

City of Auburn Hills

Financial Statements

December 31, 2021



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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, 2021, 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, 2021, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Prior Year Information

Other auditors have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2020, which are not presented with the accompanying financial statements and the other auditors expressed unmodified opinions on the respective 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. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the City's basic financial statements as a whole.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
June 15, 2022

City of Auburn Hills, Michigan

Management's Discussion and Analysis

December 31, 2021

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, 2021.

Financial Highlights

- Globally, the Coronavirus 19 Pandemic continued to impact individuals, businesses, and governments in 2021. City operations were impacted, particularly, by ongoing supply chain issues and vacated positions that, in some cases, are still unfilled in 2022. The city continues to see increases in costs of both goods and services. In 2021, the city accepted participation in the American Rescue Plan Act (ARPA). Funding available to the City through this act totals \$2,590,337. The City received the first disbursement \$1,295,168.50 in 2021 which has not yet been reflected as revenue. It will remain deferred until the City begins utilizing it for City Council directed uses.
- Property tax values increased resulting in property tax revenue of \$21.1 million, an increase of approximately \$3 million over that of the prior fiscal year. The City recognized new tax revenue related to the August 2020 approved road millage for the first time. This additional revenue was approximately \$2.4 million. The remaining increase in taxes, approximately \$600,000, was due to a moderate increase in property tax values.
- In the 3rd quarter of 2021, the City issued \$14.5 million in debt to fund approximately \$12.5 million in road and \$2.5 million in roof and HVAC infrastructure projects through 2023. This funding strategy, along with the funds from the road millage allowed the City to preserve general fund balance. For instance, the general fund transferred \$8.5 million to Roads for support of infrastructure projects in 2020 as opposed the \$450,000 in 2021.
- The City 2020 Census results indicated a population of 24,360, a 13.76% increase from the 2010 Census population of 21,412. This increase can impact various funding opportunities and supports a desirable community to attract and retain businesses, further developmental investment, and residential interest.

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, 2021

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 discretely 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 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, 2021

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 \$205,052,707 at the close of the most recent fiscal year. Noncurrent liabilities include an increase in debt due to the 2021 Capital Bond Issue (\$13.2 million). This was offset by a reduction of \$21.3 million from pension obligations (\$10.5 million) and Other Postemployment Benefits (OPEB) obligations (\$10.8 million), thus resulting in an overall reduction in the noncurrent liabilities.

City's Net Position

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current and other assets	\$ 79,491,674	\$ 62,761,645	\$ 40,816,338	\$ 42,258,271	\$ 120,308,012	\$ 105,019,916
Capital assets	<u>81,528,884</u>	<u>78,338,524</u>	<u>82,387,267</u>	<u>78,707,573</u>	<u>163,916,151</u>	<u>157,046,097</u>
Total assets	161,020,558	141,100,169	123,203,605	120,965,844	284,224,163	262,066,013
Deferred Outflows of Resources	940,337	1,744,554	76,749	140,646	1,017,086	1,885,200
Liabilities						
Current liabilities	5,143,849	3,926,029	2,476,020	2,320,771	7,619,869	6,246,800
Noncurrent liabilities	<u>30,634,618</u>	<u>36,888,221</u>	<u>6,302,886</u>	<u>8,023,660</u>	<u>36,937,504</u>	<u>44,911,881</u>
Total liabilities	35,778,467	40,814,250	8,778,906	10,344,431	44,557,373	51,158,681
Deferred Inflows of Resources	<u>34,541,457</u>	<u>26,572,765</u>	<u>1,089,712</u>	<u>399,562</u>	<u>35,631,169</u>	<u>26,972,327</u>
Net Position	<u>\$ 91,640,971</u>	<u>\$ 75,457,708</u>	<u>\$ 113,411,736</u>	<u>\$ 110,362,497</u>	<u>\$ 205,052,707</u>	<u>\$ 185,820,205</u>

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2021

City's Changes in Net Position

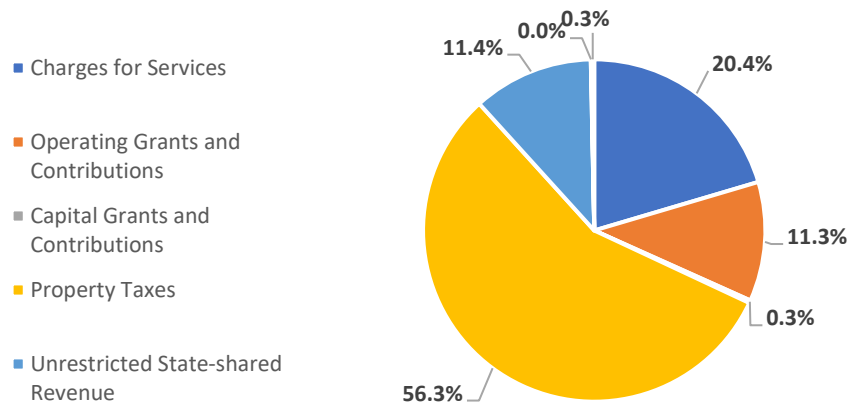
	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue:						
Charges for services	\$ 7,636,533	\$ 3,373,788	\$ 18,170,913	\$ 18,472,927	\$ 25,807,446	\$ 21,846,715
Operating grants	4,218,989	3,996,064	-	2,505	4,218,989	3,998,569
Capital grants	96,416	6,844,720	1,284,734	1,898,786	1,381,150	8,743,506
General revenue:						
Taxes	21,058,342	18,056,312	-	-	21,058,342	18,056,312
Intergovernmental	4,262,300	4,116,412	-	-	4,262,300	4,116,412
Investment earnings	16,183	724,032	-	517,906	16,183	1,241,938
Other revenue	104,856	660,230	-	-	104,856	660,230
Total revenue	37,393,619	37,771,558	19,455,647	20,892,124	56,849,266	58,663,682
Expenses						
General government	9,723,501	7,785,940	-	-	9,723,501	7,785,940
Public safety	7,242,145	16,529,046	-	-	7,242,145	16,529,046
Public works	3,062,487	8,364,399	-	-	3,062,487	8,364,399
Community and economic development	601,778	666,158	-	-	601,778	666,158
Recreation and culture	128,159	374,014	-	-	128,159	374,014
Debt service	413,386	193,506	-	-	413,386	193,506
Water and Sewer	-	-	14,849,983	15,990,888	14,849,983	15,990,888
Fieldstone Golf Club	-	-	1,595,325	675,781	1,595,325	675,781
Total expenses	21,171,456	33,913,063	16,445,308	16,666,669	37,616,764	50,579,732
Transfers	(38,900)	-	38,900	-	-	-
Change in Net Position	16,183,263	3,858,495	3,049,239	4,225,455	19,232,502	8,083,950

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2021

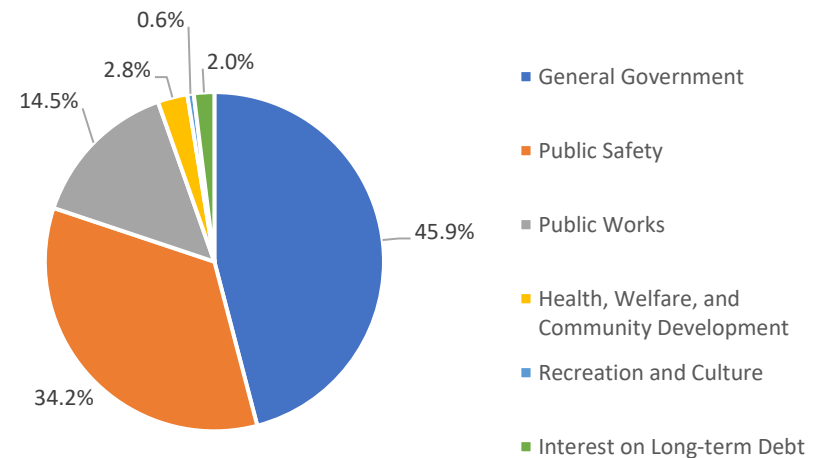
Governmental Activities

The City had an increase in net position of \$16.1 million in its governmental activities during 2021. While revenues were approximately the same, total expenditures decreased \$12.7 million from that of the prior year. This was primarily due to recovery of pension and OPEB costs due to changes in assumptions and positive investment results as of 12/31/2021.

Revenue by Source - Governmental Activities



Program Expenses-Governmental Activities

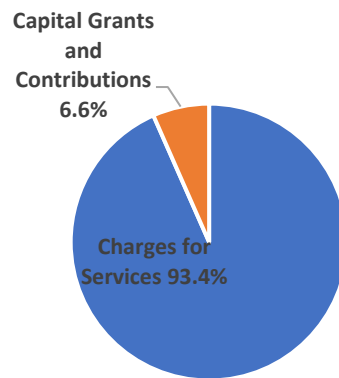


City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2021

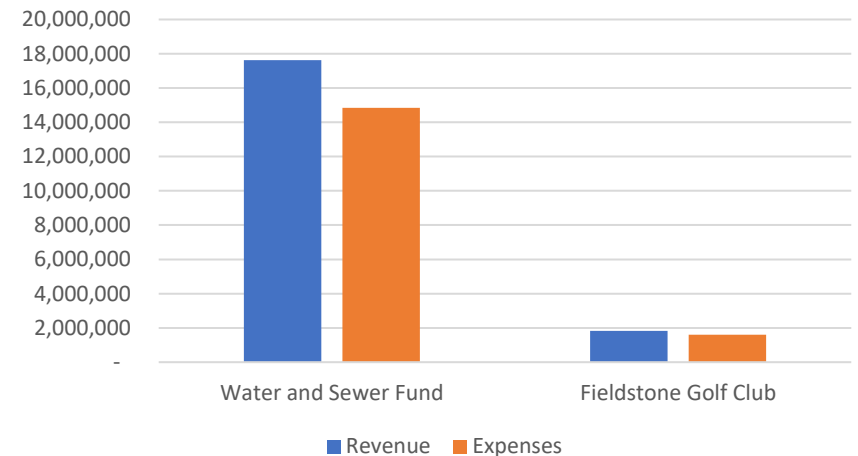
Business-Type Activities

The City had an increase in net position of approximately \$3 million compared to the prior year's change of an increase of \$4.2 million. This change is due to a decrease in capital grants of \$614,052 and no investment earnings reported at year end. The expenses for Water and Sewer were reduced by \$1.1 million and Fieldstone Golf Club's expenses increased by \$910,000.

Revenue by Source - Business-type Activities



Revenue and Expenses - Business-type Activities



Governmental Funds

On December 31, 2021, the City's governmental funds reported a combined fund balance of \$48.1 million, an increase of approximately \$17.2 million from the December 31, 2020, fund balance of \$31.0 million. This change is a primarily result of an increase to both the General Fund balance of \$5.2 million and the Capital Projects Fund balance of \$11.6 million.

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2021

The unassigned portion of the fund balance represents 85.1% of total General Fund expenditures (excluding net transfers) for the 2021 fiscal year as compared to 64.1% for fiscal year ending 2020. In 2021, the City is assigning \$6.3 million of its fund balance for expected use for 2022 and beyond. This includes \$1.9 million for 2023 debt payments, \$630,000 for 2023 road work, and contributions of \$250,000 for years 2023 and 2024. These assignments beyond the 2022 expected use of fund balance per the current 2022 budget plan provide additional assurance that sufficient funds are recognized as budget planning resumes for 2023.

Revenue increased \$1,456,736 across governmental funds in 2021 over the prior year. While property tax revenue went up by \$3 million, grants attributed to Federal sources decreased from the prior year \$1.5 million.

Expenditures (not including transfers) in the governmental funds decreased by \$5.3 million. The change was primarily due to a decrease of expenditures in the Major and Local Streets fund of \$6.9 million as well as an increase in Capital Projects Fund expenditures of \$1.2 million.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the business-type activities portion of the government-wide financial statements. The proprietary funds include the Water and Sewer fund and the Fieldstone Golf Club fund.

The net position in the Water and Sewer fund is \$99.4 million as of December 31, 2021, an increase of \$2.7 million from 2020. The unrestricted net position remained consistent, decreasing only \$246,404 to \$29.9 million.

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 to optimize 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 realize operational gains. These efficiencies enabled the City to pass on lower increases in utility service fees each year since 2017. In 2021, the City lowered rates 2% for water. A 2% increase for sewer was in effect for 2021. For 2022, the City will only adjust sewer rates by an additional 1%.

The Water and Sewer fund experienced an operational gain in 2021 of \$1.6 million. Non-operating revenues including capital contributions decreased \$1.1 million from the prior year. This was primarily due to a 35% decrease in capital charges and developer contributions compared to 2020.

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 2021 were \$14.8 million. This was a decrease of \$1.18 million from the prior year, due partly to a pension OPEB recovery of \$741,155. 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 OCWRC.

The unrestricted net position of Fieldstone Golf Club at year-end is \$1.2 million. The Fieldstone Golf Club fund experienced an operating income of \$175,038.

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2021

General Fund Budgetary Highlights

The General Fund actual revenue exceeded budgeted revenues by \$1.7 million. This additional revenue is primarily related to increased state-shared revenue, license and permits, and a transfer from the retiree health internal service fund. Details can be found on the budgetary comparison schedule on page 4-1.

The expenses of the General fund were under budget by approximately \$4.2 million. The largest savings was in Capital Improvements (\$1.8 million) and Facilities (\$1.1 million) as those expenditures were absorbed by bond proceeds.

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, is \$150.9 million (net of accumulated depreciation and related debt), an increase of approximately \$3.7 million from 2020. This increase is due to the City's attention to building, infrastructure, land improvements, and fleet upgrades/replacements.

Long-Term Debt- The City has total debt outstanding of \$27.3 million (excluding compensated absences) on December 31, 2021. During the year, the City assumed its pro-rata share, \$30,483, of added debt related to the Clinton River Water Resource Recovery Facility. The City issued Limited Tax Obligation Bonds for capital improvements in roads and buildings in 2021 at a par value of \$13,240,000. Additionally, the City anticipates Oakland County's Water Resource Commission is to pass on allocated debt during the coming year. More information on the City's long-term debt can be found in Note 7 of the financial statement.

Economic Factors and Next Year's Budgets and Rates

At the writing of this report, inflation is challenging consumer purchasing power and higher interest rates is making borrowing more expensive. Persistent inflationary pressures will likely keep price increases elevated through the remainder of 2022. While the outlook for 2022 was a bit more promising a year ago, the Ukraine war and new lockdowns in China are keeping things unsettled and further disrupting the supply chains. The start of 2022 has been no less bumpy a start than that of 2021. Fortunately, the City of Auburn Hills is poised to manage the turbulence with both a budget plan and adequate funding to move forward with those items that remain in staff's control.

Road millage funds approved by the support of the community in 2020 were collected for the first time in 2021. This funding, especially considering record inflation, is critical to the continued operational success of the City. Further, the shortage of workers and materials in various sectors of the economy has continued into 2022 and challenges the City to maintain its fiscal plan. Vehicles and large equipment of all types is not readily available to meet unexpected needs let alone planned replacements with order times extending out a year or more. Like 2021, the City may find the need once again to push some project plans out further than planned. The funding, however, will remain in place but may shift to another year forcing a larger draw in one year over that of the plan, but from a longer term the City should still arrive close to their overall goals.

The City's labor force is not immune to the phenomenon dubbed the Great Resignation. All labor markets are challenged. Besides putting projects on hold, the increased workload placed on some departments due to less staff puts meeting crucial deadlines in jeopardy. Further, vetting potential new employees has put additional stress on the budget especially due to the lack of serious applicants. The City continues to evaluate the market and is working to remain competitive in its efforts to find and retain qualified, dedicated workers to provide the valued services on which the City prides itself.

The City remains optimistic about its tax base. While the virtual environment appears to be a new normal in some segments, the City's commercial and industrial tax base remains intact. Although work from home options have allowed skilled workers more options and more flexibility, the City has no indication that this shift is impacting its current tax base. In fact, it may be helping the success of the new residential opportunities that have opened in the last year or will open over the next year.

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2021

For fiscal year 2022 and 2023, road repairs and improvements will continue to demand the largest investment for the City. The road millage will provide the necessary funding to relieve the stress on the General Fund and allow the City to continue meeting its operational costs without eroding general fund reserves. The availability of grants from the federal and state level should further keep the City on pace at least for the next two to three years.

Annual tax revenue is anticipated to steadily increase. Currently, depending on the source, inflation for 2022 is expected to average 5.5%. (1.2% in 2020, 4.7% in 2021) which will have a direct impact on 2024 revenue. With increases held to the limits of the Headlee Amendment and Proposal A, the City expects continued moderate tax revenue growth over the next few years. There has been no change in the City's general operating millage (since 2005), police millage (since 2003), fire millage (since 2016), road millage (since 2020). Utilizing Oakland County's 2022 Equalization report, the City's taxable value increased 7.02% over 2021. While revenue growth is expected from property taxes, personal property tax reimbursement declines and the expected expiration of reimbursement in 2029 will temper overall state shared revenues limiting general revenue growth for the City.

Below is a chart populated with information from the City's current approved 2022 budget.

The current year budget is amended as necessary throughout the year with an overall review late in the year. At that time, the 2023 - 2026 projections will be updated as well.

City of Auburn Hills General Fund			
		2021	2022
		2021	AMENDED BUDGET
Description		ACTUALS	(as of 5/16/22)
PROPERTY TAXES		\$ 21,068,790	\$ 21,634,130
STATE SHARED REVENUE & REFUNDS		4,297,418	3,602,456
LICENSES AND PERMITS		1,227,443	914,400
GRANTS		785,620	1,890,302
CHARGES FOR SERVICES		1,932,800	1,977,155
OTHER REVENUE		3,104,187	1,320,479
INTERFUND CHARGES		2,781,220	3,127,070
TRANSFERS FROM FUNDS		462,612	90,000
TOTAL REVENUE SOURCES		\$ 35,660,089	\$ 34,555,992
ANNUAL EXPENDITURES (EXCLUDING TRANSFERS OUT)		\$ 29,545,922	\$ 31,541,103
TRANSFER TO MAJOR STREETS		0	700,000
TRANSFER TO LOCAL STREETS		450,000	825,000
TRANSFER TO TIFA D		2,513	
TRANSFER TO CI DEBT SERVICE		433,495	1,863,400
TRANSFER TO RHC AND PENSION		0	2,946,000
Net Revenue Under Expenditures		\$ 5,228,159	\$ (3,319,510)

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2021

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, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 60,297,792	\$ 32,029,564	\$ 92,327,356	\$ 22,483,677
Receivables				
Taxes	15,330,657	-	15,330,657	2,321,048
Customers	958,029	3,071,149	4,029,178	21,946
Special assessments	1,857,327	-	1,857,327	-
Accrued interest and other	138,838	-	138,838	-
Due from other units of government	2,708,393	-	2,708,393	-
Internal balances	(2,109,096)	2,109,096	-	-
Inventories	-	188,965	188,965	-
Prepaid items	171,492	45,199	216,691	360
Restricted assets	28,572	3,372,365	3,400,937	-
Land held for resale	109,670	-	109,670	-
Capital assets not being depreciated	8,537,534	17,495,333	26,032,867	8,360,502
Capital assets, net of accumulated depreciation	72,991,350	64,891,934	137,883,284	45,170,505
Total assets	<u>161,020,558</u>	<u>123,203,605</u>	<u>284,224,163</u>	<u>78,358,038</u>
Deferred Outflows of Resources				
Deferred amount relating to net OPEB liability	<u>940,337</u>	<u>76,749</u>	<u>1,017,086</u>	<u>-</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Statement of Net Position
December 31, 2021

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities				
Accounts payable	\$ 1,390,589	\$ 1,630,100	\$ 3,020,689	\$ 218,978
Accrued and other liabilities	1,127,834	65,341	1,193,175	4,869
Due to other units of government	2,169	48,438	50,607	37
Provision for property tax refunds	99,583	-	99,583	25,349
Refundable deposits and bonds	1,228,505	717,154	1,945,659	-
Unearned revenue	1,295,169	14,987	1,310,156	-
Noncurrent liabilities				
Debt due within one year	1,935,669	441,080	2,376,749	47,940
Debt due in more than one year	21,362,581	5,275,204	26,637,785	410,335
Net pension liability	4,935,287	390,629	5,325,916	-
Net OPEB liability	2,401,081	195,973	2,597,054	-
Total liabilities	<u>35,778,467</u>	<u>8,778,906</u>	<u>44,557,373</u>	<u>707,508</u>
Deferred Inflows of Resources				
Property taxes levied for the next fiscal year	21,019,977	-	21,019,977	2,321,048
Deferred amount relating to net pension liability	5,623,360	445,109	6,068,469	-
Deferred amount relating to net OPEB liability	7,898,120	644,603	8,542,723	-
Total deferred inflows of resources	<u>34,541,457</u>	<u>1,089,712</u>	<u>35,631,169</u>	<u>2,321,048</u>
Net Position				
Net investment in capital assets	71,473,438	79,393,587	150,867,025	53,531,007
Restricted for				
Donations	28,572	-	28,572	-
Debt service	326,806	-	326,806	-
Streets	2,189,687	-	2,189,687	-
Public works	1,348,195	-	1,348,195	-
Health, welfare, and community development	37,665	-	37,665	-
NOCWA	-	776,610	776,610	-
Unrestricted	<u>16,236,608</u>	<u>33,241,539</u>	<u>49,478,147</u>	<u>21,798,475</u>
Total net position	<u>\$ 91,640,971</u>	<u>\$ 113,411,736</u>	<u>\$ 205,052,707</u>	<u>\$ 75,329,482</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities								
General government	\$ 9,723,501	\$ 3,772,668	\$ 30,039	\$ -	\$ (5,920,794)	\$ -	\$ (5,920,794)	\$ -
Public safety	7,242,145	3,188,116	995,445	-	(3,058,584)	-	(3,058,584)	-
Public works	3,062,487	479,392	3,000,596	96,416	513,917	-	513,917	-
Health, welfare and community development	601,778	47,260	110,262	-	(444,256)	-	(444,256)	-
Recreation and culture	128,159	149,097	82,647	-	103,585	-	103,585	-
Interest and fiscal charges on long-term debt	413,386	-	-	-	(413,386)	-	(413,386)	-
Total governmental activities	21,171,456	7,636,533	4,218,989	96,416	(9,219,518)	-	(9,219,518)	-
Business-type activities								
Water & Sewer	14,849,983	16,397,078	-	1,226,212	-	2,773,307	2,773,307	-
Fieldstone Golf Club	1,595,325	1,773,835	-	58,522	-	237,032	237,032	-
Total business-type activities	16,445,308	18,170,913	-	1,284,734	-	3,010,339	3,010,339	-
Total primary government	\$ 37,616,764	\$ 25,807,446	\$ 4,218,989	\$ 1,381,150	(9,219,518)	3,010,339	(6,209,179)	-
Component Units								
TIFA A	\$ 1,624,141	\$ 55,104	\$ -	\$ -	-	-	-	(1,569,037)
TIFA B	604,518	-	-	-	-	-	-	(604,518)
TIFA D	1,109,751	185	-	-	-	-	-	(1,109,566)
Brownfield Redevelopment Authority	465,479	-	-	127,080	-	-	-	(338,399)
Economic Development Authority	-	-	-	-	-	-	-	-
Downtown Development Authority	150,807	-	-	22,324	-	-	-	(128,483)
Total component units	\$ 3,954,696	\$ 55,289	\$ -	\$ 149,404	-	-	-	(3,750,003)
General revenues								
Property taxes					21,058,342	-	21,058,342	2,968,298
Unrestricted state-shared revenue					4,262,300	-	4,262,300	1,278,467
Unrestricted investment earnings					16,183	-	16,183	1,833
Miscellaneous					104,856	-	104,856	26,410
Transfers					(38,900)	38,900	-	-
Total general revenues and transfers					25,402,781	38,900	25,441,681	4,275,008
Change in net position					16,183,263	3,049,239	19,232,502	525,005
Net position - beginning of year					75,457,708	110,362,497	185,820,205	74,804,477
Net position - end of year					\$ 91,640,971	\$ 113,411,736	\$ 205,052,707	\$ 75,329,482

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Balance Sheet
December 31, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 38,673,317	\$ 11,795,366	\$ 4,613,192	\$ 55,081,875
Receivables				
Taxes	15,330,657	-	-	15,330,657
Customers	872,141	-	85,888	958,029
Special assessments	1,174,701	-	682,626	1,857,327
Accrued interest and other	36,845	-	101,993	138,838
Due from other units of government	2,171,853	-	536,540	2,708,393
Due from other funds	40,720	-	-	40,720
Prepaid items	158,737	-	1,474	160,211
Land held for resale	109,670	-	-	109,670
	<u>\$ 58,568,641</u>	<u>\$ 11,795,366</u>	<u>\$ 6,021,713</u>	<u>\$ 76,385,720</u>
Total assets				
Liabilities				
Accounts payable	\$ 1,032,530	\$ 142,347	\$ 175,449	\$ 1,350,326
Accrued and other liabilities	1,049,945	-	23,226	1,073,171
Due to other funds	-	38,522	2,820	41,342
Due to other units of government	1,144	-	1,025	2,169
Provision for property tax refunds	99,583	-	-	99,583
Refundable deposits and bonds	462,222	-	766,283	1,228,505
Unearned revenue	1,295,169	-	-	1,295,169
	<u>3,940,593</u>	<u>180,869</u>	<u>968,803</u>	<u>5,090,265</u>
Total liabilities				

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Balance Sheet
December 31, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources				
Property taxes levied for the next fiscal year	\$ 21,019,977	\$ -	\$ -	\$ 21,019,977
Special assessments	1,175,276	-	688,974	1,864,250
Grants and other revenue	<u>238,413</u>	<u>-</u>	<u>-</u>	<u>238,413</u>
 Total deferred inflows of resources	 <u>22,433,666</u>	 <u>-</u>	 <u>688,974</u>	 <u>23,122,640</u>
Fund Balances				
Non-spendable				
Prepaid items	158,737	-	1,474	160,211
Land held for resale	109,670	-	-	109,670
Restricted for				
Streets	-	-	2,189,687	2,189,687
Public works	-	-	777,635	777,635
Public safety	-	-	54,212	54,212
Community and economic development	-	-	19,930	19,930
Debt service	-	-	373,147	373,147
Capital projects	-	11,614,497	-	11,614,497
Committed				
Storm management	68,129	-	-	68,129
Wayne disposal	-	-	947,851	947,851
Assigned				
Subsequent year's budget	3,319,510	-	-	3,319,510
OPEB contribution	500,000	-	-	500,000
Roads contribution	630,000	-	-	630,000
Debt service	1,861,325	-	-	1,861,325
Unassigned	<u>25,547,011</u>	<u>-</u>	<u>-</u>	<u>25,547,011</u>
 Total fund balances	 <u>32,194,382</u>	 <u>11,614,497</u>	 <u>4,363,936</u>	 <u>48,172,815</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 58,568,641</u>	 <u>\$ 11,795,366</u>	 <u>\$ 6,021,713</u>	 <u>\$ 76,385,720</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, 2021

Total fund balances for governmental funds	\$ 48,172,815
Total net position for governmental activities in the statement of net position is different because:	
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported in the funds.	69,938,116
Capital assets not being depreciated used in governmental activities are not financial resources and therefore are not reported in the funds.	7,826,076
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	2,102,663
Restricted assets held by outside entities are not financial resources and are not reported in the funds.	28,572
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(46,341)
Compensated absences	(1,591,712)
Deferred outflows (inflows) of resources.	
Deferred inflows of resources resulting from net pension liability	(5,623,360)
Deferred inflows of resources resulting from net OPEB liability	(7,808,889)
Deferred outflows of resources resulting from net OPEB liability	929,712
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	(21,669,943)
Net pension liability	(4,935,287)
Net OPEB liability	(2,373,955)
Internal service funds are included as part of governmental activities.	<u>6,692,504</u>
Net position of governmental activities	<u>\$ 91,640,971</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 21,068,792	\$ -	\$ -	\$ 21,068,792
Special assessments	327,045	-	218,920	545,965
Licenses and permits	1,422,528	-	-	1,422,528
Federal grants	353,795	-	109,023	462,818
State-shared revenue	4,508,926	-	84,220	4,593,146
Other state grants	75,076	-	2,724,531	2,799,607
Local contributions	131,076	-	151,897	282,973
Charges for services	175,776	-	478,093	653,869
Charges to other funds	2,781,220	-	-	2,781,220
Service charge	1,796,052	-	-	1,796,052
Fines and forfeitures	229,717	-	22,174	251,891
Investment income	29,941	1,345	28,280	59,566
Rental income	341,315	-	-	341,315
Other revenue	861,645	-	65,063	926,708
	<u>34,102,904</u>	<u>1,345</u>	<u>3,882,201</u>	<u>37,986,450</u>
Total revenues				

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Expenditures				
Current				
General government	\$ 11,424,190	\$ -	\$ -	\$ 11,424,190
Public safety	15,886,258	-	15,701	15,901,959
Streets	-	-	3,583,580	3,583,580
Public works	869,428	-	146,759	1,016,187
Health, welfare, and community development	809,645	-	99,649	909,294
Recreation and culture	994,182	-	-	994,182
Capital outlay	-	1,035,647	-	1,035,647
Debt service				
Principal retirement	50,000	-	575,000	625,000
Interest and fiscal charges	-	160,994	298,595	459,589
	<u>30,033,703</u>	<u>1,196,641</u>	<u>4,719,284</u>	<u>35,949,628</u>
Total expenditures				
	<u>30,033,703</u>	<u>1,196,641</u>	<u>4,719,284</u>	<u>35,949,628</u>
Excess (deficiency) of revenues over expenditures	<u>4,069,201</u>	<u>(1,195,296)</u>	<u>(837,083)</u>	<u>2,036,822</u>
Other financing sources (uses)				
Transfers in	462,612	-	1,014,495	1,477,107
Transfers out	(883,495)	(38,900)	(131,000)	(1,053,395)
Insurance recoveries	38,171	-	26,373	64,544
Issuance of debt	1,476,398	11,418,510	345,092	13,240,000
Premium on issuance of debt	-	1,430,183	-	1,430,183
Sale of capital assets	33	-	-	33
	<u>1,093,719</u>	<u>12,809,793</u>	<u>1,254,960</u>	<u>15,158,472</u>
Total other financing sources and uses				
	<u>1,093,719</u>	<u>12,809,793</u>	<u>1,254,960</u>	<u>15,158,472</u>
Net change in fund balances	5,162,920	11,614,497	417,877	17,195,294
Fund balances - beginning of year	<u>27,031,462</u>	<u>-</u>	<u>3,946,059</u>	<u>30,977,521</u>
Fund balances - end of year	<u>\$ 32,194,382</u>	<u>\$ 11,614,497</u>	<u>\$ 4,363,936</u>	<u>\$ 48,172,815</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, 2021

Net change in fund balances - total governmental funds	\$ 17,195,294
Total change in net position reported for governmental activities in the statement of activities is different because: Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(3,804,324)
Capital outlay	5,184,456
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Special assessments	(555,596)
Grants	(83,139)
Restricted assets	(6,096)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	(26,372)
Compensated absences	143,167
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	10,022,209
Net change in the deferred inflow of resources related to the net pension liability	(1,428,706)
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 in the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	9,944,282
Net change in the deferred inflow of resources related to the net OPEB liability	(5,929,854)
Net change in the deferred outflow of resources related to the net OPEB liability	(794,995)
Bond proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Debt issued	(14,670,183)
Repayments of long-term debt	625,000
Amortization of premiums, discounts and similar items	72,575
Internal service funds are also included as governmental activities	<u>295,545</u>
Change in net position of governmental activities	<u>\$ 16,183,263</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Net Position
December 31, 2021

	Enterprise Funds			
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	Internal Service Funds
Assets				
Current assets				
Cash and investments	\$ 30,773,943	\$ 1,255,621	\$ 32,029,564	\$ 5,215,917
Receivables - customers	3,051,149	20,000	3,071,149	-
Due from other funds	-	622	622	-
Inventories	162,434	26,531	188,965	-
Prepaid items	-	45,199	45,199	11,281
Total current assets	<u>33,987,526</u>	<u>1,347,973</u>	<u>35,335,499</u>	<u>5,227,198</u>
Noncurrent assets				
Restricted assets	3,372,365	-	3,372,365	-
Capital assets not being depreciated	9,161,640	8,333,693	17,495,333	711,458
Capital assets, net of accumulated depreciation	<u>62,544,004</u>	<u>2,347,930</u>	<u>64,891,934</u>	<u>3,053,234</u>
Total noncurrent assets	<u>75,078,009</u>	<u>10,681,623</u>	<u>85,759,632</u>	<u>3,764,692</u>
Total assets	<u>109,065,535</u>	<u>12,029,596</u>	<u>121,095,131</u>	<u>8,991,890</u>
Deferred Outflows of Resources				
Deferred amount relating to net OPEB liability	<u>68,997</u>	<u>7,752</u>	<u>76,749</u>	<u>10,625</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Net Position
December 31, 2021

	Enterprise Funds			Internal
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	Service Funds
Liabilities				
Current liabilities				
Accounts payable	\$ 1,603,072	\$ 27,028	\$ 1,630,100	\$ 40,263
Accrued and other liabilities	51,353	13,988	65,341	8,322
Due to other units of government	46,139	2,299	48,438	-
Refundable deposits and bonds	717,154	-	717,154	-
Unearned revenue	-	14,987	14,987	-
Current portion of noncurrent liabilities	441,080	-	441,080	4,654
Total current liabilities	2,858,798	58,302	2,917,100	53,239
Noncurrent liabilities				
Net pension liability	390,629	-	390,629	-
Net OPEB liability	176,178	19,795	195,973	27,126
Long-term debt net of current portion	5,275,204	-	5,275,204	31,941
Total noncurrent liabilities	5,842,011	19,795	5,861,806	59,067
Total liabilities	8,700,809	78,097	8,778,906	112,306
Deferred Inflows of Resources				
Deferred amount relating to net pension liability	445,109	-	445,109	-
Deferred amount relating to net OPEB liability	579,493	65,110	644,603	89,231
Total deferred inflows of resources	1,024,602	65,110	1,089,712	89,231

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Net Position
December 31, 2021

	Enterprise Funds			
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	Internal Service Funds
Net Position				
Net investment in capital assets	\$ 68,711,964	\$ 10,681,623	\$ 79,393,587	\$ 3,764,692
Restricted for				
NOCWA	776,610	-	776,610	-
Unrestricted	<u>29,920,547</u>	<u>1,212,518</u>	<u>31,133,065</u>	<u>5,036,286</u>
 Total net position	 <u>\$ 99,409,121</u>	 <u>\$ 11,894,141</u>	 111,303,262	 <u>\$ 8,800,978</u>
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>2,108,474</u>	
Net position of business-type activities			<u>\$ 113,411,736</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, 2021

	Enterprise Funds			
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	Internal Service Funds
Operating revenue				
Customer fees	\$ 16,133,902	\$ 1,297,983	\$ 17,431,885	\$ -
Billings to other funds	-	-	-	4,745,751
Rental income	-	301,090	301,090	-
Other revenue	263,176	174,762	437,938	882
Total operating revenue	16,397,078	1,773,835	18,170,913	4,746,633
Operating expenses				
Personnel services	467,817	306,716	774,533	2,380,753
Supplies	299,193	114,477	413,670	414,451
Contractual services	228,231	619,694	847,925	34,260
Utilities	9,004,353	76,358	9,080,711	-
Repairs and maintenance	60,208	26,700	86,908	135,841
Other expenses	2,573,694	131,754	2,705,448	253,158
Depreciation	2,171,346	323,098	2,494,444	908,436
Total operating expenses	14,804,842	1,598,797	16,403,639	4,126,899
Operating income (loss)	1,592,236	175,038	1,767,274	619,734

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, 2021

	Enterprise Funds			
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	Internal Service Funds
Nonoperating revenue (expenses)				
Federal grant	\$ -	\$ -	\$ -	\$ 105
Investment income (loss)	(48,937)	-	(48,937)	(12,577)
Gain on sale of assets	-	-	-	248,105
Interest expense	(89,942)	-	(89,942)	-
Total nonoperating revenues (expenses)	(138,879)	-	(138,879)	235,633
Income (loss) before contributions and transfers out	1,453,357	175,038	1,628,395	855,367
Capital contributions	1,226,212	58,522	1,284,734	-
Transfers in	-	38,900	38,900	-
Transfers out	-	-	-	(462,612)
Change in net position	2,679,569	272,460	2,952,029	392,755
Net position - beginning of year	96,729,552	11,621,681		8,408,223
Net position - end of year	<u>\$ 99,409,121</u>	<u>\$ 11,894,141</u>		<u>\$ 8,800,978</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			97,210	
Change in net position of business-type activities			<u>\$ 3,049,239</u>	

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2021

	Enterprise Funds			Internal
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	Service Funds
Cash flows from operating activities				
Receipts from customers	\$ 16,663,493	\$ 1,770,930	\$ 18,434,423	\$ 4,589
Receipts from interfund users	-	-	-	5,166,383
Payments to other funds	-	(622)	(622)	-
Payments to suppliers	(11,643,431)	(948,817)	(12,592,248)	(31,115)
Payments to employees	(965,521)	(325,996)	(1,291,517)	(2,178,074)
Payments for interfund services used	(511,197)	(20,208)	(531,405)	(1,049,062)
Net cash provided (used) by operating activities	3,543,344	475,287	4,018,631	1,912,721
Cash flows from noncapital financing activities				
Transfer from other funds	-	38,900	38,900	-
Transfers to other funds	-	-	-	(462,612)
Federal grant	-	-	-	105
Net cash provided (used) by noncapital financing activities	-	38,900	38,900	(462,507)
Cash flows from capital and related financing activities				
Capital contributions	573,269	58,522	631,791	-
Purchases/construction of capital assets	(3,861,666)	(208,230)	(4,069,896)	(2,718,664)
Principal and interest paid on long-term debt	(541,730)	-	(541,730)	-
Proceeds from sale of capital assets	-	-	-	248,105
Net cash provided (used) by capital and related financing activities	(3,830,127)	(149,708)	(3,979,835)	(2,470,559)
Cash flows from investing activities				
Investment loss	(48,937)	-	(48,937)	(12,577)
Net increase (decrease) in cash and cash equivalents	(335,720)	364,479	28,759	(1,032,922)
Cash and cash equivalents - beginning of year	31,109,663	891,142	32,000,805	6,248,839
Cash and cash equivalents - end of year	<u>\$ 30,773,943</u>	<u>\$ 1,255,621</u>	<u>\$ 32,029,564</u>	<u>\$ 5,215,917</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2021

	Enterprise Funds			Internal
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,592,236	\$ 175,038	\$ 1,767,274	\$ 619,734
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	2,171,346	323,098	2,494,444	908,436
Changes in assets and liabilities				
Receivables (net)	194,222	(8,272)	185,950	3,707
Due from other funds	-	(622)	(622)	-
Inventories	(5,695)	(5,124)	(10,819)	-
Prepaid items	-	22,301	22,301	722,212
Accounts payable	135,849	(21,278)	114,571	(302,299)
Accrued and other liabilities	(102,252)	6,141	(96,111)	654
Due to other units of government	(16,851)	(2,082)	(18,933)	-
Net pension liability and related deferrals	(288,961)	-	(288,961)	-
Net OPEB liability and related deferrals	(234,003)	(19,280)	(253,283)	(37,786)
Unearned revenue	-	5,367	5,367	-
Customer deposits payable	72,193	-	72,193	-
Compensated absences	25,260	-	25,260	(1,937)
 Net cash provided (used) by operating activities	 <u>\$ 3,543,344</u>	 <u>\$ 475,287</u>	 <u>\$ 4,018,631</u>	 <u>\$ 1,912,721</u>

During 2021, developers contributed \$536,783 of water mains and \$116,160 of sewer mains to the Water & Sewer Fund. In addition, on behalf of the City, Oakland County, Michigan constructed the Clinton River Water Resource Recovery Facility Drainage District. During 2021, the City reported capital asset additions associated with the project of \$62,606. The City incurred additional long-term debt of \$30,483.

City of Auburn Hills
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2021

		Custodial Funds			
	Pension and Other Employee Benefit Trust Funds	Tax Collection Fund	Auburn Hills Public Library Investment Pool	Total Fiduciary Funds	
Assets					
Cash and cash equivalents	\$ 2,045,979	\$ 4,397,964	\$ 546,050	\$ 6,989,993	
Investments					
Pooled investments	-	-	793,482	793,482	
Mutual funds	63,270,312	-	-	63,270,312	
Hedge funds	5,247,483	-	-	5,247,483	
Commingled funds	15,383,131	-	-	15,383,131	
Real estate	10,178,412	-	-	10,178,412	
Accrued interest and other	23	-	-	23	
Prepaid items	2,816	-	-	2,816	
Total assets	<u>96,128,156</u>	<u>4,397,964</u>	<u>1,339,532</u>	<u>101,865,652</u>	
Liabilities					
Accounts payable	3,234	-	-	3,234	
Due to other units of government	-	4,397,964	-	4,397,964	
Total liabilities	<u>3,234</u>	<u>4,397,964</u>	<u>-</u>	<u>4,401,198</u>	
Net Position					
Restricted for:					
Pensions	64,074,956	-	-	64,074,956	
Postemployment benefits other than pension	32,049,966	-	-	32,049,966	
Pool participants	-	-	1,339,532	1,339,532	
Total net position	<u>\$ 96,124,922</u>	<u>\$ -</u>	<u>\$ 1,339,532</u>	<u>\$ 97,464,454</u>	

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, 2021

		Custodial Funds		
	Pension and Other Employee Benefit Trust Funds	Tax Collection Fund	Auburn Hills Public Library Investment Pool	Total Fiduciary Funds
Additions				
Contributions				
Employer	\$ 3,694,566	\$ -	\$ -	\$ 3,694,566
Members	52,261	-	-	52,261
Total contributions	<u>3,746,827</u>	<u>-</u>	<u>-</u>	<u>3,746,827</u>
Investment earnings				
Interest, dividends and other	2,536,586	-	-	2,536,586
Net increase (decrease) in fair value of investments	8,557,791	-	(3,687)	8,554,104
Total investment earnings	<u>11,094,377</u>	<u>-</u>	<u>(3,687)</u>	<u>11,090,690</u>
Less investment costs				
Investment activity costs	55,502	-	-	55,502
Net investment earnings	<u>11,038,875</u>	<u>-</u>	<u>(3,687)</u>	<u>11,035,188</u>
Property tax collections for other governments	-	56,823,244	-	56,823,244
Additions by Auburn Hills Public Library	-	-	1,562,249	1,562,249
Miscellaneous	19,438	-	-	19,438
Total additions	<u>14,805,140</u>	<u>56,823,244</u>	<u>1,558,562</u>	<u>71,624,697</u>
Deductions				
Benefit payments	5,569,656	-	-	5,569,656
Deductions by Auburn Hills Public Library	-	-	1,428,596	1,428,596
Administrative expense	102,282	-	-	102,282
Payments of property tax to other governments	-	56,823,244	-	56,823,244
Total deductions	<u>5,671,938</u>	<u>56,823,244</u>	<u>1,428,596</u>	<u>63,923,778</u>
Change in net position	9,133,202	-	129,966	9,263,168
Net position - beginning of year	86,991,720	-	1,209,566	88,201,286
Net position - end of year	<u>\$ 96,124,922</u>	<u>\$ -</u>	<u>\$ 1,339,532</u>	<u>\$ 97,464,454</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Component Units
Statement of Net Position
December 31, 2021

	<u>TIFA A</u>	<u>TIFA B</u>	<u>TIFA D</u>	<u>Brownfield Redevelopment Authority</u>	<u>Economic Development Authority</u>	<u>Downtown Development Authority</u>	<u>Total</u>
Assets							
Current assets							
Cash and investments	\$ 3,124,843	\$ 11,962,392	\$ 3,198,012	\$ 3,735,026	\$ 9,230	\$ 454,174	\$ 22,483,677
Receivables							
Taxes	723,460	1,226,535	-	139,334	-	231,719	2,321,048
Customers	32	-	39	-	-	21,875	21,946
Prepaid items	<u>-</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110</u>	<u>360</u>
Total current assets	<u>3,848,335</u>	<u>13,189,177</u>	<u>3,198,051</u>	<u>3,874,360</u>	<u>9,230</u>	<u>707,878</u>	<u>24,827,031</u>
Noncurrent assets							
Advances to other component units	-	82,364	-	-	-	-	82,364
Capital assets not being depreciated	6,145,848	-	2,214,654	-	-	-	8,360,502
Capital assets, net of accumulated depreciation	<u>17,257,446</u>	<u>7,512,767</u>	<u>20,400,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,170,505</u>
Total noncurrent assets	<u>23,403,294</u>	<u>7,595,131</u>	<u>22,614,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,613,371</u>
Total assets	<u>27,251,629</u>	<u>20,784,308</u>	<u>25,812,997</u>	<u>3,874,360</u>	<u>9,230</u>	<u>707,878</u>	<u>78,440,402</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Component Units
Statement of Net Position
December 31, 2021

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Authority	Downtown Development Authority	Total
Liabilities							
Current liabilities							
Accounts payable	\$ 100,355	\$ 13,238	\$ 98,873	\$ 6,483	\$ -	\$ 29	\$ 218,978
Accrued and other liabilities	-	-	-	4,869	-	-	4,869
Due to other units of government	37	-	-	-	-	-	37
Provision for property tax refunds	2,856	2,626	18,625	550	-	692	25,349
Current portion of noncurrent liabilities	-	-	-	47,940	-	-	47,940
Total current liabilities	<u>103,248</u>	<u>15,864</u>	<u>117,498</u>	<u>59,842</u>	<u>-</u>	<u>721</u>	<u>297,173</u>
Noncurrent liabilities							
Advances from other component units	-	-	-	-	-	82,364	82,364
Long-term debt net of current portion	-	-	-	410,335	-	-	410,335
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>410,335</u>	<u>-</u>	<u>82,364</u>	<u>492,699</u>
Total liabilities	<u>103,248</u>	<u>15,864</u>	<u>117,498</u>	<u>470,177</u>	<u>-</u>	<u>83,085</u>	<u>789,872</u>
Deferred Inflows of Resources							
Property taxes levied for the next fiscal year	<u>723,460</u>	<u>1,226,535</u>	<u>-</u>	<u>139,334</u>	<u>-</u>	<u>231,719</u>	<u>2,321,048</u>
Net Position							
Net investment in capital assets	\$ 23,403,294	\$ 7,512,767	\$ 22,614,946	\$ -	\$ -	\$ -	\$ 53,531,007
Unrestricted	<u>3,021,627</u>	<u>12,029,142</u>	<u>3,080,553</u>	<u>3,264,849</u>	<u>9,230</u>	<u>393,074</u>	<u>21,798,475</u>
Total net position	<u>\$ 26,424,921</u>	<u>\$ 19,541,909</u>	<u>\$ 25,695,499</u>	<u>\$ 3,264,849</u>	<u>\$ 9,230</u>	<u>\$ 393,074</u>	<u>\$ 75,329,482</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Component Units
Statement of Activities
For the Year Ended December 31, 2021

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Authority	Downtown Development Authority	Total
Expenses							
Community and economic development	\$ 1,624,141	\$ 604,518	\$ 1,109,751	\$ 465,479	\$ -	\$ 150,807	\$ 3,954,696
Program Revenue							
Charges for services	55,104	-	185	-	-	-	55,289
Capital grants and contributions	-	-	-	127,080	-	22,324	149,404
Total program revenue	55,104	-	185	127,080	-	22,324	204,693
Net program (expense) revenue	(1,569,037)	(604,518)	(1,109,566)	(338,399)	-	(128,483)	(3,750,003)
General Revenue							
Property taxes	1,053,821	1,474,278	(3,125)	185,945	-	257,379	2,968,298
Unrestricted state-shared revenue	280,210	109,694	874,119	14,444	-	-	1,278,467
Unrestricted investment earnings	1,670	-	-	-	163	-	1,833
Miscellaneous	2,082	-	2,513	21,815	-	-	26,410
Total general revenue	1,337,783	1,583,972	873,507	222,204	163	257,379	4,275,008
Change in net position	(231,254)	979,454	(236,059)	(116,195)	163	128,896	525,005
Net position - beginning of year	26,656,175	18,562,455	25,931,558	3,381,044	9,067	264,178	74,804,477
Net position - end of year	\$ 26,424,921	\$ 19,541,909	\$ 25,695,499	\$ 3,264,849	\$ 9,230	\$ 393,074	\$ 75,329,482

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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 nine-member pension board that includes the mayor, mayor pro tem, city manager, city clerk, finance director, two public safety members elected

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

by police and fire members of the plan, a public service member elected by public service members of the plan, and a clerical or technical member elected by clerical or technical members of the plan. 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 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 nine-member retiree health care board that includes the mayor, mayor pro tem, city manager, city clerk, finance director, and four members elected by their constituents (two public safety members, one public service member, and one clerical or technical member). 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.

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

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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.

The City's internal service funds are used to record the financing of services provided by the City to other departments and funds on a cost-reimbursement basis. The internal service funds are 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.
- 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 market 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

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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.

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 \$25.9 million (approximately 41 percent of pension assets) and approximately \$5.0 million (approximately 16 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

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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:

Water and sewer mains	50 years
Vehicles	3 to 5 years
Office furniture and equipment	3 to 5 years
Machinery and equipment	5 years
Buildings and improvements	30 to 35 years
Land improvements	15 years
Roads	40 years
Storm drains	50 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.

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. The City has three 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

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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 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

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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 2021 property tax revenue was levied and collectible on December 1, 2021 and is recognized as revenue in the year ending December 31, 2022 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2020 taxable valuation of the City totaled \$1.747 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	\$ 3,564,794
Roads	1.5000	2,419,236
Fire Department	2.4940	4,121,868
Police Department	5.9713	9,968,978
Total		<u>\$ 20,074,876</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 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

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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. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost

incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this Statement are effective for the fiscal year ending December 31, 2022.

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Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending December 31, 2023.

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. This statement is effective for the year ending December 31, 2023.

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, 2021		\$ (1,099,329)
Building permit revenue		1,229,916
Related expenses:		
Direct expenses	\$ 1,133,551	
Estimated indirect costs	<u>305,671</u>	
Total related expenses		<u>1,439,222</u>
Current year surplus (deficit)		(209,306)
Cumulative shortfall at December 31, 2021		<u>\$ (1,308,635)</u>

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	<u>\$ 60,297,792</u>	<u>\$ 32,029,564</u>	<u>\$ 101,862,813</u>	<u>\$ 22,483,677</u>

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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	\$ 14,826,210	\$ 5,985,818	\$ 6,989,793	\$ 9,533,243
Investments:				
Oakland County - LGIP	3,579,028	1,520,293	-	435,788
Michigan CLASS	22,317,233	6,852,792	-	529,629
Investment managers	<u>19,575,321</u>	<u>17,670,666</u>	<u>94,872,820</u>	<u>11,985,017</u>
Total	<u>\$ 60,297,792</u>	<u>\$ 32,029,569</u>	<u>\$ 101,862,613</u>	<u>\$ 22,483,677</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 \$36,186,453 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The uninsured and uncollateralized amount includes \$10,191,470 of a fiduciary trust fund and \$9,230 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

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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, 2021 by the custodial bank include U.S. Treasuries of \$16,576,923 and U.S. agency securities of \$33,447,563. The investments held by the investment managers include \$11,985,017 and \$793,482 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 and the Michigan CLASS investment pool. As of December 31, 2021, the City's investment in the Oakland County Local Government Investment Pool was \$5,535,109 which includes \$435,788 of component unit investments. As of December 31, 2021, the City's investment in the Michigan CLASS investment pool was \$29,699,654, which includes \$529,629 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 \$64,075,364 and \$32,049,953 in the Pension Trust Fund and Retiree Health Care Trust Fund, respectively, as of December 31, 2021.

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.

At year end, the City had the following investments and maturities:

Primary Government (Includes Component Unit Investments)	Carrying Value	Less Than One Year	One to Three Years
U.S. government agencies	\$ 32,654,081	\$ 12,833,162	\$ 23,788,202
U.S. Treasuries	16,576,923	10,442,868	2,395,489
Oakland County - investment pool	5,535,109	-	5,570,472
Michigan CLASS - investment pool	29,699,654	6,335,708	-
Total	<u>\$ 84,465,767</u>	<u>\$ 29,611,738</u>	<u>\$ 31,754,163</u>

Fiduciary Funds	Carrying Value	One to Five Years
Mutual funds - fixed Income	\$ 7,916,637	\$ 7,916,637
Commingled funds - fixed income	15,383,131	15,383,131
Investment pool	793,482	793,482
Total	<u>\$ 24,093,250</u>	<u>\$ 24,093,250</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-/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-/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	\$ 32,654,081	AA+	S&P
U.S. Treasuries	16,576,923	AA+	S&P
Oakland County - investment pool	5,535,109	Not rated	N/A
Michigan CLASS - investment pool	29,699,654	AAAm	S&P
Total	<u>\$ 84,465,767</u>		

Investment	Fair Value	Rating	Rating Organization
<u>Fiduciary Funds</u>			
Mutual funds - fixed income	\$ 7,916,637	A1	Moody's
Commingled funds - fixed income	15,383,131	Aa3	Moody's
Investment pool	793,482	AA+	S&P
Total	<u>\$ 24,093,250</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.

The City has the following recurring fair value measurements as of December 31, 2021:

Assets and Liabilities Measured at Carrying Value on a Recurring Basis at December 31, 2021			
Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
Debt Securities			
U.S. Treasuries	\$ 16,576,923	\$ -	\$ 16,576,923
U.S. government agencies	-	33,447,563	33,447,563
Mutual funds and fixed income	7,916,637	-	7,916,637
Total debt securities	24,493,560	33,447,563	57,941,123
Equity securities			
Mutual funds - equity	55,353,675	-	55,353,675
Total investments by fair value level	\$ 79,847,235	\$ 33,447,563	\$ 113,294,798
Investments measured at net asset value (NAV):			
Oakland County Local Government Investment Pool			5,535,109
Michigan CLASS investment pool			29,699,654
Commingled funds			15,383,131
Multistrategy hedge funds			5,247,483
Private real estate funds			10,178,412
Total investments measured at NAV			66,043,789
Total assets			<u>\$ 179,338,587</u>

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, 2021 were determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using interactive data,

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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.

At December 31, 2021, 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	\$ 5,535,109	\$ -	None	None
Michigan CLASS investment pool	29,699,654	-	None	None
Commingled funds	15,383,131	-	Daily	Daily
Multistrategy hedge funds	5,247,483	-	Quarterly	95 days
Private real estate funds	10,178,412	710,645	None - quarterly	None - 10 days
Total	<u>\$ 66,043,789</u>	<u>\$ 710,645</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.

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 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. Approximately 45 percent of the assets are able to be liquidated via a quarterly redemption queue. 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.

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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 \$28,572 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 \$2,595,755. 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.

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,648,991	\$ -	\$ -	\$ 5,648,991
Construction-in-progress	7,839,990	2,589,564	7,541,011	2,888,543
Total capital assets not being depreciated	13,488,981	2,589,564	7,541,011	8,537,534
Capital assets being depreciated				
Roads	89,631,232	7,640,088	-	97,271,320
Storm drains	7,713,816	-	-	7,713,816
Buildings and improvements	21,937,957	1,842,229	-	23,780,186
Machinery and equipment	6,154,569	756,647	544,639	6,366,577
Vehicles	7,664,365	1,610,985	521,000	8,754,350
Office furnishings and equipment	437,192	-	-	437,192
Land improvements	1,229,874	1,004,618	-	2,234,492
Total capital assets being depreciated	134,769,005	12,854,567	1,065,639	146,557,933
Less accumulated depreciation for				
Roads	41,133,600	2,537,211	-	43,670,811
Storm drains	2,656,712	153,893	-	2,810,605
Buildings and improvements	14,137,694	836,273	-	14,973,967
Machinery and equipment	5,528,211	456,732	544,639	5,440,304
Vehicles	6,020,477	715,901	521,000	6,215,378
Office furnishings and equipment	433,883	-	-	433,883
Land improvements	8,885	12,750	-	21,635
Total accumulated depreciation	69,919,462	4,712,760	1,065,639	73,566,583
Net capital assets being depreciated	64,849,543	8,141,807	-	72,991,350
Governmental activities capital assets, net	\$ 78,338,524	\$ 10,731,371	\$ 7,541,011	\$ 81,528,884

City of Auburn Hills
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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	<u>4,856,121</u>	<u>4,942,932</u>	<u>629,496</u>	<u>9,169,557</u>
Total capital assets not being depreciated	<u>13,181,897</u>	<u>4,942,932</u>	<u>629,496</u>	<u>17,495,333</u>
Capital assets being depreciated				
Water and sewer mains	96,756,957	1,591,447	-	98,348,404
Buildings and improvements	10,650,199	58,522	-	10,708,721
Machinery and equipment	<u>2,526,887</u>	<u>210,733</u>	<u>-</u>	<u>2,737,620</u>
Total capital assets being depreciated	<u>109,934,043</u>	<u>1,860,702</u>	<u>-</u>	<u>111,794,745</u>
Less accumulated depreciation for				
Water and sewer mains	34,732,722	1,992,476	-	36,725,198
Buildings and improvements	7,267,554	396,282	-	7,663,836
Machinery and equipment	<u>2,408,091</u>	<u>105,686</u>	<u>-</u>	<u>2,513,777</u>
Total accumulated depreciation	<u>44,408,367</u>	<u>2,494,444</u>	<u>-</u>	<u>46,902,811</u>
Net capital assets being depreciated	<u>65,525,676</u>	<u>(633,742)</u>	<u>-</u>	<u>64,891,934</u>
Business-type capital assets, net	<u>\$ 78,707,573</u>	<u>\$ 4,309,190</u>	<u>\$ 629,496</u>	<u>\$ 82,387,267</u>

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

Component Units				
Capital assets not being depreciated				
Land	\$ 8,137,567	\$ -	\$ -	\$ 8,137,567
Construction-in-progress	<u>240,579</u>	<u>214,843</u>	<u>232,487</u>	<u>222,935</u>
Total capital assets not being depreciated	<u>8,378,146</u>	<u>214,843</u>	<u>232,487</u>	<u>8,360,502</u>
Capital assets being depreciated				
Roads	36,470,409	-	-	36,470,409
Buildings and improvements	27,635,960	161,386	-	27,797,346
Office furniture and equipment	461,623	-	-	461,623
Land improvements	<u>8,865,726</u>	<u>367,637</u>	<u>-</u>	<u>9,233,363</u>
Total capital assets being depreciated	<u>73,433,718</u>	<u>529,023</u>	<u>-</u>	<u>73,962,741</u>
Less accumulated depreciation for				
Roads	12,853,956	956,204	-	13,810,160
Buildings and improvements	9,792,355	731,383	-	10,523,738
Office furniture and equipment	346,137	27,822	-	373,959
Land improvements	<u>3,716,203</u>	<u>368,176</u>	<u>-</u>	<u>4,084,379</u>
Total accumulated depreciation	<u>26,708,651</u>	<u>2,083,585</u>	<u>-</u>	<u>28,792,236</u>
Net capital assets being depreciated	<u>46,725,067</u>	<u>(1,554,562)</u>	<u>-</u>	<u>45,170,505</u>
Component unit capital assets, net	<u>\$ 55,103,213</u>	<u>\$ (1,339,719)</u>	<u>\$ 232,487</u>	<u>\$ 53,531,007</u>

Depreciation expense was charged as follows:

Governmental activities

General government	\$ 195,747
Public safety	424,041
Public works	3,147,789
Community and economic development	36,747
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>908,436</u>
Total governmental activities	<u>\$ 4,712,760</u>

Business-type activities

Water and Sewer Fund	\$ 2,171,346
Fieldstone Golf Club Fund	<u>323,098</u>
Total business-type activities	<u>\$ 2,494,444</u>

Component unit activities

TIFA A	\$ 890,509
TIFA B	346,144
TIFA D	<u>846,932</u>
Total component unit activities	<u>\$ 2,083,585</u>

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Note 6 - Interfund Activity

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

Receivable fund	Payable fund	Amount
TIFA B	Downtown Development Authority	\$ 82,364

TIFA B advanced \$160,000 to the Downtown Development Authority to assist in providing a grant to a developer to address excessive land development costs. The loan will be repaid in annual installments with 3 percent interest in the amount of \$42,498. The loan will be fully repaid at the end of 2023.

The City has the following interfund balances as of December 31, 2021:

Receivable fund	Payable fund	Amount
General Fund	Capital Improvements Fund	\$ 37,900
General Fund	Nonmajor governmental funds	2,820
Nonmajor enterprise fund	Capital Improvements Fund	622
		<u>\$ 41,342</u>

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 883,495
Capital Improvements Fund	Nonmajor enterprise fund	38,900
Nonmajor governmental funds	Nonmajor governmental funds	131,000
Internal service fund	General Fund	462,612
		<u>\$ 1,516,007</u>

The transfers from the 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 was 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. The transfer from the Retiree Health Care Fund to the General Fund was to close out the Retiree Health Care Fund.

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Note 7 - Long-Term Debt

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

Long-term debt activity for the year ended December 31, 2021 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Bonds payable:							
Direct borrowing and direct placements:							
State Revolving Fund Loan - Storm Water Management Retrofit (1)	2.5%	\$5,000 - \$10,000	\$ 77,658	\$ -	\$ 5,000	\$ 72,658	\$ 5,000
State Revolving Fund Loan - Storm Water Management Galloway Drain (1)	2.5%	\$50,000 - \$60,000	525,000	-	45,000	480,000	50,000
Total direct borrowings and direct placement principal outstanding			602,658	-	50,000	552,658	55,000
Other debt:							
Capital Improvement Bonds, Series 2017 (LTGO) (2)	3%	\$410,000 - \$550,000	5,660,000	-	400,000	5,260,000	410,000
Special Assessment Bonds, Series 2017 (LTGO) (3)	2% - 2.25%	\$165,000 - \$175,000	1,190,000	-	175,000	1,015,000	175,000
Capital Improvement Bonds, Series 2021 (LTGO) (4)	2% - 3%	\$970,000 - \$1,280,000	-	13,240,000	-	13,240,000	970,000
Total other debt principal outstanding			6,850,000	13,240,000	575,000	19,515,000	1,555,000
Unamortized bond premiums			244,677	1,430,183	72,575	1,602,285	142,584
Total bonds payable			7,697,335	14,670,183	697,575	21,669,943	1,752,584
Compensated absences			1,773,411	54,276	199,380	1,628,307	183,085
Total governmental activities			\$ 9,470,746	\$ 14,724,459	\$ 896,955	\$ 23,298,250	\$ 1,935,669

- (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.

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- (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 a Bald Mountain pathway connection as well as 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.

	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 - Special Assessment Bonds, Series 2010A (5)	2.500%	\$43,142 - \$54,879	\$ 528,449	\$ -	\$ 42,977	\$ 485,472	\$ 43,142
Oakland-Macomb Interceptor Drain - Special Assessment Bonds, Series 2011A Segment 2 (6)	2.500%	\$49,315 - \$63,318	721,958	-	48,300	673,658	49,315
Oakland-Macomb Interceptor Drain - Financing source not finalized by Oakland County for OMID 2013A Segment 3 (7)	2.000%	\$106,915 - \$132,950	1,671,443	-	104,833	1,566,610	106,915
State Revolving Fund Loan - Sanitary Sewer Rehabilitation (8)	2.50%	\$60,000 - \$70,000	655,000	-	60,000	595,000	60,000
Clinton River Water Resource Recover Facility - Drainage District Drain Bond, Series 2017 (SRF) (9)	2.500%	\$23,431 - \$141,580	1,978,594	30,483	94,909	1,914,168	97,263
Oakland-Macomb Interceptor Drain - Special Assessment Bonds, Series 2019A Refunding Bonds (5)	1.850%	\$12,067 - \$16,530	140,005	-	11,736	128,269	12,067
Oakland-Macomb Interceptor Drain - Special Assessment Bonds, Series 2019B (10)	2.500%	\$55,129 - \$58,000	344,556	-	118,298	226,258	55,129
Total direct borrowings and direct placements principal outstanding			6,040,005	30,483	481,053	5,589,435	423,831
Compensated absences			101,589	39,580	14,320	126,849	17,249
Total business-type activities long-term debt			\$ 6,141,594	\$ 70,063	\$ 495,373	\$ 5,716,284	\$ 441,080

- (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.

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- (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 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.

Component unit	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and contracts payable							
Direct borrowings and direct placements							
Michigan Department of Environmental Quality Loan (11)	1.5%	\$47,940 - \$54,004	<u>\$ 505,507</u>	<u>\$ -</u>	<u>\$ 47,232</u>	<u>\$ 458,275</u>	<u>\$ 47,940</u>

- (11) 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.

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

Year Ending December 31	Governmental Activities		Notes from Direct Borrowings and	
	Other Debt		Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 1,555,000	\$ 502,774	\$ 55,000	\$ 13,129
2023	1,580,000	567,249	55,000	11,754
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
2027-2031	8,370,000	1,327,499	265,000	13,439
2032-2033	3,070,000	202,650	-	-
	<u>\$ 19,515,000</u>	<u>\$ 3,781,188</u>	<u>\$ 552,658</u>	<u>\$ 65,110</u>

Year Ending December 31	Business-type Activities		Component Units	
	Notes from Direct Borrowings and		Notes from Direct Borrowings and	
	Direct Placements	Direct Placements	Direct Placements	Direct Placements
	Principal	Interest	Principal	Interest
2022	\$ 423,831	\$ 126,030	\$ 47,940	\$ 6,874
2023	432,488	116,552	48,659	6,155
2024	441,100	106,879	49,389	5,425
2025	454,946	96,953	50,130	4,684
2026	409,803	86,703	50,882	3,932
2027-2031	2,088,823	263,235	211,275	7,981
2032-2036	1,173,433	66,920	-	-
2037-2039	165,011	1,260	-	-
	<u>\$ 5,589,435</u>	<u>\$ 864,532</u>	<u>\$ 458,275</u>	<u>\$ 35,051</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, 2021, 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.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League (risk pool) for claims relating to workers' compensation. 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 9 - 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 nine members: the mayor, mayor pro tem, city manager, city clerk,

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finance director, two public safety members elected by police and fire members of the plan, a public service member elected by public service members of the plan, and a clerical or technical member elected by clerical or technical members of the plan.

The City also established two defined contribution plans for certain employees who meet eligibility requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City's first defined contribution plan was established in 1985 as a complementary plan to the defined benefit pension plan. The International City Managers Association (ICMA) administers the plan, and the City Council has authority over plan provisions and contribution requirements. This defined contribution plan is limited to members of the defined benefit pension plan. The plan is closed to employees hired after January 1, 2000. As established by the City Council, the City was required to contribute 4 percent of total salaries for employees who contribute 3 percent. This plan is no longer available to members of the defined benefit pension plan who are active in the AFSCME or administrative employee groups. Further, there are no active IAFF members. Eligible employees are permitted to make contributions to the plan up to applicable Internal Revenue Code limits. At December 31, 2020, the latest valuation date, there were 13 active employee participants.

The City established another defined contribution plan in 1998 as an alternative to the defined benefit plan. ICMA administers the plan, and the City Council has authority over plan provisions and contribution requirements. The defined contribution plan is the only plan available to employees hired after January 1, 2000. The City is required to contribute between 9 and 12 percent of total salaries. Employees are permitted to make contributions to the plan up to the applicable Internal Revenue Code limits. At December 31, 2021, there were 165 active employee participants.

In accordance with these defined contribution plan requirements, for both plans, the City contributed \$1,418,297 during the current year and

employees contributed \$1,303,346. Employees are fully vested after five years of service in each plan.

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%/1% at 25 years	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%	90.10%	5 highest consecutive	5%	2.5%	55	15 years
IA fire	2.65%	80%	Highest 3 of final 5	6%	2.5%	55	15 years
PT fire	(b)	80%	N/A	0%	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.

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.

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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	125
Inactive employees entitled to, but not yet receiving benefits	8
Active employees	<u>13</u>
	<u>146</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, 2021, the City made the actuarially determined contribution of \$1,298,526, plus it contributed \$287,767 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, 2021 as its measurement date for the net pension liability. The December 31, 2021 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, 2021 measurement date. The December 31, 2021 measurement date total pension liability was determined by an actuarial valuation performed as of December 31, 2020 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): 6.00 percent
- Mortality rates: Pub-2010 Mortality Table with Generational Projection per MP-2019, with PubS-2010 tables for public safety groups and PubS-2010 tables for all others
- Cost of living adjustments (COLA): 2.5 percent simple payable for 15 years for future retirees. Current retiree COLA depends on date of retirement.

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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:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Core Fixed Income	26.00%	1.37%
Private Credit	4.00%	7.16%
US Large Cap Equity	21.00%	5.15%
US Small & Mid Cap Equity	14.00%	6.20%
Global Equity	15.00%	5.81%
US REITs	10.00%	5.75%
Hedge Funds	10.00%	3.60%

Rate of return - For the year ended December 31, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 12.57%. 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 6.00 percent in the December 31, 2021 roll forward valuation, which was an increase from the prior year's discount rate which was 5.21 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.

Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 322,587
Interest on the total pension liability	3,830,500
Experience differences	481,264
Changes in assumptions	(6,253,413)
Benefit payments and refunds	(4,304,443)
Net change in total pension liability	(5,923,505)
Total pension liability - beginning	75,324,377
Total pension liability - ending (a)	<u>\$ 69,400,872</u>

Plan Fiduciary Net Position

Employer contributions	\$ 1,586,293
Employee contributions	52,261
Net investment income (loss)	7,308,103
Benefit payments and refunds	(4,304,443)
Pension plan administrative expense	(55,770)
Net change in plan fiduciary net position	4,586,444
Plan fiduciary net position - beginning	59,488,512
Plan fiduciary net position - ending (b)	<u>\$ 64,074,956</u>

Net pension liability (a-b)	<u>\$ 5,325,916</u>
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Plan fiduciary net position as a percentage of total pension liability	92.33%
Covered payroll	\$ 1,092,276
Net pension liability as a percentage of covered payroll	487.60%

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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 6.0%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (5%) or 1% higher (7%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 77,565,827	\$ 69,400,872	\$ 62,593,386
Fiduciary net position	<u>64,074,956</u>	<u>64,074,956</u>	<u>64,074,956</u>
Net pension liability	<u>\$ 13,490,871</u>	<u>\$ 5,325,916</u>	<u>\$ (1,481,570)</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions - For the year ended December 31, 2021, the employer recognized pension expense of \$(7,296,861). The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Net difference between projected and actual earning on plan investments	<u>\$ (6,068,469)</u>	<u>\$ (6,068,469)</u>

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

<u>Year ended December 31,</u>	
2022	\$ (1,589,304)
2023	(2,442,871)
2024	(1,272,346)
2025	<u>(763,948)</u>
	<u>\$ (6,068,469)</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 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 10 - 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 nine members: the mayor, mayor pro tem, city manager, city clerk, finance director, and four members elected by their constituents (two public safety members, one public service member, and one clerical or technical member).

City of Auburn Hills
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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, 2020, the most recent valuation date, the plan membership consisted of the following:

Inactive employees or beneficiaries	
currently receiving benefits	108
Active employees	<u>68</u>
	<u>176</u>

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, 2021, the City paid postemployment health care premiums of \$1,265,213, plus it contributed \$593,060 into a prefunded retiree health care fund, which 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 \$2,683,565 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 \$2,597,054 at December 31, 2021. At December 31, 2021, 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, 2020, 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, 2021 measurement date as its measurement date for the net OPEB liability. The December 31, 2021 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, 2021 measurement date. The December 31, 2021 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the liability to December 31, 2021.

Actuarial assumptions - The total OPEB liability in the December 31, 2020 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 5.0 percent for 2021, decreasing to an ultimate rate of 4.0 percent over 54 years for pre-Medicare participants, and a health care cost trend rate of 5.0 percent for 2021, decreasing to an ultimate rate of 4.0 percent over 54 years for post-Medicare participants; and mortality rates based on the PubG-2010 with Generational Projection per MP-2020.

Discount rate - The discount rate used to measure the total OPEB liability was 6.25%, an increase of .25% compared to the prior year. 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.

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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, 2021 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
US Core Fixed Income	26.00%	1.37%
Private Credit	4.00%	7.16%
US Large Cap Equity	21.00%	5.15%
US Small & Mid Cap Equity	14.00%	6.20%
Global Equity	15.00%	5.81%
US REITs	10.00%	5.75%
Hedge Funds	10.00%	3.60%

Rate of return - For the year ended December 31, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 14.33%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Changes in Net OPEB Liability

Total OPEB Liability

Service cost	\$ 532,540
Interest	2,478,387
Experience differences	(8,598,679)
Changes in assumptions	189,178
Benefit payments	<u>(1,265,213)</u>
Net change in total OPEB liability	(6,663,787)
Total OPEB liability - beginning	<u>41,397,318</u>
Total OPEB liability - ending (a)	<u><u>\$ 34,733,531</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 2,108,273
Net investment income (loss)	3,703,698
Benefit payments	<u>(1,265,213)</u>
Net change in plan fiduciary net position	4,546,758
Plan fiduciary net position - beginning	<u>27,503,208</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 32,049,966</u></u>
Net OPEB liability (a-b)	<u><u>\$ 2,683,565</u></u>

Plan fiduciary net position as a percentage of the total OPEB liability is 92.27%.

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 7,600,495	\$ 2,683,565	\$ (1,320,201)
City's proportionate share	7,355,478	2,597,054	(1,277,642)

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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ (1,783,040)	\$ 2,683,565	\$ 8,213,336
City's proportionate share	(1,725,560)	2,597,054	7,948,563

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB - For the year ended December 31, 2021, the City recognized OPEB expense of \$(1,452,369). The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ 12,950	\$ (6,082,509)	\$ (6,069,559)
Differences in assumptions	1,038,017	-	1,038,017
Net difference between projected and actual earning on plan investments	-	(2,744,782)	(2,744,782)
Total	<u>\$ 1,050,967</u>	<u>\$ (8,827,291)</u>	<u>\$ (7,776,324)</u>
City's share	\$ 1,017,086	\$ (8,542,723)	\$ (7,525,637)
Library's share	33,881	(284,568)	(250,687)
Total	<u>\$ 1,050,967</u>	<u>\$ (8,827,291)</u>	<u>\$ (7,776,324)</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>	
2022	\$ (3,295,968)
2023	(3,382,371)
2024	(640,890)
2025	(457,095)
	<u>\$ (7,776,324)</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

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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. ICMA Retirement Corporation administers the plan, and the City Council has authority over plan provisions and contribution requirements. The benefits are provided under collective bargaining agreements. The City is required to contribute 3 percent of total salaries, while employees must contribute either 3 percent of their salaries for the administrative group or 5 percent for the participants in the police command and detective groups. AFSCME, Patrol, and IAFF groups waived this option and instead receive a 3 percent contribution into a 457 plan, with no required employee match, and patrol units, not to exceed amounts limited by statute. All employee units are vested after 10 years, with the exception of the fire unit, which is vested after five years with the City.

During the year ended December 31, 2021, the City made contributions of \$45,621, and the plan members contributed \$45,621 to the plan.

Note 11 - 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	\$ 341,897	\$ 1,704,082
Investments	63,733,467	30,345,871
Other assets	10	2,829
Accounts payable	(418)	(2,816)
	<u>64,074,956</u>	<u>32,049,966</u>
Net position	<u>\$ 64,074,956</u>	<u>\$ 32,049,966</u>
 Statement of Changes in Net Position		
Investment income	\$ 7,374,442	\$ 3,719,935
Contributions	1,638,554	2,108,273
Miscellaneous	13,010	6,428
Benefit payments	(4,304,443)	(1,265,213)
Investment-related expenses	(135,119)	(22,665)
	<u>4,586,444</u>	<u>4,546,758</u>
Net change in net position	<u>\$ 4,586,444</u>	<u>\$ 4,546,758</u>

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

Note 12 - Net Investment in Capital Assets

The components of net investment in capital assets are as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets not being depreciated	\$ 8,537,534	\$ 17,495,333	\$ 8,360,502
Capital assets - net of accumulated depreciation	72,991,350	64,891,934	45,170,505
Restricted assets	-	2,595,755	-
Unspent proceeds	11,614,497	-	-
General obligation bonds	<u>(21,669,943)</u>	<u>(5,589,435)</u>	<u>-</u>
Net investment in capital assets	<u>\$ 71,473,438</u>	<u>\$ 79,393,587</u>	<u>\$ 53,531,007</u>

Note 13 - 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 2021 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, 2021, the City abated approximately \$711,000 of taxes under this program.

The City uses the Replacement or Rehabilitation of Obsolete Industrial Property IFEC to enter into agreements with a new or existing business for real property that meets the definition of obsolete property, as contained in the Plant Rehabilitation and Industrial Development Districts PA 198 of 1974, and is included within a plant rehabilitation district and will require restoration or replacement. The planned investment must correct functional obsolescence, and the minimum investment in a facility shall have an estimated construction value of \$2,000,000. Under this program, property tax values may be frozen 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, 2021, the City abated approximately \$11,000 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 when the authority no longer has an interest in the property. For the fiscal year ended December 31, 2021, the City abated approximately \$38,000 of taxes under this program.

City of Auburn Hills
Notes to the Financial Statements
December 31, 2021

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, 2021, the Brownfield Redevelopment Authority captured approximately \$133,000 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 \$154,000 to developers during the year.

Note 14 - 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, 2021, the City contributed \$4,123,030 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, 2021.

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 20,139,752	\$ 20,139,752	\$ 20,183,195	\$ 43,443
Penalties and interest	11,800	11,800	12,658	858
Administration fee	837,880	837,880	872,939	35,059
Special assessments	219,043	219,043	327,045	108,002
Licenses and permits	1,092,200	1,092,200	1,422,528	330,328
Federal grants	184,961	184,961	353,795	168,834
State-shared revenue	3,603,726	3,603,726	4,508,926	905,200
State grants	58,711	58,711	75,076	16,365
Local contributions	50,100	50,100	131,076	80,976
Charges for services	173,750	173,750	175,776	2,026
Charges to other funds	3,134,747	2,781,220	2,781,220	-
Service charge	1,527,813	1,527,813	1,796,052	268,239
Fines and forfeitures	305,960	305,960	229,717	(76,243)
Investment income	895,350	895,350	29,941	(865,409)
Rental income	341,315	341,315	341,315	-
Other revenue	253,302	261,636	376,382	114,746
Sale of capital assets	6,000	6,000	33	(5,967)
Insurance recoveries	-	-	38,171	38,171
Bond/note proceeds	-	1,476,398	1,476,398	-
Transfers in	-	-	462,612	462,612
Total revenues	<u>32,836,410</u>	<u>33,967,615</u>	<u>35,594,855</u>	<u>1,627,240</u>

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Expenditures				
General government				
City Council	\$ 135,853	\$ 135,853	\$ 116,166	\$ (19,687)
City Manager	1,045,308	946,921	899,095	(47,826)
Information technology/data processing	487,072	516,959	492,366	(24,593)
Treasurer	700,127	706,931	628,686	(78,245)
Assessing	579,397	379,614	375,030	(4,584)
Clerk	272,127	279,931	268,047	(11,884)
Facilities	3,350,637	3,689,243	2,628,078	(1,061,165)
Human resources	307,614	307,039	256,885	(50,154)
Pension board	92,575	92,575	61,552	(31,023)
Grounds	1,964,817	1,454,075	1,203,121	(250,954)
Capital improvements	3,064,217	4,425,988	2,601,654	(1,824,334)
General administration	2,680,267	2,858,652	2,777,005	(81,647)
Total general government	14,680,011	15,793,781	12,307,685	(3,486,096)
Public safety				
Police/sheriff	8,726,212	8,010,184	7,766,183	(244,001)
Fire suppression	4,547,610	4,373,997	3,934,215	(439,782)
Fire prevention	337,707	335,446	311,627	(23,819)
Police administration	1,764,873	1,772,883	1,680,393	(92,490)
Fire administration	665,364	802,882	620,619	(182,263)
Building services	1,082,614	1,149,426	1,087,958	(61,468)
Total public safety	17,124,380	16,444,818	15,400,995	(1,043,823)
Public works				
Stormwater drainage	218,542	237,047	214,632	(22,415)
DPW management services	764,077	734,298	654,796	(79,502)
Total public works	982,619	971,345	869,428	(101,917)

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Health, welfare, and community development				
Community development administration	\$ 257,120	\$ 367,177	\$ 347,759	\$ (19,418)
Senior citizens	503,319	489,876	396,663	(93,213)
SMART grant	69,518	69,579	65,223	(4,356)
Total health, welfare, and community development	829,957	926,632	809,645	(116,987)
Recreation and culture				
Recreation	633,213	633,213	471,541	(161,672)
Parks maintenance	-	753,216	522,641	(230,575)
Total recreation and culture	633,213	1,386,429	994,182	(392,247)
Debt service				
Principal retirement	50,000	50,000	50,000	-
Total expenditures	34,300,180	35,573,005	30,431,935	(5,141,070)
Net change in fund balance	(1,463,770)	(1,605,390)	5,162,920	6,768,310
Fund balance - beginning of year	27,031,462	27,031,462	27,031,462	-
Fund balance - end of year	\$ 25,567,692	\$ 25,426,072	\$ 32,194,382	\$ 6,768,310

City of Auburn Hills
Required Supplementary Information
Employee Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
December 31, 2021

Fiscal year ended December 31,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 322,587	\$ 341,012	\$ 443,110	\$ 624,297	\$ 591,358	\$ 842,510	\$ 809,483	\$ 381,691
Interest on the total pension liability	3,830,500	3,828,935	3,840,887	3,873,213	3,664,089	3,459,438	3,369,628	3,509,763
Experience differences	481,264	660,370	1,082,585	-	290,536	(1,807,601)	489,295	72,377
Changes in assumptions	(6,253,413)	4,296,374	(1,394,259)	(1,437,482)	5,467,388	(9,027,540)	(578,372)	1,533,771
Benefit payments and refunds	(4,304,443)	(4,104,733)	(3,821,541)	(3,593,596)	(3,762,724)	(3,189,841)	(3,056,599)	(2,661,802)
Net change in total pension liability	(5,923,505)	5,021,958	150,782	(533,568)	6,250,647	(9,723,034)	1,033,435	2,835,800
Total pension liability - beginning	75,324,377	70,302,419	70,151,637	70,685,205	64,434,558	74,157,592	73,124,157	70,288,357
Total pension liability - ending (a)	<u>\$ 69,400,872</u>	<u>\$ 75,324,377</u>	<u>\$ 70,302,419</u>	<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	\$ 1,586,293	\$ 2,014,732	\$ 1,702,433	\$ 765,611	\$ 1,034,387	\$ 1,093,400	\$ 476,733	\$ 472,439
Employee contributions	52,261	67,512	81,344	115,417	106,629	108,915	126,708	148,282
Net investment income (loss)	7,308,103	5,951,307	8,950,504	(933,112)	6,181,445	2,851,238	1,630,824	3,514,376
Administrative expense	(55,770)	-	(73,524)	-	-	-	-	-
Benefit payments and refunds	(4,304,443)	(4,104,733)	(3,821,541)	(3,593,596)	(3,762,724)	(3,189,841)	(3,056,599)	(2,661,802)
Net change in plan fiduciary net position	4,586,444	3,928,818	6,839,216	(3,645,680)	3,559,737	863,712	(822,334)	1,473,295
Plan fiduciary net position - beginning	59,488,512	55,559,694	48,720,478	52,366,158	48,806,421	47,942,709	48,765,043	47,291,748
Plan fiduciary net position - ending (b)	<u>\$ 64,074,956</u>	<u>\$ 59,488,512</u>	<u>\$ 55,559,694</u>	<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>\$ 5,325,916</u>	<u>\$ 15,835,865</u>	<u>\$ 14,742,725</u>	<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	92.33%	78.98%	79.03%	69.45%	74.08%	75.75%	64.65%	66.69%
Covered payroll	\$ 1,092,276	\$ 1,178,201	\$ 1,446,223	\$ 1,669,155	\$ 1,787,161	\$ 2,039,201	\$ 2,250,657	\$ 2,124,477
Net pension liability as a percentage of covered payroll	487.60%	1,344.07%	1,019.40%	1,283.95%	1,025.04%	766.39%	1,164.77%	1,146.59%

Note: GASB Statement No. 67 was implemented for the fiscal year ended December 31, 2014 and does not require retroactive implementation. Data will be added as information is available until 10 years of such data is available.

City of Auburn Hills
Required Supplementary Information
Employee Pension Plan
Schedule of Employer Contributions
December 31, 2021

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 752,445	\$ 821,670	\$ (69,225)	\$ 3,213,855	25.57%
2013	675,872	677,224	(1,352)	2,823,161	23.99%
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%

Notes to Schedule of Contributions

Actuarially determined contribution amounts are calculated as of December 31 each year, the year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	N/A
Remaining amortization period	Remaining working lifetime
Asset valuation method	Five-year smoothing
Inflation	2.25%
Salary increases	3.50%
Investment rate of return	6.25%
Retirement age	Retirement rates based on age and group
Mortality	Pub-2010 Mortality Table with generational project per MP-2020, with PubS-2010 for public safety groups and PubG-2010 for all others

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

<u>Fiscal Year Ended</u>	<u>Annual Return % *</u>
2014	7.60%
2015	3.90%
2016	6.30%
2017	16.92%
2018	-1.83%
2019	18.96%
2020	10.90%
2021	12.57%

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

GASB Statement No. 67 was implemented for the fiscal year ended December 31, 2014 and does not require retroactive implementation.
Data will be added as information is available until 10 years of such data is available.

City of Auburn Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
December 31, 2021

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	(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)
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%

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

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

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

City of Auburn Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions
December 31, 2021

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 1,081,247	\$ 1,039,766	\$ 41,481	N/A	N/A
2013	1,039,846	966,251	73,595	N/A	N/A
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

Notes to Schedule of Contributions

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	28 years
Asset valuation method	Five-year smoothing
Inflation	2.25%
Healthcare cost trend rates	5.0% graded down to 4.0% over 54 years
Salary increases	3.50%
Investment rate of return	6.25%
Mortality	Pub-2010 Mortality Table with generational project per MP-2020, with PubS-2010 for public safety groups and PubG-2010 for all others

City of Auburn Hills
Required Supplementary Information
Other Postemployment Benefits
Schedule of City's Proportionate Share of the Net OPEB Liability
December 31, 2021

Fiscal year ended December 31,	2021	2020	2019	2018	2017
City's proportion of the net OPEB liability	96.77627%	96.90799%	97.43084%	97.34332%	98.92754%
City's proportionate share of the net OPEB liability	\$ 2,597,054	\$ 13,464,503	\$ 15,816,612	\$ 17,073,942	\$ 18,319,047
City's covered-employee payroll	\$ 5,101,121	\$ 5,900,336	\$ 6,394,237	\$ 6,747,847	\$ 7,173,993
City's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	50.91%	228.20%	247.36%	253.03%	255.35%
Plan fiduciary net position as a percentage of total OPEB liability	92.27%	66.44%	58.67%	51.31%	52.86%

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>Return % *</u>
2017	5.89%
2018	-3.15%
2019	16.07%
2020	10.19%
2021	14.33%

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

GASB Statement No. 74 was implemented for the fiscal year ended December 31, 2017 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
Notes to the Required Supplementary Information
December 31, 2021

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	\$ 34,102,904	\$ 30,033,703
Bad debt expenditures	(485,263)	(485,263)
Other financing sources and uses as revenue and expenditures	<u>1,977,214</u>	<u>883,495</u>
Amounts per budget statement	<u>\$ 35,594,855</u>	<u>\$ 30,431,935</u>

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, and 6.00 percent in 2021.
2. The mortality tables have been updated annually:

2016 and prior years: RP-2014 Healthy Annuitant Mortality table
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
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, and 6.00 percent in 2021.

City of Auburn Hills
Notes to the Required Supplementary Information
December 31, 2021

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, and 6.25% in 2021.
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
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, and 6.25 percent in 2021.
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.

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.

City of Auburn Hills
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds						Debt Service Funds		Total Nonmajor Governmental Funds
	Major and Local Streets	Metro Act	Wayne-Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	CDBG	Special Assessment Debt Service	Capital Improvement Debt Service	
Assets									
Cash and investments	\$ 2,427,356	\$ 95,137	\$ 695,495	\$ 272,454	\$ 54,212	\$ -	\$ 379,494	\$ 1	\$ 3,924,149
Investments	-	-	169,347	519,696	-	-	-	-	689,043
Receivables									
Customers	-	-	85,888	-	-	-	-	-	85,888
Special assessments	-	-	-	-	-	-	682,626	-	682,626
Other receivables	101,993	-	-	-	-	-	-	-	101,993
Due from other units of government	500,222	-	-	-	-	36,318	-	-	536,540
Prepaid items	1,474	-	-	-	-	-	-	-	1,474
Total assets	\$ 3,031,045	\$ 95,137	\$ 950,730	\$ 792,150	\$ 54,212	\$ 36,318	\$ 1,062,120	\$ 1	\$ 6,021,713
Liabilities									
Accounts payable	\$ 146,800	\$ 12,113	\$ 2,879	\$ 89	\$ -	\$ 13,568	\$ -	\$ -	\$ 175,449
Accrued and other liabilities	23,226	-	-	-	-	-	-	-	23,226
Due to other funds	-	-	-	-	-	2,820	-	-	2,820
Due to other units of government	1,025	-	-	-	-	-	-	-	1,025
Refundable deposits and bonds	668,833	-	-	97,450	-	-	-	-	766,283
Total liabilities	839,884	12,113	2,879	97,539	-	16,388	-	-	968,803
Deferred inflows of resources									
Special assessments	-	-	-	-	-	-	688,974	-	688,974
Fund Balances									
Non-spendable									
Prepaid items	1,474	-	-	-	-	-	-	-	1,474
Restricted for									
Streets	2,189,687	-	-	-	-	-	-	-	2,189,687
Public works	-	83,024	-	694,611	-	-	-	-	777,635
Public safety	-	-	-	-	54,212	-	-	-	54,212
Community and economic development	-	-	-	-	-	19,930	-	-	19,930
Debt service	-	-	-	-	-	-	373,146	1	373,147
Committed	-	-	947,851	-	-	-	-	-	947,851
Total fund balances	2,191,161	83,024	947,851	694,611	54,212	19,930	373,146	1	4,363,936
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,031,045	\$ 95,137	\$ 950,730	\$ 792,150	\$ 54,212	\$ 36,318	\$ 1,062,120	\$ 1	\$ 6,021,713

City of Auburn Hills
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	Special Revenue Funds						Debt Service Funds		Total Nonmajor Governmental Funds
	Major and Local Streets	Metro Act	Wayne- Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	CDBG	Special Assessment Debt Service	Capital Improvement Debt Service	
Revenues									
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 218,920	\$ -	\$ 218,920
Federal grants	103	-	-	-	-	108,920	-	-	109,023
State-shared revenue	-	84,220	-	-	-	-	-	-	84,220
Other state grants	2,724,531	-	-	-	-	-	-	-	2,724,531
Local contributions	151,897	-	-	-	-	-	-	-	151,897
Charges for services	-	-	469,693	8,400	-	-	-	-	478,093
Fines and forfeitures	-	-	-	-	22,174	-	-	-	22,174
Investment income (loss)	39	445	(787)	(2,414)	-	-	30,949	48	28,280
Other revenue	65,063	-	-	-	-	-	-	-	65,063
Total revenues	2,941,633	84,665	468,906	5,986	22,174	108,920	249,869	48	3,882,201
Expenditures									
Current									
Public safety	-	-	-	-	15,701	-	-	-	15,701
Streets	3,583,580	-	-	-	-	-	-	-	3,583,580
Public works	-	104,273	34,730	7,756	-	-	-	-	146,759
Community and economic development	-	-	-	-	-	99,649	-	-	99,649
Debt service									
Principal retirement	-	-	-	-	-	-	175,000	400,000	575,000
Interest and fiscal charges	-	-	-	-	-	-	22,875	275,720	298,595
Total expenditures	3,583,580	104,273	34,730	7,756	15,701	99,649	197,875	675,720	4,719,284
Excess (deficiency) of revenues over expenditures	(641,947)	(19,608)	434,176	(1,770)	6,473	9,271	51,994	(675,672)	(837,083)
Other financing sources (uses)									
Transfers in	581,000	-	-	-	-	-	-	433,495	1,014,495
Transfers out	-	-	(131,000)	-	-	-	-	-	(131,000)
Insurance recoveries	26,373	-	-	-	-	-	-	-	26,373
Bond/note proceeds	345,092	-	-	-	-	-	-	-	345,092
Total other financing sources and uses	952,465	-	(131,000)	-	-	-	-	433,495	1,254,960
Net change in fund balance	310,518	(19,608)	303,176	(1,770)	6,473	9,271	51,994	(242,177)	417,877
Fund balance - beginning of year	1,880,643	102,632	644,675	696,381	47,739	10,659	321,152	242,178	3,946,059
Fund balance - end of year	\$ 2,191,161	\$ 83,024	\$ 947,851	\$ 694,611	\$ 54,212	\$ 19,930	\$ 373,146	\$ 1	\$ 4,363,936

City of Auburn Hills
Other Supplementary Information
Internal Service Funds
Combining Statement of Net Position
December 31, 2021

	Fleet Management	Retiree Health Care	Total
Assets			
Current assets			
Cash and investments	\$ 5,215,917	\$ -	\$ 5,215,917
Prepaid items	11,281	-	11,281
Total current assets	5,227,198	-	5,227,198
Noncurrent assets			
Capital assets not being depreciated	711,458	-	711,458
Capital assets, net of accumulated depreciation	3,053,234	-	3,053,234
Total noncurrent assets	3,764,692	-	3,764,692
Total assets	8,991,890	-	8,991,890
Deferred Outflows of Resources			
Deferred amount relating to net OPEB liability	10,625	-	10,625
Liabilities			
Current liabilities			
Accounts payable	40,263	-	40,263
Accrued and other liabilities	8,322	-	8,322
Current portion of noncurrent liabilities	4,654	-	4,654
Total current liabilities	53,239	-	53,239
Noncurrent liabilities			
Net OPEB liability	27,126	-	27,126
Long-term debt net of current portion	31,941	-	31,941
Total noncurrent liabilities	59,067	-	59,067
Total liabilities	112,306	-	112,306
Deferred Inflows of Resources			
Deferred amount relating to net OPEB liability	89,231	-	89,231
Net Position			
Net investment in capital assets	3,764,692	-	3,764,692
Unrestricted	5,036,286	-	5,036,286
Total net position	\$ 8,800,978	\$ -	\$ 8,800,978

City of Auburn Hills
Other Supplementary Information
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2021

	Fleet Management	Retiree Health Care	Total
Operating revenue			
Billings to other funds	\$ 2,601,468	\$ 2,144,283	\$ 4,745,751
Other revenue	882	-	882
	<u>2,602,350</u>	<u>2,144,283</u>	<u>4,746,633</u>
Total operating revenue			
Operating expenses			
Personnel services	242,402	2,138,351	2,380,753
Supplies	414,451	-	414,451
Contractual services	3,210	31,050	34,260
Repairs and maintenance	135,841	-	135,841
Other expenses	253,158	-	253,158
Depreciation	908,436	-	908,436
	<u>1,957,498</u>	<u>2,169,401</u>	<u>4,126,899</u>
Total operating expenses			
Operating income (loss)	<u>644,852</u>	<u>(25,118)</u>	<u>619,734</u>
Nonoperating revenue (expenses)			
Federal grant	105	-	105
Investment income (loss)	(12,577)	-	(12,577)
Gain on sale of assets	248,105	-	248,105
	<u>235,633</u>	<u>-</u>	<u>235,633</u>
Total nonoperating revenues (expenses)			
Income (loss) before transfers out	880,485	(25,118)	855,367
Transfers out	<u>-</u>	<u>(462,612)</u>	<u>(462,612)</u>
Change in net position	880,485	(487,730)	392,755
Net position - beginning of year	<u>7,920,493</u>	<u>487,730</u>	<u>8,408,223</u>
Net position - end of year	<u>\$ 8,800,978</u>	<u>\$ -</u>	<u>\$ 8,800,978</u>

City of Auburn Hills
Other Supplementary Information
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2021

	Fleet Management	Retiree Health Care	Total
Cash flows from operating activities			
Receipts from customers	\$ 4,589	\$ -	\$ 4,589
Receipts from interfund users	3,022,100	2,144,283	5,166,383
Payments to suppliers	-	(31,115)	(31,115)
Payments to employees	(39,723)	(2,138,351)	(2,178,074)
Payments for interfund services used	<u>(1,049,062)</u>	<u>-</u>	<u>(1,049,062)</u>
Net cash provided (used) by operating activities	<u>1,937,904</u>	<u>(25,183)</u>	<u>1,912,721</u>
Cash flows from noncapital financing activities			
Transfers to other funds	-	(462,612)	(462,612)
Federal grant	<u>105</u>	<u>-</u>	<u>105</u>
Net cash provided (used) by noncapital financing activities	<u>105</u>	<u>(462,612)</u>	<u>(462,507)</u>
Cash flows from capital and related financing activities			
Purchases/construction of capital assets	(2,718,664)	-	(2,718,664)
Proceeds from sale of capital assets	<u>248,105</u>	<u>-</u>	<u>248,105</u>
Net cash provided (used) by capital and related financing activities	<u>(2,470,559)</u>	<u>-</u>	<u>(2,470,559)</u>
Cash flows from investing activities			
Investment loss	<u>(12,577)</u>	<u>-</u>	<u>(12,577)</u>
Net cash provided (used) by investing activities	<u>(12,577)</u>	<u>-</u>	<u>(12,577)</u>
Net increase (decrease) in cash and cash equivalents	(545,127)	(487,795)	(1,032,922)
Cash and cash equivalents - beginning of year	<u>5,761,044</u>	<u>487,795</u>	<u>6,248,839</u>
Cash and cash equivalents - end of year	<u>\$ 5,215,917</u>	<u>\$ -</u>	<u>\$ 5,215,917</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 644,852	\$ (25,118)	\$ 619,734
Adjustments to reconcile operating income to net cash from operating activities			
Depreciation and amortization expense	908,436	-	908,436
Changes in assets and liabilities			
Receivables (net)	3,707	-	3,707
Prepaid items	722,212	-	722,212
Accounts payable	(302,299)	-	(302,299)
Accrued and other liabilities	719	(65)	654
Net OPEB liability and related deferrals	(37,786)	-	(37,786)
Compensated absences	<u>(1,937)</u>	<u>-</u>	<u>(1,937)</u>
Net cash provided (used) by operating activities	<u>\$ 1,937,904</u>	<u>\$ (25,183)</u>	<u>\$ 1,912,721</u>

City of Auburn Hills
Other Supplementary Information
Pension and Other Postemployment Benefits Funds
Combining Statement of Fiduciary Net Position
December 31, 2021

	Pension Trust Fund	Retiree Health Care Trust Fund	Total
Assets			
Cash and cash equivalents	\$ 341,897	\$ 1,704,082	\$ 2,045,979
Investments			
Mutual funds	37,880,776	25,389,536	63,270,312
Hedge funds	3,497,144	1,750,339	5,247,483
Commingled funds	15,383,131	-	15,383,131
Real estate	6,972,416	3,205,996	10,178,412
Accrued interest and other	10	13	23
Prepaid items	-	2,816	2,816
	<u>64,075,374</u>	<u>32,052,782</u>	<u>96,128,156</u>
Total assets			
	<u>64,075,374</u>	<u>32,052,782</u>	<u>96,128,156</u>
Liabilities			
Accounts payable	<u>418</u>	<u>2,816</u>	<u>3,234</u>
Net Position			
Restricted for:			
Pensions	64,074,956	-	64,074,956
Postemployment benefits other than pension	<u>-</u>	<u>32,049,966</u>	<u>32,049,966</u>
Total net position	<u>\$ 64,074,956</u>	<u>\$ 32,049,966</u>	<u>\$ 96,124,922</u>

City of Auburn Hills
Other Supplementary Information
Pension and Other Postemployment Benefits Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021

	Pension Trust Fund	Retiree Health Care Trust Fund	Total
Additions			
Contributions			
Employer	\$ 1,586,293	\$ 2,108,273	\$ 3,694,566
Members	52,261	-	52,261
Total contributions	1,638,554	2,108,273	3,746,827
Investment earnings			
Interest, dividends and other	1,632,852	903,734	2,536,586
Net increase in fair value of investments	5,741,590	2,816,201	8,557,791
Total investment earnings	7,374,442	3,719,935	11,094,377
Less investment costs			
Investment activity costs	50,106	5,396	55,502
Net investment earnings	7,324,336	3,714,539	11,038,875
Miscellaneous	13,010	6,428	19,438
Total additions	8,975,900	5,829,240	14,805,140
Deductions			
Benefit payments	4,304,443	1,265,213	5,569,656
Administrative expense	85,013	17,269	102,282
Total deductions	4,389,456	1,282,482	5,671,938
Change in net position	4,586,444	4,546,758	9,133,202
Net position - beginning of year	59,488,512	27,503,208	86,991,720
Net position - end of year	\$ 64,074,956	\$ 32,049,966	\$ 96,124,922

City of Auburn Hills
Other Supplementary Information
Street Fund Detail
Combining Balance Sheet
December 31, 2021

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Total</u>
Assets			
Cash and investments	\$ 1,943,448	\$ 483,908	\$ 2,427,356
Other receivables	49,339	52,654	101,993
Due from other units of government	386,814	113,408	500,222
Prepaid items	<u>725</u>	<u>749</u>	<u>1,474</u>
 Total assets	 <u>\$ 2,380,326</u>	 <u>\$ 650,719</u>	 <u>\$ 3,031,045</u>
Liabilities			
Accounts payable	\$ 53,529	\$ 93,271	\$ 146,800
Accrued and other liabilities	11,605	11,621	23,226
Due to other units of government	1,025	-	1,025
Refundable deposits and bonds	<u>522,720</u>	<u>146,113</u>	<u>668,833</u>
 Total liabilities	 <u>588,879</u>	 <u>251,005</u>	 <u>839,884</u>
Fund Balances			
Non-spendable			
Prepaid items	725	749	1,474
Restricted for			
Streets	<u>1,790,722</u>	<u>398,965</u>	<u>2,189,687</u>
 Total fund balances	 <u>1,791,447</u>	 <u>399,714</u>	 <u>2,191,161</u>
 Total liabilities and fund balances	 <u>\$ 2,380,326</u>	 <u>\$ 650,719</u>	 <u>\$ 3,031,045</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, 2021

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Total</u>
Revenues			
Federal grants	\$ 103	\$ -	\$ 103
Other state grants	2,124,055	600,476	2,724,531
Local contributions	151,897	-	151,897
Investment income (loss)	22	17	39
Other revenue	<u>30,409</u>	<u>34,654</u>	<u>65,063</u>
Total revenues	2,306,486	635,147	2,941,633
Expenditures			
Current			
Streets and public improvements	<u>1,908,418</u>	<u>1,675,162</u>	<u>3,583,580</u>
Excess (deficiency) of revenues over expenditures	<u>398,068</u>	<u>(1,040,015)</u>	<u>(641,947)</u>
Other financing sources (uses)			
Transfers in	-	581,000	581,000
Insurance recoveries	26,373	-	26,373
Bond/note proceeds	<u>200,092</u>	<u>145,000</u>	<u>345,092</u>
Total other financing sources and uses	<u>226,465</u>	<u>726,000</u>	<u>952,465</u>
Net change in fund balances	624,533	(314,015)	310,518
Fund balances - beginning of year	<u>1,166,914</u>	<u>713,729</u>	<u>1,880,643</u>
Fund balances - end of year	<u>\$ 1,791,447</u>	<u>\$ 399,714</u>	<u>\$ 2,191,161</u>