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# City of Southfield, Michigan

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**Financial Report  
with Supplementary Information  
June 30, 2025**

<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-10
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenue, Expenses, and Changes in Net Position	19
Statement of Cash Flows	20-21
Fiduciary Funds:	
Statement of Fiduciary Net Position	22
Statement of Changes in Fiduciary Net Position	23
Component Units:	
Statement of Net Position	24-25
Statement of Activities	26-27
Notes to Financial Statements	28-76
<b>Required Supplementary Information</b>	77
Budgetary Comparison Schedule - General Fund	78
Southfield Employees Retirement System - Schedule of Changes in the Net Pension Liability and Related Ratios	79
Southfield Employees Retirement System - Schedule of Pension Contributions	80
Southfield Employees Retirement System - Schedule of Pension Investment Returns	81
Fire and Police Retirement System - Schedule of Changes in the Net Pension Liability and Related Ratios	82
Fire and Police Retirement System - Schedule of Pension Contributions	83
Fire and Police Retirement System - Schedule of Pension Investment Returns	84
Schedule of Changes in the Net OPEB Liability and Related Ratios	85
Schedule of OPEB Contributions	86
Schedule of OPEB Investment Returns	87
Notes to Required Supplementary Information	88-91

<b>Supplementary Information</b>	92
Nonmajor Governmental Funds:	
Combining Balance Sheet	93-95
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	96-98
Internal Service Funds:	
Combining Statement of Net Position	99
Combining Statement of Revenue, Expenses, and Changes in Net Position	100
Combining Statement of Cash Flows	101-102
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position	103
Combining Statement of Changes in Fiduciary Net Position	104

## **Independent Auditor's Report**

To the Mayor and City Council  
City of Southfield, Michigan

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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 Southfield, Michigan (the "City") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City of Southfield, Michigan's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Southfield, Michigan as of June 30, 2025 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As explained in Note 2, the financial statements include investments valued at \$131,810,549 (27 percent of net position of the pension and other postemployment benefits trust funds) at June 30, 2025, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by investment managers, general partners, financial advisors, and other means. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

To the Mayor and City Council  
City of Southfield, Michigan

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government 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 and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

To the Mayor and City Council  
City of Southfield, Michigan

**Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2026 on our consideration of the City of Southfield, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Southfield, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Southfield, Michigan's internal control over financial reporting and compliance.



March 5, 2026

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## Management's Discussion and Analysis

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As management of the City of Southfield, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2025. This analysis should be read in conjunction with the City's financial statements, which follow this section.

### ***Financial Highlights***

- Government-wide net position (excluding component units) increased by \$44.3 million from \$254.6 million to \$298.9 million
- Governmental activities net position increased \$31.2 million to \$135.0 million
- Business-type activities net position increased by \$13.1 million to \$163.9 million
- At June 30, 2025, the City's governmental funds reported a combined ending fund balance of \$106.4 million with \$3.2 million nonspendable, \$49.3 million restricted, 27.7 million committed, \$7.4 million assigned and the remaining \$18.8 million unassigned.

### ***Overview of the Financial Statements***

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

### **Government-wide Statements**

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

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

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate component units for which the City appoints a majority of the organizations policy board and for which the City is financially accountable. Eight discretely presented component units are included: the Local development finance authority, the Tax increment finance authority, the Economic development corporation, the Downtown development authority, the Brownfield re-development authority, Joint-local development finance authority, Section 8 housing commission and the Southfield growth corporation. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The Building Authority and Library Building Authority, although also legally separate, function for all practical purposes as departments of the City and, therefore, have been included as part of the primary government.

#### **Fund Financial Statements**

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

- **Governmental funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund 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 an enterprise fund to account for its water and sewage disposal activities. 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 its employee related health care, maintenance of facilities, city-wide equipment purchases, retained risks and for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.
- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary funds include the pension and other postemployment benefit trust funds and agency funds.

#### **Notes and Other Information**

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

#### **Government-wide Overall Financial Analysis**

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 \$298.9 million at the close of the most recent fiscal year.

# City of Southfield, Michigan

## Management's Discussion and Analysis (Continued)

### City's Net Position

<b>Net Position</b>						
<b>June 30, 2025</b>						
(in millions of dollars)						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>						
Current and other assets	\$ 165.5	\$ 176.9	\$ 93.7	\$ 88.9	\$ 259.2	\$ 265.8
Capital assets	200.5	182.2	163.7	155.8	364.2	338.0
Other long term assets	0.8	0.8			0.8	0.8
Net OPEB asset	13.9				13.9	
Total assets	<u>380.7</u>	<u>359.9</u>	<u>257.4</u>	<u>244.7</u>	<u>638.1</u>	<u>604.6</u>
Deferred outflows	11.6	11.4	0.5	0.3	12.1	11.8
<b>LIABILITIES</b>						
Current liabilities	21.7	19.7	4.3	5.8	26.0	25.6
Other liabilities	223.6	236.0	89.1	87.9	312.7	323.9
Total liabilities	<u>245.3</u>	<u>255.7</u>	<u>93.4</u>	<u>93.7</u>	<u>338.7</u>	<u>349.5</u>
Deferred Inflow	12.0	11.8	0.5	0.5	12.5	12.3
<b>NET POSITION</b>						
Net investment in capital assets	151.8	128.4	88.8	94.4	240.6	222.7
Restricted	60.5	47.8			60.5	47.8
Unrestricted	<u>(77.3)</u>	<u>(72.4)</u>	<u>75.1</u>	<u>56.4</u>	<u>(2.2)</u>	<u>(15.9)</u>
<b>Total Net Position</b>	<u>\$ 135.0</u>	<u>\$ 103.8</u>	<u>\$ 163.9</u>	<u>\$ 150.8</u>	<u>\$ 298.9</u>	<u>\$ 254.6</u>

As noted previously, Government-wide net position (excluding component units) increased by \$44.3 million from \$254.6 million to \$298.9 million over the course of this fiscal year. The net position of the governmental activities increased by \$31.2 million and the net position of the business-type activities increased by \$13.1 million.

# City of Southfield, Michigan

## City's Changes in Net Position

### Changes in Net Position for the fiscal year ending June 30, 2025 (in millions of dollars)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 19.1	\$ 16.9	\$ 49.1	\$ 49.1	\$ 68.2	\$ 66.0
Grants and contributions	21.7	18.3	0.2	3.0	21.9	21.3
General revenues						
Property taxes	86.4	85.1			86.4	85.1
Unrestricted state shared	11.7	11.4			11.7	11.4
Unrestricted investment earnings (loss)	7.9	8.5	4.0	3.6	11.9	12.1
Other	5.7	5.3			5.7	5.3
<b>Total revenues</b>	<u>152.5</u>	<u>145.5</u>	<u>53.3</u>	<u>55.7</u>	<u>205.8</u>	<u>201.2</u>
<b>EXPENSES</b>						
General government	21.2	\$ 20.3			21.2	20.3
Public safety	53.4	52.3			53.4	52.3
Public works	23.8	21.0			23.8	21.0
Social services	3.5	2.2			3.5	2.2
Community improvements and economic development	2.4	2.3			2.4	2.3
Recreation and culture	15.0	12.1			15.0	12.1
Interest on long term debt	2.0	2.3			2.0	2.3
Water and sewer			40.2	\$ 42.0	40.2	42.0
<b>Total expenses</b>	<u>121.3</u>	<u>112.5</u>	<u>40.2</u>	<u>42.0</u>	<u>161.5</u>	<u>154.5</u>
Excess (deficiency)	31.2	33.0	13.1	13.7	44.3	46.7
<b>Increase (decrease) in     net position</b>	31.2	33.0	13.1	13.7	44.3	46.7
Beginning net position	103.8	70.8	150.8	137.1	254.6	207.9
<b>Ending net position</b>	<u>\$ 135.0</u>	<u>\$ 103.8</u>	<u>\$ 163.9</u>	<u>\$ 150.8</u>	<u>\$ 298.9</u>	<u>\$ 254.6</u>

The result of 2025 fiscal year's governmental activity was an increase of \$31.2 million and an ending net position balance of \$135.0 million. Of this total, \$151.8 million is the net investment in capital assets, \$60.5 million is reported as restricted, meaning these assets are legally committed for a specific purpose through statute or by another authority outside the government. The balance of \$(77.3) million is listed as unrestricted, having no legal commitment.

Revenues generated by governmental activities increased \$7.0 million over the prior year primarily due to a \$3.4 million increase in grants and contributions and a \$2.2 million increase in charges for services. Property taxes increased \$1.3 million and generated \$86.4 million which represents 56.7% of all available sources of revenue of governmental activities. Grants and contributions are the second largest source of governmental activity revenue and increased \$3.4 million to \$21.7 million which represents 14.2% of all available sources of revenue of governmental activities. Charges for services are the third largest source of governmental activity revenues and increased \$2.2 million to \$19.1 million

## City of Southfield, Michigan

which represents 12.5% of all available sources of revenue of governmental activities. Unrestricted state shared revenues, which are constitutionally and statutorily provided by the State of Michigan, increased \$0.3 million to \$11.7 million and represent 7.7% of all available sources of revenue of governmental activities. Unrestricted investment earnings decreased by \$0.6 million from \$8.5 million to \$7.9 million and represent 5.2% of revenue of governmental activities. These five categories comprise 96.3% of total governmental activities revenue.

Governmental activity expenses for the fiscal year increased by \$8.8 million, primarily attributable to a \$2.9 million increase in recreation and culture and a \$2.8 million increase in public works. Public safety continues to be the largest governmental activity expense at \$53.4 million which comprises 44.0% of total expenses of \$121.3 million. Public works is the second largest expense at \$23.8 million or 19.6% of total expenses. General government is the third largest expense category at \$21.2 million or 17.5% of total expenses. As noted above, recreation and culture increased by \$2.9 million to \$15.0 million or 12.4% of total expenses. These four categories comprise 93.5% of total governmental activities expenses.

### Financial Analysis of Individual Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of the fund balance that has not yet been limited to use for a particular purpose by an external party. Uncommitted or unassigned fund balance provides further information about the resources that have not been constrained by either the City Council or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council. Below is a comparison of the fund balances of governmental funds by type of constraint:

	2021	2022	2023	2024	2025	Change	Percent Change
Nonspendable	\$15,587,876	\$3,971,386	\$3,426,470	\$4,246,852	3,175,859	(\$1,070,993)	-25%
Restricted	60,639,127	56,526,577	57,261,147	54,319,737	49,330,053	(4,989,684)	-9%
Committed	39,242,532	38,418,174	36,398,600	28,920,495	27,705,329	(1,215,166)	-4%
Assigned	11,732,695	15,858,205	14,802,113	11,374,499	7,394,487	(3,980,012)	-35%
Unassigned	<u>17,871,307</u>	<u>16,074,444</u>	<u>17,947,770</u>	<u>18,725,175</u>	<u>18,786,647</u>	<u>61,472</u>	0%
Total fund balance	<u>\$145,073,537</u>	<u>\$130,848,786</u>	<u>\$129,836,100</u>	<u>\$117,586,758</u>	<u>\$106,392,375</u>	<u>(\$11,194,383)</u>	-10%

The fiscal year 2025 governmental funds combined ending fund balance decreased by \$11.2 million from \$117.6 to \$106.4 million. This combined decrease is made up of a decrease of \$1.4 million in the General Fund, a \$4.7 million decrease in Capital Improvement, a \$3.5 decrease in Local Streets, a \$2.9 decrease in Road Construction, a \$2.6 decrease in Parks & Recreation, an increase of \$3.6 million in Major Streets and smaller changes across the various other governmental funds totaling an increase of \$0.3 million. Within these governmental funds, the General Fund is the most significant to understanding the City's financial activities. In addition, the Water and Sewer Fund is a significant enterprise activity for the City. A brief analysis of each of those funds is presented below:

### General Fund

	2022	2023	2024	2025	Change	Percent Change
Nonspendable	\$1,145,575	\$1,317,595	\$1,641,343	\$910,518	(\$730,825)	-45%
Restricted	2,014,641	1,455,341	1,662,724	1,308,510	(354,214)	-21%
Committed	37,962,517	35,547,484	28,059,286	27,025,325	(1,033,961)	-4%
Assigned	1,631,653	3,012,268	3,330,221	4,024,496	694,275	21%
Unassigned	<u>16,074,444</u>	<u>17,947,770</u>	<u>18,725,175</u>	<u>18,786,647</u>	<u>61,472</u>	0%
Total fund balance	<u>\$58,828,830</u>	<u>\$59,280,458</u>	<u>\$53,418,749</u>	<u>\$52,055,496</u>	<u>(\$1,363,253)</u>	-3%

# City of Southfield, Michigan

The General Fund is the central operating fund of the City of Southfield. Unless otherwise required by statute, contractual agreement or policy, all revenues and expenditures are recorded in the General Fund. As of June 30, 2025, the General Fund reported a fund balance of \$52.1 million. This amount is a decrease of \$1.4 million from the prior June 30. Of the total fund balance, \$0.9 million is non-spendable, \$1.3 million is restricted, \$27.0 million is committed, \$4.0 is assigned and \$18.8 million is unassigned.

**General Fund Budgetary Highlights**

The General Fund revenue budget was amended and increased from the originally adopted budget of \$94.1 million by approximately \$197,000 to \$94.3 million related to recognition of federal grants and other revenue. General Fund revenue totaled \$97.3 million exceeding budget expectations by just under \$3.0 million. Revenue shortfalls across several categories were offset by increases in user fees and other licenses and permits.

The General Fund expenditure budget was increased for several purposes during fiscal year 2025 including prior year encumbrances to a final budget of \$105.6 million. Actual expenditures for fiscal year 2025 were \$98.6 million which was \$7.0 million below budget. There were several positive variances throughout the General Fund with the largest related to capital outlay and related costs totaling \$3.7 million. These are projects that were authorized in the current or prior years that will carry forward into the next fiscal year. The largest negative variances related to insurance and bonds and debt service principal retirement and interest. The insurance and bonds variance of approximately \$580,000 resulted from additional contributions to the City’s member retention reserve which were required due to higher than expected insurance claims. The debt service variances totaling approximately \$427,000 are the result of the prior year implementation of GASB 96, Subscription-Based Information Technology Arrangements, as described in the notes to the financial statements.

In summary, the fiscal year 2025 General Fund amended budget anticipated using \$11.3 million of the prior year’s fund balance. The actual net change in fund balance was a decrease of \$1.4 million.

**Water & Sewer Fund**

	2022	2023 As Restated	2024	2025	Change	Percent Change
Net investment in capital assets	\$103,825,482	\$90,594,305	\$94,338,830	\$88,810,212	(\$5,528,618)	-6%
Unrestricted	<u>34,293,066</u>	<u>46,500,905</u>	<u>56,438,711</u>	<u>75,058,538</u>	<u>18,619,827</u>	33%
Total net position	<u>\$138,118,548</u>	<u>\$137,095,210</u>	<u>\$150,777,541</u>	<u>\$163,868,750</u>	<u>\$13,091,209</u>	9%

Total net position of the Water & Sewer fund increased by \$13.1 million during the year. Of the total \$163.9 million of net position in the business-type activities, \$75.1 million is reported as unrestricted. Overall, charges for services remained consistent with the prior year, grants and contributions decreased by \$2.8 million, unrestricted investment earnings increased by \$0.4 million and total expenses decreased by \$1.8 million.

**Capital Assets and Debt Administration**

Capital Assets – At the end of fiscal year 2025, the City of Southfield and its component units had invested \$364.3 million net of accumulated depreciation, in a broad range of capital assets. This reflects an increase of \$26.1 million from 2024. Refer to Note 7 for additional capital asset information.

Long Term Debt – At the end of fiscal year 2025, the City of Southfield had \$54.7 million and \$82.9 million in bonds outstanding in the governmental and business-type activities, respectively. This reflects a combined decrease of \$6.8 million from 2024 comprised of a \$8.2 million decrease in governmental activities and a net increase of \$1.4 million in business-type activities. A more detailed depiction of the City’s long-term debt obligations is presented in Note 8 to the financial statements.

The City’s statutorily authorized debt limit, excluding revenue, emergency, and special assessment bonds is \$476.4 million. The City is \$342.3 million below this authorized debt limit.

## City of Southfield, Michigan

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

The City of Southfield continues to recover from the 2008-2009 recession, generally regarded as the most severe economic contraction in more than 70 years. Property taxable values remain below their pre-recession peaks which impact the growth of property tax revenue. Property taxes are the primary source of unrestricted revenue for the City. While property values in the City have been trending upward, property tax growth is limited to the rate of inflation or 5% as a result of the Headlee Amendment and Proposal A.

The Coronavirus pandemic and subsequent recovery has had a significant negative impact on employment and office occupancy rates across the nation but we have seen recoveries over the past two years. In the City of Southfield, unemployment has typically followed the state and county trends but has been slightly higher than the county as a whole. As of August 2025, unemployment in Oakland County and in the City of Southfield was 3.4 percent and 5.1 percent, respectively. The economic development plan in the City includes strategies to address unemployment of its residents as well as attracting and retaining businesses, adaptive reuse of existing office space, and continued business support through our business accelerator and local partnerships.

The economic outlook is cautiously optimistic as the City works to maintain fiscal stability and growth. Overall, the City's current and most recent budgets emphasize cost containment and, when feasible, maintenance of existing service levels. The City will continue to be conservative in its fiscal and spending policies with the goal to ensure expenditures stay in line with anticipated revenue sources to meet our resident's needs.

### ***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 City of Southfield Fiscal Services Group, at (248) 796-5260. This report, City budgets, and other financial information are available on the City's website at [www.cityofsouthfield.com](http://www.cityofsouthfield.com).

June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 2)	\$ 121,227,664	\$ 66,811,475	\$ 188,039,139	\$ 23,874,103
Receivables (Note 4)	31,657,519	18,155,975	49,813,494	236,671
Advances to component units or primary government	1,406,229	-	1,406,229	1,213
Due from other governmental units	342,303	(342,303)	-	-
Inventory	788,587	200,398	988,985	-
Prepaid expenses and other assets	2,560,853	33,562	2,594,415	179,596
Restricted assets (Note 3)	7,474,556	8,802,537	16,277,093	-
Capital assets: (Note 7)				
Assets not subject to depreciation	18,516,603	8,151,676	26,668,279	-
Assets subject to depreciation - Net	182,032,726	155,551,612	337,584,338	123,739
Long-term receivables	818,137	-	818,137	-
Net OPEB asset	13,889,688	-	13,889,688	-
<b>Total assets</b>	<b>380,714,865</b>	<b>257,364,932</b>	<b>638,079,797</b>	<b>24,415,322</b>
<b>Deferred Outflows of Resources</b> (Note 5)	<b>11,622,002</b>	<b>510,299</b>	<b>12,132,301</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable	9,421,378	3,717,589	13,138,967	1,812,600
Advances from component unit or primary government	1,213	-	1,213	1,406,229
Due to other governmental units	-	-	-	1,443,783
Deposits and escrow	6,684,180	-	6,684,180	-
Accrued liabilities and other	5,053,298	609,099	5,662,397	16,223
Provision for property tax refunds	213,247	-	213,247	7,276
Unearned revenue	322,067	-	322,067	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 8)	3,889,061	152,612	4,041,673	2,558
Current portion of bonds, leases, and subscriptions payable (Note 8)	8,194,759	3,413,588	11,608,347	18,033
Due in more than one year:				
Compensated absences (Note 8)	7,687,116	222,744	7,909,860	3,706
Provision for claims (Note 16)	6,551,975	-	6,551,975	-
Due to other governmental units	-	172,936	172,936	-
Net pension liability (Note 11)	148,779,539	4,792,069	153,571,608	-
Net OPEB liability (Note 12)	1,203,373	105,631	1,309,004	-
Bonds, leases, and subscriptions payable - Net of current portion (Note 8)	46,889,405	79,462,449	126,351,854	22,920
Payable from restricted assets	484,213	819,576	1,303,789	-
<b>Total liabilities</b>	<b>245,374,824</b>	<b>93,468,293</b>	<b>338,843,117</b>	<b>4,733,328</b>
<b>Deferred Inflows of Resources</b> (Note 5)	<b>12,004,723</b>	<b>538,188</b>	<b>12,542,911</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	151,836,142	88,810,212	240,646,354	82,786
Restricted:				
Streets and highways	19,272,795	-	19,272,795	-
Debt service	4,422,600	-	4,422,600	-
Capital projects	1,058,625	-	1,058,625	-
Public safety	751,592	-	751,592	-
Right of way, metro authority, and sanitation	1,308,510	-	1,308,510	-
Cable PEG fees	512,503	-	512,503	-
Culture and recreation	15,626,843	-	15,626,843	-
Community improvement	1,105,916	-	1,105,916	-
Social services	2,045	-	2,045	-
Grants (other)	226,530	-	226,530	-
Claims	815,027	-	815,027	-
Net OPEB asset	13,889,688	-	13,889,688	-
Unrestricted	(75,871,496)	75,058,538	(812,958)	19,599,208
<b>Total net position</b>	<b>\$ 134,957,320</b>	<b>\$ 163,868,750</b>	<b>\$ 298,826,070</b>	<b>\$ 19,681,994</b>

# City of Southfield, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 21,224,669	\$ 1,814,877	\$ 103,920	\$ -
Public safety	53,353,577	10,424,227	1,398,868	-
Public works	23,781,009	4,757,570	11,323,970	3,627,192
Social services	3,479,900	-	4,296,815	-
Community improvements and economic development	2,404,617	-	50,000	753,380
Recreation and culture	15,060,279	2,115,765	156,515	-
Interest on long-term debt	1,983,894	-	-	-
Total governmental activities	121,287,945	19,112,439	17,330,088	4,380,572
Business-type activities - Water and sewer	40,182,970	49,098,547	-	187,583
Total primary government	<b>\$ 161,470,915</b>	<b>\$ 68,210,986</b>	<b>\$ 17,330,088</b>	<b>\$ 4,568,155</b>
Component units	<b>\$ 6,064,942</b>	<b>\$ 12,388</b>	<b>\$ 3,418,631</b>	<b>\$ -</b>

General revenue:

- Property taxes
- Unrestricted state-shared revenue
- Unrestricted investment income
- Cable franchise fees
- Gain on sale of capital assets
- Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

## Statement of Activities

**Year Ended June 30, 2025**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (19,305,872)	\$ -	\$ (19,305,872)	\$ -
(41,530,482)	-	(41,530,482)	-
(4,072,277)	-	(4,072,277)	-
816,915	-	816,915	-
(1,601,237)	-	(1,601,237)	-
(12,787,999)	-	(12,787,999)	-
(1,983,894)	-	(1,983,894)	-
(80,464,846)	-	(80,464,846)	-
-	9,103,160	9,103,160	-
(80,464,846)	9,103,160	(71,361,686)	-
-	-	-	(2,633,923)
86,358,368	-	86,358,368	4,044,607
11,702,066	-	11,702,066	-
7,926,477	3,988,049	11,914,526	908,316
459,763	-	459,763	-
15,944	-	15,944	-
5,168,369	-	5,168,369	-
111,630,987	3,988,049	115,619,036	4,952,923
31,166,141	13,091,209	44,257,350	2,319,000
103,791,179	150,777,541	254,568,720	17,362,994
<b>\$ 134,957,320</b>	<b>\$ 163,868,750</b>	<b>\$ 298,826,070</b>	<b>\$ 19,681,994</b>

Governmental Funds  
Balance Sheet

June 30, 2025

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and investments (Note 2)	\$ 55,341,756	\$ 50,962,356	\$ 106,304,112
Receivables (Note 4)	6,464,368	3,490,524	9,954,892
Advances to component units or primary government (Note 6)	4,133	1,401,386	1,405,519
Due from other funds (Note 6)	6,381,383	780	6,382,163
Advances to other funds (Note 6)	-	348,666	348,666
Inventory	392,066	-	392,066
Prepaid expenses and other assets	518,452	515,289	1,033,741
Restricted assets (Note 3)	-	6,659,529	6,659,529
Long-term receivables	818,137	-	818,137
	<u>\$ 69,920,295</u>	<u>\$ 63,378,530</u>	<u>\$ 133,298,825</u>
Total assets			
<b>Liabilities</b>			
Accounts payable	\$ 3,401,460	\$ 5,244,522	\$ 8,645,982
Advances from component unit or primary government	1,213	-	1,213
Due to other funds (Note 6)	5,286	1,676,495	1,681,781
Advances from other funds (Note 6)	272,185	76,481	348,666
Deposits and escrow	6,684,180	-	6,684,180
Accrued liabilities and other	4,049,609	528,405	4,578,014
Provision for property tax refunds	104,481	40,124	144,605
Unearned revenue	-	322,067	322,067
Payable from restricted assets	-	484,213	484,213
	<u>14,518,414</u>	<u>8,372,307</u>	<u>22,890,721</u>
Total liabilities			
<b>Deferred Inflows of Resources</b> (Note 5)	<u>3,346,385</u>	<u>669,344</u>	<u>4,015,729</u>
Total liabilities and deferred inflows of resources	17,864,799	9,041,651	26,906,450
<b>Fund Balances</b> (Note 15)			
Nonspendable	910,518	2,265,341	3,175,859
Restricted	1,308,510	48,021,543	49,330,053
Committed	27,025,325	680,004	27,705,329
Assigned	4,024,496	3,369,991	7,394,487
Unassigned	18,786,647	-	18,786,647
	<u>52,055,496</u>	<u>54,336,879</u>	<u>106,392,375</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,920,295</u>	<u>\$ 63,378,530</u>	<u>\$ 133,298,825</u>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

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**June 30, 2025**

<b>Fund Balances Reported in Governmental Funds</b>	\$ 106,392,375
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds	189,915,530
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	2,478,600
Bonds payable (net of deferred charges) and subscription leases are not due and payable in the current period and are not reported in the funds	(54,888,831)
Accrued interest is not due and payable in the current period and is not reported in the funds	(278,998)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(11,173,948)
Pension benefits (net of deferrals)	(139,182,490)
Retiree health care benefits (net of deferrals)	7,999,101
Other long-term liabilities, such as the Michigan tax tribunal liability, do not present a current claim on current financial resources and are not reported as fund liabilities	(68,642)
Internal service funds are included as part of governmental activities	<u>33,764,623</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 134,957,320</u></u></b>

**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2025**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenue</b>			
Property taxes	\$ 59,729,586	\$ 26,628,782	\$ 86,358,368
Special assessments	-	779,572	779,572
Intergovernmental:			
Federal grants	154,258	4,221,085	4,375,343
State sources	11,940,176	15,612,463	27,552,639
Local grants and contributions	1,027,644	286,688	1,314,332
Charges for services	9,398,531	2,143,885	11,542,416
Fines and forfeitures	2,468,559	272,623	2,741,182
Licenses and permits	4,147,897	459,763	4,607,660
Interest and rentals	4,455,664	3,600,326	8,055,990
Other revenue	3,929,238	1,107,932	5,037,170
Total revenue	97,251,553	55,113,119	152,364,672
<b>Expenditures</b>			
Current services:			
General government	19,387,728	314,975	19,702,703
Public safety	66,718,605	1,094,468	67,813,073
Public works	7,233,213	9,450,864	16,684,077
Social services	-	3,880,930	3,880,930
Community improvements and economic development	1,630,468	97,917	1,728,385
Recreation and culture	-	13,674,906	13,674,906
Capital outlay and other related costs	3,157,960	27,011,704	30,169,664
Debt service:			
Principal retirement	420,208	7,517,159	7,937,367
Interest and fiscal charges	7,270	1,976,624	1,983,894
Total expenditures	98,555,452	65,019,547	163,574,999
<b>Excess of Expenditures Over Revenue</b>	(1,303,899)	(9,906,428)	(11,210,327)
<b>Other Financing Sources (Uses)</b>			
Transfers in	57,638	6,585,373	6,643,011
Transfers out	(116,992)	(6,526,019)	(6,643,011)
Sale of capital assets	-	15,944	15,944
Total other financing (uses) sources	(59,354)	75,298	15,944
<b>Net Change in Fund Balances</b>	(1,363,253)	(9,831,130)	(11,194,383)
<b>Fund Balances - Beginning of year</b>	53,418,749	64,168,009	117,586,758
<b>Fund Balances - End of year</b>	<b>\$ 52,055,496</b>	<b>\$ 54,336,879</b>	<b>\$ 106,392,375</b>

**Governmental Funds**

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

**Year Ended June 30, 2025**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (11,194,383)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	27,750,187
Depreciation expense	(12,717,349)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	40,432
Repayment of bond principal (net of deferred charges) and subscription liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and subscription liabilities)	8,081,813
Interest expense is recognized in the government-wide statements as it accrues	52,203
Some employee costs (pension, OPEB, and compensated absences, net of deferrals) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	20,609,791
Changes in the Michigan tax tribunal liability that do not use current financial resources are not reported as expenditures in the governmental funds	(61,454)
Internal service funds are included as part of governmental activities	<u>(1,395,099)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ 31,166,141</u></u></b>

Proprietary Funds  
Statement of Net Position

June 30, 2025

	Enterprise Fund	Governmental Activities
	Water and Sewer	Proprietary - Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 6,415,020	\$ 1,119,914
Investments	60,396,455	13,803,638
Receivables (Note 4)	18,155,975	21,702,627
Advances to component units or primary government	-	710
Due from other funds (Note 6)	-	397,513
Inventory	200,398	396,521
Prepaid expenses and other assets	33,562	1,527,112
Total current assets	85,201,410	38,948,035
Noncurrent assets:		
Restricted assets (Note 3)	8,802,537	815,027
Capital assets: (Note 7)		
Assets not subject to depreciation	8,151,676	-
Assets subject to depreciation - Net	155,551,612	10,633,799
Total noncurrent assets	172,505,825	11,448,826
Total assets	257,707,235	50,396,861
<b>Deferred Outflows of Resources</b> (Note 5)	510,299	411,413
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	3,717,589	775,396
Due to other funds	342,303	4,755,592
Accrued liabilities and other	609,099	196,286
Compensated absences (Note 8)	152,612	163,628
Current portion of bonds, leases, and subscriptions payable (Note 8)	3,413,588	-
Total current liabilities	8,235,191	5,890,902
Noncurrent liabilities:		
Compensated absences (Note 8)	222,744	238,601
Provision for claims	-	6,551,975
Due to other governmental units (Note 6)	172,936	-
Net pension liability (Note 11)	4,792,069	3,869,403
Net OPEB liability (Note 12)	105,631	71,999
Bonds, leases, and subscriptions payable - Net of current portion (Note 8)	79,462,449	-
Payable from restricted assets	819,576	-
Total noncurrent liabilities	85,575,405	10,731,978
Total liabilities	93,810,596	16,622,880
<b>Deferred Inflows of Resources</b> (Note 5)	538,188	420,771
<b>Net Position</b>		
Net investment in capital assets	88,810,212	10,633,799
Restricted for claims	-	815,027
Unrestricted	75,058,538	22,315,797
Total net position	<b>\$ 163,868,750</b>	<b>\$ 33,764,623</b>

**Proprietary Funds**  
**Statement of Revenue, Expenses, and Changes in Net Position**

**Year Ended June 30, 2025**

	Enterprise Fund	Governmental Activities
	Water and Sewer	Proprietary - Internal Service Funds
<b>Operating Revenue</b>		
Sale of water	\$ 19,040,166	\$ -
Sewage disposal charges	27,976,699	-
Other sales to customers	1,389,915	-
Interest and penalty charges	412,432	-
Installation fees	267,335	-
Charges to other funds	-	20,545,531
Total operating revenue	49,086,547	20,545,531
<b>Operating Expenses</b>		
Cost of water purchases	7,789,358	-
Cost of sewage treatment	13,772,863	-
Contract services	2,333,582	-
Cost of insurance claims	-	8,788,506
Other operating and maintenance costs	2,948,989	3,017,885
Billing and administrative costs	2,034,681	5,756,542
Service installation and meter reading	1,410,859	-
Repairs and maintenance	-	2,864,683
Operating supplies	-	737,268
Depreciation	7,729,814	1,942,332
Total operating expenses	38,020,146	23,107,216
<b>Operating Income (Loss)</b>	11,066,401	(2,561,685)
<b>Nonoperating Revenue (Expense)</b>		
Investment income	3,988,049	1,047,105
Interest expense	(2,162,824)	-
State grant revenue	12,000	-
Other nonoperating general revenue	-	7,050
Total nonoperating revenue	1,837,225	1,054,155
<b>Income (Loss) - Before capital contributions</b>	12,903,626	(1,507,530)
<b>Capital Contributions - Lines donated by developers</b>	187,583	112,431
<b>Change in Net Position</b>	13,091,209	(1,395,099)
<b>Net Position - Beginning of year</b>	150,777,541	35,159,722
<b>Net Position - End of year</b>	\$ 163,868,750	\$ 33,764,623

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2025

	Enterprise Fund	Governmental Activities
	Water and Sewer	Proprietary - Internal Service Funds
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 48,679,620	\$ -
Receipts from interfund services and reimbursements	342,303	16,658,942
Payments to suppliers	(28,298,809)	(12,512,078)
Payments to employees and fringes	(3,806,474)	(6,019,775)
Other receipts	12,000	105,828
	<u>16,928,640</u>	<u>(1,767,083)</u>
Net cash and cash equivalents provided by (used in) operating activities		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(10,637,754)	(5,089,556)
Principal and interest paid on capital debt	(5,536,665)	-
	<u>(16,174,419)</u>	<u>(5,089,556)</u>
Net cash and cash equivalents used in capital and related financing activities		
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	4,103,714	1,103,068
Purchases of investments - Net of proceeds from sale and maturities of investment securities	(9,823,305)	4,348,470
	<u>(5,719,591)</u>	<u>5,451,538</u>
Net cash and cash equivalents (used in) provided by investing activities		
<b>Net Decrease in Cash and Cash Equivalents</b>	(4,965,370)	(1,405,101)
<b>Cash and Cash Equivalents - Beginning of year</b>	20,182,927	3,340,042
<b>Cash and Cash Equivalents - End of year</b>	<u><u>\$ 15,217,557</u></u>	<u><u>\$ 1,934,941</u></u>
<b>Classification of Cash and Cash Equivalents</b>		
Cash and investments	\$ 6,415,020	\$ 1,119,914
Restricted cash	8,802,537	815,027
	<u>15,217,557</u>	<u>1,934,941</u>
Total cash and cash equivalents	<u><u>\$ 15,217,557</u></u>	<u><u>\$ 1,934,941</u></u>

**Proprietary Funds  
Statement of Cash Flows (Continued)**

**Year Ended June 30, 2025**

	Enterprise Fund	Governmental Activities
	Water and Sewer	Proprietary - Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>		
Operating income (loss)	\$ 11,066,401	\$ (2,561,685)
Adjustments to reconcile operating income (loss) to net cash from operating activities - Changes in assets and liabilities:		
Depreciation	7,729,814	1,942,332
Receivables	(406,927)	(8,258,069)
Due to and from other funds	342,303	4,358,079
Inventories	5,915	148,092
Prepaid and other assets	2,776	437,230
Net pension or OPEB asset	-	(304,533)
Accounts payable	(1,494,247)	21,561
Estimated claims liability	-	2,738,566
Net pension or OPEB liability	(175,713)	(238,717)
Deferrals related to pension or OPEB	(124,162)	(102,842)
Accrued and other liabilities	(17,520)	52,903
Total adjustments	5,862,239	794,602
Net cash and cash equivalents provided by (used in) operating activities	<b>\$ 16,928,640</b>	<b>\$ (1,767,083)</b>
<b>Significant Noncash Transactions</b>		
Contributed capital	\$ 187,583	\$ 112,431
Evergreen and Farmington Sewage Disposal System Capital Improvement bond issuance	4,748,264	-

Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2025

	Pension and Other Employment Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
<b>Assets</b>			
Cash and cash equivalents (Note 2)	\$ 979,358	\$ 3,717,271	\$ 4,696,629
Investments:			
Debt securities (Note 2)	90,210,836	-	90,210,836
Equity securities (Note 2)	364,538,879	-	364,538,879
Other investments	38,161,951	-	38,161,951
Short-term investments (Note 2)	16,146,450	-	16,146,450
Securities lending (Note 2)	41,191,365	-	41,191,365
Receivables	195,242	-	195,242
Total assets	551,424,081	3,717,271	555,141,352
<b>Liabilities</b>			
Accounts payable	-	725,567	725,567
Due to primary government	21,734,897	-	21,734,897
Due to other governmental units	4,000	2,991,704	2,995,704
Accrued liabilities and other	5,673	-	5,673
Obligations under securities lending agreements	41,191,365	-	41,191,365
Total liabilities	62,935,935	3,717,271	66,653,206
<b>Net Position</b>			
Restricted:			
Pension	345,687,263	-	345,687,263
Postemployment benefits other than pension	142,800,883	-	142,800,883
Total net position	\$ 488,488,146	\$ -	\$ 488,488,146

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Pension and Other Employment Benefit Trust Funds	Custodial Funds	Total Fiduciary Funds
<b>Additions</b>			
Investment income (loss):			
Interest and dividends	\$ 10,090,063	\$ -	\$ 10,090,063
Net increase in fair value of investments	39,479,023	-	39,479,023
Investment costs	(2,082,225)	-	(2,082,225)
Net investment income	47,486,861	-	47,486,861
Contributions:			
Employer	27,860,674	-	27,860,674
Plan members	3,245,990	-	3,245,990
Total contributions	31,106,664	-	31,106,664
Property tax collections for other governments	-	105,422,213	105,422,213
Other additions	-	425,902	425,902
District court collections	-	1,392,610	1,392,610
Total additions	78,593,525	107,240,725	185,834,250
<b>Deductions</b>			
Benefit payments	44,122,106	-	44,122,106
Refunds of contributions	(100,008)	-	(100,008)
Administrative expenses	495,498	-	495,498
Tax distributions to other governments	-	105,848,115	105,848,115
Other deductions	-	5,177	5,177
District court disbursements	-	1,387,433	1,387,433
Total deductions	44,517,596	107,240,725	151,758,321
<b>Net Increase in Fiduciary Net Position</b>	<b>34,075,929</b>	<b>-</b>	<b>34,075,929</b>
<b>Net Position - Beginning of year</b>	<b>454,412,217</b>	<b>-</b>	<b>454,412,217</b>
<b>Net Position - End of year</b>	<b>\$ 488,488,146</b>	<b>\$ -</b>	<b>\$ 488,488,146</b>

## City of Southfield, Michigan

	Economic Development Corporation	Brownfield Redevelopment Authority	Joint-Local Development Finance Authority	Downtown Development Authority
<b>Assets</b>				
Cash and investments	\$ 23,492	\$ 7,807,411	\$ 2,104,851	\$ 1,578,797
Receivables	-	173,184	186	19,332
Advances to component units or primary government	-	-	-	1,213
Prepaid expenses and other assets	-	-	-	-
Capital assets - Net	-	-	-	123,739
<b>Total assets</b>	<b>23,492</b>	<b>7,980,595</b>	<b>2,105,037</b>	<b>1,723,081</b>
<b>Liabilities</b>				
Accounts payable	-	1,384,707	404,856	5,794
Advances from component unit or primary government	-	-	-	-
Due to other governmental units	-	-	-	-
Accrued liabilities and other	-	-	-	6,760
Provision for property tax refunds	-	-	-	7,276
Noncurrent liabilities:				
Due within one year:				
Compensated absences	-	-	-	2,558
Current portion of bonds, leases, and subscriptions payable	-	-	-	18,033
Due in more than one year:				
Compensated absences	-	-	-	3,706
Bonds, leases, and subscriptions payable - Net of current portion	-	-	-	22,920
<b>Total liabilities</b>	<b>-</b>	<b>1,384,707</b>	<b>404,856</b>	<b>67,047</b>
<b>Net Position</b>				
Net investment in capital assets	-	-	-	82,786
Unrestricted	23,492	6,595,888	1,700,181	1,573,248
<b>Total net position</b>	<b>\$ 23,492</b>	<b>\$ 6,595,888</b>	<b>\$ 1,700,181</b>	<b>\$ 1,656,034</b>

Component Units  
Statement of Net Position

June 30, 2025

Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Total
\$ 6,590,942	\$ 5,364,487	\$ 2,688	\$ 401,435	\$ 23,874,103
368	43,601	-	-	236,671
-	-	-	-	1,213
-	-	164,596	15,000	179,596
-	-	-	-	123,739
6,591,310	5,408,088	167,284	416,435	24,415,322
-	-	17,243	-	1,812,600
-	1,401,386	4,843	-	1,406,229
1,443,783	-	-	-	1,443,783
-	-	8,132	1,331	16,223
-	-	-	-	7,276
-	-	-	-	2,558
-	-	-	-	18,033
-	-	-	-	3,706
-	-	-	-	22,920
1,443,783	1,401,386	30,218	1,331	4,733,328
-	-	-	-	82,786
5,147,527	4,006,702	137,066	415,104	19,599,208
<b>\$ 5,147,527</b>	<b>\$ 4,006,702</b>	<b>\$ 137,066</b>	<b>\$ 415,104</b>	<b>\$ 19,681,994</b>

# City of Southfield, Michigan

	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Economic Development Corporation	Brownfield Redevelopment Authority
<b>Functions/Programs</b>						
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Brownfield Redevelopment Authority	1,904,183	-	624,463	-	-	(1,279,720)
Joint-Local Development Finance Authority	1,099,344	-	-	-	-	-
Downtown Development Authority	392,852	-	-	-	-	-
Tax Increment Finance Authority	5,132	-	-	-	-	-
Local Development Finance Authority	3,328	12,388	-	-	-	-
Section 8 Housing Commission	2,657,255	-	2,794,168	-	-	-
Southfield Growth Corporation	2,848	-	-	-	-	-
<b>Total component units</b>	<b>\$ 6,064,942</b>	<b>\$ 12,388</b>	<b>\$ 3,418,631</b>	<b>\$ -</b>	-	(1,279,720)
General revenue:						
Property taxes					-	2,293,504
Unrestricted investment income					662	156,188
<b>Total general revenue</b>					<b>662</b>	<b>2,449,692</b>
<b>Change in Net Position</b>					<b>662</b>	<b>1,169,972</b>
<b>Net Position - Beginning of year</b>					<b>22,830</b>	<b>5,425,916</b>
<b>Net Position - End of year</b>					<b>\$ 23,492</b>	<b>\$ 6,595,888</b>

## Component Units Statement of Activities

**Year Ended June 30, 2025**

Net (Expense) Revenue and Changes in Net Position						
Joint-Local Development Finance Authority	Downtown Development Authority	Tax Increment Finance Authority	Local Development Finance Authority	Section 8 Housing Commission	Southfield Growth Corporation	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	(1,279,720)
(1,099,344)	-	-	-	-	-	(1,099,344)
-	(392,852)	-	-	-	-	(392,852)
-	-	(5,132)	-	-	-	(5,132)
-	-	-	9,060	-	-	9,060
-	-	-	-	136,913	-	136,913
-	-	-	-	-	(2,848)	(2,848)
(1,099,344)	(392,852)	(5,132)	9,060	136,913	(2,848)	(2,633,923)
901,747	713,246	-	136,110	-	-	4,044,607
71,241	39,754	372,155	267,293	153	870	908,316
972,988	753,000	372,155	403,403	153	870	4,952,923
(126,356)	360,148	367,023	412,463	137,066	(1,978)	2,319,000
1,826,537	1,295,886	4,780,504	3,594,239	-	417,082	17,362,994
<b>\$ 1,700,181</b>	<b>\$ 1,656,034</b>	<b>\$ 5,147,527</b>	<b>\$ 4,006,702</b>	<b>\$ 137,066</b>	<b>\$ 415,104</b>	<b>\$ 19,681,994</b>

**Note 1 - Significant Accounting Policies**

***Reporting Entity***

The City of Southfield, Michigan (the "City") is governed by the mayor and an elected seven-member City 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.

**Blended Component Units**

Blended component units are legally separate entities from the City but provide exclusive benefit to the primary government, so data from these units are combined with the data of the City (primary government) and presented as governmental fund types.

The City of Southfield Building Authority board consists of five members appointed by the City Council and the city administrator, thereby appointing a voting majority. Although it is legally separate from the City, the authority is reported as if it were part of the primary government because its sole purpose is to issue bonds to finance major capital construction by the City.

The City of Southfield Library Building Authority board consists of four members appointed by City Council, thereby appointing a voting majority. In addition, the repayment of the City of Southfield Library Building Authority's bonds is financed through an operating millage for library operations.

**Discretely Presented Component Units**

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable or whose relations with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. These component units are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization:

***Economic Development Corporation (EDC)***

The EDC was formed in February 1980, in accordance with the State of Michigan Public Act 338 of 1974, for the purpose of stimulating economic activity in the city of Southfield. Industrial projects ultimately approved by the Economic Development Corporation are financed through the sale of industrial revenue bonds. In addition, the EDC offers loans and participates in other economic development and rehabilitation programs.

***Brownfield Redevelopment Authority***

The Brownfield Redevelopment Authority is a corporate public body created by the State of Michigan under Public Act 381 of 1996, consisting of the serving members of the Local Development Finance Authority (LDFA). Its purpose is to promote the revitalization of environmentally distressed, blighted, and functionally obsolete properties through the use of tax increment financing.

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

*Joint-Local Development Finance Authority (Joint-LDFA)*

The Joint-LDFA was created under Public Act 248 of 2000, an amendment to the Local Development Finance Authority Act created under Michigan Public Act 281 of 1986. The Joint-LDFA is a joint authority with the City of Troy, Michigan in which each city prepared its own development and financing plan by creating a Certified Technology Park, also known as a SmartZone or Smart Park, whose primary purpose is to develop and finance public improvements to promote growth and economic development. This purpose is accomplished by the Joint-LDFA designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value is declared captured assessed value. Most local and half of school property taxes collected thereon are transferred to the Joint-LDFA as tax increment revenue and used to finance the development plan.

*Downtown Development Authority (DDA)*

The DDA has a 13-member board, all appointed by the mayor, committed to the economic development of the designated downtown district in and around the Northland Center. The DDA was formed under Public Act 197 of 1975 and is funded through a two-mill tax levy on all real and personal property within the district and a tax increment financing plan.

*Tax Increment Financing Authority (TIFA)*

The TIFA was organized pursuant to the State of Michigan Public Act 450 of 1980. Its primary purpose is to finance and develop public improvements to promote growth and increase property tax valuation. Any new or additional assessed value in the development district is declared captured assessed value. The property taxes collected thereon are transferred to the TIFA as tax increment revenue and used to finance the development plan.

*Local Development Finance Authority*

The LDFA was organized on September 25, 1989 pursuant to the State of Michigan Public Act 281 of 1986. The LDFA is similar to the TIFA but is restricted to industrial and manufacturing areas. The primary purpose of the LDFA is to finance and develop public improvements to promote growth and increase property tax valuation. This purpose is accomplished by the LDFA's designing a development district and analyzing the property to determine the initial assessed value. Any new or additional assessed value, whether from new construction or increased market value, is declared captured assessed value. The property taxes collected thereon are transferred to the LDFA as tax increment revenue and used to finance the development plan.

The City assesses, collects, and distributes property taxes for several school districts, including the Southfield Public Schools. These districts are not included in these financial statements because they are entities with independently elected Boards of Education that establish their own millage rates and are responsible for all financial control, including budgeting and operating surpluses and deficits.

*Section 8 Housing Commission*

The Southfield Housing Commission, whose activities are reported in the Section 8 Housing Fund, was incorporated pursuant to the Housing Facilities Act 19 of 1933. The Southfield Housing Commission consists of five members appointed by the city administrator for five-year terms. The Southfield Housing Commission is responsible for providing quality housing for the elderly and low-income families through the U.S. Department of Housing and Urban Development's Housing Choice Voucher Program Section 8, public funding program.

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

*Southfield Growth Corporation*

The Southfield Growth Corporation, whose activities are recorded in the Neighborhood Stabilization Program (NSP), is governed by a five-member board, including the city administrator, city attorney, purchasing agent, director of planning, and housing program specialist. The first three members are appointed by the City Council, the director of planning is appointed by the mayor and confirmed by the City Council, and the housing program specialist reports to the deputy city administrator, thereby appointing a voting majority. Pursuant to the Housing Economic Relief Act (HERA) of 2008, federal grant funds are used to allow the City to purchase foreclosed or abandoned homes to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and stem the decline of house values of neighboring homes. The NSP also provides financial assistance to qualifying families for acquisition of foreclosed and vacant properties.

**Fiduciary Component Units**

Fiduciary component units are entities that are legally separate from the City but for which the City is financially accountable. The following component units are reported as fiduciary funds:

*Southfield Employees Retirement System (SERS)*

The Southfield Employees Retirement System is governed by a seven-member board that includes three members who serve on the Civil Service Commission, two members elected by the active employee members, one member elected by the retired employee members, and one member appointed by the mayor with confirmation by the City Council. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the pension board and the plan imposes a financial burden on the City.

*Fire and Police Retirement System (FPRS)*

The Fire and Police Retirement System is governed by a five-member board that includes two members elected from the ranks of the police and fire departments (one each), two members appointed by the City Council, and the city treasurer, who serves as an ex officio member. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a voting majority to the pension board and the plan imposes a financial burden on the City.

*Retiree Health Care Benefits Plan and Trust (RHC)*

The Retiree Health Care Benefits Plan and Trust is governed by a 11-member board that includes 4 members elected by plan members, 3 members who serve on the Administrative Civil Service Commission, 2 appointed representatives who serve on the board of trustees of the City of Southfield Fire and Police Retirement System, and the city treasurer and city administrator, who serve as ex officio members. Although it is legally separate from the City, it is reported as a fiduciary component unit because the City appoints a 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. The following is a summary of the significant accounting policies used by the City.

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

***Report Presentation***

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

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

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

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

***Fund Accounting***

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

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City's only major fund is the General Fund, which 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.

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.
- Capital project funds account for resources used for the acquisition or major renovation of capital facilities. Disbursements from these funds are primarily for property acquisition and the construction of permanent public improvements. The major financing sources are bond proceeds, transfers from other city funds, internal loans, and grants.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

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

**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's only major enterprise fund is the Water and Sewer Fund.

The Water and Sewer Fund accounts for the purchase of water from the Southeastern Oakland County Water Authority and the installation and maintenance of meters and mains throughout the City. Sewer disposal charges to customers pay for treatment of sewerage and fund installation and maintenance of sanitary sewers in the Evergreen area (west of Southfield Road) and of combined sanitary and storm sewers on the "SEOCSDS" area (east of Southfield Road). The City has contracted for indirect repayment of bonds issued for sewers with Oakland County, which provides water to customers and disposes of sanitary sewage.

The City's internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis.

**Fiduciary Funds**

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

- The Pension Trusts accumulate resources for pension benefit payments to retirees.
- The Retiree Health Care Benefits Plan and Trust accumulates resources for future retiree health care payments to retirees.
- The custodial funds are used to account for property taxes that are held for the benefit of other governmental units that are not part of the reporting entity and district court funds held for the benefit of other governmental units and/or individuals for which the City does not have administrative involvement.

**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 government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. 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 City has spent its resources.

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

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

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

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

***Specific Balances and Transactions***

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

**Investments**

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Long-term investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost. Pooled investment income from various funds is generally allocated to each fund using a weighted average of balance for the principal. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates. The fair value of other investments is based on periodic appraisals and the judgment of independent advisors and management. Investments that do not have an established market value are reported at estimated fair value, as determined by the plan's management. Interest is allocated on the basis of time- and dollar-weighted participation in each pool.

**Inventories and Prepaid Items**

Inventories are valued at cost on a first-in, first-out basis. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

**Restricted Assets**

Restricted assets consist of deposits being held by third parties and are legally required to be used for specific purposes, including construction and maintenance of roads and drains, debt service of drains, and self-insurance claim payments. In addition, the Water and Sewer and Road Construction funds report restricted assets related to unspent bond proceeds.

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

**Capital Assets**

Capital assets, which include property and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
	<hr/>
Infrastructure	5-50
Drain usage rights	25-50
Buildings and improvements	10-50
Furniture and equipment	2-50
Land improvements	10-50
Intangibles	3-20

**Long-term Obligations**

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

**Payable from Restricted Assets**

Accounts payable from restricted asset balances recorded on the statement of net position as of June 30, 2025 for the Road Construction Fund and Water and Sewer Fund were approximately \$484,000 and \$820,000, respectively. These amounts represent computed obligations through the year ended June 30, 2025. Of the payable from restricted assets balance for the Road Construction Fund, approximately \$456,000 pertains to the 2020 Street Improvement Bonds arbitrage liability, which is due to be remitted to the Internal Revenue Service (IRS) no later than 60 days after December 1, 2025. The \$820,000 Water and Sewer Fund accounts payable from restricted asset balances pertains to the 2019 Water and Sewer Capital Improvement Bonds arbitrage yield restriction, which is due to be remitted to the IRS no later than 60 days after May 1, 2027.

Remaining amounts recorded in payable from restricted assets at June 30, 2025 in the Road Construction Fund relate to construction costs that will be disbursed from restricted asset amounts held.

**Unearned Revenue**

The City will sometimes report amounts for unearned revenue, which represents the acquisition of net position for which revenue recognition criteria have not yet been met. Amounts received that apply to a future period and so will not be recognized as revenue until that time are reported as a liability.

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

**Deferred Outflows/Inflows of Resources**

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

The City reports deferred outflows related to the deferred charge on a bond refunding, pensions, and OPEB. The deferred charge on a bond refunding is reported in the government-wide statement of net position. This results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pensions and OPEB deferred outflows are reported in the government-wide statement of net position and proprietary statement of net position. These amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB, with the exception of the net difference between expected and actual investment earnings, which are amortized over five years.

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

The City reports deferred inflows related to unavailable revenue, pensions, OPEB, and leases. The deferred inflow of resources related to unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from special assessments, grants, and other miscellaneous sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred inflows of resources related to pensions and OPEB are reported in the government-wide statement of net position and proprietary statement of net position. The pension and OPEB amounts are deferred and amortized over the expected remaining service lives of all active and inactive employees who are provided with pensions and OPEB, with the exception of the net difference between expected and actual investment earnings, which are amortized over five years. The deferred inflows of resources related to leases are reported in the governmental funds and government-wide statement of net position. The lease amounts are amortized over the life of their respective agreements.

**Net Position**

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

**Net Position Flow Assumption**

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

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

**Fund Balance Flow Assumptions**

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

An exception to this policy applies to the Library and Parks and Recreation funds. Due to the specific and dedicated nature of these funds, the City assumes that any remaining fund balance at year end is restricted, regardless of the original funding source.

**Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by passing a resolution, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council is the highest level of decision-making authority for the City that can, by passing a resolution, assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily.

The City Council has formally adopted a fund balance policy intended to maintain General Fund unassigned fund balance of 20 percent of the City's General Fund annual operating expenditures.

**Accounts Receivable**

Accounts receivable are stated at net invoice amounts. Based on management's review of outstanding receivable balances and historical collection information, management's best estimate is that all balances will be collected. Accordingly, the City has not established an allowance for doubtful accounts.

**Property Tax Revenue**

Property taxes are levied on each July 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 due on July 1 and December 1 (the lien dates) and are collectible through August 31 and February 14, respectively (the collection dates), without penalty. The tax levy is based on a December 31 assessment date. After February 28, all taxes are declared delinquent. Delinquent property taxes are turned over to the County Treasurer who assumes responsibility for their collection and, at the same time, reimburses the City for the total amount of delinquent real property taxes.

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

The City's 2024 property tax revenue was levied and collectible on July 1, 2024 and is recognized as revenue in the year ended June 30, 2025 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2024 taxable valuation of the City totaled \$3.16 billion (a portion of which is abated and a portion of which is captured by the City's component units). Taxes generated by amounts levied are as follows:

Purpose	Millage Rate	Revenue
General operating	6.5281 \$	20,357,268
Publicity	0.0158	48,117
Police/Fire	6.8057	20,778,757
P&F pension	5.2833	16,131,441
Streets	0.9876	3,564,274
P&R	1.7283	5,633,466
Library	2.7655	9,022,709
Road debt	2.3500	7,859,712
Drains	0.0324	144,575
DDA	1.6676	243,248
Total		<u>\$ 83,783,567</u>

**Pension**

The City offers two defined benefit pension plans to certain 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 both plans. 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 City's pension plans and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, 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.

**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 Retiree Health Care Benefits Plan and Trust 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.

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

**Compensated Absences (Vacation and Sick Leave)**

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Both of these are reported in the government-wide and proprietary fund financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations. During the current year, the City adopted GASB Statement No. 101, *Compensated Absences*. As a result, the liability for compensated absences in the statement of net position of the governmental activities and business-type activities has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have not been restated due to the insignificant and immaterial impact to both the statement of net position and statement of revenue, expenses, and changes in net position.

**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 proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Leases**

The City is a lessee for noncancelable leases of buildings. The City recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental or business-type activities column in the government-wide financial statements. The City recognizes lease assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

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

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

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

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

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

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

**Subscriptions**

The City obtains the right to use vendors' information technology software through various long-term contracts. The City recognizes a subscription liability and an intangible right-of-use subscription asset (the "subscription asset") in the applicable governmental or business-type activities column in the government-wide financial statements. The City recognizes subscription assets and liabilities with an initial value of \$5,000 or more.

At the commencement of a subscription, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus initial implementation costs. Subsequently, the subscription asset is depreciated on a straight-line basis over its useful life.

Key estimates and judgments related to subscriptions include how the City determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

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

The City monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

***Upcoming Accounting Pronouncements***

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including February 27, 2026, which is the date the financial statements were available to be issued.

Subsequent to year end, the Southfield Housing Commission, a discretely presented component unit of the City, requested authorization from the Detroit Field Office of the U.S. Department of Housing and Urban Development (HUD) to transfer the Section 8 Housing Choice Voucher Program to the Plymouth Housing Commission. This transfer is expected to be effective January 1, 2026, at which point the net assets of the program will be transferred to Plymouth Housing Commission in accordance with HUD regulations. There is no impact to the City of Southfield, Michigan's primary reporting unit; however, the aggregate component units will be reduced to a partial year of activity for the June 30, 2026 fiscal year and eliminated entirely in subsequent periods.

Subsequent to year end, the Michigan Works Grants Fund, a special revenue fund, had its annual budget reduced by approximately \$500,000 due to cuts in federal and state funding necessitating a reduction in that fund's workforce. As a subrecipient of Oakland County (the "County"), the City operates the Michigan Works Grant Fund under a contract with the County that typically covers through the County's year end, September 30. Due to the reduced funding, the County has instead authorized a partial contract through June 30, 2026. The reduction in workforce and other program adjustments are expected to offset the reduction in funding.

**Note 2 - Deposits and Investments**

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

The City has designated multiple 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 and bank accounts and CDs but not the remainder of state statutory authority listed above (i.e., additional investments authorized in Public Act 196 of 1997). The City's deposits and investments are in accordance with statutory authority.

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

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy states that all securities, evidenced by a safekeeping receipt, shall be held by a third-party custodian. At year end, the City had bank deposits of \$55,490,710 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. Included in the total deposits at year end are component unit assets with a book balance of approximately \$9 million. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

The City's pension and other postemployment benefit trust funds had no bank deposits that were uninsured and uncollateralized.

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 180-day maturity or less.

June 30, 2025

**Note 2 - Deposits and Investments (Continued)**

At year end, the City had the following investments:

Investment	Carrying Value	Weighted- average Maturity (Years)
<b>Primary Government</b>		
U.S. government agency securities	\$ 98,461,732	1.44
Municipal bonds	68,203,967	2.96
Oakland County local government investment pool	8,817	4.02
Michigan CLASS investment pool	<u>170,936</u>	0.22
Total	<u>\$ 166,845,452</u>	
Investment	Carrying Value	Weighted- average Maturity (Years)
<b>Fiduciary Funds</b>		
SERS:		
U.S. government agency securities	\$ 6,163,036	7.89
Mortgage-backed securities	1,661,880	27.36
Corporate bonds	3,441,211	6.65
Open-end mutual funds	<u>6,982,695</u>	9.16
Total SERS	18,248,822	
FPRS:		
Government bonds	18,561,795	5.18
Government agencies	100,586	1.61
Municipal/provincial bonds	1,042,084	10.10
Corporate bonds	12,657,008	6.38
Funds - Corporate bonds	5,389,781	N/A
Government-issued commercial mortgage backed	132,495	4.97
Commercial backed	896,268	23.60
Asset-backed securities	3,882,595	6.68
Nongovernmental backed CMO	334,759	31.90
Index-linked government bonds	176,607	4.80
Unit trust bonds	237,750	N/A
Variable-rate CD	3,894,201	0.23
Commercial paper	2,508,862	0.23
Certificate of deposits	2,447,856	0.23
Time deposits	1,072,685	0.23
ASB commercial paper	2,325,844	0.23
Sweep vehicle	155,056	0.23
Repo agreements	<u>13,014,561</u>	0.23
Total FPRS	68,830,793	
RHC:		
Natixis Loomis Sayles inv Gr - Y	22,606,568	7.32
JPMorgan Strategic Income Opportunities Fund-I	<u>5,520,062</u>	0.19
Total RHC	<u>28,126,630</u>	
Total	<u>\$ 115,206,245</u>	

June 30, 2025

**Note 2 - Deposits and Investments (Continued)**

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City and SERS have no investment policy that would further limit investment choices. As of June 30, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
U.S. government agency securities	\$ 98,461,732	AAA	S&P
Municipal bonds	782,137	AA-	S&P
Municipal bonds	11,170,054	AA+	S&P
Municipal bonds	14,160,484	AA	S&P
Municipal bonds	42,091,292	NR	S&P
Oakland County local government investment pool	170,936	AAA <sub>m</sub>	S&P
Michigan CLASS investment pool	8,817	Not rated	N/A
Total	<u>\$ 166,845,452</u>		
<b>Fiduciary Funds</b>			
SERS:			
Corporate bonds	\$ 981,654	A-	S&P
Corporate bonds	796,260	A	S&P
Corporate bonds	647,551	BBB+	S&P
Corporate bonds	819,149	BBB	S&P
Corporate bonds	196,597	BBB-	S&P
Collateralized mortgage obligations	49,586	C	S&P
U.S. Treasury notes and bonds	6,163,036	AA+	S&P
Mortgage-backed security (FHLMC)	302,172	AA+	S&P
Mortgage-backed security (FNMA)	1,309,673	AA+	S&P
Mortgage-backed security (GNMA)	449	AA+	S&P
Mutual funds	3,632,827	AAA	S&P
Mutual funds	74,139	AA	S&P
Mutual funds	65,515	A	S&P
Mutual funds	3,144,699	BBB	S&P
Mutual funds	65,515	BB	S&P
Total SERS	18,248,822		

June 30, 2025

Note 2 - Deposits and Investments (Continued)

Investment	Carrying Value	Rating	Rating Organization
FPRS:			
Government bonds	\$ 18,561,795	Not available	N/A
Municipal/provincial bonds	219,066	AAA	S&P
Municipal/provincial bonds	546,660	AA	S&P
Municipal/provincial bonds	138,072	A	S&P
Municipal/provincial bonds	138,286	Not available	N/A
Corporate bonds	215,078	Not available	N/A
Corporate bonds	368,285	AAA	S&P
Corporate bonds	347,301	AA	S&P
Corporate bonds	3,389,144	A	S&P
Corporate bonds	8,114,406	BBB	S&P
Corporate bonds	222,794	BB	S&P
Funds - Corporate bonds	5,389,781	Not available	N/A
Government agencies	100,586	Not available	N/A
Government issued commercial mortgage backed	132,495	Not available	N/A
Commercial backed	808,076	Not available	N/A
Commercial backed	88,192	AAA	S&P
Asset-backed securities	1,977,224	Not available	N/A
Asset-backed securities	1,076,728	AAA	S&P
Asset-backed securities	342,546	AA	S&P
Asset-backed securities	347,544	A	S&P
Asset-backed securities	138,553	BBB	S&P
Nongovernmental backed CMO	273,498	Not available	N/A
Nongovernmental backed CMO	61,261	BBB	S&P
Funds - Other fixed income	414,357	Not available	N/A
Collateral pool	25,419,065	Not subject to credit risk	N/A
<b>Total FPRS</b>	<b>68,830,793</b>		
RHC:			
Loomis Sayles Inv Gr - Y (18.00%)	4,069,182	U.S. Treasurys	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (7.30%)	1,650,279	AAA	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (3.50%)	791,230	AA	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (11.90%)	2,690,182	A	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (44.80%)	10,127,742	BAA	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (4.00%)	904,263	BA	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (1.20%)	271,279	B	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (0.30%)	67,820	Below B	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (6.70%)	1,514,640	Not rated	Moody's/S&P/Fitch's
Loomis Sayles Inv Gr - Y (2.30%)	519,951	Cash	Moody's/S&P/Fitch's
JPMorgan Strategic Income Opportunities Fund-I (51.60%)	2,848,352	AAA	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (16.80%)	927,371	AA	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (20.70%)	1,142,653	A	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (2.30%)	126,961	BBB	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (2.90%)	160,082	BB	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (1.10%)	60,720	B	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (0.60%)	33,120	Below B	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
JPMorgan Strategic Income Opportunities Fund-I (4.00%)	220,803	Not rated	Moody's/S&P/Fitch's/Krol I/DBRS Morningstar
<b>Total RHC</b>	<b>28,126,630</b>		
<b>Total</b>	<b>\$ 115,206,245</b>		

June 30, 2025

**Note 2 - Deposits and Investments (Continued)**

**Concentration of Credit Risk**

The City places no limit on the amount it may invest in any one issuer. The City does not have any investments subject to concentration of credit risk.

**Foreign Currency Risk**

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates.

The following securities are subject to foreign currency risk:

Security	Foreign Currency	Carrying Value
FPRS:		
Cash and equivalents*	Australian dollars	\$ 28,967
Equities	Australian dollars	3,392,417
Equities	Canadian dollars	858,029
Cash and equivalents*	Euro	38,117
Equities	Euro	2,727,737
Equities	British pound sterling	24,878,587
Cash and equivalents*	British pound sterling	564,288
Fixed income	British pound sterling	237,750
Cash and equivalents*	Norwegian krone	13,306
Equities	Norwegian krone	138,253
Equities	Swedish krona	88,947

\*Values include pending foreign exchange sales/purchases

**Securities Lending**

As permitted by some state statutes and under the provisions of a Securities Lending Authorization Agreement, FPRS lend securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The FPRS custodial bank manages the securities lending program and receives cash, government securities, or irrevocable bank letters of credit as collateral. Borrowers are required to deliver collateral for each loan equal to no less than 102 percent of the market value of the loaned securities. During the year ended June 30, 2025, only United States currency was received as collateral. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

FPRS did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or custodial bank.

FPRS and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. Because the loans are terminable on demand, the average duration of such investments pools on June 30, 2025 is one day. On June 30, 2025, FPRS had no credit risk exposure to borrowers. For FPRS, the collateral held and the fair market value of the underlying securities on loans for the retirement system as of June 30, 2025 were \$50,317,039 and \$40,151,493, respectively.

June 30, 2025

**Note 2 - Deposits and Investments (Continued)**

**Fair Value Measurements**

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

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

The City has the following recurring fair value measurements as of June 30, 2025:

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
<b>Primary Government</b>				
Debt securities:				
Agency bonds	\$ -	\$ 98,461,732	\$ -	\$ 98,461,732
Government/Municipal bonds	-	68,203,967	-	68,203,967
Total debt securities	\$ -	\$ 166,665,699	\$ -	166,665,699
Investments measured at NAV:				
Local government investment pool				8,817
Michigan CLASS investment pool				170,936
Total investments measured at NAV				179,753
Total assets				\$ 166,845,452

June 30, 2025

Note 2 - Deposits and Investments (Continued)

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2025				
	Quoted Prices in			Balance at June 30, 2025
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>SERS</b>				
Debt securities:				
U.S. Treasury securities	\$ 6,163,036	\$ -	\$ -	\$ 6,163,036
Mutual fund - Fixed income	6,982,695	-	-	6,982,695
Mortgage-backed securities	-	1,612,294	-	1,612,294
Asset-backed securities	-	49,586	-	49,586
Corporate bonds	-	3,346,810	-	3,346,810
Foreign bonds	-	94,401	-	94,401
Total debt securities	13,145,731	5,103,091	-	18,248,822
Equity securities:				
Common and preferred stock	39,793,357	-	-	39,793,357
Mutual fund - Equities	29,617,485	-	-	29,617,485
Real estate investment trust	690,344	-	-	690,344
Foreign stock	4,676,221	-	-	4,676,221
Total equity securities	74,777,407	-	-	74,777,407
Total	\$ 87,923,138	\$ 5,103,091	\$ -	93,026,229
Investments measured at NAV:				
Collective investment fund				12,902,646
Hedge fund				4,882,568
Closely held equity				21,125,175
Total investments measured at NAV				38,910,389
Total assets				\$ 131,936,618

June 30, 2025

Note 2 - Deposits and Investments (Continued)

Assets Measured at Carrying Value on a Recurring Basis at June 30, 2025				
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
<b>FPRS</b>				
Debt securities - Mutual fund - Fixed income	\$ 5,389,781	\$ -	\$ -	\$ 5,389,781
Equity securities:				
Mutual fund - Equities	34,246,355	38,081,950	-	72,328,305
Common and preferred stock	76,175,309	-	-	76,175,309
Total	<u>\$ 115,811,445</u>	<u>\$ 38,081,950</u>	<u>\$ -</u>	153,893,395
Investments measured at NAV:				
Commingled funds				61,096
Partnerships				29,430,680
Short-term investment fund				1,800,733
Hedge equity				14,611,006
Unit trust equity				88,024
Real estate investment trust				9,833,389
Total investments measured at NAV				<u>55,824,928</u>
Total assets				<u>\$ 209,718,323</u>

June 30, 2025

**Note 2 - Deposits and Investments (Continued)**

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2025			Balance at June 30, 2025
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>RHC</b>				
Debt securities - Mutual fund - Fixed income	\$ 28,126,630	\$ -	\$ -	\$ 28,126,630
Equity securities:				
Mutual fund - Equities	44,409,881	-	-	44,409,881
Common stock	40,109,305	-	-	40,109,305
ADR	892,755	-	-	892,755
Real estate investment trusts	2,525,565	-	-	2,525,565
Foreign stock	2,153,739	-	-	2,153,739
Total equity securities	90,091,245	-	-	90,091,245
Partnerships	653,443	-	-	653,443
Total	\$ 118,871,318	\$ -	\$ -	118,871,318
Investments measured at NAV:				
Private equity				14,491,398
Infrastructure				1,471,424
Hedge funds - Funds of funds				13,402,965
Real estate investment trust				7,709,445
Total investments measured at NAV				37,075,232
Total assets				\$ 155,946,550

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

The fair value of municipal, corporate, agency bonds, mortgage- and asset-backed securities, and other debt securities at June 30, 2025 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the table below.

**Investments in Entities that Calculate Net Asset Value per Share**

The City holds shares or interests in investment companies where 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.

June 30, 2025

**Note 2 - Deposits and Investments (Continued)**

At June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
<b>Primary Government</b>				
Local government investment pool	\$ 8,817	\$ -	No restrictions	None
Michigan CLASS investment pool	170,936	-	No restrictions	None
<b>SERS</b>				
Collective investment fund	12,902,646	-	Daily to Monthly	None - 15 Days
Closely held equity	21,125,175	3,076,179	None - Quarterly	None - 95 Days
Hedge fund	4,882,568	-	Quarterly	95 Days
<b>FPRS</b>				
Hedge equity	14,611,006	-		
Commingled funds	61,096	-		
Short-term investment fund	1,800,733	-		
Unit trust equity	88,024	-		
Partnerships	29,430,680	9,969,459	Daily - Monthly	Daily - Monthly
Real estate investment trust	9,833,389	4,794,628	None - Quarterly	None - 90 Days
<b>RHC</b>				
Private equity	14,491,398	7,707,647	None	None
Infrastructure	1,471,424	564,340	None	None
Hedge funds - Fund of funds	13,402,965	-	None - Quarterly	None - 100 Days
Real estate investment trust	7,709,445	2,440,285	None	None
Total	<u>\$ 131,990,302</u>	<u>\$ 28,552,538</u>		

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" 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.

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

The hedge funds class includes the following:

*Multistrategy Fund of Hedge Funds*

These assets invest in global stocks, global bonds, and other global securities. The fair values of the investments have been determined using NAV per share (or its equivalent) of the investments.

**Note 2 - Deposits and Investments (Continued)**

*Multistrategy Hedge Funds*

This type invests in three funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this type includes investments in global stocks, global fixed income, currencies, and commodities. The fair values of the investments in this type have been determined using NAV per share (or its equivalent) of the investments.

The collective investment fund class includes the following:

*Commingled Fund*

These assets invest in publicly traded domestic equities, international equities, or bonds. All of the underlying securities within these commingled funds carry a Level 1 or 2 valuation.

The real estate investment trusts class includes the following:

*Real Estate/Other Close-ended Funds*

These assets invest primarily in commercial real estate or global timberlands. The fair values of the investments have been determined using 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 fully liquidated over the next one to eight years.

*Real Estate Funds*

This type includes several real estate funds that invest primarily in U.S. commercial real estate debt and equity. The fair values of the investments in this type have been determined using 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 one to eight years. A total of 100 percent of the total investment in this type is expected to be sold. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using NAV per share (or its equivalent) of the plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. Approximately 58 percent of the assets are able to be liquidated via a quarterly redemption queue. The balance of the assets will be liquidated as underlying properties are sold or the investee fund's management approves of the buyer before the sale of the investments can be completed.

The private equity fund actively manages its investments in portfolios by allocating capital among portfolios and subscribing into and redeeming out of investment portfolios. The portfolio may utilize a variety of financial instruments in its trading strategies and invest in U.S. and non-U.S. securities, including equities and equity-related securities, debt securities, options, warrants, ABS, private placements, foreign currency contracts, swap contracts, and other derivatives and generally carry its investments at fair value.

The infrastructure class includes assets invested in publicly traded domestic equities or international equities.

June 30, 2025

**Note 3 - Restricted Assets**

At June 30, 2025, restricted assets are composed of the following:

Description	Governmental Activities		
	Governmental Funds	Proprietary - Internal Service Funds	Business-type Activities
Unspent bond proceeds	\$ 6,622,399	\$ -	\$ 8,802,537
Deposit held by insurance carrier related to workers compensation and general insurance accruals	-	815,027	-
Assets held at the county	37,130	-	-
<b>Total</b>	<b>\$ 6,659,529</b>	<b>\$ 815,027</b>	<b>\$ 8,802,537</b>

**Note 4 - Receivables**

Receivables as of June 30, 2025 for the City's individual major funds and the nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Primary Government					Business-type Activities	Component Units
	Governmental Activities			Total Governmental Activities	Water and Sewer		
	General Fund	Nonmajor Governmental Funds	Proprietary - Internal Service Funds				
Receivables:							
Property taxes receivable	\$ 749,234	\$ 179,992	\$ -	\$ 929,226	\$ 4,975,160	\$ 62,845	
Special assessments receivable	-	199,330	-	199,330	-	-	
Customer receivables	-	83,345	-	83,345	13,176,050	-	
Accrued interest receivable	867	7,511	1,091	9,469	4,765	835	
Leases receivable	1,304,137	155,731	-	1,459,868	-	-	
Act 51 revenue receivable	-	1,386,034	-	1,386,034	-	-	
State-shared revenue receivable	1,619,856	-	-	1,619,856	-	-	
Other receivables	3,189,178	419,940	16,669	3,625,787	-	173,097	
Due from other governments	-	1,235,411	21,684,867	22,920,278	-	-	
Allowance for doubtful accounts	(398,904)	(176,770)	-	(575,674)	-	(106)	
<b>Net receivables</b>	<b>\$ 6,464,368</b>	<b>\$ 3,490,524</b>	<b>\$ 21,702,627</b>	<b>\$ 31,657,519</b>	<b>\$ 18,155,975</b>	<b>\$ 236,671</b>	

**Note 5 - Deferred Inflows/Outflows of Resources**

At the end of the current fiscal year, the various components of deferred outflows of resources are as follows:

	Governmental Funds	Proprietary - Internal Service	Governmental Activities	Business-type Activities - Water and Sewer
Deferred charges on bond refunding	\$ -	\$ -	\$ 195,333	\$ -
Related to pensions (Note 11)	-	408,007	11,369,718	505,299
Related to OPEB (Note 12)	-	3,406	56,951	5,000
<b>Total deferred outflows</b>	<b>\$ -</b>	<b>\$ 411,413</b>	<b>\$ 11,622,002</b>	<b>\$ 510,299</b>

June 30, 2025

**Note 5 - Deferred Inflows/Outflows of Resources (Continued)**

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Proprietary - Internal Service	Governmental Activities	Business-type Activities - Water and Sewer
Special assessments - Unavailable	\$ 470,976	\$ -	\$ 470,976	\$ -
Unavailable revenue	2,258,286	-	2,258,286	-
Miscellaneous revenue - Unavailable	-	-	(2,478,600)	-
Related to pensions (Note 11)	-	346,077	5,580,142	428,597
Related to OPEB (Note 12)	-	74,694	4,887,452	109,590
Leases (Note 9)	1,286,467	-	1,286,467	-
<b>Total deferred inflows</b>	<b>\$ 4,015,729</b>	<b>\$ 420,771</b>	<b>\$ 12,004,723</b>	<b>\$ 538,187</b>

**Note 6 - Interfund Receivables, Payables, and Transfers**

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 1,434,508
	Water and Sewer	191,283
	Internal service funds - Health Care	4,755,592
	Total General Fund	6,381,383
Nonmajor governmental funds	Nonmajor governmental funds	780
Internal service funds - Motor Pool	General Fund	5,286
	Nonmajor governmental funds	241,207
	Water and Sewer	151,020
	Total internal service funds - Motor Pool	397,513
Total		<b>\$ 6,779,676</b>

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

Fund Borrowed From	Fund Loaned To	Amount
Nonmajor governmental funds	General Fund	\$ 272,185
	Nonmajor governmental funds	76,481
Total		<b>\$ 348,666</b>

June 30, 2025

**Note 6 - Interfund Receivables, Payables, and Transfers (Continued)**

The balance of amounts loaned to (borrowed from) discretely presented component units is as follows:

Receivable	Payable	Amount
General Fund	Section 8 Housing Commission (component unit)	\$ 4,133
Nonmajor governmental funds	Local Development Finance Authority (component unit)	1,401,386
Nonmajor internal service funds - Facilities	Section 8 Housing Commission (component unit)	710
Downtown Development Authority (component unit)	General Fund	1,213
	Total	<u>\$ 1,407,442</u>

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

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Parks and Recreation	\$ 10,000
	Michigan Indigent Defense Commission	83,430
	Special Assessment Construction	23,562
	Total General Fund	116,992
Road Construction	Major Streets	1,214,276
	Local Streets	2,115,741
	Total Road Construction	3,330,017
Parks and Recreation Donations, Memorial Trusts, and Sponsorships Drug Law Enforcement Library Building Authority Construction	Capital Improvement Fund	3,098,675
	General Fund	14,498
	General Fund	43,140
	Local Improvement Revolving	39,689
	Total	<u>\$ 6,643,011</u>

The transfers occur during the normal course of operations to fund capital projects. In some cases, dedicated millage revenue is recorded in special revenue funds and is used by other funds for debt service payments.

June 30, 2025

**Note 7 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 11,254,297	\$ -	\$ -	\$ -	\$ 11,254,297
Construction in progress	10,830,734	(9,212,455)	6,449,705	(805,678)	7,262,306
Internal service - Construction in progress	158,613	(158,613)	-	-	-
Subtotal	22,243,644	(9,371,068)	6,449,705	(805,678)	18,516,603
Capital assets being depreciated:					
Land improvements	33,442,553	443,515	7,895,774	-	41,781,842
Building and improvements	82,321,445	604,882	628,674	-	83,555,001
Infrastructure	241,248,299	8,074,949	11,852,653	-	261,175,901
Intangibles	2,119,988	-	-	-	2,119,988
Drain usage rights	11,794,969	-	-	-	11,794,969
Equipment	10,616,272	89,109	1,156,216	-	11,861,597
Subscription assets	685,932	-	572,842	(598,054)	660,720
Internal service - Intangibles	384,666	-	-	-	384,666
Internal service - Equipment	32,300,710	158,613	5,201,987	-	37,661,310
Subtotal	414,914,834	9,371,068	27,308,146	(598,054)	450,995,994
Accumulated depreciation:					
Land improvements	22,955,874	-	1,190,220	-	24,146,094
Building and improvements	56,776,124	-	2,166,160	-	58,942,284
Infrastructure	129,535,803	-	8,120,228	-	137,656,031
Intangibles	2,075,801	-	33,967	-	2,109,768
Drain usage rights	10,229,369	-	469,458	-	10,698,827
Equipment	7,405,632	-	508,344	-	7,913,976
Subscription assets	453,194	-	228,972	(598,054)	84,112
Internal service - Intangibles	347,549	-	16,865	-	364,414
Internal service - Equipment	25,122,296	-	1,925,467	-	27,047,763
Subtotal	254,901,642	-	14,659,681	(598,054)	268,963,269
Net capital assets being depreciated	160,013,192	9,371,068	12,648,465	-	182,032,725
Net governmental activities capital assets	\$ 182,256,836	\$ -	\$ 19,098,170	\$ (805,678)	\$ 200,549,328

June 30, 2025

**Note 7 - Capital Assets (Continued)**

***Business-type Activities***

	Balance July 1, 2024	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated - Construction in progress	\$ 14,364,234	\$ 1,564,354	\$ (7,776,912)	\$ 8,151,676
Capital assets being depreciated:				
Infrastructure	271,456,110	13,221,883	7,758,032	292,436,025
Intangibles	1,507,498	-	-	1,507,498
Equipment	2,686,893	787,364	18,880	3,493,137
Subtotal	275,650,501	14,009,247	7,776,912	297,436,660
Accumulated depreciation:				
Infrastructure	130,620,533	7,547,495	-	138,168,028
Intangibles	1,472,036	27,260	-	1,499,296
Equipment	2,062,665	155,059	-	2,217,724
Subtotal	134,155,234	7,729,814	-	141,885,048
Net capital assets being depreciated	141,495,267	6,279,433	7,776,912	155,551,612
Net business-type activities capital assets	<u>\$ 155,859,501</u>	<u>\$ 7,843,787</u>	<u>\$ -</u>	<u>\$ 163,703,288</u>

Capital asset activity for the City's component units for the year ended June 30, 2025 was as follows:

***Component Units***

	Balance July 1, 2024	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets being depreciated:				
Land improvement	\$ 265,066	\$ -	\$ -	\$ 265,066
Lease assets - Building	92,951	-	-	92,951
Subtotal	358,017	-	-	358,017
Accumulated depreciation:				
Land improvement	165,666	13,253	-	178,919
Lease assets - Building	38,008	17,351	-	55,359
Subtotal	203,674	30,604	-	234,278
Net capital assets	<u>\$ 154,343</u>	<u>\$ (30,604)</u>	<u>\$ -</u>	<u>\$ 123,739</u>

**June 30, 2025**

**Note 7 - Capital Assets (Continued)**

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

Governmental activities:	
General government	\$ 798,187
Public safety	508,111
Highways and streets	8,213,056
Public services	688,032
Culture and recreation	2,509,963
Internal service fund depreciation is charged to the various functions based on their usage of the asset	<u>1,942,332</u>
Total governmental activities	<u><u>\$ 14,659,681</u></u>

**Construction Commitments**

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

	<u>Remaining Commitment</u>
Street construction	\$ 12,170,675
Equipment	15,628,989
Water system improvements	23,037,198
Other	<u>66,492</u>
Total	<u><u>\$ 50,903,354</u></u>

June 30, 2025

**Note 8 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

**Governmental Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Drains-at-large, City's share of county debt:							
Direct borrowings and direct placements			\$ 217,855	\$ -	\$ (47,159)	\$ 170,696	\$ 48,234
Other debt:							
Library building authority refunding bonds	3.0% - 5.0%	\$915,000 - \$1,760,000	10,185,000	-	(1,650,000)	8,535,000	1,735,000
2015 Street Improvement bond UTGO	2.0% - 4.0%	\$3,215,000 - \$5,085,000	3,215,000	-	(3,215,000)	-	-
2018 Street Improvement bond UTGO	3.0% - 4.0%	\$515,000 - \$6,205,000	25,275,000	-	(2,020,000)	23,255,000	5,605,000
2020 Street Improvement bond UTGO	2.0% - 4.0%	\$200,000 - \$8,285,000	20,905,000	-	(585,000)	20,320,000	605,000
Total other debt principal outstanding			59,580,000	-	(7,470,000)	52,110,000	7,945,000
Unamortized bond premiums			3,150,443	-	(756,355)	2,394,088	-
Total bonds and contracts payable - drains-at-large, City's share of county debt			62,948,298	-	(8,273,514)	54,674,784	7,993,234
Compensated absences			11,543,540	-	(369,592)	11,173,948	3,725,433
Compensated absences - Internal service funds			374,933	27,296	-	402,229	163,628
Michigan tax tribunal contingency			7,188	61,454	-	68,642	-
Subscription liabilities			256,746	572,842	(420,208)	409,380	201,525
Total governmental activities long-term debt			\$ 75,130,705	\$ 661,592	\$ (9,063,314)	\$ 66,728,983	\$ 12,083,820

June 30, 2025

**Note 8 - Long-term Debt (Continued)**

**Business-type Activities**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
Evergreen and Farmington Sewage Disposal System Capital Improvement bonds, Series 2018A, City's share of county debt	2.5% - 3.125%	\$180,013 - \$297,879	\$ 2,338,026	\$ -	\$ (227,159)	\$ 2,110,867	\$ 233,588
Evergreen and Farmington Sewage Disposal System Capital Improvement bonds, Series 2023, City's share of county debt	1.875%	\$1,822,654 - \$2,603,505	20,657,131	4,748,264	-	25,405,395	-
Total direct borrowings and direct placements principal outstanding			22,995,157	4,748,264	(227,159)	27,516,262	233,588
Other debt - 2019 Water and Sewer Capital Improvement bonds	3.0% - 3.125%	\$375,000 - \$4,680,000	57,455,000	-	(3,090,000)	54,365,000	3,180,000
Unamortized bond premiums			1,060,536	-	(65,761)	994,775	-
Total bonds and contracts payable			81,510,693	4,748,264	(3,382,920)	82,876,037	3,413,588
Compensated absences			390,977	-	(15,621)	375,356	152,612
Total business-type activities long-term debt			<u>\$ 81,901,670</u>	<u>\$ 4,748,264</u>	<u>\$ (3,398,541)</u>	<u>\$ 83,251,393</u>	<u>\$ 3,566,200</u>

**Component Unit**

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Leases			\$ 56,821	\$ -	\$ (15,868)	\$ 40,953	\$ 18,033
Compensated absences			1,220	5,044	-	6,264	2,558
Total component unit long-term debt			<u>\$ 58,041</u>	<u>\$ 5,044</u>	<u>\$ (15,868)</u>	<u>\$ 47,217</u>	<u>\$ 20,591</u>

**Note 8 - Long-term Debt (Continued)**

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2026	\$ 48,234	\$ 4,008	\$ 7,945,000	\$ 1,672,225	\$ 9,669,467
2027	42,595	2,930	8,350,000	1,371,150	9,766,675
2028	43,356	1,930	8,750,000	1,054,750	9,850,036
2029	36,511	912	9,175,000	719,800	9,932,223
2030	-	-	9,605,000	378,300	9,983,300
2031-2035	-	-	8,285,000	165,700	8,450,700
2036-2040	-	-	-	-	-
<b>Total</b>	<b>\$ 170,696</b>	<b>\$ 9,780</b>	<b>\$ 52,110,000</b>	<b>\$ 5,361,925</b>	<b>\$ 57,652,401</b>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2026	\$ 233,588	\$ 536,096	\$ 3,180,000	\$ 1,642,469	\$ 5,592,153
2027	242,160	530,256	3,275,000	1,547,069	5,594,485
2028	2,071,244	507,115	3,375,000	1,448,819	7,402,178
2029	2,114,797	466,086	3,475,000	1,347,569	7,403,452
2030	2,159,690	423,863	3,580,000	1,243,319	7,406,872
2031-2035	10,873,425	1,450,460	19,585,000	4,538,994	36,447,879
2036-2040	9,821,358	424,166	17,895,000	1,402,706	29,543,230
<b>Total</b>	<b>\$ 27,516,262</b>	<b>\$ 4,338,042</b>	<b>\$ 54,365,000</b>	<b>\$ 13,170,945</b>	<b>\$ 99,390,249</b>

**Revenue Pledged in Connection with Business-type Activities**

The contractual obligations to the State and County within the business-type activities in the previous table is the result of the State of Michigan's issuance of bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water and sewer mains to include the west side of the City and the reconstruction of a portion of the Evergreen and Farmington sewage disposal system. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds is approximately \$31,854,000. During the current year, net operating income of the system was \$11,086,761 compared to the annual debt requirement of approximately \$5,498,000.

**Note 9 - Leases**

**Lessee**

The City leases certain assets from various third parties. The assets leased are for the Downtown Development Authority's office space. Payments are generally fixed monthly.

Lease asset activity of the City is included in Note 7.

**Note 9 - Leases (Continued)**

Future principal and interest payment requirements related to the City's lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 18,033	\$ 1,312	\$ 19,345
2027	19,561	563	20,124
2028	3,359	17	3,376
Total	<u>\$ 40,953</u>	<u>\$ 1,892</u>	<u>\$ 42,845</u>

**Lessor**

The City leases certain assets to various third parties. The assets leased include cell towers. Payments are generally fixed monthly with escalation over the lease term. In addition, the City receives certain variable payments not included in the measurement of the lease receivable, which are not guaranteed.

At June 30, 2025, the City reported a lease receivable and deferred inflow of resources related to leases of \$1,459,868 and \$1,286,467, respectively.

During the year ended June 30, 2025, the City recognized \$127,269 in lease revenue and \$52,813 in interest income related to its lessor agreements.

**Note 10 - Subscriptions**

The City obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly or annually.

Subscription asset activity of the City is included in Note 7.

Future principal and interest payment requirements related to the City's subscription liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 201,525	\$ 11,954	\$ 213,479
2027	207,855	6,073	213,928
Total	<u>\$ 409,380</u>	<u>\$ 18,027</u>	<u>\$ 427,407</u>

**Note 11 - Pension Plans**

**Plan Description**

The City of Southfield, Michigan provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the Southfield Employees Retirement System, a single-employer plan administered by the Southfield Employees Retirement System Board, and Fire and Police Retirement System, a single-employer plan administered by the Fire and Police Retirement System Board.

The financial statements of each pension system are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of SERS is vested in the pension board, which consists of seven members - two elected by plan members, one elected by the retired members, three appointed by the City Council, and one appointed by the mayor. There is also one alternative member, who serves as an alternate only to the three members appointed by the City Council. Management of FPRS is vested in the pension board, which consists of five members - two elected by plan members, two appointed by the City Council, and the treasurer.

**Note 11 - Pension Plans (Continued)**

***Benefits Provided***

The plans provide retirement, disability, and death benefits. The SERS regular retirement benefits are calculated as 2.5 percent of the employee’s final average compensation (using the highest 3 consecutive years of the last 5) times the employee’s years of service. To be eligible, employees must have a combined number of years of service plus age equaling 82 or an age of 65 with 5 years of service. The FPRS regular retirement benefits are calculated as 2.5 to 2.8 percent of the highest 3- to 5-year average in the last 10 years times the years of service up to 25 years. As of July 1, 2024, for firefighters hired on or after September 12, 2011, benefits are calculated on the average final compensation, which is based on the highest 3 years of the last 10 years prior to retirement rather than the highest consecutive 3 to 5 years. Employees are eligible after 20 years of service regardless of age. Both plans also include non-duty disability benefits and disability retirement benefits, in limited situations. An employee who leaves City service may withdraw his or her contributions, plus any accumulated interest. In fiscal year 2000, FPRS provided an ad hoc postretirement benefit increase.

Benefit terms are generally established and amended by authority of the City Council and, in the case of FPRS, by Public Act 345 of 1937. Specific benefit provisions are generally subject to negotiations with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

In addition, the City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Loans are permitted from this plan, subject to guidelines established by the employer. The City does not make contributions to this plan.

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	Southfield Employees <u>Retirement System</u>	Fire and Police <u>Retirement System</u>
Date of member count	June 30, 2024	June 30, 2024
Inactive plan members or beneficiaries currently receiving benefits	396	420
Inactive plan members entitled to but not yet receiving benefits	47	2
Active plan members	<u>314</u>	<u>214</u>
Total employees covered by the plan	<u><u>757</u></u>	<u><u>636</u></u>

**Note 11 - Pension Plans (Continued)**

**Contributions**

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on amounts agreed upon by the City Council and in union contracts. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2025, the average active employee contribution rate was 6.72 percent of pay for SERS and 5.18 percent for FPRS. The City's average contribution rate was 29.63 percent of pay for SERS and 46.68 percent for FPRS. These rates were actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plans from the City were \$6,382,308 and \$11,873,128 for SERS and FPRS, respectively, for the year ended June 30, 2025.

**Net Pension Liability**

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	Southfield Employees Retirement System	Fire and Police Retirement System
Measurement date used for the City's net pension liability	June 30, 2025	June 30, 2025
Based on a comprehensive actuarial valuation as of	June 30, 2024	June 30, 2024

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

**Southfield Employees Retirement System**

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at July 1, 2024</b>	\$ 181,320,471	\$ 127,949,018	\$ 53,371,453
Changes for the year:			
Service cost	2,348,040	-	2,348,040
Interest	12,310,596	-	12,310,596
Differences between expected and actual experience	4,276,390	-	4,276,390
Contributions - Employer	-	6,382,308	(6,382,308)
Contributions - Employee	-	1,406,410	(1,406,410)
Net investment income	-	12,899,229	(12,899,229)
Benefit payments, including refunds	(13,257,674)	(13,257,674)	-
Administrative expenses	-	(143,878)	143,878
Miscellaneous other charges	-	249	(249)
Net changes	5,677,352	7,286,644	(1,609,292)
<b>Balance at June 30, 2025</b>	<b>\$ 186,997,823</b>	<b>\$ 135,235,662</b>	<b>\$ 51,762,161</b>

The plan's fiduciary net position represents 72.3 percent of the total pension liability.

**Note 11 - Pension Plans (Continued)**

**Fire and Police Retirement System**

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at July 1, 2024</b>	\$ 305,117,900	\$ 199,716,531	\$ 105,401,369
Changes for the year:			
Service cost	4,800,826	-	4,800,826
Interest	19,997,444	-	19,997,444
Changes in benefits	374,884	-	374,884
Differences between expected and actual experience	4,489,750	-	4,489,750
Contributions - Employer	-	11,873,128	(11,873,128)
Contributions - Employee	-	1,469,480	(1,469,480)
Net investment income	-	20,118,736	(20,118,736)
Benefit payments, including refunds	(22,519,756)	(22,519,756)	-
Administrative expenses	-	(63,654)	63,654
Miscellaneous other charges	-	(142,864)	142,864
Net changes	7,143,148	10,735,070	(3,591,922)
<b>Balance at June 30, 2025</b>	<b>\$ 312,261,048</b>	<b>\$ 210,451,601</b>	<b>\$ 101,809,447</b>

The plan's fiduciary net position represents 67.4 percent of the total pension liability.

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

For the year ended June 30, 2025, the City recognized pension expense of \$13,825,610 from all plans.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,875,018	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(6,008,740)
Total	<u>\$ 11,875,018</u>	<u>\$ (6,008,740)</u>

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

Years Ending June 30	Amount
2026	\$ 10,896,127
2027	(1,463,249)
2028	(1,466,210)
2029	(2,100,390)
Total	<u>\$ 5,866,278</u>

**Note 11 - Pension Plans (Continued)**

**Actuarial Assumptions**

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Southfield Employees Retirement System	Fire and Police Retirement System
Inflation	2.25	2.75
Salary increases (including inflation)	2.75 to 5.75%	2.75 to 5.75%
Investment rate of return (net of investment expenses)	7.0%	6.75%
Mortality rates	Pub-2010 Mortality Tables projected using Scale MP-2020, with adjustments to more closely reflect our experience study	Pub-2010 Mortality Tables, with adjustments to more closely reflect our experience study

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of actuarial experience studies for SERS and FPRS covering the five-year period ended June 30, 2020.

**Discount Rate**

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

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

	Southfield Employees Retirement System	Fire and Police Retirement System
Assumed investment rate of return	7.0%	6.75%
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes	Yes
Discount rate used to measure total pension liability	7.0%	6.75%

**Note 11 - Pension Plans (Continued)**

***Investment Rate of Return***

Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date for each major asset class included in the pension plans' target asset allocation, as disclosed in the investment note, are summarized in the following tables:

**Southfield Employees Retirement System**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	50.00 %	7.50 %
International equity	15.00	8.50
Domestic bonds	17.00	2.50
Real estate	8.00	4.50
Alternative assets	10.00	6.46

**Fire and Police Retirement System**

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic large-cap equity	20.00 %	4.60 %
Domestic small-/mid-cap equity	10.00	4.98
International equity	20.00	4.95
Corporate bonds	18.00	2.70
Private debt	12.50	5.68
Real estate	12.50	3.98
Private equity	2.50	7.23
Hedge funds	2.50	3.84
Cash or cash equivalents	2.00	1.19

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

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

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the Southfield Employees Retirement System	\$ 70,857,161	\$ 51,762,161	\$ 35,525,871
Net pension liability of the Fire and Police Retirement System	134,568,308	101,809,447	74,966,731

***Benefit Changes***

The changes in benefits amount of \$374,884 for the Fire and Police Retirement System was a result of benefit changes, including member contributions increasing from 1.00 percent to 4.00 percent of pay during DROP participation for police officers, interest per annum on DROP accounts during participation increased from 2.00 percent to 4.00 percent for police officers, and the FAC period changing from highest 5 to highest 3 of the last 10 years for police officers hired after February 19, 2013.

**Note 11 - Pension Plans (Continued)**

***Investment Policy***

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans' investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The pension board's adopted asset allocation policy is disclosed in the table above.

***Rate of Return***

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.49 percent and 9.98 percent for SERS and FPRS, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Deferred Retirement Option Program (DROP)***

The City's FPRS plan offers certain employees the ability to continue services and be paid a salary after they are retirement eligible and freeze their retirement benefits; this program credits the employee for benefit payments that would have been paid and pays them out with interest of either 4 percent or 2 percent depending on union after the employee has fully retired (discontinued providing employee services to the City). As of July 1, 2024, member contributions for police command (SPCOA) and deputy chiefs (SDCA) are 1 percent of pay and firefighters contributions (regardless of hire date) were increased to 4 percent of pay. At June 30, 2025, the plan has \$4,904,788 accumulated in DROP accounts.

**Note 12 - Other Postemployment Benefit Plan**

***Plan Description***

The City provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the Retiree Health Care Benefits Plan and Trust, a single-employer plan administered by the Retiree Health Care Benefits Plan and Trust Board. The City includes pre-Medicare retirees and their spouses in its insured health care plan. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. This health care benefit plan is closed to new hires. Employees hired subsequent to the plan closing date (which varied by collective bargaining agreement) are enrolled into an individual retiree health savings account. The benefits are provided under the collective bargaining agreements.

The financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the Plan is vested with the Retiree Health Care Benefits Plan and Trust board of trustees, which consists of 11 members - 4 elected by plan members, 3 members who serve on the Administrative Civil Service Commission, 2 appointed representatives who serve on the board of trustees of the City of Southfield Fire and Police Retirement System, and the city treasurer and city administrator, who serve as ex officio members.

***Benefits Provided***

The Plan provides health care and prescription drug benefits for retirees and their dependents. Benefits are primarily provided through the City's self-insurance program, with a small portion being covered by a third-party insurer.

**Note 12 - Other Postemployment Benefit Plan (Continued)**

***Employees Covered by Benefit Terms***

The following members were covered by the benefit terms:

	Retiree Health Care Benefits Plan and Trust
	<u>June 30, 2023</u>
Date of member count	June 30, 2023
Inactive plan members or beneficiaries currently receiving benefits	675
Inactive plan members entitled to but not yet receiving benefits	27
Active plan members	<u>179</u>
Total plan members	<u><u>881</u></u>

***Contributions***

Contribution rates are established by the collective bargaining units. For the year ended June 30, 2025, the City contributed \$9,605,238 to the plan. Active fire and police plan members are required to contribute 2 percent of covered payroll to the plan. Active police plan members who entered the DROP program prior to June 16, 2014 are required to contribute an additional 2 percent of covered pay (4 percent total). Those eligible to DROP after June 16, 2014 will contribute an additional 3 percent (5 percent total) to the plan upon entering DROP. DROP is closed to police command hired after March 1, 2014 unless they were previously police and police/command who DROP on or after June 16, 2014 accrue interest at the rate of 2 percent rather than 4 percent.

Nonunion employees, AFSCME 329, AFSCME 3636, TPOAM employees, and active PST and PSS employees must contribute 2 percent of covered pay to the plan.

***Net OPEB Asset***

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB asset. The June 30, 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 June 30, 2025 measurement date. The June 30, 2025 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, which used update procedures to roll forward the estimated liability to June 30, 2025.

June 30, 2025

**Note 12 - Other Postemployment Benefit Plan (Continued)**

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

**Southfield Employees Retiree Health Care Benefits Plan and Trust**

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2024</b>	\$ 44,090,502	\$ 38,024,001	\$ 6,066,501
Changes for the year:			
Service cost	265,139	-	265,139
Interest	2,964,298	-	2,964,298
Differences between expected and actual experience	581,241	-	581,241
Contributions - Employer	-	3,799,103	(3,799,103)
Contributions - Employee	-	142,779	(142,779)
Net investment income	-	4,306,160	(4,306,160)
Benefit payments, including refunds	(3,751,910)	(3,751,910)	-
Administrative expenses	-	(14,785)	14,785
Miscellaneous other charges	-	334,917	(334,917)
<b>Net changes</b>	<b>58,768</b>	<b>4,816,264</b>	<b>(4,757,496)</b>
<b>Balance at June 30, 2025</b>	<b>\$ 44,149,270</b>	<b>\$ 42,840,265</b>	<b>\$ 1,309,005</b>

The plan's fiduciary net position represents 97.04 percent of the total OPEB liability.

**Fire and Police Retiree Health Care Benefits Plan**

Changes in Net OPEB Asset	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
<b>Balance at July 1, 2024</b>	\$ 85,533,239	\$ 88,722,667	\$ (3,189,428)
Changes for the year:			
Service cost	752,990	-	752,990
Interest	5,854,872	-	5,854,872
Differences between expected and actual experience	(1,532,747)	-	(1,532,747)
Contributions - Employer	-	5,806,135	(5,806,135)
Contributions - Employee	-	227,321	(227,321)
Net investment income	-	10,097,263	(10,097,263)
Benefit payments, including refunds	(4,537,424)	(4,537,424)	-
Administrative expenses	-	(20,427)	20,427
Miscellaneous other charges	-	(334,917)	334,917
<b>Net changes</b>	<b>537,691</b>	<b>11,237,951</b>	<b>(10,700,260)</b>
<b>Balance at June 30, 2025</b>	<b>\$ 86,070,930</b>	<b>\$ 99,960,618</b>	<b>\$ (13,889,688)</b>

The plan's fiduciary net position represents 116.14 percent of the total OPEB liability.

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

For the year ended June 30, 2025, the City recognized OPEB recovery of \$7,753,557 from all plans.

June 30, 2025

**Note 12 - Other Postemployment Benefit Plan (Continued)**

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 61,951	\$ (327,946)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,669,096)
Total	\$ 61,951	\$ (4,997,042)

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

Years Ending June 30	Amount
2026	\$ 435,511
2027	(2,195,073)
2028	(2,080,853)
2029	(1,094,676)
Total	\$ (4,935,091)

**Actuarial Assumptions**

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Retiree Health Care Benefits Plan and Trust
Inflation	2.5%
Salary increases (including inflation)	2.75% - 12.75%
Investment rate of return (net of investment expenses)	7.00%
Health care cost trend rate	7.5% - 3.5%, gradually decreasing to an ultimate rate of 3.5%
Mortality rates	Pub-2010 Mortality Table, with adjustments for mortality improvements based on Scale MP-2020

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

June 30, 2025

**Note 12 - Other Postemployment Benefit Plan (Continued)**

**Discount Rate**

As shown below, the discount rate used to measure the total OPEB liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the OPEB plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	<u>Retiree Health Care Benefits Plan and Trust</u>
Assumed investment rate of return	7.0
Are contributions expected to be sufficient to allow fiduciary net position to pay future benefits?	Yes
Discount rate used to measure TOL	7.0

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment note, are summarized in the following tables:

**Retiree Health Care Benefits Plan and Trust**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	39.00 %	6.10 %
International equity	12.00	5.00
Private credit	8.50	5.60
Fixed income	18.00	1.40
Equity hedge assets	5.00	3.60
Real assets	2.00	3.60
Private real estate	7.00	4.30
Private equity	7.50	9.50
Cash or cash equivalents	1.00	0.80

**Rates of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 10.55 percent. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Note 12 - Other Postemployment Benefit Plan (Continued)**

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability (asset) of the Southfield Employees Retiree Health Care Benefits Plan and Trust	\$ 5,715,710	\$ 1,309,004	\$ (2,450,619)
Net OPEB asset of the Fire and Police Retiree Health Care Benefits Plan	(5,109,856)	(13,889,688)	(21,342,993)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate**

The following presents the net OPEB liability (asset) of the City, calculated using the current health care cost trend rate, as well as what the City's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Southfield Employees Retiree Health Care Benefits Plan	\$ (2,944,695)	\$ 1,309,004	\$ 6,270,746
Net OPEB asset of the Fire and Police Retiree Health Care Benefits Plan	(22,148,656)	(13,889,688)	(4,173,816)

**Note 13 - Pension and Other Employee Benefit Trust Funds**

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

	Southfield Employees Retirement System	Fire and Police Retirement System	Retiree Health Care Benefits Plan and Trust	Total
<b>Statement of Net Position</b>				
Investments	\$ 135,092,181	\$ 251,035,591	\$ 164,121,709	\$ 550,249,481
Other assets	143,481	617,048	414,071	1,174,600
Liabilities	-	(41,201,038)	(21,734,897)	(62,935,935)
Net position	<u>\$ 135,235,662</u>	<u>\$ 210,451,601</u>	<u>\$ 142,800,883</u>	<u>\$ 488,488,146</u>
<b>Statement of Changes in Net Position</b>				
Investment income	\$ 12,899,478	\$ 20,118,736	\$ 14,403,423	\$ 47,421,637
Contributions	7,788,718	13,342,608	9,975,338	31,106,664
Other additions	(143,878)	(206,518)	(35,212)	(385,608)
Benefit payments	(13,257,674)	(22,519,756)	(8,289,334)	(44,066,764)
Net change in net position	<u>\$ 7,286,644</u>	<u>\$ 10,735,070</u>	<u>\$ 16,054,215</u>	<u>\$ 34,075,929</u>

**Note 14 - Deferred Compensation**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Loans are permitted from this plan, subject to guidelines established by the employer. The City does not make contributions to this plan.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

**Note 15 - Fund Balance Constraints**

The detail of the various components of fund balance is as follows:

	Primary Government		
	Nonmajor Governmental Funds		
	General Fund	Funds	Total
<b>Nonspendable:</b>			
Inventory	\$ 392,066	\$ -	\$ 392,066
Prepays	518,452	515,289	1,033,741
Long-term receivable	-	1,750,052	1,750,052
Total nonspendable	910,518	2,265,341	3,175,859
<b>Restricted:</b>			
Right-of-way funds/Metro authority	1,308,510	-	1,308,510
Roads	-	19,811,004	19,811,004
Police	-	745,932	745,932
Debt service	-	4,422,600	4,422,600
Grants	-	658,261	658,261
Capital projects	-	6,213,314	6,213,314
Donations, memorial trusts, and sponsorships	-	313,677	313,677
Parks and recreation	-	2,526,954	2,526,954
Cable television	-	512,503	512,503
Library	-	12,817,298	12,817,298
Total restricted	1,308,510	48,021,543	49,330,053
<b>Committed:</b>			
Equalization reserve	1,000,000	-	1,000,000
Local improvement revolving - Northland	2,517,425	680,004	3,197,429
Building infrastructure	22,507,900	-	22,507,900
Tax base initiatives and quality of life	1,000,000	-	1,000,000
Total committed	27,025,325	680,004	27,705,329
<b>Assigned:</b>			
Capital projects	-	3,369,991	3,369,991
Encumbrances	4,024,496	-	4,024,496
Total assigned	4,024,496	3,369,991	7,394,487
<b>Unassigned</b>			
	18,786,647	-	18,786,647
Total fund balance	<u>\$ 52,055,496</u>	<u>\$ 54,336,879</u>	<u>\$ 106,392,375</u>

General Fund encumbrances relate to computer and other contractual and professional services and operating supplies.

**Note 16 - 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 Risk Management Authority (MMRMA) risk pool for claims relating to bodily injury, personal injury, property damage to property of others and city-owned property, public officials and law enforcement liability, and statutory Michigan "no fault" for owned automobiles. The City is self-insured for a majority of its health care costs up to \$250,000 per occurrence and for workers' compensation claims up to \$600,000 per occurrence. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The MMRMA program is approved and regulated by the Michigan Insurance Bureau and provides coverage of \$15 million per occurrence, with the first \$250,000 self-insured retention being the responsibility of the City for all liability claims. For property damage claim coverage, the MMRMA provides combined property coverage of \$247 million.

The shared-risk pool program in which the City participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The City estimates the liability for workers' compensation and general property and liability claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	General and Worker's Compensation Liability	
	2025	2024
Estimated liability - Beginning of year	\$ 3,813,409	\$ 2,363,588
Estimated claims incurred, including changes in estimates	4,467,263	2,614,040
Claim payments	(1,728,697)	(1,164,219)
Estimated liability - End of year	<u>\$ 6,551,975</u>	<u>\$ 3,813,409</u>

The City estimates that claims incurred but not reported for self-insured medical plan totaled \$484,233 at year end. This liability is recorded as part of the general and medical claims' liability at year end, less the year-end settlement of amounts overpaid during the fiscal year of \$665,501 for a net prepaid expense of \$181,268.

**Note 17 - Litigation**

The City is a defendant to various claims, legal actions, and complaints arising in the ordinary course of business. The City denies the allegations and plans a vigorous defense. In the opinion of legal counsel, all such matters as indicated above are adequately covered by insurance or, if not so covered, are without merit or of such kind or involve such amounts that an unfavorable disposition would not have a material effect on the financial position of the City.

In October 2020, a \$50 million lawsuit was filed against the City alleging civil rights violations by Southfield Emergency Medical Services paramedics based on its handling of an incident that occurred in August 2020. The lawsuit was dismissed in the Oakland County Circuit Court. The plaintiff filed an appeal in the State Court of Appeals, which issued its decision in the plaintiff's favor.

**Note 17 - Litigation (Continued)**

The case was remanded back to the Oakland County Circuit Court, and the City continued to defend the case vigorously, contesting liability. However, the City of Southfield, Michigan has reached a settlement in the matter. The settlement amount of \$3.25 million was approved by the Southfield City Council on November 10, 2025, and the Oakland County Court provided the required final approval of the settlement on December 15, 2025. The City expects the settlement to be covered by its insurance coverage with MMRMA.

The City has not identified any other significant claims, legal actions, and complaints arising in the ordinary course of business.

**Note 18 - Tax Abatements**

The City offers property tax incentives to promote economic activity, increase and retain employment, and provide incentives for investment in property that increases the tax base of the City. The more significant property tax abatements, as defined by GASB 77, *Tax Abatement Disclosures*, that occurred during fiscal year 2025 are as follows:

The City receives reduced property tax revenue as a result of Industrial Facilities Tax exemptions (PA 198 of 1974). Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. Under the program, the City grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 10 years. For the fiscal year ended June 30, 2025, the City abated \$238,046 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

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. For the fiscal year ended June 30, 2025, the Brownfield captured approximately \$15,000 of city taxes, in addition to captures from other taxing jurisdictions. Additionally, this captured Brownfield revenue must, by agreement, be used in part to reimburse developers. Due to the restricted nature of these agreements, the Brownfield essentially must pass on related tax dollars to the developers and, for the purpose of this pronouncement, reimbursed approximately \$2,037,100 to developers during the year.

The City uses the New Personal Property Exemption to enter into agreements with businesses located within a specific district in the City, as provided in PA 328 of 1998. Under the program, the City grants reductions of 100 percent of property tax bill for real property for up to 10 years. As a condition of receiving the New Personal Property Exemption, 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 June 30, 2025, the City abated approximately \$937,200 of taxes under this program.

**Note 19 - Joint Venture**

The City is a member of the Southeastern Oakland County Water Authority (the "Authority"), which provides a water supply system serving 11 member municipalities in Oakland County. The City appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2025, the City expensed \$7,789,358 of payments made to the Authority. The City has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the City. The City is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

**Note 20 - Brownfield Reimbursement Agreement**

The City entered into a Brownfield Reimbursement Agreement between the City of Southfield Brownfield Redevelopment Authority (BRDA) and the developer, whose interest in the property was assigned by the purchaser. Under the terms of the agreement, the City has committed to contribute \$13,300,000 from governmental activities and \$6,800,000 from the Water and Sewer Fund to the BRDA to directly pay for certain developer eligible activities.

Through June 30, 2025, the governmental activities and the Water and Sewer Fund have contributed amounts totaling \$11,240,086 and \$6,774,579, respectively, for a total of \$18,014,665. Of these amounts, \$187,583 and \$263,873, respectively, were contributed during the current year. The total contributed to date represents the total for which the developer has requested reimbursement through June 30, 2025 and has been recorded by the BRDA as contribution revenue. Of the total to date, \$17,022,227 has been reimbursed to the developer from the BRDA through June 30, 2025, with remaining amounts either remitted subsequent to year end or held in retainage. All such expenses have been reflected in the BRDA as of June 30, 2025.

The BRDA has committed to returning the contribution to governmental activities and the Water and Sewer Fund. Amounts directly paid will be reimbursed from allowed capture of future increased property tax revenue for state and local taxing authorities as those captures become available. At June 30, 2025, the amounts received from the governmental activities and the Water and Sewer Fund are committed for repayment, but repayment is contingent upon future events.

The City was awarded a \$200,000 grant from the Michigan Department of Environment, Great Lakes, and Energy pursuant to Clean Michigan Initiative Implementation for the redevelopment of Northland Mall. Through June 30, 2025, the City has been reimbursed for approximately \$173,000 for work performed under this grant.

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## Required Supplementary Information

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Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget (Unfavorable) Favorable
<b>Revenue</b>				
Property taxes	\$ 61,537,776	\$ 61,537,776	\$ 59,729,586	\$ (1,808,190)
Intergovernmental:				
Federal grants	105,300	235,300	154,258	(81,042)
State sources	11,641,417	11,641,417	11,940,176	298,759
Local grants and contributions	895,370	895,370	1,027,644	132,274
Charges for services:				
User fees	3,952,803	3,952,803	5,031,171	1,078,368
Sanitation	4,321,188	4,321,188	4,367,360	46,172
Fines and forfeitures - District court fines and fees	2,290,200	2,290,200	2,468,559	178,359
Licenses and permits:				
Cable franchise fees	1,008,000	1,008,000	884,548	(123,452)
Other licenses and permits	3,001,693	3,027,562	3,263,349	235,787
Investment earnings	1,000,000	1,000,000	4,455,664	3,455,664
Other revenue	4,303,415	4,344,089	3,929,238	(414,851)
<b>Total revenue</b>	<b>94,057,162</b>	<b>94,253,705</b>	<b>97,251,553</b>	<b>2,997,848</b>
<b>Expenditures</b>				
Current services:				
General government:				
Council	232,333	232,541	192,271	40,270
Mayor	130,232	130,232	103,142	27,090
Fiscal services	1,935,125	2,177,690	2,151,400	26,290
Administration	812,497	868,800	867,938	862
Technology and central services	3,862,346	3,519,132	2,758,882	760,250
Treasurer	1,040,479	1,080,990	1,079,114	1,876
Assessing	1,333,088	1,333,833	1,292,736	41,097
Clerk	1,460,690	1,478,842	1,477,818	1,024
Attorney	1,204,248	1,349,367	1,348,975	392
Human resources	2,399,450	2,501,166	1,843,191	657,975
Community relations	934,300	951,944	816,061	135,883
Insurance and bonds	1,313,182	1,332,832	1,912,951	(580,119)
Support services	3,645,279	3,569,276	3,543,249	26,027
Public safety:				
Police	28,076,046	28,899,938	28,829,226	70,712
Fire	25,515,010	26,427,433	26,411,967	15,466
Building and safety engineering	4,379,594	4,565,603	3,692,291	873,312
District court	4,038,672	4,102,666	3,567,600	535,066
Civilian support services	5,228,282	4,738,755	4,217,521	521,234
Public works:				
Road service administration	3,031,698	3,278,034	2,926,914	351,120
Sanitation	4,321,188	4,328,764	4,306,299	22,465
Community improvements and economic development:				
Planning	1,172,480	1,269,049	1,085,166	183,883
Community development	471,900	546,761	545,302	1,459
Capital outlay and other related costs	3,673,422	6,890,455	3,157,960	3,732,495
Debt service:				
Principal retirement	-	-	420,208	(420,208)
Interest and fiscal charges	-	-	7,270	(7,270)
<b>Total expenditures</b>	<b>100,211,541</b>	<b>105,574,103</b>	<b>98,555,452</b>	<b>7,018,651</b>
<b>Excess of Expenditures Over Revenue</b>	<b>(6,154,379)</b>	<b>(11,320,398)</b>	<b>(1,303,899)</b>	<b>10,016,499</b>
<b>Other Financing Uses - Transfers out</b>	<b>(138,760)</b>	<b>(138,760)</b>	<b>(59,354)</b>	<b>79,406</b>
<b>Net Change in Fund Balance</b>	<b>(6,293,139)</b>	<b>(11,459,158)</b>	<b>(1,363,253)</b>	<b>10,095,905</b>
<b>Fund Balance - Beginning of year</b>	<b>53,418,749</b>	<b>53,418,749</b>	<b>53,418,749</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 47,125,610</b>	<b>\$ 41,959,591</b>	<b>\$ 52,055,496</b>	<b>\$ 10,095,905</b>

Required Supplementary Information  
 Schedule of Changes in the Net Pension Liability and Related Ratios  
 Southfield Employees Retirement System

**Last Ten Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service cost	\$ 2,348,040	\$ 2,110,813	\$ 1,948,831	\$ 1,888,614	\$ 2,012,113	\$ 1,693,209	\$ 1,679,389	\$ 1,567,183	\$ 1,576,471	\$ 1,587,719
Interest	12,310,596	12,000,181	11,784,832	11,702,874	11,507,176	11,508,838	11,267,476	11,229,219	11,070,056	10,797,824
Changes in benefit terms	-	(79,767)	-	-	(77,131)	(86,700)	-	-	-	-
Differences between expected and actual experience	4,276,390	3,465,400	2,186,146	130,396	98,339	1,908,975	2,091,982	(835,066)	386,982	(1,241,195)
Changes in assumptions	-	-	-	-	1,679,916	7,787,551	-	-	-	12,032,895
Benefit payments, including refunds	(13,257,674)	(13,103,811)	(12,744,961)	(12,417,360)	(12,308,598)	(11,759,957)	(11,895,234)	(11,119,463)	(10,693,898)	(10,393,455)
<b>Net Change in Total Pension Liability</b>	5,677,352	4,392,816	3,174,848	1,304,524	2,911,815	11,051,916	3,143,613	841,873	2,339,611	12,783,788
<b>Total Pension Liability - Beginning of year</b>	181,320,471	176,927,655	173,752,807	172,448,283	169,536,468	158,484,552	155,340,939	154,499,066	152,159,455	139,375,667
<b>Total Pension Liability - End of year</b>	<b>\$ 186,997,823</b>	<b>\$ 181,320,471</b>	<b>\$ 176,927,655</b>	<b>\$ 173,752,807</b>	<b>\$ 172,448,283</b>	<b>\$ 169,536,468</b>	<b>\$ 158,484,552</b>	<b>\$ 155,340,939</b>	<b>\$ 154,499,066</b>	<b>\$ 152,159,455</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 6,382,308	\$ 5,746,805	\$ 5,088,275	\$ 4,603,072	\$ 4,538,379	\$ 3,755,353	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029
Contributions - Member	1,406,410	2,132,563	1,210,775	1,129,746	1,040,024	822,698	772,659	729,155	720,834	689,397
Net investment income (loss)	12,899,229	12,911,032	13,556,296	(10,231,311)	31,219,769	690,641	4,555,080	9,449,992	14,825,665	(3,280,426)
Administrative expenses	(143,878)	(119,255)	(111,332)	(84,111)	(71,620)	(78,022)	(61,018)	(33,827)	(60,693)	(166,074)
Benefit payments, including refunds	(13,257,674)	(13,103,811)	(12,744,961)	(12,417,360)	(12,308,598)	(11,759,957)	(11,895,234)	(11,119,463)	(10,693,898)	(10,393,455)
Other	249	-	-	-	-	397,851	(31,268)	-	148,506	-
<b>Net Change in Plan Fiduciary Net Position</b>	7,286,644	7,567,334	6,999,053	(16,999,964)	24,417,954	(6,171,436)	(3,036,459)	2,694,544	7,668,189	(10,284,529)
<b>Plan Fiduciary Net Position - Beginning of year</b>	127,949,018	120,381,684	113,382,631	130,382,595	105,964,641	112,136,077	115,172,536	112,477,992	104,809,803	115,094,332
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 135,235,662</b>	<b>\$ 127,949,018</b>	<b>\$ 120,381,684</b>	<b>\$ 113,382,631</b>	<b>\$ 130,382,595</b>	<b>\$ 105,964,641</b>	<b>\$ 112,136,077</b>	<b>\$ 115,172,536</b>	<b>\$ 112,477,992</b>	<b>\$ 104,809,803</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 51,762,161</b>	<b>\$ 53,371,453</b>	<b>\$ 56,545,971</b>	<b>\$ 60,370,176</b>	<b>\$ 42,065,688</b>	<b>\$ 63,571,827</b>	<b>\$ 46,348,475</b>	<b>\$ 40,168,403</b>	<b>\$ 42,021,074</b>	<b>\$ 47,349,652</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	72.32 %	70.57 %	68.04 %	65.26 %	75.61 %	62.50 %	70.76 %	74.14 %	72.80 %	68.88 %
<b>Covered Payroll</b>	\$ 20,675,626	\$ 17,953,440	\$ 16,533,707	\$ 15,983,495	\$ 16,025,535	\$ 15,059,719	\$ 14,716,566	\$ 13,548,441	\$ 13,340,553	\$ 13,407,323
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	250.35 %	297.28 %	342.00 %	377.70 %	262.49 %	422.13 %	314.94 %	296.48 %	314.99 %	353.16 %

Required Supplementary Information  
Schedule of Pension Contributions  
Southfield Employees Retirement System

**Last Ten Fiscal Years  
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 6,382,308	\$ 5,746,805	\$ 5,088,275	\$ 4,603,072	\$ 4,538,379	\$ 3,755,353	\$ 3,623,322	\$ 3,668,687	\$ 2,727,775	\$ 2,866,029
Contributions in relation to the actuarially determined contribution	6,382,308	5,746,805	5,088,275	4,603,072	4,538,379	3,755,353	3,623,322	3,668,687	2,727,775	2,866,029
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 20,675,626</b>	<b>\$ 17,953,440</b>	<b>\$ 16,533,707</b>	<b>\$ 15,983,495</b>	<b>\$ 16,025,535</b>	<b>\$ 15,059,719</b>	<b>\$ 14,716,566</b>	<b>\$ 13,548,441</b>	<b>\$ 13,340,553</b>	<b>\$ 13,407,323</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>30.87 %</b>	<b>32.01 %</b>	<b>30.78 %</b>	<b>28.80 %</b>	<b>28.32 %</b>	<b>24.94 %</b>	<b>24.62 %</b>	<b>27.08 %</b>	<b>20.45 %</b>	<b>21.38 %</b>

**Notes to Southfield Employees Retirement System - Schedule of Pension Contributions**

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial cost method	Entry-age normal
Amortization method	Level percent, closed
Remaining amortization period	20 years for the June 30, 2023 valuation
Asset valuation method	5-year smoothed market
Inflation	2.25 percent
Salary increase	2.75-5.75 percent, including 2.75 percent wage inflation
Investment rate of return	7.00 percent, net of investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Mortality Tables projected using Scale MP-2020, with adjustments to more closely reflect our experience study
Other information	None

Required Supplementary Information  
Schedule of Pension Investment Returns  
Southfield Employees Retirement System

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**Last Ten Fiscal Years  
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	11.49 %	11.46 %	12.47 %	(8.45)%	30.17 %	15.00 %	4.15 %	7.80 %	15.54 %	(3.04)%

Required Supplementary Information  
 Schedule of Changes in the Net Pension Liability and Related Ratios  
 Fire and Police Retirement System

**Last Ten Fiscal Years**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>										
Service cost	\$ 4,800,826	\$ 4,290,921	\$ 3,471,761	\$ 3,314,502	\$ 2,278,896	\$ 2,641,811	\$ 2,602,465	\$ 2,640,321	\$ 2,701,757	\$ 2,804,586
Interest	19,997,444	19,609,071	19,301,882	19,174,446	19,273,195	19,647,416	19,331,013	18,828,204	18,445,532	17,913,693
Changes in benefit terms	374,884	-	101,694	-	(19,714)	-	102,244	-	-	-
Differences between expected and actual experience	4,489,750	3,905,630	5,166,739	2,093,709	(195,429)	(558,290)	2,075,076	4,577,169	1,787,826	1,243,252
Changes in assumptions	-	-	-	-	7,746,683	12,397,937	-	-	-	9,830,854
Benefit payments, including refunds	(22,519,756)	(22,094,043)	(25,707,361)	(19,839,336)	(21,894,500)	(19,268,715)	(20,554,811)	(18,090,480)	(17,513,738)	(16,376,212)
<b>Net Change in Total Pension Liability</b>	7,143,148	5,711,579	2,334,715	4,743,321	7,189,131	14,860,159	3,555,987	7,955,214	5,421,377	15,416,173
<b>Total Pension Liability - Beginning of year</b>	305,117,900	299,406,321	297,071,606	292,328,285	285,139,154	270,278,995	266,723,008	258,767,794	253,346,417	237,930,244
<b>Total Pension Liability - End of year</b>	<b>\$ 312,261,048</b>	<b>\$ 305,117,900</b>	<b>\$ 299,406,321</b>	<b>\$ 297,071,606</b>	<b>\$ 292,328,285</b>	<b>\$ 285,139,154</b>	<b>\$ 270,278,995</b>	<b>\$ 266,723,008</b>	<b>\$ 258,767,794</b>	<b>\$ 253,346,417</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 11,873,128	\$ 11,800,296	\$ 11,934,078	\$ 9,132,635	\$ 8,853,911	\$ 7,060,402	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576
Contributions - Member	1,469,480	1,339,154	1,055,154	763,608	678,115	610,417	506,015	453,274	457,293	444,861
Net investment income (loss)	20,118,736	15,142,252	15,410,245	(19,371,331)	54,239,821	(3,394,354)	7,720,973	13,854,087	20,166,668	2,221,494
Administrative expenses	(63,654)	(28,882)	(76,801)	(133,313)	(125,574)	(183,978)	(218,587)	(307,479)	(155,064)	(431,274)
Benefit payments, including refunds	(22,519,756)	(22,094,043)	(25,707,361)	(19,839,336)	(21,894,500)	(19,268,715)	(20,554,811)	(18,090,480)	(17,513,738)	(16,376,212)
Other	(142,864)	(138,930)	(133,716)	(70,283)	(88,958)	-	(32)	(1,659)	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	10,735,070	6,019,847	2,481,599	(29,518,020)	41,662,815	(15,176,228)	(5,537,365)	2,546,166	9,196,686	(8,476,555)
<b>Plan Fiduciary Net Position - Beginning of year</b>	199,716,531	193,696,684	191,215,085	220,733,105	179,070,290	194,246,518	199,783,883	197,237,717	188,041,031	196,517,586
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 210,451,601</b>	<b>\$ 199,716,531</b>	<b>\$ 193,696,684</b>	<b>\$ 191,215,085</b>	<b>\$ 220,733,105</b>	<b>\$ 179,070,290</b>	<b>\$ 194,246,518</b>	<b>\$ 199,783,883</b>	<b>\$ 197,237,717</b>	<b>\$ 188,041,031</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 101,809,447</b>	<b>\$ 105,401,369</b>	<b>\$ 105,709,637</b>	<b>\$ 105,856,521</b>	<b>\$ 71,595,180</b>	<b>\$ 106,068,864</b>	<b>\$ 76,032,477</b>	<b>\$ 66,939,125</b>	<b>\$ 61,530,077</b>	<b>\$ 65,305,386</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	67.40 %	65.46 %	64.69 %	64.37 %	75.51 %	62.80 %	71.87 %	74.90 %	76.22 %	74.22 %
<b>Covered Payroll</b>	\$ 23,655,761	\$ 22,014,200	\$ 20,128,435	\$ 19,841,111	\$ 19,025,223	\$ 18,552,867	\$ 18,595,691	\$ 18,904,937	\$ 18,741,427	\$ 18,610,174
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	430.38 %	478.79 %	525.18 %	533.52 %	376.32 %	571.71 %	408.87 %	354.08 %	328.31 %	350.91 %

Required Supplementary Information  
 Schedule of Pension Contributions  
 Fire and Police Retirement System

Last Ten Fiscal Years  
 Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 11,873,128	\$ 11,800,296	\$ 11,934,078	\$ 9,132,635	\$ 8,853,911	\$ 7,060,402	\$ 7,009,077	\$ 6,638,423	\$ 6,241,527	\$ 5,664,576
Contributions in relation to the actuarially determined contribution	11,873,128	11,800,296	11,934,078	9,132,635	8,853,911	7,060,402	7,009,077	6,638,423	6,241,527	5,664,576
<b>Contribution Excess</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 23,655,761</b>	<b>\$ 22,014,200</b>	<b>\$ 20,128,435</b>	<b>\$ 19,841,111</b>	<b>\$ 19,025,223</b>	<b>\$ 18,552,867</b>	<b>\$ 18,595,691</b>	<b>\$ 18,904,937</b>	<b>\$ 18,741,427</b>	<b>\$ 18,610,174</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>50.19 %</b>	<b>53.60 %</b>	<b>59.29 %</b>	<b>46.03 %</b>	<b>46.54 %</b>	<b>38.06 %</b>	<b>37.69 %</b>	<b>35.11 %</b>	<b>33.30 %</b>	<b>30.44 %</b>

Notes to Fire and Police Retirement System - Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent, closed
Remaining amortization period	23 years for the June 30, 2023 valuation
Asset valuation method	5-year smoothed market
Inflation	2.75 percent wage inflation, no explicit price inflation assumptions are used in this valuation
Salary increase	2.75-12.75 percent, including wage inflation
Investment rate of return	6.75 percent, net of investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Mortality Tables, with adjustments to more closely reflect our experience study
Other information	None

Required Supplementary Information  
 Schedule of Pension Investment Returns  
 Fire and Police Retirement System

**Last Ten Fiscal Years  
 Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	9.98 %	7.89 %	9.01 %	(9.61)%	30.06 %	(1.46)%	3.75 %	7.18 %	11.06 %	1.06 %

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

	Last Nine Fiscal Years								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>									
Service cost	\$ 1,018,129	\$ 1,394,697	\$ 1,539,511	\$ 1,767,244	\$ 1,881,207	\$ 2,007,468	\$ 4,977,185	\$ 5,202,468	\$ 7,193,640
Interest	8,819,170	10,256,610	10,107,303	12,575,379	12,290,290	11,716,079	14,521,503	13,838,363	12,501,905
Changes in benefit terms	-	-	-	-	-	-	(128,610,260)	-	-
Differences between expected and actual experience	(951,506)	(26,287,123)	(1,179,258)	(49,618,833)	(2,230,943)	6,068,727	79,224	32,261,718	-
Changes in assumptions	-	2,710,323	-	7,720,024	-	(3,783,419)	(69,294,419)	(19,904,841)	(39,136,829)
Benefit payments, including refunds	(8,289,334)	(8,552,838)	(7,971,535)	(7,204,819)	(8,416,943)	(7,068,465)	(12,150,509)	(10,231,956)	(8,744,194)
<b>Net Change in Total OPEB Liability</b>	596,459	(20,478,331)	2,496,021	(34,761,005)	3,523,611	8,940,390	(190,477,276)	21,165,752	(28,185,478)
<b>Total OPEB Liability - Beginning of year</b>	129,623,741	150,102,072	147,606,051	182,367,056	178,843,445	169,903,055	360,380,331	339,214,579	367,400,057
<b>Total OPEB Liability - End of year</b>	<b>\$ 130,220,200</b>	<b>\$ 129,623,741</b>	<b>\$ 150,102,072</b>	<b>\$ 147,606,051</b>	<b>\$ 182,367,056</b>	<b>\$ 178,843,445</b>	<b>\$ 169,903,055</b>	<b>\$ 360,380,331</b>	<b>\$ 339,214,579</b>
<b>Plan Fiduciary Net Position</b>									
Contributions - Employer	\$ 9,605,238	\$ 11,037,793	\$ 10,221,904	\$ 11,499,115	\$ 11,014,550	\$ 12,371,933	\$ 10,722,115	\$ 8,751,955	\$ 8,378,689
Contributions - Active and inactive plan members not yet receiving benefits	370,100	398,353	467,968	462,149	506,648	517,430	541,859	592,825	666,218
Net investment income (loss)	14,403,423	12,807,614	7,714,595	(7,102,303)	22,784,223	(2,054,036)	2,549,251	4,963,952	7,021,541
Administrative expenses	(35,212)	(14,665)	(26,621)	(17,835)	(28,008)	(25,554)	(2,436)	(22,677)	(10,404)
Benefit payments, including refunds	(8,289,334)	(8,552,838)	(7,971,535)	(7,204,819)	(8,416,943)	(7,068,465)	(12,150,509)	(10,231,956)	(8,744,194)
Other	-	(39,980)	-	-	(1,097,263)	790,824	2	(82,202)	42,822
<b>Net Change in Plan Fiduciary Net Position</b>	16,054,215	15,636,277	10,406,311	(2,363,693)	24,763,207	4,532,132	1,660,282	3,971,897	7,354,672
<b>Plan Fiduciary Net Position - Beginning of year</b>	126,746,668	111,110,391	100,704,080	103,067,773	78,304,566	73,772,434	72,112,152	68,140,255	60,785,583
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 142,800,883</b>	<b>\$ 126,746,668</b>	<b>\$ 111,110,391</b>	<b>\$ 100,704,080</b>	<b>\$ 103,067,773</b>	<b>\$ 78,304,566</b>	<b>\$ 73,772,434</b>	<b>\$ 72,112,152</b>	<b>\$ 68,140,255</b>
<b>Net OPEB (Asset) Liability - Ending</b>	<b>\$ (12,580,683)</b>	<b>\$ 2,877,073</b>	<b>\$ 38,991,681</b>	<b>\$ 46,901,971</b>	<b>\$ 79,299,283</b>	<b>\$ 100,538,879</b>	<b>\$ 96,130,621</b>	<b>\$ 288,268,179</b>	<b>\$ 271,074,324</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	109.66 %	97.78 %	74.02 %	68.22 %	56.52 %	43.78 %	43.42 %	20.01 %	20.09 %
<b>Covered-employee Payroll</b>	\$ 18,903,989	\$ 18,903,989	\$ 17,422,371	\$ 18,935,330	\$ 21,038,404	\$ 22,442,064	\$ 27,456,584	\$ 27,456,584	\$ 30,668,765
<b>Net OPEB (Asset) Liability as a Percentage of Covered-employee Payroll</b>	(66.55)%	223.80 %	223.80 %	247.70 %	376.93 %	447.99 %	350.12 %	1,049.91 %	883.88 %

Required Supplementary Information  
Schedule of OPEB Contributions

Last Ten Fiscal Years  
Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 3,736,636	\$ 6,136,254	\$ 6,281,228	\$ 11,980,307	\$ 12,103,692	\$ 19,835,915	\$ 20,058,979	\$ 17,857,831	\$ 18,026,227	\$ 16,850,343
Contributions in relation to the actuarially determined contribution	9,605,238	11,037,793	10,221,904	11,499,115	11,014,550	12,371,933	10,722,115	8,751,955	8,378,689	8,322,260
<b>Contribution Excess (Deficiency)</b>	<b>\$ 5,868,602</b>	<b>\$ 4,901,539</b>	<b>\$ 3,940,676</b>	<b>\$ (481,192)</b>	<b>\$ (1,089,142)</b>	<b>\$ (7,463,982)</b>	<b>\$ (9,336,864)</b>	<b>\$ (9,105,876)</b>	<b>\$ (9,647,538)</b>	<b>\$ (8,528,083)</b>
<b>Covered-employee Payroll</b>	<b>\$ 18,903,989</b>	<b>\$ 18,903,989</b>	<b>\$ 17,422,371</b>	<b>\$ 18,935,330</b>	<b>\$ 21,038,404</b>	<b>\$ 22,442,064</b>	<b>\$ 27,456,584</b>	<b>\$ 27,456,584</b>	<b>\$ 30,668,765</b>	<b>\$ 30,668,765</b>
<b>Contributions as a Percentage of Covered-employee Payroll</b>	<b>50.81 %</b>	<b>58.39 %</b>	<b>58.67 %</b>	<b>60.73 %</b>	<b>52.35 %</b>	<b>55.13 %</b>	<b>39.05 %</b>	<b>31.88 %</b>	<b>27.32 %</b>	<b>27.14 %</b>

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30 of odd number years, which is 24 months prior to the end of the fiscal year biennium in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	18 years
Asset valuation method	Market value
Inflation	2.50 percent
Health care cost trend rates	Non-Medicare - 7.25 percent gradually decreasing to an ultimate rate of 3.50 percent Medicare - 6.25 percent gradually decreasing to an ultimate rate of 3.50 percent
Salary increase	2.75 percent to 12.75 percent, including inflation
Investment rate of return	5.50 percent, net of expenses, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Amount-Weighted Tables with a future mortality improvements projected using Scale MP-2020

Required Supplementary Information  
Schedule of OPEB Investment Returns

	Last Nine Fiscal Years								
	Years Ended June 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	10.55 %	11.53 %	6.69 %	(6.81)%	28.62 %	(2.62)%	3.75 %	7.43 %	6.31 %

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers expenditure reimbursements and fund balance draws have been included in the revenue and expenditures categories rather than as other financing sources (uses). All annual appropriations lapse at fiscal year end.

The preparation of the budget begins in October with the establishment of written goals and parameters through the city administrator's office and the distribution of budget instructions by the Office of Management and Budget. The remaining steps and deadlines are strictly outlined in the City Charter:

- On or before March 1 - Each department head must submit a departmental budget to the city administrator.
- On or before April 1 - The administrator shall submit the budget to the mayor.
- On or before the first regular City Council meeting in May - The mayor shall submit the budget to the City Council.
- No later than the third week in June - The City Council shall adopt a budget by an affirmative vote of at least five members at a special budget meeting called for such purposes.
- The City's fiscal year begins on July 1.

The public is kept well informed throughout the budget process through the issuance of press releases; availability of budget documents at both the city clerk's office and Southfield Public Library at various stages in the formulation process; and creation of a budget summary videotape, which plays periodically on the City's cable television station. Citizens are encouraged to actively participate in all public hearings.

The individual department head is authorized to transfer budgeted amounts within the respective appropriation unit (e.g., treasurer's office), unless the transfer involves personnel or capital line items, in which case the approval of the director of fiscal services or the city administrator is also required. However, any revisions that alter an appropriation unit's total budget must be approved by the City Council.

Budgets are legally adopted on an activity basis (i.e., the level at which expenditures may not legally exceed appropriations).

**Excess of Expenditures Over Appropriations in Budgeted Funds**

During the year, the City's General Fund incurred significant expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General government - Insurance and bonds	\$ 1,332,832	\$ 1,912,951	\$ (580,119)
Debt service - Principal retirement	-	420,208	(420,208)
Debt service - Interest and fiscal services	-	7,270	(7,270)

The general government insurance and bonds variance is the result of additional contributions to the member retention reserve that is required to be maintained at the minimum balance, which had been depleted due to higher than expected claims. The debt service principal retirement and interest and fiscal services variances are a result of the implementation in the prior year of GASB 96, *Subscription-Based Information Technology Arrangements*, under which the City is now reporting right-of-use assets and a corresponding lease liability for these arrangements.

***Pension Information - SERS***

**Benefit Changes**

2023 - The new tier of benefits (the "Blended Plan") was implemented effective July 1, 2023.

2021 - Member contributions increased by 1.0 percent for all groups except for ACS and management effective July 1, 2021.

2020 - Member contributions increased by 1.0 percent for all groups effective June 29, 2020.

**Changes in Assumptions**

2021 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2015 through June 30, 2020:

- Retirement rates were decreased for members eligible for the Rule of 82 condition, and the pattern of rates for early retirement was changed.
- Turnover rates were decreased for the first three years of employment and increased thereafter.
- Disability rates were increased for most ages.
- Wage inflation assumption lowered from 3.0 to 2.75 percent.
- Final average compensation load on the retirement decrement liabilities for Tier 1 active members was increased from 3.0 percent to 4.0 percent.
- Fixed percent of payroll load to fund administrative expenses was modified to be based on the prior year's administrative expenses as a percentage of payroll contribution made by the City.
- Rates of mortality were updated to the most recently published national general mortality tables: the Pub-2010 Amount-Weighted General Mortality Tables, including the use of the MP-2020 projection scale.

2020 - The board lowered the investment return assumption from 7.5 to 7.0 percent.

2016 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2010 through June 30, 2015:

- Long-term rate of investment return lowered to 7.5 percent.
- Wage inflation assumption lowered to 3.0 percent.
- 1.0 percent of payroll was added to the normal cost to explicitly fund administrative expenses.
- Merit and seniority wage increases were lowered.
- Retirement rates were increased for the Rule of 82 retirement eligibility pattern.
- Mortality rates were updated to a version of the RP-2014 Blue Collar Mortality Table.
- Amortization period lengthened to 30 years.

***Pension Information - FPRS***

**Benefit Changes**

2023 - Benefit changes implemented between July 1, 2023 and June 30, 2024:

- Member contributions are 4.00 percent of pay during DROP participation for firefighters.

2022 - Benefit changes implemented between July 1, 2022 and June 30, 2023:

- Member contributions are 1.00 percent of pay during DROP participation for police officers (SPOA), police command (SPCOA), and deputy chiefs (SDCA).
- Member contributions are 6.00 percent of pay for firefighters.
- Maximum DROP participation is 6 years for firefighters.
- For firefighters hired on or after September 12, 2011, average final compensation is based on the highest 3 years of the last 10 years prior to retirement.

2021 - Member contributions increased by 1.0 percent for all groups effective July 1, 2021.

2019 - Benefit changes implemented between July 1, 2017 and June 30, 2018:

- Extension of DROP participation from five to six years for police
- Reopen the DROP to police patrol officers hired after June 16, 2014
- Maximum pension benefit cannot exceed base wages at retirement or DROP for police patrol officers.
- Increase employee contributions by 1.0 percent beginning on July 1, 2019 and another 1.0 percent beginning on June 29, 2020 for police patrol and police command officers

**Changes in Assumptions**

2021 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2015 through June 30, 2020:

- Retirement rates were decreased for members eligible for the Rule of 82 condition, and the pattern of rates for early retirement was changed.
- Turnover rates were decreased for the first three years of employment and increased thereafter.
- Disability rates were increased for most ages.
- Wage inflation assumption lowered from 3.0 to 2.75 percent.
- Final average compensation load on the retirement decrement liabilities for Tier 1 active members was increased from 3.0 to 4.0 percent.
- Fixed percent of payroll load to fund administrative expenses was modified to be based on the prior year's administrative expenses as a percentage of payroll contribution made by the City.
- Rates of mortality were updated to the most recently published national general mortality tables: the Pub-2010 Amount-Weighted General Mortality Tables, including the use of the MP-2020 projection scale

2020 - The board adopted an investment return assumption of 7.0 percent and increased the City's contribution rate by 5.0 percent of payroll.

2016 - The board adopted actuarial assumptions recommended by an experience study covering the period from July 1, 2010 through June 30, 2015:

- Long-term rate of investment return lowered to 7.5 percent.
- Wage inflation assumption lowered to 3.25 percent.
- Mortality rates were updated to a version of the RP-2014 Blue Collar Mortality Table.
- Revised retirement rates
- Administrative expense contribution increased to 2.0 percent of payroll.
- Amortization period lengthened to 30 years.

**OPEB Information**

**Benefit Changes**

2019 - Self-insured BCBSM PPO plans for Medicare-eligible retirees were replaced with BCBSM Medicare Advantage plans for medical and Humana Employee Group Waiver Program for prescriptions, offering similar coverage at reduced premium costs and resulted in a significant decrease in the liabilities.

- The premium the retiree pays for SPOA, SPCOA, and PST members increased.

**Changes in Assumptions**

2022 - Updated actuarial demographic assumptions pursuant to the experience studies for both the FPRS group and the SERS group and updated health care trend assumptions

2020 - Lowered the amortization period to 22 years beginning on July 1, 2020

- Health care trend assumption reset to 8.25 percent trending down to 3.5 percent over 10 years
- Repeal of the Cadillac Tax, a tax provision from the Affordable Care Act 2018
- Updated actuarial assumptions to be consistent with those adopted by SERS and FPRS
- Health care trend assumption reset to 9.0 percent grading down to 3.0 percent over 10 years
- 7.0 percent load was applied to the health care liabilities to approximate the cost for future excise tax (Cadillac Tax).

2016 - Health care trend assumption reset to 9.0 percent grading down to 4.0 percent over 10 years

- 5.0 percent load was applied to the health care liabilities to approximate the cost for future excise tax (Cadillac Tax).

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## Supplementary Information

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Supplementary Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds						
	Major Streets	Local Streets	Parks and Recreation	Cable Television	Community Development Block Grant	Grants	Donations, Memorial Trusts, and Sponsorships
<b>Assets</b>							
Cash and investments	\$ 16,179,174	\$ 3,353,555	\$ 3,531,929	\$ 414,240	\$ 490,415	\$ 166,072	\$ 993,669
Receivables	1,390,087	418,208	240,022	111,807	37,187	60,458	12
Advances to component units or primary government	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	7,148	-	-	-	-
Restricted assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 17,569,261</b>	<b>\$ 3,771,763</b>	<b>\$ 3,779,099</b>	<b>\$ 526,047</b>	<b>\$ 527,602</b>	<b>\$ 226,530</b>	<b>\$ 993,681</b>
<b>Liabilities</b>							
Accounts payable	\$ 914,545	\$ 240,386	\$ 661,515	\$ 236	\$ 36,234	\$ -	\$ -
Due to other funds	483,394	424,062	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Accrued liabilities and other	-	-	246,870	13,308	4,839	-	-
Provision for property tax refunds	653	5,189	7,980	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Payable from restricted assets	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,398,592</b>	<b>669,637</b>	<b>916,365</b>	<b>13,544</b>	<b>41,073</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>328,632</b>	<b>-</b>	<b>-</b>	<b>60,458</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,398,592</b>	<b>669,637</b>	<b>1,244,997</b>	<b>13,544</b>	<b>41,073</b>	<b>60,458</b>	<b>-</b>
<b>Fund Balances</b>							
Nonspendable	-	-	7,148	-	-	-	-
Restricted	16,170,669	3,102,126	2,526,954	512,503	486,529	166,072	313,677
Committed	-	-	-	-	-	-	680,004
Assigned - Capital projects	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>16,170,669</b>	<b>3,102,126</b>	<b>2,534,102</b>	<b>512,503</b>	<b>486,529</b>	<b>166,072</b>	<b>993,681</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 17,569,261</b>	<b>\$ 3,771,763</b>	<b>\$ 3,779,099</b>	<b>\$ 526,047</b>	<b>\$ 527,602</b>	<b>\$ 226,530</b>	<b>\$ 993,681</b>

Supplementary Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds				Debt Service Funds		
	Michigan Indigent Defense Commission	Drug Law Enforcement	Library	Michigan Works Grants	Auto Theft Grant	Road Bond Debt	Drains-at-Large
<b>Assets</b>							
Cash and investments	\$ 422,489	\$ 749,905	\$ 13,782,917	\$ 279,317	\$ 16,828	\$ 3,830,108	\$ 606,203
Receivables	-	-	166,750	780,713	-	1,129	-
Advances to component units or primary government	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	84,721	2,045	-	-	-
Restricted assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 422,489</b>	<b>\$ 749,905</b>	<b>\$ 14,034,388</b>	<b>\$ 1,062,075</b>	<b>\$ 16,828</b>	<b>\$ 3,831,237</b>	<b>\$ 606,203</b>
<b>Liabilities</b>							
Accounts payable	\$ 100,422	\$ 3,973	\$ 940,475	\$ 219,011	\$ -	\$ -	\$ 192
Due to other funds	-	-	-	767,865	1,174	-	-
Advances from other funds	-	-	-	-	-	-	-
Accrued liabilities and other	-	-	180,240	73,154	9,994	-	-
Provision for property tax refunds	-	-	11,654	-	-	13,181	1,467
Unearned revenue	322,067	-	-	-	-	-	-
Payable from restricted assets	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>422,489</b>	<b>3,973</b>	<b>1,132,369</b>	<b>1,060,030</b>	<b>11,168</b>	<b>13,181</b>	<b>1,659</b>
<b>Deferred Inflows of Resources</b>							
<b>Total liabilities and deferred inflows of resources</b>	<b>422,489</b>	<b>3,973</b>	<b>1,132,369</b>	<b>1,060,030</b>	<b>11,168</b>	<b>13,181</b>	<b>1,659</b>
<b>Fund Balances</b>							
Nonspendable	-	-	84,721	2,045	-	-	-
Restricted	-	745,932	12,817,298	-	5,660	3,818,056	604,544
Committed	-	-	-	-	-	-	-
Assigned - Capital projects	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>745,932</b>	<b>12,902,019</b>	<b>2,045</b>	<b>5,660</b>	<b>3,818,056</b>	<b>604,544</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 422,489</b>	<b>\$ 749,905</b>	<b>\$ 14,034,388</b>	<b>\$ 1,062,075</b>	<b>\$ 16,828</b>	<b>\$ 3,831,237</b>	<b>\$ 606,203</b>

Supplementary Information  
Combining Balance Sheet (Continued)  
Nonmajor Governmental Funds

June 30, 2025

	Capital Project Funds					Total
	Capital Improvement	Road Construction	Local Improvement Revolving	Library Building Authority Construction	Special Assessment Construction	
<b>Assets</b>						
Cash and investments	\$ 1,547,527	\$ -	\$ 1,313,136	\$ 54,486	\$ 3,230,386	\$ 50,962,356
Receivables	221	328	189	-	283,413	3,490,524
Advances to component units or primary government	-	-	1,401,386	-	-	1,401,386
Due from other funds	780	-	-	-	-	780
Advances to other funds	-	-	348,666	-	-	348,666
Prepaid expenses and other assets	395,919	-	-	-	25,456	515,289
Restricted assets	37,130	6,622,399	-	-	-	6,659,529
<b>Total assets</b>	<b>\$ 1,981,577</b>	<b>\$ 6,622,727</b>	<b>\$ 3,063,377</b>	<b>\$ 54,486</b>	<b>\$ 3,539,255</b>	<b>\$ 63,378,530</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,510,858	\$ -	\$ 603,780	\$ -	\$ 12,895	\$ 5,244,522
Due to other funds	-	-	-	-	-	1,676,495
Advances from other funds	-	-	-	-	76,481	76,481
Accrued liabilities and other	-	-	-	-	-	528,405
Provision for property tax refunds	-	-	-	-	-	40,124
Unearned revenue	-	-	-	-	-	322,067
Payable from restricted assets	-	484,213	-	-	-	484,213
<b>Total liabilities</b>	<b>1,510,858</b>	<b>484,213</b>	<b>603,780</b>	<b>-</b>	<b>89,376</b>	<b>8,372,307</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>280,254</b>	<b>669,344</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>1,510,858</b>	<b>484,213</b>	<b>603,780</b>	<b>-</b>	<b>369,630</b>	<b>9,041,651</b>
<b>Fund Balances</b>						
Nonspendable	395,919	-	1,750,052	-	25,456	2,265,341
Restricted	74,800	6,138,514	-	-	538,209	48,021,543
Committed	-	-	-	-	-	680,004
Assigned - Capital projects	-	-	709,545	54,486	2,605,960	3,369,991
<b>Total fund balances</b>	<b>470,719</b>	<b>6,138,514</b>	<b>2,459,597</b>	<b>54,486</b>	<b>3,169,625</b>	<b>54,336,879</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,981,577</b>	<b>\$ 6,622,727</b>	<b>\$ 3,063,377</b>	<b>\$ 54,486</b>	<b>\$ 3,539,255</b>	<b>\$ 63,378,530</b>

**Supplementary Information**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund**  
**Balances**  
**Nonmajor Governmental Funds**

**Year Ended June 30, 2025**

	Special Revenue Funds						
	Major Streets	Local Streets	Parks and Recreation	Cable Television	Community Development Block Grant	Grants	Donations, Memorial Trusts, and Sponsorships
<b>Revenue</b>							
Property taxes	\$ 374,030	\$ 3,564,274	\$ 5,633,466	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	24,573	-
Intergovernmental:							
Federal grants	100,000	-	814,677	-	569,505	-	-
State sources	12,194,724	2,619,977	-	-	-	-	-
Local grants and contributions -							
Operating grants	137,897	-	54,138	-	-	-	-
Charges for services	-	-	1,801,965	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Licenses and permits	-	-	-	459,763	-	-	-
Interest and rentals	567,298	336,304	582,211	20,495	-	4,511	8,186
Other revenue	404,224	68,785	16,698	-	-	5,790	135,577
<b>Total revenue</b>	<b>13,778,173</b>	<b>6,589,340</b>	<b>8,903,155</b>	<b>480,258</b>	<b>569,505</b>	<b>34,874</b>	<b>143,763</b>
<b>Expenditures</b>							
Current services:							
General government	289	-	-	-	-	-	9,643
Public safety	-	-	-	-	-	-	-
Public works	4,943,197	4,507,667	-	-	-	-	-
Social services	5,466	27,611	-	-	610,317	-	200,421
Community improvements and economic development	-	-	-	-	-	23,970	-
Recreation and culture	-	-	6,531,154	438,411	-	-	69,900
Capital outlay and other related costs	6,441,971	7,663,109	1,908,281	28,357	-	-	69,150
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>11,390,923</b>	<b>12,198,387</b>	<b>8,439,435</b>	<b>466,768</b>	<b>610,317</b>	<b>23,970</b>	<b>349,114</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>2,387,250</b>	<b>(5,609,047)</b>	<b>463,720</b>	<b>13,490</b>	<b>(40,812)</b>	<b>10,904</b>	<b>(205,351)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	1,214,276	2,115,741	10,000	-	-	-	-
Transfers out	-	-	(3,098,675)	-	-	-	(14,498)
Sale of capital assets	-	-	15,944	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,214,276</b>	<b>2,115,741</b>	<b>(3,072,731)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,498)</b>
<b>Net Change in Fund Balances</b>	<b>3,601,526</b>	<b>(3,493,306)</b>	<b>(2,609,011)</b>	<b>13,490</b>	<b>(40,812)</b>	<b>10,904</b>	<b>(219,849)</b>
<b>Fund Balances - Beginning of year</b>	<b>12,569,143</b>	<b>6,595,432</b>	<b>5,143,113</b>	<b>499,013</b>	<b>527,341</b>	<b>155,168</b>	<b>1,213,530</b>
<b>Fund Balances - End of year</b>	<b>\$ 16,170,669</b>	<b>\$ 3,102,126</b>	<b>\$ 2,534,102</b>	<b>\$ 512,503</b>	<b>\$ 486,529</b>	<b>\$ 166,072</b>	<b>\$ 993,681</b>

**Supplementary Information**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund**  
**Balances (Continued)**  
**Nonmajor Governmental Funds**

**Year Ended June 30, 2025**

	Special Revenue Funds				Debt Service Funds		
	Michigan Indigent Defense Commission	Drug Law Enforcement	Library	Michigan Works Grants	Auto Theft Grant	Road Bond Debt	Drains-at- Large
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ 9,022,709	\$ -	\$ -	\$ 7,872,457	\$ 161,846
Special assessments	-	-	-	-	-	-	-
Intergovernmental:							
Federal grants	-	90,110	10,609	2,636,184	-	-	-
State sources	710,081	-	87,681	-	-	-	-
Local grants and contributions - Operating grants	-	-	-	-	94,653	-	-
Charges for services	-	-	256,822	-	-	-	-
Fines and forfeitures	-	272,623	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Interest and rentals	-	16,463	835,442	-	-	311,403	38,338
Other revenue	-	-	5,986	423,112	-	-	-
<b>Total revenue</b>	<b>710,081</b>	<b>379,196</b>	<b>10,219,249</b>	<b>3,059,296</b>	<b>94,653</b>	<b>8,183,860</b>	<b>200,184</b>
<b>Expenditures</b>							
Current services:							
General government	-	-	-	-	-	2,483	209,828
Public safety	793,511	92,889	-	-	208,068	-	-
Public works	-	-	-	-	-	-	-
Social services	-	-	499	3,036,616	-	-	-
Community improvements and economic development	-	-	-	73,947	-	-	-
Recreation and culture	-	-	6,635,441	-	-	-	-
Capital outlay and other related costs	-	-	1,193,485	-	-	-	-
Debt service:							
Principal retirement	-	-	1,650,000	-	-	5,820,000	47,159
Interest and fiscal charges	-	-	383,700	-	-	1,587,875	5,049
<b>Total expenditures</b>	<b>793,511</b>	<b>92,889</b>	<b>9,863,125</b>	<b>3,110,563</b>	<b>208,068</b>	<b>7,410,358</b>	<b>262,036</b>
<b>Excess of Revenue Over (Under)</b>							
<b>Expenditures</b>	<b>(83,430)</b>	<b>286,307</b>	<b>356,124</b>	<b>(51,267)</b>	<b>(113,415)</b>	<b>773,502</b>	<b>(61,852)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	83,430	-	-	-	-	-	-
Transfers out	-	(43,140)	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
<b>Total other financing sources</b> (uses)	<b>83,430</b>	<b>(43,140)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>243,167</b>	<b>356,124</b>	<b>(51,267)</b>	<b>(113,415)</b>	<b>773,502</b>	<b>(61,852)</b>
<b>Fund Balances - Beginning of year</b>	<b>-</b>	<b>502,765</b>	<b>12,545,895</b>	<b>53,312</b>	<b>119,075</b>	<b>3,044,554</b>	<b>666,396</b>
<b>Fund Balances - End of year</b>	<b>\$ -</b>	<b>\$ 745,932</b>	<b>\$ 12,902,019</b>	<b>\$ 2,045</b>	<b>\$ 5,660</b>	<b>\$ 3,818,056</b>	<b>\$ 604,544</b>

Supplementary Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund  
Balances (Continued)  
Nonmajor Governmental Funds

Year Ended June 30, 2025

	Capital Project Funds					Total
	Capital Improvement	Road Construction	Local Improvement Revolving	Library Building Authority Construction	Special Assessment Construction	
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,628,782
Special assessments	-	-	-	-	754,999	779,572
Intergovernmental:						
Federal grants	-	-	-	-	-	4,221,085
State sources	-	-	-	-	-	15,612,463
Local grants and contributions - Operating grants	-	-	-	-	-	286,688
Charges for services	85,098	-	-	-	-	2,143,885
Fines and forfeitures	-	-	-	-	-	272,623
Licenses and permits	-	-	-	-	-	459,763
Interest and rentals	275,914	483,224	61,927	1,587	57,023	3,600,326
Other revenue	-	-	7,364	-	40,396	1,107,932
<b>Total revenue</b>	<b>361,012</b>	<b>483,224</b>	<b>69,291</b>	<b>1,587</b>	<b>852,418</b>	<b>55,113,119</b>
<b>Expenditures</b>						
Current services:						
General government	4,279	87,813	640	-	-	314,975
Public safety	-	-	-	-	-	1,094,468
Public works	-	-	-	-	-	9,450,864
Social services	-	-	-	-	-	3,880,930
Community improvements and economic development	-	-	-	-	-	97,917
Recreation and culture	-	-	-	-	-	13,674,906
Capital outlay and other related costs	8,148,197	-	1,011,616	-	547,538	27,011,704
Debt service:						
Principal retirement	-	-	-	-	-	7,517,159
Interest and fiscal charges	-	-	-	-	-	1,976,624
<b>Total expenditures</b>	<b>8,152,476</b>	<b>87,813</b>	<b>1,012,256</b>	<b>-</b>	<b>547,538</b>	<b>65,019,547</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(7,791,464)</b>	<b>395,411</b>	<b>(942,965)</b>	<b>1,587</b>	<b>304,880</b>	<b>(9,906,428)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	3,098,675	-	39,689	-	23,562	6,585,373
Transfers out	-	(3,330,017)	-	(39,689)	-	(6,526,019)
Sale of capital assets	-	-	-	-	-	15,944
<b>Total other financing sources (uses)</b>	<b>3,098,675</b>	<b>(3,330,017)</b>	<b>39,689</b>	<b>(39,689)</b>	<b>23,562</b>	<b>75,298</b>
<b>Net Change in Fund Balances</b>	<b>(4,692,789)</b>	<b>(2,934,606)</b>	<b>(903,276)</b>	<b>(38,102)</b>	<b>328,442</b>	<b>(9,831,130)</b>
<b>Fund Balances - Beginning of year</b>	<b>5,163,508</b>	<b>9,073,120</b>	<b>3,362,873</b>	<b>92,588</b>	<b>2,841,183</b>	<b>64,168,009</b>
<b>Fund Balances - End of year</b>	<b>\$ 470,719</b>	<b>\$ 6,138,514</b>	<b>\$ 2,459,597</b>	<b>\$ 54,486</b>	<b>\$ 3,169,625</b>	<b>\$ 54,336,879</b>

Supplementary Information  
Combining Statement of Net Position  
Internal Service Funds

June 30, 2025

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 1	\$ 968,431	\$ 92,720	\$ 53,198	\$ 5,564	\$ 1,119,914
Investments	-	4,663,722	7,905,084	827,395	407,437	13,803,638
Receivables	21,684,867	376	17,188	161	35	21,702,627
Advances to component units or primary government	-	710	-	-	-	710
Due from other funds	-	-	397,513	-	-	397,513
Inventory	-	-	396,521	-	-	396,521
Prepaid expenses and other assets	1,280,717	-	65,127	-	181,268	1,527,112
<b>Total current assets</b>	<b>22,965,585</b>	<b>5,633,239</b>	<b>8,874,153</b>	<b>880,754</b>	<b>594,304</b>	<b>38,948,035</b>
Noncurrent assets:						
Restricted assets - Cash	-	-	-	-	815,027	815,027
Capital assets - Assets subject to depreciation - Net	-	100,442	4,778,451	5,754,906	-	10,633,799
<b>Total noncurrent assets</b>	<b>-</b>	<b>100,442</b>	<b>4,778,451</b>	<b>5,754,906</b>	<b>815,027</b>	<b>11,448,826</b>
<b>Total assets</b>	<b>22,965,585</b>	<b>5,733,681</b>	<b>13,652,604</b>	<b>6,635,660</b>	<b>1,409,331</b>	<b>50,396,861</b>
<b>Deferred Outflows of Resources</b>	<b>-</b>	<b>184,202</b>	<b>227,211</b>	<b>-</b>	<b>-</b>	<b>411,413</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	18,417	518,101	213,788	25,090	-	775,396
Due to other funds	4,755,592	-	-	-	-	4,755,592
Accrued liabilities and other	-	84,394	110,948	-	944	196,286
Compensated absences	-	73,881	89,747	-	-	163,628
<b>Total current liabilities</b>	<b>4,774,009</b>	<b>676,376</b>	<b>414,483</b>	<b>25,090</b>	<b>944</b>	<b>5,890,902</b>
Noncurrent liabilities:						
Compensated absences	-	107,459	131,142	-	-	238,601
Provision for claims	-	-	-	-	6,551,975	6,551,975
Net pension liability	-	1,727,976	2,141,427	-	-	3,869,403
Net OPEB liability	-	42,211	29,788	-	-	71,999
<b>Total liabilities</b>	<b>4,774,009</b>	<b>2,554,022</b>	<b>2,716,840</b>	<b>25,090</b>	<b>6,552,919</b>	<b>16,622,880</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>198,339</b>	<b>222,432</b>	<b>-</b>	<b>-</b>	<b>420,771</b>
<b>Net Position (Deficit)</b>						
Net investment in capital assets	-	100,442	4,778,451	5,754,906	-	10,633,799
Restricted - Claims	-	-	-	-	815,027	815,027
Unrestricted	18,191,576	3,065,080	6,162,092	855,664	(5,958,615)	22,315,797
<b>Total net position (deficit)</b>	<b>\$ 18,191,576</b>	<b>\$ 3,165,522</b>	<b>\$ 10,940,543</b>	<b>\$ 6,610,570</b>	<b>\$ (5,143,588)</b>	<b>\$ 33,764,623</b>

**Supplementary Information**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Internal Service Funds**

**Year Ended June 30, 2025**

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
<b>Operating Revenue - Charges to other funds</b>	\$ 10,455,303	\$ 5,130,084	\$ 3,706,215	\$ 1,253,929	\$ -	\$ 20,545,531
<b>Operating Expenses</b>						
Cost of insurance claims	8,788,506	-	-	-	-	8,788,506
Other operating and maintenance costs	-	1,617,750	1,400,135	-	-	3,017,885
Billing and administrative costs	108,544	1,270,088	504,679	2,272	3,870,959	5,756,542
Repairs and maintenance	-	1,643,734	891,967	328,982	-	2,864,683
Operating supplies	-	9,298	727,970	-	-	737,268
Depreciation	-	14,121	1,059,026	869,185	-	1,942,332
Total operating expenses	<u>8,897,050</u>	<u>4,554,991</u>	<u>4,583,777</u>	<u>1,200,439</u>	<u>3,870,959</u>	<u>23,107,216</u>
<b>Operating Income (Loss)</b>	1,558,253	575,093	(877,562)	53,490	(3,870,959)	(2,561,685)
<b>Nonoperating Revenue</b>						
Investment income	19,446	287,435	538,121	159,901	42,202	1,047,105
Other nonoperating general revenue	-	7,050	-	-	-	7,050
Total nonoperating revenue	<u>19,446</u>	<u>294,485</u>	<u>538,121</u>	<u>159,901</u>	<u>42,202</u>	<u>1,054,155</u>
<b>Capital Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,431</u>	<u>-</u>	<u>112,431</u>
<b>Change in Net Position</b>	1,577,699	869,578	(339,441)	325,822	(3,828,757)	(1,395,099)
<b>Net Position (Deficit) - Beginning of year</b>	<u>16,613,877</u>	<u>2,295,944</u>	<u>11,279,984</u>	<u>6,284,748</u>	<u>(1,314,831)</u>	<u>35,159,722</u>
<b>Net Position (Deficit) - End of year</b>	<u><u>\$ 18,191,576</u></u>	<u><u>\$ 3,165,522</u></u>	<u><u>\$ 10,940,543</u></u>	<u><u>\$ 6,610,570</u></u>	<u><u>\$ (5,143,588)</u></u>	<u><u>\$ 33,764,623</u></u>

Supplementary Information  
Combining Statement of Cash Flows  
Internal Service Funds

Year Ended June 30, 2025

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>						
Receipts from interfund services and reimbursements	\$ 6,966,227	\$ 5,125,872	\$ 3,312,914	\$ 1,253,929	\$ -	\$ 16,658,942
Payments to suppliers	(8,987,046)	(1,651,480)	(1,601,015)	(272,537)	-	(12,512,078)
Payments to employees and fringes	-	(3,103,675)	(1,878,937)	-	(1,037,163)	(6,019,775)
Other receipts (payments)	-	3,268	(16,669)	(258,855)	378,084	105,828
Net cash and cash equivalents (used in) provided by operating activities	(2,020,819)	373,985	(183,707)	722,537	(659,079)	(1,767,083)
<b>Cash Flows Used in Financing Activities -</b>						
Purchase of capital assets	-	(78,867)	(2,141,563)	(2,869,126)	-	(5,089,556)
<b>Cash Flows from Investing Activities</b>						
Interest received on investments	23,751	305,828	564,418	164,271	44,800	1,103,068
Proceeds from sale and maturities of investment securities	-	329,684	1,736,579	1,985,733	296,474	4,348,470
Net cash and cash equivalents provided by investing activities	23,751	635,512	2,300,997	2,150,004	341,274	5,451,538
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(1,997,068)	930,630	(24,273)	3,415	(317,805)	(1,405,101)
<b>Cash and Cash Equivalents - Beginning of year</b>	1,997,069	37,801	116,993	49,783	1,138,396	3,340,042
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 1</u>	<u>\$ 968,431</u>	<u>\$ 92,720</u>	<u>\$ 53,198</u>	<u>\$ 820,591</u>	<u>\$ 1,934,941</u>
<b>Classification of Cash and Cash Equivalents</b>						
Cash and investments	\$ 1	\$ 968,431	\$ 92,720	\$ 53,198	\$ 5,564	\$ 1,119,914
Restricted cash	-	-	-	-	815,027	815,027
Total cash and cash equivalents	<u>\$ 1</u>	<u>\$ 968,431</u>	<u>\$ 92,720</u>	<u>\$ 53,198</u>	<u>\$ 820,591</u>	<u>\$ 1,934,941</u>

Supplementary Information  
Combining Statement of Cash Flows (Continued)  
Internal Service Funds

Year Ended June 30, 2025

	Health Care	Facilities Maintenance	Motor Pool	Equipment Revolving	Insurance Risk Retention	Total Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>						
Operating income (loss)	\$ 1,558,253	\$ 575,093	\$ (877,562)	\$ 53,490	\$ (3,870,959)	\$ (2,561,685)
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	-	14,121	1,059,026	869,185	-	1,942,332
Changes in assets and liabilities:						
Receivables	(8,244,668)	3,268	(16,669)	-	-	(8,258,069)
Due to and from other funds	4,755,592	(4,212)	(393,301)	-	-	4,358,079
Inventories	-	-	148,092	-	-	148,092
Prepaid and other assets	(105,580)	-	10,287	60,000	472,523	437,230
Net pension or OPEB asset	-	(303,816)	(1,540)	-	823	(304,533)
Accounts payable	15,584	230,193	35,954	(260,138)	(32)	21,561
Estimated claims liability	-	-	-	-	2,738,566	2,738,566
Net pension or OPEB liability	-	(133,121)	(105,596)	-	-	(238,717)
Deferrals related to pension or OPEB	-	(45,861)	(56,981)	-	-	(102,842)
Accrued and other liabilities	-	38,320	14,583	-	-	52,903
Total adjustments	(3,579,072)	(201,108)	693,855	669,047	3,211,880	794,602
Net cash and cash equivalents (used in) provided by operating activities	<u>\$ (2,020,819)</u>	<u>\$ 373,985</u>	<u>\$ (183,707)</u>	<u>\$ 722,537</u>	<u>\$ (659,079)</u>	<u>\$ (1,767,083)</u>
<b>Significant Noncash Transactions -</b>						
Contributed capital	\$ -	\$ -	\$ -	\$ 112,431	\$ -	\$ 112,431

Supplementary Information  
Combining Statement of Fiduciary Net Position  
Fiduciary Funds

June 30, 2025

	Pension and Other Employee Benefit Trust Funds			Custodial Funds		Total Fiduciary Funds
	Southfield Employees Retirement System	Fire and Police Retirement System	Retiree Health Care Benefits Plan and Trust	Tax Collection	46th District Court	
<b>Assets</b>						
Cash and cash equivalents	\$ 2,753	\$ 617,048	\$ 359,557	\$ 3,036,979	\$ 680,292	4,696,629
Investments:						
Debt securities	18,248,822	43,835,384	28,126,630	-	-	90,210,836
Equity securities	108,805,228	131,762,434	123,971,217	-	-	364,538,879
Other investments	4,882,568	29,430,680	3,848,703	-	-	38,161,951
Short-term investments	3,155,563	4,815,728	8,175,159	-	-	16,146,450
Securities lending	-	41,191,365	-	-	-	41,191,365
Receivables	140,728	-	54,514	-	-	195,242
Total assets	<u>135,235,662</u>	<u>251,652,639</u>	<u>164,535,780</u>	<u>3,036,979</u>	<u>680,292</u>	<u>555,141,352</u>
<b>Liabilities</b>						
Accounts payable	-	-	-	725,567	-	725,567
Due to primary government	-	-	21,734,897	-	-	21,734,897
Due to other governmental units	-	4,000	-	2,311,412	680,292	2,995,704
Accrued liabilities and other	-	5,673	-	-	-	5,673
Obligations under securities lending agreements	-	41,191,365	-	-	-	41,191,365
Total liabilities	<u>-</u>	<u>41,201,038</u>	<u>21,734,897</u>	<u>3,036,979</u>	<u>680,292</u>	<u>66,653,206</u>
<b>Net Position</b>						
Restricted:						
Pension	135,235,662	210,451,601	-	-	-	345,687,263
Postemployment benefits other than pension	-	-	142,800,883	-	-	142,800,883
Total net position	<u>\$ 135,235,662</u>	<u>\$ 210,451,601</u>	<u>\$ 142,800,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,488,146</u>

Supplementary Information  
Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds

**Year Ended June 30, 2025**

	Pension and Other Employee Benefit Trust Funds			Custodial Funds		Total Fiduciary Funds
	Southfield Employees Retirement System	Fire and Police Retirement System	Retiree Health Care Benefits Plan and Trust	Tax Collection	46th District Court	
<b>Additions</b>						
Investment income (loss):						
Interest and dividends	\$ 1,807,971	\$ 5,011,991	\$ 3,270,101	\$ -	\$ -	\$ 10,090,063
Net increase in fair value of investments	11,702,324	16,115,952	11,660,747	-	-	39,479,023
Investment costs	(610,817)	(1,009,208)	(462,200)	-	-	(2,082,225)
Net investment income	12,899,478	20,118,735	14,468,648	-	-	47,486,861
Contributions:						
Employer	6,382,308	11,873,128	9,605,238	-	-	27,860,674
Plan members	1,406,410	1,469,480	370,100	-	-	3,245,990
Total contributions	7,788,718	13,342,608	9,975,338	-	-	31,106,664
Property tax collections for other governments	-	-	-	105,422,213	-	105,422,213
Other additions	-	-	-	425,902	-	425,902
District court collections	-	-	-	-	1,392,610	1,392,610
Total additions	20,688,196	33,461,343	24,443,986	105,848,115	1,392,610	185,834,250
<b>Deductions</b>						
Benefit payments	13,351,570	22,525,868	8,244,668	-	-	44,122,106
Refunds of contributions	(93,896)	(6,112)	-	-	-	(100,008)
Administrative expenses	143,878	206,517	145,103	-	-	495,498
Tax distributions to other governments	-	-	-	105,848,115	-	105,848,115
Other deductions	-	-	-	-	5,177	5,177
District court disbursements	-	-	-	-	1,387,433	1,387,433
Total deductions	13,401,552	22,726,273	8,389,771	105,848,115	1,392,610	151,758,321
<b>Net Increase in Fiduciary Net Position</b>	7,286,644	10,735,070	16,054,215	-	-	34,075,929
<b>Net Position - Beginning of year</b>	127,949,018	199,716,531	126,746,668	-	-	454,412,217
<b>Net Position - End of year</b>	<b>\$ 135,235,662</b>	<b>\$ 210,451,601</b>	<b>\$ 142,800,883</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 488,488,146</b>