$ 49,389

(13) In 2016, the Brownfield Redevelopment Authority received a loan from the Michigan Department of Environmental Quality (MDEQ) to fund a redevelopment project. The redevelopment project will be completed by a developer. The Brownfield Redevelopment Authority entered into a loan agreement with the developer for the same amount of the MDEQ loan. The developer will draw down the funds from the Brownfield Redevelopment Authority in the future and will repay the loan through tax increment revenue. The final loan payment for this debt will be in fiscal year 2030.

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

Year Ending December 31,	Governmental Activities			
	Other Debt		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 1,610,000	\$ 431,049	\$ 55,000	\$ 10,379
2025	1,650,000	394,024	57,658	8,971
2026	1,680,000	355,943	65,000	7,438
2027	1,710,000	314,256	65,000	5,813
2028	1,590,000	268,050	65,000	4,188
2029-2033	8,140,000	595,338	135,000	3,438
	<u>\$ 16,380,000</u>	<u>\$ 2,358,660</u>	<u>\$ 442,658</u>	<u>\$ 40,227</u>

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Year Ending December 31,	<u>Business-type Activities</u>		<u>Component Units</u>	
	Notes from Direct Borrowings and Direct Placements		Notes from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 441,100	\$ 115,351	\$ 49,389	\$ 5,425
2025	454,946	111,293	50,130	4,684
2026	409,803	105,385	50,882	3,932
2027	461,810	96,911	51,645	3,169
2028	470,864	86,304	52,420	2,394
2029-2033	2,118,344	240,120	107,210	2,418
2034-2038	819,376	88,872	-	-
2039-2043	-	33,588	-	-
2044-2046	-	6,972	-	-
	<u>\$ 5,176,243</u>	<u>\$ 884,796</u>	<u>\$ 361,676</u>	<u>\$ 22,022</u>

Component Units

Excluded from the component unit long-term debt are revenue bonds issued by the Economic Development Corporation to acquire and lease property to third parties. The revenue bonds issued are payable solely from the net revenue derived from the respective leases and are not a general obligation of the City. After these bonds are issued, all financial activity is taken over by the paying agent. The bonds and related lease contracts are not reflected in the City's financial statements. As of December 31, 2023, there were five series of Economic Development Corporation bonds outstanding. The aggregate principal amount outstanding could not be determined. However, the bonds' original issue amounts totaled \$16,850,000.

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Note 10 - Net Investment in Capital Assets

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

	Governmental Activities	Business-type Activities	Component Units
Capital assets			
Capital assets not being depreciated	\$ 9,697,197	\$ 14,671,557	\$ 8,671,318
Capital assets, net of accumulated depreciation	81,593,798	70,335,882	41,525,560
Total capital assets	91,290,995	85,007,439	50,196,878
 Restricted assets	 -	 2,474,148	 -
Unspent bond proceeds	724,367	-	-
 Related debt			
General obligation bonds	(15,710,000)	-	(361,676)
Special assessment obligations	(670,000)	-	-
Notes from direct borrowing and direct placements	(442,658)	(5,176,243)	-
Unamortized bond premiums	(1,317,117)	-	-
Total related debt	(18,139,775)	(5,176,243)	(361,676)
 Net investment in capital assets	\$ 73,875,587	\$ 82,305,344	\$ 49,835,202

Note 11 - 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. The City is self-insured for prescriptions. The City records prescription charges incurred through the end of the fiscal year. In 2004, the City became self-insured for property damage to city vehicles under \$75,000. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past 10 years.

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

Note 12 - Pension Plans

Plan Description - The City of Auburn Hills Pension Board of Trustees (the Pension Board) administers the City of Auburn Hills Employee Pension Plan, a single-employer defined benefit pension plan that provides pensions to all full-time employees hired prior to 1998. The plan is closed to new employees. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

Management of the plan is vested in the Pension Board, which consists of seven members: the mayor, city manager, city clerk, finance director, and three union representatives.

City of Auburn Hills
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The City established a defined contribution plan as a complementary plan to the defined benefit pension plan. The City Council has authority over plan provisions and contribution requirements. Each union group negotiated a City match to their contribution. Currently, the City provides for a contribution up to 4% of regular wage to Police employees contributions up to 3%. No other groups have defined benefit members or are eligible by bargaining contract to receive a City match to their contribution. As the defined benefit plans closed to all groups, anyone hired after January 1, 2000 had only the defined contribution plan available to them. Those without a defined benefit plan receive a 9% contribution from the City. Additionally, the City contributes 3% more if the EE contributes at least 3%.

The City established a 457 plan as well. Employees may make voluntary contributions to this plan in addition to the 401K plan. The City does contribute to the 457 for employees for those group who have bargained such contribution in lieu of contributions to a RHS plan or for those groups who take advantage of nominal employer contribution the employee contributes the same amount.

For the year ended December 31, 2023, the City contributed \$1,644,218.

Benefits Provided - The City of Auburn Hills Employee Pension Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefit terms are established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The benefits are defined as follows:

Unit	Multiplier	Max.	Final Avg. Comp	Member Contribution	Percent	Start	Max
Admin	2.65%	80%	Final 5	6%	2.5%	55	15 years
Police officers	2.80% up to 25 years; 1% Thereafter	80%	5 highest consecutive	7%	2.5%	50 (a)	15 years
Police command	2.80%	80%	5 highest consecutive	5%	2.5%	50	15 years
Detectives	2.80%	80%	5 highest consecutive	5%	2.5%	50	15 years
Dispatch	2.65%	YOS limited to 34 years	5 highest consecutive	6%	2.5%	55	15 years
IA fire	2.65%	80%	Highest 3 of final 5	5%	2.5%	55	15 years
PT fire	(b)	80%	N/A	N/A	N/A	55	15 years

(a) Normal retirement is either 25 years of service or age 50 with 15 years of service; an officer with 25 years of service could have normal retirement prior to age 50 and would begin receiving benefit increases each January 1 following one year of retirement.

(b) \$5 per month for each year of service prior to January 1, 1988; \$10 per month for each year of service after January 1, 1988.

City of Auburn Hills
Notes to the Financial Statements
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Deferred Retirement Annual Amount - Computed as service retirement but based upon service, average final compensation (AFC), and benefit multiplier in effect at termination. Benefits begin at the date retirement would have occurred had the member remained in employment.

Death after Retirement Annual Amount - Surviving spouse receives the excess of member contributions with interest over the total of benefits paid.

Death in Service Annual Amount - Surviving beneficiary receives 100 times the projected monthly benefit.

Disability Annual Amount - With long-term disability - the greater of a member's accrued benefit or 60 percent of the projected benefit, based on AFC at the date of disability and years of service until earliest retirement (payable at age 65). Without long-term disability - the accrued benefit is payable immediately with 10 years of service if age 40.

Employees Covered by Benefit Terms – At the December 31, 2021 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	129
Inactive employees entitled to, but not yet receiving benefits	7
Active employees	<u>8</u>
	<u>144</u>

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the Pension Board in accordance with the City's collective bargaining units. The system contribution from employees is detailed in the table below. For the year ended December 31, 2023, the City made the actuarially determined contribution of \$992,461 into a prefunded pension trust, which is reported in this financial statement as a pension and other postemployment benefit trust fund type.

Net Pension Liability - The City has chosen to use December 31, 2023 as its measurement date for the net pension liability. The December 31, 2023 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2023 measurement date. The December 31, 2023 measurement date total pension liability was determined by an actuarial valuation performed as of December 31, 2021 that has used procedures to roll the information forward to the measurement date.

Actuarial Assumptions - The total pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

- Inflation: 2.25 percent
- Salary increases (including inflation): 3.5 percent
- Investment rate of return (net of investment expense): 6.25 percent
- Mortality rates: Pub-2010 Mortality Table with Generational Projection per MP-2021, with PubS-2010 tables for public safety groups and PubS-2010 tables for all others

City of Auburn Hills
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- Cost of living adjustments (COLA): 2.5 percent simple payable for 15 years for future retirees. Current retiree COLA depends on date of retirement.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Cash	1%	0.59%
US Core Fixed Income	22.00%	2.13%
Private Credit	7.00%	6.19%
US Large Cap Equity	22.00%	4.09%
US Small & Mid Cap Equity	14.00%	4.10%
Foreign Developed Equity	15.00%	5.15%
Priavate Real Estate Property	9.00%	3.70%
Hedge Funds	10.00%	3.49%

Rate of return - For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.55%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Discount rate - The discount rate used to measure the total pension liability was 6.25 percent in the December 31, 2023 roll forward valuation, which was an increase of .25 percent from the prior year's discount rate which was 6.00 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

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Changes in the net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2022	\$ 68,713,631	\$ 55,752,203	\$ 12,961,428
Changes for the year			
Service cost	159,490	-	159,490
Interest on total pension liability	3,991,986	-	3,991,986
Experience differences	-	-	-
Changes in assumptions	(1,722,506)	-	
Employer contributions	-	992,461	(992,461)
Employee contributions	-	30,219	(30,219)
Net investment income (loss)	-	6,215,466	(6,215,466)
Benefit payments and refunds	(4,749,215)	(4,749,215)	-
Administrative expense	-	(33,108)	33,108
Net changes	(2,320,245)	2,455,823	(4,776,068)
Balances as of December 31, 2023	\$ 66,393,386	\$ 58,208,026	\$ 8,185,360

Sensitivity of the net pension liability to changes in the discount rate -The following presents the net pension liability of the employer, calculated using the discount rate of 6.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (5.25%) or 1% higher (7.25%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
Net pension liability	\$ 15,567,546	\$ 8,185,360	\$ 1,998,272

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions - For the year ended December 31, 2023, the employer recognized pension expense of \$(1,922,253). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Total to Amortize
	Net difference between projected and actual earning on plan investments	\$ 1,331,045

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

Year ended December 31,	
2024	\$ 48,962
2025	557,360
2026	1,321,308
2027	(596,585)
	\$ 1,331,045

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 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 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 benefit terms.

Note 13 - Other Postemployment Benefits

Plan Description - The Auburn Hills Retiree Healthcare Board provides postemployment benefits other than pensions (OPEB) to eligible former City Council members and retired employees and eligible dependents, as well as to certain retirees and eligible dependents of the Auburn Hills Public Library. The benefits are provided through the Auburn Hills Retiree Health Care Plan, a cost-sharing defined OPEB plan administered by the Auburn Hills Retiree Health Care Plan Board. There are two participating employers in the plan, the City of Auburn Hills, Michigan and the Auburn Hills Public Library (the "Library").

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

Management of the plan is vested in the Retiree Healthcare Board, which consists of seven members: the mayor, city manager, city clerk, finance director, and three union representatives.

Benefits provided - The Auburn Hills Retiree Health Care Plan provides health care, dental, and vision benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and generally the full cost of the benefits is covered by the plan. The City is self-insured for prescriptions, and the full cost of benefits is covered by the plan. As of January 1, 2012, the plan was closed to new entrants.

Employees covered by benefit terms - As of December 31, 2021, the most recent valuation date, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	112
Active employees	61
	173

Contributions - The City Code grants the authority to establish and amend the contribution requirements of the City and employees to the board. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the year ended December 31, 2023, the City paid postemployment health care premiums of \$586,031, plus it contributed \$854,395 into a prefunded retiree health care fund, which

City of Auburn Hills
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is reported in these financial statements as a pension and other employee benefit trust fund type. Employees are not required to contribute to the plan.

Net OPEB Liability - The net OPEB liability of \$3,847,362 has been allocated separately to the City and to the Library. A special funding situation does not exist in accordance with Governmental Accounting Standards Board Statement No. 75, and, therefore, the City has not recorded the Library's proportionate share of the net OPEB liability. The City's proportionate share of the net OPEB liability is \$3,723,742 at December 31, 2023. At December 31, 2023, the City's proportionate share was 96.8 percent, based on the City's number of plan members as a percentage of the plan's total members. At December 31, 2022, the prior measurement date, the City's proportionate share was 96.9 percent, or a 0.1 percent change.

The City has chosen to use the December 31, 2023 measurement date as its measurement date for the net OPEB liability. The December 31, 2023 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 December 31, 2023 measurement date. The December 31, 2023 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021, which used update procedures to roll forward the liability to December 31, 2023.

Actuarial assumptions - The total OPEB liability in the December 31, 2021 actuarial valuation was determined using an investment rate of return (net of investment expenses) of 6.25 percent; a health care cost trend rate of 6.5 percent for 2023, decreasing to an ultimate rate of 3.9 percent over 53 years for pre-Medicare participants, and a health care cost trend rate of 6.3 percent for 2023, decreasing to an ultimate rate of 3.9 percent over 53 years for post-Medicare participants; and mortality rates based on the PubG-2010 with Generational Projection per MP-2021.

Discount rate - The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. 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 plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best-estimates of geometric real rates of return as of the December 31, 2023 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Core Fixed Income	26.00%	2.13%
Private Credit	4.00%	6.19%
US Large Cap Equity	25.00%	4.09%
US Small & Mid Cap Equity	15.00%	4.10%
Foreign Developed Equity	16.00%	5.15%
Private Real Estate Property	9.00%	3.70%
Hedge Funds	5.00%	3.49%

City of Auburn Hills
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Rate of return - For the year ended December 31, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 5.27%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Changes in the net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2022	\$ 34,041,627	\$ 28,743,366	\$ 5,298,261
Changes for the year			
Service cost	490,022	-	490,022
Interest on total OPEB liability	2,030,073	-	2,030,073
Changes in assumptions	(1,033,326)	-	
Employer contributions	-	1,440,426	(1,440,426)
Net investment income (loss)	-	1,525,589	(1,525,589)
Benefit payments and refunds	(1,414,812)	(1,414,812)	-
Administrative expense	-	(28,347)	28,347
Net changes	<u>71,957</u>	<u>1,522,856</u>	<u>(1,450,899)</u>
Balances as of December 31, 2023	<u>\$ 34,113,584</u>	<u>\$ 30,266,222</u>	<u>\$ 3,847,362</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 88.7%.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.25%) or 1% higher (7.25%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 8,311,597	\$ 3,847,362	\$ 179,331
City's proportionate share	8,043,905	3,723,742	173,555

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ (502,407)	\$ 3,847,362	\$ 9,184,091
City's proportionate share	(486,226)	3,723,742	8,888,299

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OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB - For the year ended December 31, 2023, the City recognized OPEB expense of \$(2,710,996). The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ -	\$ (476,480)	\$ (476,480)
Differences in assumptions	91,188	(541,266)	(450,078)
Net difference between projected and actual earning on plan investments	<u>2,002,383</u>	<u>-</u>	<u>2,002,383</u>
Total	<u>\$ 2,093,571</u>	<u>\$ (1,017,746)</u>	<u>\$ 1,075,825</u>
City's share	\$ 2,026,064	\$ (984,284)	\$ 1,041,780
Library's share	<u>67,507</u>	<u>(33,462)</u>	<u>34,045</u>
	<u>\$ 2,093,571</u>	<u>\$ (1,017,746)</u>	<u>\$ 1,075,825</u>

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

<u>Year ended December 31,</u>	
2024	\$ (498,068)
2025	513,873
2026	1,020,175
2027	<u>39,845</u>
	<u>\$ 1,075,825</u>

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 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 benefit terms.

The City also provides retiree health care benefits to employees ineligible for the defined benefit retiree health care plan through the Retiree Health Savings (RHS) Plan. All employee units are vested after 10 years, with the exception of the fire unit, which is vested after five years with the City. The City Council has authority over plan provisions and contribution requirements. For the non-bargaining administrative group, the City is required to contribute 3 percent of total salaries and the employees of this group must contribute 3 percent of their salaries. All bargaining units negotiated a 3 to 4 percent contribution into a 457 plan in lieu of the RHS. During the year ended December 31, 2023, the City made contributions of \$48,159.

City of Auburn Hills
Notes to the Financial Statements
December 31, 2023

Note 14 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	Pension Trust Fund	Retiree Health Care Trust Fund
Statement of Net Position		
Cash and cash equivalents	\$ 475,058	\$ 638,425
Investments	57,732,418	29,625,456
Other assets	3,759	2,944
 Net position	 \$ 58,211,235	 \$ 30,266,825

	Pension Trust Fund	Retiree Health Care Trust Fund
Statement of Changes in Net Position		
Investment income	\$ 6,266,965	\$ 1,551,339
Contributions	1,022,680	1,440,426
Benefit payments	(4,749,215)	(1,414,812)
Administrative expense	(84,607)	(54,097)
 Net change in net position	 \$ 2,455,823	 \$ 1,522,856

Note 15 - Tax Abatements

The City offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the City. The more significant property tax abatements, as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, that occurred during fiscal year 2023 are as follows:

The City uses the New Facility Industrial Facilities Exemption Certificate (IFEC) to enter into agreements with local businesses for industrial real property and land improvements, other than a replacement facility to be built or installed in a plant rehabilitation district or industrial development district by an existing business or new business, as provided in PA 198 of 1974. The minimum investment in a facility shall have an estimated construction value of \$2,000,000. Under the program, the City grants reductions of 50 percent of the property tax bill for real property for up to 12 years. As a condition of receiving the IFEC pursuant to city policy, the business agrees to operate the facility for which the certificate is granted for the term of the certificate plus an additional term after the date of expiration of the certificate equal to one year of business residency per abated year. If a business vacates or fails to operate the facility for which the certificate is granted, then it shall be liable for repayment of any property tax savings benefiting the business due to the existence of the certificate, beginning with the initial effective year of the certificate. For the fiscal year ended December 31, 2023, the City abated approximately \$340,284 of taxes under this program.

The City has a payment in lieu of taxes agreement with a business that provides housing for elderly citizens of low and moderate income, which is federally aided or statute authority aided in accordance with the State Housing Development Act of 1966, as provided in PA 346 of 1966. Under this program, the property pays 6 percent of rental income to the City in lieu of taxes. The tax-exempt status of the property shall be rescinded

City of Auburn Hills
Notes to the Financial Statements
December 31, 2023

when the authority no longer has an interest in the property. For the fiscal year ended December 31, 2023, the City abated approximately \$40,192 of taxes under this program.

Finally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses brownfield redevelopment agreements under PA 381 of 1996 to capture property taxes within the brownfield area and then uses those captures to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the City's tax revenue is reduced as this revenue is captured by the Brownfield Redevelopment Authority. For the fiscal year ended December 31, 2023, the Brownfield Redevelopment Authority captured approximately \$350,000 of city taxes, in addition to captures from other taxing jurisdictions. Additionally, this captured brownfield revenue must, by agreement, be used in part to reimburse developers. Due to the restricted nature of these agreements, the Brownfield Redevelopment Authority essentially must pass on related tax dollars to the developers and, for the purpose of this pronouncement, reimbursed approximately \$181,000 to developers during the year.

Note 16 - Joint Venture

The City is a member of the North Oakland County Water Authority, which provides joint management of the four member communities' water systems. Each of the four member communities appoints one member to the governing body. During the year ended December 31, 2023, the City contributed \$4,392,238 to pay water obligations. Additionally, during 2015, the City deposited \$776,610 with NOCWA to cover two months' worth of expenses in the event the City fails to pay that has been recorded as a restricted asset. There are no financial statements available for the authority for the year ended December 31, 2023.

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes				
Property taxes	\$ 21,986,115	\$ 21,986,115	\$ 21,543,485	\$ (442,630)
Penalties and interest	11,500	11,500	28,295	16,795
Administration fee	920,649	920,649	1,051,733	131,084
Special assessments	165,662	165,662	276,680	111,018
Licenses and permits	1,203,350	2,263,187	2,319,959	56,772
Federal grants	338,965	425,990	333,084	(92,906)
State-shared revenue	4,436,216	4,436,216	5,587,725	1,151,509
State grants	54,407	173,446	196,438	22,992
Local contributions	50,750	223,726	288,441	64,715
Charges for services	4,748,761	4,828,910	4,751,069	(77,841)
Fines and forfeitures	289,400	289,400	219,375	(70,025)
Rental income	354,067	354,067	341,389	(12,678)
Investment income	167,014	167,014	2,600,928	2,433,914
Other revenue	1,075,220	1,089,350	898,504	(190,846)
Total revenues	35,802,076	37,335,232	40,437,105	3,101,873
Expenditures				
General government				
City Council	140,259	131,119	87,535	(43,584)
City manager	704,609	813,856	736,376	(77,480)
Clerk	328,818	362,627	327,648	(34,979)
Information technology/data processing	666,880	678,306	616,219	(62,087)
Treasurer	613,377	637,273	572,726	(64,547)
Assessing	386,226	386,748	386,731	(17)
Facilities	1,411,235	1,557,359	1,288,364	(268,995)
Human resources	369,241	392,761	322,233	(70,528)
Pension board	22,181	22,181	12,313	(9,868)
Grounds	1,411,029	1,404,785	1,243,069	(161,716)
Capital improvements	25,000	604,191	543,470	(60,721)
General administration	1,666,821	2,181,752	2,463,597	281,845
Total general government	7,745,676	9,172,958	8,600,281	(572,677)
Public safety				
Police	7,932,767	8,250,302	8,076,039	(174,263)
Police administration	2,097,617	2,190,545	2,068,996	(121,549)
Fire suppression	4,305,787	4,577,411	4,173,758	(403,653)
Fire prevention	471,254	499,330	480,434	(18,896)
Fire administration	1,513,467	1,539,622	819,451	(720,171)
Building services	1,281,278	1,451,015	1,318,756	(132,259)
Total public safety	17,602,170	18,508,225	16,937,434	(1,570,791)
Public works				
DPW management services	605,284	635,148	610,872	(24,276)
Stormwater drainage	243,760	246,566	145,614	(100,952)
Total public works	849,044	881,714	756,486	(125,228)

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Health, welfare and community development				
Community development administration	\$ 286,147	\$ 294,095	\$ 290,818	\$ (3,277)
Senior citizens	587,423	658,137	585,491	(72,646)
SMART grant	<u>80,215</u>	<u>107,914</u>	<u>104,193</u>	<u>(3,721)</u>
Total health, welfare and community development	<u>953,785</u>	<u>1,060,146</u>	<u>980,502</u>	<u>(79,644)</u>
Recreation and culture				
Recreation	815,336	535,959	339,534	(196,425)
Parks maintenance	<u>890,509</u>	<u>999,399</u>	<u>727,191</u>	<u>(272,208)</u>
Total recreation and culture	<u>1,705,845</u>	<u>1,535,358</u>	<u>1,066,725</u>	<u>(468,633)</u>
Debt service				
Principal retirement	55,000	55,000	78,492	23,492
Interest and fiscal charges	<u>11,754</u>	<u>11,754</u>	<u>7,145</u>	<u>(4,609)</u>
Total debt service	<u>66,754</u>	<u>66,754</u>	<u>85,637</u>	<u>18,883</u>
Total expenditures	<u>28,923,274</u>	<u>31,225,155</u>	<u>28,427,065</u>	<u>(2,798,090)</u>
Excess (deficiency) of revenues over expenditures	<u>6,878,802</u>	<u>6,110,077</u>	<u>12,010,040</u>	<u>5,899,963</u>
Other financing sources (uses)				
Transfers in	50,000	50,000	50,000	-
Transfers out	(2,681,325)	(2,681,325)	(2,536,325)	145,000
Insurance recoveries	-	-	1,897	1,897
Subscription liabilities issued	-	-	130,223	130,223
Sale of capital assets	<u>1,000</u>	<u>1,000</u>	<u>336</u>	<u>(664)</u>
Total other financing sources (uses)	<u>(2,630,325)</u>	<u>(2,630,325)</u>	<u>(2,353,869)</u>	<u>276,456</u>
Net change in fund balance	4,248,477	3,479,752	9,656,171	6,176,419
Fund balance - beginning of year	<u>39,323,922</u>	<u>39,323,922</u>	<u>39,323,922</u>	<u>-</u>
Fund balance - end of year	<u>\$ 43,572,399</u>	<u>\$ 42,803,674</u>	<u>\$ 48,980,093</u>	<u>\$ 6,176,419</u>

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Employee Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal year ended December 31,	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 159,490	\$ 154,625	\$ 322,587	\$ 341,012	\$ 443,110
Interest	3,991,986	4,039,702	3,830,500	3,828,935	3,840,887
Experience differences	-	(337,715)	481,264	660,370	1,082,585
Changes in assumptions	(1,722,506)	(23,747)	(6,253,413)	4,296,374	(1,394,259)
Benefit payments and refunds	(4,749,215)	(4,520,106)	(4,304,443)	(4,104,733)	(3,821,541)
Net change in total pension liability	(2,320,245)	(687,241)	(5,923,505)	5,021,958	150,782
Total pension liability - beginning	68,713,631	69,400,872	75,324,377	70,302,419	70,151,637
Total pension liability - ending (a)	<u>\$ 66,393,386</u>	<u>\$ 68,713,631</u>	<u>\$ 69,400,872</u>	<u>\$ 75,324,377</u>	<u>\$ 70,302,419</u>
Plan fiduciary net position					
Employer contributions	\$ 992,461	\$ 2,055,950	\$ 1,586,293	\$ 2,014,732	\$ 1,702,433
Employee contributions	30,219	36,293	52,261	67,512	81,344
Net investment income (loss)	6,215,466	(5,821,496)	7,308,103	5,951,307	8,950,504
Benefit payments and refunds	(4,749,215)	(4,520,106)	(4,304,443)	(4,104,733)	(3,821,541)
Administrative expense	(33,108)	(73,394)	(55,770)	-	(73,524)
Net change in plan fiduciary net position	2,455,823	(8,322,753)	4,586,444	3,928,818	6,839,216
Plan fiduciary net position - beginning	55,752,203	64,074,956	59,488,512	55,559,694	48,720,478
Plan fiduciary net position - ending (b)	<u>\$ 58,208,026</u>	<u>\$ 55,752,203</u>	<u>\$ 64,074,956</u>	<u>\$ 59,488,512</u>	<u>\$ 55,559,694</u>
Net pension liability (a-b)	<u>\$ 8,185,360</u>	<u>\$ 12,961,428</u>	<u>\$ 5,325,916</u>	<u>\$ 15,835,865</u>	<u>\$ 14,742,725</u>
Plan fiduciary net position as a percentage of total pension liability	87.67%	81.14%	92.33%	78.98%	79.03%
Covered payroll	\$ 547,800	\$ 677,377	\$ 1,092,276	\$ 1,178,201	\$ 1,446,223
Net pension liability as a percentage of covered payroll	1,494.22%	1,913.47%	487.60%	1,344.07%	1,019.40%

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Employee Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios

Fiscal year ended December 31,	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 624,297	\$ 591,358	\$ 842,510	\$ 809,483	\$ 381,691
Interest	3,873,213	3,664,089	3,459,438	3,369,628	3,509,763
Experience differences	-	290,536	(1,807,601)	489,295	72,377
Changes in assumptions	(1,437,482)	5,467,388	(9,027,540)	(578,372)	1,533,771
Benefit payments and refunds	(3,593,596)	(3,762,724)	(3,189,841)	(3,056,599)	(2,661,802)
Net change in total pension liability	(533,568)	6,250,647	(9,723,034)	1,033,435	2,835,800
Total pension liability - beginning	<u>70,685,205</u>	<u>64,434,558</u>	<u>74,157,592</u>	<u>73,124,157</u>	<u>70,288,357</u>
Total pension liability - ending (a)	<u>\$ 70,151,637</u>	<u>\$ 70,685,205</u>	<u>\$ 64,434,558</u>	<u>\$ 74,157,592</u>	<u>\$ 73,124,157</u>
Plan fiduciary net position					
Employer contributions	\$ 765,611	\$ 1,034,387	\$ 1,093,400	\$ 476,733	\$ 472,439
Employee contributions	115,417	106,629	108,915	126,708	148,282
Net investment income (loss)	(933,112)	6,181,445	2,851,238	1,630,824	3,514,376
Benefit payments and refunds	(3,593,596)	(3,762,724)	(3,189,841)	(3,056,599)	(2,661,802)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	(3,645,680)	3,559,737	863,712	(822,334)	1,473,295
Plan fiduciary net position - beginning	<u>52,366,158</u>	<u>48,806,421</u>	<u>47,942,709</u>	<u>48,765,043</u>	<u>47,291,748</u>
Plan fiduciary net position - ending (b)	<u>\$ 48,720,478</u>	<u>\$ 52,366,158</u>	<u>\$ 48,806,421</u>	<u>\$ 47,942,709</u>	<u>\$ 48,765,043</u>
Net pension liability (a-b)	<u>\$ 21,431,159</u>	<u>\$ 18,319,047</u>	<u>\$ 15,628,137</u>	<u>\$ 26,214,883</u>	<u>\$ 24,359,114</u>
Plan fiduciary net position as a percentage of total pension liability	69.45%	74.08%	75.75%	64.65%	66.69%
Covered payroll	\$ 1,669,155	\$ 1,787,161	\$ 2,039,201	\$ 2,250,657	\$ 2,124,477
Net pension liability as a percentage of covered payroll	1,283.95%	1,025.04%	766.39%	1,164.77%	1,146.59%

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Employee Pension Plan
Schedule of Employer Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 422,149	\$ 472,439	\$ (50,290)	\$ 2,124,477	22.24%
2015	474,821	476,733	(1,912)	2,250,657	21.18%
2016	1,093,400	1,093,400	-	2,039,201	53.62%
2017	1,034,387	1,034,387	-	1,787,161	57.88%
2018	765,611	765,611	-	1,669,155	45.87%
2019	1,230,563	1,730,563	(500,000)	1,446,223	119.66%
2020	1,514,732	2,014,732	(500,000)	1,178,201	171.00%
2021	1,298,526	1,586,293	(287,767)	1,092,276	145.23%
2022	1,055,948	2,055,950	(1,000,002)	677,377	303.52%
2023	992,461	992,461	-	547,800	181.17%

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Employee Pension Plan
Schedule of Investment Returns

Fiscal Year Ended December 31,	Money-weighted Rate of Return
2014	7.60%
2015	3.90%
2016	6.30%
2017	16.92%
2018	-1.83%
2019	18.96%
2020	10.90%
2021	12.57%
2022	-9.24%
2023	11.55%

City of Auburn Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios

Fiscal year ended December 31,	2023	2022
Total OPEB liability		
Service cost	\$ 490,022	\$ 469,138
Interest	2,030,073	2,073,489
Experience differences	-	(2,382,400)
Changes in assumptions	(1,033,326)	455,944
Benefit payments and refunds	(1,414,812)	(1,308,075)
Other	-	-
Net change in total OPEB liability	71,957	(691,904)
Total OPEB liability - beginning	34,041,627	34,733,531
Total OPEB liability - ending (a)	\$ 34,113,584	\$ 34,041,627
Plan fiduciary net position		
Employer contributions	\$ 1,440,426	\$ 1,000,000
Net investment income (loss)	1,525,589	(2,988,183)
Benefit payments and refunds	(1,414,812)	(1,308,075)
Administrative expense	(28,347)	(10,342)
Net change in plan fiduciary net position	1,522,856	(3,306,600)
Plan fiduciary net position - beginning	28,743,366	32,049,966
Plan fiduciary net position - ending (b)	\$ 30,266,222	\$ 28,743,366
 Net OPEB liability (a-b)	 \$ 3,847,362	 \$ 5,298,261
 Plan fiduciary net position as a percentage of total OPEB liability	 88.72%	 84.44%

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios

Fiscal year ended December 31,	2021	2020	2019	2018	2017
Total OPEB liability					
Service cost	\$ 532,540	\$ 635,842	\$ 799,084	\$ 778,931	\$ 1,012,637
Interest	2,478,387	2,453,325	2,351,538	2,252,089	2,652,607
Experience differences	(8,598,679)	(1,479,431)	77,702	(781,920)	(781,920)
Changes in assumptions	189,178	1,850,059	1,355,786	180,873	600,606
Benefit payments and refunds	(1,265,213)	(1,339,376)	(1,310,654)	(1,354,238)	(1,304,387)
Other	-	(20,000)	-	-	-
Net change in total OPEB liability	(6,663,787)	2,100,419	3,273,456	1,075,735	2,179,543
Total OPEB liability - beginning	41,397,318	39,296,899	36,023,443	34,165,788	39,915,088
Total OPEB liability - ending (a)	<u>\$ 34,733,531</u>	<u>\$ 41,397,318</u>	<u>\$ 39,296,899</u>	<u>\$ 35,241,523</u>	<u>\$ 42,094,631</u>
Plan fiduciary net position					
Employer contributions	\$ 2,108,273	\$ 3,376,820	\$ 2,810,654	\$ 2,354,238	\$ 1,604,387
Net investment income (loss)	3,703,698	2,422,547	3,059,696	(576,455)	1,866,867
Benefit payments and refunds	(1,265,213)	(1,339,376)	(1,310,654)	(1,354,238)	(1,304,387)
Administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	4,546,758	4,459,991	4,559,696	423,545	2,166,867
Plan fiduciary net position - beginning	27,503,208	23,043,217	18,483,521	18,059,976	15,893,109
Plan fiduciary net position - ending (b)	<u>\$ 32,049,966</u>	<u>\$ 27,503,208</u>	<u>\$ 23,043,217</u>	<u>\$ 18,483,521</u>	<u>\$ 18,059,976</u>
Net OPEB liability (a-b)	<u>\$ 2,683,565</u>	<u>\$ 13,894,110</u>	<u>\$ 16,253,682</u>	<u>\$ 16,758,002</u>	<u>\$ 24,034,655</u>
Plan fiduciary net position as a percentage of total OPEB liability	92.27%	66.44%	58.64%	52.45%	42.90%

See Accompanying Notes to Required Supplementary Information

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

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 1,179,856	\$ 1,570,268	\$ (390,412)	N/A	N/A
2015	1,421,536	1,396,382	25,154	N/A	N/A
2016	1,526,848	1,287,504	239,344	N/A	N/A
2017	1,457,864	1,604,387	(146,523)	N/A	N/A
2018	2,233,562	2,354,238	(120,676)	N/A	N/A
2019	1,897,955	2,810,654	(912,699)	N/A	N/A
2020	1,754,928	3,376,820	(1,621,892)	N/A	N/A
2021	931,828	2,108,273	(1,176,445)	N/A	N/A
2022	604,395	1,000,000	(395,605)	N/A	N/A
2023	586,031	1,440,426	(854,395)	N/A	N/A

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of City's Proportionate Share of the Net OPEB Liability

Fiscal Year Ending December 31,	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered- Employee Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	98.92754%	\$ 18,319,047	\$ 7,173,993	255.35%	52.86%
2018	97.34332%	17,073,942	6,747,847	253.03%	51.31%
2019	97.43084%	15,816,612	6,394,237	247.36%	58.67%
2020	96.90799%	13,464,503	5,900,336	228.20%	66.44%
2021	96.77627%	2,597,054	5,101,121	50.91%	92.27%
2022	96.94040%	5,136,148	4,695,753	109.38%	84.44%
2023	96.77500%	3,723,742	4,629,200	80.44%	88.72%

See Accompanying Notes to Required Supplementary Information

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

Fiscal Year Ended December 31,	Money-weighted Rate of Return
2017	5.89%
2018	-3.15%
2019	16.07%
2020	10.19%
2021	14.33%
2022	-9.31%
2023	5.27%

City of Auburn Hills
Notes to the Required Supplementary Information
December 31, 2023

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The City employs the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the first Monday in August, city departments, in conjunction with the finance office, prepare and submit their proposed operating budgets for the year beginning on January 1 to the city manager.
2. The city manager compiles and reviews such budget requests and then prepares recommendations and submits them to the City Council on or before September 1 of each year.
3. A public hearing is conducted to obtain taxpayers' comments.
4. No later than the first Monday in November, the budget is legally enacted through council passage for the budget resolutions.
5. After the budget is adopted, any revisions that alter total expenditure of a department or fund must be approved by the City Council.

The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the department level (i.e., the level at which expenditures may not legally exceed appropriations) for the General Fund and the fund total level for all other funds.

Encumbrance accounting is employed in governmental funds. 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.

A reconciliation of the General Fund budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	
Amounts per operating statement	\$ 40,973,985	\$ 28,963,945	
Bad debt expenditures	<u>(536,880)</u>	<u>(536,880)</u>	
Amounts per budget statement	<u>\$ 40,437,105</u>	<u>\$ 28,427,065</u>	

The City had the following expenditures in excess of appropriations:

	<u>Appropriations</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund			
General administration	\$ 2,181,752	\$ 2,463,597	\$ 281,845
Principal retirement	55,000	78,492	23,492

City of Auburn Hills
Notes to the Required Supplementary Information
December 31, 2023

Pension Information

Changes in assumptions:

1. The long-term assumed rate of return was 6.66 percent in 2016 and prior years, 6.54 percent in 2017, 6.50 percent in 2018, 6.25 percent in 2019, 6.00 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022 and 6.25 percent in 2023.
2. The mortality tables have been updated annually:

2017: RP-2014 with Generational Mortality Scale MP-2016
2018: RP-2014 with Generational Mortality Scale MP-2017
2019: RP-2014 with Generational Mortality Scale MP-2018
2020: Pub-2010 Mortality Table with Generational Projection per scale MP-2019, with PubS-2010 tables for public safety and PubG-2010 tables for all others
2021: Pub-2010 Mortality Table with Generational Projection per scale MP-2020, with PubS-2010 tables for public safety and PubG-2010 tables for all others
2022: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with employee rates before benefit commencement
2023: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with PubS-2010 for public safety groups and PubG-2010 for all others
3. The single discount rate was 5.83 percent in 2016 and prior years, 5.57 percent in 2017, 5.59 percent in 2018, 5.58 percent in 2019, 5.21 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022, and 6.25 percent in 2023.

OPEB Information

Changes in assumptions:

1. The long-term assumed rate of return was 6.57 percent in 2017, 6.50 percent in 2018, 6.25 percent in 2019, 6.00 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022 and 6.25 percent in 2023.
2. The mortality tables have been updated annually:

2017: RP-2014 with Generational Mortality Scale MP-2016
2018: RP-2014 with Generational Mortality Scale MP-2017
2019: RP-2014 with Generational Mortality Scale MP-2018
2020: Pub-2010 with Generational Projection per scale MP-2019
2021: Pub-2010 Mortality Table with Generational Projection per scale MP-2020, with PubS-2010 tables for public safety and PubG-2010 tables for all others
2022: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with employee rates before benefit commencement and healthy or disabled annuitant rates after benefit commencement.
2023: Pub 2010 with Generational Mortality Scale MP-2021
3. The single discount rate was 6.57 percent in 2017, 6.50 percent in 2018, 6.25 percent in 2019, 6.00 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022 and 6.25 percent in 2023.
4. Health care cost trend rates have been updated as follows:

2019: The health care cost trend rate was 8.2 percent for 2019, decreasing to an ultimate rate of 4.1 percent over 72 years for pre-Medicare participants, a health care cost trend rate of 8.5 percent for 2019, decreasing to an ultimate rate of 4.3 percent over 68 years for post-Medicare participants.

City of Auburn Hills
Notes to the Required Supplementary Information
December 31, 2023

2020: The health care cost trend rate was 5.3 percent for 2020, decreasing to an ultimate rate of 4.0 percent over 55 years for pre-Medicare participants, and a health care cost trend rate of 5.6 percent for 2020, decreasing to an ultimate rate of 4.3 percent over 55 years for post-Medicare participants.

2021: The health care cost trend rate was 5.0 percent for 2020, decreasing to an ultimate rate of 4.0 percent over 54 years for both pre-Medicare and post-Medicare participants.

2022: The health care cost trend rate was 5.0 percent for 2021, decreasing to an ultimate rate of 4.0 percent over 53 years for both pre-Medicare and post-Medicare participants.

2023: The health care cost trend rate was 6.5 percent for 2023, decreasing to an ultimate rate of 3.9 percent over 51 years for pre-Medicare participants, and healthcare cost trend rate of 6.3 percent for 2023, decreasing to an ultimate rate of 3.9 percent over 51 years for post-Medicare participants.

Contributions to the OPEB plan are not based on a measure of pay; therefore, no covered payroll is presented.

The total OPEB liability as of December 31, 2017, was restated to reflect an updated claims curve methodology.

GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017, and GASB Statement No. 75 was implemented for the fiscal year ended December 31, 2018, and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Auburn Hills
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

Special Revenue Funds

	Major and Local Streets	Metro Act	Wayne-Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	Special Circumstances
Assets						
Cash and cash equivalents	\$ 2,990,215	\$ 71,082	\$ 1,194,882	\$ 1,127,900	\$ 138,783	\$ 51,983
Receivables						
General accounts receivable	30,366	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Due from other units of government	<u>562,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,788</u>
Total assets	<u>\$ 3,583,120</u>	<u>\$ 71,082</u>	<u>\$ 1,194,882</u>	<u>\$ 1,127,900</u>	<u>\$ 138,783</u>	<u>\$ 408,771</u>
Liabilities						
Accounts payable	133,115	13,215	1,489	238	35	13
Contracts payable - retainage	6,967	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Due to other units of government	1,025	-	-	-	-	-
Payroll and other liabilities	19,766	-	-	-	-	-
Refundable deposits	<u>1,085,452</u>	<u>-</u>	<u>-</u>	<u>244,320</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,246,325</u>	<u>13,215</u>	<u>1,489</u>	<u>244,558</u>	<u>35</u>	<u>13</u>
Deferred inflows of resources						
Unavailable revenue						
Other receivables	2,621	-	-	-	-	356,788
Special assessments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>2,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,788</u>
Fund balances						
Restricted for						
Public works	-	57,867	-	883,342	-	-
Public safety	-	-	-	-	138,748	-
Health and welfare	-	-	-	-	-	51,970
Debt service	-	-	-	-	-	-
Streets	2,334,174	-	-	-	-	-
Committed	-	-	1,193,393	-	-	-
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>2,334,174</u>	<u>57,867</u>	<u>1,193,393</u>	<u>883,342</u>	<u>138,748</u>	<u>51,970</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,583,120</u>	<u>\$ 71,082</u>	<u>\$ 1,194,882</u>	<u>\$ 1,127,900</u>	<u>\$ 138,783</u>	<u>\$ 408,771</u>

City of Auburn Hills
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Special	Debt Service Funds		Total Nonmajor Governmental Funds
	Revenue Fund	Special Assessment Debt Service	Capital Improvement Debt Service	
	CDBG			
Assets				
Cash and cash equivalents	\$ -	\$ 370,974	\$ 1	\$ 5,945,820
Receivables				
General accounts receivable	-	-	-	30,366
Special assessments	-	361,035	-	361,035
Due from other units of government	64,577	-	-	983,904
Total assets	\$ 64,577	\$ 732,009	\$ 1	\$ 7,321,125
Liabilities				
Accounts payable	9,889	42	-	158,036
Contracts payable - retainage	-	-	-	6,967
Due to other funds	32,752	-	-	32,752
Due to other units of government	-	-	-	1,025
Payroll and other liabilities	-	-	-	19,766
Refundable deposits	-	-	-	1,329,772
Total liabilities	42,641	42	-	1,548,318
Deferred inflows of resources				
Unavailable revenue				
Other receivables	37,039	-	-	396,448
Special assessments	-	330,472	-	330,472
Total deferred inflows of resources	37,039	330,472	-	726,920
Fund balances				
Restricted for				
Public works	-	-	-	941,209
Public safety	-	-	-	138,748
Health and welfare	-	-	-	51,970
Debt service	-	401,495	1	401,496
Streets	-	-	-	2,334,174
Committed	-	-	-	1,193,393
Unassigned (deficit)	(15,103)	-	-	(15,103)
Total fund balances (deficit)	(15,103)	401,495	1	5,045,887
Total liabilities, deferred inflows of resources, and fund balances	\$ 64,577	\$ 732,009	\$ 1	\$ 7,321,125

City of Auburn Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

Special Revenue Funds

	Major and Local Streets	Metro Act	Wayne-Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	Special Circumstances
Revenues						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	-	-	-	-	-
State grants	3,129,757	99,978	-	-	-	-
Charges for services	-	-	217,063	-	-	-
Fines and forfeitures	-	-	-	-	48,686	-
Investment income	83,097	2,127	34,097	40,565	1,260	1,184
Other revenue	56,496	-	-	-	57,809	10,164
Total revenues	3,269,350	102,105	251,160	40,565	107,755	11,348
Expenditures						
Current						
General government	-	110,411	-	35,551	-	-
Public safety	-	-	-	-	36	-
Public works	-	-	39,330	-	-	-
Health and welfare	-	-	-	-	-	13
Streets	4,113,474	-	-	-	-	-
Debt service						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	4,113,474	110,411	39,330	35,551	36	13
Excess (deficiency) of revenues over expenditures	(844,124)	(8,306)	211,830	5,014	107,719	11,335
Other financing sources (uses)						
Transfers in	755,000	-	-	-	-	-
Transfers out	-	-	(80,000)	-	-	-
Insurance recoveries	5,397	-	-	-	-	-
Total other financing sources and uses	760,397	-	(80,000)	-	-	-
Net change in fund balances	(83,727)	(8,306)	131,830	5,014	107,719	11,335
Fund balances - beginning of year	2,417,901	66,173	1,061,563	878,328	31,029	40,635
Fund balances (deficit) - end of year	\$ 2,334,174	\$ 57,867	\$ 1,193,393	\$ 883,342	\$ 138,748	\$ 51,970

City of Auburn Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Service Fund	Debt Service Funds		Total Nonmajor Governmental Funds
	CDBG	Special Assessment Debt Service	Capital Improvement Debt Service	
Revenues				
Special assessments	\$ -	\$ 103,899	\$ -	\$ 103,899
Federal grants	63,020	-	-	63,020
State grants	-	-	-	3,229,735
Charges for services	-	-	-	217,063
Fines and forfeitures	-	-	-	48,686
Investment income	-	29,880	-	192,210
Other revenue	-	-	-	124,469
Total revenues	<u>63,020</u>	<u>133,779</u>	<u>-</u>	<u>3,979,082</u>
Expenditures				
Current				
General government	-	-	-	145,962
Public safety	-	-	-	36
Public works	-	42	-	39,372
Health and welfare	85,816	-	-	85,829
Streets	-	-	-	4,113,474
Debt service				
Principal retirement	-	170,000	1,410,000	1,580,000
Interest and fiscal charges	-	15,925	451,325	467,250
Total expenditures	<u>85,816</u>	<u>185,967</u>	<u>1,861,325</u>	<u>6,431,923</u>
Excess (deficiency) of revenues over expenditures	<u>(22,796)</u>	<u>(52,188)</u>	<u>(1,861,325)</u>	<u>(2,452,841)</u>
Other financing sources (uses)				
Transfers in	-	-	1,861,325	2,616,325
Transfers out	-	-	-	(80,000)
Insurance recoveries	-	-	-	5,397
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,861,325</u>	<u>2,541,722</u>
Net change in fund balances	<u>(22,796)</u>	<u>(52,188)</u>	<u>-</u>	<u>88,881</u>
Fund balances - beginning of year	<u>7,693</u>	<u>453,683</u>	<u>1</u>	<u>4,957,006</u>
Fund balances (deficit) - end of year	<u>\$ (15,103)</u>	<u>\$ 401,495</u>	<u>\$ 1</u>	<u>\$ 5,045,887</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2023

	Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Assets			
Cash and cash equivalents	\$ 475,058	\$ 638,425	\$ 1,113,483
Investments			
Mutual funds	34,040,887	26,146,662	60,187,549
Hedge funds	5,293,667	1,174,256	6,467,923
Commingled funds	14,659,473	-	14,659,473
Real estate	3,738,391	2,304,538	6,042,929
Accrued interest and other	3,759	2,944	6,703
 Total assets	 <u>58,211,235</u>	 <u>30,266,825</u>	 <u>88,478,060</u>
Liabilities			
Accounts payable	<u>3,209</u>	<u>603</u>	<u>3,812</u>
Net position			
Restricted for:			
Pensions	58,208,026	-	58,208,026
Postemployment benefits other than pension	<u>-</u>	<u>30,266,222</u>	<u>30,266,222</u>
 Total net position	 <u>\$ 58,208,026</u>	 <u>\$ 30,266,222</u>	 <u>\$ 88,474,248</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2023

	Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Additions			
Contributions			
Employer	\$ 992,461	\$ 1,440,426	\$ 2,432,887
Members	30,219	-	30,219
Total contributions	<u>1,022,680</u>	<u>1,440,426</u>	<u>2,463,106</u>
Investment earnings			
Interest, dividends and other	598,577	615,782	1,214,359
Net increase in fair value of investments	<u>5,702,828</u>	<u>935,557</u>	<u>6,638,385</u>
Total investment earnings	<u>6,301,405</u>	<u>1,551,339</u>	<u>7,852,744</u>
Less investment costs			
Investment activity costs	<u>34,440</u>	-	<u>34,440</u>
Net investment earnings	<u>6,266,965</u>	<u>1,551,339</u>	<u>7,818,304</u>
Total additions	<u>7,289,645</u>	<u>2,991,765</u>	<u>10,281,410</u>
Deductions			
Benefits paid to participants or beneficiaries	4,749,215	1,414,812	6,164,027
Administrative expense	<u>84,607</u>	<u>54,097</u>	<u>138,704</u>
Total deductions	<u>4,833,822</u>	<u>1,468,909</u>	<u>6,302,731</u>
Change in net position	2,455,823	1,522,856	3,978,679
Net position - beginning of year	<u>55,752,203</u>	<u>28,743,366</u>	<u>84,495,569</u>
Net position - end of year	<u>\$ 58,208,026</u>	<u>\$ 30,266,222</u>	<u>\$ 88,474,248</u>

City of Auburn Hills
Other Supplementary Information
Combining Balance Sheet
Street Fund Detail
December 31, 2023

	Major Streets	Local Streets	Total
Assets			
Cash and cash equivalents	\$ 2,504,962	\$ 485,253	\$ 2,990,215
Receivables			
General accounts receivable	25,366	5,000	30,366
Due from other units of government	<u>435,060</u>	<u>127,479</u>	<u>562,539</u>
 Total assets	 <u>\$ 2,965,388</u>	 <u>\$ 617,732</u>	 <u>\$ 3,583,120</u>
Liabilities			
Accounts payable	\$ 67,681	\$ 65,434	\$ 133,115
Contracts payable - retainage	6,967	-	6,967
Due to other units of government	1,025	-	1,025
Payroll and other liabilities	10,063	9,703	19,766
Refundable deposits	<u>565,581</u>	<u>519,871</u>	<u>1,085,452</u>
 Total liabilities	 <u>651,317</u>	 <u>595,008</u>	 <u>1,246,325</u>
Deferred inflows of resources			
Unavailable revenue			
Other receivables	<u>2,621</u>	<u>-</u>	<u>2,621</u>
Fund balances			
Restricted for			
Streets	<u>2,311,450</u>	<u>22,724</u>	<u>2,334,174</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,965,388</u>	 <u>\$ 617,732</u>	 <u>\$ 3,583,120</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Street Fund Detail
For the Year Ended December 31, 2023

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Total</u>
Revenues			
State grants	\$ 2,432,904	\$ 696,853	\$ 3,129,757
Investment income	71,338	11,759	83,097
Other revenue	<u>56,496</u>	<u>-</u>	<u>56,496</u>
Total revenues	2,560,738	708,612	3,269,350
Expenditures			
Current			
Streets and public improvements	<u>2,834,960</u>	<u>1,278,514</u>	<u>4,113,474</u>
Excess (deficiency) of revenues over expenditures	<u>(274,222)</u>	<u>(569,902)</u>	<u>(844,124)</u>
Other financing sources (uses)			
Transfers in	180,000	575,000	755,000
Insurance recoveries	<u>5,397</u>	<u>-</u>	<u>5,397</u>
Total other financing sources and uses	<u>185,397</u>	<u>575,000</u>	<u>760,397</u>
Net change in fund balances	(88,825)	5,098	(83,727)
Fund balances - beginning of year	<u>2,400,275</u>	<u>17,626</u>	<u>2,417,901</u>
Fund balances - end of year	<u>\$ 2,311,450</u>	<u>\$ 22,724</u>	<u>\$ 2,334,174</u>