

City of Auburn Hills

Financial Statements

December 31, 2024



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Auburn Hills (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 1 to the financial statements, during the year ended December 31, 2024, the City of Auburn Hills adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. Our opinions are not modified with respect to this matter.

As discussed in Note 1 to the financial statements, during the year ended December 31, 2024, the City of Auburn Hills adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going

concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Yeo & Yeo, P.C.

Troy, Michigan
May 23, 2025

City of Auburn Hills, Michigan

Management's Discussion and Analysis

December 31, 2024

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, 2024.

Financial Highlights

- 2023 property tax values saw a net increase of 5.89% from the year prior. 2023 property tax values drive the 2024 property tax revenues. General fund property tax revenues totaled \$23.8 million and reflected an increase over 2023 property tax revenues of approximately \$1.2 million.
- GASB Statement No. 101 Compensated Absences updated the recognition and measurement guidance for compensated absence liabilities. It created a more robust estimate of the amount of compensated absences that the government will pay or settle improving both reliability of the liability and its comparison to other communities. Additional information about this new reporting requirement and the impact on the financial statements can be found in the notes of the financial statements on pages 3-25, 3-38.
- The City received \$2.6 Million in American Rescue Plan money during 2022. The remaining amount at the end of 2023 was \$2,318,875 and was used in 2024 to primarily fund various local road projects supporting the City's infrastructure as opposed to further depleting general fund reserves for roads.
- The City prepaid \$553,714 in 2024 for its assigned share of work related to the Oakland Macomb Interceptor Drainage District (OMIDD) for work related to odor and corrosion control forgoing additional costs of approximately \$277,000. The City also incurred new debt related to the Clinton River Water Resource Recovery Facility Drainage District for additions and refurbishments to improve the facility's treatment capacity and secondary processes. The estimate cost of the total project is not to exceed \$65,200,000. Bond will be issued at 2.5% and the City was apportioned \$3,327,564 of that debt.
- The City received an MDOT award of up to \$2,007,820 to support extensive road work along M24. Some preliminary costs were expended in 2024, but much of the work is anticipated to take place in 2025.
- The City received \$450,000 toward support of the Public Square in the City's downtown district. The Public Square is anticipated to be open Summer of 2025 for the use and enjoyment of all residents and visitors.
- The City completed about 50% of the construction work on the South Boulevard water main in 2024. The project which is approximately \$5 million dollars is anticipated to be complete in 2025.
- Road work continues through the City. The city completed over \$6 million in road related projects and maintenance in 2024. In 2025, the completion of 2024 projects continued and new work for roads and road maintenance budgeted at \$16 million began.

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 pensions and other post-employment benefits).

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2024

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

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

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

Fund Financial Statements

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

- Governmental funds 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 are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include both the pension and other postemployment benefit trust funds, and custodial funds.

Notes and Other Information

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

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2024

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 \$268,164,274 at the close of the most recent fiscal year. This is an increase of \$21.6 million from that of the prior year. The increase is due primarily to the addition of \$10.2 million in current and other assets partly due to \$11.7 million more in cash and investments. Deferred outflows of resources decreased \$2.5 million due to a decrease in deferred outflows in retiree health care and pension costs. Deferred inflows of resources increased approximately \$2 million primarily due to a \$2.7 million in deferred property tax revenue.

City's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and other assets	\$109,881,075	\$ 98,567,502	\$ 46,153,669	\$ 47,312,363	\$156,034,744	\$145,879,865
Capital assets	<u>98,316,247</u>	<u>91,290,995</u>	<u>91,198,085</u>	<u>85,007,439</u>	<u>189,514,332</u>	<u>176,298,434</u>
Total assets	208,197,322	189,858,497	137,351,754	132,319,802	345,549,076	322,178,299
Deferred Outflows of Resources	782,074	3,029,220	62,555	327,889	844,629	3,357,109
Liabilities						
Current liabilities	8,578,604	8,027,015	3,659,003	2,500,273	12,237,607	10,527,288
Noncurrent liabilities	<u>27,406,982</u>	<u>27,399,849</u>	<u>5,513,150</u>	<u>6,656,663</u>	<u>32,920,132</u>	<u>34,056,512</u>
Total liabilities	35,985,586	38,678,313	9,172,153	9,156,936	45,157,739	47,835,249
Deferred Inflows of Resources	<u>32,960,217</u>	<u>30,984,218</u>	<u>111,475</u>	<u>129,372</u>	<u>33,071,692</u>	<u>31,113,590</u>
Net Position	<u>\$140,033,593</u>	<u>\$123,225,186</u>	<u>\$128,130,681</u>	<u>\$123,361,383</u>	<u>\$268,164,274</u>	<u>\$246,586,569</u>

City of Auburn Hills, Michigan
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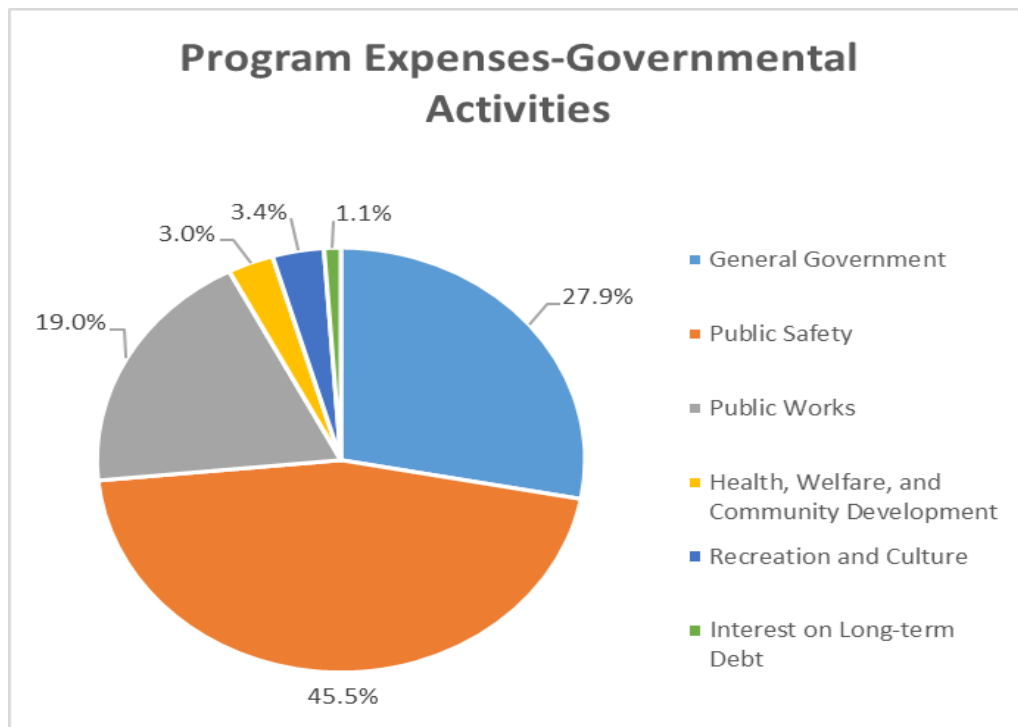
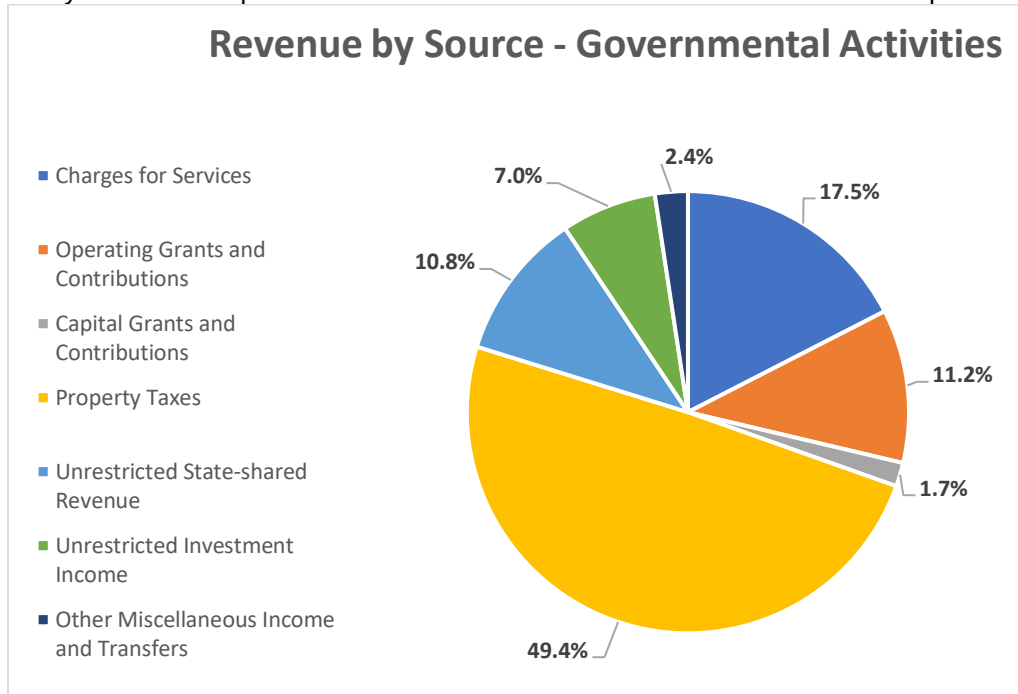
City's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue						
Program revenue:						
Charges for services	\$ 8,831,268	\$ 7,911,093	\$ 18,476,368	\$ 18,692,525	\$ 27,307,636	\$ 26,603,618
Operating grants	8,470,267	5,145,705	34,189	-	8,504,456	5,145,705
Capital grants	194,167	795,742	1,625,998	2,353,456	1,820,165	3,149,198
General revenue:						
Taxes	24,014,736	22,597,283	-	-	24,014,736	22,597,283
Intergovernmental	5,180,836	4,958,915	-	-	5,180,836	4,958,915
Investment earnings	3,565,306	3,192,248	1,674,658	1,490,721	5,239,964	4,682,969
Gain on sale of capital assets	330,469					
Other revenue	88,792	1,101,563	23,000	-	111,792	1,101,563
Total revenue	50,675,841	45,702,549	21,834,213	22,536,702	72,510,054	68,239,251
Expenses						
General government	8,519,676	8,199,042	-	-	8,519,676	8,199,042
Public safety	19,468,098	13,367,623	-	-	19,468,098	13,367,623
Public works	4,098,710	5,567,036	-	-	4,098,710	5,567,036
Health, welfare and						
Community development	680,968	891,815	-	-	680,968	891,815
Recreation and culture	1,017,118	1,001,451	-	-	1,017,118	1,001,451
Debt Service	300,724	328,293	-	-	300,724	328,293
Water & Sewer	-	-	15,119,854	15,361,161	15,119,854	15,361,161
Fieldstone Golf Club	-	-	2,005,192	1,913,956	2,005,192	1,913,956
Total expenses	34,085,294	29,355,260	17,125,046	17,275,117	51,210,340	46,630,377
Transfers	-	50,000	-	(50,000)	-	-
Change in net position	<u>\$ 16,590,547</u>	<u>\$ 16,397,289</u>	<u>\$ 4,709,167</u>	<u>\$ 5,211,585</u>	<u>\$ 21,299,714</u>	<u>\$ 21,608,874</u>

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2024

Governmental Activities

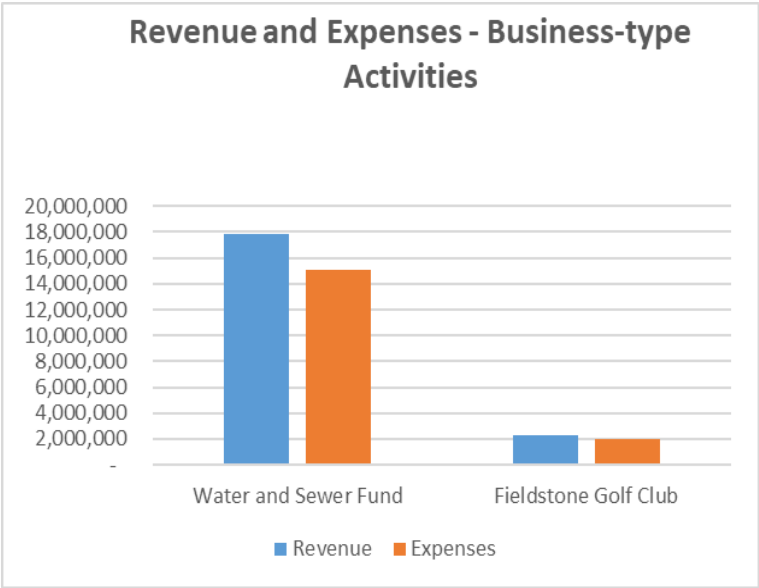
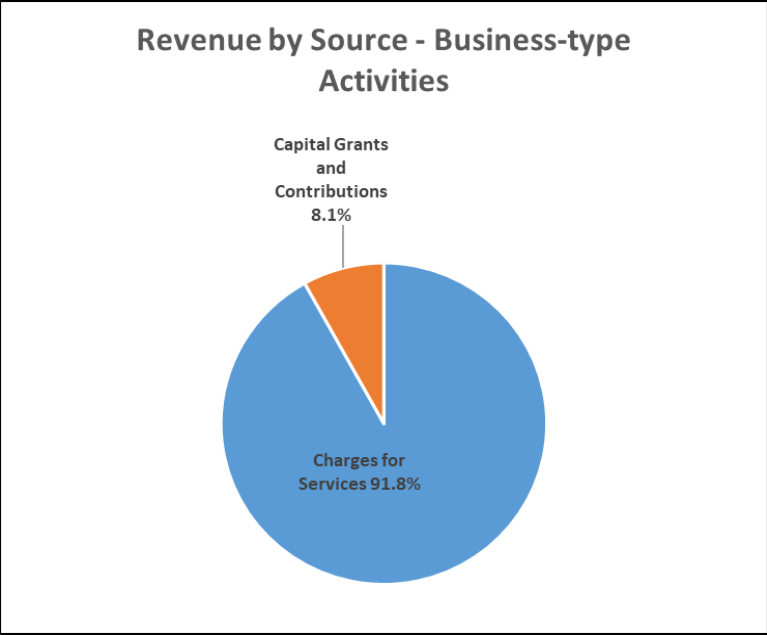
The City experienced an increase in net position of approximately \$16.6 million in its governmental activities during 2024. In 2023, the City experienced a similar increase in net position of \$16.5 million. In 2024, revenues increased \$4.9 million while expenditures, including transfers, increased \$4.7 million from that of the prior year. While most areas of revenues increased, the increase in property tax and operating grant revenue were primarily responsible for the overall increase in revenues. Expenditures were lower or stable in most categories, however, the public safety expenditures increased \$6.1 million in 2024 primarily due to the impact of the amortization of actuarial calculations related to pension and OPEB funds.



City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2024

Business-Type Activities

The City experienced an increase in net position of approximately \$4.7 million in its business-type activities during 2024. In 2023, the City had a larger increase in net position of \$5.2 million. The decrease was due to a decrease in water and sewer developer contributions compared to 2023 while expenditures were similar to the prior year.



City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2024

Governmental Funds

On December 31, 2024, the City's governmental funds reported a combined fund balance of \$63.6 million, an increase of approximately \$8.8 million from December 31, 2023, fund balance of 54.8 million. This change is primarily a result of an increase in the General Fund balance of \$9.5 million and the \$725,000 reduction in the 2023 Capital Projects Fund balance.

The unassigned portion of the General fund balance represents 87% of total General Fund expenditures (excluding other financing sources) for the 2024 fiscal year as compared to 133.4% for fiscal year ending 2023. In 2024, the City is assigning \$30.1 million of its fund balance for expected use for 2025 and beyond. Some of the larger assignments include \$10 million for a new parking structure, \$5 million for a DPW satellite, and \$5.7 million for 2026 road work. These assignments beyond the 2025 expected use of fund balance per the current 2025 budget plan provide additional assurance that sufficient funds are recognized as budget planning resumes for 2026.

Revenue increased \$5.2 million across governmental funds in 2024 over the prior year. The largest factors in this increase were due to the recognizing as revenue the remaining \$2.3 million in ARPA federal funding that was used primarily on road projects as well as the \$1.2 million increase in revenue over the 2023 property tax revenues. Expenditures (not including transfers and other financing uses) in the governmental funds increased by \$1.9 million. The change was primarily due to an increase in public safety expenses due to a capital lease/subscription-based IT agreement for police body cameras as required by GASB 87 and 96 which require the expense of multi-year agreements to be recognized up front and amortized over the life of the agreement.

Enterprise Funds

The City's enterprise funds provide the same type of information found in the business-type activities portion of the government-wide financial statements. The enterprise funds include the Water and Sewer fund and the Fieldstone Golf Club fund. The net position in the Water and Sewer fund is \$113.1 million as of December 31, 2024, an increase of \$4.3 million from 2023. The unrestricted net position decreased approximately \$700,000 from \$36.5 million in 2023 to \$35.8 million in 2024.

The City has been a member of the North Oakland County Water Authority (NOCWA) since 2015, which provides joint management of the four communities that are members of the water system. NOCWA began operations with the goal of optimizing operational efficiency and containing water service costs by which GLWA (Great Lakes Water Authority) wholesale water rates are driven with the maximum day and peak hour values agreed upon in the contract. NOCWA members demonstrated it could achieve a more favorable reduced peak hour demand than the original contract value and, therefore, amended the original contract minimizing water service cost increases. The City's participation in NOCWA has allowed it to minimize the impact of increases passed on from GLWA. The collaboration also resulted in an increase in water pressure during peak hours. Despite increases in utility service fees for some years, these efficiencies enabled the City to pass on lower increases, averaging about 1.3% per year since 2017. A net increase of 2.91 percent was necessary as of January 2025 due to a 6.5% increase passed on through NOCWA during 2024 (the last increase of this size was in 2016) compounded by continual additional costs passed from a county level for the City's share large infrastructure repairs as well as the City's own infrastructure repair plans.

City of Auburn Hills, Michigan
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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 infrastructure costs passed on by these entities. The City has prepaid for the costs of several projects in the past (approximately \$6.5 million in the last ten years providing savings to the community by minimizing debt related interest expense. The City has added debt, however, when the interest costs were lower and financing was advantageous to the City. Debt related to the City's share of these larger projects now totals just over \$5 million with interest rates from 1.5% to 2.5%. The City will continue to evaluate the benefit of financing and prepaying for future costs passed on to us. We expect debt to continue to be added into the future, including the potential of \$7 million in the next two years.

The Water and Sewer fund experienced an operational gain in 2024 of \$1 million. Non-operating revenues, including capital contributions, decreased about \$800,000 from the prior year. This was primarily due to a decrease in developer contributions.

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, when possible, annual rate increases to maintain sufficient reserves for capital repairs, reconstructions, and emergency situations. The Water and Sewer fund operating expenses in 2024 were \$15.1 million. This decreased \$235,746 from the prior year.

The unrestricted net position of Fieldstone Golf Club at year-end is \$1.5 million. The Fieldstone Golf Club fund experienced an operating income of \$309,062 up from \$105,761 from 2023.

General Fund Budgetary Highlights

The General Fund actual revenue exceeded budgeted revenues by \$4.1 million. This additional revenue is primarily related to the recognition of all remaining ARPA funds, a conservative interest income budget, and higher than expected results in charge service revenue. Details can be found on the budgetary comparison schedule on page 4-1. The expenses of the General fund were under budget approximately \$5.7 million primarily due to delayed projects related to the fire stations and other facilities.

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, is \$189.5 million (net of accumulated depreciation and related debt), an increase of approximately \$13.2 million from 2024. This increase is primarily due to the City's attention to roads, water and sewer infrastructure and fleet upgrades and replacements.

Long-Term Debt- The City has total debt outstanding of \$21.4 million (excluding compensated absences, subscriptions, and leases) on December 31, 2024. The debt schedule includes an addition to Business-type Activity debt related to Lease as required by the new Governmental Accounting Standard Board 87. This lease is related to the City's golf cart agreement. In 2024, the City added new debt related City prepaid debt related to Clinton River Water Resource Recovery Facility Drainage District. The City prepaid \$553,714 in 2024 for assigned debt related to the Oakland Macomb Interceptor Drainage District (OMIDD). While the City will pay upfront for assessments passed on by different authorities when it is able, debt is incurred when analysis proves it is financially advantageous to do so.

City of Auburn Hills, Michigan

Management's Discussion and Analysis

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Economic Factors and Next Year's Budgets and Rates

The economic outlook for the City of Auburn Hills and suburban Oakland County is cautiously steady. Unemployment remains low, but job growth in Michigan slowed from 2023 and is expected to be even less in 2025. Overall, the tariff situation and the high levels of policy uncertainty will impact the entire country's overall growth, one way or another. Federal funding may be stalled while the current administration evaluates spending. The Auburn Hills business community along with other communities may be impacted especially in the areas of transportation-related manufacturing. Many of the potential benefits of tariffs will take longer than a couple years to realize so it is difficult to forecast the real impact at this time. While it could lead to new investment in the City, American manufacturing will require new factories, new training, and an adequate supply of available workers. With new developments slowing in Auburn Hills due to availability of space, the City continues to encourage and pursue repurpose opportunities to maintain and/or grow its tax base. Fortunately, the City of Auburn Hills' financial health and dedicated team allows it to adapt to fiscal disruptions quickly and the City will be able to continue core services that most benefit the lives of our residents as well as retain the interest of the investment of businesses. Outside of federal policy and the impact of the global economy on supplies and costs, other challenges include an aging workforce, lack of specialized trade workers, and adequately trained personnel with local government specific exposure. Police and Fire personnel, as well as other professionals needed for city operations, are in high demand and short supply.

The City is optimistic about the stability of its tax base. Based on development projects currently underway or proposed to be underway, the City expects as much as \$335 million in private investment in the community over the next 24 months. An estimated \$90 million is expected to be invested in housing development and \$245 million in mixed-use and non-residential developments. Annual tax revenue is expected to steadily increase. The actual CPI for 2023 and 2024 was 4.1% and 3.0% respectively. 2023 CPI drives taxable values of 2024 which then impacts the 2025 budget. Thus, the 2024 CPI will impact the 2026 budget. Taxable values (which consider inflation, growth, and uncappings from new sales) for 2024 increased 7.8% over that of the prior year per the Oakland County Equalization report and those values drive our 2025 tax revenues. Of course, calculations are held to the limits of the Headlee Amendment and Proposal A. Further, certain exemptions and tax appeals can lower initial revenue calculations. Inflation levels (depending on the source) are expected to be approximately 2.8% in 2025 and 2.3% in 2026 thus the city can expect increases in tax revenues to moderate over the next four years.

There has been no change, other than reductions as required by the Headlee Amendment, in the City's general operating millage (since 2005), police millage (since 2003), fire millage (since 2016), or road millage (since 2020). While modest revenue growth is expected from property taxes, personal property tax reimbursement is expected to expire as of 2029, and uncertainty of federal and state governmental support will challenge revenue growth to support rising costs.

The current year's budget is amended as necessary throughout the year. The next year budget is approved each October and at that time, the 2026 - 2029 projections will be updated as well. Below is a chart populated with information from the City's current approved amended 2025 budget.

City of Auburn Hills, Michigan
Management's Discussion and Analysis
December 31, 2024

CITY OF AUBURN HILLS GENERAL FUND		
	2024	2025
	ACTUALS	AMENDED BUDGET
Description		(as of 5.13.2025)
PROPERTY TAXES	23,782,474	24,667,679
STATE SHARED REVENUE & REFUNDS	5,219,690	4,081,859
LICENSES AND PERMITS	1,874,122	929,200
GRANTS	2,932,224	860,216
CHARGES FOR SERVICES	3,041,623	1,554,050
INTEREST REVENUE	3,099,538	2,876,329
OTHER REVENUE	3,935,386	1,141,696
INTERFUND CHARGES	2,456,497	2,568,602.00
TRANSFERS FROM FUNDS	987,033	363,307
TOTAL REVENUES	47,328,587	39,042,938
ANNUAL EXPENDITURES LESS TRANSF	30,864,773	33,294,672
TRANSFER TO RETIREE HEALTH	250,000	0
TRANSFER TO MAJOR STREETS	0	2,173,000
TRANSFER TO LOCAL STREETS	4,853,585	6,285,000
TRANSFER TO CI DEBT SERVICE	1,858,525	1,864,900
TOTAL EXPENDITURES	37,826,883	43,617,572
Net Revenue Under Expenditures	9,501,704	(4,574,634)

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, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments	\$ 80,597,426	\$ 38,645,655	\$ 119,243,081	\$ 29,563,582
Receivables				
General accounts receivable	1,250,643	-	1,250,643	1,796
Property taxes	19,018,310	-	19,018,310	3,910,872
Utility bills	-	2,483,862	2,483,862	-
Special assessments	1,057,874	-	1,057,874	-
Accrued interest	61,596	-	61,596	-
Loans receivable	-	-	-	2,083
Leases receivable	6,121,620	-	6,121,620	85,269
Due from other units of government	3,459,461	65,409	3,524,870	730
Internal balances	(2,450,975)	2,450,975	-	-
Inventories	-	292,251	292,251	-
Prepaid items	277,816	80,453	358,269	468
Assets held for sale	126,172	-	126,172	-
Restricted assets				
Cash and cash equivalents	-	2,135,064	2,135,064	-
Investments	361,132	-	361,132	-
Capital assets not being depreciated	13,390,368	21,343,205	34,733,573	8,422,294
Capital assets, net of accumulated depreciation	84,925,879	69,854,880	154,780,759	40,203,023
Total assets	<u>208,197,322</u>	<u>137,351,754</u>	<u>345,549,076</u>	<u>82,190,117</u>
Deferred outflows of resources				
OPEB related	<u>782,074</u>	<u>62,555</u>	<u>844,629</u>	<u>-</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Statement of Net Position
December 31, 2024

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	\$ 1,885,446	\$ 1,639,324	\$ 3,524,770	\$ 24,593
Contracts payable - retainage	325,048	337,219	662,267	-
Due to other units of government	3,782	812,120	815,902	-
Provision for property tax refunds	82,484	-	82,484	20,368
Payroll and other liabilities	1,398,210	76,979	1,475,189	3,639
Interest payable	36,443	-	36,443	-
Refundable deposits	2,947,078	756,888	3,703,966	-
Unearned revenue	1,900,113	36,473	1,936,586	-
Noncurrent liabilities				
Debt due within one year	2,683,735	595,227	3,278,962	50,130
Debt due in more than one year	16,841,981	4,912,767	21,754,748	262,157
Net pension liability	7,808,022	-	7,808,022	-
Net OPEB liability	73,244	5,156	78,400	-
Total liabilities	<u>35,985,586</u>	<u>9,172,153</u>	<u>45,157,739</u>	<u>360,887</u>
Deferred inflows of resources				
Unavailable revenue - property taxes	25,389,867	-	25,389,867	4,120,891
Lease related	5,966,630	-	5,966,630	85,269
Pension related	216,333	-	216,333	-
OPEB related	1,387,387	111,475	1,498,862	-
Total deferred inflows of resources	<u>32,960,217</u>	<u>111,475</u>	<u>33,071,692</u>	<u>4,206,160</u>
Net position				
Net investment in capital assets	79,898,396	87,575,258	167,473,654	48,625,317
Restricted for				
Donations	361,132	-	361,132	-
Debt service	536,142	-	536,142	-
Streets	2,306,569	-	2,306,569	-
Construction code activity	130,238	-	130,238	-
Public works	889,034	-	889,034	-
Public safety	94,678	-	94,678	-
Health and welfare	429,191	-	429,191	-
Community and economic development	22,329	-	22,329	-
North Oakland County Water Authority	-	776,610	776,610	-
Unrestricted	<u>55,365,884</u>	<u>39,778,813</u>	<u>95,144,697</u>	<u>28,997,753</u>
Total net position	<u>\$ 140,033,593</u>	<u>\$ 128,130,681</u>	<u>\$ 268,164,274</u>	<u>\$ 77,623,070</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Statement of Activities
For the Year Ended December 31, 2024

	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	
Functions/programs								
Primary government								
Governmental activities								
General government	\$ 8,519,676	\$ 3,212,295	\$ 57,002	\$ -	\$ (5,250,379)	\$ -	\$ (5,250,379)	\$ -
Public safety	19,468,098	5,140,048	1,648,973	-	(12,679,077)	-	(12,679,077)	-
Public works	4,098,710	265,769	6,253,453	194,167	2,614,679	-	2,614,679	-
Health and welfare	680,968	44,853	-	-	(636,115)	-	(636,115)	-
Community and economic development	-	-	492,922	-	492,922	-	492,922	-
Recreation and culture	1,017,118	168,303	17,917	-	(830,898)	-	(830,898)	-
Interest	300,724	-	-	-	(300,724)	-	(300,724)	-
Total governmental activities	34,085,294	8,831,268	8,470,267	194,167	(16,589,592)	-	(16,589,592)	-
Business-type activities								
Golf Course	2,005,192	2,302,403	-	-	-	297,211	297,211	-
Water & Sewer	15,119,854	16,173,965	34,189	1,625,998	-	2,714,298	2,714,298	-
Total business-type activities	17,125,046	18,476,368	34,189	1,625,998	-	3,011,509	3,011,509	-
Total primary government	\$ 51,210,340	\$ 27,307,636	\$ 8,504,456	\$ 1,820,165	(16,589,592)	3,011,509	(13,578,083)	-
Component units								
TIFA A	\$ 1,967,158	\$ 59,825	\$ -	\$ -	-	-	-	(1,907,333)
TIFA B	771,607	-	-	-	-	-	-	(771,607)
TIFA D	1,106,249	1,409	-	-	-	-	-	(1,104,840)
Brownfield Redevelopment Authority	381,916	-	-	-	-	-	-	(381,916)
Downtown Development Authority	177,191	-	-	11,460	-	-	-	(165,731)
Total component units	\$ 4,404,121	\$ 61,234	\$ -	\$ 11,460				(4,331,427)
General revenues								
Property taxes					24,014,736	-	24,014,736	4,052,636
Unrestricted state-shared revenue					5,180,836	-	5,180,836	1,338,336
Unrestricted investment earnings (losses)					3,565,306	1,674,658	5,239,964	1,104,122
Gain on sale of capital assets					330,469	-	330,469	-
Miscellaneous					88,792	23,000	111,792	9,229
Total general revenues					33,180,139	1,697,658	34,877,797	6,504,323
Change in net position					16,590,547	4,709,167	21,299,714	2,172,896
Net position - beginning of year, as previously reported					123,225,186	123,361,383	246,586,569	75,450,174
Adjustments					217,860	60,131	277,991	-
Net position - beginning of year, as adjusted					123,443,046	123,421,514	246,864,560	75,450,174
Net position - end of year					\$ 140,033,593	\$ 128,130,681	\$ 268,164,274	\$ 77,623,070

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Balance Sheet
December 31, 2024

	General	Special Revenue Fund Major and Local Streets	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 65,227,481	\$ 5,439,320	\$ 3,196,392	\$ 73,863,193
Receivables				
General accounts receivable	1,220,675	29,508	-	1,250,183
Property taxes	19,018,310	-	-	19,018,310
Special assessments	782,384	-	275,490	1,057,874
Accrued interest	61,596	-	-	61,596
Leases receivable	6,121,620	-	-	6,121,620
Due from other units of government	2,512,996	621,596	324,869	3,459,461
Prepaid items	265,526	1,990	-	267,516
Assets held for sale	126,172	-	-	126,172
	<u>95,336,760</u>	<u>6,092,414</u>	<u>3,796,751</u>	<u>105,225,925</u>
Total assets	\$	\$	\$	\$
Liabilities				
Accounts payable	\$ 788,782	\$ 963,933	\$ 17,209	\$ 1,769,924
Contracts payable - retainage	58,064	256,327	-	314,391
Due to other units of government	2,757	1,025	-	3,782
Payroll and other liabilities	1,349,156	36,986	-	1,386,142
Provision for property tax refunds	82,484	-	-	82,484
Refundable deposits and bonds	1,928,427	627,461	391,190	2,947,078
Unearned revenue	-	1,900,113	-	1,900,113
	<u>4,209,670</u>	<u>3,785,845</u>	<u>408,399</u>	<u>8,403,914</u>
Total liabilities				

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Governmental Funds
Balance Sheet
December 31, 2024

	General	Special Revenue Fund Major and Local Streets	Nonmajor Governmental Funds	Total Governmental Funds
Deferred inflows of resources				
Unavailable revenue				
Property taxes	\$ 25,389,867	\$ -	\$ -	\$ 25,389,867
Lease related	5,966,630	-	-	5,966,630
Other receivables	168,979	-	314,019	482,998
Special assessments	1,119,254	-	213,365	1,332,619
	<u>32,644,730</u>	<u>-</u>	<u>527,384</u>	<u>33,172,114</u>
Total deferred inflows of resources				
	<u>32,644,730</u>	<u>-</u>	<u>527,384</u>	<u>33,172,114</u>
Fund balances				
Non-spendable				
Prepaid items	265,526	1,990	-	267,516
Land held for sale	126,172	-	-	126,172
Restricted for				
Streets	-	2,304,579	-	2,304,579
Construction code activity	130,238	-	-	130,238
Public works	-	-	889,034	889,034
Public safety	-	-	94,678	94,678
Health and welfare	-	-	115,172	115,172
Community and economic development	-	-	22,329	22,329
Debt service	-	-	359,220	359,220
Committed				
Storm management	66,629	-	-	66,629
Wayne disposal	-	-	1,380,535	1,380,535
Assigned				
Subsequent year's budget	4,377,767	-	-	4,377,767
Roads contribution	5,650,000	-	-	5,650,000
Land purchases	1,000,000	-	-	1,000,000
DPW satellite facility	5,000,000	-	-	5,000,000
Bus structure	500,000	-	-	500,000
Pension contributions	1,000,000	-	-	1,000,000
Parking structure	10,000,000	-	-	10,000,000
All access playground	750,000	-	-	750,000
Debt service	1,865,375	-	-	1,865,375
Unassigned	27,750,653	-	-	27,750,653
	<u>58,482,360</u>	<u>2,306,569</u>	<u>2,860,968</u>	<u>63,649,897</u>
Total fund balances				
	<u>58,482,360</u>	<u>2,306,569</u>	<u>2,860,968</u>	<u>63,649,897</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 95,336,760</u>	<u>\$ 6,092,414</u>	<u>\$ 3,796,751</u>	<u>\$ 105,225,925</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, 2024

Total fund balances for governmental funds	\$ 63,649,897
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	13,173,848
Capital assets, net of accumulated depreciation	79,827,843
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	1,815,617
Restricted assets held by outside entities are not financial resources and are not reported in the funds.	361,132
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net OPEB liability	773,207
Deferred inflows of resources resulting from net pension liability	(216,333)
Deferred inflows of resources resulting from net OPEB liability	(1,371,590)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(36,443)
Compensated absences	(1,400,205)
Bonds, notes, premiums and discounts	(16,332,191)
Lease liabilities	(1,188,272)
Subscription arrangements	(572,340)
Net pension liability	(7,808,022)
Net OPEB liability	(72,509)
Internal service funds are included as part of governmental activities.	<u>9,429,954</u>
Net position of governmental activities	<u><u>\$ 140,033,593</u></u>

City of Auburn Hills
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2024

	General	Special Revenue Fund Major and Local Streets	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 23,782,474	\$ -		\$ -	\$ 23,782,474
Special assessments	263,471	-		117,106	380,577
Licenses and permits	2,309,323	-		-	2,309,323
Federal grants	2,515,883	-		118,233	2,634,116
State-shared revenue	5,441,229	-		-	5,441,229
Other state grants	184,803	3,200,278		95,439	3,480,520
Local contributions	1,432,991	181,853		-	1,614,844
Charges for services	5,464,045	-		259,388	5,723,433
Fines and forfeitures	233,210	-		51,695	284,905
Rental income	354,339	-		-	354,339
Investment income	3,099,538	130,798		140,693	3,371,029
Other revenue	496,751	492,695		77,999	1,067,445
Total revenues	45,578,057	4,005,624		860,553	50,444,234
Expenditures					
Current					
General government	8,650,169	-		201,698	8,851,867
Public safety	19,945,160	-		27,851	19,973,011
Streets	-	8,946,814		-	8,946,814
Public works	790,149	-		45,129	835,278
Health, welfare and community development	1,104,297	-		89,561	1,193,858
Recreation and culture	1,062,770	-		-	1,062,770
Capital outlay	-	-		212,864	212,864
Debt service		-			
Principal retirement	165,290	-		1,610,000	1,775,290
Interest and fiscal charges	15,398	-		431,048	446,446
Total expenditures	31,733,233	8,946,814		2,618,151	43,298,198
Excess (deficiency) of revenues over expenditures	13,844,824	(4,941,190)		(1,757,598)	7,146,036
Other financing sources (uses)					
Transfers in	605,382	4,913,585		1,858,525	7,377,492
Transfers out	(6,712,110)	-		(676,039)	(7,388,149)
Lease liabilities issued	1,255,406	-		-	1,255,406
Subscription liabilities issued	508,765	-		-	508,765
Total other financing sources (uses)	(4,342,557)	4,913,585		1,182,486	1,753,514
Net change in fund balances	9,502,267	(27,605)		(575,112)	8,899,550
Fund balances - beginning of year, as previously reported	48,980,093	-	724,367	5,045,887	54,750,347
Adjustments	-	2,334,174	(724,367)	(1,609,807)	-
Fund balances - beginning of year, as adjusted	48,980,093	2,334,174		3,436,080	54,750,347
Fund balances - end of year	\$ 58,482,360	\$ 2,306,569		\$ 2,860,968	\$ 63,649,897

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, 2024

Net change in fund balances - total governmental funds	\$ 8,899,550
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Depreciation and amortization expense	(4,450,279)
Capital outlay	11,248,476
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(308,851)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	3,138
Compensated absences	22,347
Arbitrage	177,405
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in the net pension liability	(690,325)
Net change in the deferred outflow of resources related to the net pension liability	(1,157,370)
Net change in the deferred inflow of resources related to the net pension liability	(216,333)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in the net OPEB liability	3,330,108
Net change in the deferred outflow of resources related to the net OPEB liability	(1,078,133)
Net change in the deferred inflow of resources related to the net OPEB liability	(472,175)
Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Debt issued	(1,764,171)
Repayments of long-term debt	1,775,290
Amortization of premiums, discounts and similar items	142,584
Internal service funds are also included as governmental activities	<u>1,129,286</u>
Change in net position of governmental activities	\$ <u>16,590,547</u>

City of Auburn Hills
Proprietary Funds
Statement of Net Position
December 31, 2024

	Enterprise Funds			Internal Service Fund
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	
Assets				
Current assets				
Cash and investments	\$ 37,170,859	\$ 1,474,796	\$ 38,645,655	\$ 6,734,233
Receivables				
General accounts receivable	-	-	-	460
Utility bills	2,483,862	-	2,483,862	-
Due from other units of government	65,409	-	65,409	-
Inventories	226,885	65,366	292,251	-
Prepaid items	-	80,453	80,453	10,300
Total current assets	<u>39,947,015</u>	<u>1,620,615</u>	<u>41,567,630</u>	<u>6,744,993</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	2,135,064	-	2,135,064	-
Capital assets not being depreciated	12,971,180	8,372,025	21,343,205	216,520
Capital assets, net of accumulated depreciation	<u>66,833,929</u>	<u>3,020,951</u>	<u>69,854,880</u>	<u>5,098,036</u>
Total noncurrent assets	<u>81,940,173</u>	<u>11,392,976</u>	<u>93,333,149</u>	<u>5,314,556</u>
Total assets	<u>121,887,188</u>	<u>13,013,591</u>	<u>134,900,779</u>	<u>12,059,549</u>
Deferred outflows of resources				
OPEB related	<u>56,474</u>	<u>6,081</u>	<u>62,555</u>	<u>8,867</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Net Position
December 31, 2024

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf		Internal Service
	Fund	Club Fund	Total	Fund
Liabilities				
Current liabilities				
Accounts payable	\$ 1,607,268	\$ 32,056	\$ 1,639,324	\$ 115,522
Contracts payable - retainage	337,219	-	337,219	10,657
Due to other units of government	805,858	6,262	812,120	-
Payroll and other liabilities	71,370	5,609	76,979	12,068
Refundable deposits	756,888	-	756,888	-
Unearned revenue	-	36,473	36,473	-
Compensated absences	49,185	2,441	51,626	-
Current portion of long-term liabilities	454,946	88,655	543,601	-
Total current liabilities	4,082,734	171,496	4,254,230	138,247
Noncurrent liabilities				
Current liabilities payable from restricted assets				
Compensated absences	25,095	10,601	35,696	32,708
Long-term liabilities	4,601,872	275,199	4,877,071	-
Net OPEB liability	4,656	500	5,156	735
Total noncurrent liabilities	4,631,623	286,300	4,917,923	33,443
Total liabilities	8,714,357	457,796	9,172,153	171,690
Deferred inflows of resources				
OPEB related	100,638	10,837	111,475	15,797
Net position				
Net investment in capital assets	76,546,136	11,029,122	87,575,258	5,314,556
Restricted for				
North Oakland County Water Authority	776,610	-	776,610	-
Unrestricted	35,805,921	1,521,917	37,327,838	6,566,373
Total net position	\$ 113,128,667	\$ 12,551,039	125,679,706	\$ 11,880,929
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			2,450,975	
Net position of business-type activities			\$ 128,130,681	

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, 2024

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf		Internal Service
	Fund	Club Fund	Total	Fund
Operating revenue				
Customer fees	\$ 15,939,655	\$ 1,629,052	\$ 17,568,707	\$ -
Billings to other funds	-	-	-	3,602,860
Rental income	-	473,031	473,031	-
Other revenue	291,499	200,320	491,819	1,639
	<u>16,231,154</u>	<u>2,302,403</u>	<u>18,533,557</u>	<u>3,604,499</u>
Total operating revenue				
Operating expenses				
Personnel services	193,863	421,053	614,916	294,063
Supplies	292,201	123,657	415,858	481,636
Contractual services	139,315	722,355	861,670	3,362
Utilities	9,830,475	75,849	9,906,324	-
Repairs and maintenance	84,913	51,835	136,748	296,635
Other expenses	2,188,071	155,480	2,343,551	306,445
Depreciation	2,423,088	443,112	2,866,200	1,549,283
	<u>15,151,926</u>	<u>1,993,341</u>	<u>17,145,267</u>	<u>2,931,424</u>
Total operating expenses				
Operating income (loss)	<u>1,079,228</u>	<u>309,062</u>	<u>1,388,290</u>	<u>673,075</u>
Nonoperating revenue (expenses)				
Investment income	1,617,906	56,752	1,674,658	209,989
Gain on sale of capital assets	-	-	-	330,469
Interest expense	(62,832)	(11,851)	(74,683)	-
	<u>1,555,074</u>	<u>44,901</u>	<u>1,599,975</u>	<u>540,458</u>
Total nonoperating revenues (expenses)				
Income (loss) before contributions and transfers	2,634,302	353,963	2,988,265	1,213,533
Capital contributions	1,625,998	-	1,625,998	-
Transfers in	-	-	-	10,657
	<u>4,260,300</u>	<u>353,963</u>	<u>4,614,263</u>	<u>1,224,190</u>
Change in net position				
Net position - beginning of year, as previously reported	108,807,458	12,197,854		10,657,043
Adjustments	60,909	(778)		(304)
	<u>108,868,367</u>	<u>12,197,076</u>		<u>10,656,739</u>
Net position - beginning of year, as adjusted				
Net position - end of year	<u>\$ 113,128,667</u>	<u>\$ 12,551,039</u>		<u>\$ 11,880,929</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			94,904	
Change in net position of business-type activities			<u>\$ 4,709,167</u>	

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2024

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf		Internal Service
	Fund	Club Fund	Total	Fund
Cash flows from operating activities				
Receipts from customers	\$ 16,966,171	\$ 2,306,319	\$ 19,272,490	\$ 1,639
Receipts from interfund users	-	-	-	3,648,128
Payments to suppliers	(11,829,178)	(1,256,012)	(13,085,190)	-
Payments to employees	(236,640)	(420,278)	(656,918)	-
Payments for interfund services used	(508,334)	-	(508,334)	(1,690,600)
Net cash provided (used) by operating activities	<u>4,392,019</u>	<u>630,029</u>	<u>5,022,048</u>	<u>1,959,167</u>
Cash flows from capital and related financing activities				
Proceeds from capital debt	443,128	-	443,128	-
Capital contributions	1,625,998	-	1,625,998	-
Purchases/construction of capital assets	(8,026,263)	(582,528)	(8,608,791)	(1,776,338)
Principal and interest paid on long-term debt	(564,476)	(96,830)	(661,306)	-
Proceeds from sale of capital assets	-	-	-	330,469
Net cash provided (used) by capital and related financing activities	<u>(6,521,613)</u>	<u>(679,358)</u>	<u>(7,200,971)</u>	<u>(1,445,869)</u>
Cash flows from investing activities				
Interest received	<u>1,617,906</u>	<u>56,752</u>	<u>1,674,658</u>	<u>209,989</u>
Net change in cash and cash equivalents	(511,688)	7,423	(504,265)	733,944
Cash and cash equivalents - beginning of year	<u>39,817,611</u>	<u>1,467,373</u>	<u>41,284,984</u>	<u>6,000,289</u>
Cash and cash equivalents - end of year	<u>\$ 39,305,923</u>	<u>\$ 1,474,796</u>	<u>\$ 40,780,719</u>	<u>\$ 6,734,233</u>
Reconciliation to statement of net position				
Cash and cash equivalents	\$ 37,170,859	\$ 1,474,796	\$ 38,645,655	\$ 6,734,233
Restricted cash and cash equivalents	<u>2,135,064</u>	<u>-</u>	<u>2,135,064</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 39,305,923</u>	<u>\$ 1,474,796</u>	<u>\$ 40,780,719</u>	<u>\$ 6,734,233</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2024

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf	Total	Internal Service
	Fund	Club Fund		Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 1,079,228	\$ 309,062	\$ 1,388,290	\$ 673,075
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	2,423,088	443,112	2,866,200	1,549,283
Changes in assets and liabilities				
Receivables (net)	655,168	54,467	709,635	45,268
Due from other units of government	133,154	-	133,154	-
Inventories	(16,489)	3,486	(13,003)	-
Prepaid items	-	(80,453)	(80,453)	(813)
Pension related deferred outflows of resources	173,675	-	173,675	-
OPEB related deferred outflows of resources	82,155	9,504	91,659	11,643
Accounts payable	223,638	(1,693)	221,945	(305,634)
Accrued and other liabilities	342,444	(39,048)	303,396	13,730
Due to other units of government	676,534	6,244	682,778	-
Unearned revenue	-	3,916	3,916	-
Refundable deposits payable	(53,305)	-	(53,305)	-
Compensated absences	(42,777)	775	(42,002)	3,739
Net pension liability	(1,067,663)	-	(1,067,663)	-
Net OPEB liability	(250,134)	(28,143)	(278,277)	(36,957)
Lease related deferred inflows of resources	-	(54,467)	(54,467)	-
OPEB related deferred inflows of resources	33,303	3,267	36,570	5,833
Net cash provided (used) by operating activities	<u>\$ 4,392,019</u>	<u>\$ 630,029</u>	<u>\$ 5,022,048</u>	<u>\$ 1,959,167</u>

During 2024, developers contributed \$1,042,539 of water mains and \$176,954 of sewer mains to the Water & Sewer Fund.

City of Auburn Hills
Fiduciary Funds
Statement of Fiduciary Net Position
December 31, 2024

		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	\$ 1,723,295	\$ 6,048,435	\$ 913,040	\$ 8,684,770
Investments				
Mutual funds	61,018,232	-	1,366,969	62,385,201
Hedge funds	7,979,614	-	-	7,979,614
Commingled funds	15,918,793	-	-	15,918,793
Real estate	5,173,298	-	-	5,173,298
Accrued interest and other	8,008	-	-	8,008
Total assets	91,821,240	6,048,435	2,280,009	100,149,684
Liabilities				
Due to other units of government	-	6,048,435	-	6,048,435
Net position				
Restricted for:				
Pensions	59,664,699	-	-	59,664,699
Postemployment benefits other than pension	32,156,541	-	-	32,156,541
Pool participants	-	-	2,280,009	2,280,009
Total net position	\$ 91,821,240	\$ -	\$ 2,280,009	\$ 94,101,249

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, 2024

		Custodial Funds		
	Pension and Other Employee Benefit Trust Funds	Tax Collection Fund	Auburn Hills Public Library Investment Pool	Total Fiduciary Funds
Additions				
Contributions				
Employer	\$ 1,540,017	\$ -	\$ -	\$ 1,540,017
Members	19,424	-	-	19,424
Total contributions	<u>1,559,441</u>	<u>-</u>	<u>-</u>	<u>1,559,441</u>
Investment earnings				
Interest, dividends and other	1,861,397	-	-	1,861,397
Net increase in fair value of investments	6,849,660	-	56,569	6,906,229
Total investment earnings	<u>8,711,057</u>	<u>-</u>	<u>56,569</u>	<u>8,767,626</u>
Less investment costs				
Investment activity costs	<u>431,973</u>	<u>-</u>	<u>-</u>	<u>431,973</u>
Net investment earnings	<u>8,279,084</u>	<u>-</u>	<u>56,569</u>	<u>8,335,653</u>
Property tax collections for other governments	-	64,377,877	-	64,377,877
Additions by Auburn Hills Public Library	-	-	2,470,540	2,470,540
Miscellaneous	<u>15,341</u>	<u>-</u>	<u>-</u>	<u>15,341</u>
Total additions	<u>9,853,866</u>	<u>64,377,877</u>	<u>2,527,109</u>	<u>76,758,852</u>
Deductions				
Benefits paid to participants or beneficiaries	6,332,072	-	-	6,332,072
Deductions by Auburn Hills Public Library	-	-	2,121,424	2,121,424
Administrative expense	174,802	-	-	174,802
Payments of property tax to other governments	<u>-</u>	<u>64,377,877</u>	<u>-</u>	<u>64,377,877</u>
Total deductions	<u>6,506,874</u>	<u>64,377,877</u>	<u>2,121,424</u>	<u>73,006,175</u>
Change in net position	3,346,992	-	405,685	3,752,677
Net position - beginning of year	<u>88,474,248</u>	<u>-</u>	<u>1,874,324</u>	<u>90,348,572</u>
Net position - end of year	<u>\$ 91,821,240</u>	<u>\$ -</u>	<u>\$ 2,280,009</u>	<u>\$ 94,101,249</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Component Units
Statement of Net Position
December 31, 2024

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Corporation	Downtown Development Authority	Total
Assets							
Current assets							
Cash and cash equivalents	\$ 3,484,914	\$ 16,615,392	\$ 5,085,671	\$ 3,155,123	\$ 9,344	\$ 1,213,138	\$ 29,563,582
Receivables							
General accounts receivable	1,796	-	-	-	-	-	1,796
Property taxes	1,063,163	1,603,970	291,185	373,009	-	579,545	3,910,872
Loans receivable	-	-	-	-	-	2,083	2,083
Leases receivable, current	85,269	-	-	-	-	-	85,269
Due from other units of government	-	-	730	-	-	-	730
Prepaid items	-	-	-	-	-	468	468
Total current assets	<u>4,635,142</u>	<u>18,219,362</u>	<u>5,377,586</u>	<u>3,528,132</u>	<u>9,344</u>	<u>1,795,234</u>	<u>33,564,800</u>
Noncurrent assets							
Capital assets not being depreciated	6,336,254	-	2,086,040	-	-	-	8,422,294
Capital assets, net of accumulated depreciation	<u>15,037,506</u>	<u>6,488,055</u>	<u>18,649,462</u>	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>40,203,023</u>
Total noncurrent assets	<u>21,373,760</u>	<u>6,488,055</u>	<u>20,735,502</u>	<u>-</u>	<u>-</u>	<u>28,000</u>	<u>48,625,317</u>
Total assets	<u>26,008,902</u>	<u>24,707,417</u>	<u>26,113,088</u>	<u>3,528,132</u>	<u>9,344</u>	<u>1,823,234</u>	<u>82,190,117</u>
Liabilities							
Current liabilities							
Accounts payable	10,237	1,994	11,318	382	-	662	24,593
Provision for property tax refunds	666	15	18,993	2	-	692	20,368
Payroll and other liabilities	-	-	-	3,318	-	321	3,639
Current portion of long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,130</u>	<u>-</u>	<u>-</u>	<u>50,130</u>
Total current liabilities	<u>10,903</u>	<u>2,009</u>	<u>30,311</u>	<u>53,832</u>	<u>-</u>	<u>1,675</u>	<u>98,730</u>
Noncurrent liabilities							
Long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,157</u>	<u>-</u>	<u>-</u>	<u>262,157</u>
Total liabilities	<u>10,903</u>	<u>2,009</u>	<u>30,311</u>	<u>315,989</u>	<u>-</u>	<u>1,675</u>	<u>360,887</u>
Deferred inflows of resources							
Unavailable revenue - taxes	1,077,219	1,747,563	291,185	406,692	-	598,232	4,120,891
Lease related	<u>85,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,269</u>
Total deferred inflows of resources	<u>1,162,488</u>	<u>1,747,563</u>	<u>291,185</u>	<u>406,692</u>	<u>-</u>	<u>598,232</u>	<u>4,206,160</u>
Net position							
Net investment in capital assets	21,373,760	6,488,055	20,735,502	-	-	28,000	48,625,317
Unrestricted	<u>3,461,751</u>	<u>16,469,790</u>	<u>5,056,090</u>	<u>2,805,451</u>	<u>9,344</u>	<u>1,195,327</u>	<u>28,997,753</u>
Total net position	<u>\$ 24,835,511</u>	<u>\$ 22,957,845</u>	<u>\$ 25,791,592</u>	<u>\$ 2,805,451</u>	<u>\$ 9,344</u>	<u>\$ 1,223,327</u>	<u>\$ 77,623,070</u>

See Accompanying Notes to the Financial Statements

City of Auburn Hills
Component Units
Statement of Activities
For the Year Ended December 31, 2024

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Authority	Downtown Development Department	Total
Expenses							
Community and economic development	\$ 1,967,158	\$ 771,607	\$ 1,106,249	\$ 377,016	\$ -	\$ 177,191	\$ 4,399,221
Interest	-	-	-	4,900	-	-	4,900
Total expenses	<u>1,967,158</u>	<u>771,607</u>	<u>1,106,249</u>	<u>381,916</u>	<u>-</u>	<u>177,191</u>	<u>4,404,121</u>
Program revenues							
Charges for services	59,825	-	1,409	-	-	-	61,234
Capital grants and contributions	-	-	-	-	-	11,460	11,460
Total program revenues	<u>59,825</u>	<u>-</u>	<u>1,409</u>	<u>-</u>	<u>-</u>	<u>11,460</u>	<u>72,694</u>
Net program expense	<u>1,907,333</u>	<u>771,607</u>	<u>1,104,840</u>	<u>381,916</u>	<u>-</u>	<u>165,731</u>	<u>4,331,427</u>
General revenues							
Property taxes	1,104,079	1,701,880	330,073	377,161	-	539,443	4,052,636
State-shared revenue	288,682	115,487	917,488	16,679	-	-	1,338,336
Unrestricted investment earnings	143,489	643,011	152,789	126,629	-	38,204	1,104,122
Miscellaneous	-	-	-	9,229	-	-	9,229
Total general revenues	<u>1,536,250</u>	<u>2,460,378</u>	<u>1,400,350</u>	<u>529,698</u>	<u>-</u>	<u>577,647</u>	<u>6,504,323</u>
Change in net position	(371,083)	1,688,771	295,510	147,782	-	411,916	2,172,896
Net position - beginning of year	<u>25,206,594</u>	<u>21,269,074</u>	<u>25,496,082</u>	<u>2,657,669</u>	<u>9,344</u>	<u>811,411</u>	<u>75,450,174</u>
Net position - end of year	<u>\$ 24,835,511</u>	<u>\$ 22,957,845</u>	<u>\$ 25,791,592</u>	<u>\$ 2,805,451</u>	<u>\$ 9,344</u>	<u>\$ 1,223,327</u>	<u>\$ 77,623,070</u>

City of Auburn Hills
Notes to the Financial Statements
December 31, 2024

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Blended Component Unit

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

Discretely Presented Component Units

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

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

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

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

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

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

Pension Trust Fund

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

City of Auburn Hills
Notes to the Financial Statements
December 31, 2024

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

Retiree Health Care Trust Fund

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

Accounting and Reporting Principles

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

Report Presentation

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

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

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

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

City of Auburn Hills
Notes to the Financial Statements
December 31, 2024

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Major and Local Streets Fund accounts for the maintenance and improvement activities for streets within the City. Funding is primarily state-shared gas and weight tax.

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.
- The Capital Projects Fund is used to account for bond proceeds and funds spent on road and traffic improvements.
- Debt service funds are used to record special assessment revenue and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

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

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

Additionally, the City reports the following nonmajor enterprise fund:

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

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

Fiduciary Funds

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

- The Pension Trust Fund accumulates resources for pension benefit payments to retirees.

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- 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 value.

Interfund Activity

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

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

Basis of Accounting

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

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

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow. In addition, property taxes collected in December of the current year are available; however, those taxes were levied for the following year's budget; therefore, this revenue has also been shown as a deferred inflow.

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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 \$25.6 million (approximately 43 percent of pension assets) and approximately \$3.5 million (approximately 11 percent of OPEB assets), respectively, whose fair values are not publicly traded and, therefore, do not always have a readily determinable market value at year end. Management's estimates of these values are based on the City's share of NAV of the related investment company.

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

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

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City adopted a dollar cost threshold of \$25,000 for capital asset classes pertaining to water/sewer infrastructure/mains, buildings, and roads. The threshold for all other capital asset classes is \$5,000. All capital asset classes must have an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City uses a full year of depreciation in the first year of service. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

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

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

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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 – A deferred outflow of resources represents a consumption of net assets by the City that applies to future periods. The City may report deferred outflows of resources as a result of the following:

- Pension and OPEB earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.
- Changes in assumptions and experience differences relating to the net pension and net OPEB liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Pension and OPEB contributions made after the measurement date. This amount will reduce the net pension liability and net OPEB liability in the following year.

Deferred inflows of resources – A deferred inflow of resources represents an acquisition of net assets by the City that applies to future periods. The City may report deferred inflows of resources as a result of the following:

- Unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.
- Lease revenue related to leases receivable which is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease.
- Pension and OPEB earnings which are the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.
- Changes in assumptions and experience differences relating to the net pension and net OPEB liability are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan.
- Deferred amounts for property taxes levied for the next fiscal 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

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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 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 2024 property tax revenue was levied and collectible on December 1, 2024 and is recognized as revenue in the year ending December 31, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2023 taxable valuation of the City totaled \$2.043 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.

<u>Purpose</u>	<u>Millage Rate</u>	<u>Revenue</u>
General Operating	2.1049	\$ 4,300,960
Roads	1.5000	3,064,963
Fire Department	2.4940	5,096,011
Police Department	5.9713	12,201,208
Total		<u>\$ 24,663,142</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

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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.

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. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections.

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Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Upcoming Accounting and Reporting Changes

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

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending December 31, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending December 31, 2026.

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, 2024		\$ (358,957)
Building permit revenue		2,050,158
Related expenses:		
Direct expenses	\$ 1,342,646	
Estimated indirect costs	<u>218,318</u>	
Total related expenses		<u>1,560,964</u>
Current year surplus (deficit)		489,195
Cumulative surplus at December 31, 2024		<u>\$ 130,238</u>

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Budget Deficit

The Major and Local Streets Fund adopted a final budget which projected a deficit of \$224,219. Actual expenditures were within budget and the fund is not in a deficit position.

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	\$ 80,597,426	\$ 38,645,655	\$ 100,141,676	\$ 29,563,582
Restricted cash and cash equivalents	-	2,135,064	-	-
Restricted investments	361,132	-	-	-
Total	<u>\$ 80,958,558</u>	<u>\$ 40,780,719</u>	<u>\$ 100,141,676</u>	<u>\$ 29,563,582</u>

These amounts are classified into the following deposits and investment categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Component Units
Deposits	\$ 23,096,064	\$ 10,627,414	\$ 8,684,570	\$ 12,498,516
Petty cash	2,650	1,800	200	-
Restricted assets	361,132	2,135,064	-	-
Investments:				
Michigan CLASS	1,522,509	564,661	-	598,953
Michigan CLASS EDGE	14,031,574	8,766,839	528,025	3,792,761
Investment managers	<u>41,944,629</u>	<u>18,684,941</u>	<u>90,928,881</u>	<u>12,673,352</u>
Total	<u>\$ 80,958,558</u>	<u>\$ 40,780,719</u>	<u>\$ 100,141,676</u>	<u>\$ 29,563,582</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

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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 \$55,824,799 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The uninsured and uncollateralized amount includes \$10,943,134 of a fiduciary trust fund and \$9,450 of component unit deposits. The City believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

The City contracts one investment manager to manage a portion of the City's surplus operating cash. The funds placed under the investment manager represent commingled funds of the primary government, component unit funds, an internal service fund, and a custodial external investment pool fund. Investments held by the investment manager at December 31, 2024 by the custodial bank include U.S. Treasuries of \$43,824,868 and U.S. agency securities of \$29,478,053. The investments held by the investment managers include \$12,673,352 and \$838,944 of component unit and Auburn Hills Public Library Investment Pool investments, respectively.

As noted above, the City participates in the Michigan CLASS investment pool, and the Michigan CLASS EDGE investment pool. As of December 31, 2024, the City's investment in the Michigan CLASS investment pool was \$2,686,123, which includes \$598,953 of component unit investments. As of December 31, 2024, the City's investment in the Michigan CLASS EDGE investment pool was \$27,119,199, which includes \$3,792,761 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 \$59,659,845 and \$32,153,387 in the Pension Trust Fund and Retiree Health Care Trust Fund, respectively, as of December 31, 2024.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy restricts the average maturity of investments to two years, with the exception of long-term debt or capital fund investments, which may be invested in securities matched to cash flow requirements with a maximum of five years. The City's pension and retiree health care investment policies restrict cash equivalents to a dollar-weighted average maturity of 90 days or less.

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

Primary Government (Includes Component Unit Investments)	Carrying Value	Less Than One Year	One to Five Years
U.S. government agencies	\$ 29,478,053	\$ 3,782,195	\$ 25,695,858
U.S. Treasuries	43,824,868	15,961,735	27,863,133
Michigan CLASS - investment pool	2,686,123	2,686,123	-
Michigan CLASS EDGE - investment pool	26,591,174	26,591,174	-
Total	<u>\$ 102,580,218</u>	<u>\$ 49,021,227</u>	<u>\$ 53,558,991</u>

Fiduciary Funds	Carrying Value	Less Than One Year	One to Five Years
Mutual funds - fixed Income	\$ 8,058,723	\$ -	\$ 8,058,723
Commingled funds - fixed income	15,918,793	-	15,918,793
Michigan CLASS EDGE - investment pool	528,025	-	528,025
Investment pool	838,944	-	838,944
Total	<u>\$ 25,344,485</u>	<u>\$ -</u>	<u>\$ 25,344,485</u>

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

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
<u>Primary Government (Includes Component Unit Investments)</u>			
U.S. government agencies	\$ 29,478,053	AA+	S&P
U.S. Treasuries	43,824,868	AA+	S&P
Michigan CLASS - investment pool	2,686,123	AAAm	S&P
Michigan CLASS EDGE - investment pool	<u>26,591,174</u>	AAAf/S1	Fitch Ratings
Total	<u>\$ 102,580,218</u>		
<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
<u>Fiduciary Funds</u>			
Mutual funds - fixed income	\$ 8,058,723	A1	Moody's
Commingled funds - fixed income	15,918,793	Aa3	Moody's
Michigan CLASS - investment pool	1,312	AAAm	S&P
Michigan CLASS EDGE - investment pool	528,025	AAAf/S1	Fitch Ratings
Investment pool	<u>838,944</u>	AA+	S&P
Total	<u>\$ 25,345,797</u>		

Fair Value Measurements

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

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

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The City has the following recurring fair value measurements as of December 31, 2024:

Assets and Liabilities Measured at Carrying Value on a Recurring Basis at December 31, 2024				
	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, 2024
Debt Securities				
U.S. Treasuries	\$ -	\$ 43,824,869	\$ -	\$ 43,824,869
U.S. government agencies	-	30,316,997	-	30,316,997
Mutual funds and fixed income	8,058,723	-	-	8,058,723
Total debt securities	8,058,723	74,141,866	-	82,200,589
Equity securities				
Mutual funds - equity	52,959,509	-	-	52,959,509
Total investments by fair value level	<u>\$ 61,018,232</u>	<u>\$ 74,141,866</u>	<u>\$ -</u>	<u>135,160,098</u>
Investments measured at net asset value (NAV):				
Michigan CLASS investment pool				2,686,123
Michigan CLASS EDGE investment pool				27,119,199
Commingled funds				15,918,793
Multistrategy hedge funds				4,528,826
Private equity funds				3,450,788
Private real estate funds				5,173,298
Total investments measured at NAV				<u>58,877,027</u>
Total assets				<u>\$ 194,037,125</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, 2024 were determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using interactive data, which uses other inputs, such as interest rates and yield curves, that are observable at commonly quoted

Investments in Entities that Calculate Net Asset Value per Share

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

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At December 31, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Net Asset Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS investment pool	\$ 2,686,123	\$ -	None	None
Michigan CLASS EDGE investment pool	26,591,174	-	None	None
Commingled funds	15,918,793	-	Daily	Daily
Multistrategy hedge funds	4,528,826	-	Quarterly	95 days
Private equity funds	3,450,788	1,537,500	None	None
Private real estate funds	5,173,298	-	None - quarterly	None - 10 days
Total	<u>\$ 58,349,002</u>	<u>\$ 1,537,500</u>		

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

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

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

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

Private Equity Funds - This type includes two private equity fund that invest primarily in debt securities. The investments do not offer a stated redemption window. Instead, the nature of the investments in this type is that the distributions are received through the liquidation of the underlying assets of the funds. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over one to eight years. However, as of December 31, 2024, it is probable that all of the investments in this type will be sold at an amount different from the net asset value per share (or its equivalent) of the Plan's ownership interest in partners' capital.

Private Real Estate Funds - This type includes four real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 1 to 8 years. 100 percent of the total investment in this type is expected to be sold.

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However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The assets are able to be liquidated via a quarterly redemption queue of approximately 62 percent in the Pension Trust Fund and approximately 38 percent in the Retiree Health Care Trust Fund. The balance of the assets will be liquidated as underlying properties are sold or the investee fund's management approves of the buyer before the sale of the investments can be completed.

Note 4 - Restricted Assets

Restricted assets in the governmental activities represent cash held by the Auburn Hills Community Foundation (the Foundation) in the amount of \$361,132 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 \$2,135,064. The County holds these moneys to apply against future water and sewer system construction for the City. Additionally, restricted assets include a deposit held by North Oakland County Water Authority (NOCWA) in the amount of \$776,610. NOCWA is holding the deposit to cover future water expenses.

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Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 5,648,991	\$ -	\$ -	\$ 5,648,991
Construction-in-progress	4,048,206	6,873,263	3,180,092	7,741,377
Total capital assets not being depreciated	<u>9,697,197</u>	<u>6,873,263</u>	<u>3,180,092</u>	<u>13,390,368</u>
Capital assets being depreciated				
Land improvements	3,380,955	538,429	-	3,919,384
Roads	109,668,678	5,058,392	-	114,727,070
Storm drains	7,713,816	-	-	7,713,816
Buildings, additions and improvements	24,307,454	32,084	-	24,339,538
Machinery and equipment	8,040,636	653,904	69,469	8,625,071
Vehicles	10,306,940	1,284,663	1,086,780	10,504,823
Office furnishings and equipment	437,192	-	-	437,192
Right to use asset - subscription arrangements	130,223	508,765	23,491	615,497
Total capital assets being depreciated	<u>163,985,894</u>	<u>9,331,643</u>	<u>1,179,740</u>	<u>172,137,797</u>
Less accumulated depreciation for				
Land improvements	187,163	115,723	-	302,886
Roads	49,217,472	3,071,586	-	52,289,058
Storm drains	3,118,389	153,892	-	3,272,281
Buildings, additions and improvements	16,511,369	719,499	-	17,230,868
Machinery and equipment	5,998,351	683,868	69,469	6,612,750
Vehicles	6,921,852	1,119,918	1,086,780	6,954,990
Office furnishings and equipment	433,883	-	-	433,883
Right to use asset - machinery and equipment	-	83,694	-	83,694
Right to use asset - subscription arrangements	3,617	51,382	23,491	31,508
Total accumulated depreciation	<u>82,392,096</u>	<u>5,999,562</u>	<u>1,179,740</u>	<u>87,211,918</u>
Net capital assets being depreciated	<u>81,593,798</u>	<u>3,332,081</u>	<u>-</u>	<u>84,925,879</u>
Governmental activities net capital assets	<u>\$ 91,290,995</u>	<u>\$ 10,205,344</u>	<u>\$ 3,180,092</u>	<u>\$ 98,316,247</u>

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	6,345,781	6,671,648	-	13,017,429
Total capital assets not being depreciated	14,671,557	6,671,648	-	21,343,205
Capital assets being depreciated				
Buildings, additions and improvements	11,512,973	525,133	-	12,038,106
Machinery and equipment	2,744,782	4,925	-	2,749,707
Water and sewer mains	108,366,503	1,407,085	-	109,773,588
Right to use asset - machinery and equipment	-	448,055	-	448,055
Total capital assets being depreciated	122,624,258	2,385,198	-	125,009,456
Less accumulated depreciation for				
Buildings, additions and improvements	8,514,380	474,742	-	8,989,122
Machinery and equipment	2,664,734	49,471	-	2,714,205
Water and sewer mains	41,109,262	2,276,815	-	43,386,077
Right to use asset - machinery and equipment	-	65,172	-	65,172
Total accumulated depreciation	52,288,376	2,866,200	-	55,154,576
Net capital assets being depreciated	70,335,882	(481,002)	-	69,854,880
Business-type capital assets, net	\$ 85,007,439	\$ 6,190,646	\$ -	\$ 91,198,085

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

	Beginning Balance	Increases	Decreases	Ending Balance
Component Units				
Capital assets not being depreciated				
Land	\$ 8,353,465	\$ -	\$ -	\$ 8,353,465
Construction-in-progress	317,853	-	249,024	68,829
Total capital assets not being depreciated	8,671,318	-	249,024	8,422,294
Capital assets being depreciated				
Roads	36,470,409	-	-	36,470,409
Buildings, additions and improvements	26,875,311	474,427	-	27,349,738
Machinery and equipment	435,544	-	-	435,544
Land improvements	10,341,285	354,394	-	10,695,679
Total capital assets being depreciated	74,122,549	828,821	-	74,951,370
Less accumulated depreciation for				
Roads	15,722,539	956,190	-	16,678,729
Buildings, additions and improvements	11,579,910	725,587	-	12,305,497
Machinery and equipment	328,196	27,433	-	355,629
Land improvements	4,966,344	442,148	-	5,408,492
Total accumulated depreciation	32,596,989	2,151,358	-	34,748,347
Net capital assets being depreciated	41,525,560	(1,322,537)	-	40,203,023
Component units capital assets, net	\$ 50,196,878	\$ (1,322,537)	\$ 249,024	\$ 48,625,317

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

Governmental activities	
General government	\$ 388,507
Public safety	327,452
Public works	3,583,700
Health, welfare and community development	150,620
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,549,283</u>
Total governmental activities	<u>5,999,562</u>
Business-type activities	
Golf Course Fund	443,112
Water and Sewer Fund	<u>2,423,088</u>
Total business-type activities	<u>2,866,200</u>
Total primary government	<u><u>\$ 8,865,762</u></u>

Construction Commitments

The City had \$9,208,925 remaining construction commitments as of December 31, 2024.

Note 6 - Interfund Receivables, Payables, and Transfers

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

	Transfers Out		
	General Fund	Nonmajor governmental funds	Total
Transfers In			
General Fund	\$ -	\$ 605,382	\$ 605,382
Major and Local Streets Fund	4,853,585	60,000	4,913,585
Nonmajor governmental funds	1,858,525	-	1,858,525
Internal service funds	<u>-</u>	<u>10,657</u>	<u>10,657</u>
	<u>\$ 6,712,110</u>	<u>\$ 676,039</u>	<u>\$ 7,388,149</u>

The transfers from General Fund to the Major and Local Streets Fund were of unrestricted resources necessary to supplement Act 51 funds provided by the State of Michigan for road maintenance. The transfer from the Capital Projects Fund to the General Fund and Internal Service Fund was due to the close out of the Capital improvements fund.

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Note 7 - Leases

Lease Receivable

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

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

The leases have varying rent escalation terms:

- GTP and Verizon ground space leases increase annually equal to the increase in CPI up to a maximum of 5%.
- AT&T and Nextel ground space leases increase annually based on general price levels up to a maximum of 5%.
- Omnipoint ground space lease increases 10% at each renewal.
- Library building increases 4% annually and includes a service component that was not practical to allocate.
- Chamber office space lease increases to \$1,727 per month on August 1, 2023 and to \$1,796 per month on February 1, 2025.

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

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

The future subscription payments under SBITA agreements are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2025	\$ 62,552	\$ 25,284
2026	65,488	22,349
2027	68,561	19,274
2028	71,779	16,056
2029	50,638	12,783
2030-2034	253,322	26,784
	<u>\$ 572,340</u>	<u>\$ 122,530</u>

City of Auburn Hills
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Note 9 - Long-Term Debt

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

Long-term debt activity for the year ended December 31, 2024 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
Bonds and notes payable							
General obligation bonds							
Capital Improvement Bonds, Series 2017 (LTGO) (2)	3.00%	\$450,000 - \$550,000	\$ 4,425,000	\$ -	\$ 435,000	\$ 3,990,000	\$ 450,000
Capital Improvement Bonds, Series 2021 (LTGO) (4)	2.0% - 3.0%	\$1,030,000-\$1,280,000	<u>11,285,000</u>	<u>-</u>	<u>1,005,000</u>	<u>10,280,000</u>	<u>1,030,000</u>
Total general obligation bonds			<u>15,710,000</u>	<u>-</u>	<u>1,440,000</u>	<u>14,270,000</u>	<u>1,480,000</u>
Special assessment obligations							
Special Assessment Bonds, Series 2017 (LTGO) (3)	2.0% - 2.25%	\$165,000 - \$170,000	<u>670,000</u>	<u>-</u>	<u>170,000</u>	<u>500,000</u>	<u>170,000</u>
Notes from direct borrowings and direct placements							
State Revolving Fund Loan -							
Storm Water Management Retrofit (1)	2.50%	\$7,658 - \$10,000	62,658	-	5,000	57,658	7,658
State Revolving Fund Loan -							
Storm Water Management Galloway Drain (1)	2.50%	\$50,000 - \$60,000	<u>380,000</u>	<u>-</u>	<u>50,000</u>	<u>330,000</u>	<u>50,000</u>
Total notes from direct borrowings and direct placements			<u>442,658</u>	<u>-</u>	<u>55,000</u>	<u>387,658</u>	<u>57,658</u>
Premiums and discounts							
Unamortized premiums			<u>1,317,117</u>	<u>-</u>	<u>142,584</u>	<u>1,174,533</u>	<u>142,584</u>
Total bonds and notes payable			18,139,775	-	1,807,584	16,332,191	1,850,242
Leases			-	1,255,406	67,134	1,188,272	104,590
Subscriptions			106,731	508,765	43,156	572,340	61,604
Compensated absences			<u>1,451,521</u>	<u>-</u>	<u>18,608</u>	<u>1,432,913</u>	<u>667,299</u>
Total governmental activities			<u>\$ 19,698,027</u>	<u>\$ 1,764,171</u>	<u>\$ 1,936,482</u>	<u>\$ 19,525,716</u>	<u>\$ 2,683,735</u>

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

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	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities							
Bonds and notes payable							
Direct borrowings and direct placements:							
Oakland-Macomb Interceptor Drain Bonds, Series 2010A (5)	2.50%	\$46,613 - \$54,879	\$ 398,031	\$ -	\$ 45,456	\$ 352,575	\$ 46,613
Oakland-Macomb Interceptor Drain Bonds, Series 2011A Segment 2 (6)	1.85%	\$53,171 - \$63,818	573,607	-	51,953	521,654	53,171
Oakland-Macomb Interceptor Drain Bonds, Financing source not finalized by Oakland County for OMID 2013A Segment 3 (7)	2.00%	\$113,337 - \$132,950	1,350,697	-	111,254	1,239,443	113,337
Oakland-Macomb Interceptor Drain Bonds, Series 2019A Refunding Bonds (5)	1.85%	\$13,719 - \$16,530	103,640	-	13,224	90,416	13,719
Oakland-Macomb Interceptor Drain Bonds, Series 2019B (10)	1.55%	\$58,000	114,852	-	56,852	58,000	58,000
State Revolving Fund Loan - Sanitary Sewer Rehabilitation (8)	2.50%	\$65,000 - \$70,000	475,000	-	60,000	415,000	65,000
Clinton River Water Resource Recover Facility - Drainage District Drain Bond, Series 2017 (SRF) (9)	2.50%	\$101,106 - \$141,580	1,717,288	94,354	102,361	1,709,281	105,106
CR - Water Resource Recovery Facility #5835 - 01 (11)	1.88%	\$108,834 - \$250,824	215,064	144,595	-	359,659	-
Evergreen Farmington (12)	1.88%	\$21,966 - \$25,513	228,064	7,302	-	235,366	-
CR - Water Resource Recovery Facility #5994 - 01 (13)	2.50%	\$98,569 - \$229,191	-	75,424	-	75,424	-
Total notes from direct borrowings and direct placements			5,176,243	321,675	441,100	5,056,818	454,946
Leases			-	448,056	84,202	363,854	88,655
Compensated absences			69,193	18,129	-	87,322	51,626
Total business-type activities			\$ 5,245,436	\$ 787,860	\$ 525,302	\$ 5,507,994	\$ 595,227

- (5) During 2009, the counties of Macomb and Oakland, Michigan jointly established the Oakland-Macomb Interceptor Drain - Drainage District (OMID), an intercounty drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); title to the OMI was transferred from the City of Detroit, Michigan to the OMID as part of a settlement agreement with the City of Detroit, Michigan reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties. The OMID bond debt will be amortized over a 20-year period with an interest rate of 2.5 percent. The OMID 2010B debt has a 45 percent federal interest subsidy, which is reimbursed to the City semiannually. The OMID 2010B bond was refunded during 2020.
- (6) During 2011, additional bonds (Series 2011A) were issued through the State's revolving fund loans for Segment 2 of the OMID project. The state revolving fund loan is for a 20-year period with a fixed interest rate of 2.5 percent. The City will have a level debt service payment of approximately \$66,400 for principal and interest for the loan duration. The final loan payment related to this issuance will be in fiscal year 2033.
- (7) Beginning in 2012 as part of Oakland-Macomb Interceptor Drain project, Oakland County, Michigan commenced with Segment 3 of the project. The tentative estimated cost of this segment is \$65,140,000. The City's pro rata share of the project is approximately 3.47 percent, which resulted in the City's share of the debt being approximately \$2.26 million. The City will have a level debt service payment of approximately \$138,300 for principal and interest for the loan duration. The final loan payment related to this issuance will be in fiscal year 2034.
- (8) The principal repayment amounts for the Sanitary Sewer Rehabilitation represent 60 percent of the total project costs, as 40 percent of the project cost qualified for principal forgiveness from the American Recovery and Reinvestment Act of 2009. The first principal payment on this project was paid in April 2011. The loan repayments are amortized over 20 years with an interest rate of 2.5 percent.
- (9) During 2017, the Clinton River Water Resource Recovery Facility Drainage District sold Drain Bonds Series 2017 for the Biosolids Handling and Septage Receiving Facility Project that spans the Oakland County community. This debt reflects the City's 6.124 percent share of this project. The project is in progress at December 31, 2020. The final payment related to this debt is expected in 2038.

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- (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.
- (11) During 2023, the Clinton River Water Resource Recovery Facility Drainage District issued drain bonds through the State of Michigan CWSRF Program. The project intends to upgrade and replace aging electrical infrastructure at the CRWRRF. The debt issued spans the Oakland County community. This debt reflects the City's 5.257 percent share for this project. The first principal payment on this project will be paid in October 2027 at an interest rate of 1.875%. The final payment related to this debt is expected in 2046.
- (12) During 2023, the Evergreen Farmington Sanitary Drain Drainage District issued drain bonds with the Clean Water State Revolving Fund (CWSRF) which includes a 10% principal forgiveness of 10% of the amount financed. It is a draw based loan. The project is to increase the outlet capacity of the Evergreen Farmington Sewage Disposal System to the Great Lakes Water Authority. This debt reflects the City's 0.48457 percent share for this project. The first principal payment on this project will be paid in October 2027 at an interest rate of 1.875%. The final payment related to this debt is expected in 2046.
- (13) During 2024, the city was assigned a 5.2570% apportionment of debt for the Clinton River Water Resource Recovery Facility Drainage District for work on the Optimization Project which includes additions and refurbishments to improve the Facility's treatment capacity and secondary clarifier processes. The estimate cost of the total project is not to exceed \$65,200,000. Bonds will be issued at 2.5% and the City of Auburn Hills was apportioned \$3,427,564.

Component units	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes from direct borrowings and direct placements							
Michigan Department of Environmental Quality Loan (14)	1.5%	\$50,130 - \$54,004	\$ 361,676	-	\$ 49,389	\$ 312,287	\$ 50,130

- (14) 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			
	Other Debt		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 1,650,000	\$ 394,024	\$ 57,658	\$ 8,970
2026	1,680,000	355,943	65,000	7,438
2027	1,710,000	314,256	65,000	5,813
2028	1,590,000	268,050	65,000	4,188
2029	1,640,000	219,600	65,000	2,563
2030-2034	6,500,000	372,300	70,000	875
	<u>\$ 14,770,000</u>	<u>\$ 1,924,173</u>	<u>\$ 387,658</u>	<u>\$ 29,847</u>
Year Ending December 31,	Business-type Activities		Component Units	
	Notes from Direct Borrowings and Direct Placements		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2025	\$ 454,946	\$ 116,842	\$ 50,130	\$ 4,684
2026	409,803	118,273	50,882	3,932
2027	548,678	118,517	51,645	3,169
2028	797,871	77,470	52,420	2,394
2029	558,885	64,578	53,206	2,418
2030-2034	2,375,849	103,166	54,004	-
2035-2039	1,195,610	-	-	-
2040-2044	697,078	-	-	-
2044-2049	379,278	-	-	-
	<u>7,417,998</u>	<u>\$ 598,846</u>	<u>\$ 312,287</u>	<u>\$ 16,597</u>
Less: undrawn maturities	<u>(2,361,180)</u>			
	<u>\$ 5,056,818</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, 2024, 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.

City of Auburn Hills
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Note 10 - Net Investment in Capital Assets

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Capital assets			
Capital assets not being depreciated	\$ 13,390,368	\$ 21,343,205	\$ 8,422,294
Capital assets, net of accumulated depreciation	<u>84,925,879</u>	<u>69,854,880</u>	<u>40,203,023</u>
Total capital assets	<u>98,316,247</u>	<u>91,198,085</u>	<u>48,625,317</u>
 Restricted assets	 -	 2,135,064	 -
 Related debt			
General obligation bonds	(14,270,000)	-	-
Special assessment obligations	(500,000)	-	-
Notes from direct borrowing and direct placements	(387,658)	(5,056,818)	-
Retainage	(325,048)	(337,219)	-
Leases	(1,188,272)	(363,854)	-
Subscriptions	(572,340)	-	-
Unamortized bond premiums	<u>(1,174,533)</u>	<u>-</u>	<u>-</u>
Total related debt	<u>(18,417,851)</u>	<u>(5,757,891)</u>	<u>-</u>
 Net investment in capital assets	 <u>\$ 79,898,396</u>	 <u>\$ 87,575,258</u>	 <u>\$ 48,625,317</u>

Note 11 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League (risk pool) for claims relating to workers' compensation. The City is self-insured for prescriptions. The City records prescription charges incurred through the end of the fiscal year. In 2004, the City became self-insured for property damage to city vehicles under \$75,000. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past 10 years.

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

Note 12 - Pension Plans

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

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

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

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

For the year ended December 31, 2024, the City contributed \$1,816,081.

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

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

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

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

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

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

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

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

Employees Covered by Benefit Terms – At the December 31, 2023 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	130
Inactive employees entitled to, but not yet receiving benefits	5
Active employees	<u>4</u>
	<u>139</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, 2024, the City made the actuarially determined contribution of \$978,168 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, 2024 as its measurement date for the net pension liability. The December 31, 2024 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2024 measurement date. The December 31, 2024 measurement date total pension liability was determined by an actuarial valuation performed as of December 31, 2023 that has used procedures to roll the information forward to the measurement date.

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Cash	1.00%	0.92%
US Core Fixed Income	22.00%	2.21%
Private Credit	7.00%	5.69%
US Large Cap Equity	22.00%	3.71%
US Small & Mid Cap Equity	14.00%	3.57%
Foreign Developed Equity	15.00%	5.12%
Priavate Real Estate Property	9.00%	4.51%
Hedge Funds	10.00%	1.85%

Rate of return - For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.61 percent. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Discount rate - The discount rate used to measure the total pension liability was 6.25 percent in the December 31, 2024 roll forward valuation, which was an increase of zero percent from the prior year's discount rate which was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that 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.

City of Auburn Hills
Notes to the Financial Statements
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Changes in the net pension liability were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of December 31, 2023	<u>\$ 66,393,386</u>	<u>\$ 58,208,026</u>	<u>\$ 8,185,360</u>
Changes for the year			
Service cost	81,765	-	81,765
Interest on total pension liability	4,004,068	-	4,004,068
Experience differences	1,887,789	-	1,887,789
Employer contributions	-	978,168	(978,168)
Employee contributions	-	19,424	(19,424)
Net investment income (loss)	-	5,388,451	(5,388,451)
Benefit payments and refunds	(4,894,287)	(4,894,287)	-
Administrative expense	<u>-</u>	<u>(35,083)</u>	<u>35,083</u>
Net changes	<u>1,079,335</u>	<u>1,456,673</u>	<u>(377,338)</u>
Balances as of December 31, 2024	<u>\$ 67,472,721</u>	<u>\$ 59,664,699</u>	<u>\$ 7,808,022</u>

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

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability	<u>\$ 15,212,522</u>	<u>\$ 7,808,022</u>	<u>\$ 1,604,054</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions - For the year ended December 31, 2024, the employer recognized pension expense of \$2,148,208. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources	Total to Amortize
Net difference between projected and actual earning on plan investments	<u>\$ 216,333</u>	<u>\$ 216,333</u>

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

<u>Year ended December 31,</u>	
2025	\$ 182,754
2026	946,704
2027	(971,187)
2028	<u>(374,604)</u>
	<u>\$ (216,333)</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 13 - Other Postemployment Benefits

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

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

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

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

Employees covered by benefit terms - As of December 31, 2023, the most recent valuation date, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to, but not yet receiving benefits	1
Active employees	<u>54</u>
	<u><u>162</u></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, 2024, the City paid postemployment

City of Auburn Hills
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health care premiums of \$311,849, plus it contributed \$250,000 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 \$80,371 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 \$78,108 at December 31, 2024. At December 31, 2024, the City's proportionate share was 97.19 percent, based on the City's number of plan members as a percentage of the plan's total members. At December 31, 2023, the prior measurement date, the City's proportionate share was 96.77 percent, or a 0.41 percent change.

The City has chosen to use the December 31, 2024 measurement date as its measurement date for the net OPEB liability. The December 31, 2024 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, 2024 measurement date. The December 31, 2024 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2023, which used update procedures to roll forward the liability to December 31, 2024.

Actuarial assumptions - The total OPEB liability in the December 31, 2023 actuarial valuation was determined using an investment rate of return (net of investment expenses) of 6.25 percent; a health care cost trend rate of 6.4 percent for 2024, decreasing to an ultimate rate of 3.9 percent over 49 years for pre-Medicare participants, and a health care cost trend rate of 7.3 percent for 2024, decreasing to an ultimate rate of 3.9 percent over 49 years for post-Medicare participants; and mortality rates based on the PubG-2010 with Generational Projection per MP-2021.

Discount rate - The discount rate used to measure the total OPEB liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best-estimates of geometric real rates of return as of the December 31, 2024 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%	2.13%
Private Credit	4.00%	6.19%
US Large Cap Equity	25.00%	4.09%
US Small & Mid Cap Equity	15.00%	4.10%
Foreign Developed Equity	16.00%	5.15%
Private Real Estate Property	9.00%	3.70%
Hedge Funds	5.00%	3.49%

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Rate of return - For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.46%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Changes in the net OPEB liability were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances as of December 31, 2023	<u>\$ 34,113,584</u>	<u>\$ 30,266,222</u>	<u>\$ 3,847,362</u>
Changes for the year			
Service cost	433,723	-	433,723
Interest on total OPEB liability	2,114,957	-	2,114,957
Experience differences	(594,608)	-	(594,608)
Changes in assumptions	(2,392,960)	-	
Employer contributions	-	561,849	(561,849)
Net investment income (loss)	-	2,806,319	(2,806,319)
Benefit payments and refunds	(1,437,784)	(1,437,784)	-
Administrative expense	-	(40,065)	40,065
Net changes	<u>(1,876,672)</u>	<u>1,890,319</u>	<u>(3,766,991)</u>
Balances as of December 31, 2024	<u>\$ 32,236,912</u>	<u>\$ 32,156,541</u>	<u>\$ 80,371</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 99.8%.

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

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 4,319,313	\$ 80,371	\$ (3,396,731)
City's proportionate share	4,197,697	78,400	(3,301,091)

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	\$ (3,751,188)	\$ 80,371	\$ 4,761,024
City's proportionate share	(3,645,568)	78,400	4,626,971

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OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB - For the year ended December 31, 2024, the City recognized OPEB expense of \$(1,414,526). The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ -	\$ (288,933)	\$ (288,933)
Differences in assumptions	-	(1,209,929)	(1,209,929)
Net difference between projected and actual earning on plan investments	844,629	-	844,629
Total	<u>\$ 844,629</u>	<u>\$ (1,498,862)</u>	<u>\$ (654,233)</u>
City's share	\$ 844,629	\$ (1,498,862)	\$ (654,233)
Library's share	24,552	(44,128)	(19,576)
	<u>\$ 869,181</u>	<u>\$ (1,542,990)</u>	<u>\$ (673,809)</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>	
2025	(1,135,493)
2026	808,277
2027	(144,448)
2028	(182,569)
	<u>\$ (654,233)</u>

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

The City also provides retiree health care benefits to employees ineligible for the defined benefit retiree health care plan through the Retiree Health Savings (RHS) Plan. All employee units are vested after 10 years, with the exception of the fire unit, which is vested after five years with the City. The City Council has authority over plan provisions and contribution requirements. For the non-bargaining administrative group, the City is required to contribute 3 percent of total salaries and the employees of this group must contribute 3 percent of their salaries. All bargaining units negotiated a 3 to 4 percent contribution into a 457 plan in lieu of the RHS. During the year ended December 31, 2024, the City made contributions of \$58,264.

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Notes to the Financial Statements
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Note 14 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust Fund	Retiree Health Care Trust Fund
Statement of Net Position		
Cash and cash equivalents	\$ 900,020	\$ 823,275
Investments	58,759,825	31,330,112
Other assets	4,854	3,154
	<u> </u>	<u> </u>
Net position	<u>\$ 59,664,699</u>	<u>\$ 32,156,541</u>

	Pension Trust Fund	Retiree Health Care Trust Fund
Statement of Changes in Net Position		
Investment income	\$ 5,425,040	\$ 2,854,044
Contributions	997,592	561,849
Miscellaneous	16,456	(1,115)
Benefit payments	(4,894,288)	(1,437,784)
Administrative expense	(88,127)	(86,675)
	<u> </u>	<u> </u>
Net change in net position	<u>\$ 1,456,673</u>	<u>\$ 1,890,319</u>

Note 15 - Tax Abatements

The City offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increase the tax base of the City. The more significant property tax abatements, as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, that occurred during fiscal year 2024 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, 2024, the City abated approximately \$291,192 of taxes under this program.

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

City of Auburn Hills
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when the authority no longer has an interest in the property. For the fiscal year ended December 31, 2024, the City abated approximately \$40,192 of taxes under this program.

Finally, the Brownfield Redevelopment Authority, a discretely presented component unit, uses brownfield redevelopment agreements under PA 381 of 1996 to capture property taxes within the brownfield area and then uses those captures to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the City's tax revenue is reduced as this revenue is captured by the Brownfield Redevelopment Authority. For the fiscal year ended December 31, 2024, 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.

Note 16 - Joint Venture

The City is a member of the North Oakland County Water Authority, which provides joint management of the four member communities' water systems. Each of the four member communities appoints one member to the governing body. During the year ended December 31, 2024, the City contributed \$4,879,623 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, 2024.

Note 17 - Change Within the Financing Reporting Entity and Adoption of New Accounting Standard

The City restated net position in the Water and Sewer Fund, Field stone Golf Club Fund, Fleet Management Fund, Governmental Activities, and Business-Type Activities as the result of adopting GASB Statement No. 101, *Compensated Absences*.

The Major and Local Streets Fund ("Streets Fund") was previously reported as a nonmajor fund within the governmental funds; however the Streets Fund now meets the quantitative threshold for presentation as a major fund.

The Capital Projects Fund ("the Fund") was previously reported as a major fund within the governmental funds; however the Fund no longer meets the quantitative threshold for presentation as a major fund.

	December 31, 2023, As Previously Reported	Change Within the Financial Reporting Entity	Adoption of New Accounting Standard	December 31, 2023, As Adjusted
Governmental Funds				
Major Funds:				
General Fund	\$ 48,980,093	\$ -	\$ -	\$ 48,980,093
Major and Local Streets Fund	-	2,334,174	-	2,334,174
Capital Projects Fund	724,367	(724,367)	-	-
Nonmajor Governmental Funds	5,045,887	(1,609,807)	-	3,436,080
Proprietary Funds				
Major Funds:				
Water and Sewer Fund	108,807,458	-	60,909	108,868,367
Nonmajor Enterprise Funds	12,197,854	-	(778)	12,197,076
Internal Service Fund	10,657,043	-	(304)	10,656,739
Governmental Activities	123,225,186	-	217,860	123,443,046
Business type Activities	123,361,383	-	60,131	123,421,514

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
Taxes				
Property taxes	\$ 25,308,618	\$ 22,697,577	\$ 22,719,175	\$ 21,598
Penalties and interest	20,000	20,000	15,505	(4,495)
Administration fee	976,781	976,781	1,047,794	71,013
Special assessments	166,604	166,604	263,471	96,867
Licenses and permits	1,394,320	2,215,820	2,309,323	93,503
Federal grants	39,650	1,150,939	2,515,883	1,364,944
State-shared revenue	4,926,661	4,926,661	5,441,229	514,568
State grants	164,963	614,963	184,803	(430,160)
Local contributions	20,800	1,139,101	1,432,991	293,890
Charges for services	5,108,709	5,212,709	4,823,155	(389,554)
Fines and forfeitures	205,400	205,400	233,210	27,810
Rental income	366,432	366,432	354,339	(12,093)
Investment income	777,207	777,207	3,099,538	2,322,331
Other revenue	392,387	392,387	496,751	104,364
Total revenues	39,868,532	40,862,581	44,937,167	4,074,586
Expenditures				
General government				
City Council	130,364	128,676	109,363	(19,313)
City manager	735,127	741,536	702,724	(38,812)
Clerk	452,089	484,751	437,498	(47,253)
Information technology/data processing	747,850	747,850	497,515	(250,335)
Treasurer	709,862	742,545	665,041	(77,504)
Assessing	394,275	437,405	436,497	(908)
Facilities	2,131,715	2,279,599	1,741,331	(538,268)
Human resources	409,880	417,306	346,160	(71,146)
Pension board	22,230	22,230	9,515	(12,715)
Grounds	1,675,391	1,611,691	1,578,700	(32,991)
Capital improvements	900,000	2,071,062	727,957	(1,343,105)
General administration	1,800,890	1,474,151	1,397,868	(76,283)
Total general government	10,109,673	11,158,802	8,650,169	(2,508,633)
Public safety				
Police	8,609,210	8,588,145	9,899,434	1,311,289
Police administration	2,045,790	2,097,915	1,967,457	(130,458)
Fire suppression	4,385,557	4,902,365	4,658,451	(243,914)
Fire prevention	479,908	557,375	544,528	(12,847)
Fire administration	3,287,653	4,328,669	854,161	(3,474,508)
Building services	1,357,527	1,517,422	1,447,373	(70,049)
Total public safety	20,165,645	21,991,891	19,371,404	(2,620,487)
Public works				
DPW management services	628,567	681,946	660,471	(21,475)
Stormwater drainage	329,227	260,809	129,678	(131,131)
Total public works	957,794	942,755	790,149	(152,606)

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Health, welfare and community development				
Community development administration	\$ 293,498	\$ 316,073	\$ 298,775	\$ (17,298)
Senior citizens	759,094	813,960	701,866	(112,094)
SMART grant	90,166	111,053	103,656	(7,397)
Total health, welfare and community development	<u>1,142,758</u>	<u>1,241,086</u>	<u>1,104,297</u>	<u>(136,789)</u>
Recreation and culture				
Recreation	661,125	632,478	413,389	(219,089)
Parks maintenance	702,549	729,536	649,381	(80,155)
Total recreation and culture	<u>1,363,674</u>	<u>1,362,014</u>	<u>1,062,770</u>	<u>(299,244)</u>
Debt service				
Principal retirement	55,000	55,000	98,156	43,156
Interest and fiscal charges	10,379	10,379	15,398	5,019
Total debt service	<u>65,379</u>	<u>65,379</u>	<u>113,554</u>	<u>48,175</u>
Total expenditures	<u>33,804,923</u>	<u>36,761,927</u>	<u>31,092,343</u>	<u>(5,669,584)</u>
Excess (deficiency) of revenues over expenditures	<u>6,063,609</u>	<u>4,100,654</u>	<u>13,844,824</u>	<u>9,744,170</u>
Other financing sources (uses)				
Transfers in	-	-	605,382	605,382
Transfers out	(6,150,525)	(8,920,525)	(6,712,110)	2,208,415
Lease liabilities issued	-	-	1,255,406	1,255,406
Subscription liabilities issued	-	-	508,765	508,765
Sale of capital assets	1,000	1,000	-	(1,000)
Total other financing sources (uses)	<u>(6,149,525)</u>	<u>(8,919,525)</u>	<u>(4,342,557)</u>	<u>4,576,968</u>
Net change in fund balance	(85,916)	(4,818,871)	9,502,267	14,321,138
Fund balance - beginning of year	<u>48,980,093</u>	<u>48,980,093</u>	<u>48,980,093</u>	<u>-</u>
Fund balance - end of year	<u>\$ 48,894,177</u>	<u>\$ 44,161,222</u>	<u>\$ 58,482,360</u>	<u>\$ 14,321,138</u>

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Required Supplementary Information
Budgetary Comparison Schedule
Major and Local Streets
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Revenues				
State grants	\$ 3,069,961	\$ 3,147,022	\$ 3,200,278	\$ 53,256
Local contributions	162,500	307,500	181,853	(125,647)
Investment income	51,767	51,767	130,798	79,031
Other revenue	51,122	51,122	492,695	441,573
Total revenues	<u>3,335,350</u>	<u>3,557,411</u>	<u>4,005,624</u>	<u>448,213</u>
Expenditures				
Current				
Street and public improvements	<u>7,809,403</u>	<u>13,237,804</u>	<u>8,946,814</u>	<u>(4,290,990)</u>
Excess of revenues (deficiency) over expenditures	<u>(4,474,053)</u>	<u>(9,680,393)</u>	<u>(4,941,190)</u>	<u>4,739,203</u>
Other financing sources (uses)				
Transfers in	<u>4,352,000</u>	<u>7,122,000</u>	<u>4,913,585</u>	<u>(2,208,415)</u>
Net change in fund balance	(122,053)	(2,558,393)	(27,605)	2,530,788
Fund balance - beginning of year	<u>2,334,174</u>	<u>2,334,174</u>	<u>2,334,174</u>	-
Fund balance - end of year (deficit)	<u>\$ 2,212,121</u>	<u>\$ (224,219)</u>	<u>\$ 2,306,569</u>	<u>\$ 2,530,788</u>

See Accompanying Notes to Required Supplementary Information

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

Fiscal year ended December 31,	2024	2023	2022	2021	2020
Total pension liability					
Service cost	\$ 81,765	\$ 159,490	\$ 154,625	\$ 322,587	\$ 341,012
Interest	4,004,068	3,991,986	4,039,702	3,830,500	3,828,935
Experience differences	1,887,789	-	(337,715)	481,264	660,370
Changes in assumptions	-	(1,722,506)	(23,747)	(6,253,413)	4,296,374
Benefit payments and refunds	(4,894,287)	(4,749,215)	(4,520,106)	(4,304,443)	(4,104,733)
Net change in total pension liability	1,079,335	(2,320,245)	(687,241)	(5,923,505)	5,021,958
Total pension liability - beginning	66,393,386	68,713,631	69,400,872	75,324,377	70,302,419
Total pension liability - ending (a)	\$ 67,472,721	\$ 66,393,386	\$ 68,713,631	\$ 69,400,872	\$ 75,324,377
Plan fiduciary net position					
Employer contributions	\$ 978,168	\$ 992,461	\$ 2,055,950	\$ 1,586,293	\$ 2,014,732
Employee contributions	19,424	30,219	36,293	52,261	67,512
Net investment income (loss)	5,388,451	6,215,466	(5,821,496)	7,308,103	5,951,307
Benefit payments and refunds	(4,894,287)	(4,749,215)	(4,520,106)	(4,304,443)	(4,104,733)
Administrative expense	(35,083)	(33,108)	(73,394)	(55,770)	-
Net change in plan fiduciary net position	1,456,673	2,455,823	(8,322,753)	4,586,444	3,928,818
Plan fiduciary net position - beginning	58,208,026	55,752,203	64,074,956	59,488,512	55,559,694
Plan fiduciary net position - ending (b)	\$ 59,664,699	\$ 58,208,026	\$ 55,752,203	\$ 64,074,956	\$ 59,488,512
Net pension liability (a-b)	\$ 7,808,022	\$ 8,185,360	\$ 12,961,428	\$ 5,325,916	\$ 15,835,865
Plan fiduciary net position as a percentage of total pension liability	88.43%	87.67%	81.14%	92.33%	78.98%
Covered payroll	\$ 360,723	\$ 547,800	\$ 677,377	\$ 1,092,276	\$ 1,178,201
Net pension liability as a percentage of covered payroll	2,164.55%	1,494.22%	1,913.47%	487.60%	1,344.07%

See Accompanying Notes to Required Supplementary Information

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

Fiscal year ended December 31,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 443,110	\$ 624,297	\$ 591,358	\$ 842,510	\$ 809,483
Interest	3,840,887	3,873,213	3,664,089	3,459,438	3,369,628
Experience differences	1,082,585	-	290,536	(1,807,601)	489,295
Changes in assumptions	(1,394,259)	(1,437,482)	5,467,388	(9,027,540)	(578,372)
Benefit payments and refunds	<u>(3,821,541)</u>	<u>(3,593,596)</u>	<u>(3,762,724)</u>	<u>(3,189,841)</u>	<u>(3,056,599)</u>
Net change in total pension liability	150,782	(533,568)	6,250,647	(9,723,034)	1,033,435
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<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>
Plan fiduciary net position					
Employer contributions	\$ 1,702,433	\$ 765,611	\$ 1,034,387	\$ 1,093,400	\$ 476,733
Employee contributions	81,344	115,417	106,629	108,915	126,708
Net investment income (loss)	8,950,504	(933,112)	6,181,445	2,851,238	1,630,824
Benefit payments and refunds	(3,821,541)	(3,593,596)	(3,762,724)	(3,189,841)	(3,056,599)
Administrative expense	<u>(73,524)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	6,839,216	(3,645,680)	3,559,737	863,712	(822,334)
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (b)	<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>
Net pension liability (a-b)	<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>
Plan fiduciary net position as a percentage of total pension liability	79.03%	69.45%	74.08%	75.75%	64.65%
Covered payroll	\$ 1,446,223	\$ 1,669,155	\$ 1,787,161	\$ 2,039,201	\$ 2,250,657
Net pension liability as a percentage of covered payroll	1,019.40%	1,283.95%	1,025.04%	766.39%	1,164.77%

See Accompanying Notes to Required Supplementary Information

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

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 474,821	\$ 476,733	\$ (1,912)	\$ 2,250,657	21.18%
2016	1,093,400	1,093,400	-	2,039,201	53.62%
2017	1,034,387	1,034,387	-	1,787,161	57.88%
2018	765,611	765,611	-	1,669,155	45.87%
2019	1,230,563	1,730,563	(500,000)	1,446,223	119.66%
2020	1,514,732	2,014,732	(500,000)	1,178,201	171.00%
2021	1,298,526	1,586,293	(287,767)	1,092,276	145.23%
2022	1,055,948	2,055,950	(1,000,002)	677,377	303.52%
2023	992,461	992,461	-	547,800	181.17%
2024	978,168	978,168	-	360,723	271.17%

See Accompanying Notes to Required Supplementary Information

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

<u>Fiscal Year Ended December 31,</u>	<u>Money-weighted Rate of Return</u>
2015	3.90%
2016	6.30%
2017	16.92%
2018	-1.83%
2019	18.96%
2020	10.90%
2021	12.57%
2022	-9.24%
2023	11.55%
2024	9.61%

See Accompanying Notes to Required Supplementary Information

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

Fiscal year ended December 31,	2024	2023	2022
Total OPEB liability			
Service cost	\$ 433,723	\$ 490,022	\$ 469,138
Interest	2,114,957	2,030,073	2,073,489
Experience differences	(594,608)	-	(2,382,400)
Changes in assumptions	(2,392,960)	(1,033,326)	455,944
Benefit payments and refunds	(1,437,784)	(1,414,812)	(1,308,075)
Other	-	-	-
Net change in total OPEB liability	(1,876,672)	71,957	(691,904)
Total OPEB liability - beginning	34,113,584	34,041,627	34,733,531
Total OPEB liability - ending (a)	<u>\$ 32,236,912</u>	<u>\$ 34,113,584</u>	<u>\$ 34,041,627</u>
Plan fiduciary net position			
Employer contributions	\$ 561,849	\$ 1,440,426	\$ 1,000,000
Net investment income (loss)	2,806,319	1,525,589	(2,988,183)
Benefit payments and refunds	(1,437,784)	(1,414,812)	(1,308,075)
Administrative expense	(40,065)	(28,347)	(10,342)
Net change in plan fiduciary net position	1,890,319	1,522,856	(3,306,600)
Plan fiduciary net position - beginning	30,266,222	28,743,366	32,049,966
Plan fiduciary net position - ending (b)	<u>\$ 32,156,541</u>	<u>\$ 30,266,222</u>	<u>\$ 28,743,366</u>
Net OPEB liability (a-b)	<u>\$ 80,371</u>	<u>\$ 3,847,362</u>	<u>\$ 5,298,261</u>
Plan fiduciary net position as a percentage of total OPEB liability	99.75%	88.72%	84.44%

See Accompanying Notes to Required Supplementary Information

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

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

See Accompanying Notes to Required Supplementary Information

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

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 1,421,536	\$ 1,396,382	\$ 25,154	N/A	N/A
2016	1,526,848	1,287,504	239,344	N/A	N/A
2017	1,457,864	1,604,387	(146,523)	N/A	N/A
2018	2,233,562	2,354,238	(120,676)	N/A	N/A
2019	1,897,955	2,810,654	(912,699)	N/A	N/A
2020	1,754,928	3,376,820	(1,621,892)	N/A	N/A
2021	931,828	2,108,273	(1,176,445)	N/A	N/A
2022	604,395	1,000,000	(395,605)	N/A	N/A
2023	586,031	1,440,426	(854,395)	N/A	N/A
2024	311,849	561,849	(250,000)	N/A	N/A

See Accompanying Notes to Required Supplementary Information

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

<u>Fiscal Year Ending December 31,</u>	<u>City's Proportion of the Net OPEB Liability</u>	<u>City's Proportionate Share of the Net OPEB Liability</u>	<u>City's Covered- Employee Payroll</u>	<u>City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</u>
2017	98.92754% \$	18,319,047 \$	7,173,993	255.35%	52.86%
2018	97.34332%	17,073,942	6,747,847	253.03%	51.31%
2019	97.43084%	15,816,612	6,394,237	247.36%	58.67%
2020	96.90799%	13,464,503	5,900,336	228.20%	66.44%
2021	96.77627%	2,597,054	5,101,121	50.91%	92.27%
2022	96.94040%	5,136,148	4,695,753	109.38%	84.44%
2023	96.77500%	3,723,742	4,629,200	80.44%	88.72%
2024	97.18639%	78,400	N/A	N/A	188.72%

See Accompanying Notes to Required Supplementary Information

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

Fiscal Year Ended December 31,	Money-weighted Rate of Return
2017	5.89%
2018	-3.15%
2019	16.07%
2020	10.19%
2021	14.33%
2022	-9.31%
2023	5.27%
2024	9.46%

See Accompanying Notes to Required Supplementary Information

City of Auburn Hills
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue Funds				
	Metro Act	Wayne-Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	Special Circumstances
Assets					
Cash and cash equivalents	\$ 47,819	\$ 1,380,590	\$ 1,238,709	\$ 94,678	\$ 115,172
Receivables					
Special assessments	-	-	-	-	-
Due from other units of government	-	-	-	-	314,019
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 47,819</u>	<u>\$ 1,380,590</u>	<u>\$ 1,238,709</u>	<u>\$ 94,678</u>	<u>\$ 429,191</u>
Liabilities					
Accounts payable	\$ 6,219	\$ 55	\$ 85	\$ -	\$ -
Refundable deposits	-	-	391,190	-	-
	<u>-</u>	<u>-</u>	<u>391,190</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>6,219</u>	<u>55</u>	<u>391,275</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue					
Other receivables	-	-	-	-	314,019
Special assessments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,019</u>
Fund balances					
Restricted for					
Public works	41,600	-	847,434	-	-
Public safety	-	-	-	94,678	-
Health and welfare	-	-	-	-	115,172
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Committed	-	1,380,535	-	-	-
	<u>-</u>	<u>1,380,535</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>41,600</u>	<u>1,380,535</u>	<u>847,434</u>	<u>94,678</u>	<u>115,172</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,819</u>	<u>\$ 1,380,590</u>	<u>\$ 1,238,709</u>	<u>\$ 94,678</u>	<u>\$ 429,191</u>

City of Auburn Hills
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	
	CDBG	Special Assessment Debt Service	Capital Improvement Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Assets					
Cash and cash equivalents	\$ 22,329	\$ 297,095	\$ -	\$ -	\$ 3,196,392
Receivables					
Special assessments	-	275,490	-	-	275,490
Due from other units of government	<u>10,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>324,869</u>
Total assets	<u>\$ 33,179</u>	<u>\$ 572,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,796,751</u>
Liabilities					
Accounts payable	\$ 10,850	\$ -	\$ -	\$ -	\$ 17,209
Refundable deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,190</u>
Total liabilities	<u>10,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>408,399</u>
Deferred inflows of resources					
Unavailable revenue					
Other receivables	-	-	-	-	314,019
Special assessments	<u>-</u>	<u>213,365</u>	<u>-</u>	<u>-</u>	<u>213,365</u>
Total deferred inflows of resources	<u>-</u>	<u>213,365</u>	<u>-</u>	<u>-</u>	<u>527,384</u>
Fund balances					
Restricted for					
Public works	-	-	-	-	889,034
Public safety	-	-	-	-	94,678
Health and welfare	-	-	-	-	115,172
Community and economic development	22,329	-	-	-	22,329
Debt service	-	359,220	-	-	359,220
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,380,535</u>
Total fund balances	<u>22,329</u>	<u>359,220</u>	<u>-</u>	<u>-</u>	<u>2,860,968</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,179</u>	<u>\$ 572,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,796,751</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

Special Revenue Funds

	Major and Local Streets	Metro Act	Wayne-Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	Special Circumstances
Revenues						
Special assessments		\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants		-	-	-	-	-
State grants		95,439	-	-	-	-
Charges for services		-	250,245	9,143	-	-
Fines and forfeitures		-	-	-	51,695	-
Investment income		2,324	42,026	42,617	2,694	2,876
Other revenue		-	-	-	9,306	68,693
Total revenues		<u>97,763</u>	<u>292,271</u>	<u>51,760</u>	<u>63,695</u>	<u>71,569</u>
Expenditures						
Current						
General government		114,030	-	87,668	-	-
Public safety		-	-	-	27,851	-
Public works		-	45,129	-	-	-
Health and welfare		-	-	-	-	8,367
Capital outlay		-	-	-	-	-
Debt service						
Principal retirement		-	-	-	-	-
Interest and fiscal charges		-	-	-	-	-
Total expenditures		<u>114,030</u>	<u>45,129</u>	<u>87,668</u>	<u>27,851</u>	<u>8,367</u>
Excess (deficiency) of revenues over expenditures		<u>(16,267)</u>	<u>247,142</u>	<u>(35,908)</u>	<u>35,844</u>	<u>63,202</u>
Other financing sources (uses)						
Transfers in		-	-	-	-	-
Transfers out		-	(60,000)	-	(79,914)	-
Total other financing sources and uses		<u>-</u>	<u>(60,000)</u>	<u>-</u>	<u>(79,914)</u>	<u>-</u>
Net change in fund balances		<u>(16,267)</u>	<u>187,142</u>	<u>(35,908)</u>	<u>(44,070)</u>	<u>63,202</u>
Fund balances - beginning of year, as previously reported	2,334,174	57,867	1,193,393	883,342	138,748	51,970
Adjustments	<u>(2,334,174)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) - beginning of year as restated		<u>57,867</u>	<u>1,193,393</u>	<u>883,342</u>	<u>138,748</u>	<u>51,970</u>
Fund balances - end of year		<u>\$ 41,600</u>	<u>\$ 1,380,535</u>	<u>\$ 847,434</u>	<u>\$ 94,678</u>	<u>\$ 115,172</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	
		Special Assessment	Capital Improvement		Total Nonmajor Governmental
	CDBG	Debt Service	Debt Service	Capital Projects	Funds
Revenues					
Special assessments	\$ -	\$ 117,106	\$ -	\$ -	\$ 117,106
Federal grants	118,233	-	-	-	118,233
State grants	-	-	-	-	95,439
Charges for services	-	-	-	-	259,388
Fines and forfeitures	-	-	-	-	51,695
Investment income (loss)	393	23,142	(1)	24,622	140,693
Other revenue	-	-	-	-	77,999
Total revenues	<u>118,626</u>	<u>140,248</u>	<u>(1)</u>	<u>24,622</u>	<u>860,553</u>
Expenditures					
Current					
General government	-	-	-	-	201,698
Public safety	-	-	-	-	27,851
Public works	-	-	-	-	45,129
Health and welfare	81,194	-	-	-	89,561
Capital outlay	-	-	-	212,864	212,864
Debt service					
Principal retirement	-	170,000	1,440,000	-	1,610,000
Interest and fiscal charges	-	12,523	418,525	-	431,048
Total expenditures	<u>81,194</u>	<u>182,523</u>	<u>1,858,525</u>	<u>212,864</u>	<u>2,618,151</u>
Excess (deficiency) of revenues over expenditures	<u>37,432</u>	<u>(42,275)</u>	<u>(1,858,526)</u>	<u>(188,242)</u>	<u>(1,757,598)</u>
Other financing sources (uses)					
Transfers in	-	-	1,858,525	-	1,858,525
Transfers out	-	-	-	(536,125)	(676,039)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,858,525</u>	<u>(536,125)</u>	<u>1,182,486</u>
Net change in fund balances	<u>37,432</u>	<u>(42,275)</u>	<u>(1)</u>	<u>(724,367)</u>	<u>(575,112)</u>
Fund balances (deficit) - beginning of year, as previously reported	(15,103)	401,495	1	-	5,045,887
Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>724,367</u>	<u>(1,609,807)</u>
Fund balances (deficit) - beginning of year as restated	<u>(15,103)</u>	<u>401,495</u>	<u>1</u>	<u>724,367</u>	<u>3,436,080</u>
Fund balances - end of year	<u>\$ 22,329</u>	<u>\$ 359,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,860,968</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
December 31, 2024

	Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Assets			
Cash and cash equivalents	\$ 900,020	\$ 823,275	\$ 1,723,295
Investments			
Mutual funds	33,195,805	27,822,427	61,018,232
Hedge funds	6,500,075	1,479,539	7,979,614
Commingled funds	15,918,793	-	15,918,793
Real estate	3,145,152	2,028,146	5,173,298
Accrued interest and other	4,854	3,154	8,008
	<u>59,664,699</u>	<u>32,156,541</u>	<u>91,821,240</u>
Net position			
Restricted for:			
Pensions	59,664,699	-	59,664,699
Postemployment benefits other than pension	<u>-</u>	<u>32,156,541</u>	<u>32,156,541</u>
	<u>\$ 59,664,699</u>	<u>\$ 32,156,541</u>	<u>\$ 91,821,240</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended December 31, 2024

	Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Additions			
Contributions			
Employer	\$ 978,168	\$ 561,849	\$ 1,540,017
Members	19,424	-	19,424
Total contributions	<u>997,592</u>	<u>561,849</u>	<u>1,559,441</u>
Investment earnings			
Interest, dividends and other	972,553	888,844	1,861,397
Net increase in fair value of investments	<u>4,617,941</u>	<u>2,231,719</u>	<u>6,849,660</u>
Total investment earnings	<u>5,590,494</u>	<u>3,120,563</u>	<u>8,711,057</u>
Less investment costs			
Investment activity costs	<u>165,454</u>	<u>266,519</u>	<u>431,973</u>
Net investment earnings	<u>5,425,040</u>	<u>2,854,044</u>	<u>8,279,084</u>
Total additions	<u>6,439,088</u>	<u>3,414,778</u>	<u>9,853,866</u>
Deductions			
Benefits paid to participants or beneficiaries	4,894,288	1,437,784	6,332,072
Administrative expense	<u>88,127</u>	<u>86,675</u>	<u>174,802</u>
Total deductions	<u>4,982,415</u>	<u>1,524,459</u>	<u>6,506,874</u>
Change in net position	1,456,673	1,890,319	3,346,992
Net position - beginning of year	<u>58,208,026</u>	<u>30,266,222</u>	<u>88,474,248</u>
Net position - end of year	<u>\$ 59,664,699</u>	<u>\$ 32,156,541</u>	<u>\$ 91,821,240</u>

City of Auburn Hills
Other Supplementary Information
Combining Balance Sheet
Major and Local Streets Fund Detail
December 31, 2024

	Major Streets	Local Streets	Total
Assets			
Cash and cash equivalents	\$ 3,873,118	\$ 1,566,202	\$ 5,439,320
Receivables			
General accounts receivable	24,508	5,000	29,508
Due from other units of government	486,303	135,293	621,596
Prepaid items	<u>1,820</u>	<u>170</u>	<u>1,990</u>
 Total assets	 <u>\$ 4,385,749</u>	 <u>\$ 1,706,665</u>	 <u>\$ 6,092,414</u>
Liabilities			
Accounts payable	\$ 49,105	\$ 914,828	\$ 963,933
Contracts payable - retainage	96,017	160,310	256,327
Due to other units of government	1,025	-	1,025
Payroll and other liabilities	19,554	17,432	36,986
Refundable deposits	513,561	113,900	627,461
Unearned revenue	<u>1,900,113</u>	<u>-</u>	<u>1,900,113</u>
 Total liabilities	 <u>2,579,375</u>	 <u>1,206,470</u>	 <u>3,785,845</u>
Fund balances			
Non-spendable			
Prepaid items	1,820	170	1,990
Restricted for			
Streets	<u>1,804,554</u>	<u>500,025</u>	<u>2,304,579</u>
 Total fund balances	 <u>1,806,374</u>	 <u>500,195</u>	 <u>2,306,569</u>
 Total liabilities and fund balances	 <u>\$ 4,385,749</u>	 <u>\$ 1,706,665</u>	 <u>\$ 6,092,414</u>

City of Auburn Hills
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Major and Local Streets Fund Detail
For the Year Ended December 31, 2024

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Total</u>
Revenues			
State grants	\$ 2,486,698	\$ 713,580	\$ 3,200,278
Local contributions	-	181,853	181,853
Investment income	119,583	11,215	130,798
Other revenue	<u>65,149</u>	<u>427,546</u>	<u>492,695</u>
 Total revenues	 2,671,430	 1,334,194	 4,005,624
Expenditures			
Current			
Streets and public improvements	<u>3,176,507</u>	<u>5,770,307</u>	<u>8,946,814</u>
 Excess (deficiency) of revenues over expenditures	 <u>(505,077)</u>	 <u>(4,436,113)</u>	 <u>(4,941,190)</u>
Other financing sources (uses)			
Transfers in	<u>-</u>	<u>4,913,585</u>	<u>4,913,585</u>
 Net change in fund balances	 (505,077)	 477,472	 (27,605)
 Fund balances - beginning of year	 <u>2,311,451</u>	 <u>22,723</u>	 <u>2,334,174</u>
 Fund balances - end of year	 <u>\$ 1,806,374</u>	 <u>\$ 500,195</u>	 <u>\$ 2,306,569</u>