

**City of Auburn Hills**

**Financial Statements**

**December 31, 2025**



**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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

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

*Yeo & Yeo, P.C.*

Troy, Michigan  
May 19, 2026

**City of Auburn Hills, Michigan**  
**Management's Discussion and Analysis**  
**December 31, 2025**

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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, 2025.

**Financial Highlights**

- Utilizing the 2024 Oakland County equalization report, 2024 property tax values increased 7.8% from the year prior. 2024 property tax values drive the 2025 property tax revenues. General fund property tax revenues totaled \$25.3 million and reflected an increase over 2024 property tax revenues of approximately \$1.5 million.
- The City prepaid \$65,582 in 2025 for its assigned share of work related to the Evergreen-Farmington Sanitary Drainage District Walnut Lake Corrective Action Plan for work related to improvements to allow the uninterrupted flow from the pump station down the Evergreen Road Interceptor for total costs not to exceed \$14 million.
- \$2.4 million was invested in public safety buildings, primarily Fire/EMS buildings. An additional \$1.7 in further Fire/EMS infrastructure is planned for 2026
- The \$1.2 million investment in the City's Public Square opened Summer of 2025 for the use and enjoyment of all residents and visitors.
- Road work continues through the City. The city completed over \$11.1 million in road related projects and maintenance in 2025. In 2026, the completion of 2025 projects will continue and \$10.3 million in new work for roads and road maintenance 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).

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.

**City of Auburn Hills, Michigan**  
**Management's Discussion and Analysis**  
**December 31, 2025**

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**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 appropriation budget for its General Fund and special revenue funds. A budgetary 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.

**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 \$288,128,200 at the close of the most recent fiscal year. This is an increase of \$20 million from that of the prior year. The increase is due primarily to the addition of \$14.2 million in capital assets and a reduction in total liabilities of \$5.8 million.

**City of Auburn Hills, Michigan**  
**Management's Discussion and Analysis**  
**December 31, 2025**

**City's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current and other assets	\$112,208,455	\$109,881,075	\$ 46,611,326	\$ 46,153,669	\$158,819,781	\$156,034,744
Capital assets	109,365,950	98,316,247	94,384,381	91,198,085	203,750,331	189,514,332
Total assets	<u>\$221,574,405</u>	<u>\$208,197,322</u>	<u>\$140,995,707</u>	<u>\$137,351,754</u>	<u>\$362,570,112</u>	<u>\$345,549,076</u>
<b>Deferred Outflows of Resources</b>	-	782,074	-	62,555	-	844,629
<b>Liabilities</b>						
Current liabilities	6,737,886	8,578,604	4,122,132	3,659,003	10,860,018	12,237,607
Noncurrent liabilities	22,814,405	27,406,982	5,724,313	5,513,150	28,538,718	32,920,132
Total liabilities	<u>\$ 29,552,291</u>	<u>\$ 35,985,586</u>	<u>\$ 9,846,445</u>	<u>\$ 9,172,153</u>	<u>\$ 39,398,736</u>	<u>\$ 45,157,739</u>
<b>Deferred Inflows of Resources</b>	34,981,546	32,960,217	61,630	111,475	35,043,176	33,071,692
<b>Net Position</b>	<u>\$157,040,568</u>	<u>\$140,033,593</u>	<u>\$131,087,632</u>	<u>\$128,130,681</u>	<u>\$288,128,200</u>	<u>\$268,164,274</u>

**City's Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 7,536,857	\$ 8,831,268	\$ 19,254,191	\$ 18,476,368	\$ 26,791,048	\$ 27,307,636
Operating grants	8,964,180	8,470,267	280,644	34,189	9,244,824	8,504,456
Capital grants	701,112	194,167	614,005	1,625,998	1,315,117	1,820,165
General revenue:						
Taxes	26,463,193	24,014,736	-	-	26,463,193	24,014,736
Intergovernmental	5,403,895	5,180,836	-	-	5,403,895	5,180,836
Investment earnings	4,056,262	3,565,306	1,817,482	1,674,658	5,873,744	5,239,964
Gain on sale of capital assets	183,482	330,469	35,000	-	218,482	-
Other revenue	170,293	88,792	-	23,000	170,293	111,792
Total revenue	<u>53,479,274</u>	<u>50,675,841</u>	<u>22,001,322</u>	<u>21,834,213</u>	<u>75,480,596</u>	<u>72,510,054</u>
<b>Expenses</b>						
General government	8,571,822	8,519,676	-	-	8,571,822	8,519,676
Public safety	14,324,680	19,468,098	-	-	14,324,680	19,468,098
Public works	6,364,423	4,098,710	-	-	6,364,423	4,098,710
Health, welfare and Community development	5,674,627	680,968	-	-	5,674,627	680,968
Recreation and culture	1,277,351	1,017,118	-	-	1,277,351	1,017,118
Debt Service	261,052	300,724	-	-	261,052	300,724
Water & Sewer	-	-	16,912,127	15,119,854	16,912,127	15,119,854
Fieldstone Golf Club	-	-	2,130,588	2,005,192	2,130,588	2,005,192
Total expenses	<u>36,473,955</u>	<u>34,085,294</u>	<u>19,042,715</u>	<u>17,125,046</u>	<u>55,516,670</u>	<u>51,210,340</u>
Transfers	1,656	-	(1,656)	-	-	-
<b>Change in net position</b>	<u>\$ 17,006,975</u>	<u>\$ 16,590,547</u>	<u>\$ 2,956,951</u>	<u>\$ 4,709,167</u>	<u>\$ 19,963,926</u>	<u>\$ 21,299,714</u>

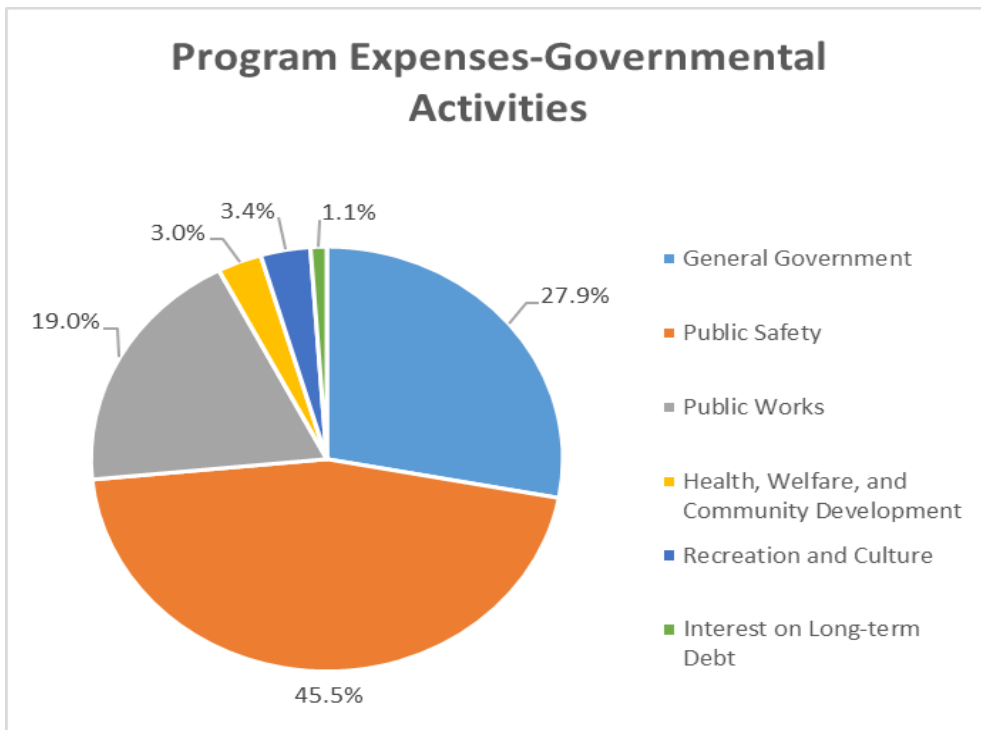
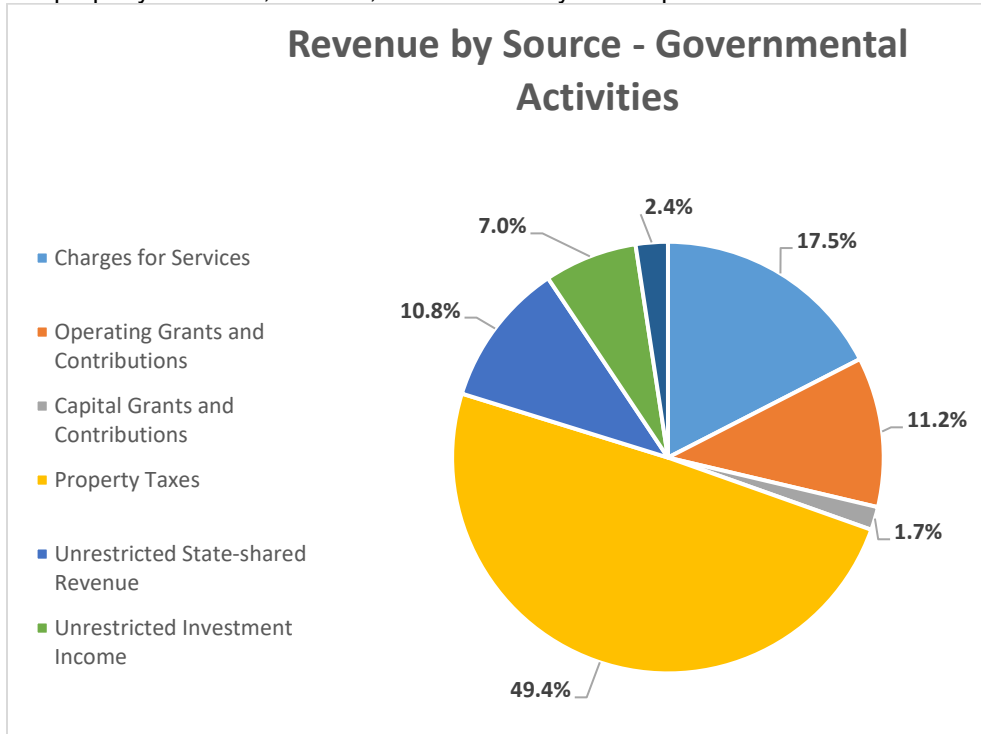
# City of Auburn Hills, Michigan

## Management's Discussion and Analysis

### December 31, 2025

#### Governmental Activities

The City experienced an increase in net position of approximately \$17 million in its governmental activities during 2025. In 2024, the City experienced a similar increase in net position of \$16.6 million. In 2025, revenues increased \$2.8 million, including transfers, while expenditures increased \$2.4 million from that of the prior year. While most areas of revenue increased, property taxes were primarily responsible for the overall increase in revenue. Expenditures increased \$2.4 million in 2025 primarily due to increases in road infrastructure and maintenance. The decrease in public safety was due to reclassifying EMS cost properly in Health, Welfare, and Community Development.



**City of Auburn Hills, Michigan**  
**Management's Discussion and Analysis**  
**December 31, 2025**

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**Business-Type Activities**

The City experienced an increase in net position of approximately \$3 million in its business-type activities during 2025. In 2024, the City had a larger increase in net position of \$4.7 million. Revenues come primarily from charges for services and are 87.5% of total revenues. In 2025, total revenues were \$167,000 more than in 2024 due to the increase in water and sewer charges for services nearly offset by the decrease in capital contributions. Further, the water and sewer utility expense increased \$701,000 exceeding the increases passed on through charges for services. Net Golf revenues and expenses were consistent. Thus, the net effect is still resulting in an increase in net position, but a lower increase than that of the prior year.

**Governmental Funds**

On December 31, 2025, the City's governmental funds reported a combined fund balance of \$66.6 million, an increase of approximately \$3 million from December 31, 2024, fund balance of \$63.6 million. This change is primarily a result of an increase in the General Fund balance of \$4.8 million.

The unassigned portion of the General fund balance represents 113% of total General Fund expenditures (excluding other financing sources) for the 2025 fiscal year as compared to 87% for fiscal year ending 2024. In 2025, the City is assigning \$25.1 million of its fund balance for expected use for 2026 and beyond. Some of the larger assignments include 2027 plans for \$5 million in downtown parking initiatives and \$8.2 million for road work. All assignments, beyond the 2026 net expenditure budget plan totaling \$7.5 million, provide additional assurance that sufficient funds are recognized as budget planning resumes for 2027.

Revenue (not including other financing sources) increased \$3 million across governmental funds in 2025 over the prior year. The largest factors in this increase were due to the \$1.9 million increase in additional state funding for M-24 road improvements and to the \$1.5 million increase in property tax revenue over 2024. Expenditures (not including other financing uses) in governmental funds increased by \$7.2 million. The change was primarily due to a \$5.7 million increase in road maintenance and infrastructure expenses.

**Enterprise Funds**

The City's enterprise funds provide the same type of information found in the business-type activities portion of the government-wide financial statements. The enterprise funds include the Water and Sewer fund and the Fieldstone Golf Club fund. The net position in the Water and Sewer fund is \$115.8 million as of December 31, 2025, an increase of \$2.7 million from 2024. The unrestricted net position increased approximately \$500,000 from \$35.8 million in 2024 to \$36.3 million in 2025.

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 1.48% per year since 2017. A net increase of 2.91% was necessary as of January 2025 to help offset water purchases and sewage treatment costs passed on to us. City expenses are compounded by continual additional costs passed from a county level for the City's share of large infrastructure repairs as well as the City's own infrastructure repair plans. In January 2026, a portion of the charges assessed to the City will result in a 2.05% net increase to the City's water and sewer users.

# City of Auburn Hills, Michigan

## Management's Discussion and Analysis

### December 31, 2025

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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 \$6.6 million in the last eleven 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 \$5.3 million with interest rates from 1.55% to 2.5%. The City will continue to evaluate the benefit of financing and prepaying for future costs passed on to us.

The Water and Sewer fund experienced an operational gain in 2025 of \$316,346. Non-operating net revenues, including capital contributions, decreased by about \$805,000 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 2025 were \$16.9 million. This increased \$1.8 million from the prior year.

The unrestricted net position of Fieldstone Golf Club at year-end is \$1.3 million. The Fieldstone Golf Club fund experienced an operating income of \$195,095, down \$113,967 from 2024.

#### **General Fund Budgetary Highlights**

The General Fund actual revenue exceeded budgeted revenues by \$4.6 million. This additional revenue is primarily related better than expected state shared revenue and a conservative income budget. Details can be found on the budgetary comparison schedule on page 4-1. The expenses of the General fund were under budget approximately \$4.4 million due to restrictive spending in all departments with the exception of capital improvements and debt service.

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2025, is \$203.8 million (net of accumulated depreciation and related debt), an increase of approximately \$14.2 million from 2024. This increase is primarily due to the City's attention to roads, water and sewer infrastructure, improvements in amenities such as the public square and vehicle upgrades and replacements.

**Long-Term Debt**- The City has total debt outstanding of \$19.8 million (excluding compensated absences, subscriptions, and leases) on December 31, 2025. 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 2025, The City prepaid \$65,582 for its assigned share of work related to the Evergreen-Farmington Sanitary Drainage District Walnut Lake Corrective Action Plan. The City will pay upfront for assessments passed on by different authorities when it is able, debt is incurred only when analysis proves it is financially advantageous to do so.

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

The economic outlook for the City of Auburn Hills and suburban Oakland County is stable. The City experienced a 1.6% population growth rate to 26,892 in 2026 and is up 10.41% from 24,357 in 2020. The City retains a strong, though challenged, financial position particularly with rising public safety needs. Wage and medical benefit inflation and high interest rates are affecting hiring across Oakland County but forecasts indicate a recovery in 2027-2028. Due to a new federal-state "sales and motor fuel tax swap", the City is anticipating more funding from the state in 2026 for roads. Also, the city has been awarded funding of \$723,200 for stormwater infrastructure. With new developments slowing in Auburn Hills due to availability of buildable land, the City continues to encourage and pursue redevelopment opportunities to maintain and/or grow its tax base. An aging workforce, lack of specialized trade workers, and adequately trained personnel with local government-specific exposure will impact on the city over the next five years. 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 \$299 million in private investment in the community over the next 24 months. An estimated \$81 million is expected to be invested in housing development and \$218 million in mixed-use and non-residential developments. Annual tax revenue is expected to steadily increase. The actual CPI for 2024 and 2025 was 3% and 2.73% respectively. 2024 CPI drives taxable values of 2025 which then impacts the 2026 budget. Thus, the 2025 CPI will impact

**City of Auburn Hills, Michigan**  
**Management’s Discussion and Analysis**  
**December 31, 2025**

the 2027 budget. Taxable values (which consider inflation, growth, and uncapping’s’ from new sales) for 2025 increased 0.89% over that of the prior year per the Oakland County Equalization report and those values drive our 2026 tax revenues. It certainly indicated a stall in the overall real estate market in response to global uncertainty. 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 3.2% in 2026 and 2.1% in 2027 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 decline over the next several years, and uncertainty of federal and state governmental support will challenge revenue growth to support rising costs. The City is asking for an additional Fire/EMS millage of 1.5 mills on the August 2026 ballot in an effort to address the rising costs of response, especially due to medical calls. Fiscal year 2026 will be the first year whereby the fire millage is no longer sufficient to fund both Fire and EMS operations. The City’s financial projections indicate that that cannot be reversed, and that this deficit will continue to grow unless an additional 1.5 mills is approved by voters in August 2026.

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 2027-2030 projections will be updated as well. Below is a chart populated with information from the City’s current approved amended 2026 budget.

<b>CITY OF AUBURN HILLS GENERAL FUND</b>		
	<b>2025</b>	<b>2026</b>
	<b>ACTUALS</b>	<b>AMENDED BUDGET</b>
<b>Description</b>		<b>(as of 4.27.2026)</b>
PROPERTY TAXES	\$ 25,291,014.00	\$ 25,238,125.00
STATE SHARED REVENUE & REFUNDS	5,438,478.00	4,716,198.00
LICENSES AND PERMITS	1,333,471.00	849,200.00
FEDERAL/STATE GRANTS AND REFUNDS	1,302,926.00	643,398.00
CHARGES FOR SERVICES	2,644,260.00	2,217,740.00
INTEREST REVENUE	3,619,604.00	3,309,606.00
OTHER REVENUE	2,785,191.16	1,204,238.00
INTERFUND CHARGES	2,429,022.00	2,567,531.00
TRANSFERS FROM FUNDS	357,662.00	3,796,497.00
	<b>\$ 45,201,629.00</b>	<b>\$ 44,542,533.00</b>
ANNUAL EXPENDITURES LESS TRANSFERS OUT	\$ 33,456,938.00	\$ 43,173,373.46
TRANSFER TO PENSION FUND	0.00	1,000,000.00
TRANSFER TO RETIREE HEALTH	0.00	0.00
TRANSFER TO MAJOR STREETS	0.00	600,000.00
TRANSFER TO LOCAL STREETS	5,100,000.00	5,595,000.00
TRANSFER TO CI DEBT SERVICE	1,864,900.00	1,865,375.00
<b>TOTAL EXPENDITURES</b>	<b>\$ 40,421,838.00</b>	<b>\$ 52,233,749.00</b>
<b>Net Revenue Under Expenditures</b>	<b>\$ 4,779,791.00</b>	<b>\$ (7,691,216.00)</b>

**City of Auburn Hills, Michigan**  
**Management's Discussion and Analysis**  
**December 31, 2025**

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**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](http://www.auburnhills.org).

**City of Auburn Hills**  
**Statement of Net Position**  
**December 31, 2025**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments	\$ 82,779,773	\$ 39,218,730	\$ 121,998,503	\$ 29,889,587
Receivables				
General accounts receivable	1,608,431	-	1,608,431	-
Property taxes	18,756,990	-	18,756,990	3,895,597
Utility bills	-	2,830,270	2,830,270	-
Special assessments	730,064	-	730,064	-
Accrued interest	66,802	-	66,802	-
Leases receivable	5,844,637	-	5,844,637	102,194
Due from other units of government	3,313,288	197,636	3,510,924	2,500
Due from employees	3,864	-	3,864	-
Internal balances	(2,502,307)	2,502,307	-	-
Inventories	-	289,033	289,033	-
Prepaid items	149,117	54,675	203,792	-
Assets held for sale	114,808	-	114,808	-
Restricted assets				
Cash and cash equivalents	-	1,410,247	1,410,247	-
Investments	110,905	-	110,905	-
Capital assets not being depreciated	22,708,839	26,043,402	48,752,241	8,838,717
Capital assets, net of accumulated depreciation	86,657,111	68,340,979	154,998,090	38,273,107
Net OPEB asset	1,232,083	108,428	1,340,511	-
Total assets	<u>221,574,405</u>	<u>140,995,707</u>	<u>362,570,112</u>	<u>81,001,702</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Statement of Net Position**  
**December 31, 2025**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Liabilities</b>				
Accounts payable	\$ 1,675,821	\$ 1,485,463	\$ 3,161,284	\$ 163,994
Contracts payable - retainage	734,145	130,154	864,299	-
Due to other units of government	17,538	1,622,978	1,640,516	-
Provision for property tax refunds	132,563	-	132,563	62,002
Payroll and other liabilities	813,785	48,160	861,945	3,163
Due to employees	12,232	-	12,232	-
Interest payable	32,993	-	32,993	-
Refundable deposits	3,318,809	788,178	4,106,987	-
Unearned revenue	-	47,199	47,199	-
Noncurrent liabilities				
Debt due within one year	3,131,182	570,027	3,701,209	50,882
Debt due in more than one year	14,743,472	5,154,286	19,897,758	211,275
Net pension liability	4,939,751	-	4,939,751	-
Total liabilities	<u>29,552,291</u>	<u>9,846,445</u>	<u>39,398,736</u>	<u>491,316</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	26,047,575	-	26,047,575	4,090,537
Lease related	5,844,637	-	5,844,637	102,194
Pension related	2,381,772	-	2,381,772	-
OPEB related	707,562	61,630	769,192	-
Total deferred inflows of resources	<u>34,981,546</u>	<u>61,630</u>	<u>35,043,176</u>	<u>4,192,731</u>
<b>Net position</b>				
Net investment in capital assets	92,559,992	90,047,384	182,607,376	47,111,824
Restricted for				
Donations	110,905	-	110,905	-
Debt service	382,694	-	382,694	-
Streets	1,133,945	-	1,133,945	-
Construction code activity	118,129	-	118,129	-
Public works	1,245,221	-	1,245,221	-
Public safety	110,330	-	110,330	-
Health and welfare	327,606	-	327,606	-
Community and economic development	22,329	-	22,329	-
North Oakland County Water Authority	-	777,904	777,904	-
Postemployment benefits other than pension	1,232,083	108,428	1,340,511	-
Unrestricted	<u>59,797,334</u>	<u>40,153,916</u>	<u>99,951,250</u>	<u>29,205,831</u>
Total net position	<u>\$ 157,040,568</u>	<u>\$ 131,087,632</u>	<u>\$ 288,128,200</u>	<u>\$ 76,317,655</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Statement of Activities**  
**For the Year Ended December 31, 2025**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
<b>Functions/programs</b>								
<b>Primary government</b>								
<b>Governmental activities</b>								
General government	\$ 8,571,822	\$ 2,616,856	\$ 359,122	\$ -	\$ (5,595,844)	\$ -	\$ (5,595,844)	\$ -
Public safety	14,324,680	1,967,404	805,730	-	(11,551,546)	-	(11,551,546)	-
Public works	6,364,423	1,178,676	6,738,315	701,112	2,253,680	-	2,253,680	-
Health and welfare	5,674,627	1,589,173	-	-	(4,085,454)	-	(4,085,454)	-
Community and economic development	-	-	943,830	-	943,830	-	943,830	-
Recreation and culture	1,277,351	184,748	117,183	-	(975,420)	-	(975,420)	-
Interest	261,052	-	-	-	(261,052)	-	(261,052)	-
Total governmental activities	<u>36,473,955</u>	<u>7,536,857</u>	<u>8,964,180</u>	<u>701,112</u>	<u>(19,271,806)</u>	<u>-</u>	<u>(19,271,806)</u>	<u>-</u>
<b>Business-type activities</b>								
Golf Course	2,130,588	2,310,772	-	-	-	180,184	180,184	-
Water & Sewer	16,912,127	16,943,419	280,644	614,005	-	925,941	925,941	-
Total business-type activities	<u>19,042,715</u>	<u>19,254,191</u>	<u>280,644</u>	<u>614,005</u>	<u>-</u>	<u>1,106,125</u>	<u>1,106,125</u>	<u>-</u>
Total primary government	<u>\$ 55,516,670</u>	<u>\$ 26,791,048</u>	<u>\$ 9,244,824</u>	<u>\$ 1,315,117</u>	<u>(19,271,806)</u>	<u>1,106,125</u>	<u>(18,165,681)</u>	<u>-</u>
<b>Component units</b>								
TIFA A	\$ 2,140,721	\$ 58,736	\$ 100	\$ -	-	-	-	(2,081,885)
TIFA B	3,343,370	-	-	-	-	-	-	(3,343,370)
TIFA D	1,589,969	2,008	-	-	-	-	-	(1,587,961)
Brownfield Redevelopment Authority	469,919	-	-	-	-	-	-	(469,919)
Downtown Development Authority	278,866	2,753	28,113	-	-	-	-	(248,000)
Total component units	<u>\$ 7,822,845</u>	<u>\$ 63,497</u>	<u>\$ 28,213</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,731,135)</u>
<b>General revenues</b>								
Property taxes					26,463,193	-	26,463,193	3,824,708
Unrestricted state-shared revenue					5,403,895	-	5,403,895	1,398,135
Unrestricted investment earnings					4,056,262	1,817,482	5,873,744	1,202,877
Gain on sale of capital assets					183,482	35,000	218,482	-
Miscellaneous					170,293	-	170,293	-
Transfers					1,656	(1,656)	-	-
Total general revenues					<u>36,278,781</u>	<u>1,850,826</u>	<u>38,129,607</u>	<u>6,425,720</u>
Change in net position					17,006,975	2,956,951	19,963,926	(1,305,415)
Net position - beginning of year					<u>140,033,593</u>	<u>128,130,681</u>	<u>268,164,274</u>	<u>77,623,070</u>
Net position - end of year					<u>\$ 157,040,568</u>	<u>\$ 131,087,632</u>	<u>\$ 288,128,200</u>	<u>\$ 76,317,655</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2025**

	General	Special Revenue Fund Major and Local Streets	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments	\$ 71,209,419	\$ 2,180,937	\$ 2,897,236	\$ 76,287,592
Receivables				
General accounts receivable	1,172,444	435,987	-	1,608,431
Property taxes	18,756,990	-	-	18,756,990
Special assessments	636,002	-	94,062	730,064
Accrued interest	66,802	-	-	66,802
Leases receivable	5,844,637	-	-	5,844,637
Due from other units of government	2,365,527	653,746	294,015	3,313,288
Due from employees	3,864	-	-	3,864
Due from other funds	1,656	-	-	1,656
Prepaid items	147,578	-	-	147,578
Assets held for sale	114,808	-	-	114,808
	<u>\$ 100,319,727</u>	<u>\$ 3,270,670</u>	<u>\$ 3,285,313</u>	<u>\$ 106,875,710</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,066,220	\$ 550,264	\$ 12,015	\$ 1,628,499
Contracts payable - retainage	175,006	557,627	-	732,633
Due to other units of government	2,220	1,025	14,293	17,538
Payroll and other liabilities	798,218	12,052	-	810,270
Due to employees	12,232	-	-	12,232
Provision for property tax refunds	132,563	-	-	132,563
Refundable deposits and bonds	2,227,432	1,015,757	75,620	3,318,809
	<u>4,413,891</u>	<u>2,136,725</u>	<u>101,928</u>	<u>6,652,544</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills  
Governmental Funds  
Balance Sheet  
December 31, 2025**

	General	Special Revenue Fund Major and Local Streets	Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred inflows of resources</b>				
Unavailable revenue				
Property taxes	\$ 26,047,575	\$ -	\$ -	\$ 26,047,575
Lease related	5,844,637	-	-	5,844,637
Other receivables	110,605	563,201	285,512	959,318
Special assessments	640,868	-	101,780	742,648
Total deferred inflows of resources	<u>32,643,685</u>	<u>563,201</u>	<u>387,292</u>	<u>33,594,178</u>
<b>Fund balances</b>				
Non-spendable				
Prepaid items	147,578	-	-	147,578
Land held for sale	114,808	-	-	114,808
Restricted for				
Streets	-	570,744	-	570,744
Construction code activity	118,129	-	-	118,129
Public works	-	-	1,245,221	1,245,221
Public safety	-	-	110,330	110,330
Health and welfare	-	-	42,094	42,094
Community and economic development	-	-	22,329	22,329
Debt service	-	-	313,907	313,907
Committed				
Storm management	66,629	-	-	66,629
Wayne disposal	-	-	1,061,830	1,061,830
Assigned				
Subsequent year's budget	7,506,458	-	-	7,506,458
Roads contribution	8,150,000	-	-	8,150,000
Riverwalk project	1,000,000	-	-	1,000,000
Fire/EMS equipment	1,105,500	-	-	1,105,500
Parking lot initiatives	5,000,000	-	-	5,000,000
Generator replacements	490,000	-	-	490,000
Debt service	1,857,400	-	-	1,857,400
Unassigned	<u>37,705,649</u>	<u>-</u>	<u>382</u>	<u>37,706,031</u>
Total fund balances	<u>63,262,151</u>	<u>570,744</u>	<u>2,796,093</u>	<u>66,628,988</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 100,319,727</u>	<u>\$ 3,270,670</u>	<u>\$ 3,285,313</u>	<u>\$ 106,875,710</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, 2025**

<b>Total fund balances for governmental funds</b>	<b>\$ 66,628,988</b>
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	22,666,310
Capital assets, net of accumulated depreciation	80,469,424
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	1,701,966
Restricted assets held by outside entities are not financial resources and are not reported in the funds.	
	110,905
Deferred outflows (inflows) of resources.	
Deferred inflows of resources resulting from net pension liability	(2,381,772)
Deferred inflows of resources resulting from net OPEB liability	(700,735)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(32,993)
Compensated absences	(1,753,927)
Bonds, notes, premiums and discounts	(14,481,949)
Lease liabilities	(1,083,682)
Subscription arrangements	(506,182)
Net pension liability	(4,939,751)
Net OPEB liability	1,220,051
Internal service funds are included as part of governmental activities.	10,123,915
<b>Net position of governmental activities</b>	<b>\$ 157,040,568</b>

**City of Auburn Hills**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended December 31, 2025**

	General	Special Revenue Fund Major and Local Streets	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 25,291,013	\$ -	\$ -	\$ 25,291,013
Special assessments	1,202,506	-	111,585	1,314,091
Licenses and permits	1,585,164	-	1,000	1,586,164
Federal grants	115,432	-	77,858	193,290
State-shared revenue	5,651,970	-	-	5,651,970
Other state grants	986,942	5,066,655	104,481	6,158,078
Local contributions	960,854	1,919,330	-	2,880,184
Charges for services	4,587,740	-	565,722	5,153,462
Fines and forfeitures	226,161	-	33,346	259,507
Rental income	356,546	-	-	356,546
Investment income	3,619,605	109,791	115,894	3,845,290
Other revenue	573,503	110,521	48,020	732,044
	<u>45,157,436</u>	<u>7,206,297</u>	<u>1,057,906</u>	<u>53,421,639</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
Current				
General government	8,892,796	-	132,225	9,025,021
Public safety	16,815,453	-	30,755	16,846,208
Streets	-	14,602,122	-	14,602,122
Public works	789,183	-	41,463	830,646
Health, welfare and community development	5,498,726	-	179,213	5,677,939
Recreation and culture	1,219,313	-	-	1,219,313
Debt service	-	-	-	-
Principal retirement	228,406	-	1,650,000	1,878,406
Interest and fiscal charges	13,061	-	394,025	407,086
	<u>33,456,938</u>	<u>14,602,122</u>	<u>2,427,681</u>	<u>50,486,741</u>
<b>Total expenditures</b>				
Excess (deficiency) of revenues over expenditures	<u>11,700,498</u>	<u>(7,395,825)</u>	<u>(1,369,775)</u>	<u>2,934,898</u>
<b>Other financing sources (uses)</b>				
Transfers in	1,656	5,660,000	1,864,900	7,526,556
Transfers out	(6,964,900)	-	(560,000)	(7,524,900)
Sale of capital assets	42,537	-	-	42,537
	<u>(6,920,707)</u>	<u>5,660,000</u>	<u>1,304,900</u>	<u>44,193</u>
<b>Total other financing sources (uses)</b>				
Net change in fund balances	4,779,791	(1,735,825)	(64,875)	2,979,091
Fund balances - beginning of year	<u>58,482,360</u>	<u>2,306,569</u>	<u>2,860,968</u>	<u>63,649,897</u>
Fund balances - end of year	<u>\$ 63,262,151</u>	<u>\$ 570,744</u>	<u>\$ 2,796,093</u>	<u>\$ 66,628,988</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2025**

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ 2,979,091</b>
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Depreciation and amortization expense	(4,663,858)
Capital outlay	14,797,901
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
	(363,878)
Expenses are recorded when incurred in the statement of activities.	
Accrued interest	3,450
Compensated absences	(353,722)
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	2,868,271
Net change in the deferred inflow of resources related to the net pension liability	(2,165,439)
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 (asset)	1,292,560
Net change in the deferred outflow of resources related to the net OPEB liability (asset)	(773,207)
Net change in the deferred inflow of resources related to the net OPEB liability (asset)	670,855
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.	
Repayments of long-term debt	1,878,406
Amortization of premiums, discounts and similar items	142,584
Internal service funds are also included as governmental activities	693,961
<b>Change in net position of governmental activities</b>	<b>\$ 17,006,975</b>

**City of Auburn Hills**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2025**

	Enterprise Funds			Internal Service Fund
	Water & Sewer	Nonmajor Fieldstone Golf	Total	
	Fund	Club Fund		
<b>Assets</b>				
Current assets				
Cash and investments	\$ 37,942,491	\$ 1,276,239	\$ 39,218,730	\$ 6,492,181
Receivables				
Utility bills	2,830,270	-	2,830,270	-
Due from other units of government	197,636	-	197,636	-
Inventories	214,677	74,356	289,033	-
Prepaid items	-	54,675	54,675	1,539
<b>Total current assets</b>	<u>41,185,074</u>	<u>1,405,270</u>	<u>42,590,344</u>	<u>6,493,720</u>
Noncurrent assets				
Restricted assets				
Cash and cash equivalents	1,410,247	-	1,410,247	-
Capital assets not being depreciated	17,551,665	8,491,737	26,043,402	42,529
Capital assets, net of accumulated depreciation	65,119,060	3,221,919	68,340,979	6,187,687
Net OPEB asset	96,419	12,009	108,428	12,032
<b>Total noncurrent assets</b>	<u>84,177,391</u>	<u>11,725,665</u>	<u>95,903,056</u>	<u>6,242,248</u>
<b>Total assets</b>	<u>125,362,465</u>	<u>13,130,935</u>	<u>138,493,400</u>	<u>12,735,968</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Proprietary Funds**  
**Statement of Net Position**  
**December 31, 2025**

	Enterprise Funds			Internal Service Fund
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	
<b>Liabilities</b>				
Current liabilities				
Accounts payable	\$ 1,478,111	\$ 7,352	\$ 1,485,463	\$ 47,322
Contracts payable - retainage	130,154	-	130,154	1,512
Due to other funds	-	1,656	1,656	-
Due to other units of government	1,616,713	6,265	1,622,978	-
Payroll and other liabilities	46,682	1,478	48,160	3,515
Refundable deposits	788,178	-	788,178	-
Unearned revenue	-	47,199	47,199	-
Compensated absences	61,275	8,444	69,719	30,374
Current portion of long-term liabilities	409,803	90,505	500,308	-
Total current liabilities	<u>4,530,916</u>	<u>162,899</u>	<u>4,693,815</u>	<u>82,723</u>
Noncurrent liabilities				
Current liabilities payable from restricted assets				
Compensated absences	30,851	6,653	37,504	18,540
Long-term liabilities	4,924,576	192,206	5,116,782	-
Total noncurrent liabilities	<u>4,955,427</u>	<u>198,859</u>	<u>5,154,286</u>	<u>18,540</u>
Total liabilities	<u>9,486,343</u>	<u>361,758</u>	<u>9,848,101</u>	<u>101,263</u>
<b>Deferred inflows of resources</b>				
OPEB related	54,797	6,833	61,630	6,827
<b>Net position</b>				
Net investment in capital assets	78,616,439	11,430,945	90,047,384	6,230,216
Restricted for				
North Oakland County Water Authority	777,904	-	777,904	-
OPEB	96,419	12,009	108,428	12,032
Unrestricted	36,330,563	1,319,390	37,649,953	6,385,630
Total net position	<u>\$ 115,821,325</u>	<u>\$ 12,762,344</u>	128,583,669	<u>\$ 12,627,878</u>
Some amounts reported for business-type activities in the statement of net position are different because certain internal service funds assets and liabilities are reported with business-type activities			<u>2,503,963</u>	
Net position of business-type activities			<u>\$ 131,087,632</u>	

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Proprietary Funds**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2025**

	Enterprise Funds			Internal Service Fund
	Water & Sewer Fund	Nonmajor Fieldstone Golf Club Fund	Total	
<b>Operating revenue</b>				
Customer fees	\$ 16,955,241	\$ 1,646,586	\$ 18,601,827	\$ -
Billings to other funds	-	-	-	3,900,102
Rental income	-	469,568	469,568	-
Other revenue	268,822	194,618	463,440	(5,592)
<b>Total operating revenue</b>	<u>17,224,063</u>	<u>2,310,772</u>	<u>19,534,835</u>	<u>3,894,510</u>
<b>Operating expenses</b>				
Personnel services	1,074,001	413,971	1,487,972	331,705
Supplies	431,286	152,352	583,638	473,835
Contractual services	122,080	723,732	845,812	2,848
Utilities	10,531,514	79,844	10,611,358	-
Repairs and maintenance	121,666	45,111	166,777	401,954
Other expenses	2,212,354	177,934	2,390,288	537,310
Depreciation	2,414,816	522,733	2,937,549	1,778,885
<b>Total operating expenses</b>	<u>16,907,717</u>	<u>2,115,677</u>	<u>19,023,394</u>	<u>3,526,537</u>
<b>Operating income (loss)</b>	<u>316,346</u>	<u>195,095</u>	<u>511,441</u>	<u>367,973</u>
<b>Nonoperating revenue (expenses)</b>				
Investment income	1,784,705	32,777	1,817,482	238,031
Gain on sale of capital assets	35,000	-	35,000	140,945
Interest expense	(57,398)	(14,911)	(72,309)	-
<b>Total nonoperating revenues (expenses)</b>	<u>1,762,307</u>	<u>17,866</u>	<u>1,780,173</u>	<u>378,976</u>
<b>Income (loss) before contributions and transfers</b>	<u>2,078,653</u>	<u>212,961</u>	<u>2,291,614</u>	<u>746,949</u>
Capital contributions	614,005	-	614,005	-
Transfers out	-	(1,656)	(1,656)	-
<b>Change in net position</b>	<u>2,692,658</u>	<u>211,305</u>	<u>2,903,963</u>	<u>746,949</u>
Net position - beginning of year	<u>113,128,667</u>	<u>12,551,039</u>		<u>11,880,929</u>
Net position - end of year	<u>\$ 115,821,325</u>	<u>\$ 12,762,344</u>		<u>\$ 12,627,878</u>
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities			<u>52,988</u>	
Change in net position of business-type activities			<u>\$ 2,956,951</u>	

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2025**

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf	Total	Internal Service
	Fund	Club Fund		Fund
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 16,776,718	\$ 2,321,498	\$ 19,098,216	\$ (5,592)
Receipts from interfund users	-	-	-	3,900,562
Receipts from other funds	-	1,656	1,656	-
Payments to suppliers	(12,486,590)	(1,201,449)	(13,688,039)	-
Payments to employees	(1,056,155)	(411,916)	(1,468,071)	-
Payments for interfund services used	(560,599)	-	(560,599)	(1,821,149)
Net cash provided (used) by operating activities	<u>2,673,374</u>	<u>709,789</u>	<u>3,383,163</u>	<u>2,073,821</u>
<b>Cash flows from noncapital financing activities</b>				
Transfers to other funds	-	(1,656)	(1,656)	-
<b>Cash flows from capital and related financing activities</b>				
Proceeds from capital debt	722,556	-	722,556	-
Capital contributions	614,005	-	614,005	-
Purchases/construction of capital assets	(5,280,432)	(843,412)	(6,123,844)	(2,694,849)
Principal and interest paid on long-term debt	(502,393)	(96,055)	(598,448)	-
Proceeds from sale of capital assets	35,000	-	35,000	140,945
Net cash provided (used) by capital and related financing activities	<u>(4,411,264)</u>	<u>(939,467)</u>	<u>(5,350,731)</u>	<u>(2,553,904)</u>
<b>Cash flows from investing activities</b>				
Interest received	<u>1,784,705</u>	<u>32,777</u>	<u>1,817,482</u>	<u>238,031</u>
Net change in cash and cash equivalents	46,815	(198,557)	(151,742)	(242,052)
Cash and cash equivalents - beginning of year	<u>39,305,923</u>	<u>1,474,796</u>	<u>40,780,719</u>	<u>6,734,233</u>
Cash and cash equivalents - end of year	<u>\$ 39,352,738</u>	<u>\$ 1,276,239</u>	<u>\$ 40,628,977</u>	<u>\$ 6,492,181</u>
<b>Reconciliation to statement of net position</b>				
Cash and cash equivalents	\$ 37,942,491	\$ 1,276,239	\$ 39,218,730	\$ 6,492,181
Restricted cash and cash equivalents	<u>1,410,247</u>	<u>-</u>	<u>1,410,247</u>	<u>-</u>
Cash and cash equivalents - end of year	<u>\$ 39,352,738</u>	<u>\$ 1,276,239</u>	<u>\$ 40,628,977</u>	<u>\$ 6,492,181</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2025**

	Enterprise Funds			
	Water & Sewer	Nonmajor Fieldstone Golf	Total	Internal Service
	Fund	Club Fund		Fund
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ 316,346	\$ 195,095	\$ 511,441	\$ 367,973
Adjustments to reconcile operating income to net cash from operating activities				
Depreciation and amortization expense	2,414,816	522,733	2,937,549	1,778,885
Changes in assets and liabilities				
Receivables (net)	(346,408)	-	(346,408)	460
Due from other units of government	(132,227)	-	(132,227)	-
Inventories	12,208	(8,990)	3,218	-
Prepaid items	-	25,778	25,778	8,761
OPEB related deferred outflows of resources	56,474	6,081	62,555	8,867
Accounts payable	(129,157)	(24,704)	(153,861)	(68,200)
Accrued and other liabilities	(231,753)	(4,131)	(235,884)	(17,698)
Due to other funds	-	1,656	1,656	-
Due to other units of government	810,855	3	810,858	-
Unearned revenue	-	10,726	10,726	-
Refundable deposits payable	31,290	-	31,290	-
Compensated absences	17,846	2,055	19,901	16,510
Net OPEB liability (asset)	(101,075)	(12,509)	(113,584)	(12,767)
OPEB related deferred inflows of resources	(45,841)	(4,004)	(49,845)	(8,970)
Net cash provided (used) by operating activities	<u>\$ 2,673,374</u>	<u>\$ 709,789</u>	<u>\$ 3,383,163</u>	<u>\$ 2,073,821</u>

During 2025, developers contributed \$289,585 of water mains to the Water & Sewer Fund.

**City of Auburn Hills**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2025**

	Pension and Other Employee Benefit Trust Funds	Custodial Funds		Total Fiduciary Funds
		Tax Collection Fund	Auburn Hills Public Library Investment Pool	
<b>Assets</b>				
Cash and cash equivalents	\$ 1,519,824	\$ 7,132,440	\$ 1,248,798	\$ 9,901,062
Investments				
Mutual funds	64,121,737	-	1,437,333	65,559,070
Hedge funds	9,047,351	-	-	9,047,351
Commingled funds	17,049,275	-	-	17,049,275
Real estate	4,337,387	-	-	4,337,387
Accrued interest and other	5,296	-	-	5,296
<b>Total assets</b>	<u>96,080,870</u>	<u>7,132,440</u>	<u>2,686,131</u>	<u>105,899,441</u>
<b>Liabilities</b>				
Accounts payable	21,276	17,192	-	38,468
Due to other units of government	-	7,115,248	-	7,115,248
<b>Total liabilities</b>	<u>21,276</u>	<u>7,132,440</u>	<u>-</u>	<u>7,153,716</u>
<b>Net position</b>				
Restricted for:				
Pensions	61,697,249	-	-	61,697,249
Postemployment benefits other than pension	34,362,345	-	-	34,362,345
Pool participants	-	-	2,686,131	2,686,131
<b>Total net position</b>	<u>\$ 96,059,594</u>	<u>\$ -</u>	<u>\$ 2,686,131</u>	<u>\$ 98,745,725</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Fiduciary Funds**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended December 31, 2025**

	Pension and Other Employee Benefit Trust Funds	Custodial Funds		Total Fiduciary Funds
		Tax Collection Fund	Auburn Hills Public Library Investment Pool	
<b>Additions</b>				
Contributions				
Employer	\$ 1,242,987	\$ -	\$ -	\$ 1,242,987
Members	10,397	-	-	10,397
Total contributions	<u>1,253,384</u>	<u>-</u>	<u>-</u>	<u>1,253,384</u>
Investment earnings				
Interest, dividends and other	1,931,189	-	-	1,931,189
Net increase in fair value of investments	7,955,495	-	70,425	8,025,920
Total investment earnings	<u>9,886,684</u>	<u>-</u>	<u>70,425</u>	<u>9,957,109</u>
Less investment costs				
Investment activity costs	154,664	-	-	154,664
Net investment earnings	<u>9,732,020</u>	<u>-</u>	<u>70,425</u>	<u>9,802,445</u>
Property tax collections for other governments	-	66,757,460	-	66,757,460
Additions by Auburn Hills Public Library	-	-	2,674,239	2,674,239
Miscellaneous	421	-	-	421
Total additions	<u>10,985,825</u>	<u>66,757,460</u>	<u>2,744,664</u>	<u>80,487,949</u>
<b>Deductions</b>				
Benefits paid to participants or beneficiaries	6,592,432	-	-	6,592,432
Deductions by Auburn Hills Public Library	-	-	2,338,542	2,338,542
Administrative expense	145,428	-	-	145,428
Other expense	9,611	-	-	9,611
Payments of property tax to other governments	-	66,757,460	-	66,757,460
Total deductions	<u>6,747,471</u>	<u>66,757,460</u>	<u>2,338,542</u>	<u>75,843,473</u>
Change in net position	4,238,354	-	406,122	4,644,476
Net position - beginning of year	<u>91,821,240</u>	<u>-</u>	<u>2,280,009</u>	<u>94,101,249</u>
Net position - end of year	<u>\$ 96,059,594</u>	<u>\$ -</u>	<u>\$ 2,686,131</u>	<u>\$ 98,745,725</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Component Units**  
**Combining Statement of Net Position**  
**December 31, 2025**

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Corporation	Downtown Development Authority	Total
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 3,612,563	\$ 15,757,953	\$ 5,644,812	\$ 3,268,234	\$ 9,344	\$ 1,596,681	\$ 29,889,587
Receivables							
Property taxes	932,756	1,660,403	274,535	384,584	-	643,319	3,895,597
Leases receivable, current	102,194	-	-	-	-	-	102,194
Due from other units of government	-	-	-	-	-	2,500	2,500
<b>Total current assets</b>	<b>4,647,513</b>	<b>17,418,356</b>	<b>5,919,347</b>	<b>3,652,818</b>	<b>9,344</b>	<b>2,242,500</b>	<b>33,889,878</b>
<b>Noncurrent assets</b>							
Capital assets not being depreciated	6,336,254	352,457	2,134,822	-	-	15,184	8,838,717
Capital assets, net of accumulated depreciation	14,229,062	6,159,085	17,858,960	-	-	26,000	38,273,107
<b>Total noncurrent assets</b>	<b>20,565,316</b>	<b>6,511,542</b>	<b>19,993,782</b>	<b>-</b>	<b>-</b>	<b>41,184</b>	<b>47,111,824</b>
<b>Total assets</b>	<b>25,212,829</b>	<b>23,929,898</b>	<b>25,913,129</b>	<b>3,652,818</b>	<b>9,344</b>	<b>2,283,684</b>	<b>81,001,702</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable	44,874	984	49,659	68,329	-	148	163,994
Provision for property tax refunds	13,603	-	44,249	3,488	-	662	62,002
Payroll and other liabilities	-	-	378	2,785	-	-	3,163
Current portion of long-term liabilities	-	-	-	50,882	-	-	50,882
<b>Total current liabilities</b>	<b>58,477</b>	<b>984</b>	<b>94,286</b>	<b>125,484</b>	<b>-</b>	<b>810</b>	<b>280,041</b>
<b>Noncurrent liabilities</b>							
Long-term liabilities	-	-	-	211,275	-	-	211,275
<b>Total liabilities</b>	<b>58,477</b>	<b>984</b>	<b>94,286</b>	<b>336,759</b>	<b>-</b>	<b>810</b>	<b>491,316</b>
<b>Deferred inflows of resources</b>							
Unavailable revenue - taxes	963,867	1,751,565	290,034	419,222	-	665,849	4,090,537
Lease related	102,194	-	-	-	-	-	102,194
<b>Total deferred inflows of resources</b>	<b>1,066,061</b>	<b>1,751,565</b>	<b>290,034</b>	<b>419,222</b>	<b>-</b>	<b>665,849</b>	<b>4,192,731</b>
<b>Net position</b>							
Net investment in capital assets	20,565,316	6,511,542	19,993,782	-	-	41,184	47,111,824
Unrestricted	3,522,975	15,665,807	5,535,027	2,896,837	9,344	1,575,841	29,205,831
<b>Total net position</b>	<b>\$ 24,088,291</b>	<b>\$ 22,177,349</b>	<b>\$ 25,528,809</b>	<b>\$ 2,896,837</b>	<b>\$ 9,344</b>	<b>\$ 1,617,025</b>	<b>\$ 76,317,655</b>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Component Units**  
**Combining Statement of Activities**  
**For the Year Ended December 31, 2025**

	TIFA A	TIFA B	TIFA D	Brownfield Redevelopment Authority	Economic Development Authority	Downtown Development Department	Total
<b>Expenses</b>							
Community and economic development	\$ 2,140,721	\$ 3,343,370	\$ 1,589,969	\$ 465,767	\$ -	\$ 278,866	\$ 7,818,693
Interest	-	-	-	4,152	-	-	4,152
Total expenses	<u>2,140,721</u>	<u>3,343,370</u>	<u>1,589,969</u>	<u>469,919</u>	<u>-</u>	<u>278,866</u>	<u>7,822,845</u>
<b>Program revenues</b>							
Charges for services	58,736	-	2,008	-	-	2,753	63,497
Operating grants and contributions	100	-	-	-	-	28,313	28,413
Total program revenues	<u>58,836</u>	<u>-</u>	<u>2,008</u>	<u>-</u>	<u>-</u>	<u>31,066</u>	<u>91,910</u>
Net program expense	<u>2,081,885</u>	<u>3,343,370</u>	<u>1,587,961</u>	<u>469,919</u>	<u>-</u>	<u>247,800</u>	<u>7,730,935</u>
<b>General revenues</b>							
Property taxes	916,772	1,680,119	210,043	415,881	-	601,693	3,824,508
State-shared revenue	288,568	165,434	944,133	-	-	-	1,398,135
Unrestricted investment earnings	129,325	717,321	171,002	145,424	-	39,805	1,202,877
Total general revenues	<u>1,334,665</u>	<u>2,562,874</u>	<u>1,325,178</u>	<u>561,305</u>	<u>-</u>	<u>641,498</u>	<u>6,425,520</u>
Change in net position	(747,220)	(780,496)	(262,783)	91,386	-	393,698	(1,305,415)
Net position - beginning 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>
Net position - end of year	<u>\$ 24,088,291</u>	<u>\$ 22,177,349</u>	<u>\$ 25,528,809</u>	<u>\$ 2,896,837</u>	<u>\$ 9,344</u>	<u>\$ 1,617,025</u>	<u>\$ 76,317,655</u>

See Accompanying Notes to the Financial Statements

**City of Auburn Hills**  
**Notes to the Financial Statements**  
**December 31, 2025**

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**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, 2025**

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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, 2025**

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**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.
- Debt service funds are used to record special assessment revenue and other revenue for payment of interest, principal, and other expenditures on long-term debt.

**Proprietary Funds**

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

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

Additionally, the City reports the following nonmajor enterprise fund:

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

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

**Fiduciary Funds**

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

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

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

**Interfund Activity**

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

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

**Basis of Accounting**

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

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

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

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

**City of Auburn Hills**  
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**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 \$26.9 million (approximately 44 percent of pension assets) and approximately \$3.5 million (approximately 10 percent of OPEB assets), respectively, whose fair values are not publicly traded and, therefore, do not always have a readily determinable market value at year end. Management's estimates of these values are based on the City's share of NAV of the related investment company.

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

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

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

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

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

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

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Deferred outflows of resources – 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 (asset) 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 (asset) 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 (asset) 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 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.

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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 prescribes 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 2025 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 2024 taxable valuation of the City totaled \$2.015 billion (ad valorem only). A portion of the City's taxable value is abated, and a portion is captured by the TIFAs, Brownfield Redevelopment Authority, and DDA. These authorities have tax levies both on the December and July property tax bills.

Purpose	Millage Rate	Revenue
General Operating	2.1049	\$ 4,252,212
Roads	1.5000	3,018,436
Fire Department	2.4940	5,018,532
Police Department	5.9713	12,017,844
Total		<u>\$ 24,307,024</u>

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

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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 asset for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB asset, 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 asset 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 payout, 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. 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.

**Upcoming Accounting and Reporting Changes**

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.

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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.

Statement No. 105, *Subsequent Events*, establishes accounting and financial reporting standards for events or transactions that occur after the measurement date of the financial statements but before the date the financial statements are available to be issued. This Statement distinguishes between events that provide additional evidence about conditions that existed at the date of the financial statements and events that provide evidence about conditions that did not exist at that date. Events that provide additional evidence about conditions existing at the financial statement date are recognized in the financial statements, whereas events that provide evidence about conditions arising after the financial statement date are not recognized but should be disclosed if they are essential for users' understanding of the financial statements. This Statement also clarifies the definition of the date the financial statements are available to be issued for disclosure purposes. This Statement is effective for the year ending December 31, 2027.

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 surplus at January 1, 2025		\$	130,238
Building permit revenue			1,358,188
Related expenses:			
Direct expenses	\$		1,232,079
Estimated indirect costs		138,219	
Total related expenses			1,370,298
Current year surplus (shortfall)			(12,109)
Cumulative surplus at December 31, 2025		\$	118,129

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**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	\$ 82,779,773	\$ 39,218,730	\$ 105,894,145	\$ 29,889,587
Restricted cash and cash equivalents	-	1,410,247	-	-
Restricted investments	110,905	-	-	-
Total	<u>\$ 82,890,678</u>	<u>\$ 40,628,977</u>	<u>\$ 105,894,145</u>	<u>\$ 29,889,587</u>

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

	Governmental Activities	Business-type Activities	Fiduciary Funds	Component Units
Deposits	\$ 29,273,395	\$ 9,748,344	\$ 9,884,744	\$ 25,188,462
Petty cash	2,650	1,800	200	-
Restricted assets	110,905	1,410,247	-	-
Investments:				
Michigan CLASS	1,605,897	589,541	-	624,663
Michigan CLASS EDGE	4,517,715	9,167,068	552,322	3,965,911
Investment managers	<u>47,380,116</u>	<u>19,711,977</u>	<u>95,456,879</u>	<u>110,551</u>
Total	<u>\$ 82,890,678</u>	<u>\$ 40,628,977</u>	<u>\$ 105,894,145</u>	<u>\$ 29,889,587</u>

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

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

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

The City has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts, CDs, commercial paper, and municipal bonds. The City's deposits and investment policies are in accordance with statutory authority. The City's treasurer periodically submits recommendations for approved depository banks and credit unions to the City Council. The recommendations are based on external rating services and recommendations by the City's external cash fund managers. Additionally, the City participates in the Michigan CLASS investment pool. The investment pool is not subject to regulatory oversight,

**City of Auburn Hills**  
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is not registered with the SEC, and does not issue a separate financial report. The fair value of the position in the pool 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 \$73,397,310 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The uninsured and uncollateralized amount includes \$12,012,849 of a fiduciary trust fund and \$9,521 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, 2025 by the custodial bank include U.S. Treasuries of \$33,244,374 and U.S. agency securities of \$33,974,389. The investments held by the investment managers include \$126,657 and \$885,011 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, 2025, the City's investment in the Michigan CLASS investment pool was \$2,820,101, which includes \$624,663 of component unit investments. As of December 31, 2025, the City's investment in the Michigan CLASS EDGE investment pool was \$18,203,016, which includes \$3,965,911 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 \$61,708,586 and \$34,366,988 in the Pension Trust Fund and Retiree Health Care Trust Fund, respectively, as of December 31, 2025.

*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:

Investment	Fair Value	Rating	Rating Organization
<u>Primary Government (Includes Component Unit Investments)</u>			
U.S. government agencies	\$ 33,974,389	AA+	S&P
U.S. Treasuries	33,244,374	AA+	S&P
Michigan CLASS - investment pool	2,820,101	AAAm	S&P
Michigan CLASS EDGE - investment pool	<u>17,650,694</u>	AAAf/S1	Fitch Ratings
Total	<u>\$ 87,689,558</u>		
<u>Fiduciary Funds</u>			
Mutual funds - fixed income	\$ 9,318,134	A1	Moody's
Commingled funds - fixed income	17,049,275	Aa3	Moody's
Michigan CLASS - investment pool	2,170	AAAm	S&P
Michigan CLASS EDGE - investment pool	552,322	AAAf/S1	Fitch Ratings
Investment pool	<u>885,011</u>	AA+	S&P
Total	<u>\$ 27,806,912</u>		

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

Investment	Fair Value	Rating	Rating Organization
<u>Primary Government (Includes Component Unit Investments)</u>			
U.S. government agencies	\$ 33,974,389	AA+	S&P
U.S. Treasuries	33,244,374	AA+	S&P
Michigan CLASS - investment pool	2,820,101	AAAm	S&P
Michigan CLASS EDGE - investment pool	<u>17,650,694</u>	AAAf/S1	Fitch Ratings
Total	<u>\$ 87,689,558</u>		
<u>Fiduciary Funds</u>			
Mutual funds - fixed income	\$ 9,318,134	A1	Moody's
Commingled funds - fixed income	17,049,275	Aa3	Moody's
Michigan CLASS - investment pool	2,170	AAAm	S&P
Michigan CLASS EDGE - investment pool	552,322	AAAf/S1	Fitch Ratings
Investment pool	<u>885,011</u>	AA+	S&P
Total	<u>\$ 27,806,912</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, 2025:

	Assets and Liabilities Measured at Carrying Value on a Recurring Basis at December 31, 2025			
	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, 2025
	(Level 1)	(Level 2)	Inputs (Level 3)	2025
Debt Securities				
U.S. Treasuries	\$ -	\$ 33,244,374	\$ -	\$ 33,244,374
U.S. government agencies	-	34,859,400	-	34,859,400
Mutual funds and fixed income	<u>9,318,134</u>	<u>-</u>	<u>-</u>	<u>9,318,134</u>
Total debt securities	9,318,134	68,103,774	-	77,421,908
Equity securities				
Mutual funds - equity	<u>54,803,602</u>	<u>-</u>	<u>-</u>	<u>54,803,602</u>
Total investments by fair value level	<u>\$ 64,121,736</u>	<u>\$ 68,103,774</u>	<u>\$ -</u>	<u>132,225,510</u>
Investments measured at net asset value (NAV):				
Michigan CLASS investment pool				2,820,101
Michigan CLASS EDGE investment pool				18,203,016
Commingled funds				17,049,275
Multistrategy hedge funds				4,903,639
Private equity funds				4,143,712
Private real estate funds				<u>4,337,387</u>
Total investments measured at NAV				<u>51,457,130</u>
Total assets				<u>\$ 183,682,640</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, 2025 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, 2025, 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	\$ 2,822,271	\$ -	No restrictions	None
Michigan CLASS EDGE investment pool	18,203,016	-	No restrictions	None
Commingled funds	17,049,275	-	Daily	Daily
Multistrategy hedge funds	4,903,639	-	Quarterly	95 days
Private equity funds	4,143,712	1,462,500	No restrictions	None
Private real estate funds	4,337,387	-	None - quarterly	None - 10 days
Total	<u>\$ 51,459,300</u>	<u>\$ 1,462,500</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 AAf/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.

**City of Auburn Hills**  
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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 \$110,905 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 \$1,410,247. 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 \$777,904. NOCWA is holding the deposit to cover future water expenses.

**City of Auburn Hills**  
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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	Reclass	Ending Balance
<b>Governmental activities</b>					
Capital assets not being depreciated					
Land	\$ 5,648,991	\$ 493,601	\$ -	\$ -	\$ 6,142,592
Construction-in-progress	7,741,377	12,646,813	3,821,943	-	16,566,247
Total capital assets not being depreciated	<u>13,390,368</u>	<u>13,140,414</u>	<u>3,821,943</u>	<u>-</u>	<u>22,708,839</u>
Capital assets being depreciated					
Land improvements	3,919,384	1,999,766	-	-	5,919,150
Roads	114,727,070	2,671,018	-	-	117,398,088
Storm drains	7,713,816	-	-	-	7,713,816
Buildings, additions and improvements	24,339,538	311,698	-	-	24,651,236
Machinery and equipment	8,625,071	261,763	34,799	-	8,852,035
Vehicles	10,504,823	2,868,536	878,265	-	12,495,094
Office furnishings and equipment	437,192	37,703	6,793	-	468,102
Right to use asset - machinery and equipment	1,255,406	-	-	-	1,255,406
Right to use asset - subscription arrangements	615,497	23,491	-	-	638,988
Total capital assets being depreciated	<u>172,137,797</u>	<u>8,173,975</u>	<u>919,857</u>	<u>-</u>	<u>179,391,915</u>
Less accumulated depreciation for					
Land improvements	302,886	195,714	-	-	498,600
Roads	52,289,058	3,137,162	-	-	55,426,220
Storm drains	3,272,281	153,892	-	-	3,426,173
Buildings, additions and improvements	17,230,868	695,299	-	-	17,926,167
Machinery and equipment	6,612,750	664,173	34,799	400,000	7,642,124
Vehicles	6,954,990	1,363,110	878,265	(400,000)	7,039,835
Office furnishings and equipment	433,883	7,541	6,793	-	434,631
Right to use asset - machinery and equipment	83,694	125,541	-	-	209,235
Right to use asset - subscription arrangements	31,508	100,311	-	-	131,819
Total accumulated depreciation	<u>87,211,918</u>	<u>6,442,743</u>	<u>919,857</u>	<u>-</u>	<u>92,734,804</u>
Net capital assets being depreciated	<u>84,925,879</u>	<u>1,731,232</u>	<u>-</u>	<u>-</u>	<u>86,657,111</u>
Governmental activities net capital assets	<u>\$ 98,316,247</u>	<u>\$ 14,871,646</u>	<u>\$ 3,821,943</u>	<u>\$ -</u>	<u>\$ 109,365,950</u>

**City of Auburn Hills**  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 8,325,776	\$ -	\$ -	\$ 8,325,776
Construction-in-progress	13,017,429	4,734,386	34,189	17,717,626
Total capital assets not being depreciated	<u>21,343,205</u>	<u>4,734,386</u>	<u>34,189</u>	<u>26,043,402</u>
Capital assets being depreciated				
Buildings, additions and improvements	12,038,106	723,701	-	12,761,807
Machinery and equipment	2,749,707	-	25,000	2,724,707
Water and sewer mains	109,773,588	699,947	-	110,473,535
Right to use asset - machinery and equipment	448,055	-	-	448,055
Total capital assets being depreciated	<u>125,009,456</u>	<u>1,423,648</u>	<u>25,000</u>	<u>126,408,104</u>
Less accumulated depreciation for				
Buildings, additions and improvements	8,989,122	522,987	-	9,512,109
Machinery and equipment	2,714,205	46,214	25,000	2,735,419
Water and sewer mains	43,386,077	2,270,592	-	45,656,669
Right to use asset - machinery and equipment	65,172	97,756	-	162,928
Total accumulated depreciation	<u>55,154,576</u>	<u>2,937,549</u>	<u>25,000</u>	<u>58,067,125</u>
Net capital assets being depreciated	<u>69,854,880</u>	<u>(1,513,901)</u>	<u>-</u>	<u>68,340,979</u>
Business-type capital assets, net	<u>\$ 91,198,085</u>	<u>\$ 3,220,485</u>	<u>\$ 34,189</u>	<u>\$ 94,384,381</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Component Units</b>				
Capital assets not being depreciated				
Land	\$ 8,353,465	\$ -	\$ -	\$ 8,353,465
Construction-in-progress	68,829	485,252	68,829	485,252
Total capital assets not being depreciated	<u>8,422,294</u>	<u>485,252</u>	<u>68,829</u>	<u>8,838,717</u>
Capital assets being depreciated				
Roads	36,470,409	-	-	36,470,409
Buildings, additions and improvements	27,349,738	123,888	-	27,473,626
Machinery and equipment	435,544	103,965	-	539,509
Land improvements	10,695,679	-	-	10,695,679
Total capital assets being depreciated	<u>74,951,370</u>	<u>227,853</u>	<u>-</u>	<u>75,179,223</u>
Less accumulated depreciation for				
Roads	16,678,729	956,187	-	17,634,916
Buildings, additions and improvements	12,305,497	733,846	-	13,039,343
Machinery and equipment	355,629	48,228	-	403,857
Land improvements	5,408,492	419,508	-	5,828,000
Total accumulated depreciation	<u>34,748,347</u>	<u>2,157,769</u>	<u>-</u>	<u>36,906,116</u>
Net capital assets being depreciated	<u>40,203,023</u>	<u>(1,929,916)</u>	<u>-</u>	<u>38,273,107</u>
Component units capital assets, net	<u>\$ 48,625,317</u>	<u>\$ (1,444,664)</u>	<u>\$ 68,829</u>	<u>\$ 47,111,824</u>

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

<b>Governmental activities</b>	
General government	\$ 318,815
Public safety	518,940
Public works	3,631,515
Health, welfare and community development	194,588
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,778,885</u>
Total governmental activities	<u>6,442,743</u>
 <b>Business-type activities</b>	
Golf Course Fund	522,733
Water and Sewer Fund	<u>2,414,816</u>
 Total business-type activities	 <u>2,937,549</u>
 Total primary government	 <u>\$ 9,380,292</u>

**Construction Commitments**

The City had \$13,651,473 remaining construction commitments as of December 31, 2025.

**City of Auburn Hills**  
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**Note 6 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund Nonmajor enterprise funds
General Fund	\$ 1,656

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

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

Transfers In	Transfers Out			Total
	General Fund	Nonmajor governmental funds	Nonmajor enterprise funds	
General Fund	\$ -	\$ -	\$ 1,656	\$ 1,656
Major and Local Streets Fund	5,100,000	560,000	-	5,660,000
Nonmajor governmental funds	1,864,900	-	-	1,864,900
	\$ 6,964,900	\$ 560,000	\$ 1,656	\$ 7,526,556

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 transfers from Nonmajor governmental funds to the Major and Local Streets Fund was due to a closure of the Wayne Disposal activities with any remaining fund balance used to supplement roads. The transfers from the General Fund to the Nonmajor governmental funds was to service debt.

**City of Auburn Hills**  
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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	10/15/2025	10 years	2 10-year terms, 1 5-year term	Annual	25,495	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	7/9/2025	3 years	None	Monthly	1,868 / 2,020	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 \$1,943 per month on August 1, 2026 and to \$2,020 per month on August 1, 2027.

**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
2026	\$ 65,488	\$ 22,349
2027	68,561	19,274
2028	71,779	16,056
2029	50,638	12,783
2030	52,990	10,430
2031-2035	196,726	16,354
	<u>\$ 506,182</u>	<u>\$ 97,246</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, 2025 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>							
Bonds and notes payable							
General obligation bonds							
Capital Improvement Bonds, Series 2017 (LTGO) (2)	3.00%	\$450,000 - \$550,000	\$ 3,990,000	\$ -	\$ 450,000	\$ 3,540,000	\$ 465,000
Capital Improvement Bonds, Series 2021 (LTGO) (4)	2.0% - 3.0%	\$1,030,000-\$1,280,000	10,280,000	-	1,030,000	9,250,000	1,050,000
Total general obligation bonds			14,270,000	-	1,480,000	12,790,000	1,515,000
Special assessment obligations							
Special Assessment Bonds, Series 2017 (LTGO) (3)	2.25%	\$165,000	500,000	-	170,000	330,000	165,000
Notes from direct borrowings and direct placements							
State Revolving Fund Loan -							
Storm Water Management Retrofit (1)	2.50%	\$7,658 - \$10,000	57,658	-	7,658	50,000	10,000
State Revolving Fund Loan -							
Storm Water Management Galloway Drain (1)	2.50%	\$50,000 - \$60,000	330,000	-	50,000	280,000	55,000
Total notes from direct borrowings and direct placements			387,658	-	57,658	330,000	65,000
Premiums and discounts							
Unamortized premiums							
			1,174,533	-	142,584	1,031,949	142,584
Total bonds and notes payable			16,332,191	-	1,850,242	14,481,949	1,887,584
Leases							
Subscriptions			1,188,272	-	104,590	1,083,682	109,450
Compensated absences			572,340	-	66,158	506,182	65,488
			1,432,913	369,928	-	1,802,841	1,068,660
Total governmental activities			\$ 19,525,716	\$ 369,928	\$ 2,020,990	\$ 17,874,654	\$ 3,131,182

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

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	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities</b>							
Bonds and notes payable							
Direct borrowings and direct placements:							
Oakland-Macomb Interceptor Drain Bonds, Series 2010A (5)	2.50%	\$47,770 - \$54,051	\$ 352,575	\$ -	\$ 47,441	\$ 305,134	\$ 47,770
Oakland-Macomb Interceptor Drain Bonds, Series 2011A Segment 2 (6)	1.85%	\$54,592 - \$64,739	521,654	-	45,144	476,510	54,592
Oakland-Macomb Interceptor Drain Bonds, Financing source not finalized by Oakland County for OMID 2013A Segment 3 (7)	2.00%	\$115,767 - \$135,553	1,239,443	-	110,584	1,128,859	115,767
Oakland-Macomb Interceptor Drain Bonds, Series 2019A Refunding Bonds (5)	1.85%	\$14,215 - \$16,530	90,416	-	13,719	76,697	14,215
Oakland-Macomb Interceptor Drain Bonds, Series 2019B (10)	1.55%	\$ -	58,000	-	58,000	-	-
State Revolving Fund Loan - Sanitary Sewer Rehabilitation (8)	2.50%	\$70,000	415,000	-	65,000	350,000	70,000
Clinton River Water Resource Recover Facility - Drainage District Drain Bond, Series 2017 (SRF) (9)	2.50%	\$107,459 - \$141,580	1,709,281	-	105,107	1,604,174	107,459
CR - Water Resource Recovery Facility #5835 - 01 (11)	1.88%	\$108,834 - \$669,859	359,659	449,034	-	808,693	-
Evergreen Farmington (12)	1.88%	\$21,966 - \$210,478	235,366	188,435	-	423,801	-
CR - Water Resource Recovery Facility #5994 - 01 (13)	2.50%	\$98,569 - \$229,191	75,424	85,087	-	160,511	-
Total notes from direct borrowings and direct placements			5,056,818	722,556	444,995	5,334,379	409,803
Leases			363,854	-	81,143	282,711	90,505
Compensated absences			87,322	19,901	-	107,223	69,719
Total business-type activities			<u>\$ 5,507,994</u>	<u>\$ 742,457</u>	<u>\$ 526,138</u>	<u>\$ 5,724,313</u>	<u>\$ 570,027</u>

- (5) During 2009, the counties of Macomb and Oakland, Michigan jointly established the Oakland-Macomb Interceptor Drain - Drainage District (OMID), an intercounty drainage district, under Chapter 21 of the Drain Code. The OMID was created to acquire, operate, and maintain the Oakland-Macomb Interceptor (OMI); title to the OMI was transferred from the City of Detroit, Michigan to the OMID as part of a settlement agreement with the City of Detroit, Michigan reached in May 2009. The OMID apportioned the responsibility to pay the debt required to finance this project to the participating cities, townships, and villages located in the two counties. The OMID bond debt will be amortized over a 20-year period with an interest rate of 2.5 percent. The OMID 2010B debt has a 45 percent federal interest subsidy, which is reimbursed to the City semiannually. The OMID 2010B bond was refunded during 2020.
- (6) During 2011, additional bonds (Series 2011A) were issued through the State's revolving fund loans for Segment 2 of the OMID project. The state revolving fund loan is for a 20-year period with a fixed interest rate of 2.5 percent. The City will have a level debt service payment of approximately \$66,400 for principal and interest for the loan duration. The final loan payment related to this issuance will be in fiscal year 2033.
- (7) Beginning in 2012 as part of Oakland-Macomb Interceptor Drain project, Oakland County, Michigan commenced with Segment 3 of the project. The tentative estimated cost of this segment is \$65,140,000. The City's pro rata share of the project is approximately 3.47 percent, which resulted in the City's share of the debt being approximately \$2.26 million. The City will have a level debt service payment of approximately \$138,300 for principal and interest for the loan duration. The final loan payment related to this issuance will be in fiscal year 2034.
- (8) The principal repayment amounts for the Sanitary Sewer Rehabilitation represent 60 percent of the total project costs, as 40 percent of the project cost qualified for principal forgiveness from the American Recovery and Reinvestment Act of 2009. The first principal payment on this project was paid in April 2011. The loan repayments are amortized over 20 years with an interest rate of 2.5 percent.
- (9) During 2017, the Clinton River Water Resource Recovery Facility Drainage District sold Drain Bonds Series 2017 for the Biosolids Handling and Septage Receiving Facility Project that spans the Oakland County community. This debt reflects the City's 6.124 percent share of this project. The project is in progress at December 31, 2025. The final payment related to this debt is expected in 2038.

**City of Auburn Hills**  
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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 occurred 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%	\$50,882 - \$54,004	\$ 312,287	-	\$ 50,130	\$ 262,157	\$ 50,882

- (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
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	1,690,000	169,650	70,000	875
2031-2035	4,810,000	202,650	-	-
	<u>\$ 13,120,000</u>	<u>\$ 1,530,149</u>	<u>\$ 330,000</u>	<u>\$ 20,877</u>
			Component Units	
	Business-type Activities		Notes from Direct Borrowings and Direct Placements	
	Notes from Direct Borrowings and Direct Placements		Principal	Interest
	Principal	Interest	Principal	Interest
2026	\$ 409,803	\$ 118,273	\$ 50,882	\$ 3,932
2027	548,678	118,517	51,645	3,169
2028	1,246,905	77,470	52,420	2,394
2029	558,885	64,578	53,206	1,608
2030	570,477	38,378	54,004	810
2031-2035	2,092,588	62,197	-	-
2036-2040	1,239,519	-	-	-
2041-2045	714,426	-	-	-
2046-2049	229,191	-	-	-
	<u>7,610,472</u>	<u>\$ 479,413</u>	<u>\$ 262,157</u>	<u>\$ 11,913</u>
Less: undrawn maturities	<u>(2,276,093)</u>			
	<u>\$ 5,334,379</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, 2025, there were five series of Economic Development Corporation bonds outstanding. The aggregate principal amount outstanding could not be determined. However, the bonds' original issue amounts totaled \$16,850,000.

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**Note 10 - Net Investment in Capital Assets**

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

	Governmental Activities	Business-type Activities	Component Units
Capital assets			
Capital assets not being depreciated	\$ 22,708,839	\$ 26,043,402	\$ 8,838,717
Capital assets, net of accumulated depreciation	86,657,111	68,340,979	38,273,107
Total capital assets	109,365,950	94,384,381	47,111,824
Restricted assets	-	1,410,247	-
Related debt			
General obligation bonds	(12,790,000)	-	-
Special assessment obligations	(330,000)	-	-
Notes from direct borrowing and direct placements	(330,000)	(5,334,379)	-
Retainage	(734,145)	(130,154)	-
Leases	(1,083,682)	(282,711)	-
Subscriptions	(506,182)	-	-
Unamortized bond premiums	(1,031,949)	-	-
Total related debt	(16,805,958)	(5,747,244)	-
Net investment in capital assets	\$ 92,559,992	\$ 90,047,384	\$ 47,111,824

**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.

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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, 2025, the City contributed \$1,978,522.

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.

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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	4
	139

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, 2025, the City made the actuarially determined contribution of \$965,670 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, 2025 as its measurement date for the net pension liability. The December 31, 2025 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, 2025 measurement date. The December 31, 2025 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

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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%	0.85%
US Core Fixed Income	22.00%	2.33%
Private Credit	7.00%	6.57%
US Large Cap Equity	22.00%	5.47%
US Small & Mid Cap Equity	14.00%	5.80%
Foreign Developed Equity	15.00%	6.35%
Private Real Estate Property	9.00%	5.91%
Hedge Funds	10.00%	2.48%

Rate of return - For the year ended December 31, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 10.56 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, 2025 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.

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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, 2024	\$ 67,472,721	\$ 59,664,699	\$ 7,808,022
Changes for the year			
Service cost	84,627	-	84,627
Interest on total pension liability	4,069,212	-	4,069,212
Employer contributions	-	965,670	(965,670)
Employee contributions	-	7,948	(7,948)
Net investment income (loss)	-	6,080,611	(6,080,611)
Benefit payments and refunds	(4,975,298)	(4,975,298)	-
Administrative expense	-	(32,119)	32,119
Net changes	<u>(821,459)</u>	<u>2,046,812</u>	<u>(2,868,271)</u>
Balances as of December 31, 2025	<u>\$ 66,651,262</u>	<u>\$ 61,711,511</u>	<u>\$ 4,939,751</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>\$ 12,109,545</u>	<u>\$ 4,939,751</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions - For the year ended December 31, 2025, the employer recognized pension expense of \$262,837. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earning on plan investments	<u>\$ (2,381,772)</u>

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

Year ended December 31,	
2026	\$ 451,033
2027	(1,466,860)
2028	(870,276)
2029	(495,669)
	\$ (2,381,772)

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	54
	162

**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, 2025, the City paid postemployment

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health care premiums of \$279,766, and contributed \$0 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 Asset - The net OPEB asset of \$1,388,714 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 asset. The City's proportionate share of the net OPEB asset is \$1,340,511 at December 31, 2025. At December 31, 2025, the City's proportionate share was 96.53 percent, based on the City's number of plan members as a percentage of the plan's total members. At December 31, 2024, the prior measurement date, the City's proportionate share was 97.19 percent, or a 0.66 percent change.

The City has chosen to use the December 31, 2025 measurement date as its measurement date for the net OPEB asset. The December 31, 2025 fiscal year end reported net OPEB asset was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2025 measurement date. The December 31, 2025 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, 2025.

Actuarial assumptions - The total OPEB liability in the December 31, 2025 actuarial valuation was determined using an investment rate of return (net of investment expenses) of 6.25 percent; a health care cost trend rate of 5.9 percent for 2025, decreasing to an ultimate rate of 3.9 percent over 48 years for pre-Medicare participants, and a health care cost trend rate of 6.3 percent for 2025, decreasing to an ultimate rate of 3.9 percent over 48 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, 2025 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Cash	1.00%	0.85%
US Core Fixed Income	29.00%	2.33%
US Large Cap Equity	28.00%	5.47%
US Small & Mid Cap Equity	12.00%	5.80%
Foreign Developed Equity	16.00%	7.00%
Private Real Estate Property	9.00%	5.91%
Hedge Funds	5.00%	2.48%

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Rate of return - For the year ended December 31, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 11.44%. 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)		Net OPEB (Asset) Liability (a) - (b)
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	
Balances as of December 31, 2024	\$ 32,236,912	\$ 32,156,541	\$ 80,371
Changes for the year			
Service cost	372,544	-	372,544
Interest on total OPEB liability	1,988,321	-	1,988,321
Employer contributions	-	279,766	(279,766)
Net investment income (loss)	-	3,582,502	(3,582,502)
Benefit payments and refunds	(1,617,134)	(1,617,134)	-
Administrative expense	-	(32,318)	32,318
Net changes	743,731	2,212,816	(1,469,085)
Balances as of December 31, 2025	\$ 32,980,643	\$ 34,369,357	\$ (1,388,714)

Plan fiduciary net position as a percentage of the total OPEB liability is 104.21%.

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB (asset) liability of the City, as well as what the City's net OPEB (asset) 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 (asset) liability	\$ 2,869,762	\$ (1,388,714)	\$ (4,887,499)
City's proportionate share	2,770,755	(1,340,511)	(4,718,880)

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 (asset) liability	\$ (5,510,230)	\$ (1,388,714)	\$ 3,648,084
City's proportionate share	(5,320,127)	(1,340,511)	3,522,225

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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, 2025, the City recognized OPEB expense of \$(1,065,743). The City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earning on plan investments	\$ <u>(797,385)</u>
City's share	\$ (769,192)
Library's share	<u>(28,193)</u>
	<u>\$ (797,385)</u>

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

Year ended December 31,	
2026	508,703
2027	(471,627)
2028	(511,470)
2029	<u>(322,991)</u>
	<u>\$ (797,385)</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, 2025, the City made contributions of \$64,982.

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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
<b>Statement of Net Position</b>		
Cash and cash equivalents	\$ 864,815	\$ 655,009
Investments	60,843,771	33,711,979
Other assets	2,925	2,371
	61,711,511	34,369,359
Accounts payable	14,262	7,014
Net position	\$ 61,697,249	\$ 34,362,345
	Pension Trust Fund	Retiree Health Care Trust Fund
<b>Statement of Changes in Net Position</b>		
Investment income	\$ 6,120,003	\$ 3,612,017
Contributions	973,618	279,766
Miscellaneous	421	(9,611)
Benefit payments	(4,975,298)	(1,617,134)
Administrative expense	(86,194)	(59,234)
Net change in net position	\$ 2,032,550	\$ 2,205,804

**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 2025 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, 2025, the City abated approximately \$501,307 of taxes under this program.

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**December 31, 2025**

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The City has a payment in lieu of taxes agreement with a business that provides housing for elderly citizens of low and moderate income, which is federally aided or statute authority aided in accordance with the State Housing Development Act of 1966, as provided in PA 346 of 1966. Under this program, the property pays 6 percent of rental income to the City in lieu of taxes. The tax-exempt status of the property shall be rescinded when the authority no longer has an interest in the property. For the fiscal year ended December 31, 2025, the City abated approximately \$88,561 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, 2025, the Brownfield Redevelopment Authority captured approximately \$397,000 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, 2025, the City contributed \$5,171,223 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, 2025.

**City of Auburn Hills**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2025**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
Taxes				
Property taxes	\$ 23,623,000	\$ 23,623,000	\$ 24,142,391	\$ 519,391
Penalties and interest	11,500	11,500	18,508	7,008
Administration fee	1,033,179	1,033,179	1,130,114	96,935
Special assessments	352,280	352,280	1,202,506	850,226
Licenses and permits	1,093,200	1,093,200	1,585,164	491,964
Federal grants	43,413	1,054,500	115,432	(939,068)
State-shared revenue	4,306,859	4,306,859	5,651,970	1,345,111
State grants	561,803	561,803	986,942	425,139
Local contributions	382,857	382,857	960,854	577,997
Charges for services	4,384,152	4,394,152	4,587,740	193,588
Fines and forfeitures	218,000	218,000	226,161	8,161
Rental income	371,546	371,546	356,546	(15,000)
Investment income	2,876,329	2,876,329	3,619,605	743,276
Other revenue	393,820	393,820	573,503	179,683
<b>Total revenues</b>	<b>39,651,938</b>	<b>40,673,025</b>	<b>45,157,436</b>	<b>4,484,411</b>
<b>Expenditures</b>				
General government				
City Council	128,474	128,474	109,813	(18,661)
City manager	780,474	780,474	727,798	(52,676)
Clerk	320,519	327,519	313,887	(13,632)
Information technology/data processing	748,610	757,810	514,359	(243,451)
Treasurer	871,855	842,855	695,835	(147,020)
Assessing	421,455	424,655	389,685	(34,970)
Facilities	1,966,485	1,972,824	1,718,123	(254,701)
Human resources	394,673	398,673	349,131	(49,542)
Pension board	10,647	10,647	10,506	(141)
Grounds	1,627,107	1,650,483	1,604,746	(45,737)
Capital improvements	-	1,214,217	1,291,393	77,176
General administration	1,462,234	1,356,512	1,167,520	(188,992)
<b>Total general government</b>	<b>8,732,533</b>	<b>9,865,143</b>	<b>8,892,796</b>	<b>(972,347)</b>
Public safety				
Police	8,560,066	8,359,466	7,929,615	(429,851)
Police administration	2,823,370	2,902,599	2,767,917	(134,682)
Fire suppression	1,791,052	2,005,306	1,917,853	(87,453)
Fire prevention	554,898	554,898	504,840	(50,058)
Fire administration	831,004	4,204,083	2,518,110	(1,685,973)
Building services	1,334,800	1,258,245	1,177,118	(81,127)
<b>Total public safety</b>	<b>15,895,190</b>	<b>19,284,597</b>	<b>16,815,453</b>	<b>(2,469,144)</b>
Public works				
DPW management services	678,020	694,020	682,568	(11,452)
Stormwater drainage	401,733	401,734	106,615	(295,119)
<b>Total public works</b>	<b>1,079,753</b>	<b>1,095,754</b>	<b>789,183</b>	<b>(306,571)</b>

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, 2025**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
Health, welfare and community development				
Ambulance	\$ 4,276,506	\$ 4,405,226	\$ 4,318,543	\$ (86,683)
Community development administration	311,655	318,852	300,424	(18,428)
Senior citizens	793,013	914,313	754,991	(159,322)
SMART grant	134,005	137,505	124,768	(12,737)
Total health, welfare and community development	<u>5,515,179</u>	<u>5,775,896</u>	<u>5,498,726</u>	<u>(277,170)</u>
Recreation and culture				
Recreation	534,498	400,148	388,463	(11,685)
Parks maintenance	1,416,188	1,371,638	830,850	(540,788)
Total recreation and culture	<u>1,950,686</u>	<u>1,771,786</u>	<u>1,219,313</u>	<u>(552,473)</u>
Debt service				
Principal retirement	77,984	77,984	228,406	150,422
Interest and fiscal charges	13,061	13,061	13,061	-
Total debt service	<u>91,045</u>	<u>91,045</u>	<u>241,467</u>	<u>150,422</u>
Total expenditures	<u>33,264,386</u>	<u>37,884,221</u>	<u>33,456,938</u>	<u>(4,427,283)</u>
Excess (deficiency) of revenues over expenditures	<u>6,387,552</u>	<u>2,788,804</u>	<u>11,700,498</u>	<u>8,911,694</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	1,656	1,656
Transfers out	(10,322,900)	(12,029,900)	(6,964,900)	5,065,000
Sale of capital assets	1,000	1,000	42,537	41,537
Total other financing sources (uses)	<u>(10,321,900)</u>	<u>(12,028,900)</u>	<u>(6,920,707)</u>	<u>5,108,193</u>
Net change in fund balance	(3,934,348)	(9,240,096)	4,779,791	14,019,887
Fund balance - beginning of year	<u>58,482,360</u>	<u>58,482,360</u>	<u>58,482,360</u>	<u>-</u>
Fund balance - end of year	<u>\$ 54,548,012</u>	<u>\$ 49,242,264</u>	<u>\$ 63,262,151</u>	<u>\$ 14,019,887</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, 2025**

	Budgeted Amounts		Actual	Actual Over (Under)
	Original	Final		Final Budget
<b>Revenues</b>				
State grants	\$ 3,218,626	\$ 3,218,626	\$ 5,066,655	\$ 1,848,029
Local contributions	2,820,000	2,820,000	1,919,330	(900,670)
Investment income	27,156	27,156	109,791	82,635
Other revenue	53,274	53,274	110,521	57,247
 Total revenues	 <u>6,119,056</u>	 <u>6,119,056</u>	 <u>7,206,297</u>	 <u>1,087,241</u>
<b>Expenditures</b>				
Current				
Street and public improvements	<u>15,136,173</u>	<u>19,148,111</u>	<u>14,602,122</u>	<u>(4,545,989)</u>
 Excess of revenues (deficiency) over expenditures	 <u>(9,017,117)</u>	 <u>(13,029,055)</u>	 <u>(7,395,825)</u>	 <u>5,633,230</u>
<b>Other financing sources (uses)</b>				
Transfers in	<u>9,018,000</u>	<u>10,725,000</u>	<u>5,660,000</u>	<u>(5,065,000)</u>
 Net change in fund balance	 883	 (2,304,055)	 (1,735,825)	 568,230
Fund balance - beginning of year	<u>2,306,569</u>	<u>2,306,569</u>	<u>2,306,569</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,307,452</u>	<u>\$ 2,514</u>	<u>\$ 570,744</u>	<u>\$ 568,230</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,	2025	2024	2023	2022	2021
<b>Total pension liability</b>					
Service cost	\$ 84,627	\$ 81,765	\$ 159,490	\$ 154,625	\$ 322,587
Interest	4,069,212	4,004,068	3,991,986	4,039,702	3,830,500
Experience differences	-	1,887,789	-	(337,715)	481,264
Changes in assumptions	-	-	(1,722,506)	(23,747)	(6,253,413)
Benefit payments and refunds	(4,975,298)	(4,894,287)	(4,749,215)	(4,520,106)	(4,304,443)
Net change in total pension liability	(821,459)	1,079,335	(2,320,245)	(687,241)	(5,923,505)
Total pension liability - beginning	<u>67,472,721</u>	<u>66,393,386</u>	<u>68,713,631</u>	<u>69,400,872</u>	<u>75,324,377</u>
Total pension liability - ending (a)	<u>\$ 66,651,262</u>	<u>\$ 67,472,721</u>	<u>\$ 66,393,386</u>	<u>\$ 68,713,631</u>	<u>\$ 69,400,872</u>
<b>Plan fiduciary net position</b>					
Employer contributions	\$ 965,670	\$ 978,168	\$ 992,461	\$ 2,055,950	\$ 1,586,293
Employee contributions	7,948	19,424	30,219	36,293	52,261
Net investment income (loss)	6,080,611	5,388,451	6,215,466	(5,821,496)	7,308,103
Benefit payments and refunds	(4,975,298)	(4,894,287)	(4,749,215)	(4,520,106)	(4,304,443)
Administrative expense	(32,119)	(35,083)	(33,108)	(73,394)	(55,770)
Net change in plan fiduciary net position	2,046,812	1,456,673	2,455,823	(8,322,753)	4,586,444
Plan fiduciary net position - beginning	<u>59,664,699</u>	<u>58,208,026</u>	<u>55,752,203</u>	<u>64,074,956</u>	<u>59,488,512</u>
Plan fiduciary net position - ending (b)	<u>\$ 61,711,511</u>	<u>\$ 59,664,699</u>	<u>\$ 58,208,026</u>	<u>\$ 55,752,203</u>	<u>\$ 64,074,956</u>
Net pension liability (a-b)	<u>\$ 4,939,751</u>	<u>\$ 7,808,022</u>	<u>\$ 8,185,360</u>	<u>\$ 12,961,428</u>	<u>\$ 5,325,916</u>
Plan fiduciary net position as a percentage of total pension liability	92.59%	88.43%	87.67%	81.14%	92.33%
Covered payroll	\$ 191,888	\$ 360,723	\$ 547,800	\$ 677,377	\$ 1,092,276
Net pension liability as a percentage of covered payroll	2,574.29%	2,164.55%	1,494.22%	1,913.47%	487.60%

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,	2020	2019	2018	2017	2016
<b>Total pension liability</b>					
Service cost	\$ 341,012	\$ 443,110	\$ 624,297	\$ 591,358	\$ 842,510
Interest	3,828,935	3,840,887	3,873,213	3,664,089	3,459,438
Experience differences	660,370	1,082,585	-	290,536	(1,807,601)
Changes in assumptions	4,296,374	(1,394,259)	(1,437,482)	5,467,388	(9,027,540)
Benefit payments and refunds	<u>(4,104,733)</u>	<u>(3,821,541)</u>	<u>(3,593,596)</u>	<u>(3,762,724)</u>	<u>(3,189,841)</u>
Net change in total pension liability	5,021,958	150,782	(533,568)	6,250,647	(9,723,034)
Total pension liability - beginning	<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>
Total pension liability - ending (a)	<u>\$ 75,324,377</u>	<u>\$ 70,302,419</u>	<u>\$ 70,151,637</u>	<u>\$ 70,685,205</u>	<u>\$ 64,434,558</u>
<b>Plan fiduciary net position</b>					
Employer contributions	\$ 2,014,732	\$ 1,702,433	\$ 765,611	\$ 1,034,387	\$ 1,093,400
Employee contributions	67,512	81,344	115,417	106,629	108,915
Net investment income (loss)	5,951,307	8,950,504	(933,112)	6,181,445	2,851,238
Benefit payments and refunds	(4,104,733)	(3,821,541)	(3,593,596)	(3,762,724)	(3,189,841)
Administrative expense	<u>-</u>	<u>(73,524)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	3,928,818	6,839,216	(3,645,680)	3,559,737	863,712
Plan fiduciary net position - beginning	<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>
Plan fiduciary net position - ending (b)	<u>\$ 59,488,512</u>	<u>\$ 55,559,694</u>	<u>\$ 48,720,478</u>	<u>\$ 52,366,158</u>	<u>\$ 48,806,421</u>
Net pension liability (a-b)	<u>\$ 15,835,865</u>	<u>\$ 14,742,725</u>	<u>\$ 21,431,159</u>	<u>\$ 18,319,047</u>	<u>\$ 15,628,137</u>
Plan fiduciary net position as a percentage of total pension liability	78.98%	79.03%	69.45%	74.08%	75.75%
Covered payroll	\$ 1,178,201	\$ 1,446,223	\$ 1,669,155	\$ 1,787,161	\$ 2,039,201
Net pension liability as a percentage of covered payroll	1,344.07%	1,019.40%	1,283.95%	1,025.04%	766.39%

See Accompanying Notes to Required Supplementary Information

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

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Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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%
2025	965,670	965,670	-	191,888	503.25%

See Accompanying Notes to Required Supplementary Information

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

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Fiscal Year Ended December 31,	Money-weighted Rate of Return
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%
2025	10.56%

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

Fiscal year ended December 31,	2025	2024	2023	2022
<b>Total OPEB liability</b>				
Service cost	\$ 372,544	\$ 433,723	\$ 490,022	\$ 469,138
Interest	1,988,321	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	(1,617,134)	(1,437,784)	(1,414,812)	(1,308,075)
Other	-	-	-	-
Net change in total OPEB liability	743,731	(1,876,672)	71,957	(691,904)
Total OPEB liability - beginning	32,236,912	34,113,584	34,041,627	34,733,531
Total OPEB liability - ending (a)	<u>\$ 32,980,643</u>	<u>\$ 32,236,912</u>	<u>\$ 34,113,584</u>	<u>\$ 34,041,627</u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ 279,766	\$ 561,849	\$ 1,440,426	\$ 1,000,000
Net investment income (loss)	3,582,502	2,806,319	1,525,589	(2,988,183)
Benefit payments and refunds	(1,617,134)	(1,437,784)	(1,414,812)	(1,308,075)
Administrative expense	(32,318)	(40,065)	(28,347)	(10,342)
Net change in plan fiduciary net position	2,212,816	1,890,319	1,522,856	(3,306,600)
Plan fiduciary net position - beginning	32,156,541	30,266,222	28,743,366	32,049,966
Plan fiduciary net position - ending (b)	<u>\$ 34,369,357</u>	<u>\$ 32,156,541</u>	<u>\$ 30,266,222</u>	<u>\$ 28,743,366</u>
Net OPEB (asset) liability (a-b)	<u>\$ (1,388,714)</u>	<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	104.21%	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 (Asset) Liability and Related Ratios**

Fiscal year ended December 31,	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>					
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>
<b>Plan fiduciary net position</b>					
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 (asset) 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**

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Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
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
2025	279,766	279,766	-	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 (Asset) Liability**

Fiscal Year Ending December 31,	City's Proportion of the Net OPEB (Asset) Liability	City's Proportionate Share of the Net OPEB (Asset) Liability	City's Covered- Employee Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	98.92754%	\$ 18,319,047	\$ 7,173,993	255.35%	52.86%
2018	97.34332%	17,073,942	6,747,847	253.03%	51.31%
2019	97.43084%	15,816,612	6,394,237	247.36%	58.67%
2020	96.90799%	13,464,503	5,900,336	228.20%	66.44%
2021	96.77627%	2,597,054	5,101,121	50.91%	92.27%
2022	96.94040%	5,136,148	4,695,753	109.38%	84.44%
2023	96.77500%	3,723,742	4,629,200	80.44%	88.72%
2024	97.18639%	78,400	N/A	N/A	99.75%
2025	96.52895%	(1,340,511)	N/A	N/A	104.21%

See Accompanying Notes to Required Supplementary Information

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

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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%
2025	11.44%

**City of Auburn Hills**  
**Notes to the Required Supplementary Information**  
**December 31, 2025**

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**Budgetary Information**

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

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

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

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The City had the following expenditures in excess of appropriations:

	Appropriations	Actual	Budget Variance
General Fund			
Capital improvements	\$ 1,214,217	\$ 1,291,393	\$ 77,176
Principal retirement	77,984	228,406	150,422

**Pension Information**

Changes in assumptions:

1. The long-term assumed rate of return was 6.66 percent in 2016 and prior years, 6.54 percent in 2017, 6.50 percent in 2018, 6.25 percent in 2019, 6.00 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022, 6.25 percent in 2023, 6.25 percent in 2024, and 6.25 percent in 2025.
2. The mortality tables have been updated annually:

2017: RP-2014 with Generational Mortality Scale MP-2016  
2018: RP-2014 with Generational Mortality Scale MP-2017  
2019: RP-2014 with Generational Mortality Scale MP-2018  
2020: Pub-2010 Mortality Table with Generational Projection per scale MP-2019, with PubS-2010 tables for public safety and PubG-2010 tables for all others

**City of Auburn Hills**  
**Notes to the Required Supplementary Information**  
**December 31, 2025**

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2021: Pub-2010 Mortality Table with Generational Projection per scale MP-2020, with PubS-2010 tables for public safety and PubG-2010 tables for all others

2022: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with employee rates before benefit commencement

2023: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with PubS-2010 for public safety groups and PubG-2010 for all others

2024: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with PubS-2010 for public safety groups and PubG-2010 for all others

2025: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with PubS-2010 for public safety groups and PubG-2010 for all others

3. The single discount rate was 5.83 percent in 2016 and prior years, 5.57 percent in 2017, 5.59 percent in 2018, 5.58 percent in 2019, 5.21 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022, 6.25 percent in 2023, 6.25 percent in 2024, and 6.25 percent in 2025.

**OPEB Information**

Changes in assumptions:

1. The long-term assumed rate of return was 6.57 percent in 2017, 6.50 percent in 2018, 6.25 percent in 2019, 6.00 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022, 6.25 percent in 2023, 6.25 percent in 2024, and 6.25 percent in 2025.

2. The mortality tables have been updated annually:

2017: RP-2014 with Generational Mortality Scale MP-2016

2018: RP-2014 with Generational Mortality Scale MP-2017

2019: RP-2014 with Generational Mortality Scale MP-2018

2020: Pub-2010 with Generational Projection per scale MP-2019

2021: Pub-2010 Mortality Table with Generational Projection per scale MP-2020, with PubS-2010 tables for public safety and PubG-2010 tables for all others

2022: Pub-2010 Mortality Table with Generational Projection per the MP-2021 scale, with employee rates before benefit commencement and healthy or disabled annuitant rates after benefit commencement.

2023: Pub 2010 with Generational Mortality Scale MP-2021

2024: Pub 2010 with Generational Mortality Scale MP-2021

2025: Pub 2010 with Generational Mortality Scale MP-2021

3. The single discount rate was 6.57 percent in 2017, 6.50 percent in 2018, 6.25 percent in 2019, 6.00 percent in 2020, 6.00 percent in 2021, 6.00 percent in 2022, 6.25 percent in 2023, 6.25 percent in 2024, and 6.25 percent in 2025.

4. Health care cost trend rates have been updated as follows:

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

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

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

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

**City of Auburn Hills**  
**Notes to the Required Supplementary Information**  
**December 31, 2025**

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

2024: The 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.

2025: The health care cost trend rate of 5.9 percent for 2025, decreasing to an ultimate rate of 3.9 percent over 48 years for pre-Medicare participants, and a health care cost trend rate of 6.3 percent for 2025, decreasing to an ultimate rate of 3.9 percent over 48 years for post-Medicare participants

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

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

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

**City of Auburn Hills**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2025**

Special Revenue Funds

	Metro Act	Wayne-Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	Special Circumstances
<b>Assets</b>					
Cash and cash equivalents	\$ 27,863	\$ 1,061,830	\$ 1,300,165	\$ 110,330	\$ 56,387
Receivables					
Special assessments	-	-	-	-	-
Due from other units of government	-	-	-	-	285,512
Total assets	<u>\$ 27,863</u>	<u>\$ 1,061,830</u>	<u>\$ 1,300,165</u>	<u>\$ 110,330</u>	<u>\$ 341,899</u>
<b>Liabilities</b>					
Accounts payable	\$ 7,187	\$ -	\$ -	\$ -	\$ -
Due to other units of government	-	-	-	-	14,293
Refundable deposits	-	-	75,620	-	-
Total liabilities	<u>7,187</u>	<u>-</u>	<u>75,620</u>	<u>-</u>	<u>14,293</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue					
Other receivables	-	-	-	-	285,512
Special assessments	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,512</u>
<b>Fund balances</b>					
Restricted for					
Public works	20,676	-	1,224,545	-	-
Public safety	-	-	-	110,330	-
Health and welfare	-	-	-	-	42,094
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Committed	-	1,061,830	-	-	-
Total fund balances	<u>20,676</u>	<u>1,061,830</u>	<u>1,224,545</u>	<u>110,330</u>	<u>42,094</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,863</u>	<u>\$ 1,061,830</u>	<u>\$ 1,300,165</u>	<u>\$ 110,330</u>	<u>\$ 341,899</u>

**City of Auburn Hills**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2025**

	Special Revenue Fund	Debt Service Funds		Total Nonmajor Governmental Funds
	CDBG	Special Assessment Debt Service	Capital Improvement Debt Service	
<b>Assets</b>				
Cash and cash equivalents	\$ 19,036	\$ 321,625	\$ -	\$ 2,897,236
Receivables				
Special assessments	-	94,062	-	94,062
Due from other units of government	<u>8,503</u>	<u>-</u>	<u>-</u>	<u>294,015</u>
Total assets	<u>\$ 27,539</u>	<u>\$ 415,687</u>	<u>\$ -</u>	<u>\$ 3,285,313</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,828	\$ -	\$ -	\$ 12,015
Due to other units of government	-	-	-	14,293
Refundable deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,620</u>
Total liabilities	<u>4,828</u>	<u>-</u>	<u>-</u>	<u>101,928</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue				
Other receivables	-	-	-	285,512
Special assessments	<u>-</u>	<u>101,780</u>	<u>-</u>	<u>101,780</u>
Total deferred inflows of resources	<u>-</u>	<u>101,780</u>	<u>-</u>	<u>387,292</u>
<b>Fund balances</b>				
Restricted for				
Public works	-	-	-	1,245,221
Public safety	-	-	-	110,330
Health and welfare	-	-	-	42,094
Community and economic development	22,329	-	-	22,329
Debt service	-	313,907	-	313,907
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,061,830</u>
Total fund balances	<u>22,711</u>	<u>313,907</u>	<u>-</u>	<u>2,796,093</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,539</u>	<u>\$ 415,687</u>	<u>\$ -</u>	<u>\$ 3,285,313</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, 2025**

	Special Revenue Funds				
	Metro Act	Wayne-Oakland Disposal	Tree Ordinance	State and Federal Drug Forfeiture	Special Circumstances
<b>Revenues</b>					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	1,000	-	-	-	-
Federal grants	-	-	-	-	-
State grants	104,481	-	-	-	-
Charges for services	-	241,792	323,930	-	-
Fines and forfeitures	-	-	-	33,346	-
Investment income	1,346	40,966	46,255	2,349	2,369
Other revenue	-	-	11,400	10,712	25,908
<b>Total revenues</b>	<u>106,827</u>	<u>282,758</u>	<u>381,585</u>	<u>46,407</u>	<u>28,277</u>
<b>Expenditures</b>					
Current					
General government	127,751	-	4,474	-	-
Public safety	-	-	-	30,755	-
Public works	-	41,463	-	-	-
Health and welfare	-	-	-	-	101,355
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>127,751</u>	<u>41,463</u>	<u>4,474</u>	<u>30,755</u>	<u>101,355</u>
Excess (deficiency) of revenues over expenditures	<u>(20,924)</u>	<u>241,295</u>	<u>377,111</u>	<u>15,652</u>	<u>(73,078)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(560,000)	-	-	-
<b>Total other financing sources and uses</b>	<u>-</u>	<u>(560,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(20,924)</u>	<u>(318,705)</u>	<u>377,111</u>	<u>15,652</u>	<u>(73,078)</u>
Fund balances - beginning of year	<u>41,600</u>	<u>1,380,535</u>	<u>847,434</u>	<u>94,678</u>	<u>115,172</u>
Fund balances - end of year	<u>\$ 20,676</u>	<u>\$ 1,061,830</u>	<u>\$ 1,224,545</u>	<u>\$ 110,330</u>	<u>\$ 42,094</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, 2025**

	Special Revenue Fund	Debt Service Funds		Total Nonmajor Governmental Funds
	CDBG	Special Assessment Debt Service	Capital Improvement Debt Service	
<b>Revenues</b>				
Special assessments	\$ -	\$ 111,585	\$ -	\$ 111,585
Licenses and permits	-	-	-	1,000
Federal grants	77,858	-	-	77,858
State grants	-	-	-	104,481
Charges for services	-	-	-	565,722
Fines and forfeitures	-	-	-	33,346
Investment income (loss)	382	22,227	-	115,894
Other revenue	-	-	-	48,020
<b>Total revenues</b>	<u>78,240</u>	<u>133,812</u>	<u>-</u>	<u>1,057,906</u>
<b>Expenditures</b>				
Current				
General government	-	-	-	132,225
Public safety	-	-	-	30,755
Public works	-	-	-	41,463
Health and welfare	77,858	-	-	179,213
Debt service				
Principal retirement	-	170,000	1,480,000	1,650,000
Interest and fiscal charges	-	9,125	384,900	394,025
<b>Total expenditures</b>	<u>77,858</u>	<u>179,125</u>	<u>1,864,900</u>	<u>2,427,681</u>
Excess (deficiency) of revenues over expenditures	<u>382</u>	<u>(45,313)</u>	<u>(1,864,900)</u>	<u>(1,369,775)</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	1,864,900	1,864,900
Transfers out	-	-	-	(560,000)
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>1,864,900</u>	<u>1,304,900</u>
<b>Net change in fund balances</b>	<u>382</u>	<u>(45,313)</u>	<u>-</u>	<u>(64,875)</u>
Fund balances - beginning of year	<u>22,329</u>	<u>359,220</u>	<u>-</u>	<u>2,860,968</u>
Fund balances - end of year	<u>\$ 22,711</u>	<u>\$ 313,907</u>	<u>\$ -</u>	<u>\$ 2,796,093</u>

**City of Auburn Hills**  
**Other Supplementary Information**  
**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefit Trust Funds**  
**December 31, 2025**

	Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 864,815	\$ 655,009	\$ 1,519,824
Investments			
Mutual funds	33,897,260	30,224,477	64,121,737
Hedge funds	7,330,259	1,717,092	9,047,351
Commingled funds	17,049,275	-	17,049,275
Real estate	2,566,977	1,770,410	4,337,387
Accrued interest and other	2,925	2,371	5,296
 Total assets	 <u>61,711,511</u>	 <u>34,369,359</u>	 <u>96,080,870</u>
<b>Liabilities</b>			
Accounts payable	<u>14,262</u>	<u>7,014</u>	<u>21,276</u>
<b>Net position</b>			
Restricted for:			
Pensions	61,697,249	-	61,697,249
Postemployment benefits other than pension	<u>-</u>	<u>34,362,345</u>	<u>34,362,345</u>
 Total net position	 <u>\$ 61,697,249</u>	 <u>\$ 34,362,345</u>	 <u>\$ 96,059,594</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, 2025**

	Pension Trust Fund	Retiree Health Care Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>Additions</b>			
Contributions			
Employer	\$ 963,221	\$ 279,766	\$ 1,242,987
Members	10,397	-	10,397
Total contributions	<u>973,618</u>	<u>279,766</u>	<u>1,253,384</u>
Investment earnings			
Interest, dividends and other	975,515	955,674	1,931,189
Net increase in fair value of investments	<u>5,244,359</u>	<u>2,711,136</u>	<u>7,955,495</u>
Total investment earnings	<u>6,219,874</u>	<u>3,666,810</u>	<u>9,886,684</u>
Less investment costs			
Investment activity costs	<u>99,871</u>	<u>54,793</u>	<u>154,664</u>
Net investment earnings	<u>6,120,003</u>	<u>3,612,017</u>	<u>9,732,020</u>
Miscellaneous	<u>421</u>	<u>-</u>	<u>421</u>
Total additions	<u>7,094,042</u>	<u>3,891,783</u>	<u>10,985,825</u>
<b>Deductions</b>			
Benefits paid to participants or beneficiaries	4,975,298	1,617,134	6,592,432
Administrative expense	86,194	59,234	145,428
Other expense	<u>-</u>	<u>9,611</u>	<u>9,611</u>
Total deductions	<u>5,061,492</u>	<u>1,685,979</u>	<u>6,747,471</u>
Change in net position	2,032,550	2,205,804	4,238,354
Net position - beginning of year	<u>59,664,699</u>	<u>32,156,541</u>	<u>91,821,240</u>
Net position - end of year	<u>\$ 61,697,249</u>	<u>\$ 34,362,345</u>	<u>\$ 96,059,594</u>

**City of Auburn Hills**  
**Other Supplementary Information**  
**Combining Balance Sheet**  
**Major and Local Streets Fund Detail**  
**December 31, 2025**

	Major Streets	Local Streets	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,630,176	\$ 550,761	\$ 2,180,937
Receivables			
General accounts receivable	430,987	5,000	435,987
Due from other units of government	<u>539,653</u>	<u>114,093</u>	<u>653,746</u>
 Total assets	 <u>\$ 2,600,816</u>	 <u>\$ 669,854</u>	 <u>\$ 3,270,670</u>
<b>Liabilities</b>			
Accounts payable	\$ 542,476	\$ 7,788	\$ 550,264
Contracts payable - retainage	286,189	271,438	557,627
Due to other units of government	1,025	-	1,025
Payroll and other liabilities	7,951	4,101	12,052
Refundable deposits	<u>861,561</u>	<u>154,196</u>	<u>1,015,757</u>
 Total liabilities	 <u>1,699,202</u>	 <u>437,523</u>	 <u>2,136,725</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue			
Other receivables	<u>563,201</u>	<u>-</u>	<u>563,201</u>
 Total deferred inflows of resources	 <u>563,201</u>	 <u>-</u>	 <u>563,201</u>
<b>Fund balances</b>			
Restricted for			
Streets	<u>338,413</u>	<u>232,331</u>	<u>570,744</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 2,600,816</u>	 <u>\$ 669,854</u>	 <u>\$ 3,270,670</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, 2025**

	<u>Major Streets</u>	<u>Local Streets</u>	<u>Total</u>
<b>Revenues</b>			
State grants	\$ 4,355,383	\$ 711,272	\$ 5,066,655
Local contributions	-	1,919,330	1,919,330
Investment income	97,866	11,925	109,791
Other revenue	<u>110,471</u>	<u>50</u>	<u>110,521</u>
 Total revenues	 4,563,720	 2,642,577	 7,206,297
<b>Expenditures</b>			
Current			
Streets and public improvements	<u>6,031,681</u>	<u>8,570,441</u>	<u>14,602,122</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,467,961)</u>	 <u>(5,927,864)</u>	 <u>(7,395,825)</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>-</u>	<u>5,660,000</u>	<u>5,660,000</u>
 Net change in fund balances	 (1,467,961)	 (267,864)	 (1,735,825)
Fund balances - beginning of year	<u>1,806,374</u>	<u>500,195</u>	<u>2,306,569</u>
Fund balances - end of year	<u>\$ 338,413</u>	<u>\$ 232,331</u>	<u>\$ 570,744</u>