

City of  
Ann Arbor,  
Michigan



Annual  
Comprehensive  
Financial Report

Year Ended  
June 30, 2025

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# **CITY OF ANN ARBOR**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**County of Washtenaw  
State of Michigan**

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



**Prepared by:  
Financial and Administrative Services  
Accounting Services Unit  
301 East Huron Street  
Ann Arbor, Michigan 48107  
(734) 794-6500**

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# CITY OF ANN ARBOR, MICHIGAN

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## **INTRODUCTORY SECTION**

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December 18, 2025

**To the Honorable Mayor, Members of the City Council and  
Citizens of the City of Ann Arbor**

The Annual Comprehensive Financial Report (ACFR) of the City of Ann Arbor for the year ended June 30, 2025, is submitted. Staff in the Accounting Services Unit prepared the report, with assistance from the Pension System, Downtown Development Authority, Housing Commission and other City staff. The City has the responsibility for all disclosure and accuracy of material contained in this report.

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Ann Arbor for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the City of Ann Arbor. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Rehmann LLC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Ann Arbor financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## Profile of the Government

The City of Ann Arbor was founded in 1824 and incorporated as a city in 1851. The City is located in the approximate center of Washtenaw County in the southeastern section of Michigan's Lower Peninsula. The City is approximately 28 square miles in area and serves as the County Seat. The City has an excellent public transportation system for its citizens and visitors to enjoy. The City is nationally known for its outstanding educational and medical facilities, serving as the home of the University of Michigan.

The City operates under a Mayor/Council-Administrator type of government. The Council is comprised of the Mayor and ten Council Members. The City is divided into five wards; two Council Members are elected from each ward. The Council appoints a City Administrator to serve as the Chief Administrative Officer of the City responsible for daily operations. The organizational chart of the City is shown following the transmittal letter.

The City is responsible for managing and financing many of the services for its citizens. The service areas include: Community Services, Financial Services, Safety Services, and Public Services. The City provides a full range of services including: police, fire, the construction and maintenance of streets and other infrastructure, refuse collection and disposal, recycling collection and processing, recreation, social services by contract, public improvements, planning and zoning, and general administrative services. The citizens and visitors to the City enjoy these services.

The City Administrator is required by City Charter to prepare and submit an annual budget to City Council. This budget is prepared on the modified accrual basis and is adopted by City Council as required by the State of Michigan. Budgetary control is maintained at the department level for the General Fund. The City Administrator is authorized to transfer budgeted amounts within the General Fund departments. Budgetary control for all other funds is maintained at the fund level. Revisions to a department total of the General Fund or to the fund total must be approved by City Council. It is the City's policy to try to match one time expenditures to revenues to the extent possible.

Certain services are provided through a legally separate component unit. The City includes three discretely presented component units in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*", as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*", these financial statements present the City (the primary government) and its component units. The Downtown Development Authority, Ann Arbor Housing Commission and SmartZone Local Development Finance Authority (SmartZone LDFA) are all presented as discretely presented component units of the City. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

The City takes pride in the service provided to its citizens and the community's well-earned reputation. The City of Ann Arbor is nationally recognized on the following lists:

- ◆ Best Places to Live for Families
- ◆ Best College in America: The University of Michigan
- ◆ Most Educated City in America
- ◆ Best City to Live in Michigan
- ◆ Best Hospital in Michigan
- ◆ Best Places to Live in the U.S.
- ◆ College with Best Student Life in America

## **Local Economy**

The City is endowed with several major corporations located within its boundaries such as Google. In addition, Ann Arbor is home to one of the largest employers in the county, the University of Michigan, which employs approximately 37,000 people. Ann Arbor is also known for its excellent talent and technology infrastructure that has attracted several large technology firms to the area.

The City has two higher educational centers: 1) The University of Michigan and; 2) Concordia College. Additionally, located within a 10-mile radius are two other higher educational centers.

The City of Ann Arbor has the largest population base in Washtenaw County and serves as the County Seat. The U.S. Census Bureau reports 123,851 residents in Ann Arbor, representing 34% of the population base in Washtenaw County. The median household income of our citizens is \$81,089.

Ann Arbor is accessible by three major Interstate highways connecting Detroit to the east, Chicago to the west, the Upper Peninsula to the north, and Ohio to the south.

The City of Ann Arbor enjoys a healthy local economy. The local area unemployment rate is 5.2% as of June 2025, receipts from sales taxes have increased modestly, and residential property values are increasing, primarily due to new construction. Offsetting some of this economic improvement are State laws limiting property tax revenues, legislative uncertainty of funds provided by the State to the City, and record inflation.

The City continues to constrain increases in total expenditures through efficiencies, collaborative opportunities, and fiscal discipline.

## **Long-term Financial Planning**

The City Council and City Administrator are committed to strategies designed to ensure the long-term financial health of the City. The City's financial policies include a sinking fund for capital needs which was approved by Council in May of 2018 and funded for the fiscal year 2026 budget. In addition, the City funded multiple priorities with funding from Washtenaw County as a result of a millage.

During this economic environment, the City will strive to maintain an unassigned General Fund fund balance with a minimum of 15% to 20%. If it is necessary to use these funds, subsequent budgets will be planned for additions to restore fund balance. The City continues to manage its operating expenditures within levels supported by recurring revenues. The City is also striving to budget a consistent level of capital outlay sufficient to maintain current infrastructure.

## **Relevant Financial Policies**

The City has adopted and adheres to several financial management policies governing debt, investments, fund balance, pension funding, other postemployment benefits funding and capital improvements. These policies govern the management of resources including use of one-time funds, sale and defeasance of bonds, and investment strategy. With respect to the pension and other postemployment benefits funding policies, to the extent that a fully funded plan has not been achieved, the City funds the higher of the actuarially required contribution or the existing level of funding adjusted annually by an increase of at least 2%.

## **Major Initiatives**

### *Comprehensive Land Use Plan (Comp Plan)*

The City is in the process of developing a new Comprehensive Land Use Plan, which sets out the City's future vision and priorities to guide development. The plan includes decisions on land use policy and spending priorities for public projects over a 20 to 30 year horizon. The plan will incorporate the City's core values to be Affordable, Equitable, Sustainable, and Dynamic.

### *East Medical Center Bridge Rehabilitation and Widening Project*

The East Medical Center Drive Bridge, which spans the Amtrak Michigan line, serves as the primary access point to the University of Michigan Medical Center. Constructed in 1982, the bridge is now in need of rehabilitation to ensure it meets a State of Good Repair and to extend its lifespan. The University of Michigan has agreed to collaborate on the project that will involve widening the bridge to enhance traffic flow into and out of the Medical Center. The total budget allocated for this initiative is \$17.1 million.

### *Barton Dam Right Embankment Remediation Project*

The Barton Dam, built in 1913, plays a crucial role in our community by generating hydroelectric power and impounding Barton Pond, which is the primary source of the City's drinking water. Its operations are overseen by the Federal Energy Regulatory Commission (FERC). Currently, seepage at the base of the embankment is necessitating repairs to ensure its continued safety and functionality.

The project consists of the construction of a stabilizing berm on the downstream slope of the right embankment to address seepage and stability concerns as well as other ancillary work to develop site staging, improve site access, and remediate other critical items at the dam such as removing the existing reverse filter and filling the existing to ditch pond as required by FERC. The proposed improvements are necessary to ensure operational reliability of the City's infrastructure and satisfy FERC compliance.

### *Sustainable Energy Utility*

Ann Arbor residents voted to authorize a creation of a Sustainable Energy Utility (SEU). The SEU will be an opt-in, supplemental, community-owned energy utility that provides 100% renewable energy from local solar and battery storage systems and networked geothermal systems installed at participating homes and businesses in the City. Detailed final planning and design work is underway with a goal of the utility launch within 18-24 months.

### *Fire Station #4 Replacement*

This project will build the City's first carbon-neutral facility, a net-zero fire station at the current Fire Station 4 location. This Facility will produce energy through geothermal heating and cooling, solar panels, and an architectural design that encourages energy efficiency. The facility will also be gender-neutral to accommodate fire fighters of all genders. The total project cost is estimated to be \$12.4 million.

### *Solar on City Facilities*

This project is in the process of installing close to 4 MWDC on City facilities, of which over 1 MW is installed and operating. These systems are designed to save the City operating costs and reduce climate pollution. Sites include most parks sites with major facilities, the Water Resource Recovery Facility, City Hall/Justice Center, the airport, public works service center, and multiple fire stations. Some installations include battery storage, while others are built battery ready, to enable facilities to operate during power outages or peak shave to reduce costly electricity demand charges.

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ann Arbor for its comprehensive annual financial report for the fiscal year ended June 30, 2024. This was the thirty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City of Ann Arbor also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2025. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Financial and Administrative Services Area. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City of Ann Arbor's finances.

Sincerely,



Milton Dohoney Jr.,  
City Administrator



Marti Praschan,  
Chief Financial Officer

## CITY OF ANN ARBOR, MICHIGAN

### ELECTED AND APPOINTED OFFICIALS

**Christopher Taylor, Mayor**

#### *Council Members*

|                  |                    |
|------------------|--------------------|
| Lisa Disch       | Ayesga Ghazi Edwin |
| Cynthia Harrison | Jen Eyer           |
| Jon Mallek       | Dharma Akmon       |
| Chris Watson     | Erica Briggs       |
| Travis Radina    | Jenn Cornell       |

Milton Dohoney Jr.

***City Administrator***

Mariah Walton

***Deputy City Administrator***

Marti Praschan

***Chief Financial Officer***

Atleen Kaur

Jacqueline Beaudry

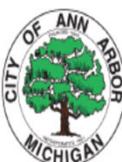
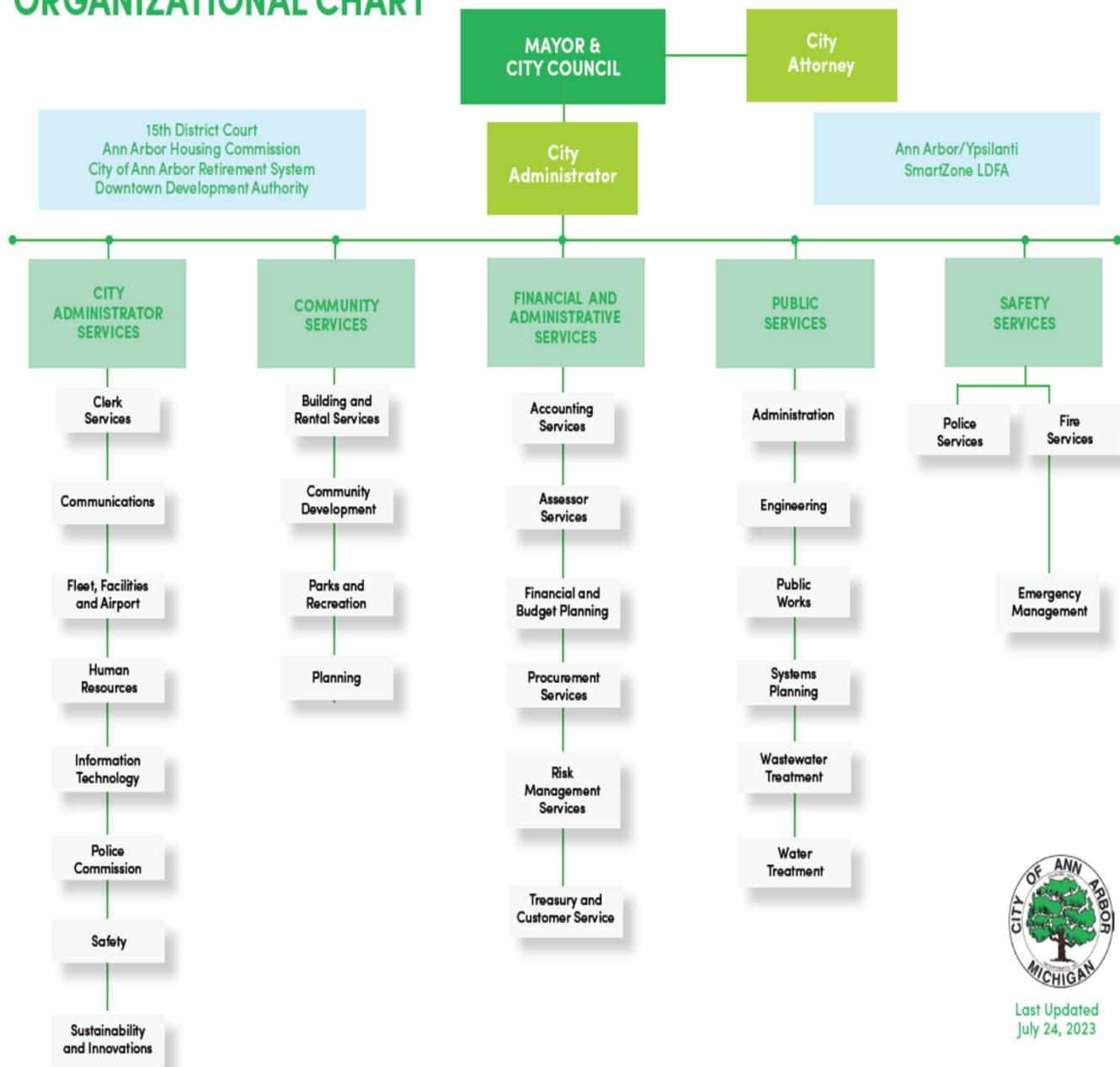
Michael J. Pettigrew

***City Attorney***

***City Clerk***

***City Treasurer***

# CITY OF ANN ARBOR ORGANIZATIONAL CHART



Last Updated  
July 24, 2023



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Ann Arbor  
Michigan**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

December 18, 2025

To the Honorable Mayor and Members of City Council  
City of Ann Arbor, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Ann Arbor, Michigan** (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

We did not audit the financial statements of the following entity, which represents the indicated percentages of total aggregate discretely presented component units:

|                              | Percent of<br>Assets and<br>Deferred<br>Outflows of<br>Resources | Percent of<br>Revenues | Percent of<br>Net Position |
|------------------------------|--|------------------------|----------------------------|
| Ann Arbor Housing Commission | 33.0%  | 52.2%                  | 25.6%                      |

Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they relate to the amounts included for the above entity, are based solely on the report of the other auditors.



### ***Implementation of GASB Statement No. 101***

As described in Note 22, the City implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities and business-type activities/proprietary funds was restated. Our opinion is not modified with respect to this matter.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

#### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 18, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is fluid and cursive, with "Rehmann" and "Lohman" stacked vertically and "LLC" to the right.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

As management of the City of Ann Arbor, Michigan (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

#### Financial Highlights

|   |                  |
|---|------------------|
| . Total net position                          | \$ 1,660,051,052 |
| . Change in total net position                | 138,433,487      |
| . Fund balances, governmental funds           | 185,399,515      |
| . Change in fund balances, governmental funds | 34,828,154       |
| . Unassigned fund balance, general fund       | 24,707,730       |
| . Change in fund balance, general fund        | 10,277,226       |
| . Installment debt outstanding                | 257,197,855      |
| . Change in installment debt                  | (402,134)        |

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community/economic development, culture and recreation, and public transportation. The business-type activities of the City include water, sewer, parking, airport, stormwater, solid waste, and technology fiber.

The government-wide financial statements include, not only the City itself (known as the primary government), but also a legally separate housing commission, a legally separate local development finance authority, and a legally separate downtown development authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City of Ann Arbor Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore its activities have been included as an integral part of the primary government of the City.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as *governmental activities* in government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the street repair millage fund, the City's major funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements following the required supplementary information.

The City adopts an annual budget in accordance with the General Appropriation Act for its general fund and special revenue funds. Budgetary comparison statements or schedules have been provided for these funds to demonstrate compliance with these budgets.

*Proprietary funds.* Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City maintains numerous individual enterprise funds. The City's water supply system, sewage disposal system, parking system, airport, stormwater sewer system, solid waste, and technology fiber funds are all considered to be major funds.

Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central stores, fleet services, information technology, project management, insurance, and the Wheeler Center.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*Notes to Financial Statements.* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

*Other Information.* In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits (OPEB) to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and OPEB.

## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

#### Financial Analysis of the City as a Whole

The government-wide financial analysis focuses on the net position and changes in net position of the City's governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.7 billion at June 30, 2025 compared to \$1.5 billion at June 30, 2024.

|                                       | Net Position            |                       |                          |                       |                         |                         |
|---------------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|
|                                       | Governmental Activities |                       | Business-type Activities |                       | Total                   |                         |
|                                       | 2025                    | 2024                  | 2025                     | 2024                  | 2025                    | 2024                    |
| Current and other assets              | \$ 266,352,441          | \$ 225,603,411        | \$ 216,448,522           | \$ 216,314,305        | \$ 482,800,963          | \$ 441,917,716          |
| Capital assets, net                   | 1,006,818,069           | 988,328,111           | 553,132,396              | 517,441,605           | 1,559,950,465           | 1,505,769,716           |
| <b>Total assets</b>                   | <b>1,273,170,510</b>    | <b>1,213,931,522</b>  | <b>769,580,918</b>       | <b>733,755,910</b>    | <b>2,042,751,428</b>    | <b>1,947,687,432</b>    |
| <b>Deferred outflows of resources</b> | <b>24,426,340</b>       | <b>28,731,833</b>     | <b>7,732,127</b>         | <b>7,492,072</b>      | <b>32,158,467</b>       | <b>36,223,905</b>       |
| Long-term liabilities                 | 121,275,562             | 104,668,100           | 156,330,624              | 168,064,842           | 277,606,186             | 272,732,942             |
| Pension and OPEB                      | 12,534,229              | 56,305,046            | 2,258,912                | 12,182,495            | 14,793,141              | 68,487,541              |
| Other liabilities                     | 32,709,042              | 39,343,987            | 25,342,992               | 24,368,943            | 58,052,034              | 63,712,930              |
| <b>Total liabilities</b>              | <b>166,518,833</b>      | <b>200,317,133</b>    | <b>183,932,528</b>       | <b>204,616,280</b>    | <b>350,451,361</b>      | <b>404,933,413</b>      |
| <b>Deferred inflows of resources</b>  | <b>50,369,113</b>       | <b>43,447,323</b>     | <b>14,038,369</b>        | <b>10,209,063</b>     | <b>64,407,482</b>       | <b>53,656,386</b>       |
| <b>Net position</b>                   |                         |                       |                          |                       |                         |                         |
| Net investment in capital assets      | 914,396,766             | 895,627,939           | 400,813,896              | 364,917,213           | 1,315,210,662           | 1,260,545,152           |
| Restricted                            | 113,988,997             | 98,012,443            | 39,496,152               | 52,412,955            | 153,485,149             | 150,425,398             |
| Unrestricted                          | 52,323,141              | 5,258,517             | 139,032,100              | 109,092,471           | 191,355,241             | 114,350,988             |
| <b>Total net position</b>             | <b>\$ 1,080,708,904</b> | <b>\$ 998,898,899</b> | <b>\$ 579,342,148</b>    | <b>\$ 526,422,639</b> | <b>\$ 1,660,051,052</b> | <b>\$ 1,525,321,538</b> |

By far the largest portion of the City's net position reflects its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$153.5 million of the City's net position at June 30, 2025 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$191.4 million may be used to meet the government's ongoing obligations to citizens and creditors, subject to the restrictions of the fund.

Pension and OPEB liabilities have decreased primarily related to positive investment returns and robust City funding policies. Other liabilities have decreased from 2024 to 2025 due a \$5.2 million decrease in unearned revenue from American Rescue Plan Act (ARPA) funding that was recognized in the current fiscal year and a \$1.5 million balance fluctuation due to timing in receipt of large outstanding fiscal year 2024 invoices.

## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

|   | Change in Net Position  |                       |                          |                       |                         |                         |
|---|-------------------------|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|
|   | Governmental Activities |                       | Business-type Activities |                       | Total                   |                         |
|   | 2025                    | 2024                  | 2025                     | 2024                  | 2025                    | 2024                    |
| <b>Revenues</b>                         |                         |                       |                          |                       |                         |                         |
| Program revenues:                       |                         |                       |                          |                       |                         |                         |
| Charges for services                    | \$ 47,366,341           | \$ 37,764,738         | \$ 92,081,905            | \$ 89,485,366         | \$ 139,448,246          | \$ 127,250,104          |
| Operating grants                        | 34,247,638              | 31,700,749            | 2,423,643                | 176,577               | 36,671,281              | 31,877,326              |
| Capital grants                          | 2,296,995               | 5,250,621             | -                        | 956,821               | 2,296,995               | 6,207,442               |
| General revenues:                       |                         |                       |                          |                       |                         |                         |
| Property taxes                          | 125,863,168             | 117,707,814           | 17,680,381               | 16,561,936            | 143,543,549             | 134,269,750             |
| State shared revenues and grants        | 15,648,734              | 15,578,058            | -                        | -                     | 15,648,734              | 15,578,058              |
| Investment earnings                     | 15,618,824              | 12,656,180            | 9,206,007                | 9,430,428             | 24,824,831              | 22,086,608              |
| Other                                   | 265,692                 | 2,768,017             | 169,369                  | 56,800                | 435,061                 | 2,824,817               |
| <b>Total revenues</b>                   | <b>241,307,392</b>      | <b>223,426,177</b>    | <b>121,561,305</b>       | <b>116,667,928</b>    | <b>362,868,697</b>      | <b>340,094,105</b>      |
| <b>Expenses</b>                         |                         |                       |                          |                       |                         |                         |
| Governmental activities:                |                         |                       |                          |                       |                         |                         |
| General government                      | 16,293,660              | 16,934,540            | -                        | -                     | 16,293,660              | 16,934,540              |
| Public safety                           | 40,656,054              | 45,857,101            | -                        | -                     | 40,656,054              | 45,857,101              |
| Public works                            | 38,805,606              | 46,282,400            | -                        | -                     | 38,805,606              | 46,282,400              |
| Community/economic development          | 18,698,169              | 21,690,080            | -                        | -                     | 18,698,169              | 21,690,080              |
| Culture and recreation                  | 18,290,244              | 17,704,057            | -                        | -                     | 18,290,244              | 17,704,057              |
| Public transportation                   | 14,715,637              | 13,728,350            | -                        | -                     | 14,715,637              | 13,728,350              |
| Interest on long-term liabilities       | 3,354,879               | 3,102,038             | -                        | -                     | 3,354,879               | 3,102,038               |
| Business-type activities:               |                         |                       |                          |                       |                         |                         |
| Water                                   | -                       | -                     | 26,606,705               | 25,347,315            | 26,606,705              | 25,347,315              |
| Sewer                                   | -                       | -                     | 21,544,563               | 22,739,865            | 21,544,563              | 22,739,865              |
| Parking                                 | -                       | -                     | 1,623,800                | 1,629,794             | 1,623,800               | 1,629,794               |
| Airport                                 | -                       | -                     | 1,186,529                | 1,027,821             | 1,186,529               | 1,027,821               |
| Stormwater                              | -                       | -                     | 7,274,456                | 8,216,726             | 7,274,456               | 8,216,726               |
| Solid waste                             | -                       | -                     | 15,069,620               | 14,514,784            | 15,069,620              | 14,514,784              |
| Technology fiber                        | -                       | -                     | 315,288                  | 278,808               | 315,288                 | 278,808                 |
| <b>Total expenses</b>                   | <b>150,814,249</b>      | <b>165,298,566</b>    | <b>73,620,961</b>        | <b>73,755,113</b>     | <b>224,435,210</b>      | <b>239,053,679</b>      |
| Change in net position before transfers | 90,493,143              | 58,127,611            | 47,940,344               | 42,912,815            | 138,433,487             | 101,040,426             |
| Transfers                               | (5,544,114)             | (6,500,078)           | 5,544,114                | 6,500,078             | -                       | -                       |
| Change in net position                  | 84,949,029              | 51,627,533            | 53,484,458               | 49,412,893            | 138,433,487             | 101,040,426             |
| Net position:                           |                         |                       |                          |                       |                         |                         |
| Beginning of year                       | 998,898,899             | 947,271,366           | 526,422,639              | 477,009,746           | 1,525,321,538           | 1,424,281,112           |
| Restatement*                            | (3,139,024)             | -                     | (564,949)                | -                     | (3,703,973)             | -                       |
| <b>End of year</b>                      | <b>\$ 1,080,708,904</b> | <b>\$ 998,898,899</b> | <b>\$ 579,342,148</b>    | <b>\$ 526,422,639</b> | <b>\$ 1,660,051,052</b> | <b>\$ 1,525,321,538</b> |

\*During the year ended June 30, 2025, the City implemented the provisions of GASB Statement 101, *Compensated Absences*. See additional details in Note 22.

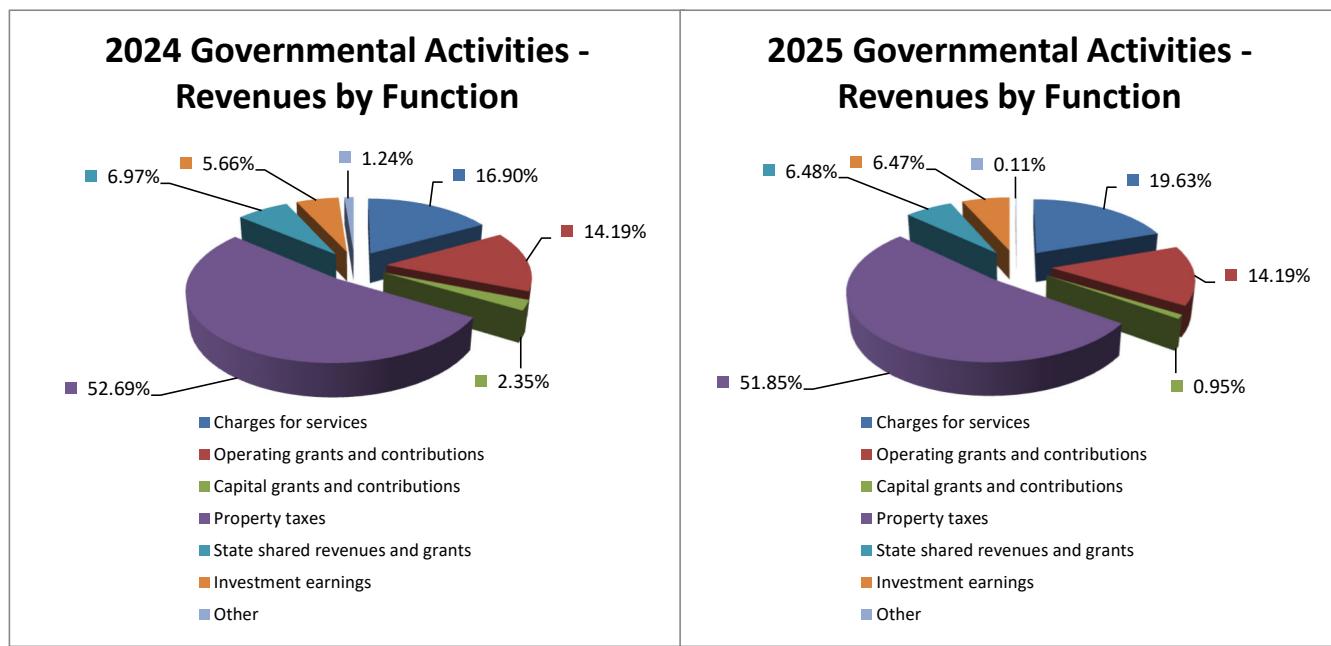
The City's net position increased by \$138.4 million during the current fiscal year and \$101.0 million in the prior fiscal year.

## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

Governmental activities increased the City's net position by \$84.9 million. During the previous fiscal year, governmental activities increased by \$51.6 million. Key elements impacting this change are as follows:

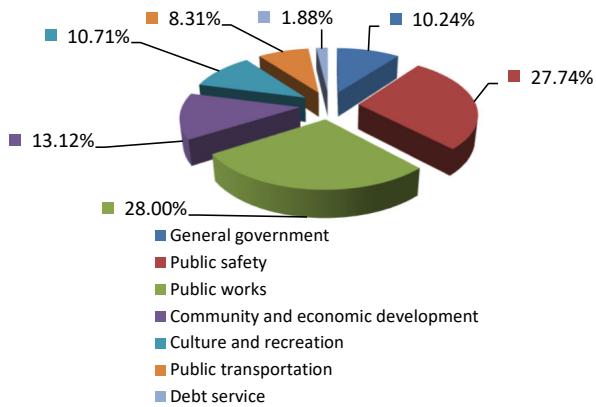
- General revenue increased by \$8.7 million in fiscal year 2025 compared to fiscal year 2024 for governmental activities due to an increase in property tax revenue. The taxable value of all property increased by 7.2% from the prior year, driven by rising market values and inflation adjustments reflecting the higher Consumer Price Index.
- Program revenue increased by \$9.2 million in fiscal year 2025 compared to fiscal year 2024 for governmental activities due to various activities. Increased electric vehicle revenue from increased usage (\$53K), increased reimbursement from the University of Michigan for police services at football games (\$162K), Vice presidential visit with police and public works services (\$122K), increased parking revenue (\$636K), park use fees (\$95K) and fire inspection fees (\$129K) saw increase usage as well. Reimbursements from UM for the East Medical Center Bridge project increased (\$5.1M).
- City investments performed well due to higher interest rates, which increased returns on fixed-income securities and short-term holdings.
- In the prior year the City received a capital grant for federal aid buyout on state transportation projects. This grant was a one-time buyout which did not occur in the current year.



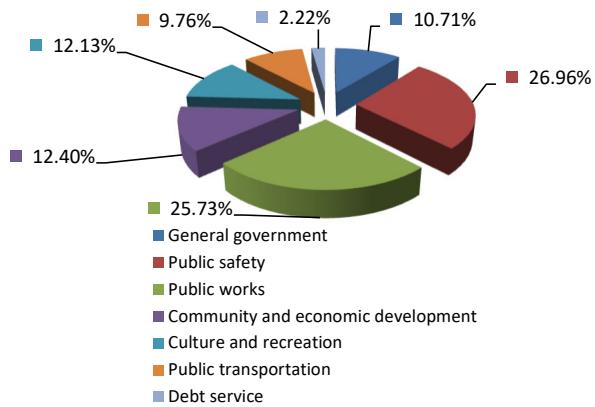
Expenses for governmental activities decreased \$14.5 million from 2024 to 2025. Key elements are as follows:

- Significant investments in community development and affordable housing were made in fiscal year 2024. The American Rescue Plan Act (ARPA) funding provided for additional investments in an election center, solar at City facilities, an ambulance, and replacement of the Gallup Park bridge that same year.
- Public works expenses decreased in the current fiscal year as there were significant investments for the rehabilitation and widening of the bridge at East Medical Center Drive, annual street resurfacing projects, and preventative capital road maintenance in fiscal year 2024.
- Public safety expenditures decreased primarily due to the impact on operating expense of the change in net pension and OPEB obligations and related deferred amounts. The City increased its budgeted and actual investments in public safety during the year, however, that increase was offset by the impact of the pension and OPEB obligations on operating expense.

### 2024 Governmental Activities - Expenses by Function



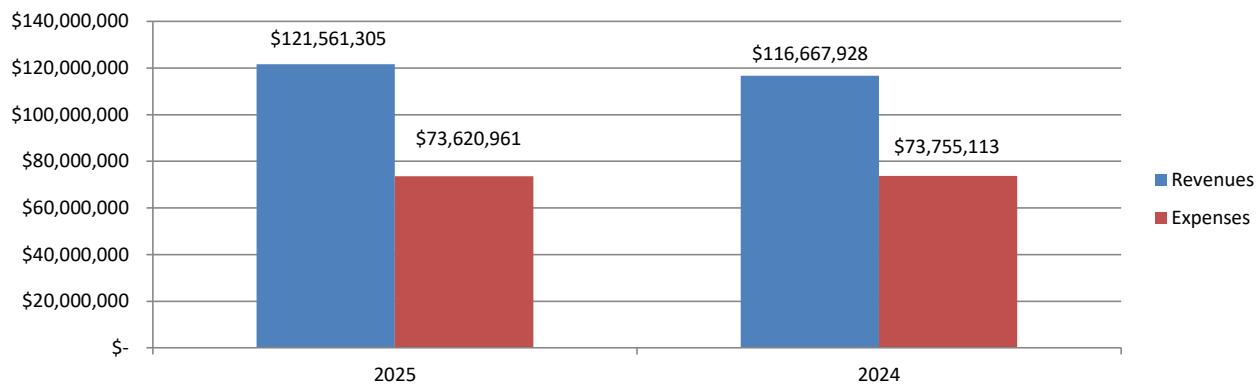
### 2025 Governmental Activities - Expenses by Function



Business-type activities increased the City's net position by \$53.5 million. During the previous fiscal year, business-type activities increased by \$49.4 million. Key elements impacting this change are as follows:

- Program revenue increased by \$3.9 million for fiscal year 2025 compared to fiscal year 2024 for business-type activities, primarily due to the receipt of additional charges for services and operating grants. The City adjusted its utility rate structure to support infrastructure improvements and reflect updated service costs which led to an increase in charges for services revenue during the year.
- Significant multi-year water system projects are underway including a water plant replacement project, the Barton Dam embankment project, and the Barton Dam concrete repair project.

### Revenues and Expenses Business-type Activities 2025 and 2024



## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

#### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$185.4 million at June 30, 2025 versus \$150.6 million at June 30, 2024, an increase of \$34.8 million.

The general fund is the chief operating fund of the City. At the end of the current and prior fiscal years, unassigned fund balance was \$24.7 million and \$25.9 million respectively. Liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 21.3% of total general fund expenditures at June 30, 2025. This equates to about 2.5 months of expenditure coverage and indicates an appropriate level of unassigned funding. The general fund fund balance increased by \$10.3 million during the current fiscal year in comparison to an increase of \$6.7 million during the prior fiscal year. Additional revenues caused this large increase and relate to taxes and charges for services.

- . Tax revenues increased \$5.2 million, or 7.1% compared to the prior fiscal year as values continue to rise. Favorable market conditions have increased property values. Inflationary pressures have caused increases as well, as values are adjusted for CPI representing an increased cost of living.
- . Investment income increased by \$1.4 million over the prior fiscal year due to improved market conditions and returns.

The street repair millage fund balance decreased by \$2.1 million in fiscal year 2025 primarily due to spending down of bond proceeds. In fiscal year 2022, \$15 million in bonds were issued for the purpose of citywide road improvements, with approximately \$6 million being allocated to this fund. Large projects and increased capital outlay occurred during fiscal year 2025, leading to an increased use of fund balance. Total current fund balance of \$12.8 million is restricted for construction projects.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

The combined net position of the water supply system, sewage disposal system, parking system, airport, stormwater sewer system, solid waste, and technology fiber was \$566.1 million. The combined increase of these proprietary funds was \$52.2 million. Overall, the usage of services provided by the City increased during the fiscal year, hence an increase in charges for services as well as expenses related to providing those additional services. The City continues to make substantial investments in infrastructure to support utility services to constituents.

#### General Fund Budgetary Highlights

Actual expenditures came in under budget in many categories. This was primarily due to personnel and benefit costs coming in under budget, due to vacancies. This savings, coupled with better than expected revenue collections, resulted in the addition of \$10.3 million in fund balance for fiscal year 2025. Tax revenue came in over budget by \$2.5 million and charges for services coming in at \$1.3 million over budget. Investment Income came in over budget by \$4.7 million due to the City budgeting conservatively for investment income and high interest rates during the year contributing to a strong return on City investments.

#### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025 was \$1,559,950,465 compared to \$1,505,769,716 at June 30, 2024 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, machinery and equipment, vehicles, intangible assets, infrastructure, and lease and subscription assets.

The total increase in the City's investment in capital assets for the current fiscal year was 3.6% compared to an increase of 3.1% in fiscal year 2024. Construction in progress increased significantly under business type-activities. This is primarily due to the numerous water projects currently in progress and this trend is expected to continue into the foreseeable future. Equipment and infrastructure also increased on the governmental activities side due to investments in cleaner and renewable energy.

## CITY OF ANN ARBOR, MICHIGAN

### Management's Discussion and Analysis

|  | Capital Assets (net of depreciation/amortization) |                       |                          |                       |                         |                         | Total |  |
|--|---|-----------------------|--------------------------|-----------------------|-------------------------|-------------------------|-------|--|
|  | Governmental Activities                           |                       | Business-type Activities |                       |                         |                         |       |  |
|  | 2025  | 2024                  | 2025                     | 2024                  | 2025                    | 2024                    |       |  |
| Land                                   | \$ 576,242,222                                    | \$ 572,529,383        | \$ 7,461,349             | \$ 7,461,349          | \$ 583,703,571          | \$ 579,990,732          |       |  |
| Construction in progress               | 41,320,343  | 37,810,458            | 131,282,034              | 113,792,222           | 172,602,377             | 151,602,680             |       |  |
| Land improvements                      | 20,161,756  | 21,644,610            | 334,505,169              | 312,067,068           | 354,666,925             | 333,711,678             |       |  |
| Infrastructure                         | 244,632,994                                       | 232,844,536           | -                        | -                     | 244,632,994             | 232,844,536             |       |  |
| Buildings, additions, and improvements | 104,531,711                                       | 108,575,180           | 78,333,349               | 82,362,225            | 182,865,060             | 190,937,405             |       |  |
| Machinery and equipment                | 2,832,277   | 3,664,371             | 1,431,751                | 1,602,856             | 4,264,028               | 5,267,227               |       |  |
| Vehicles                               | 14,788,943  | 10,209,360            | 118,744                  | 155,885               | 14,907,687              | 10,365,245              |       |  |
| Lease equipment and buildings          | 374,186   | 492,349               | -                        | -                     | 374,186                 | 492,349                 |       |  |
| Subscription assets                    | 1,933,637   | 557,864               | -                        | -                     | 1,933,637               | 557,864                 |       |  |
| <b>Total capital assets, net</b>       | <b>\$ 1,006,818,069</b>                           | <b>\$ 988,328,111</b> | <b>\$ 553,132,396</b>    | <b>\$ 517,441,605</b> | <b>\$ 1,559,950,465</b> | <b>\$ 1,505,769,716</b> |       |  |

Additional information on the City's capital assets can be found in the notes to the financial statements (Note 6).

*Installment debt.* At the end of the current fiscal year, the City had total installment debt outstanding of \$257,197,855. Of that amount, \$100,075,000 comprises general obligation debt. The remainder of the City's installment debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds), revolving loans, drain notes, financed purchases, and unamortized bond premiums and discounts.

In fiscal year 2025 the City issued two general obligation bonds as follows: \$11.3 million for Fire Station #4 construction and \$9.0 million for an Affordable Housing Development.

|                                 | Long-term Debt          |                      |                          |                       |                       |                       | Total |  |
|---------------------------------|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|-------|--|
|                                 | Governmental Activities |                      | Business-type Activities |                       |                       |                       |       |  |
|                                 | 2025                    | 2024                 | 2025                     | 2024                  | 2025                  | 2024                  |       |  |
| General obligation bonds        | \$ 99,470,000           | \$ 87,915,000        | \$ 605,000               | \$ 895,000            | \$ 100,075,000        | \$ 88,810,000         |       |  |
| Revenue bonds                   | -                       | -                    | 51,640,000               | 55,385,000            | 51,640,000            | 55,385,000            |       |  |
| Revolving loans                 | -                       | -                    | 89,347,418               | 96,248,300            | 89,347,418            | 96,248,300            |       |  |
| Drain notes                     | -                       | -                    | 11,312,573               | 12,439,153            | 11,312,573            | 12,439,153            |       |  |
| Installment purchase agreements | 152,016                 | 307,833              | -                        | -                     | 152,016               | 307,833               |       |  |
| Deferred amounts:               |                         |                      |                          |                       |                       |                       |       |  |
| For issuance premiums           | 4,179,528               | 3,827,537            | 567,480                  | 665,595               | 4,747,008             | 4,493,132             |       |  |
| For issuance discounts          | (76,160)                | (83,429)             | -                        | -                     | (76,160)              | (83,429)              |       |  |
| <b>Installment Debt</b>         | <b>\$ 103,725,384</b>   | <b>\$ 91,966,941</b> | <b>\$ 153,472,471</b>    | <b>\$ 165,633,048</b> | <b>\$ 257,197,855</b> | <b>\$ 257,599,989</b> |       |  |

State statutes limit the amount of the general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the City is \$1,070,505,960, which significantly exceeds the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in the notes to the financial statements (Note 10).

## **CITY OF ANN ARBOR, MICHIGAN**

### **Management's Discussion and Analysis**

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

The following factors were considered in preparing the City's budget for fiscal year 2026:

- Tax revenues are forecasted to grow modestly per estimated change in taxable value from the City Assessor. The other revenue sources are forecasted for moderate increases into future years.
- Personnel costs are forecasted to grow approximately 3% each year for inflation and fringes are anticipated to increase approximately 6%. The remaining expenditures are forecasted with known increases/decreases based on projected operations with minimal increases based on inflation for future years.

#### **Contacting the City's Financial Management**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, requests for additional financial information or complete financial statements of the individual component units should be addressed to the City of Ann Arbor Financial and Administrative Services-Accounting Services, 301 East Huron Street, P.O. Box 8647, Ann Arbor, Michigan 48107-8647.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Net Position

June 30, 2025

|   | Primary Government      |                          |                         | Component Units      |
|---|-------------------------|--------------------------|-------------------------|----------------------|
|   | Governmental Activities | Business-type Activities | Total                   |                      |
| <b>Assets</b>                                     |                         |                          |                         |                      |
| Cash and cash equivalents                         | \$ 103,636              | \$ 212,708               | \$ 316,344              | \$ 1,995,365         |
| Equity in pooled cash and investments             | 241,934,838             | 153,892,526              | 395,827,364             | 1,561,629            |
| Investments                                       | 4,307,197               | 22,182,388               | 26,489,585              | 49,812,550           |
| Receivables, net                                  | 13,380,091              | 23,371,764               | 36,751,855              | 5,446,429            |
| Internal balances                                 | (13,240,462)            | 13,240,462               | -                       | -                    |
| Other assets                                      | 8,023,436               | 1,087,239                | 9,110,675               | 791,774              |
| Restricted assets, cash                           | 4,278,929               | -                        | 4,278,929               | -                    |
| Net OPEB asset                                    | 7,564,776               | 2,461,435                | 10,026,211              | -                    |
| Capital assets not being depreciated              | 617,562,565             | 138,743,383              | 756,305,948             | -                    |
| Capital assets being depreciated/amortized, net   | 389,255,504             | 414,389,013              | 803,644,517             | 9,340,318            |
| <b>Total assets</b>                               | <b>1,273,170,510</b>    | <b>769,580,918</b>       | <b>2,042,751,428</b>    | <b>68,948,065</b>    |
| <b>Deferred outflows of resources</b>             |                         |                          |                         |                      |
| Deferred charge on refunding                      | 1,793,000               | 1,146,800                | 2,939,800               | -                    |
| Deferred pension amounts                          | 5,367,366               | 967,305                  | 6,334,671               | 28,321               |
| Deferred OPEB amounts                             | 17,265,974              | 5,618,022                | 22,883,996              | -                    |
| <b>Total deferred outflows of resources</b>       | <b>24,426,340</b>       | <b>7,732,127</b>         | <b>32,158,467</b>       | <b>28,321</b>        |
| <b>Liabilities</b>                                |                         |                          |                         |                      |
| Accounts payable and accrued liabilities          | 28,936,518              | 25,342,992               | 54,279,510              | 6,338,677            |
| Unearned revenue                                  | 3,772,524               | -                        | 3,772,524               | 6,544,893            |
| Bonds, notes, and other long-term liabilities     |                         |                          |                         |                      |
| Due within one year                               | 17,228,566              | 12,349,151               | 29,577,717              | 213,975              |
| Due in more than one year                         | 104,046,996             | 143,981,473              | 248,028,469             | 228,468              |
| Net pension liability (due in more than one year) | 12,534,229              | 2,258,912                | 14,793,141              | 19,830               |
| <b>Total liabilities</b>                          | <b>166,518,833</b>      | <b>183,932,528</b>       | <b>350,451,361</b>      | <b>13,345,843</b>    |
| <b>Deferred inflows of resources</b>              |                         |                          |                         |                      |
| Deferred pension amounts                          | 17,345,711              | 3,126,035                | 20,471,746              | 27,442               |
| Deferred OPEB amounts                             | 32,987,632              | 10,733,550               | 43,721,182              | -                    |
| Deferred lease amounts                            | 35,770                  | 178,784                  | 214,554                 | -                    |
| <b>Total deferred inflows of resources</b>        | <b>50,369,113</b>       | <b>14,038,369</b>        | <b>64,407,482</b>       | <b>27,442</b>        |
| <b>Net position</b>                               |                         |                          |                         |                      |
| Net investment in capital assets                  | 914,396,766             | 400,813,896              | 1,315,210,662           | 9,340,318            |
| Restricted for:                                   |                         |                          |                         |                      |
| Debt service                                      | -                       | 12,922,385               | 12,922,385              | -                    |
| Equipment replacement                             | -                       | 23,900,104               | 23,900,104              | -                    |
| Endowment (non-expendable)                        | 1,984,000               | -                        | 1,984,000               | -                    |
| Highway and streets                               | 49,926,363              | -                        | 49,926,363              | -                    |
| Culture and recreation                            | 18,487,815              | -                        | 18,487,815              | -                    |
| Other purposes                                    | 36,026,043              | -                        | 36,026,043              | 355,453              |
| OPEB  | 7,564,776               | 2,461,435                | 10,026,211              | -                    |
| Landfill  | -                       | 212,228                  | 212,228                 | -                    |
| Unrestricted                                      | 52,323,141              | 139,032,100              | 191,355,241             | 45,907,330           |
| <b>Total net position</b>                         | <b>\$ 1,080,708,904</b> | <b>\$ 579,342,148</b>    | <b>\$ 1,660,051,052</b> | <b>\$ 55,603,101</b> |

The accompanying notes are an integral part of these financial statements.

## CITY OF ANN ARBOR, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2025

| Functions / Programs                  | Expenses              | Program Revenues      |                                    |                                  | Net (Expense) Revenue  |  |  |
|---------------------------------------|-----------------------|-----------------------|------------------------------------|----------------------------------|------------------------|--|--|
|                                       |                       | Charges for Services  | Operating Grants and Contributions | Capital Grants and Contributions |                        |  |  |
| <b>Primary government</b>             |                       |                       |                                    |                                  |                        |  |  |
| Governmental activities:              |                       |                       |                                    |                                  |                        |  |  |
| General government                    | \$ 16,293,660         | \$ 8,699,626          | \$ 5,646,726                       | \$ 683,256                       | \$ (1,264,052)         |  |  |
| Public safety                         | 40,656,054            | 16,591,596            | 1,328,097                          | 15,533                           | (22,720,828)           |  |  |
| Public works                          | 38,805,606            | 9,376,455             | 20,816,498                         | 432,677                          | (8,179,976)            |  |  |
| Community/economic development        | 18,698,169            | 116,149               | 5,247,915                          | 1,165,529                        | (12,168,576)           |  |  |
| Culture and recreation                | 18,290,244            | 7,229,195             | 1,208,402                          | -                                | (9,852,647)            |  |  |
| Public transportation                 | 14,715,637            | -                     | -                                  | -                                | (14,715,637)           |  |  |
| Interest on long-term liabilities     | 3,354,879             | 5,353,320             | -                                  | -                                | 1,998,441              |  |  |
| <b>Total governmental activities</b>  | <b>150,814,249</b>    | <b>47,366,341</b>     | <b>34,247,638</b>                  | <b>2,296,995</b>                 | <b>(66,903,275)</b>    |  |  |
| Business-type activities:             |                       |                       |                                    |                                  |                        |  |  |
| Water                                 | 26,606,705            | 35,428,851            | 2,423,643                          | -                                | 11,245,789             |  |  |
| Sewer                                 | 21,544,563            | 37,178,620            | -                                  | -                                | 15,634,057             |  |  |
| Parking                               | 1,623,800             | 307,900               | -                                  | -                                | (1,315,900)            |  |  |
| Airport                               | 1,186,529             | 1,044,603             | -                                  | -                                | (141,926)              |  |  |
| Stormwater                            | 7,274,456             | 15,973,218            | -                                  | -                                | 8,698,762              |  |  |
| Solid waste                           | 15,069,620            | 1,948,678             | -                                  | -                                | (13,120,942)           |  |  |
| Technology fiber                      | 315,288               | 200,035               | -                                  | -                                | (115,253)              |  |  |
| <b>Total business-type activities</b> | <b>73,620,961</b>     | <b>92,081,905</b>     | <b>2,423,643</b>                   |                                  | <b>20,884,587</b>      |  |  |
| <b>Total primary government</b>       | <b>\$ 224,435,210</b> | <b>\$ 139,448,246</b> | <b>\$ 36,671,281</b>               | <b>\$ 2,296,995</b>              | <b>\$ (46,018,688)</b> |  |  |
| <b>Component units</b>                |                       |                       |                                    |                                  |                        |  |  |
| Ann Arbor Housing Commission          | \$ 43,063,120         | \$ 12,492             | \$ 45,944,429                      | \$ -                             | \$ 2,893,801           |  |  |
| SmartZone LDFA                        | 5,600,643             | -                     | -                                  | -                                | (5,600,643)            |  |  |
| Downtown Development Authority        | 27,872,743            | 24,150,729            | 24,678                             | -                                | (3,697,336)            |  |  |
| <b>Total component units</b>          | <b>\$ 76,536,506</b>  | <b>\$ 24,163,221</b>  | <b>\$ 45,969,107</b>               | <b>\$ -</b>                      | <b>\$ (6,404,178)</b>  |  |  |

continued...

## CITY OF ANN ARBOR, MICHIGAN

### Statement of Activities

For the Year Ended June 30, 2025

|   | Primary Government      |                          |                         | Component Units      |
|---|-------------------------|--------------------------|-------------------------|----------------------|
|   | Governmental Activities | Business-type Activities | Total                   |                      |
| <b>Changes in net position</b>                          |                         |                          |                         |                      |
| Net (expense) revenue                                   | \$ (66,903,275)         | \$ 20,884,587            | \$ (46,018,688)         | \$ (6,404,178)       |
| General revenues:                                       |                         |                          |                         |                      |
| Property taxes  | 125,863,168             | 17,680,381               | 143,543,549             | 15,432,587           |
| State shared revenues and grants (unrestricted)         | 15,648,734              | -                        | 15,648,734              | -                    |
| Unrestricted investment earnings                        | 15,618,824              | 9,206,007                | 24,824,831              | 2,667,050            |
| Gain on sale of capital assets                          | 265,692                 | 169,369                  | 435,061                 | -                    |
| Other revenues  | -                       | -                        | -                       | 831,737              |
| Transfers - internal activities                         | (5,544,114)             | 5,544,114                | -                       | -                    |
| Total general revenues and transfers                    | 151,852,304             | 32,599,871               | 184,452,175             | 18,931,374           |
| <b>Change in net position</b>                           | <b>84,949,029</b>       | <b>53,484,458</b>        | <b>138,433,487</b>      | <b>12,527,196</b>    |
| Net position, beginning of year, as previously reported | 998,898,899             | 526,422,639              | 1,525,321,538           | 43,075,905           |
| Restatement - GASB 101 implementation                   | (3,139,024)             | (564,949)                | (3,703,973)             | -                    |
| Net position, beginning of year, as restated            | 995,759,875             | 525,857,690              | 1,521,617,565           | 43,075,905           |
| <b>Net position, end of year</b>                        | <b>\$ 1,080,708,904</b> | <b>\$ 579,342,148</b>    | <b>\$ 1,660,051,052</b> | <b>\$ 55,603,101</b> |

concluded.

The accompanying notes are an integral part of these financial statements.

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## **FUND FINANCIAL STATEMENTS**

# CITY OF ANN ARBOR, MICHIGAN

## Balance Sheet

Governmental Funds

June 30, 2025

|  | General              | Street Repair<br>Millage | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>  |                      |                          |                                   |                                |
| Cash and cash equivalents  | \$ 103,338           | \$ -                     | \$ -                              | \$ 103,338                     |
| Equity in pooled cash and investments  | 59,914,153           | 18,748,002               | 111,422,426                       | 190,084,581                    |
| Investments  | -                    | -                        | 4,307,197                         | 4,307,197                      |
| Receivables:   |                      |                          |                                   |                                |
| Taxes  | 57,373               | 26,774                   | -                                 | 84,147                         |
| Accounts, net  | 2,553,031            | 1,161,706                | 1,916,730                         | 5,631,467                      |
| Leases   | -                    | -                        | 35,770                            | 35,770                         |
| Special assessments  | -                    | 45,018                   | -                                 | 45,018                         |
| Accrued interest and dividends   | -                    | -                        | 17,983                            | 17,983                         |
| Improvement charges  | -                    | 6,474                    | -                                 | 6,474                          |
| Due from other governments   | 4,291,947            | -                        | 3,177,705                         | 7,469,652                      |
| Inventories  | 87,800               | -                        | -                                 | 87,800                         |
| Prepaid items  | 69,244               | -                        | 30,620                            | 99,864                         |
| Restricted assets  | -                    | -                        | 4,278,929                         | 4,278,929                      |
| <b>Total assets</b>  | <b>\$ 67,076,886</b> | <b>\$ 19,987,974</b>     | <b>\$ 125,187,360</b>             | <b>\$ 212,252,220</b>          |
| <b>Liabilities</b>   |                      |                          |                                   |                                |
| Accounts payable   | \$ 626,291           | \$ 6,339,280             | \$ 6,226,716                      | \$ 13,192,287                  |
| Accrued liabilities  | 3,810,681            | 35,613                   | 549,372                           | 4,395,666                      |
| Due to other governments   | 313,163              | 741,705                  | -                                 | 1,054,868                      |
| Unearned revenue   | 10,000               | -                        | 3,762,524                         | 3,772,524                      |
| Deposits payable   | 2,202,547            | 59,098                   | 539,540                           | 2,801,185                      |
| <b>Total liabilities</b>   | <b>6,962,682</b>     | <b>7,175,696</b>         | <b>11,078,152</b>                 | <b>25,216,530</b>              |
| <b>Deferred inflows of resources</b>   |                      |                          |                                   |                                |
| Unavailable revenue  | 1,026,769            | 51,491                   | 522,145                           | 1,600,405                      |
| Deferred lease amounts   | -                    | -                        | 35,770                            | 35,770                         |
| <b>Total deferred inflows of resources</b>                                     | <b>1,026,769</b>     | <b>51,491</b>            | <b>557,915</b>                    | <b>1,636,175</b>               |
| <b>Fund balances</b>   |                      |                          |                                   |                                |
| Nonspendable   | 157,044              | -                        | 2,014,620                         | 2,171,664                      |
| Restricted   | 328,379              | 12,760,787               | 101,599,063                       | 114,688,229                    |
| Committed  | 10,168,277           | -                        | 1,322,913                         | 11,491,190                     |
| Assigned   | 23,726,005           | -                        | 8,614,697                         | 32,340,702                     |
| Unassigned   | 24,707,730           | -                        | -                                 | 24,707,730                     |
| <b>Total fund balances</b>   | <b>59,087,435</b>    | <b>12,760,787</b>        | <b>113,551,293</b>                | <b>185,399,515</b>             |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balances</b> | <b>\$ 67,076,886</b> | <b>\$ 19,987,974</b>     | <b>\$ 125,187,360</b>             | <b>\$ 212,252,220</b>          |

The accompanying notes are an integral part of these financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2025

|  |                |
|--|----------------|
| <b>Fund balances of governmental funds</b> | \$ 185,399,515 |
|--|----------------|

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 therefore are not reported in the funds.

|   |              |
|---|--------------|
| Capital assets not being depreciated                        | 617,562,565  |
| Capital assets being depreciated/amortized, net             | 389,255,504  |
| Less capital assets accounted for in internal service funds | (17,344,232) |

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

|   |              |
|---|--------------|
| Bonds, notes, and other long-term liabilities | (99,884,038) |
| Compensated absences                          | (15,312,397) |
| Unamortized bond discounts/premiums           | (4,103,368)  |
| Unamortized deferred charge on refunding      | 1,793,000    |
| Accrued interest on bonds                     | (636,725)    |

Certain pension and other postemployment benefit-related amounts, such as the net pension liability, other postemployment benefit asset and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

|   |              |
|---|--------------|
| Net pension liability   | (12,534,229) |
| Deferred outflows of resources related to the net pension liability | 5,367,366    |
| Deferred inflows of resources related to the net pension liability  | (17,345,711) |
| Net OPEB asset  | 7,564,776    |
| Deferred outflows of resources related to the net OPEB asset        | 17,265,974   |
| Deferred inflows of resources related to the net OPEB asset         | (32,987,632) |

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, are thus not included in fund balance.

|                     |           |
|---------------------|-----------|
| Unavailable revenue | 1,600,405 |
|---------------------|-----------|

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds.

Net position of governmental activities accounted for in internal service funds:

|  |                     |
|--|---------------------|
| Total internal service fund net position                                     | 68,288,593          |
| Internal service fund net position accounted for in business-type activities | <u>(13,240,462)</u> |

**Net position of governmental activities**

\$ 1,080,708,904

The accompanying notes are an integral part of these financial statements.

## CITY OF ANN ARBOR, MICHIGAN

### Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

|   | General              | Street Repair<br>Millage | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------------|-----------------------------------|--------------------------------|
| <b>Revenues</b>                             |                      |                          |                                   |                                |
| Taxes                                       | \$ 79,001,672        | \$ 15,406,566            | \$ 31,454,930                     | \$ 125,863,168                 |
| Licenses, permits, and registrations        | 2,328,808            | -                        | 10,876,669                        | 13,205,477                     |
| Intergovernmental                           | 19,207,248           | -                        | 24,241,640                        | 43,448,888                     |
| Charges for services                        | 13,037,283           | 6,915,929                | 6,712,764                         | 26,665,976                     |
| Fines and forfeits                          | 3,499,743            | -                        | 119,680                           | 3,619,423                      |
| Investment earnings                         | 5,691,043            | 983,885                  | 6,222,447                         | 12,897,375                     |
| Rentals                                     | 721,546              | -                        | -                                 | 721,546                        |
| Contributions and donations                 | 5,608,375            | 2,482,632                | 887,416                           | 8,978,423                      |
| Other                                       | 1,493,088            | 38,997                   | 1,747,698                         | 3,279,783                      |
| <b>Total revenues</b>                       | <b>130,588,806</b>   | <b>25,828,009</b>        | <b>82,263,244</b>                 | <b>238,680,059</b>             |
| <b>Expenditures</b>                         |                      |                          |                                   |                                |
| Current:                                    |                      |                          |                                   |                                |
| General government                          | 22,218,118           | -                        | 7,862,625                         | 30,080,743                     |
| Public safety                               | 55,881,498           | -                        | 6,482,804                         | 62,364,302                     |
| Public works                                | 5,530,727            | 5,999,730                | 14,705,938                        | 26,236,395                     |
| Community/economic development              | 4,050,236            | -                        | 17,158,210                        | 21,208,446                     |
| Culture and recreation                      | 11,572,745           | -                        | 8,879,056                         | 20,451,801                     |
| Public transportation                       | 14,715,637           | -                        | -                                 | 14,715,637                     |
| Capital outlay                              | 1,805,922            | 20,011,728               | 11,561,091                        | 33,378,741                     |
| Debt service:                               |                      |                          |                                   |                                |
| Principal retirement                        | -                    | -                        | 8,901,130                         | 8,901,130                      |
| Interest and fiscal charges                 | -                    | -                        | 3,359,282                         | 3,359,282                      |
| <b>Total expenditures</b>                   | <b>115,774,883</b>   | <b>26,011,458</b>        | <b>78,910,136</b>                 | <b>220,696,477</b>             |
| Revenues over (under) expenditures          | <b>14,813,923</b>    | <b>(183,449)</b>         | <b>3,353,108</b>                  | <b>17,983,582</b>              |
| <b>Other financing sources (uses)</b>       |                      |                          |                                   |                                |
| Issuance of long-term debt                  | -                    | -                        | 20,340,000                        | 20,340,000                     |
| Premium on issuance of long-term debt       | -                    | -                        | 714,234                           | 714,234                        |
| Proceeds from sale of capital assets        | 35,000               | -                        | -                                 | 35,000                         |
| Transfers in                                | 799,988              | 6,155,828                | 13,481,936                        | 20,437,752                     |
| Transfers out                               | (5,371,685)          | (8,116,131)              | (11,194,598)                      | (24,682,414)                   |
| <b>Total other financing sources (uses)</b> | <b>(4,536,697)</b>   | <b>(1,960,303)</b>       | <b>23,341,572</b>                 | <b>16,844,572</b>              |
| <b>Net change in fund balances</b>          | <b>10,277,226</b>    | <b>(2,143,752)</b>       | <b>26,694,680</b>                 | <b>34,828,154</b>              |
| Fund balances, beginning of year            | <b>48,810,209</b>    | <b>14,904,539</b>        | <b>86,856,613</b>                 | <b>150,571,361</b>             |
| <b>Fund balances, end of year</b>           | <b>\$ 59,087,435</b> | <b>\$ 12,760,787</b>     | <b>\$ 113,551,293</b>             | <b>\$ 185,399,515</b>          |

The accompanying notes are an integral part of these financial statements.

## CITY OF ANN ARBOR, MICHIGAN

### Reconciliation

Net Change in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2025

**Net change in fund balances - total governmental funds** \$ 34,828,154

Amounts reported for *governmental activities* in the statement of activities differs from the amounts reported in the statement of revenue, expenditures, and changes in fund balances because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

|                                      |              |
|--------------------------------------|--------------|
| Capital assets purchased/constructed | 35,707,214   |
| Depreciation/amortization expense    | (22,189,146) |
| Proceeds from sale of capital assets | (35,000)     |
| Loss on sale of capital assets       | (17,191)     |

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

|   |              |
|---|--------------|
| Proceeds from issuance of long-term debt                            | (20,340,000) |
| Premium on issuance of long-term debt                               | (714,234)    |
| Principal payments on bonds, notes, and other long-term liabilities | 8,901,130    |

Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

|  |            |
|--|------------|
| Change in accrued interest payable on long-term debt             | (118,038)  |
| Amortization of bond premium and discounts                       | 354,974    |
| Change in compensated absences                                   | (555,598)  |
| Amortization of deferred charge on refunding                     | (175,352)  |
| Change in the net pension liability and related deferred amounts | 15,538,899 |
| Change in the net OPEB asset and related deferred amounts        | 24,740,320 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather deferred to the following fiscal year.

|                                    |           |
|------------------------------------|-----------|
| Net change in unavailable revenues | (359,808) |
|------------------------------------|-----------|

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds.

|  |                    |
|--|--------------------|
| Total change in net position of the internal service funds                             | 10,672,028         |
| Internal service fund change in net position accounted for in business-type activities | <u>(1,289,323)</u> |

**Change in net position of governmental activities** \$ 84,949,029

The accompanying notes are an integral part of these financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2025

|                                      | Original<br>Budget | Final<br>Budget    | Actual             | Actual Over<br>(Under) Final<br>Budget |
|--------------------------------------|--------------------|--------------------|--------------------|--|
| <b>Revenues</b>                      |                    |                    |                    |  |
| Taxes                                | \$ 76,491,165      | \$ 76,491,165      | \$ 79,001,672      | \$ 2,510,507                           |
| Licenses, permits, and registrations | 2,586,015          | 2,594,515          | 2,328,808          | (265,707)                              |
| Intergovernmental                    | 19,027,323         | 19,027,323         | 19,207,248         | 179,925                                |
| Charges for services                 | 11,052,163         | 11,750,163         | 13,037,283         | 1,287,120                              |
| Fines and forfeits                   | 3,754,546          | 3,754,546          | 3,499,743          | (254,803)                              |
| Investment earnings                  | 1,028,203          | 1,028,203          | 5,691,043          | 4,662,840                              |
| Rentals                              | 757,226            | 757,226            | 721,546            | (35,680)                               |
| Contributions and donations          | -                  | 471,517            | 5,608,375          | 5,136,858                              |
| Other                                | 1,542,383          | 2,147,511          | 1,493,088          | (654,423)                              |
| <b>Total revenues</b>                | <b>116,239,024</b> | <b>118,022,169</b> | <b>130,588,806</b> | <b>12,566,637</b>                      |
| <b>Expenditures</b>                  |                    |                    |                    |  |
| Current:                             |                    |                    |                    |  |
| General government:                  |                    |                    |                    |  |
| Mayor and council                    | 759,099            | 761,317            | 634,623            | (126,694)                              |
| Administration                       | 4,170,923          | 5,094,117          | 4,543,719          | (550,398)                              |
| Human resources                      | 2,923,853          | 2,949,172          | 2,653,613          | (295,559)                              |
| Attorney                             | 3,325,077          | 3,431,264          | 3,215,832          | (215,432)                              |
| Clerk/elections                      | 2,279,444          | 2,710,690          | 2,613,713          | (96,977)                               |
| Finance                              | 10,155,592         | 10,315,051         | 9,683,265          | (631,786)                              |
| Environmental coordination services  | 1,185,108          | 1,210,576          | 1,065,025          | (145,551)                              |
| District court                       | 5,440,028          | 5,521,276          | 5,277,921          | (243,355)                              |
| Planning                             | 1,976,286          | 2,381,960          | 2,226,111          | (155,849)                              |
| Other unallocated                    | 3,333,000          | 2,071,777          | 586,183            | (1,485,594)                            |
| Municipal service charge             | (10,641,579)       | (10,647,579)       | (10,281,887)       | (365,692)                              |
|                                      | <b>24,906,831</b>  | <b>25,799,621</b>  | <b>22,218,118</b>  | <b>(3,581,503)</b>                     |
| Public safety:                       |                    |                    |                    |  |
| Police department                    | 33,513,211         | 34,121,420         | 33,764,914         | (356,506)                              |
| Fire department                      | 19,152,381         | 20,635,634         | 20,577,548         | (58,086)                               |
| Building department                  | 1,507,676          | 1,612,927          | 1,539,036          | (73,891)                               |
|                                      | <b>54,173,268</b>  | <b>56,369,981</b>  | <b>55,881,498</b>  | <b>(488,483)</b>                       |
| Public works:                        |                    |                    |                    |  |
| Public services                      | 10,507,143         | 10,762,955         | 10,053,791         | (709,164)                              |
| Municipal service charge             | (4,695,619)        | (4,695,619)        | (4,523,064)        | (172,555)                              |
|                                      | <b>5,811,524</b>   | <b>6,067,336</b>   | <b>5,530,727</b>   | <b>(536,609)</b>                       |

continued...

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2025

|                                       | Original<br>Budget   | Final<br>Budget      | Actual               | Actual Over<br>(Under) Final<br>Budget |
|---------------------------------------|----------------------|----------------------|----------------------|--|
| <b>Expenditures (concluded)</b>       |                      |                      |                      |  |
| Current (concluded):                  |                      |                      |                      |  |
| Community/economic development:       |                      |                      |                      |  |
| Community development                 | \$ 9,025,651         | \$ 9,305,569         | \$ 8,705,908         | \$ (599,661)                           |
| Municipal service charge              | (5,336,054)          | (5,336,054)          | (4,655,672)          | (680,382)                              |
|                                       | <u>3,689,597</u>     | <u>3,969,515</u>     | <u>4,050,236</u>     | <u>80,721</u>                          |
| Culture and recreation -              |                      |                      |                      |  |
| Parks and recreation                  | <u>10,839,620</u>    | <u>11,728,628</u>    | <u>11,572,745</u>    | <u>(155,883)</u>                       |
| Public transportation                 | <u>14,589,559</u>    | <u>14,589,559</u>    | <u>14,715,637</u>    | <u>126,078</u>                         |
| Capital outlay                        | <u>135,359</u>       | <u>1,854,097</u>     | <u>1,805,922</u>     | <u>(48,175)</u>                        |
| <b>Total expenditures</b>             | <u>114,145,758</u>   | <u>120,378,737</u>   | <u>115,774,883</u>   | <u>(4,603,854)</u>                     |
| Revenues over (under) expenditures    | <u>2,093,266</u>     | <u>(2,356,568)</u>   | <u>14,813,923</u>    | <u>17,170,491</u>                      |
| <b>Other financing sources (uses)</b> |                      |                      |                      |  |
| Proceeds from sale of capital assets  | -                    | -                    | 35,000               | 35,000                                 |
| Transfers in                          | 1,001,259            | 1,001,259            | 799,988              | (201,271)                              |
| Transfers out                         | (5,632,720)          | (5,379,459)          | (5,371,685)          | (7,774)                                |
| Total other financing sources (uses)  | <u>(4,631,461)</u>   | <u>(4,378,200)</u>   | <u>(4,536,697)</u>   | <u>(158,497)</u>                       |
| <b>Net change in fund balance</b>     | <u>(2,538,195)</u>   | <u>(6,734,768)</u>   | <u>10,277,226</u>    | <u>17,011,994</u>                      |
| Fund balance, beginning of year       | <u>48,810,209</u>    | <u>48,810,209</u>    | <u>48,810,209</u>    | <u>-</u>                               |
| <b>Fund balance, end of year</b>      | <u>\$ 46,272,014</u> | <u>\$ 42,075,441</u> | <u>\$ 59,087,435</u> | <u>\$ 17,011,994</u>                   |

concluded.

The accompanying notes are an integral part of these financial statements.

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# CITY OF ANN ARBOR, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Street Repair Millage

For the Year Ended June 30, 2025

|   | Original<br>Budget   | Final<br>Budget      | Actual               | Actual Over<br>(Under) Final<br>Budget |
|---|----------------------|----------------------|----------------------|--|
| <b>Revenues</b>                             |                      |                      |                      |  |
| Taxes                                       | \$ 15,067,143        | \$ 15,067,143        | \$ 15,406,566        | \$ 339,423                             |
| Charges for services                        | -                    | 6,904,708            | 6,915,929            | 11,221                                 |
| Investment earnings                         | 602,749              | 602,749              | 983,885              | 381,136                                |
| Contributions and donations                 | 4,273,000            | 2,728,000            | 2,482,632            | (245,368)                              |
| Other                                       | -                    | -                    | 38,997               | 38,997                                 |
| <b>Total revenues</b>                       | <b>19,942,892</b>    | <b>25,302,600</b>    | <b>25,828,009</b>    | <b>525,409</b>                         |
| <b>Expenditures</b>                         |                      |                      |                      |  |
| Current - public works                      | 23,164,486           | 5,905,921            | 5,999,730            | 93,809                                 |
| Capital outlay                              | -                    | 20,080,938           | 20,011,728           | (69,210)                               |
| <b>Total expenditures</b>                   | <b>23,164,486</b>    | <b>25,986,859</b>    | <b>26,011,458</b>    | <b>24,599</b>                          |
| Revenues over (under) expenditures          | (3,221,594)          | (684,259)            | (183,449)            | 500,810                                |
| <b>Other financing sources (uses)</b>       |                      |                      |                      |  |
| Transfers in                                | -                    | 5,659,752            | 6,155,828            | 496,076                                |
| Transfers out                               | (889,688)            | (8,116,138)          | (8,116,131)          | (7)                                    |
| <b>Total other financing sources (uses)</b> | <b>(889,688)</b>     | <b>(2,456,386)</b>   | <b>(1,960,303)</b>   | <b>496,083</b>                         |
| <b>Net change in fund balance</b>           | <b>(4,111,282)</b>   | <b>(3,140,645)</b>   | <b>(2,143,752)</b>   | <b>996,893</b>                         |
| Fund balance, beginning of year             | 14,904,539           | 14,904,539           | 14,904,539           | -                                      |
| <b>Fund balance, end of year</b>            | <b>\$ 10,793,257</b> | <b>\$ 11,763,894</b> | <b>\$ 12,760,787</b> | <b>\$ 996,893</b>                      |

The accompanying notes are an integral part of these financial statements.

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Net Position**

Proprietary Funds

June 30, 2025

|   | Business-type Activities - Enterprise Funds |                        |                   |                  |                         |
|---|---|------------------------|-------------------|------------------|-------------------------|
|   | Water Supply System                         | Sewage Disposal System | Parking System    | Airport          | Stormwater Sewer System |
| <b>Assets</b>                                   |   |                        |                   |                  |                         |
| Current assets:                                 |   |                        |                   |                  |                         |
| Cash and cash equivalents                       | \$ 450                                      | \$ -                   | \$ -              | \$ 30            | \$ -                    |
| Equity in pooled cash and investments           | 39,601,203                                  | 48,642,472             | 2,178,500         | 2,162,865        | 20,236,483              |
| Investments                                     | 12,736,100                                  | 9,446,288              | -                 | -                | -                       |
| Receivables:                                    |   |                        |                   |                  |                         |
| Taxes   | 137,750                                     | -                      | -                 | -                | -                       |
| Accounts, net                                   | 7,918,974                                   | 7,537,177              | -                 | 102,127          | 3,853,148               |
| Leases  | -   | -                      | -                 | 46,196           | -                       |
| Improvement charges                             | 22,543                                      | 34,158                 | -                 | -                | 3,325                   |
| Due from other governments                      | 641,030                                     | -                      | -                 | -                | -                       |
| Prepaid items                                   | 13,516                                      | 9,882                  | -                 | -                | 2,065                   |
| Inventories                                     | 966,859                                     | 41,492                 | -                 | -                | 53,425                  |
| Total current assets                            | <u>62,038,425</u>                           | <u>65,711,469</u>      | <u>2,178,500</u>  | <u>2,311,218</u> | <u>24,148,446</u>       |
| Noncurrent assets:                              |   |                        |                   |                  |                         |
| Receivables:                                    |   |                        |                   |                  |                         |
| Leases  | -   | -                      | -                 | 132,588          | -                       |
| Improvement charges                             | 103,962                                     | 226,102                | -                 | -                | 29,931                  |
| Due from other governments                      | 2,251,690                                   | -                      | -                 | -                | -                       |
| Net OPEB asset                                  | 922,411                                     | 792,071                | -                 | -                | 357,936                 |
| Capital assets not being depreciated            | 85,996,668                                  | 39,094,917             | 3,934,897         | 708,927          | 4,913,782               |
| Capital assets being depreciated/amortized, net | 155,643,108                                 | 207,096,788            | 17,707,063        | 912,342          | 25,457,756              |
| Total noncurrent assets                         | <u>244,917,839</u>                          | <u>247,209,878</u>     | <u>21,641,960</u> | <u>1,753,857</u> | <u>30,759,405</u>       |
| <b>Total assets</b>                             | <b>306,956,264</b>                          | <b>312,921,347</b>     | <b>23,820,460</b> | <b>4,065,075</b> | <b>54,907,851</b>       |
| <b>Deferred outflows of resources</b>           |   |                        |                   |                  |                         |
| Deferred charge on refunding                    | 229,495                                     | 888,183                | 29,122            | -                | -                       |
| Deferred pension amounts                        | 397,817                                     | 280,626                | -                 | -                | 143,164                 |
| Deferred OPEB amounts                           | 2,105,328                                   | 1,807,836              | -                 | -                | 816,959                 |
| <b>Total deferred outflows of resources</b>     | <b>2,732,640</b>                            | <b>2,976,645</b>       | <b>29,122</b>     | <b>-</b>         | <b>960,123</b>          |

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE**

| Business-type Activities - Enterprise Funds |                  |                        | Governmental Activities |  |
|---|------------------|------------------------|-------------------------|--|
| Solid Waste                                 | Technology Fiber | Total Enterprise Funds | Internal Service Funds  |  |
| \$ 212,228                                  | \$ -             | \$ 212,708             | \$ 298                  |  |
| 39,538,998                                  | 1,532,005        | 153,892,526            | 51,850,257              |  |
| -   | -                | 22,182,388             | -                       |  |
| 17,341                                      | -                | 155,091                | -                       |  |
| 197,003                                     | 116,719          | 19,725,148             | 89,580                  |  |
| -   | -                | 46,196                 | -                       |  |
| -   | -                | 60,026                 | -                       |  |
| -   | -                | 641,030                | -                       |  |
| -   | -                | 25,463                 | 6,233,726               |  |
| -   | -                | 1,061,776              | 1,602,046               |  |
| <u>39,965,570</u>                           | <u>1,648,724</u> | <u>198,002,352</u>     | <u>59,775,907</u>       |  |
|   |                  |                        |                         |  |
| -   | -                | 132,588                | -                       |  |
| -   | -                | 359,995                | -                       |  |
| -   | -                | 2,251,690              | -                       |  |
| 389,017                                     | -                | 2,461,435              | -                       |  |
| 4,094,192                                   | -                | 138,743,383            | 90,005                  |  |
| <u>7,571,956</u>                            | <u>-</u>         | <u>414,389,013</u>     | <u>17,254,227</u>       |  |
| <u>12,055,165</u>                           | <u>-</u>         | <u>558,338,104</u>     | <u>17,344,232</u>       |  |
| <u>52,020,735</u>                           | <u>1,648,724</u> | <u>756,340,456</u>     | <u>77,120,139</u>       |  |
|   |                  |                        |                         |  |
| -   | -                | 1,146,800              | -                       |  |
| 145,698                                     | -                | 967,305                | -                       |  |
| <u>887,899</u>                              | <u>-</u>         | <u>5,618,022</u>       | <u>-</u>                |  |
| <u>1,033,597</u>                            | <u>-</u>         | <u>7,732,127</u>       | <u>-</u>                |  |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Net Position**

Proprietary Funds

June 30, 2025

|   | Business-type Activities - Enterprise Funds |                        |                      |                     |                         |
|---|---|------------------------|----------------------|---------------------|-------------------------|
|   | Water Supply System                         | Sewage Disposal System | Parking System       | Airport             | Stormwater Sewer System |
| <b>Liabilities</b>  |   |                        |                      |                     |                         |
| Current liabilities:  |   |                        |                      |                     |                         |
| Accounts payable  | 10,947,225                                  | 5,736,192              | -                    | 14,228              | 1,147,114               |
| Accrued liabilities   | 363,349                                     | 239,901                | -                    | -                   | 109,142                 |
| Accrued interest payable  | 501,901                                     | 397,859                | 4,033                | -                   | 74,420                  |
| Deposits payable  | 208,835                                     | -                      | -                    | -                   | 64,376                  |
| Due to other governments  | 70,632                                      | -                      | -                    | -                   | -                       |
| Bonds, notes, and other long-term liabilities, current                | 3,689,014                                   | 5,600,062              | 306,605              | -                   | 1,282,373               |
| Estimated claims payable, current                                     | -   | -                      | -                    | -                   | -                       |
| Compensated absences, current   | 579,624                                     | 456,918                | -                    | -                   | 210,905                 |
| <b>Total current liabilities</b>                                      | <b>16,360,580</b>                           | <b>12,430,932</b>      | <b>310,638</b>       | <b>14,228</b>       | <b>2,888,330</b>        |
| Noncurrent liabilities:   |   |                        |                      |                     |                         |
| Bonds, notes, and other long-term liabilities, net of current portion | 55,474,119                                  | 76,778,384             | 311,714              | -                   | 10,030,200              |
| Estimated claims payable, net of current portion                      | -   | -                      | -                    | -                   | -                       |
| Compensated absences, net of current portion                          | 807,148                                     | 311,099                | -                    | -                   | 52,783                  |
| Net pension liability   | 929,009                                     | 655,336                | -                    | -                   | 334,325                 |
| <b>Total noncurrent liabilities</b>                                   | <b>57,210,276</b>                           | <b>77,744,819</b>      | <b>311,714</b>       | <b>-</b>            | <b>10,417,308</b>       |
| <b>Total liabilities</b>  | <b>73,570,856</b>                           | <b>90,175,751</b>      | <b>622,352</b>       | <b>14,228</b>       | <b>13,305,638</b>       |
| <b>Deferred inflows of resources</b>                                  |   |                        |                      |                     |                         |
| Deferred pension amounts  | 1,285,626                                   | 906,898                | -                    | -                   | 462,661                 |
| Deferred OPEB amounts   | 4,022,349                                   | 3,453,973              | -                    | -                   | 1,560,846               |
| Deferred lease amounts  | -   | -                      | -                    | 178,784             | -                       |
| <b>Total deferred inflows of resources</b>                            | <b>5,307,975</b>                            | <b>4,360,871</b>       | <b>-</b>             | <b>178,784</b>      | <b>2,023,507</b>        |
| <b>Net position</b>   |   |                        |                      |                     |                         |
| Net investment in capital assets                                      | 184,591,409                                 | 163,014,442            | 21,052,763           | 1,621,269           | 18,932,890              |
| Restricted for debt service   | 3,967,504                                   | 8,954,881              | -                    | -                   | -                       |
| Restricted for equipment replacement                                  | 14,827,153                                  | 9,072,951              | -                    | -                   | -                       |
| Restricted for landfill   | -   | -                      | -                    | -                   | -                       |
| Restricted for OPEB   | 922,411                                     | 792,071                | -                    | -                   | 357,936                 |
| Unrestricted  | 26,501,596                                  | 39,527,025             | 2,174,467            | 2,250,794           | 21,248,003              |
| <b>Total net position</b>   | <b>\$ 230,810,073</b>                       | <b>\$ 221,361,370</b>  | <b>\$ 23,227,230</b> | <b>\$ 3,872,063</b> | <b>\$ 40,538,829</b>    |

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE**

| Business-type Activities - Enterprise Funds |                     |                        | Governmental Activities |
|---|---------------------|------------------------|-------------------------|
| Solid Waste                                 | Technology Fiber    | Total Enterprise Funds | Internal Service Funds  |
| 1,078,060                                   | 12,086              | 18,934,905             | 4,169,815               |
| 133,766                                     | 6,337               | 852,495                | 2,414                   |
| -   | -                   | 978,213                | -                       |
| -   | -                   | 273,211                | 821,461                 |
| -   | -                   | 70,632                 | -                       |
| -   | -                   | 10,878,054             | 748,486                 |
| -   | -                   | -                      | 219,787                 |
| 223,650                                     | -                   | 1,471,097              | -                       |
| <u>1,435,476</u>                            | <u>18,423</u>       | <u>33,458,607</u>      | <u>5,961,963</u>        |
|   |                     |                        |                         |
| -   | -                   | 142,594,417            | 1,227,273               |
| 4,233,536                                   | -                   | 4,233,536              | 1,642,310               |
| 216,026                                     | -                   | 1,387,056              | -                       |
| 340,242                                     | -                   | 2,258,912              | -                       |
| <u>4,789,804</u>                            | <u>-</u>            | <u>150,473,921</u>     | <u>2,869,583</u>        |
|   |                     |                        |                         |
| <u>6,225,280</u>                            | <u>18,423</u>       | <u>183,932,528</u>     | <u>8,831,546</u>        |
|   |                     |                        |                         |
| 470,850                                     | -                   | 3,126,035              | -                       |
| 1,696,382                                   | -                   | 10,733,550             | -                       |
| -   | -                   | 178,784                | -                       |
| <u>2,167,232</u>                            | <u>-</u>            | <u>14,038,369</u>      | <u>-</u>                |
|   |                     |                        |                         |
| 11,601,123                                  | -                   | 400,813,896            | 15,368,473              |
| -   | -                   | 12,922,385             | -                       |
| -   | -                   | 23,900,104             | -                       |
| 212,228                                     | -                   | 212,228                | -                       |
| 389,017                                     | -                   | 2,461,435              | -                       |
| <u>32,459,452</u>                           | <u>1,630,301</u>    | <u>125,791,638</u>     | <u>52,920,120</u>       |
|   |                     |                        |                         |
| <u>\$ 44,661,820</u>                        | <u>\$ 1,630,301</u> | <u>\$ 566,101,686</u>  | <u>\$ 68,288,593</u>    |

concluded.

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# CITY OF ANN ARBOR, MICHIGAN

## Reconciliation

Net Position of Enterprise Funds  
to Net Position of Business-type Activities  
June 30, 2025

|                                  |                |
|----------------------------------|----------------|
| Net position of enterprise funds | \$ 566,101,686 |
|----------------------------------|----------------|

Amounts reported for *business-type activities* in the statement of activities differs  
different because:

Internal service funds are used by management to charge the costs of  
certain activities, such as equipment management and self-insurance, to  
individual funds. A portion of the net position of the internal service  
funds is allocated to the enterprise funds and reported in the statement  
of net position.

Net position of business-type activities accounted for in  
governmental-type internal service funds

---

13,240,462

|  |                       |
|--|-----------------------|
| Net position of business-type activities | \$ <u>579,342,148</u> |
|--|-----------------------|

The accompanying notes are an integral part of these financial statements.

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Revenues, Expenses and Changes in Fund Net Position**

Proprietary Funds

For the Year Ended June 30, 2025

|   | Business-type Activities - Enterprise Funds |                        |                      |                     |                         |
|---|---|------------------------|----------------------|---------------------|-------------------------|
|   | Water Supply System                         | Sewage Disposal System | Parking System       | Airport             | Stormwater Sewer System |
| <b>Operating revenues</b>                               |   |                        |                      |                     |                         |
| Charges for services                                    | \$ 35,428,851                               | \$ 37,178,620          | \$ 307,900           | \$ 1,044,603        | \$ 15,973,218           |
| <b>Operating expenses</b>                               |   |                        |                      |                     |                         |
| Personal services                                       | 4,245,885                                   | 4,106,955              | -                    | 562,969             | 1,506,607               |
| Municipal service charge                                | 474,300                                     | 659,760                | -                    | 86,688              | 271,272                 |
| Information technology charge                           | 976,779                                     | 657,926                | -                    | 22,344              | 294,126                 |
| Other operating costs                                   | 11,936,675                                  | 7,270,342              | 853                  | 462,466             | 3,846,042               |
| Depreciation and amortization                           | 7,338,904                                   | 7,273,051              | 1,599,405            | 55,905              | 1,232,382               |
| <b>Total operating expenses</b>                         | <u>24,972,543</u>                           | <u>19,968,034</u>      | <u>1,600,258</u>     | <u>1,190,372</u>    | <u>7,150,429</u>        |
| Operating income (loss)                                 | <u>10,456,308</u>                           | <u>17,210,586</u>      | <u>(1,292,358)</u>   | <u>(145,769)</u>    | <u>8,822,789</u>        |
| <b>Nonoperating revenues (expenses)</b>                 |   |                        |                      |                     |                         |
| Property taxes  | -   | -                      | -                    | -                   | -                       |
| Federal and state grants                                | 2,423,643                                   | -                      | -                    | -                   | -                       |
| Investment earnings                                     | 2,602,028                                   | 2,870,148              | 112,135              | 115,438             | 1,163,970               |
| Gain on sale of capital assets                          | 98,879                                      | 25,649                 | -                    | 44,841              | -                       |
| Interest and fiscal charges                             | (2,080,113)                                 | (1,943,562)            | (23,542)             | -                   | (285,880)               |
| <b>Total nonoperating revenues (expenses)</b>           | <u>3,044,437</u>                            | <u>952,235</u>         | <u>88,593</u>        | <u>160,279</u>      | <u>878,090</u>          |
| Income (loss) before contributions and transfers        | 13,500,745                                  | 18,162,821             | (1,203,765)          | 14,510              | 9,700,879               |
| <b>Capital contributions</b>                            | -   | -                      | -                    | -                   | -                       |
| <b>Transfers in</b>                                     | <u>15,130,808</u>                           | <u>530,786</u>         | <u>-</u>             | <u>-</u>            | <u>-</u>                |
| <b>Transfers out</b>                                    | <u>(1,875,785)</u>                          | <u>(1,860,234)</u>     | <u>-</u>             | <u>(9,000)</u>      | <u>(6,660,063)</u>      |
| <b>Change in net position</b>                           | <u>26,755,768</u>                           | <u>16,833,373</u>      | <u>(1,203,765)</u>   | <u>5,510</u>        | <u>3,040,816</u>        |
| Net position, beginning of year, as previously reported | 204,084,497                                 | 204,760,905            | 24,430,995           | 3,866,553           | 37,657,979              |
| Restatement - GASB 101 implementation                   | (30,192)                                    | (232,908)              | -                    | -                   | (159,966)               |
| Net position, beginning of year, as restated            | <u>204,054,305</u>                          | <u>204,527,997</u>     | <u>24,430,995</u>    | <u>3,866,553</u>    | <u>37,498,013</u>       |
| <b>Net position, end of year</b>                        | <u>\$ 230,810,073</u>                       | <u>\$ 221,361,370</u>  | <u>\$ 23,227,230</u> | <u>\$ 3,872,063</u> | <u>\$ 40,538,829</u>    |

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE**

| Business-type Activities - Enterprise Funds |                     |                        | Governmental Activities |
|---|---------------------|------------------------|-------------------------|
| Solid Waste                                 | Technology Fiber    | Total Enterprise Funds | Internal Service Funds  |
| \$ 1,948,678                                | \$ 200,035          | \$ 92,081,905          | \$ 64,907,597           |
| 2,777,044                                   | 174,517             | 13,373,977             | 10,678,942              |
| 403,644                                     | -                   | 1,895,664              | 1,873,212               |
| 247,253                                     | 4,596               | 2,203,024              | 1,271,472               |
| 11,366,408                                  | 136,175             | 35,018,961             | 41,434,501              |
| 585,914                                     | -                   | 18,085,561             | 3,848,811               |
| <u>15,380,263</u>                           | <u>315,288</u>      | <u>70,577,187</u>      | <u>59,106,938</u>       |
| <u>(13,431,585)</u>                         | <u>(115,253)</u>    | <u>21,504,718</u>      | <u>5,800,659</u>        |
| 17,680,381                                  | -                   | 17,680,381             | -                       |
| -   | -                   | 2,423,643              | -                       |
| 2,270,478                                   | 71,810              | 9,206,007              | 2,721,449               |
| -   | -                   | 169,369                | 282,883                 |
| -   | -                   | (4,333,097)            | (57,181)                |
| <u>19,950,859</u>                           | <u>71,810</u>       | <u>25,146,303</u>      | <u>2,947,151</u>        |
| 6,519,274                                   | (43,443)            | 46,651,021             | 8,747,810               |
| -   | -                   | -                      | 3,223,670               |
| 229,113                                     | 528,708             | 16,419,415             | -                       |
| <u>(470,219)</u>                            | <u>-</u>            | <u>(10,875,301)</u>    | <u>(1,299,452)</u>      |
| <u>6,278,168</u>                            | <u>485,265</u>      | <u>52,195,135</u>      | <u>10,672,028</u>       |
| 38,525,535                                  | 1,145,036           | 514,471,500            | 57,616,565              |
| <u>(141,883)</u>                            | <u>-</u>            | <u>(564,949)</u>       | <u>-</u>                |
| <u>38,383,652</u>                           | <u>1,145,036</u>    | <u>513,906,551</u>     | <u>57,616,565</u>       |
| <u>\$ 44,661,820</u>                        | <u>\$ 1,630,301</u> | <u>\$ 566,101,686</u>  | <u>\$ 68,288,593</u>    |

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## CITY OF ANN ARBOR, MICHIGAN

### Reconciliation

Change in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Year Ended June 30, 2025

**Change in net position - total enterprise funds** \$ 52,195,135

Amounts reported for *business-type activities* in the statement of activities differs from the amounts reported in the statement of revenues, expenses, and changes in fund net position because:

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. A portion of the operating income of the internal service funds is allocated to the enterprise funds and reported in the statement of activities.

Net operating income from business-type activities accounted for in governmental-type internal service funds

1,289,323

**Change in net position of business-type activities** \$ 53,484,458

The accompanying notes are an integral part of these financial statements.

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds  
For the Year Ended June 30, 2025

|   | Business-type Activities - Enterprise Funds |                        |                     |                     |                         |
|---|---|------------------------|---------------------|---------------------|-------------------------|
|   | Water System                                | Sewage Disposal System | Parking System      | Airport             | Stormwater Sewer System |
| <b>Cash flow from operating activities</b>                      |   |                        |                     |                     |                         |
| Receipts from customers   | \$ 35,215,403                               | \$ 36,926,468          | \$ 308,400          | \$ 1,029,858        | \$ 15,748,839           |
| Payments to suppliers   | (10,915,865)                                | (6,993,597)            | (853)               | (470,963)           | (3,794,128)             |
| Payments on behalf of employees                                 | (6,999,075)                                 | (7,197,382)            | -                   | (562,969)           | (3,291,726)             |
| Receipts for interfund services                                 | -   | -                      | -                   | -                   | -                       |
| Payments made for interfund services                            | <u>(1,451,079)</u>                          | <u>(1,317,686)</u>     | <u>-</u>            | <u>(109,032)</u>    | <u>(565,398)</u>        |
| <b>Net cash from operating activities</b>                       | <b>15,849,384</b>                           | <b>21,417,803</b>      | <b>307,547</b>      | <b>(113,106)</b>    | <b>8,097,587</b>        |
| <b>Cash flows from noncapital financing activities</b>          |   |                        |                     |                     |                         |
| Transfers in  | 15,130,808                                  | 530,786                | -                   | -                   | -                       |
| Transfers out   | (1,875,785)                                 | (1,860,234)            | -                   | (9,000)             | (6,660,063)             |
| Grants received   | 2,423,643                                   | -                      | -                   | -                   | -                       |
| Property taxes  | -   | -                      | -                   | -                   | -                       |
| <b>Net cash from noncapital financing activities</b>            | <b>15,678,666</b>                           | <b>(1,329,448)</b>     | <b>-</b>            | <b>(9,000)</b>      | <b>(6,660,063)</b>      |
| <b>Cash flows from capital and related financing activities</b> |   |                        |                     |                     |                         |
| Capital contributions   | -   | -                      | -                   | -                   | -                       |
| Purchase of capital assets                                      | (36,987,269)                                | (14,106,872)           | -                   | -                   | (1,960,186)             |
| Proceeds from sale of capital assets                            | 98,879                                      | 25,649                 | -                   | 44,841              | -                       |
| Principal paid on long-term liabilities                         | (3,561,498)                                 | (7,084,383)            | (290,001)           | -                   | (1,126,580)             |
| Interest paid on long-term liabilities                          | <u>(2,028,296)</u>                          | <u>(1,890,523)</u>     | <u>(31,860)</u>     | <u>-</u>            | <u>(293,209)</u>        |
| <b>Net cash from capital and related financing activities</b>   | <b>(42,478,184)</b>                         | <b>(23,056,129)</b>    | <b>(321,861)</b>    | <b>44,841</b>       | <b>(3,379,975)</b>      |
| <b>Cash flows from investing activities</b>                     |   |                        |                     |                     |                         |
| Proceeds from sale and maturities of investments                | 27,767,483                                  | 538,756                | -                   | -                   | -                       |
| Interest and dividends on investments                           | 2,602,028                                   | 2,870,148              | 112,135             | 115,438             | 1,163,970               |
| <b>Net cash from investing activities</b>                       | <b>30,369,511</b>                           | <b>3,408,904</b>       | <b>112,135</b>      | <b>115,438</b>      | <b>1,163,970</b>        |
| <b>Net change in cash and cash equivalents</b>                  | <b>19,419,377</b>                           | <b>441,130</b>         | <b>97,821</b>       | <b>38,173</b>       | <b>(778,481)</b>        |
| Cash and cash equivalents, beginning of the year                | 20,182,276                                  | 48,201,342             | 2,080,679           | 2,124,722           | 21,014,964              |
| <b>Cash and cash equivalents, end of the year</b>               | <b>\$ 39,601,653</b>                        | <b>\$ 48,642,472</b>   | <b>\$ 2,178,500</b> | <b>\$ 2,162,895</b> | <b>\$ 20,236,483</b>    |
| <b>Reconciliation to statement of net position</b>              |   |                        |                     |                     |                         |
| Cash and cash equivalents                                       | \$ 450                                      | \$ -                   | \$ -                | \$ 30               | \$ -                    |
| Equity in pooled cash and investments                           | <u>39,601,203</u>                           | <u>48,642,472</u>      | <u>2,178,500</u>    | <u>2,162,865</u>    | <u>20,236,483</u>       |
| <b>Total cash and cash equivalents, end of year</b>             | <b>\$ 39,601,653</b>                        | <b>\$ 48,642,472</b>   | <b>\$ 2,178,500</b> | <b>\$ 2,162,895</b> | <b>\$ 20,236,483</b>    |

**STATEMENT OF CASH FLOWS**

| Business-type Activities - Enterprise Funds |                     |                        | Governmental Activities |  |
|---|---------------------|------------------------|-------------------------|--|
| Solid Waste                                 | Technology Fiber    | Total Enterprise Funds | Internal Service Funds  |  |
| \$ 2,053,666                                | \$ 118,206          | \$ 91,400,840          | \$ -                    |  |
| (11,780,613)                                | (116,551)           | (34,072,570)           | (47,827,600)            |  |
| (4,343,246)                                 | (171,977)           | (22,566,375)           | (10,795,225)            |  |
| -   | -                   | -                      | 64,907,597              |  |
| <u>(650,897)</u>                            | <u>(4,596)</u>      | <u>(4,098,688)</u>     | <u>-</u>                |  |
| <u>(14,721,090)</u>                         | <u>(174,918)</u>    | <u>30,663,207</u>      | <u>6,284,772</u>        |  |
| <br>229,113                                 | 528,708             | 16,419,415             | -                       |  |
| (470,219)                                   | -                   | (10,875,301)           | (1,299,452)             |  |
| -   | -                   | 2,423,643              | -                       |  |
| <u>17,680,381</u>                           | <u>-</u>            | <u>17,680,381</u>      | <u>-</u>                |  |
| <u>17,439,275</u>                           | <u>528,708</u>      | <u>25,648,138</u>      | <u>(1,299,452)</u>      |  |
| <br>-                                       | -                   | -                      | 3,223,670               |  |
| (507,197)                                   | (10,013)            | (53,571,537)           | (7,101,293)             |  |
| -   | -                   | 169,369                | 431,341                 |  |
| -   | -                   | (12,062,462)           | (805,347)               |  |
| -   | -                   | (4,243,888)            | (57,181)                |  |
| <u>(507,197)</u>                            | <u>(10,013)</u>     | <u>(69,708,518)</u>    | <u>(4,308,810)</u>      |  |
| <br>-                                       | -                   | 28,306,239             | -                       |  |
| <u>2,270,478</u>                            | <u>71,810</u>       | <u>9,206,007</u>       | <u>2,721,449</u>        |  |
| <u>2,270,478</u>                            | <u>71,810</u>       | <u>37,512,246</u>      | <u>2,721,449</u>        |  |
| 4,481,466                                   | 415,587             | 24,115,073             | 3,397,959               |  |
| <u>35,269,760</u>                           | <u>1,116,418</u>    | <u>129,990,161</u>     | <u>48,452,596</u>       |  |
| <u>\$ 39,751,226</u>                        | <u>\$ 1,532,005</u> | <u>\$ 154,105,234</u>  | <u>\$ 51,850,555</u>    |  |
| <br>\$ 212,228                              | \$ -                | \$ 212,708             | \$ 298                  |  |
| <u>39,538,998</u>                           | <u>1,532,005</u>    | <u>153,892,526</u>     | <u>51,850,257</u>       |  |
| <u>\$ 39,751,226</u>                        | <u>\$ 1,532,005</u> | <u>\$ 154,105,234</u>  | <u>\$ 51,850,555</u>    |  |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Statement of Cash Flows**

Proprietary Funds

For the Year Ended June 30, 2025

|   | Business-type Activities - Enterprise Funds |                        |                   |                     |                         |
|---|---|------------------------|-------------------|---------------------|-------------------------|
|   | Water System                                | Sewage Disposal System | Parking System    | Airport             | Stormwater Sewer System |
| <b>Reconciliation of operating income (loss) to net cash from operating activities</b>  |   |                        |                   |                     |                         |
| Operating income (loss)   | \$ 10,456,308                               | \$ 17,210,586          | \$ (1,292,358)    | \$ (145,769)        | \$ 8,822,789            |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |   |                        |                   |                     |                         |
| Depreciation and amortization   | 7,338,904                                   | 7,273,051              | 1,599,405         | 55,905              | 1,232,382               |
| Changes in assets and liabilities:  |   |                        |                   |                     |                         |
| Accounts receivable   | (392,272)                                   | (240,040)              | -                 | 105,654             | (218,454)               |
| Due from other governments  | 283,452                                     | 634                    | 500               | -                   | 1,749                   |
| Prepaid items   | (644)                                       | (471)                  | -                 | -                   | (98)                    |
| Inventories   | (103,984)                                   | (12,275)               | -                 | -                   | (7,576)                 |
| Net OPEB asset  | (922,411)                                   | (792,071)              | -                 | -                   | (357,936)               |
| Deferred outflows of resources related to the net pension liability                     | 441,609                                     | 406,699                | -                 | -                   | 235,654                 |
| Deferred outflows of resources related to the net OPEB asset                            | (818,217)                                   | (492,985)              | -                 | -                   | (177,103)               |
| Accounts payable  | 943,626                                     | 276,745                | -                 | (8,497)             | 50,805                  |
| Accrued liabilities   | 37,211                                      | 5,158                  | -                 | -                   | 8,053                   |
| Deposits payable  | 6,552                                       | -                      | -                 | -                   | 1,109                   |
| Due to other governments  | 70,632                                      | -                      | -                 | -                   | -                       |
| Estimated claims payable  | -   | -                      | -                 | -                   | -                       |
| Accrued compensated absences  | 63,646                                      | (6,063)                | -                 | -                   | (143,650)               |
| Net pension liability   | (1,367,431)                                 | (1,224,997)            | -                 | -                   | (702,017)               |
| Net OPEB liability  | (2,034,558)                                 | (2,078,406)            | -                 | -                   | (1,011,432)             |
| Deferred inflows of resources related to the net pension liability                      | (31,139)                                    | (171,273)              | -                 | -                   | (131,571)               |
| Deferred inflows of resources related to the net OPEB asset                             | 1,878,100                                   | 1,263,511              | -                 | -                   | 494,883                 |
| Deferred inflows of resources related to leases   | -   | -                      | -                 | (120,399)           | -                       |
| <b>Net cash from operating activities</b>   | <b>\$ 15,849,384</b>                        | <b>\$ 21,417,803</b>   | <b>\$ 307,547</b> | <b>\$ (113,106)</b> | <b>\$ 8,097,587</b>     |
| <b>Noncash capital and related financing activities</b>                                 |   |                        |                   |                     |                         |
| Change in accounts payable related to capital asset additions                           | \$ 351,984                                  | \$ (143,804)           | \$ -              | \$ -                | \$ 16,661               |
| Addition of subscription assets   | -   | -                      | -                 | -                   | -                       |
| Addition of subscription liabilities  | -   | -                      | -                 | -                   | -                       |
| <b>Total noncash activities</b>   | <b>\$ 351,984</b>                           | <b>\$ (143,804)</b>    | <b>\$ -</b>       | <b>\$ -</b>         | <b>\$ 16,661</b>        |

The accompanying notes are an integral part of these financial statements.

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE**

| Business-type Activities - Enterprise Funds |                     |                        | Governmental Activities |  |
|---|---------------------|------------------------|-------------------------|--|
| Solid Waste                                 | Technology Fiber    | Total Enterprise Funds | Internal Service Funds  |  |
| \$ (13,431,585)                             | \$ (115,253)        | \$ 21,504,718          | \$ 5,800,659            |  |
|   |                     |                        |                         |  |
| 585,914                                     | -                   | 18,085,561             | 3,848,811               |  |
| 104,988                                     | (81,829)            | (721,953)              | (29,045)                |  |
| -   | -                   | 286,335                | 2,784                   |  |
| -   | -                   | (1,213)                | (2,995,761)             |  |
| -   | -                   | (123,835)              | (117,117)               |  |
| (389,017)                                   | -                   | (2,461,435)            | -                       |  |
| 177,159                                     | -                   | 1,261,121              | -                       |  |
| (279,480)                                   | -                   | (1,767,785)            | -                       |  |
| (414,205)                                   | 19,624              | 868,098                | 112,231                 |  |
| 14,788                                      | 2,540               | 67,750                 | 83                      |  |
| -   | -                   | 7,661                  | (221,507)               |  |
| -   | -                   | 70,632                 | -                       |  |
| (179,578)                                   | -                   | (179,578)              | (116,366)               |  |
| (52,526)                                    | -                   | (138,593)              | -                       |  |
| (543,004)                                   | -                   | (3,837,449)            | -                       |  |
| (961,738)                                   | -                   | (6,086,134)            | -                       |  |
| (35,598)                                    | -                   | (369,581)              | -                       |  |
| 682,792                                     | -                   | 4,319,286              | -                       |  |
| -   | -                   | (120,399)              | -                       |  |
| <u>\$ (14,721,090)</u>                      | <u>\$ (174,918)</u> | <u>\$ 30,663,207</u>   | <u>\$ 6,284,772</u>     |  |
|   |                     |                        |                         |  |
| \$ (10,013)                                 | \$ (10,013)         | \$ 204,815             | \$ -                    |  |
| -   | -                   | -                      | (1,920,057)             |  |
| -   | -                   | -                      | 1,920,057               |  |
| <u>\$ (10,013)</u>                          | <u>\$ (10,013)</u>  | <u>\$ 204,815</u>      | <u>\$ -</u>             |  |

concluded.

## CITY OF ANN ARBOR, MICHIGAN

### Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

|   | Private-purpose<br>Trust Fund | Pension and Other<br>Employee Benefit<br>Trust Funds | Custodial<br>Funds |
|---|-------------------------------|--|--------------------|
| <b>Assets</b>                                     |                               |  |                    |
| Cash and cash equivalents                         | \$ -                          | \$ -   | \$ 72,279          |
| Equity in pooled cash and investments             | -                             | 623,996  | 8,032              |
| Investments:                                      |                               |  |                    |
| Equities  | -                             | 621,005,421  | -                  |
| Fixed income                                      | -                             | 171,412,866  | -                  |
| Other   | 743,934                       | 196,347,114  | -                  |
| Accrued interest and dividends                    | -                             | 1,059,713  | -                  |
| Accounts receivable                               | -                             | 513,586  | -                  |
| Capital assets being depreciated, net             | -                             | 276,550  | -                  |
| <b>Total assets</b>                               | <b>743,934</b>                | <b>991,239,246</b>                                   | <b>80,311</b>      |
| <b>Liabilities</b>                                |                               |  |                    |
| Accounts payable                                  | -                             | 4,578,498  | -                  |
| Due to other governments                          | -                             | -  | 64,518             |
| <b>Total liabilities</b>                          | <b>-</b>                      | <b>4,578,498</b>                                     | <b>64,518</b>      |
| <b>Net position</b>                               |                               |  |                    |
| Investment in capital assets                      | -                             | 276,550  | -                  |
| Restricted for:                                   |                               |  |                    |
| Police and fire relief                            | 743,934                       | -  | -                  |
| Pension benefits                                  | -                             | 682,407,319  | -                  |
| Other postemployment benefits                     | -                             | 303,976,879  | -                  |
| Individuals, organizations, and other governments | -                             | -  | 15,793             |
| <b>Total net position</b>                         | <b>\$ 743,934</b>             | <b>\$ 986,660,748</b>                                | <b>\$ 15,793</b>   |

The accompanying notes are an integral part of these financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2025

|  | Private-purpose<br>Trust Fund | Pension and Other<br>Employee Benefit<br>Trust Funds | Custodial<br>Funds |
|--|-------------------------------|--|--------------------|
| <b>Additions</b>   |                               |  |                    |
| Investment income:                                       |                               |  |                    |
| <i>From investing activities:</i>                        |                               |  |                    |
| Net appreciation in fair value of investments            | \$ -                          | \$ 68,569,841  | \$ -               |
| Interest and dividends                                   | 35,642                        | 18,137,337   | 4,736              |
| Total investment income                                  | 35,642                        | 86,707,178   | 4,736              |
| Investment management fees                               | -                             | (815,887)  | -                  |
| Net investment income from investing activities          | 35,642                        | 85,891,291   | 4,736              |
| <i>From securities lending activities:</i>               |                               |  |                    |
| Gross earnings   | -                             | 90,586   | -                  |
| Borrower rebates paid                                    | -                             | (77,306)   | -                  |
| Securities lending fees                                  | -                             | (3,976)  | -                  |
| Net investment income from securities lending activities | -                             | 9,304  | -                  |
| Total net investment income                              | 35,642                        | 85,900,595   | 4,736              |
| Contributions:   |                               |  |                    |
| Employer   | -                             | 37,187,881   | -                  |
| Plan members   | -                             | 4,369,009  | -                  |
| Total contributions                                      | -                             | 41,556,890   | -                  |
| Taxes collected for other governments                    | -                             | -  | 355,962,353        |
| Court fines, fees, and costs                             | -                             | -  | 1,873,595          |
| <b>Total additions</b>                                   | <b>35,642</b>                 | <b>127,457,485</b>                                   | <b>357,840,684</b> |
| <b>Deductions</b>  |                               |  |                    |
| Benefits   | 25,000                        | 63,138,175   | -                  |
| Refunds  | -                             | 1,910,382  | -                  |
| Administrative expenses                                  | -                             | 1,151,597  | -                  |
| Payments of taxes to other governments                   | -                             | -  | 355,962,353        |
| Court disbursements                                      | -                             | -  | 1,876,289          |
| <b>Total deductions</b>                                  | <b>25,000</b>                 | <b>66,200,154</b>                                    | <b>357,838,642</b> |
| <b>Change in net position</b>                            | <b>10,642</b>                 | <b>61,257,331</b>                                    | <b>2,042</b>       |
| Net position, beginning of year                          | 733,292                       | 925,403,417  | 13,751             |
| <b>Net position, end of year</b>                         | <b>\$ 743,934</b>             | <b>\$ 986,660,748</b>                                | <b>\$ 15,793</b>   |

The accompanying notes are an integral part of these financial statements.

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## **COMPONENT UNIT FINANCIAL STATEMENTS**

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2025

|  | Ann<br>Arbor<br>Housing<br>Commission | SmartZone<br>Local<br>Development<br>Finance<br>Authority | Downtown<br>Development<br>Authority | Total                |
|--|---------------------------------------|---|--------------------------------------|----------------------|
| <b>Assets</b>  |                                       |   |                                      |                      |
| Cash and cash equivalents                            | \$ 1,278,726                          | \$ -  | \$ 716,639                           | \$ 1,995,365         |
| Equity in pooled cash and investments                | -                                     | 1,561,629   | -                                    | 1,561,629            |
| Investments  | 7,938,932                             | -   | 41,873,618                           | 49,812,550           |
| Receivables  | 4,093,010                             | 153,673   | 1,199,746                            | 5,446,429            |
| Other assets   | 88,314                                | -   | 703,460                              | 791,774              |
| Capital assets being depreciated, net                | 9,340,318                             | -   | -                                    | 9,340,318            |
| <b>Total assets</b>                                  | <b>22,739,300</b>                     | <b>1,715,302</b>  | <b>44,493,463</b>                    | <b>68,948,065</b>    |
| <b>Deferred outflows of resources</b>                |                                       |   |                                      |                      |
| Deferred pension amounts                             | 28,321                                | -   | -                                    | 28,321               |
| <b>Liabilities</b>                                   |                                       |   |                                      |                      |
| Accounts payable and accrued liabilities             | 2,256,441                             | 626,475   | 3,455,761                            | 6,338,677            |
| Unearned revenue                                     | 5,975,220                             | 153,673   | 416,000                              | 6,544,893            |
| Long-term liabilities:                               |                                       |   |                                      |                      |
| Due within one year                                  | 142,693                               | -   | 71,282                               | 213,975              |
| Due in more than one year                            | 110,036                               | -   | 118,432                              | 228,468              |
| Net pension liability<br>(due in more than one year) | 19,830                                | -   | -                                    | 19,830               |
| <b>Total liabilities</b>                             | <b>8,504,220</b>                      | <b>780,148</b>  | <b>4,061,475</b>                     | <b>13,345,843</b>    |
| <b>Deferred inflows of resources</b>                 |                                       |   |                                      |                      |
| Deferred pension amounts                             | 27,442                                | -   | -                                    | 27,442               |
| <b>Net position</b>                                  |                                       |   |                                      |                      |
| Investment in capital assets                         | 9,340,318                             | -   | -                                    | 9,340,318            |
| Restricted   | 223,261                               | -   | 132,192                              | 355,453              |
| Unrestricted   | 4,672,380                             | 935,154   | 40,299,796                           | 45,907,330           |
| <b>Total net position</b>                            | <b>\$ 14,235,959</b>                  | <b>\$ 935,154</b>   | <b>\$ 40,431,988</b>                 | <b>\$ 55,603,101</b> |

The accompanying notes are an integral part of these financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Activities

Discretely Presented Component Units  
For the Year Ended June 30, 2025

|                                    | Ann<br>Arbor<br>Housing<br>Commission | SmartZone<br>Local<br>Development<br>Finance<br>Authority | Downtown<br>Development<br>Authority | Total                |
|------------------------------------|---------------------------------------|---|--------------------------------------|----------------------|
| <b>Expenses</b>                    |                                       |   |                                      |                      |
| Housing and economic development   | \$ 43,063,120                         | \$ 5,600,643  | \$ 27,872,743                        | \$ 76,536,506        |
| <b>Program revenues</b>            |                                       |   |                                      |                      |
| Charges for services               | 12,492                                | -   | 24,150,729                           | 24,163,221           |
| Operating grants and contributions | 45,944,429                            | -   | 24,678                               | 45,969,107           |
| <b>Total program revenues</b>      | <b>45,956,921</b>                     | <b>-</b>  | <b>24,175,407</b>                    | <b>70,132,328</b>    |
| Net program revenues (expenses)    | 2,893,801                             | (5,600,643)   | (3,697,336)                          | (6,404,178)          |
| <b>General revenues</b>            |                                       |   |                                      |                      |
| Property taxes                     | -                                     | 5,760,500   | 9,672,087                            | 15,432,587           |
| Unrestricted investment earnings   | 424,212                               | 147,439   | 2,095,399                            | 2,667,050            |
| Other revenues                     | 128,541                               | -   | 703,196                              | 831,737              |
| <b>Total general revenues</b>      | <b>552,753</b>                        | <b>5,907,939</b>  | <b>12,470,682</b>                    | <b>18,931,374</b>    |
| <b>Change in net position</b>      | <b>3,446,554</b>                      | <b>307,296</b>  | <b>8,773,346</b>                     | <b>12,527,196</b>    |
| Net position, beginning of year    | 10,789,405                            | 627,858   | 31,658,642                           | 43,075,905           |
| <b>Net position, end of year</b>   | <b>\$ 14,235,959</b>                  | <b>\$ 935,154</b>   | <b>\$ 40,431,988</b>                 | <b>\$ 55,603,101</b> |

The accompanying notes are an integral part of these financial statements.

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## **NOTES TO FINANCIAL STATEMENTS**

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The City of Ann Arbor, Michigan (the "City") was incorporated in 1851. On April 9, 1956, a City Charter (home rule) was ratified by electors in accordance with Michigan law. The City operates under a Mayor/Council - Administrator form of government and provides the following services as authorized by its charter: public safety (police, fire, and building inspection), traffic control and street maintenance, refuse collection, water and wastewater, parks and recreation, public improvements, planning and zoning, airport, urban redevelopment and housing, golf courses, and general administrative services. The component units discussed below are included in the City's financial reporting entity because of the significance of their operational or financial relationships with the City. In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The criteria established by the GASB (Governmental Accounting Standards Board) for determining the reporting entity includes financial accountability and whether the financial statements would be misleading if data were not included.

#### *Blended Component Unit*

The Ann Arbor Building Authority is presented as a blended component unit. Commissioners of the Authority are appointed by the Mayor and confirmed by City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to issue bonds to finance major capital construction by the City.

#### *Discretely Presented Component Units*

The component units column in the government-wide financial statements include the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The following component units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organizations.

**Downtown Development Authority (DDA).** The DDA was created to finance rehabilitation and redevelopment in the downtown area. Members of the DDA Board are appointed by the Mayor and approved by City Council. Development plans are approved by Council and Council must approve all modifications to the plans. The DDA's primary source of funding is charges for services (parking) and tax increment financing revenues. Bonds secured by those revenues are issued by the City on behalf of the DDA, which does not have the ability to issue debt. During the fiscal year, the DDA paid \$4.8 million to the City as part of an agreement between the City and DDA, wherein the DDA distributes 20% of the parking revenues to the City. Also, during the fiscal year the DDA paid \$5.7 million for debt service payments. The DDA issues separate audited financial statements.

**Ann Arbor Housing Commission.** The Housing Commission was created to provide low-income housing for City residents. Commissioners of the Housing Commission are appointed by the Mayor and approved by City Council. Except for the Executive Director, all employees of the Housing Commission are City employees. City Council is notified of all grant applications and any changes to contracts with the U.S. Department of Housing and Urban Development, the Commission's primary funding source. The Commission maintains its own accounting records and bank accounts. The City provides limited, special purpose financial support to the Commission, subject to request and Council approval, and is contingently liable for its debt. The Housing Commission issues separate audited financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

**SmartZone Local Development Finance Authority (SmartZone LDFA).** The SmartZone LDFA was established in accordance with the authority granted under Public Act 248 of 2000 by the cities of Ann Arbor and Ypsilanti in June 2002 to encourage high-tech business investment within the boundaries of the SmartZone, comprising portions of the cities of Ann Arbor and Ypsilanti, and the funding of the SmartZone through a local development financing authority. The SmartZone LDFA provides financing through a tax capture mechanism within a specific district. Presently, tax increment finance revenue is generated only within the geographic boundaries of the Ann Arbor DDA. The governing body consists of a nine-member board of directors of which six members are appointed by the Ann Arbor City Council and three members are appointed by the Ypsilanti City Council. The SmartZone LDFA operates under bylaws initially approved by the Ann Arbor and Ypsilanti City Councils. The City approves the budget and maintains the accounting records for the SmartZone LDFA. The activities for the SmartZone LDFA are accounted for in a single governmental fund.

Complete financial statements of the individual component units can be requested from the City Finance Department. With respect to SmartZone LDFA, no separate financial statements are necessary as the financial activities are contained in a single fund.

### *Fiduciary Component Units*

**The City of Ann Arbor Employees' Retirement System (the "System")** is a single-employer defined benefit and defined contribution retirement plan established and administered by the City through a board of trustees. Although the System is legally separate from the City, it is reported as a fiduciary component unit because the City administers the System and the System imposes a financial burden on the City.

**The City of Ann Arbor Retiree Health Care Benefits Plan and Trust (the "Plan")** is a single-employer defined benefit postemployment healthcare plan established and administered by the City through a board of trustees. Although the Plan is legally separate from the City, it is reported as a fiduciary component unit because the City administers the Plan and the Plan imposes a financial burden on the City.

Complete financial statements for each of the fiduciary component units can be obtained from the City of Ann Arbor Finance Department.

**Related Organizations.** The Ann Arbor Area Transportation Authority (AAATA) and the Ann Arbor Economic Development Corporation (EDC) are not included in the financial reporting entity. The members of the governing board of each are appointed by the Mayor and confirmed by the City Council, but the City's accountability for these organizations does not extend beyond making these appointments. The EDC, whose purpose is to foster business development within the City and which has issued bonds bearing the City's tax-exempt status (for which the City is not contingently liable), had assets and fund balance of \$10,397 as of June 30, 2025.

### ***Government-wide and Fund Financial Statements***

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement-based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

*General fund.* This fund is the general operating fund of the City; it is used to account for all financial resources not accounted for and reported in another fund.

*Street repair millage special revenue fund.* This fund is used to account for the proceeds of a special millage to repair streets.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The government reports the following major enterprise funds:

The *water supply system fund* accounts for the provision of treated water to City and certain township residents.

The *sewage disposal system fund* accounts for the collection and treatment of the sewage for City and certain township residents.

The *parking system fund* accounts for the operations of the City's parking structures, lots and meters.

The *airport fund* accounts for the operation of the City's airport including the rental of hangars and tie-down space.

The *stormwater sewer system fund* accounts for the collection and disposal of the City's stormwater.

The *solid waste fund* accounts for the collection and disposal of the City's solid waste and recycling.

The *technology fiber fund* accounts for the operation, maintenance, and expansion of the City's fiber networks.

Additionally, the government reports the following fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *permanent fund* accounts for monies provided by a private bequest to finance tree planting and maintenance for the Elizabeth Dean Fund. The principal amount of the bequest is to remain intact and invested. Investment earnings are used for the above stated purposes.

*Internal service funds* account for goods or services provided by the central stores, fleet services, information technology, project management, insurance, and the maintenance facility (the "Wheeler Center") to the service areas of the City on a charges for services basis.

The *private-purpose trust fund* accounts for police and fire relief.

The *pension and other employee benefits trust funds* account for the activities of the employees' retirement system and retiree health insurance plan.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

The *custodial funds* are used to account for monies held by the City in a trustee capacity for individuals, private organizations, and other governments, specifically funds from district court fines and costs and property tax collections.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, *general revenues* include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues 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 revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position are assets that are subject to restrictions beyond the City's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

#### *Deposits and Investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value.

#### *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Interfund balances at year-end relate to items accrued after year-end related to interfund transfers. These items are repaid immediately in the new year.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### *Inventories and Prepaid Items*

Inventories of materials and supplies are stated at cost using the first-in, first-out method. The cost is accounted for as an expenditure in governmental funds and an expense in the proprietary funds at the time inventories are used. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, using the consumption method, in both government-wide and fund financial statements. Inventories and prepaid items are offset by nonspendable fund balance in governmental funds.

### *Capital Assets*

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives (in years):

|                                    |       |
|------------------------------------|-------|
| Buildings and improvements         | 40-50 |
| Improvements other than buildings  | 20-99 |
| Machinery, equipment, and vehicles | 3-15  |
| Intangible assets                  | 5-20  |
| Infrastructure                     | 15-25 |

### *Leases*

*Lessee.* The City is a lessee for a noncancelable lease of a building. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

*Lessor.* The City is a lessor for noncancelable leases of land and buildings. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental 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 prepaid lease payments received at lease inception. 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 (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

#### ***Subscription-Based Information Technology Arrangements (SBITA)***

The City has noncancelable subscription-based information technology arrangements. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide and proprietary fund financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

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

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

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

#### *Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources related to the pension liability and other postemployment benefit asset as well as for the deferred charge on refunding. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

#### *Compensated Absences*

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - sick, vacation and compensatory. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows of resources related to its pension liability and other postemployment benefit asset. The governmental funds also report unavailable revenues, which arises only under a modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Finally, the statements of net position and governmental funds balance sheets report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

### *Pensions and Other Postemployment Benefits*

For purposes of measuring the net pension liability, net other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pension and other postemployment benefit plans, and pension and other postemployment benefit expenses, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### *Fund Balances*

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. City Council, by adoption of its fund balance policy, designates the Chief Financial Officer as the authority to assign fund balance. *Unassigned fund balance* is the residual classification for the general fund and any governmental funds reporting a deficit at year end.

The City's fund balance policy prescribes the minimum unassigned fund balance in the general fund to be between 15% to 20% of recurring expenditures.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned, and finally unassigned fund balance.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### *Use of Estimates*

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

### *Encumbrances*

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting (under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation) is utilized in the governmental funds. Outstanding encumbrances at year-end consisted of the following: \$4,444,293 in assigned fund balance of the general fund, \$15,798,567 in restricted fund balance of the street repair millage special revenue fund, and \$30,922,840 in the restricted, committed, or assigned fund balance of the nonmajor governmental funds. The encumbrances do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

## 2. BUDGETARY CONTROLS AND INFORMATION

The City Administrator is required by City Charter to prepare and submit an annual budget to City Council. A budget is prepared for the general fund and special revenue funds; these budgets are prepared on the modified accrual basis and are adopted by City Council as required by the State of Michigan. Budgetary control is maintained at the departmental level for the general fund. The City Administrator is authorized to transfer budgeted amounts within general fund departments. Budgetary control for the special revenue funds is maintained at the fund level. Revisions to a department total of the general fund or to the fund total of a special revenue fund must be approved by City Council; some supplemental budgetary appropriations, of immaterial size, were necessary during the fiscal year. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Any outstanding encumbrances are carried forward to the succeeding fiscal year. Annual operating plans are prepared for debt service, capital projects, enterprise, and internal service funds (i.e., those funds not legally required to have adopted budgets under State law).

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

- The City uses the "target based" budgeting technique. Under this system, the City Administrator determines funding levels for each department by matching funding needs with available revenues. Targets are established based on anticipated revenues and growth in expenditures.
- In late November, each department is given a "bottom line" amount for operations. The department then determines the best way to allocate funds among expenditures to remain within the target while meeting the assigned goals.
- Department budget requests are then submitted with expenditures outlined and areas of concern identified so that adjustments can be made as needed. By allowing the departments to determine how funds are spent within the department, the operating departments have a greater ownership in how they provide services.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

- The City Administrator's recommended budget is submitted to City Council at the second meeting in April. The City Council, with at least seven affirmative votes, must adopt the budget no later than the end of its second meeting in May. According to City Charter, should the City Council not adopt an amended budget, the City Administrator's recommended budget will automatically take effect as submitted.
- After the budget has been adopted, City Council may amend the budget by a concurring vote of not fewer than eight members.

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for all major governmental funds. Budgeted revenue amounts represent the original budget modified by Council-authorized adjustments during the year which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year.

The City Administrator is authorized to transfer appropriated funds between major expenditure categories within departments. However, any revisions which alter the total appropriations of a department must be approved by City Council. For budgetary purposes, the general fund is composed of several departments. Expenditures may not legally exceed appropriations at the department level.

The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Under this procedure, encumbrances representing purchase orders, contracts, and other commitments are closely monitored throughout the fiscal year. All appropriations lapse at the end of the fiscal year, except for certain capital projects which are approved without regard to fiscal year. For any of these projects which are under construction at year-end, the appropriations are allowed to carry forward with the amount being adopted for the current budget year.

## 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### *Expenditures in Excess of Appropriations*

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a department level basis for the general fund and the fund level for the special revenue funds. Excess of expenditures and transfers out over appropriations in individual funds are as follow:

|  | Final<br>Budget | Actual        | Excess     |
|--|-----------------|---------------|------------|
| General fund -                             |                 |               |            |
| Public transportation                      | \$ 14,589,559   | \$ 14,715,637 | \$ 126,078 |
| Street repair millage special revenue fund | 34,102,997      | 34,127,589    | 24,592     |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

#### 4. DEPOSITS AND INVESTMENTS

The following is a reconciliation of deposit and investment balances as of June 30, 2025:

|  | Primary<br>Government   | Component<br>Units   | Total                   |
|--|-------------------------|----------------------|-------------------------|
| <b>Statement of net position</b>                               |                         |                      |                         |
| Cash and cash equivalents                                      | \$ 316,344              | \$ 1,995,365         | \$ 2,311,709            |
| Equity in pooled cash and investments                          | 395,827,364             | 1,561,629            | 397,388,993             |
| Investments  | 26,489,585              | 49,812,550           | 76,302,135              |
| Restricted assets  | 4,278,929               | -                    | 4,278,929               |
| <b>Statement of fiduciary net position</b>                     |                         |                      |                         |
| Cash and cash equivalents                                      | 72,279                  | -                    | 72,279                  |
| Equity in pooled cash and investments                          | 632,028                 | -                    | 632,028                 |
| Investments  | 989,509,335             | -                    | 989,509,335             |
| <b>Total</b>   | <b>\$ 1,417,125,864</b> | <b>\$ 53,369,544</b> | <b>\$ 1,470,495,408</b> |
| <b>Deposits and investments</b>                                |                         |                      |                         |
| Bank deposits (demand accounts)                                |                         |                      | \$ 6,054,710            |
| Certificates of deposit  |                         |                      | 565,225                 |
| Investments in securities, mutual funds, and similar vehicles: |                         |                      |                         |
| City investment pool   |                         |                      | 425,288,313             |
| Employees' Retirement System                                   |                         |                      | 684,914,488             |
| Retiree Health Care Trust Fund                                 |                         |                      | 303,850,913             |
| Housing Commission   |                         |                      | 7,938,932               |
| Downtown Development Authority                                 |                         |                      | 41,873,618              |
| Cash on hand   |                         |                      | 9,209                   |
|  |                         |                      | <b>\$ 1,470,495,408</b> |

The City maintains an investment pool for all City funds. Each fund's portion of the investment pool is displayed on the balance sheet as "equity in pooled cash and investments." The cash resources of the pension and other employee benefit trust funds and certain component units are invested separately.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### Deposits

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk that, in the event of a bank failure, the entity's deposits may not be returned to the government. At year-end, the carrying amount, bank balance and federal depository insurance were as follows:

|                                | Carrying<br>Amount         | Bank<br>Balance            | Insured                    | Uninsured                  |
|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| City cash pool                 | \$ 4,624,570               | \$ 5,325,474               | \$ 1,000,000               | \$ 4,325,474               |
| Downtown Development Authority | 716,639                    | 1,354,008                  | 250,000                    | 1,104,008                  |
| Housing Commission             | <u>1,278,726</u>           | <u>1,287,774</u>           | <u>435,480</u>             | <u>852,294</u>             |
| <b>Totals</b>                  | <b><u>\$ 6,619,935</u></b> | <b><u>\$ 7,967,256</u></b> | <b><u>\$ 1,685,480</u></b> | <b><u>\$ 6,281,776</u></b> |

The uninsured bank balance of \$6,281,776 was exposed to custodial credit risk as it was uninsured and uncollateralized, except that the Housing Commission's uninsured balance was collateralized with government securities having a fair value of \$599,974 as of year-end.

The City's depository policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### Investments - City Investment Pool

Following is a summary of the City's investments as of June 30, 2025:

|                                |                              |
|--------------------------------|------------------------------|
| U.S. treasuries                | \$ 171,413,753               |
| U.S. agencies                  | 223,175,111                  |
| Michigan CLASS investment pool | 30,487,221                   |
| Money market funds             | <u>212,228</u>               |
| <b>Total Investments</b>       | <b><u>\$ 425,288,313</u></b> |

Michigan statutes and City policy authorize the City to invest in U.S. Treasury obligations, U.S. agency securities, federal instrumentality securities, repurchase agreements, money market accounts that limit assets of the fund to securities authorized in M.C.L. 129.91 as legal investments for a public corporation, eligible bankers acceptances, prime commercial paper, obligations of the State of Michigan or any of its political subdivisions, investment pools, and joint interlocal investment ventures.

*Custodial Credit Risk - Investments.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2025, none of the City's investments were exposed to risk since the securities are held in the City's name by the counterparty.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Credit Risk.* The City analyzes credit risk of banking institutions and issuers of securities prior to depositing or investing City funds. State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROS). In addition to the restrictions placed on the City by Public Act 20 of 1943, the City's investment policy further requires that banks in which the City invests public funds must have maintained an average Highline Banking Data Services Rating of 30 or better for the four most recent reporting quarters. Securities purchased by the City always conform to the rating requirements set forth in Public Act 20. As of June 30, 2025, all of the City's investments in securities of the U.S. Treasury and U.S. agencies were rated AA+ by Standard & Poor's (S&P) and Aaa by Moody's. All of the City's investments comply with its policy regarding the types of investments it may hold.

*Concentration of Credit Risk.* At June 30, 2025, the investment portfolio was concentrated as follows:

| Investment Type | Issuer                                 | % of Portfolio |
|-----------------|--|----------------|
| U.S. agencies   | Federal Home Loan Bank                 | 19.04%         |
| U.S. agencies   | Federal Farm Credit Bank               | 3.55%          |
| U.S. agencies   | Federal National Mortgage Association  | 6.06%          |
| U.S. agencies   | Federal Home Loan Mortgage Corporation | 14.18%         |

The City's investment policy states that the amount of investments shall not exceed the following limits in each of the categories listed below as a percentage of the total portfolio.

- 65% in Federal Instrumentality Securities
- 30% in Money Market Mutual Funds
- 25% in Prime Commercial Paper
- 10% in Certificates of Deposit
- 10% in Federal Agency Securities
- 10% in Obligations of the State of Michigan or any of its Political Subdivisions
- 10% in Investment Pools
- 10% in Joint Interlocal Investment Ventures
- 10% in Local Government Investment Pools

Tax funds collected on behalf of other taxing authorities and held pending disbursement are not subject to the diversification limits above. No more than 5% of the total portfolio shall be invested in any one issuer of commercial paper, eligible bankers acceptances or obligations of the State of Michigan or any of its political subdivisions.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Interest Rate Risk.* As of June 30, 2025, maturities of the City's debt securities were as follows:

| Investment Type | Fair Value                   | Investments Maturities (fair value by years) |                          |                              |
|-----------------|------------------------------|--|--------------------------|------------------------------|
|                 |                              | <1   | 1-5                      | 6-10                         |
| U.S. treasuries | \$ 171,413,753               | \$ 139,161,141                               | \$ -                     | \$ 32,252,612                |
| U.S. agencies   | <u>223,175,111</u>           | <u>126,769,040</u>                           | <u>248,183</u>           | <u>96,157,888</u>            |
|                 | <u><u>\$ 394,588,864</u></u> | <u><u>\$ 265,930,181</u></u>                 | <u><u>\$ 248,183</u></u> | <u><u>\$ 128,410,500</u></u> |

The City does not have a formal policy relating to interest rate risk. However, the City will minimize interest rate risk, which is the risk that the smoothed fair value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. To the extent possible, the Treasurer shall match investments with anticipated cash flow requirements. The City will not invest in securities maturing more than fifteen years from the date of purchase, and the weighted average maturity of the portfolio shall not exceed 6.5 years.

### Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: a) quoted prices for similar assets or liabilities in active markets; b) quoted prices for identical or similar assets or liabilities in markets that are not active; and c) inputs other than quoted prices that are observable for the asset or liability, such as: (1) interest rates and yield curves observable at commonly quoted intervals; (2) implied volatilities and (3) credit spreads. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the City's investment managers. These are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment managers will request the information from the fund manager if necessary. The City had the following recurring fair value measurements as of June 30, 2025.

|  | Level 1     | Level 2               | Level 3     | Total                 |
|--|-------------|-----------------------|-------------|-----------------------|
| U.S. treasuries  | \$ -        | \$ 171,413,753        | \$ -        | \$ 171,413,753        |
| U.S. agencies  | -           | 223,175,111           | -           | 223,175,111           |
| Money market funds                                       | -           | 212,228               | -           | 212,228               |
| <b>Total investments at fair value</b>                   | <b>\$ -</b> | <b>\$ 394,801,092</b> | <b>\$ -</b> | <b>394,801,092</b>    |
| <b>Investments measured at the net asset value (NAV)</b> |             |                       |             |                       |
| Michigan CLASS investment pool                           |             |                       |             | 30,487,221            |
| <b>Total investments</b>                                 |             |                       |             | <b>\$ 425,288,313</b> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

The City holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required.

#### **Investments - Employees' Retirement System**

*Deposits* - The System does not maintain any checking or other demand/time deposit accounts. Amounts reported as cash in the statement of plan net position are composed entirely of amounts held by the City of Ann Arbor as part of its cash pool. As a result, the insured and uninsured amounts related to these accounts cannot be determined.

*Investments* - The Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the System to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The System's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the System's investments; all investment decisions are subject to Michigan law and the investment policy established by the governing body.

*Investment allocation policy* - The System's policy in regard to the allocation of invested assets is established and may be amended by the Retirement System Board of Trustees. The policy pursues an investment strategy that protects the financial health of the System and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. System assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the System may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the System will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

The adopted asset allocation policy as of June 30, 2025, is as follows:

| Asset Class                | Target Allocation       | Allocation Range |
|----------------------------|-------------------------|------------------|
| <b>Equities</b>            |                         |                  |
| Domestic equities          | 33%                     | 28% to 38%       |
| Developed foreign equities | 13%                     | 7% to 15%        |
| Emerging markets equities  | 7%                      | 0% to 10%        |
| Private equities           | 7%                      | 0% to 10%        |
|                            | <hr/> <b>59%</b> <hr/>  |                  |
| <b>Fixed income</b>        |                         |                  |
| Investment grade bonds     | 12%                     | 8% to 24%        |
| Private debt               | 7%                      | 0% to 10%        |
| High-yield bonds           | 0%                      | 0% to 5%         |
| TIPS                       | 3%                      | 0% to 10%        |
|                            | <hr/> <b>22%</b> <hr/>  |                  |
| <b>Other investments</b>   |                         |                  |
| Real estate                | 9%                      | 2% to 12%        |
| Infrastructure             | 7%                      | 0% to 10%        |
| Natural resources          | 3%                      | 0% to 5%         |
|                            | <hr/> <b>19%</b> <hr/>  |                  |
| <b>Total investments</b>   | <hr/> <b>100%</b> <hr/> |                  |

The investment allocation policy will be reviewed periodically to ensure that the objectives and constraints remain relevant. However, the Trustees recognize the need for a stable long-term policy for the System and major changes to this policy will be made only when significant developments in the circumstances, objectives or constraints of the System occur.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Investment Holdings.* The System's investments are held by an independent trust company. Following is a summary of the System's investments as of June 30, 2025:

|                               | Domestic                     | Foreign                      | Total                        | On Loan                    |
|-------------------------------|------------------------------|------------------------------|------------------------------|----------------------------|
| <b>Equities</b>               |                              |                              |                              |                            |
| Common stock                  | \$ 165,647,738               | \$ 1,343,984                 | \$ 166,991,722               | \$ 1,181,553               |
| Common stock funds            | 78,916,265                   | 130,913,783                  | 209,830,048                  | -                          |
| Private equities              | 44,483,504                   | -                            | 44,483,504                   | -                          |
| Equity mutual funds           | 4,989,703                    | 2,012,561                    | 7,002,264                    | -                          |
|                               | <u>294,037,210</u>           | <u>134,270,328</u>           | <u>428,307,538</u>           | <u>1,181,553</u>           |
| <b>Fixed income</b>           |                              |                              |                              |                            |
| Government agency funds       | 47,042,988                   | -                            | 47,042,988                   | -                          |
| Index linked government bonds | 19,888,712                   | -                            | 19,888,712                   | -                          |
| Corporate bonds               | 50,998                       | 7,902                        | 58,900                       | -                          |
| Corporate bond funds          | 32,366,833                   | -                            | 32,366,833                   | -                          |
| Private credit                | 17,990,905                   | -                            | 17,990,905                   | -                          |
| Fixed income mutual funds     | 1,343,596                    | 220,282                      | 1,563,878                    | -                          |
|                               | <u>118,684,032</u>           | <u>228,184</u>               | <u>118,912,216</u>           | <u>-</u>                   |
| <b>Other</b>                  |                              |                              |                              |                            |
| Infrastructure                | 9,439,030                    | 43,696,036                   | 53,135,066                   | -                          |
| Real estate funds and REITS   | 54,788,000                   | -                            | 54,788,000                   | -                          |
| Real estate - private credit  | 8,122,470                    | -                            | 8,122,470                    | -                          |
| Mutual funds - other          | 400,577                      | -                            | 400,577                      | -                          |
| Short-term investment funds   | 21,003,086                   | -                            | 21,003,086                   | -                          |
| Portfolio cash                | 245,535                      | -                            | 245,535                      | -                          |
|                               | <u>93,998,698</u>            | <u>43,696,036</u>            | <u>137,694,734</u>           | <u>-</u>                   |
| <b>Total investments</b>      | <u><u>\$ 506,719,940</u></u> | <u><u>\$ 178,194,548</u></u> | <u><u>\$ 684,914,488</u></u> | <u><u>\$ 1,181,553</u></u> |

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's investment policy requires that securities be held in trust by a third-party institution in the System's name. As such, although uninsured and unregistered, the System's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the System's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in any particular asset class may or may not be consistent with the objectives of the System. The investment policy statement specifically indicates permissible asset classes, including high yield fixed income and alternatives, in appropriate target percentages.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

The System's investments in fixed income securities at June 30, 2025 were essentially in "funds" and therefore not rated.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. The System's investment policy requires that no more than 5% of the total fund be invested in any one company or governmental agency.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The System's investment policy does not address weighted average portfolio maturities.

As of June 30, 2025, the weighted average maturity of the System's corporate bonds was 4.8 years.

Inasmuch as all of the debt or fixed income securities as of June 30, 2025, except for the corporate bonds, are essentially held in funds by the portfolio managers, maturity information is not available.

*Rate of Return.* For the year ended June 30, 2025, the annual money-weighted rate of return on plan investments, net of investment expenses, was 9.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Securities Lending.* A contract approved by the System's Board of Trustees, permits the System to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The System's custodial trust company manages the securities lending program and receives securities, cash or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. Collateral is initially pledged at 102 percent of the smoothed fair value of the securities lent and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

At year end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceeds the amounts the borrowers owe the System. The contract with the System's custodian requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the System for income distributions by the securities' issuers while the securities are on loan.

At June 30, 2025, the total collateral received from borrowers had a fair value of \$1,154,899, all of which was cash.

*Fair Value Measurements.* The System categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the System's investment manager. These are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment manager will request the information from the fund manager, if necessary.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The System had the following recurring fair value measurements as of June 30, 2025:

|                               | Level 1                      | Level 2                      | Level 3                      | Total                        |
|-------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>Equities</b>               |                              |                              |                              |                              |
| Common stock                  | \$ 166,991,722               | \$ -                         | \$ -                         | \$ 166,991,722               |
| Common stock funds            | 86,341,404                   | 123,488,644                  | -                            | 209,830,048                  |
| Private equities              | -                            | -                            | 44,483,504                   | 44,483,504                   |
| Equity mutual funds           | 7,002,264                    | -                            | -                            | 7,002,264                    |
|                               | <u>260,335,390</u>           | <u>123,488,644</u>           | <u>44,483,504</u>            | <u>428,307,538</u>           |
| <b>Fixed income</b>           |                              |                              |                              |                              |
| Government agency funds       | -                            | 47,042,988                   | -                            | 47,042,988                   |
| Corporate bonds               | 50,998                       | -                            | 7,902                        | 58,900                       |
| Corporate bond funds          | -                            | 32,366,833                   | -                            | 32,366,833                   |
| Private credit                | -                            | -                            | 17,990,905                   | 17,990,905                   |
| Index linked government bonds | -                            | 19,888,712                   | -                            | 19,888,712                   |
| Fixed income mutual funds     | 1,563,878                    | -                            | -                            | 1,563,878                    |
|                               | <u>1,614,876</u>             | <u>99,298,533</u>            | <u>17,998,807</u>            | <u>118,912,216</u>           |
| <b>Other</b>                  |                              |                              |                              |                              |
| Infrastructure                | -                            | 5,948,302                    | 47,186,764                   | 53,135,066                   |
| Real estate funds and REITS   | -                            | -                            | 54,788,000                   | 54,788,000                   |
| Real estate - private credit  | -                            | -                            | 8,122,470                    | 8,122,470                    |
| Mutual funds - other          | 400,577                      | -                            | -                            | 400,577                      |
| Short-term investment funds   | 21,003,086                   | -                            | -                            | 21,003,086                   |
| Portfolio cash                | 245,535                      | -                            | -                            | 245,535                      |
|                               | <u>21,649,198</u>            | <u>5,948,302</u>             | <u>110,097,234</u>           | <u>137,694,734</u>           |
| <b>Total</b>                  | <u><u>\$ 283,599,464</u></u> | <u><u>\$ 228,735,479</u></u> | <u><u>\$ 172,579,545</u></u> | <u><u>\$ 684,914,488</u></u> |

### Investments - Retiree Health Care Trust Fund

The Retiree Health Care Trust Fund is a voluntary employee benefit association (VEBA) (hereinafter referred to as the "Plan" or "VEBA") under Section 501(c)(9) of the Internal Revenue Code.

*Deposits* - The Plan does not maintain any checking or other demand/time deposit accounts. Amounts reported as cash in the statement of plan net position are composed entirely of amounts held by the City of Ann Arbor as part of its cash pool. As a result, the insured and uninsured amounts related to these accounts cannot be determined.

*Investments* - The Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended, authorizes the Association to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Association's governing body has the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the Association's investments; all investment decisions are subject to Michigan law and the investment policy established by the governing body.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Investment Allocation Policy* - The Plan's policy in regard to the allocation of invested assets is established and may be amended by its Board of Trustees. The policy pursues an investment strategy that protects the financial health of the Plan and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets will be invested in the broad investment categories and asset classes to achieve the allocation targets following. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the Plan may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the Plan will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty.

The adopted asset allocation policy as of June 30, 2025, is as follows:

| Asset Class                | Target Allocation | Allocation Range |
|----------------------------|-------------------|------------------|
| <b>Equities</b>            |                   |                  |
| Domestic equities          | 33%               | 27% to 39%       |
| Developed foreign equities | 12%               | 9% to 15%        |
| Emerging markets equities  | 7%                | 0% to 10%        |
| Private equities           | 5%                | 0% to 8%         |
|                            | <u>57%</u>        |                  |
| <b>Fixed income</b>        |                   |                  |
| Investment grade bonds     | 10%               | 5% to 20%        |
| Private debt               | 7%                | 0% to 10%        |
| High yield bonds           | 4%                | 0% to 6%         |
| TIPS                       | 2%                | 0% to 5%         |
|                            | <u>23%</u>        |                  |
| <b>Other investments</b>   |                   |                  |
| Real estate                | 10%               | 2% to 12%        |
| Infrastructure             | 7%                | 0% to 10%        |
| Natural resources          | 3%                | 0% to 5%         |
|                            | <u>20%</u>        |                  |
| <b>Total</b>               | <u>100%</u>       |                  |

The investment allocation policy will be reviewed periodically to ensure that the objectives and constraints remain relevant. However, the Trustees recognize the need for a stable long-term policy for the Plan and major changes to this policy will be made only when significant developments in the circumstances, objectives or constraints of the Plan occur.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

*Investment Holdings.* The Plan's investments are held by an independent trust company. Following is a summary of the Plan's investments as of June 30, 2025:

|                               | Domestic                     | Foreign                     | Total                        | On Loan                  |
|-------------------------------|------------------------------|-----------------------------|------------------------------|--------------------------|
| <b>Equities</b>               |                              |                             |                              |                          |
| Common stock                  | \$ 77,106,519                | \$ 358,713                  | \$ 77,465,232                | \$ 854,456               |
| Common stock funds            | 43,600,078                   | 59,928,459                  | 103,528,537                  | -                        |
| Private equities              | 11,704,114                   | -                           | 11,704,114                   | -                        |
|                               | <u>132,410,711</u>           | <u>60,287,172</u>           | <u>192,697,883</u>           | <u>854,456</u>           |
| <b>Fixed income</b>           |                              |                             |                              |                          |
| Government agencies           | 4,537,791                    |                             | 4,537,791                    | -                        |
| Corporate bond funds          | 27,552,849                   | -                           | 27,552,849                   | -                        |
| Fixed income mutual funds     | 8,254,986                    | -                           | 8,254,986                    | -                        |
| Index linked government bonds | 4,937,250                    | -                           | 4,937,250                    | -                        |
| Private credit                | 7,217,774                    | -                           | 7,217,774                    | -                        |
|                               | <u>52,500,650</u>            | <u>-</u>                    | <u>52,500,650</u>            | <u>-</u>                 |
| <b>Other</b>                  |                              |                             |                              |                          |
| Infrastructure                | 6,840,921                    | 13,822,611                  | 20,663,532                   | -                        |
| Real estate funds and REITS   | 24,484,839                   | -                           | 24,484,839                   | -                        |
| Real estate - private credit  | 3,609,987                    | -                           | 3,609,987                    | -                        |
| Short-term investment funds   | 9,894,022                    | -                           | 9,894,022                    | -                        |
|                               | <u>44,829,769</u>            | <u>13,822,611</u>           | <u>58,652,380</u>            | <u>-</u>                 |
| <b>Total</b>                  | <u><u>\$ 229,741,130</u></u> | <u><u>\$ 74,109,783</u></u> | <u><u>\$ 303,850,913</u></u> | <u><u>\$ 854,456</u></u> |

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan's investment policy requires that securities be held in trust by a third-party institution in the Plan's name. As such, although uninsured and unregistered, the Plan's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the Plan's name. Short-term investments in money market funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

*Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in any particular asset class may or may not be consistent with the objectives of the Plan. The investment policy statement specifically indicates permissible asset classes, including high yield fixed income and alternatives, in appropriate target percentages.

The Plan's investments in corporate bond funds, bank loan participation and index linked government bonds (each of which are essentially funds) are not rated.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plan's investment policy requires that no more than 5% of the total fund be invested in any one company or governmental agency.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan's investment policy requires a maximum term to maturity of 30 years for any single fixed income security. The Plan's investment policy does not address weighted average portfolio maturities.

As of June 30, 2025, the weighted average maturity of the Plan's corporate bonds was 6.7 years.

Inasmuch as all of the debt or fixed income securities as of June 30, 2025, except for the corporate bonds, are essentially held in funds by the portfolio managers, maturity information is not available.

*Rate of Return.* For the year ended June 30, 2025, the annual money-weighted rate of return on plan investments, net of investment expenses, was 9.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Securities Lending.* A contract approved by the Plan's Board of Trustees, permits the Plan to lend its securities to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Plan's custodial trust company manages the securities lending program and receives securities, cash or irrevocable bank letters of credit as collateral. The collateral securities cannot be pledged or sold by the Plan unless the borrower defaults. Collateral is initially pledged at 102 percent of the market value of the securities lent and may not fall below 100 percent during the term of the loan. There are no restrictions on the amount of securities that can be loaned.

At year end, the Plan has no credit risk exposure to borrowers because the amounts the Plan owes the borrowers exceeds the amounts the borrowers owe the Plan. The contract with the Plan's custodian requires it to indemnify the Plan if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Plan for income distributions by the securities' issuers while the securities are on loan.

At June 30, 2025, the total collateral received from borrowers had a fair value of \$835,892, all of which was cash.

*Fair Value Measurements.* The Plan categorizes the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the Plan's investment manager at the fund level based on a review of the investment's class, structure, and what kind of securities are held in funds. The investment manager will request the information from the fund manager, if necessary.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

The Plan had the following recurring fair value measurements as of June 30, 2025:

|                               | Level 1                      | Level 2                      | Level 3                     | Total                        |
|-------------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|
| <b>Equities</b>               |                              |                              |                             |                              |
| Common stock                  | \$ 77,464,024                | \$ 1,208                     | \$ -                        | \$ 77,465,232                |
| Common stock funds            | 36,269,536                   | 67,259,001                   | -                           | 103,528,537                  |
| Private equity                | -                            | -                            | 11,704,114                  | 11,704,114                   |
|                               | <u>113,733,560</u>           | <u>67,260,209</u>            | <u>11,704,114</u>           | <u>192,697,883</u>           |
| <b>Fixed income</b>           |                              |                              |                             |                              |
| Government agencies           | -                            | 4,537,791                    | -                           | 4,537,791                    |
| Corporate bond funds          | -                            | 27,552,849                   | -                           | 27,552,849                   |
| Fixed income mutual funds     | -                            | 8,254,986                    | -                           | 8,254,986                    |
| Index linked government bonds | -                            | 4,937,250                    | -                           | 4,937,250                    |
| Private credit                | -                            | -                            | 7,217,774                   | 7,217,774                    |
|                               | <u>-</u>                     | <u>45,282,876</u>            | <u>7,217,774</u>            | <u>52,500,650</u>            |
| <b>Other</b>                  |                              |                              |                             |                              |
| Infrastructure                | -                            | 4,746,484                    | 15,917,048                  | 20,663,532                   |
| Real estate funds and REITS   | 5,798,109                    | -                            | 18,686,730                  | 24,484,839                   |
| Real estate - private credit  | -                            | -                            | 3,609,987                   | 3,609,987                    |
| Short-term investment funds   | 9,894,022                    | -                            | -                           | 9,894,022                    |
|                               | <u>15,692,131</u>            | <u>4,746,484</u>             | <u>38,213,765</u>           | <u>58,652,380</u>            |
| <b>Total</b>                  | <u><b>\$ 129,425,691</b></u> | <u><b>\$ 117,289,569</b></u> | <u><b>\$ 57,135,653</b></u> | <u><b>\$ 303,850,913</b></u> |

### Investments - Housing Commission Component Unit

*Custodial Credit Risk – Investments.* Following is a summary of the Housing Commission's investments as of June 30, 2025:

| Investment                     | Maturity | Amount       | S&P Rating |
|--------------------------------|----------|--------------|------------|
| Michigan CLASS investment pool | n/a      | \$ 7,938,932 | AAAm       |

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Housing Commission does not have a policy for investment custodial credit risk. As of June 30, 2025, none of the Housing Commission's investments were exposed to risk since the securities are held in the Housing Commission's name by the counterparty.

*Credit Risk.* The Housing Commission's investment policy does not have specific limits in excess of state law on investment credit risk. The credit ratings of the Housing Commission's investments at year end are noted in the schedule above.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of investments above. The Housing Commission does not have an investment policy that sets specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities of the Housing Commission's investments are noted in the schedule above.

*Investments in Entities that Calculate Net Asset Value per Share.* The Housing Commission holds shares in Michigan CLASS investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Housing Commission's investment policy does not have specific limits in excess of state law on concentration of credit risk. At June 30, 2025, the Housing Commission's investment portfolio was not concentrated.

#### Investments - DDA Component Unit

*Custodial Credit Risk – Investments.* Following is a summary of the DDA's investments as of June 30, 2025:

|                                |                          |
|--------------------------------|--------------------------|
| U.S. treasuries                | \$ 18,466,157            |
| U.S. agencies                  | 9,170,573                |
| Municipal bonds                | 1,519,931                |
| Michigan CLASS investment pool | 8,361,622                |
| Money market funds             | <u>4,355,335</u>         |
| <br><b>Total investments</b>   | <br><u>\$ 41,873,618</u> |

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the DDA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The DDA's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2025, none of the DDA's investments were exposed to risk since the securities are held in the DDA's name by the counterparty. Short-term investments in money market funds are not subject to custodial credit risk.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Credit Risk.* The DDA's investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2025, the DDA's investments were as follows:

| Investment                     | Amount        | S&P Rating |
|--------------------------------|---------------|------------|
| U.S. treasuries                | \$ 18,466,157 | AA+        |
| U.S. agencies                  | 9,170,573     | AA+        |
| Municipal bonds:               |               |            |
| Rated bonds                    | 473,531       | AA         |
| Unrated bonds                  | 1,046,400     | N/A        |
| Michigan CLASS investment pool | 8,361,622     | AAAm       |
| Money market funds             | 4,355,335     | AAAm       |

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of investments above. The DDA does not have an investment policy that sets specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of June 30, 2025, the maturities of the DDA's investments in debt securities were as follows:

|                 | Fair Value           | Investment Maturities (fair value by years) |                      |                   |
|-----------------|----------------------|---|----------------------|-------------------|
|                 |                      | Less Than 1                                 | 1-5                  | 6-10              |
| U.S. treasuries | \$ 18,466,157        | \$ -  | \$ 18,466,157        | \$ -              |
| U.S. agencies   | 9,170,573            | 3,802,606                                   | 5,367,967            | -                 |
| Municipal bonds | 1,519,931            | 1,046,400                                   | -                    | 473,531           |
|                 | <u>\$ 29,156,661</u> | <u>\$ 4,849,006</u>                         | <u>\$ 23,834,124</u> | <u>\$ 473,531</u> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Fair Value.* The DDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The DDA had the following recurring fair value measurements as of June 30, 2025:

|  | Level 1     | Level 2              | Level 3     | Total                |
|--|-------------|----------------------|-------------|----------------------|
| U.S. treasuries  | \$ -        | \$ 18,466,157        | \$ -        | \$ 18,466,157        |
| U.S. agencies  | -           | 9,170,573            | -           | 9,170,573            |
| Municipal bonds  | -           | 1,519,931            | -           | 1,519,931            |
| Money market funds                                       | -           | 4,355,335            | -           | 4,355,335            |
| <b>Total investments at fair value</b>                   | <b>\$ -</b> | <b>\$ 33,511,996</b> | <b>\$ -</b> | <b>\$ 33,511,996</b> |
| <b>Investments measured at the net asset value (NAV)</b> |             |                      |             |                      |
| Michigan CLASS investment pool                           |             |                      |             | <u>8,361,622</u>     |
| <b>Total investments</b>                                 |             |                      |             | <u>\$ 41,873,618</u> |

The DDA holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Concentration of Credit Risk.* The DDA's investment policy does not address this risk. At June 30, 2025, the investment portfolio was concentrated as follows:

| Investment Type    | Issuer                 | % of Portfolio |
|--------------------|------------------------|----------------|
| Money market funds | Northern Trust         | 10.41%         |
| U.S. agencies      | Federal Home Loan Bank | 17.71%         |

### 5. RECEIVABLES

Receivables in the governmental and business-type activities are as follows:

|  | Governmental Activities     | Business-type Activities    |
|--|-----------------------------|-----------------------------|
| Taxes  | \$ 537,921                  | \$ 238,266                  |
| Accounts   | 6,203,218                   | 19,786,489                  |
| Leases   | 35,770                      | 178,784                     |
| Special assessments                                  | 45,018                      | -                           |
| Accrued interest and dividends                       | 17,983                      | -                           |
| Improvement charges                                  | 6,474                       | 420,021                     |
| Due from other governments                           | 7,469,652                   | 2,892,720                   |
| Less: allowance for uncollectibles                   | (935,945)                   | (144,516)                   |
| <b>Total receivables</b>                             | <b><u>\$ 13,380,091</u></b> | <b><u>\$ 23,371,764</u></b> |
| Amounts not expected to be collected within one year | <u>\$ 942,512</u>           | <u>\$ 2,744,273</u>         |

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 6. CAPITAL ASSETS

#### Primary Government

Capital asset activity for the year ended June 30, 2025 was as follows:

|  | Beginning<br>Balance  | Additions            | Disposals           | Transfers        | Ending<br>Balance       |
|--|-----------------------|----------------------|---------------------|------------------|-------------------------|
| <b>Governmental activities</b>                           |                       |                      |                     |                  |                         |
| Capital assets not being depreciated:                    |                       |                      |                     |                  |                         |
| Land   | \$ 572,529,383        | \$ 3,712,839         | \$ -                | \$ -             | \$ 576,242,222          |
| Construction in progress                                 | 37,810,458            | 3,729,843            | -                   | (219,958)        | 41,320,343              |
| Total capital assets not<br>being depreciated            | <u>610,339,841</u>    | <u>7,442,682</u>     | <u>-</u>            | <u>(219,958)</u> | <u>617,562,565</u>      |
| Capital assets being depreciated/amortized:              |                       |                      |                     |                  |                         |
| Land improvements  | 40,407,731            | -                    | -                   | 219,958          | 40,627,689              |
| Intangible assets  | 1,173,590             | -                    | -                   | -                | 1,173,590               |
| Infrastructure   | 446,746,143           | 27,525,271           | (1,288,277)         | -                | 472,983,137             |
| Buildings, additions,<br>and improvements                | 166,400,455           | -                    | -                   | -                | 166,400,455             |
| Machinery and equipment                                  | 17,905,140            | 264,805              | (678,728)           | -                | 17,491,217              |
| Vehicles   | 29,908,995            | 7,575,749            | (884,133)           | -                | 36,600,611              |
| Lease building (Note 11)                                 | 827,144               | -                    | -                   | -                | 827,144                 |
| Subscription assets<br>(Note 12)                         | <u>1,144,603</u>      | <u>1,920,057</u>     | <u>-</u>            | <u>-</u>         | <u>3,064,660</u>        |
| Total capital assets being<br>depreciated/amortized      | <u>704,513,801</u>    | <u>37,285,882</u>    | <u>(2,851,138)</u>  | <u>219,958</u>   | <u>739,168,503</u>      |
| Less accumulated depreciation/amortization for:          |                       |                      |                     |                  |                         |
| Land improvements  | (18,763,121)          | (1,702,812)          | -                   | -                | (20,465,933)            |
| Intangible assets  | (1,173,590)           | -                    | -                   | -                | (1,173,590)             |
| Infrastructure   | (213,901,607)         | (15,692,271)         | 1,243,735           | -                | (228,350,143)           |
| Buildings, additions,<br>and improvements                | (57,825,275)          | (4,043,469)          | -                   | -                | (61,868,744)            |
| Machinery and equipment                                  | (14,240,769)          | (1,033,129)          | 614,958             | -                | (14,658,940)            |
| Vehicles   | (19,699,635)          | (2,903,829)          | 791,796             | -                | (21,811,668)            |
| Lease building (Note 11)                                 | (334,795)             | (118,163)            | -                   | -                | (452,958)               |
| Subscription assets<br>(Note 12)                         | <u>(586,739)</u>      | <u>(544,284)</u>     | <u>-</u>            | <u>-</u>         | <u>(1,131,023)</u>      |
| Total accumulated<br>depreciation/amortization           | <u>(326,525,531)</u>  | <u>(26,037,957)</u>  | <u>2,650,489</u>    | <u>-</u>         | <u>(349,912,999)</u>    |
| Total capital assets being<br>depreciated/amortized, net | <u>377,988,270</u>    | <u>11,247,925</u>    | <u>(200,649)</u>    | <u>219,958</u>   | <u>389,255,504</u>      |
| <b>Governmental activities</b>                           |                       |                      |                     |                  |                         |
| <b>capital assets, net</b>                               | <b>\$ 988,328,111</b> | <b>\$ 18,690,607</b> | <b>\$ (200,649)</b> | <b>\$ -</b>      | <b>\$ 1,006,818,069</b> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

Depreciation/amortization expense was charged to governmental activities functions/programs as follows:

#### Depreciation/amortization of governmental activities by function

|  |                             |
|--|-----------------------------|
| General government   | \$ 741,082                  |
| Public safety  | 76,404                      |
| Public works   | 19,958,181                  |
| Culture and recreation   | 1,413,479                   |
| Capital assets held by the government's internal service<br>are charged to various activities based on asset usage | <u>3,848,811</u>            |
| <b>Total depreciation/amortization expense - governmental activities</b>   | <b><u>\$ 26,037,957</u></b> |

|  | Beginning<br>Balance  | Additions            | Disposals        | Transfers           | Ending<br>Balance     |
|--|-----------------------|----------------------|------------------|---------------------|-----------------------|
| <b>Business-type activities</b>                |                       |                      |                  |                     |                       |
| Capital assets not being depreciated:          |                       |                      |                  |                     |                       |
| Land   | \$ 7,461,349          | \$ -                 | \$ -             | \$ -                | \$ 7,461,349          |
| Construction in progress                       | <u>113,792,222</u>    | <u>53,534,362</u>    | <u>-</u>         | <u>(36,044,550)</u> | <u>131,282,034</u>    |
| Total capital assets not<br>being depreciated  | <u>121,253,571</u>    | <u>53,534,362</u>    | <u>-</u>         | <u>(36,044,550)</u> | <u>138,743,383</u>    |
| Capital assets being depreciated:              |                       |                      |                  |                     |                       |
| Land improvements                              | 467,814,683           | -                    | -                | 36,044,550          | 503,859,233           |
| Buildings, additions,<br>and improvements      | 190,563,827           | -                    | -                | -                   | 190,563,827           |
| Machinery and equipment                        | 29,189,626            | 241,990              | (96,435)         | -                   | 29,335,181            |
| Vehicles                                       | <u>1,405,109</u>      | <u>-</u>             | <u>(582,473)</u> | <u>-</u>            | <u>822,636</u>        |
| Total capital assets being<br>depreciated      | <u>688,973,245</u>    | <u>241,990</u>       | <u>(678,908)</u> | <u>36,044,550</u>   | <u>724,580,877</u>    |
| Less accumulated depreciation for:             |                       |                      |                  |                     |                       |
| Land improvements                              | (155,747,615)         | (13,606,449)         | -                | -                   | (169,354,064)         |
| Buildings, additions,<br>and improvements      | (108,201,602)         | (4,028,876)          | -                | -                   | (112,230,478)         |
| Machinery and equipment                        | (27,586,770)          | (413,095)            | 96,435           | -                   | (27,903,430)          |
| Vehicles                                       | <u>(1,249,224)</u>    | <u>(37,141)</u>      | <u>582,473</u>   | <u>-</u>            | <u>(703,892)</u>      |
| Total accumulated<br>depreciation              | <u>(292,785,211)</u>  | <u>(18,085,561)</u>  | <u>678,908</u>   | <u>-</u>            | <u>(310,191,864)</u>  |
| Total capital assets<br>being depreciated, net | <u>396,188,034</u>    | <u>(17,843,571)</u>  | <u>-</u>         | <u>36,044,550</u>   | <u>414,389,013</u>    |
| <b>Business-type activities</b>                |                       |                      |                  |                     |                       |
| <b>capital assets, net</b>                     | <b>\$ 517,441,605</b> | <b>\$ 35,690,791</b> | <b>\$ -</b>      | <b>\$ -</b>         | <b>\$ 553,132,396</b> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

Depreciation expense was charged to business-type activities functions/programs as follows:

#### Depreciation of business-type activities by function

|                         |                |
|-------------------------|----------------|
| Water supply system     | \$ 7,338,904   |
| Sewage disposal system  | 7,273,051      |
| Parking system          | 1,599,405      |
| Airport                 | 55,905         |
| Stormwater sewer system | 1,232,382      |
| Solid waste             | <u>585,914</u> |

**Total depreciation expense - business-type activities** \$ 18,085,561

|   | Beginning Balance   | Additions         | Disposals   | Ending Balance      |
|---|---------------------|-------------------|-------------|---------------------|
| <b>Housing Commission Component Unit</b>    |                     |                   |             |                     |
| Capital assets not being depreciated:       |                     |                   |             |                     |
| Land  | \$ 7,820,000        | \$ 423,000        | \$ -        | \$ 8,243,000        |
| Construction in progress                    | <u>-</u>            | <u>28,243</u>     | <u>-</u>    | <u>28,243</u>       |
| Total capital assets not being depreciated  | <u>7,820,000</u>    | <u>451,243</u>    | <u>-</u>    | <u>8,271,243</u>    |
| Capital assets being depreciated:           |                     |                   |             |                     |
| Buildings                                   | 387,554             | 47,000            | -           | 434,554             |
| Furniture, equipment, and machinery         | 1,047,701           | 101,386           | -           | 1,149,087           |
| Leasehold improvements                      | <u>5,049</u>        |                   |             | <u>5,049</u>        |
| Total capital assets being depreciated      | 1,440,304           | 148,386           | -           | 1,588,690           |
| Less accumulated depreciation               | <u>(364,417)</u>    | <u>(155,198)</u>  | <u>-</u>    | <u>(519,615)</u>    |
| Total capital assets being depreciated, net | <u>1,075,887</u>    | <u>(6,812)</u>    | <u>-</u>    | <u>1,069,075</u>    |
| <b>Housing Commission Component Unit</b>    |                     |                   |             |                     |
| capital assets, net                         | <u>\$ 8,895,887</u> | <u>\$ 444,431</u> | <u>\$ -</u> | <u>\$ 9,340,318</u> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities in the governmental and business-type activities are as follows:

|   | Governmental<br>Activities | Business-type<br>Activities |
|---|----------------------------|-----------------------------|
| Accounts payable  | \$ 17,362,102              | \$ 18,934,905               |
| Accrued liabilities   | 4,398,080                  | 852,495                     |
| Due to other governments                                      | 1,054,868                  | 70,632                      |
| Deposits payable  | 3,622,646                  | 273,211                     |
| Accrued interest payable                                      | 636,725                    | 978,213                     |
| Estimated claims payable                                      | <u>1,862,097</u>           | <u>4,233,536</u>            |
| <br><b>Total accounts payable and<br/>accrued liabilities</b> | <br><u>\$ 28,936,518</u>   | <br><u>\$ 25,342,992</u>    |

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 8. TRANSFERS AND INTERNAL BALANCES

A summary of interfund transfers for the year ended June 30, 2025, is as follows:

| Transfers out               | Transfers In      |                       |                             |                      |                        |
|-----------------------------|-------------------|-----------------------|-----------------------------|----------------------|------------------------|
|                             | General           | Street Repair Millage | Nonmajor Governmental Funds | Water Supply System  | Sewage Disposal System |
| General                     | \$ -              | \$ -                  | \$ 5,338,925                | \$ 32,760            | \$ -                   |
| Street repair millage       | -                 | -                     | 1,817,830                   | 6,298,301            | -                      |
| Nonmajor governmental funds | 21,488            | 3,466,646             | 4,995,047                   | 2,711,417            | -                      |
| Water supply system         | 693,504           | 917,538               | 204,920                     | -                    | 59,823                 |
| Sewage disposal system      | -                 | 82,848                | 16,175                      | 1,761,211            | -                      |
| Airport                     | -                 | -                     | -                           | 9,000                | -                      |
| Stormwater sewer system     | 84,996            | 1,688,796             | 222,688                     | 3,963,507            | 470,963                |
| Solid waste                 | -                 | -                     | 219,551                     | 250,668              | -                      |
| Internal service            | -                 | -                     | 666,800                     | 103,944              | -                      |
|                             | <u>\$ 799,988</u> | <u>\$ 6,155,828</u>   | <u>\$ 13,481,936</u>        | <u>\$ 15,130,808</u> | <u>\$ 530,786</u>      |
| Transfers In                |                   |                       |                             |                      |                        |
| Transfers out               | Solid Waste       | Technology Fiber      | Total                       |                      |                        |
|                             |                   |                       |                             |                      |                        |
| General                     | \$ -              | \$ -                  | \$ 5,371,685                |                      |                        |
| Street repair millage       | -                 | -                     | 8,116,131                   |                      |                        |
| Nonmajor governmental funds | -                 | -                     | 11,194,598                  |                      |                        |
| Water supply system         | -                 | -                     | 1,875,785                   |                      |                        |
| Sewage disposal system      | -                 | -                     | 1,860,234                   |                      |                        |
| Airport                     | -                 | -                     | 9,000                       |                      |                        |
| Stormwater sewer system     | 229,113           | -                     | 6,660,063                   |                      |                        |
| Solid waste                 | -                 | -                     | 470,219                     |                      |                        |
| Internal service            | -                 | 528,708               | 1,299,452                   |                      |                        |
|                             | <u>\$ 229,113</u> | <u>\$ 528,708</u>     | <u>\$ 36,857,167</u>        |                      |                        |

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

Total transfers were \$36,857,167 during fiscal year 2025. Of this amount, \$10,783,735 were normal operational transfers, \$19,457,474 were project based and council-directed transfers, and \$6,615,958 were debt service transfers made during the year.

In addition, an interfund balance existed between governmental activities and business-type activities in the amount of \$13,240,462. This resulted from the allocation of a portion of internal service fund net position of governmental-type internal service funds to business-type activities.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 9. CONTINGENT LIABILITIES

*Litigation.* Various lawsuits are pending against the City, some of which are for substantial amounts. On the basis of opinions and information furnished by the City Attorney, it is the judgment of City management that the ultimate liability, if any, resulting from such lawsuits would not materially affect the financial position of the City.

*Landfill.* The City owns and maintains a closed landfill in full compliance with Michigan Department of Environment, Great Lakes, and Energy (EGLE) requirements. The City had received approval for an onsite and (interim) offsite Remedial Action Plan (RAP) that has been implemented. This implementation included a slurry wall almost two miles in length enclosing most of the landfill. As part of these requirements, the City has posted a \$1,000,000 letter of credit to ensure compliance with the landfill cleanup regulations. The City is working on a final RAP and evaluating the feasibility of treating the collected landfill groundwater prior to discharge to the sanitary sewer. Treating the water onsite with discharge to surface or groundwater may reduce annual operating costs because of reduced payments for discharge to the sanitary system. Capital costs associated with the landfill cleanup were funded by a series of voter-approved bonds totaling \$28,000,000. Operating and maintenance costs for the closed landfill are funded out of the solid waste enterprise fund. A liability has been accrued in the solid waste enterprise fund for offsite remediation in the amount of \$4,233,536. These costs will be funded through the City's earmarked solid waste (refuse collection) property tax levy. The projects to be accomplished are subject to major changes (both in the nature of the work to be accomplished and in the cost thereof) due to inflation, changes in technology or changes in regulatory requirements.

*Grants.* Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, primarily the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts to be immaterial.

*Wetland Restoration.* EGLE has issued a permit to the City for wetland restoration. The City was required to obtain a \$90,650 letter of credit in favor of EGLE to ensure compliance with its wetland restoration requirements. A site inspection by EGLE determined that the wetlands are beginning to conform to the conditions of the permit and authorized a 50 percent reduction in the required financial assurance. The total amount of the letter of credit is now \$45,325 and shall remain in force until the end of the monitoring period.

*Michigan Tax Tribunal Cases.* One of the City's major taxpayer/petitioners is appealing the 2021 - 2025 valuation of their property before the Michigan Court of Appeals. The property in question carries significant taxable value and the taxpayer/petitioner is proposing a taxable value adjustment which could reduce their taxable values between \$11 million and \$13 million per contested year. The case is currently pending before the Court of Appeals which will likely be a protracted process before a conclusion is reached. If the case is decided adversely to the City, the outcome could have a potentially significant effect on tax revenue. However, the City believes it has a strong case and will receive a favorable decision. Therefore, no liability has been accrued.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 10. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

**General obligation bonds.** The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

|  | Year of Maturity | Interest Rates | Original Amount       | Amount Outstanding   |
|--|------------------|----------------|-----------------------|----------------------|
| <b>Governmental activities</b>         |                  |                |                       |                      |
| 2013 1st and Washington (series A)     | 2032             | 1.75 - 3.0%    | \$ 4,480,000          | \$ 1,950,000         |
| 2013 1st and Washington (series B)     | 2032             | 2.0 - 3.75%    | 4,045,000             | 1,745,000            |
| 2015 open space preservation refunding | 2034             | 2.0 - 3.375%   | 16,235,000            | 6,035,000            |
| 2015 maintenance facility refunding    | 2029             | 2.0 - 3.0%     | 17,710,000            | 9,115,000            |
| 2017 court and police refunding        | 2035             | 3.0 - 3.25%    | 24,030,000            | 15,360,000           |
| 2019 capital improvement bonds         | 2033             | 3.0 - 4.0%     | 14,780,000            | 5,155,000            |
| 2019-A capital improvement bonds       | 2035             | 2.25 - 4.0%    | 37,175,000            | 29,915,000           |
| 2022 transportation fund               | 2032             | 3.0 - 5.0%     | 13,605,000            | 10,255,000           |
| 2024 capital improvement bonds         | 2042             | 4.6 - 5.15%    | 9,000,000             | 8,600,000            |
| 2025 capital improvement bonds         | 2040             | 4.25% - 5.0%   | <u>11,340,000</u>     | <u>11,340,000</u>    |
| Total governmental activities          |                  |                | <u>\$ 152,400,000</u> | <u>\$ 99,470,000</u> |
| <b>Business-type activities</b>        |                  |                |                       |                      |
| 2016 parking - refunding               | 2027             | 2.0%           | <u>\$ 2,790,000</u>   | <u>\$ 605,000</u>    |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ended June 30, | Governmental Activities |                      | Business-type Activities |                  |
|---------------------|-------------------------|----------------------|--------------------------|------------------|
|                     | Principal               | Interest             | Principal                | Interest         |
| 2026                | \$ 9,490,000            | \$ 3,692,429         | \$ 300,000               | \$ 12,100        |
| 2027                | 9,830,000               | 3,374,739            | 305,000                  | 6,100            |
| 2028                | 10,175,000              | 3,046,566            | -                        | -                |
| 2029                | 10,540,000              | 2,693,616            | -                        | -                |
| 2030                | 9,310,000               | 2,327,289            | -                        | -                |
| 2031-2035           | 41,010,000              | 6,534,035            | -                        | -                |
| 2036-2040           | 7,705,000               | 1,487,313            | -                        | -                |
| 2041-2042           | <u>1,410,000</u>        | <u>109,953</u>       | -                        | -                |
|                     | <u>\$ 99,470,000</u>    | <u>\$ 23,265,940</u> | <u>\$ 605,000</u>        | <u>\$ 18,200</u> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

**Revenue bonds.** The government issues revenue bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds currently outstanding are as follows:

|                                 | Year of Maturity | Interest Rates | Original Amount      | Amount Outstanding   |
|---------------------------------|------------------|----------------|----------------------|----------------------|
| <b>Business-type activities</b> |                  |                |                      |                      |
| 2016 water - refunding          | 2027             | 2.0%           | \$ 16,285,000        | \$ 3,635,000         |
| 2023 water                      | 2053             | 4.0 - 4.125%   | 40,000,000           | 39,650,000           |
| 2016 sewer - refunding          | 2031             | 2.0 - 2.5%     | <u>19,280,000</u>    | <u>8,355,000</u>     |
| Total business-type activities  |                  |                | <u>\$ 75,565,000</u> | <u>\$ 51,640,000</u> |

Annual debt service requirements to maturity for revenue bonds (business-type activities) are as follows:

| Year Ended<br>June 30, | Principal            | Interest             |
|------------------------|----------------------|----------------------|
| 2026                   | \$ 2,230,000         | \$ 1,870,111         |
| 2027                   | 3,855,000            | 1,785,761            |
| 2028                   | 2,495,000            | 1,699,461            |
| 2029                   | 2,605,000            | 1,630,252            |
| 2030                   | 2,660,000            | 1,556,549            |
| 2031-2035              | 7,055,000            | 6,893,213            |
| 2036-2040              | 6,485,000            | 5,716,850            |
| 2041-2045              | 7,890,000            | 4,312,450            |
| 2046-2050              | 9,610,000            | 2,599,356            |
| 2051-2053              | <u>6,755,000</u>     | <u>564,916</u>       |
|                        | <u>\$ 51,640,000</u> | <u>\$ 28,628,919</u> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

**Revolving loans.** The government borrows from State of Michigan revolving loan funds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revolving loans currently outstanding are as follows:

|                                 | Year of Maturity | Interest Rates | Original Amount       | Amount Outstanding   |
|---------------------------------|------------------|----------------|-----------------------|----------------------|
| <b>Business-type activities</b> |                  |                |                       |                      |
| DWRF 7319-01                    | 2031             | 2.50%          | \$ 4,575,000          | \$ 1,615,000         |
| DWRF 7325-01                    | 2030             | 2.50%          | 624,750               | 178,271              |
| DWRF 7333-01                    | 2032             | 2.50%          | 5,614,250             | 1,975,602            |
| DWRF 7362-01                    | 2034             | 2.50%          | 8,864,396             | 4,427,720            |
| DWRF 7375-01                    | 2035             | 2.00%          | 3,025,000             | 1,551,522            |
| DWRF 7472-01, Series 2020       | 2040             | 2.00%          | 3,008,191             | 2,617,961            |
| DWRF 7569-01                    | 2044             | 1.875%         | 3,220,000             | 3,085,000            |
| 2012 CWRF 5441-01               | 2036             | 2.50%          | 34,407,832            | 21,000,000           |
| 2013 CWRF 5441-02               | 2038             | 2.00%          | 73,305,000            | 50,915,000           |
| 2005 SWQIF 3002-02              | 2025             | 1.625%         | 879,382               | -                    |
| 2006 SWQIF 3002-03              | 2026             | 1.625%         | 889,903               | 49,903               |
| 2007 SWQIF 3002-04              | 2027             | 1.625%         | 964,976               | 109,976              |
| 2008 SWQIF 3002-05              | 2028             | 2.50%          | 900,000               | 160,000              |
| 2009 SWQIF 3010-01              | 2029             | 2.50%          | 1,310,000             | 315,000              |
| 2010 SWQIF 3010-02              | 2030             | 2.50%          | 1,320,000             | 390,000              |
| 2012 SWQIF 3010-03              | 2032             | 2.50%          | 1,365,000             | 554,760              |
| 2013 SWQIF 3010-04              | 2033             | 2.50%          | 891,703               | 401,703              |
| Total business-type activities  |                  |                | <u>\$ 145,165,383</u> | <u>\$ 89,347,418</u> |

Annual debt service requirements to maturity for revolving loans (business-type activities) are as follows:

| Year Ended<br>June 30, | Principal            | Interest             |
|------------------------|----------------------|----------------------|
| 2026                   | \$ 7,001,403         | \$ 1,950,470         |
| 2027                   | 7,106,476            | 1,796,179            |
| 2028                   | 7,196,500            | 1,639,194            |
| 2029                   | 7,301,500            | 1,479,914            |
| 2030                   | 7,374,771            | 1,318,427            |
| 2031-2035              | 35,703,807           | 4,177,698            |
| 2036-2040              | 16,917,961           | 896,327              |
| 2041-2044              | <u>745,000</u>       | <u>35,250</u>        |
|                        | <u>\$ 89,347,418</u> | <u>\$ 13,293,459</u> |

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

**Drain notes.** The government's share of the debt for drainage district projects are as follows:

|  | Year of Maturity | Interest Rates | Original Amount | Amount Outstanding |
|--|------------------|----------------|-----------------|--------------------|
| <b>Business-type activities</b>              |                  |                |                 |                    |
| 2014 Allen Creek West Park Fairgrounds       | 2034             | 2.5 - 3.5%     | \$ 2,430,000    | \$ 1,310,000       |
| 2006 Mallets Creek Project                   | 2028             | 1.625%         | 1,613,905       | 269,619            |
| 2009 Allen Creek Pioneer High School Project | 2031             | 2.5%           | 2,522,126       | 886,126            |
| 2010 Stadium Blvd phase I                    | 2029             | 2.5%           | 165,000         | 40,000             |
| 2010 Stadium Blvd phase II                   | 2032             | 2.5%           | 916,204         | 365,180            |
| 2010 Allen Creek West Park Project           | 2031             | 2.5%           | 994,635         | 350,765            |
| 2010 Allen Creek Sylvan Ave Project          | 2030             | 2.5%           | 405,000         | 125,000            |
| 2011 Swift Run Cistern                       | 2032             | 2.5%           | 26,362          | 13,862             |
| 2011 County Farm Streambank                  | 2032             | 2.5%           | 349,699         | 152,199            |
| 2011 Mallets Creek E Stadium Bridge Project  | 2033             | 2.5%           | 162,209         | 82,209             |
| 2012 Allen Creek Willard Street Project      | 2032             | 2.5%           | 123,819         | 56,319             |
| 2011 Mallets Creek Burns Park Project        | 2032             | 2.5%           | 1,052,556       | 403,174            |
| 2011 Traver Creek Cistern                    | 2032             | 2.5%           | 182,434         | 74,362             |
| 2011 Allen Creek Cistern I                   | 2032             | 2.5%           | 140,746         | 70,746             |
| 2011 Allen Creek Cistern II                  | 2032             | 2.5%           | 31,261          | 14,761             |
| 2012 SRF Tree Planting                       | 2033             | 2.5%           | 167,467         | 84,967             |
| 2012 Leslie Park Project                     | 2033             | 2.5%           | 648,479         | 302,579            |
| 2013 Allen Creek Miller Ave                  | 2034             | 2.0%           | 805,723         | 401,373            |
| 2013 Allen Creek Madison Ave                 | 2034             | 2.0%           | 590,130         | 430,466            |
| 2013 Allen Creek Fourth Ave                  | 2033             | 2.0%           | 175,163         | 80,163             |
| 2013 Allen Creek Forest Ave                  | 2034             | 2.0%           | 211,099         | 101,099            |
| 2013 Huron River Infrastructure I            | 2034             | 2.0%           | 215,795         | 108,295            |
| 2014 Mallets Creek Springwater               | 2035             | 2.5%           | 332,447         | 182,602            |
| 2014 Mallets Creek Stone School              | 2035             | 2.5%           | 2,025,000       | 1,119,425          |
| 2013 Huron River Infrastructure II           | 2035             | 2.0%           | 278,379         | 153,379            |
| 2015 HRGI Geddes                             | 2037             | 2.5%           | 1,015,000       | 670,000            |
| 2015 HRGI - Tree Planting                    | 2035             | 2.5%           | 188,503         | 113,503            |
| 2016 Allen Creek                             | 2037             | 2.5%           | 867,872         | 572,872            |
| 2016 Mallets Creek Drain                     | 2037             | 2.5%           | 689,553         | 454,553            |
| 2016 HRGI - Tree Planting                    | 2037             | 2.5%           | 205,801         | 125,801            |
| 2017 HRGI                                    | 2037             | 2.5%           | 292,221         | 207,220            |
| 2018 HRGI                                    | 2039             | 2.0%           | 365,000         | 210,446            |
| 2019 HRGI                                    | 2040             | 2.0%           | 288,000         | 214,508            |
| Benz Creek                                   | 2041             | 2.0%           | 1,104,000       | 925,000            |
| Millers Creek - Pepper Pike                  | 2040             | 2.0%           | 815,000         | 640,000            |
|  |                  |                | \$ 22,396,588   | \$ 11,312,573      |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

Annual debt service requirements to maturity for the drain notes (business-type activities) are as follows:

| Year Ended<br>June 30, | Principal                   | Interest                   |
|------------------------|-----------------------------|----------------------------|
| 2026                   | \$ 1,282,373                | \$ 265,273                 |
| 2027                   | 1,191,423                   | 237,494                    |
| 2028                   | 1,120,771                   | 209,807                    |
| 2029                   | 1,150,771                   | 182,258                    |
| 2030                   | 1,180,381                   | 153,857                    |
| 2031-2035              | 4,217,951                   | 378,311                    |
| 2036-2040              | 1,098,903                   | 52,373                     |
| 2041                   | <u>70,000</u>               | <u>275</u>                 |
|                        | <u><u>\$ 11,312,573</u></u> | <u><u>\$ 1,479,648</u></u> |

**Installment purchase agreement.** The City has entered into an installment purchase agreement for financing the acquisition of certain equipment. The installment purchase agreement currently outstanding is as follows:

| Governmental activities        | Year of<br>Maturity | Interest<br>Rates | Original<br>Amount | Amount<br>Outstanding |
|--------------------------------|---------------------|-------------------|--------------------|-----------------------|
| Installment purchase agreement | 2026                | 2.5%              | \$ 799,047         | \$ 152,016            |

Annual debt service requirements to maturity for the installment purchase agreement are as follows:

| Year Ended<br>June 30, | Principal         | Interest         |
|------------------------|-------------------|------------------|
| 2026                   | <u>\$ 152,016</u> | <u>\$ 15,781</u> |

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

**Changes in bonds, notes and other long-term liabilities.** Bonds, notes and other long-term liabilities activity for fiscal year 2025 was as follows:

|   | Beginning Balance     | Additions            | Deductions             | Ending Balance        | Due Within One Year  |
|---|-----------------------|----------------------|------------------------|-----------------------|----------------------|
| <b>Primary government</b>                           |                       |                      |                        |                       |                      |
| <b>Governmental activities</b>                      |                       |                      |                        |                       |                      |
| General obligation bonds                            | \$ 87,915,000         | \$ 20,340,000        | \$ (8,785,000)         | \$ 99,470,000         | \$ 9,490,000         |
| Installment purchase agreements                     | 307,833               | -                    | (155,817)              | 152,016               | 152,016              |
| Lease liabilities (Note 11)                         | 530,168               | -                    | (116,130)              | 414,038               | 122,960              |
| Subscription liabilities (Note 12)                  | 553,216               | 1,920,057            | (649,530)              | 1,823,743             | 596,470              |
| Deferred amounts:                                   |                       |                      |                        |                       |                      |
| For issuance premiums                               | 3,827,537             | 714,234              | (362,243)              | 4,179,528             | 382,883              |
| For issuance discounts                              | (83,429)              | -                    | 7,269                  | (76,160)              | 7,478                |
| Compensated absences                                | 14,756,799            | 555,598              | -                      | 15,312,397            | 6,476,759            |
| <b>Total governmental activities</b>                | <b>\$ 107,807,124</b> | <b>\$ 23,529,889</b> | <b>\$ (10,061,451)</b> | <b>\$ 121,275,562</b> | <b>\$ 17,228,566</b> |
| <b>Business-type activities</b>                     |                       |                      |                        |                       |                      |
| General obligation bonds                            | \$ 895,000            | \$ -                 | \$ (290,000)           | \$ 605,000            | \$ 300,000           |
| Revenue bonds                                       | 55,385,000            | -                    | (3,745,000)            | 51,640,000            | 2,230,000            |
| Revolving loans                                     | 96,248,300            | -                    | (6,900,882)            | 89,347,418            | 7,001,403            |
| Drain notes   | 12,439,153            | -                    | (1,126,580)            | 11,312,573            | 1,282,373            |
| Deferred amounts -                                  |                       |                      |                        |                       |                      |
| For issuance premiums                               | 665,595               | -                    | (98,115)               | 567,480               | 64,278               |
| Compensated absences                                | 2,996,746             | -                    | (138,593)              | 2,858,153             | 1,471,097            |
| <b>Total business-type activities</b>               | <b>\$ 168,629,794</b> | <b>\$ -</b>          | <b>\$ (12,299,170)</b> | <b>\$ 156,330,624</b> | <b>\$ 12,349,151</b> |
| <b>Component unit</b>                               |                       |                      |                        |                       |                      |
| Downtown Development Authority compensated absences | \$ 226,454            | \$ -                 | \$ (36,740)            | \$ 189,714            | \$ 71,282            |
| Housing Commission compensated absences             | 178,355               | 74,374               | -                      | 252,729               | 142,693              |
| <b>Total component unit</b>                         | <b>\$ 404,809</b>     | <b>\$ 74,374</b>     | <b>\$ (36,740)</b>     | <b>\$ 442,443</b>     | <b>\$ 213,975</b>    |

The change in compensated absences above is a net change for the year.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 11. LEASES

**Lessee** - The City is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as intangible, right-to-use assets and not financed purchases, as the City will not own the assets at the end of the contract term and the noncancelable term of the agreement surpasses one year.

The right-to-use asset and the related activity are included in Note 6, Capital Assets. The lease liability and related activity are presented in Note 10, Bonds, Notes, and Other Long-term Liabilities.

| Asset Type | Remaining Term of Agreement |
|------------|-----------------------------|
| Building   | 4 years                     |

The net present value of future minimum payments as of June 30, 2025, were as follows:

| Year Ended<br>June 30, | Principal         | Interest         |
|------------------------|-------------------|------------------|
| 2026                   | \$ 122,960        | \$ 12,538        |
| 2027                   | 130,087           | 8,121            |
| 2028                   | 137,522           | 3,449            |
| 2029                   | 23,469            | 104              |
| <b>Total</b>           | <b>\$ 414,038</b> | <b>\$ 24,212</b> |

**Lessor** - The City is involved in five agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2025 was \$131,261.

| Asset Type         | Remaining Term of Agreements |
|--------------------|------------------------------|
| Land and buildings | 3-7 years                    |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

**Regulated Lease Agreements** - In accordance with GASB 87, Leases, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, regulated aviation leases between the City and aeronautical users. The leasing operations of the City consist principally of the leasing hangars and office space. The City has 16 lease agreements that consist of noncancelable agreements.

| Asset Type | Remaining Term of Agreements |
|------------|------------------------------|
| Buildings  | 28 years                     |
| Hangers    | 1-5 years                    |
| Land       | 13-17 years                  |

The value of future minimum payments as of June 30, 2025 were as follows:

| Year Ended<br>June 30, | Amount                  |
|------------------------|-------------------------|
| 2026                   | \$ 151,940              |
| 2027                   | 139,395                 |
| 2028                   | 139,395                 |
| 2029                   | 139,395                 |
| 2030                   | 102,595                 |
| 2031 - 2035            | 208,975                 |
| 2036 - 2040            | 192,275                 |
| 2041 - 2045            | 158,502                 |
| 2046 - 2050            | 153,191                 |
| 2051 - 2053            | <u>61,277</u>           |
|                        | <br><u>\$ 1,446,940</u> |

The City recognized \$160,901 of rental income for the year ended June 30, 2025.

### 12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in 13 arrangements that qualify as long-term subscription-based information technology arrangements ("SBITA"). Below is a summary of the nature of these arrangements. These arrangements qualify as intangible, right-to-use subscription assets as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year. The present values are discounted using an interest rate of 3.5 percent based on the City's incremental borrowing rate.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

The right-to-use asset and the related activity are included in Note 6, Capital Assets. The subscription liability and related activity are presented in Note 10, Bonds, Notes, and Other Long-term Liabilities.

| Asset Type          | Remaining Term of Arrangements |
|---------------------|--------------------------------|
| Subscription assets | 1-6 years                      |

The net present value of future minimum payments as of June 30, 2025, were as follows:

| Year Ended<br>June 30, | Principal           | Interest          |
|------------------------|---------------------|-------------------|
| 2026                   | \$ 596,470          | \$ 33,234         |
| 2027                   | 529,907             | 44,374            |
| 2028                   | 476,668             | 25,141            |
| 2029                   | 130,582             | 7,944             |
| 2030                   | 44,283              | 3,154             |
| 2031                   | 45,833              | 1,604             |
| <b>Total</b>           | <b>\$ 1,823,743</b> | <b>\$ 115,451</b> |

### 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1969, the City established the insurance internal service fund to account for and finance its uninsured risk of loss. Under this program, coverage is provided for up to a maximum of \$500,000 for each general liability claim, \$50,000 for each property damage claim, and Blue Cross Blue Shield health insurance claims. The City purchases (where coverage is available and properly priced) commercial insurance for claims in excess of coverage provided by the insurance fund. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the City participate in the insurance program and make payments to the insurance fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for incurred but not reported (IBNR) losses. The IBNR reserve was \$1,608,787 at June 30, 2025 and is included in estimated claims payable. The total estimated claims payable of \$1,862,097, of which \$219,787 is estimated to be due within one year, is reflected in the insurance fund at June 30, 2025. A liability for claims must be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claim liability amount for the last two years are summarized below:

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

|      | <b>Beginning of<br/>Fiscal Year<br/>Liability</b> | <b>Current Year<br/>Claims and<br/>Changes in<br/>Estimates</b> | <b>Claim<br/>Payments</b> | <b>Balance at<br/>Fiscal<br/>Year End</b> |
|------|---|---|---------------------------|---|
| 2024 | \$ 2,286,007                                      | \$ 27,780,403   | \$ (28,087,947)           | \$ 1,978,463                              |
| 2025 | 1,978,463   | 25,238,033  | (25,354,399)              | 1,862,097                                 |

### 14. PROPERTY TAXES

Each July 1, the City property tax is levied and becomes a lien on the related property, the value of which is equalized by the State of Michigan and limited by Act 415 of 1994. The City's operating tax rate levied July 1, 2024 as controlled by the Headlee Amendment, Act 415 and City Charter, was 5.7903 mills raising \$44.8 million. Other tax rates and amounts raised were as follows: employee benefits (1.9299) raising \$14.9 million, refuse collection (2.3156) raising \$17.9 million, Ann Arbor Transportation Authority (1.9299) raising \$14.9 million, street & sidewalk repair (2.0130) raising \$15.6 million, parks maintenance and repair (1.0720) raising \$3 million, open space and parkland preservation Millage (0.4483) raising \$3.4 million, city sidewalk (0.1983) raising \$1.5 million, affordable housing (.9922) raising 7.6 million, and community climate action (.9989) raising \$7.7 million. Real and personal property located in the City as of December 31, 2024 was assessed and equalized at \$10,730,532,500, representing 50% of estimated current value. Act 415 of 1994 limits annual increases in taxable value to 5% or the Consumer Price Index, whichever is less. The 2024 taxable value on March 1, 2025, was \$8,048,612,196. Property taxes are due July 31st of each year and any delinquent real property taxes are turned over to Washtenaw County for collection the following March 1st. Delinquent personal property taxes are immaterial.

Property tax revenue of the discretely presented component units is derived pursuant to tax increment financing agreements between those entities (i.e., the DDA and SmartZone LDFA) and the various applicable taxing districts. Real and personal property taxes are levied and attached as an enforceable lien on properties located within the boundaries of the tax increment financing district. The City bills and collects the taxes on behalf of the component units. Delinquent taxes on ad valorem real property are purchased by the County of Washtenaw. Property tax revenue is recognized in the year it is levied in both the government-wide financial statements and in the fund financial statements.

### 15. EMPLOYEES' RETIREMENT SYSTEM

#### *General Information about the Pension Plan*

*Plan administration.* The City of Ann Arbor Employees' Retirement System (the "System") is a single-employer defined benefit retirement and defined contribution plan retirement plan established and administered by the City which provides pension, disability and death benefits to general, police, and firefighter employees and their beneficiaries. Cost of living adjustments may be provided to members and beneficiaries. The City Charter assigns the authority to establish and amend benefit provisions to the City Council. The System issues a publicly available financial report that may be obtained by writing to City of Ann Arbor Employees' Retirement System, 532 South Maple Road, Ann Arbor, Michigan, 48103 or by calling 734-794-6710.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

Management of the System is vested in the City of Ann Arbor Employees' Retirement System Board of Trustees, which consists of nine members, three are elected (representing fire, police, and general City employees), five are appointed by the City Council of the City, and one is the Chief Financial Officer of the City, who serves as ex-officio member.

*Plan membership.* At June 30, 2024, the date of the latest actuarial valuation, System membership consisted of the following:

|   |                        |
|---|------------------------|
| Retirees and beneficiaries currently receiving benefits         | 1,191                  |
| Terminated employees entitled to but not yet receiving benefits | 109                    |
| Active members  | <hr/> 746              |
| <br><b>Total membership</b>                                     | <br><hr/> <b>2,046</b> |

*Benefits provided.* The System provides retirement, disability, and death benefits. Retirement benefits for general plan members are calculated as 2.5 percent of the member's final three-year average salary or five-year average salary depending on hire date, times the member's years of service. Benefits for public safety plan members (police and fire) are calculated as 2.75 percent of the member's final three-year average salary or five-year average salary depending on hire date, times the member's years of service. Effective January 1, 2017, the System was amended and restated to add to the existing defined benefit plan (to be called the "Traditional Retirement Plan"), a defined contribution money purchase pension plan (the "Dual Retirement Plan") which will only apply to non-union, AFSCME, and Teamsters Civilian Supervisor employees first hired or rehired on or after January 1, 2017. Employees who are members of the Dual Retirement Plan will also participate in and accrue benefits under the Traditional Retirement Plan but at a rate of accruals that is 50% of the rate of accruals for members of the Traditional Retirement Plan who were hired or rehired prior to January 1, 2017. Certain collective bargaining units may agree that newly hired or rehired members of that union will be covered by the Dual Retirement Plan on dates after January 1, 2017. The Traditional Retirement Plan and the Dual Retirement Plan are together called the City of Ann Arbor Employees' Retirement System (CAAERS).

Plan members with 20 years of service are eligible to retire at age 50 with an early retirement reduction of .333 percent for each month that retirement precedes the normal retirement date.

General plan members may retire with an unreduced benefit at age 50 after 25 years of service, or age 60 with five or 10 years of service depending on hire date. Public safety plan members may retire at any age after 25 years of service or at age 55 with five or 10 years of service depending on hire date. Deferred members may retire at age 60 with five or 10 years of service depending on date of hire. All plan members are eligible for non-duty disability benefits after five or 10 years depending on date of hire, and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction.

A plan member who leaves City service may withdraw his or her contributions plus any accumulated interest. A withdrawal may reduce or even eliminate any future benefit payable under a deferred vested retirement.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

The System offers a minimum benefit of \$9,800 adjusted by a cost of living factor each year and prorated for less than 20 years of service. For the fiscal year beginning July 1, 2024, the adjusted minimum benefit amount was \$17,859 (prorated for less than 20 years of service). In addition, annually, the Board of Trustees, in consultation with its actuary and upon receipt of the actuarial report for each fiscal year, determines whether to grant a permanent pension benefit adjustment or pay a one-time supplemental benefit based upon the amount, if any, of funds in the pension adjustment account which may be distributed to eligible retirees and beneficiaries. The aggregate cost of such benefit adjustment or supplemental benefit distribution is funded by a transfer from the pension adjustment account to the pension reserve. No pension benefit adjustment or supplemental benefit can be paid unless the amount available in the pension adjustment account is equal to or greater than 1% of the total pension payroll. The term "total pension payroll" means the total amount of pension benefits paid to retirees and beneficiaries in the prior fiscal year as reflected in the annual actuarial report.

*Contributions - Traditional Plan.* All plan members hired before January 1, 2017, are required to participate in the Traditional Retirement Plan administered by the System. The members of the Traditional plan are required to contribute the contribution rate of annual compensation determined by labor group contract. The City is required to contribute at an actuarially determined rate; the rates for 2025 were 29.76% to 42.82%. Plan provisions and contribution requirements are established and can be amended by the City Council. System administrative costs are financed through investment earnings.

*Contributions - Dual Retirement Plan.* All plan members hired after January 1, 2017, except for Ann Arbor Police Officers' Association, Command Officers' Association of Michigan, and Fire union employees, are required to participate in a hybrid pension plan (Dual Retirement Plan) administered by the System. The Dual Retirement Plan is comprised of two components: a defined benefit plan and a defined contribution plan.

*Net pension liability.* The total pension liability was determined by an actuarial valuation as of June 30, 2024 (and rolled forward to June 30, 2025), using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.50%  |
| Salary increases          | 3.50%, average, including inflation                                |
| Investment rate of return | 6.70%, net of pension plan investment expense, including inflation |

Healthy mortality rates (pre-retirement) were based on the Pub-2010 General Employee Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Healthy mortality rates (post-retirement) were based on the Pub-2010 General Healthy Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Disability retirement mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP2-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the June 30, 2024 GASB Statement No. 67 and 68 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2022.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Long-term expected rate of return.* 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the System's investment allocation policy) are summarized in the following table:

| Asset Class                | Target Allocation | Long-term Expected Real Rate of Return | Money-Weighted Rate of Return |
|----------------------------|-------------------|--|-------------------------------|
| <b>Equities</b>            |                   |  |                               |
| Domestic equities          | 33.00%            | 5.60%                                  | 1.85%                         |
| Developed foreign equities | 12.50%            | 5.80%                                  | 0.73%                         |
| Emerging markets equities  | 6.50%             | 5.80%                                  | 0.38%                         |
| Private equities           | 7.00%             | 8.30%                                  | 0.58%                         |
| <b>Fixed income</b>        |                   |  |                               |
| Investment grade bonds     | 12.00%            | 2.50%                                  | 0.30%                         |
| Private debt               | 7.00%             | 6.20%                                  | 0.43%                         |
| TIPS                       | 3.00%             | 2.20%                                  | 0.07%                         |
| <b>Other investments</b>   |                   |  |                               |
| Real estate                | 9.00%             | 5.60%                                  | 0.50%                         |
| Infrastructure             | 7.00%             | 6.30%                                  | 0.44%                         |
| Natural resources          | 3.00%             | 6.20%                                  | 0.19%                         |
|                            | <u>100.0%</u>     |  | 5.47%                         |
| Inflation                  |                   |  | 2.70%                         |
| Risk adjustments           |                   |  | -1.47%                        |
|                            |                   |  | <u>6.70%</u>                  |

*Discount rate.* The discount rate used to measure the total pension liability was 6.70 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Changes in the net pension liability.* The components of the change in the net pension liability are summarized as follows:

|  | Total Pension Liability<br>(a) | Plan Fiduciary Net Position<br>(b) | Net Pension Liability<br>(a) - (b) |
|--|--------------------------------|------------------------------------|------------------------------------|
| Balances at June 30, 2024  | <u>\$ 679,178,602</u>          | <u>\$ 639,923,210</u>              | <u>\$ 39,255,392</u>               |
| Changes for the year:  |                                |                                    |                                    |
| Service cost   | 10,730,144                     | -                                  | 10,730,144                         |
| Interest   | 44,261,564                     | -                                  | 44,261,564                         |
| Changes in benefit terms   | (14,391)                       | -                                  | (14,391)                           |
| Differences between expected and<br>actual experience            | 490,737                        | -                                  | 490,737                            |
| Employer contributions   | -                              | 18,621,073                         | (18,621,073)                       |
| Employee contributions   | -                              | 3,484,608                          | (3,484,608)                        |
| Net investment income  | -                              | 58,593,437                         | (58,593,437)                       |
| Benefit payments, including refunds of<br>employee contributions | (47,846,645)                   | (47,846,645)                       | -                                  |
| Administrative expense   | -                              | (768,813)                          | 768,813                            |
| Net changes  | <u>7,621,409</u>               | <u>32,083,660</u>                  | <u>(24,462,251)</u>                |
| <b>Balances at June 30, 2025</b>                                 | <b><u>\$ 686,800,011</u></b>   | <b><u>\$ 672,006,870</u></b>       | <b><u>\$ 14,793,141</u></b>        |

*Reconciliation of plan fiduciary net position.* As mentioned in the contributions section above, the System modified the retirement plan in 2017 to a hybrid retirement plan that operates as both a defined contribution and benefit plan for participants. The addition of the new plan requires reconciliation of the plan fiduciary net position.

The reconciliation of the “Plan fiduciary net position per Changes in the Net Pension Liability” above and “Net position per Statement of Fiduciary Net Position” of the System at June 30, 2025, is as follows:

|  |                              |
|--|------------------------------|
| Plan fiduciary net position per Schedule of Changes<br>in the City's Net Position and Related Ratios | \$ 672,006,870               |
| Defined contribution plan assets   | <u>10,676,999</u>            |
| Net position per Statement of Fiduciary Net Position   | <u><u>\$ 682,683,869</u></u> |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.70 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70 percent) or 1-percentage-point higher (7.70 percent) than the current rate:

|                                      | 1%<br>Decrease<br>(5.70%) | Current<br>Discount<br>(6.70%) | 1%<br>Increase<br>(7.70%) |
|--------------------------------------|---------------------------|--------------------------------|---------------------------|
| City's net pension liability (asset) | \$ 90,604,607             | \$ 14,793,141                  | \$ (48,992,840)           |

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

*Pension expense and deferred outflows/inflows of resources related to pensions.* For the year ended June 30, 2025, the City recognized pension expense of \$136,264. At June 30, 2025, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|---|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience                                   | \$ 3,569,544                         | \$ -                                | \$ 3,569,544  |
| Changes in assumptions  | 2,765,127                            | -                                   | 2,765,127   |
| Net difference between projected and actual<br>earnings on pension plan investments | -                                    | 20,471,746                          | (20,471,746)  |
| <b>Total</b>  | <b>\$ 6,334,671</b>                  | <b>\$ 20,471,746</b>                | <b>\$ (14,137,075)</b>                                |

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

| Year Ended<br>June 30, | Net<br>Amount          |
|------------------------|------------------------|
| 2026                   | \$ 8,135,037           |
| 2027                   | (11,512,402)           |
| 2028                   | (7,438,378)            |
| 2029                   | (3,321,332)            |
|                        | <b>\$ (14,137,075)</b> |

*Payable to the pension plan.* At June 30, 2025, the City had no amounts payable to the pension plan.

For governmental activities, the net pension liability is generally liquidated by the general fund.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 16. OTHER POSTEMPLOYMENT BENEFITS

#### *General Information about the OPEB Plan*

*Plan administration.* The City of Ann Arbor Retiree Health Care Benefits Plan and Trust, a voluntary employees beneficiary association (VEBA) (hereinafter referred to as the "Plan" or "VEBA") is a single-employer defined benefit postemployment healthcare plan established and administered by the City through a board of trustees to provide health and life benefits to eligible retirees and their beneficiaries. Plan benefit provisions are established and may be amended by the City, subject to the City's various collective bargaining agreements. The Plan issues a publicly available financial report that may be obtained by writing to City of Ann Arbor Employees' Retirement System, 532 South Maple Road, Ann Arbor, Michigan, 48103 or by calling 734-794-6710.

The City of Ann Arbor Employees' Retirement System Board of Trustees consists of nine members, three are elected (representing fire, police, and general City employees), five are appointed by the City Council of the City of Ann Arbor and one is Chief Financial Officer of the City of Ann Arbor, who serves as ex-officio member.

*Plan membership.* At June 30, 2024, the date of the latest actuarial valuation, VEBA membership consisted of the following:

|  |              |
|--|--------------|
| Retirees and surviving spouses currently covered | 1,121        |
| Vested active employees                          | 746          |
| <b>Total membership</b>                          | <b>1,867</b> |

*Benefits provided.* The Plan provides certain healthcare and life insurance benefits for eligible retired employees and their dependents in accordance with the Ann Arbor City Code Chapter 21. Substantially all the City's employees may become eligible for these benefits if they retire directly from City employment. These and similar benefits for active employees are provided by various insurance companies. Health insurance benefits are provided through an administrative service contract under which the City reimburses the administrator for claims paid plus an administration fee. Plan benefit provisions are established and may be amended by the City, subject to the City's various collective bargaining agreements.

*Contributions.* The Plan is funded by actuarially determined contributions from the City, under a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code, which allows for the formation of such a plan. For the year ended June 30, 2025, the City's average contribution rate was 25.3% of covered payroll. Plan members are not required to contribute to the plan.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

The contribution requirements of Plan members and the City are established and may be amended by the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the actuary. For fiscal year ended June 30, 2025, the City contributed approximately \$17.4 million to the plan, including \$16.9 million for current premiums and an additional \$0.50 million to prefund benefits.

*Net OPEB asset.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 (and rolled forward to June 30, 2025), using the following actuarial assumptions, applied to all periods included in the measurement:

|                             |  |
|-----------------------------|--|
| Inflation                   | 3.50%  |
| Healthcare cost trend rates | Pre-Medicare 7.25% initial, 3.50% ultimate; post-Medicare 7.25% initial, 3.50% ultimate. |
| Salary increases            | 4.01% to 11.11%, dependent on employee group and age                                     |
| Investment rate of return   | 6.70% net of OPEB plan investment expense, including inflation                           |

Healthy mortality rates (pre-retirement) were based on the Pub-2010 General Employee Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Healthy mortality rates (post-retirement) were based on the Pub-2010 General Healthy Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. Disability retirement mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP2-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the June 30, 2024 GASB statement No. 74 and 75 valuation were based on the results of an actuarial experience study from July 1, 2017 through June 30, 2022.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

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

| Asset Class                | Target Allocation | Long-term Expected Real Rate of Return | Money-Weighted Rate of Return |
|----------------------------|-------------------|--|-------------------------------|
| <b>Equities</b>            |                   |  |                               |
| Domestic equities          | 33.00%            | 5.60%                                  | 1.85%                         |
| Developed foreign equities | 12.00%            | 5.80%                                  | 0.70%                         |
| Emerging markets equities  | 7.00%             | 5.80%                                  | 0.41%                         |
| Private equities           | 5.00%             | 8.30%                                  | 0.42%                         |
| <b>Fixed Income</b>        |                   |  |                               |
| Investment grade bonds     | 10.00%            | 2.50%                                  | 0.25%                         |
| Private debt               | 7.00%             | 6.20%                                  | 0.43%                         |
| High yield bonds           | 4.00%             | 4.30%                                  | 0.17%                         |
| TIPS                       | 2.00%             | 2.20%                                  | 0.04%                         |
| <b>Other investments</b>   |                   |  |                               |
| Real estate                | 10.00%            | 5.60%                                  | 0.56%                         |
| Infrastructure             | 7.00%             | 6.30%                                  | 0.44%                         |
| Natural resources          | 3.00%             | 6.20%                                  | 0.19%                         |
|                            | <b>100.0%</b>     |  | <b>5.46%</b>                  |
| Inflation                  |                   |  | 2.70%                         |
| Risk adjustments           |                   |  | -1.46%                        |
|                            |                   |  | <b>6.70%</b>                  |

*Discount Rate.* The discount rate used to measure the total OPEB liability was 6.70 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

*Changes in the Net OPEB Liability (Asset).* The components of the change in the net OPEB liability are summarized as follows:

|   | Total OPEB Liability<br>(a)  | Plan Fiduciary Net Position<br>(b) | Net OPEB Liability (Asset)<br>(a) - (b) |
|---|------------------------------|------------------------------------|---|
| Balances at June 30, 2024                                     | <u>\$ 306,944,217</u>        | <u>\$ 277,712,068</u>              | <u>\$ 29,232,149</u>                    |
| Changes for the year:   |                              |                                    |   |
| Service cost  | 1,959,488                    | -                                  | 1,959,488                               |
| Interest  | 20,065,132                   | -                                  | 20,065,132                              |
| Differences between expected and actual experience            | (33,065,107)                 | -                                  | (33,065,107)                            |
| Changes in assumptions  | 14,935,708                   | -                                  | 14,935,708                              |
| Employer contributions  | -                            | 17,385,917                         | (17,385,917)                            |
| Net investment income   | -                            | 26,119,488                         | (26,119,488)                            |
| Benefit payments, including refunds of employee contributions | (16,888,770)                 | (16,888,770)                       | -                                       |
| Administrative expense  | -                            | (351,824)                          | 351,824                                 |
| Net changes   | <u>(12,993,549)</u>          | <u>26,264,811</u>                  | <u>(39,258,360)</u>                     |
| <b>Balances at June 30, 2025</b>                              | <b><u>\$ 293,950,668</u></b> | <b><u>\$ 303,976,879</u></b>       | <b><u>\$ (10,026,211)</u></b>           |

The significant changes in assumptions for the fiscal year ended June 30, 2025, were primarily related to changes in the healthcare cost trend rates.

*Sensitivity of the net OPEB liability (asset) to changes in the discount rate.* The following presents the net OPEB liability (asset) of the City, calculated using the discount rate of 6.70 percent, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70 percent) or 1-percentage-point higher (7.70 percent) than the current rate:

|                                   | 1%<br>Decrease<br>(5.70%) | Current<br>Discount<br>(6.70%) | 1%<br>Increase<br>(7.70%) |
|-----------------------------------|---------------------------|--------------------------------|---------------------------|
| City's net OPEB liability (asset) | \$ 24,474,634             | \$ (10,026,211)                | \$ (38,812,216)           |

## CITY OF ANN ARBOR, MICHIGAN

### Notes to Financial Statements

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

|                                   | 1%<br>Decrease  | Current<br>Healthcare<br>Cost Trend<br>Rate | 1%<br>Increase |
|-----------------------------------|-----------------|---|----------------|
| City's net OPEB (asset) liability | \$ (40,470,808) | \$ (10,026,211)                             | \$ 26,228,288  |

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Plan financial statements.

*OPEB expense and deferred outflows/inflows of resources related to OPEB.* For the year ended June 30, 2025, the City recognized an OPEB benefit of \$13,350,471. At June 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|--|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience                                | \$ -                                 | \$ 35,424,531                       | \$ (35,424,531)                                       |
| Changes in assumptions   | 22,883,996                           | -                                   | 22,883,996  |
| Net difference between projected and actual<br>earnings on OPEB plan investments | -                                    | 8,296,651                           | (8,296,651)   |
| <b>Total</b>   | <b>\$ 22,883,996</b>                 | <b>\$ 43,721,182</b>                | <b>\$ (20,837,186)</b>                                |

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

| Year Ended<br>June 30, | Net<br>Amount          |
|------------------------|------------------------|
| 2026                   | \$ (3,157,325)         |
| 2027                   | (7,347,717)            |
| 2028                   | (7,429,557)            |
| 2029                   | (2,902,587)            |
|                        | <b>\$ (20,837,186)</b> |

*Payable to the OPEB plan.* At June 30, 2025, the City had no amounts payable to the OPEB plan.

## **CITY OF ANN ARBOR, MICHIGAN**

### **Notes to Financial Statements**

#### **17. PERMANENT FUND**

In 1964, the City became the recipient of an endowment from Elizabeth Dean which is recorded as a permanent fund. The corpus of the trust is to remain invested and may not be liquidated in order to generate investment income. This investment income is to be used for the purchase and maintenance of trees in the City. Net appreciation on investments is not considered investment income until realized. The amount in the Elizabeth Dean fund is shown as restricted for endowment on the statement of net position. The corpus of the trust is and shall remain \$1,984,000. Fund balance at June 30, 2025 was \$2,274,067, representing the corpus of the trust and appreciation of investments from prior years. This amount is reflected in cash, equity in pooled cash, investments and accrued interest. The corpus of the trust is restricted to the limitations established by the trust and is considered nonspendable. The entire amount exceeding the corpus, \$1,984,000, is also restricted to the limitations established by the trust, but is available for expenditure and is restricted as to use.

#### **18. SIGNIFICANT COMMITMENTS**

As of June 30, 2025, the City had approximately \$52.1 million in construction commitments for various projects including water mains, resurfacing of streets, bridge reconstruction, and other road improvements. The commitments will be satisfied using millage proceeds, fund balance, and bond proceeds.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 19. DETAILS OF FUND BALANCE CATEGORIES AND CLASSIFICATIONS

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, is as follows:

|  | General              | Street<br>Repair<br>Millage | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|-----------------------------|-----------------------------------|--------------------------------|
| <b>Nonspendable</b>  |                      |                             |                                   |                                |
| Inventories  | \$ 87,800            | \$ -                        | \$ -                              | \$ 87,800                      |
| Prepaid items  | 69,244               | -                           | 30,620                            | 99,864                         |
| Trust corpus   | -                    | -                           | 1,984,000                         | 1,984,000                      |
| <b>Total nonspendable</b>  | <b>157,044</b>       | <b>-</b>                    | <b>2,014,620</b>                  | <b>2,171,664</b>               |
| <b>Restricted</b>  |                      |                             |                                   |                                |
| Capital projects   | -                    | -                           | 13,192,724                        | 13,192,724                     |
| Debt service   | -                    | -                           | 23,277                            | 23,277                         |
| Culture and recreation   | -                    | -                           | 18,171,854                        | 18,171,854                     |
| Road maintenance and repairs   | -                    | -                           | 36,308,673                        | 36,308,673                     |
| Road construction  | -                    | 12,760,787                  | -                                 | 12,760,787                     |
| Law enforcement  | -                    | -                           | 541,716                           | 541,716                        |
| Community television network   | -                    | -                           | 3,853,159                         | 3,853,159                      |
| Construction code  | -                    | -                           | 15,793,545                        | 15,793,545                     |
| Mental health  | -                    | -                           | 2,066,264                         | 2,066,264                      |
| Sidewalk construction  | -                    | -                           | 3,015,167                         | 3,015,167                      |
| Affordable housing   | -                    | -                           | 50,444                            | 50,444                         |
| Climate action   | -                    | -                           | 6,989,410                         | 6,989,410                      |
| Grants   | -                    | -                           | 1,592,830                         | 1,592,830                      |
| Opioid settlement  | 328,379              | -                           | -                                 | 328,379                        |
| <b>Total restricted</b>  | <b>328,379</b>       | <b>12,760,787</b>           | <b>101,599,063</b>                | <b>114,688,229</b>             |
| <b>Committed</b>   |                      |                             |                                   |                                |
| Capital projects   | 10,168,277           | -                           | -                                 | 10,168,277                     |
| Culture and recreation   | -                    | -                           | 133,872                           | 133,872                        |
| Energy projects  | -                    | -                           | 35,168                            | 35,168                         |
| Special assistance   | -                    | -                           | 99,351                            | 99,351                         |
| Cemetery perpetual care  | -                    | -                           | 167,496                           | 167,496                        |
| Alternative transportation   | -                    | -                           | 887,026                           | 887,026                        |
| <b>Total committed</b>   | <b>10,168,277</b>    | <b>-</b>                    | <b>1,322,913</b>                  | <b>11,491,190</b>              |
| <b>Assigned</b>  |                      |                             |                                   |                                |
| Culture and recreation   | 156,626              | -                           | -                                 | 156,626                        |
| Capital projects   | -                    | -                           | 8,614,697                         | 8,614,697                      |
| Human services   | 5,363,572            | -                           | -                                 | 5,363,572                      |
| Subsequent years expenditures, potential<br>retirement payouts, and encumbrances | 18,205,807           | -                           | -                                 | 18,205,807                     |
| <b>Total assigned</b>  | <b>23,726,005</b>    | <b>-</b>                    | <b>8,614,697</b>                  | <b>32,340,702</b>              |
| <b>Unassigned</b>  |                      |                             |                                   |                                |
| <b>Total fund balances</b>   | <b>\$ 59,087,435</b> | <b>\$ 12,760,787</b>        | <b>\$ 113,551,293</b>             | <b>\$ 185,399,515</b>          |

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 20. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025, was as follows:

|   | Governmental Activities      | Business-type Activities     |
|---|------------------------------|------------------------------|
| <b>Capital assets</b>                           |                              |                              |
| Capital assets not being depreciated            | \$ 617,562,565               | \$ 138,743,383               |
| Capital assets being depreciated/amortized, net | 389,255,504                  | 414,389,013                  |
| <b>Total capital assets</b>                     | <b><u>1,006,818,069</u></b>  | <b><u>553,132,396</u></b>    |
| <b>Less related debt</b>                        |                              |                              |
| General obligation bonds                        | 99,470,000                   | 605,000                      |
| Installment purchase agreements                 | 152,016                      | -                            |
| Revenue bonds                                   | -                            | 51,640,000                   |
| Revolving loans                                 | -                            | 89,347,418                   |
| Drain notes                                     | -                            | 11,312,573                   |
| Unspent bond proceeds                           | (13,192,724)                 | (3,898,911)                  |
| Lease liabilities                               | 414,038                      | -                            |
| Subscription liabilities                        | 1,823,743                    | -                            |
| Construction related payables                   | 1,443,862                    | 3,891,740                    |
| Deferred amounts:                               |                              |                              |
| For issuance premiums                           | 4,179,528                    | 567,480                      |
| For issuance discounts                          | (76,160)                     | -                            |
| Charge on refunding                             | (1,793,000)                  | (1,146,800)                  |
|   | <b><u>92,421,303</u></b>     | <b><u>152,318,500</u></b>    |
| <b>Net investment in capital assets</b>         | <b><u>\$ 914,396,766</u></b> | <b><u>\$ 400,813,896</u></b> |

### 21. OPIOID SETTLEMENT

The City is part of various nationwide Opioid settlements reached by states and local political subdivisions against pharmaceutical distributors, manufacturers, and pharmacies. The terms of the settlements vary by entity; however, the City received installments beginning in 2023 and expects to receive future installments through 2030. The City currently expects the total amount of the settlement to be \$1,705,815. Settlement payments received during the year ended June 30, 2025 were \$97,375. The total receivable for all of the settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2025 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2025 is \$1,026,769.

Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2025, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Financial Statements

### 22. RESTATEMENTS

During the current year, the City implemented GASB Statement No. 101, *Compensated Absences*. The effects of the change in accounting principle are summarized below:

|  | Governmental<br>Activities | Business-type<br>Activities  |                               |                      |
|--|----------------------------|------------------------------|-------------------------------|----------------------|
|  | Water<br>Supply<br>System  | Sewage<br>Disposal<br>System | Stormwater<br>Sewer<br>System | Solid<br>Waste       |
| Net position, beginning of year, as previously reported    |                            | \$ 998,898,899               | \$ 526,422,639                |                      |
| Restatement - GASB 101 implementation                      |                            | (3,139,024)                  | (564,949)                     |                      |
| Net position, beginning of year, as restated               |                            | <u>\$ 995,759,875</u>        | <u>\$ 525,857,690</u>         |                      |
| Net position, beginning of year,<br>as previously reported | \$ 204,084,497             | \$ 204,760,905               | \$ 37,657,979                 | \$ 38,525,535        |
| Restatement - GASB 101<br>implementation                   | (30,192)                   | (232,908)                    | (159,966)                     | (141,883)            |
| Net position, beginning of year,<br>as restated            | <u>\$ 204,054,305</u>      | <u>\$ 204,527,997</u>        | <u>\$ 37,498,013</u>          | <u>\$ 38,383,652</u> |

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## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF ANN ARBOR, MICHIGAN

### Required Supplementary Information

Employees' Retirement System

Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios

|   | Fiscal Year Ended June 30, |                      |                      |                      |
|---|----------------------------|----------------------|----------------------|----------------------|
|   | 2025                       | 2024                 | 2023                 | 2022                 |
| <b>Total pension liability</b>  |                            |                      |                      |                      |
| Service cost  | \$ 10,730,144              | \$ 10,629,199        | \$ 10,180,055        | \$ 9,923,074         |
| Interest  | 44,261,564                 | 43,594,132           | 42,110,130           | 42,015,152           |
| Changes in benefit terms  | (14,391)                   | -                    | (436,454)            | -                    |
| Differences between expected and actual experience                        | 490,737                    | 2,435,904            | 10,268,668           | (5,613,016)          |
| Changes in assumptions  | -                          | -                    | 13,970,559           | 7,273,056            |
| Benefit payments, including refunds of member contributions               | (47,846,645)               | (45,649,444)         | (44,201,468)         | (42,549,302)         |
| Other changes   | -                          | -                    | -                    | -                    |
| <b>Net change in total pension liability</b>                              | <u>7,621,409</u>           | <u>11,009,791</u>    | <u>31,891,490</u>    | <u>11,048,964</u>    |
| Total pension liability, beginning of year                                | <u>679,178,602</u>         | <u>668,168,811</u>   | <u>636,277,321</u>   | <u>625,228,357</u>   |
| <b>Total pension liability, end of year</b>                               | <u>686,800,011</u>         | <u>679,178,602</u>   | <u>668,168,811</u>   | <u>636,277,321</u>   |
| <b>Plan fiduciary net position</b>  |                            |                      |                      |                      |
| Employer contributions  | 18,621,073                 | 15,938,306           | 14,638,512           | 16,255,245           |
| Employee contributions  | 3,484,608                  | 3,417,591            | 3,295,342            | 3,222,809            |
| Net investment income (loss)  | 58,593,437                 | 60,864,510           | 61,021,956           | (31,380,434)         |
| Benefit payments, including refunds of employee contributions             | (47,846,645)               | (45,649,444)         | (44,201,468)         | (42,549,302)         |
| Administrative expense  | (768,813)                  | (716,731)            | (783,097)            | (702,218)            |
| Other   | -                          | 458,670              | 464,347              | 78,468               |
| <b>Net change in plan fiduciary net position</b>                          | <u>32,083,660</u>          | <u>34,312,902</u>    | <u>34,435,592</u>    | <u>(55,075,432)</u>  |
| <b>Plan fiduciary net position, beginning, before restatement</b>         | <u>639,923,210</u>         | <u>605,610,308</u>   | <u>571,174,716</u>   | <u>626,250,148</u>   |
| Restatement for net OPEB liability  | <u>-</u>                   | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| <b>Plan fiduciary net position, end of year</b>                           | <u>672,006,870</u>         | <u>639,923,210</u>   | <u>605,610,308</u>   | <u>571,174,716</u>   |
| <b>City's net pension liability (asset)</b>                               | <u>\$ 14,793,141</u>       | <u>\$ 39,255,392</u> | <u>\$ 62,558,503</u> | <u>\$ 65,102,605</u> |
| Plan fiduciary net position as a percentage of total pension liability    | 97.85%                     | 94.22%               | 90.64%               | 89.77%               |
| Covered payroll   | \$ 68,723,397              | \$ 65,870,440        | \$ 63,136,097        | \$ 62,187,947        |
| County's net pension liability (asset) as a percentage of covered payroll | 21.53%                     | 59.59%               | 99.09%               | 104.69%              |

See notes to required supplementary information.

**Fiscal Year Ended June 30,**

| <b>2021</b>               | <b>2020</b>               | <b>2019</b>              | <b>2018</b>              | <b>2017</b>              | <b>2016</b>              |
|---------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| \$ 10,172,596             | \$ 9,922,176              | \$ 9,783,377             | \$ 9,403,000             | \$ 8,869,000             | \$ 8,729,000             |
| 41,832,292                | 40,637,790                | 40,055,937               | 38,552,000               | 37,755,000               | 36,925,458               |
| -                         | -                         | -                        | -                        | -                        | -                        |
| (5,188,914)               | 5,221,388                 | (2,982,853)              | 15,517,000               | 3,488,000                | (3,826,000)              |
| 6,182,687                 | 1,248,573                 | -                        | -                        | -                        | -                        |
| (40,576,348)              | (39,605,298)              | (37,622,046)             | (36,715,000)             | (35,436,000)             | (33,960,032)             |
| -                         | -                         | -                        | 4,342                    | 30,337                   | -                        |
| 12,422,313                | 17,424,629                | 9,234,415                | 26,761,342               | 14,706,337               | 7,868,426                |
| <u>612,806,044</u>        | <u>595,381,415</u>        | <u>586,147,000</u>       | <u>559,385,658</u>       | <u>544,679,321</u>       | <u>536,810,895</u>       |
| <u>625,228,357</u>        | <u>612,806,044</u>        | <u>595,381,415</u>       | <u>586,147,000</u>       | <u>559,385,658</u>       | <u>544,679,321</u>       |
| <br>15,284,295            | <br>14,124,165            | <br>13,621,926           | <br>13,446,000           | <br>13,253,000           | <br>13,352,412           |
| 3,194,016                 | 3,164,729                 | 3,264,590                | 3,185,000                | 3,325,000                | 3,139,266                |
| 136,319,258               | 23,143,999                | 30,599,351               | 33,235,000               | 54,243,000               | 2,434,339                |
| (40,576,348)              | (39,605,298)              | (37,622,046)             | (36,715,000)             | (35,436,000)             | (33,960,032)             |
| (604,004)                 | (1,049,565)               | (671,194)                | (694,000)                | (762,000)                | (719,561)                |
| (43,329)                  | -                         | (29,397)                 | 299,982                  | 30,337                   | -                        |
| 113,573,888               | (221,970)                 | 9,163,230                | 12,756,982               | 34,653,337               | (15,753,576)             |
| <br>512,676,260           | <br>512,898,230           | <br>503,735,000          | <br>491,273,658          | <br>456,620,321          | <br>472,373,897          |
| -                         | -                         | -                        | (295,640)                | -                        | -                        |
| <u>626,250,148</u>        | <u>512,676,260</u>        | <u>512,898,230</u>       | <u>503,735,000</u>       | <u>491,273,658</u>       | <u>456,620,321</u>       |
| <br><u>\$ (1,021,791)</u> | <br><u>\$ 100,129,784</u> | <br><u>\$ 82,483,185</u> | <br><u>\$ 82,412,000</u> | <br><u>\$ 68,112,000</u> | <br><u>\$ 88,059,000</u> |
| <br>100.16%               | <br>83.66%                | <br>86.15%               | <br>85.94%               | <br>87.82%               | <br>83.83%               |
| <br>\$ 60,232,543         | <br>\$ 57,970,915         | <br>\$ 57,077,636        | <br>\$ 55,459,000        | <br>\$ 53,583,000        | <br>\$ 50,057,000        |
| <br>-1.70%                | <br>172.72%               | <br>144.51%              | <br>148.60%              | <br>127.11%              | <br>175.92%              |

## CITY OF ANN ARBOR, MICHIGAN

### Required Supplementary Information

Employees' Retirement System

Schedule of Contributions

| Fiscal Year<br>Ending<br>June 30, | Actuarially<br>Determined<br>Contribution | Contributions in<br>Relation to the<br>Actuarially<br>Determined<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Covered Payroll | Contributions<br>as Percentage<br>of Covered<br>Payroll |
|-----------------------------------|---|--|--|-----------------|---|
| 2016                              | \$ 12,233,000                             | \$ 13,352,412  | \$ (1,119,412)                         | \$ 50,057,000   | 26.7%   |
| 2017                              | 11,348,853                                | 13,253,000   | (1,904,147)                            | 53,583,000      | 24.7%   |
| 2018                              | 11,757,000                                | 13,446,000   | (1,689,000)                            | 55,459,000      | 24.2%   |
| 2019                              | 13,464,778                                | 13,621,926   | (157,148)                              | 57,077,636      | 23.9%   |
| 2020                              | 14,092,966                                | 14,124,165   | (31,199)                               | 57,970,915      | 24.4%   |
| 2021                              | 15,251,454                                | 15,284,295   | (32,841)                               | 60,232,543      | 25.4%   |
| 2022                              | 16,125,556                                | 16,255,245   | (129,689)                              | 62,187,947      | 26.1%   |
| 2023                              | 14,301,037                                | 14,638,512   | (337,475)                              | 63,136,097      | 23.2%   |
| 2024                              | 15,428,435                                | 15,938,306   | (509,871)                              | 65,870,440      | 24.2%   |
| 2025                              | 15,655,025                                | 18,621,073   | (2,966,048)                            | 68,723,397      | 27.1%   |

See notes to required supplementary information.

## CITY OF ANN ARBOR, MICHIGAN

### ■ Required Supplementary Information

#### Employees' Retirement System

#### Schedule of Investment Returns

| Fiscal Year<br>Ending<br>June 30, | Annual<br>Return <sup>(1)</sup> |
|-----------------------------------|---------------------------------|
| 2016                              | 0.50%                           |
| 2017                              | 11.93%                          |
| 2018                              | 7.02%                           |
| 2019                              | 6.07%                           |
| 2020                              | 4.45%                           |
| 2021                              | 26.74%                          |
| 2022                              | -5.19%                          |
| 2023                              | 10.80%                          |
| 2024                              | 10.16%                          |
| 2025                              | 9.17%                           |

<sup>(1)</sup> Annual money-weighted rate of return, net of investment expenses

## CITY OF ANN ARBOR, MICHIGAN

### Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of Changes in City's Net OPEB Liability (Asset) and Related Ratios

|   | Fiscal Year Ended June 30,    |                             |                             |                             |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | 2025                          | 2024                        | 2023                        | 2022                        |
| <b>Total OPEB liability</b>   |                               |                             |                             |                             |
| Service cost  | \$ 1,959,488                  | \$ 2,121,325                | \$ 2,309,072                | \$ 2,721,983                |
| Interest on total OPEB liability                                    | 20,065,132                    | 19,097,874                  | 19,800,931                  | 21,291,056                  |
| Changes in benefit terms  | -                             | -                           | -                           | -                           |
| Difference between expected and actual experience                   | (33,065,107)                  | (5,687,970)                 | (26,065,585)                | (28,294,707)                |
| Changes in assumptions  | 14,935,708                    | 15,223,900                  | 12,844,344                  | 779,616                     |
| Benefit payments  | (16,888,770)                  | (15,586,298)                | (14,298,012)                | (13,036,696)                |
| Other changes   | -                             | -                           | -                           | -                           |
| <b>Net change in total OPEB liability</b>                           | <b>(12,993,549)</b>           | <b>15,168,831</b>           | <b>(5,409,250)</b>          | <b>(16,538,748)</b>         |
| Total OPEB liability, beginning of year                             | <u>306,944,217</u>            | <u>291,775,386</u>          | <u>297,184,636</u>          | <u>313,723,384</u>          |
| <b>Total OPEB liability, end of year</b>                            | <b><u>293,950,668</u></b>     | <b><u>306,944,217</u></b>   | <b><u>291,775,386</u></b>   | <b><u>297,184,636</u></b>   |
| <b>Plan fiduciary net position</b>                                  |                               |                             |                             |                             |
| Employer contributions  | 17,385,917                    | 16,315,925                  | 15,340,861                  | 13,797,260                  |
| Net investment income (loss)  | 26,119,488                    | 27,538,250                  | 22,698,183                  | (18,590,756)                |
| Benefit payments, including refunds of employee contributions       | (16,888,770)                  | (15,586,298)                | (14,298,012)                | (13,036,696)                |
| Administrative expense  | (351,824)                     | (388,433)                   | (266,413)                   | (156,737)                   |
| Other   | -                             | -                           | -                           | -                           |
| <b>Net change in plan fiduciary net position</b>                    | <b>26,264,811</b>             | <b>27,879,444</b>           | <b>23,474,619</b>           | <b>(17,986,929)</b>         |
| Plan fiduciary net position, beginning of year                      | <u>277,712,068</u>            | <u>249,832,624</u>          | <u>226,358,005</u>          | <u>244,344,934</u>          |
| <b>Plan fiduciary net position, end of year</b>                     | <b><u>303,976,879</u></b>     | <b><u>277,712,068</u></b>   | <b><u>249,832,624</u></b>   | <b><u>226,358,005</u></b>   |
| <b>City's net OPEB liability (asset)</b>                            | <b><u>\$ (10,026,211)</u></b> | <b><u>\$ 29,232,149</u></b> | <b><u>\$ 41,942,762</u></b> | <b><u>\$ 70,826,631</u></b> |
| Plan fiduciary net position as a percentage of total OPEB liability | 103.41%                       | 90.48%                      | 85.62%                      | 76.17%                      |
| Covered payroll   | \$ 68,723,397                 | \$ 65,870,440               | \$ 63,136,097               | \$ 62,187,947               |
| Net OPEB liability (asset) as a percentage of covered payroll       | -14.59%                       | 44.38%                      | 66.43%                      | 113.89%                     |

See notes to required supplementary information.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

| <b>Fiscal Year Ended June 30,</b> |                             |                              |                             |                             |  |
|-----------------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|--|
| <b>2021</b>                       | <b>2020</b>                 | <b>2019</b>                  | <b>2018</b>                 | <b>2017</b>                 |  |
| \$ 3,070,762                      | \$ 2,169,920                | \$ 2,623,066                 | \$ 3,331,000                | \$ 3,071,000                |  |
| 19,890,079                        | 20,212,994                  | 17,926,505                   | 17,099,000                  | 17,058,000                  |  |
| 29,557                            | -                           | -                            | -                           | -                           |  |
| 1,826,175                         | 8,453,222                   | 23,161,053                   | -                           | -                           |  |
| 13,556,526                        | (22,907,010)                | 1,500,000                    | -                           | -                           |  |
| (14,516,628)                      | (11,468,614)                | (13,171,224)                 | (14,273,000)                | (13,207,000)                |  |
| -                                 | (353)                       | -                            | 1,181,354                   | -                           |  |
| 23,856,471                        | (3,539,841)                 | 32,039,400                   | 7,338,354                   | 6,922,000                   |  |
| <u>289,866,913</u>                | <u>293,406,754</u>          | <u>261,367,354</u>           | <u>254,029,000</u>          | <u>247,107,000</u>          |  |
| <u>313,723,384</u>                | <u>289,866,913</u>          | <u>293,406,754</u>           | <u>261,367,354</u>          | <u>254,029,000</u>          |  |
| 15,625,495                        | 12,241,536                  | 15,987,768                   | 17,724,000                  | 16,667,000                  |  |
| 49,728,641                        | 6,722,726                   | 11,824,566                   | 11,114,000                  | 17,225,000                  |  |
| (14,516,628)                      | (11,468,614)                | (13,171,224)                 | (14,273,000)                | (13,207,000)                |  |
| (142,053)                         | (177,731)                   | (116,902)                    | (97,000)                    | (130,000)                   |  |
| -                                 | -                           | -                            | 354                         | -                           |  |
| 50,695,455                        | 7,317,917                   | 14,524,208                   | 14,468,354                  | 20,555,000                  |  |
| <u>193,649,479</u>                | <u>186,331,562</u>          | <u>171,807,354</u>           | <u>157,339,000</u>          | <u>136,784,000</u>          |  |
| <u>244,344,934</u>                | <u>193,649,479</u>          | <u>186,331,562</u>           | <u>171,807,354</u>          | <u>157,339,000</u>          |  |
| <u><u>\$ 69,378,450</u></u>       | <u><u>\$ 96,217,434</u></u> | <u><u>\$ 107,075,192</u></u> | <u><u>\$ 89,560,000</u></u> | <u><u>\$ 96,690,000</u></u> |  |
| 77.89%                            | 66.81%                      | 95.24%                       | 65.73%                      | 61.94%                      |  |
| \$ 60,232,543                     | \$ 57,970,915               | \$ 57,077,636                | \$ 55,459,000               | \$ 53,583,000               |  |
| 115.18%                           | 165.98%                     | 48.58%                       | 161.49%                     | 180.45%                     |  |

## CITY OF ANN ARBOR, MICHIGAN

### Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of Contributions

| Fiscal Year Ending June 30, | Actuarially Determined Contribution | Actual Contributions | Contribution Deficiency (Excess) | Covered Payroll | Actual Contributions as Percentage of Covered Payroll |
|-----------------------------|-------------------------------------|----------------------|----------------------------------|-----------------|---|
| 2017                        | \$ 11,168,000                       | \$ 16,667,000        | \$ (5,499,000)                   | \$ 53,583,000   | 31.1%   |
| 2018                        | 9,683,000                           | 17,724,000           | (8,041,000)                      | 55,459,000      | 32.0%   |
| 2019                        | 9,234,000                           | 15,987,768           | (6,753,768)                      | 57,077,636      | 28.0%   |
| 2020                        | 12,129,387                          | 12,241,536           | (112,149)                        | 57,970,915      | 21.1%   |
| 2021                        | 11,663,630                          | 15,625,495           | (3,961,865)                      | 60,232,543      | 25.9%   |
| 2022                        | 13,001,479                          | 13,797,260           | (795,781)                        | 62,187,947      | 22.2%   |
| 2023                        | 9,403,669                           | 15,340,861           | (5,937,192)                      | 63,136,097      | 24.3%   |
| 2024                        | 7,085,771                           | 16,315,925           | (9,230,154)                      | 65,870,440      | 24.8%   |
| 2025                        | 7,529,098                           | 17,385,917           | (9,856,819)                      | 68,723,397      | 25.3%   |

See notes to required supplementary information.

## CITY OF ANN ARBOR, MICHIGAN

### ■ Required Supplementary Information

Retiree Healthcare Benefits Plan

Schedule of Investment Returns

| Fiscal Year<br>Ending<br>June 30, | Annual<br>Return <sup>(1)</sup> |
|-----------------------------------|---------------------------------|
| 2017                              | 11.78%                          |
| 2018                              | 7.21%                           |
| 2019                              | 6.83%                           |
| 2020                              | 3.52%                           |
| 2021                              | 25.68%                          |
| 2022                              | -7.69%                          |
| 2023                              | 9.94%                           |
| 2024                              | 10.90%                          |
| 2025                              | 9.30%                           |

<sup>(1)</sup> Annual money-weighted rate of return, net of investment expenses

See notes to required supplementary information.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Required Supplementary Information

### Pension Information

#### *Notes to the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios*

##### Changes in assumptions

The significant changes in assumptions for the fiscal year ended June 30, 2023, were primarily related to revised assumptions adopted by the Board pursuant to the five-year experience study covering the period July 1, 2017 to June 30, 2022 and a decrease in the discount rate from 6.80% to 6.70%.

The significant changes in assumptions for the fiscal year ended June 30, 2022, were primarily related to the decrease in the discount rate used to measure the total pension liability from 6.90% to 6.80%.

The significant changes in assumptions for the fiscal year ended June 30, 2021, were primarily related the decrease in the discount rate used to measure the total pension liability from 7.00% to 6.90%.

The significant changes in assumptions for the fiscal year ended June 30, 2020, were primarily related to changes in the inflation rate and wage rate assumptions, and updating the mortality tables used from RP-2000 to RP-2014.

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Required Supplementary Information

### *Notes to Schedule of Contributions*

|   |   |
|---|---|
| Valuation date  | Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported (June 30, 2023, for the fiscal year ended June 30, 2025).   |
| Methods and assumptions used to determine contribution rates: |   |
| Actuarial cost method   | Entry age normal  |
| Amortization method   | Level dollar, closed  |
| Remaining amortization period                                 | 18 years closed until 15 years, at which time a 15 year open period is used   |
| Asset valuation method  | 5-year smoothed market  |
| Inflation   | 2.50% No explicit price inflation assumption is used in this valuation  |
| Salary increases  | General: 4.01%-7.60%<br>Police: 5.33%-11.11%<br>Fire: 5.41%-10.83%  |
| Investment rate of return                                     | 6.70% net of pension plan investment expense, including inflation   |
| Retirement Age  | Experienced-based table of rates that are specific to the type of eligibility condition   |
| Mortality rates   | PubG-2010 and PubS-2010 Employee and Retiree Mortality Tables, scaled by 100% and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.<br>PubNS-2010 and PubS-2010 Disabled Mortality Tables, scaled by 100% and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. |

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Required Supplementary Information

### OPEB Information

GASB 74 was implemented in fiscal year 2017. These schedules are being built prospectively. Ultimately, 10 years of data will be presented.

#### *Notes to the Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios*

|                        |  |
|------------------------|--|
| Changes in assumptions | The significant changes in assumptions for the fiscal year ended June 30, 2025, were primarily related to changes in the healthcare cost trend rates.  |
|                        | The significant changes in assumptions for the fiscal year ended June 30, 2024, were primarily related to changes in the healthcare cost trend rates.  |
|                        | The significant changes in assumptions for the fiscal year ended June 30, 2023, were primarily related to revised assumptions adopted by the Board pursuant to the five-year experience study covering the period July 1, 2017 to June 30, 2022 and a decrease in the discount rate from 6.80% to 6.70%. |
|                        | The significant changes in assumptions for the fiscal year ended June 30, 2022, were primarily related to changes in the healthcare cost trend rates and a decrease in the discount rate from 6.90% to 6.80%.  |
|                        | The significant changes in assumptions for the fiscal year ended June 30, 2021, were primarily related to a decrease in the discount rate from 7.00% to 6.90% and updating the mortality tables used from RP-2000 to RP-2014.  |
|                        | The significant changes in assumptions for the fiscal year ended June 30, 2020, were primarily related to changes in the healthcare cost trend rates.  |
|                        | The significant changes in assumptions for the fiscal year ended June 30, 2019, were primarily related to changes in the healthcare cost trend rates.  |

# CITY OF ANN ARBOR, MICHIGAN

## Notes to Required Supplementary Information

### *Notes to Schedule of Contributions*

|   |   |
|---|---|
| Valuation date  | Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported (June 30, 2023, for the fiscal year ended June 30, 2025).   |
| Other information   | There were no benefit changes during the year.  |
| Methods and assumptions used to determine contribution rates: |   |
| Actuarial cost method   | Entry-age normal  |
| Amortization method   | Level Dollar  |
| Remaining amortization period                                 | 16 years  |
| Asset valuation method  | 5-year smoothed market  |
| Inflation   | 3.50%   |
| Investment rate of return                                     | 6.70% net of OPEB plan investment expense   |
| Retirement Age  | Experienced-based table of rates that are specific to the type of eligibility condition   |
| Mortality rates   | PubG-2010 and PubS-2010 Employee and Retiree Mortality Tables, scaled by 100% and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.<br><br>Pre-Retirement: PubNS-2010 and PubS-2010 Disabled Mortality Tables, scaled by 100% and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. |
| Health care trend rates                                       | Non-Medicare: Initial trend of 7.25% gradually decreasing to an ultimate trend rate of 3.50% in year 15.<br>Medicare: Initial trend of 6.50% gradually decreasing to an ultimate trend rate of 3.50% in year 15.  |

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**COMBINING AND INDIVIDUAL FUND FINANCIAL  
STATEMENTS AND SCHEDULES**

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# CITY OF ANN ARBOR, MICHIGAN

## ■ Nonmajor Governmental Funds

### Special Revenue Funds

*Energy Projects* - to account for funding of City Energy Consumption Improvement projects.

*Community Television Network* - to account for the costs of running the City's community access channels on the local cable television system. Revenues are derived primarily from franchise fees.

*Homeland Security* - to account for federal Office of Homeland Security grant money.

*Major Streets* - to account for repairs, maintenance and construction on the City's major streets. The revenues consist primarily of State-shared gasoline and weight tax collections.

*Local Streets* - to account for repairs, maintenance, and construction on the City's local streets. The revenues consist primarily of State-shared gasoline and weight tax collections.

*Court Facilities* - to account for a court fee to pay for facility improvements for the district court.

*Open Space and Parkland Preservation* - to account for funds derived from property tax millage and bond proceeds earmarked for parks acquisition and development rights for open space.

*Bandemer* - to account for rental income used to maintain and operate Bandemer Park.

*Construction Code* - to account for the costs of planning and development activities related to construction. Revenues are derived primarily from licenses and permits.

*Drug Enforcement* - to account for confiscated property and money related to drug law enforcement activity and provide funds for future enforcement activity.

*Federal Equitable Sharing Forfeiture* - to account for monies received as a result of joint operations with federal law enforcement. These monies are restricted for use in future law enforcement activities.

*Parks Memorial and Contribution* - to account for the proceeds of various contributions to the Parks System to erect memorials or finance special parks improvement projects.

*Metro Expansion* - to account for the monies passed through from telecom companies for the purpose of maintaining the roadway (above, below, and adjacent to) right of ways.

*Special Assistance* - to account for funds provided by a utility bill checkoff to provide assistance to needy citizens.

# CITY OF ANN ARBOR, MICHIGAN

## ■ Nonmajor Governmental Funds

### Special Revenue Funds (Concluded)

*Open Space Endowment* - to account for funds allotted for the perpetual care of lands purchased with the City's Open Space and Parkland Preservation millage.

*Cemetery Perpetual Care* - to account for the receipt and expenditures of fees paid for the perpetual care of gravesites at the City-owned Fairview Cemetery.

*Alternative Transportation* - to account for funding set aside for the City's alternative transportation program.

*Michigan Justice Training* - to account for State funds used for law enforcement training.

*Parks Maintenance and Capital Improvements Millage* - to account for funds derived from property tax millage earmarked for parks maintenance and capital improvements of the parks system.

*County Mental Health Millage* - to account for the proceeds of a Washtenaw County special millage. The City is using the funds to provide pedestrian safety, affordable housing improvements, and climate action initiatives.

*Sidewalk Construction Millage* - to account for the proceeds of a special revenue millage to repair streets and sidewalks.

*Affordable Housing Millage* - to account for proceeds of a special revenue millage to provide for the construction, acquisition, and maintenance of affordable housing units within the City.

*Climate Action Millage* - to account for the proceeds of a special millage to provide community climate action within the City.

*Major Grants* - to account for various grant monies.

### Debt Service Fund

*General Debt Service* - to accumulate tax revenues and transfers in for payment of principal and interest on non-bonded debt and general obligation bonds sold for various capital purposes.

## CITY OF ANN ARBOR, MICHIGAN

### ■ Nonmajor Governmental Funds

#### Capital Projects Fund

*General Capital Improvements* - to account for capital project expenditures for various non-bonded improvements to certain City-owned facilities.

*Affordable Housing Bond 2024* - to account for bonded capital expenditures for the 121 Catherine Street affordable housing development project.

*Fire Station 4 Bond 2025* - to account for bonded capital expenditures for the Fire Station No. 4 replacement project.

#### Permanent Fund

*Elizabeth R. Dean Trust* - to account for monies provided by a private bequest to finance tree planting and maintenance. The principal amount of the bequest is to remain intact and invested. Investment earnings are used for the above stated purposes.

## CITY OF ANN ARBOR, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

|  | Special Revenue         |                              |                      |                             |                            |
|--|-------------------------|------------------------------|----------------------|-----------------------------|----------------------------|
|  | Energy Projects         | Community Television Network | Homeland Security    | Major Streets               | Local Streets              |
| <b>Assets</b>  |                         |                              |                      |                             |                            |
| Equity in pooled cash and investments                                      | \$ 35,168               | \$ 3,558,730                 | \$ 459               | \$ 25,821,227               | \$ 5,134,117               |
| Investments  | -                       | -                            | -                    | -                           | -                          |
| Receivables:   |                         |                              |                      |                             |                            |
| Accounts, net  | -                       | 329,062                      | -                    | 164,882                     | 10,532                     |
| Leases   | -                       | -                            | -                    | -                           | -                          |
| Accrued interest and dividends   | -                       | -                            | -                    | -                           | -                          |
| Due from other governments   | -                       | -                            | -                    | 2,116,399                   | 596,223                    |
| Prepaid items  | -                       | 16,664                       | -                    | 5,556                       | -                          |
| Restricted assets  | -                       | -                            | -                    | -                           | -                          |
| <b>Total assets</b>  | <u>\$ 35,168</u>        | <u>\$ 3,904,456</u>          | <u>\$ 459</u>        | <u>\$ 28,108,064</u>        | <u>\$ 5,740,872</u>        |
| <b>Liabilities</b>   |                         |                              |                      |                             |                            |
| Accounts payable   | \$ -                    | \$ 2,216                     | \$ -                 | \$ 743,928                  | \$ 98,522                  |
| Accrued liabilities  | -                       | 32,417                       | -                    | 118,510                     | 21,333                     |
| Unearned revenue   | -                       | -                            | -                    | -                           | -                          |
| Deposits payable   | -                       | -                            | -                    | 539,540                     | -                          |
| <b>Total liabilities</b>   | <u>-</u>                | <u>34,633</u>                | <u>-</u>             | <u>1,401,978</u>            | <u>119,855</u>             |
| <b>Deferred inflows of resources</b>                                       |                         |                              |                      |                             |                            |
| Unavailable revenue  | -                       | -                            | -                    | -                           | -                          |
| Deferred lease amounts   | -                       | -                            | -                    | -                           | -                          |
| <b>Total deferred inflows of resources</b>                                 | <u>-</u>                | <u>-</u>                     | <u>-</u>             | <u>-</u>                    | <u>-</u>                   |
| <b>Fund balances</b>   |                         |                              |                      |                             |                            |
| Nonspendable   | -                       | 16,664                       | -                    | 5,556                       | -                          |
| Restricted for:  |                         |                              |                      |                             |                            |
| Debt service   | -                       | -                            | -                    | -                           | -                          |
| Capital projects   | -                       | -                            | -                    | -                           | -                          |
| Culture and recreation   | -                       | -                            | -                    | -                           | -                          |
| Road maintenance and repairs   | -                       | -                            | -                    | 26,700,530                  | 5,621,017                  |
| Law enforcement  | -                       | -                            | 459                  | -                           | -                          |
| Other purposes   | -                       | 3,853,159                    | -                    | -                           | -                          |
| Committed for:   |                         |                              |                      |                             |                            |
| Culture and recreation   | -                       | -                            | -                    | -                           | -                          |
| Other purposes   | 35,168                  | -                            | -                    | -                           | -                          |
| Assigned for capital projects  | -                       | -                            | -                    | -                           | -                          |
| <b>Total fund balances</b>   | <u>35,168</u>           | <u>3,869,823</u>             | <u>459</u>           | <u>26,706,086</u>           | <u>5,621,017</u>           |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <u><u>\$ 35,168</u></u> | <u><u>\$ 3,904,456</u></u>   | <u><u>\$ 459</u></u> | <u><u>\$ 28,108,064</u></u> | <u><u>\$ 5,740,872</u></u> |

| Special Revenue  |                                    |            |                   |                  |                                      |                               |  |  |  |
|------------------|------------------------------------|------------|-------------------|------------------|--------------------------------------|-------------------------------|--|--|--|
| Court Facilities | Open Space & Parkland Preservation | Bandemer   | Construction Code | Drug Enforcement | Federal Equitable Sharing Forfeiture | Parks Memorial & Contribution |  |  |  |
| \$ 4,769         | \$ 13,152,411                      | \$ 133,483 | \$ 16,057,847     | \$ 38,128        | \$ 297,129                           | \$ 2,762,485                  |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | 389        | 99,267            | -                | -                                    | -                             |  |  |  |
| -                | -                                  | 35,770     | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| \$ 4,769         | \$ 13,152,411                      | \$ 169,642 | \$ 16,157,114     | \$ 38,128        | \$ 297,129                           | \$ 2,762,485                  |  |  |  |
|                  |                                    |            |                   |                  |                                      |                               |  |  |  |
| \$ -             | \$ 14,794                          | \$ -       | \$ 237,226        | \$ 720           | \$ -                                 | \$ 1,202                      |  |  |  |
| -                | 9,926                              | -          | 126,343           | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | 24,720                             | -          | 363,569           | 720              | -                                    | 1,202                         |  |  |  |
|                  |                                    |            |                   |                  |                                      |                               |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | 35,770     | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | 35,770     | -                 | -                | -                                    | -                             |  |  |  |
|                  |                                    |            |                   |                  |                                      |                               |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | 13,127,691                         | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| 4,769            | -                                  | -          | -                 | 37,408           | 297,129                              | -                             |  |  |  |
| -                | -                                  | -          | 15,793,545        | -                | -                                    | -                             |  |  |  |
| -                | -                                  | 133,872    | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| -                | -                                  | -          | -                 | -                | -                                    | -                             |  |  |  |
| 4,769            | 13,127,691                         | 133,872    | 15,793,545        | 37,408           | 297,129                              | 2,761,283                     |  |  |  |
| \$ 4,769         | \$ 13,152,411                      | \$ 169,642 | \$ 16,157,114     | \$ 38,128        | \$ 297,129                           | \$ 2,762,485                  |  |  |  |

continued...

## CITY OF ANN ARBOR, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

|  | Special Revenue            |                          |                            |                          |                            |
|--|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|
|  | Metro Expansion            | Special Assistance       | Open Space Endowment       | Cemetery Perpetual Care  | Alternative Transportation |
| <b>Assets</b>  |                            |                          |                            |                          |                            |
| Equity in pooled cash and investments                                      | \$ 4,040,783               | \$ 100,515               | \$ 1,070,772               | \$ 167,496               | \$ 949,001                 |
| Investments  | -                          | -                        | -                          | -                        | -                          |
| Receivables:   |                            |                          |                            |                          |                            |
| Accounts, net  | -                          | 162                      | -                          | -                        | -                          |
| Leases   | -                          | -                        | -                          | -                        | -                          |
| Accrued interest and dividends   | -                          | -                        | -                          | -                        | -                          |
| Due from other governments   | -                          | -                        | -                          | -                        | -                          |
| Prepaid items  | -                          | -                        | -                          | -                        | -                          |
| Restricted assets  | -                          | -                        | -                          | -                        | -                          |
| <b>Total assets</b>  | <u>\$ 4,040,783</u>        | <u>\$ 100,677</u>        | <u>\$ 1,070,772</u>        | <u>\$ 167,496</u>        | <u>\$ 949,001</u>          |
| <b>Liabilities</b>   |                            |                          |                            |                          |                            |
| Accounts payable   | \$ 48,719                  | \$ 1,326                 | \$ -                       | \$ -                     | \$ 51,871                  |
| Accrued liabilities  | 4,938                      | -                        | -                          | -                        | 10,104                     |
| Unearned revenue   | -                          | -                        | -                          | -                        | -                          |
| Deposits payable   | -                          | -                        | -                          | -                        | -                          |
| <b>Total liabilities</b>   | <u>53,657</u>              | <u>1,326</u>             | <u>-</u>                   | <u>-</u>                 | <u>61,975</u>              |
| <b>Deferred inflows of resources</b>                                       |                            |                          |                            |                          |                            |
| Unavailable revenue  | -                          | -                        | -                          | -                        | -                          |
| Deferred lease amounts   | -                          | -                        | -                          | -                        | -                          |
| <b>Total deferred inflows of resources</b>                                 | <u>-</u>                   | <u>-</u>                 | <u>-</u>                   | <u>-</u>                 | <u>-</u>                   |
| <b>Fund balances</b>   |                            |                          |                            |                          |                            |
| Nonspendable   | -                          | -                        | -                          | -                        | -                          |
| Restricted for:  |                            |                          |                            |                          |                            |
| Debt service   | -                          | -                        | -                          | -                        | -                          |
| Capital projects   | -                          | -                        | -                          | -                        | -                          |
| Culture and recreation   | -                          | -                        | 1,070,772                  | -                        | -                          |
| Road maintenance and repairs   | 3,987,126                  | -                        | -                          | -                        | -                          |
| Law enforcement  | -                          | -                        | -                          | -                        | -                          |
| Other purposes   | -                          | -                        | -                          | -                        | -                          |
| Committed for:   |                            |                          |                            |                          |                            |
| Culture and recreation   | -                          | -                        | -                          | -                        | -                          |
| Other purposes   | -                          | 99,351                   | -                          | 167,496                  | 887,026                    |
| Assigned for capital projects  | -                          | -                        | -                          | -                        | -                          |
| <b>Total fund balances</b>   | <u>3,987,126</u>           | <u>99,351</u>            | <u>1,070,772</u>           | <u>167,496</u>           | <u>887,026</u>             |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <u><u>\$ 4,040,783</u></u> | <u><u>\$ 100,677</u></u> | <u><u>\$ 1,070,772</u></u> | <u><u>\$ 167,496</u></u> | <u><u>\$ 949,001</u></u>   |

| Special Revenue                 |  |                                       |                                     |                                  |                              |                     |  |  |           |
|---------------------------------|--|---------------------------------------|-------------------------------------|----------------------------------|------------------------------|---------------------|--|--|-----------|
| Michigan<br>Justice<br>Training | Parks<br>Maint &<br>Capital Imp<br>Millage | County<br>Mental<br>Health<br>Millage | Sidewalk<br>Construction<br>Millage | Affordable<br>Housing<br>Millage | Climate<br>Action<br>Millage | Major<br>Grants     |  |  |           |
| \$ 203,551                      | \$ 4,017,297                               | \$ 2,296,943                          | \$ 3,117,528                        | \$ 76,916                        | \$ 7,294,258                 | \$ 960,180          |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| -                               | 138,166                                    | -                                     | -                                   | -                                | -                            | -                   |  |  | 1,174,270 |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  | -         |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  | -         |
| -                               | -  | -                                     | -                                   | -                                | 2,200                        | 462,883             |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | 8,400                        | -                   |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | 4,278,929           |  |  |           |
| <u>\$ 203,551</u>               | <u>\$ 4,155,463</u>                        | <u>\$ 2,296,943</u>                   | <u>\$ 3,117,528</u>                 | <u>\$ 76,916</u>                 | <u>\$ 7,304,858</u>          | <u>\$ 6,876,262</u> |  |  |           |
| \$ 1,600                        | \$ 3,112,275                               | \$ 217,953                            | \$ 100,626                          | \$ 1,006                         | \$ 247,628                   | \$ 993,456          |  |  |           |
| -                               | 121,147                                    | 12,726                                | 1,735                               | 25,466                           | 59,420                       | 5,307               |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | 3,762,524           |  |  |           |
| <u>1,600</u>                    | <u>3,233,422</u>                           | <u>230,679</u>                        | <u>102,361</u>                      | <u>26,472</u>                    | <u>307,048</u>               | <u>4,761,287</u>    |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | 522,145             |  |  |           |
| <u>-</u>                        | <u>-</u>                                   | <u>-</u>                              | <u>-</u>                            | <u>-</u>                         | <u>-</u>                     | <u>522,145</u>      |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | 8,400                        | -                   |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| -                               | 922,041                                    | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| 201,951                         | -  | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| -                               | -  | 2,066,264                             | 3,015,167                           | 50,444                           | 6,989,410                    | 1,592,830           |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |  |           |
| <u>201,951</u>                  | <u>922,041</u>                             | <u>2,066,264</u>                      | <u>3,015,167</u>                    | <u>50,444</u>                    | <u>6,997,810</u>             | <u>1,592,830</u>    |  |  |           |
| <u>\$ 203,551</u>               | <u>\$ 4,155,463</u>                        | <u>\$ 2,296,943</u>                   | <u>\$ 3,117,528</u>                 | <u>\$ 76,916</u>                 | <u>\$ 7,304,858</u>          | <u>\$ 6,876,262</u> |  |  |           |

continued...

## CITY OF ANN ARBOR, MICHIGAN

### Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

|  | Debt Service               |                                    | Capital Projects                   |                             |  |
|--|----------------------------|------------------------------------|------------------------------------|-----------------------------|--|
|  | General<br>Debt<br>Service | General<br>Capital<br>Improvements | Affordable<br>Housing<br>Bond 2024 | Fire Station 4<br>Bond 2025 |  |
| <b>Assets</b>  |                            |                                    |                                    |                             |  |
| Equity in pooled cash and investments                                      | \$ 23,277                  | \$ 8,733,211                       | \$ (191)                           | \$ 11,117,963               |  |
| Investments  | -                          | -                                  | 1,547,686                          | 746,523                     |  |
| Receivables:   |                            |                                    |                                    |                             |  |
| Accounts, net  | -                          | -                                  | -                                  | -                           |  |
| Leases   | -                          | -                                  | -                                  | -                           |  |
| Accrued interest and dividends   | -                          | -                                  | -                                  | -                           |  |
| Due from other governments   | -                          | -                                  | -                                  | -                           |  |
| Prepaid items  | -                          | -                                  | -                                  | -                           |  |
| Restricted assets  | -                          | -                                  | -                                  | -                           |  |
| <b>Total assets</b>  | <u>\$ 23,277</u>           | <u>\$ 8,733,211</u>                | <u>\$ 1,547,495</u>                | <u>\$ 11,864,486</u>        |  |
| <b>Liabilities</b>   |                            |                                    |                                    |                             |  |
| Accounts payable   | \$ -                       | \$ 118,514                         | \$ -                               | \$ 219,257                  |  |
| Accrued liabilities  | -                          | -                                  | -                                  | -                           |  |
| Unearned revenue   | -                          | -                                  | -                                  | -                           |  |
| Deposits payable   | -                          | -                                  | -                                  | -                           |  |
| <b>Total liabilities</b>   | <u>-</u>                   | <u>118,514</u>                     | <u>-</u>                           | <u>219,257</u>              |  |
| <b>Deferred inflows of resources</b>                                       |                            |                                    |                                    |                             |  |
| Unavailable revenue  | -                          | -                                  | -                                  | -                           |  |
| Deferred lease amounts   | -                          | -                                  | -                                  | -                           |  |
| <b>Total deferred inflows of resources</b>                                 | <u>-</u>                   | <u>-</u>                           | <u>-</u>                           | <u>-</u>                    |  |
| <b>Fund balances</b>   |                            |                                    |                                    |                             |  |
| Nonspendable   | -                          | -                                  | -                                  | -                           |  |
| Restricted for:  |                            |                                    |                                    |                             |  |
| Debt service   | 23,277                     | -                                  | -                                  | -                           |  |
| Capital projects   | -                          | -                                  | 1,547,495                          | 11,645,229                  |  |
| Culture and recreation   | -                          | -                                  | -                                  | -                           |  |
| Road maintenance and repairs   | -                          | -                                  | -                                  | -                           |  |
| Law enforcement  | -                          | -                                  | -                                  | -                           |  |
| Other purposes   | -                          | -                                  | -                                  | -                           |  |
| Committed for:   |                            |                                    |                                    |                             |  |
| Culture and recreation   | -                          | -                                  | -                                  | -                           |  |
| Other purposes   | -                          | -                                  | -                                  | -                           |  |
| Assigned for capital projects  | -                          | 8,614,697                          | -                                  | -                           |  |
| <b>Total fund balances</b>   | <u>23,277</u>              | <u>8,614,697</u>                   | <u>1,547,495</u>                   | <u>11,645,229</u>           |  |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <u>\$ 23,277</u>           | <u>\$ 8,733,211</u>                | <u>\$ 1,547,495</u>                | <u>\$ 11,864,486</u>        |  |

| <b>Permanent</b>                       |                       |
|--|-----------------------|
| <b>Elizabeth<br/>R. Dean<br/>Trust</b> | <b>Total</b>          |
| \$ 256,973                             | \$ 111,422,426        |
| 2,012,988                              | 4,307,197             |
| -                                      | 1,916,730             |
| -                                      | 35,770                |
| 17,983                                 | 17,983                |
| -                                      | 3,177,705             |
| -                                      | 30,620                |
| -                                      | 4,278,929             |
| <hr/>                                  | <hr/>                 |
| <u>\$ 2,287,944</u>                    | <u>\$ 125,187,360</u> |
| <hr/>                                  | <hr/>                 |
| \$ 13,877                              | \$ 6,226,716          |
| -                                      | 549,372               |
| -                                      | 3,762,524             |
| -                                      | 539,540               |
| <hr/>                                  | <hr/>                 |
| <u>13,877</u>                          | <u>11,078,152</u>     |
| <hr/>                                  | <hr/>                 |
| -                                      | 522,145               |
| -                                      | 35,770                |
| <hr/>                                  | <hr/>                 |
| -                                      | 557,915               |
| <hr/>                                  | <hr/>                 |
| 1,984,000                              | 2,014,620             |
| -                                      | 23,277                |
| -                                      | 13,192,724            |
| 290,067                                | 18,171,854            |
| -                                      | 36,308,673            |
| -                                      | 541,716               |
| -                                      | 33,360,819            |
| -                                      | 133,872               |
| -                                      | 1,189,041             |
| -                                      | 8,614,697             |
| <hr/>                                  | <hr/>                 |
| <u>2,274,067</u>                       | <u>113,551,293</u>    |
| <hr/>                                  | <hr/>                 |
| <u>\$ 2,287,944</u>                    | <u>\$ 125,187,360</u> |

concluded.

## CITY OF ANN ARBOR, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

|   | Special Revenue  |                              |                   |                      |                     |
|---|------------------|------------------------------|-------------------|----------------------|---------------------|
|   | Energy Projects  | Community Television Network | Homeland Security | Major Streets        | Local Streets       |
| <b>Revenues</b>                             |                  |                              |                   |                      |                     |
| Taxes                                       | \$ -             | \$ -                         | \$ -              | \$ -                 | \$ -                |
| Licenses, permits, and registrations        | -                | 1,315,998                    | -                 | 21,900               | -                   |
| Intergovernmental                           | -                | -                            | 15,533            | 13,616,587           | 3,740,476           |
| Charges for services                        | -                | 212                          | -                 | 1,085,610            | 247,344             |
| Fines and forfeits                          | -                | -                            | -                 | -                    | -                   |
| Investment earnings                         | 5,142            | 189,705                      | 72                | 1,330,367            | 329,807             |
| Contributions and donations                 | -                | -                            | -                 | -                    | -                   |
| Other                                       | -                | 50                           | -                 | 515,947              | 3,538               |
| <b>Total revenues</b>                       | <b>5,142</b>     | <b>1,505,965</b>             | <b>15,605</b>     | <b>16,570,411</b>    | <b>4,321,165</b>    |
| <b>Expenditures</b>                         |                  |                              |                   |                      |                     |
| Current:                                    |                  |                              |                   |                      |                     |
| General government                          | 173,044          | 1,529,126                    | -                 | -                    | -                   |
| Public safety                               | -                | -                            | 15,533            | -                    | -                   |
| Public works                                | -                | -                            | -                 | 9,589,242            | 2,255,307           |
| Community/economic development              | -                | -                            | -                 | -                    | -                   |
| Culture and recreation                      | -                | -                            | -                 | -                    | -                   |
| Capital outlay                              | -                | -                            | -                 | 563,419              | -                   |
| Debt service:                               |                  |                              |                   |                      |                     |
| Principal retirement                        | -                | 116,130                      | -                 | -                    | -                   |
| Interest and fiscal charges                 | -                | 16,711                       | -                 | -                    | -                   |
| <b>Total expenditures</b>                   | <b>173,044</b>   | <b>1,661,967</b>             | <b>15,533</b>     | <b>10,152,661</b>    | <b>2,255,307</b>    |
| Revenues over (under) expenditures          | (167,902)        | (156,002)                    | 72                | 6,417,750            | 2,065,858           |
| <b>Other financing sources (uses)</b>       |                  |                              |                   |                      |                     |
| Issuance of long-term debt                  | -                | -                            | -                 | -                    | -                   |
| Premium on issuance of long-term debt       | -                | -                            | -                 | -                    | -                   |
| Transfers in                                | -                | -                            | -                 | 1,324,563            | 6,768               |
| Transfers out                               | -                | -                            | -                 | (6,272,489)          | (1,185,692)         |
| <b>Total other financing sources (uses)</b> | <b>-</b>         | <b>-</b>                     | <b>-</b>          | <b>(4,947,926)</b>   | <b>(1,178,924)</b>  |
| <b>Net change in fund balances</b>          | <b>(167,902)</b> | <b>(156,002)</b>             | <b>72</b>         | <b>1,469,824</b>     | <b>886,934</b>      |
| Fund balances, beginning of year            | 203,070          | 4,025,825                    | 387               | 25,236,262           | 4,734,083           |
| <b>Fund balances, end of year</b>           | <b>\$ 35,168</b> | <b>\$ 3,869,823</b>          | <b>\$ 459</b>     | <b>\$ 26,706,086</b> | <b>\$ 5,621,017</b> |

| Special Revenue  |                                    |                   |                      |                  |                                      |                                |
|------------------|------------------------------------|-------------------|----------------------|------------------|--------------------------------------|--------------------------------|
| Court Facilities | Open Space & Parkland Preservation | Bandemer          | Construction Code    | Drug Enforcement | Federal Equitable Sharing Forfeiture | Parks Memorial & Contributions |
| \$ -             | \$ 3,422,793                       | \$ -              | \$ -                 | \$ -             | \$ -                                 | \$ -                           |
| -                | -                                  | -                 | 9,538,771            | -                | -                                    | -                              |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| -                | -                                  | 706               | 1,863                | -                | -                                    | 10,713                         |
| 28,574           | -                                  | -                 | -                    | 7,665            | 83,441                               | -                              |
| 594              | 683,001                            | 6,645             | 701,596              | 2,503            | 17,942                               | 131,627                        |
| -                | -                                  | -                 | -                    | -                | -                                    | 355,580                        |
| -                | 379                                | 7,650             | 125,914              | -                | -                                    | -                              |
| <u>29,168</u>    | <u>4,106,173</u>                   | <u>15,001</u>     | <u>10,368,144</u>    | <u>10,168</u>    | <u>101,383</u>                       | <u>497,920</u>                 |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| -                | -                                  | -                 | 5,888,132            | 16,916           | 100,545                              | -                              |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| -                | 944,648                            | 2,907             | -                    | -                | -                                    | -                              |
| -                | -                                  | -                 | 9,124                | -                | -                                    | -                              |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| <u>-</u>         | <u>944,648</u>                     | <u>2,907</u>      | <u>5,897,256</u>     | <u>16,916</u>    | <u>100,545</u>                       | <u>-</u>                       |
| <u>29,168</u>    | <u>3,161,525</u>                   | <u>12,094</u>     | <u>4,470,888</u>     | <u>(6,748)</u>   | <u>838</u>                           | <u>497,920</u>                 |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| -                | -                                  | -                 | -                    | -                | -                                    | -                              |
| 189,000          | -                                  | -                 | -                    | -                | -                                    | -                              |
| (225,000)        | (1,012,744)                        | -                 | -                    | -                | -                                    | (15,000)                       |
| <u>(36,000)</u>  | <u>(1,012,744)</u>                 | <u>-</u>          | <u>-</u>             | <u>-</u>         | <u>-</u>                             | <u>(15,000)</u>                |
| (6,832)          | 2,148,781                          | 12,094            | 4,470,888            | (6,748)          | 838                                  | 482,920                        |
| 11,601           | 10,978,910                         | 121,778           | 11,322,657           | 44,156           | 296,291                              | 2,278,363                      |
| <u>\$ 4,769</u>  | <u>\$ 13,127,691</u>               | <u>\$ 133,872</u> | <u>\$ 15,793,545</u> | <u>\$ 37,408</u> | <u>\$ 297,129</u>                    | <u>\$ 2,761,283</u>            |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

|   | Special Revenue     |                    |                      |                         |                            |
|---|---------------------|--------------------|----------------------|-------------------------|----------------------------|
|   | Metro Expansion     | Special Assistance | Open Space Endowment | Cemetery Perpetual Care | Alternative Transportation |
| <b>Revenues</b>                             |                     |                    |                      |                         |                            |
| Taxes                                       | \$ -                | \$ -               | \$ -                 | \$ -                    | \$ -                       |
| Licenses, permits, and registrations        | -                   | -                  | -                    | -                       | -                          |
| Intergovernmental                           | 553,194             | -                  | -                    | -                       | -                          |
| Charges for services                        | -                   | -                  | -                    | 10,500                  | -                          |
| Fines and forfeits                          | -                   | -                  | -                    | -                       | -                          |
| Investment earnings                         | 192,432             | 7,987              | 55,406               | 8,384                   | 43,550                     |
| Contributions and donations                 | -                   | 10,915             | -                    | -                       | -                          |
| Other                                       | -                   | -                  | -                    | -                       | -                          |
| <b>Total revenues</b>                       | <b>745,626</b>      | <b>18,902</b>      | <b>55,406</b>        | <b>18,884</b>           | <b>43,550</b>              |
| <b>Expenditures</b>                         |                     |                    |                      |                         |                            |
| Current:                                    |                     |                    |                      |                         |                            |
| General government                          | -                   | -                  | -                    | -                       | -                          |
| Public safety                               | -                   | -                  | -                    | -                       | -                          |
| Public works                                | 406,161             | -                  | -                    | -                       | 549,680                    |
| Community/economic development              | -                   | 20,050             | -                    | -                       | -                          |
| Culture and recreation                      | -                   | -                  | 12,873               | -                       | -                          |
| Capital outlay                              | -                   | -                  | -                    | -                       | 2,842                      |
| Debt service:                               |                     |                    |                      |                         |                            |
| Principal retirement                        | -                   | -                  | -                    | -                       | -                          |
| Interest and fiscal charges                 | -                   | -                  | -                    | -                       | -                          |
| <b>Total expenditures</b>                   | <b>406,161</b>      | <b>20,050</b>      | <b>12,873</b>        | <b>-</b>                | <b>552,522</b>             |
| Revenues over (under) expenditures          | 339,465             | (1,148)            | 42,533               | 18,884                  | (508,972)                  |
| <b>Other financing sources (uses)</b>       |                     |                    |                      |                         |                            |
| Issuance of long-term debt                  | -                   | -                  | -                    | -                       | -                          |
| Premium on issuance of long-term debt       | -                   | -                  | -                    | -                       | -                          |
| Transfers in                                | -                   | -                  | -                    | -                       | 811,908                    |
| Transfers out                               | (94,991)            | -                  | -                    | -                       | -                          |
| <b>Total other financing sources (uses)</b> | <b>(94,991)</b>     | <b>-</b>           | <b>-</b>             | <b>-</b>                | <b>811,908</b>             |
| <b>Net change in fund balances</b>          | <b>244,474</b>      | <b>(1,148)</b>     | <b>42,533</b>        | <b>18,884</b>           | <b>302,936</b>             |
| Fund balances, beginning of year            | 3,742,652           | 100,499            | 1,028,239            | 148,612                 | 584,090                    |
| <b>Fund balances, end of year</b>           | <b>\$ 3,987,126</b> | <b>\$ 99,351</b>   | <b>\$ 1,070,772</b>  | <b>\$ 167,496</b>       | <b>\$ 887,026</b>          |

| Special Revenue                 |  |                                       |                                     |                                  |                              |                     |  |
|---------------------------------|--|---------------------------------------|-------------------------------------|----------------------------------|------------------------------|---------------------|--|
| Michigan<br>Justice<br>Training | Parks<br>Maint &<br>Capital Imp<br>Millage | County<br>Mental<br>Health<br>Millage | Sidewalk<br>Construction<br>Millage | Affordable<br>Housing<br>Millage | Climate<br>Action<br>Millage | Major<br>Grants     |  |
| \$ -                            | \$ 8,185,063                               | \$ 3,119,084                          | \$ 1,514,930                        | \$ 7,580,624                     | \$ 7,631,558                 | \$ -                |  |
| 146,799                         | -  | -                                     | -                                   | -                                | -                            | 6,169,051           |  |
| -                               | 2,496                                      | -                                     | -                                   | -                                | -                            | -                   |  |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |
| 7,749                           | 410,005                                    | 59,599                                | 167,381                             | 38,530                           | 432,943                      | 424,396             |  |
| -                               | 20,850                                     | -                                     | 500,071                             | -                                | -                            | -                   |  |
| -                               | 1,007,942                                  | -                                     | 14,383                              | 839                              | 21,795                       | 49,224              |  |
| <u>154,548</u>                  | <u>9,626,356</u>                           | <u>3,178,683</u>                      | <u>2,196,765</u>                    | <u>7,619,993</u>                 | <u>8,086,296</u>             | <u>6,642,671</u>    |  |
|                                 |  |                                       |                                     |                                  |                              |                     |  |
| -                               | -  | 695,286                               | -                                   | -                                | 3,318,016                    | 2,147,153           |  |
| 42,979                          | -  | -                                     | -                                   | -                                | -                            | 223,079             |  |
| -                               | -  | 369,280                               | 791,756                             | -                                | -                            | 596,458             |  |
| -                               | -  | 1,147,880                             | -                                   | 7,031,512                        | -                            | 1,165,529           |  |
| -                               | 7,849,584                                  | -                                     | -                                   | -                                | -                            | 49,224              |  |
| -                               | 5,759,519                                  | 820,806                               | 203,124                             | -                                | 751,773                      | 2,517,698           |  |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |
| <u>42,979</u>                   | <u>13,609,103</u>                          | <u>3,033,252</u>                      | <u>994,880</u>                      | <u>7,031,512</u>                 | <u>4,069,789</u>             | <u>6,699,141</u>    |  |
| <u>111,569</u>                  | <u>(3,982,747)</u>                         | <u>145,431</u>                        | <u>1,201,885</u>                    | <u>588,481</u>                   | <u>4,016,507</u>             | <u>(56,470)</u>     |  |
|                                 |  |                                       |                                     |                                  |                              |                     |  |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |
| -                               | -  | -                                     | -                                   | -                                | -                            | -                   |  |
| -                               | -  | -                                     | 183,551                             | -                                | -                            | 463,928             |  |
| -                               | (83,395)                                   | (105,000)                             | (663,028)                           | (759,595)                        | (535,325)                    | -                   |  |
| -                               | (83,395)                                   | (105,000)                             | (479,477)                           | (759,595)                        | (535,325)                    | 463,928             |  |
| 111,569                         | (4,066,142)                                | 40,431                                | 722,408                             | (171,114)                        | 3,481,182                    | 407,458             |  |
| 90,382                          | 4,988,183                                  | 2,025,833                             | 2,292,759                           | 221,558                          | 3,516,628                    | 1,185,372           |  |
| <u>\$ 201,951</u>               | <u>\$ 922,041</u>                          | <u>\$ 2,066,264</u>                   | <u>\$ 3,015,167</u>                 | <u>\$ 50,444</u>                 | <u>\$ 6,997,810</u>          | <u>\$ 1,592,830</u> |  |

continued...

## CITY OF ANN ARBOR, MICHIGAN

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2025

|   | Debt Service               |                                    | Capital Projects                   |                             |      |
|---|----------------------------|------------------------------------|------------------------------------|-----------------------------|------|
|   | General<br>Debt<br>Service | General<br>Capital<br>Improvements | Affordable<br>Housing<br>Bond 2024 | Fire Station 4<br>Bond 2025 |      |
| <b>Revenues</b>                             |                            |                                    |                                    |                             |      |
| Taxes                                       | \$ 878                     | \$ -                               | \$ -                               | \$ -                        | \$ - |
| Licenses, permits, and registrations        | -                          | -                                  | -                                  | -                           | -    |
| Intergovernmental                           | -                          | -                                  | -                                  | -                           | -    |
| Charges for services                        | 5,353,320                  | -                                  | -                                  | -                           | -    |
| Fines and forfeits                          | -                          | -                                  | -                                  | -                           | -    |
| Investment earnings                         | 16,866                     | 384,811                            | 331,401                            | 95,482                      |      |
| Contributions and donations                 | -                          | -                                  | -                                  | -                           | -    |
| Other                                       | 37                         | -                                  | -                                  | -                           | -    |
| <b>Total revenues</b>                       | <b>5,371,101</b>           | <b>384,811</b>                     | <b>331,401</b>                     | <b>95,482</b>               |      |
| <b>Expenditures</b>                         |                            |                                    |                                    |                             |      |
| Current:                                    |                            |                                    |                                    |                             |      |
| General government                          | -                          | -                                  | -                                  | -                           | -    |
| Public safety                               | -                          | 133,252                            | -                                  | 62,368                      |      |
| Public works                                | -                          | 148,054                            | -                                  | -                           | -    |
| Community/economic development              | -                          | -                                  | 7,793,239                          | -                           | -    |
| Culture and recreation                      | -                          | -                                  | -                                  | -                           | -    |
| Capital outlay                              | -                          | 500,000                            | -                                  | 432,786                     |      |
| Debt service:                               |                            |                                    |                                    |                             |      |
| Principal retirement                        | 8,785,000                  | -                                  | -                                  | -                           | -    |
| Interest and fiscal charges                 | 3,342,571                  | -                                  | -                                  | -                           | -    |
| <b>Total expenditures</b>                   | <b>12,127,571</b>          | <b>781,306</b>                     | <b>7,793,239</b>                   | <b>495,154</b>              |      |
| Revenues over (under) expenditures          | (6,756,470)                | (396,495)                          | (7,461,838)                        | (399,672)                   |      |
| <b>Other financing sources (uses)</b>       |                            |                                    |                                    |                             |      |
| Issuance of long-term debt                  | -                          | -                                  | 9,000,000                          | 11,340,000                  |      |
| Premium on issuance of long-term debt       | -                          | -                                  | 9,333                              | 704,901                     |      |
| Transfers in                                | 6,615,958                  | 3,886,260                          | -                                  | -                           | -    |
| Transfers out                               | -                          | (242,339)                          | -                                  | -                           | -    |
| <b>Total other financing sources (uses)</b> | <b>6,615,958</b>           | <b>3,643,921</b>                   | <b>9,009,333</b>                   | <b>12,044,901</b>           |      |
| <b>Net change in fund balances</b>          | <b>(140,512)</b>           | <b>3,247,426</b>                   | <b>1,547,495</b>                   | <b>11,645,229</b>           |      |
| Fund balances, beginning of year            | 163,789                    | 5,367,271                          | -                                  | -                           | -    |
| <b>Fund balances, end of year</b>           | <b>\$ 23,277</b>           | <b>\$ 8,614,697</b>                | <b>\$ 1,547,495</b>                | <b>\$ 11,645,229</b>        |      |

| <b>Permanent</b>                       |              |
|--|--------------|
| <b>Elizabeth<br/>R. Dean<br/>Trust</b> | <b>Total</b> |

|                |   |                   |
|----------------|---|-------------------|
| \$             | - | \$ 31,454,930     |
|                | - | 10,876,669        |
|                | - | 24,241,640        |
|                | - | 6,712,764         |
|                | - | 119,680           |
| 146,524        |   | 6,222,447         |
|                | - | 887,416           |
|                | - | <u>1,747,698</u>  |
| <u>146,524</u> |   | <u>82,263,244</u> |

|                |                   |
|----------------|-------------------|
| -              | 7,862,625         |
| -              | 6,482,804         |
| -              | 14,705,938        |
| -              | 17,158,210        |
| 19,820         | 8,879,056         |
| -              | 11,561,091        |
| -              | 8,901,130         |
| <u>-</u>       | <u>3,359,282</u>  |
| <u>19,820</u>  | <u>78,910,136</u> |
| <u>126,704</u> | <u>3,353,108</u>  |

|                     |                       |
|---------------------|-----------------------|
| -                   | 20,340,000            |
| -                   | 714,234               |
| -                   | 13,481,936            |
| <u>-</u>            | <u>(11,194,598)</u>   |
| <u>-</u>            | <u>23,341,572</u>     |
| 126,704             | 26,694,680            |
| <u>2,147,363</u>    | <u>86,856,613</u>     |
| <u>\$ 2,274,067</u> | <u>\$ 113,551,293</u> |

concluded.

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Energy Projects  |                  |                                  | Community Television Network |                     |                                  |
|---|------------------|------------------|----------------------------------|------------------------------|---------------------|----------------------------------|
|   | Final Budget     | Actual           | Actual Over (Under) Final Budget | Final Budget                 | Actual              | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                  |                  |                                  |                              |                     |                                  |
| Taxes                                       | \$ -             | \$ -             | \$ -                             | \$ -                         | \$ -                | \$ -                             |
| Licenses, permits, and registrations        | -                | -                | -                                | 1,483,086                    | 1,315,998           | (167,088)                        |
| Intergovernmental                           | -                | -                | -                                | -                            | -                   | -                                |
| Charges for services                        | -                | -                | -                                | -                            | 212                 | 212                              |
| Fines and forfeits                          | -                | -                | -                                | -                            | -                   | -                                |
| Investment earnings                         | 7,666            | 5,142            | (2,524)                          | 127,626                      | 189,705             | 62,079                           |
| Contributions and donations                 | -                | -                | -                                | -                            | -                   | -                                |
| Other                                       | -                | -                | -                                | -                            | 50                  | 50                               |
| <b>Total revenues</b>                       | <b>7,666</b>     | <b>5,142</b>     | <b>(2,524)</b>                   | <b>1,610,712</b>             | <b>1,505,965</b>    | <b>(104,747)</b>                 |
| <b>Expenditures</b>                         |                  |                  |                                  |                              |                     |                                  |
| Current:                                    |                  |                  |                                  |                              |                     |                                  |
| General government                          | 173,044          | 173,044          | -                                | 1,728,260                    | 1,529,126           | (199,134)                        |
| Public safety                               | -                | -                | -                                | -                            | -                   | -                                |
| Public works                                | -                | -                | -                                | -                            | -                   | -                                |
| Community/economic development              | -                | -                | -                                | -                            | -                   | -                                |
| Culture and recreation                      | -                | -                | -                                | -                            | -                   | -                                |
| Capital outlay                              | -                | -                | -                                | 33,000                       | -                   | (33,000)                         |
| Debt service:                               |                  |                  |                                  |                              |                     |                                  |
| Principal retirement                        | -                | -                | -                                | -                            | 116,130             | 116,130                          |
| Interest and fiscal charges                 | -                | -                | -                                | -                            | 16,711              | 16,711                           |
| <b>Total expenditures</b>                   | <b>173,044</b>   | <b>173,044</b>   | <b>-</b>                         | <b>1,761,260</b>             | <b>1,661,967</b>    | <b>(99,293)</b>                  |
| Revenues over (under) expenditures          | (165,378)        | (167,902)        | (2,524)                          | (150,548)                    | (156,002)           | (5,454)                          |
| <b>Other financing sources (uses)</b>       |                  |                  |                                  |                              |                     |                                  |
| Transfers in                                | -                | -                | -                                | -                            | -                   | -                                |
| Transfers out                               | (37,692)         | -                | (37,692)                         | (207,751)                    | -                   | (207,751)                        |
| <b>Total other financing sources (uses)</b> | <b>(37,692)</b>  | <b>-</b>         | <b>37,692</b>                    | <b>(207,751)</b>             | <b>-</b>            | <b>207,751</b>                   |
| <b>Net change in fund balances</b>          | <b>(203,070)</b> | <b>(167,902)</b> | <b>35,168</b>                    | <b>(358,299)</b>             | <b>(156,002)</b>    | <b>202,297</b>                   |
| Fund balances, beginning of year            | 203,070          | 203,070          | -                                | 4,025,825                    | 4,025,825           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ -</b>      | <b>\$ 35,168</b> | <b>\$ 35,168</b>                 | <b>\$ 3,667,526</b>          | <b>\$ 3,869,823</b> | <b>\$ 202,297</b>                |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Homeland Security |               |                                  | Major Streets        |                      |                                  |
|---|-------------------|---------------|----------------------------------|----------------------|----------------------|----------------------------------|
|   | Final Budget      | Actual        | Actual Over (Under) Final Budget | Final Budget         | Actual               | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                   |               |                                  |                      |                      |                                  |
| Taxes                                       | \$ -              | \$ -          | \$ -                             | \$ -                 | \$ -                 | \$ -                             |
| Licenses, permits, and registrations        | -                 | -             | -                                | 18,250               | 21,900               | 3,650                            |
| Intergovernmental                           | 15,533            | 15,533        | -                                | 12,864,121           | 13,616,587           | 752,466                          |
| Charges for services                        | -                 | -             | -                                | 1,116,139            | 1,085,610            | (30,529)                         |
| Fines and forfeits                          | -                 | -             | -                                | -                    | -                    | -                                |
| Investment earnings                         | -                 | 72            | 72                               | 525,979              | 1,330,367            | 804,388                          |
| Contributions and donations                 | -                 | -             | -                                | -                    | -                    | -                                |
| Other                                       | -                 | -             | -                                | -                    | 515,947              | 515,947                          |
| <b>Total revenues</b>                       | <b>15,533</b>     | <b>15,605</b> | <b>72</b>                        | <b>14,524,489</b>    | <b>16,570,411</b>    | <b>2,045,922</b>                 |
| <b>Expenditures</b>                         |                   |               |                                  |                      |                      |                                  |
| Current:                                    |                   |               |                                  |                      |                      |                                  |
| General government                          | -                 | -             | -                                | -                    | -                    | -                                |
| Public safety                               | 15,533            | 15,533        | -                                | -                    | -                    | -                                |
| Public works                                | -                 | -             | -                                | 12,201,499           | 9,589,242            | (2,612,257)                      |
| Community/economic development              | -                 | -             | -                                | -                    | -                    | -                                |
| Culture and recreation                      | -                 | -             | -                                | -                    | -                    | -                                |
| Capital outlay                              | -                 | -             | -                                | 110,305              | 563,419              | 453,114                          |
| Debt service:                               |                   |               |                                  |                      |                      |                                  |
| Principal retirement                        | -                 | -             | -                                | -                    | -                    | -                                |
| Interest and fiscal charges                 | -                 | -             | -                                | -                    | -                    | -                                |
| <b>Total expenditures</b>                   | <b>15,533</b>     | <b>15,533</b> | <b>-</b>                         | <b>12,311,804</b>    | <b>10,152,661</b>    | <b>(2,159,143)</b>               |
| Revenues over (under) expenditures          | -                 | 72            | 72                               | 2,212,685            | 6,417,750            | 4,205,065                        |
| <b>Other financing sources (uses)</b>       |                   |               |                                  |                      |                      |                                  |
| Transfers in                                | -                 | -             | -                                | 1,308,121            | 1,324,563            | 16,442                           |
| Transfers out                               | -                 | -             | -                                | (6,272,613)          | (6,272,489)          | (124)                            |
| <b>Total other financing sources (uses)</b> | <b>-</b>          | <b>-</b>      | <b>-</b>                         | <b>(4,964,492)</b>   | <b>(4,947,926)</b>   | <b>16,566</b>                    |
| <b>Net change in fund balances</b>          | <b>-</b>          | <b>72</b>     | <b>72</b>                        | <b>(2,751,807)</b>   | <b>1,469,824</b>     | <b>4,221,631</b>                 |
| Fund balances, beginning of year            | 387               | 387           | -                                | 25,236,262           | 25,236,262           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 387</b>     | <b>\$ 459</b> | <b>\$ 72</b>                     | <b>\$ 22,484,455</b> | <b>\$ 26,706,086</b> | <b>\$ 4,221,631</b>              |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Local Streets       |                     |                                  | Court Facilities |                 |                                  |
|---|---------------------|---------------------|----------------------------------|------------------|-----------------|----------------------------------|
|   | Final Budget        | Actual              | Actual Over (Under) Final Budget | Final Budget     | Actual          | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                     |                     |                                  |                  |                 |                                  |
| Taxes                                       | \$ -                | \$ -                | \$ -                             | \$ -             | \$ -            | \$ -                             |
| Licenses, permits, and registrations        | -                   | -                   | -                                | -                | -               | -                                |
| Intergovernmental                           | 3,572,361           | 3,740,476           | 168,115                          | -                | -               | -                                |
| Charges for services                        | 239,352             | 247,344             | 7,992                            | -                | -               | -                                |
| Fines and forfeits                          | -                   | -                   | -                                | 90,000           | 28,574          | (61,426)                         |
| Investment earnings                         | 144,759             | 329,807             | 185,048                          | -                | 594             | 594                              |
| Contributions and donations                 | -                   | -                   | -                                | -                | -               | -                                |
| Other                                       | -                   | 3,538               | 3,538                            | -                | -               | -                                |
| <b>Total revenues</b>                       | <b>3,956,472</b>    | <b>4,321,165</b>    | <b>364,693</b>                   | <b>90,000</b>    | <b>29,168</b>   | <b>(60,832)</b>                  |
| <b>Expenditures</b>                         |                     |                     |                                  |                  |                 |                                  |
| Current:                                    |                     |                     |                                  |                  |                 |                                  |
| General government                          | -                   | -                   | -                                | -                | -               | -                                |
| Public safety                               | -                   | -                   | -                                | -                | -               | -                                |
| Public works                                | 2,739,502           | 2,255,307           | (484,195)                        | -                | -               | -                                |
| Community/economic development              | -                   | -                   | -                                | -                | -               | -                                |
| Culture and recreation                      | -                   | -                   | -                                | -                | -               | -                                |
| Capital outlay                              | -                   | -                   | -                                | -                | -               | -                                |
| Debt service:                               |                     |                     |                                  |                  |                 |                                  |
| Principal retirement                        | -                   | -                   | -                                | -                | -               | -                                |
| Interest and fiscal charges                 | -                   | -                   | -                                | -                | -               | -                                |
| <b>Total expenditures</b>                   | <b>2,739,502</b>    | <b>2,255,307</b>    | <b>(484,195)</b>                 | <b>-</b>         | <b>-</b>        | <b>-</b>                         |
| Revenues over (under) expenditures          | 1,216,970           | 2,065,858           | 848,888                          | 90,000           | 29,168          | (60,832)                         |
| <b>Other financing sources (uses)</b>       |                     |                     |                                  |                  |                 |                                  |
| Transfers in                                | 6,768               | 6,768               | -                                | 189,000          | 189,000         | -                                |
| Transfers out                               | (1,185,716)         | (1,185,692)         | (24)                             | (225,000)        | (225,000)       | -                                |
| <b>Total other financing sources (uses)</b> | <b>(1,178,948)</b>  | <b>(1,178,924)</b>  | <b>24</b>                        | <b>(36,000)</b>  | <b>(36,000)</b> | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>38,022</b>       | <b>886,934</b>      | <b>848,912</b>                   | <b>54,000</b>    | <b>(6,832)</b>  | <b>(60,832)</b>                  |
| Fund balances, beginning of year            | 4,734,083           | 4,734,083           | -                                | 11,601           | 11,601          | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 4,772,105</b> | <b>\$ 5,621,017</b> | <b>\$ 848,912</b>                | <b>\$ 65,601</b> | <b>\$ 4,769</b> | <b>\$ (60,832)</b>               |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Open Space & Parkland Preservation |                      |                                  | Bandemer          |                   |                                  |
|---|------------------------------------|----------------------|----------------------------------|-------------------|-------------------|----------------------------------|
|   | Final Budget                       | Actual               | Actual Over (Under) Final Budget | Final Budget      | Actual            | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                                    |                      |                                  |                   |                   |                                  |
| Taxes                                       | \$ 3,355,398                       | \$ 3,422,793         | \$ 67,395                        | \$ -              | \$ -              | \$ -                             |
| Licenses, permits, and registrations        | -                                  | -                    | -                                | -                 | -                 | -                                |
| Intergovernmental                           | -                                  | -                    | -                                | -                 | -                 | -                                |
| Charges for services                        | -                                  | -                    | -                                | 800               | 706               | (94)                             |
| Fines and forfeits                          | -                                  | -                    | -                                | -                 | -                 | -                                |
| Investment earnings                         | 357,137                            | 683,001              | 325,864                          | 3,050             | 6,645             | 3,595                            |
| Contributions and donations                 | -                                  | -                    | -                                | -                 | -                 | -                                |
| Other                                       | -                                  | 379                  | 379                              | 7,650             | 7,650             | -                                |
| <b>Total revenues</b>                       | <b>3,712,535</b>                   | <b>4,106,173</b>     | <b>393,638</b>                   | <b>11,500</b>     | <b>15,001</b>     | <b>3,501</b>                     |
| <b>Expenditures</b>                         |                                    |                      |                                  |                   |                   |                                  |
| Current:                                    |                                    |                      |                                  |                   |                   |                                  |
| General government                          | -                                  | -                    | -                                | -                 | -                 | -                                |
| Public safety                               | -                                  | -                    | -                                | -                 | -                 | -                                |
| Public works                                | -                                  | -                    | -                                | -                 | -                 | -                                |
| Community/economic development              | -                                  | -                    | -                                | -                 | -                 | -                                |
| Culture and recreation                      | 1,632,052                          | 944,648              | (687,404)                        | 2,857             | 2,907             | 50                               |
| Capital outlay                              | -                                  | -                    | -                                | 5,575             | -                 | (5,575)                          |
| Debt service:                               |                                    |                      |                                  |                   |                   |                                  |
| Principal retirement                        | -                                  | -                    | -                                | -                 | -                 | -                                |
| Interest and fiscal charges                 | -                                  | -                    | -                                | -                 | -                 | -                                |
| <b>Total expenditures</b>                   | <b>1,632,052</b>                   | <b>944,648</b>       | <b>(687,404)</b>                 | <b>8,432</b>      | <b>2,907</b>      | <b>(5,525)</b>                   |
| Revenues over (under) expenditures          | 2,080,483                          | 3,161,525            | 1,081,042                        | 3,068             | 12,094            | 9,026                            |
| <b>Other financing sources (uses)</b>       |                                    |                      |                                  |                   |                   |                                  |
| Transfers in                                | -                                  | -                    | -                                | -                 | -                 | -                                |
| Transfers out                               | (1,168,038)                        | (1,012,744)          | (155,294)                        | -                 | -                 | -                                |
| <b>Total other financing sources (uses)</b> | <b>(1,168,038)</b>                 | <b>(1,012,744)</b>   | <b>155,294</b>                   | <b>-</b>          | <b>-</b>          | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>912,445</b>                     | <b>2,148,781</b>     | <b>1,236,336</b>                 | <b>3,068</b>      | <b>12,094</b>     | <b>9,026</b>                     |
| Fund balances, beginning of year            | 10,978,910                         | 10,978,910           | -                                | 121,778           | 121,778           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 11,891,355</b>               | <b>\$ 13,127,691</b> | <b>\$ 1,236,336</b>              | <b>\$ 124,846</b> | <b>\$ 133,872</b> | <b>\$ 9,026</b>                  |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Construction Code    |                      |                                  | Drug Enforcement |                  |                                  |
|---|----------------------|----------------------|----------------------------------|------------------|------------------|----------------------------------|
|   | Final Budget         | Actual               | Actual Over (Under) Final Budget | Final Budget     | Actual           | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                      |                      |                                  |                  |                  |                                  |
| Taxes                                       | \$ -                 | \$ -                 | \$ -                             | \$ -             | \$ -             | \$ -                             |
| Licenses, permits, and registrations        | 6,166,800            | 9,538,771            | 3,371,971                        | -                | -                | -                                |
| Intergovernmental                           | -                    | -                    | -                                | -                | -                | -                                |
| Charges for services                        | -                    | 1,863                | 1,863                            | -                | -                | -                                |
| Fines and forfeits                          | -                    | -                    | -                                | 7,665            | 7,665            | -                                |
| Investment earnings                         | 222,669              | 701,596              | 478,927                          | 587              | 2,503            | 1,916                            |
| Contributions and donations                 | -                    | -                    | -                                | -                | -                | -                                |
| Other                                       | 500                  | 125,914              | 125,414                          | -                | -                | -                                |
| <b>Total revenues</b>                       | <b>6,389,969</b>     | <b>10,368,144</b>    | <b>3,978,175</b>                 | <b>8,252</b>     | <b>10,168</b>    | <b>1,916</b>                     |
| <b>Expenditures</b>                         |                      |                      |                                  |                  |                  |                                  |
| Current:                                    |                      |                      |                                  |                  |                  |                                  |
| General government                          | -                    | -                    | -                                | -                | -                | -                                |
| Public safety                               | 6,877,939            | 5,888,132            | (989,807)                        | 33,614           | 16,916           | (16,698)                         |
| Public works                                | -                    | -                    | -                                | -                | -                | -                                |
| Community/economic development              | -                    | -                    | -                                | -                | -                | -                                |
| Culture and recreation                      | -                    | -                    | -                                | -                | -                | -                                |
| Capital outlay                              | 11,843               | 9,124                | (2,719)                          | -                | -                | -                                |
| Debt service:                               |                      |                      |                                  |                  |                  |                                  |
| Principal retirement                        | -                    | -                    | -                                | -                | -                | -                                |
| Interest and fiscal charges                 | -                    | -                    | -                                | -                | -                | -                                |
| <b>Total expenditures</b>                   | <b>6,889,782</b>     | <b>5,897,256</b>     | <b>(992,526)</b>                 | <b>33,614</b>    | <b>16,916</b>    | <b>(16,698)</b>                  |
| Revenues over (under) expenditures          | (499,813)            | 4,470,888            | 4,970,701                        | (25,362)         | (6,748)          | 18,614                           |
| <b>Other financing sources (uses)</b>       |                      |                      |                                  |                  |                  |                                  |
| Transfers in                                | -                    | -                    | -                                | -                | -                | -                                |
| Transfers out                               | -                    | -                    | -                                | -                | -                | -                                |
| <b>Total other financing sources (uses)</b> | <b>-</b>             | <b>-</b>             | <b>-</b>                         | <b>-</b>         | <b>-</b>         | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>(499,813)</b>     | <b>4,470,888</b>     | <b>4,970,701</b>                 | <b>(25,362)</b>  | <b>(6,748)</b>   | <b>18,614</b>                    |
| Fund balances, beginning of year            | 11,322,657           | 11,322,657           | -                                | 44,156           | 44,156           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 10,822,844</b> | <b>\$ 15,793,545</b> | <b>\$ 4,970,701</b>              | <b>\$ 18,794</b> | <b>\$ 37,408</b> | <b>\$ 18,614</b>                 |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2025

|   | Federal Equitable Sharing Forfeiture |                   |                                  | Parks & Memorial Contributions |                     |                                  |
|---|--------------------------------------|-------------------|----------------------------------|--------------------------------|---------------------|----------------------------------|
|   | Final Budget                         | Actual            | Actual Over (Under) Final Budget | Final Budget                   | Actual              | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                                      |                   |                                  |                                |                     |                                  |
| Taxes                                       | \$ -                                 | \$ -              | \$ -                             | \$ -                           | \$ -                | \$ -                             |
| Licenses, permits, and registrations        | -                                    | -                 | -                                | -                              | -                   | -                                |
| Intergovernmental                           | -                                    | -                 | -                                | -                              | -                   | -                                |
| Charges for services                        | -                                    | -                 | -                                | 50,000                         | 10,713              | (39,287)                         |
| Fines and forfeits                          | 80,585                               | 83,441            | 2,856                            | -                              | -                   | -                                |
| Investment earnings                         | 1,204                                | 17,942            | 16,738                           | 46,754                         | 131,627             | 84,873                           |
| Contributions and donations                 | -                                    | -                 | -                                | 160,000                        | 355,580             | 195,580                          |
| Other                                       | -                                    | -                 | -                                | -                              | -                   | -                                |
| <b>Total revenues</b>                       | <b>81,789</b>                        | <b>101,383</b>    | <b>19,594</b>                    | <b>256,754</b>                 | <b>497,920</b>      | <b>241,166</b>                   |
| <b>Expenditures</b>                         |                                      |                   |                                  |                                |                     |                                  |
| Current:                                    |                                      |                   |                                  |                                |                     |                                  |
| General government                          | -                                    | -                 | -                                | -                              | -                   | -                                |
| Public safety                               | 348,247                              | 100,545           | (247,702)                        | -                              | -                   | -                                |
| Public works                                | -                                    | -                 | -                                | -                              | -                   | -                                |
| Community/economic development              | -                                    | -                 | -                                | -                              | -                   | -                                |
| Culture and recreation                      | -                                    | -                 | -                                | 60,000                         | -                   | (60,000)                         |
| Capital outlay                              | -                                    | -                 | -                                | -                              | -                   | -                                |
| Debt service:                               |                                      |                   |                                  |                                |                     |                                  |
| Principal retirement                        | -                                    | -                 | -                                | -                              | -                   | -                                |
| Interest and fiscal charges                 | -                                    | -                 | -                                | -                              | -                   | -                                |
| <b>Total expenditures</b>                   | <b>348,247</b>                       | <b>100,545</b>    | <b>(247,702)</b>                 | <b>60,000</b>                  | <b>-</b>            | <b>(60,000)</b>                  |
| Revenues over (under) expenditures          | (266,458)                            | 838               | 267,296                          | 196,754                        | 497,920             | 301,166                          |
| <b>Other financing sources (uses)</b>       |                                      |                   |                                  |                                |                     |                                  |
| Transfers in                                | -                                    | -                 | -                                | -                              | -                   | -                                |
| Transfers out                               | -                                    | -                 | -                                | (15,000)                       | (15,000)            | -                                |
| <b>Total other financing sources (uses)</b> | <b>-</b>                             | <b>-</b>          | <b>-</b>                         | <b>(15,000)</b>                | <b>(15,000)</b>     | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>(266,458)</b>                     | <b>838</b>        | <b>267,296</b>                   | <b>181,754</b>                 | <b>482,920</b>      | <b>301,166</b>                   |
| Fund balances, beginning of year            | 296,291                              | 296,291           | -                                | 2,278,363                      | 2,278,363           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 29,833</b>                     | <b>\$ 297,129</b> | <b>\$ 267,296</b>                | <b>\$ 2,460,117</b>            | <b>\$ 2,761,283</b> | <b>\$ 301,166</b>                |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Metro Expansion     |                     |                                  | Special Assistance |                  |                                  |
|---|---------------------|---------------------|----------------------------------|--------------------|------------------|----------------------------------|
|   | Final Budget        | Actual              | Actual Over (Under) Final Budget | Final Budget       | Actual           | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                     |                     |                                  |                    |                  |                                  |
| Taxes                                       | \$ -                | \$ -                | \$ -                             | \$ -               | \$ -             | \$ -                             |
| Licenses, permits, and registrations        | -                   | -                   | -                                | -                  | -                | -                                |
| Intergovernmental                           | 460,000             | 553,194             | 93,194                           | -                  | -                | -                                |
| Charges for services                        | -                   | -                   | -                                | -                  | -                | -                                |
| Fines and forfeits                          | -                   | -                   | -                                | -                  | -                | -                                |
| Investment earnings                         | 92,846              | 192,432             | 99,586                           | 631                | 7,987            | 7,356                            |
| Contributions and donations                 | -                   | -                   | -                                | 15,000             | 10,915           | (4,085)                          |
| Other                                       | -                   | -                   | -                                | -                  | -                | -                                |
| <b>Total revenues</b>                       | <b>552,846</b>      | <b>745,626</b>      | <b>192,780</b>                   | <b>15,631</b>      | <b>18,902</b>    | <b>3,271</b>                     |
| <b>Expenditures</b>                         |                     |                     |                                  |                    |                  |                                  |
| Current:                                    |                     |                     |                                  |                    |                  |                                  |
| General government                          | -                   | -                   | -                                | -                  | -                | -                                |
| Public safety                               | -                   | -                   | -                                | -                  | -                | -                                |
| Public works                                | 582,952             | 406,161             | (176,791)                        | -                  | -                | -                                |
| Community/economic development              | -                   | -                   | -                                | 20,050             | 20,050           | -                                |
| Culture and recreation                      | -                   | -                   | -                                | -                  | -                | -                                |
| Capital outlay                              | -                   | -                   | -                                | -                  | -                | -                                |
| Debt service:                               |                     |                     |                                  |                    |                  |                                  |
| Principal retirement                        | -                   | -                   | -                                | -                  | -                | -                                |
| Interest and fiscal charges                 | -                   | -                   | -                                | -                  | -                | -                                |
| <b>Total expenditures</b>                   | <b>582,952</b>      | <b>406,161</b>      | <b>(176,791)</b>                 | <b>20,050</b>      | <b>20,050</b>    | <b>-</b>                         |
| Revenues over (under) expenditures          | (30,106)            | 339,465             | 369,571                          | (4,419)            | (1,148)          | 3,271                            |
| <b>Other financing sources (uses)</b>       |                     |                     |                                  |                    |                  |                                  |
| Transfers in                                | -                   | -                   | -                                | -                  | -                | -                                |
| Transfers out                               | (94,992)            | (94,991)            | (1)                              | -                  | -                | -                                |
| <b>Total other financing sources (uses)</b> | <b>(94,992)</b>     | <b>(94,991)</b>     | <b>1</b>                         | <b>-</b>           | <b>-</b>         | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>(125,098)</b>    | <b>244,474</b>      | <b>369,572</b>                   | <b>(4,419)</b>     | <b>(1,148)</b>   | <b>3,271</b>                     |
| Fund balances, beginning of year            | 3,742,652           | 3,742,652           | -                                | 100,499            | 100,499          | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 3,617,554</b> | <b>\$ 3,987,126</b> | <b>\$ 369,572</b>                | <b>\$ 96,080</b>   | <b>\$ 99,351</b> | <b>\$ 3,271</b>                  |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Open Space Endowment |                     |                                  | Cemetery Perpetual Care |                   |                                  |
|---|----------------------|---------------------|----------------------------------|-------------------------|-------------------|----------------------------------|
|   | Final Budget         | Actual              | Actual Over (Under) Final Budget | Final Budget            | Actual            | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                      |                     |                                  |                         |                   |                                  |
| Taxes                                       | \$ -                 | \$ -                | \$ -                             | \$ -                    | \$ -              | \$ -                             |
| Licenses, permits, and registrations        | -                    | -                   | -                                | -                       | -                 | -                                |
| Intergovernmental                           | -                    | -                   | -                                | -                       | -                 | -                                |
| Charges for services                        | -                    | -                   | -                                | 3,000                   | 10,500            | 7,500                            |
| Fines and forfeits                          | -                    | -                   | -                                | -                       | -                 | -                                |
| Investment earnings                         | 30,446               | 55,406              | 24,960                           | 3,828                   | 8,384             | 4,556                            |
| Contributions and donations                 | -                    | -                   | -                                | -                       | -                 | -                                |
| Other                                       | -                    | -                   | -                                | -                       | -                 | -                                |
| <b>Total revenues</b>                       | <b>30,446</b>        | <b>55,406</b>       | <b>24,960</b>                    | <b>6,828</b>            | <b>18,884</b>     | <b>12,056</b>                    |
| <b>Expenditures</b>                         |                      |                     |                                  |                         |                   |                                  |
| Current:                                    |                      |                     |                                  |                         |                   |                                  |
| General government                          | -                    | -                   | -                                | -                       | -                 | -                                |
| Public safety                               | -                    | -                   | -                                | -                       | -                 | -                                |
| Public works                                | -                    | -                   | -                                | -                       | -                 | -                                |
| Community/economic development              | -                    | -                   | -                                | -                       | -                 | -                                |
| Culture and recreation                      | 75,500               | 12,873              | (62,627)                         | -                       | -                 | -                                |
| Capital outlay                              | -                    | -                   | -                                | -                       | -                 | -                                |
| Debt service:                               |                      |                     |                                  |                         |                   |                                  |
| Principal retirement                        | -                    | -                   | -                                | -                       | -                 | -                                |
| Interest and fiscal charges                 | -                    | -                   | -                                | -                       | -                 | -                                |
| <b>Total expenditures</b>                   | <b>75,500</b>        | <b>12,873</b>       | <b>(62,627)</b>                  | <b>-</b>                | <b>-</b>          | <b>-</b>                         |
| Revenues over (under) expenditures          | (45,054)             | 42,533              | 87,587                           | 6,828                   | 18,884            | 12,056                           |
| <b>Other financing sources (uses)</b>       |                      |                     |                                  |                         |                   |                                  |
| Transfers in                                | -                    | -                   | -                                | -                       | -                 | -                                |
| Transfers out                               | -                    | -                   | -                                | -                       | -                 | -                                |
| <b>Total other financing sources (uses)</b> | <b>-</b>             | <b>-</b>            | <b>-</b>                         | <b>-</b>                | <b>-</b>          | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>(45,054)</b>      | <b>42,533</b>       | <b>87,587</b>                    | <b>6,828</b>            | <b>18,884</b>     | <b>12,056</b>                    |
| Fund balances, beginning of year            | 1,028,239            | 1,028,239           | -                                | 148,612                 | 148,612           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 983,185</b>    | <b>\$ 1,070,772</b> | <b>\$ 87,587</b>                 | <b>\$ 155,440</b>       | <b>\$ 167,496</b> | <b>\$ 12,056</b>                 |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Alternative Transportation |                   |                                  | Michigan Justice Training |                   |                                  |
|---|----------------------------|-------------------|----------------------------------|---------------------------|-------------------|----------------------------------|
|   | Final Budget               | Actual            | Actual Over (Under) Final Budget | Final Budget              | Actual            | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                            |                   |                                  |                           |                   |                                  |
| Taxes                                       | \$ -                       | \$ -              | \$ -                             | \$ -                      | \$ -              | \$ -                             |
| Licenses, permits, and registrations        | -                          | -                 | -                                | -                         | -                 | -                                |
| Intergovernmental                           | -                          | -                 | -                                | 146,797                   | 146,799           | 2                                |
| Charges for services                        | -                          | -                 | -                                | -                         | -                 | -                                |
| Fines and forfeits                          | -                          | -                 | -                                | -                         | -                 | -                                |
| Investment earnings                         | 6,255                      | 43,550            | 37,295                           | 383                       | 7,749             | 7,366                            |
| Contributions and donations                 | -                          | -                 | -                                | -                         | -                 | -                                |
| Other                                       | -                          | -                 | -                                | -                         | -                 | -                                |
| <b>Total revenues</b>                       | <b>6,255</b>               | <b>43,550</b>     | <b>37,295</b>                    | <b>147,180</b>            | <b>154,548</b>    | <b>7,368</b>                     |
| <b>Expenditures</b>                         |                            |                   |                                  |                           |                   |                                  |
| Current:                                    |                            |                   |                                  |                           |                   |                                  |
| General government                          | -                          | -                 | -                                | -                         | -                 | -                                |
| Public safety                               | -                          | -                 | -                                | 146,797                   | 42,979            | (103,818)                        |
| Public works                                | 675,841                    | 549,680           | (126,161)                        | -                         | -                 | -                                |
| Community/economic development              | -                          | -                 | -                                | -                         | -                 | -                                |
| Culture and recreation                      | -                          | -                 | -                                | -                         | -                 | -                                |
| Capital outlay                              | -                          | 2,842             | 2,842                            | -                         | -                 | -                                |
| Debt service:                               |                            |                   |                                  |                           |                   |                                  |
| Principal retirement                        | -                          | -                 | -                                | -                         | -                 | -                                |
| Interest and fiscal charges                 | -                          | -                 | -                                | -                         | -                 | -                                |
| <b>Total expenditures</b>                   | <b>675,841</b>             | <b>552,522</b>    | <b>(123,319)</b>                 | <b>146,797</b>            | <b>42,979</b>     | <b>(103,818)</b>                 |
| Revenues over (under) expenditures          | (669,586)                  | (508,972)         | 160,614                          | 383                       | 111,569           | 111,186                          |
| <b>Other financing sources (uses)</b>       |                            |                   |                                  |                           |                   |                                  |
| Transfers in                                | 811,900                    | 811,908           | 8                                | -                         | -                 | -                                |
| Transfers out                               | -                          | -                 | -                                | -                         | -                 | -                                |
| <b>Total other financing sources (uses)</b> | <b>811,900</b>             | <b>811,908</b>    | <b>8</b>                         | <b>-</b>                  | <b>-</b>          | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>142,314</b>             | <b>302,936</b>    | <b>160,622</b>                   | <b>383</b>                | <b>111,569</b>    | <b>111,186</b>                   |
| Fund balances, beginning of year            | 584,090                    | 584,090           | -                                | 90,382                    | 90,382            | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 726,404</b>          | <b>\$ 887,026</b> | <b>\$ 160,622</b>                | <b>\$ 90,765</b>          | <b>\$ 201,951</b> | <b>\$ 111,186</b>                |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Parks Maint & Capital Imp Millage |                    |                                  | County Mental Health Millage |                     |                                  |
|---|-----------------------------------|--------------------|----------------------------------|------------------------------|---------------------|----------------------------------|
|   | Final Budget                      | Actual             | Actual Over (Under) Final Budget | Final Budget                 | Actual              | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                                   |                    |                                  |                              |                     |                                  |
| Taxes                                       | \$ 8,191,648                      | \$ 8,185,063       | \$ (6,585)                       | \$ 2,869,704                 | \$ 3,119,084        | \$ 249,380                       |
| Licenses, permits, and registrations        | -                                 | -                  | -                                | -                            | -                   | -                                |
| Intergovernmental                           | -                                 | -                  | -                                | -                            | -                   | -                                |
| Charges for services                        | -                                 | 2,496              | 2,496                            | -                            | -                   | -                                |
| Fines and forfeits                          | -                                 | -                  | -                                | -                            | -                   | -                                |
| Investment earnings                         | 295,190                           | 410,005            | 114,815                          | 41,980                       | 59,599              | 17,619                           |
| Contributions and donations                 | -                                 | 20,850             | 20,850                           | -                            | -                   | -                                |
| Other                                       | 834,799                           | 1,007,942          | 173,143                          | -                            | -                   | -                                |
| <b>Total revenues</b>                       | <b>9,321,637</b>                  | <b>9,626,356</b>   | <b>304,719</b>                   | <b>2,911,684</b>             | <b>3,178,683</b>    | <b>266,999</b>                   |
| <b>Expenditures</b>                         |                                   |                    |                                  |                              |                     |                                  |
| Current:                                    |                                   |                    |                                  |                              |                     |                                  |
| General government                          | -                                 | -                  | -                                | 695,287                      | 695,286             | (1)                              |
| Public safety                               | -                                 | -                  | -                                | -                            | -                   | -                                |
| Public works                                | -                                 | -                  | -                                | 369,283                      | 369,280             | (3)                              |
| Community/economic development              | -                                 | -                  | -                                | 1,147,881                    | 1,147,880           | (1)                              |
| Culture and recreation                      | 7,827,396                         | 7,849,584          | 22,188                           | -                            | -                   | -                                |
| Capital outlay                              | 6,282,189                         | 5,759,519          | (522,670)                        | 820,807                      | 820,806             | (1)                              |
| Debt service:                               |                                   |                    |                                  |                              |                     |                                  |
| Principal retirement                        | -                                 | -                  | -                                | -                            | -                   | -                                |
| Interest and fiscal charges                 | -                                 | -                  | -                                | -                            | -                   | -                                |
| <b>Total expenditures</b>                   | <b>14,109,585</b>                 | <b>13,609,103</b>  | <b>(500,482)</b>                 | <b>3,033,258</b>             | <b>3,033,252</b>    | <b>(6)</b>                       |
| Revenues over (under) expenditures          | (4,787,948)                       | (3,982,747)        | 805,201                          | (121,574)                    | 145,431             | 267,005                          |
| <b>Other financing sources (uses)</b>       |                                   |                    |                                  |                              |                     |                                  |
| Transfers in                                | -                                 | -                  | -                                | -                            | -                   | -                                |
| Transfers out                               | (33,964)                          | (83,395)           | 49,431                           | (105,000)                    | (105,000)           | -                                |
| <b>Total other financing sources (uses)</b> | <b>(33,964)</b>                   | <b>(83,395)</b>    | <b>(49,431)</b>                  | <b>(105,000)</b>             | <b>(105,000)</b>    | <b>-</b>                         |
| <b>Net change in fund balances</b>          | <b>(4,821,912)</b>                | <b>(4,066,142)</b> | <b>755,770</b>                   | <b>(226,574)</b>             | <b>40,431</b>       | <b>267,005</b>                   |
| Fund balances, beginning of year            | 4,988,183                         | 4,988,183          | -                                | 2,025,833                    | 2,025,833           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 166,271</b>                 | <b>\$ 922,041</b>  | <b>\$ 755,770</b>                | <b>\$ 1,799,259</b>          | <b>\$ 2,066,264</b> | <b>\$ 267,005</b>                |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Sidewalk Construction Millage |                     |                                  | Affordable Housing Millage |                  |                                  |
|---|-------------------------------|---------------------|----------------------------------|----------------------------|------------------|----------------------------------|
|   | Final Budget                  | Actual              | Actual Over (Under) Final Budget | Final Budget               | Actual           | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                               |                     |                                  |                            |                  |                                  |
| Taxes                                       | \$ 1,484,809                  | \$ 1,514,930        | \$ 30,121                        | \$ 7,581,285               | \$ 7,580,624     | \$ (661)                         |
| Licenses, permits, and registrations        | -                             | -                   | -                                | -                          | -                | -                                |
| Intergovernmental                           | -                             | -                   | -                                | -                          | -                | -                                |
| Charges for services                        | -                             | -                   | -                                | -                          | -                | -                                |
| Fines and forfeits                          | -                             | -                   | -                                | -                          | -                | -                                |
| Investment earnings                         | 18,932                        | 167,381             | 148,449                          | 168,661                    | 38,530           | (130,131)                        |
| Contributions and donations                 | 900,000                       | 500,071             | (399,929)                        | -                          | -                | -                                |
| Other                                       | -                             | 14,383              | 14,383                           | -                          | 839              | 839                              |
| <b>Total revenues</b>                       | <b>2,403,741</b>              | <b>2,196,765</b>    | <b>(206,976)</b>                 | <b>7,749,946</b>           | <b>7,619,993</b> | <b>(129,953)</b>                 |
| <b>Expenditures</b>                         |                               |                     |                                  |                            |                  |                                  |
| Current:                                    |                               |                     |                                  |                            |                  |                                  |
| General government                          | -                             | -                   | -                                | -                          | -                | -                                |
| Public safety                               | -                             | -                   | -                                | -                          | -                | -                                |
| Public works                                | 816,993                       | 791,756             | (25,237)                         | -                          | -                | -                                |
| Community/economic development              | -                             | -                   | -                                | 7,183,882                  | 7,031,512        | (152,370)                        |
| Culture and recreation                      | -                             | -                   | -                                | -                          | -                | -                                |
| Capital outlay                              | 207,065                       | 203,124             | (3,941)                          | -                          | -                | -                                |
| Debt service:                               |                               |                     |                                  |                            |                  |                                  |
| Principal retirement                        | -                             | -                   | -                                | -                          | -                | -                                |
| Interest and fiscal charges                 | -                             | -                   | -                                | -                          | -                | -                                |
| <b>Total expenditures</b>                   | <b>1,024,058</b>              | <b>994,880</b>      | <b>(29,178)</b>                  | <b>7,183,882</b>           | <b>7,031,512</b> | <b>(152,370)</b>                 |
| Revenues over (under) expenditures          | 1,379,683                     | 1,201,885           | (177,798)                        | 566,064                    | 588,481          | 22,417                           |
| <b>Other financing sources (uses)</b>       |                               |                     |                                  |                            |                  |                                  |
| Transfers in                                | 96,804                        | 183,551             | 86,747                           | -                          | -                | -                                |
| Transfers out                               | (663,031)                     | (663,028)           | (3)                              | (712,510)                  | (759,595)        | 47,085                           |
| <b>Total other financing sources (uses)</b> | <b>(566,227)</b>              | <b>(479,477)</b>    | <b>86,750</b>                    | <b>(712,510)</b>           | <b>(759,595)</b> | <b>(47,085)</b>                  |
| <b>Net change in fund balances</b>          | <b>813,456</b>                | <b>722,408</b>      | <b>(91,048)</b>                  | <b>(146,446)</b>           | <b>(171,114)</b> | <b>(24,668)</b>                  |
| Fund balances, beginning of year            | 2,292,759                     | 2,292,759           | -                                | 221,558                    | 221,558          | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 3,106,215</b>           | <b>\$ 3,015,167</b> | <b>\$ (91,048)</b>               | <b>\$ 75,112</b>           | <b>\$ 50,444</b> | <b>\$ (24,668)</b>               |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Schedule of Revenues, Expenditures and Changes in Fund Balances**

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2025

|   | Climate Action Millage |                     |                                  | Major Grants        |                     |                                  |
|---|------------------------|---------------------|----------------------------------|---------------------|---------------------|----------------------------------|
|   | Final Budget           | Actual              | Actual Over (Under) Final Budget | Final Budget        | Actual              | Actual Over (Under) Final Budget |
| <b>Revenues</b>                             |                        |                     |                                  |                     |                     |                                  |
| Taxes                                       | \$ 7,476,377           | \$ 7,631,558        | \$ 155,181                       | \$ -                | \$ -                | \$ -                             |
| Licenses, permits, and registrations        | -                      | -                   | -                                | -                   | -                   | -                                |
| Intergovernmental                           | -                      | -                   | -                                | 8,233,437           | 6,169,051           | (2,064,386)                      |
| Charges for services                        | -                      | -                   | -                                | -                   | -                   | -                                |
| Fines and forfeits                          | -                      | -                   | -                                | -                   | -                   | -                                |
| Investment earnings                         | -                      | 432,943             | 432,943                          | -                   | 424,396             | 424,396                          |
| Contributions and donations                 | 100,000                | -                   | (100,000)                        | -                   | -                   | -                                |
| Other                                       | -                      | 21,795              | 21,795                           | 49,224              | 49,224              | -                                |
| <b>Total revenues</b>                       | <b>7,576,377</b>       | <b>8,086,296</b>    | <b>509,919</b>                   | <b>8,282,661</b>    | <b>6,642,671</b>    | <b>(1,639,990)</b>               |
| <b>Expenditures</b>                         |                        |                     |                                  |                     |                     |                                  |
| Current:                                    |                        |                     |                                  |                     |                     |                                  |
| General government                          | 7,187,145              | 3,318,016           | (3,869,129)                      | 2,211,057           | 2,147,153           | (63,904)                         |
| Public safety                               | -                      | -                   | -                                | 104,576             | 223,079             | 118,503                          |
| Public works                                | -                      | -                   | -                                | 592,082             | 596,458             | 4,376                            |
| Community/economic development              | -                      | -                   | -                                | 1,165,529           | 1,165,529           | -                                |
| Culture and recreation                      | -                      | -                   | -                                | 49,224              | 49,224              | -                                |
| Capital outlay                              | 952,234                | 751,773             | (200,461)                        | 2,641,082           | 2,517,698           | (123,384)                        |
| Debt service:                               |                        |                     |                                  |                     |                     |                                  |
| Principal retirement                        | -                      | -                   | -                                | -                   | -                   | -                                |
| Interest and fiscal charges                 | -                      | -                   | -                                | -                   | -                   | -                                |
| <b>Total expenditures</b>                   | <b>8,139,379</b>       | <b>4,069,789</b>    | <b>(4,069,590)</b>               | <b>6,763,550</b>    | <b>6,699,141</b>    | <b>(64,409)</b>                  |
| Revenues over (under) expenditures          | (563,002)              | 4,016,507           | 4,579,509                        | 1,519,111           | (56,470)            | (1,575,581)                      |
| <b>Other financing sources (uses)</b>       |                        |                     |                                  |                     |                     |                                  |
| Transfers in                                | -                      | -                   | -                                | 410,155             | 463,928             | 53,773                           |
| Transfers out                               | (288,374)              | (535,325)           | 246,951                          | (2,011,042)         | -                   | (2,011,042)                      |
| <b>Total other financing sources (uses)</b> | <b>(288,374)</b>       | <b>(535,325)</b>    | <b>(246,951)</b>                 | <b>(1,600,887)</b>  | <b>463,928</b>      | <b>2,064,815</b>                 |
| <b>Net change in fund balances</b>          | <b>(851,376)</b>       | <b>3,481,182</b>    | <b>4,332,558</b>                 | <b>(81,776)</b>     | <b>407,458</b>      | <b>489,234</b>                   |
| Fund balances, beginning of year            | 3,516,628              | 3,516,628           | -                                | 1,185,372           | 1,185,372           | -                                |
| <b>Fund balances, end of year</b>           | <b>\$ 2,665,252</b>    | <b>\$ 6,997,810</b> | <b>\$ 4,332,558</b>              | <b>\$ 1,103,596</b> | <b>\$ 1,592,830</b> | <b>\$ 489,234</b>                |

concluded.

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Net Position

Internal Service Funds

June 30, 2025

|   | Central<br>Stores   | Fleet<br>Services    | Information<br>Technology | Project<br>Management |
|---|---------------------|----------------------|---------------------------|-----------------------|
| <b>Assets</b>                                   |                     |                      |                           |                       |
| Current assets:                                 |                     |                      |                           |                       |
| Cash and cash equivalents                       | \$ -                | \$ -                 | \$ -                      | \$ 200                |
| Equity in pooled cash and investments           | 2,101,368           | 27,713,921           | 2,875,680                 | 1,644,735             |
| Accounts receivable, net                        | -                   | -                    | 1,778                     | 81,933                |
| Prepaid items                                   | -                   | 1,340,631            | 1,349,197                 | -                     |
| Inventories                                     | 842,642             | 759,404              | -                         | -                     |
| Total current assets                            | <u>2,944,010</u>    | <u>29,813,956</u>    | <u>4,226,655</u>          | <u>1,726,868</u>      |
| Noncurrent assets:                              |                     |                      |                           |                       |
| Capital assets not depreciated                  | -                   | 90,005               | -                         | -                     |
| Capital assets being depreciated/amortized, net | -                   | 14,402,410           | 2,780,701                 | 71,116                |
| Total noncurrent assets                         | <u>-</u>            | <u>14,492,415</u>    | <u>2,780,701</u>          | <u>71,116</u>         |
| <b>Total assets</b>                             | <b>2,944,010</b>    | <b>44,306,371</b>    | <b>7,007,356</b>          | <b>1,797,984</b>      |
| <b>Liabilities</b>                              |                     |                      |                           |                       |
| Current liabilities:                            |                     |                      |                           |                       |
| Accounts payable                                | 67,901              | 195,780              | 141,158                   | 314,600               |
| Accrued liabilities                             | -                   | -                    | 2,414                     | -                     |
| Deposits payable                                | -                   | -                    | 5,469                     | 815,992               |
| Other long-term liabilities, current            | -                   | -                    | 748,486                   | -                     |
| Estimated claims payable, current               | -                   | -                    | -                         | -                     |
| Total current liabilities                       | <u>67,901</u>       | <u>195,780</u>       | <u>897,527</u>            | <u>1,130,592</u>      |
| Noncurrent liabilities:                         |                     |                      |                           |                       |
| Other long-term liabilities, net                | -                   | -                    | 1,227,273                 | -                     |
| Estimated claims payable, net                   | -                   | -                    | -                         | -                     |
| Total noncurrent liabilities                    | <u>-</u>            | <u>-</u>             | <u>1,227,273</u>          | <u>-</u>              |
| <b>Total liabilities</b>                        | <b>67,901</b>       | <b>195,780</b>       | <b>2,124,800</b>          | <b>1,130,592</b>      |
| <b>Net position</b>                             |                     |                      |                           |                       |
| Net investment in capital assets                | -                   | 14,492,415           | 804,942                   | 71,116                |
| Unrestricted                                    | <u>2,876,109</u>    | <u>29,618,176</u>    | <u>4,077,614</u>          | <u>596,276</u>        |
| <b>Total net position</b>                       | <b>\$ 2,876,109</b> | <b>\$ 44,110,591</b> | <b>\$ 4,882,556</b>       | <b>\$ 667,392</b>     |

2017-2018 BUDGET  
GENERAL FUND

| Insurance                | Wheeler<br>Center     | Total                    |
|--------------------------|-----------------------|--------------------------|
| \$ 98                    | \$ -                  | \$ 298                   |
| 16,444,393               | 1,070,160             | 51,850,257               |
| 4,957                    | 912                   | 89,580                   |
| 3,543,898                | -                     | 6,233,726                |
| -                        | -                     | 1,602,046                |
| <u>19,993,346</u>        | <u>1,071,072</u>      | <u>59,775,907</u>        |
| <br>- - -                | <br>- - -             | <br>90,005               |
| <u>-</u>                 | <u>-</u>              | <u>17,254,227</u>        |
| <u>-</u>                 | <u>-</u>              | <u>17,344,232</u>        |
| <br><u>19,993,346</u>    | <br><u>1,071,072</u>  | <br><u>77,120,139</u>    |
| <br><br>3,342,510        | <br>107,866           | <br>4,169,815            |
| -                        | -                     | 2,414                    |
| -                        | -                     | 821,461                  |
| -                        | -                     | 748,486                  |
| <u>219,787</u>           | <u>-</u>              | <u>219,787</u>           |
| <u>3,562,297</u>         | <u>107,866</u>        | <u>5,961,963</u>         |
| <br><br>- - -            | <br>- - -             | <br>1,227,273            |
| <u>1,642,310</u>         | <u>-</u>              | <u>1,642,310</u>         |
| <u>1,642,310</u>         | <u>-</u>              | <u>2,869,583</u>         |
| <br><u>5,204,607</u>     | <br><u>107,866</u>    | <br><u>8,831,546</u>     |
| <br><br>- - -            | <br>- - -             | <br>15,368,473           |
| <u>14,788,739</u>        | <u>963,206</u>        | <u>52,920,120</u>        |
| <br><u>\$ 14,788,739</u> | <br><u>\$ 963,206</u> | <br><u>\$ 68,288,593</u> |

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**

Internal Service Funds

For the Year Ended June 30, 2025

|  | Central<br>Stores   | Fleet<br>Services    | Information<br>Technology | Project<br>Management |
|--|---------------------|----------------------|---------------------------|-----------------------|
| <b>Operating revenues</b>                        |                     |                      |                           |                       |
| Charges for services                             | \$ 1,222,468        | \$ 9,328,963         | \$ 11,588,864             | \$ 4,684,496          |
| <b>Operating expenses</b>                        |                     |                      |                           |                       |
| Personal services                                | 252,757             | 1,717,680            | 4,664,207                 | 2,971,188             |
| Municipal service charge                         | 22,224              | 202,716              | 916,608                   | 187,464               |
| Information technology charges                   | 10,488              | 109,556              | 509,798                   | 550,106               |
| Other operating costs                            | 894,994             | 2,526,728            | 3,537,845                 | 1,232,921             |
| Depreciation and amortization                    | -                   | 2,874,170            | 947,434                   | 27,207                |
| <b>Total operating expenses</b>                  | <u>1,180,463</u>    | <u>7,430,850</u>     | <u>10,575,892</u>         | <u>4,968,886</u>      |
| Operating income (loss)                          | 42,005              | 1,898,113            | 1,012,972                 | (284,390)             |
| <b>Nonoperating revenues (expenses)</b>          |                     |                      |                           |                       |
| Investment earnings                              | 109,894             | 1,496,381            | 172,664                   | 71,130                |
| Gain on sale of capital assets                   | -                   | 282,883              | -                         | -                     |
| Interest and fiscal charges                      | -                   | -                    | (57,181)                  | -                     |
| <b>Total nonoperating revenues (expenses)</b>    | <u>109,894</u>      | <u>1,779,264</u>     | <u>115,483</u>            | <u>71,130</u>         |
| Income (loss) before contributions and transfers | 151,899             | 3,677,377            | 1,128,455                 | (213,260)             |
| <b>Capital contributions</b>                     | -                   | 3,223,670            | -                         | -                     |
| <b>Transfers out</b>                             | <u>(47,604)</u>     | <u>(633,944)</u>     | <u>(528,708)</u>          | <u>(89,196)</u>       |
| <b>Change in net position</b>                    | <u>104,295</u>      | <u>6,267,103</u>     | <u>599,747</u>            | <u>(302,456)</u>      |
| Net position, beginning of year                  | <u>2,771,814</u>    | <u>37,843,488</u>    | <u>4,282,809</u>          | <u>969,848</u>        |
| <b>Net position, end of year</b>                 | <u>\$ 2,876,109</u> | <u>\$ 44,110,591</u> | <u>\$ 4,882,556</u>       | <u>\$ 667,392</u>     |

**Statement of Revenues and Expenses**

| <b>Insurance</b>     | <b>Wheeler<br/>Center</b> | <b>Total</b>         |
|----------------------|---------------------------|----------------------|
| \$ 37,144,108        | \$ 938,698                | \$ 64,907,597        |
|                      |                           |                      |
| 1,022,337            | 50,773                    | 10,678,942           |
| 418,764              | 125,436                   | 1,873,212            |
| 67,608               | 23,916                    | 1,271,472            |
| 32,560,940           | 681,073                   | 41,434,501           |
| -                    | -                         | 3,848,811            |
| <u>34,069,649</u>    | <u>881,198</u>            | <u>59,106,938</u>    |
|                      |                           |                      |
| 3,074,459            | 57,500                    | 5,800,659            |
|                      |                           |                      |
| 817,569              | 53,811                    | 2,721,449            |
| -                    | -                         | 282,883              |
| -                    | -                         | (57,181)             |
| <u>817,569</u>       | <u>53,811</u>             | <u>2,947,151</u>     |
|                      |                           |                      |
| 3,892,028            | 111,311                   | 8,747,810            |
|                      |                           |                      |
| -                    | -                         | 3,223,670            |
|                      |                           |                      |
| -                    | -                         | (1,299,452)          |
|                      |                           |                      |
| 3,892,028            | 111,311                   | 10,672,028           |
|                      |                           |                      |
| <u>10,896,711</u>    | <u>851,895</u>            | <u>57,616,565</u>    |
|                      |                           |                      |
| <u>\$ 14,788,739</u> | <u>\$ 963,206</u>         | <u>\$ 68,288,593</u> |

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2025

|   | Central<br>Stores          | Fleet<br>Services           | Information<br>Technology  | Project<br>Management      |
|---|----------------------------|-----------------------------|----------------------------|----------------------------|
| <b>Cash flow from operating activities</b>                      |                            |                             |                            |                            |
| Payments to suppliers   | \$ (948,299)               | \$ (4,169,943)              | \$ (5,263,940)             | \$ (2,188,430)             |
| Payments on behalf of employees                                 | (252,757)                  | (1,717,680)                 | (4,664,124)                | (2,971,188)                |
| Receipts for interfund services                                 | 1,222,468                  | 9,328,963                   | 11,588,864                 | 4,684,496                  |
| <b>Net cash from operating activities</b>                       | <u>21,412</u>              | <u>3,441,340</u>            | <u>1,660,800</u>           | <u>(475,122)</u>           |
| <b>Cash flows from noncapital financing activities</b>          |                            |                             |                            |                            |
| Transfers out   | (47,604)                   | (633,944)                   | (528,708)                  | (89,196)                   |
| <b>Cash flows from capital and related financing activities</b> |                            |                             |                            |                            |
| Capital contributions   | -                          | 3,223,670                   | -                          | -                          |
| Purchase of capital assets                                      | -                          | (7,094,802)                 | (6,491)                    | -                          |
| Proceeds from sale of capital assets                            | -                          | 431,341                     | -                          | -                          |
| Principal paid on long-term liabilities                         | -                          | -                           | (805,347)                  | -                          |
| Interest paid on long-term liabilities                          | -                          | -                           | (57,181)                   | -                          |
| <b>Net cash from capital and related financing activities</b>   | <u>-</u>                   | <u>(3,439,791)</u>          | <u>(869,019)</u>           | <u>-</u>                   |
| <b>Cash flows from investing activities</b>                     |                            |                             |                            |                            |
| Interest and dividends on investments                           | 109,894                    | 1,496,381                   | 172,664                    | 71,130                     |
| <b>Net change in cash and cash equivalents</b>                  | <u>83,702</u>              | <u>863,986</u>              | <u>435,737</u>             | <u>(493,188)</u>           |
| Cash and cash equivalents, beginning of the year                | 2,017,666                  | 26,849,935                  | 2,439,943                  | 2,138,123                  |
| <b>Cash and cash equivalents, end of the year</b>               | <u><u>\$ 2,101,368</u></u> | <u><u>\$ 27,713,921</u></u> | <u><u>\$ 2,875,680</u></u> | <u><u>\$ 1,644,935</u></u> |
| <b>Reconciliation to statement of net position</b>              |                            |                             |                            |                            |
| Cash and cash equivalents                                       | \$ -                       | \$ -                        | \$ -                       | \$ 200                     |
| Equity in pooled cash and investments                           | 2,101,368                  | 27,713,921                  | 2,875,680                  | 1,644,735                  |
| <b>Cash and cash equivalents, end of year</b>                   | <u><u>\$ 2,101,368</u></u> | <u><u>\$ 27,713,921</u></u> | <u><u>\$ 2,875,680</u></u> | <u><u>\$ 1,644,935</u></u> |

**STATEMENT OF CASH FLOWS**

| <b>Insurance</b>     | <b>Wheeler<br/>Center</b> | <b>Total</b>         |
|----------------------|---------------------------|----------------------|
| \$ (34,454,564)      | \$ (802,424)              | \$ (47,827,600)      |
| (1,138,703)          | (50,773)                  | (10,795,225)         |
| <u>37,144,108</u>    | <u>938,698</u>            | <u>64,907,597</u>    |
| <u>1,550,841</u>     | <u>85,501</u>             | <u>6,284,772</u>     |
| <u>-</u>             | <u>-</u>                  | <u>(1,299,452)</u>   |
| -                    | -                         | 3,223,670            |
| -                    | -                         | (7,101,293)          |
| -                    | -                         | 431,341              |
| -                    | -                         | (805,347)            |
| <u>-</u>             | <u>-</u>                  | <u>(57,181)</u>      |
| <u>-</u>             | <u>-</u>                  | <u>(4,308,810)</u>   |
| <u>817,569</u>       | <u>53,811</u>             | <u>2,721,449</u>     |
| 2,368,410            | 139,312                   | 3,397,959            |
| <u>14,076,081</u>    | <u>930,848</u>            | <u>48,452,596</u>    |
| <u>\$ 16,444,491</u> | <u>\$ 1,070,160</u>       | <u>\$ 51,850,555</u> |
| <u>\$ 16,444,393</u> | <u>\$ 1,070,160</u>       | <u>\$ 51,850,257</u> |
| <u>\$ 16,444,491</u> | <u>\$ 1,070,160</u>       | <u>\$ 51,850,555</u> |

continued...

**CITY OF ANN ARBOR, MICHIGAN**

**Combining Statement of Cash Flows**

Internal Service Funds

For the Year Ended June 30, 2025

|   | <b>Central<br/>Stores</b> | <b>Fleet<br/>Services</b> | <b>Information<br/>Technology</b> | <b>Project<br/>Management</b> |
|---|---------------------------|---------------------------|-----------------------------------|-------------------------------|
| <b>Reconciliation of operating income (loss) to net cash from operating activities</b>  |                           |                           |                                   |                               |
| Operating income (loss)   | \$ 42,005                 | \$ 1,898,113              | \$ 1,012,972                      | \$ (284,390)                  |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: |                           |                           |                                   |                               |
| Depreciation and amortization   | -                         | 2,874,170                 | 947,434                           | 27,207                        |
| Changes in assets and liabilities:  |                           |                           |                                   |                               |
| Accounts receivable   | -                         | -                         | 29,858                            | (54,331)                      |
| Due from other governments  | -                         | 2,309                     | 475                               | -                             |
| Prepaid items   | -                         | (1,325,526)               | (218,335)                         | -                             |
| Inventories   | (63,226)                  | (53,891)                  | -                                 | -                             |
| Accounts payable  | 42,633                    | 46,165                    | (111,687)                         | 57,899                        |
| Accrued liabilities   | -                         | -                         | 83                                | -                             |
| Deposits payable  | -                         | -                         | -                                 | (221,507)                     |
| Estimated claims payable  | -                         | -                         | -                                 | -                             |
| <b>Net cash from operating activities</b>   | <b>\$ 21,412</b>          | <b>\$ 3,441,340</b>       | <b>\$ 1,660,800</b>               | <b>\$ (475,122)</b>           |
| <b>Noncash capital and related financing activities</b>                                 |                           |                           |                                   |                               |
| Addition of subscription assets   | \$ -                      | \$ -                      | \$ (1,920,057)                    | \$ -                          |
| Addition of subscription liabilities  | -                         | -                         | 1,920,057                         | -                             |
| <b>Total noncash activities</b>   | <b>\$ -</b>               | <b>\$ -</b>               | <b>\$ -</b>                       | <b>\$ -</b>                   |

| Insurance | Wheeler<br>Center | Total |
|-----------|-------------------|-------|
|-----------|-------------------|-------|

|                     |                  |                     |
|---------------------|------------------|---------------------|
| \$ 3,074,459        | \$ 57,500        | \$ 5,800,659        |
| -                   | -                | 3,848,811           |
| (4,957)             | 385              | (29,045)            |
| -                   | -                | 2,784               |
| (1,451,900)         | -                | (2,995,761)         |
| -                   | -                | (117,117)           |
| 49,605              | 27,616           | 112,231             |
| -                   | -                | 83                  |
| -                   | -                | (221,507)           |
| <u>(116,366)</u>    | <u>-</u>         | <u>(116,366)</u>    |
| <u>\$ 1,550,841</u> | <u>\$ 85,501</u> | <u>\$ 6,284,772</u> |

|             |             |                  |
|-------------|-------------|------------------|
| \$ -        | \$ -        | \$ (1,920,057)   |
| <u>-</u>    | <u>-</u>    | <u>1,920,057</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>      |

concluded.

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

June 30, 2025

|                                       | Employees'<br>Retirement<br>System | Retiree<br>Health Care<br>Trust | Total                 |
|---------------------------------------|------------------------------------|---------------------------------|-----------------------|
| <b>Assets</b>                         |                                    |                                 |                       |
| Equity in pooled cash and investments | \$ 355,088                         | \$ 268,908                      | \$ 623,996            |
| Investments, at fair value:           |                                    |                                 |                       |
| Equities                              | 428,307,538                        | 192,697,883                     | 621,005,421           |
| Fixed income                          | 118,912,216                        | 52,500,650                      | 171,412,866           |
| Other                                 | 137,694,734                        | 58,652,380                      | 196,347,114           |
| Accrued interest and dividends        | 686,505                            | 373,208                         | 1,059,713             |
| Accounts receivable                   | 513,586                            | -                               | 513,586               |
| Capital assets being depreciated, net | 276,550                            | -                               | 276,550               |
| <b>Total assets</b>                   | <b>686,746,217</b>                 | <b>304,493,029</b>              | <b>991,239,246</b>    |
| <b>Liabilities</b>                    |                                    |                                 |                       |
| Accounts payable                      | 4,062,348                          | 516,150                         | 4,578,498             |
| <b>Net position</b>                   |                                    |                                 |                       |
| Investment in capital assets          | 276,550                            | -                               | 276,550               |
| Restricted for:                       |                                    |                                 |                       |
| Pension benefits                      | 682,407,319                        | -                               | 682,407,319           |
| Other postemployment benefits         | -                                  | 303,976,879                     | 303,976,879           |
| <b>Total net position</b>             | <b>\$ 682,683,869</b>              | <b>\$ 303,976,879</b>           | <b>\$ 986,660,748</b> |

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

For the Year Ended June 30, 2025

|  | Employees'<br>Retirement<br>System | Retiree<br>Health Care<br>Trust | Total                 |
|--|------------------------------------|---------------------------------|-----------------------|
| <b>Additions</b>   |                                    |                                 |                       |
| Investment income:                                       |                                    |                                 |                       |
| <i>From investing activities:</i>                        |                                    |                                 |                       |
| Net appreciation in fair value of investments            | \$ 48,246,653                      | \$ 20,323,188                   | \$ 68,569,841         |
| Interest and dividends                                   | 12,159,619                         | 5,977,718                       | 18,137,337            |
| Total investment income:                                 | 60,406,272                         | 26,300,906                      | 86,707,178            |
| Investment management fees                               | (632,161)                          | (183,726)                       | (815,887)             |
| Net investment income from investing activities          | 59,774,111                         | 26,117,180                      | 85,891,291            |
| <i>From securities lending activities:</i>               |                                    |                                 |                       |
| Gross earnings   | 70,368                             | 20,218                          | 90,586                |
| Borrower rebates paid                                    | (60,379)                           | (16,927)                        | (77,306)              |
| Securities lending fees                                  | (2,993)                            | (983)                           | (3,976)               |
| Net investment income from securities lending activities | 6,996                              | 2,308                           | 9,304                 |
| Total net investment income                              | 59,781,107                         | 26,119,488                      | 85,900,595            |
| Contributions:   |                                    |                                 |                       |
| Employer   | 19,801,964                         | 17,385,917                      | 37,187,881            |
| Plan members   | 4,369,009                          | -                               | 4,369,009             |
| Total contributions                                      | 24,170,973                         | 17,385,917                      | 41,556,890            |
| <b>Total additions</b>                                   | <b>83,952,080</b>                  | <b>43,505,405</b>               | <b>127,457,485</b>    |
| <b>Deductions</b>  |                                    |                                 |                       |
| Benefits   | 46,249,405                         | 16,888,770                      | 63,138,175            |
| Refunds  | 1,910,382                          | -                               | 1,910,382             |
| Administrative expenses                                  | 799,773                            | 351,824                         | 1,151,597             |
| <b>Total deductions</b>                                  | <b>48,959,560</b>                  | <b>17,240,594</b>               | <b>66,200,154</b>     |
| <b>Change in net position</b>                            | <b>34,992,520</b>                  | <b>26,264,811</b>               | <b>61,257,331</b>     |
| Net position, beginning of year                          | 647,691,349                        | 277,712,068                     | 925,403,417           |
| <b>Net position, end of year</b>                         | <b>\$ 682,683,869</b>              | <b>\$ 303,976,879</b>           | <b>\$ 986,660,748</b> |

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2025

|   | 15th District<br>Court<br>Depository | Treasurer's<br>Delinquent<br>Tax | Treasurer's<br>Current<br>Tax | Total            |
|---|--------------------------------------|----------------------------------|-------------------------------|------------------|
| <b>Assets</b>   |                                      |                                  |                               |                  |
| Cash and cash equivalents   | \$ 60,323                            | \$ -                             | \$ 11,956                     | \$ 72,279        |
| Equity in pooled cash and investments                               | <u>-</u>                             | <u>3,097</u>                     | <u>4,935</u>                  | <u>8,032</u>     |
| <b>Total assets</b>   | <b>60,323</b>                        | <b>3,097</b>                     | <b>16,891</b>                 | <b>80,311</b>    |
| <b>Liabilities</b>  |                                      |                                  |                               |                  |
| Due to other governments  | <u>60,323</u>                        | <u>316</u>                       | <u>3,879</u>                  | <u>64,518</u>    |
| <b>Net position</b>   |                                      |                                  |                               |                  |
| Restricted for individuals, organizations,<br>and other governments | <u>\$ -</u>                          | <u>\$ 2,781</u>                  | <u>\$ 13,012</u>              | <u>\$ 15,793</u> |

# CITY OF ANN ARBOR, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Year Ended June 30, 2025

|  | 15th District<br>Court<br>Depository | Treasurer's<br>Delinquent<br>Tax | Treasurer's<br>Current<br>Tax | Total              |
|--|--------------------------------------|----------------------------------|-------------------------------|--------------------|
| <b>Additions</b>                       |                                      |                                  |                               |                    |
| Taxes collected for other governments  | \$ -                                 | \$ -                             | \$ 355,962,353                | \$ 355,962,353     |
| Court fines, fees, and costs           | 1,873,595                            | -                                | -                             | 1,873,595          |
| Interest                               | 2,694                                | 516                              | 1,526                         | 4,736              |
| <b>Total additions</b>                 | <b>1,876,289</b>                     | <b>516</b>                       | <b>355,963,879</b>            | <b>357,840,684</b> |
| <b>Deductions</b>                      |                                      |                                  |                               |                    |
| Payments of taxes to other governments | -                                    | -                                | 355,962,353                   | 355,962,353        |
| Court disbursements                    | 1,876,289                            | -                                | -                             | 1,876,289          |
| <b>Total deductions</b>                | <b>1,876,289</b>                     | <b>-</b>                         | <b>355,962,353</b>            | <b>357,838,642</b> |
| <b>Total change in net position</b>    |                                      | 516                              | 1,526                         | 2,042              |
| Net position, beginning of year        | -                                    | 2,265                            | 11,486                        | 13,751             |
| <b>Net position, end of year</b>       | <b>\$ -</b>                          | <b>\$ 2,781</b>                  | <b>\$ 13,012</b>              | <b>\$ 15,793</b>   |

# CITY OF ANN ARBOR, MICHIGAN

## Component Unit Balance Sheet

SmartZone Local Development Finance Authority  
June 30, 2025

SmartZone  
Local  
Development  
Finance  
Authority

### Assets

|                                       |                            |
|---------------------------------------|----------------------------|
| Equity in pooled cash and investments | \$ 1,561,629               |
| Loans receivable                      | <u>153,673</u>             |
| <b>Total assets</b>                   | <b><u>\$ 1,715,302</u></b> |

### Liabilities

|                          |                |
|--------------------------|----------------|
| Accounts payable         | \$ 626,475     |
| Unearned revenue         | <u>153,673</u> |
| <b>Total liabilities</b> | <b>780,148</b> |

### Fund balance

|  |                            |
|--|----------------------------|
| Committed for community and economic development | <u>935,154</u>             |
| <b>Total liabilities and fund balance</b>        | <b><u>\$ 1,715,302</u></b> |

# CITY OF ANN ARBOR, MICHIGAN

## Component Unit Statement of Revenues, Expenditures, and Changes in Fund Balance

SmartZone Local Development Finance Authority

For the Year Ended June 30, 2025

SmartZone  
Local  
Development  
Finance  
Authority

### Revenues

|                       |                  |
|-----------------------|------------------|
| Taxes                 | \$ 5,760,500     |
| Investment income     | <u>147,439</u>   |
| <b>Total revenues</b> | <b>5,907,939</b> |

### Expenditures

|                                    |                  |
|------------------------------------|------------------|
| Current -                          |                  |
| Community and economic development | <u>5,600,643</u> |

|                                   |                |
|-----------------------------------|----------------|
| <b>Net change in fund balance</b> | <b>307,296</b> |
| Fund balance, beginning of year   | <u>627,858</u> |

|                                  |                   |
|----------------------------------|-------------------|
| <b>Fund balance, end of year</b> | <b>\$ 935,154</b> |
|----------------------------------|-------------------|

## CITY OF ANN ARBOR, MICHIGAN

### Component Unit Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

SmartZone Local Development Finance Authority

For the Year Ended June 30, 2025

|                                    | Original<br>Budget | Final<br>Budget   | Actual            | Actual Over<br>(Under) Final<br>Budget |
|------------------------------------|--------------------|-------------------|-------------------|--|
| <b>Revenues</b>                    |                    |                   |                   |  |
| Taxes                              | \$ 5,420,526       | \$ 5,420,526      | \$ 5,760,500      | \$ 339,974                             |
| Investment income                  | <u>99,091</u>      | <u>99,091</u>     | <u>147,439</u>    | <u>48,348</u>                          |
| <b>Total revenues</b>              | <b>5,519,617</b>   | <b>5,519,617</b>  | <b>5,907,939</b>  | <b>388,322</b>                         |
| <b>Expenditures</b>                |                    |                   |                   |  |
| Current -                          |                    |                   |                   |  |
| Community and economic development | <u>5,745,809</u>   | <u>5,745,809</u>  | <u>5,600,643</u>  | <u>(145,166)</u>                       |
| <b>Net change in fund balance</b>  | <b>(226,192)</b>   | <b>(226,192)</b>  | <b>307,296</b>    | <b>533,488</b>                         |
| Fund balance, beginning of year    | <u>627,858</u>     | <u>627,858</u>    | <u>627,858</u>    | <u>-</u>                               |
| <b>Fund balance, end of year</b>   | <b>\$ 401,666</b>  | <b>\$ 401,666</b> | <b>\$ 935,154</b> | <b>\$ 533,488</b>                      |

## **STATISTICAL SECTION**

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# CITY OF ANN ARBOR, MICHIGAN

## Statistical Section Table of Contents

This part of the City of Ann Arbor, Michigan's (the "City") annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

|   |  | <u>Page</u> |
|---|--|-------------|
| <b>Financial Trends</b>                     | These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.  | 182         |
| <b>Revenue Capacity</b>                     | These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.  | 193         |
| <b>Debt Capacity</b>                        | These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                            | 198         |
| <b>Demographic and Economic Information</b> | These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.   | 204         |
| <b>Operating Information</b>                | These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | 208         |

Sources: Unless otherwise noted, the information in these schedules are derived from the annual financial reports for the applicable year.

## CITY OF ANN ARBOR, MICHIGAN

### Net Position by Component

(Accrual Basis of Accounting)

Last Ten Fiscal Years

|  | 2025                    | 2024                    | 2023                    | 2022                    |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Governmental activities</b>                     |                         |                         |                         |                         |
| Net investment in capital assets                   | \$ 914,396,766          | \$ 895,627,939          | \$ 876,961,867          | \$ 859,218,155          |
| Restricted   | 113,988,997             | 98,012,443              | 102,136,516             | 97,821,345              |
| Unrestricted (deficit)                             | 52,323,141              | 5,258,517               | (31,827,017)            | (59,121,357)            |
| <b>Total governmental activities net position</b>  | <b>\$ 1,080,708,904</b> | <b>\$ 998,898,899</b>   | <b>\$ 947,271,366</b>   | <b>\$ 897,918,143</b>   |
| <b>Business-type activities</b>                    |                         |                         |                         |                         |
| Net investment in capital assets                   | \$ 400,813,896          | \$ 364,917,213          | \$ 294,076,585          | \$ 289,662,026          |
| Restricted   | 39,496,152              | 52,412,955              | 36,785,774              | 34,572,747              |
| Unrestricted                                       | 139,032,100             | 109,092,471             | 146,147,387             | 109,261,293             |
| <b>Total business-type activities net position</b> | <b>\$ 579,342,148</b>   | <b>\$ 526,422,639</b>   | <b>\$ 477,009,746</b>   | <b>\$ 433,496,066</b>   |
| <b>Primary government</b>                          |                         |                         |                         |                         |
| Net investment in capital assets                   | \$ 1,315,210,662        | \$ 1,260,545,152        | \$ 1,171,038,452        | \$ 1,148,880,181        |
| Restricted   | 153,485,149             | 150,425,398             | 138,922,290             | 132,394,092             |
| Unrestricted (deficit)                             | 191,355,241             | 114,350,988             | 114,320,370             | 50,139,936              |
| <b>Total primary government net position</b>       | <b>\$ 1,660,051,052</b> | <b>\$ 1,525,321,538</b> | <b>\$ 1,424,281,112</b> | <b>\$ 1,331,414,209</b> |

Source: City of Ann Arbor Financial Services, Accounting Services Unit

Note: GASB Statement No. 74 was implemented in 2017 and previous years were not restated.

Note: Net position was restated for fiscal year 2021 in 2022 and previous years were not restated.

Note: GASB Statement No. 101 was implemented in 2025 and previous years were not restated.

Schedule 1  
UNAUDITED

| 2021                    | 2020                    | 2019                    | 2018                  | 2017                    | 2016                    |
|-------------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| \$ 862,022,341          | \$ 653,605,138          | \$ 664,619,342          | \$ 701,307,637        | \$ 700,165,724          | \$ 696,101,749          |
| 74,937,129              | 71,507,486              | 66,516,345              | 57,546,687            | 55,228,918              | 57,396,259              |
| (62,743,620)            | (81,833,606)            | (64,115,536)            | (92,031,983)          | (430,810)               | 526,827                 |
| <u>\$ 874,215,850</u>   | <u>\$ 643,279,018</u>   | <u>\$ 667,020,151</u>   | <u>\$ 666,822,341</u> | <u>\$ 754,963,832</u>   | <u>\$ 754,024,835</u>   |
| <br>                    | <br>                    | <br>                    | <br>                  | <br>                    | <br>                    |
| \$ 273,699,074          | \$ 251,130,814          | \$ 234,555,667          | \$ 216,805,278        | \$ 210,361,709          | \$ 198,917,535          |
| 34,200,616              | 33,752,565              | 33,863,408              | 33,448,566            | 32,956,794              | 33,715,282              |
| 83,268,136              | 76,353,673              | 66,288,021              | 66,043,566            | 70,350,912              | 66,341,759              |
| <u>\$ 391,167,826</u>   | <u>\$ 361,237,052</u>   | <u>\$ 334,707,096</u>   | <u>\$ 316,297,410</u> | <u>\$ 313,669,415</u>   | <u>\$ 298,974,576</u>   |
| <br>                    | <br>                    | <br>                    | <br>                  | <br>                    | <br>                    |
| \$ 1,135,721,415        | \$ 904,735,952          | \$ 899,175,009          | \$ 918,112,915        | \$ 910,527,433          | \$ 895,019,284          |
| 109,137,745             | 105,260,051             | 100,379,753             | 90,995,253            | 88,185,712              | 91,111,541              |
| 20,524,516              | (5,479,933)             | 2,172,485               | (25,988,417)          | 69,920,102              | 66,868,586              |
| <u>\$ 1,265,383,676</u> | <u>\$ 1,004,516,070</u> | <u>\$ 1,001,727,247</u> | <u>\$ 983,119,751</u> | <u>\$ 1,068,633,247</u> | <u>\$ 1,052,999,411</u> |

## CITY OF ANN ARBOR, MICHIGAN

### Changes in Net Position

(Accrual Basis of Accounting)

Last Ten Fiscal Years

|  | 2025 | 2024 | 2023 | 2022 |
|--|------|------|------|------|
|--|------|------|------|------|

#### Expenses

Governmental activities:

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| General government                            | \$ 16,293,660      | \$ 16,934,540      | \$ 16,786,947      | \$ 22,756,099      |
| Public safety                                 | 40,656,054         | 45,857,101         | 48,124,880         | 55,560,167         |
| Public works                                  | 38,805,606         | 46,282,400         | 31,716,206         | 27,876,386         |
| Community/economic development                | 18,698,169         | 21,690,080         | 10,599,184         | 4,728,505          |
| Culture and recreation                        | 18,290,244         | 17,704,057         | 21,130,037         | 16,217,984         |
| Public transportation                         | 14,715,637         | 13,728,350         | 12,911,467         | 12,225,468         |
| Interest on long-term liabilities             | 3,354,879          | 3,102,038          | 3,245,518          | 3,031,127          |
| <b>Total governmental activities expenses</b> | <b>150,814,249</b> | <b>165,298,566</b> | <b>144,514,239</b> | <b>142,395,736</b> |

Business-type activities:

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Water  | 26,606,705        | 25,347,315        | 20,902,115        | 19,390,604        |
| Sewer  | 21,544,563        | 22,739,865        | 21,588,195        | 18,934,433        |
| Parking  | 1,623,800         | 1,629,794         | 1,661,660         | 1,727,152         |
| Airport  | 1,186,529         | 1,027,821         | 818,222           | 929,227           |
| Stormwater                                     | 7,274,456         | 8,216,726         | 9,288,550         | 6,199,548         |
| Solid waste                                    | 15,069,620        | 14,514,784        | 17,059,032        | 11,429,026        |
| Technology fiber                               | 315,288           | 278,808           | -                 | -                 |
| <b>Total business-type activities expenses</b> | <b>73,620,961</b> | <b>73,755,113</b> | <b>71,317,774</b> | <b>58,609,990</b> |

**Total primary government expenses**

|                    |                    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|
| <b>224,435,210</b> | <b>239,053,679</b> | <b>215,832,013</b> | <b>201,005,726</b> |
|--------------------|--------------------|--------------------|--------------------|

#### Program revenues

Governmental activities:

|   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|
| Charges for services:                                 |                   |                   |                   |                   |
| General government                                    | 8,699,626         | 8,481,224         | 9,268,174         | 10,452,231        |
| Public safety   | 16,591,596        | 13,625,358        | 12,188,775        | 10,438,351        |
| Public works  | 9,376,455         | 4,087,316         | 3,788,887         | 2,694,880         |
| Community/economic development                        | 116,149           | 220,468           | 148,991           | 27,204            |
| Culture and recreation                                | 7,229,195         | 5,867,074         | 5,214,729         | 4,631,558         |
| Interest on long-term liabilities                     | 5,353,320         | 5,483,298         | 5,658,238         | 5,433,673         |
| Operating grants and contributions                    | 34,247,638        | 31,700,749        | 29,319,053        | 23,883,134        |
| Capital grants and contributions                      | 2,296,995         | 5,250,621         | 7,642,938         | 780,957           |
| <b>Total governmental activities program revenues</b> | <b>83,910,974</b> | <b>74,716,108</b> | <b>73,229,785</b> | <b>58,341,988</b> |

Business-type activities:

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| Charges for services:                                  |                   |                   |                   |                   |
| Water  | 35,428,851        | 34,731,553        | 36,193,513        | 30,553,152        |
| Sewer  | 37,178,620        | 36,086,874        | 34,808,098        | 36,316,978        |
| Parking  | 307,900           | 308,601           | 309,700           | 561,600           |
| Airport  | 1,044,603         | 1,020,430         | 952,188           | 975,774           |
| Stormwater   | 15,973,218        | 15,322,479        | 15,106,097        | 14,175,091        |
| Solid waste  | 1,948,678         | 1,781,420         | 4,263,230         | 4,588,982         |
| Technology fiber                                       | 200,035           | 234,009           | -                 | -                 |
| Operating grants and contributions                     | 2,423,643         | 176,577           | -                 | 23,000            |
| Capital grants and contributions                       | -                 | 956,821           | -                 | 228,164           |
| <b>Total business-type activities program revenues</b> | <b>94,505,548</b> | <b>90,618,764</b> | <b>91,632,826</b> | <b>87,422,741</b> |

**Total primary government program revenues**

|                    |                    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|
| <b>178,416,522</b> | <b>165,334,872</b> | <b>164,862,611</b> | <b>145,764,729</b> |
|--------------------|--------------------|--------------------|--------------------|

Schedule 2  
UNAUDITED

|                        | 2021               | 2020               | 2019               | 2018               | 2017               | 2016 |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|------|
| \$ 15,690,533          | \$ 20,385,283      | \$ 18,166,147      | \$ 19,219,630      | \$ 17,463,340      | \$ 15,951,143      |      |
| 40,110,094             | 58,996,948         | 47,984,733         | 46,868,877         | 46,375,914         | 45,158,518         |      |
| 64,673,932             | 62,633,254         | 53,143,075         | 49,591,083         | 40,196,459         | 38,305,144         |      |
| 3,919,158              | 3,937,980          | 2,696,878          | 2,063,185          | 2,098,986          | 2,925,711          |      |
| 11,390,116             | 15,150,651         | 14,009,824         | 13,779,455         | 14,074,974         | 12,865,261         |      |
| 12,063,787             | 11,408,712         | 10,864,768         | 10,524,383         | 10,269,099         | 10,038,406         |      |
| 3,120,035              | 3,583,704          | 3,272,391          | 3,527,743          | 3,340,791          | 4,837,529          |      |
| <u>150,967,655</u>     | <u>176,096,532</u> | <u>150,137,816</u> | <u>145,574,356</u> | <u>133,819,563</u> | <u>130,081,712</u> |      |
| <br>19,677,049         | <br>19,798,550     | <br>24,075,346     | <br>19,737,572     | <br>19,288,471     | <br>19,188,325     |      |
| 24,059,586             | 23,155,043         | 21,258,970         | 19,382,437         | 18,621,741         | 17,880,966         |      |
| 1,736,718              | 1,754,222          | 1,789,366          | 1,831,512          | 1,871,468          | 2,048,444          |      |
| 832,231                | 827,366            | 909,745            | 727,902            | 791,342            | 670,167            |      |
| 7,291,027              | 6,770,918          | 9,615,145          | 5,747,664          | 5,802,413          | 5,616,057          |      |
| 12,821,555             | 17,001,298         | 17,748,336         | 14,890,852         | 15,624,601         | 18,301,294         |      |
| -                      | -                  | -                  | -                  | -                  | -                  |      |
| <u>66,418,166</u>      | <u>69,307,397</u>  | <u>75,396,908</u>  | <u>62,317,939</u>  | <u>62,000,036</u>  | <u>63,705,253</u>  |      |
| <br>217,385,821        | <br>245,403,929    | <br>225,534,724    | <br>207,892,295    | <br>195,819,599    | <br>193,786,965    |      |
| <br><br><br>6,107,653  | <br>13,783,296     | <br>9,052,049      | <br>9,796,913      | <br>8,200,188      | <br>8,691,577      |      |
| 5,317,199              | 8,993,203          | 11,031,951         | 10,613,768         | 9,807,563          | 9,026,629          |      |
| 4,862,025              | 2,452,173          | 3,752,184          | 2,630,025          | 3,611,282          | 4,262,035          |      |
| -                      | -                  | -                  | -                  | -                  | -                  |      |
| 3,196,872              | 3,461,681          | 4,666,251          | 4,738,164          | 4,548,675          | 5,121,351          |      |
| 5,418,941              | 5,402,027          | 4,181,335          | 4,306,049          | 4,291,510          | 4,283,146          |      |
| 26,835,761             | 16,424,627         | 16,661,456         | 14,948,746         | 13,756,071         | 12,273,077         |      |
| 1,536                  | 1,070,562          | 2,480,753          | 4,086,170          | 1,025,460          | 638,182            |      |
| <u>51,739,987</u>      | <u>51,587,569</u>  | <u>51,825,979</u>  | <u>51,119,835</u>  | <u>45,240,749</u>  | <u>44,295,997</u>  |      |
| <br><br><br>29,580,802 | <br>25,277,253     | <br>27,143,417     | <br>27,002,482     | <br>26,602,226     | <br>24,053,722     |      |
| 32,394,186             | 31,984,321         | 32,549,393         | 28,329,519         | 27,363,541         | 23,926,479         |      |
| 550,100                | 1,271,600          | 1,994,288          | 2,036,188          | 2,657,169          | 2,732,541          |      |
| 926,112                | 933,066            | 1,137,674          | 935,786            | 923,228            | 924,141            |      |
| 13,150,716             | 12,485,490         | 11,505,361         | 9,444,063          | 7,404,199          | 6,915,369          |      |
| 3,637,240              | 3,714,281          | 3,920,945          | 4,035,824          | 4,164,508          | 2,965,288          |      |
| -                      | -                  | -                  | -                  | -                  | -                  |      |
| 95,519                 | -                  | 118,425            | 54,384             | 359,981            | 600,945            |      |
| <u>80,334,675</u>      | <u>75,666,011</u>  | <u>78,369,503</u>  | <u>71,838,246</u>  | <u>69,474,852</u>  | <u>62,118,485</u>  |      |
| <br>132,074,662        | <br>127,253,580    | <br>130,195,482    | <br>122,958,081    | <br>114,715,601    | <br>106,414,482    |      |

continued...

## CITY OF ANN ARBOR, MICHIGAN

### Changes in Net Position

(Accrual Basis of Accounting)

Last Ten Fiscal Years

|   | 2025                  | 2024                  | 2023                 | 2022                 |
|---|-----------------------|-----------------------|----------------------|----------------------|
| <b>Net (expense) revenue</b>                              |                       |                       |                      |                      |
| Governmental activities                                   | \$ (66,903,275)       | \$ (90,582,458)       | \$ (71,284,454)      | \$ (84,053,748)      |
| Business-type activities                                  | 20,884,587            | 16,863,651            | 20,315,052           | 28,812,751           |
| <b>Total primary government net expense</b>               | <u>(46,018,688)</u>   | <u>(73,718,807)</u>   | <u>(50,969,402)</u>  | <u>(55,240,997)</u>  |
| <b>General revenues and other changes in net position</b> |                       |                       |                      |                      |
| Governmental activities:                                  |                       |                       |                      |                      |
| Taxes:  |                       |                       |                      |                      |
| Property taxes, levied for general purposes               | 91,555,992            | 83,400,638            | 69,268,471           | 79,943,311           |
| Property taxes, levied for designated purpose             | 34,306,354            | 34,306,354            | 34,306,354           | 18,145,588           |
| Property taxes, levied for debt services                  | 822                   | 822                   | 822                  | 2,340                |
| State shared revenues and grants (unrestricted)           | 15,648,734            | 15,578,058            | 17,894,383           | 15,340,846           |
| Investment income (loss)                                  | 15,618,824            | 12,656,180            | 3,950,479            | (4,111,794)          |
| Gain on sale of capital assets                            | 265,692               | 2,198,738             | -                    | -                    |
| Other   | -                     | 569,279               | 534,630              | -                    |
| Transfers   | (5,544,114)           | (6,500,078)           | (5,317,462)          | (1,564,250)          |
| Total governmental activities                             | <u>151,852,304</u>    | <u>142,209,991</u>    | <u>120,637,677</u>   | <u>107,756,041</u>   |
| Business-type activities:                                 |                       |                       |                      |                      |
| Property taxes, levied for general purposes               | 17,680,381            | 16,561,936            | 15,522,511           | 14,699,709           |
| Investment income (loss)                                  | 9,206,007             | 9,430,428             | 2,336,896            | (2,959,410)          |
| Gain on sale of capital assets                            | 169,369               | 56,800                | 21,759               | 210,940              |
| Transfers   | 5,544,114             | 6,500,078             | 5,317,462            | 1,564,250            |
| Total business-type activities                            | <u>32,599,871</u>     | <u>32,549,242</u>     | <u>23,198,628</u>    | <u>13,515,489</u>    |
| <b>Total primary government</b>                           | <u>184,452,175</u>    | <u>174,759,233</u>    | <u>143,836,305</u>   | <u>121,271,530</u>   |
| <b>Change in net position</b>                             |                       |                       |                      |                      |
| Governmental activities                                   | 84,949,029            | 51,627,533            | 49,353,223           | 23,702,293           |
| Business-type activities                                  | 53,484,458            | 49,412,893            | 43,513,680           | 42,328,240           |
| <b>Total primary government</b>                           | <u>\$ 138,433,487</u> | <u>\$ 101,040,426</u> | <u>\$ 92,866,903</u> | <u>\$ 66,030,533</u> |

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**ANNUAL REPORT ON FORM 10-K**

**2021 2020 2019 2018 2017 2016**

| \$ (99,227,668)     | \$ (124,508,963)     | \$ (98,311,837)     | \$ (94,454,521)     | \$ (88,578,814)     | \$ (85,785,715)     |
|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| 13,916,509          | 6,358,614            | 2,972,595           | 9,520,307           | 7,474,816           | (1,586,768)         |
| <u>(85,311,159)</u> | <u>(118,150,349)</u> | <u>(95,339,242)</u> | <u>(84,934,214)</u> | <u>(81,103,998)</u> | <u>(87,372,483)</u> |

|                    |                    |                   |                   |                   |                   |
|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
| 64,431,379         | 60,987,539         | 58,071,684        | 56,134,197        | 54,617,165        | 53,396,465        |
| 24,312,199         | 23,034,375         | 22,078,216        | 19,233,238        | 18,501,675        | 18,145,558        |
| 2,063              | 2,134              | 2,117             | 2,091             | 2,129             | 2,340             |
| 11,960,256         | 11,845,757         | 11,493,427        | 11,034,159        | 10,712,412        | 10,215,633        |
| 151,705            | 6,303,600          | 5,269,825         | 655,430           | 10,347            | 1,558,594         |
| 903,655            | -                  | -                 | -                 | -                 | -                 |
| 1,497,936          | -                  | 351,982           | 162,745           | 500,138           | 320,426           |
| <u>(1,115,702)</u> | <u>(1,405,575)</u> | <u>2,002,648</u>  | <u>2,093,810</u>  | <u>5,173,955</u>  | <u>460,882</u>    |
| <u>102,143,491</u> | <u>100,767,830</u> | <u>99,269,899</u> | <u>89,315,670</u> | <u>89,517,821</u> | <u>84,099,898</u> |

|                    |                    |                    |                    |                   |                   |
|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|
| 14,264,703         | 13,728,287         | 13,064,727         | 12,638,680         | 12,306,559        | 12,072,979        |
| 181,798            | 5,037,480          | 4,361,262          | 472,977            | (11,349)          | 1,774,739         |
| 452,062            | -                  | 13,750             | 35,500             | 98,767            | 59,648            |
| 115,702            | 1,405,575          | (2,002,648)        | (2,093,810)        | (5,173,955)       | (460,884)         |
| <u>15,014,265</u>  | <u>20,171,342</u>  | <u>15,437,091</u>  | <u>11,053,347</u>  | <u>7,220,022</u>  | <u>13,446,482</u> |
| <u>117,157,756</u> | <u>120,939,172</u> | <u>114,706,990</u> | <u>100,369,017</u> | <u>96,737,843</u> | <u>97,546,380</u> |

|                      |                     |                      |                      |                      |                      |
|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| 2,915,823            | (23,741,133)        | 958,062              | (5,138,851)          | 939,007              | (1,685,817)          |
| 28,930,774           | 26,529,956          | 18,409,686           | 20,573,654           | 14,694,838           | 11,859,714           |
| <u>\$ 31,846,597</u> | <u>\$ 2,788,823</u> | <u>\$ 19,367,748</u> | <u>\$ 15,434,803</u> | <u>\$ 15,633,845</u> | <u>\$ 10,173,897</u> |

concluded.

## CITY OF ANN ARBOR, MICHIGAN

### Fund Balances

(Modified Accrual Basis of Accounting)

Governmental Funds

Last Ten Fiscal Years

|   | 2025                  | 2024                  | 2023                  | 2022                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>General fund</b>                       |                       |                       |                       |                       |
| Nonspendable                              | \$ 157,044            | \$ 174,232            | \$ 125,800            | \$ 65,511             |
| Restricted                                | 328,379               | 32,541                | 159,938               | -                     |
| Committed                                 | 10,168,277            | 1,433,877             | 1,059,897             | 697,537               |
| Assigned                                  | 23,726,005            | 21,299,475            | 13,901,830            | 7,576,646             |
| Unassigned                                | <u>24,707,730</u>     | <u>25,870,084</u>     | <u>26,816,753</u>     | <u>25,534,780</u>     |
| <b>Total general fund</b>                 | <u>\$ 59,087,435</u>  | <u>\$ 48,810,209</u>  | <u>\$ 42,064,218</u>  | <u>\$ 33,874,474</u>  |
| <b>All other governmental funds</b>       |                       |                       |                       |                       |
| Nonspendable                              | \$ 2,014,620          | \$ 2,171,345          | \$ 2,014,569          | \$ 2,011,482          |
| Restricted                                | 114,359,850           | 93,064,487            | 99,112,163            | 95,810,194            |
| Committed                                 | 1,322,913             | 1,158,049             | 842,518               | 819,733               |
| Assigned                                  | 8,614,697             | 5,367,271             | 3,259,269             | 4,051,877             |
| Unassigned (deficit)                      | <u>-</u>              | <u>-</u>              | <u>-</u>              | <u>(673,851)</u>      |
| <b>Total all other governmental funds</b> | <u>\$ 126,312,080</u> | <u>\$ 101,761,152</u> | <u>\$ 105,228,519</u> | <u>\$ 102,019,435</u> |

Source: City of Ann Arbor Financial Services, Accounting Services Unit

Schedule 3  
UNAUDITED

|                      | <b>2021</b> |                      | <b>2020</b> |                      | <b>2019</b> |                      | <b>2018</b> |                      | <b>2017</b> |                      | <b>2016</b> |
|----------------------|-------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|----------------------|-------------|
| \$                   | 46,196      | \$                   | 286,295     | \$                   | 386,772     | \$                   | 462,384     | \$                   | 540,869     | \$                   | 619,311     |
| -                    | -           | -                    | -           | -                    | -           | -                    | -           | -                    | -           | -                    | -           |
| 533,506              |             | 498,352              |             | -                    | -           | -                    | -           | -                    | -           | -                    | -           |
| 9,888,296            |             | 7,292,712            |             | 5,537,411            |             | 7,714,673            |             | 6,414,602            |             | 9,185,273            |             |
| <u>21,604,204</u>    |             | <u>19,554,234</u>    |             | <u>19,713,016</u>    |             | <u>11,143,139</u>    |             | <u>16,243,676</u>    |             | <u>15,330,765</u>    |             |
| <u>\$ 32,072,202</u> |             | <u>\$ 27,631,593</u> |             | <u>\$ 25,637,199</u> |             | <u>\$ 19,320,196</u> |             | <u>\$ 23,199,147</u> |             | <u>\$ 25,135,349</u> |             |
| \$                   | 2,027,000   | \$                   | 1,984,000   | \$                   | 1,984,000   | \$                   | 1,984,000   | \$                   | 1,984,000   | \$                   | 1,984,000   |
| 70,662,974           |             | 64,888,488           |             | 64,482,671           |             | 55,440,810           |             | 53,939,042           |             | 56,176,316           |             |
| 1,918,790            |             | 2,953,568            |             | 2,674,688            |             | 929,257              |             | 5,494,990            |             | 4,584,590            |             |
| 6,835,506            |             | 10,258,267           |             | 16,674,824           |             | 3,709,223            |             | 6,327,002            |             | 5,832,928            |             |
| <u>(1,962,868)</u>   |             | <u>(1,681,092)</u>   |             | <u>-</u>             |             | <u>-</u>             |             | <u>-</u>             |             | <u>-</u>             |             |
| <u>\$ 79,481,402</u> |             | <u>\$ 78,403,231</u> |             | <u>\$ 85,816,183</u> |             | <u>\$ 62,063,290</u> |             | <u>\$ 67,745,034</u> |             | <u>\$ 68,577,834</u> |             |

## CITY OF ANN ARBOR, MICHIGAN

### Changes in Fund Balances

(Modified Accrual Basis of Accounting)

Governmental Funds

Last Ten Fiscal Years

|   | 2025                 | 2024                | 2023                 | 2022                 |
|---|----------------------|---------------------|----------------------|----------------------|
| <b>Revenues</b>   |                      |                     |                      |                      |
| Taxes   | \$ 125,863,168       | \$ 117,707,814      | \$ 103,575,647       | \$ 98,091,239        |
| Special assessments/improvement charges                 | -                    | -                   | -                    | -                    |
| Licenses, permits, and registrations                    | 13,205,477           | 11,702,516          | 10,014,234           | 9,315,238            |
| Intergovernmental                                       | 43,448,888           | 48,227,453          | 51,208,502           | 37,755,173           |
| Charges for services                                    | 26,665,976           | 20,024,775          | 20,220,376           | 19,429,696           |
| Fines and forfeits                                      | 3,619,423            | 3,543,805           | 3,340,972            | 3,222,346            |
| Interest and penalties                                  | -                    | -                   | -                    | -                    |
| Investment earnings (loss)                              | 12,897,375           | 10,303,277          | 3,400,130            | (3,262,910)          |
| Rentals   | 721,546              | 879,843             | 714,131              | 875,550              |
| Contributions and donations                             | 8,978,423            | 3,605,274           | 3,770,389            | 4,181,190            |
| Intra-governmental sales                                | -                    | -                   | -                    | -                    |
| Other   | 3,279,783            | 1,656,526           | 2,037,036            | 936,721              |
| <b>Total revenues</b>                                   | <b>238,680,059</b>   | <b>217,651,283</b>  | <b>198,281,417</b>   | <b>170,544,243</b>   |
| <b>Expenditures</b>                                     |                      |                     |                      |                      |
| Current:  |                      |                     |                      |                      |
| General government                                      | 30,080,743           | 25,950,744          | 21,825,361           | 20,513,902           |
| Public safety   | 62,364,302           | 57,176,645          | 56,742,198           | 56,233,799           |
| Public works  | 26,236,395           | 23,799,722          | 22,958,401           | 22,192,811           |
| Community/economic development                          | 21,208,446           | 22,737,772          | 11,392,917           | 4,646,493            |
| Culture and recreation                                  | 20,451,801           | 18,598,077          | 21,983,685           | 15,809,272           |
| Public transportation                                   | 14,715,637           | 13,728,350          | 12,911,467           | 12,225,468           |
| Capital outlay  | 33,378,741           | 37,463,478          | 22,271,761           | 18,915,364           |
| Debt service:   |                      |                     |                      |                      |
| Principal   | 8,901,130            | 13,218,585          | 8,671,930            | 6,868,000            |
| Interest and fiscal charges                             | 3,359,282            | 3,301,586           | 3,407,769            | 65,010               |
| Bond issuance costs                                     | -                    | -                   | -                    | 3,062,290            |
| <b>Total expenditures</b>                               | <b>220,696,477</b>   | <b>215,974,959</b>  | <b>182,165,489</b>   | <b>160,532,409</b>   |
| Revenues over (under) expenditures                      | 17,983,582           | 1,676,324           | 16,115,928           | 10,011,834           |
| <b>Other financing sources (uses)</b>                   |                      |                     |                      |                      |
| Issuance of long-term debt                              | 20,340,000           | -                   | -                    | 13,605,000           |
| Payment to refunded bond escrow agent                   | -                    | -                   | -                    | -                    |
| Premium/discount on issuance of long-term debt          | 714,234              | -                   | -                    | 1,421,037            |
| Proceeds from sale of capital assets                    | 35,000               | 6,200,000           | -                    | -                    |
| Transfers in  | 20,437,752           | 26,036,262          | 16,055,588           | 12,163,339           |
| Transfers out   | (24,682,414)         | (30,633,962)        | (20,772,688)         | (12,860,905)         |
| <b>Total other financing sources (uses)</b>             | <b>16,844,572</b>    | <b>1,602,300</b>    | <b>(4,717,100)</b>   | <b>14,328,471</b>    |
| <b>Net change in fund balances</b>                      | <b>\$ 34,828,154</b> | <b>\$ 3,278,624</b> | <b>\$ 11,398,828</b> | <b>\$ 24,340,305</b> |
| Debt service as a percentage of noncapital expenditures | 6.6%                 | 8.9%                | 7.9%                 | 7.5%                 |

Source: City of Ann Arbor Financial Services, Accounting Services Unit

Schedule 4  
UNAUDITED

|                        | <b>2021</b>           | <b>2020</b>          | <b>2019</b>           | <b>2018</b>           | <b>2017</b>         | <b>2016</b>   |
|------------------------|-----------------------|----------------------|-----------------------|-----------------------|---------------------|---------------|
| \$                     | 87,745,640            | \$ 84,024,048        | \$ 80,152,017         | \$ 75,369,504         | \$ 73,118,985       | \$ 71,544,363 |
| 90,423                 | 74,263                | 136,227              | 63,746                | 93,373                | -                   |               |
| 7,898,206              | 7,617,172             | 8,678,516            | 8,927,341             | 7,710,797             | 7,371,840           |               |
| 18,415,936             | 28,548,327            | 27,664,334           | 26,152,120            | 23,800,709            | 22,749,178          |               |
| 12,661,629             | 15,418,166            | 17,632,847           | 16,437,936            | 14,770,842            | 15,515,836          |               |
| 3,125,206              | 3,770,147             | 4,611,776            | 4,283,940             | 4,704,380             | 4,596,544           |               |
| -                      | -                     | -                    | -                     | 2,604                 | -                   |               |
| 75,071                 | 4,829,585             | 4,145,380            | 535,299               | 3,926                 | 1,190,815           |               |
| 847,243                | 778,765               | 761,445              | 735,822               | 661,086               | 634,819             |               |
| 6,184,114              | 1,537,299             | 2,439,867            | 3,775,006             | 3,343,936             | 334,247             |               |
| 239,533                | 267,765               | 412,620              | 306,526               | 297,201               | 2,627,905           |               |
| 1,087,777              | 990,079               | 512,211              | 402,002               | 432,973               | 594,470             |               |
| <b>138,370,778</b>     | <b>147,855,616</b>    | <b>147,147,240</b>   | <b>136,989,242</b>    | <b>128,940,812</b>    | <b>127,160,017</b>  |               |
| <br>                   | <br>                  | <br>                 | <br>                  | <br>                  | <br>                |               |
| 18,101,639             | 17,063,537            | 16,845,714           | 17,140,624            | 15,153,388            | 14,257,197          |               |
| 51,387,902             | 52,532,154            | 51,918,701           | 48,947,304            | 48,503,006            | 47,189,457          |               |
| 22,491,092             | 23,051,857            | 18,974,405           | 24,532,861            | 19,366,244            | 18,863,228          |               |
| 3,164,360              | 3,615,970             | 2,879,621            | 2,146,752             | 2,169,450             | 3,007,207           |               |
| 12,612,966             | 14,387,053            | 13,091,727           | 13,172,050            | 13,197,781            | 12,072,443          |               |
| 12,063,787             | 11,697,544            | 10,864,768           | 10,524,383            | 10,269,099            | 10,038,406          |               |
| 20,038,436             | 24,171,714            | 16,964,124           | 24,016,528            | 21,162,097            | 18,043,661          |               |
| <br>                   | <br>                  | <br>                 | <br>                  | <br>                  | <br>                |               |
| 6,694,000              | 6,213,000             | 5,393,000            | 5,189,000             | 4,793,000             | 4,148,000           |               |
| 3,205,397              | 3,747,600             | 2,430,211            | 3,558,867             | 3,448,031             | 4,080,504           |               |
| -                      | -                     | 646,298              | -                     | 555,599               | -                   |               |
| <b>149,759,579</b>     | <b>156,480,429</b>    | <b>140,008,569</b>   | <b>149,228,369</b>    | <b>138,617,695</b>    | <b>131,700,103</b>  |               |
| <br>                   | <br>                  | <br>                 | <br>                  | <br>                  | <br>                |               |
| <b>(11,388,801)</b>    | <b>(8,624,813)</b>    | <b>7,138,671</b>     | <b>(12,239,127)</b>   | <b>(9,676,883)</b>    | <b>(4,540,086)</b>  |               |
| <br>                   | <br>                  | <br>                 | <br>                  | <br>                  | <br>                |               |
| -                      | -                     | 57,305,000           | -                     | 24,030,000            | 17,710,000          |               |
| -                      | -                     | (39,206,297)         | -                     | (24,509,365)          | (18,439,571)        |               |
| -                      | -                     | 2,789,032            | -                     | 479,365               | 416,162             |               |
| 123,801                | -                     | 36,500               | 26,750                | 32,850                | 16,350              |               |
| 15,619,555             | 18,916,182            | 10,617,994           | 11,198,070            | 15,062,028            | 21,803,130          |               |
| (15,835,775)           | (15,709,927)          | (7,850,752)          | (8,546,388)           | (8,186,997)           | (9,467,278)         |               |
| <br>                   | <br>                  | <br>                 | <br>                  | <br>                  | <br>                |               |
| <b>(92,419)</b>        | <b>3,206,255</b>      | <b>23,691,477</b>    | <b>2,678,432</b>      | <b>6,907,881</b>      | <b>12,038,793</b>   |               |
| <br>                   | <br>                  | <br>                 | <br>                  | <br>                  | <br>                |               |
| <b>\$ (11,481,220)</b> | <b>\$ (5,418,558)</b> | <b>\$ 30,830,148</b> | <b>\$ (9,560,695)</b> | <b>\$ (2,769,002)</b> | <b>\$ 7,498,707</b> |               |

8.2%

8.1%

7.3%

7.8%

8.2%

8.0%

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**CITY OF ANN ARBOR, MICHIGAN**

 Schedule 5  
 UNAUDITED

**Taxable Value of Property**

Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Real Property    | Personal Property | Total Taxable Value | Total Assessed Value | True Cash Value   | Total Direct Tax Rate |
|----------------------------|------------------|-------------------|---------------------|----------------------|-------------------|-----------------------|
| 2016                       | \$ 4,870,231,067 | \$ 240,179,600    | \$ 5,110,410,667    | \$ 6,643,622,400     | \$ 13,287,244,800 | 16.4436               |
| 2017                       | 5,035,021,720    | 258,429,800       | 5,293,451,520       | 7,134,355,100        | 14,268,710,200    | 16.3003               |
| 2018                       | 5,242,521,458    | 253,065,300       | 5,495,586,758       | 7,527,133,730        | 15,054,267,460    | 16.1390               |
| 2019                       | 5,539,356,212    | 251,477,400       | 5,790,833,612       | 8,217,852,850        | 16,435,705,700    | 15.8885               |
| 2020                       | 5,887,823,600    | 264,810,400       | 6,152,634,000       | 8,177,422,349        | 16,354,844,698    | 15.7131               |
| 2021                       | 6,192,607,215    | 309,486,300       | 6,502,093,515       | 8,686,447,970        | 17,372,895,940    | 15.6215               |
| 2022                       | 6,360,653,252    | 283,981,300       | 6,644,634,552       | 9,115,126,235        | 18,230,252,470    | 16.8215               |
| 2023                       | 6,775,385,344    | 277,540,900       | 7,052,926,244       | 9,456,136,680        | 18,912,273,360    | 16.7083               |
| 2024                       | 7,248,445,375    | 258,115,000       | 7,506,560,375       | 9,993,247,000        | 19,986,494,000    | 17.7083               |
| 2025                       | 7,774,889,596    | 273,722,600       | 8,048,612,196       | 10,730,532,500       | 21,461,065,000    | 17.6884               |

## Notes:

Taxable property in the City is assessed by the City Assessor and is subject to review by the County Board of Equalization. Tax levies on property in Michigan are applied against the taxable value of all property. Current statutes require assessments to be 50% of the true cash value of both personal and real property for equalization purposes.

In accordance with Act 409, Public Acts of Michigan, 1965, and Article 9, Section 2 of the Michigan Constitution, as amended by Joint Resolution S on March 15, 1994, state equalized value shall not exceed 50% of the true cash value. With the passage of Proposal "A", another value is required on each property. The new value is termed "taxable value". Increases in taxable value are limited to 5%, the Consumer Price Index, or State Equalized Value, whichever is less.

For the Industrial Facilities tax roll, the millage rate is 50% of the normal millage rate.

Source: City of Ann Arbor Financial Services, Assessing Unit

**CITY OF ANN ARBOR, MICHIGAN**

**Direct and Overlapping Property Tax Rates (per \$1,000 of Taxable Value)**  
Last Ten Fiscal Years

|                                     | City of Ann Arbor Direct Rate |                   |                   |                 |                   |        |
|-------------------------------------|-------------------------------|-------------------|-------------------|-----------------|-------------------|--------|
|                                     | Fiscal Year                   | General Operating | Refuse Collection | Transportation* | Employee Benefits | Parks  |
| Principal Residence Exemption (PRE) | 2016                          | 6.1657            | 2.4660            | 2.0552          | 2.0552            | 1.5773 |
| Non-PRE                             | 2016                          | 6.1657            | 2.4660            | 2.0552          | 2.0552            | 1.5773 |
| Principal Residence Exemption (PRE) | 2017                          | 6.1120            | 2.4445            | 2.0373          | 2.0373            | 1.5635 |
| Non-PRE                             | 2017                          | 6.1120            | 2.4445            | 2.0373          | 2.0373            | 1.5635 |
| Principal Residence Exemption (PRE) | 2018                          | 6.0343            | 2.4134            | 2.0114          | 2.0114            | 1.5435 |
| Non-PRE                             | 2018                          | 6.0343            | 2.4134            | 2.0114          | 2.0114            | 1.5435 |
| Principal Residence Exemption (PRE) | 2019                          | 5.9407            | 2.3759            | 1.9802          | 1.9802            | 1.5195 |
| Non-PRE                             | 2019                          | 5.9407            | 2.3759            | 1.9802          | 1.9802            | 1.5195 |
| Principal Residence Exemption (PRE) | 2020                          | 5.8884            | 2.3549            | 1.9627          | 1.9627            | 1.5463 |
| Non-PRE                             | 2020                          | 5.8884            | 2.3549            | 1.9627          | 1.9627            | 1.5463 |
| Principal Residence Exemption (PRE) | 2021                          | 5.8359            | 2.3339            | 1.9452          | 1.9452            | 1.5324 |
| Non-PRE                             | 2021                          | 5.8359            | 2.3339            | 1.9452          | 1.9452            | 1.5324 |
| Principal Residence Exemption (PRE) | 2022                          | 5.8359            | 2.3339            | 1.9452          | 1.9452            | 1.5324 |
| Non-PRE                             | 2022                          | 5.8359            | 2.3339            | 1.9452          | 1.9452            | 1.5324 |
| Principal Residence Exemption (PRE) | 2023                          | 5.7967            | 2.3182            | 1.9321          | 1.9321            | 1.5220 |
| Non-PRE                             | 2023                          | 5.7967            | 2.3182            | 1.9321          | 1.9321            | 1.5220 |
| Principal Residence Exemption (PRE) | 2024                          | 5.7967            | 2.3182            | 1.9321          | 1.9321            | 1.5220 |
| Non-PRE                             | 2024                          | 5.7967            | 2.3182            | 1.9321          | 1.9321            | 1.5220 |
| Principal Residence Exemption (PRE) | 2025                          | 5.7903            | 2.3156            | 1.9299          | 1.9299            | 1.5203 |
| Non-PRE                             | 2025                          | 5.7903            | 2.3156            | 1.9299          | 1.9299            | 1.5203 |

\* Represents millage collected for Ann Arbor Area Transportation Authority.

\*\* Includes Washtenaw Intermediate School Ann Arbor District millage and State Education Tax on both Principal Residence and Non-Principal Residence properties. On Non-Principal Residence properties, an additional 18 mills is included for School Operating Tax. On Principal Residence properties, Hold Harmless mills levied in lieu of School Operating Tax.

Source: City of Ann Arbor Financial Services, Assessing Unit

| City of Ann Arbor Direct Rate |                          |                                |                      | Total<br>Direct Tax<br>Rate | Overlapping Rates                                |                                  |                                  |                     |                                   | Total   |
|-------------------------------|--------------------------|--------------------------------|----------------------|-----------------------------|--|----------------------------------|----------------------------------|---------------------|-----------------------------------|---------|
| Major<br>Street<br>Repair     | Major<br>New<br>Sidewalk | Major<br>Affordable<br>Housing | Community<br>Climate |                             | Ann Arbor<br>Area<br>Transportation<br>Authority | Ann Arbor<br>Public<br>Schools** | Ann Arbor<br>District<br>Library | Washtenaw<br>County | Washtenaw<br>Community<br>College |         |
| 2.1242                        | 0.0000                   | 0.0000                         | 0.0000               | 16.4436                     | 0.7000   | 17.7692                          | 1.6500                           | 6.3058              | 3.4576                            | 46.3262 |
| 2.1242                        | 0.0000                   | 0.0000                         | 0.0000               | 16.4436                     | 0.7000   | 31.3913                          | 1.6500                           | 6.3058              | 3.4576                            | 59.9483 |
| 2.1057                        | 0.0000                   | 0.0000                         | 0.0000               | 16.3003                     | 0.6943   | 17.4740                          | 1.9000                           | 6.2432              | 3.4360                            | 46.0478 |
| 2.1057                        | 0.0000                   | 0.0000                         | 0.0000               | 16.3003                     | 0.6943   | 30.9674                          | 1.9000                           | 6.2432              | 3.4360                            | 59.5412 |
| 2.1250                        | 0.0000                   | 0.0000                         | 0.0000               | 16.1390                     | 0.6860   | 20.7173                          | 1.8913                           | 6.2122              | 3.4267                            | 49.0725 |
| 2.1250                        | 0.0000                   | 0.0000                         | 0.0000               | 16.1390                     | 0.6860   | 33.9566                          | 1.8913                           | 6.2122              | 3.4267                            | 62.3118 |
| 2.0920                        | 0.0000                   | 0.0000                         | 0.0000               | 15.8885                     | 0.6773   | 20.4255                          | 1.8663                           | 7.1532              | 3.3978                            | 49.4086 |
| 2.0920                        | 0.0000                   | 0.0000                         | 0.0000               | 15.8885                     | 0.6773   | 34.2813                          | 1.8663                           | 7.1532              | 3.3978                            | 63.2644 |
| 1.9981                        | 0.0000                   | 0.0000                         | 0.0000               | 15.7131                     | 0.6936   | 20.1954                          | 1.8519                           | 7.1093              | 3.3763                            | 48.9396 |
| 1.9981                        | 0.0000                   | 0.0000                         | 0.0000               | 15.7131                     | 0.6936   | 34.2267                          | 1.8519                           | 7.1093              | 3.3763                            | 62.9709 |
| 2.0289                        | 0.0000                   | 0.0000                         | 0.0000               | 15.6215                     | 0.6880   | 21.8689                          | 1.8365                           | 7.0962              | 3.3538                            | 50.4649 |
| 2.0289                        | 0.0000                   | 0.0000                         | 0.0000               | 15.6215                     | 0.6880   | 36.1903                          | 1.8365                           | 7.0962              | 3.3538                            | 64.7863 |
| 2.0289                        | 0.2000                   | 1.0000                         | 0.0000               | 16.8215                     | 0.6862   | 20.9923                          | 1.8333                           | 7.0856              | 3.3759                            | 50.7948 |
| 2.0289                        | 0.2000                   | 1.0000                         | 0.0000               | 16.8215                     | 0.6862   | 36.1656                          | 1.8333                           | 7.0856              | 3.3759                            | 65.9681 |
| 2.0153                        | 0.1986                   | 0.9933                         | 0.0000               | 16.7083                     | 0.6805   | 20.7515                          | 1.8228                           | 7.0413              | 3.3548                            | 50.3592 |
| 2.0153                        | 0.1986                   | 0.9933                         | 0.0000               | 16.7083                     | 0.6805   | 36.1092                          | 1.8228                           | 7.0413              | 3.3548                            | 65.7169 |
| 2.0153                        | 0.1986                   | 0.9933                         | 1.0000               | 17.7083                     | 0.6805   | 20.6513                          | 1.8228                           | 7.0413              | 3.3548                            | 51.2590 |
| 2.0153                        | 0.1986                   | 0.9933                         | 1.0000               | 17.7083                     | 0.6805   | 36.1092                          | 1.8228                           | 7.0413              | 3.3548                            | 66.7169 |
| 2.0130                        | 0.1983                   | 0.9922                         | 0.9989               | 17.6884                     | 2.3740   | 20.2483                          | 1.8228                           | 7.5495              | 3.3548                            | 53.0378 |
| 2.0130                        | 0.1983                   | 0.9922                         | 0.9989               | 17.6884                     | 2.3740   | 35.9992                          | 1.8228                           | 7.5495              | 3.3548                            | 68.7887 |

**CITY OF ANN ARBOR, MICHIGAN**

 Schedule 7  
 UNAUDITED

**Principal Property Taxpayers**

Current Year and Nine Years Ago

| Taxpayer                               | 2025                  |      |   | 2016                  |      |   |
|--|-----------------------|------|---|-----------------------|------|---|
|  | Taxable Value         | Rank | Percentage of Total City Assessed Value | Taxable Value         | Rank | Percentage of Total City Assessed Value |
| DTE Electric Company CLASS 551         | \$ 96,258,200         | 1    | 1.20%                                   | \$ 30,175,100         | 4    | 0.61%                                   |
| GEDR Landmark LLC 1300 S University    | 52,390,913            | 2    | 0.65%                                   |                       |      |   |
| Brixmor (formerly AMCAP) Arborland LLC | 46,162,551            | 3    | 0.57%                                   | 30,312,911            | 3    | 0.61%                                   |
| BVK HSRE Ann Arbor, LLC                | 46,058,250            | 4    | 0.57%                                   |                       |      |   |
| CPI Foundry, LLC                       | 43,897,200            | 5    | 0.55%                                   |                       |      |   |
| Briarwood Shopping Complex             | 43,781,738            | 6    | 0.54%                                   | 39,381,400            | 1    | 0.79%                                   |
| The Standard at Ann Arbor LLC          | 43,589,300            | 7    | 0.54%                                   |                       |      |   |
| CCSHP Ann Arbor I, LLC (The Yard)      | 42,424,700            | 8    | 0.53%                                   |                       |      |   |
| Northstar Fund IV LLC                  | 33,294,773            | 9    | 0.41%                                   |                       |      |   |
| DTE Gas Company                        | 33,058,164            | 10   | 0.41%                                   |                       |      |   |
| Campus Investors 601 Forest            |                       |      |   | 31,079,300            | 2    | 0.63%                                   |
| Ann Arbor Campus Housing, LLC          |                       |      |   | 28,575,329            | 5    | 0.57%                                   |
| HUB Eisenhower Property                |                       |      |   | 25,290,272            | 6    | 0.51%                                   |
| THC Ann Arbor WP, LLC                  |                       |      |   | 19,145,458            | 7    | 0.39%                                   |
| Varsity at Ann Arbor, LLC              |                       |      |   | 19,054,037            | 8    | 0.38%                                   |
| DTE Gas Company                        |                       |      |   | 18,437,700            | 9    | 0.37%                                   |
| Serling 4 Eleven, LP                   |                       |      |   | 15,744,500            | 10   | 0.32%                                   |
| <b>Total</b>                           | <b>\$ 480,915,789</b> |      | <b>5.98%</b>                            | <b>\$ 257,196,007</b> |      | <b>5.18%</b>                            |

Source: City of Ann Arbor Financial Services, Assessing Unit

**CITY OF ANN ARBOR, MICHIGAN**

 Schedule 8  
 UNAUDITED

**Property Tax Levies and Collections**

Last Ten Fiscal Years

| Fiscal Year Ended<br>June 30 | Taxes Levied<br>for the Fiscal<br>Year* | Collected within the<br>Fiscal Year of the Levy |                       | Collections in<br>Subsequent<br>Years<br>(Real) | Collections in<br>Subsequent<br>Years<br>(Personal) | Total Collections to Date |                       |
|------------------------------|---|---|-----------------------|---|---|---------------------------|-----------------------|
|                              |   | Amount  | Percentage<br>of Levy |   |   | Amounts                   | Percentage<br>of Levy |
| 2016                         | \$ 83,995,895                           | \$ 83,115,705                                   | 98.95%                | \$ 733,314                                      | \$ 72,910   | \$ 83,921,929             | 99.91%                |
| 2017                         | 86,216,588                              | 85,305,863                                      | 98.94%                | 753,005   | 43,685  | 86,102,553                | 99.87%                |
| 2018                         | 88,485,078                              | 87,698,238                                      | 99.11%                | 670,465   | 23,305  | 88,392,008                | 99.89%                |
| 2019                         | 91,688,677                              | 90,786,330                                      | 99.02%                | 772,637   | 18,151  | 91,577,118                | 99.88%                |
| 2020                         | 96,323,717                              | 95,370,692                                      | 99.01%                | 774,400   | 410   | 96,145,502                | 99.81%                |
| 2021                         | 100,950,080                             | 99,844,706                                      | 98.91%                | 957,920   | 35,152  | 100,837,778               | 99.89%                |
| 2022                         | 110,422,305                             | 109,532,160                                     | 99.19%                | 724,978   | 36,947  | 110,294,085               | 99.88%                |
| 2023                         | 111,900,758                             | 110,935,579                                     | 99.14%                | 438,084   | 73,037  | 111,446,700               | 99.59%                |
| 2024                         | 125,954,273                             | 124,847,697                                     | 99.12%                | 951,111   | 779   | 125,799,587               | 99.88%                |
| 2025                         | 126,432,070                             | 125,185,725                                     | 99.01%                | 876,418   | 67,268  | 126,129,411               | 99.76%                |

Ad valorem taxes are levied July 1st annually, and are due July 31st. Delinquent real property taxes are turned over to the County for collection the following March 1st. The County pays all its municipalities from a revolving fund for delinquent real property taxes. Delinquent personal property taxes are negligible.

\* Adjusted tax roll for City millages only at time of settlement with the County. Figures include DDA capture of City taxes and excludes administrative fees and interest.

Source: City of Ann Arbor Financial Services, Treasury Unit

## CITY OF ANN ARBOR, MICHIGAN

### ■ Ratios of Outstanding Debt by Type

(Dollars in thousands except for per capita)

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities  |                          |                                 |                                    | Business-type Activities |                        |                   |                      |
|-------------|--------------------------|--------------------------|---------------------------------|------------------------------------|--------------------------|------------------------|-------------------|----------------------|
|             | General Obligation Bonds | Special Assessment Bonds | Installment Purchase Agreements | Lease and Subscription Liabilities | General Obligation Bonds | Lease Contract Payable | [1] Revenue Bonds | Other Long-term Debt |
| 2016        | \$ 111,919               | \$ 15                    | \$ -                            | \$ -                               | \$ 9,855                 | \$ 63                  | \$ 177,852        | \$ 14,721            |
| 2017        | 108,284                  | -                        | -                               | -                                  | 7,623                    | 21                     | 181,546           | 16,187               |
| 2018        | 103,060                  | -                        | -                               | -                                  | 5,689                    | -                      | 180,204           | 15,778               |
| 2019        | 119,183                  | -                        | -                               | -                                  | 3,761                    | -                      | 168,805           | 15,232               |
| 2020        | 112,790                  | -                        | -                               | -                                  | 2,533                    | -                      | 160,418           | 14,474               |
| 2021        | 107,188                  | -                        | -                               | -                                  | 728                      | -                      | 148,630           | 13,770               |
| 2022        | 113,842                  | -                        | 799                             | 109                                | 1,460                    | -                      | 134,436           | 14,626               |
| 2023        | 105,112                  | -                        | 468                             | 1,585                              | 1,206                    | -                      | 164,600           | 13,541               |
| 2024        | 91,659                   | -                        | 308                             | 1,083                              | 915                      | -                      | 152,279           | 12,439               |
| 2025        | 103,573                  | -                        | 152                             | 2,238                              | 618                      | -                      | 141,542           | 11,313               |

Note: For fiscal year 2025 and 2024 percent of personal income, the divisor used was for 2023 since more recent data was not available at this time.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

[1] Includes State revolving loan fund debt which is payable from enterprise fund revenues.

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UNAUDITED

| Total Primary Government | Percentage of Personal Income | Per Capita |
|--------------------------|-------------------------------|------------|
| \$ 314,425               | 1.63%                         | \$ 2,760   |
| 313,661                  | 1.51%                         | 2,753      |
| 304,731                  | 1.38%                         | 2,675      |
| 306,981                  | 1.37%                         | 2,694      |
| 290,215                  | 1.24%                         | 2,547      |
| 270,316                  | 1.07%                         | 2,183      |
| 265,272                  | 1.01%                         | 2,142      |
| 286,512                  | 1.01%                         | 2,313      |
| 258,683                  | 0.91%                         | 2,089      |
| 259,436                  | 0.92%                         | 2,095      |

# CITY OF ANN ARBOR, MICHIGAN

Schedule 10  
UNAUDITED

## ■ Ratios of Net General Bonded Debt Outstanding

(Dollars in thousands except for per capita)

Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Less: Amounts Restricted to Repaying Principal | Less: Self-supported Portion | Net General Bonded Debt | Percentage of Actual Taxable Value of Property | Per Capita |
|-------------|--------------------------|--|------------------------------|-------------------------|--|------------|
| 2015        | \$ 127,764               | \$ 1,123                                       | \$ 35                        | \$ 126,606              | 2.55%  | \$ 1,111   |
| 2016        | 121,774                  | 1,087  | 15                           | 120,672                 | 2.36%  | 1,059      |
| 2017        | 115,907                  | 1,071  | -                            | 114,836                 | 2.17%  | 1,008      |
| 2018        | 108,749                  | 477  | -                            | 108,272                 | 1.97%  | 950        |
| 2019        | 122,944                  | 629  | -                            | 122,315                 | 2.11%  | 1,074      |
| 2020        | 115,323                  | 554  | -                            | 114,769                 | 1.87%  | 1,007      |
| 2021        | 107,916                  | 516  | -                            | 107,400                 | 1.65%  | 867        |
| 2022        | 115,302                  | -  | -                            | 115,302                 | 1.74%  | 931        |
| 2023        | 106,318                  | -  | -                            | 106,318                 | 1.51%  | 858        |
| 2024        | 92,574                   | -  | -                            | 92,574                  | 1.23%  | 747        |
| 2025        | 104,192                  | -  | -                            | 104,192                 | 1.29%  | 841        |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

# CITY OF ANN ARBOR, MICHIGAN

Schedule 11  
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## ■ Direct and Overlapping Governmental Activities Debt

(dollars in thousands)

As of June 30, 2025

| Government Unit                          | Net Debt Outstanding     | Estimated Percentage Applicable | Estimated Share of Overlapping Debt |
|--|--------------------------|---------------------------------|-------------------------------------|
| <b>Direct debt</b>                       |                          |                                 |                                     |
| General obligation bonds                 | \$ 103,573               | 100.00%                         | \$ 103,573                          |
| Installment purchase agreements          | 152                      | 100.00%                         | 152                                 |
| Lease and subscription liabilities       | <u>2,238</u>             | 100.00%                         | <u>2,238</u>                        |
| <b>Total direct debt</b>                 | <u><u>\$ 105,963</u></u> |                                 | <u><u>105,963</u></u>               |
| <b>Overlapping debt</b>                  |                          |                                 |                                     |
| Ann Arbor School District                | \$ 283,630               | 64.56%                          | 183,112                             |
| Washtenaw Intermediate School District   | 5,105                    | 35.52%                          | 1,813                               |
| Washtenaw Community College              | 3,531                    | 35.99%                          | 1,271                               |
| Washtenaw County, at large               | <u>22,641</u>            | 35.19%                          | <u>7,967</u>                        |
| <b>Total overlapping debt</b>            | <u><u>\$ 314,907</u></u> |                                 | <u><u>194,163</u></u>               |
| <b>Total direct and overlapping debt</b> |                          |                                 | <u><u>\$ 300,126</u></u>            |

**Overlapping Debt** – The issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative Assessed Values.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

# CITY OF ANN ARBOR, MICHIGAN

Schedule 12  
UNAUDITED

## Legal Debt Margin Information

Last Ten Fiscal Years

### Legal Debt Margin Calculation for Fiscal Year 2025

|  |                              |
|--|------------------------------|
| Assessed value of real and personal property | <u>\$10,730,532,500</u>      |
| Debt limit (10% of assessed value)           | \$ 1,073,053,250             |
| Debt applicable to limit -                   |                              |
| Net direct debt                              | <u>105,963,000</u>           |
| <b>Legal debt margin</b>                     | <b><u>\$ 967,090,250</u></b> |

|      | Debt Limit     | Total Net Debt Applicable to Limit | Legal Debt Margin | Total Net Debt Applicable to Limit as a Percentage of Debt Limit |
|------|----------------|------------------------------------|-------------------|--|
| 2016 | \$ 587,315,552 | \$ 111,919,000                     | \$ 475,396,552    | 19.06%   |
| 2017 | 664,362,240    | 108,284,000                        | 556,078,240       | 16.30%   |
| 2018 | 686,875,930    | 103,060,000                        | 583,815,930       | 15.00%   |
| 2019 | 726,197,693    | 119,183,000                        | 607,014,693       | 16.41%   |
| 2020 | 791,747,775    | 112,790,000                        | 678,957,775       | 14.25%   |
| 2021 | 838,444,077    | 105,893,000                        | 732,551,077       | 12.63%   |
| 2022 | 912,221,924    | 113,842,057                        | 798,379,867       | 12.48%   |
| 2023 | 942,237,543    | 105,579,000                        | 836,658,543       | 11.21%   |
| 2024 | 997,818,680    | 93,050,000                         | 904,768,680       | 9.33%  |
| 2025 | 1,073,053,250  | 105,963,000                        | 967,090,250       | 9.87%  |

Source: City of Ann Arbor Financial Services, Accounting Services Unit

**CITY OF ANN ARBOR, MICHIGAN**

 Schedule 13  
 UNAUDITED

**Pledged-revenue Coverage**

Last Ten Fiscal Years

| Fiscal Year                    | Operating Revenue (1) | Operating Expenses (2) | Net Revenue Available For Debt Service | Debt Service |              | Total        | Coverage |
|--------------------------------|-----------------------|------------------------|--|--------------|--------------|--------------|----------|
|                                |                       |                        |  | Principal    | Interest     |              |          |
| <b>Water Supply System:</b>    |                       |                        |  |              |              |              |          |
| 2016                           | \$ 24,338,898         | \$ 14,280,849          | \$ 10,058,049                          | \$ 3,400,000 | \$ 1,399,170 | \$ 4,799,170 | 2.1 %    |
| 2017                           | 26,605,701            | 14,221,866             | 12,383,835                             | 3,905,001    | 980,599      | 4,885,600    | 2.5      |
| 2018                           | 27,138,794            | 14,953,353             | 12,185,441                             | 3,155,000    | 887,888      | 4,042,888    | 3.0      |
| 2019                           | 28,343,557            | 14,930,505             | 13,413,052                             | 3,250,000    | 797,653      | 4,047,653    | 3.3      |
| 2020                           | 26,544,997            | 14,491,553             | 12,053,444                             | 3,310,000    | 728,050      | 4,038,050    | 3.0      |
| 2021                           | 29,769,645            | 15,861,664             | 13,907,981                             | 3,525,000    | 656,605      | 4,181,605    | 3.3      |
| 2022                           | 29,842,392            | 18,522,274             | 11,320,118                             | 3,811,571    | 621,921      | 4,433,492    | 2.6      |
| 2023                           | 36,650,221            | 17,282,287             | 19,367,934                             | 4,350,181    | 587,183      | 4,937,364    | 3.9      |
| 2024                           | 38,110,939            | 18,876,703             | 19,234,236                             | 3,724,450    | 1,761,204    | 5,485,654    | 3.5      |
| 2025                           | 38,030,879            | 20,487,686             | 17,543,193                             | 3,561,498    | 2,028,296    | 5,589,794    | 3.1      |
| <b>Sewage Disposal System:</b> |                       |                        |  |              |              |              |          |
| 2016                           | \$ 25,025,055         | \$ 11,944,408          | \$ 13,080,647                          | \$ 2,995,000 | \$ 2,621,008 | \$ 5,616,008 | 2.3 %    |
| 2017                           | 27,336,885            | 11,868,538             | 15,468,347                             | 4,427,832    | 2,673,422    | 7,101,254    | 2.2      |
| 2018                           | 28,515,463            | 12,327,225             | 16,188,238                             | 6,358,045    | 3,068,958    | 9,427,003    | 1.7      |
| 2019                           | 34,230,942            | 11,397,305             | 22,833,637                             | 8,075,000    | 3,021,187    | 11,096,187   | 2.1      |
| 2020                           | 33,971,553            | 12,513,295             | 21,458,258                             | 8,000,000    | 2,850,467    | 10,850,467   | 2.0      |
| 2021                           | 32,589,166            | 15,329,254             | 17,259,912                             | 8,175,000    | 2,663,330    | 10,838,330   | 1.6      |
| 2022                           | 35,275,887            | 13,320,169             | 21,955,718                             | 8,355,000    | 2,471,751    | 10,826,751   | 2.0      |
| 2023                           | 35,897,726            | 13,157,620             | 22,740,106                             | 8,625,000    | 2,316,764    | 10,941,764   | 2.1      |
| 2024                           | 39,055,202            | 15,126,031             | 23,929,171                             | 8,824,672    | 2,117,277    | 10,941,949   | 2.2      |
| 2025                           | 40,048,768            | 15,784,505             | 24,264,263                             | 7,084,383    | 1,890,523    | 8,974,906    | 2.7      |

(1) Includes investment earnings (loss); revenue pledged is covered by charges for services.

(2) Excludes depreciation expense and change in accrued net pension and OPEB (asset) liability.

Source: City of Ann Arbor Financial Services, Accounting Services Unit

# CITY OF ANN ARBOR, MICHIGAN

Schedule 14  
UNAUDITED

## Demographic and Economic Statistics

Last Ten Calendar Years

| Year | Population (1) | Personal income (2) | Per Capita Personal Income (2) | Unemployment Rate % (3) |
|------|----------------|---------------------|--------------------------------|-------------------------|
| 2016 | 113,934        | \$ 19,261,779       | \$ 53,257                      | 4.2                     |
| 2017 | 113,934        | 20,715,000          | 55,491                         | 3.8                     |
| 2018 | 113,934        | 22,021,358          | 57,765                         | 3.5                     |
| 2019 | 113,934        | 22,365,853          | 60,743                         | 3.4                     |
| 2020 | 113,934        | 23,327,716          | 63,356                         | 10.5                    |
| 2021 | 123,851        | 25,372,530          | 70,844                         | 5.3                     |
| 2022 | 123,851        | 26,147,662          | 72,867                         | 4.1                     |
| 2023 | 123,851        | 28,342,725          | 77,537                         | 3.9                     |
| 2024 | 123,851        | N/A                 | N/A                            | 4.2                     |
| 2025 | 123,851        | N/A                 | N/A                            | 5.2                     |

Sources:

- (1) U. S. Census Bureau, April 2020 census data  
<https://www.census.gov/quickfacts/annarborcitymichigan>
- (2) U.S. Bureau of Economic Analysis, "CAINC1 County and MSA personal income summary: personal income, population, per capita personal income"  
<http://www.bea.gov/>  
\*Note: 2024 and 2025 data has not been released at this time.
- (3) Michigan Employment Security Commission statistics for Washtenaw County as of June 2025  
[http://stats.bls.gov/eag/eag.mi\\_ann Arbor\\_msa.htm](http://stats.bls.gov/eag/eag.mi_ann Arbor_msa.htm)

**CITY OF ANN ARBOR, MICHIGAN**

 Schedule 15  
 UNAUDITED

**Principal Employers**

Current Year and Nine Years Ago

| Taxpayer  | 2025                 |      |                       | 2016                 |      |                       |
|---|----------------------|------|-----------------------|----------------------|------|-----------------------|
|   | Employees            | Rank | Percentage            | Employees            | Rank | Percentage            |
| University of Michigan                                      | 37,400               | 1    | 67.57%                | 30,032               | 1    | 65.01%                |
| Trinity Health System (formerly St. Joseph's Health System) | 5,500                | 2    | 9.94%                 | 5,317                | 2    | 11.51%                |
| Ann Arbor Public Schools                                    | 2,700                | 3    | 4.88%                 | 2,500                | 4    | 5.41%                 |
| Veterans Administration Ann Arbor Healthcare System         | 2,700                | 3    | 4.88%                 |                      |      |                       |
| Integrated Health Associates, Inc.                          | 1,600                | 5    | 2.89%                 | 1,240                | 6    | 2.68%                 |
| Washtenaw County Government                                 | 1,300                | 6    | 2.35%                 | 1,252                | 5    | 2.71%                 |
| Toyota  | 1,200                | 7    | 2.17%                 |                      |      |                       |
| Domino's Pizza  | 1,200                | 7    | 2.17%                 | 668                  | 9    | 1.45%                 |
| RealTruck   | 900                  | 9    | 1.63%                 |                      |      |                       |
| City of Ann Arbor   | 848                  | 10   | 1.53%                 | 722                  | 8    | 1.56%                 |
| U.S. Government   |                      |      |                       | 3,125                | 3    | 6.76%                 |
| Truven Health Analytics                                     |                      |      |                       | 780                  | 7    | 1.69%                 |
| Washtenaw Community College                                 |                      |      |                       | 561                  | 10   | 1.21%                 |
| <b>Total</b>  | <b><u>55,348</u></b> |      | <b><u>100.00%</u></b> | <b><u>46,197</u></b> |      | <b><u>100.00%</u></b> |

Source: Ann Arbor Spark, January 2025: Top Regional Employers

<https://annarborusa.org/news/top-regional-employers/>

## CITY OF ANN ARBOR, MICHIGAN

### Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

| Function/Program               | 2025       | 2024       | 2023       | 2022       |
|--------------------------------|------------|------------|------------|------------|
| General government             |            |            |            |            |
| Financial Services             | 69         | 65         | 64         | 64         |
| Community Services             | 106        | 95         | 91         | 89         |
| Parks & Recreation             | 42         | 41         | 40         | 37         |
| City Administrator Services    | 88         | 86         | 74         | 74         |
| Mayor & Council                | 1          | 1          | 1          | 1          |
| Safety Services                |            |            |            |            |
| Police                         | 153        | 153        | 151        | 149        |
| Fire                           | 88         | 88         | 88         | 86         |
| Public Services                |            |            |            |            |
| Engineering                    | 36         | 35         | 35         | 34         |
| Water                          | 29         | 29         | 30         | 28         |
| Wastewater Treatment           | 36         | 36         | 36         | 36         |
| Public Works                   | 96         | 97         | 96         | 93         |
| Other                          | 40         | 40         | 35         | 36         |
| 15th District Court            | 35         | 35         | 35         | 35         |
| Retirement System              | 4          | 4          | 4          | 4          |
| Downtown Development Authority | 10         | 10         | 8          | 6          |
| City Attorney                  | 15         | 15         | 15         | 14         |
| Per Budget Book                | <u>848</u> | <u>830</u> | <u>803</u> | <u>786</u> |

Source: City of Ann Arbor Financial Services, Accounting Services Unit

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| 2021       | 2020       | 2019       | 2018       | 2017       | 2016       |
|------------|------------|------------|------------|------------|------------|
| 64         | 62         | 62         | 61         | 60         | 61         |
| 73         | 71         | 67         | 66         | 63         | 59         |
| 38         | 38         | 37         | 23         | 24         | 24         |
| 70         | 65         | 63         | 37         | 34         | 34         |
| 2          | 2          | 1          | 1          | 1          | 1          |
| 156        | 154        | 150        | 149        | 149        | 149        |
| 87         | 87         | 87         | 87         | 87         | 87         |
| 32         | 30         | 30         | 17         | 16         | 16         |
| 27         | 27         | 27         | 27         | 26         | 26         |
| 36         | 36         | 36         | 35         | 35         | 35         |
| 90         | 90         | 90         | 117        | 117        | 117        |
| 40         | 40         | 36         | 63         | 62         | 59         |
| 35         | 35         | 35         | 35         | 34         | 34         |
| 4          | 4          | 4          | 4          | 4          | 4          |
| 6          | 6          | 6          | 6          | 4          | 4          |
| 14         | 13         | 13         | 13         | 13         | 12         |
| <b>774</b> | <b>760</b> | <b>744</b> | <b>741</b> | <b>729</b> | <b>722</b> |

## CITY OF ANN ARBOR, MICHIGAN

### Operating Indicators by Function/Program

Last Ten Fiscal Years

| Function/Program  | 2025    | 2024    | 2023    | 2022    |
|---|---------|---------|---------|---------|
| Police  |         |         |         |         |
| Physical arrests  | 1,044   | 1,035   | 1,053   | 941     |
| Parking violations                                      | 82,359  | 81,215  | 72,669  | 69,279  |
| Traffic violations                                      | 4,714   | 5,756   | 4,691   | 3,134   |
| Fire  |         |         |         |         |
| Emergency responses                                     | 10,010  | 8,668   | 8,642   | 10,156  |
| Fire extinguished                                       | 314     | 289     | 572     | 367     |
| Inspections (1st inspections)                           | 1,415   | 1,171   | 1,374   | 867     |
| Refuse Collection                                       |         |         |         |         |
| Refuse collected (tons/day)                             | 133.61  | 137.22  | 133.09  | 137.64  |
| Recyclables collected (tons/day)                        | 28.17   | 29.56   | 30.53   | 33.35   |
| Other Public works                                      |         |         |         |         |
| Street resurfacing and reconstruction (miles)           | 10.33   | 15.10   | 11.70   | 15.40   |
| Capital Preventative Maintenance (miles) (a)            | 21.80   | 17.45   | 6.76    | 36.37   |
| Potholes repaired (tons)                                | 544.00  | 431.00  | 426.00  | 844.00  |
| Parks and Recreation                                    |         |         |         |         |
| Athletic field permits issued                           | 685     | 846     | 745     | 720     |
| Community center admissions                             | 18,676  | 28,500  | 27,500  | 26,400  |
| Water   |         |         |         |         |
| Connections   | 29,401  | 29,231  | 28,949  | 28,891  |
| Water main breaks                                       | 103     | 97      | 93      | 75      |
| Average daily consumption<br>(millions of gallons)      | 13.1160 | 12.7860 | 13.2049 | 12.4929 |
| Peak daily consumption<br>(millions of gallons)         | 17.4775 | 17.3870 | 19.4944 | 23.1536 |
| Wastewater  |         |         |         |         |
| Average daily sewage treatment<br>(millions of gallons) | 14.76   | 13.17   | 13.12   | 18.84   |

Source: Various services areas within City of Ann Arbor

(a) This includes crack sealing and thin mill and fill.

Schedule 17  
UNAUDITED

| 2021    | 2020    | 2019    | 2018    | 2017    | 2016    |
|---------|---------|---------|---------|---------|---------|
| 998     | 1,178   | 1,678   | 1,467   | 1,289   | 1,542   |
| 51,289  | 69,605  | 99,079  | 102,981 | 117,221 | 118,041 |
| 3,354   | 7,889   | 8,748   | 9,515   | 11,022  | 12,548  |
| 7,870   | 8,293   | 8,504   | 7,214   | 7,234   | 6,947   |
| 303     | 258     | 260     | 206     | 205     | 259     |
| 981     | 767     | 1,140   | 1,257   | 1,182   | 1,339   |
| 133.12  | 135.03  | 140.69  | 151.22  | 73.21   | 72.52   |
| 32.99   | 34.36   | 35.89   | 36.32   | 40.27   | 40.31   |
| 5.92    | 7.20    | 7.35    | 3.71    | 3.91    | 5.91    |
| 52.61   | 21.85   | 1.69    | 42.44   | 55.39   | 7.70    |
| 428.00  | 596.00  | 733.88  | 648.43  | 397.60  | 482.32  |
| 141     | 456     | 629     | 987     | 692     | 733     |
| 24,700  | 23,950  | 21,524  | 19,750  | 19,750  | 12,500  |
| 28,765  | 28,674  | 28,592  | 28,565  | 28,496  | 28,452  |
| 80      | 59      | 106     | 66      | 73      | 65      |
| 12.5260 | 12.8360 | 13.5800 | 14.0803 | 13.9020 | 13.8240 |
| 20.2160 | 18.6680 | 22.8200 | 21.7170 | 21.2620 | 20.1310 |
| 15.69   | 18.19   | 18.30   | 17.90   | 16.81   | 17.00   |

## CITY OF ANN ARBOR, MICHIGAN

### ■ Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

| Function/Program                         | 2025  | 2024  | 2023  | 2022  |
|--|-------|-------|-------|-------|
| Police                                   |       |       |       |       |
| Station                                  | 1     | 1     | 1     | 1     |
| Zone offices                             | 1     | 1     | 1     | 1     |
| Patrol units                             | 35    | 35    | 35    | 35    |
| Fire stations                            | 5     | 5     | 5     | 5     |
| Refuse collection                        |       |       |       |       |
| Collection trucks                        | 19    | 19    | 19    | 19    |
| Other public works                       |       |       |       |       |
| Streets (miles)                          | 298   | 298   | 298   | 298   |
| Streetlights                             | 7,811 | 8,063 | 8,005 | 7,940 |
| Traffic signals                          | 159   | 124   | 124   | 128   |
| Parks and recreation                     |       |       |       |       |
| Acreage                                  | 2,195 | 2,210 | 2,210 | 2,210 |
| Playgrounds                              | 80    | 80    | 80    | 80    |
| Baseball/softball diamonds               | 34    | 34    | 34    | 34    |
| Soccer/football fields                   | 24    | 24    | 24    | 24    |
| Community centers                        | 2     | 2     | 2     | 2     |
| Water                                    |       |       |       |       |
| Water mains (miles)                      | 462   | 465   | 463   | 463   |
| Fire hydrants                            | 3,398 | 3,755 | 3,492 | 3,447 |
| Storage capacity (millions of gallons)   | 19.0  | 19.0  | 19.0  | 19.0  |
| Wastewater                               |       |       |       |       |
| Sanitary sewers (miles)                  | 365   | 366   | 366   | 366   |
| Storm sewers (miles)                     | 290   | 312   | 309   | 289   |
| Treatment capacity (millions of gallons) | 48    | 48    | 48    | 48    |

Source: Various services areas within City of Ann Arbor

Schedule 18  
UNAUDITED

| 2021  | 2020  | 2019  | 2018  | 2017  | 2016  |
|-------|-------|-------|-------|-------|-------|
| 1     | 1     | 1     | 1     | 1     | 1     |
| 1     | 1     | 1     | 1     | 1     | 2     |
| 35    | 35    | 35    | 35    | 36    | 35    |
| 5     | 5     | 5     | 5     | 5     | 5     |
| 19    | 28    | 28    | 27    | 26    | 26    |
| 298   | 298   | 298   | 298   | 297   | 297   |
| 7,811 | 7,721 | 7,592 | 7,572 | 7,567 | 7,562 |
| 159   | 159   | 159   | 159   | 159   | 159   |
| 2,195 | 2,195 | 2,187 | 2,110 | 2,110 | 2,110 |
| 80    | 80    | 80    | 80    | 79    | 79    |
| 34    | 34    | 34    | 34    | 34    | 34    |
| 24    | 24    | 24    | 24    | 24    | 24    |
| 2     | 2     | 2     | 2     | 2     | 2     |
| 462   | 461   | 461   | 459   | 456   | 455   |
| 3,398 | 3,370 | 3,947 | 3,887 | 3,239 | 3,178 |
| 19.0  | 19.0  | 19.0  | 19.0  | 19.0  | 19.0  |
| 365   | 375   | 367   | 364   | 362   | 362   |
| 290   | 290   | 298   | 294   | 294   | 294   |
| 48    | 48    | 48    | 48    | 48    | 48    |

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