

**CITY OF BLOOMFIELD HILLS
Oakland County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2025**

CITY OF BLOOMFIELD HILLS
For the Year Ended June 30, 2025

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For the Year Ended June 30, 2025

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Independent Auditor's Report

To the Honorable Mayor and Members of
the City Commission
City of Bloomfield Hills, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield Hills, Michigan, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, each major fund, and the aggregate remaining fund information of the City of Bloomfield Hills, Michigan, as of June 30, 2025, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 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.

Honorable Mayor and
Members of the City Commission
City of Bloomfield Hills, Michigan

In performing an audit in accordance with GAAS, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield Hills's basic financial statements. The other supplemental 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 underlying accounting and other records used to prepare the basic financial statements or 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 other supplemental information, as identified in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Respectfully,



PSLZ PLLC
Certified Public Accountants

October 22, 2025

Management's Discussion and Analysis

As management of the City of Bloomfield Hills, Michigan (the City), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2025.

Overview of the Financial Statements

The City's annual report consists of management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplemental information, and other supplemental information.

The government-wide financial statements are designed to provide a broad overview of the City's finances. The government-wide financial statements are presented on a full accrual basis, with an emphasis on measuring all economic resources and not just current financial resources, as measured in the individual fund statements. Two government-wide statements are provided.

The statement of net position presents information on all of the City's assets and liabilities with the difference shown as net position. Increases or decreases of net position from period to period provide useful information on the direction of the City's financial position over time.

The statement of activities provides information on how the government-wide net position changed during the fiscal year. This statement provides information on income, expenses, and other increases or decreases in net position.

Following the government-wide statements, individual fund financial statements are provided for the City's major funds with one column provided for nonmajor funds. These statements are grouped into governmental funds, which account for the cost of providing governmental-type services such as public safety and public works; business-type funds, which account for functions that are intended to recover all or a significant portion of their costs through user fees and charges, and fiduciary funds, which account for assets held for outside parties.

Reconciliation between the individual fund statements and the government-wide financial statements is provided following the individual fund statements. The differences between the statement of net position and the fund-based balance sheet are primarily related to inclusion of capital assets and long-term liabilities in the government-wide statement of net position, which are not included in the fund-based balance sheet. The differences between the statement of activities and the statement of revenues, expenditures, and changes in fund balances primarily relate to the timing of reporting capital outlays and debt principal payments in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as debt principal payments, and accrued employee leave time.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Bloomfield Hills, assets exceeded liabilities by \$24,822,405 at the close of the most recent fiscal year.

The following table shows in a condensed format, the net position of the City's governmental activities as of June 30, 2025:

City of Bloomfield Hills - Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 11,500,597	\$ 10,317,001	\$ 7,921,284	\$ 6,661,336	\$ 19,421,881	\$ 16,978,337
Capital Assets	18,157,157	18,282,306	14,868,264	15,578,327	33,025,421	33,860,633
Total Assets	29,657,754	28,599,307	22,789,548	22,239,663	52,447,302	50,838,970
Deferred Outflows	2,808,040	3,315,329	-	-	2,808,040	3,315,329
Long-term Liabilities						
Outstanding	27,285,916	29,740,054	372,049	734,089	27,657,965	30,474,143
Other Liabilities	1,661,571	1,824,083	480,266	653,859	2,141,837	2,477,942
Total Liabilities	28,947,487	31,564,137	852,315	1,387,948	29,799,802	32,952,085
Deferred Inflows	633,135	913,687	-	-	633,135	913,687
Net Position:						
Net Investment in						
capital assets	17,308,555	16,796,635	14,496,185	14,844,238	31,804,740	31,640,873
Restricted	1,880,233	1,586,425	5,624,760	4,815,030	7,504,993	6,401,455
Unrestricted	(16,303,616)	(18,946,248)	1,816,288	1,192,447	(14,487,328)	(17,753,801)
Total Net Position	\$ 2,885,172	\$ (563,188)	\$ 21,937,233	\$ 20,851,715	\$ 24,822,405	\$ 20,288,527

A portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Bloomfield Hills used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. An additional portion (30%) of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$14,487,328) reflects what may be used to meet the government's ongoing obligations to citizens and creditors.

The City's combined net position is \$24,822,405 as compared to \$20,288,527 in the prior year. This represents an increase of \$4,533,878 or 22 percent.

The following table shows the changes of the net position during the year ended June 30, 2025:

City of Bloomfield Hills - Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for Services	\$ 1,396,693	\$ 1,208,920	\$ 4,322,818	\$ 4,222,112	\$ 5,719,511	\$ 5,431,032
Operating Grants & Contributions	906,043	1,369,329	-	-	906,043	1,369,329
Capital Grants & Contributions	-	-	1,895,673	1,941,512	1,895,673	1,941,512
General Revenues:						
Property Taxes	12,169,141	11,481,740	-	-	12,169,141	11,481,740
State Shared Revenues	509,423	514,040	-	-	509,423	514,040
Investment Earnings	236,844	130,259	155,038	58,697	391,882	188,956
Franchise Fees	138,496	144,854	-	-	138,496	144,854
Gain on Sale of Assets	8,679	39,211	-	-	8,679	39,211
Total Revenues	15,365,319	14,888,353	6,373,529	6,222,321	21,738,848	21,110,674
Program Expenses:						
General Government	1,997,945	2,076,119	-	-	1,997,945	2,076,119
Public Safety	7,008,784	6,972,080	-	-	7,008,784	6,972,080
Public Works	2,601,760	3,189,319	-	-	2,601,760	3,189,319
Interest on Long-Term Debt	308,470	281,846	-	-	308,470	281,846
Water and Sewer	-	-	5,288,011	5,282,014	5,288,011	5,282,014
Total Expenses	11,916,959	12,519,364	5,288,011	5,282,014	17,204,970	17,801,378
Change in Net Position	\$ 3,448,360	\$ 2,368,989	\$ 1,085,518	\$ 940,307	\$ 4,533,878	\$ 3,309,296

Governmental Activities

The City had an increase of \$3,448,360 in net position in its governmental activities for the fiscal year ended June 30, 2025, as compared to a \$2,368,989 increase for the prior year. The City's total governmental revenue totaled \$15,365,319 in the current year. Property taxes represent \$12,169,141, or 79 percent of the total and increased from the prior year due to an increase in the City's taxable value. Charges for services totaled \$1,396,693 or 9 percent of total revenue. Building permit revenues increased 25% from the prior year as a result of an increase in building activities. Charges for services primarily support the building department and public safety activities.

Business-type Activities

The City's only business-type activity is the Water and Sewer Fund. The City purchases water from the Southeastern Oakland Water Authority (SOCWA), which in turn purchases water from the Great Lakes Water Authority. Sewage treatment is provided through the Oakland County Water Resources Commission, which is a customer of the Great Lakes Water Authority.

Governmental Funds

The City's fund financial statements provide detailed information about the most significant funds or major funds. The City's major funds for the year ended June 30, 2025, were the General Fund and the General Obligation Debt Fund. The General Fund pays for most of the City's governmental services, including general government, public safety, and public works. The General Obligation Debt Fund pays the principal and interest amounts due on the City's long-term debt.

General Fund Budgetary Highlights

The General Fund recognized favorable budget results for the fiscal year ended June 30, 2025, with total expenditures under budget by \$507,428. The original budgeted revenues were increased by \$207,000 for investment earnings and a public safety grant and the original budgeted expenditures were increased by \$140,000 in the final amended budget for building department expenditures and projects including the tree planting program.

Capital Assets

As of June 30, 2025, the City had approximately \$33 million (net of depreciation) invested in a broad range of capital assets, including buildings, roads, water and sewer lines, machinery and equipment, and vehicles.

Long-term Debt

At the end of the current fiscal year, the City had total general obligation bond debt outstanding of \$9,645,000 and installment loans of \$848,602. The City's total bonded debt decreased by \$1,810,000 during the current fiscal year as a result of annual debt payments made.

Economic Factors and Next Year's Budget

The City has adopted a balanced budget for the 2025-2026 fiscal year and has budgeted for pension contributions, employee and retiree health care costs, and general insurance costs in the 2025-2026 fiscal year based on the best information known at the time. The City continues to experience increases in these costs.

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 please contact the City's offices at 45 E. Long Lake Road, Bloomfield Hills, Michigan.

BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD HILLS

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 10,398,605	\$ 6,076,529	\$ 16,475,134
Receivables	589,242	1,844,785	2,434,027
Due from Other Governmental Units	257,336	-	257,336
Inventory	17,800	-	17,800
Prepaid Expenses	237,614	-	237,614
Capital Assets (Net of Accumulated Depreciation):			
Nondepreciable	503,746	-	503,746
Depreciable	<u>17,653,411</u>	<u>14,868,234</u>	<u>32,521,645</u>
Total Assets	<u>29,657,754</u>	<u>22,789,548</u>	<u>52,447,302</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Bond Refunding	737,537	-	737,537
Deferred Pension Costs	2,070,503	-	2,070,503
Deferred OPEB Costs	-	-	-
Total Deferred Outflows of Resources	<u>2,808,040</u>	<u>-</u>	<u>2,808,040</u>
LIABILITIES			
Accounts Payable	229,587	471,777	701,364
Accrued Liabilities	134,342	2,917	137,259
Due to Other Governmental Units	-	5,572	5,572
Refundable Deposits and Bonds	1,297,642	-	1,297,642
Noncurrent Liabilities:			
Due within one year:			
Compensated Absences	59,465	-	59,465
Current Portion of Long-term Debt	<u>1,112,928</u>	<u>372,049</u>	<u>1,484,977</u>
Due in more than one year:			
Compensated Absences	369,725	-	369,725
Net Pension Liability	13,829,615	-	13,829,615
Net OPEB Liability	2,898,509	-	2,898,509
Long-Term Debt	9,015,674	-	9,015,674
Total Liabilities	<u>28,947,487</u>	<u>852,315</u>	<u>29,799,802</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred OPEB Costs	148,352	-	148,352
Deferred Inflows from Leases	<u>484,783</u>	<u>-</u>	<u>484,783</u>
Total Deferred Outflows of Resources	<u>633,135</u>	<u>-</u>	<u>633,135</u>
NET POSITION			
Net Investment in Capital Assets	17,308,555	14,496,185	31,804,740
Restricted:			
Library	107,005	-	107,005
Construction Code Activity	807,540	-	807,540
Roads	964,568	-	964,568
Drug Enforcement	1,120	-	1,120
Water Debt Service	-	417,929	417,929
Sewer Capital Improvements	-	5,206,831	5,206,831
Unrestricted (deficit)	<u>(16,303,616)</u>	<u>1,816,288</u>	<u>(14,487,328)</u>
Total Net Position	<u>\$ 2,885,172</u>	<u>\$ 21,937,233</u>	<u>\$ 24,822,405</u>

CITY OF BLOOMFIELD HILLS
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,997,945	\$ 319,364	\$ -	\$ -
Public Safety	7,008,784	819,158	158,875	-
Public Works	2,601,760	258,171	747,168	-
Interest on Long-Term Debt	308,470	-	-	-
Total Governmental Activities	<u>11,916,959</u>	<u>1,396,693</u>	<u>906,043</u>	<u>-</u>
Business-type Activities:				
Water & Sewer	<u>5,288,011</u>	<u>4,322,818</u>	<u>-</u>	<u>1,895,673</u>
Total Primary Government	<u>\$ 17,204,970</u>	<u>\$ 5,719,511</u>	<u>\$ 906,043</u>	<u>\$ 1,895,673</u>

General Revenues:

Property Taxes
 State Shared Revenue
 Franchise Fees
 Unrestricted Investment Income
 Gain on Sale of Assets
 Total General Revenues

Change in Net Position

Net Position (Deficit) - Beginning

Net Position - Ending

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (1,678,581)	\$ -	\$ (1,678,581)
(6,030,751)	-	(6,030,751)
(1,596,421)	-	(1,596,421)
<u>(308,470)</u>	<u>-</u>	<u>(308,470)</u>
<u>(9,614,223)</u>	<u>-</u>	<u>(9,614,223)</u>
 - -	 930,480	 930,480
<u>(9,614,223)</u>	<u>930,480</u>	<u>(8,683,743)</u>
 12,169,141	 - -	 12,169,141
509,423	-	509,423
138,496	-	138,496
236,844	155,038	391,882
8,679	-	8,679
<u>13,062,583</u>	<u>155,038</u>	<u>13,217,621</u>
 3,448,360	 1,085,518	 4,533,878
<u>(563,188)</u>	<u>20,851,715</u>	<u>20,288,527</u>
 <u>\$ 2,885,172</u>	 <u>\$ 21,937,233</u>	 <u>\$ 24,822,405</u>

CITY OF BLOOMFIELD HILLS
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	General Obligation Debt Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 9,455,419	\$ 610	\$ 942,576	\$ 10,398,605
Accounts Receivable	52,806	-	9,952	62,758
Taxes Receivable	20,249	-	-	20,249
Leases Receivable	506,235	-	-	506,235
Due from State	144,505	-	112,831	257,336
Inventory	17,800	-	-	17,800
Prepaid Expenditures	237,614	-	-	237,614
Total Assets	<u>\$ 10,434,628</u>	<u>\$ 610</u>	<u>\$ 1,065,359</u>	<u>\$ 11,500,597</u>
LIABILITIES				
Accounts Payable	\$ 219,587	\$ -	\$ 10,000	\$ 229,587
Accrued Liabilities	93,169	-	-	93,169
Refundable Deposits and Bonds	1,297,642	-	-	1,297,642
Total Liabilities	<u>\$ 1,610,398</u>	<u>-</u>	<u>\$ 10,000</u>	<u>\$ 1,620,398</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	20,249	-	-	20,249
Deferred Inflows from Leases	484,783	-	-	484,783
Total Deferred Inflows of Resources	<u>505,032</u>	<u>-</u>	<u>-</u>	<u>505,032</u>
FUND BALANCES				
Nonspendable:				
Prepays	237,614	-	-	237,614
Inventory	17,800	-	-	17,800
Restricted for:				
Roads	-	-	964,568	964,568
Drug Enforcement	-	-	1,120	1,120
Library	107,005	-	-	107,005
Construction code activity	807,540	-	-	807,540
Unrestricted:				
Assigned for Capital Projects	-	-	89,671	89,671
Assigned for Debt Service	-	610	-	610
Assigned for Compensated Absences	429,190	-	-	429,190
Assigned for Pension Obligations	1,000,000	-	-	1,000,000
Unassigned	5,720,049	-	-	5,720,049
Total Fund Balances	<u>8,319,198</u>	<u>610</u>	<u>\$ 1,055,359</u>	<u>\$ 9,375,167</u>
Total Liabilities, Deferred Inflows, of Resources, and Fund Balances	<u>\$ 10,434,628</u>	<u>\$ 610</u>	<u>\$ 1,065,359</u>	<u>\$ 11,500,597</u>

CITY OF BLOOMFIELD HILLS
Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position
For the Year Ended June 30, 2025

Fund Balances Reported in Governmental Funds		\$ 9,375,167
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not recorded in the funds.		18,157,157
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.		20,249
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds.		(9,391,065)
Accrued interest is not due and payable in the current period and is not reported in the funds.		(41,173)
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		(429,190)
Net Pension Liability		(11,759,112)
Other Post Employment Benefit Liability		<u>(3,046,861)</u>
Net Position of Governmental Activities		\$ 2,885,172

CITY OF BLOOMFIELD HILLS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	General Obligation Debt Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 11,670,030	\$ -	\$ 499,111	\$ 12,169,141
Intergovernmental	596,049	-	747,168	1,343,217
Special Assessments	-	-	36,616	36,616
Charges for Services	349,821	-	-	349,821
Fines and Forfeitures	58,918	-	-	58,918
Licenses and Permits	929,789	-	-	929,789
Investment Income	236,844	-	-	236,844
Other	199,168	-	33,506	232,674
Total Revenues	<u>14,040,619</u>	<u>-</u>	<u>1,316,401</u>	<u>15,357,020</u>
Expenditures				
Current:				
General Government	1,974,293	-	-	1,974,293
Public Safety	7,295,951	-	-	7,295,951
Public Works	1,202,990	-	435,479	1,638,469
Debt Service	-	1,637,954	188,234	1,826,188
Capital Outlay	-	-	1,263,108	1,263,108
Total Expenditures	<u>10,473,234</u>	<u>1,637,954</u>	<u>1,886,821</u>	<u>13,998,009</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,567,385</u>	<u>(1,637,954)</u>	<u>(570,420)</u>	<u>1,359,011</u>
Other Financing Sources (Uses)				
Transfers In	-	1,638,453	972,264	2,610,717
Transfers Out	(2,369,288)	-	(241,429)	(2,610,717)
Sale of Capital Assets	-	-	8,679	8,679
Total Other Financing Sources (Uses)	<u>(2,369,288)</u>	<u>1,638,453</u>	<u>739,514</u>	<u>8,679</u>
Net Change in Fund Balances	1,198,097	499	169,094	1,367,690
Fund Balances - Beginning	<u>7,121,101</u>	<u>111</u>	<u>886,265</u>	<u>8,007,477</u>
Fund Balances - Ending	<u>\$ 8,319,198</u>	<u>\$ 610</u>	<u>\$ 1,055,359</u>	<u>\$ 9,375,167</u>

CITY OF BLOOMFIELD HILLS

Governmental Funds

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds \$ 1,367,690

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 the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,547,311
Depreciation expense	(1,672,460)

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.

(380)

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt).

1,510,121

Interest expense is recognized in the government-wide statements as it accrues.

7,597

Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in Compensated Absences Payable	57,299
Change in Net Pension Liability	(16,322)
Change in Other Post Employment Benefit Liability	<u>647,504</u>

Change in Net Position of Governmental Activities \$ 3,448,360

CITY OF BLOOMFIELD HILLS
Proprietary Fund
Statement of Net Position
June 30, 2025

	Enterprise Fund Water & Sewer Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 6,076,529
Receivables	1,844,785
Total Current Assets	<u>7,921,314</u>
Noncurrent Assets:	
Capital Assets, net of depreciation	<u>14,868,234</u>
Total Assets	<u>22,789,548</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	471,777
Accrued Liabilities	2,917
Due to Other Governmental Units	5,572
Current Portion of Long-term Debt	<u>372,049</u>
Total Current Liabilities	<u>852,315</u>
NET POSITION	
Net Investment in Capital Assets	14,496,185
Restricted:	
Water Debt Service	417,929
Sewer Capital Improvements	5,206,831
Unrestricted	1,816,288
Total Net Position	<u>\$ 21,937,233</u>

CITY OF BLOOMFIELD HILLS
Proprietary Fund
Statement of Revenue, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	Enterprise Fund Water & Sewer Fund
Operating Revenue:	
Sale of Water	\$ 2,685,485
Sewage Disposal Charges	1,637,333
Total Operating Revenue	<u>4,322,818</u>
Operating Expenses:	
Cost of Water	2,510,731
Cost of Sewage Treatment	1,475,014
Other Operating and Maintenance Costs	56,937
Billing and Administrative Costs	210,124
Other Operating Expense	186,900
Depreciation	845,770
Total Operating Expenses	<u>5,285,476</u>
Operating Income (Loss)	<u>(962,658)</u>
Non-Operating Revenue (Expense):	
Grant Revenue	52,167
Investment Income	155,038
Interest Expense	(2,535)
Total Non-Operating Revenue (Expense)	<u>204,670</u>
Income (Loss) before Contributions	<u>(757,988)</u>
Capital Contributions - Tap fees and Capital Charges	<u>1,843,506</u>
Change in Net Position	1,085,518
Net Position, Beginning	<u>20,851,715</u>
Net Position, Ending	<u>\$ 21,937,233</u>

CITY OF BLOOMFIELD HILLS
Proprietary Fund
Statement of Cash Flows
For the Year Ended June 30, 2025

	Enterprise Fund Water & Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 4,383,872
Payments to suppliers	(4,613,299)
Net Cash Used in Operating Activities	<u><u>(229,427)</u></u>
Cash Flows from Noncapital Financing Activities	
Operating grants and subsidies	<u><u>52,167</u></u>
Cash Flows from Capital and Related Financing Activities	
Tap fees and capital charges	1,843,506
Purchase of capital assets	(135,677)
Principal and interest paid on capital debt	(364,575)
Net Cash Provided by Capital and Related Financing Activities	<u><u>1,343,254</u></u>
Cash Flows from Provided by Investing Activities	
Investment Income	<u><u>155,038</u></u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,321,032
Cash and Cash Equivalents, Beginning of year	<u><u>4,755,497</u></u>
Cash and Cash Equivalents, End of year	<u><u>\$ 6,076,529</u></u>
Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (962,658)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	845,770
Changes in assets and liabilities:	
Receivables	61,054
Accounts payable and accrued liabilities	(173,593)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (229,427)</u></u>

CITY OF BLOOMFIELD HILLS
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2025

	OPEB Trust	Tax Collection Fund	Total
ASSETS			
Interest in Pooled Investments	\$ 7,624,749	\$ -	\$ 7,624,749
LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted - Postemployment benefits other than pension	<u>\$ 7,624,749</u>	<u>\$ -</u>	<u>\$ 7,624,749</u>

CITY OF BLOOMFIELD HILLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
June 30, 2025

	OPEB Trust	Tax Collection Fund	Total
Additions			
Investment Income	\$ 678,027	\$ -	\$ 678,027
Contributions-Employer	659,369	-	659,369
Property tax collections	-	31,288,931	31,288,931
Total Additions	<u>1,337,396</u>	<u>31,288,931</u>	<u>32,626,327</u>
Deductions			
Benefit payments	659,369	-	659,369
Administrative Fees	15,216	-	15,216
Property tax disbursements	-	31,288,931	31,288,931
Total Deductions	<u>674,585</u>	<u>31,288,931</u>	<u>31,963,516</u>
Net Increase in Fiduciary Net Position	662,811	-	662,811
Net Position - Beginning of year	<u>6,961,938</u>	<u>-</u>	<u>6,961,938</u>
Net Position - End of year	<u>\$ 7,624,749</u>	<u>\$ -</u>	<u>\$ 7,624,749</u>

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 1 – Significant Accounting Policies

Reporting Entity

The City of Bloomfield Hills, Michigan (the “City”) is governed by an elected five-member commission. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable.

OPEB Trust

The City Commission governs an OPEB trust through the Municipal Employees’ Retirement System of Michigan (MERS) Retiree Health Funding Vehicle (RHFV). The MERS RHFV is governed by a nine-member board that includes three members of a participating municipality, three employee members, two expert members, and one retiree member. Although legally separate from the City, it is reported as a fiduciary component unit, because the plan imposes a financial burden on the City.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the City:

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 amount 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.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 1 – Significant Accounting Policies (Continued)

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 are reported as separate columns in the fund financial statements.

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.

Expenditures are reported when the goods are received, or the services are rendered. Capital outlays are reported as expenditures (rather than 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, for certain amounts due from businesses and residents collected after the period of availability, receivables have been recorded for these along with a deferred inflow.

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

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:

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 1 – Significant Accounting Policies (Continued)

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 reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The General Obligation Debt Fund is used to account for the debt payment on bonds and other long-term liabilities.

Proprietary Fund

Proprietary funds include enterprise funds that provide goods or services to users in exchange for charges or fees. The City reports the following fund as a major enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for user charges. The activity of the water distribution and sewage collection systems is administered by Oakland County, Michigan.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs.

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 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 governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported as 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 governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 1 – Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

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 are stated at fair value.

Inventories and Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$1,000 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:

Capital Asset Class	Depreciable Life - Years
Infrastructure	20-50
Sewer drains	50
Buildings and improvements	50
Equipment and vehicles	5-20
Information technology	3
Land improvements	20

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 1 – Significant Accounting Policies (Continued)

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 lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and General Obligation Debt Fund are generally used to liquidate governmental long-term debt.

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 pensions and OPEB, as detailed in Notes 8 and 9, respectively.

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 receivables collected beyond the City's period of availability, which are reported only in the governmental funds. The City also reports deferred inflows related to pensions and OPEB, as detailed in Notes 8 and 9, respectively.

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, 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.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

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. Unassigned fund balance is applied last.

Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the ordinance remains in place until a similar action is taken (the passing of another ordinance) 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 has, by resolution, authorized the finance director to assign fund balance. The Commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential either to remove or revise a commitment.

Property Tax Revenue

Property taxes are assessed on each December 31 and become an enforceable lien on December 1 of the following year. The tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on February 28 of the following year, at which time penalties and interest are assessed.

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.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 1 – Significant Accounting Policies (Continued)

Pension

The City offers defined benefit pension benefits to its employees. This plan is closed to all new hires. For general employees, the plan was closed effective June 30, 2014. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. This plan is closed to all new hires effective June 30, 2009. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The General Fund is used to liquidate the obligations.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulated earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the City will pay upon employment termination, which is half of the total accumulated sick leave in accordance with City policy; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

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. The Water and Sewer Fund also recognizes tap fees intended to cover the cost of connecting new customers to the system as operating revenue. 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.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 1 – Significant Accounting Policies (Continued)

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Leases

The City is a lessor for a lease of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide 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.

Note 2 -Stewardship, Compliance, and Accountability

Construction Code Fees

The City oversees building construction in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative surplus at July 1, 2024	\$ 669,889
Current year permit revenue	780,283
Current year related expenditures	642,632
Current year surplus(deficit)	137,651
Cumulative surplus at June 30, 2025	<u><u>\$ 807,540</u></u>

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 3 -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 and credit unions 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 agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that mature no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated two banks for the deposit of its funds. The investment policy adopted by the City Commission in accordance with Public Act 196 of 1997 has authorized investment in all of the above securities. The City's deposits and investments are in accordance with its investment policy and 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 does not have a deposit policy for custodial credit risk. At year end, the City had \$6,946,517 of bank deposits that were uninsured and uncollateralized. 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. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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 270-day maturity.

At year end, the City had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Pooled Investment- Oakland County Local Government Investment Pool	\$ 9,742,336	360 days

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 3 -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 has no investment policy that would further limit its investment choices. As of June 30, 2025, the credit quality ratings of debt securities are as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Pooled Investment- Oakland County Local Govt. Pool	\$ 9,742,336	N/A	N/A

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 (NAV) (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.

Investments in Entities that Calculated 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.

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

	<u>Identical Assets Carrying Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Local Government Investment Pool	\$ 9,742,336	\$ -	None	None
MERS Total Market Portfolio	7,624,749	-	None	None

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 3 -Deposits and Investments (Continued)

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 MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 4 -Capital Assets

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

Governmental Activities

Governmental Activities:	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets, not depreciated:				
Land	\$ 339,638	\$ -	\$ -	\$ 339,638
Construction in progress	-	164,108	-	164,108
	<u>339,638</u>	<u>164,108</u>	<u>-</u>	<u>503,746</u>
Capital Assets, being depreciated:				
Building and Improvements	7,405,642	156,740	-	7,562,382
Equipment and vehicles	5,361,334	243,853	(73,174)	5,532,013
Land Improvements	372,260	2,010	-	374,270
Infrastructure	33,266,324	980,600	-	34,246,924
	<u>46,405,560</u>	<u>1,383,203</u>	<u>(73,174)</u>	<u>47,715,589</u>
Less: Accumulated Depreciation:				
Building and Improvements	3,690,675	173,265	-	3,863,940
Equipment and vehicles	3,162,100	325,633	(73,174)	3,414,559
Land Improvements	262,366	6,456	-	268,822
Infrastructure	21,347,751	1,167,106	-	22,514,857
	<u>28,462,892</u>	<u>1,672,460</u>	<u>(73,174)</u>	<u>30,062,178</u>
Governmental Activities				
Capital Assets, net	<u>\$ 18,282,306</u>	<u>\$ (125,149)</u>	<u>\$ -</u>	<u>\$ 18,157,157</u>

Depreciation expense was charged on the Statement of Activities as follows:

General Government	\$ 85,616
Public Safety	304,926
Public Works	1,281,918
	<u>\$ 1,672,460</u>

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 4 -Capital Assets (Continued)

Business-type Activities

Business-type Activities:	Beginning Balance	Additions	Reclass	Ending Balance
Capital Assets, not depreciated:				
Construction in progress	\$ 133,096	\$ -	\$ (133,096)	\$ -
Capital Assets, being depreciated:				
Sewer drains	3,627,404	-	-	3,627,404
Infrastructure	19,588,064	135,677	133,096	19,856,837
	<u>23,215,468</u>	<u>135,677</u>	<u>133,096</u>	<u>23,484,241</u>
Less: Accumulated Depreciation:				
Sewer drains	668,603	76,408	-	745,011
Infrastructure	7,101,634	769,362	-	7,870,996
	<u>7,770,237</u>	<u>845,770</u>	<u>-</u>	<u>8,616,007</u>
Business-type Activities				
Capital Assets, net	\$ <u>15,578,327</u>	\$ <u>(710,093)</u>	\$ -	\$ <u>14,868,234</u>

Note 5-Interfund Receivables, Payables, and Transfers

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	General Obligation Debt Fund	\$ 1,638,453
General Fund	Capital Improvement Fund	730,835
Major Street Fund	Local Street Fund	241,429
		<u>\$ 2,610,717</u>

The transfer from the General Fund to the General Obligation Debt Fund represents the use of unrestricted resources for debt payments. The transfer to the Capital Improvement Fund was for capital equipment purchases.

The transfer from the Major Street Fund to the Local Street Fund represents the sharing of gas and weight tax revenue in accordance with Act 51.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 6-Long-term Debt

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

Governmental Activities

	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
General Obligation Bonds:						
2010 GO Limited Tax Bonds						
Issue Amount: \$4,000,000						
Maturing through 2025	2.0%-3.50%	\$ 500,000		- \$ 500,000	\$ -	
2014 GO Limited Tax Pension Bonds						
Issue Amount: \$15,860,000						
Maturing through 2034	.40%-4.00%	800,000		-	800,000	
2021 GO Limited Tax Pension Obligation Refunding Bonds						
Issue Amount: \$9,915,000	.16%-2.29%	9,435,000		-	155,000	9,280,000
Installment Loans:						
Street Sweeper Loan						
Maturing through 2026	4.78%	194,007		-	61,613	132,394
Fire Vehicle Loan						
Maturing through 2033	3.58%	<u>791,664</u>	<u>-</u>	<u>75,456</u>	<u>716,208</u>	<u>78,308</u>
		<u>11,720,671</u>	<u>-</u>	<u>1,592,069</u>	<u>10,128,602</u>	<u>1,112,928</u>
Compensated Absences		<u>486,489</u>	<u>-</u>	<u>57,299</u>	<u>429,190</u>	<u>59,465</u>
		<u><u>\$ 12,207,160</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,649,368</u></u>	<u><u>\$ 10,557,792</u></u>	<u><u>\$ 1,172,393</u></u>

Business-type Activities

	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities:						
General Obligation Bonds:						
2015 Water Infrastructure Improvement Bonds						
Issue Amount: \$3,295,000						
Maturing through 2026	2.0%-2.25%	\$ 720,000		- \$ 355,000	\$ 365,000	\$ 365,000
Bond Issuance Premiums		<u>14,088</u>	<u>-</u>	<u>7,039</u>	<u>7,049</u>	<u>7,049</u>
		<u><u>\$ 734,088</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 362,039</u></u>	<u><u>\$ 372,049</u></u>	<u><u>\$ 372,049</u></u>

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 6-Long-term Debt (Continued)

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 1,112,928	\$ 189,738	\$ 365,000	\$ 3,650
2027	1,129,045	174,092	-	-
2028	1,074,349	155,526	-	-
2029	1,097,547	137,231	-	-
2030	1,110,870	116,510	-	-
2031-2034	4,603,863	215,348	-	-
	<u>\$ 10,128,602</u>	<u>\$ 988,445</u>	<u>\$ 365,000</u>	<u>\$ 3,650</u>

Note 7-Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and participates in the Michigan Municipal Risk Management Authority state pool for claims related to general liability and property damage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's state pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

The City is self-insured for health coverage through Blue Cross/Blue Shield for all eligible active employees and retirees under the age of 65 (eligible retirees over 65 are covered under a premium-based coverage with Blue Cross/Blue Shield). Self-insurance coverage pays costs based on claims after any relevant deductible, copays, or coinsurance. The City's policy includes a stop-loss provision to limit liability for catastrophic events. All eligible active employees and retirees are covered under a fully insured Delta Dental Plan.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 8-Defined Benefit Pension Plan

Plan Description

The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan that covers all general, public safety union, and department of public works employees. This plan is closed to new hires. For general employees, the plan was closed effective December 31, 2001; for DPW and public safety employees, the plan was closed effective June 30, 2014. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. Retirement benefits for employees are calculated as 2.50 to 3.00 percent of the employee's final 3 to 5 year average compensation times the employee's years of service. Employees covered under this plan can retire with 25 years of service at age 50 or 55 depending on date of hire. The vesting period is 8 to 10 years.

Employees Covered by Benefit Terms

At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	56
Inactive plan members entitled to but not yet receiving benefits	5
Active Plan Members	11
Total Employees covered by the plan	<u>72</u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires public employers to make pension contributions in accordance with an actuarial valuation. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. For the year ended June 30, 2025, the average active employee contribution rate was 5.0 percent of annual pay.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 8-Defined Benefit Pension Plans (continued)

Net Pension Liability

The net pension liability reported at June 30, 2025 was determined using a measure of the total pension liability and the pension net position as of December 31, 2024. The December 31, 2024 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at January 1, 2024	\$ 46,555,899	\$ 32,531,594	\$ 14,024,305
Service Cost	244,621	-	244,621
Interest	3,243,274	-	3,243,274
Differences between expected and actual experience	928,748	-	928,748
Changes in Actuarial Assumptions	(67,242)	-	(67,242)
Contributions-Employer	-	2,073,862	(2,073,862)
Contributions-Employee	-	125,635	(125,635)
Net Investment Loss	-	2,416,281	(2,416,281)
Benefit Payments, including refunds	(3,014,511)	(3,014,511)	-
Administrative Expenses	-	(71,687)	71,687
Net Changes	<u>1,334,890</u>	<u>1,529,580</u>	<u>(194,690)</u>
Balance at December 31, 2024	<u>\$ 47,890,789</u>	<u>\$ 34,061,174</u>	<u>\$ 13,829,615</u>

**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 \$2,265,262. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 1,196,033
Employer contributions to the plan subsequent to the measurement date	<u>874,470</u>
Total	<u>\$ 2,070,503</u>

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 8-Defined Benefit Pension Plans (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, which will impact the net pension liability in fiscal year 2026, rather than pension expense.

Years Ending	
June 30	Amount
2026	\$ 570,211
2027	968,297
2028	(303,962)
2029	(38,513)

Discount Rate

As shown below, the discount rate of 7.18% 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.

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the December 31, 2024 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	60%	4.50%
Global Fixed Income	20%	2.16%
Private Investments	20%	6.50%

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 8-Defined Benefit Pension Plans (continued)

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 discount rate of 7.18 percent, 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% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net Pension Liability	\$ 19,606,450	\$ 13,829,615	\$ 9,056,436

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. 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 plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 – Other Postemployment Benefit Plan

Plan Description

The City provides retiree health care benefits to eligible employees and their spouses. This is a single-employer defined benefit OPEB plan administered by the City. The plan is a pay-as-you-go plan. This plan is closed to new hires effective June 30, 2009. All investments are held in the MERS of Michigan Retiree Health Funding Vehicle. MERS issues a publicly available financial report.

Benefits Provided

The plan provides health care and vision benefits for eligible retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits is covered by the plan.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 9 – Other Postemployment Benefit Plan – (Continued)

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Date of member count	<u>June 30, 2025</u>
Inactive plan members currently receiving benefits	44
Active plan members	11
Total plan members	<u><u>55</u></u>

Contributions

Retiree health care costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment; however, the City does make discretionary contributions to the trust. For the fiscal year ended June 30, 2025, the City made payments for postemployment health benefit premiums of \$659,369.

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2025 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2025 measurement date. The June 30, 2025 total OPEB liability was determined by an actuarial valuation performed as of June 30, 2025.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2024	\$ 10,470,527	\$ 6,961,938	\$ 3,508,589
Changes for the year:			
Service Cost	51,370	-	51,370
Interest	713,845	-	713,845
Difference between expected and actual experience	(47,123)	-	(47,123)
Changes in Assumptions	(5,992)	-	(5,992)
Contributions - Employer	-	659,369	(659,369)
Net Investment Income	-	678,027	(678,027)
Benefit Payments, including refunds	(659,369)	(659,369)	-
Administrative Expenses	-	(15,216)	15,216
Net Changes	<u>52,731</u>	<u>662,811</u>	<u>(610,080)</u>
Balance at June 30, 2025	<u><u>\$ 10,523,258</u></u>	<u><u>\$ 7,624,749</u></u>	<u><u>\$ 2,898,509</u></u>

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note – 9 Other Postemployment Benefit Plan (Continued)

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 \$12,389 of OPEB expense.

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

Source	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,562
Changes in Assumptions	2,996
Net difference between projected and actual	
earnings on OPEB investments	121,794
Total	<u><u>\$ 148,352</u></u>

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	\$ 41,504
2027	(77,468)
2028	(74,143)
2029	(38,245)

Actuarial Assumptions

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using an inflation assumption of 3.00 percent; assumed salary increases (including inflation) of between 3.0 percent; an investment rate of return (net investment expenses) of 7.00 percent; a health care cost trend rate of 7.00 percent, decreasing 0.25 percent per year to an ultimate rate of 4.50 percent; and the Pub-2010 Mortality Tables. These assumptions were applied to all periods included in the measurement.

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note – 9 Other Postemployment Benefit Plan (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.35 percent. The projection of cash flows used to determine the discount rate assumed the City will continue to fund OPEB benefits on a pay as you go basis. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of plan investment expense, was 9.75 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	60%	5.25%
Global Fixed Income	20%	1.25%
Private Investments	20%	7.25%

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note – 9 Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.35 percent, as well as what the City's net OPEB 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% Decrease (6.35%)	Current Discount Rate (7.35%)	1% Increase (8.35%)
Net OPEB Liability	\$ 3,887,735	<u>\$ 2,898,509</u>	<u>\$ 1,526,099</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 8.00 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 1,409,443</u>	<u>\$ 2,898,509</u>	<u>\$ 4,033,427</u>

OPEB Plan Fiduciary Net Position

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

CITY OF BLOOMFIELD HILLS
Notes to Financial Statements
June 30, 2025

Note 10 – Defined Contribution Pension Plan

The City participates in the Municipal Employees' Retirement System of Michigan, an agent multiple-employer defined contribution pension plan. In a defined contribution pension plan, benefits depend solely on the amount contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment and are fully vested immediately. The plan is provided to full-time non union employees; DPW union employees hired after June 30, 2014; dispatch full-time union employees hired after August 14, 2014; public safety officers hired after August 21, 2014; and public safety command officers hired after September 9, 2014. The City contributes a percentage of covered payroll as follows: 16 percent for nonunion employees, 10 percent for dispatch and DPW employees, and 14.5 percent for public safety officers, including command officers. The City's contribution for the fiscal year ended June 30, 2025 was \$325,660 and employee contributions were \$143,924.

Note 11 – Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which updates the accounting and financial reporting requirements related to the management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statements; budgetary comparison information, and other changes. This statement is effective for the City's financial statements beginning with the fiscal 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 assets, and subscription 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. This statement is effective for the City's financial statements beginning with the fiscal year ending June 30, 2026.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF BLOOMFIELD HILLS
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Plan Years
Years Ended December 31

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 244,621	\$ 299,692	\$ 333,443	\$ 288,398	\$ 281,895	\$ 299,896	\$ 311,016	\$ 311,343	\$ 303,737	\$ 321,098
Interest	3,243,274	3,218,715	3,062,380	3,034,616	2,840,526	2,845,893	2,841,279	2,772,061	2,637,009	2,527,139
Differences between expected and actual experience	928,748	(150,933)	1,523,398	(56,452)	818,177	(141,974)	(653,783)	189,169	1,101,092	77,828
Changes in assumptions	(67,242)	360,685	-	1,657,672	1,176,110	1,297,081	-	-	-	1,614,918
Benefit payments, including refunds	(3,014,511)	(2,836,977)	(2,655,013)	(2,617,368)	(2,514,918)	(2,465,504)	(2,410,044)	(2,409,333)	(2,305,661)	(2,097,680)
Net Change in Total Pension Liability	1,334,890	891,182	2,264,206	2,306,866	2,601,790	1,835,392	93,468	863,240	1,736,177	2,443,303
Total Pension Liability, Beg. of year	46,555,899	45,664,717	43,400,511	41,093,645	38,491,855	36,656,463	36,562,995	35,699,755	33,963,578	31,520,275
Total Pension Liability, End of year	\$ 47,890,789	\$ 46,555,899	\$ 45,664,717	\$ 43,400,511	\$ 41,093,645	\$ 38,491,855	\$ 36,656,463	\$ 36,562,995	\$ 35,699,755	\$ 33,963,578
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 2,073,862	\$ 1,474,296	\$ 1,359,180	\$ 1,049,604	\$ 851,808	\$ 698,124	\$ 514,950	\$ 334,374	\$ 269,316	\$ 283,701
Contributions - Employee	125,635	75,814	173,199	82,468	87,593	95,240	96,641	95,191	98,682	109,331
Net Investment Income/(Loss)	2,416,281	3,413,060	(3,912,524)	4,341,923	4,121,498	3,767,776	(1,174,098)	3,804,392	3,148,653	(443,538)
Administrative Expenses	(71,687)	(70,941)	(64,554)	(51,544)	(59,968)	(64,850)	(59,459)	(60,403)	(62,233)	(65,737)
Benefit payments, including refunds	(3,014,511)	(2,836,977)	(2,655,013)	(2,617,368)	(2,514,918)	(2,465,504)	(2,410,044)	(2,409,333)	(2,305,661)	(2,097,680)
Other	-	-	-	18,953	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,529,580	2,055,252	(5,099,712)	2,824,036	2,486,013	2,030,786	(3,032,010)	1,764,221	1,148,757	(2,213,923)
Plan Fiduciary Net Position, Beg. of year	32,531,594	30,476,342	35,576,054	32,752,018	30,266,005	28,235,219	31,267,229	29,503,008	28,354,251	30,568,174
Plan Fiduciary Net Position, End of year	\$ 34,061,174	\$ 32,531,594	\$ 30,476,342	\$ 35,576,054	\$ 32,752,018	\$ 30,266,005	\$ 28,235,219	\$ 31,267,229	\$ 29,503,008	\$ 28,354,251
City's Net Pension Liability - Ending	\$ 13,829,615	\$ 14,024,305	\$ 15,188,375	\$ 7,824,457	\$ 8,341,627	\$ 8,225,850	\$ 8,421,244	\$ 5,295,766	\$ 6,196,747	\$ 5,609,327
Plan Fiduciary Net Position as a Percent of Total Pension Liability	71.12%	69.88%	66.74%	81.97%	79.70%	78.63%	77.03%	85.52%	82.64%	83.48%
Covered Employee Payroll	\$ 1,184,944	\$ 1,464,461	\$ 1,629,961	\$ 1,568,464	\$ 1,751,860	\$ 1,830,511	\$ 1,932,814	\$ 1,903,821	\$ 1,859,858	\$ 2,025,423
City's Net Pension Liability as a Percent of Covered Employee Payroll	1167.11%	957.64%	931.82%	498.86%	476.16%	449.37%	435.70%	278.17%	333.18%	276.95%

CITY OF BLOOMFIELD HILLS
Required Supplemental Information
Schedule of City Pension Contributions
Last Ten Plan Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,748,940	\$ 1,398,108	\$ 1,359,180	\$ 1,049,604	\$ 851,808	\$ 698,124	\$ 514,950	\$ 334,374	\$ 269,316	\$ 275,820
Contributions in relation to the actuarially determined contribution	<u>2,248,940</u>	<u>1,398,108</u>	<u>1,359,180</u>	<u>1,049,604</u>	<u>851,808</u>	<u>698,124</u>	<u>514,950</u>	<u>334,374</u>	<u>269,316</u>	<u>275,820</u>
Contribution Excess	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,184,944	\$ 1,464,461	\$ 1,629,961	\$ 1,568,464	\$ 1,751,860	\$ 1,830,511	\$ 1,932,814	\$ 1,903,821	\$ 1,859,858	\$ 2,025,423
Contributions as a Percentage of Covered Payroll	189.79%	95.47%	83.39%	66.92%	48.62%	38.14%	26.64%	17.56%	14.48%	13.62%

Actuarial valuation information relative to the determination of contributions:
 Valuation Date

Actuarially determined contribution rates are calculated as of December 31 each year, which is six months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method
 Entry age
 Level percentage of pay, closed
 10 years
 Remaining Amortization Period
 5 year smoothed market
 2.50%
 Asset Valuation Method
 3.00%
 Inflation
 6.93%
 Salary Increases
 Investment Rate of Return
 Retirement Age
 Mortality
 60
 Pub-2010 Mortality Tables

CITY OF BLOOMFIELD HILLS
Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	\$ 51,370	\$ 59,983	\$ 61,605	\$ 89,294	\$ 91,347	\$ 89,976	\$ 90,842	\$ 118,778
Interest	713,845	731,655	775,552	705,496	747,510	809,534	875,542	887,837
Differences between expected and actual experience and changes in Assumptions	(47,123)	(800,210)	(814,497)	(35,232)	(805,229)	(877,969)	(1,195,234)	(1,706,693)
Benefit payments, including refunds	(5,992)	414,221	-	1,381,184	-	303,545	830,388	830,388
Net Change in Total OPEB Liability	(659,369)	(643,822)	(652,308)	(612,500)	(594,213)	(608,676)	(634,850)	(650,990)
Total OPEB Liability, Beginning of year	<u>10,470,527</u>	<u>10,708,700</u>	<u>11,338,348</u>	<u>9,810,106</u>	<u>10,370,691</u>	<u>10,654,281</u>	<u>11,517,981</u>	<u>12,038,661</u>
Total OPEB Liability, End of year	<u>\$ 10,523,258</u>	<u>\$ 10,470,527</u>	<u>\$ 10,708,700</u>	<u>\$ 11,338,348</u>	<u>\$ 9,810,106</u>	<u>\$ 10,370,691</u>	<u>\$ 11,484,669</u>	<u>\$ 11,517,981</u>
Plan Fiduciary Net Position:								
Contributions - Employer	\$ 659,369	\$ 1,443,822	\$ 1,402,308	\$ 1,212,500	\$ 944,213	\$ 908,676	\$ 634,850	\$ 650,990
Net Investment (Loss) Income	678,027	597,451	356,167	(391,350)	884,114	68,034	77,470	289,335
Administrative Expenses	(15,216)	(12,772)	(9,015)	(7,952)	(6,529)	(5,335)	(5,493)	(2,431)
Benefit payments, including refunds	(659,369)	(643,822)	(652,308)	(612,500)	(594,213)	(608,676)	(634,850)	(650,990)
Net Change in Plan Fiduciary Net Position	<u>662,811</u>	<u>1,384,679</u>	<u>1,097,152</u>	<u>200,698</u>	<u>1,227,585</u>	<u>362,699</u>	<u>71,977</u>	<u>286,904</u>
Plan Fiduciary Net Position, Beg. of year	<u>6,961,938</u>	<u>5,577,259</u>	<u>4,480,107</u>	<u>4,279,409</u>	<u>3,051,824</u>	<u>2,689,125</u>	<u>2,617,148</u>	<u>2,330,244</u>
Plan Fiduciary Net Position, End of year	<u>\$ 7,624,749</u>	<u>6,961,938</u>	<u>\$ 5,577,259</u>	<u>\$ 4,480,107</u>	<u>\$ 4,279,409</u>	<u>\$ 3,051,824</u>	<u>\$ 2,689,125</u>	<u>\$ 2,617,148</u>
Net OPEB Liability - Ending	<u>\$ 2,898,509</u>	<u>3,508,589</u>	<u>\$ 5,131,441</u>	<u>\$ 6,858,241</u>	<u>\$ 5,530,697</u>	<u>\$ 7,318,867</u>	<u>\$ 8,795,544</u>	<u>\$ 8,900,833</u>
Plan Fiduciary Net Position as a Percent of Total OPEB Liability	72.46%	66.49%	52.08%	39.51%	43.62%	29.43%	23.41%	22.72%
Covered Employee Payroll	\$ 1,215,064	\$ 1,057,800	\$ 1,112,948	\$ 1,152,509	\$ 1,199,733	\$ 1,320,807	\$ 1,537,841	\$ 1,482,256
Net OPEB Liability as a Percent of Covered Employee Payroll	238.55%	331.69%	461.07%	595.07%	460.99%	554.12%	571.94%	600.49%

CITY OF BLOOMFIELD HILLS
Required Supplemental Information
Schedule of OPEB Contributions
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 302,650	\$ 643,822	\$ 652,308	\$ 612,500	\$ 594,213	\$ 617,882	\$ 666,602	\$ 718,126	\$ 670,697	\$ 650,982
Contributions in relation to the actuarially determined contribution	<u>659,369</u>	<u>1,443,822</u>	<u>1,402,308</u>	<u>1,212,500</u>	<u>944,213</u>	<u>908,676</u>	<u>634,850</u>	<u>650,990</u>	<u>597,003</u>	<u>887,665</u>
Contribution Excess (Deficiency)	<u>\$ 356,719</u>	<u>\$ 800,000</u>	<u>\$ 750,000</u>	<u>\$ 600,000</u>	<u>\$ 350,000</u>	<u>\$ 290,794</u>	<u>\$ (31,752)</u>	<u>\$ (67,136)</u>	<u>\$ (73,694)</u>	<u>\$ 236,683</u>
Covered Employee Payroll	\$ 1,215,064	\$ 1,057,800	\$ 1,112,948	\$ 1,152,509	\$ 1,199,733	\$ 1,320,807	\$ 1,537,841	\$ 1,482,256	\$ 1,715,716	\$ 1,715,716
Contributions as a Percentage of Covered Employee Payroll	54.27%	136.49%	126.00%	105.21%	78.70%	68.80%	41.28%	43.92%	34.80%	51.74%

Actuarial valuation information relative to the determination of contributions:
 Valuation Date

Actuarially determined contribution rates are calculated as of June 30 each year for the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method
 Amortization Method
 Remaining Amortization Period
 Asset Valuation Method
 Health care trend rates
 Salary Increases
 Investment Rate of Return
 Retirement Age
 Mortality

Pub-2010 with Scale MP-2021 generational improvement

CITY OF BLOOMFIELD HILLS
Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenue:				
Property Taxes	\$ 11,658,500	\$ 11,658,500	\$ 11,670,030	\$ 11,530
Intergovernmental	532,128	579,128	596,049	16,921
Charges for Services	343,474	343,474	349,821	6,347
Fines and Forfeitures	-	-	58,918	58,918
Licenses and Permits	658,405	658,405	929,789	271,384
Investment Income	90,000	160,000	236,844	76,844
Other Revenue	106,020	196,020	199,168	3,148
Total Revenue	<u>13,388,527</u>	<u>13,595,527</u>	<u>14,040,619</u>	<u>445,092</u>
Expenditures:				
Current Services:				
General Government	2,113,116	2,113,116	1,974,293	138,823
Public Safety	7,590,152	7,640,152	7,295,951	344,201
Public Works	1,137,394	1,227,394	1,202,990	24,404
Total Expenditures	<u>10,840,662</u>	<u>10,980,662</u>	<u>10,473,234</u>	<u>507,428</u>
Excess (Deficiency) of Revenues Over Expenditures	2,547,865	2,614,865	3,567,385	952,520
Other Financing Uses:				
Transfers Out	<u>(2,344,288)</u>	<u>(2,369,288)</u>	<u>(2,369,288)</u>	<u>-</u>
Net Change in Fund Balance	203,577	245,577	1,198,097	952,520
Fund Balance - Beginning	<u>7,121,101</u>	<u>7,121,101</u>	<u>7,121,101</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 7,324,678</u>	<u>\$ 7,366,678</u>	<u>\$ 8,319,198</u>	<u>\$ 952,520</u>

CITY OF BLOOMFIELD HILLS
Notes to Required Supplemental Information
June 30, 2025

Budgetary Information

The City adopts its annual budgets on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Funds. During the year, the budget was amended in a legally permissible manner. The legal level of budgetary control adopted by the governing body is the activity level. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. All budgets lapse at year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before the second Tuesday in May, the Finance Director/Treasurer and the City Manager prepare a proposed operating budget for the fiscal year commencing on July 1 and submit it to the City Commission. The budget must be adopted through a passage of a budget resolution no later than June 30.
2. Public hearings are conducted to obtain citizen comments.
3. The budget is adopted by department and fund on a departmental basis. Line item detail is provided as a general guideline. All amendments must be approved by a vote of the City Commission. Changes in line items within an activity may be made and approved by the finance director/treasurer.

OTHER SUPPLEMENTAL INFORMATION

CITY OF BLOOMFIELD HILLS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

Assets

	Special Revenue Funds		
	Major Streets Fund	Local Streets Fund	Drug Enforcement Fund
Cash and Cash Equivalents	\$ 259,928	\$ 582,328	\$ 1,120
Receivables	-	9,952	-
Due from State	76,966	35,865	-
Total Assets	<u><u>\$ 336,894</u></u>	<u><u>\$ 628,145</u></u>	<u><u>\$ 1,120</u></u>

Liabilities and Fund Balance

Liabilities:			
Accounts Payable	\$ -	\$ 10,000	\$ -
Fund Balance:			
Restricted for Roads	336,894	618,145	-
Restricted for Drug Enforcement	-	-	1,120
Assigned for Capital Projects	-	-	-
Total Fund Balance	<u><u>336,894</u></u>	<u><u>618,145</u></u>	<u><u>1,120</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 336,894</u></u>	<u><u>\$ 628,145</u></u>	<u><u>\$ 1,120</u></u>

Capital Project Funds		
Capital Improvement Fund	Road Construction Fund	Total
\$ 89,671	\$ 9,529	\$ 942,576
-	-	9,952
-	-	112,831
\$ 89,671	\$ 9,529	\$ 1,065,359

\$ _____ -	\$ _____ -	\$ _____ 10,000
-	9,529	964,568
-	-	1,120
89,671	9,529	89,671
89,671	9,529	1,055,359
\$ 89,671	\$ 9,529	\$ 1,065,359

CITY OF BLOOMFIELD HILLS
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2025

	Special Revenue Funds		
	Major Streets Fund	Local Streets Fund	Drug Enforcement Fund
Revenue:			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	488,844	258,324	-
Special Assessments	-	36,616	-
Other Revenue	-	20,170	-
Total Revenue	<u>488,844</u>	<u>315,110</u>	<u>-</u>
Expenditures:			
Public Works	155,359	280,120	-
Debt Service	-	-	-
Capital Outlay	-	258,891	-
Total Expenditures	<u>155,359</u>	<u>539,011</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>333,485</u>	<u>(223,901)</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers In	-	241,429	-
Transfers Out	(241,429)	-	-
Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>(241,429)</u>	<u>241,429</u>	<u>-</u>
Net Change in Fund Balance	92,056	17,528	-
Fund Balance - Beginning	<u>244,838</u>	<u>600,617</u>	<u>1,120</u>
Fund Balance - Ending	<u>\$ 336,894</u>	<u>\$ 618,145</u>	<u>\$ 1,120</u>

Capital Project Funds		
Capital Improvement Fund	Road Construction Fund	Total
\$ -	\$ 499,111	\$ 499,111
-	-	747,168
-	-	36,616
13,336	-	33,506
<u>13,336</u>	<u>499,111</u>	<u>1,316,401</u>
-	-	435,479
188,234	-	188,234
<u>504,217</u>	<u>500,000</u>	<u>1,263,108</u>
<u>692,451</u>	<u>500,000</u>	<u>1,886,821</u>
(679,115)	(889)	(570,420)
730,835	-	972,264
-	-	(241,429)
8,679	-	8,679
<u>739,514</u>	<u>-</u>	<u>739,514</u>
60,399	(889)	169,094
<u>29,272</u>	<u>10,418</u>	<u>886,265</u>
\$ <u>89,671</u>	\$ <u>9,529</u>	\$ <u>1,055,359</u>